



Century Paper & Board Mills Limited



# Sustainability for a better tomorrow



Half Yearly Report  
December 2022

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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

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### Advisor

Sultan Ali Lakhani

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### Audit Committee

Ali Aamir - Chairman  
Amin Mohammed Lakhani  
Babar Ali Lakhani

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### Human Resource & Remuneration Committee

Asif Qadir - Chairman  
Amin Mohammed Lakhani  
Anushka Lakhani  
Aftab Ahmad

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### Chief Financial Officer

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

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### Company Secretary

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

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### External Auditors

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

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### Shares Registrar

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

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### Head Office and Registered Office

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

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### Lahore Office

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

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### Mills

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

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## Directors' Review

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On behalf of the Board of Directors, we are pleased to present the performance review of your Company together with the un-audited financial statements for the period ended December 31, 2022.

### **Operations and Sales Review**

The Company produced 117,836 metric tons during the period under review (July - December 2022) as compared to 127,073 metric tons for the corresponding period of last year.

The Company sold 117,034 metric tons during the period under review (July - December 2022) as compared to 121,524 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 2022) recorded at Rs. 24,925 million as compared to Rs.17,915 million for the corresponding period of last year.

### **Financial Performance**

The Company posted a gross profit of Rs. 1,724 million for the period under review (July - December 2022) as compared to Rs. 2,297 million for the corresponding period of last year. The decline in gross profit margin for the period under review was on the backdrop of elevated raw material and fuel prices coupled with upward movement of the exchange rate resulting in a significant increase in the 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 2022) was recorded at Rs. 1,247 million as compared to Rs.1,791 million for the corresponding period of last year.

Finance cost for the period under review (July - December 2022) stood at Rs. 978 million as compared to Rs. 259 million for the corresponding period of last year. The increase in finance cost was the combined impact of higher effective interest rates and working capital needs.

After taking into account financial charges, profit before tax for the period was Rs. 269 million as compared to Rs. 1,532 million in the corresponding period of last year.

Accordingly, net profit for the period under review was Rs. 191 million as compared to Rs. 1,083 million for the corresponding period of last year.

### **Earnings Per Share**

The basic earnings per share is reported at Re. 0.85 as compared to Rs. 4.85 for the corresponding period of last year.

During the period, shareholders approved the issuance of 20,288,532 bonus shares being the 10% bonus issue declared by the Board of Directors for the year ended June 30, 2022. Accordingly, the weighted average number of shares for the current and corresponding periods includes the impact of bonus shares for the calculation of EPS as per the 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 the corresponding period of last year.

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

As on the balance sheet date, Your Company has fully utilized SBP's Temporary Economic Refinance (TERF) loan facility availed through the different banks for the up-gradation of Paper & Board Machines, Cogeneration Plants and auxiliaries relating thereto. A few BMR projects were completed during the period and work on most of the remaining projects will be completed by the end of this year. Furthermore, work on upsizing of the GRID station is nearing completion and hopefully, an extended load of 16MW will be available for use in the last quarter of the ongoing year. Moreover, significant progress has been made toward the digitization of machine processes in collaboration with foreign consultants.

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

The Company's different CSR initiatives for the welfare of the surrounding communities continued during the period. The Company has collaborated with reputable NGOs to extend schooling facilities in the vicinity of the Mills and has also adopted a school in the far-flung areas of Kashmir. Moreover, Company has also distributed food hampers in flood-affected areas in collaboration with the local administration.

### **Near Term Outlook**

The continuous rise in key input costs has already been putting pressure on product margins, and with consequential adjustments in products' pricing, the market for quality products has already started contracting, thus making it challenging to operate the Mills at the optimal capacity. The recent State Bank measures to manage the Current Account Deficit will make the situation harder for the Company, like any other industrial unit of the Country, for securing the supply of essential raw materials.

Management is closely monitoring these developments and modifying its strategy to ensure continuous operations for the longest possible time with available raw materials in hand and incoming shipments against letters of credit already established. The objective is to ensure an uninterrupted supply of packaging materials to its valued customers including most of the FMCGs, Pharmaceuticals, Food, Confectionery, Biscuits, Tea, and numerous Household Items serving the daily needs of the Masses. All necessary price adjustments are being made to recover the increases in the cost of production.

### **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, 2023



## ڈائریکٹرز کا جائزہ

بورڈ آف ڈائریکٹرز کی طرف سے 31 دسمبر 2022ء 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 2022) کے دوران 117,836 میٹرک ٹن کی پیداوار کی، جو کہ گذشتہ سال کی اسی مدت میں 127,073 میٹرک ٹن تھی۔

کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2022) کے دوران 117,034 میٹرک ٹن کی فروخت کی، جو کہ گذشتہ سال کی اسی مدت میں 121,524 میٹرک ٹن تھی۔

قدر کے اعتبار سے زیر جائزہ مدت (جولائی تا دسمبر 2022) میں سیلز ویلیو (Sales Value) 24,925 ملین روپے درج کی گئی، جو کہ گذشتہ سال اسی مدت میں 17,915 ملین روپے تھی۔

### مالیاتی کارکردگی

زیر جائزہ مدت (جولائی تا دسمبر 2022) میں کمپنی نے 1,724 ملین روپے کا مجموعی منافع کمایا جو کہ گذشتہ سال اسی مدت میں 2,297 ملین روپے تھا۔ زیر جائزہ مدت کے دوران خام مال اور ایندھن کی قیمتوں میں اضافے کی وجہ سے منافع میں کمی ہوئی اور اس کے ساتھ شرح مبادلہ میں اضافہ ہوا جس کے نتیجے میں پیداواری لاگت میں نمایاں اضافہ ہوا جسے مارکیٹ کے حالات کے مطابق ممکنہ پرائس ایڈجسٹمنٹ کے ذریعے جزوی طور پر کنٹرول کیا گیا۔

زیر جائزہ مدت (جولائی تا دسمبر 2022) میں خالص آپریٹنگ منافع 1,247 ملین روپے ریکارڈ کیا گیا جو کہ گذشتہ سال کی اسی مدت میں 1,791 ملین روپے تھا۔

زیر جائزہ مدت (جولائی تا دسمبر 2022) میں مالیاتی اخراجات نمایاں طور پر بڑھ کر 978 ملین روپے تک ہو گئے جو کہ گذشتہ سال اسی مدت میں 259 ملین روپے تھے جس کی بنیادی وجہ شرح سود میں اضافہ اور بڑھتی ہوئی مالیاتی ضروریات رہیں۔

مالیاتی اخراجات منہا کرنے کے بعد زیر جائزہ مدت (جولائی تا دسمبر 2022) میں قبل از ٹیکس منافع 269 ملین روپے رہا جو کہ گذشتہ سال اسی مدت میں 1,532 ملین روپے تھا۔

کمپنی نے زیر جائزہ مدت (جولائی تا دسمبر 2022) میں 191 ملین روپے کا بعد از ٹیکس خالص منافع کمایا جو کہ گذشتہ سال اسی مدت میں 1,083 ملین روپے تھا۔

### فی شیئر آمدنی

زیر جائزہ مدت میں فی شیئر آمدنی 0.85 روپے رپورٹ کی گئی جو کہ گذشتہ سال اسی مدت میں 4.85 روپے تھی۔

زیر جائزہ مدت کے دوران شیئر ہولڈرز نے بورڈ آف ڈائریکٹرز کی جانب سے اعلان کردہ 10% بونس شیئرز (20,288,532) کے اجراء کی منظوری دی۔ موجودہ اور گذشتہ فی شیئر آمدنی کے تعین کے لیے اوسط عمومی شیئرز کو بین الاقوامی فنانشیل رپورٹنگ اصولوں کے تحت شامل کیا گیا ہے۔

زیر جائزہ مدت اور گذشتہ سال اسی مدت کے لیے فی شیئر آمدنی کمزور پڑنے کے کوئی آثار نہیں ہیں۔

## ڈائریکٹرز کا جائزہ

### توازن/جدت/تبدیلی اور ڈیجیٹائزیشن

31 دسمبر 2022 تک آپ کی کمپنی نے پیپر اور بورڈ مشینوں کے جنریشن پلانٹس اور معاون مشینوں کی اپ گریڈیشن کے لئے مختلف بینکوں کے ذریعے حاصل کئے گئے SBP کے عارضی ری فنانسنس (TERF) کے قرض کی سہولت کو مکمل طور پر استعمال کر لیا ہے۔ اس مدت کے دوران چند بی ایم آر (BMR) پراجیکٹس مکمل ہو گئے ہیں اور باقی ماندہ پراجیکٹس پر کام اس سال کے آخر تک مکمل ہو جائے گا مزید برآں گریڈیشن (GRID) اپ گریڈیشن کا کام تکمیل کے قریب ہے۔ اور امید ہے 16MW کا توسیعی لوڈ موجودہ سال کے آخر تک استعمال کے لئے دستیاب ہوگا۔ مزید برآں، غیر ملکی کنسلٹنٹس کے ساتھ مل کر مشین پروسیس کے عمل کو ڈیجیٹائز کرنے کی طرف اہم پیشرفت ہوئی ہے۔

### کاروباری سماجی ذمہ داری

اس مدت کے دوران کمپنی کے کاروباری سماجی ذمہ داری کی مد میں تعلیم، صحت، گردنواح کی فلاح و بہبود اور ذریعہ معاش کی فراہمی کے لئے مختلف اقدامات جاری رہے۔ کمپنی نے معروف این جی اوز (NGOs) کے ساتھ مل کر آس پاس کے علاقوں میں تعلیمی سہولیات کو بڑھانے کے لئے تعاون کیا ہے اور کشمیر کے دور دراز علاقوں میں ایک اسکول کو بھی اپنے زیر انتظام لیا ہے۔ اس کے علاوہ مقامی انتظامیہ کے تعاون سے سیلاب سے متاثرہ علاقوں میں اشیاء خوردنوش فراہم کی گئیں۔

### قریب مدتی منظر نامہ

لاگت میں مسلسل اضافہ کی وجہ سے پہلے ہی پروڈکٹ کے مارجن پر دباؤ بڑھ رہا ہے۔ اور مصنوعات کی قیمتوں میں اضافے کی وجہ سے معیاری مصنوعات کی طلب میں کمی کا رجحان ہے جس کے اثرات ملز کی پیداواری صلاحیت کے استعمال پر بھی نمایاں ہیں۔ ملکی کرنٹ کا ڈاؤنٹ کے خسارے کو کنٹرول کرنے کے لئے اسٹیٹ بینک کے حالیہ اقدامات ملک کے کسی بھی صنعتی یونٹ کی طرح ہماری کمپنی کے لئے بھی ضروری خام مال کی مناسب فراہمی کو مشکل بنا سکتے ہیں۔

انتظامیہ ان حقائق پر گہری نظر رکھے ہوئے ہیں۔ اور ان کے مطابق اپنی حکمت عملی میں مناسب ترامیم کر رہی ہے تاکہ پہلے سے دستیاب خام مال کے بہترین استعمال سے مسلسل آپریشن کو یقینی بنایا جاسکے اس کا مقصد اپنے قیمتی صارفین کو پیکیجنگ مصنوعات کی بلا تعلق فراہمی کو یقینی بنانا ہے جس میں زیادہ تر FMCGs، فارماسیوٹیکل، خوراک، کنفکشنری، بسکٹ، چائے اور عوام کی روزمرہ کی ضروریات کو پورا کرنے والی متعدد گھریلو اشیاء شامل ہیں۔ پیداواری لاگت میں اضافے کے اثرات کو کم کرنے کے لئے مصنوعات کی قیمتوں میں ممکنہ ایڈجسٹمنٹ کی جاری ہے۔

### اظہار تشکر

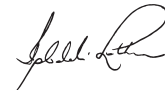
آپ کے ڈائریکٹرز کمپنی کے عملے اور ملازمین کی محنت اور پُر خلوص کارکردگی کا اعتراف کرتے ہیں۔ وہ مسلسل سرپرستی اور وابستگی پر اپنے سپلائرز، کسٹمرز اور بینکوں کو بھی خراج تحسین پیش کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے



آفتاب احمد

چیف ایگزیکٹو آفیسر



اقبال علی لاکھانی

چیرمین

کراچی: 31 جنوری، 2023



# 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, 2022 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 half year ended December 31, 2022 (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 accounting and reporting 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, 2022 and December 31, 2021 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 31, 2023  
UDIN: RR202210166pOcTeabrj

  
**BDO EBRAHIM & CO.,**  
Chartered Accountants  
Engagement Partner: Tariq Feroz Khan



# Condensed Interim Statement of Financial Position

as at December 31, 2022 (Un-audited)

	Note	December 31, 2022	June 30, 2022 (Audited)
		(Rupees in thousands)	
<b>ASSETS</b>			
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	7	8,801,528	8,431,821
Capital work in progress	8	2,961,840	2,772,027
		<u>11,763,368</u>	<u>11,203,848</u>
Intangible assets		16,806	17,413
Long-term advances	9	48,151	20,879
Long-term deposits		7,881	7,881
		<u>11,836,206</u>	<u>11,250,021</u>
<b>CURRENT ASSETS</b>			
Stores and spares	10	3,286,924	3,428,694
Stock-in-trade	11	11,767,628	8,399,438
Trade debts		6,230,767	4,560,936
Advances	12	217,994	239,587
Trade deposits and short-term prepayments	13	84,277	20,412
Other receivables		40,711	39,548
Tax refunds due from Government	14	522,681	97,591
Taxation - net		372,357	-
Cash and bank balances	15	1,014,717	759,729
		<u>23,538,056</u>	<u>17,545,935</u>
<b>TOTAL ASSETS</b>		<u><b>35,374,262</b></u>	<u><b>28,795,956</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
410,000,000 (June 30, 2022: 410,000,000)			
shares of Rs. 10 each		<u>4,100,000</u>	<u>4,100,000</u>
Issued, subscribed and paid-up capital			
223,173,847 (June 30, 2022: 202,885,316)			
ordinary shares of Rs. 10 each		<u>2,231,739</u>	<u>2,028,854</u>
Reserves		<u>10,185,512</u>	<u>10,197,608</u>
		<u>12,417,251</u>	<u>12,226,462</u>
<b>NON - CURRENT LIABILITIES</b>			
Long-term financing	16	5,813,839	2,036,774
Lease liabilities	17	30,764	37,209
Deferred taxation		742,896	976,531
Deferred capital grant	18	305,536	325,905
		<u>6,893,035</u>	<u>3,376,419</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	4,886,500	4,912,842
Short-term borrowings	20	9,785,654	7,512,902
Interest and mark-up accrued	21	535,683	185,207
Taxation - net		-	39,774
Unclaimed dividend		1,753	1,753
Current portion of long-term lease liabilities		12,342	11,042
Current portion of deferred capital grant	18	115,210	114,862
Current portion of long-term financing	16	726,834	414,693
		<u>16,063,976</u>	<u>13,193,075</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>35,374,262</b></u>	<u><b>28,795,956</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22		

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.



**IQBAL ALI LAKHANI**  
Chairman / Director



**AFTAB AHMAD**  
Chief Executive Officer



**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer



## Condensed Interim Statement of Profit or Loss

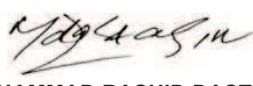
*for the period ended December 31, 2022 (Un-audited)*

	Note	Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		(Rupees in thousands)			
Turnover - net	23	24,925,079	17,915,302	12,638,409	9,372,762
Cost of sales	24	<b>(23,201,494)</b>	(15,618,204)	<b>(11,981,238)</b>	(8,351,132)
<b>Gross profit</b>		<b>1,723,585</b>	2,297,098	<b>657,171</b>	1,021,630
General and administrative expenses		<b>(422,253)</b>	(333,665)	<b>(204,021)</b>	(167,854)
Selling expenses		<b>(44,449)</b>	(37,843)	<b>(22,192)</b>	(19,116)
Distribution expenses		<b>(89,989)</b>	(71,716)	<b>(42,067)</b>	(34,258)
Other operating charges					
Workers' Profit Participation Fund		<b>(14,432)</b>	(82,275)	<b>4,691</b>	(34,250)
Workers' Welfare Fund		<b>(5,484)</b>	(31,265)	<b>1,783</b>	(13,016)
Others		<b>(16,657)</b>	(16,151)	<b>(9,428)</b>	(6,320)
		<b>(36,573)</b>	(129,691)	<b>(2,954)</b>	(53,586)
Other income	25	<b>116,229</b>	66,822	<b>60,690</b>	35,419
<b>Operating profit</b>		<b>1,246,550</b>	1,791,005	<b>446,627</b>	782,235
Finance cost	26	<b>(977,833)</b>	(259,055)	<b>(533,979)</b>	(144,513)
<b>Profit / (loss) before taxation</b>		<b>268,717</b>	1,531,950	<b>(87,352)</b>	637,722
Taxation					
Current		<b>(311,563)</b>	(304,560)	<b>(113,020)</b>	(159,337)
Prior year		-	(4,541)	-	-
Deferred		<b>233,635</b>	(139,709)	<b>152,595</b>	(25,607)
		<b>(77,928)</b>	(448,810)	<b>39,575</b>	(184,944)
<b>Profit / (loss) for the period</b>		<b>190,789</b>	1,083,140	<b>(47,777)</b>	452,778
Earnings / (loss) per share			Restated		Restated
- basic and diluted (Rupees)	27	<b>0.85</b>	4.85	<b>(0.21)</b>	2.03

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.

  
**IQBAL ALI LAKHANI**  
Chairman / Director

  
**AFTAB AHMAD**  
Chief Executive Officer

  
**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer

## Condensed Interim Statement of Comprehensive Income


for the period ended December 31, 2022 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Profit / (loss) for the period	190,789	1,083,140	(47,777)	452,778
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>190,789</b>	<b>1,083,140</b>	<b>(47,777)</b>	<b>452,778</b>

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.

  
**IQBAL ALI LAKHANI**  
Chairman / Director

  
**AFTAB AHMAD**  
Chief Executive Officer

  
**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer

## Condensed Interim Statement of Cash Flows


*for the period ended December 31, 2022 (Un-audited)*

	Note	Half year ended	
		December 31, 2022	December 31, 2021
(Rupees in thousands)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	28	(3,403,807)	(485,813)
Finance cost paid		(627,357)	(192,760)
Taxes paid		(723,694)	(1,117,527)
Gratuity paid		(33,644)	(28,403)
Workers' Profit Participation Fund paid		(175,118)	(230,407)
Long-term advances		(27,272)	(22,376)
Long-term deposits		-	(1,000)
GIDC payable		-	(38,494)
<b>Net cash used in operating activities</b>		<b>(4,990,892)</b>	<b>(2,116,780)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,104,213)	(1,647,715)
Proceeds from sale of property, plant and equipment		9,693	2,251
Profit received on term deposit in bank		3,609	-
<b>Net cash used in investing activities</b>		<b>(1,090,912)</b>	<b>(1,645,465)</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		4,241,906	1,100,545
Repayment of long-term financing from banking companies		(172,721)	(327,220)
Principle paid on lease Liability		(5,145)	(4,038)
Dividend paid on ordinary shares		-	(264,161)
<b>Net cash flow from / (used in) financing activities</b>		<b>4,064,040</b>	<b>(619,874)</b>
Net decrease in cash and cash equivalents		<b>(2,017,764)</b>	<b>(4,382,119)</b>
Cash and cash equivalents at the beginning of the period		<b>(6,753,173)</b>	<b>(1,685,741)</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>(8,770,937)</b>	<b>(6,067,860)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	15	1,014,717	403,376
Short-term borrowings	20	(9,785,654)	(6,471,236)
		<b>(8,770,937)</b>	<b>(6,067,860)</b>

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.

  
**IQBAL ALI LAKHANI**  
Chairman / Director

  
**AFTAB AHMAD**  
Chief Executive Officer

  
**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer

## Condensed Interim Statement of Changes in Equity

for the period ended December 31, 2022 (Un-audited)

	Issued, subscribed and paid-up capital	Capital					Reserves			Sub-total	Total
		Share premium	Merger reserve	Redemption reserve	Total	Revenue		Total			
						General reserve	Unappropriated profit				
<b>Balance as at July 1, 2021</b>	1,764,221	1,822,122	7,925	1,538,431	3,368,478	1,800,000	3,389,216	5,189,216	8,557,694	10,321,915	
<b>Appropriation of reserve</b>	-	-	-	-	-	3,000,000	(3,000,000)	-	-	-	
<b>Total comprehensive income for the period ended December 31, 2021</b>	-	-	-	-	-	-	1,083,140	1,083,140	1,083,140	1,083,140	
<b>Transaction with owners</b>	-	-	-	(264,633)	(264,633)	-	-	-	(264,633)	-	
26,463,302 bonus shares issued in the proportion of three (3) shares for every twenty (20) shares held	264,633	-	-	-	-	-	-	-	-	-	
Final cash dividend on ordinary shares @ Rs 1.50 per share	-	-	-	-	-	-	(264,633)	(264,633)	(264,633)	(264,633)	
<b>Balance as at December 31, 2021</b>	<b>2,028,854</b>	<b>1,822,122</b>	<b>7,925</b>	<b>1,273,798</b>	<b>3,103,845</b>	<b>4,800,000</b>	<b>1,207,723</b>	<b>6,007,723</b>	<b>9,111,568</b>	<b>11,140,422</b>	
<b>Balance as at July 1, 2022</b>	2,028,854	1,822,122	7,925	1,273,798	3,103,845	4,800,000	2,293,763	7,093,763	10,197,608	12,226,462	
<b>Appropriation of reserve</b>	-	-	-	-	-	2,000,000	(2,000,000)	-	-	-	
<b>Total comprehensive income for the period ended December 31, 2022</b>	-	-	-	-	-	-	190,789	190,789	190,789	190,789	
<b>Transaction with owners</b>	-	-	-	-	-	-	-	-	-	-	
20,288,532 bonus shares issued in the proportion of one (1) shares for every ten (10) shares held	202,885	-	-	(202,885)	(202,885)	-	-	-	(202,885)	-	
<b>Balance as at December 31, 2022</b>	<b>2,231,739</b>	<b>1,822,122</b>	<b>7,925</b>	<b>1,070,913</b>	<b>2,900,960</b>	<b>6,800,000</b>	<b>484,552</b>	<b>7,284,552</b>	<b>10,185,512</b>	<b>12,417,251</b>	

The annexed notes from 1 to 35 form an integral part of these condensed interim financial statements.



**IQBAL ALI LAKHANI**  
Chairman / Director



**AFTAB AHMAD**  
Chief Executive Officer



**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer

HALF YEARLY REPORT DECEMBER 2022

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2022 (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 Kasur, Pakistan, and a regional office of the Company is located at 14-Ali Block, New Garden Town, Lahore, Pakistan.

## 3. BASIS OF PREPARATION

### 3.1 Statement of compliance

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, 2022 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, 2022 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 has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2022, 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 reviewed condensed interim financial statements for the half year ended December 31, 2021.

### 3.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost basis, 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 flows information.

### 3.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistani rupees ('Rs.') which is the functional and presentation currency of the Company.

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2022 (Un-audited)

## 4. SUMMARIES OF 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, 2022.

### 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, 2022, 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, 2023, 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, 2022.

## 6. TAXATION

The provisions for taxation for the half year and quarter ended December 31, 2022, 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.

	Note	December 31, 2022	June 30, 2022 (Audited)
(Rupees in thousands)			
<b>7. OPERATING FIXED ASSETS</b>			
Fixed assets	7.1	<b>8,767,943</b>	8,392,608
Right-of-use assets	7.2	<b>33,585</b>	39,213
		<b>8,801,528</b>	8,431,821
<b>7.1 Fixed Assets</b>			
Opening net book value (NBV)		<b>8,392,610</b>	8,651,732
Additions during the period / year at cost	7.1.1	<b>912,348</b>	804,317
		<b>9,304,958</b>	9,456,049
Disposals during the period / year at NBV	7.1.4	<b>(3,277)</b>	(3,427)
Depreciation charge for the period / year		<b>(533,738)</b>	(1,060,014)
		<b>(537,015)</b>	(1,063,441)
Closing net book value (NBV)		<b>8,767,943</b>	8,392,608



## Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2022 (Un-audited)

	December 31, 2022	June 30, 2022 (Audited)
(Rupees in thousands)		
7.1.1 Detail of additions (at cost) during the period / year are as follows:		
Freehold land	-	165,351
Buildings on freehold land	70,657	29,824
Plant and machinery	804,264	513,922
Furniture and fixtures	283	1,236
Vehicles	10,205	48,121
Electrical and other equipment	17,481	15,157
Computers	9,458	30,707
	<u>912,348</u>	<u>804,317</u>

7.1.2 This includes transfers from capital work in progress amounting to Rs. 794.59 million (June 30, 2022: Rs. 508.14 million).

7.1.3 The free hold land is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur and area of land is 170.6 acres (June 30, 2022: 170.6 acres).

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

Vehicles	<u>3,277</u>	<u>3,427</u>
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### 7.2 Right-of-use assets

Opening net book value (NBV)	39,213	50,472
Depreciation charge for the period / year	<u>(5,628)</u>	<u>(11,259)</u>
	<u>33,585</u>	<u>39,213</u>

### 8. CAPITAL WORK IN PROGRESS

This comprises of:

Building	11,159	55,073
Plant and machinery	<u>2,950,681</u>	<u>2,716,954</u>
	<u>2,961,840</u>	<u>2,772,027</u>

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

Opening balance	2,772,027	1,244,059
Additions (at cost) during the period / year	<u>984,402</u>	<u>2,036,110</u>
	3,756,429	3,280,169
Transfer to operating fixed assets during the period / year	<u>(794,589)</u>	<u>(508,142)</u>
Closing balance	<u>2,961,840</u>	<u>2,772,027</u>

8.1.1 This includes advances to suppliers amounting to Rs. 37.95 million (June 30, 2022: Rs. 50.20 million).



# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2022 (Un-audited)

	December 31, 2022	June 30, 2022 (Audited)
Note	(Rupees in thousands)	
<b>9. LONG-TERM ADVANCES</b>		
(Unsecured - considered good)		
Long-term advances to suppliers	9.1 <u>48,151</u>	<u>20,879</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	1,265,775	1,122,051
Spares	807,502	666,602
Fuel	<u>1,067,363</u>	<u>1,466,750</u>
	<b>3,140,640</b>	3,255,403
In transit - Spares	205,094	232,101
Provision for slow moving stores and spares	<u>(58,810)</u>	<u>(58,810)</u>
	<b>3,286,924</b>	3,428,694
<b>11. STOCK-IN-TRADE</b>		
Raw materials		
in hand	7,633,487	4,221,148
in transit	<u>2,195,506</u>	<u>2,639,125</u>
	<b>9,828,993</b>	6,860,273
Work-in-process	191,181	206,536
Finished goods	<u>1,747,454</u>	<u>1,332,629</u>
	<b>11,767,628</b>	8,399,438
<b>12. ADVANCES</b>		
Advances		
to employees	3,847	2,068
to suppliers	<u>214,147</u>	<u>237,519</u>
12.1	<b>217,994</b>	239,587
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 3,085	4,480
Prepayments	<u>81,192</u>	<u>15,932</u>
	<b>84,277</b>	20,412
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, 2022 (Un-audited)

	Note	December 31, 2022	June 30, 2022 (Audited)
<b>14. TAX REFUNDS DUE FROM GOVERNMENT</b>			
		(Rupees in thousands)	
Income tax	14.1	81,528	81,528
Sales tax	14.2	<u>441,153</u>	<u>16,063</u>
		<u>522,681</u>	<u>97,591</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, 2022.			
14.2 This includes net claimable sales tax input amounting to Rs. 425.09 million.			
<b>15. CASH AND BANK BALANCES</b>			
Cash at bank in current account			
Conventional mode		507,471	329,768
Cash at bank - Term deposit	15.1	236,768	-
Cheques in hand		268,305	427,608
Cash in hand		<u>2,173</u>	<u>2,353</u>
		<u>1,014,717</u>	<u>759,729</u>
15.1 This represents term deposits under lien with bank as security for bank guaranties (Open Ended) as referred to note 22.1(a) and carries profit at the rates 15.18% per annum.			
<b>16. LONG TERM FINANCING</b>			
From banking companies			
Utilized under mark-up arrangements financed by:			
Islamic mode			
Faysal Bank Limited - Musharaka	16.1	441,381	392,566
Bank Islami Pakistan Limited	16.1	187,937	182,433
Meezan Bank Limited - Musharaka	16.2	4,000,000	-
		4,629,318	574,999
Conventional mode			
Syndicated - Consortium of Banks	16.3	1,309,201	1,274,118
Habib Metropolitan Bank Limited	16.3	127,297	124,286
JS Bank	16.3	319,958	153,095
Allied Bank Limited - Term Loan - 1	16.4	-	102,062
Allied Bank Limited - Term Loan - 2	16.5	131,449	152,557
Allied Bank Limited - Term Loan - 3	16.6	23,450	70,350
		1,911,355	1,876,468
		6,540,673	2,451,467
Current portion shown under current liabilities:			
Islamic mode		(355,967)	(50,000)
Conventional mode		(370,867)	(364,693)
		(726,834)	(414,693)
		<u>5,813,839</u>	<u>2,036,774</u>

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2022 (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 Diminishing Musharakah Financing

4000	To rationalize use of short term working capital limits	3 months KIBOR + 0.15%	5 Years	16 Quarterly
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The finance facility is initially secured by way of ranking charge and will be upgraded to 1st Pari Passu Hypothecation Charge over all present and future movable fixed assets (including Plant & Machinery) of the Company with 25% margin.

## 16.3 Temporary Economic Refinance Facility (TERF) Schemes 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

The finance facility has been fully repaid during the period at its maturity date.

## 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 are secured by way of first hypothecation charge over all assets belonging to the Company with 25% margin.

## 16.6 Term Loan

500	Gas Turbine 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.

## Notes to the Condensed Interim Financial Statements

*for the period ended December 31, 2022 (Un-audited)*

		<b>December 31, 2022</b>	June 30, 2022 (Audited)
	<b>Note</b>	(Rupees in thousands)	
<b>17. LEASE LIABILITIES</b>			
Lease liabilities	17.1	<b>43,106</b>	48,251
Current portion		<b>(12,342)</b>	(11,042)
	17.2	<b>30,764</b>	37,209
<b>17.1 Maturity analysis of contractual cashflow:</b>			
Less than one year		<b>12,342</b>	11,042
One to five year		<b>30,764</b>	37,209
Net present value		<b>43,106</b>	48,251
17.2 The rate of return used as the discounting factor is 14% and 9% (June 30, 2022: 14% and 9%) per annum.			
<b>18. DEFERRED CAPITAL GRANT</b>			
Capital grant	18.1	<b>420,746</b>	440,767
Current portion shown under current liability		<b>(115,210)</b>	(114,862)
		<b>305,536</b>	325,905
18.1 Following is the movement in government grant during the period / year:			
Opening balance		<b>440,767</b>	247,584
Addition during the period / year		<b>42,909</b>	301,168
Amortized during the period / year		<b>(62,930)</b>	(107,985)
Closing balance		<b>420,746</b>	440,767
This represents government grant recognized on term finance facilities:			
- The term finance facilities obtained under SBP Refinance Scheme from certain banks under "Islamic/ Temporary Economic Refinance Facility (I/TERF)" for Balancing, Modernization and Replacement (BMR) of Paper & Board Machines, Co-generation Plants and Auxiliaries relating thereto.			
These deferred capital grants have been recorded in accordance with the IAS-20 Government Grants and are being amortized on a systematic basis over the term of loans.			
<b>19. TRADE AND OTHER PAYABLES</b>			
Creditors	19.1	<b>1,868,722</b>	1,156,076
Foreign bills payable		<b>1,087,451</b>	1,647,963
Accrued liabilities		<b>1,095,996</b>	1,175,680
Sales tax payable - net		-	29,085
Contract liabilities	19.2	<b>327,006</b>	242,619
Gratuity payable		<b>114,304</b>	118,363
Workers' Profit Participation Fund		<b>14,432</b>	175,118
Workers' Welfare Fund		<b>75,029</b>	139,150
Provident fund payable		<b>11,329</b>	10,132
Other liabilities		<b>292,231</b>	218,656
		<b>4,886,500</b>	4,912,842

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2022 (Un-audited)

19.1 The aggregate amount of the outstanding balance of associated undertakings is Rs. 139.23 million (June 30, 2022: Rs. 3.94 million).

19.2 This represents the amount of consideration received from customers before the related goods are transferred.

	<b>December 31, 2022</b>	June 30, 2022 (Audited)
<b>Note</b>	(Rupees in thousands)	
<b>20. SHORT TERM BORROWINGS</b>		
From banking companies - secured		
Running finances		
	<b>1,009,510</b>	717,738
	<b>8,776,144</b>	6,795,164
20.1	<b><u>9,785,654</u></b>	<u>7,512,902</u>

20.1 The Company has available aggregate short term running finance facilities amounting to Rs. 15,700 million (June 30, 2022: Rs. 12,800 million). Markup rates are linked with KIBOR from one to three months plus spread ranging from 0.05% to 1.50% (June 30, 2022: from 0.05% to 1.50%) per annum.

20.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs. 10,350 million (June 30, 2022: Rs. 8,930 million).

## 21. INTEREST AND MARK-UP ACCRUED

Interest and mark-up accrued on:

Long-term financing from Banks  
Islamic mode  
Conventional mode

<b>182,363</b>	11,252
<b>15,411</b>	17,226
<b>197,774</b>	28,478

Short-term borrowings from Banks  
Islamic mode  
Conventional mode

<b>93,637</b>	37,841
<b>244,272</b>	118,888
<b>337,909</b>	156,729
<b>535,683</b>	185,207

## 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. 1,237.19 million (June 30, 2022: Rs. 941 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 500 million (June 30, 2022: Rs. 400 million) furnished to Excise and Taxation Department.

The new guarantee also includes which has been furnished during the period amounting to Rs. 136.77 million in favor of the "NAZIR HIGH COURT OF SINDH KARACHI" in accordance with the order of the Honorable High Court of Sindh on the matter of super tax.

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2022 (Un-audited)

## b) Sales tax

- 1) An appeal of Company is pending before Appellate Tribunal, Punjab Revenue Authority against the order no PRA 328/2018 dated November 06, 2019 passed by Commissioner (Appeal) has determined the liability of Rs. 30.021 million. However, the Company preferred to file an appeal before the tribunal with the plea that order by Commissioner (Appeal) was passed 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 sale tax amounting to Rs. 94.45 million were adjudicated against the Company by Deputy Commissioner Inland Revenue. The appeals were filed by the Company against these orders at respective forum. These cases were remanded back to the adjudicating authorities by the Appellate Authorities with the direction to verify the compliance of the Company with the relevant provisions of the Sales Tax Act, 1990. No provision has been made in these financial statements as the management is of the opinion, based on advice of tax advisor, that the decision is likely to be in the favor of the Company.

## 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. 1,617.89 million (June 30, 2022: Rs. 7,038.07 million).
- Capital expenditure including letters of credit amounted to Rs. 29.39 million (June 30, 2022: Rs. 354.78 million).

Half year ended		Quarter ended	
December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Rupees in thousands)			

## 23. TURNOVER

Local turnover	28,846,638	20,941,073	14,638,984	10,953,010
Export turnover	230,472	-	95,877	-
	<u>29,077,110</u>	<u>20,941,073</u>	<u>14,734,861</u>	<u>10,953,010</u>
Sales tax	<u>(4,152,031)</u>	<u>(3,025,771)</u>	<u>(2,096,452)</u>	<u>(1,580,248)</u>
Net turnover	<u>24,925,079</u>	<u>17,915,302</u>	<u>12,638,409</u>	<u>9,372,762</u>

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2022 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in thousands)			
<b>24. COST OF SALES</b>				
Materials consumed	15,675,212	10,270,381	8,071,885	5,150,538
Fuel and power	5,605,202	3,240,433	2,735,364	1,733,505
Depreciation on property, plant and equipment	504,790	505,160	253,937	249,382
Salaries, wages and other benefits	663,248	566,530	328,130	282,631
Stores and spare consumption	464,119	420,833	211,480	195,018
Repairs and maintenance	113,480	88,404	61,940	46,344
Packing expenses	514,808	427,787	262,390	222,981
Insurance	57,301	46,263	30,619	23,864
Provision for slow moving stores and spares	-	3,000	-	1,500
Rent rates and taxes	2,804	2,077	1,425	1,062
Manufacturing cost	<u>23,600,964</u>	<u>15,570,868</u>	<u>11,957,170</u>	<u>7,906,825</u>
Work-in-process				
Opening stock	206,536	127,238	207,976	156,840
Closing stock	(191,181)	(165,214)	(191,181)	(165,214)
	<u>15,355</u>	<u>(37,976)</u>	<u>16,795</u>	<u>(8,374)</u>
Cost of goods manufactured	<u>23,616,319</u>	<u>15,532,892</u>	<u>11,973,965</u>	<u>7,898,451</u>
Finished goods				
Opening stock	1,332,629	923,783	1,754,727	1,291,152
Closing stock	(1,747,454)	(838,471)	(1,747,454)	(838,471)
	<u>(414,825)</u>	<u>85,312</u>	<u>7,273</u>	<u>452,681</u>
	<u><u>23,201,494</u></u>	<u><u>15,618,204</u></u>	<u><u>11,981,238</u></u>	<u><u>8,351,132</u></u>
<b>25. OTHER INCOME</b>				
Sale of scrap	88,143	51,465	43,195	27,881
Gain on sale of operating fixed assets – net	6,415	1,519	4,460	1,519
Government grants	16,236	9,848	7,633	4,481
Profit on term deposit in bank	5,430	-	5,430	-
Others	5	3,990	(28)	1,538
	<u>116,229</u>	<u>66,822</u>	<u>60,690</u>	<u>35,419</u>

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2022 (Un-audited)

Note	Half year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in thousands)			
<b>26. FINANCE COST</b>				
Long-term financing - banks				
Islamic mode	169,931	1,534	163,332	1,183
Conventional mode	20,470	24,374	6,631	10,385
	<b>190,401</b>	25,908	<b>169,963</b>	11,568
Long term loan from associated undertakings	-	33,746	-	8,938
	<b>190,401</b>	59,654	<b>169,963</b>	20,506
Short term borrowings				
Islamic mode	152,125	12,175	75,548	7,796
Conventional mode	617,753	169,737	280,376	106,924
	<b>769,878</b>	181,912	<b>355,924</b>	114,720
Workers' profit participation fund	6,767	616	-	-
Bank charges and commission	7,819	5,141	6,820	4,010
Finance cost on Leases	2,618	3,139	1,272	1,541
Finance cost on GIDC	350	8,593	-	3,736
	<b>977,833</b>	259,055	<b>533,979</b>	144,513

## 27. EARNINGS PER SHARE - BASIC AND DILUTED

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

Profit / (loss) for the period	190,789	1,083,140	(47,777)	452,778
		Restated		Restated
Weighted average number of ordinary shares (in thousands)	223,174	223,174	223,174	223,174
Basic earnings / (loss) per share (Rupees)	27.1 0.85	4.85	(0.21)	2.03

27.1 There is no dilutive effect on the basic earnings per shares of the Company. The Corresponding figures have been restated retrospectively to include the impact of 20,288,531 bonus shares issued during the reporting period as required by IFRS.



# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2022 (Un-audited)

	Note	Half year ended	
		December 31, 2022	December 31, 2021
(Rupees in thousands)			
<b>28. CASH USED IN OPERATIONS</b>			
Profit before taxation		268,717	1,531,950
Adjustment for non cash charges and other items:			
Depreciation on property, plant and equipment		539,370	534,372
Amortization of intangible assets		2,972	1,726
Gain on disposal of operating fixed assets		(6,415)	(1,519)
Provision for gratuity		29,585	22,683
Provision for slow moving stores and spares		-	3,000
Workers' Profit Participation Fund		14,432	82,275
Finance cost		977,833	259,055
Profit on term deposit		(5,430)	-
Changes in current assets / current liabilities	28.1	(5,224,871)	(2,919,355)
		<b>(3,672,524)</b>	<b>(2,017,763)</b>
		<b>(3,403,807)</b>	<b>(485,813)</b>

## 28.1 Changes in current assets / current liabilities

(Increase) / decrease in current assets			
Stores and spares		141,770	(392,817)
Stock-in-trade		(3,368,190)	(1,686,472)
Trade debts		(1,669,831)	(583,151)
Advances		21,593	71,406
Trade deposits and short-term prepayments		(63,865)	(57,970)
Other receivables		658	(869)
Tax Refunds due from Government		(425,090)	(98,477)
		<b>(5,362,955)</b>	<b>(2,748,350)</b>
Increase / (decrease) in current liabilities			
Trade and other payables		138,084	(171,005)
		<b>(5,224,871)</b>	<b>(2,919,355)</b>

## 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, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Rupees in thousands)						
<b>Sale of goods, Services and Reimbursement of expenses</b>						
Merit Packaging Limited	Associated company	Common Director	1,803,079	1,065,627	926,006	662,629
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	429,168	530,885	218,129	261,493
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	774	504	306	149
Cyber Internet Services (Private) Limited	Associated company	Common Director	2,153	1,168	886	334
Sybrid (Private) Limited	Associated company	Common Director	241	-	-	-



# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2022 (Un-audited)

Nature of transaction	Nature of Relation	Basis of Relation	Half year ended		Quarter ended	
			December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Rupees in thousands)						
<b>Purchase of goods, Services and Reimbursement of expenses</b>						
Century Insurance						
Company Limited	Associated company	Common Director and 0.43% shares held	205,308	160,836	32,728	19,673
Merit Packaging Limited	Associated company	Common Director	93,997	71,133	52,710	42,515
Lakson Business						
Solutions Limited	Associated company	Common Director	6,983	2,898	4,668	1,578
Hassanali and Gulbanoo						
Lakhani Foundation	Associated undertaking	Trustee	2,522	2,210	1,066	1,122
Princeton Travels						
(Private) Limited	Associated company	Common Director	2,467	1,795	792	1,174
SIZA Services						
(Private) Limited	Associated company	Common Director and 22.81% shares held	1,898	1,751	949	876
Cyber Internet Services						
(Private) Limited	Associated company	Common Director	10,314	6,294	5,586	3,821
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	90	82	-	-
Colgate Palmolive						
(Pakistan) Limited	Associated company	Common Director	55	82	24	77
Express Publications						
(Private) Limited	Associated company	Common Management	660	1,116	-	10
Sybrid (Private) Limited	Associated company	Common Director	5,387	13,752	3,658	3,584
SIZA Foods (Private) Limited	Associated company	Common Director	-	24	-	-
<b>Rent and other allied charges</b>						
Hassanali and Gulbanoo						
Lakhani Foundation	Associated undertaking	Trustee	4,243	4,030	2,149	2,059
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	2,101	1,918	1,064	948
SIZA Services						
(Private) Limited	Associated company	Common Director and 22.81% shares held	426	388	213	194
SIZA Commodities						
(Private) Limited	Associated company	Common Director and 8.50% shares held	99	93	50	48
<b>Mark-up accrued</b>						
SIZA Commodities						
(Private) Limited	Associated company	Common Director and 8.50% shares held	-	19,649	-	6,624
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	-	7,727	-	953
SIZA Services						
(Private) Limited	Associated company	Common Director and 22.18% shares held	-	6,371	-	1,361

## Notes to the Condensed Interim Financial Statements

*for the period ended December 31, 2022 (Un-audited)*

<u>Nature of transaction</u>	<u>Nature of Relation</u>	<u>Basis of Relation</u>	<u>Half year ended</u>		<u>Quarter ended</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
(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) Ltd	Associated company	Common Director and 8.97% shares held	-	23,740	-	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	-	72,271	-	-
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	-	22,499	-	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	-	58,707	-	-
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	-	1,133	-	-
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held	-	3,336	-	-
Directors, CEO & their Spouses	Related Parties	-	-	223	-	-
<b>Stock dividend</b>						
Premier Fashions (Private) Ltd	Associated company	Common Director and 8.97% shares held	18,200	23,740	18,200	23,740
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	55,408	72,271	55,408	72,271
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	17,249	22,499	17,249	22,499
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	45,009	58,707	45,009	58,707
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	869	1,133	869	1,133
Accuray Surgicals Limited	Associated company	Common Director and 1.26% shares held	2,558	3,336	2,558	3,336
Directors, CEO & their Spouses	Related Parties	-	171	223	171	223
<b>Others</b>						
Contribution to Staff Retirement Benefit Plans	Employees Fund	-	65,006	56,562	33,269	28,823
Remuneration and other benefits	Key Management Personnel	-	193,059	180,891	104,796	98,148

# Notes to the Condensed Interim Financial Statements

for the period ended December 31, 2022 (Un-audited)

	December 31, 2022	June 30, 2022 (Audited)
<b>29.1 Period / year end balances</b>		(Rupees in thousands)
Receivable from related parties	<b>1,320,200</b>	800,969
Payable to related parties	<b>139,228</b>	3,938
Payable to retirement benefit plan	<b>125,633</b>	128,495

## 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, 2022.

## 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, 2022, 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

The number of employees as at period ended December 31, 2022 was 1,655 (June 30, 2022: 1,666) and average number of employees during the period was 1,663 (June 30, 2022: 1,657).

## 33. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on January 31, 2023 by the Board of Directors of the Company.

## 34. CORRESPONDING FIGURES

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

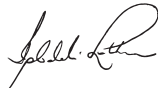
## Notes to the Condensed Interim Financial Statements

*for the period ended December 31, 2022 (Un-audited)*

Margins held by bank against import amounting to Rs. 39.13 million previously included in "Goods in transit (GIT)" under the head of "Stocks in trade" and "Stores and spares" now these have been separately disclosed under the head of other receivables.

### 35. GENERAL

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



**IQBAL ALI LAKHANI**  
Chairman / Director



**AFTAB AHMAD**  
Chief Executive Officer



**MUHAMMAD RASHID DASTAGIR**  
Chief Financial Officer



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