Annual Report 2010

Century Paper & Board Mills Limited

Supporting

Growth

Clean - Green - Sustainable

Theme

Century's philosophy of progress revolves around the progress of its partners. This philosophy has led to a continuous and sustainable growth pattern of all the stakeholders. Century's growth strategy emanates from its spirit of providing value proposition to its trade partners, economy and society as a whole.

Vision

To be the market leader and an enduring force in the paper, board and packaging industry, positively influencing and providing value to our stakeholders, society and our nation.

Mission

To strive incessantly for excellence and sustain our position as a preferred supplier of quality paper, board and packaging material within a team environment and with a customer focused strategy.

Core Values

- Integrity
- Teamwork
- Excellence
- Readiness to accept challenges
- Professional culture
- Customer focused approach
- Continuous improvement

Contents

Key Figures

	2010	2009
	(Rupees. in million)	
Gross sales	11,323	8,332
Net Sales	9,702	7,152
Profit / (loss) pre tax	71	(1,595)
Profit / (loss) post tax	42	(1,054)
EBTIDA	1,966	400
Share capital		
Ordinary shares	707	707
Preference shares	3,004	-
Shareholders' equity	4,895	1,878
Total assets	14,069	13,777
Capital expenditure	174	569
Capital employed	10,970	11,219
Long-term financing	6,075	9,341

Key Ratios

	2010	2009
Earnings / (loss) per share - Rupees	(2.99)	(14.91)
Debt equity	46 : 54	69 : 31
Leverage ratio	1.39	2.90
Current ratio	0.99 : 1	1.02 : 1
Quick ratio	0.26 : 1	0.30 : 1
Asset coverage	2.77 : 1	1.79 : 1
Interest coverage	1.06 : 1	(0.23) : 1
Debt servicing coverage	1.24 : 1	0.26 : 1
Debtors turnover - Days	20	20
Inventory turnover - Days	71	72
Price earning ratio	(5.35)	(0.88)
Breakup value per share - Rupees	26.75	26.58

Supporting

Agriculture

Wheat Straw residue of wheat crop and bagasse residue of sugarcane crop, are used to produce pulp used in making of paper and paperboard thus supporting farmers to earn their livelihood from the product they previously fed to animals or was wasted. Century has put in place two pulp mills and a bagasse depither plant for processing and converting wheat straw and bagasse into pulp. Century procures 100,000 metric tons of wheat straw and bagasse to meet its annual requirements which supports over 10,000 farmers directly and indirectly.

Corporate Information

Board of Directors

Iqbal Ali Lakhani **(Chairman)**
Zulfiqar Ali Lakhani
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay
Shahid Ahmed Khan
A. Aziz H. Ebrahim
Kemal Shoaib
Nominee Director (NIT)

Advisor

Sultan Ali Lakhani

Chief Executive Officer

Aftab Ahmad
Email: aftab-ahmad@centurypaper.com.pk

Chief Financial Officer

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

Audit Committee

Zulfiqar Ali Lakhani (Chairman)
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay

Executive Committee

Iqbal Ali Lakhani (Chairman)
Aftab Ahmad (Chief Executive Officer)
Tanveer Ahmad Khalid (GM - Marketing)

Company Secretary

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

External Auditors

BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block C, Lakson Square Building No. 1,
Sarwar Shaheed Road, Karachi – 74200
Email: info@bdoebrahim.com.pk
Website: www.bdoebrahim.com.pk

Head Office & Registered Office

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

Lahore Office

41-K, Model Town, Lahore, Pakistan.
Phones: (042) 35886801-4
Fax: (042) 35830338

Mills

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

Shares Registrar

FAMCO Associates (Private) Limited
State Life Building No. 1-A,
First Floor, I.I.Chundrigar Road, Karachi.
Website: www.famco.com.pk

Bankers

Allied Bank Limited
Barclays Bank PLC
Faysal Bank Limited
Habib Bank Limited
HSBC Bank Middle East Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Oman International Bank S. A. O. G
Standard Chartered Bank (Pakistan) Limited
Soneri Bank Limited

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of CENTURY PAPER & BOARD MILLS LIMITED will be held on Monday September 27, 2010 at 11:00 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

1. To receive, consider and adopt the audited financial statements for the year ended June 30, 2010 with the Directors' and Auditors' reports thereon.

2. To appoint auditors and fix their remuneration.

By Order of the Board

(MANSOOR AHMED)
Company Secretary

Dated : August 9, 2010

NOTES:

1. The share transfer books of the Company will remain closed from September 21, 2010 to September 27, 2010 (both days inclusive). Transfers received by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, State Life Building No. 1-A, 1st Floor, I.I. Chundrigar Road, Karachi upto September 20, 2010 will be considered in time for the purpose of attendance of Annual General Meeting.

2. A member who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number alongwith original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.

4. Forms of proxy to be valid must be properly filled-in/executed and received at the Company's Registered Office situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi not later than forty-eight hours before the time of the meeting.

5. Members are requested to notify the Shares Registrar of the Company promptly of any change in their addresses.

6. Members who have not yet submitted photocopy of their Computerized National Identity Cards (CNIC) are requested to send the same to our Shares Registrar at the earliest.

7. Form of proxy is enclosed herewith.

Milestones

Production Capacity

1990 Commenced commercial production with three machines having capacity of 30,000 Metric Tons per annum.

1996 Started 12.3 MW captive Power Generation Plant as Century Power Generation Limited (a former subsidiary).

1997 Enhanced production capacity to 50,000 Metric Tons through addition of a three layers board machine (PM-4).

Added an Offline Coating Machine (CM-2).

1999 Enhanced production capacity to 60,000 Metric Tons after re-engineering of production facilities.

2002 Installed Dissolved Air Floatation Plant (DAF), the first of its kind in Pakistan for treatment of effluent in Paper and Board Sector.

2003 Enhanced production capacity to 80,000 Metric Tons per annum after installation of twin layer board machine (PM-5).

Added a Corrugated Boxes Manufacturing Plant with capacity of 22,000 Metric Tons per annum.

2005 Converted Power Generators to dual fired configuration i.e. oil and natural gas.

Enhanced un-bleached and bleached pulp capacities.

Merged Century Power Generation Limited (a former subsidiary) with the Company.

2006 Enhanced production capacity to 110,000 Metric Tons per annum after installation of Paper Machine (PM-6).

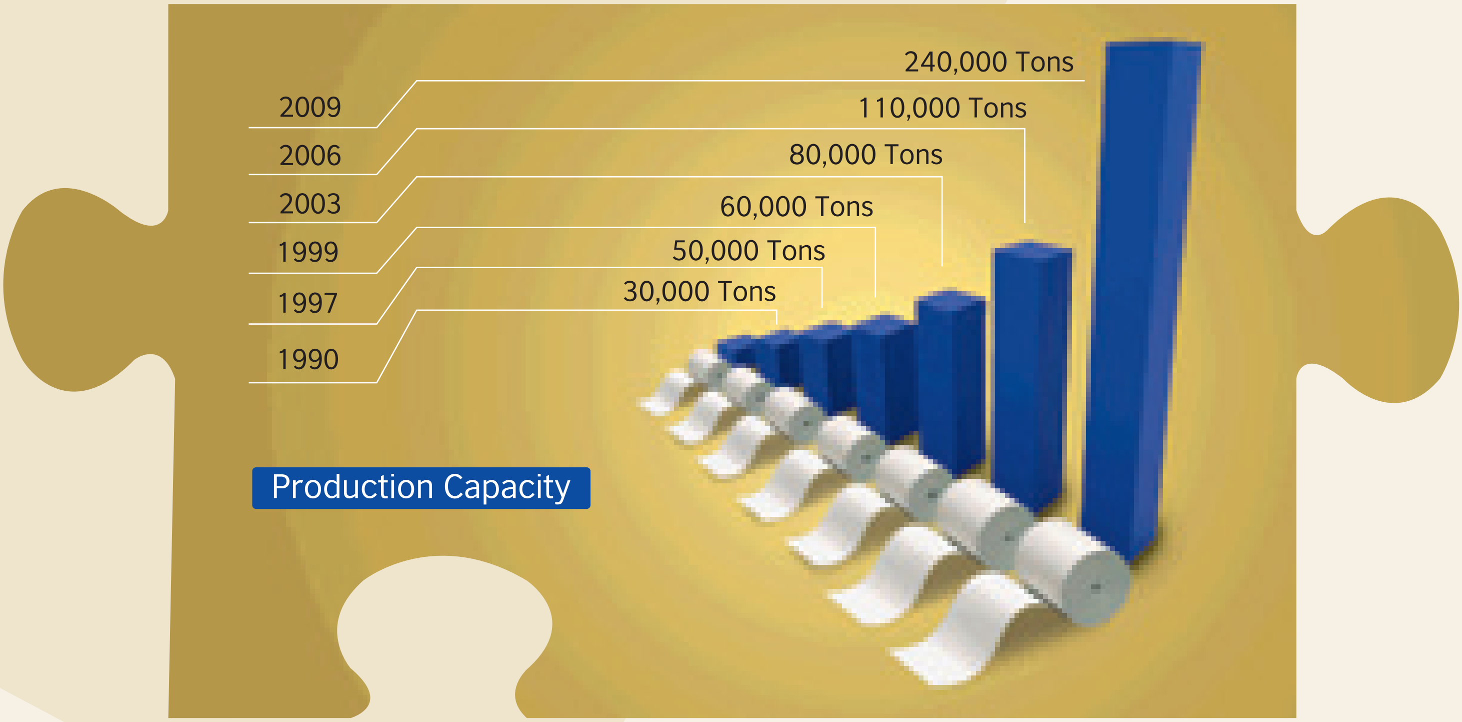
Added Online Coating facility to three layers board machine (PM-4).

Laid foundation for new Coated Duplex Board Plant (PM-VII).

2008 Enhanced captive power generation capacity to 30 MW as new 18 MW cogeneration plant started commercial operations.

2009 Enhanced Production Capacity to 240,000 Metric Tons per annum as Coated Board Duplex Plant (PM-7) started its commercial operations.

2010 Added a new Corrugator with capacity of 24,000 Metric Tons per annum.



Sales Revenue (Gross)

1996 Achieved Rupees One Billion Revenue mark.

2000 Achieved Rupees Two Billion Revenue mark.

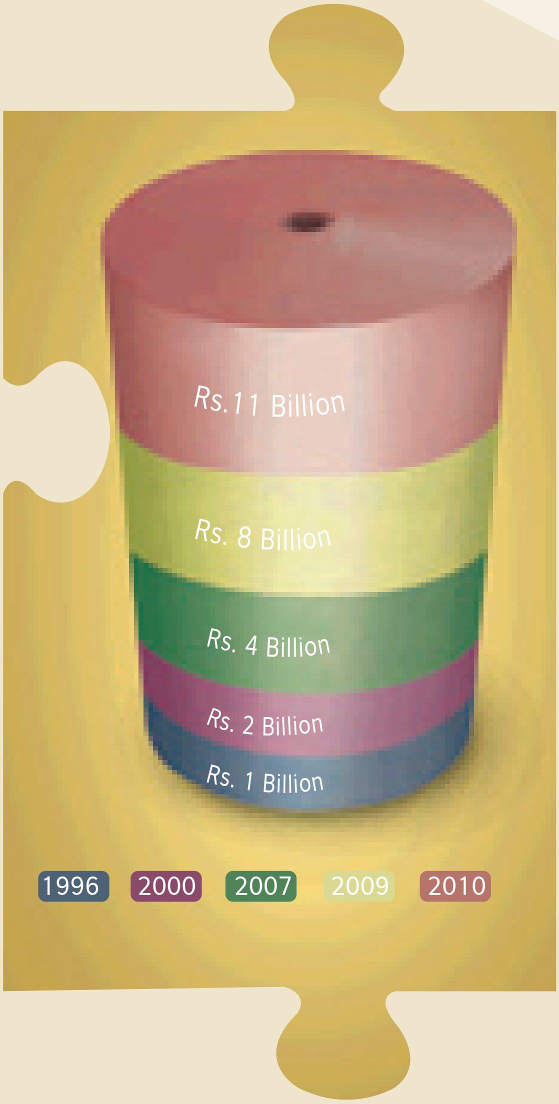
2004 Achieved Rupees Three Billion Revenue mark.

2007 Achieved Rupees Four Billion Revenue mark.

2008 Achieved Rupees Five Billion Revenue mark.

2009 Achieved Rupees Eight Billion Revenue mark.

2010 Achieved Rupees Eleven Billion Revenue mark.



Others

2008 Went live on financial modules of Oracle e-Business Suite.

2009 Implemented all modules of Oracle e-Business Suite.

Certifications and Awards

1998 Awarded ISO - 9002 - QMS certification.

2002 Awarded "Best Corporate Award" on Annual Report for the year 2000 and 2001 in a competition organized jointly by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP).

2003 Awarded "Best Corporate Award" on Annual Report for the year 2002.

2004 Recognized by Karachi Stock Exchange (KSE) as one of the Top 25 Companies for the year 2002 and 2003.

2006 Recognized by Karachi Stock Exchange (KSE) as one of the Top 25 Companies for the year 2004.

2007 Awarded "Best Corporate Award" on Annual Report for the year 2005.

2008 Awarded "Best Corporate Award" on Annual Report for the year 2007.

Awarded Best Environmental Reporter in ACCA-WWF Pakistan Environmental Reporting Awards 2007 in the Local Listed Company Category.

Business Ethics and Practices

Our core business is to manufacture paper, paperboard and packaging products to provide local businesses and individuals quality products of international standard. We are very strong believer of the fact that Ethics and Good Practices play a vital role in advancement and betterment of the Company. To support our belief, we endeavor our best to follow these ethical and good practices.

Corporate Governance

We as a responsible corporate citizen strongly adhere to Corporate Governance principles and comply with regulatory obligations enforced by regulatory agencies for improving corporate performance. We believe in uprightness of performance and expect it to be a fundamental responsibility of our employees to act in the Company's best interest while holding confidential information. We expect our employees to neither solicit internal information from others nor disclose company's figures, data or any material information to any unauthorized persons/body.

Human Resource Development

We believe in individual respect and growth. Our employment and HR policies develop individuals without race, religion, gender or any other discriminative factors. We provide equal opportunities with a team based management style employing incessant training and development programs for employees. These continuous improvement policies enhance efficiencies and knowledge and create a constructive and affirmative environment.

Transparent Financial Policies

We develop fair and transparent financial policies for conducting business. We ensure transparency and integrity and follow the principles of accounting and finance as approved by regulations and contemporary accounting codes. Any unsupportive or false entry, infringement of accounts for individual or company gain is strongly incoherent with our business codes and ethics.

Marketing and Industry Practices

We believe in free and fair business practices and open competitive markets. Developing any association within the segment, industry or with competitors to distort the pricing and availability is contradictory to our business code of conduct. Any anti-trust activity such as price fixing, monopolization, forming cartel of suppliers is prohibited. Our marketing policies are customer focused, placing high values in satisfying their requirements with emphasis on quality, service and product development. As a long term marketing strategy we vision to diversify and add value to our products while maintaining close liaisons with markets, customers and their needs.

Business Risk Management

Our risk management policies are geared to enhance shareholders worth, improve credit worthiness and minimize credit risk while diversifying income, supplier and customer bases and maintaining relationships with financial institutions.

Social and Community Commitments

We believe in community development without political affiliations with any persons or group of persons working for gains. We contribute our resources for better environment with an unprejudiced approach. Our Safety, Health and Environment (SHE) policies are geared towards unbiased employees' betterment. Our positive contribution towards Community Related Services especially in health and education adds to economic development.

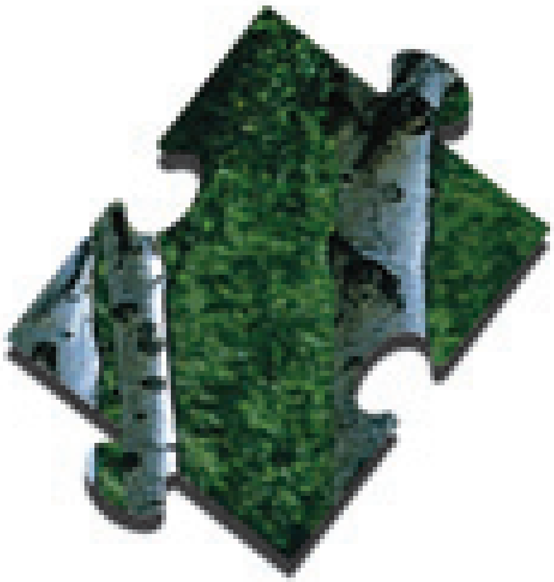
Environmental Management System - EMS

We invest in environmental projects with environment friendly policies to improve health and safety standards of employees, communities and surroundings. Our EMS continuously improves in light of advancement in technology and new understandings in Safety, Health and Environmental science. We are driving towards zero waste generation at the source and materials will be reused and recycled to minimize the need for treatment or disposal and to conserve resources and environment. We are working for the conservation of natural resources, energy and biodiversity by continuously improving our processes, practices and products.

Supporting

Environment

Century endeavors to keep its operations environment friendly. The foremost is the waste paper recycling. Century recycles more than one hundred thousand metric tons of waste paper in a year which annually saves the life of fifty thousand metric tons of trees. To support the conservation of natural resources is our second aim. Electricity & steam cogeneration plant and effluent water treatment plants at Century curtail the depletion of natural resources and gaseous emission of the power plant and boilers.



Environment policy

At Century, we make our best possible efforts to:

- Ensure environment friendly operations, products and services.
- Mitigate environmental impacts through effective implementation of ISO 14001 in order to achieving conformance to applicable laws and regulations.
- Promote environmental awareness to all employees and the community.
- Establish objectives & targets for continual improvement in resource conservation by waste control and safe operating practices.

Safety policy

At century, we are committed to:

- Improve occupational Health and Safety (OH & S) performance continuously in all areas of operations.
- Implement necessary controls and measures for mitigation of accidents and associated risk by setting objectives and following applicable legal and other requirements.
- Promote OH & S practices through training of employees for healthy and safe work environment.
- Communicate Safety Policy to all stakeholders and review it periodically for ensuring adequacy and compliance with OHSAS 18001 standards.

Quality Policy

Century excels in manufacturing of quality Paper, Paperboard and Corrugated Boxes for packaging.

Century, a customer focused company, is always ready to accept challenges for achieving its mission.

Century's quality objectives are designed for enhancing customer satisfaction and operational efficiencies.

Century is committed to building Safe, Healthy and Environment friendly atmosphere.

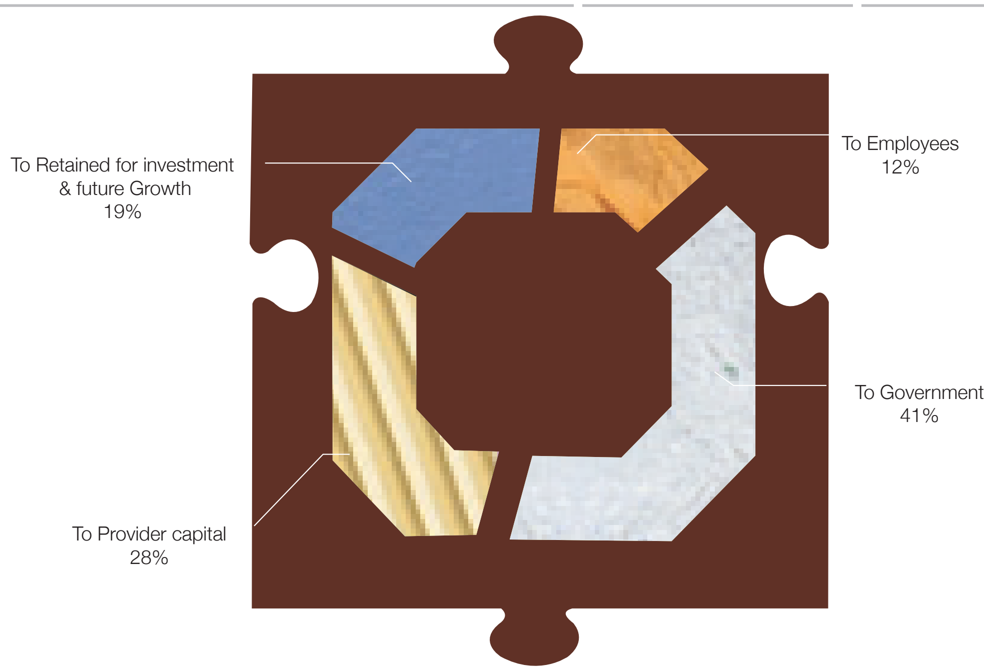
Century, with its professional and dedicated team, ensures continual improvement in quality and productivity through effective implementation of Quality Management System.

Century values the social and economic well being of its partners and strives for a harmonious environment conducive to team performance.

Statement of Value Added

for the year ended June, 30 2010

	2010	%age	2009	%age
		(Rupees in thousand)		
Wealth Generated				
Turnover (including sales tax and SED) Less: Purchased material and services	11,323,052 (7,275,103)		8,331,738 (6,331,052)	
Value Added	4,047,949		2,000,686	
Other Income	74,336		60,882	
Wealth Generated	4,122,285	100	2,061,568	100
Wealth Distributed				
To Employees Salaries, benefits and related costs	478,436	12	416,990	20
To Government Income Tax , Sales Tax, Import Duty and Worker's welfare's fund*	1,706,221	41	704,899	34
To providers of Capital Financial Charges on borrowed funds	1,141,099	28	1,300,208	63
Retained for reinvestment & future growth Depreciation, amortization & retained (loss) / profit	796,529	19	(360,529)	(17)
	4,122,285	100	2,061,568	100



*Includes deferred tax reversal of Rs. 22.44 million (2009: Rs. 542.32 million).

Summarized Six Year Data

(Rupees in Million)

	2010	2009	2008	2007	2006	2005
Balance Sheet						
Share Capital						
Ordinary shares	707	707	707	643	643	321
Preference shares	3,004	-	-	-	-	-
Reserves	1,184	1,172	2,226	2,262	2,178	1,155
Shareholder's funds / Equity	4,895	1,878	2,933	2,904	2,821	1,477
Subordinated loan	1,000	1,650	1,650	1,575	-	-
Long term financing	5,075	7,691	6,181	3,940	773	672
Deferred tax (asset) / liability	(213)	(190)	352	365	362	272
Capital employed	10,970	11,219	11,135	8,811	3,958	2,420
Property, plant & equipment	9,879	10,454	10,855	8,590	3,377	2,111
Long term assets	49	57	34	11	5	2
Net current assets (Working capital)	(21)	72	36	1	242	168
Profit and Loss						
Sales – gross	11,323	8,332	5,036	4,415	3,844	3,453
Sales – net	9,702	7,152	4,361	3,844	3,353	3,010
Gross profit /(loss)	1,434	(74)	318	306	459	492
Operating profit / (loss)	1,212	(294)	137	214	386	398
Profit before tax / (loss)	71	(1,595)	37	124	308	376
Profit after tax / (loss)	42	(1,054)	28	83	204	237
EBITDA	1,966	400	415	480	633	605
Cash Flows						
Net cash flow from operating activities	(473)	(211)	(865)	243	367	414
Net cash flow from investing activities	(163)	(567)	(2,591)	(5,210)	(1,489)	(589)
Net cash flow from Financing activities	(292)	1,511	2,315	4,742	1,242	51
Changes in cash and cash equivalents	(928)	733	(1,141)	(225)	120	(124)
Cash and cash equivalents – Year end	(1,613)	(685)	(1,418)	(277)	(52)	(172)
Others						
Employee Nos (at year end)	1,650	1,520	1,609	1,239	1,076	953
Number of shares issued (million)						
Ordinary sahres	71	71	71	64	64	32
Preference shares	300	-	-	-	-	-
Contribution to National Exchequer	1,812	1,316	777	851	634	592

Financial Performance

		2010	2009	2008	2007	2006	2005
Profitability							
Gross profit / (loss) margin	%	15	(1)	7	8	14	16
EBITDA margin to sales	%	20	6	10	12	19	20
Profit / (loss) before tax margin	%	1	(22)	1	3	9	13
Net profit / (loss) margin	%	0.43	(15)	1	2	6	8
Return on equity	%	1	(56)	1	3	7	16
Return on capital employed	%	11	(3)	1	2	10	16
Operating Performance / Liquidity							
Total assets turnover (excl. CWIP)		0.69 : 1	0.53 : 1	0.68 : 1	1.15 : 1	0.97 : 1	1.26 : 1
Fixed assets turnover		0.97 : 1	1.02 : 1	1.42 : 1	1.63 : 1	1.65 : 1	1.91 : 1
Debtors turnover		17.92 : 1	18.17 : 1	14.51 : 1	17.77 : 1	19.41 : 1	22.00 : 1
Debtors turnover	Days	20	20	25	21	19	17
Inventory turnover		5.13 : 1	5.06 : 1	4.14 : 1	8.03 : 1	7.62 : 1	8.43 : 1
Inventory turnover	Days	71	72	88	45	48	43
Creditors turnover		13.77 : 1	14.36 : 1	13.52 :1	25.73 : 1	29.23 : 1	26.59 : 1
Creditors turnover	Days	27	25	27	14	12	14
Operating cycle	Days	64	67	86	52	55	42
Return on assets (excl. CWIP)	%	0.30	(8)	1	2	6	10
Current Ratio		0.99 : 1	1.02 : 1	1.01 : 1	1.00 : 1	1.30 : 1	1.30 : 1
Quick / Acid test ratio		0.26 : 1	0.30 : 1	0.17 : 1	0.29 : 1	0.50 : 1	0.38 : 1
Capital Market / Capital Structure Analysis							
Market value per share	Rs	16.00	13.19	49.60	62.55	47.80	82.95
Breakup value / (Net assets/share)	Rs	26.75	26.58	41.49	45.20	43.90	45.96
Earnings / (loss) per share (pre tax)	Rs	(2.59)	(22.56)	0.51	1.93	7.22	9.64
Earnings / (loss) per share (after tax)	Rs	(2.99)	(14.91)	0.4	1.18	4.77	6.08
Price earning ratio		(5.35)	(0.88)	124	48.12	10.02	13.64
Market price to breakup value		0.60	0.50	1.20	1.38	1.09	1.80
Dividend yield / Effective dividend rate	%	-	-	-	-	-	5.42
Debt : Equity		46 : 54	69 : 31	57 : 43	65 : 35	22 : 78	31 : 69
Weighted average cost of debt		13.07	13.83	8.51	8.84	8.54	4.81
Interest coverage		1.06	(0.23)	1.37	2.38	4.95	18.1

Horizontal Analysis

	2010	2009	2008	2007	2006	2005
Profit and Loss Account						
Sales – net	136%	164%	113%	115%	111%	115%
Cost of sales	114%	179%	114%	122%	115%	117%
Gross profit / (loss)	2030%	(23%)	104%	67%	93%	104%
General and administrative expenses	131%	123%	139%	109%	112%	110%
Selling and distribution expenses	137%	142%	147%	139%	124%	121%
Other operating charges	31%	123%	417%	65%	77%	99%
Other operating income	122%	152%	108%	75%	217%	99%
Operating profit / (loss)	511%	(215%)	64%	55%	97%	102%
Financial charges	88%	1304%	111%	115%	355%	97%
Profit / (loss) before taxation	104%	(4304%)	30%	40%	82%	103%
Taxation	105%	(6071%)	22%	39%	75%	136%
Profit / (loss) after taxation	104%	(3745%)	34%	41%	86%	90%
Balance Sheet						
Non Current Assets						
Operating fixed assets	97%	264%	168%	95%	145%	108%
Capital work in progress	10%	4%	111%	650%	215%	235%
Intangible assets	83%	194%	395%	3120%	42%	63%
Long-term loans and advances	108%	75%	1223%	334%	412%	29%
Long-term deposits	104%	99%	75%	90%	262%	78%
Deferred taxation	111%	100%	-	-	-	-
Current Assets						
Stores and spares	121%	168%	157%	119%	123%	92%
Stock in trade	138%	91%	328%	107%	127%	128%
Trade debts	151%	122%	147%	130%	120%	135%
Loans and advances	141%	334%	322%	64%	102%	159%
Trade deposits and short-term prepayments	34%	107%	400%	258%	86%	102%
Other receivables	254%	12%	1927%	35%	30%	419%
Tax refunds due from Government	172%	21%	1744%	100%	-	-
Taxation net	174%	2982%	10%	180%	100%	-
Short-term investment	-	-	-	-	100%	-
Cash and bank balances	65%	2470%	75%	100%	70%	55%
Equity And Liabilities						
Share Capital And Reserves						
Issued, subscribed and paid-up capital						
Ordinary shares	100%	100%	110%	100%	200%	102%
Preference shares	100%	-	-	-	-	-
Reserves	101%	53%	98%	104%	188%	108%
Non Current Liabilities						
Subordinated loan	61%	100%	105%	100%	-	-
Long-term financing	58%	121%	160%	847%	83%	166%
Deferred taxation	-	-	97%	101%	133%	111%
Retention money payable	-	-	73%	1465%	100%	-
Current Liabilities						
Trade and other payables	105%	151%	215%	114%	135%	127%
Financial charges payables	51%	303%	165%	3478%	197%	382%
Short-term borrowings	172%	76%	480%	125%	118%	193%
Retention money payable	-	-	42%	5483%	100%	-
Current portion of long-term financing	190%	213%	100%	63%	240%	90%
Taxation net	-	-	-	-	-	217%

Note: 2004 has been taken as a base year and percentage variation has been worked out on year to year basis.

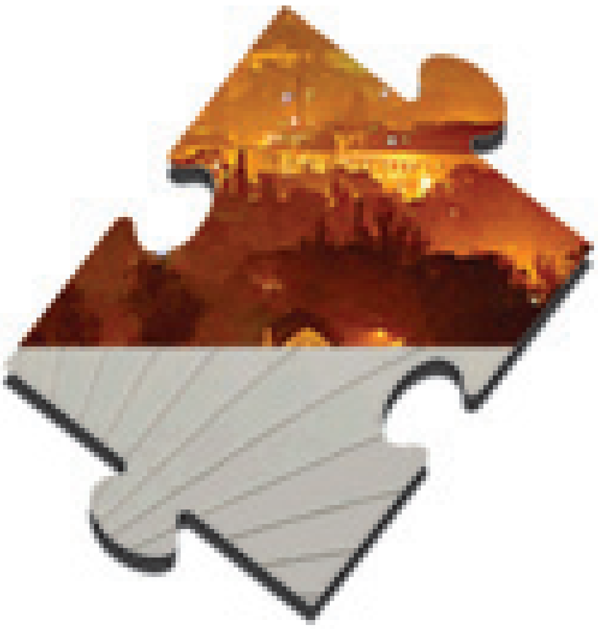
Vertical Analysis

	2010	2009	2008	2007	2006	2005
Profit and Loss Account						
Sales – net	100%	100%	100%	100%	100%	100%
Cost of sales	85.21%	101.04%	92.70%	92.05%	86.32%	83.66%
Gross profit / (loss)	14.79%	(1.04%)	7.30%	7.95%	13.68%	16.34%
General and administrative expenses	2.01%	2.08%	2.77%	2.25%	2.37%	2.37%
Selling and distribution expenses	0.82%	0.81%	0.93%	0.72%	0.59%	0.53%
Other operating charges	0.24%	1.04%	1.38%	0.38%	0.67%	0.96%
Other operating income	0.77%	0.85%	0.92%	0.96%	1.47%	0.76%
Operating profit / (loss)	12.49%	(4.12%)	3.14%	5.56%	11.52%	13.24%
Financial charges	11.76%	18.18%	2.29%	2.33%	2.33%	0.73%
Profit / (Loss) before taxation	0.73%	(22.30%)	0.85%	3.23%	9.19%	12.51%
Taxation	0.29%	(7.56%)	0.20%	1.06%	3.11%	4.63%
Profit / (loss) after taxation	0.44%	(14.74%)	0.65%	2.17%	6.08%	7.88%
Balance Sheet						
Non Current Assets						
Operating fixed assets	70.02%	73.73%	28.72%	23.80%	54.27%	58.42%
Capital work in progress	0.20%	2.15%	52.28%	65.33%	21.81%	15.80%
Intangible assets	0.30%	0.36%	0.19%	0.07%	-	0.02%
Long-term loans and advances	0.03%	0.03%	0.04%	-	-	-
Long-term deposits	0.02%	0.02%	0.02%	0.04%	0.10%	0.06%
Deferred taxation	1.51%	1.38%	-	-	-	-
Current Assets						
Stores and spares	5.25%	4.43%	2.70%	2.39%	4.35%	5.53%
Stock in trade	13.28%	9.85%	11.17%	4.73%	9.58%	11.78%
Trade debts	5.40%	3.66%	3.08%	2.91%	4.87%	6.33%
Loans and advances	0.63%	0.46%	0.14%	0.06%	0.23%	0.35%
Trade deposits and short-term prepayments	0.05%	0.15%	0.15%	0.05%	0.02%	0.03%
Other receivables	0.07%	0.03%	0.25%	0.02%	0.11%	0.58%
Tax refunds due from Government	0.38%	0.23%	1.12%	-	-	-
Taxation net	0.98%	0.57%	0.02%	0.37%	0.44%	-
Short-term investment	-	-	-	-	3.73%	-
Cash and bank balances	1.88%	2.95%	0.12%	0.23%	0.49%	1.10%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
Equity and Liabilities						
Share Capital And Reserves						
Issued, subscribed and paid-up capital						
Ordinary shares	5.02%	5.13%	5.27%	6.67%	14.48%	11.30%
Preference shares	21.35%	-	-	-	-	-
Reserves	8.42%	8.50%	16.61%	23.47%	49.08%	40.62%
Non Current Liabilities						
Subordinated loan	7.11%	11.98%	12.31%	16.34%	-	-
Long-term financing	30.03%	52.59%	44.56%	38.72%	9.92%	18.74%
Deferred taxation	-	-	2.63%	3.78%	8.16%	9.55%
Retention money payable	-	-	0.14%	0.27%	-	-
Current Liabilities						
Trade and other payables	6.51%	6.32%	4.31%	2.79%	5.40%	6.15%
Financial charges payables	2.17%	4.32%	1.47%	1.23%	0.08%	0.06%
Short-term borrowings	13.35%	7.92%	10.70%	3.10%	5.39%	7.14%
Retention money payable	-	-	0.44%	1.45%	-	-
Current portion of long-term financing	6.04%	3.24%	1.56%	2.18%	7.49%	4.87%
Taxation net	-	-	-	-	-	1.57%
TOTAL EQUITY AND LIABILITIES	100%	100%	100%	100%	100%	100%

Supporting

Economy

Century provides multidimensional support to the economy and its growth. Its product is import substitution which in turn saves foreign exchange. Century's contribution to National Exchequer is very significant. Century has contributed over Rupees five billion to the National Exchequer during last five years. Century directly and indirectly supports the employment of around 25,000 people thus helping to reduce the unemployment in the country.



Board of Directors

Iqbal Ali Lakhani
Chairman

Aftab Ahmad
Chief Executive Officer

Zulfiqar Ali Lakhani
Director

Tasleemudin Ahmed Batlay
Director

Amin Mohammed Lakhani
Director

Kemal Shoaib
Nominee Director
(NIT)

Shahid Ahmed Khan
Director

A. Aziz H. Ebrahim
Director

Syed Ahmed Ashraf
Chief Financial Officer

Mansoor Ahmed
Company Secretary

Chairman's Message

I recall my last year's message in which I assured you that your Company will soon emerge out of the crisis, as it is being run by a team of highly competent and dedicated professionals.

History is always there to be referring to and learn a lesson from. Financial year 2008-09 of Company's history will remain there for record, but I assure you that it will not be referred to as an indicator of the Company's performance.

I am pleased to report that the team at Century has provided total support to my commitment and has turned the year 2009-10 into a profitable year. This remarkable achievement is far beyond the general expectations and perceptions and has been achieved despite the fact that the Company was not able to utilize its installed capacity to the optimum due to the restricted gas supply in winter months.

The profit earned by the Company fell short to provide any return to its preferred and common shareholders; nevertheless commitments with the financial institutions for the servicing of debt were fully honoured.

Now, the leaf has been turned and we are looking forward to the year 2010-11 with new challenges and commitments. Our biggest challenge is to reach full capacity utilization and keeping in view the gas outages look for options on using alternate fuels which support our margins without over burdening pricing strategies.

I am confident that despite the challenges ahead your Company will soon reach a stage where a reasonable return to all stakeholders would be possible. This objective we will pursue without any dilution in our focus on friendly environment and participation towards corporate social responsibility.

Iqbal Ali Lakhani
Chairman

Directors' Report

On behalf of the Board of Directors I am pleased to present the Annual Report of Century Paper & Board Mills Limited (CPBM) along with the audited financial statements and Auditors' Report thereon, for the year ended June 30th, 2010.

Market

The year under review was encouraging as far as the domestic demand of paper and board is concerned. The last year's Global financial crisis was absorbed by the international economies, consequently stabilizing the general prices including those of paper and board.

In the local market, stocks of imported paper and board which was dumped last year was somehow consumed, thus making the space available in the market for local products including those of Century. Last year timely fiscal measures by government supported the paper industry and also helped your Company regain its lost share of the local market.

Overall the market remained less responsive for the first three quarters of the year but improved considerably in the last quarter both in terms of price and demand. Hence the Company sold its fourth quarter production at improved margins as compared to first three quarters.

Your Directors are confident that the local market will again become tuned to domestic products. Its preference and inclination to use the imported products will taper off, thus creating a stable and regular market for your Company's product.

Operations

Like the last year, the optimised operation of machines could not be achieved due to frequent stoppages (77 days) in supply of natural gas, although the Company has standby arrangements for alternate fuels but due to insufficient margins the Company did not find it feasible to use these for production.

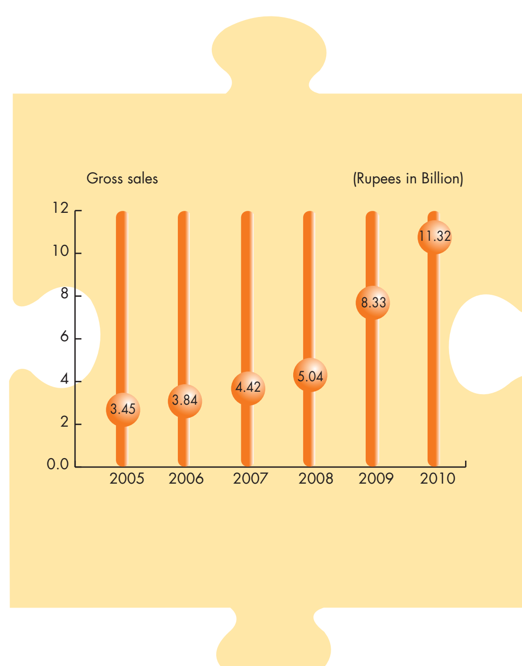
During the year under review production level of 166 thousand metric tons was achieved as compared to last year's production of 142 thousand metric tons. The capacity utilization for the year stood at 93% of the available capacity and 70 % of the installed capacity (L.Y. 60%).

Directors' Report

Sales

The rising international prices of paper and board restrained its import thus creating a demand for the Company's products. Due to this favourable impact your Company's sales showed an impressive increase compared to the last year both in terms of value and quantity.

The sales of the Company in quantitative terms for the year under review were 162 thousand metric tons (L.Y. 141 thousand metric tons). The rupee value of the sales for the year under review posted an impressive increase over the last year and stood at Rs. 11,323 million (L.Y. Rs. 8,332 million). The increases in sales depict an increase of 14.90% in terms of quantity and 35.90% in terms of value.



Financials

Your Directors report with satisfaction that the year under review showed an overall improvement in financials as compared to the previous year. This has been made possible due to clear cut strategies, defined objectives and support of a team of dedicated professionals.

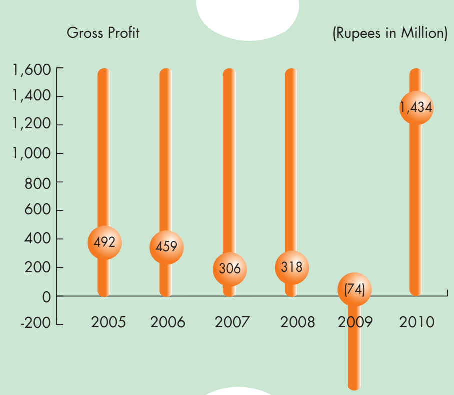
The net sales for the year under review are recorded at Rs. 9,702 million (L.Y. Rs. 7,152 million). Gross profit of the Company for the year stood at Rs. 1,434 million as compared to gross loss of Rs. 74 million of the former year.

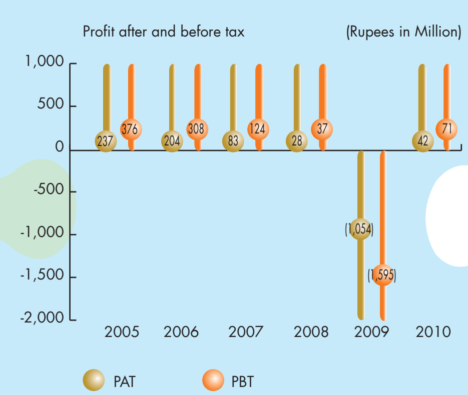
The operating profit for the year stood at Rs. 1,211 million as compared to operating loss of Rs. 294 million of the last year.

The profit after taxation has been reported at Rs. 42 million as compared to loss after taxation of Rs. 1,054 million of the last year.

The summary of the operating results of the Company for the year under review along-with the comparatives for the last year are as under:

	2010	2009
	(Rupees in Million)	
Sales - Net	9,702	7,152
Cost of Sales	(8,268)	(7,226)
Gross Profit / (loss)	1,434	(74)
Admin & Selling Exp.	(297)	(281)
Other Income	74	61
Operating profit / (loss)	1,211	(294)
Financial Charges	(1,141)	(1,300)
Net profit / (loss) before tax	70	(1,595)
Taxation	(28)	540
Net profit / (loss) after tax	42	(1,054)
Sales Volumes (Metric Tons)	161,700	140,500





Directors' Report

Earnings per Share

Your Company earned a profit of Rs. 42.31 million after tax which without taking the effect of outstanding attributable preference dividend, translates into earnings per share of Rs. 0.60 as compared to loss per share of Rs. 14.91 of the previous year.

As the Company had issued preference shares during the year therefore as per reporting requirements, the profit has to be attributed to the preference shares up to the amount of the dividend outstanding, which for the current year is Rs. 253.57 million. Thus there are no earnings available to the common shareholders after the effect of perference share dividend; in fact there is a loss per share of Rs. 2.99.

Appropriations

The Directors have not declared any dividend on the Preferred and the Common stock shareholders as the earnings per share are not enough to provide for the dividend.

Market Capitalization

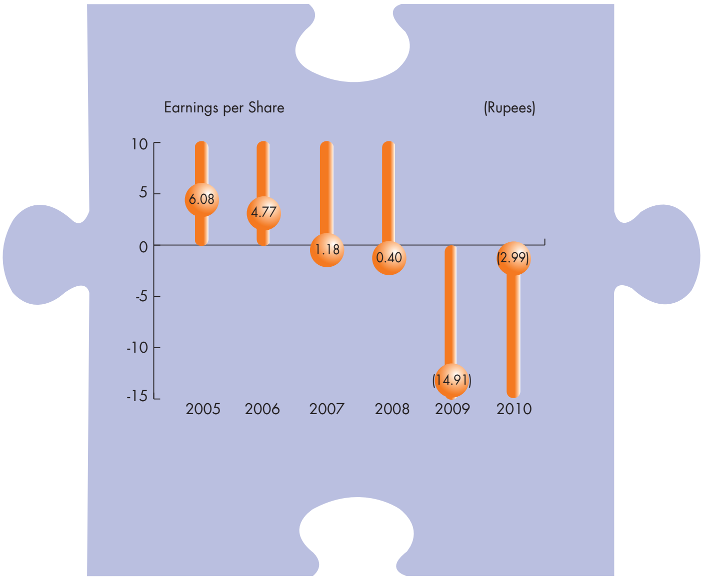
The Capital markets of the country remained depressed through out the year. The market capitalization of your Company also fluctuated with the trends of the market. During the year the share of the Company touched the high of Rs.19.37 on 24th February 2010 and the market capitalization was at Rs. 1,369.14 million. The share touched the low of Rs.11.24 during the year and the market capitalization was at Rs. 794.48 million.

At the close of the year, the market capitalization was Rs. 1,130.93 million, with a market value per share of Rs. 16.00 and break-up value per share of Rs.26.75

Capital Investment

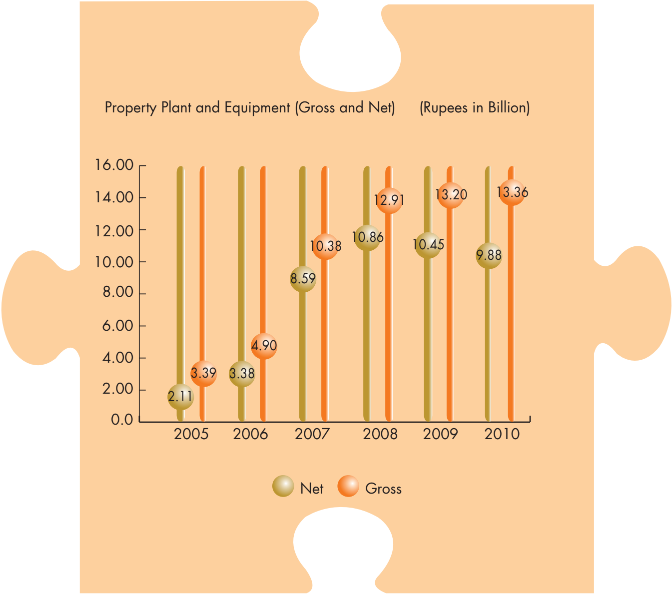
The Company added another fully integrated Corrugation Box Line with a per annum capacity of 24,000 metric tons. The Capital outlay for this project was Rs. 266 million. This additional capacity will enable the Company to cater for future growth of Box business customers.

In addition and as a part of its strategic policy the Company added assets at a cost of Rs. 174 million.



Contribution to the National Exchequer

Your Company's contribution to the National Exchequer amounted to Rs. 1,805 million as compared to Rs. 1,310 million of last year. This includes Rs. 146 million (L.Y. Rs. 81 million) as Income Tax, Rs. 1,621million (L.Y. Rs. 1,180 million) as Sales Tax and Special Excise duty, Rs. 38 million (L.Y. Rs. 49 million) as Customs Duty.



Corporate Affairs

A) Board Meetings

Six meetings of the Board of Directors were held during the year ended 30th June 2010. Attendance by each Director was as under:

Name of Director	Meetings Attended
Mr. Iqbal Ali Lakhani (Chairman)	Five
Mr. Zulfiqar Ali Lakhani	Four
Mr. Amin Mohammed Lakhani	Five
Mr. Tasleemuddin Ahmed Batlay	Six
Mr. A. Aziz H. Ebrahim	Five
Mr. Shahid Ahmad Khan	Four
Mr. Kemal Shoaib	Five
Mr. Aftab Ahmad (CEO)	Three

B) Preference Share Issue

As reported last year the Company was in the process of issuing the preference share. By the Grace of God the process was completed in November 2009 and the Equity of the Company was enhanced by three billion by the issue of preference shares. These preference shares are entitled to dividend at the rate of 13% on cumulative basis.

Corporate and Financial Reporting

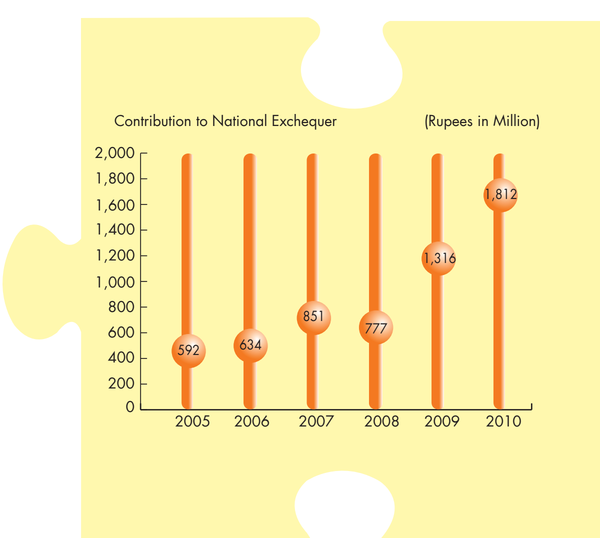
Your Company is committed to good corporate governance. The Board acknowledges its responsibility in respect of Corporate and Financial Reporting framework.

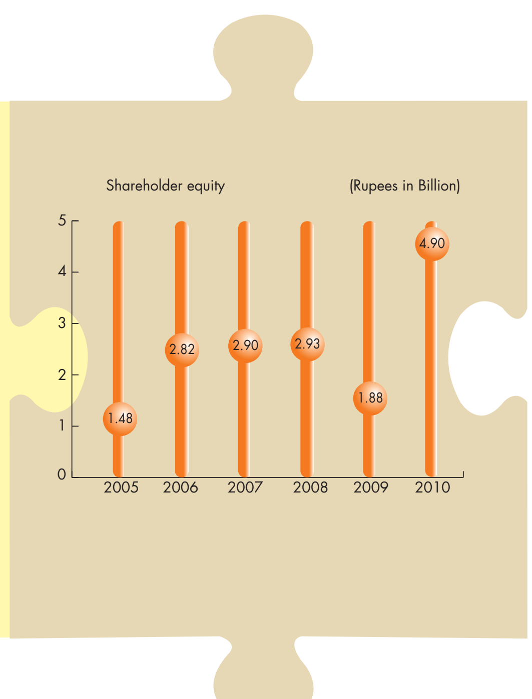
These Financial Statements together with the notes thereto have been drawn up, in conformity with the Companies Ordinance, 1984. International Financial Reporting Standards wherever applicable have been followed in the preparation of these financial statements.

Proper books of accounts have been maintained by the Company.

Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

There are no doubts upon the Company's ability to continue as a going concern.





Directors' Report

There has been no material departure from the best practices of Code of Corporate Governance, as detailed in the listing regulations.

The system of internal control is sound in design and has been effectively implemented and monitored.

The Board of Directors certify that the financial statements, including the cash flow and the changes in equity; fairly present the state of affairs of the Company's business and of its operations.

Compliance with the Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed with the report.

Pattern of Shareholding

Pattern of Shareholding of the Company as at 30th June 2010, along with the necessary information is annexed with this report.

There were 1,432 shareholders on the record of the Company as at 30th June 2010.

Provident and Gratuity Funds

The funded retirement benefits i.e. the provident and gratuity funds of the employees of the Company are maintained by the Trustees and are audited at regular intervals. The values of the investments of the two funds as reported by the Trustees, as per the last audited accounts were as follows:

Provident Fund	Rs. 191.86 million
Gratuity Fund	Rs. 89.95 million

Audit Committee

The Board in accordance with the Code of Corporate Governance has set up an audit committee comprising of three non-executive Directors.

The terms of reference of the Audit Committee are those as specified in the Code of Corporate Governance. In addition the Audit Committee is free to ask for any information and explanation in order to satisfy it regarding the financial statements and internal controls.

The committee meets at least once every quarter to review the financial statements and any major judgmental area with reference to Company's business. The Audit Committee gives its recommendation to the Board for the approval of financial statements which are duly endorsed by the CEO and CFO.

Auditors

The Auditors BDO Ebrahim & Company are the retiring auditors of the Company and offer their services for re-appointment. They confirmed that they have been given satisfactory rating under the Quality Control Review Program of The Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP.

The Board Audit Committee and the Board of Directors recommend their re-appointment by the shareholders at the ensuing Annual General Meeting, as auditors of the Company for the year ending 30th June 2011.

Corporate Social Responsibility

Your Directors are firm believers of the Corporate Social Responsibility (CSR) and are committed to the cause of protecting the social, environmental and ethical conduct.

In the field of health the Company arranged a medical camp for its employees during the year. The emphasis was on testing of the blood of the employees especially with reference to Hepatitis C and HIV. Blood samples of around 900 employees were tested and where required corrective medical advice given.

Furthermore, with the help of its sister organization M/s Colgate Palmolive (Pakistan) Limited the Company arranged for the dental check-up of its employees. More than 650 employees were checked and advised for dental diseases.

In the education field summer camps were held during the year. The purposes of summer camps were to impart skills of computers in the youth of rural employees. Around 50 immediate family members of employees were imparted computer skills during summer camps.

Safety Health Environment and Quality (SHEQ)

A) Safety, Health and Environment (SHE)

Your Company is continually working to promote a "Quality, Environment & Safety Conscious Culture". The Company at regular intervals reviews its SHE framework and if needed takes concrete steps to improve the environmental performance of the Mills. In this regard continuous monitoring of energy consumption, gaseous emission of boilers, power plant and water usage is being done.

B) Environmental Management System (EMS)

Your Company has adopted ISO 14001 standards and implemented the Environmental Management Systems (EMS). An international certification body AFNOR is also helping Company to manage all of its activities to ensure compliance with the Environmental Policy.

C) Quality Management System (QMS)

Consistent quality day after day is also one of the prime objective of your Company. In this regard ISO 9001:2000 system is in place and is providing guidance to control the quality of the product according to the international standards. The Company is able to improve processes and increase productivity under the umbrella of this system. To further embark upon the quality and improvement, the Company is converting its system according to new version of ISO 9001:2008.

D) Occupational Health and Safety Assessment Series (OHSAS)

Your Company's commitment to OHS is firm. It has implemented the standards 18001:2007 OHSAS and is making objective based efforts to eliminate unsafe and unhealthy work conditions. Hazards identification and risk assessment are being performed, reviewed and all necessary preventive measures are taken to minimize the accidents.

Emergency preparedness and response procedures and plan are established to deal with accidents and emergency. Exercises are periodically carried out in order to check the effectiveness of these plans. Assembly zones and emergency exit points are identified and marked in the Mills. Responsibilities and authorities in emergency situation are clearly identified in the procedures. A safety and security arrangement layout also displayed in all the areas of operations for guidance and movement in emergency situation.

Steps are being undertaken to impart comprehensive training to employees in the area of OH&S. The "Communication Participation & Consultation Program" is in progress in order to create Safety Awareness.

Directors' Report

Human Resource

It is the belief of your Company that employees play a vital role for the success of the organization. Better results are produced when the employees work as a team, trust each other and know each other. At the end of the day it's all about good human resources that make the heart of the Company.

Human resources policy of the Company is designed with the ultimate goal to acquire and cultivate the individuals, shape them in an organized infrastructure, transform their creativities & professional excellences in order to achieve collective goals.

The Company has nourished an organizational culture which provides opportunities to learn and express in free and open manner creative skills and professional expertise. Employees are encouraged to excel in their individual careers based upon their professional merit.

Appropriate career paths and internal recognition programmes are developed for both technical and management staff. Scope emanates from on-job training to enhanced skill programs through subject specialists and culminates into participation in local and international seminars and training.

Several recognition programmes like service awards, sports achievement awards and recognitions based upon performance and service are also in place.

Employee Relations

The relationship between the management and employees has been exemplary for the last many years. The Directors are pleased to record their appreciation for the hard work and devotion to duty by all cadres of employees.

Outlook for the Year 2010-11

We are looking into the year 2010-11 with optimism. Our optimism is based on the premise that the international prices both for finished product and raw material will remain at our benchmark rate. Further the rupee dollar parity and the interest rates will remain range bound. The outages of natural gas which limit our capacity utilization will again remain a point of concern for the coming year.

Based on these assumptions it is hoped that the Company will further improve its financial position for the year 2010-11.

Acknowledgement

The Directors fully acknowledge the contribution and commitment of all stake holders.

They are much thankful to all of them, especially the financial institutions for their continued support of the Company.

On Behalf of the Board of Directors

Aftab Ahmad
Chief Executive Officer


4

Supporting

Packaging

Century contributes and supports hundreds of small entrepreneurs as it has long been a partner in providing high quality packaging solutions to different downstream industries of converters, printers and packaging. Century supplies over 125,000 metric tons per annum of packaging board to the printer and converters. In addition Century supports safe transportation and packaging of products of pharmaceuticals, food & beverages, detergents, cosmetics, auto parts, home appliances , textile and apparels by supplying them quality corrugated boxes.


Colgate
K2
LORD
Dawlance
GLASS
SUFI

Statement of Compliance With the Code of Corporate Governance

1. The Board comprises of seven Directors elected by the shareholders including one Director as the representative of the National Investment Trust Limited (NIT). Further the Chief Executive Officer (CEO) is also a deemed Director of the Board by virtue of his office. The majority of the Directors are non-executive Directors.

2. All the Directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, DFI and NBFI, or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

3. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.

4. The Company encourages representation of independent non-executive Directors and Directors representing minority interest on its Board of Directors.

5. No casual vacancy occurred in the Board during the current year.

6. The Board has developed a vision/mission statement. Significant policies of the Company are revised and updated as and when deem necessary.

7. All the powers of the Board have been duly exercised and decisions on material transactions and major judgemental area if any were taken by the Board. The Board approves the appointment and determination of remuneration and terms and conditions of employment of the CEO. As and when a vacancy falls the Board also approves the appointments of the Chief Financial Officer, Company Secretary and the Head of Internal Audit. It approves their remuneration and terms and conditions of employments, as recommended by the Chief Executive Officer.

8. The meetings of the Board were presided over by the Chairman and in his absence, by a Director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meeting, along with agenda were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated in time.

9. During the year director were apprised of their duties, responsibilities and any significant change in the statutory requirements were brought to their knowledge.

10. The Board has formed an Audit Committee comprising three of its members, all of whom are non-executive Directors.

11. The meetings of the audit committee were held once every quarter to review interim and final results of the Company. The terms of reference of the committee have been in place for compliance.

12. The financial statements of the Company were duly reviewed by the audit committee and endorsed by the CEO and CFO. The Board approves the financial statements and considers the recommendation/s of the Audit Committee.

13. The Board has set up an effective internal audit function which is headed by a chartered accountant. The staff is qualified and experienced for the purpose and conversant with the policies and procedures of the Company.

14. The Directors' report has been prepared in compliance with the requirements of the code containing the salient matters required to be disclosed.

15. The Company has adopted and circulated a “Statement of Ethics and Business Practices”, which has been signed by all the Directors and employees of the Company.

16. The Director, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

17. The Company has complied with all the corporate and financial reporting requirements of the Code.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide any other services except in accordance with the listing regulations. The auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

AFTAB AHMAD
Chief Executive Officer

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Lakson Square
Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of CENTURY PAPER & BOARD MILLS LIMITED to comply with the Listing Regulation No.37 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited and Chapter XI of the Lahore Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-regulation (xiii) of Listing Regulation No. 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide Circular KSE/-269 dated January 19, 2009 and Chapter XI of the Lahore Stock Exchange (Guarantee) Limited require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2010.

KARACHI

DATED: August 09, 2010

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

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Sarwar Shaheed Road
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Pakistan

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of CENTURY PAPER & BOARD MILLS LIMITED as at June 30, 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied, except for the change as stated in note 3.1 to the financial statements, with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2010 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

KARACHI

DATED: August 09, 2010

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

Balance Sheet
as at June 30, 2010

	Note	2010 (Rupees '000)	2009 (Rupees '000)
ASSETS			
NON CURRENT ASSETS			
Property plant and equipment			
Operating fixed assets	5	9,850,801	10,157,985
Capital work in progress	6	28,416	296,362
		9,879,217	10,454,347
Intangible assets	7	41,463	49,664
Long-term loans and advances	8	4,501	4,164
Long-term deposits		2,905	2,805
Deferred taxation	9	212,547	190,106
		10,140,633	10,701,086
CURRENT ASSETS			
Stores and spares	10	738,727	610,337
Stock-in-trade	11	1,868,914	1,357,453
Trade debts	12	759,663	504,129
Loans and advances	13	87,902	62,516
Trade deposits and short term prepayments	14	6,968	20,626
Other receivables	15	10,164	4,001
Tax refunds due from Government	16	53,926	31,337
Taxation - net	17	137,451	78,807
Cash and bank balances	18	264,930	406,851
		3,928,645	3,076,057
TOTAL ASSETS		14,069,278	13,777,143
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (2009: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
310,000,000 (2009: 310,000,000) preference shares of Rs. 10 each		3,100,000	3,100,000
		4,100,000	4,100,000
Issued, subscribed and paid-up capital			
Ordinary shares	19	706,834	706,834
Preference shares	20	3,004,046	-
		3,710,880	706,834
Reserves	21	1,183,677	1,171,644
		4,894,557	1,878,478
NON-CURRENT LIABILITIES			
Subordinated loan	22	1,000,000	1,650,000
Long-term financing	23	4,225,000	7,245,000
		5,225,000	8,895,000
CURRENT LIABILITIES			
Trade and other payables	24	916,281	870,910
Financial charges payable	25	305,080	594,870
Short-term borrowings	26	1,878,360	1,091,456
Current portion of long-term financing	23	850,000	446,429
		3,949,721	3,003,665
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		14,069,278	13,777,143

The annexed notes from 1 to 49 form an integral part of these financial statements.

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Profit and Loss Account
for the year ended June 30, 2010

	Note	2010 (Rupees '000)	2009 (Rupees '000)
Sales - net	28	9,702,311	7,152,092
Cost of sales	29	(8,267,717)	(7,226,388)
Gross profit / (loss)		1,434,594	(74,296)
General and administrative expenses	30	(194,660)	(148,468)
Selling and distribution expenses	31	(79,532)	(58,067)
Other operating charges	32	(23,006)	(74,452)
Other operating income	33	74,336	60,882
Operating profit / (loss)		1,211,732	(294,401)
Financial charges	34	(1,141,099)	(1,300,208)
Profit / (loss) before taxation		70,633	(1,594,609)
Taxation	35	(28,317)	540,465
Profit / (loss) for the year		42,316	(1,054,144)
Loss per share - basic and diluted attributable to ordinary shareholders (Rupees)		(2.99)	(14.91)
Loss per share-basic and diluted			
Profit / (loss) for the year		42,316	(1,054,144)
Less: Dividend attributable to cumulative preference shares		(253,574)	-
Loss attributable to ordinary shareholders		(211,258)	(1,054,144)
Weighted average number of ordinary shares (in thousands)		70,684	70,684
Loss per share attributable to ordinary shareholders (Rupees)	36	(2.99)	(14.91)

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 1 to 49 form an integral part of these financial statements.

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Statement of Comprehensive Income
for the year ended June 30, 2010

	Note	2010 (Rupees '000)	2009 (Rupees '000)
Profit / (loss) for the year		42,316	(1,054,144)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		42,316	(1,054,144)

The annexed notes from 1 to 49 form an integral part of these financial statements.

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Cash Flow Statement
for the year ended June 30, 2010

	Note	2010 (Rupees '000)	2009 (Rupees '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	1,067,875	612,700
Financial charges paid		(1,430,889)	(729,890)
Taxes paid - net		(86,947)	(78,018)
Gratuity paid		(22,775)	(16,801)
Long-term loans and advances - net		(337)	1,390
Long-term deposits - net		(100)	15
Net cash used in operating activities	39	(473,173)	(210,604)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(174,413)	(568,869)
Profit received on bank deposit accounts		6,497	71
Proceeds from sale of operating fixed assets		4,930	1,867
Net cash used in investing activities		(162,986)	(566,931)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of preference shares		3,004,046	-
Transaction cost on issue of preference shares		(30,283)	-
Repayment of long-term financing from banking companies		(446,429)	(209,523)
Proceeds from long-term sponsors' / directors' loan		-	1,720,000
Repayment of subordinated loan		(650,000)	-
Repayment of long-term sponsors' / directors' loan		(2,170,000)	-
Net cash (used in) / generated from financing activities		(292,666)	1,510,477
Net (decrease) / increase in cash and cash equivalents		(928,825)	732,942
Cash and cash equivalents at beginning of the year		(684,605)	(1,417,547)
Cash and cash equivalents at end of the year		(1,613,430)	(684,605)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	264,930	406,851
Short-term borrowings	26	(1,878,360)	(1,091,456)
		(1,613,430)	(684,605)

The annexed notes from 1 to 49 form an integral part of these financial statements.

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Statement of Changes in Equity
for the year ended June 30, 2010

	Issued, subscribed and paid-up capital	Preference share capital	Capital reserves			Revenue reserves			Sub Total	Total
			Share premium	Merger reserve	Total	General reserve	Accumulated loss	Total		
	(Rupees in thousands)									
Balance as at July 1, 2008	706,834	-	984,652	7,925	992,577	1,204,750	28,461	1,233,211	2,225,788	2,932,622
Transfer to general reserve	-	-	-	-	-	28,000	(28,000)	-	-	-
Total comprehensive loss for the year ended June 30, 2009	-	-	-	-	-	-	(1,054,144)	(1,054,144)	(1,054,144)	(1,054,144)
Balance as at June 30, 2009	706,834	-	984,652	7,925	992,577	1,232,750	(1,053,683)	179,067	1,171,644	1,878,478
Preference share capital	-	3,004,046	-	-	-	-	-	-	-	3,004,046
Transaction costs – preference shares	-	-	-	-	-	-	(30,283)	(30,283)	(30,283)	(30,283)
Total comprehensive income for the year ended June 30, 2010	-	-	-	-	-	-	42,316	42,316	42,316	42,316
Balance as at June 30, 2010	706,834	3,004,046	984,652	7,925	992,577	1,232,750	(1,041,650)	191,100	1,183,677	4,894,557

The annexed notes from 1 to 49 form an integral part of these financial statements.

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Notes to the Financial Statements
for the year ended June 30, 2010

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 Companies Ordinance, 1984 and its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The Company is engaged in manufacturing and marketing of paper, board and related products.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities and Exchange Commission of Pakistan (SECP) and approved financial reporting standards as applicable in Pakistan. Approved financial reporting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Ordinance and of the said directives have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for the measurement of derivative financial instruments at fair value and recognition of certain staff retirement benefits at present value.

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

The preparation of these financial statements in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Company's accounting policies and use of certain critical accounting estimates. The areas involving a higher degree of judgment, critical accounting estimates and significant assumptions are disclosed in note 4.25.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 IAS 1 (Revised), 'Presentation of financial statements' becomes applicable for the current financial year for the first time. The revised standard prohibits the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity.

All "non-owner changes in equity" are required to be shown separately in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).

The Company has preferred to present two statements; a profit and loss account and a statement of comprehensive income. These financial statements have been prepared under revised disclosure requirements.

3.2 Standards, interpretations and amendments that have been effective during the year

IAS 23 (amendment) " Borrowing cost" (effective from January 1, 2009). The amendment made it mandatory to capitalize borrowing cost incurred to obtain the qualifying assets as part of the cost of that asset. The option of immediately expensing this borrowing cost is removed. The company current accounting policy is in compliance with this amendment and therefore there is no effect on the Company's financial statements.

3.3 Standard, interpretations and amendments that are effective in current year but not relevant to the Company

IAS 38 (amendment) "Intangible assets". The amendment is part of IASB's annual improvements project published in April 2009 and will be applicable from the effective date of IFRS 3 (revised). The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic life. The amendment will not result in any impact on the Company's financial statements.

The other amendments which are part of IASB's annual improvements project published in April 2009 and mandatory for accounting periods beginning on or after July 1, 2009 are considered not to be relevant to the Company's financial reporting and operations.

3.4 Standards, interpretations and amendments that are not yet effective and have not been early adopted by the Company

The following amendments to approved accounting standards, effective for accounting periods beginning on or after January 1, 2010, are either not relevant to the Company's current operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

IAS 1 - Presentation of Financial Statements
IAS 7 - Cash flows statement
IAS 17 - Leases
IAS 32 - Financial Instruments
IAS 36 - Impairment of assets
IAS 39 - Financial Instruments: Recognition and Measurement
IFRS 1 - First time Adoption of International Financial Reporting Standards
IFRS 2 - Share based Payment
IFRS 5 - Non Current Assets Held for Sale and Discontinued Operations
IFRS 8 - Operating Segments

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Property plant and equipment

a) Operating fixed assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except for freehold land which is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the item including borrowing cost (note 4.10). The cost of self constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Plant and machinery includes spare parts of capital nature which can only be used in connection with an item of property, plant and equipment (refer note 4.4).

Depreciation on operating fixed assets is provided on a straight line basis. Full month's depreciation is charged on addition, while no depreciation is charged in the month of disposal or deletion of assets. Rates of depreciation, which are disclosed in note 5, are determined to allocate the cost of an asset less estimated residual value, if not insignificant, over its useful life.

The assets' residual values and useful lives are reviewed and adjusted, if significant, at each balance sheet date.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipments.

Disposal of assets is recognized when significant risks and rewards incidental to the ownership have been transferred to buyers. Gain and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized in the profit and loss accounts.

Subsequent costs are included in asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

b) Capital work-in-progress

Capital work-in-progress are stated at cost and consist of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Transfers are made to relevant operating fixed assets category as and when assets are available for use.

4.2 Intangible

These are stated at cost less accumulated amortization and impairment losses, if any. Major computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software. Amortization is provided on a straight line basis at the rates disclosed in note 7 to the financial statements.

Cost associated with maintaining computer softwares are recognized as an expense as and when incurred.

4.3 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in profit and loss account.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

4.4 Stores and spares

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined by using the moving average method. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Spare parts of capital nature which can be used only in connection with an item of property, plant and equipment are classified as operating fixed assets under "Plant and machinery" category and are depreciated over a time period not exceeding the useful life of the related assets.

4.5 Stock-in-trade

Stock-in-trade, except for stock-in-transit, are valued at the lower of cost and net realizable value. Cost of raw material is determined by using the moving average method except for stock in transit.

Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon.

Work-in-process and finished goods consist of the direct material costs, labour costs and an appropriate proportion of manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

4.6 Trade debts

Trade debts are recognized and carried at original invoiced amount which is fair value of the consideration to be received in future. An estimated provision for doubtful debt is made when collection of the full amount is no longer probable. Debts considered irrecoverable are written-off.

4.7 Other receivables

Other receivables are recognized at nominal amount which is fair value of the consideration to be received in future.

4.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

a) Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

b) Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available in future years to utilize deductible temporary differences, unused tax losses and tax credits.

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted upto the balance sheet date and are expected to apply to the periods when the differences reverse. Deferred tax for the year is charged or credited to the profit and loss account.

4.9 Cash and bank balances

Cash in hand and at banks are carried at nominal amount.

4.10 Borrowings

Loans and borrowings are recorded at the proceeds received. Financial charges are accounted for on accrual basis.

Borrowing cost on long term finances and short term borrowings which are specifically obtained for the acquisition of qualifying assets are capitalized as part of cost of that assets. All other borrowing costs are charged to profit and loss account in the period in which these are incurred.

4.11 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.12 Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of that obligation can be measured reliably. Provisions are determined by discounting future cash flows at appropriate discount rates wherever required. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.13 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. All financial liabilities are derecognized at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in profit and loss account.

4.14 Offsetting

Financial asset and financial liability are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set-off the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

4.15 Derivative financial instruments

The Company enters into derivative financial instruments. The derivatives that do not qualify for hedge accounting are recognized in the balance sheet at fair value with corresponding effect to profit and loss account.

4.16 Foreign currency translation

Transactions in foreign currencies are converted into Pak rupees at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are recognized in the profit and loss account.

4.17 Staff retirement benefits

a) Defined benefit plan

The Company operates an approved defined gratuity fund for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the fund are made based on actuarial recommendations and in line with the provisions of the Income Tax Ordinance, 2001. The most recent actuarial valuation was carried out at June 30, 2010 using the projected unit credit method (refer note 37). Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses for the plan at the end of previous reporting period exceed 10% of the higher of present value of defined benefit obligation and the fair value of plan assets at that date. The gains or losses in excess of amounts determined as per above said criteria are recognized over the expected average remaining working lives of the employees participating in the plan. The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

b) Defined contribution plan

The Company also operates an approved contributory provident fund for all its permanent employees to which equal monthly contributions are made, both by the Company and the employees, at the rate of 10% of the basic salary.

4.18 Compensated absences

The Company accounts for compensated absences on the basis of unavailed leave balance of each employee at the balance sheet date.

4.19 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue from sale of goods is shown net of sales tax and special excise duty.

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

Sales of goods are recorded when the risks and rewards are transferred, that is, on dispatch of goods to customers.

Scrap sales are recognized when delivery is made to customers.

Profit on bank deposits and commission on insurance premium is recognized on accrual basis.

4.20 Cash and cash equivalents

Cash and cash equivalents comprise of cash and cheques in hand and balances with banks. Short-term borrowing facilities which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of statement of cash flows.

4.21 Share capital

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

4.22 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the period.

4.23 Dividend and appropriation to reserves

Dividend and appropriations to reserves are recognized in the financial statements in the period in which these are approved.

4.24 Related party transactions

Transactions with related parties are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

4.25 Significant accounting judgements and critical accounting estimates / assumptions

The preparation of financial statements in conformity with approved accounting standards requires the management to:-

- exercise its judgment in process of applying the Company’s accounting policies, and
- use of certain critical accounting estimates and assumptions concerning the future.

The management has exercised judgment in applying Company's accounting policies for classification of Post Employment Benefits as Defined Benefits Plan and Defined Contribution Plan (refer note 4.17 and note 37) that have the most significant effects on the amount recognized in the financial statements.

The areas involving critical accounting estimates and significant assumptions concerning the future are discussed below:-

a) Income taxes

The Company takes into account relevant provisions of the prevailing income tax laws while providing for current and deferred taxes as explained in note 4.8 of these financial statements.

b) Defined benefits plan

Certain actuarial assumptions have been adopted as disclosed in note 37 of these financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect actuarial gains / losses recognized in those years with corresponding effect on carrying amount of defined benefit plan liability / asset.

c) Property, plant and equipment

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

d) Stores and spares

Management has made estimates for realizable amount of slow moving and obsolete stores and spares items to determine provision for slow moving and obsolete items. Any future change in the estimated realizable amounts might affect carrying amount of stores and spares with corresponding affect on amounts recognized in profit and loss account as provision / reversal.

5. OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Freehold land	Buildings on freehold land	Leasehold improvements	Plant and machinery (note 5.2 & 5.3)	Furniture and fixtures	Vehicles	Electrical & other equipments	Computers	Total
				(Rupees in thousands)					
year ended June 30, 2010									
Net carrying value basis									
Opening net book value (NBV)	271,942	1,344,056	-	8,461,378	6,234	36,095	14,208	24,072	10,157,985
Additions (at cost)	6,448	21,563	-	381,785	518	19,339	5,725	4,378	439,756
Disposals (NBV)	-	-	-	-	-	(3,533)	-	-	(3,533)
Depreciation charge	-	(40,609)	-	(679,242)	(976)	(8,220)	(4,661)	(9,699)	(743,407)
Closing net book value (Refer note 5.1)	278,390	1,325,010	-	8,163,921	5,776	43,681	15,272	18,751	9,850,801
Gross carrying value basis									
Cost	278,390	1,490,660	6,995	11,379,993	14,981	68,104	32,349	59,122	13,330,594
Accumulated depreciation / Impairment	-	(165,650)	(6,995)	(3,216,072)	(9,205)	(24,423)	(17,077)	(40,371)	(3,479,793)
Net book value	278,390	1,325,010	-	8,163,921	5,776	43,681	15,272	18,751	9,850,801
year ended June 30, 2009									
Net carrying value basis									
Opening net book value (NBV)	271,942	342,709	233	3,166,753	6,924	37,687	2,113	20,955	3,849,316
Additions (at cost)	-	1,039,453	-	5,930,741	5,294	7,967	11,191	12,430	7,007,076
Disposals (NBV)	-	-	-	-	-	(2,128)	(10)	-	(2,138)
Depreciation charge	-	(38,106)	(233)	(636,116)	(951)	(7,431)	(4,049)	(9,338)	(696,224)
Transfers	-	-	-	-	(5,033)	-	4,963	70	-
Adjustment	-	-	-	-	-	-	-	(45)	(45)
Closing net book value (Refer note 5.1)	271,942	1,344,056	-	8,461,378	6,234	36,095	14,208	24,072	10,157,985
Gross carrying value basis									
Cost	271,942	1,469,097	6,995	10,998,209	14,464	59,077	26,661	55,825	12,902,270
Accumulated depreciation / Impairment	-	(125,041)	(6,995)	(2,536,831)	(8,230)	(22,982)	(12,453)	(31,753)	(2,744,285)
Net book value	271,942	1,344,056	-	8,461,378	6,234	36,095	14,208	24,072	10,157,985
Depreciation rate % per annum	-	2.5 to 10	20	5 to 20	10 to 20	20	10 to 33	20 to 33	

5.1 The cost of fully depreciated assets which are still in use as at June 30, 2010 is Rs. 807 million and written down value is Rs. 2.53 million (2009: Rs. 751 million and written down value is Rs 2.43 million).

5.2 The carrying value of assets which are impaired is Rs. 0.34 million (2009: Rs. 0.47 million).

5.3 Included in plant and machinery are some items with a cost of Rs. 16.87 million (written down value Rs. 2.54 million) [2009: Rs. 16.87 million (written down value Rs. 4.22 million)] which have been installed outside the premises of the factory and which are not under the possession and control of the Company. However, the economic benefits associated with these assets are flowing to the Company.

Notes to the Financial Statements
for the year ended June 30, 2010

	Note	2010 (Rupees '000)	2009 (Rupees '000)
5.4 The depreciation charge for the year has been allocated as follows:			
Cost of sales	29	724,269	673,236
General and administrative expenses	30	18,484	19,107
Selling and distribution expenses	31	654	213
Capital work in progress : Trial production expenses		-	3,273
Other directly attributable costs		-	395
		743,407	696,224

5.5 The following operating fixed assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Mode of disposal (Note 5.5.1)	Particulars of buyers
	(Rupees in thousands)					
Vehicle						
Corolla SE Saloon	1,209	846	363	396	Sale (Employee)	Mr. Aftab Ahmad
Honda City	795	557	238	261	Sale (Employee)	Mr. Abdul Shakoor
Honda City	795	557	238	218	Sale (Employee)	Mr. Irfan Farooqui
Honda City	846	365	481	510	Sale (Negotiation)	Cyber Internet Services (Private) Limited
Honda Civic	446	146	300	470	Sale (Negotiation)	Mr. M. Tariq Dyer
Hyundai Shehzore (Pick-Up)	589	470	119	200	Sale (Negotiation)	Mr. Muhammad Riaz
Suzuki Cultus	560	392	168	183	Sale (Employee)	Mr. Sohail Akhter
Suzuki Cultus	560	392	168	183	Sale (Employee)	Mr. Arshad Pervaiz
Suzuki Cultus	560	392	168	183	Sale (Employee)	Mr. Zahoor Ahmad
Suzuki Cultus	560	392	168	183	Sale (Employee)	Mr. Abdul Rauf
Suzuki Cultus	560	392	168	183	Sale (Employee)	Mr. Kamran Arshad
Suzuki Cultus	555	389	166	182	Sale (Employee)	Mr. S.H.R.A. Naqvi
Suzuki Mehran	355	249	106	116	Sale (Employee)	Mr. Muhammad Awais
Suzuki Mehran	346	242	104	113	Sale (Employee)	Mr. Nadeem Saleh
Suzuki Mehran	351	246	105	115	Sale (Employee)	Mr. Jawed Iqbal
Suzuki Mehran	351	246	105	115	Sale (Employee)	Mr. Javed Iqbal Janjua
Motor Cycle	68	3	65	65	Stolen (insurance Claim)	Century Insurance Company Limited
Motor Cycle	68	3	65	65	Stolen (insurance Claim)	Century Insurance Company Limited
Motor Cycle	68	5	63	61	Stolen (insurance Claim)	Century Insurance Company Limited
Items having book value up-to Rs. fifty thousand	670	495	175	1,070	Various	
	10,312	6,779	3,533	4,872		
Electrical and other equipment						
Items having book value up-to Rs. fifty thousand	38	38	-	10	Various	
Computers						
Items having book value up-to Rs. fifty thousand	1,082	1,082	-	48	Various	
Total – 2010	11,432	7,899	3,533	4,930		
Total – 2009	5,020	2,882	2,138	1,867		

5.5.1 The vehicles were sold to employees under the Company car scheme.

Notes to the Financial Statements
for the year ended June 30, 2010

	Note	2010 (Rupees '000)	2009 (Rupees '000)
6. CAPITAL WORK-IN-PROGRESS			
This comprises of:			
Civil works		-	10,288
Plant and machinery [including in transit of Rs. 2.32 million (2009: NIL)]		22,866	283,593
Advances to suppliers		5,550	2,264
Others		-	217
		28,416	296,362

6.1 An amount of Rs. 379 million (2009: Rs. 6,941 million) has been transferred to operating fixed assets during the year.

	Note	2010 (Rupees '000)	2009 (Rupees '000)
7. INTANGIBLE ASSETS			
Computer softwares		1,170	891
ERP Accounting Software		40,293	48,773
	7.1	41,463	49,664
7.1 Net carrying value basis			
Opening net book value		49,664	1,123
Additions (at cost)		2,605	49,600
Amortization charge	29 & 30	(10,806)	(1,059)
Closing net book value		41,463	49,664
Gross carrying value basis			
Cost		53,367	50,762
Accumulated amortization		(11,904)	(1,098)
Net book value		41,463	49,664
Amortization rate % per annum		20 – 33.33	20
8. LONG-TERM LOANS AND ADVANCES			
(Unsecured-considered good)			
Long-term loans	8.1	2,126	539
Long-term advance to suppliers		2,375	3,625
	8.1.1	4,501	4,164
8.1 Due from employees	8.1.2	2,834	909
Current portion shown under current assets	13	(708)	(370)
		2,126	539

8.1.1 Chief Executive Officer and Directors have not taken any loans and advances from the Company.

8.1.2 These loans are granted to employees of the Company principally for purchase of motor vehicles which do not carry mark-up, in accordance with their terms of employment excluding those who have been provided with Company maintained cars.

	Note	2010 (Rupees '000)	2009 (Rupees '000)
9. DEFERRED TAXATION			
Deferred taxation	9.1	212,547	190,106
9.1 The net balance for deferred taxation is in respect of following temporary differences:			
Deferred tax assets:			
Taxable loss		2,174,390	2,123,223
Provision for slow moving stores and spares		8,995	7,700
Others		652	808
		2,184,037	2,131,731
Deferred tax liabilities:			
Accelerated tax depreciation allowance		(1,971,490)	(1,941,625)
		212,547	190,106
10. STORES AND SPARES			
Stores		183,518	126,204
Spares			
in hand		532,949	466,736
in transit		47,960	39,397
		580,909	506,133
		764,427	632,337
Provision for slow moving stores and spares	10.1	(25,700)	(22,000)
	10.2	738,727	610,337
10.1 Provision for slow moving stores and spares comprises:			
Balance at beginning of the year		22,000	21,500
Provision for the year	29	3,700	500
Balance at end of the year		25,700	22,000

10.2 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase.

	Note	2010 (Rupees '000)	2009 (Rupees '000)
11. STOCK-IN-TRADE			
Raw materials			
in hand		1,140,212	804,774
in transit		619,847	406,048
		1,760,059	1,210,822
Work-in-process		78,054	114,138
Finished goods		30,801	32,493
		1,868,914	1,357,453

11.1 The corresponding carrying amount of work in process and finished goods include inventories amounting to Rs. 35.02 million which were carried at fair value less costs to sell.

Notes to the Financial Statements
for the year ended June 30, 2010

	Note	2010 (Rupees '000)	2009 (Rupees '000)
12. TRADE DEBTS			
Considered good			
Secured		-	4,300
Unsecured			
Due from associated undertakings	12.1	62,824	40,169
Others		696,839	459,660
		759,663	499,829
		759,663	504,129
12.1 This comprises amounts receivable from:			
Merit Packaging Limited		50,556	20,851
Colgate-Palmolive (Pakistan) Limited		8,572	14,643
Clover Pakistan Limited		2,882	4,675
Tetley Clover (Private) Limited		814	-
		62,824	40,169

12.2 The maximum amount due from related parties at the end of any month during the year was Rs. 137.30 million (2009: Rs. 156.52 million).

	Note	2010 (Rupees '000)	2009 (Rupees '000)
13. LOANS AND ADVANCES			
(Unsecured - considered good)			
Loans			
Current portion of long-term loans			
Due from employees	8.1	708	370
Advances			
to employees	13.1	3,491	2,805
to suppliers		83,703	59,259
Others		-	82
		87,194	62,146
	13.2	87,902	62,516

13.1 The advances to employees are provided to meet business expenses and are settled as and when the expenses are incurred.

13.2 Chief Executive Officer and Directors have not taken any loans and advances from the Company.

	Note	2010 (Rupees '000)	2009 (Rupees '000)
14. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits		5,868	19,702
Prepayments		1,100	924
		6,968	20,626

	Note	2010 (Rupees '000)	2009 (Rupees '000)
15. OTHER RECEIVABLES			
Unsecured-considered good			
Due from associated undertakings	15.1	5,540	3,734
Others		4,624	267
		10,164	4,001
15.1 This comprises of amounts receivable from:			
Century Insurance Company Limited		4,601	2,487
Merit Packaging Limited		585	234
Colgate-Palmolive (Pakistan) Limited		233	-
Cyber Internet Services (Private) Limited		121	-
SIZA (Private) Limited		-	400
SIZA Commodities (Private) Limited		-	200
Premier Fashions (Private) Limited		-	179
Hassanali Karabhai Foundation		-	117
SIZA Services (Private) Limited		-	117
		5,540	3,734
16. TAX REFUNDS DUE FROM GOVERNMENT			
(Considered good)			
Income tax	16.1	8,882	31,337
Sales tax and special excise duty		45,044	-
		53,926	31,337

16.1 During the year, an amount of Rs 27.52 million, being the tax refund for the Tax Year 2007 was fully adjusted by Tax Department as advance tax for the tax year 2010.

For the Tax Year 2008, refund of Rs. 9.86 million was determined during the year, out of which Rs. 3.48 million was adjusted against tax demand for the Tax Year 2004 and Rs. 2.48 million was adjusted as advance tax for the Tax Year 2010. The net refund for the year 2008 stands at Rs. 3.89 million.

For the Tax Year 2009, out of claimed refund of Rs. 74.04 million, refund of Rs. 59.42 million was received by the Company and an amount of Rs. 10 million was adjusted by the Department as advance tax for the Tax Year 2010. The net refund for the Tax Year 2009 stands at Rs. 4.62 million.

17. TAXATION - NET

The income tax assessments of the Company have been finalized upto tax year 2008 (accounting year ended June 30, 2008). Return for the tax year 2009 has been selected for audit under section 177 of the Income Tax Ordinance 2001 which is pending. Adequate provisions have been made in these financial statements for the year ended June 30, 2010 (tax year 2010).

Notes to the Financial Statements
for the year ended June 30, 2010

			Note	2010 (Rupees '000)	2009 (Rupees '000)
18. CASH AND BANK BALANCES					
At banks					
In current accounts				19,493	121,212
In hand					
cheques				243,279	283,668
cash				2,158	1,971
				264,930	406,851

19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

Number of ordinary shares of Rs.10/- each 2010	2009		2010 (Rupees '000)	2009 (Rupees '000)
56,473,830	56,473,830	Fully paid in cash	564,738	564,738
13,502,046	13,502,046	Issued as fully paid bonus shares	135,021	135,021
69,975,876	69,975,876		699,759	699,759
707,550	707,550	Issued under scheme of amalgamation	7,075	7,075
70,683,426	70,683,426		706,834	706,834
43,118,360	43,118,360	Shares held by associated companies	431,184	431,184

20. PREFERENCE SHARES

Number of preference shares of Rs.10/- each 2010	2009		2010 (Rupees '000)	2009 (Rupees '000)
300,404,561	-	Fully paid in cash	3,004,046	-
298,915,541	-	Shares held by associated companies	2,989,155	-

20.1 The Company has issued 300,404,561 preference right shares of the face value of Rs. 10 each, aggregating to Rs.3,004,045,610 in the proportion of 4.25 preference shares for every ordinary share held. These shares are not listed on any of the stock exchanges in Pakistan.

20.2 Annual dividends will be payable at 13% per annum on the face value of such preference shares, when and if declared by the Company but shall be paid on cumulative basis prior to any dividend or other distribution payable to the ordinary shareholders. The cumulative dividend as at the balance sheet date amounted to Rs. 253.57 million.

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

20.4 The Company shall have the option, but is not obliged, to redeem the preference shares issue in full or in part, within ninety days of the end of the completion of each quarter, commencing from the expiry of third anniversary of the issue (each successive quarter shall be referred to as "Redemption Period") by giving at least thirty days notice. If the Company exercises its option during any Redemption Period, the amount of redemption shall be determined by the Company; however, a minimum of 1/10th portion of the total issue size of the preference shares shall be redeemed by the Company during such Redemption Period. The redemption will be at the option and discretion of the Company and subject to availability of funds and compliance with the provisions of Section 85 of the Companies Ordinance 1984. Redemption shall be at face (par) value i.e. Rs. 10 each. Any accumulated (but unpaid) dividend will be payable on pro-rata basis to the preference shareholders at the time of redemption.

	Note	2010 (Rupees '000)	2009 (Rupees '000)
21. RESERVES			
Capital			
Share premium	21.1	984,652	984,652
Merger reserve	21.2	7,925	7,925
		992,577	992,577
Revenue			
General reserve		1,232,750	1,232,750
Accumulated loss		(1,041,650)	(1,053,683)
		191,100	179,067
	21.3	1,183,677	1,171,644

21.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

21.2 This represents amount arising under scheme of arrangement for amalgamation of former Century Power Generation Limited, a subsidiary, with the Company.

21.3 Movement of reserves have been reflected in the statement of changes in equity.

22. SUBORDINATED LOAN - UNSECURED

	Note	2010	2009
From Sponsors of the Company	22.1	1,000,000	1,650,000

22.1 This loan has been obtained from Sponsors of the Company to partially finance the cost of new Board Machine (PM-7). It was converted to subordinated loan to the repayment of Islamic Sukuk Certificates of Rs. 3,500 million (note 23.1) and Syndicated Term Finance Facility of Rs. 2,000 million (note 23.2) at the time of execution of these joint facility agreements.

This loan was partially prepaid to the extent of Rs. 650 million, out of the subscription proceeds of preference right shares issued during the period, pursuant to Supplemental Musharika Trust Deed and Supplemental Syndicated Term Finance Agreement dated November 02, 2009.

These loans carried mark-up at 12% per annum from July 01, 2009 to September 30, 2009 and at 11% from October 01, 2009 to June 30, 2010. The loan is repayable after the expiry of lock-in-period (expiry of five years from the disbursement of Financiers' facilities) as stipulated in the Subordination Agreement.

	Note	2010 (Rupees '000)	2009 (Rupees '000)
23. LONG-TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements			
Financed by:			
Islamic Sukuk Certificates	23.1	3,150,000	3,500,000
Consortium of Banks (Syndicated)	23.2	1,925,000	2,000,000
United Bank Limited - 2	23.3	-	21,429
		5,075,000	5,521,429
Less: Current portion shown under current liabilities		(850,000)	(446,429)
		4,225,000	5,075,000
Directors' loan		-	1,200,000
Sponsors' loan		-	970,000
	23.4	-	2,170,000
		4,225,000	7,245,000

23.1 This represents Sukuk Certificates privately placed with banks and other institutional investors under diminishing musharaka arrangement specifically for acquisition of new Board Machine (PM-7) for a period of seven years. The certificates are redeemable in ten equal semi annual installments which commenced from March 2010.

The agreement gives an exclusive use of the Musharaka assets to the Company (Issuer) only against the rental payments.

Rental payments are calculated to provide return to Certificate Holders equal to base rate plus margin plus Service Agency Expenses incurred by the Trustee during the previous semi annual period. Base rate is equal to average of six months KIBOR of last five business days prior to beginning of each semi annual rental payment period. The margin is equal to 1.35% per annum. During the period effective markup rate was 13.91% (2009: 14.35%).

These are secured by way of mortgage of immovable properties of the Company and first pari passu hypothecation charge over the assets pertaining to new Board Machine (PM-7) to the extent of beneficial right of the Certificate Holders with 25% margin.

23.2 This syndicated term finance facility has been obtained from a consortium of banks under joint facility arrangement with Sukuk Financing amounting to Rs 2,000 million specifically for new Board Machine (PM-7). The tenor of the facility is nine years with twenty four months grace period. This finance facility is repayable in fourteen stepped up semi annual installments which commenced from March 2010.

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

The rate of mark up is 1.50% per annum over average of six months KIBOR of the last five business days prior to the beginning of each installment period. During the period effective markup rate was 14.06% (2009: 14.53%).

23.3 The amount utilized under this facility has been repaid in full.

23.4 The Company has made early repayments of these loans out of the subscription proceeds of preference right shares issued during the year (refer to note 20).

	Note	2010 (Rupees '000)	2009 (Rupees '000)
24. TRADE AND OTHER PAYABLES			
Creditors	24.1	653,878	546,924
Accrued liabilities		164,684	119,211
Sales tax and special excise duty		-	10,278
Customers' balances		64,477	162,565
Provident fund payable		2,851	2,293
Gratuity payable	37.4	1,861	2,308
Workers' profit participation fund	24.3	3,791	100
Workers' welfare fund		1,441	40
Unclaimed dividend		736	736
Security deposits		1,050	9,811
Other liabilities		21,512	16,644
		916,281	870,910

24.1 This includes an amount of Rs. 306.40 million (2009: Rs. 302.25 million) of foreign bills payable.

24.2 The aggregate amount of the outstanding balance of associated undertakings as at June 30, 2010 is Rs. 7.08 million (2009: Rs. 7.77 million).

24.3 Workers' profit participation fund

	Note	2010	2009
Balance at July 01		100	2,222
Interest on fund utilized in Company's business	34	-	100
Allocation for the year	32	3,791	-
		3,891	2,322
Amount paid during the year		(100)	(2,222)
Balance at June 30		3,791	100

25. FINANCIAL CHARGES PAYABLE

Financial charges payable on:

	2010	2009
Long-term financing	292,582	567,246
Short-term borrowings	12,498	24,240
Short-term finance -associated company	-	3,384
	305,080	594,870

26. SHORT TERM BORROWINGS

	Note	2010	2009
From associated undertaking - unsecured	26.1	-	650,000
From Sponsors - unsecured	26.2	400,000	-
From banking companies - secured			
Running finances	26.3 & 26.5	1,144,581	347,809
Import credit finances	26.4 & 26.5	333,779	93,647
		1,478,360	441,456
		1,878,360	1,091,456

26.1 This short-term finance of Rs. 650 million has been repaid in month of July 2009. This loan carried mark-up at 10% per annum.

26.2 This short-term finance of Rs. 400 million has been obtained to meet working capital requirements. The loan carries mark-up at 11% per annum. This short-term finance is repayable in lump sum by October 31, 2010.

26.3 The Company has aggregate short term running finance facilities amounting to Rs. 2,125 million (2009: Rs. 1,750 million). Mark-up rates are linked with KIBOR from one to three months plus spreads ranging from 1% to 1.50% per annum (2009: from 1% to 3.50% per annum).

26.4 The Company has aggregate sub-limits for FE loans under facilities for running finance and letter of credits amounting to Rs. 1,870 million (2009: Rs. 1,375 million). An amount of US$ 3.90 million (2009: US$ 1.15 million) from banks for settlement of import bills is outstanding as at balance sheet date. This facility is priced at one month LIBOR plus spread ranging between 2.00% to 3.00% per annum (2009: from 2.50 % to 3.00%).

26.5 Above arrangements are secured by way of pari passu hypothecation charge created on stock-in-trade, stores and spares and trade debts of the Company.

26.6 Additionally the Company has the facilities for opening of letters of credit and guarantees amounting to Rs. 2,639 million (2009: Rs 2,729 million).

27. CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 274.58 million (2009: Rs. 274.58 million).

27.2 Commitments

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

a) Letters of credit other than for capital expenditure at the end of the year amounted to Rs. 839.26 million (2009: Rs. 729.81 million).

b) Capital expenditure including letters of credit amounted to Rs. 18.85 million (2009: Rs.15.24 million).

28. SALES

	2010 (Rupees '000)	2009 (Rupees '000)
Gross sales - local	11,321,389	8,331,738
- export	1,663	-
	11,323,052	8,331,738
Sales tax	(1,525,226)	(1,109,758)
Special excise duty	(95,515)	(69,888)
	(1,620,741)	(1,179,646)
	9,702,311	7,152,092

	Note	2010 (Rupees '000)	2009 (Rupees '000)
29. COST OF SALES			
Materials consumed		5,270,028	4,546,513
Fuel and power		1,157,140	952,955
Depreciation on property, plant and equipment	5.4	724,269	673,236
Salaries, wages and other benefits	29.1	359,100	326,188
Repairs and maintenance	29.2	484,835	383,910
Packing expenses		163,844	151,216
Insurance		50,571	48,822
Security services charges		9,489	7,693
Provision for slow moving stores and spares	10.1	3,700	500
Travelling and conveyance		2,866	3,571
Printing, stationery and periodicals		3,315	3,989
Communication		552	509
Amortization on intangible assets	7.1	232	232
Lease rentals		-	136
Manufacturing cost		8,229,941	7,099,470
Work-in-process			
Opening stock		114,138	48,306
Transfer of stock on commencement of commercial operations of new Board Machine (PM-7)		-	89,066
Closing stock		(78,054)	(114,138)
		36,084	23,234
Cost of goods manufactured		8,266,025	7,122,704
Finished goods			
Opening stock		32,493	23,257
Transfer of stock on commencement of commercial operations of new Board Machine (PM-7)		-	112,920
Closing stock		(30,801)	(32,493)
		1,692	103,684
		8,267,717	7,226,388

29.1 Salaries, wages and other benefits includes Rs. 26.76 million (2009: Rs. 19.20 million) in respect of staff retirement benefits.

29.2 Repairs and maintenance includes Rs. 418 million (2009: Rs. 314 million) in respect of stores and spares consumed.

	Note	2010 (Rupees '000)	2009 (Rupees '000)
30. GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and other benefits	30.1	109,071	84,026
Depreciation on property, plant and equipment	5.4	18,484	19,107
Amortization on intangible assets	7.1	10,574	827
Rent, rates and taxes		10,782	10,574
Communication		7,843	8,439
Insurance		4,326	3,622
Repairs and maintenance		2,742	1,062
Electricity		4,788	4,074
Fees and subscription		8,506	3,480
Advertisement and publicity		534	251
Travelling and conveyance		8,631	5,940
Security service charges		4,452	3,141
Printing, stationery and periodicals		2,300	1,720
Business promotion expenses		1,627	2,203
Others		-	2
		194,660	148,468

30.1 Salaries and other benefits include Rs. 9.40 million (2009: Rs. 6.24 million) in respect of staff retirement benefits.

	Note	2010 (Rupees '000)	2009 (Rupees '000)
31. SELLING AND DISTRIBUTION EXPENSES			
Selling expenses:			
Salaries and other benefits	31.1	20,972	17,544
Insurance		286	257
Electricity		677	717
Depreciation	5.4	654	213
Travelling and conveyance		1,507	1,534
Rent, rate and taxes		1,125	1,080
Communication		586	460
Repairs and maintenance		-	5
Lease rentals		-	61
Advertisement and publicity		-	100
		25,807	21,971
Distribution expenses:			
Outward freight		53,507	36,096
Export related expenses		218	-
		53,725	36,096
		79,532	58,067

31.1 Salaries and other benefits include Rs. 1.89 million (2009: Rs. 1.37 million) in respect of staff retirement benefits.

	Note	2010 (Rupees '000)	2009 (Rupees '000)
32. OTHER OPERATING CHARGES			
Legal and professional charges		1,844	4,470
Loss on change in fair value of interest rate swap		-	1,866
Auditors' remuneration			
Statutory audit		550	460
Half yearly review		80	80
Fee for other services		150	130
Reimbursement of expenses		78	55
		858	725
Workers' profit participation fund	24.3	3,791	-
Workers' welfare fund		1,401	83
Net exchange loss		14,856	66,770
Loss on sale of fixed assets - net		-	271
Others		256	267
		23,006	74,452
33. OTHER OPERATING INCOME			
Income from financial assets			
Profit on bank deposit accounts		6,497	71
Income from non-financial assets			
Sale of scrap		57,493	38,124
Profit on sale of fixed assets - net		1,397	-
Insurance agency commission from associated company		6,022	7,560
Fire insurance claim - plant and machinery		-	13,865
Others		2,927	1,262
		67,839	60,811
		74,336	60,882
34. FINANCIAL CHARGES			
Financial charges on:			
Long term financing		985,976	1,095,807
Short term borrowings		92,491	196,816
Short term loan from sponsors and associated undertakings		58,608	3,384
Workers' profit participation fund	24.3	-	100
		1,137,075	1,296,107
Bank charges and commission		4,024	4,101
		1,141,099	1,300,208
35. TAXATION			
For the year			
Current	35.1	48,916	437
Prior		1,842	1,417
Deferred		(22,441)	(542,319)
		28,317	(540,465)

35.1 In view of tax loss for the year, provision for current year represents minimum tax payable under section 113 of the Income Tax Ordinance and tax deducted at source on insurance agency commission under Section 233 of that Ordinance under final tax regime.

	Note	2010 %age	2009 %age
35.2 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:			
Applicable tax rate		35.00	35.00
Tax effect of expenses that are not deductible in determining taxable profit (permanent differences)		3.90	(1.33)
Effect of final tax under presumptive tax regime		(1.42)	0.13
Effect of change in prior year tax		2.61	0.09
		5.09	(1.11)
Average effective tax rate		40.09	33.89

36. EARNINGS PER SHARE - BASIC AND DILUTED

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

37. DEFINED BENEFIT PLAN

37.1 General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at June 30, 2010, using the Projected Unit Credit Method.

37.2 Principal actuarial assumptions

Following are a few important actuarial assumptions used in the valuation:	2010	2009
Discount rate (%)	12	12
Expected rate of return on plan assets (%)	12	12
Expected rate of increase in salary (%)	12	12
Average expected remaining working life time of employees (years)	7	7

	Note	2010 (Rupees '000)	2009 (Rupees '000)
37.3 Reconciliation of balance due to defined benefit plan			
Present value of defined benefit obligation		133,868	109,952
Fair value of plan assets		(100,507)	(66,813)
		33,361	43,139
Net actuarial (loss) / gain to be recognized in later periods		(31,500)	(40,831)
Closing net liability		1,861	2,308
37.4 Movement of the (asset)/liability recognized in the balance sheet			
Opening net liability		2,308	5,080
Charge for the year	37.8	22,328	14,029
Contribution to fund made during the year		(22,775)	(16,801)
Closing net liability	24	1,861	2,308
37.5 Fair value of plan assets at year end			
Government Securities		57,251	6,997
Term Finance Certificates / Certificates of Investment		14,578	21,228
Mutual funds / Shares		18,126	37,634
Others		10,552	954
		100,507	66,813

	2010 (Rupees '000)	2009 (Rupees '000)
37.6 Movement in Present Value of Defined Benefit Obligations		
Opening present value	109,952	87,772
Current service cost for the year	12,888	11,611
Interest cost for the year	13,194	10,533
Benefits due but not paid during the year	(1,137)	(109)
Benefits paid during the year	(3,720)	(7,718)
Actuarial loss	2,691	7,863
Closing present value	133,868	109,952
37.7 Movement in Fair Value of Plan Assets		
Opening fair value	66,813	71,905
Expected return on plan assets	8,017	8,629
Contributions during the year	22,775	16,801
Benefits paid during the year	(4,857)	(7,828)
Actuarial gain / (loss) on plan assets	7,759	(22,694)
Closing fair value	100,507	66,813
37.8 Charge for the year		
Current service cost	12,888	11,611
Interest cost	13,195	10,533
Expected return on plan assets	(8,017)	(8,629)
Actuarial losses recognized during the year	4,262	514
Charge for the year	22,328	14,029

37.9 Comparison for five years

	2009-10	2008-09	2007-08	2006-07	2005-06
	(Rupees in thousands)				
a) Present value of Defined Benefits Obligation and Fair Value of Plan Assets					
Present Value of defined benefits obligations at year end	133,868	109,952	87,772	70,175	58,350
Fair Value of plan assets at year end	100,507	66,813	71,905	70,074	60,093
	(33,361)	(43,139)	(15,867)	(101)	1,743
b) Experience Adjustments					
Experience adjustment arising on plan liabilities gains	2,691	7,864	4,944	6,044	7,279
Experience adjustment arising on plan assets gains/(losses)	7,659	(22,694)	(5,974)	6,775	3,581
Actual return on plan assets	15,776	14,830			

Notes to the Financial Statements
for the year ended June 30, 2010

	Note	2010 (Rupees '000)	2009 (Rupees '000)
38. CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		70,633	(1,594,609)
Adjustment for non-cash charges and other items:			
Depreciation		743,407	692,556
Amortization of intangible assets		10,806	1,059
(Profit) / loss on sale of fixed assets		(1,397)	271
Provision for gratuity		22,328	14,029
Provision for slow moving / obsolete stores and spares		3,700	500
Profit on bank deposit accounts		(6,497)	(71)
Fair value of interest rate swap		-	1,866
Financial charges	34	1,141,099	1,300,208
Working capital changes	38.1	(916,204)	196,891
		1,067,875	612,700
38.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(132,090)	(248,782)
Stock-in-trade		(511,462)	139,025
Trade debts		(255,534)	(90,958)
Loans and advances		(25,386)	(43,786)
Trade deposits and short term prepayments		13,658	(1,291)
Other receivables		(6,163)	27,888
Tax refunds due from Government		(45,044)	119,038
		(962,021)	(98,866)
Increase in current liabilities:			
Trade and other payables (excluding unclaimed dividend and gratuity payable)		45,817	295,757
		(916,204)	196,891
39. CASH FLOWS FROM OPERATING ACTIVITIES (DIRECT METHOD)			
Cash receipt from customers		9,406,142	7,238,856
Cash paid to suppliers/service providers and employees		(8,338,267)	(6,626,156)
Financial charges paid		(1,430,889)	(729,890)
Taxes paid		(86,947)	(78,018)
Gratuity paid		(22,775)	(16,801)
Long-term loans and advances		(337)	1,390
Long-term deposits – net		(100)	15
Net cash used in operating activities		(473,173)	(210,604)

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

a) The aggregate amount charged in the financial statements for remuneration, including all benefits to Chief Executive, Directors and Executives of the Company is as follows:

	2010				2009			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	4,405	9,060	36,631	50,096	4,858	8,749	24,805	38,412
House rent	1,982	-	15,230	17,212	1,507	485	10,147	12,139
Bonus	735	-	4,950	5,685	805	119	4,694	5,618
Staff retirement benefits	1,176	-	8,056	9,232	1,225	306	5,153	6,684
Medical	440	900	3,663	5,003	426	828	2,502	3,756
Utilities	-	1,288	285	1,573	218	947	324	1,489
Others	122	-	1,035	1,157	57	2	900	959
Total	8,860	11,248	69,850	89,958	9,096	11,436	48,525	69,057
Number of persons	1	1	40	42	1	3	31	35

b) Aggregate amount charged in these financial statements in respect of Directors' fee is Rs.2,500 (2009: Rs.1,500).

c) The Chief Executive and certain executives are also provided with cars in accordance with the Company car scheme.

41. TRANSACTIONS WITH RELATED PARTIES

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

Relation with the Company	Nature of transaction	Note	2010 (Rupees '000)	2009 (Rupees '000)
Associated companies	Sales of goods and services		954,253	699,839
	Purchase of goods and services		117,694	87,345
	Rent and other allied charges		4,350	3,988
	Insurance agency commission		6,022	7,560
	Sale of fixed assets		510	-
	Insurance claims		191	13,951
	Short-term finance obtained		-	650,000
	Short-term finance repaid		650,000	-
	Mark-up accrued on short-term finance		4,542	3,384
	Issue of right preference shares		2,989,155	-
Other related parties	Purchase of goods and services		5,508	7,219
Sponsors and Directors	Issue of right preference shares		177	-
	Long-term financing obtained		-	1,720,000
	Long-term financing repaid		2,820,000	-
	Short-term financing obtained		1,100,000	-
	Short-term financing repaid		700,000	-
	Mark-up accrued		340,792	364,118
Retirement benefit plans	Contribution to staff retirement benefit plans		38,575	29,567
Key management personnel	Remuneration and other benefits	40	89,958	69,057

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

41.2 The status of outstanding balances of related parties as at June 30, 2010 are included in "Trade debts" (note 12), "Other receivables" (note 15), "Subordinated loan" (note 22) and "Trade and other payables" (note 24) respectively.

Notes to the Financial Statements
for the year ended June 30, 2010

42. CAPACITY AND PRODUCTION - TONNES

	2010		2009	
	Annual capacity on three shifts	Actual production	Annual capacity on three shifts	Actual production
Paper and paper board produced (Note: 42.1)	**240,000**	**166,167**	240,000	141,997
Paper and paper board conversion	**22,000**	**20,390**	22,000	17,775

42.1 The Company could not achieve the installed capacity because of forced shutdown of plant due to 77 days gas shortages during the year.

43. FINANCIAL ASSETS AND LIABILITIES

	Note	Total	2010 Interest/mark up bearing			Not interest /mark up bearing
			Maturity upto one year	Maturity after one year	Sub-total	
		(Rupees in thousands)				
Financial assets						
Long-term loans		2,834	-	-	-	2,834
Long-term deposits		2,905	-	-	-	2,905
Trade debts		759,663	-	-	-	759,663
Trade deposits		5,868	-	-	-	5,868
Other receivables		10,164	-	-	-	10,164
Cash and bank balances		264,930	-	-	-	264,930
		1,046,364	-	-	-	1,046,364
Financial liabilities						
Subordinated loan		1,000,000	-	1,000,000	1,000,000	-
Long-term financing		5,075,000	850,000	4,225,000	5,075,000	-
Trade and other payables		842,477	-	-	-	842,477
Financial charges payable		305,080	-	-	-	305,080
Short-term borrowings		1,878,360	1,878,360	-	1,878,360	-
		(9,100,917)	(2,728,360)	(5,225,000)	(7,953,360)	(1,147,557)
On balance sheet gap		(8,054,553)	(2,728,360)	(5,225,000)	(7,953,360)	(101,193)
Off Balance sheet Items						
Financial commitments:						
Letter of credits	27.2 (a)	839,260	-	-	-	839,260
Capital commitments	27.2 (b)	18,850	-	-	-	18,850
Total Gap		(858,110)	-	-	-	(858,110)
		(8,912,663)	**(2,728,360)**	**(5,225,000)**	**(7,953,360)**	**(959,303)**

	Note	Total	2009 Interest/mark up bearing Maturity upto one year	Maturity after one year	Sub-total	Not interest /mark up bearing
		(Rupees in thousands)				
Financial assets						
Long-term loans		909	-	-	-	909
Long-term deposits		2,805	-	-	-	2,805
Trade debts		504,129	-	-	-	504,129
Trade deposits		19,702	-	-	-	19,702
Other receivables		4,001	-	-	-	4,001
Cash and bank balances		406,851	-	-	-	406,851
		938,397	-	-	-	938,397
Financial liabilities						
Subordinated loan		1,650,000	-	1,650,000	1,650,000	-
Long-term financing		7,691,429	446,429	7,245,000	7,691,429	-
Trade and other payables		694,081	-	-	-	694,081
Financial charges payable		594,870	-	-	-	594,870
Short-term borrowings		1,091,456	1,091,456	-	1,091,456	-
		(11,721,836)	(1,537,885)	(8,895,000)	(10,432,885)	(1,288,951)
On balance sheet gap		(10,783,439)	(1,537,885)	(8,895,000)	(10,432,885)	(350,554)
Off Balance sheet Items						
Financial commitments:						
Letter of credits	27.2 (a)	729,811	-	-	-	729,811
Capital commitments	27.2 (b)	15,240	-	-	-	15,240
		(745,051)	-	-	-	(745,051)
Total Gap		(11,528,490)	(1,537,885)	(8,895,000)	(10,432,885)	(1,095,605)

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

44.1 Risk management policies

The Company's objective in managing risks is the creation and protection of share holders' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

44.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements.

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. Out of total financial assets of Rs. 1,046.36 million (2009: Rs. 938.40 million), the financial assets which are subject to credit risk amounted to Rs. 1,044.21 million (2009: Rs. 936.43 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2010 (Rupees '000)	2009 (Rupees '000)
Loans and deposits	11,607	23,416
Trade debts	759,663	504,129
Other receivables	10,164	4,001
Bank balances	262,772	404,880
	1,044,206	936,426
The aging of trade receivable at the reporting date is:		
Not past due	596,716	358,432
Past due 1-30 days	155,577	122,539
Past due 30-90 days	5,407	20,308
Past due 90 days	1,964	2,850
	759,664	504,129

All the trade debtors at balance sheet date are domestic parties.

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Sales made to certain customers are secured through letters of credit.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis.

Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

Impaired assets

During the year no assets have been impaired.

44.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying Amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
	(Rupees in thousands)						
2010							
Long term financing	6,075,000	9,058,909	650,110	798,815	1,517,741	3,668,141	2,424,102
Trade and other payables	842,477	842,477	842,477	-	-	-	-
Financial charges payable	305,080	305,080	305,080	-	-	-	-
Short term borrowings	1,878,360	1,889,360	1,889,360	-	-	-	-
	9,100,917	12,095,826	3,687,027	798,815	1,517,741	3,668,141	2,424,102
2009							
Long term financing	9,341,429	13,735,033	588,150	1,023,258	3,693,837	5,300,185	3,129,603
Trade and other payables	694,081	694,081	694,081	-	-	-	-
Financial charges payable	594,870	594,870	594,870	-	-	-	-
Short term borrowings	1,091,456	1,095,998	1,095,998	-	-	-	-
	11,721,836	16,119,982	2,973,099	1,023,258	3,693,837	5,300,185	3,129,603

44.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company's exposure to foreign currency risk is as follows-

	2010 (Rupees '000)	2009 (Rupees '000)
Foreign bill payable	306,407	302,251
Import credit finances	333,779	93,647
Foreign currency bank account	-	(33)
Gross balance sheet exposure	640,186	395,865
Outstanding letter of credits	858,110	743,037
Net exposure	1,498,296	1,138,902

The following significant exchange rates have been applied

	Average rate 2010	Average rate 2009	Reporting date rate 2010	Reporting date rate 2009
	(Rupees)			
USD to PKR	84.00	79.03	85.60	81.30

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit / (loss) for the year would have been higher / lower by the amount shown below, mainly as a result of net foreign exchange gain on net foreign currency exposure at reporting date.

	Average rate 2010	Average rate 2009	Reporting date rate 2010	Reporting date rate 2009
	(Rupees in thousands)			
Effect on (loss) or profit	146,758	115,960	149,554	119,291

The weakening of the PKR against US Dollar would have had an equal but opposite impact on the post tax profit / (loss).

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

	2010	2009	2010	2009
	Effective Rate (In percent)		Carrying amount (Rupees in thousands)	
Financial Liabilities				
Variable rate instruments				
Islamic Sukuk Certificates	13.91	14.47	3,150,000	3,500,000
Long term loans	11.00 – 14.06	12.00 – 14.65	2,925,000	5,841,429
Short term borrowings	11.00 – 13.92	10.00 – 15.04	1,878,360	1,091,456

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit / (loss) for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the prior year.

	Profit and loss 100 bp increase	Profit and loss 100 bp decrease
	(Rupees in thousands)	
As at June 30, 2010		
Cash flow sensitivity - Variable rate financial liabilities	(79,535)	79,535
As at June 30, 2009		
Cash flow sensitivity - Variable rate financial liabilities	(98,793)	98,793

The sensitivity analysis prepared is not necessarily indicative of the effects on profit / (loss) for the year and assets / liabilities of the Company.

45. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

46. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. During the year, the Company has issued preference shares to strengthen the capital base and to rationalize debt equity structure (refer note 20). The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. The Company is not subject to externally imposed capital requirements.

47. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 09, 2010 by the Board of Directors of the Company.

48. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. Significant change made during the year was as follows:

Provident fund payable amounting to Rs. 2.80 million previously included in "Other liabilities" has now been separately disclosed under head of "Trade and other payables" (Note 24).

49. GENERAL

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

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Shareholding Pattern
as at June 30, 2010

NO. OF SHARE HOLDERS	SHAREHOLDING FROM	TO		TOTAL SHARES HELD
255	1	100	shares	9,217
303	101	500	shares	96,644
207	501	1,000	shares	177,272
395	1,001	5,000	shares	981,656
106	5,001	10,000	shares	806,922
49	10,001	15,000	shares	626,994
19	15,001	20,000	shares	340,857
10	20,001	25,000	shares	230,300
7	25,001	30,000	shares	192,241
6	30,001	35,000	shares	202,770
6	35,001	40,000	shares	230,690
5	40,001	45,000	shares	220,900
6	45,001	50,000	shares	295,500
4	50,001	55,000	shares	217,806
2	55,001	60,000	shares	113,790
1	60,001	65,000	shares	60,819
2	65,001	70,000	shares	139,500
2	80,001	85,000	shares	166,296
2	95,001	100,000	shares	200,000
2	100,001	105,000	shares	203,902
2	110,001	115,000	shares	223,800
2	115,001	120,000	shares	235,050
4	120,001	125,000	shares	486,420
2	125,001	130,000	shares	258,361
1	130,001	135,000	shares	132,000
1	140,001	145,000	shares	142,989
1	145,001	150,000	shares	150,000
1	150,001	155,000	shares	152,815
1	155,001	160,000	shares	157,294
1	195,001	200,000	shares	200,000
1	225,001	230,000	shares	230,000
1	250,001	255,000	shares	253,500
1	270,001	275,000	shares	272,510
1	295,001	300,000	shares	300,000
1	300,001	305,000	shares	304,900
1	315,001	320,000	shares	318,500
2	320,001	325,000	shares	649,783
1	325,001	330,000	shares	328,350
1	360,001	365,000	shares	364,925
1	400,001	405,000	shares	401,342
1	445,001	450,000	shares	448,826
1	465,001	470,000	shares	469,345
1	510,001	515,000	shares	514,260
1	525,001	530,000	shares	529,292
1	715,001	720,000	shares	716,989
1	780,001	785,000	shares	781,220
1	1,340,001	1,345,000	shares	1,343,034
1	1,355,001	1,360,000	shares	1,355,278
1	1,675,001	1,680,000	shares	1,676,880
1	2,355,001	2,360,000	shares	2,357,636
1	2,450,001	2,455,000	shares	2,451,117
1	5,550,001	5,555,000	shares	5,552,533
1	5,770,001	5,775,000	shares	5,774,324
1	5,950,001	5,955,000	shares	5,952,112
1	14,015,001	14,020,000	shares	14,016,675
1	15,665,001	15,670,000	shares	15,667,290
1,432			TOTAL	70,683,426

Categories of Shareholders

Categories of Shareholders	Shares Held	Percentage
Directors, CEO and their Spouses & minor children	36,482	0.05
Associated Companies, Undertakings and Related Parties	43,125,087	61.01
NIT & ICP	5,696,522	8.06
Public Sector Companies and Corporations	2,357,736	3.34
Banks, Development Financial Institutions and Non-Banking Financial Institutions	3,683,298	5.21
Modaraba and Mutual Funds	1,583,352	2.24
Insurance Companies	823,400	1.16
General Public	9,542,908	13.50
Others	3,834,641	5.43
TOTAL	70,683,426	100.00

Date: 30 June 2010

Shareholding Information

CATEGORIES OF SHAREHOLDERS		SHARES HELD
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
SIZA Services (Private) Limited		15,667,290
SIZA (Private) Limited		14,016,675
Premier Fashions (Private) Limited		5,952,112
SIZA Commodities (Private) Limited		5,774,324
Accuray Surgicals Limited		1,343,034
Century Insurance Company Limited		364,925
Sultan Ali Lakhani		1,281
Gulbanoo Lakhani		220
Shaista Sultan Ali Lakhani		220
Babar Ali Lakhani		810
Bilal Ali Lakhani		110
Misha Lakhani		110
Danish Ali Lakhani		1,030
Natasha Lakhani		110
Anushka Zulfiqar Lakhani		1,010
Sanam Iqbal Lakhani		926
Anika Amin Lakhani		900
NIT AND ICP		
National Investment Trust Limited		142,989
National Bank Of Pakistan-Trustee Department		5,552,833
Investment Corporation of Pakistan		700
DIRECTORS, CEO AND THEIR SPOUSE AND MINOR CHILDREN		
Mr. Iqbal Ali Lakhani	Chairman	1,081
Mr. Zulfiqar Ali Lakhani	Director	550
Mr. Amin Mohammed Lakhani	Director	932
Mr. Tasleemuddin A. Batlay	Director	1,982
Mr. A. Aziz H. Ebrahim	Director	809
Mr. Shahid Ahmed Khan	Director	1,000
Mr. Kemal Shoaib	Nominee Director (NIT)	NIL
Mr. Aftab Ahmad	Chief Executive	2,736
Mrs. Ronak Iqbal Lakhani W/o Iqbal Ali Lakhani		110
Mrs. Fatima Lakhani W/o Zulfiqar Ali Lakhani		110
Mrs. Saira Amin Lakhani W/o Amin Mohammed Lakhani		110
Mrs. Roohi Aftab W/o Aftab Ahmad		27,062
EXECUTIVES		NIL
PUBLIC SECTOR COMPANIES AND CORPORATIONS		2,357,736
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON – BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABA AND MUTUAL FUNDS		6,090,050
GENERAL PUBLIC		9,542,908
OTHERS		3,834,641
SHAREHOLDERS HOLDING 10% OR MORE VOTING INTEREST		
SIZA (Private) Limited		14,016,675
SIZA Services (Private) Limited		15,667,290

Form of Proxy

I/We ____

of ____

a member of CENTURY PAPER & BOARD MILLS LIMITED

hereby appoint ____

of ____

or failing him ____

of ____

to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the Shareholders of the Company to be held on the 27th day of September 2010 and at any adjournment thereof.

Signed this ____________ day of ____________ 2010.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of shares held

Signature over Revenue Stamp

Witness 1

Signature ____________________

Name ____________________

CNIC No. ____________________

Address ____________________

Witness 2

Signature ____________________

Name ____________________

CNIC No. ____________________

Address ____________________

Notes:

1. The Proxy must be a member of the Company.

2. The signature must tally with the specimen signature/s registered with the Company.

3. If a proxy is granted by a member who has deposited his/her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.

4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi not less than 48 hours before the time of the meeting.

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AFFIX
CORRECT
POSTAGE

TO,
THE COMPANY SECRETARY
CENTURY PAPER & BOARD MILLS LIMITED
LAKSON SQUARE, BUILDING NO. 2,
SARWAR SHAHEED ROAD, KARACHI-74200.
PHONE: 021- 35698000

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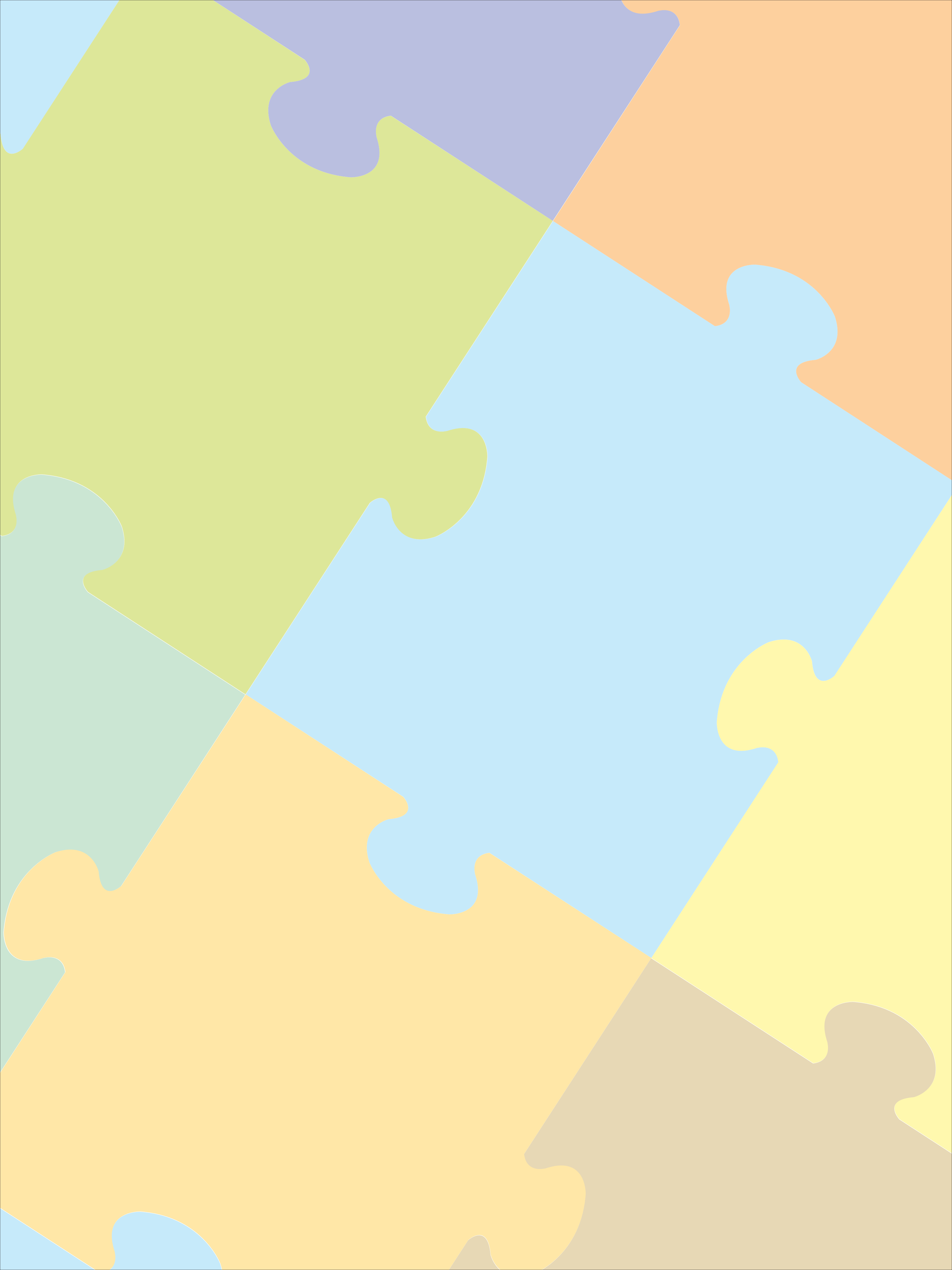

Century Paper & Board Mills Limited

Head Office
Registered Office,
Corporate/Shares Office & Regional Sales Office (South)
Sarwar Shaheed Road,

Regional Sales Office (North)
41-K, Model Town, Lahore, Pakistan.
Phone: (042) 35886801-4 Fax: (042) 35830338

Mills
67 KM, Lahore-Multan Highway-N5, District Kasur, Pakistan.
Phones: (049) 4511464-5, (049) 4510061-2 Fax: (049) 4510063

E-mail: info@centurypaper.com.pk
Website: www.centurypaper.com.pk