

Third Quarter Report
March 2011



Century Paper & Board Mills Limited



Supporting
Growth

Clean - Green - Sustainable

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Corporate Information

BOARD OF DIRECTORS

Iqbal Ali Lakhani - Chairman
Zulfiqar Ali Lakhani
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay
A. Aziz H. Ebrahim
Shahid Ahmed Khan
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 - General Manager 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

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LAHORE OFFICE

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MILLS

62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan
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SHARES REGISTRAR

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



Directors' Review

On behalf of the Board of Directors, I am pleased to present the performance review of the Company along with the financial statements for the third quarter ended March 31, 2011, and for the nine months period (July 2010 to March 2011) ended on the same date.

Company's Operating Performance

The Company's strategy to adjust the price with the use of alternate fuel during the gas curtailment period was accepted by the market. As a consequence both sales and production were above the un-economical levels for the quarter under review. The Company in the period of forced shut down of gas managed to ensure production on alternate fuels due to a better selling price.

The production for the period under review (July 2010 to March 2011) was 125,616 MT as compared to 118,847 MT of the comparable period of previous year. This includes production of 48,340 MT for the quarter under review as compared to 33,058 MT of the same quarter of the previous year.

Sales Review

The market remained receptive to the products of the Company during the quarter under review. The influx of the imported goods was also minimal due to the rising trends of international prices.

The Company was able to sell its products at reasonably improved prices than that of the previous two quarters of the current financial year.

The Company achieved a sales volume of 115,418 MT for the period under review (July 2010 to March 2011) which is almost the same volume i.e. 115,714 MT sold in the comparable period of the previous year. This includes current quarter (January-March 2011) sales of 42,558 MT as compared to 32,547 MT of the same quarter of the previous year.

The net sales of the Company for the period under review (July 2010 to March 2011) were Rs. 8,648 million as compared to Rs. 6,536 million of the comparable period of the previous year, showing an increase of 32%. This includes sales of Rs. 3,385 million for the current quarter under review as compared to Rs. 1,971 million of the same quarter of the previous year.

Financial Review

The Company depicted an overall improvement in gross and net operating profit figures. For the period under review (July 2010 to March 2011) the Company considerably improved its gross profit figure and earned a gross profit of Rs. 1,240 million as compared to gross profit of Rs. 800 million of the same comparable period of the previous year.



Directors' Review

Similarly the operating profit figure for the period under review (July 2010 to March 2011) improved and stood at Rs. 1,046 million as compared to Rs. 654 million of the comparable period of the previous year.

After providing for the financial expenses of Rs. 736 million and taxation of Rs. 191 million for the period under review (July 2010 to March 2011) the Company posted a net profit of Rs. 119 million as compared to net loss of Rs. 286 million of the comparable period of the previous year.

Loss per Share

Loss per share for the nine months ended March 2011, after taking into account the preference share dividend stood at Rs. 2.46 as compared to loss per share of Rs. 6.26 for the comparable period of the previous year.

It is encouraging to note that the Company has posted earnings per share of Rs. 0.70 for the quarter under review even after attributing the dividend payable for the quarter to the preference shareholders.

Near Term Outlook

The international prices of the wood pulp (the imported raw material) have now stabilized after touching its peak during the previous year. Your Directors are constantly reviewing the cost of Company's input in relation to the prices. They also expect that the gas supply position will improve in the following quarter (April-June 2011).

Depending on the above, your Company expects to post better results for the last quarter of this financial year.

Acknowledgments

Your Directors and management deeply appreciate the continued support and commitment of all the stakeholders especially the financial institutions. They are also thankful for the continued hard and sincere work of the employees of the Company of all cadres.

On behalf of the Board of Directors



Aftab Ahmad

Chief Executive Officer

Karachi: April 22, 2011



Condensed Interim Balance Sheet

as at March 31, 2011 (Un-audited)

	Note	March 31, 2011	June 30, 2010 (Audited)
(Rupees in thousands)			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment			9,850,801
Operating fixed assets	6	9,396,724	
Capital work in progress	7	110,897	28,416
		9,507,621	9,879,217
Intangible assets		33,749	41,463
Long-term loans and advances		4,279	4,501
Long-term deposits		2,825	2,905
Deferred taxation		107,548	212,547
		9,656,022	10,140,633
CURRENT ASSETS			
Stores and spares	8	778,274	738,727
Stock-in-trade	9	1,631,818	1,868,914
Trade debts (unsecured - considered good)		1,078,703	759,663
Loans and advances (unsecured - considered good)		76,215	87,902
Trade deposits and short term prepayments		15,589	6,968
Other receivables (unsecured - considered good)		13,859	10,164
Tax refunds due from Government	10	12,206	53,926
Taxation - net		26,818	137,451
Cash and bank balances		52,919	264,930
		3,686,401	3,928,645
TOTAL ASSETS		13,342,423	14,069,278
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
100,000,000 (June 30, 2010: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
310,000,000 (June 30, 2010: 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			
70,683,426 (June 30, 2010: 70,683,426) ordinary shares of Rs. 10 each		706,834	706,834
300,404,561 (June 30, 2010: 300,404,561) preference shares of Rs. 10 each	11	3,004,046	3,004,046
		3,710,880	3,710,880
Reserves		1,302,638	1,183,677
		5,013,518	4,894,557
NON - CURRENT LIABILITIES			
Subordinated loan	12	1,000,000	1,000,000
Long-term financing	13	3,375,000	4,225,000
		4,375,000	5,225,000
CURRENT LIABILITIES			
Trade and other payables	14	1,108,309	916,281
Financial charges payable	15	245,104	305,080
Short-term borrowings	16	1,750,492	1,878,360
Current portion of long-term financing	13	850,000	850,000
		3,953,905	3,949,721
CONTINGENCIES AND COMMITMENTS			
	17		
TOTAL EQUITY AND LIABILITIES		13,342,423	14,069,278

The annexed notes from 1 to 24 form an integral part of these financial statements.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director

Condensed Interim Profit and Loss Account

for the period ended March 31, 2011 (Un-audited)

	Note	Nine months ended		Quarter ended	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
(Rupees in thousands)					
Sales - net	18	8,647,982	6,535,742	3,385,313	1,970,730
Cost of sales	19	<u>(7,407,882)</u>	<u>(5,736,073)</u>	<u>(2,813,011)</u>	<u>(1,779,008)</u>
Gross profit		1,240,100	799,669	572,302	191,722
General and administrative expenses		(154,109)	(139,830)	(49,750)	(44,904)
Selling expenses		(23,220)	(18,681)	(7,771)	(6,039)
Distribution expense		(53,666)	(37,578)	(18,016)	(14,037)
Other operating charges					
Workers' profit participation fund		(16,624)	-	(14,811)	-
Workers' welfare fund		(6,317)	-	(5,628)	-
Others		(11,114)	(10,998)	(1,540)	(1,317)
		<u>(34,055)</u>	<u>(10,998)</u>	<u>(21,979)</u>	<u>(1,317)</u>
Other operating income		70,634	61,695	29,404	22,195
Operating profit		1,045,684	654,277	504,190	147,620
Financial charges		(736,149)	(905,969)	(228,416)	(248,367)
Profit / (loss) before taxation		<u>309,535</u>	<u>(251,692)</u>	<u>275,774</u>	<u>(100,747)</u>
Taxation					
Current		(86,737)	(32,679)	(34,110)	(9,854)
Prior year		1,163	(1,842)	-	(1,842)
Deferred		(105,000)	-	(96,000)	-
		<u>(190,574)</u>	<u>(34,521)</u>	<u>(130,110)</u>	<u>(11,696)</u>
Profit / (loss) for the period		<u>118,961</u>	<u>(286,213)</u>	<u>145,664</u>	<u>(112,443)</u>
(Loss) / earnings per share - basic and diluted attributable to ordinary shareholders (Rupees)		<u>(2.46)</u>	<u>(6.26)</u>	<u>0.70</u>	<u>(2.95)</u>

(Loss) / earnings per share – basic and diluted

There is no dilutive effect on the basic earnings per share of the Company which is calculated as follows:

Profit / (loss) for the period	118,961	(286,213)	145,664	(112,443)
Dividend attributable to cumulative preference shares	(293,161)	(156,210)	(96,294)	(96,294)
(Loss) / profit attributable to ordinary shareholders	<u>(174,200)</u>	<u>(442,423)</u>	<u>49,370</u>	<u>(208,737)</u>
Weighted average number of ordinary shares (in thousands)	70,684	70,684	70,684	70,684
(Loss) / earnings per share attributable to ordinary shareholders (Rupees)	<u>(2.46)</u>	<u>(6.26)</u>	<u>0.70</u>	<u>(2.95)</u>

The annexed notes from 1 to 24 form an integral part of these financial statements.


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director

THIRD QUARTER REPORT MARCH 2011

Condensed Interim Statement of Comprehensive Income

for the period ended March 31, 2011 (Un-audited)

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(Rupees in thousands)			
Profit / (loss) for the period	118,961	(286,213)	145,664	(112,443)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	118,961	(286,213)	145,664	(112,443)

The annexed notes from 1 to 24 form an integral part of these financial statements.


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director



Condensed Interim Statement of Cash Flows

for the period ended March 31, 2011 (Un-audited)

	Note	March 31, 2011	March 31, 2010
(Rupees in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	1,746,980	968,203
Financial charges paid		(796,125)	(1,079,114)
Taxes refund / (paid) - net		21,735	(29,887)
Gratuity paid		(16,796)	(17,189)
Long-term loans and advances - net		222	1,022
Long-term deposits - net		80	(100)
Net cash generated from / (used in) operating activities		956,096	(157,065)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(192,781)	(100,684)
Proceeds from disposal of operating fixed assets		2,542	3,983
Net cash used in investing activities		(190,239)	(96,701)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of right preference shares		-	3,004,046
Transaction cost - preference shares		-	(30,283)
Repayment of long-term financing from banking companies		(850,000)	(446,429)
Repayment of subordinated loan		-	(650,000)
Repayment of long term Sponsors / Directors' loan		-	(2,170,000)
Net cash used in financing activities		(850,000)	(292,666)
Net decrease in cash and cash equivalents		(84,143)	(546,432)
Cash and cash equivalents at the beginning of the period		(1,613,430)	(684,605)
Cash and cash equivalents at the end of the period		(1,697,573)	(1,231,037)
CASH AND CASH EQUIVALENTS			
Cash and bank balances		52,919	64,580
Short-term borrowings		(1,750,492)	(1,295,617)
		(1,697,573)	(1,231,037)

The annexed notes from 1 to 24 form an integral part of these financial statements.


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director



Condensed Interim Statement of Changes in Equity

for the period ended March 31, 2011 (Un-audited)

Issued, subscribed and paid-up capital		Reserves						Sub-total	Total
		Capital			Revenue				
Ordinary share capital	Preference share capital	Share Premium	Merger reserve	Total	General reserve	Accumulated loss	Total		

(Rupees in thousands)

Balance as at July 1, 2009	706,834	-	984,652	7,925	992,577	1,232,750	(1,053,683)	179,067	1,171,644	1,878,478
Preference shares issued	-	3,004,046	-	-	-	-	-	-	-	3,004,046
Transaction cost - preference shares	-	-	-	-	-	-	(30,283)	(30,283)	(30,283)	(30,283)
Total comprehensive loss for the period ended March 31, 2010	-	-	-	-	-	-	(286,213)	(286,213)	(286,213)	(286,213)
Balance as at March 31, 2010	706,834	3,004,046	984,652	7,925	992,577	1,232,750	(1,370,179)	(137,429)	855,148	4,566,028
Balance as at July 1, 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
Total comprehensive income for the period ended March 31, 2011	-	-	-	-	-	-	118,961	118,961	118,961	118,961
Balance as at March 31, 2011	706,834	3,004,046	984,652	7,925	992,577	1,232,750	(922,689)	310,061	1,302,638	5,013,518

The annexed notes from 1 to 24 form an integral part of these financial statements.


AFTAB AHMAD
 Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
 Director



Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2011 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

This condensed interim financial report of the Company for the nine months ended March 31, 2011 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2010.

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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



Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2011 (Un-audited)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2010.

4. TAXATION

The provisions for taxation for the nine months and quarter ended March 31, 2011 have been made using the estimated effective tax rate applicable to expected total annual earnings.

5. ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2010.

Note	March 31, 2011	June 30, 2010 (Audited)
	(Rupees in thousands)	

6. OPERATING FIXED ASSETS

Opening net book value (NBV)	9,850,801	10,157,985
Additions (at cost) during the period / year	6.1 <u>109,923</u>	<u>439,756</u>
	9,960,724	10,597,741
Disposals (NBV) during the period / year	6.2 <u>(2,340)</u>	<u>(3,533)</u>
Depreciation charge for the period / year	<u>(561,660)</u>	<u>(743,407)</u>
	(564,000)	(746,940)
Closing net book value (NBV)	<u>9,396,724</u>	<u>9,850,801</u>

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

Freehold land	-	6,448
Buildings on freehold land	1,989	21,563
Plant and machinery	87,792	381,785
Furniture and fixtures	524	518
Vehicles	12,712	19,339
Electrical and other equipments	1,814	5,725
Computers	5,092	4,378
	<u>109,923</u>	<u>439,756</u>



Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2011 (Un-audited)

	March 31, 2011	June 30, 2010 (Audited)
(Rupees in thousands)		
6.2 Detail of disposals (NBV) during the period / year are as follows:		
Vehicles	2,244	3,533
Computers	96	-
	2,340	3,533

7. CAPITAL WORK IN PROGRESS

An amount of Rs. 63.24 million (June 30, 2010: Rs. 379 million) has been transferred to operating fixed assets during the period / year.

8. STORES AND SPARES

Stores	168,386	183,518
Spares		
in hand	592,898	532,949
in transit	46,290	47,960
	639,188	580,909
	807,574	764,427
Provision for slow moving stores and spares	(29,300)	(25,700)
	778,274	738,727

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

9. STOCK-IN-TRADE

Raw materials:		
in hand	837,497	1,140,212
in transit	508,589	619,847
	1,346,086	1,760,059
Work-in-process	226,640	78,054
Finished goods	59,092	30,801
	1,631,818	1,868,914

10. TAX REFUNDS DUE FROM GOVERNMENT

(Considered good)		
Income tax	12,206	8,882
Sales tax and special excise duty	-	45,044
	12,206	53,926

11. PREFERENCE SHARES

11.1 This represents 300,404,561 preference right shares of the face value of Rs. 10 each, aggregating to Rs. 3,004,045,610. These shares are not listed on any of the stock exchanges in Pakistan.



Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2011 (Un-audited)

11.2 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. 546.73 million (June 30, 2010: Rs. 253.57 million).

11.3 The preference shareholders do not have any voting rights and will not be entitled to 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.

11.4 The Company shall have the option, but is not obliged, to redeem the preference shares 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.

12. SUBORDINATED LOAN - (UNSECURED)

This loan is subordinated to the repayment of Islamic Sukuk Certificates of Rs. 3,500 million (note 13.1) and Syndicated Term Finance Facility of Rs. 2,000 million (note 13.2).

This loan carries mark-up at 11% per annum (June 30, 2010: 11% per annum). 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	March 31, 2011	June 30, 2010 (Audited)
(Rupees in thousands)			

13. LONG TERM FINANCING

From banking companies and other financial institutions - secured

Utilized under mark-up arrangements financed by:

Islamic Sukuk Certificates	13.1	2,450,000	3,150,000
Consortium of Banks (Syndicated)	13.2	1,775,000	1,925,000
		<u>4,225,000</u>	<u>5,075,000</u>
Current portion shown under current liabilities		<u>(850,000)</u>	<u>(850,000)</u>
		<u>3,375,000</u>	<u>4,225,000</u>

13.1 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 second and third installments of principal repayment of Rs. 350 million each have been made during the period.

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

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2011 (Un-audited)

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 mark-up rate was 14.12% (June 30, 2010: 13.91%) per annum.

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.

13.2 This syndicated term finance facility of Rs. 2,000 million has been obtained from a consortium of banks under joint facility arrangement with Sukuk Financing 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 second and third installments of principal repayment of Rs. 75 million each have been made during the period.

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, the effective mark-up rate was 14.28% per annum (June 30, 2010: 14.06% per annum).

	March 31, 2011	June 30, 2010 (Audited)
	(Rupees in thousands)	
14. TRADE AND OTHER PAYABLES		
Creditors	442,634	347,470
Foreign bills payable	243,701	306,408
Accrued liabilities	164,456	164,684
Sales tax and special excise duty payable	77,801	-
Customers' balances	116,359	64,477
Provident fund payable	2,839	2,851
Gratuity payable	1,881	1,861
Workers' profit participation fund	16,624	3,791
Workers' welfare fund	6,317	1,441
Unclaimed dividend	736	736
Security deposits	4,150	1,050
Other liabilities	30,811	21,512
	1,108,309	916,281
15. FINANCIAL CHARGES PAYABLE		
Financial charges payable on:		
Long-term financing	231,077	292,582
Short-term borrowings	14,027	12,498
	245,104	305,080



Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2011 (Un-audited)

	Note	March 31, 2011	June 30, 2010 (Audited)
(Rupees in thousands)			
16. SHORT TERM BORROWINGS			
From Sponsors - unsecured	16.1	400,000	400,000
From Banking Companies - secured:			
Running finances	16.2	786,143	1,144,581
Import credit finances	16.2	564,349	333,779
		1,350,492	1,478,360
		1,750,492	1,878,360

16.1 This loan carries mark-up at the rate of 11% per annum (June 30, 2010: 11% per annum).

16.2 The effective mark-up rates for running finances and import credit finances are 14.03% per annum (June 30, 2010: 13.80% per annum) and 2.53% per annum (June 30, 2010: 3.27% per annum) respectively.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 278.58 million (June 30, 2010: Rs. 274.58 million).

17.2 Commitments

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

- a) Letters of credit other than for capital expenditure amounted to Rs. 1,026.86 million (June 30, 2010: Rs. 839.26 million).
- b) Capital expenditure including letters of credit amounted to Rs. 57.38 million (June 30, 2010: Rs. 18.85 million).

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
(Rupees in thousands)				
18. SALES				
Gross sales - Local	10,237,806	7,625,327	4,031,351	2,300,250
- Export	1,616	1,663	1,616	-
	10,239,422	7,626,990	4,032,967	2,300,250
:				
Sales tax	(1,468,558)	(1,026,924)	(577,359)	(310,091)
Special excise duty	(97,146)	(64,324)	(44,559)	(19,429)
Sales Discount	(25,736)	-	(25,736)	-
	(1,591,440)	(1,091,248)	(647,654)	(329,520)
	8,647,982	6,535,742	3,385,313	1,970,730

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2011 (Un-audited)

	Nine months ended		Quarter ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
(Rupees in thousands)				
19. COST OF SALES				
Materials consumed	4,942,225	3,547,696	1,933,034	985,299
Fuel and power	1,201,376	798,959	551,454	257,048
Depreciation on property, plant and equipment	546,261	542,181	182,016	182,492
Salaries, wages and other benefits	304,866	262,888	104,019	89,270
Stores and spares consumed	92,886	89,530	26,928	25,114
Repairs and maintenance	283,305	247,821	120,158	85,198
Packing expenses	161,096	112,730	61,414	36,971
Insurance	32,872	37,744	10,758	12,798
Security services charges	7,668	6,452	2,998	2,073
Provision for slow moving stores and spares	3,600	2,025	1,200	675
Printing, stationery and periodicals	3,114	2,214	1,076	969
Rent, rates and taxes	3,007	3,007	1,002	1,002
Travelling and conveyance	1,608	1,952	119	543
Communication	501	385	194	112
Amortization on intangible assets	374	174	130	58
Manufacturing cost	<u>7,584,759</u>	<u>5,655,758</u>	<u>2,996,500</u>	<u>1,679,622</u>
Work-in-process:				
Opening stock	78,054	114,138	64,824	106,774
Closing stock	<u>(226,640)</u>	<u>(47,865)</u>	<u>(226,640)</u>	<u>(47,865)</u>
	<u>(148,586)</u>	<u>66,273</u>	<u>(161,816)</u>	<u>58,909</u>
Cost of goods manufactured	<u>7,436,173</u>	<u>5,722,031</u>	<u>2,834,684</u>	<u>1,738,531</u>
Finished goods:				
Opening stock	30,801	32,493	37,419	58,928
Closing stock	<u>(59,092)</u>	<u>(18,451)</u>	<u>(59,092)</u>	<u>(18,451)</u>
	<u>(28,291)</u>	<u>14,042</u>	<u>(21,673)</u>	<u>40,477</u>
	<u>7,407,882</u>	<u>5,736,073</u>	<u>2,813,011</u>	<u>1,779,008</u>

Note	March 31, 2011	March 31, 2010
	(Rupees in thousands)	

20. CASH GENERATED FROM OPERATIONS

Profit / (loss) before taxation	309,535	(251,692)
Adjustment for non cash charges and other items:		
Depreciation	561,660	556,313
Amortization of intangible assets	8,090	7,921
Profit on sale of operating fixed assets	(202)	(565)
Provision for gratuity	16,816	16,742
Provision for slow moving stores and spares	3,600	2,025
Financial charges	736,149	905,969
Working capital changes	20.1 111,332	(268,510)
	<u>1,437,445</u>	<u>1,219,895</u>
	<u>1,746,980</u>	<u>968,203</u>



Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2011 (Un-audited)

	March 31, 2011 (Rupees in thousands)	March 31, 2010
20.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(43,147)	(183,540)
Stock-in-trade	237,096	206,395
Trade debts	(319,040)	(101,341)
Loans and advances	11,687	23,286
Trade deposits and short-term prepayments	(8,621)	214
Other receivables	(3,695)	(3,270)
Tax refunds due from Government - Sales tax and special excise duty	45,044	-
	(80,676)	(58,256)
Increase / (decrease) in current liabilities:		
Trade and other payables	192,008	(210,254)
	111,332	(268,510)

21. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relation with the company	Nature of transaction	Note	Nine months ended		Quarter ended	
			March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
(Rupees in thousands)						
Associated companies	Sales of goods and services		872,679	667,034	278,519	248,454
	Purchase of goods and services		100,569	94,801	18,566	11,124
	Rent and other allied charges		3,052	3,263	1,018	1,088
	Insurance agency commission		5,400	5,250	1,800	1,619
	Short-term financing repaid		-	650,000	-	-
	Issue of right preference shares		-	2,989,155	-	-
Other related parties	Purchase of goods and services		9,739	3,797	3,881	1,138
Sponsors and Directors	Issue of right preference shares		-	177	-	-
	Long-term financing repaid		-	2,820,000	-	-
	Short-term financing obtained		-	1,100,000	-	-
	Short-term financing repaid		-	600,000	-	-
	Mark-up on sponsor's loan		115,605	247,337	37,973	40,836
Retirement benefit plans	Contribution to staff retirement benefit plans		30,851	30,746	10,310	9,655
Key Management Personnel	Remuneration and other benefits	21.3	90,604	69,476	28,409	21,635

Notes to the Condensed Interim Financial Statements

for the period ended March 31, 2011 (Un-audited)

	March 31, 2011	June 30, 2010 (Audited)
(Rupees in thousands)		
21.2 Period / year end balances		
Receivable from related parties	112,432	68,364
Advance to related parties	120	-
Payable to related parties	9,370	7,077
Long-term financing from sponsors	1,000,000	1,000,000
Short-term financing from sponsor	400,000	400,000
Mark-up payable on sponsors' loan	221,031	105,425

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

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

22. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 22, 2011 by the Board of Directors of the Company.

23. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison, the effect of which is not material except for following significant changes made during the period:

- a) Foreign bills payable amounting to Rs. 306.41 million previously included in "Creditors" under the head of "Trade and other payable" has now been separately disclosed (note 14).
- b) Stores and spares consumed for the quarter and nine months ended March 31, 2010 amounting to Rs. 25.11 million and Rs. 89.53 million respectively, previously included under head of "Repairs and maintenance" have now been separately disclosed under "Cost of sales" (note 19).
- c) Rent, rates and taxes for the quarter and nine months ended March 31, 2010 amounting to Rs. 1.00 million and Rs. 3.00 million respectively, previously shown under "General and administrative expenses" have now been presented under "Cost of sales" (note 19).

24. GENERAL

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


AFTAB AHMAD
Chief Executive Officer


TASLEEMUDDIN AHMED BATLAY
Director





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