CENTRAL FOREST PRODUCTS LTD.

CENTRAL FOREST PRODUCTS LTD.

27th Annual Report
2013.

CENTRAL FOREST PRODUCTS LTD.

VISION

To strive at producing high quality wooden products,
explore new era to achieve the highest level of commercial success
with social & environmental responsibilities.

MISSION

To bring in the best, become more focused on the market, reduce cost of organization, take prompt decisions and make Central Forest Products Ltd. an Organization with a promising future.

CONTENTS

CENTRAL FOREST PRODUCTS LTD.
COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Abdul Aziz H.Yaqoob	(Chairman / Chief Executive / Managing Director)
Mr. Aamir Aziz	(Company Secretary)
Mr. Muhammad Sharif H. Yaqoob	
Mrs. Qamarunnisa Aziz	
Mrs. Farhana Zain	
Mrs. Saira Adam	
Mrs. Fauzia Adnan	

COMPANY SECRETARY

Mr. Aamir Aziz

BOARD AUDIT COMMITTEE

Mr. Muhammad Sharif H. Yaqoob	(Chairman)
Mrs. Farhana Zain	(Member/Secretary)
Mrs. Fauzia Adnan	(Member)

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mrs. Farhana Zain	(Chairman)
Mrs. Fauzia Adnan	(Member/Secretary)
Mr. Muhammad Sharif H. Yaqoob	(Member)

LEGAL ADVISOR

B. S. Bukhari, Advocate

AUDITORS

Mr. Iqbal Ahmad Abdan
ABDAN & CO.
Chartered Accountants

BANKERS

National Bank of Pakistan
Bank AL-Falah Ltd.
Summit Bank Ltd.
National Development Finance Corporation (Former)

REGISTERED OFFICE

Central Chambers,
Ireland Road, Karachi.

FACTORY

Plot No. 7 & 8, Sector D,
Mouza Pathara, Hub, Balochistan.

CENTRAL FOREST PRODUCTS LTD.

NOTICE OF MEETING

Notice is hereby given that the 27th Annual General Meeting of Central Forest Products Ltd. will be held on Tuesday the 29th October, 2013 at 10:30 A.M. at Central Chamber, Ireland Road, Karachi to transact the following business.

Ordinary Business:

1. To confirm the Minutes of the last Annual General Meeting held on 29th October, 2012.

2. To receive, consider and adopt the Audited Accounts for the year ended 30th June, 2013 together with the Directors' and Auditors' Report thereon.

3. To appoint auditors of the Company for the year 2013-14 and fix their remuneration.

4. To transact any other business with the permission of the Chair.

By order of the Board

AAMIR AZIZ
Company Secretary

Karachi :- 9th October, 2013.

NOTE:

1. A member entitled to attend and vote at this meeting may appoint another member as his/ her proxy to attend the meeting and vote instead of him / her. A proxy must be a member of the Company.

2. Proxies in order to be effective must be duly attested & received at the Registered Office of the Company not less than **48** hours before the meeting.

3. The Share transfer books of the Company will remain closed from 22nd October, 2013 to 29th October, 2013 (Both days inclusive).

4. Members are required to notify the Company if any changes are made to their addresses.

DIRECTORS' REPORTS

The Directors of your company take pleasure in presenting the 27th annual report for the year ended 30th June, 2013.

Financial Results

The Sales during the year was Nil as compared of last year there is Rs. 86,070. Due to hold up of export to Iraq. The company during this period has made loss of Rs. 2.470 million as against loss of Rs. 3.033 million in the previous year. The financial result are summarized below :

	Year Ended 30th June 2013	Year Ended 30th June 2012
Sales	----------	86,070
Gross Profit	----------	13,270
Profit / (Loss) Before Taxation	(2,461,478)	(3,012,788)
Taxation	8,825	20,688
Profit / (Loss) After Taxation	(2,470,303)	(3,033,476)
Accumulated Profit / (Loss) brought forward	(53,497,791)	(50,464,315)
Accumulated Profit / (Loss) carried forward	(55,968,094)	(53,497,791)

LOSS PER SHARE

Loss per share of the Company is Rs. (0.82) whereas loss of Rs. (1.01) in (2012).
Because of the accumulated loss in the period no dividend has been declared.

REASON FOR INCURRING LOSS AND FUTURE PROSPECT

The company has loss because its operation is stopped due to stand still condition and loss is only represent the fixed / minimum expenses that are necessary for keeping the Company alive. The Company's future prospect for revival is explained as under :

FUTURE PROSPECT

We tried all the steps which were humanly possible for the reactivation of Iraqi Doors L.C. After the closure of UN OIL FOR FOOD PROGRAMMEE we approached New Iraqi Government at the highest level, but we didn't succeed. We also participated in the tender floated by State Trading Company for Construction Material who were the original buyer of our Doors but there also we didn't succeed due to non-cooperation of our Banker.

After failure of steps taken for the activation of L.C. and participation in the tender at Iraq, we diverted our attention towards private parties in Baghdad to dispose off our stock of Doors. Our agent based in Jordan / Iraq is looking for some serious private buyers for Sale of our Doors. A part from this we are also approaching parties in Qatar / other Middle East countries as there are lot of construction work is in progress.

During the period the Company has provided the services of seasoning of timber.

AUDITORS QUALIFICATION

Points raised by Auditors are explained as under :

1. The value of closing stocks is valued at cost as derived from reputed Timber Merchants Businessmen & also from Karachi Timber Group. However, we agree to Auditors remarks that it should be valued at Net realizable value (NRV) and for this purpose we are in the process of appointing an independent Valuator to ascertain the NRV of Stocks.
2. Regarding the outstanding amount of Former NDFC (Now National Bank of Pakistan), and NBP the Company has filed suit in the High Court of Sindh for Rendition / Settlement of accounts and damages amounting in sum of PKR. 1,259,857,666/- and National Bank of Pakistan has filed suit under the financial institutions (Recovery of Finances) Ordinance 2001 in the High Court of Sindh and in the Banking Court Karachi of Rs.451,397,842.81/- and Rs. 22, 347,571/- respectively. Company is confident that it will get the relief

from the court being company's contention is based on facts and have weight, whereas Bank has filed the suit only after filing of suit by the company against them in retaliation.

Karachi Stock Exchange has proposed to delist our Company. The management is also considering to delist the company from Karachi / Lahore & Islamabad Stocks Exchanges, it cannot do so as the matter is **subjudice** and also due to financial constraints. However the company is quite hopeful to get relief from the Court. Further efforts by the management to dispose off the stocks will definitely result in clearing the debts enabling the company as going concern.

3. Regarding the DTRE, although the approval expired on 30.3.2008, since then we are in touch with Custom Authorities and explained to them our peculiar case that due to FORCE MEJEURE circumstances (War in Iraq) we could not export our goods. The entire quantity is stored in our factory and DTRE condition will be met once the goods are exported.

Statement on Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the company, present fairly its state of affairs, the results of its operation, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards as applicable in Pakistan have been followed in preparation of financial statements.
- The existing system of internal control and other procedure are been continuously reviewed by the internal auditor. The process of review will continue and any weakness in controls will have immediate attention of the management.
- There are no doubts upon the ability to continue as a going concern once the export to Iraq starts.
- There has been no material departure from the best practice of the corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six years in summarized from is annexed.
- Information about taxes and levies is given in the notes to the accounts.
- During the year seven (7) meetings of the Board of Directors were held. Attendance by each director is as follows:

	Name of Directors	No of Meeting Attended
1.	Mr. Abdul Aziz H. Yaqoob	7
2.	Mr. Aamir Aziz	7
3.	Mrs. Qamarunnisa Aziz	7
4.	Mrs. Farhana Zain	7
5.	Mrs. Saira Adam	2
6.	Mrs. Fauzia Adnan	7
7.	Mr. Muhammad Sharif	2

- The Pattern of Share Holding is annexed.
- The CEO , CFO , Company Secretary & their spouses and minor children did not carry out any transaction in the shares of the Company during this year.

Auditors

The present auditors, Messrs Abdan & Co., retiring on the date of Annual General Meeting, being eligible, have offered themselves for re-appointment. The Audit Committee has recommended their appointment.

For and on behalf of the Board of Directors

ABDUL AZIZ H. YAQOOB
Chairman / Chief Executive

Karachi :- 9th October, 2013

CENTRAL FOREST PRODUCTS LIMITED

KEY OPERATING AND FINANCIAL DATA

YEAR	2013	2012	2011	2010	2009	2008
			(RS.000)			
Paid up Capital	30,000	30,000	30,000	30,000	30,000	30,000
Holders Equity	(25,968)	(23,497)	(20,464)	(19,034)	(16,494)	(20,768)
Current Liabilities	249,055	250,047	254,243	255,595	255,405	261,147
Fixed Assets	47,019	49,970	53,178	56,669	60,471	64,726
Current Assets	251,294	252,086	251,289	251,102	249,609	243,563
Operating Profit / (Loss)	(524)	(571)	(625)	(1,037)	(714)	(1,290)
Profit / (Loss) before Tax	(2,461)	(3,012)	(1,401)	(2,540)	4,332	(1,446)
Taxation	9	20	29	-	56	-
Profit / (Loss) after tax	(2,470)	(3,033)	(1,430)	(2,540)	4,276	(1,446)

CENTRAL FOREST PRODUCTS LIMITED

PATTERN OF SHAREHOLDINGS

AS AT 30TH JUNE , 2013

Number of Shareholders	Shareholding		Total Shares held
	From	To	
87	1	100	8,600
763	101	500	378,100
8	501	1,000	6,800
3	1,001	5,000	7,000
1	5,001	10,000	10,000
0	10,001	15,000	-
2	15,001	20,000	36,000
3	20,001	50,000	97,500
4	50,001	100,000	285,800
1	100,001	300,000	121,300
1	300,001	500,000	483,500
2	500,001	1,000,000	1,565,400
875			**3,000,000**

Categories of Shareholders		Number of Shareholders	Shares held	Percentage %
1	Individuals	873	2,995,000	99.83
2	Investment Companies	2	5,000	0.17
		875	**3,000,000**	100.00

CENTRAL FOREST PRODUCTS LIMITED

DETAIL OF PATTERN OF SHAREHOLDING AS PER REQUIRMENT OF CODE OF CORPORATE GOVERNANCE

S.NO	CATEGORY OF SHAREHOLDERS AS ON JUNE 30, 2013	NO. OF SHARES
	FINANCIAL INSTITUTIONS	
1	Investment Corporation of Pakistan	5,000
		5,000

DIRECTORS, CEO, THEIR SPOUSE AND CHILDREN

S.NO	CATEGORY OF SHAREHOLDERS AS ON JUNE 30, 2013	NO. OF SHARES
1	Mr. Abdul Aziz H.Yaqoob	977,500
2	Mr. Aamir Aziz	587,900
3	Mr. Sharif H.Yaqoob	483,500
4	Mrs. Qamrunnisa Aziz	121,300
5	Mrs. Farhana Zain & Zain Allah Rakha	34,500
6	Mrs. Saira Adam	67,500
7	Mrs. Fouzia Adnan	977,500
		2,342,100

CENTRAL FOREST PRODUCTS LIMITED
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE, 2013

This statement is being presented to comply with the code of corporate governance contained in listing regulation of Stock Exchanges where the shares of the Company are listed, for the purpose of establishing a framework of good corporate governance, whereby a listed company is managed in compliance with best practices of corporate governance.
The company has applied the principles contained in the Code in the following manner.

1. The company encourages representation of independent non executive directors and directors representing minority interest on its Board of Directors. At present the board includes.

Category	Name
Independent Directors	—
Executive Directors	1. Abdul Aziz H. Yaqoob 2. Aamir Aziz 3 Qamarunnisa Aziz
Non-Executive Directors	1. Saira Adam 2. Farhana Zain 3. Fauzia Adnan 4. Muhammad Sharif H. Yaqoob

2. The directors have confirmed that none of the directors of the company are serving as a director in more than seven listed companies, including this company.
3. The Company has prepared a “Code of Conduct’ and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
4. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
5. There was no casual vacancy occurred in the Board of directors during the current year.
6. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.
7. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payments of any loan to a banking company, a DFI or an NBFI. No director in the board is a member of any Stock exchange in Pakistan or has been declared as defaulter by that exchange.
8. The Directors were apprised of their duties and responsibilities from time to time.
9. The CEO and CFO duly endorsed the financial statements of the company before approval of the board.

10. The director's report has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.
11. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
12. The Board has formed an audit committee. It comprises three members, all of them are non-executive directors including the Chairman of the Committee.
13. All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other executive and non-executive directors have been taken by the Board.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
16. The Board has set up an effective internal audit function and that is involved in the Internal Audit relating to the business and other affairs of the Company.
17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 ICAP.
18. All transactions with related parties have been carried out on arm's length basis. Transactions with related parties have been placed before the audit committee and board of directors' meeting for their consideration and formal approval.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The Board has formed Human Resource and Remuneration Committee. It comprises of three members, majority of them including Chairman of committee are non executive directors.
21. The "Closed Period", prior to the announcement of interim and final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information if any has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles contained in the code have been complied with.

ABDUL AZIZ H. YAQOOB.	MRS. QAMARUNNISA AZIZ
CHIEF EXECUTIVE	DIRECTOR

Date: 09th October, 2013.
Place: Karachi

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE 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 **CENTRAL FOREST PRODUCTS LIMITED** ('the Company') to comply with the Listing Regulations of the respective Stock Exchanges, 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 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, listing regulations of respective stock exchanges 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 transaction which are not executed at arm's length price recording proper justifications 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 under taken at arm's length price or not.

Based on our review, except for the above, 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, 2013.

IQBAL AHMAD ABDAN
ABDAN & CO
Chartered Accountants
KARACHI
Dated : 9th October, 2013.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **CENTRAL FOREST PRODUCTS LIMITED** as at June 30, 2013 and the related profit and loss account, 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 the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:-

1. Stock in Trade include work in process valuing Rs.176,301,485/- and finished goods valuing Rs.69,266,705/- is manufactured as per specific order from one of the customer in Iraq. However in view of prevailing situation in Iraq coupled with lapsing of letter of credit period worth Euro 13,609,525/- (Note # 3.1.6), it is unlikely that the goods will be exported in near future. Management has valued these stocks at cost, which we feel is not appropriate and be valued at net realizable value.

2. The Company's financing arrangements as refereed to in note # 3 and note # 8 has expired on April 30, 2003 and December 31, 2004 respectively, During the year under consideration National Bank of Pakistan has filed Suit in the High Court of Sind for the recovery of Rs.451,397,843/- and before the Banking Court Karachi of Rs.22,347,571/- respectively. No provision have been made in these accounts. Had the provision has been made the accumulated loss will have been increased by Rs. 266,281,858/-.

   Furthermore accumulated losses of the Company aggregating to Rs 55.968 million have wiped out the equity by Rs 25.968 million, these events indicated materiel un-certainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements and related notes do not disclose these facts.

3. The Company DTRE approval has expired on 30-03-2008 and if the company is unable to obtain the extension of DTRE approval an amount of Rs.51,974,589/- along with additional

taxes and penalties will have to be paid to Custom, Sales Tax and Income Tax Departments .

(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) Except for the effect of the matter referred in paragraph 1 to 3, the balance sheet and profit & loss account together with the notes thereon have been drawn up inconformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(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) Due to significance of the matters referred to in paragraph 1 to 3 above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and do not give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the Company's affairs as at June 30, 2013, and of the loss, its cash flows and changes in equity for year then ended; and

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

Other Matters:

The financial Statements for the year 30th June, 2012 were audited by Ibrahim Sheikh & Co Chartered Accountants who has issued adverse opinion on those financial statements vide their report dated. 09th October 2012.

IQBAL AHMAD ABDAN
ABDAN & CO
CHARTERED ACCOUNTANTS
DATED : 9th October, 2013.
PLACE : Karachi.

CENTRAL FOREST PRODUCTS LIMITED

BALANCE SHEET
AS AT JUNE 30, 2013

	Note	(Audited) June 30, 13 Rupees	**(Audited) June 30, 12 Rupees**
SHARE CAPITAL			
Authorized			
3,000,000 ordinary shares of Rs. 10/- each		30,000,000	30,000,000
Issued, subscribed & paid up			
3,000,000 ordinary shares of Rs. 10/- each issued for cash		30,000,000	30,000,000
Accumulated Loss		(55,968,094)	(53,497,791)
		(25,968,094)	(23,497,791)
LONG TERM FINANCING	3	-	-
LONG TERM LOANS	4	75,176,239	75,477,884
DEFERRED LIABILITIES			
Gratuity	5	121,933	102,804
CURRENT LIABILITIES			
Trade & others payables	6	132,453,850	132,434,985
Accrued mark-up	7	9,008,219	9,008,219
Short term running finance under mark-up arrangements	8	101,530,812	101,530,812
Current portion of long term borrowings	9	6,053,790	7,053,790
Provision for taxation		8,825	19,817
		249,055,496	250,047,623
CONTINGENCIES & COMMITMENTS	10	-	-
		298,385,574	302,130,520

	Note	(Audited) June 30, 13 Rupees	**(Audited) June 30, 12 Rupees**
FIXED ASSETS			
Tangible			
Property, Plant & Equipment	11	47,018,765	49,970,340
LONG TERM DEPOSITS		73,186	73,186
CURRENT ASSETS			
Stores & spares parts	12	3,146,883	3,179,545
Stock-in-trade	13	245,568,190	245,568,190
Advances	14	92,000	92,000
Trade deposits and Current account balance with statutory authorities	15	530,861	532,834
Tax refund due from government	16	1,916,976	1,916,976
Cash and Bank balances	17	38,713	797,449
		251,293,623	252,086,994
		298,385,574	302,130,520

The annexed notes from an integral part of these financial statements.

ABDUL AZIZ H. YAQOOB
CHIEF EXECUTIVE

MRS. QAMARUNNISA AZIZ
DIRECTOR

CENTRAL FOREST PRODUCTS LIMITED

PROFIT & LOSS ACCOUNT
FOR THE PERIOD ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
SALES			
SALES - EXPORT		-	**86,070**
NET SALES	18	-	86,070
COST OF SALES	19	-	72,800
GROSS PROFIT / (LOSS)		-	13,270
OPERATING EXPENSES			
Administrative	20	**524,034**	538,945
Selling & Distribution	21	-	45,878
		(524,034)	(584,823)
OPERATING LOSS		**(524,034)**	(571,553)
OTHER INCOME	22	**1,764,918**	1,982,734
		1,240,884	1,411,181
OTHER CHARGES			
Financial Cost	23	**556**	1,286
Other Charges	24	**3,701,806**	4,422,683
		3,702,362	4,423,969
LOSS BEFORE TAXATION		**(2,461,478)**	(3,012,788)
TAXATION	25	**8,825**	20,688
LOSS AFTER TAXATION		**(2,470,303)**	(3,033,476)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME		**(2,470,303)**	(3,033,476)
ACCUMULATED (LOSS) BROUGHT FORWARD FROM LAST YEAR		**(53,497,791)**	(50,464,315)
ACCUMULATED (LOSS) CARRIED OVER TO BALANCE SHEET		**(55,968,094)**	(53,497,791)
BASIC LOSS PER SHARE.	26	**(0.82)**	**(1.01)**

The annexed notes from an integral part of these financial statements.

ABDUL AZIZ H. YAQOOB
CHIEF EXECUTIVE

MRS. QAMARUNNISA AZIZ
DIRECTOR

CENTRAL FOREST PRODUCTS LIMITED

CASH FLOW STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2013

	2013 Rupees		2012 Rupees	
CASH FLOW FROM OPERATING ACTIVITIES				
Loss before taxation		(2,461,478)		(3,012,788)
Adjustments for :				
Depreciation	2,951,575		3,208,369	
Deferred liabilities - Gratuity	19,129		18,496	
Finance cost	556		1,286	
		2,971,260		3,228,151
Operating profit before working capital changes		509,782		215,363
Changes in Working Capital				
(Increase)/decrease in current assets				
Stores & spares parts	32,662		45,849	
Tax Refund due from Government	-		(127,141)	
		32,662		(81,292)
Increase/(decrease) in current liabilities				
Trade & others payables		18,865		313,175
		51,527		231,883
Cash generated from operations		561,309		447,246
Finance cost paid	(556)		(1,286)	
Income Tax paid	(17,844)		(49,085)	
		(18,400)		(50,371)
Net cash inflow from operating activities		542,909		396,875
CASH FLOW FROM INVESTING ACTIVITIES				
Net cash inflow / (outflow) from investing activities		-		-
CASH FLOW FROM FINANCING ACTIVITIES				
Long Term Loans	(301,645)		4,800,503	
Liabilities against Current portion of long term borrowings	(1,000,000)		(4,500,000)	
Net cash outflow from financing activities		(1,301,645)		300,503
Net increase / (decrease) in cash & cash equivalents		(758,736)		697,378
Cash and bank balances at the beginning of the period		797,449		100,071
Cash and bank balances at the end of the period		38,713		797,449

The annexed notes from an integral part of these financial statements.

ABDUL AZIZ H. YAQOOB
CHIEF EXECUTIVE

MRS. QAMARUNNISA AZIZ
DIRECTOR

CENTRAL FOREST PRODUCTS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2013

	Issued, Subscribed & paid up Capital	Accumulated (Loss) / Profit	Total
	... ... Rupees		... ...
Balance as on June 30, 2011	30,000,000	(50,464,315)	(20,464,315)
Loss after taxation for the period ended June 30, 2012	-	(3,033,476)	(3,033,476)
Balance as on June 30, 2012	30,000,000	(53,497,791)	(23,497,791)
Balance as on June 30, 2012	30,000,000	(53,497,791)	(23,497,791)
Loss after taxation for the period ended June 30, 2013	-	(2,470,303)	(2,470,303)
Balance as on June 30, 2013	**30,000,000**	**(55,968,094)**	**(25,968,094)**

The annexed notes from an integral part of these financial statements.

ABDUL AZIZ H. YAQOOB
CHIEF EXECUTIVE

MRS. QAMARUNNISA AZIZ
DIRECTOR

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

1. STATUS AND NATURE OF BUSINESS

1.1 Central Forest Products Limited is a Public Limited Company incorporated in Pakistan and is quoted on Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in the manufacturer of Plywood Sheets, Door Frames, Windows Frames, Sawing and sale of these products. The registered office of the Company is located at Central Chambers, Ireland Road, Timber Market, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been adopted in the preparation of these accounts are summarized below:

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provision of and directive issued under the Companies Ordinance 1984. In case requirement differ, the provisions of or directives under the Companies Ordinance 1984 prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value. In these financial statements excepts for the cash flow statements all transaction have been accounted on accrual basis.

2.3 Basis of preparation

In these financial statements excepts for the cash flow statements all transaction have been accounted on accrual basis.

2.4 Change in accounting policy and disclosures

During the year the Securities & Exchange Commission of Pakistan has notified certain amendments in the Forth Schedule to the Companies Ordinance, 1984, which specifically classifies major parts and stand-by equipment into property, plant and equipment.

The change in the requirement is considered to be change in accounting policy and has been applied retrospectively to all prior periods presented. However at present there were no major parts and stand-by equipment to be classified into property, plant and equipment.

2.5 Tangible fixed assets and depreciation

These are stated at cost less accumulated depreciation except land and capital work in progress, which are stated at cost.

Depreciation is charged on additions from the month following in which an assets is put to use and up to the month immediately preceding the disposals. The assets residual values

and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant. Gains and losses on disposal of property, plant and equipment are included in profit and loss account. Normal repair and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.
The value assigned to the leasehold land is not depreciated as the leases are expected to be renewed for further periods on payment of relevant rentals, Annual lease rentals are charged to income and premium paid at the time of renewal, if any, is amortized over the remaining lease period.
Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of the assets. The related obligations under the lease are accounted for as liabilities. Depreciation on leased assets is charged to income by applying reducing balance method at the rate stated in notes to the accounts.

2.6 Impairment of assets

The carrying value of fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable .If such indications exist and where the carrying value exceeds the estimated recoverable amount, the assets are written down to the recoverable amount.

2.7 Store & spares

These are valued at moving average cost except for the items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date.

2.8 Stock in trade

Raw materials, work in process and finished goods are valued at lower of average cost and net realizable value except for the items in transit, which are valued at cost comprising invoice value and related expenses incurred thereon up to the balance sheet date.

2.9 Trade debts

Known bad debts are written off, while provision is made for debts considered doubtful.

2.10 Cash and bank balances

For the purposes of cash flow statement, cash and bank balances consist of cash in hand, cheques in hand, balances with banks.

2.11 Provision

Provision are recognized when the company has a present legal or contractual obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made

2.12 Contingencies

Contingent liabilities are not recognized in the financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent assets is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

2.13 Subsequent events

Post-year-end events that provide additional information about the company's position at the balance sheet date (adjusting events), are reflected in the financial statements. Post-year-end events that are non adjusting events are disclosed in the notes when material.

2.14 Employees retirement benefits
Short term employees benefits

The company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.
The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.
Post retirement benefits
Defined benefit plans
The Company operates an unfunded gratuity scheme (defined benefit plan) for all its permanent employees who have completed minimum qualifying period of service as defined under the respective scheme. Liability is adjusted annually to cover the obligation and the adjustment is charged to profit or loss. The determination of the Company's obligation under the scheme requires assumptions to be made of future outcomes, the principal ones being in respect of increases in remuneration, expected average remaining working lives of employees and discount rate used to derive present value of defined benefit obligation.
Amounts recognized in the balance sheet represent the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost. Actuarial gains and losses are recognized in profit or loss for the period in which these arise.

2.15 Current taxation
Provision for taxation is based on taxable income at present rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. Provision for taxation on export sales are made as required in relevant tax law.

2.16 Deferred taxation
Deferred tax is provided, proportionate to local sales and other income, in full, if any, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

2.17 Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Exchange differences are taken to profit and loss account.

2.18 Revenue recognition

Sales are accounted for on dispatch of goods to the customers and the service income have been recognized as the percentage of completion method .Under this method, revenue is recognized in the accounting period in which services are rendered.

2.19 Borrowing cost

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing cost, if any, are capitalized as part of the cost of the relevant asset.

2.20 Financial Instruments

2.20.1 Financial Assets and Financial Liabilities

Financial assets are loan, advances, deposits, trade debtors other receivable and cash and bank balances which have been stated in accordance with the requirements of international Accounting Standard (IAS) 39, financial instruments: recognition and measurement. Financial Assets are initially recognized at the time when the company become a party to the contractual provisions of the instruments at cost, which is the fair value of the consideration given. Subsequent to initial recognition, financial assets are carried at fair value except for held to maturity investment and loan and advances originated by the company or any financial assets whose fair value cannot be reliably measured.

Financial liabilities are classified according to the substance of the contractual agreements entered into. Significant financial liabilities are loans, creditors, accrued and other liabilities. All financial liabilities are initially recognized at cost which is the fair value of the consideration received at initial recognition. After initial recognition, financial liabilities held for trading are carried at fair value and all other financial liabilities are measured at amortized cost.

Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the net profit and loss for the period in which it arises.

2.20.2 Derivative financial instruments

Derivative financial instruments are carried at fair value. In relation to fair value hedges, which meet the conditions for special hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognized immediately in the profit and loss account. Any gain or loss on the hedged item attributable to the hedged risk is adjusted with the carrying amount of the hedged item and recognized in the profit and loss account.

2.20.3 Offsetting of financial assets and financial liabilities

A financial assets and a financial liability is only offset and the net amount is reported in the balance sheet, when there is a legal enforceable right to set off the recognized amount and the company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.21 Standards, interpretations and amendments to published approved accounting standards

2.21.1 Changes in accounting policies arising from standards, interpretations and amendments to published approved accounting standards that are effective in the current year.

The following are new and revised approved accounting standards, interpretations and amendments thereto that are effective in the current year. However, these do not effect financial statements of the Company for the current year.

Standards, interpretations and amendments	Description
Amendments to IAS 1 - Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, net gains on hedges of net investments, exchange differences on translation of foreign operations, net movements on cash flow hedges and net losses or gains on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans). Income tax on items of other comprehensive income is required to be allocated on the same basis i.e. the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments require retrospective application. The amendment is effective for annual periods beginning on or after July 01, 2012.

2.21.2 Approved accounting standards, interpretations and amendments thereto issued but not effective as at the reporting date

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date. Their impact on the Company's financial statements cannot be ascertained as at the reporting date.

Standards, interpretations and amendments	Description
Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment	This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. The standard is effective for annual periods beginning on or after January 01, 2013.
Amendments to IAS 19 - Employee Benefits	The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income. The amendments also require additional disclosures and retrospective application with certain exceptions. The application of the amendments to IAS 19 would result in the recognition of cumulative

	unrecognized actuarial loss in other comprehensive income in the period of initial application. The standard is effective for annual periods beginning on or after January 01, 2013.
Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The standard is effective for annual periods beginning on or after January 01, 2013.
Amendments to IAS 32 Financial Instruments: Presentation-Offsetting financial assets and financial liabilities	These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default. The standard is effective for annual periods beginning on or after January 01, 2014.
Amendments to IAS 34 - Interim Financial Reporting–Interim reporting of segment information for total assets and total liabilities	The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures. The standard is effective for annual periods beginning on or after January 01, 2013.
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. The amendment is effective for annual periods beginning on or after January 01, 2013.
FRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	"This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the

mine. The interpretation addresses the accounting for the benefit from the stripping activity. The amendment is effective for annual periods beginning on or after January 01, 2013.

3. LONG TERM FINANCING - SECURED

	2013 Rupees	2012 Rupees
From Financial Institution		
(Under Mark-up Arrangement)		
Principal	**7,053,790**	11,553,790
Less: Payments during the year	**(1,000,000)**	(4,500,000)
	6,053,790	11,533,790
Less: Current and overdue installments	**6,053,790**	7,053,790
of long term finance	**-**	-

3.1.1 This represents finance obtained from National Bank of Pakistan formerly National Development Finance Corporation - (NDFC), the principal and interest out-standing amounting to Rs. 13,138,000/- and Rs. 11,047,426/- respectively as on December 31, 1998 was rescheduled / restructured by NDFC on the following terms:

i. Company make down payment of Rs. 1,313,750/-

ii. NDFC to advance a new finance of the balance Rs. 22,871,676/- to company on mark up basis. The proceed of this finance is utilized to adjust the balance of liability existing on that date.

3.1.2 The company sold assets worth Rs. 22,871,676/- to NDFC and simultaneously repurchased the goods at a marked up price of Rs. 39,941,174/- repayable in 81 monthly installment commencing from January, 2000. In case of installments are paid on due dates NDFC will give the company a rebate of Rs. 104,286/- on cash for each of first 46 installments and a rebate upto Rs. 80,254/- for each of remaining 35 installments.

3.1.3 The finance is secured by a mortgage creating a first charge on immovable properties of the company namely Land, Factory Building, Plant & Machinery & replacement thereof and addition thereto;

Floating charge on the business undertaking and all other properties and assets of the company;

Hypothecation of book debts and all other receivables, plant, equipment, motor vehicles, movable and other properties and pledge of fully paid shares of sponsoring directors, personal guarantee and additional charge on personal properties of Sponsoring Directors

All the above terms and condition is applicable to new financing arrangement and NDFC will create first charge / mortgage on all the existing and future properties of the company including those which are already under charge against the existing loan. In addition to this additional properties, which are already charged/ mortgaged with NDFC as securities for the existing loan, would be again mortgaged by the company as additional securities for the new financing.

3.1.4 Mark up of 16% per annum is applicable.

3.1.5 Subsequently Memorandum of Understanding was signed on 24th November, 2000 with NDFC, following agreement was made:

a) That the Company and its sponsors/directors/guarantors/ mortgagors shall be allowed by the Corporation to sell/ dispose off the Company's 37 acres of land and structure thereon situated at Nooriabad to pay to the Corporation fifteen rebated installments for the period from January, 2000 to March 2001 total amounting to Rs. 6,012,195/- alongwith all other dues, charges payable by them in respect thereof on or before 15th day of March, 2001 and thereafter continue to make payment of the rest of the installments.

b) That the agreement and other documents executed by the Company and its sponsors/directors/guarantors/mortgagors in favor of the Corporation shall be in full force and shall be binding upon the Company and its sponsors/directors/ guarantors / mortgagors until the payment of the entire marked-up price by them to the Corporation.

c) That the Company and its sponsors/directors shall deposit and pledge the remaining shares certificates of the Company valuing Rs. 12.250 million with the Corporation being the part of security for the above facility latest by 31.3.2001

d) That upon completion of the above condition at (a) above the Corporation shall release the title documents of the Company's land measuring 37 acres located at Nooriabad, District Dadu, Sindh.

3.1.6 By virtue letter No. RAM-11/CFPL/2001-360 dated May 29, 2001 the company has to pay the total outstanding liability of Rs. 22.872 Million in monthly installment of Rs. 400,813/- and the balance from the export proceeds, however the entire liability has to be paid on or before April 30, 2003. The company has paid Rs 1,000,000/- during the year.
The company has received an export L/c for EURO 13,609,525/- from Banque National De Paris (BNP) for the export of 85,000 wooden doors to Iraq under "Oil for Food Program". The export proceeds will be partially utilized towards payment of the above liability, the following two letters may be referred to reference RAM-11/CFPL/2001-342 dt. 19.05.2001 and RAM/QQ/CFPL/ 2001-360 dated 25.05.2001. The total mark-up out standing Rs.16,287,807/-on the above loan is held in suspense and will be waived in totality once the liability is paid.

3.1.7 That company has filed suit in the High Court of Sindh for Rendition/Settlement of accounts and damages amounting in sum of PKR.1,259,857,666/- and National Bank of Pakistan has filed suit under the financial institutions (Recovery of Finances) Ordiance 2001 in the High Court of Sindh and in the Banking Court Karachi of Rs.451,397,842.81/- and of Rs.22,347,571/- respectively. Company is confident that it will get the relief from the courts being company's pleas are based on facts hence have weight whereas Bank has filed the suit only after the filing of suit by the company against them.

	2013 Rupees	2012 Rupees
4. LONG TERM LOANS - Unsecured (Sub-ordinated loans)		
From Directors	**54,754,239**	**54,035,884**
From Others	**20,422,000**	**21,442,000**
	75,176,239	**75,477,884**

5. Deferred Liabilities
Gratuity
Movement in present value of defined benefit obligation

	Note		
As at beginning of the year		102,804	84,308
Charged to profit or loss account	5.1	30,144	27,528
Unpaid Gratuity of outgoing workers		-	-

		Note	2013	2012
	Actuarial (gain) loss during the year	5.1	(11,015)	(9,032)
	As at end of the ye		121,933	102,804

5.1 Charge to profit or loss

Current service cost	17,293	16,990
Interest cost	12,851	10,538
	30,144	27,528
Actuarial (gain) or loss recognized during the year	(11,015)	(9,032)
	19,129	18,496

		Note	2013 Rupees	2012 Rupees
5.2	The charge to profit or loss has been allocated as follows			
	Administrative expenses		19,129	18,496
			19,129	18,496

5.3 Present value of defined benefit obligation has been determined using projected unit credit method. The liability as at June 30, 2013 has been determined by the management of the Company based on internal estimates whereas valuation of liability as at June 30, 2012 has also been made on the above referred method. The principal assumptions used in determining present value of defined benefit obligation are.

Discount rate	14%	14%
Expected rates of increase in salary	12%	12%
Expected average remaining working lives of employees	12 years	12 years

5.4 Historical Information

Present value of defined benefit obligation	121,933	102,804
Actuarial adjustment arising during the year	9.03 %	8.78 %

The experience adjustment component of actuarial adjustment is impracticable to determine and thus as not been disclosed.

		Note	**2013 Rupees**	2012 Rupees
6.	**TRADE AND OTHER PAYABLES**			
	Creditors		**117,915,203**	118,060,323
	Accrued liabilities		**14,538,647**	14,374,662
			132,453,850	132,434,985
7.	**ACCRUED MARK-UP**			
	Mark-up on short term running finance under mark-up arrangements- secured		**9,008,219**	9,008,219
8.	**SHORT TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS (Secured)**			
	— Packing finance - Part-I	8.1	**101,530,812**	101,530,812

8.1 The finance obtained from banking company carries mark-up rate @ 3% per annum and is secured against first charge on project assets land, plant and machinery, building and civil works at Hub, Baluchistan, personal property of directors, hypothecation on all present and future moveable properties, assets, contracts of the company and benefits and rights arising their under, pledge of products/goods meant of local sales and exports, lien to be marked on L/C's for shipments and personal guarantee of sponsors. The repayment was extended up to

December 31st 2004. Total mark-up outstanding amounting to Rs. 249,994,051/- has not been provided.

8.2 That company has filed suit in the High Court of Sindh for Rendition/Settlement of accounts and damages amounting in sum of PKR.1,259,857,666 and is confident that it will get the relief.

	Note	**2013** Rupees	**2012** Rupees
9. CURRENT/OVER DUE PORTION OF LONG TERM BORROWINGS			
Current/Over due portion of long term finance		**6,053,790**	7,053,790

10. CONTINGENCIES

10.1 There is a contingent liability Rs. 1.2 Million. This amount represents a claim by Port Qasim Authority against additional charges of the port services used in previous years by the company. The Management believes that this claim would not materialize so has not been recognized in the accounts. Our statement justified as we have won the case in the lower court, but Port Qasim Authority has filed appeal in the higher court which is also will not be allowed as we believe our case has on merit.

10.2 The remission of mark-up allowed by NDFC amounting to Rs. 16,287,807/- was conditional to the payment of principal by April 30, 2003 as explained in note # 3.1.6. Although the period of remission has expired the company is confident that it will avail the waiver therefore no provision has been made in the accounts regarding this amount.

10.3 There is a contingent liability against the Company regarding the mark-up of Rs. 249,994,051/- against the Bill of Exchange and Running Finance of Rs. 90,870,755/- and Rs. 100,000,000/- obtained from National Bank of Pakistan. However the company has requested them to waive all additional mark-up. The Company is continuously in touch with bank Officials and once the export restarts the Company will settle their principal dues & get remission of all mark-up.

10.4 There is a contingent liability of Rs. 51.975 million against the Company for various levies on behalf of custom and Sales Tax department for the raw materials imported under DTRE approval as the finished goods could not be exported within a period given by the departments. But the Company has already received extension of L.C. till 31-12-07 from Govt. of Iraq (Central Bank of Iraq CBI), hence in the process of exporting to various private parties in the Middle East because BNP has (ceased the operation). Therefore no provision has been made in the accounts regarding this amount.

11. PROPERTY PLANT & EQUIPMENTS
CENTRAL FOREST PRODUCTS LIMITED
TANGIBLE OPERATING ASSETS:
FOR THE YEAR ENDED JUNE 30, 2013

PARTICULARS	COST				DEPRECIATION				W.D.V.	RATE
	AS AT 01-07-2012	ADDITION (s) / (DELETION) (s)	Transfer	AS AT 30-6-2013	AS AT 01-07-2012	Transfer (Adjustment)	FOR THE PERIOD	AS AT 30-6-2013	AS AT 30-6-2013	%
FREEHOLD LAND	5,450,378	-	-	5,450,378	-	-	-	-	5,450,378	-
LEASEHOLD LAND	2,298,650	-	-	2,298,650	-	-	-	-	2,298,650	-
FACTORY BUILDING ON FREEHOLD LAND	46,059,877	-	-	46,059,877	20,362,079	-	1,284,890	21,646,969	24,412,908	5%
PLANT AND MACH.	53,441,058	-	-	53,441,058	37,772,036	-	1,566,902	39,338,938	14,102,120	10%
FURNITURE AND FITTINGS	326,394	-	-	326,394	291,756	-	3,464	295,220	31,174	10%
EQUIPMENTS	844,981	-	-	844,981	615,036	-	22,995	638,031	206,950	10%
COMPUTER AND ACCESSORIES	115,322	-	-	115,322	75,112	-	4,021	79,133	36,189	10%
ELECTRIC INSTALL.	1,778,729	-	-	1,778,729	1,372,353	-	40,638	1,412,991	365,738	10%
VEHICLE	1,038,000	-	-	1,038,000	894,677	-	28,665	923,342	114,658	20%
			-			-				
June 30, 2013	**111,353,389**	**-**	**-**	**111,353,389**	**61,383,049**	**-**	**2,951,575**	**64,334,624**	**47,018,765**	

PARTICULARS	COST				DEPRECIATION				W.D.V.	RATE
	AS AT 01-07-2011	ADDITION (s) / (DELETION) (s)	Transfer	AS AT 30-6-2012	AS AT 01-07-2011	Transfer (Adjustment)	FOR THE YEAR	AS AT 30-6-2012	AS AT 30-6-2012	%
FREEHOLD LAND	5,450,378	-	-	5,450,378	-	-	-	-	5,450,378	-
LEASEHOLD LAND	2,298,650	-	-	2,298,650	-	-	-	-	2,298,650	-
FACTORY BUILDING ON FREEHOLD LAND	46,059,877	-	-	46,059,877	19,009,563	-	1,352,516	20,362,079	25,697,798	5%
PLANT AND MACH.	53,441,058	-	-	53,441,058	36,031,034	-	1,741,002	37,772,036	15,669,022	10%
FURNITURE AND FITTINGS	326,394	-	-	326,394	287,907	-	3,849	291,756	34,638	10%
EQUIPMENTS	844,981	-	-	844,981	589,486	-	25,550	615,036	229,945	10%
COMPUTER AND ACCESSORIES	115,322	-	-	115,322	70,644	-	4,468	75,112	40,210	10%
ELECTRIC INSTALL.	1,778,729	-	-	1,778,729	1,327,200	-	45,153	1,372,353	406,376	10%
VEHICLE	1,038,000	-	-	1,038,000	858,846	-	35,831	894,677	143,323	20%
			-			-				
June, 30, 2012	**111,353,389**	**-**	**-**	**111,353,389**	**58,174,680**	**-**	**3,208,369**	**61,383,049**	**49,970,340**	

11.1
Depreciation Charged For The Period Has Been Allocated As Under;

		2013	2012
		Rupees	Rupees
Manufacturing	19	-	-
Administrative expenses	20	28,665	35,831
Other Charges	24	2,922,910	3,172,538
TOTAL		**2,951,575**	**3,208,369**

12 STORES &SPARES PARTS

STORES	1,154,593	1,169,224
SPARES PARTS	1,992,290	2,010,321
	3,146,883	3,179,545

13 STOCK IN TRADE

WORK IN PROCESS (CLOSING)	176,301,485	176,301,485
FINISHED GOODS (CLOSING)	69,266,705	69,266,705
	245,568,190	245,568,190

14 ADVANCES

Un Secured - Considered Goods

ADVANCE AGAINST LAND	92,000	92,000.00
	92,000	92,000

15 TRADE DEPOSIT & CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES

INCOME TAX	530,861	532,834
	530,861	532,834

16 TAX REFUND DUE FROM GOVT.

ADVANCE TO SALES TAX (ADJUSTABLE)	962,680	962,680
ADVANCE TO SALES TAX (REFUNDABLE)	954,297	954,297
	1,916,976	1,916,976

17 CASH & BANK BALANCES

Cash in Hand	12,320	23,675
With Banks - in current accounts	26,393	773,774
	38,713	797,449

18 SALES

EXPORT SALES	-	86,070
LOCAL	-	-
GROSS SALES	-	86,070
LESS : SALS TAX	-	-
	-	-
NET SALES	-	86,070

19 COST OF SALES

Raw Material Consumed		
Opening Inventory	-	-
Purchases	-	-
Available for consumption	-	-
Closing Inventory	-	-
	-	-
Manufacturing expenses :		
Salaries, wages & benefits -	-	-
Stores & spares consumed	-	-
Telephone & telex	-	-
Vehicle runing & maintenance	-	-
Electricity	-	-
Legal & professional (Muccadam)	-	-
Water charges	-	-
Insurance	-	-
General repair & maintenance	-	-
Sundries	-	-
E.O.B.I	-	-
B.E.S.S.I	-	-
LC Charged	-	-
Depreciation	-	-
	-	-
	-	-
LESS: Transfer to Work in process	-	-
	-	-
Work in process		
Opening	176,301,485	176,301,485.00
ADD: Manufacturing Expenses	-	-
Total	176,301,485	176,301,485
Closing	(176,301,485)	(176,301,485)
Transfer to Finished Goods	-	-
Finished Goods Door Purchase	-	72,800
Finished Goods		
Opening	69,266,705	69,266,705
ADD: Transfer from Work in process	-	-
	69,266,705	69,266,705
Closing	(69,266,705)	(69,266,705)
C.O.G.S	-	72,800

20 ADMINISTRATIVE

Salaries & benefits - (Including Gratuity of Rs. 19,129)	268,729	268,096
Postage & Telegrams	-	1,709
Telephone & Telex	24,240	30,208
Legal & Professional	14,400	14,400
Fees & subscription	18,000	18,400

Insurance Charges		-	301
Audit fee		170,000	170,000
Sundries		-	-
Depreciation	11.1	28,665	35,831
		524,034	538,945

21 SELLING & DISTRIBUTION			
EXPORT CHARGES.		-	309
FREIGHT ON EXPORT		-	45,569
		-	45,878

	NOTE		
22 OTHER INCOME			
SERVICES INCOME		1,764,918	1,681,681
GAIN ON FOREIGN EXCHANGE		-	1,053
RENTAL INCOME	22.1		300,000
		1,764,918	1,982,734

22.1 It represents rental income received for storage of woods by customers for sawing activity (Year-2012)

23 FINANCE COST		
BANK CHARGES	556	1,286
	556	1,286

24 OTHER CHARGES		
BESSI	75,600	59,045
Depreciation	2,922,910	3,172,538
Electric Bill Factory	315,473	795,852
EOBI	75,600	75,600
Telephone	31,330	29,354
Store & Spare Consumed	32,662	45,849
Legal & Professional	168,000	168,000
Labour Charges	80,231	76,445
	3,701,806	4,422,683

25 TAXATION	8,825	20,688

26 LOSS PER SHARE	(0.82)	(1.01)

27 REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES & DIRECTORS

	2013				2012
Particulars	**Chief Executive**	**Directors**	**Executives**	**Total**	**Total**
Managerial remuneration	-	-	-	-	-
Housing & Utilities	-	-	-	-	-
Total :	-	-	-	-	-
Number of persons	-	-	-	-	-

27.1 The chief executive and two directors have waived-off their remuneration for last eight years.
27.2 The chief executive and two directors are allowed the use of company maintained cars.
27.3 The directors have waived-off their meeting fees.

28 CAPACITY & PRODUCTION

	2013			2012		
	Capacity	**Production**	**Percentage**	**Capacity**	**Production**	**Percentage**
Plywood sheets	750,000 Sq.Mt. (Two Shift Basis)	-	-	750,000 Sq.Mt. (Two Shift Basis)	-	-
Door & Door Frames	150,000 Door (One Shift Basis)	-	-	150,000 Door (One Shift Basis)	-	-
Sawing of timber	200,000 C.Ft. (One Shift Basis)	8,023	4.01	200,000 C.Ft. (One Shift Basis)	7,644	3.28

29 Financial Instruments and Related Disclosures.

29.1 Financial Risk Management

29.1.1 The company's activities may expose it to a variety of financial risks: credit risk and liquidity risk. The company's overall risk management seeks to minimize potential adverse effects on the company's financial performance.

Risks managed and measured by the company are explianed below.

29.2 Market Risk

29.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The company is not exposed to interest rate risk except for long term financing and Short term running finance.

29.2.2 Currency Risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company is not exposed to currency risk.

29.2.3 Price Risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The company is not exposed to major concertation of price risk.

29.3 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from credit exposures to customers and other counterparties which include loans & advances and long term deposit. Out of the total financial assets, those that are subject credit risk amounted to Rs.0.165 million (2012: 0.165 million).

For trade debts, credit risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilization of credit limit is reqularly monitored. Accordingly, the credit risk is minimal and the company also believes that it is not exposed to major concertation of credit risk.

In respect of other counter parties, due to the company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the company.

The maximum exposure to credit risk as at June 30, 2013 along with comparative is tabulated below:

Financial Assets	**2013** **Rupees**	**2012** **Rupees**
Long term Deposit	73,186	73,186
Advances	92,000	92,000
	165,186	**165,186**

29.4 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position.

Financial liabilities in accordance with their contractual maturities are presented below: lines.

	Carrying Amount Contractual Cash Flows	Less Than 1 year	Between 1 to 2 years	Between 2 to 5 years
			Rupees	
Long term financing	6,053,790	6,053,790		
Long Term Loans	75,176,239	-	-	75,176,239
Trade & Other Payables	132,453,850	132,453,850	-	
Accrued Mark-Up	9,008,219	9,008,219	-	-
Short Term Running Finance	101,530,812	101,530,812	-	-
	324,222,910	**249,046,671**	**-**	**75,176,239**

29.5 Fair values of financial assets and liabilities

Fair value is an amount for which an assets could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

As at June 30, 2013 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

30 Capital Risk Management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for share holders and benefits for the other stakeholders and to remain an optimal capital structure to red

In order to maintain or adjust the capital structure, the Company may issue new certificate or sell assets to reduce that debt.

31 Related Party Transactions

	2013	2012
	Rupees	Rupees
Long Term loans Received		5,257,000
Long Term loans repaid	301,645	456,497

The related party status of outstanding balances as at June, 30, 2013 is included in Long term Loans Note No 4

32 NUMBER OF EMPLOYEES

Total number of employees as at 30th June, 2013 is 4 (2012: 04)

33 DATE OF AUTHORIZATION

These financial statements were authorized for issue on 9th October 2013 by the Board of Directors of the company.

34 GENERAL

All figures have been rounded off to nearest of Rupees.

35 DEFERRED TAX

Due to present financial position of the company and it is not probable that sufficient future taxavible profit will be available to offset tax losses net Deferred tax Asset amounting to Rs 0.752 million is not recognized.

ABDUL AZIZ H. YAQOOB	MRS. QAMARUNNISA AZIZ
CHIEF EXECUTIVE	**DIRECTOR**

CENTRAL FOREST PRODUCTS LTD

PROXY FORM

Please quote your Folio No.
as in the Register of Members

Folio no. ________________

I /We _

of _ (full address)

being a member / members of CENTRAL FOREST PRODUCTS LIMITED and a holder of _ _ _ _ _ _

Ordinary Shares as per Share Register Folio Number _

hereby appoint _

(or failing him)_ _

of _

who is also a member of CENTRAL FOREST PRODUCTS LIMITED as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 27th Annual General Meeting of the Company to be held on Tuesday, 29th October, 2013 and at any adjournment there of.

Signed this ________________ day of _______________ 2013.

Revenue Stamp of Rs. 5/-

(Signature should agree with specimen signature registered with the Company)

Note : Proxies In order to be effective, must be received by the Company not later than 48 hours before the time of the meeting.