Century Paper & Board Mills Limited

Annual Report
2014

Clean - Green - Sustainable

The Company by making the strategic capital expenditures years after years, continuously enhance the wealth of its Shareholders. In line with the above, the Company is embarking on an investment of Rupees 3.2 billion on 18 Megawatt Coal Based Co-Generation Power Plant. The work on this project has already been started during the year. It will be the stepping stone for long term solution of energy for the Company.

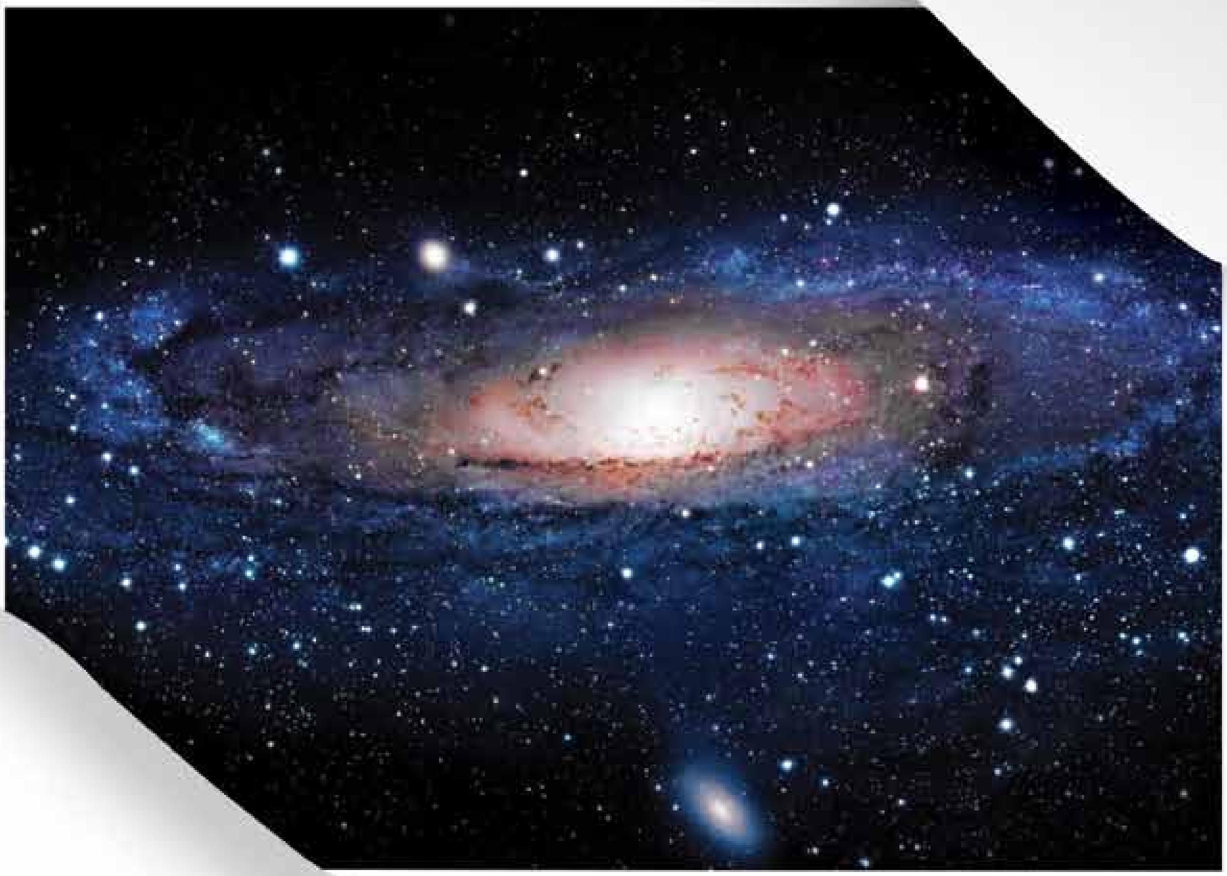
Century Paper & Board Mills Limited

Contents

Environment policy

At Century, we make our best possible efforts to:

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



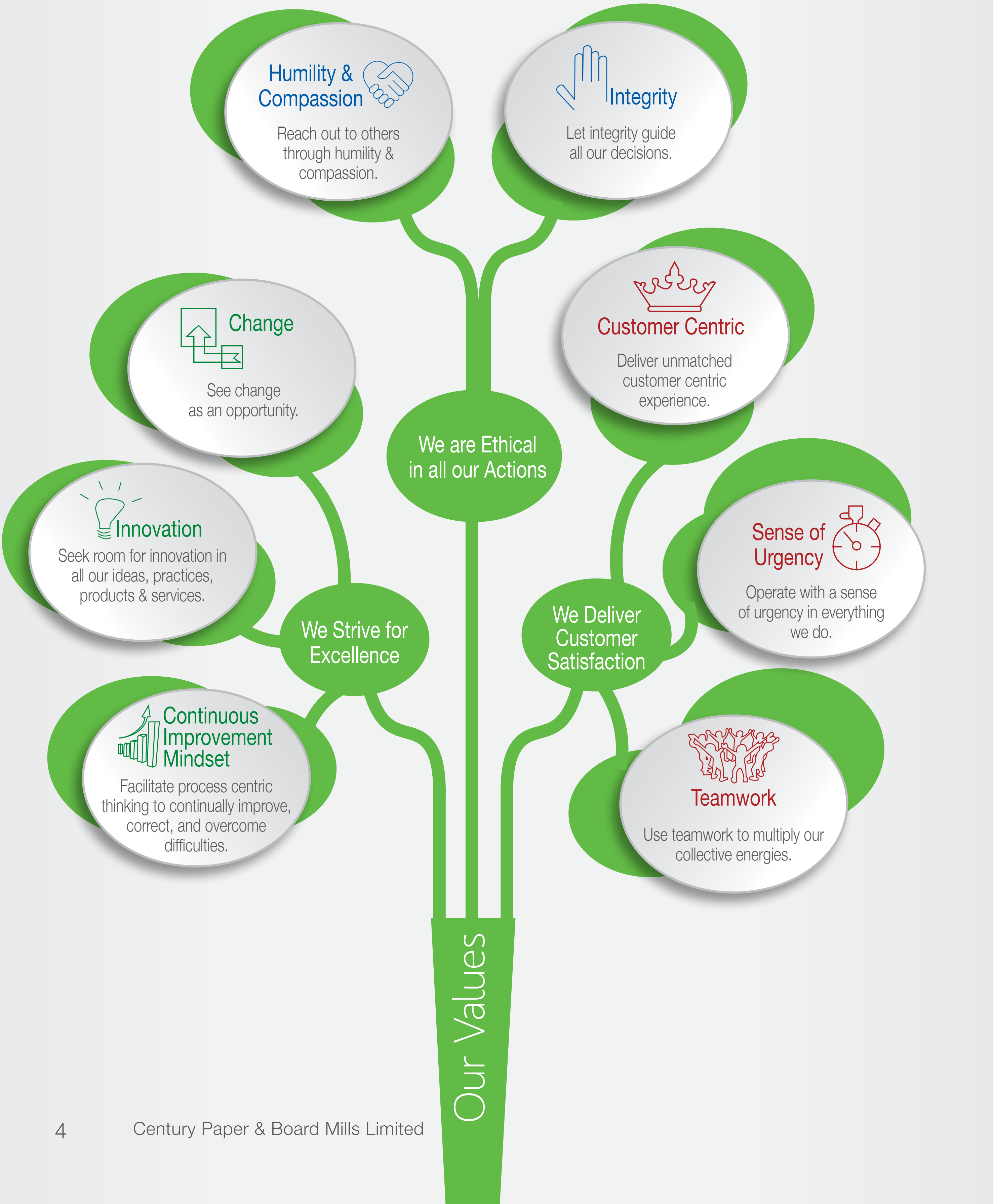
Vision

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

Mission

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

Core Values



Humility & Compassion
Reach out to others through humility & compassion.
Integrity
Let integrity guide all our decisions.
Change
See change as an opportunity.
Customer Centric
Deliver unmatched customer centric experience.
We are Ethical in all our Actions
Innovation
Seek room for innovation in all our ideas, practices, products & services.
Sense of Urgency
Operate with a sense of urgency in everything we do.
We Strive for Excellence
We Deliver Customer Satisfaction
Continuous Improvement Mindset
Facilitate process centric thinking to continually improve, correct, and overcome difficulties.
Teamwork
Use teamwork to multiply our collective energies.
Our Values

Code of Ethics

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

Corporate Governance

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

Human Resource Development

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

Transparent Financial Policies

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

Marketing and Industry Practices

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

Business Risk Management

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

Social and Community Commitments

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

Environmental Management System - EMS

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

Highlights of 2014

Metric	Unit	Value
Net Sales	(Metric Tons)	170,225
Net Sales	(Rupees in million)	14,668
Gross Profit	(Rupees in million)	2,021
Profit after Tax	(Rupees in million)	630
EBITDA	(Rupees in million)	2,441
Equity	(Rupees in million)	5,745
Market Capitalization	(Rupees in million)	7,836
Market Value per share	(Rupees)	53.30
Earnings per share	(Rupees)	3.46

Year at a Glance

Key Figures	2014	Rupees in million 2013
Gross sales	17,132	16,513
Net sales	14,668	14,236
EBITDA	2,441	3,007
Profit pre tax	914	1,407
Profit post tax	630	929
Share capital		
Ordinary shares	1,471	1,060
Preference shares	901	2,103
Shareholders' equity	5,745	5,819
Total assets	13,179	13,275
Capital expenditure	257	311
Capital employed	10,536	10,784
Long-term financing	4,130	4,425

Key Ratios	2014	2013
Earnings per share - Rupees	3.46	5.30
Breakup value per share - Rupees	32.94	35.05
Price earning ratio	15.41	5.10
Total debt equity ratio	50 : 50	50 : 50
Leverage ratio	1.29 : 1	1.28 : 1
Current ratio	1.41 : 1	1.59 : 1
Quick ratio	0.31 : 1	0.46 : 1
Asset coverage ratio	2.12 : 1	2.09 : 1
Interest coverage ratio	2.49 : 1	3.03 : 1
Debt servicing coverage ratio	2.68 : 1	1.79 : 1
Debtors days	23	25
Inventory days	66	58

Entity Rating

of Century Paper & Board Mills Limited

Long-Term A+
Short-Term A-1

JCR-VIS Credit Rating Company Limited
Rating as on June 2014

Rating Type	Rating	Comments
Long-Term	A+ (A Plus)	• Good credit Quality. • 'A' ratings denote expectations of low credit risk. • Protection factors are adequate. • Risk factors may vary with possible changes in the economy.
Short-Term	A-1 (A minus One)	• High certainty of timely payment. • Liquidity factors are excellent and supported by good fundamental protection factors. • Risk factors are minor.

Quality Policy

- Century excels in manufacturing of quality Paper, Paperboard and Corrugated Boxes for packaging.
- Century, a customer focussed Company, is always ready to accept challenges for achieving its mission.
- Century's quality objectives are designed for enhancing customer satisfaction and operational efficiencies.
- Century is committed to building Safe, Healthy and Environment friendly atmosphere.
- Century, with its professional and dedicated team, ensures continual improvement in quality and productivity through effective implementation of Quality Management System.
- Century values the social and economic well being of its partners and strives for a harmonious environment conducive to team performance.

Board of Directors

Iqbal Ali Lakhani (Chairman)
Zulfiqar Ali Lakhani
Amin Mohammed Lakhani
Tasleemuddin Ahmed Batlay
Shahid Ahmed Khan
Kemal Shoaib
Muhammad Imran Rafiq (NIT)
Aftab Ahmad (Chief Executive Officer)

Committees

Audit Committee

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

Human Resource and Remuneration Committee

Zulfiqar Ali Lakhani (Chairman)
Tasleemuddin Ahmed Batlay
Aftab Ahmad

Advisor

Sultan Ali Lakhani

Officers

Chief Financial Officer

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

Company Secretary

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

Corporate Information

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

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

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

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

Shares Registrar
FAMCO Associates (Private) Limited
8-F, Next to Hotel Faran, Nursery
Block-6, P.E.C.H.S. Shahra-e-Faisal,
Karachi.
Phone: (021) 34380101-2
Fax: (021) 34380106
Email: info.shares@famco.com.pk
Website: www.famco.com.pk

Bankers
Allied Bank Limited
Al Barka Bank (Pakistan) Limited
Bank Al-Falah Limited
Barclays Bank PLC
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Soneri Bank Limited
Standard Chartered Bank
(Pakistan) Limited

Corporate Calendar

Meetings	Date
Audit Committee meeting to consider accounts of the Company for the year ended June 30, 2013	August 16, 2013
Board of Directors meeting to consider accounts of the Company for the year ended June 30, 2013	August 19, 2013
Annual General meeting of Shareholders to consider accounts of the Company for the year ended June 30, 2013	September 25, 2013
Audit Committee meeting to consider accounts of the Company for the quarter ended September 30, 2013	October 25, 2013
Board of Directors meeting to consider accounts of the Company for the quarter ended September 30, 2013	October 28, 2013
Allotment of 15% bonus shares to the Ordinary Shareholders	December 17, 2013
Redemption of 45,060,684 preference shares of Rs 10 each	December 31, 2013
Audit Committee meeting to consider accounts of the Company for the half year ended December 31, 2013	February 12, 2014
Board of Directors meeting to consider accounts of the Company for the half year ended December 31, 2013	February 14 , 2014
Audit Committee meeting to consider accounts of the Company for the nine months ended March 31, 2014	April 25, 2014
Board of Directors meeting to consider accounts of the Company for the nine months ended March 31, 2014	April 28, 2014
Conversion of preference shares into ordinary shares	June 04, 2014

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 31st Annual General Meeting of CENTURY PAPER & BOARD MILLS LIMITED will be held on Monday, October 13, 2014 at 10.30 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

1. To receive, consider and adopt the audited financial statements for the year ended June 30, 2014 with the Directors' and Auditors' reports thereon.

2. To consider final approval of 15% Bonus shares (interim) declared by the Board of Directors in their meeting held on October 28, 2013 and issued to the shareholders on December 17, 2013.

3. To appoint Auditors and fix their remuneration.

By Order of the Board

(MANSOOR AHMED)
Company Secretary

Dated : September 02, 2014

Notes:

1. The share transfer books of the Company will remain closed from October 04, 2014 to October 13, 2014 (both days inclusive). Transfers received by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi upto October 03, 2014 will be considered in time for the purpose of attendance of Annual General Meeting.

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

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

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

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

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

7. Form of proxy is enclosed herewith.

Milestones

Production Capacity

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

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

1997 Enhanced production capacity to 50,000 Metric Tons through addition of a three layers Board Machine (PM-4). Added an Offline Coating Machine (CM-2).

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

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

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

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

2005 Converted Power Generators to dual fired configuration i.e. oil and natural gas. Enhanced un-bleached and bleached pulp capacities.

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

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

Added Online Coating facility to three layers Board Machine (PM-4).

2008 Enhanced Captive Power Generation capacity to 30 MW as new 18 MW Co-Generation Plant started commercial operations.

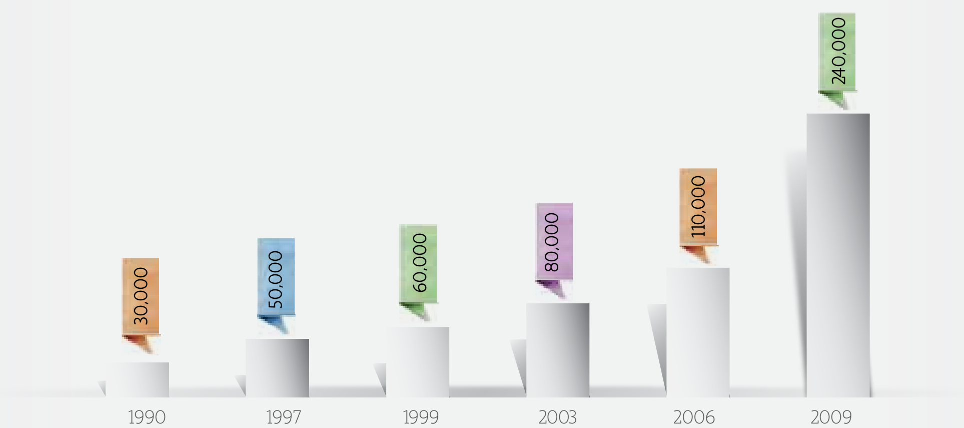
2009 Enhanced production capacity to 240,000 Metric Tons per annum as Coated Board Duplex Plant (PM-7) started its commercial operations.

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

2011 Enhanced Box Making capacity to 30,000 Metric Tons per annum after a New Box Machine is added with capacity of 8,000 Metric Tons per annum.

2012 Installed new Coal/Biomass Fired Boiler with capacity of 30 ton per hour of steam.

2014 Inked an agreement for installation of 18 MW Coal Based Co-Generation Power Plant.



Production Capacity (M.Tons)

Sales Revenue (Gross)

2014
Rupees Seventeen Billion

2013
Rupees Sixteen Billion

2012
Rupees Fourteen Billion

2011
Rupees Thirteen Billion

2010
Rupees Eleven Billion

2009
Rupees Eight Billion

2008
Rupees Five Billion

2007
Rupees Four Billion

2004
Rupees Three Billion

2000
Rupees Two Billion

Safety policy

At Century, we are committed to:

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

Certifications and Awards

1998	Awarded ISO - 9002 - QMS certification.
2002	Awarded "Best Corporate Award" on Annual Report for the year 2000 and 2001 in a competition jointly organized by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP).
2003	Awarded "Best Corporate Award" on Annual Report for the year 2002.
2004	Recognized by Karachi Stock Exchange (KSE) as one of the Top 25 Companies for the years 2002 and 2003.
2006	Recognized by Karachi Stock Exchange (KSE) as one of the Top 25 Companies for the year 2004.
2007	Awarded "Best Corporate Award" on Annual Report for the year 2005.
2008	Awarded "Best Corporate Award" on Annual Report for the year 2007. Awarded Best Environmental Reporter in ACCA-WWF Pakistan Environmental Reporting Awards 2007 in the Local Listed Company Category.
2011	Awarded the certification on "Integrated Management System (IMS)" which consists of: • Quality Management System (QMS) ISO 9001:2008; • Environmental Management System (EMS) ISO 14001:2004 and • Occupational Health and Safety Assesment series (OHSAS) 18001:2007.
2012	Awarded "Best Corporate Award" on Annual Report for the year 2010.

Signing Ceremony
"18 Megawatt Coal Based Co-Generation Power Plant"

held on May 15, 2014

Seen in the picture are Mr. Aftab Ahmad, Chief Executive Officer of Century Paper & Board Mills Limited and Mr. Hui Giang, Vice General Manager of RUNH Power Corporation Limited, People's Republic of China.


18 MEGAWATT COAL BASED
CO-GENERATION POWER PLANT

18 Megawatt Coal Based Co-Generation Power Plant

This plant is first of its kind in Pakistan. It comprises of two High Pressure Coal Fired Re-Circulating Boilers with capacity of 65 Ton per Hour (TPH). Steam Turbine of 18 Megawatt will be operated by the steam so generated; in addition 45 TPH low pressure steam will be extracted for use in paper making process.

The RUNH Power Corporation Limited - A well reputed Chinese Company is chosen as the EPC contractor for the plant, and an agreement to this effect has been signed with the contractor.

It is estimated that the cash outlay for the plant will amount to Rupees 3.20 Billion, which will be financed on a 30 : 70 basis; with a mix of 30% from internal cash generation and 70% from the financial institutions.

A joint and hybrid (conventional & Islamic) financing facilities of Rs. 2,250 million have been arranged from consortium of banks led by MCB Bank Limited. The MCB Bank Limited and Allied Bank Limited will provide their share under the Conventional Mode of financing while the Meezan Bank Limited will do so under Islamic Mode of financing.

The plant is expected to be fully operational in the second quarter of the year 2015-16 and will cater for the 60% energy need of the Company; hence relieving the Company of its dependence on Gas.

DuPont Analysis

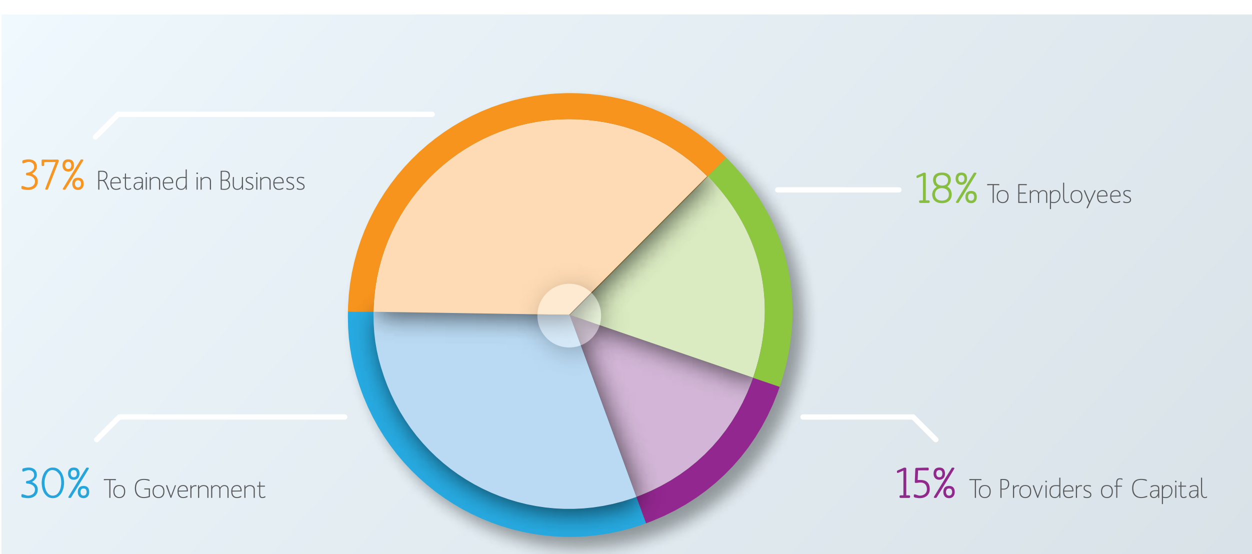
Statement of Value Added

for the year ended June 30, 2014

(Rupees in thousands)

	2014	%age	2013	%age
Wealth Generated				
Turnover (including sales tax)	17,132,230		16,512,551	
Purchased material and services (including sales tax)	(13,031,663)		(11,664,140)	
Value Added	4,100,567		4,848,411	
Other Income	105,783		90,752	
Total	4,206,350	100	4,939,163	100
Wealth Distributed				
To Employees Salaries, benefits and related costs	763,170	18	731,199	15
To Government Income Tax, Sales Tax, Import Duty and Workers' Welfare Fund (Note)	1,286,588	30	1,678,697	34
To providers of Capital Finance cost on borrowed funds	615,478	15	692,907	14
Retained in Business Depreciation, amortization and retained profit	1,541,114	37	1,836,360	37
Total	4,206,350	100	4,939,163	100

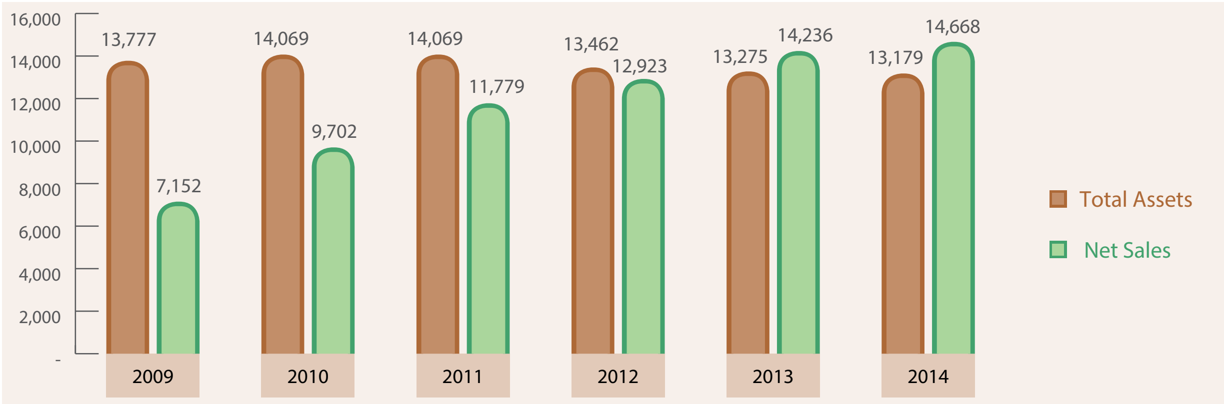
Note: Income tax includes current and deferred tax expense as per profit and loss account for the year.



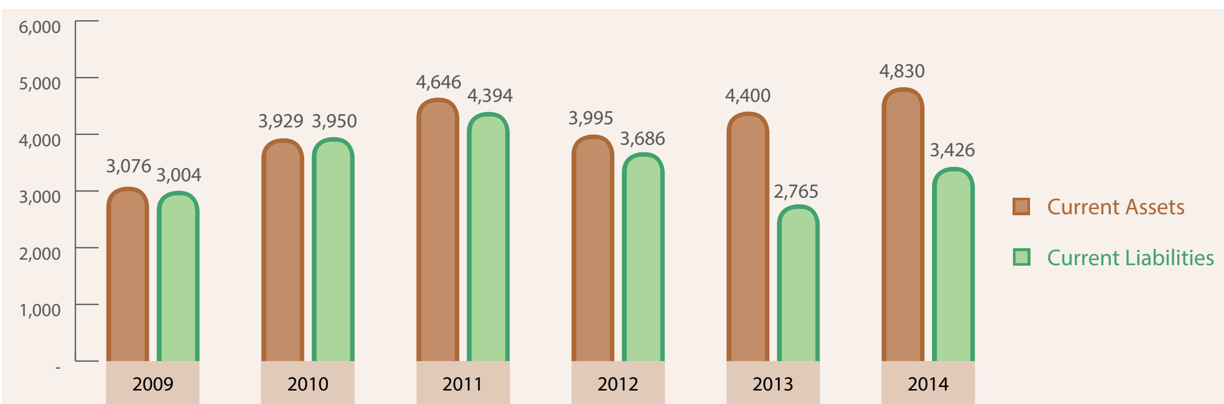
Summarized Six Year Data

Rupees in million

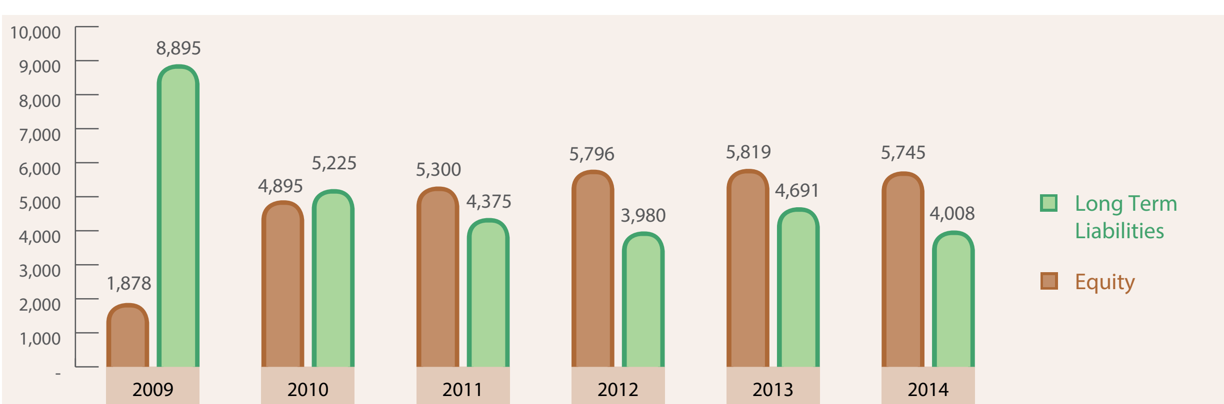
Balance Sheet	2014	2013	2012	2011	2010	2009
Share Capital						
Ordinary shares	1,471	1,060	707	707	707	707
Preference shares	901	2,103	3,004	3,004	3,004	-
Reserves	3,373	2,656	2,085	1,589	1,184	1,172
Shareholders' equity	5,745	5,819	5,796	5,300	4,895	1,878
Subordinated loan	-	-	1,000	1,000	1,000	1,650
Long-term financing	4,130	4,425	3,810	4,225	5,075	7,691
Deferred taxation - Liability / (Asset)	661	540	134	-	(212)	(190)
Capital employed	10,536	10,784	10,741	10,525	10,970	11,219
Property, plant and equipment	8,340	8,857	9,439	9,384	9,879	10,454
Other non-current assets	8	19	29	38	49	57
Net current assets / Working capital	1,405	1,634	309	252	(21)	72
Profit & Loss						
Sales - gross	17,132	16,513	14,980	13,959	11,323	8,332
Sales - net	14,668	14,236	12,923	11,779	9,702	7,152
Gross profit / (loss)	2,021	2,547	2,113	2,010	1,447	(74)
Operating profit / (loss)	1,529	2,100	1,701	1,703	1,212	(294)
Profit / (loss) before tax	914	1,407	790	735	71	(1,595)
Profit / (loss) after tax	630	929	515	405	42	(1,054)
EBITDA	2,441	3,007	2,479	2,452	1,966	400
Cash Flows						
Net cash flow from operating activities	1,034	1,678	1,755	735	(473)	(211)
Net cash flow from investing activities	(251)	(305)	(798)	(235)	(163)	(567)
Net cash flow from financing activities	(983)	(1,289)	(415)	(850)	(292)	1,511
Changes in cash and cash equivalents	(200)	84	542	(350)	(928)	733
Cash and cash equivalents - Year end	(1,536)	(1,336)	(1,421)	(1,963)	(1,613)	(685)
Others						
Number of Employees (at year end)	1,519	1,643	1,638	1,710	1,631	1,520
Number of Shares (million)						
Ordinary shares	147	106	71	71	71	71
Preference shares	90	210	300	300	300	-



Total Assets and Net Sales
(Rupees in million)



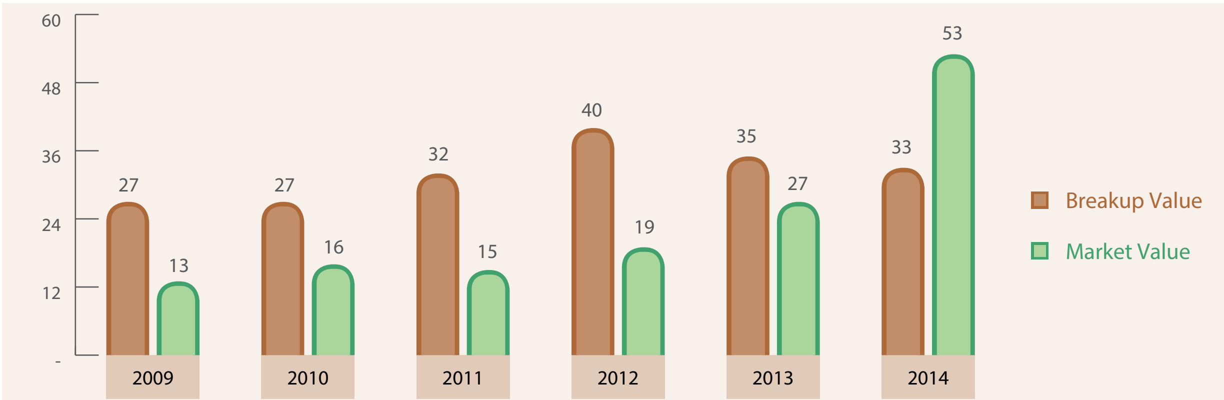
Current Assets and Current Liabilities
(Rupees in million)



Long Term Liabilities and Equity
(Rupees in million)

Financial Performance

		2014	2013	2012	2011	2010	2009
Profitability							
Gross profit / (loss) margin	%	14	18	16	17	15	(1)
EBITDA margin to sales	%	17	21	19	21	20	6
Profit / (loss) before tax margin	%	6	10	6	6	1	(22)
Net profit / (loss) margin	%	4	7	4	3	0.43	(15)
Return on equity	%	11	16	9	8	1	(56)
Return on capital employed	%	13	18	14	14	10	(3)
Operating Performance / Liquidity							
Total assets turnover (excl. CWIP)		1.13 : 1	1.08 : 1	0.97 : 1	0.84 : 1	0.69 : 1	0.53 : 1
Fixed assets turnover		1.73 : 1	1.58 : 1	1.37 : 1	1.22 : 1	0.95 : 1	0.67 : 1
Debtors turnover		15.63 : 1	14.8 : 1	16.81 : 1	18.67 : 1	17.92 : 1	18.17 : 1
Debtors days		23	25	22	20	20	20
Inventory turnover		5.52 : 1	6.34 : 1	4.99 : 1	4.31 : 1	5.13 : 1	5.06 : 1
Inventory days		66	58	73	85	71	72
Creditors turnover		12.64 : 1	11.78 : 1	11.03 : 1	10.16 : 1	9.25 : 1	9.87 : 1
Creditors days		29	31	33	36	39	37
Operating cycle days		60	73	75	69	52	55
Return on assets (excl. CWIP)	%	4.85	7.02	3.88	2.88	0.30	(8.00)
Current ratio		1.41 : 1	1.59 : 1	1.08 : 1	1.06 : 1	0.99 : 1	1.02 : 1
Quick / Acid test ratio		0.31 : 1	0.46 : 1	0.34 : 1	0.20 : 1	0.26 : 1	0.30 : 1
Capital Market / Capital Structure Analysis							
Market value per share	Rs	53.30	27.05	18.95	15.40	16.00	13.19
Breakup value / (Net assets/share)	Rs	32.94	35.05	39.50	32.48	26.75	26.58
Earnings / (loss) per share (pre tax)	Rs	7.37	13.65	4.49	3.88	(2.06)	(17.96)
Earnings / (loss) per share (after tax)	Rs	3.46	5.30	1.40	0.17	(2.38)	(11.87)
Price earning ratio		15.40:1	5.10:1	13.54:1	90.59:1	(6.72):1	(1.11):1
Market price to breakup value		1.62:1	0.65 :1	0.48 :1	0.47 :1	0.60 :1	0.50 :1
Debt equity ratio		42 : 58	43 : 57	36 : 64	40 : 60	46 : 54	69 : 31
Weighted average cost of debt	%	10.35	11.56	13.50	12.76	13.07	13.83
Interest coverage ratio		2.49:1	3.03:1	1.87:1	1.76:1	1.06:1	(0.23):1



Breakup Value and Market Value
(Rupees)

Debtors' Days and Creditors' Days

Debt Equity Ratio

Horizontal Analysis

Rupees in million

	2014		2013		2012		2011
	Amount	%	Amount	%	Amount	%	Amount
PROFIT AND LOSS ACCOUNT							
Sales - net	14,668	103	14,236	110	12,923	110	11,779
Cost of sales	(12,646)	108	(11,689)	108	(10,810)	111	(9,769)
Gross profit	2,022	79	2,547	121	2,113	105	2,010
General and administrative expenses	(351)	113	(310)	113	(275)	121	(227)
Selling and distribution expenses	(140)	126	(111)	103	(108)	103	(105)
Other operating income	106	116	91	101	90	102	88
Other operating charges	(107)	91	(117)	98	(119)	192	(62)
Operating profit	1,529	73	2,100	123	1,701	100	1,704
Finance cost	(615)	89	(693)	76	(911)	94	(969)
Profit before taxation	914	65	1,407	178	790	107	735
Taxation	(284)	59	(478)	174	(275)	83	(330)
Profit after taxation	630	68	929	181	515	127	405
BALANCE SHEET							
NON-CURRENT ASSETS							
Property, plant and equipment							
Operating fixed assets	8,138	92	8,808	95	9,239	99	9,365
Capital work in progress	203	417	48	24	200	1051	19
Intangible assets	3	24	11	49	23	74	31
Long-term loans and advances	3	63	5	162	3	69	4
Long-term deposits	3	100	3	102	3	93	3
CURRENT ASSETS							
Stores and spares	910	105	867	102	854	97	877
Stock in trade	2,563	127	2,016	121	1,672	63	2,670
Trade debts	1,007	85	1,185	113	1,046	142	736
Loans and advances	23	63	36	235	15	28	56
Trade deposits and short-term prepayments	3	28	12	355	3	37	9
Other receivables	2	18	11	8	144	598	24
Tax refunds due from Government	141	294	48	244	20	29	69
Taxation-net	111	75	148	413	36	48	75
Cash and bank balances	69	89	77	38	204	157	130
EQUITY AND LIABILITIES							
SHARE CAPITAL AND RESERVES							
Issued, subscribed and paid-up capital							
Ordinary shares	1,471	139	1,060	150	707	100	707
Preference shares	901	43	2,103	70	3,004	100	3,004
Reserves	3,373	127	2,656	127	2,085	131	1,589
NON-CURRENT LIABILITIES							
Subordinated loan	-	-	-	-	1,000	100	1,000
Long-term financing	3,347	81	4,151	146	2,845	84	3,375
Deferred taxation	661	122	540	402	134	-	-
CURRENT LIABILITIES							
Trade and other payables	973	95	1,028	108	956	95	1,005
Interest and mark-up accrued	66	133	49	35	141	31	446
Short-term borrowings	1,605	114	1,414	87	1,625	78	2,093
Current portion of long-term financing	782	285	274	28	965	113	850

Note: 2011 is the Base Year.

Vertical Analysis

Rupees in million

	2014		2013		2012	
	Amount	%	Amount	%	Amount	%
PROFIT AND LOSS ACCOUNT						
Sales - net	14,668	100.00	14,236	100.00	12,923	100.00
Cost of sales	(12,646)	86.22	(11,689)	82.11	(10,810)	83.65
Gross profit	2,022	13.78	2,547	17.89	2,113	16.35
General and administrative expenses	(351)	2.39	(310)	2.18	(275)	2.13
Selling and distribution expenses	(140)	0.95	(111)	0.78	(108)	0.84
Other operating income	106	0.72	91	0.64	90	0.70
Other operating charges	(107)	0.73	(117)	0.82	(119)	0.92
Operating profit	1,529	10.43	2,100	14.75	1,701	13.16
Finance cost	(615)	4.19	(693)	4.87	(911)	7.05
Profit before taxation	914	6.24	1,407	9.88	790	6.11
Taxation	(284)	1.94	(478)	3.36	(275)	2.13
Profit after taxation	630	4.30	929	6.52	515	3.98
BALANCE SHEET						
NON-CURRENT ASSETS						
Property, plant and equipment						
Operating fixed assets	8,138	61.75	8,808	66.35	9,239	68.63
Capital work in progress	203	1.54	48	0.37	200	1.49
Intangible assets	3	0.02	11	0.09	23	0.17
Long-term loans and advances	3	0.02	5	0.03	3	0.02
Long-term deposits	3	0.02	3	0.02	3	0.02
CURRENT ASSETS						
Stores and spares	910	6.91	867	6.53	854	6.34
Stock in trade	2,563	19.45	2,016	15.19	1,672	12.42
Trade debts	1,007	7.64	1,185	8.92	1,046	7.77
Loans and advances	23	0.17	36	0.27	15	0.11
Trade deposits and short-term prepayments	3	0.03	12	0.09	3	0.02
Other receivables	2	0.02	11	0.08	144	1.06
Tax refunds due from Government	141	1.07	48	0.36	20	0.15
Taxation-net	111	0.84	148	1.12	36	0.27
Cash and bank balances	69	0.52	77	0.58	204	1.52
TOTAL ASSETS	13,179	100	13,275	100	13,462	100
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Issued, subscribed and paid-up capital						
Ordinary shares	1,471	11.16	1,060	7.99	707	5.25
Preference shares	901	6.84	2,103	15.84	3,004	22.32
Reserves	3,373	25.60	2,656	20.15	2,085	15.49
NON-CURRENT LIABILITIES						
Subordinated loan	-	-	-	-	1,000	7.43
Long-term financing	3,347	25.40	4,151	31.27	2,845	21.13
Deferred taxation	661	5.00	540	4.14	134	1.00
CURRENT LIABILITIES						
Trade and other payables	973	7.38	1,028	7.53	956	7.09
Interest and mark-up accrued	66	0.50	49	0.37	140	1.05
Short-term borrowings	1,605	12.18	1,414	10.65	1,625	12.07
Current portion of long-term financing	782	5.94	274	2.06	965	7.17
TOTAL EQUITY AND LIABILITIES	13,179	100	13,275	100	13,462	100

Chairman's Message

Your Company passed through a difficult time in the year 2013-14. All our original planning was disturbed due to the total closure of Gas supply from end of December 2013 to March 2014,

Unfortunately, in the summer also gas to industries have been supplied for just two days in a week which further added to the misery of the industrial undertakings, particularly the continuous process industry. Hence, left with no options to meet its market commitments, the management of your Company reverted to expensive alternate fuels which seriously impacted the bottom line for the year under review.

The Board of Directors of the Company have been considering a Coal Fired Co-Generation Power Plant for some time, however the unprecedented gas shut down forced the Board to move on fast track. I am pleased to inform you that after working on war footing in this respect EPC Contract has been signed with RUNH POWER of CHINA for 18 Megawatt Coal Based Co-Generation Power Plant. At the same time the financial arrangements with the Banks have also been finalized. The project with a capital outlay of Rs. 3.2 Billion is expected to become operational by the second quarter of the financial year 2015-16. Hence from the year 2015-16 the major portion of our energy requirement particularly for PM-7 will be met internally through coal generation.

It seems that there will unlikely be good news insight for the year 2015, unless the ongoing curtailment of Gas and load shedding on the WAPDA system is stopped. However on our part by better pre-planning we shall make all efforts to mitigate the negative impact of energy shortages.

I am confident that the measures taken and investment made by the management of your Company to overcome the energy crises will soon bear fruit and the Company will be able to utilize its full production capacity onwards from the year 2015-16.

Iqbal Ali Lakhani
Chairman

Directors' Report

On behalf of the Board of Directors (BOD), I am pleased to present the Annual Report of the Century Paper & Board Mills Limited for the year ended June 30th, 2014, along with the audited financial statements, and Auditors' report thereon.

MARKET REVIEW

Market demand for various Paper & Paperboard products during the year under review was stable throughout the year. Your Company's products were taken as first preference by the major market segments. However, due to energy constraints your company could not get the maximum benefit of the market pull for its products.

In the second quarter the energy crisis started building up and reached its peak in the third quarter. During this period the demand of major product categories (Coated Duplex Boards and Coated Bleached Board) by the regular customers was met on first priority with the available energy sources including the alternate fuels.

Keeping in view the market acceptability, products quality and better product mix and increasing energy cost your company managed to get an increase of 9% in average selling price during the year under review as compared to last year.

Strengthening of rupee and fall in international prices of finished paper & paperboard products started encouraging the imports during fourth quarter of the year under review. Consequently the sales in the fourth quarter also declined and our prices came under pressure.

Market outlook is stable and market demand for your company products is very much there but higher cost of manufacturing and drop in international market prices will be challenge in the next year.

OPERATIONS

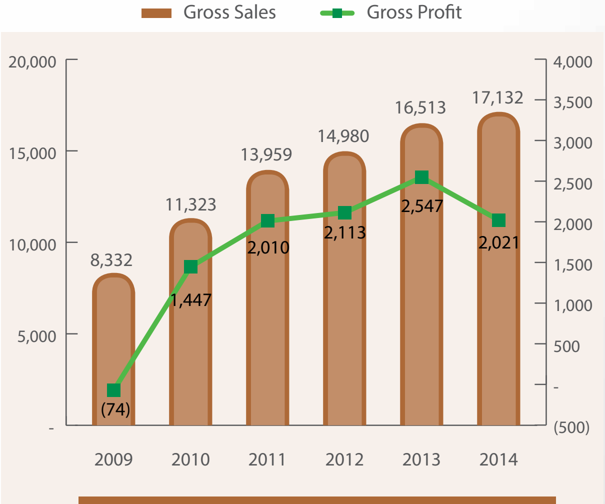
During the year under review the full utilization of capacity was severely restricted due to limited availability of energy. Further to achieve the production using alternate fuels was not economical as the price did not match to cover the incremental cost. The Company operated under a difficult mix of energy of Gas, Coal, Furnace Oil and Diesel. Nevertheless, it is very commendable that the operational staff of your Company endeavoured to avail every drop of available energy.

During the year under review a production level of 175 thousand tons was achieved as compared to last year's production of 186 thousand tons. The capacity utilization for the year stood at 73% of the installed capacity (L.Y. 77%).

SALES

Your Company was not able to maintain a regular supply of the product to its customers in winter season due to energy constrains. Hence some of our customers resorted to alternate sources to meet their own commitments.

In quantitative terms the sales of the Company for the year under review were 170 thousand metric tons (L.Y. 181 thousand metric tons). The rupee value of the net sales for the year under review stood at Rs. 14,668 million (L.Y. Rs. 14,236 million) showing a meagre increase of three percent which was due to the increased selling price of the product mix.

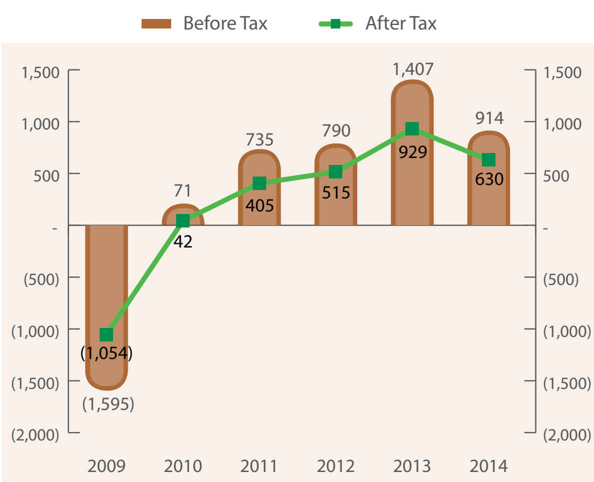


Gross Sales and Gross Profit
(Rupees in million)

FINANCIALS

Contrary to last year, the financials of the Company for the year under review were affected adversely by multiple factors. The low volume of sales and the high cost of inputs including the continuous shortage and unpredictable availability of energy have adversely affected our bottom line. Resultantly the Company incurred a loss in the third quarter and made a nominal profit in the fourth quarter for the year under review.

Your Directors however feel that the management of the Company possibly could do no better than this under these very unfavourable circumstances. However they assure the stakeholders that the strategic investment conceived by the Directors to overcome the energy crisis which is discussed in the later part of this report will bear fruit from the next financial year and thereafter the financials will show an improved bottom line as compared to the present.



Profit Before And After Tax
(Rupees in million)

The net turnover for the year under review is recorded at Rs. 14,668 million (L.Y. Rs. 14,236 million). Gross profit of the Company for the period under review stood at Rs. 2,021 million as compared to Rs. 2,547 million of the last year.

The operating profit for the year under review stood at Rs. 1,529 million as compared to an operating profit of Rs. 2,100 million from the last year. The decrease in operating profit is attributable to the decrease in sales volume coupled with increased cost of inputs. The net profit after tax of the Company for the year under review decreased to Rs. 630 million compared to last year's net profit of Rs. 929 million.

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

Rupees in million

	2014	2013
Sales	14,668	14,236
Cost of Sales	(12,647)	(11,689)
Gross Profit	2,021	2,547
Admin and Selling Expenses	(598)	(538)
Other Income	106	91
Operating profit	1,529	2,100
Financial Charges	(615)	(693)
Net profit before tax	914	1,407
Taxation	(284)	(478)
Net Profit after Tax	630	929
Sales Volumes (Metric Tons)	170,225	180,725

EARNINGS PER SHARE

For the year under review the number of ordinary shares increased from 106,025 thousand to 147,018 thousand, due to declaration of 15% bonus shares and later conversion of 25% i.e. 75 million of preference shares into ordinary shares. According to the requirement of the International Financial Reporting Standards (IAS 33), the Earnings per Share (EPS) has been calculated taking weighted average number of shares, which comes to 124,060 thousand (L.Y. 103,086 thousand) as at June 30th 2014. Further due to conversion of 25% of preference shares the proportionate dividend attributable to the cumulative preference shares has been reduced from the last year figure of Rs. 383 million to Rs. 201 million for the current year.

Consequently the earnings attributable to the ordinary shareholders for the purpose of calculating EPS comes to Rs. 429 million (L.Y. Rs 546 million). On this basis the EPS for the year is reported at Rs. 3.46 compared to the previous year's restated EPS of Rs. 5.30.

PROFILING OF CAPITAL STRUCTURE

In order to improve the financial health of the Company your Directors took some major strategic decisions during the year to re-profile its capital structure. These decisions include:

a) Issue of 15 % Bonus Shares

In the first half of the financial year under review, yours Directors in order to provide a return to the Ordinary shareholders announced 15% dividend in the shape of the Bonus shares.

b) Redemption of Preference Shares

In the last financial year your Directors redeemed 30% (16% plus 14%) of preference shares along with the dividend in arrears by issuing right shares and using the internally generated cash.

The strategy of the Directors to retire this Capital continued in the year under review also. In the first half of the year the Directors decided to further redeem 15% of original issue of Preference Shares along with the dividend in arrears.

c) Conversion of Preference Shares into Ordinary Shares

Further in the last quarter the Directors decided to convert 25% of the original issue (75 million Preference Shares) into ordinary shares as per approved formula set up in the amended terms, right and privileges of Preference Shares. The conversion price of the Ordinary Shares calculated (as per formula) was Rs. 47.19 per share.

On the basis of the above price 25,089,437 Ordinary Shares were issued to convert 75,101,140 Preference Shares along with the cumulative dividend in arrears up to the date of conversion.

Due to three successive redemptions and one conversion the Preference Shares Capital have been reduced from its original Rupees three billion to just Rs. 901 million and the fixed charge after tax per year of the dividend has been reduced from the original Rs. 390 million to approximately Rs.100 million per year.

In order to provide a healthy return to the ordinary shareholders the Directors intend to completely redeem the preference shares. However this may not be possible due to the proposed capital outlay on the Co-Generation Power Plant. Therefore it is highly probable that the Company will carry the remaining amount of preference shares on its books for some time.

Due to the above stated measures the equity of the Company has been re-classified which is reflected in the Balance Sheet.

CAPITAL EXPENDITURE

a) Secondary Waste Water Treatment Plant

All over the world the paper industry is faced with a challenge to meet the stringent environmental standards. In Pakistan also meeting the National Environmental Quality Standards (NEQ's) is a big challenge for the Company. In order to comply with the NEQ's your Company is in the process of installing a Secondary Waste Water Treatment Plant. The machinery imported from China has already arrived at the mills. The civil design has been approved and it is expected that the plant will be commissioned and completed during the current financial year.

The total cost of this plant is expected to be around Rs. 250 million. Your Directors envisage the capital outlay for this project as a social responsibility.

b) 18 Megawatt Coal Based Co-Generation Power Plant

It may be recalled that your Directors reported last year that they are considering all the micro and macro variables before going for investment in energy. The unexpected massive load shedding of electricity and total gas supply for four months in winter and reduced supply of 33% thereafter somewhat helped the Directors to make a quick decision for this investment.

The Directors in their meeting held in February 2014, decided to move on a fast track for tackling the energy crisis. Hence the work on two fronts namely the search of Engineering, Procurement and Construction (EPC) firm and secondly the arrangement of financing for the project started simultaneously.

It is a matter of great pleasure to report that the Company has entered into an agreement with RUNH Power Corporation Limited of China for the EPC contract of the 18 Megawatt Coal Based Co-Generation Power Plant.

This plant will cater for un-interrupted supply of 60% of the energy (electricity & steam) requirement of the Company throughout the year. It is expected that the plant will be operational by second quarter of 2015-16.

The total capital outlay of the plant is expected to be Rs. 3.2 billion. In order to finance this on 70:30 debt equity basis the Directors approved the financing arrangement of Rs. 2,250 million with Banks. This financing which is a hybrid financing arrangement of Islamic mode of financing with Meezan Bank and conventional mode of financing with the syndicate of MCB Bank and Allied Bank. The loan carries a two year grace period and a five year repayment term. It is envisaged that the project will pay off the loan in the given period.

APPROPRIATIONS

a) Appropriations for Redemption of Preference Shares and Cumulative Dividend in Arrears on Redemption and Conversion of preference shares

As stated earlier the Directors of your Company took a major strategic decision of redeeming 15% of 300 million preference shares outstanding along with the cumulative dividend in arrears up to the date of redemption.

Also your Directors in the third quarter of the year under review converted Preference Shares along with the dividend in arrears into Ordinary shares. The conversion was to the maximum extent of 25% (75 million shares) of the original issue of Preference Shares and was done by the formula as stated in the amended terms and conditions and right and privileges attached to the preference shares.

The redemption of Preference Shares along with the dividends in arrears thereon and settlement of dividend as part of conversion of Preference Shares necessitated the following appropriations of un-appropriated profit.

Description	Rupees in thousands
UN-APPROPRIATED PROFIT	
Un-appropriated Profit as on 1st July, 2013	806,279
Total comprehensive Income for the year	613,193
Un-appropriated Profit before appropriation	1,419,472
Appropriations:	
Transfer to Capital Redemption Reserve Fund	(450,607)
Dividend on redemption and conversion of preference shares	(670,100)
Total Appropriations	(1,120,707)
Un-appropriated Profit as on June 30, 2014	298,765

b) Appropriation of Share Premium Reserve

Your Directors in the first half of the year under review declared a dividend in the shape of bonus shares of 15%. This bonus was paid by appropriating the share premium reserve as envisaged in section 83 of The Companies Ordinance, 1984. The Share premium account at the close of financial year is as follows:

Description	Rupees in thousands
Balance as at July 1, 2013	1,047,935
15,903,770 Ordinary Shares of Rs.10/= each Issued as fully paid bonus shares	(159,038)
Premium on 25,089,437 Ordinary Shares issued on conversion of Preference Shares	933,225
As on June 30, 2014	1,822,122

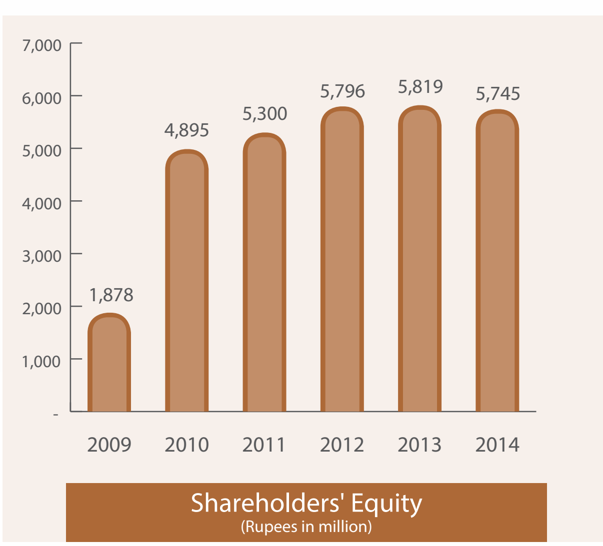
MARKET CAPITALIZATION

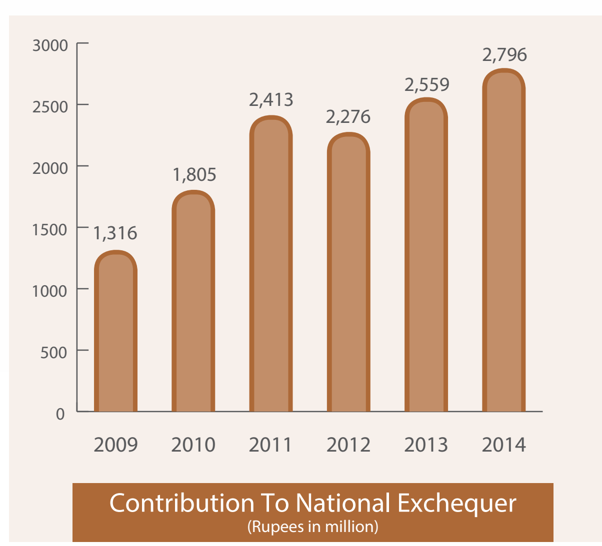
The Capital markets of the country were on the upward trend during the year under review. The market capitalization of your Company also fluctuated with the trends of the market. During the year the market value of the share of the Company touched the high of Rs. 78.45; and the low of Rs. 26.50.

The number of ordinary shares issued increased from 106 million shares to 147 million shares because of the two factors. First the issue of bonus shares and second the issue of ordinary shares in conversion of preference shares. Taking these factors into account the market capitalization at the end of the year was Rs. 7,836 million (L.Y. Rs. 2,868 million) with a market value per share of Rs. 53.30. The break-up value per share at the end of the year was Rs. 32.94 (L.Y. Rs. 35.05).

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your Company's contribution to the National Exchequer amounted to Rs. 2,796 million as compared to Rs. 2,559 million of the last year. This includes Rs. 257 million (L.Y. Rs. 213 million) as Income Tax, Rs. 2,465 million (L.Y. Rs. 2,277 million) as Sales Tax, Rs. 74 million (L.Y. Rs. 69 million) as Customs Duty.





BOARD MEETINGS

Four meetings of the Board of Directors were held during the year ended June 30, 2014. Attendance by each Director was as under:

Name of Director	Meetings Attended
Mr. Iqbal Ali Lakhani (Chairman)	3
Mr. Zulfiqar Ali Lakhani	2
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	4
Mr. Shahid Ahmed Khan	3
Mr. Kemal Shoaib	4
Mr. Muhammad Imran Rafiq	3
Mr. Aftab Ahmad (CEO)	4

AUDIT COMMITTEE

The Board in accordance with the Code of Corporate Governance has set up an audit committee comprising of four Directors. An independent Director is its Chairman and three Non-Executive Directors are members. Four meetings of the Committee were held during the year ended June 30, 2014. Attendance by each Director was as under:

Name of Director	Meetings Attended
Mr. Kemal Shoaib (Chairman)	4
Mr. Zulfiqar Ali Lakhani	2
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	4

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

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board in accordance with the Code of Corporate Governance has also constituted Human Resource and Remuneration Committee, comprising of the following three Directors:

Mr. Zulfiqar Ali Lakhani	Chairman
Mr.Tasleemuddin Ahmed Batlay	Member
Mr. Aftab Ahmad	Member

One meeting of the Committee was held during the year which was attended by all the Directors. The terms and reference of the committee includes but not limited to those as mentioned in the Code of Corporate Governance.

CORPORATE AND FINANCIAL REPORTING

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

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

Proper books of accounts have been maintained by the Company.

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

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

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

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

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

PATTERN OF SHAREHOLDING

Pattern of Shareholding of the Company as at June 30, 2014, along with the necessary information is annexed to this report.

There were 2,175 shareholders on the record of the Company as at June 30, 2014.

PROVIDENT AND GRATUITY FUNDS

The Company provides terminal benefits to its employees in the shape of provident fund and gratuity. These funded benefits are maintained by two separate duly approved trusts. These trusts are managed by the trustees who get the funds audited each year.

The Trustees of the respective funds have informed the Company that the values of the investments of the two funds were as follows as on June 30, 2014:

Provident Fund	Rs. 346.05 million
Gratuity Fund	Rs. 236.23 million

AUDITORS

The Auditors BDO Ebrahim & Company are the retiring auditors of the Company and offers their services for re-appointment. They confirmed that they have been given satisfactory rating under the Quality Control Review Program of The Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP. On the recommendation of the Board's Audit Committee, the Board of Directors proposed their re-appointment by the shareholders at the ensuing Annual General Meeting, as auditors of the Company for the year ending June 30, 2015.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is a part of Lakson Group of Companies. The philanthropic activities on behalf of Company are done by charitable arms of the group under the name of Hasanali & Gulbanoo Lakhani Foundation and Lakson Medical Trust.

Moreover, your Company is committed to social and environmental cause of the society and believes in building strong bonds with all segments of the society. To cement these bonds it carries out activities for the welfare and uplift of the communities of the surrounding areas.

Beside; a value system in the Company is in place to ensure social and ethical conduct and to inculcate the spirit of ethical behaviour, develop commitment to excellence and adopt a customer focussed approach. The Directors consider it as a long term investment in the collective development of Century's human resource in particular, and the society as a whole. Moreover, festivities like employee's family fun fare, educational trips to historical places, summer camps for employee's children and inter-departmental sport activities have become a regular feature for the Company.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

Your Company is certified for ISO 14001:2004, ISO 9001:2008 and has implemented OHSAS 18001:2007.

Your Company is continually working to promote a quality conscious and safe working environment. Comprehensive risk assessment and related preventive measures are vigorously pursued to achieve zero accident. SHEQ framework is reviewed by the Company at regular intervals, followed by concrete steps for its improvement which includes the continuous monitoring of energy consumption, gaseous emission from boilers & power plant and waste water disposal.

Training sessions are regularly conducted for employees to enhance the awareness in the area of OHSAS. Additionally a "Communication Participation & Consultation Program" is in progress in order to create increased Safety Awareness.

Energy conservation has drawn focus in recent years; in this regard your Company has adopted energy saving systems and cleaner production technologies. Through regular monitoring and best practices Company has been able to achieve overall improvements in its energy consumption.

HUMAN RESOURCE

Your Company endeavours to make the best use of its Human Capital Inventory. It has a broad and interactive approach towards its employees.

Company's core value system comprising of Humility & Compassion, Integrity, Change, Innovation, Continuous Improvement Mind set, Team Work, Sense of Urgency and Customer Centric approach, helps in cultivating individual employees by shaping them in an organized infrastructure, and transforming their creativities into professional excellence.

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

EMPLOYEE RELATIONS

The cordial relationship between the management and the employees, remain as good as they are for the last many years.

OUTLOOK FOR THE YEAR 2014

The shortage of energy (gas and electricity) will continue to be of major concern for the Company for the ensuing financial year. As stated in the earlier part of this report your Directors have taken a major strategic move of making the investment in the Coal Based Co-Generation Power Plant but this plant won't be ready during the year 2014-15.

Your Board is concerned about the energy situation of the country as this factor will limit the operational capacity of your company. Hence the year 2014-15 will be even more challenging as compared to the year 2013-14 both in terms of production and sales. It is most likely that the bottom line of your Company will remain under stress for the financial year 2014-15, unless there is substantive improvement in the supply of electric power and gas.

ACKNOWLEDGEMENT

The Directors are pleased to place on record the appreciation for all the financial institutions, especially those who helped the Company in financing its 18 Megawatt Coal Based Co-Generation Power Plant.

They also wish to acknowledge the devotion to duty by the employees of all cadres and are appreciative of their support and dedication.

They are also thankful to all the other stakeholders and fully acknowledge their contribution and commitment.

On Behalf of the
Board of Directors

Aftab Ahmad
Chief Executive Officer

Karachi: August 22, 2014

Statement of Compliance with the Code of Corporate Governance

for the year ended June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of the Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1) The Board of the Company comprises of one independent and six non-executive Directors. At present the Board consists of the following:

Independent Director	Mr. Kemal Shoaib
Non-Executive Directors	Mr. Iqbal Ali Lakhani Mr. Zulfiqar Ali Lakhani Mr. Amin Mohammed Lakhani Mr. Tasleemuddin Ahmed Batlay Mr. Shahid Ahmed Khan Mr. Muhammad Imran Rafiq
Executive Director	Mr. Aftab Ahmad (CEO)

The Chief Executive Officer (CEO) is a deemed Director of the Board by virtue of his office.

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

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

4) No casual vacancies occurred in the Board during the current year. Any casual vacancy as and when it occurred is promptly filled in within the stipulated time.

5) The Company had adopted a Code of Conduct which has been disseminated throughout the Company. It has also been placed on the website of the Company.

6) 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.

7) All the powers of the Board have been duly exercised and decisions on material transactions and major judgemental area, if any, were taken by the Board. The Board approves the appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, and other Executive and/or Non-Executive Director/s.

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

9) Majority of the Directors on the Board are having more than 14 years of education and more than 15 years of experience; therefore they are exempted from the Directors training program as prescribed by the Code of Corporate Governance.

10) The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11) The Directors report has been prepared in compliance with the requirements of the CCG containing the salient matters required to be disclosed.

12) Before approval by the Board the financial statements of the Company were duly reviewed by the audit committee and endorsed by the CEO and CFO. The half yearly and annual accounts were also initialled by the external auditors before presentation to the Board.

13) 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.

14) The Company has complied with all the corporate and financial reporting requirements of the CCG.

15) The Board has formed an audit committee comprising of one independent and three non-executive Directors. The Chairman of the Committee is an independent Director.

16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference/charter of the committee have been formed and approved by the Board and advised to the committee for compliance.

17) The Board has also constituted a Human Resource and Remuneration Committee comprising of two non-executive Directors and one executive Director. The Chairman of the Committee is a non-executive Director.

18) The Board has set up an effective internal audit function which is headed by a chartered accountant. The full time staffs are qualified and experienced for the purpose, and conversant with the policies and procedures of the Company.

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

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

21) The Company announces the "closed period" prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities and immediately intimates the closed period to Directors/Executives and Stock Exchange(s). The Board has set the threshold of Manager and above to be an "executive" as required by CCG.

22) Material and sensitive information has been disseminated at once among all market participants through Stock Exchange(s).

23) It is confirmed that material principles contained in the Code of Corporate Governance have been complied with.

Aftab Ahmad
Chief Executive Officer

Karachi: August 22, 2014

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Pakistan

Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Century Paper and Board Mills Limited for the year ended June 30, 2014 to comply with the requirements of Listing Regulations No. 35 of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

BDO Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Qasim E Causer

KARACHI
DATED: August 22, 2014

Financial Statements

Contents

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Pakistan

Auditors' Report to the Members

We have audited the annexed balance sheet of CENTURY PAPER & BOARD MILLS LIMITED as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:
   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.25 with which we concur;
   ii) the expenditure incurred during the year was for the purpose of the Company's business; and
   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat fund established under Section 7 of that Ordinance.

BDO Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Qasim E Causer

KARACHI
DATED: August 22, 2014

Balance Sheet
as at June 30, 2014

	Note	2014	2013 (Restated)	2012 (Restated)
		(Rupees in thousands)		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment				
Operating fixed assets	5	8,137,746	8,808,166	9,239,066
Capital work in progress	6	202,525	48,532	199,778
		8,340,271	8,856,698	9,438,844
Intangible assets	7	2,712	11,403	23,038
Long-term loans and advances	8	2,845	4,501	2,774
Long-term deposits		2,829	2,829	2,775
		8,348,657	8,875,431	9,467,431
CURRENT ASSETS				
Stores and spares	9	910,456	866,735	853,755
Stock-in-trade	10	2,563,413	2,015,766	1,672,327
Trade debts	11	1,006,753	1,184,771	1,046,176
Loans and advances	12	22,745	36,229	15,412
Trade deposits and short-term prepayments	13	3,312	11,841	3,339
Other receivables	14	1,988	11,059	143,593
Tax refunds due from Government		141,291	48,016	19,689
Taxation - net	15	111,347	148,082	35,827
Cash and bank balances	16	68,975	77,161	204,424
		4,830,280	4,399,660	3,994,542
TOTAL ASSETS		13,178,937	13,275,091	13,461,973
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
410,000,000 (2013: 410,000,000) shares of Rs. 10 each		4,100,000	4,100,000	4,100,000
Issued, subscribed and paid-up capital				
Ordinary shares	17	1,470,184	1,060,252	706,834
Preference shares	18	901,214	2,102,832	3,004,046
		2,371,398	3,163,084	3,710,880
Reserves	19	3,373,292	2,656,012	2,085,271
		5,744,690	5,819,096	5,796,151
NON-CURRENT LIABILITIES				
Subordinated loan		-	-	1,000,000
Long-term financing	20	3,347,424	4,150,682	2,845,455
Deferred taxation	21	661,069	539,848	134,455
		4,008,493	4,690,530	3,979,910
CURRENT LIABILITIES				
Trade and other payables	22	972,831	1,028,678	955,815
Interest and mark-up accrued	23	65,478	49,141	140,429
Short-term borrowings	24	1,605,021	1,413,555	1,625,123
Current portion of long-term financing	20	782,424	274,091	964,545
		3,425,754	2,765,465	3,685,912
CONTINGENCIES AND COMMITMENTS	25			
TOTAL EQUITY AND LIABILITIES		13,178,937	13,275,091	13,461,973

The annexed notes from 1 to 47 form an integral part of these financial statements.

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Profit and Loss Account

for the year ended June 30, 2014

	Note	2014	2013 (Restated)
		(Rupees in thousands)	
Sales - net	26	14,667,669	14,235,621
Cost of sales	27	(12,646,230)	(11,689,002)
Gross profit		2,021,439	2,546,619
General and administrative expenses	28	(351,216)	(309,542)
Selling and distribution expenses	29	(139,656)	(110,810)
Other operating charges	30	(106,873)	(117,079)
Other income	31	105,783	90,752
Operating profit		1,529,477	2,099,940
Finance cost	32	(615,478)	(692,907)
Profit before taxation		913,999	1,407,033
Taxation	33	(284,150)	(478,417)
Profit for the year		629,849	928,616
Basic earnings per share (Rupees)	34	3.46	5.30
Diluted earnings per share (Rupees)	34	3.44	5.30

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

The annexed notes from 1 to 47 form an integral part of these financial statements.

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Statement of Comprehensive Income

for the year ended June 30, 2014

	Note	2014	2013 (Restated)
		(Rupees in thousands)	
Profit for the year		629,849	928,616
Other comprehensive income			
Items that will not be reclassified in Profit and Loss account			
Remeasurement of defined benefit liability - net	35	(16,656)	(1,634)
Total comprehensive income for the year		613,193	926,982

The annexed notes from 1 to 47 form an integral part of these financial statements.

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Cash Flow Statement

for the year ended June 30, 2014

	Note	2014	2013 (Restated)
		(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	1,982,674	2,744,051
Finance cost paid		(599,141)	(784,195)
Taxes paid - net		(256,073)	(212,764)
Gratuity paid		(20,038)	(24,645)
Workers' profit participation fund paid		(75,507)	(42,403)
Long-term loans and advances - net		1,656	(1,727)
Long-term deposits - net		-	(54)
Net cash generated from operating activities		1,033,571	1,678,263
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(257,206)	(310,676)
Profit received on bank deposit accounts		992	188
Proceeds from sale of operating fixed assets		5,515	5,794
Net cash used in investing activities		(250,699)	(304,694)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of right shares		-	416,701
Redemption of preference shares		(450,607)	(901,214)
Proceeds from long-term financing from banking companies		-	3,127,500
Repayment of long-term financing from banking companies		(294,925)	(3,512,727)
Proceeds from long-term financing from associated undertaking		-	1,000,000
Repayment of long-term financing from sponsors		-	(1,000,000)
Dividend paid on preference shares		(236,992)	(419,524)
Net cash used in financing activities		(982,524)	(1,289,264)
Net (decrease) / increase in cash and cash equivalents		(199,652)	84,305
Cash and cash equivalents at the beginning of the year		(1,336,394)	(1,420,699)
Cash and cash equivalents at the end of the year		(1,536,046)	(1,336,394)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	68,975	77,161
Short-term borrowings	24	(1,605,021)	(1,413,555)
		(1,536,046)	(1,336,394)

The annexed notes from 1 to 47 form an integral part of these financial statements.

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Statement of Changes in Equity

for the year ended June 30, 2014

	Issued, subscribed and paid-up		Reserves								
			Capital reserves				Revenue reserves				
	Ordinary share capital	Preference share capital	Share premium	Merger reserve	Redemption reserve	Total	General reserve	Unappropriated profit	Total	Sub total	Total
						(Rupees in thousands)					
Balance as at July 01, 2012 as reported	706,834	3,004,046	984,652	7,925	-	992,577	1,232,750	(121,899)	1,110,851	2,103,428	5,814,308
Effect of change in accounting policy (note 4.25.1)	-	-	-	-	-	-	-	(18,157)	(18,157)	(18,157)	(18,157)
Balance as at July 01, 2012 (Restated)	706,834	3,004,046	984,652	7,925	-	992,577	1,232,750	(140,056)	1,092,694	2,085,271	5,796,151
Transactions with owners											
14,136,685 ordinary shares of Rs. 10/- each issued as fully paid bonus shares	141,367	-	(141,367)	-	-	(141,367)	-	-	-	(141,367)	-
Issue of 21,205,127 ordinary shares of Rs. 10/- each fully paid in cash	212,051	-	212,051	-	-	212,051	-	-	-	212,051	424,102
Share issue expenses	-	-	(7,401)	-	-	(7,401)	-	-	-	(7,401)	(7,401)
Redemption of preference shares	-	(901,214)	-	-	-	-	-	-	-	-	(901,214)
Dividend paid on preference shares	-	-	-	-	-	-	-	(419,524)	(419,524)	(419,524)	(419,524)
	353,418	(901,214)	63,283	-	-	63,283	-	(419,524)	(419,524)	(356,241)	(904,037)
Transfer to unappropriated profit	-	-	-	-	-	-	(919,524)	919,524	-	-	-
Transfer to redemption reserve	-	-	-	-	480,647	480,647	-	(480,647)	(480,647)	-	-
Total comprehensive income for the year											
Profit for the year as restated	-	-	-	-	-	-	-	928,616	928,616	928,616	928,616
Remeasurement of defined benefit liability - net	-	-	-	-	-	-	-	(1,634)	(1,634)	(1,634)	(1,634)
	-	-	-	-	-	-	-	926,982	926,982	926,982	926,982
Balance as at June 30, 2013 (Restated)	1,060,252	2,102,832	1,047,935	7,925	480,647	1,536,507	313,226	806,279	1,119,505	2,656,012	5,819,096
Transactions with owners											
15,903,770 ordinary shares of Rs. 10/- each issued as fully paid bonus shares	159,038	-	(159,038)	-	-	(159,038)	-	-	-	(159,038)	-
Redemption of preference shares	-	(450,607)	-	-	-	-	-	-	-	-	(450,607)
Dividend paid on preference shares	-	-	-	-	-	-	-	(236,992)	(236,992)	(236,992)	(236,992)
Conversion of preference shares											
Issuance of 25,089,437 ordinary shares of Rs. 10/- each due to conversion of 25% of initial issue of preference shares	250,894	(751,011)	933,225	-	-	933,225	-	(433,108)	(433,108)	500,117	-
	409,932	(1,201,618)	774,187	-	-	774,187	-	(670,100)	(670,100)	104,087	(687,599)
Transfer to redemption reserve	-	-	-	-	450,607	450,607	-	(450,607)	(450,607)	-	-
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	629,849	629,849	629,849	629,849
Remeasurement of defined benefit liability - net	-	-	-	-	-	-	-	(16,656)	(16,656)	(16,656)	(16,656)
	-	-	-	-	-	-	-	613,193	613,193	613,193	613,193
Balance as at June 30, 2014	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	298,765	611,991	3,373,292	5,744,690

The annexed notes from 1 to 47 form an integral part of these financial statements.

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

1 STATUS AND NATURE OF BUSINESS

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

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

The preparation of these financial statements in conformity with approved accounting standards requires the management to exercise its judgment in the process of applying the Company's accounting policies and use of certain critical accounting estimates. The areas involving a higher degree of judgment, critical accounting estimates and significant assumptions are disclosed in note 4.24.

2.3 Functional and presentation currency

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

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

3.1 The impact of amendments to IAS 16 "Property, Plant and Equipment" and IAS 19 "Employee benefits" which became effective during the year have been explained under the note 4.25 respectively. The other accounting standards, amendments and interpretations of approved accounting standards becoming effective during the year do not have a significant impact on the Company's financial statements.

3.2 Standards, amendments and interpretations to existing accounting standards that are not yet effective and have not been early adopted by the Company are:

		Effective date (annual periods beginning on or after)
IAS 16	Property, Plant and Equipment	July 01, 2014
IAS 16	Property, Plant and Equipment	January 01, 2016
IAS 19	Employee Benefits	July 01, 2014
IAS 27	Separate Financial Statements	January 01, 2014
IAS 32	Financial Instruments: Presentation	January 01, 2014
IAS 36	Impairment Assets	January 01, 2014
IAS 38	Intangible Assets	July 01, 2014
IAS 38	Intangible Assets	January 01, 2016
IAS 39	Financial Instruments: Recognition and Measurement	January 01, 2014
IAS 40	Investment Property	July 01, 2014
IFRS 2	Share Based Payment	July 01, 2014
IFRS 3	Business Combination	July 01, 2014
IFRS 7	Financial Instruments Disclosures	January 01, 2015
IFRS 8	Operating Segments	July 01, 2014
IFRS 9	Financial Instruments	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2014
IFRS 12	Disclosure of Interest in Other Entities	January 01, 2014
IFRS 13	Fair Value Measurement	July 01, 2014
IFRS 14	Regulatory Deferred Accounts	January 01, 2016

3.3 Further the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan, for the purpose of their applicability in Pakistan:

		Effective date (annual periods beginning on or after)
IFRS 1	First time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 9	Financial Instruments	January 01, 2015
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interest in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

a) Operating fixed assets

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

Subsequent costs are included in an asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The cost of the day to day servicing of property, plant and equipment are recognized in profit and loss account during the financial year in which they are incurred.

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

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

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

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

b) Capital work-in-progress

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

4.2 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Major computer software licenses are capitalized on the basis of cost incurred to acquire and bring to use the specific software.

Expenditure which enhances the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Amortization is provided on a straight line basis at the rates disclosed in note 7 to the financial statements. Amortization on addition to intangible assets is charged from the month of addition while no amortization is charged for the month of disposal or deletion of assets.

Costs associated with maintaining computer software's are recognized as an expense as and when incurred.

4.3 Impairment

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

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Impaired assets are reviewed for possible reversal of the impairment at each balance sheet date. Reversal of the impairment losses are restricted to the extent that asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment losses had been recognized. A reversal of impairment loss is recognized in the profit and loss account.

4.4 Stores and spares

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

4.5 Stock-in-trade

Stock-in-trade are valued at the lower of cost and net realizable value. Cost of raw material is determined by using the monthly weighted average method.

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

Work-in-process and finished goods consist of the direct materials costs, fuel and power cost and an appropriate proportion of manufacturing overheads including labor cost, depreciation and maintenance etc.

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

4.6 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoiced amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. The provision is recognized in the profit and loss account. When a trade debt is uncollectible, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

4.7 Taxation

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

a) Current

Current tax is the expected tax payable on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date after taking into account tax credits and tax rebates. It also includes prior year tax adjustments, if any.

b) Deferred

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

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

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

c) The Company takes into account decisions taken by the taxation authorities. For instance where the Company's view differs from the income tax department at the assessment stage, the disputed amounts are shown as contingent liabilities.

4.8 Cash and bank balances

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

4.9 Borrowings

Loans and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis and are shown as interest and mark-up accrued to the extent of the amount remaining unpaid.

Short-term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Borrowing cost on long-term finances and short-term borrowings which are specifically obtained for the acquisition of qualifying assets are capitalized as part of cost of that asset. All other borrowing costs are charged to profit and loss account in the period in which these are incurred. Borrowing cost also includes exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost as allowed under IAS 23 “Borrowing cost”.

4.10 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

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

4.11 Provisions and contingencies

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

When the outflow of resources embodying economic benefit is not probable, a contingent liability is disclosed, unless the possibility of cash flow is remote.

4.12 Financial instruments

4.12.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. All the financial assets of the Company as at balance sheet date are carried as loans and receivables.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the balance sheet, which are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'loans and deposits', 'other receivables' and 'cash and cash equivalents' in the balance sheet.

- Impairment

  At the end of each reporting period the Company assesses whether there is an objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

  If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss will be reversed either directly or by adjusting provision account.

4.12.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

4.12.3 Recognition and measurement

All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

4.12.4 Derecognition

The financial assets are de-recognized when the Company losses control of the contractual right that comprise the financial assets. The financial liabilities are de-recognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

4.13 Offsetting of financial assets and financial liabilities

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

4.14 Derivative financial instruments

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

4.15 Foreign currency translation

Transactions in foreign currencies are converted into functional currency (PKR) at the rates of exchange prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated into functional currency at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses are recognized in the profit and loss account except where such gains and losses are directly attributable to the acquisition, construction or production of a qualifying asset, in which case, such gains and losses are capitalized as part of the cost of that asset.

4.16 Employees benefits

The Company's employees benefits comprise of provident fund, gratuity scheme and compensated absences for eligible employees.

4.16.1 Staff retirement benefits

a) Defined benefit plan (Gratuity Fund)

The Company has a gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. The Gratuity Fund is maintained by a trust created and duly approved. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out at June 30, 2014 using the projected unit credit method (refer note 35). The Company recognizes expense in accordance with IAS 19 "Employee Benefits".

b) Defined contribution plan (Provident Fund)

The Company contributes to an approved defined contributory provident fund scheme for all its permanent employees. Equal monthly contributions, both by the Company and the employees are made to the fund, at the rate of 10% of the basic salary plus cost of living allowance. Obligation for contributions to defined contribution plan by the Company is recognized as an expense in the profit and loss account.

4.16.2 Compensated absences

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

4.17 Revenue recognition

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

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

- Sale of goods are recorded when the risks and rewards are transferred, that is, on dispatch of goods to customers.
- Scrap sales are recognized on delivery to customers at realized amounts.
- Return on deposit is accrued on time proportion basis by reference to the principle outstanding and the applicable rate of return.
- Commission on insurance premium is recognized on accrual basis.

4.18 Cash and cash equivalents

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

4.19 Share capital

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

4.20 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.21 Dividend and appropriation to reserves

Dividend is recognized as a liability in the period in which it is declared. Appropriations to reserves are recognized in the year in which these are approved.

4.22 Related party transactions

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

4.23 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

4.24 Significant accounting judgments and critical accounting estimates / assumptions

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

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

The management has exercised judgment in applying the Company's accounting policies for classification of Post Employment Benefits as Defined Benefits Plan and Defined Contribution Plan (refer note 4.25 and note 36) that have the most significant effects on the amount recognized in the financial statements.

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

a) Income taxes

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

b) Defined benefits plan

Certain actuarial assumptions have been adopted as disclosed in note 36 of these financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect actuarial gains / losses recognized in those years with corresponding effect on carrying amount of defined benefit plan liability / asset.

c) Property, plant and equipment

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

d) Stores and spares

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

4.25 Changes in accounting policies

4.25.1 In accordance with IAS 19 (revised) - "Employee Benefits" (effective for annual period beginning on or after January 1, 2013), the Company has changed its accounting policy for recognition of the actuarial / remeasurement gains and losses on employees' retirement benefit plans. The remeasurement gains / losses as per actuarial valuation done at financial year end will now be recognized immediately in other comprehensive income. Previously, these gains / losses in excess of the corridor limit were recognized in profit and loss account over the remaining service life of the employees.

The change in accounting policy has been accounted for retrospectively and the comparative figures have thereby been restated. The effect on comparative figures of all prior period presented is as follows:

	Cumulative effect up to June 30, 2013	Effect for the year ended June 30, 2013	Cumulative effect up to July 01, 2012
	(Rupees in thousands)		
Balance Sheet			
Decrease in unappropriated profit			
Actuarial losses on retirement benefit plans (net of tax)	19,341	1,184	18,157
Increase in trade and other payable			
Gratuity payable	29,305	1,372	27,933
Decrease in deferred taxation	9,964	188	9,776
Profit and Loss Account			
Increase in profit after taxation			
De-recognition of actuarial losses on retirement benefit plans (net of tax)	450	450	-
Statement of comprehensive income			
Decrease due to recognition of actuarial losses on retirement benefit plans (net of tax)	1,634	1,634	-

4.25.2 The Company has changed its accounting policy for stand-by spares in line with amendments to IAS 16 "Property, Plant and Equipment" effective for the period beginning on or after January 01, 2013, which clarifies that spare parts, stand-by equipment and servicing equipment should be capitalized as an asset when they meet the definition of the Property, Plant and Equipment.

As permitted by IAS 8 "Accounting Policy, Change in Accounting Estimates and Errors", the change in accounting policy has been accounted for prospectively as it is impracticable to determine the period specific and cumulative effect of change on comparative amounts of prior periods presented in these financial statements.

Resultantly, stand-by spares amounting to Rs. 91.42 million have been classified under the head "Plant and Machinery" which were previously shown under stores and spares. This also complies with the requirements of SRO 183(I)/2013 issued by Securities and Exchange Commission of Pakistan in respect of disclosure requirements.

5 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Freehold land	Buildings on freehold land	Leasehold improvements	Plant and machinery (note 5.2)	Furniture and fixtures	Vehicles	Electrical and other equipments	Computers	Total
	(Rupees in thousands)								
Year ended June 30, 2014									
Net carrying value basis									
Opening net book value (NBV)	278,390	1,253,150	-	7,192,506	4,852	57,827	11,781	9,660	8,808,166
Additions (at cost)	1,702	2,363	-	178,556	621	23,684	3,917	22,894	233,737
Disposals (NBV)	-	-	-	(113)	-	(3,841)	(75)	-	(4,029)
Depreciation charge	-	(46,354)	-	(827,986)	(833)	(12,178)	(4,377)	(8,400)	(900,128)
Closing net book value (refer note 5.1)	280,092	1,209,159	-	6,542,963	4,640	65,492	11,246	24,154	8,137,746
Gross carrying value basis									
Cost	280,092	1,550,090	6,995	12,731,811	18,095	106,149	25,698	86,440	14,805,370
Accumulated depreciation / impairment	-	(340,931)	(6,995)	(6,188,848)	(13,455)	(40,657)	(14,452)	(62,286)	(6,667,624)
Net book value	280,092	1,209,159	-	6,542,963	4,640	65,492	11,246	24,154	8,137,746
Year ended June 30, 2013									
Net carrying value basis									
Opening net book value (NBV)	278,390	1,286,150	-	7,598,245	5,872	46,211	11,537	12,661	9,239,066
Additions (at cost)	-	13,028	-	418,954	87	25,886	5,752	5,704	469,411
Disposals (NBV)	-	-	-	(239)	-	(4,003)	-	-	(4,242)
Depreciation charge	-	(46,028)	-	(824,454)	(1,107)	(10,267)	(5,508)	(8,705)	(896,069)
Closing net book value (refer note 5.1)	278,390	1,253,150	-	7,192,506	4,852	57,827	11,781	9,660	8,808,166
Gross carrying value basis									
Cost	278,390	1,547,727	6,995	12,565,304	17,474	92,964	44,724	65,384	14,618,962
Accumulated depreciation / impairment	-	(294,577)	(6,995)	(5,372,798)	(12,622)	(35,137)	(32,943)	(55,724)	(5,810,796)
Net book value	278,390	1,253,150	-	7,192,506	4,852	57,827	11,781	9,660	8,808,166
Depreciation rate % per annum	-	2.5 to 10	20	5 to 20	10 to 20	20	10 to 33	20 to 33	

5.1 The cost of fully depreciated assets which are still in use as at June 30, 2014 amounts to Rs. 1,978 million and written down value amounts to Rs. 3.11 million (2013: Rs. 1,834 million and written down value amounted to Rs. 3.81 million).

5.2 Plant and machinery includes gas pipeline installations with a cost of Rs. 16.87 million (written down value: Nil) [2013: Rs. 16.87 million (written down value: Nil)] which have been installed outside the premises of the factory and which are under the possession and control of the Sui Northern Gas Pipelines Limited. However, the economic benefits associated with these assets are flowing to the Company.

5.3 Plant and machinery includes capital spares amounting to Rs. 251.77 million (written down value Rs. 177.22 million) [2013: Rs. 160.37 million (written down value Rs. 101.68 million)].

		Note	2014	2013
			(Rupees in thousands)	
5.4	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	27	873,778	873,884
	General and administrative expenses	28	24,697	20,990
	Selling and distribution expenses	29	1,653	1,195
			900,128	896,069

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

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal (Note 5.5.1 & 5.5.2)	Particulars of buyers
	(Rupees in thousands)					
Plant and machinery						
Mini Tube Well	168	55	113	-	Written off	
Items having book value upto Rs. fifty thousand	11,883	11,883	-	235	Scrap	Various
	12,051	11,938	113	235		
Vehicle						
Suzuki Liana	1,001	701	300	435	Sale (Employee)	Mr. Muhammad Akhtar
Honda Civic	1,240	680	560	690	Sale (Employee)	Mr. Sabir Imtiaz
Suzuki Mehran	444	311	133	173	Sale (Employee)	Mr. Haris Riaz Rana
Suzuki Potohar	678	542	136	460	Sale (Employee)	Mr. Kashif Abbasi
Suzuki Cultus	855	599	257	260	Sale (Employee)	Mr. M Arshad Mehmood
Toyota Corolla	1,269	888	381	703	Sale (Employee)	Mr. Muhammad Asif
Suzuki Mehran	494	346	148	162	Sale (Employee)	Mr. Shahzad Ahmed
Toyota Corolla GLI	1,389	972	417	455	Sale (Employee)	Mr. Nadeemullah
Suzuki Cultus	842	589	253	276	Sale (Employee)	Mr. Syed Azam Ali Shah
Suzuki Cultus	842	589	253	276	Sale (Employee)	Mr. Tahir Tanveer
Suzuki Cultus	995	197	798	839	Sale (Negotiation)	Ms. Tahira Parveen
Items having book value upto Rs. fifty thousand	448	242	207	398	Scrap	Various
	10,497	6,656	3,843	5,127		
Electrical and other equipment						
Items having book value upto Rs. fifty thousand	22,518	22,443	75	15	Scrap	Various
Computers						
Items having book value upto Rs. fifty thousand	1,836	1,836	-	138	Scrap	Various
Total - 2014	46,902	42,873	4,031	5,515		
Total - 2013	35,357	31,115	4,242	5,794		

5.5.1 Certain assets were retired during the year and sold as bulk scrap. Consequently, it is not practicable to assign sale proceeds to these retired assets individually.

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

		Note	2014	2013
			(Rupees in thousands)	
6	**CAPITAL WORK-IN-PROGRESS**			
	This comprises of:			
	Civil works		17,852	527
	Plant and machinery		176,383	40,046
	Advances to suppliers		5,590	7,959
	Other directly attributable cost	6.2	2,700	-
			202,525	48,532

6.1 Movement of carrying amount

	Building	Plant and machinery	Total
	(Rupees in thousands)		
Year end June 30, 2014			
Opening balance	527	48,005	48,532
Additions (at cost)	17,791	209,840	227,631
Transferred to operating fixed assets	(466)	(73,172)	(73,638)
Closing balance	17,852	184,673	202,525
Year end June 30, 2013			
Opening balance	1,705	198,073	199,778
Additions (at cost)	11,649	268,864	280,513
Transferred to operating fixed assets	(12,827)	(418,932)	(431,759)
Closing balance	527	48,005	48,532

6.2 This refers to arrangement fee for borrowings obtained for qualifying assets.

		Note	2014	2013
7	**INTANGIBLE ASSETS**			
	Computer softwares		2,712	1,973
	ERP Accounting Software		-	9,430
		7.1	2,712	11,403
7.1	**Net carrying value basis**			
	Opening net book value		11,403	23,038
	Additions (at cost)		2,446	40
	Amortization charge	28	(11,137)	(11,675)
	Closing net book value		2,712	11,403
	Gross carrying value basis			
	Cost		59,470	57,024
	Accumulated amortization		(56,758)	(45,621)
	Net book value		2,712	11,403
	Amortization rate % per annum		20 – 33.33	20 – 33.33
8	**LONG-TERM LOANS AND ADVANCES**			
	(Unsecured - considered good)			
	Long-term loans	8.1	2,845	3,491
	Long-term advance to supplier		-	1,010
		8.3	2,845	4,501

	Note	2014 (Rupees in thousands)	2013 (Rupees in thousands)
8.1 Long-term loans			
Due from employees	8.4	4,875	5,371
Current portion shown under current assets	12	(2,030)	(1,880)
		2,845	3,491
8.2 Outstanding period is as under:			
More than one year but less than three years		1,811	1,972
More than three years		1,034	1,519
		2,845	3,491

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

8.4 These loans are granted to employees of the Company principally for purchase of motor vehicles which do not carry mark-up, in accordance with their terms of employment.

	Note	2014 (Rupees in thousands)	2013 (Rupees in thousands)
9 STORES AND SPARES			
Stores	9.1	577,151	523,561
Spares			
in hand		347,182	347,287
in transit		18,055	25,213
		365,237	372,500
		942,388	896,061
Provision for slow moving stores and spares	9.2	(31,932)	(29,326)
	9.3	910,456	866,735

9.1 This includes fuel for power and steam generation amounting to Rs. 104.346 million (2013: Rs. 28.91 million).

	Note	2014 (Rupees in thousands)	2013 (Rupees in thousands)
9.2 Provision for slow moving stores and spares comprises:			
Balance at the beginning of the year		29,326	28,736
Recognized during the year	27	4,400	4,800
Written off during the year		(1,794)	(4,210)
Balance at the end of the year		31,932	29,326

9.3 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

	Note	2014	2013
		(Rupees in thousands)	
10 STOCK-IN-TRADE			
Raw materials			
in hand		1,555,638	1,448,977
in transit		437,110	385,940
		1,992,748	1,834,917
Work-in-process		439,789	114,192
Finished goods		130,876	66,657
		2,563,413	2,015,766
11 TRADE DEBTS			
(Unsecured - considered good)			
Due from associated undertakings	11.1	79,373	117,461
Others		927,380	1,067,310
		1,006,753	1,184,771

11.1 This comprises of amounts receivable from:

	2014	2013
Merit Packaging Limited	41,629	74,222
Colgate-Palmolive (Pakistan) Limited	36,724	42,975
Tetley Clover (Private) Limited	1,020	264
	79,373	117,461

11.2 The aging of related party balances at the balance sheet date is as follows:

	2014	2013
Not past due	75,249	57,024
Past due by 1 to 15 days	3,565	47,676
Past due by 16 to 30 days	559	12,761
	79,373	117,461

11.3 The maximum amount due from related parties at the end of any month during the year was Rs. 214.55 million (2013: Rs. 169.35 million).

	Note	2014	2013
		(Rupees in thousands)	
12 LOANS AND ADVANCES			
(Unsecured - considered good)			
Loans			
Current portion of long-term loans	8.1	2,030	1,880
Advances			
to employees	12.1	1,703	1,080
to suppliers		19,012	33,269
		20,715	34,349
	12.2	22,745	36,229

12.1 This includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred.

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

	Note	2014	2013
		(Rupees in thousands)	
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits		115	200
Prepayments		3,197	11,641
		3,312	11,841
14 OTHER RECEIVABLES			
(Unsecured - considered good)			
Due from associated undertakings			
Insurance agency commission		177	459
Others		495	1,090
	14.1	672	1,549
Others		1,316	9,510
		1,988	11,059

14.1 This comprises of amounts receivable from:

	2014	2013
Century Insurance Company Limited	615	805
Cyber Internet Service (Private) Limited	57	-
Colgate-Palmolive (Pakistan) Limited	-	744
	672	1,549

15 TAXATION - NET

15.1 The income tax assessments of the Company have been finalized upto tax year 2012 (accounting year ended June 30, 2012). Return for the tax year 2013 has been duly filed and adequate provisions have been made in these financial statements for the year ended June 30, 2014 (Tax year 2014).

15.2 Deputy Commissioner Inland Revenue has made certain disallowances for expenses for the tax year 2009, 2011 and 2012 which resulted in reduction of tax losses available to the Company for respective years. The Company has filed appeals against orders of the Deputy Commissioner, Inland Revenue before Income Tax Appellate Tribunal which are pending adjudication.

	Note	2014	2013
		(Rupees in thousands)	
16 CASH AND BANK BALANCES			
At banks			
In current accounts		63,891	71,934
In hand			
cash		5,084	5,227
		68,975	77,161

17 ORDINARY SHARES

Number of ordinary shares of Rs. 10/- each 2014	2013		Note	2014 (Rupees in thousands)	2013
77,678,857	77,678,857	Fully paid in cash		776,790	776,790
43,542,501	27,638,731	Issued as fully paid bonus shares	17.1	435,425	276,387
25,089,437	-	Issued due to conversion of preference shares	17.2	250,894	-
707,550	707,550	Issued under scheme of amalgamation		7,075	7,075
147,018,345	106,025,138			1,470,184	1,060,252
100,229,748	65,337,644	Shares held by associated companies and related parties		1,002,297	653,376

17.1 During the year, the Company issued 15,903,770 ordinary shares as fully paid bonus shares by announcing 15% bonus issue (i.e. three bonus share for every 20 shares held) by appropriating the share premium account.

17.2 During the year, the Company issued 25,089,437 ordinary shares of Rs. 10 each due to conversion of preference shares as detailed in note 18.1(b).

18 PREFERENCE SHARES

Number of preference shares of Rs. 10/- each 2014	2013		2014 (Rupees in thousands)	2013
300,404,561	300,404,561	Fully paid in cash	3,004,046	3,004,046
(135,182,070)	(90,121,386)	Redeemed through cash / right shares	(1,351,821)	(901,214)
(75,101,140)	-	Converted during the year	(751,011)	-
90,121,351	210,283,175		901,214	2,102,832
90,121,351	209,228,512	Shares held by associated companies	901,214	2,092,285

18.1 In November 2009, the Company issued 300,404,561 preference right shares of the face value of Rs. 10 each, in the proportion of 4.25 preference shares for every ordinary share held. These shares are not listed on any of the stock exchanges in Pakistan. During the year, the Company has redeemed / converted preference shares as follows:

a) The Company has redeemed preference shares amounting to Rs. 450.61 million (2013: Rs. 901.21 million) through cash and proceeds from right shares. In this redemption, the preference shares were fully redeemed to the shareholders whose holding was less than 5% on the date of redemption as per the terms, conditions, rights and privileges of the preference shares. The Company has also paid cumulative preference dividend in arrears amounting to Rs. 236.99 million on prorata basis upto the date of redemption on the preference shares redeemed during the year.

b) The Company has exercised conversion option of 25% (the maximum conversion available in the terms of issue) of the initial issue size. The Company has converted 75,101,140 preference shares along with cumulative preference dividend in arrears on prorata basis amounting to Rs. 433.11 million into 25,089,437 ordinary shares as per conversion formula defined in rights, privileges, terms and condition of preference shares.

18.2 The following are the terms, conditions, rights and privileges of preference shares with amendments which became effective on July 01, 2013.

a) Annual dividends will be payable 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 dividend rate will be based on six months KIBOR plus spread of 1% per annum subject to cap of 13% per annum on the face value of the preference shares on cumulative basis. The cumulative dividend as at the balance sheet date amounted to Rs. 528.16 million (June 30, 2013: Rs. 997.60 million).

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

c) The Company shall have the option to redeem the preference shares in full or in any proportion by giving fourteen days notice. The redemption will be subject to the payment of cumulative unpaid dividend, if any, on the part being redeemed up to the applicable date of redemption notice. The redemption will be subject to compliance with the provisions of Section 85 of the Companies Ordinance, 1984.

	Note	2014	2013 (Restated)
		(Rupees in thousands)	
19 RESERVES			
Capital			
Share premium	19.1	1,822,122	1,047,935
Capital redemption reserve	19.2	931,254	480,647
Merger reserve	19.3	7,925	7,925
		2,761,301	1,536,507
Revenue			
General reserve		313,226	313,226
Un-appropriated profit		298,765	806,279
		611,991	1,119,505
		3,373,292	2,656,012

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

19.2 This represents reserve created for the purpose of redemption of preference shares through cash to comply with Section 85(c) of the Companies Ordinance, 1984. During the year, the Company has transferred an amount of Rs. 450.61 million to redemption reserve on redemption of preference shares (refer note 18.1).

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

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

	Note	2014	2013
		(Rupees in thousands)	
20 LONG-TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements			
Financed by:			
Consortium of Banks - Musharaka	20.1	1,500,000	1,500,000
Term Loans			
Allied Bank Limited	20.2	1,425,000	1,500,000
Faysal Bank Limited	20.3	54,166	135,000
Bank Alfalah Limited	20.4	150,682	289,773
		1,629,848	1,924,773
		3,129,848	3,424,773
From associated undertaking - Unsecured	20.7	1,000,000	1,000,000
		4,129,848	4,424,773
Less: Current portion shown under current liabilities		(782,424)	(274,091)
		3,347,424	4,150,682

20.1 This represents Diminishing Musharaka Arrangement with a Consortium of Meezan Bank Limited and Al Baraka Bank (Pakistan) Limited amounting to Rs. 1,500 million. The tenor of the facility is six years with one year grace period. This finance facility is repayable in twenty equal quarterly installments commencing from August 2014.

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

The rate of mark-up is equal to base rate plus 0.9%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the year the effective mark-up rate was 10.54% (2013: 10.44%) per annum.

20.2 This term finance facility has been obtained from Allied Bank Limited amounting to Rs. 1,500 million. The tenor of the facility is six years including one year grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from June 2014.

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

The rate of mark-up is equal to base rate plus 0.9%. Base rate is equal to average of three months KIBOR of the last six business days prior to the beginning of each installment period. During the year, the effective mark-up rate was 10.60% (2013: 10.38%) per annum.

20.3 This term finance facility has been obtained from Faysal Bank Limited amounting to Rs. 180 million specifically for New Box Making Machine and Coal Fired Boiler. The tenor of the facility is four years with twelve months grace period. The finance facility is repayable in twelve equal quarterly installments which commenced from December 2012.

The finance facility is secured by way of exclusive charge on New Box Making Machine and Coal Fired Boiler with 25% margin.

The rate of mark-up is 1.50% over three months KIBOR of last day of preceding quarter. During the year, the effective mark-up rate was 11.06% (2013: 11.79%) per annum.

20.4 These term finance loans have been obtained from Bank Alfalah Limited (Islamic Banking) amounting to Rs. 382.50 million specifically for refurbishment of Gas Turbine Generators. The tenor of the facility is three years and these are repayable in eleven equal quarterly installments.

These finance facilities are secured by way of exclusive charge on respective Gas Turbine Generators with 20% margin.

The rate of mark-up is 1.25% over three months KIBOR of last day of preceding quarter. During the year, the effective mark-up rate was 10.82% (2013: 11.32%) per annum.

20.5 During the year, the Company has entered into syndicated term financing agreement with MCB Bank Limited and Allied Bank Limited amounting to Rs. 1,500 million for acquisition of 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments.

The finance facility is secured by way of mortgage of immovable properties of the Company and ranking hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark-up is equal to base rate plus 0.75%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. The available facility is not utilized as at the balance sheet date.

20.6 During the year, the Company has also entered into Diminishing Musharaka Arrangement with Meezan Bank Limited amounting to Rs. 750 million for acquisition of 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments commencing from 27th month from the facility effective date. The available facility is not utilized as at the balance sheet date.

The finance facility is secured by way of mortgage of immovable properties of the Company and ranking hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of mark-up is equal to base rate plus 0.75%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period.

20.7 This loan has been obtained from SIZA Commodities (Private) Limited, an associated undertaking, amounting to Rs. 1,000 million. The loan is repayable on July 31, 2016.

The rate of mark-up is 0.9% over average of three months KIBOR of the last one day of preceding quarter. During the year, the effective mark-up rate was 10.59% (2013: 10.41%) per annum.

	Note	2014	2013 (Restated)
		(Rupees in thousands)	
21 DEFERRED TAXATION			
Deferred taxation	21.1	661,069	539,848

21.1 The net balance for deferred taxation is in respect of following temporary differences:

	Note	2014	2013 (Restated)
		(Rupees in thousands)	
Deferred tax liabilities			
Accelerated tax depreciation allowance		1,713,945	1,881,920
Deferred tax assets			
Tax losses carried forward		627,693	1,078,522
Turnover tax / Alternative corporate tax		396,647	242,923
Provision for slow moving stores and spares		10,537	9,971
Others		17,999	10,656
		(1,052,876)	(1,342,072)
		661,069	539,848

22 TRADE AND OTHER PAYABLES

	Note	2014	2013 (Restated)
Creditors	22.1	315,141	296,636
Foreign bills payable		274,454	257,984
Accrued liabilities		177,869	201,231
Sales tax payable - net		14,884	56,991
Customers' balances		34,745	35,491
Provident fund payable		4,854	4,431
Gratuity payable	35.4	54,543	31,339
Workers' profit participation fund	22.2	49,087	75,507
Workers' welfare fund		18,653	44,805
Unclaimed dividend		734	735
Other liabilities		27,867	23,528
		972,831	1,028,678

22.1 The aggregate amount of the outstanding balance of associated undertakings as at June 30, 2014 is Rs. 2.67 million (2013: Rs. 0.98 million).

	Note	2014	2013 (Restated)
		(Rupees in thousands)	
22.2 Workers' Profit Participation Fund			
Balance at July 01		75,507	42,403
Interest on funds utilized in Company's business	32	770	3,587
Allocation for the year	30	49,087	75,507
		125,364	121,497
Amount paid during the year		(76,277)	(45,990)
Balance at June 30		49,087	75,507

	Note	2014	2013
		(Rupees in thousands)	

23 INTEREST AND MARK-UP ACCRUED

	Note	2014	2013
Interest and mark-up accrued on:			
Long-term financing		52,040	28,357
Short-term borrowings		13,438	20,784
		65,478	49,141

24 SHORT-TERM BORROWINGS

	Note	2014	2013
From banking companies - secured			
Running finances	24.1	912,782	1,413,555
Import credit finances	24.2	692,239	-
	24.3	1,605,021	1,413,555

24.1 The Company has available aggregate short-term running finance facilities amounting to Rs. 2,860 million (2013: Rs. 2,535 million). Mark-up rates are linked with KIBOR from one to three months plus spreads ranging from 0.70% to 1.50% per annum (2013: from 0.70% to 1.50% per annum).

24.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs. 2,830 million (2013: Rs. 2,830 million). This facility is priced at one month and three months LIBOR plus spread ranging between 1.50% to 3.75% per annum (2013: from 2.00% to 3.00% per annum).

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

24.4 Additional facilities for opening of letters of credit and guarantees amounting to Rs. 4,031 million (2013: Rs. 3,981 million) are available to the Company.

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 367 million (2013: Rs. 355 million).

Sales tax

The Commissioner Inland Revenue (Appeals) has adjudicated an amount of Rs. 34.43 million as inadmissible input tax adjustment. The Company has filed an appeal against the orders in the Tax Appellate Tribunal. The Commissioner Inland Revenue (Sales Tax) has also passed an order that the Company has claimed / adjusted inadmissible input tax for an amount of Rs. 5.24 million against which an appeal has been filed before Commissioner Inland Revenue (Appeals). These cases have been remanded back to the Commissioner Inland Revenue (Sales Tax). No provision has been made in the financial statements for the liability that may arise in the event of a decision against the Company as the management is of the opinion, based on advice of tax advisor that the decision is likely to be in the favor of the Company.

25.2 Commitments

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

a) Letters of credit other than for capital expenditure at the end of the year amounted to Rs. 670.24 million (2013: Rs. 348.19 million).

b) Capital expenditure including letters of credit amounting to Rs. 1,571 million (2013: Rs. 11.86 million).

	Note	2014	2013 (Restated)
		(Rupees in thousands)	
26 SALES			
Gross sales		17,132,230	16,512,551
Sales tax		(2,464,561)	(2,276,930)
		14,667,669	14,235,621
27 COST OF SALES			
Materials consumed		8,147,918	7,677,194
Fuel and power		2,553,246	1,677,012
Depreciation on property, plant and equipment	5.4	873,778	873,884
Salaries, wages and other benefits	27.1	526,763	510,255
Repairs, maintenance and stores consumption		587,914	573,478
Packing expenses		271,423	279,389
Insurance		65,908	67,396
Provision for slow moving stores and spares	9.2	4,400	4,800
Rent, rates and taxes		4,696	4,473
Manufacturing cost		13,036,046	11,667,881
Work-in-process			
Opening stock		114,192	161,370
Closing stock		(439,789)	(114,192)
		(325,597)	47,178
Cost of goods manufactured		12,710,449	11,715,059
Finished goods			
Opening stock		66,657	40,600
Closing stock		(130,876)	(66,657)
		(64,219)	(26,057)
		12,646,230	11,689,002

27.1 Salaries, wages and other benefits include Rs. 33.06 million (2013: Rs. 34.56 million) in respect of staff retirement benefits.

		Note	2014	2013 (Restated)
			(Rupees in thousands)	
28	**GENERAL AND ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	28.1	200,740	190,371
	Depreciation on property, plant and equipment	5.4	24,697	20,990
	Amortization on intangible assets	7.1	11,137	11,675
	Rent, rates and taxes		6,183	5,611
	Information technology		26,577	17,498
	Telephone and postage		3,463	3,548
	Insurance		2,306	2,072
	Repairs and maintenance		13,993	5,771
	Electricity		9,914	7,221
	Business promotion expenses		2,299	1,986
	Printing, stationery and periodicals		6,115	6,663
	Security service charges		21,016	17,799
	Travelling and conveyance		14,337	11,980
	Fees and subscription		8,355	5,848
	Advertisement		84	509
			351,216	309,542

28.1 Salaries and other benefits include Rs. 11.84 million (2013: Rs. 12.67 million) in respect of staff retirement benefits.

		Note	2014	2013 (Restated)
29	**SELLING AND DISTRIBUTION EXPENSES**			
	Selling expenses			
	Salaries and other benefits	29.1	35,667	30,573
	Insurance		365	404
	Electricity		772	652
	Depreciation on property, plant and equipment	5.4	1,653	1,195
	Travelling and conveyance		1,311	1,847
	Rent, rate and taxes		1,518	1,431
	Telephone and postage		362	341
	Advertisement		33	-
			41,681	36,443
	Distribution expenses			
	Outward freight		97,975	74,367
			139,656	110,810

29.1 Salaries and other benefits include Rs. 2.44 million (2013: Rs. 2.27 million) in respect of staff retirement benefits.

30 OTHER OPERATING CHARGES

	Note	2014	2013
		(Rupees in thousands)	
Legal and professional charges		7,508	9,664
Auditors' remuneration			
Statutory audit		725	675
Half yearly review		150	125
Fee for other services		135	148
Reimbursement of expenses		100	153
		1,110	1,101
Workers' Profit Participation Fund	22.2	49,087	75,507
Workers' Welfare Fund		18,653	28,692
Net exchange loss		2,293	784
Donation	30.1	25,000	-
Others		3,222	1,331
		106,873	117,079

30.1 During the year, a donation was paid to Hasanali and Gulbanoo Lakhani Foundation in which Mr. Iqbal Ali Lakhani, Mr. Zulfiqar Ali Lakhani and Mr. Amin Mohammed Lakhani, the Directors of the Company, are Trustees of the donee.

31 OTHER INCOME

	2014	2013
Income from financial assets		
Profit on bank deposit accounts	992	188
Income from non-financial assets		
Sale of scrap	90,798	71,957
Insurance agency commission from associated company	9,744	9,637
Gain on sale of operating fixed assets - net	1,485	1,552
Others	2,764	7,418
	104,791	90,564
	105,783	90,752

32 FINANCE COST

	Note	2014	2013
Finance cost:			
Long-term financing		351,172	395,951
Long-term financing from associated company / Sponsors		105,915	109,798
Short-term borrowings		160,403	142,198
Short-term loan from Sponsors		-	26,671
Workers' profit participation fund	22.2	770	3,587
		618,260	678,205
Net exchange (gain) / loss on import credit finances		(5,686)	9,282
Bank charges and commission		2,904	5,420
		615,478	692,907

33 TAXATION	Note	2014	2013 (Restated)
		(Rupees in thousands)	
For the year			
Current	33.1	154,726	72,182
Deferred		129,424	406,235
		284,150	478,417

33.1 Provision for current year represents Alternative Corporate Tax payable under Section 113(c) of the Income Tax Ordinance, 2001.

33.2 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	%age	%age
Applicable tax rate	34.00	35.00
Tax effect of expenses that are not deductible in determining taxable profit (permanent differences)	0.85	-
Effect of final tax under presumptive tax regime	(0.25)	(0.17)
Others	(3.51)	(0.83)
	(2.91)	(1.00)
Average effective tax rate	31.09	34.00

34 EARNINGS PER SHARE - BASIC AND DILUTED

34.1 Basic earnings per share

The earnings per share as required under IAS 33 “Earnings per share” is given below:

	2014	2013 (Restated)
	(Rupees in thousands)	
Profit for the year	629,849	928,616
Less: Dividend attributable to cumulative preference shares	(200,650)	(382,502)
Profit attributable to ordinary shareholders	429,199	546,114
Weighted average number of ordinary shares (in thousands)	124,060	103,086
Earnings per share attributable to ordinary shareholders (Rupees)	3.46	5.30

34.2 Diluted earnings per share

The dilutive impact of potential ordinary shares on earnings per share as required under IAS 33 “Earnings per share” is given below:

	2014	2013
Profit attributable to ordinary shareholders	429,199	546,114
Dividend for the year on convertible preference shares	76,820	-
	506,019	546,114
Weighted average number of ordinary shares	124,060	103,086
Weighted average number of shares from conversion of preference shares	22,958	-
	147,018	103,086
Diluted earnings per share	3.44	5.30

35 DEFINED BENEFIT PLAN

35.1 General description

The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period at varying percentages of last drawn basic salary. The percentage depends on the number of service years with the Company. Annual charge is based on actuarial valuation carried out as at June 30, 2014 using the Projected Unit Credit Method.

The Company faces the following risks on account of gratuity:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Most assets are invested in risk free investments i.e. Government Bonds / Treasury Bills. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the actuary.

35.2 Principal actuarial assumptions

Followings are a few important actuarial assumptions used in the valuation:

	2014	2013
	%age	%age
Discount rate	13.25	10.50
Expected rate of return on plan assets	10.50	13.00
Expected rate of increase in salary	13.25	10.50

	Note	2014	2013 (Restated)
		(Rupees in thousands)	
35.3 Reconciliation of balance due to defined benefit plan			
Present value of defined benefit obligation		290,778	239,310
Fair value of plan assets		(236,235)	(207,971)
Closing net liability		54,543	31,339

	Note	2014	2013 (Restated)
		(Rupees in thousands)	

35.4 Movement of the liability recognized in the balance sheet

	Note	2014	2013
Opening net liability		31,339	30,209
Charge for the year	35.8	18,383	23,299
Remeasurement chargeable to other comprehensive income	35.9	24,859	2,476
Contribution made during the year		(20,038)	(24,645)
Closing net liability	22	54,543	31,339

35.5 Fair value of plan assets at year end

	2014	2013
Government securities	193,886	101,139
Term Finance Certificates / Certificates of Investment	1,962	1,962
Mutual funds / Shares	31,283	30,865
Cash at banks	9,471	75,769
Others	(367)	(1,764)
	236,235	207,971

35.6 Movement in present value of defined benefit obligations

	2014	2013
Opening present value of defined benefit obligations	239,310	202,040
Current service cost for the year	16,349	19,371
Interest cost for the year	24,654	26,265
Benefits due but not paid during the year	(368)	(1,765)
Benefits paid during the year	(8,643)	(5,134)
Remeasurement gain / (loss) on obligation	19,476	(1,467)
Closing present value of defined benefit obligations	290,778	239,310

35.7 Movement in fair value of plan assets

	2014	2013
Opening fair value of plan assets	207,971	171,831
Expected return on plan assets	22,620	22,337
Contributions during the year	20,038	24,645
Benefits paid during the year	(8,643)	(5,134)
Benefits due but not paid during the year	(368)	(1,765)
Remeasurement loss on plan assets	(5,383)	(3,943)
Closing fair value of plan assets	236,235	207,971

35.8 Charge for the year

	2014	2013
Current service cost	16,349	19,371
Interest cost	24,654	26,265
Expected return on plan assets	(22,620)	(22,337)
Charge for the year	18,383	23,299

35.9 Remeasurement chargeable to other comprehensive income

	2014	2013
Remeasurement gain / (loss) obligation	19,476	(1,467)
Remeasurement loss on plan assets	5,383	3,943
	24,859	2,476
Tax impact at 33% (2013: 34%)	(8,203)	(842)
	16,656	1,634

35.10 Comparison for five years

	2013-14	2012-13	2011-12	2010-11	2009-10
	(Rupees in thousands)				
Present value of defined benefits obligation and fair value of plan assets					
Present value of defined benefits obligations at year end	290,778	239,310	202,040	161,064	133,868
Fair value of plan assets at year end	236,235	207,971	171,831	133,199	100,507
	(54,543)	(31,339)	(30,209)	(27,865)	(33,361)

35.11 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Increase in Assumption	Decrease in Assumption
Discount rate	(19,768)	22,439
Salary increase	22,655	(20,318)

35.12 Maturity Profile

Time in year	
1	40,499
2	22,925
3	23,003
4	21,293
5-10	289,679
Weighted average duration	7 years

35.13 The charge in respect of defined benefit plan for the year ending June 30, 2015 is estimated to be Rs. 25.478 million.

36 DEFINED CONTRIBUTION PLAN

The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of “Century Paper & Board Mills Limited - Employees Contributory Provident Fund”. The Fund is maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Company.

36.1 The Trustees have intimated that the size of the Fund at year end was Rs. 345.38 million (2013: Rs. 336.34 million).

36.2 As intimated by the Trustees, the cost of the investments made at year end was Rs. 333.69 million (2013: Rs. 317 million) which is equal of 96% of the total fund size. The fair value of the investments was Rs. 346.05 million (2013: Rs. 325.45 million) at that date. The category wise break up of investment as per Section 277 of the Companies Ordinance, 1984 is given below:

	2014		2013	
	Rupees in thousands	Percentage	Rupees in thousands	Percentage
Government securities	272,045	79	255,200	76
Term Finance Certificates	504	-	2,166	1
Listed Securities (Mutual funds)	73,501	21	68,085	20
	346,050	100	325,451	97

36.3 According to the Trustees, investments out of provident fund have been made in accordance with the provisions of Section 227 of Companies Ordinance, 1984 and the rules made there under.

	Note	2014	2013 (Restated)
		(Rupees in thousands)	
37 CASH GENERATED FROM OPERATIONS			
Profit before taxation		913,999	1,407,033
Adjustment for non-cash charges and other items:			
Depreciation on property, plant and equipment		900,128	896,069
Amortization of intangible assets		11,137	11,675
Gain on sale of operating fixed assets		(1,485)	(1,552)
Provision for gratuity		18,383	23,299
Provision for slow moving / obsolete stores and spares		4,400	4,800
Workers' Profit Participation Fund		49,087	75,507
Profit on bank deposit accounts		(992)	(188)
Finance cost	32	615,478	692,907
Working capital changes	37.1	(527,461)	(365,499)
		1,982,674	2,744,051
37.1 Changes in working capital			
(Increase) / decrease in current assets:			
Stores and spares		(139,542)	(17,780)
Stock-in-trade		(547,647)	(343,439)
Trade debts		178,018	(138,595)
Loans and advances		13,484	(20,817)
Trade deposits and short-term prepayments		8,529	(8,502)
Other receivables		9,071	132,534
Tax refunds due from Government		44,806	-
		(433,281)	(396,599)
(Decrease) / increase in current liabilities:			
Trade and other payables		(94,180)	31,100
		(527,461)	(365,499)

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2014				2013			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	6,882	9,060	86,602	102,544	6,224	9,060	73,007	88,291
House rent	3,097	-	36,286	39,383	2,801	-	30,597	33,398
Bonus	1,093	-	12,069	13,162	1,777	-	12,965	14,742
Staff retirement benefits	1,591	-	14,416	16,007	2,157	-	17,958	20,115
Medical	688	900	8,660	10,248	622	900	7,301	8,823
Utilities	-	2,884	379	3,263	-	2,266	335	2,601
Others	7	-	2,667	2,674	8	-	588	596
Total	13,358	12,844	161,079	187,281	13,589	12,226	142,751	168,566
Number of persons	1	1	77	79	1	1	70	72

b) Aggregate amount charged in these financial statements in respect of Directors' fee for attending Board and Audit Committee meetings amounted to Rs. 95,000 (2013: Rs. 17,000) and Rs. 125,000 (2013: 25,000) respectively. The Directors fees for attending Board and Audit Committee meetings were paid as prescribed in Articles of Association.

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

d) Remuneration to Non-Executive Director relates to amount paid for part time involvement in the Company.

39 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relation with the Company	Nature of transaction	Note	2014	2013
			(Rupees in thousands)	
Associated companies	Sales of goods and services		1,620,937	1,293,029
	Purchase of goods and services		170,815	155,003
	Rent and other allied charges		6,277	5,924
	Donation		25,000	-
	Insurance agency commission		9,745	9,637
	Insurance claim		-	50
	Insurance claim received		-	132,500
	Issue of bonus shares		97,890	86,236
	Issue of right shares		-	135,181
	Conversion of preference shares		751,011	-
	Redemption of preference shares		440,184	896,744
	Dividend paid on preference shares		231,510	417,444
	Long-term financing obtained		-	1,000,000
	Mark-up accrued		105,915	-
Sponsors and Directors	Mark-up accrued		-	136,468
	Issue of bonus shares		48	56
	Issue of right shares		-	27
	Redemption of preference shares		318	126
	Dividend paid on preference shares		167	59
	Repayment of long-term financing		-	1,000,000
	Repayment of short-term financing		-	300,000
Retirement benefit plans	Contribution to staff retirement benefit plans		47,752	49,809
Key management personnel	Remuneration and other benefits	38	187,281	168,566

39.1 Year end balances

	2014	2013
Receivable from related parties	80,045	119,010
Payable to related parties	62,070	877
Long-term financing from associated undertaking	1,000,000	1,000,000
Mark-up payable on Sponsors' loan	27,624	3,715

39.2 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 38)". There are no transactions with key management personnel other than under their terms of employment.

39.3 All transactions with related parties have been carried out on commercial terms and conditions.

40 CAPACITY AND PRODUCTION - TONNES

	2014		2013	
	Annual capacity on three shifts	Actual production	Annual capacity on three shifts	Actual production
Paper and paper board produced (Note: 40.1)	240,000	175,461	240,000	185,530
Paper and paper board conversion	30,000	26,011	30,000	24,206

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

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

41.1 Risk management policies

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

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

41.2 Credit risk

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

Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures. Out of total financial assets of Rs. 1,085.54 million (2013: Rs. 1,272.98 million), the financial assets which are subject to credit risk amounted to Rs. 1,080.46 million (2013: Rs. 1,267.76 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2014	2013
	(Rupees in thousands)	
Loans and deposits	7,819	8,400
Trade debts	1,006,753	1,184,771
Other receivables	1,988	2,652
Bank balances	63,891	71,934
	1,080,451	1,267,757

The aging of trade receivable at the reporting date is:

	2014	2013
Not past due	741,213	888,559
Past due 1-30 days	231,092	259,087
Past due 30-90 days	29,215	30,265
Past due 90 days	5,233	6,860
	1,006,753	1,184,771

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

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. The ratings of banks ranges from A to AAA.

Concentration of credit risk

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

Impaired assets

During the year no assets have been impaired.

41.3 Liquidity risk

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

	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
	(Rupees in thousands)						
2014							
Long-term financing	4,129,848	5,181,578	592,033	591,389	966,129	3,032,027	-
Trade and other payables	730,624	730,624	730,624	-	-	-	-
Interest and mark-up accrued	65,478	65,478	65,478	-	-	-	-
Short-term borrowings	1,605,021	1,414,559	1,414,559	-	-	-	-
	6,530,971	7,392,239	2,802,694	591,389	966,129	3,032,027	-

	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
	(Rupees in thousands)						
2013							
Long-term financing	4,424,773	5,762,556	299,981	394,594	1,194,737	3,224,366	648,878
Trade and other payables	739,547	739,547	739,547	-	-	-	-
Interest and mark-up accrued	49,141	49,141	49,141	-	-	-	-
Short-term borrowings	1,413,555	1,417,155	1,417,155	-	-	-	-
	6,627,016	7,968,399	2,505,824	394,594	1,194,737	3,224,366	648,878

41.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is not exposed to price risk.

a) Currency risk

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

	2014	2013
	(Rupees in thousands)	
Foreign bills payable	274,454	257,984
Import credit finances	692,239	-
Gross balance sheet exposure	966,693	257,984
Outstanding letter of credits	2,104,402	353,337
Net exposure	3,071,095	611,321

The following significant exchange rates have been applied.

	Average rate		Reporting date rate	
	2014	2013	2014	2013
	Rupees			
USD to PKR	103.00	97.24	98.87	99.50

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

	Average rate		Reporting date rate	
	2014	2013	2014	2013
	(Rupees in thousands)			
Effect on profit	108,707	38,856	104,348	39,759

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

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

b) Interest rate risk

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

	2014	2013	2014	2013
	Effective rate		Carrying amount	
	(In percent)		(Rupees in thousands)	
Financial liabilities				
Variable rate instruments				
Long-term loans	10.54 to 11.06	10.38 to 11.79	4,129,848	4,424,773
Short-term borrowings	9.67 to 10.02	10.04 to 10.69	1,605,021	1,413,555

Cash flow sensitivity analysis for variable rate instruments

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

	Profit and loss (post tax)	
	100 bps increase	100 bps decrease
	(Rupees in thousands)	
As at June 30, 2014		
Cash flow sensitivity - Variable rate financial liabilities	(37,850)	37,850
As at June 30, 2013		
Cash flow sensitivity - Variable rate financial liabilities	(37,949)	37,949

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

41.5 Financial instruments by category

	2014	2013
	(Rupees in thousands)	
Financial assets (Loans and receivables at amortised cost)		
Long term loans and deposits	5,674	8,200
Trade debts	1,006,753	1,184,771
Loans, advances and Trade deposits	2,145	200
Other receivables	1,988	2,652
Cash and bank balances	68,975	77,161
	1,085,535	1,272,984
Financial liabilities (Financial liabilities at amortised cost)		
Long term financing	4,129,848	4,424,773
Trade and other payables	730,624	739,547
Interest and mark-up accrued	65,478	49,141
Short-term borrowings	1,605,021	1,413,555
	6,530,971	6,627,016

42 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39. The carrying amount of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

43 CAPITAL MANAGEMENT

The Company's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders through the optimization of the debt and equity balance.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or adjust the amount of dividends paid to shareholders.

The Company's management believes in maintaining appropriate mix of debt and equity capital and monitors capital on the basis of the net debt to equity ratio. The net debt is defined as long and short term borrowings offset by cash and bank balances. The equity includes ordinary and preference share capital and all types of reserves that are managed as capital and subordinated loan.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 22, 2014 by the Board of Directors of the Company.

45 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the year.

Due to application of change in accounting policy retrospectively (refer note 4.25), the Company has presented third balance sheet at the beginning of the preceding period i.e. the opening position in accordance with requirements of IAS 1 "Presentation of Financial Statements". Notes are not required to support this balance sheet.

46 NUMBER OF EMPLOYEES

The number of employees as at year end was 1,519 (2013: 1,643) and average number of employees during the year was 1,560 (2013: 1,646).

47 GENERAL

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

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Pattern of Shareholding

as at June 30, 2014

Incorporation No. K-54/8182 of 1984
CUIN Registration No. 0012021

Number of Shareholders	Shareholding From	Shareholding To	Total Shares Held
450	1	100	10,847
397	101	500	136,430
285	501	1,000	246,354
618	1,001	5,000	1,576,837
167	5,001	10,000	1,267,535
69	10,001	15,000	849,717
42	15,001	20,000	762,632
25	20,001	25,000	579,785
14	25,001	30,000	385,410
12	30,001	35,000	396,107
5	35,001	40,000	192,240
1	40,001	45,000	44,500
14	45,001	50,000	683,530
3	50,001	55,000	159,125
4	55,001	60,000	230,471
2	60,001	65,000	128,591
2	65,001	70,000	137,000
2	70,001	75,000	145,874
1	75,001	80,000	77,625
1	80,001	85,000	81,313
2	85,001	90,000	177,862
3	90,001	95,000	278,990
3	95,001	100,000	295,392
2	105,001	110,000	216,813
1	110,001	115,000	115,000
2	115,001	120,000	236,017
2	120,001	125,000	245,984
1	135,001	140,000	138,000
2	145,001	150,000	300,000
2	170,001	175,000	342,836
2	175,001	180,000	352,505
1	180,001	185,000	181,125
1	190,001	195,000	191,940
3	195,001	200,000	591,879
1	200,001	205,000	204,930
2	210,001	215,000	427,031
1	260,001	265,000	262,410
1	275,001	280,000	278,000
1	305,001	310,000	305,500
2	340,001	345,000	690,000
1	355,001	360,000	356,500
1	400,001	405,000	400,153
1	405,001	410,000	405,500
1	430,001	435,000	434,010
1	440,001	445,000	441,600
1	560,001	565,000	563,902
1	595,001	600,000	600,000
1	600,001	605,000	603,000
1	625,001	630,000	629,495
1	700,001	705,000	700,536
1	795,001	800,000	800,000
1	820,001	825,000	824,550
1	1,005,001	1,010,000	1,005,100
1	1,335,001	1,340,000	1,337,325
1	1,795,001	1,800,000	1,798,500
1	1,850,001	1,855,000	1,853,386
1	1,870,001	1,875,000	1,871,050
2	2,815,001	2,820,000	5,634,000
1	2,890,001	2,895,000	2,892,618
1	3,250,001	3,255,000	3,253,537
1	9,030,001	9,035,000	9,033,731
1	12,390,001	12,395,000	12,390,648
1	12,495,001	12,500,000	12,499,634
1	32,610,001	32,615,000	32,614,961
1	40,150,001	40,155,000	40,150,472
2,175		TOTAL	147,018,345

Categories of Shareholders

As at June 30, 2014

Shareholders' Category	Shares Held	Percentage
Directors, CEO, and their spouse and minor children.	62,545	0.04
Associated Companies, undertakings and related parties	100,165,203	68.13
NIT and ICP	9,034,031	6.14
Public Sector Companies and Corporation	3,253,675	2.21
Banks, Development Financial Institutions, Non-Banking Financial Institutions	708,588	0.48
Modarabas and Mutual Funds	10,987,203	7.47
Insurance Companies	623,902	0.42
Share holders holding 10% or more	72,765,433	49.49
General Public	17,416,024	11.85
Others	13,800,905	9.39

Note: Some of the Shareholders are reflected in more than one category.

Information as required under the Code of Corporate Governance

Shareholders' Category		Number of Shares Held
ASSOCIATED COMPANIES / UNDERTAKINGS AND RELATED PARTIES		
SIZA Services (Private) Limited		32,614,961
SIZA (Private) Limited		40,150,472
Premier Fashions (Private) Limited		12,390,648
SIZA Commodities (Private) Limited		12,499,634
Accuray Surgicals Limited		1,853,386
Century Insurance Company Limited		629,495
Sultan Ali Lakhani		1,767
Shaista Sultan Ali Lakhani		303
Babar Ali Lakhani		18,901
Bilal Ali Lakhani		151
Danish Ali Lakhani		2,850
Anushka Zulfiqar Lakhani		1,393
Anika Amin Lakhani		1,242
MUTUAL FUNDS		
CDC-Trustee AKD Index Tracker Fund		11,500
CDC-Trustee AKD Opportunity Fund		215,000
CDC-Trustee JS Large Cap. Fund		800,000
CDC-Trustee Nafa Multi Asset Fund		150,000
CDC-Trustee Nafa Pension Fund Equity Sub-Fund Account		26,000
CDC-Trustee Nafa Stock fund		356,500
CDC- National Investment (UNIT) Trust		9,033,731
CDC-Trustee Nafa Asset Allocation Fund		278,000
Golden Arrow Selected Stocks Fund Limited		116,017
First Capital Mutual Fund		455
DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN		
Iqbal Ali Lakhani	Chairman	2,167
Zulfiqar Ali Lakhani	Director	948
Amin Mohammed Lakhani	Director	1,606
Tasleemuddin A. Batlay	Director	3,417
Shahid Ahmed Khan	Director	1,724
Kemal Shoaib	Director	718
Aftab Ahmad	Chief Executive Officer	4,718
Ronak Iqbal Lakhani W/o Iqbal Ali Lakhani		189
Fatima Lakhani W/o Zulfiqar Ali Lakhani		189
Saira Amin Lakhani W/o Amin Mohammed Lakhani		189
Roohi Aftab W/o Aftab Ahmad		46,680
EXECUTIVE		20
PUBLIC SECTOR COMPANIES AND CORPORATIONS		3,253,675
BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABA AND PENSION FUNDS		2,061,526
SHAREHOLDERS HOLDING 5% OR MORE VOTING RIGHTS IN THE COMPANY		
SIZA Services (Private) Limited		32,614,961
SIZA (Private) Limited		40,150,472
Premier Fashions (Private) Limited		12,390,648
SIZA Commodities (Private) Limited		12,499,634
CDC-Trustee National Investment (UNIT) Trust		9,033,731

Form of Proxy

I/We ____

of ____

a member of ____

CENTURY PAPER & BOARD MILLS LIMITED ____________________________

hereby appoint ____

of ____

or failing ____

him/her ____

of ____

to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the Shareholders of the Company to be held on the 13th day of October 2014 and at any adjournment thereof.

Signed this ________ day of ________________ 2014.

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

Signature over Revenue Stamp

Witness 1

Signature ________________________
Name ________________________
CNIC No. ________________________
Address ________________________
____

Witness 2

Signature ________________________
Name ________________________
CNIC No. ________________________
Address ________________________
____

Notes:

1. The Proxy must be a member of the Company.
2. The signature must tally with the specimen signature registered with the Company.
3. If a proxy is granted by a member who has deposited his/her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and account/sub-account number along with attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company situated at Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi not less than 48 hours before the time of the meeting.

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AFFIX
CORRECT
POSTAGE

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

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Century Paper & Board Mills Limited

Head Office, Registered Office,
Corporate/Shares Office & Regional Sales Office (South)
Lakson Square, Building No.2, Sarwar Shaheed Road,
Karachi - 74200, Pakistan.
Phone: (021) 35698000 Fax: (021) 35681163, 35683410

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

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

Email: info@centurypaper.com.pk
Website: www.centurypaper.com.pk