Century Paper & Board Mills Limited

Annual Report 2015

Clean Green Sustainable

An Environmental Initiative

Century Paper & Board Mills Limited is an environmentally conscious Company with a motto of Clean-Green-Sustainable. The Company's Secondary Waste Water Treatment Plant with a capital outlay of around Rs. 250 million is in advance stage of completion. It is expected to be operational within the financial year 2015-16.

The plant is one of its kind and will treat the waste water of the process to a level where National Environmental Quality Standards (NEQs) are complied.

The treated water will be fit for agricultural purposes. The fibrous waste recovered from the treatment of water has many secondary uses.

The Company considers this step as a fulfilment of Corporate Social Responsibility.

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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.

Century Paper at a Glance

RS.
15bn
Gross Sales

RS.
2.5bn
Contribution to National Exchequer

RS.
3.1bn
Wealth Generated

RS.
8.7bn
Market Capitalization

RS.
58.92
Closing Share Price

A+
Long Term Entity Rating

1,543
Employees' Strength

Key Figures and Ratios

Rupees in million

Key Figures	2015	2014
Gross sales	15,391	17,132
Net sales	13,186	14,668
EBITDA	1,307	2,441
(Loss) / profit pre tax	(176)	914
(Loss) / profit post tax	(205)	630
Share capital		
Ordinary shares	1,471	1,471
Preference shares	901	901
Shareholders' equity	5,519	5,745
Total assets	14,108	13,179
Capital expenditure	1,906	257
Capital employed	10,868	10,536
Long-term financing	4,771	4,130

Key Ratios	2015	2014
(Loss) / earnings per share - Rupees	(1.89)	3.46
Breakup value per share - Rupees	31.41	32.94
Price earning ratio	(31.17)	15.41
Total debt equity ratio	55 : 45	50 : 50
Debt equity ratio	46 : 54	42 : 58
Leverage ratio	1.56 : 1	1.29 : 1
Current ratio	1.21 : 1	1.41 : 1
Quick ratio	0.34 : 1	0.31 : 1
Asset coverage ratio	1.91 : 1	2.12 : 1
Interest coverage ratio	0.69 : 1	2.49 : 1
Debt servicing coverage ratio	0.95 : 1	2.68 : 1
Debtors days	26	23
Inventory days	67	66

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 2015

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.

Core Values

Our Values

We are Ethical in all our Actions

Humility & Compassion

Reach out to others through humility & compassion.

Integrity

Let integrity guide all our decisions.

We Strive for Excellence

Change

See change as an opportunity.

Innovation

Seek room for innovation in all our ideas, practices, products & services.

Continuous Improvement Mindset

Facilitate process centric thinking to continually improve, correct, and overcome difficulties.

We Deliver Customer Satisfaction

Customer Centric

Deliver unmatched customer centric experience.

Sense of Urgency

Operate with a sense of urgency in everything we do.

Teamwork

Use teamwork to multiply our collective energies.

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.

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.

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

Kemal Shoaib

Muhammad Imran Rafiq (NIT)

Shahid Ahmed Khan

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

Share 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
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank 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 annual accounts of the Company for the year ended June 30, 2014	August 20, 2014
Board of Directors meetings to consider annual accounts of the Company for the year ended June 30, 2014	August 22, 2014
Annual General Meeting of Shareholders to consider annual accounts of the Company for the year ended June 30, 2014	October 13, 2014
Audit Committee meeting to consider interim accounts of the Company for the first quarter ended September 30, 2014	October 15, 2014
Board of Directors meeting to consider interim accounts of the Company for the first quarter ended September 30, 2014	October 16, 2014
Audit Committee meeting to consider interim accounts of the Company for the half year ended December 31, 2014	February 12, 2015
Board of Directors meeting to consider interim accounts of the Company for the half year ended December 31, 2014	February 13, 2015
Audit Committee meeting to consider interim accounts of the Company for the nine months ended March 31, 2015	April 21, 2015
Board of Directors meeting to consider interim accounts of the Company for the nine months ended March 31, 2015	April 22, 2015
Election of Directors of the Company in Extraordinary General Meeting	June 30, 2015

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting of CENTURY PAPER & BOARD MILLS LIMITED will be held on Friday, October 02, 2015 at 10:30 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' reports thereon.

2. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

3. To consider and pass the following ordinary resolutions:

   a) "RESOLVED that the transactions carried out in normal course of business with associated companies as disclosed in Note No. 39 of the audited financial statements for the year ended June 30, 2015 be and are hereby ratified and approved."

   b) "RESOLVED that the Chief Executive Officer of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the year ending June 30, 2016 and in this connection the Chief Executive Officer be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under section 160 of the Companies Ordinance, 1984 in the above matter mentioned in item No.3 isannexed.

By Order of the Board

(MANSOOR AHMED)
Company Secretary

KARACHI: August 31, 2015

NOTES:

1. The share transfer books of the Company will remain closed from September 26, 2015 to October 02, 2015 (both days inclusive). Transfers received in order by the Share 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 September 25, 2015 will be considered in time for the purpose of attendance at the 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 along with 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, in order to be valid must be properly filled-in/executed and received at the 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 Share 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. Pursuant to Notification vide SRO.787 (1)/2014 of September 08, 2014, the SECP has directed to facilitate the members of the Company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company's website i.e. www.centurypaper.com.pk. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.

8. Members can also avail video conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

   "I/We, ____________________ of _____________, being a member of Century Paper & Board Mills Limited, holder of __________ ordinary share(s) as per registered Folio No. ______ hereby opt for video conference facility at _____________."

9. Form of Proxy is enclosed.

Statement Of Material Facts Concerning Special Business Pursuant to Section 160(1)(B) of The Companies Ordinance, 1984

This statement sets out the material facts concerning the Special Business, given in agenda item No. 3 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

1. Agenda Item No. 3(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2015 to be passed as an Ordinary Resolution.

   The transactions carried out in normal course of business with associated companies (Related parties) were being approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 5.19.6 (b) of the Code of Corporate Governance, 2012.

   During the Board meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the quorum of directors could not be formed for approval some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

   In view of the above, the transactions carried out during the financial year ended June 30, 2015 with associated companies shown in note No. 39 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

   The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

2. Agenda Item No. 3(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2016 to be passed as an Ordinary Resolution.

   The Company is expected to be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

   In order to comply with the provisions of clause 5.19.6 (b) of the Code of Corporate Governance, 2012, the shareholders may authorize the Chief Executive Officer to approve transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending June 30, 2016.

   The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

Milestones

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 (PM4).

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.

2015
Secondry Waste Water Tretment Plant is nearing completion.

Work on 18 MW Coal Based Co-Generation Power Plant is in full swing.

Sales Revenue (Gross)

2015
Fifteen Billion
(Rupees)

2014
Seventeen Billion
(Rupees)

2013
Sixteen Billion
(Rupees)

2012
Fourteen Billion
(Rupees)

2011
Thirteen Billion
(Rupees)

2010
Eleven Billion
(Rupees)

2009
Eight Billion
(Rupees)

2008
Five Billion
(Rupees)

2007
Four Billion
(Rupees)

2006
Three Billion
(Rupees)

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.
2015	Awarded "Environment Excellence Award 2015" by National Forum for Enviroment & Health (NFEH).

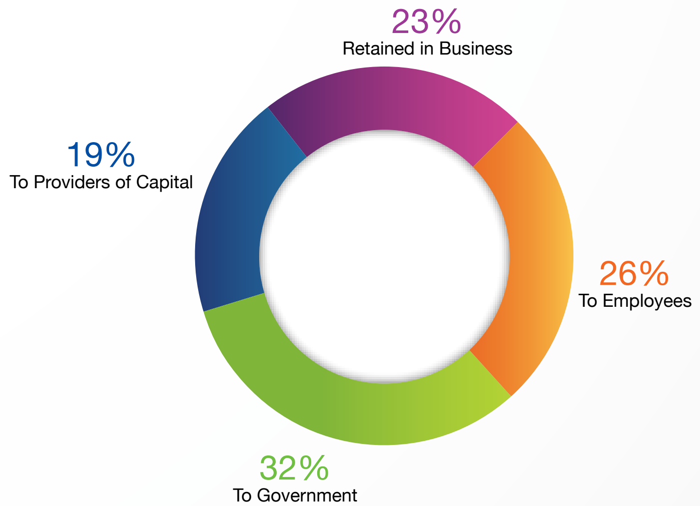
DuPont Analysis

Statement of Value Added
for the year ended June 30, 2015

Rupees in thousands

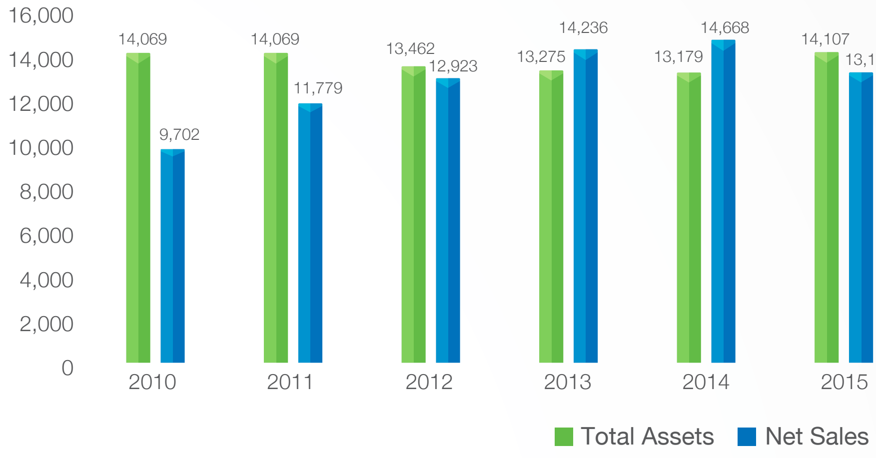
	2015	%age	2014	%age
Wealth Generated				
Gross Turnover	15,391,250		17,132,230	
Purchased material and services	(12,380,580)		(12,972,359)	
Value Added	3,010,670		4,159,871	
Other Income	68,442		105,783	
Total	3,079,112		4,265,654	
Wealth Distributed				
To Employees Salaries, benefits and related costs	796,279	26	744,472	17
To Government Income Tax, Sales Tax, Import Duty, Cess Duty etc.	1,004,773	32	1,364,590	32
To providers of Capital Finance cost on borrowed funds	575,987	19	615,478	15
Retained in Business Depreciation, amortization and retained profit	702,073	23	1,541,114	36
Total	3,079,112	100	4,265,654	100

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

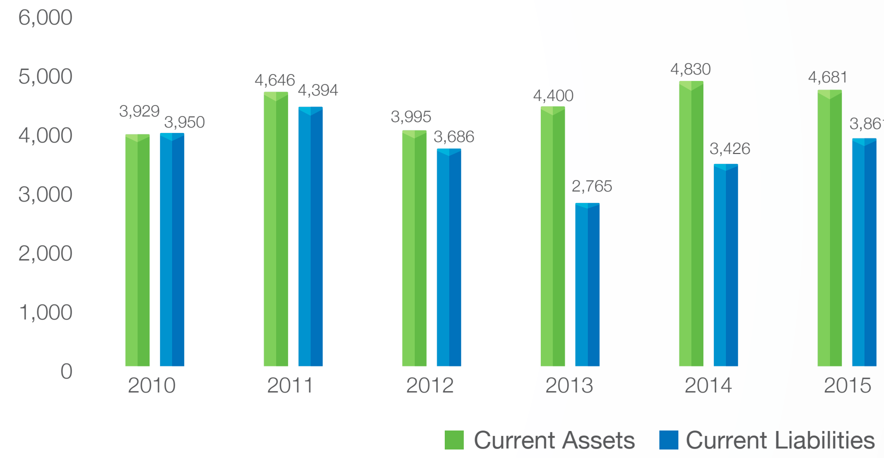


Summarized Six Year Data

						Rupees in million
	2015	2014	2013	2012	2011	2010
Balance Sheet						
Share Capital						
Ordinary shares	1,471	1,471	1,060	707	707	707
Preference shares	901	901	2,103	3,004	3,004	3,004
Reserves	3,147	3,373	2,656	2,085	1,589	1,184
Shareholders' equity	5,519	5,745	5,819	5,796	5,300	4,895
Subordinated loan	-	-	-	1,000	1,000	1,000
Long-term financing	4,771	4,130	4,425	3,810	4,225	5,075
Deferred taxation – Liability / (Asset)	578	661	540	134	-	(212)
Capital employed	10,868	10,536	10,784	10,741	10,525	10,970
Property, plant and equipment	9,414	8,340	8,857	9,439	9,384	9,879
Other non-current assets	12	8	19	29	38	49
Net current assets / Working capital	821	1,405	1,634	309	252	(21)
Profit & Loss						
Sales – gross	15,391	17,132	16,513	14,980	13,959	11,323
Sales – net	13,186	14,668	14,236	12,923	11,779	9,702
Gross profit	878	2,021	2,547	2,113	2,010	1,447
Operating profit	400	1,529	2,100	1,701	1,703	1,212
(Loss) / profit before tax	(176)	914	1,407	790	735	71
(Loss) / profit after tax	(205)	630	929	515	405	42
EBITDA	1,307	2,441	3,007	2,479	2,452	1,966
Cash Flows						
Net cash flow from operating activities	961	1,034	1,678	1,755	735	(473)
Net cash flow from investing activities	(1,897)	(251)	(305)	(798)	(234)	(163)
Net cash flow from financing activities	641	(983)	(1,289)	(415)	(850)	(292)
Changes in cash and cash equivalents	(295)	(200)	84	542	(350)	(928)
Cash and cash equivalents – Year end	(1,831)	(1,536)	(1,336)	(1,421)	(1,963)	(1,613)
Others						
Number of Employees	1,543	1,519	1,643	1,638	1,710	1,631
Number of shares (million)						
Ordinary shares	147	147	106	71	71	71
Preference shares	90	90	210	300	300	300



Total Assets
and
Net Sales
(Rupess in million)

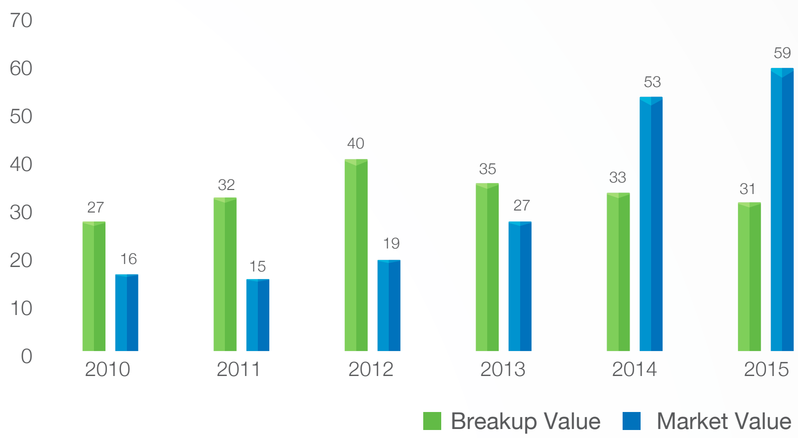


Current Assets
and
Current Liabilities
(Rupess in million)

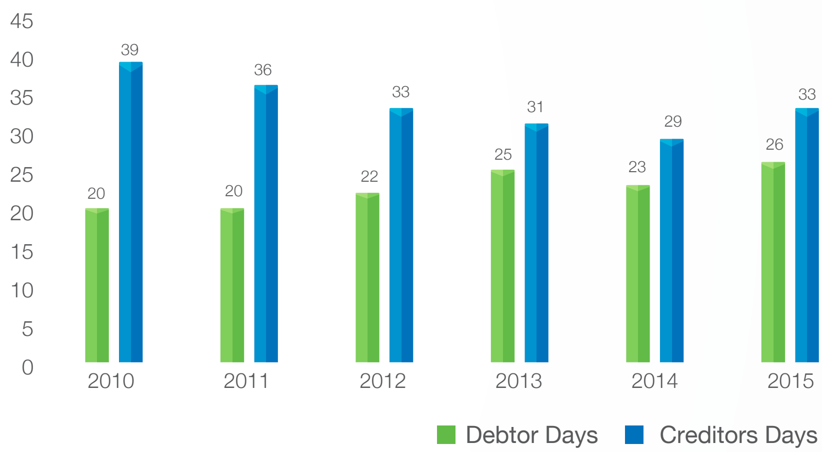
Long Term Laibilities
and
Equity
(Rupess in million)

Financial Performance

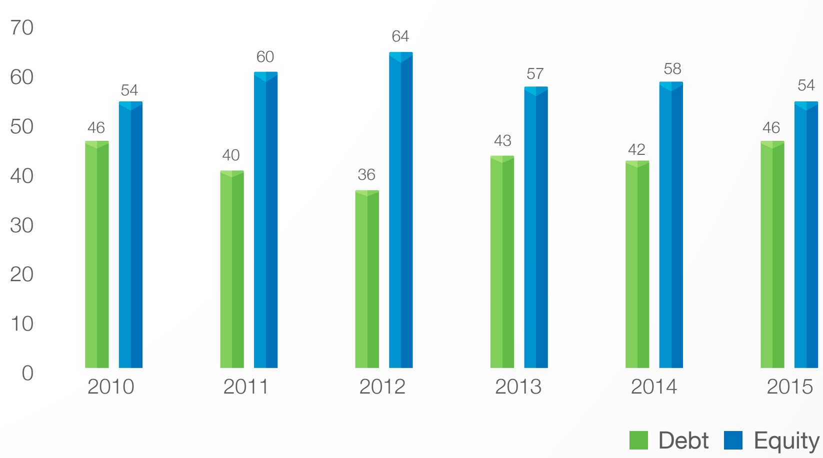
		2015	2014	2013	2012	2011	2010
Profitability							
Gross profit margin	%	7	14	18	16	17	15
EBITDA margin to sales	%	10	17	21	19	21	20
(Loss) / profit before tax margin	%	(1)	6	10	6	6	1
Net (loss) / profit margin	%	(2)	4	7	4	3	0.43
Return on equity	%	(4)	11	16	9	8	1
Return on capital employed	%	2	13	18	14	14	10
Operating Performance / Liquidity							
Total assets turnover (excl. CWIP)		1.07:1	1.13:1	1.08:1	0.97:1	0.84:1	0.69:1
Fixed assets turnover		1.68:1	1.73:1	1.58:1	1.37:1	1.22:1	0.95:1
Debtors turnover		14.12:1	15.63:1	14.8:1	16.81:1	18.67:1	17.92:1
Debtors days		26	23	25	22	20	20
Inventory turnover		5.42:1	5.52:1	6.34:1	4.99:1	4.31:1	5.13:1
Inventory days		67	66	58	73	85	71
Creditors turnover		11.1:1	12.64:1	11.78:1	11.03:1	10.16:1	9.25:1
Creditors days		33	29	31	33	36	39
Operating cycle days		60	60	73	75	69	52
Return on assets (excl. CWIP)	%	(1.67)	4.85	7.02	3.88	2.88	0.30
Current ratio		1.21:1	1.41:1	1.59:1	1.08:1	1.06:1	0.99:1
Quick / Acid test ratio		0.34:1	0.31:1	0.46:1	0.34:1	0.20:1	0.26:1
Capital Market / Capital Structure Analysis							
Market value per share	Rs.	58.92	53.30	27.05	18.95	15.40	16.00
Breakup value / (Net assets/share)	Rs.	31.41	32.94	35.05	39.50	32.48	26.75
(Loss) / earnings per share (pre tax)	Rs.	(1.69)	7.37	13.65	4.49	3.88	(2.06)
(Loss) / earnings per share (post tax)	Rs.	(1.89)	3.46	5.30	1.40	0.17	(2.38)
Price earning ratio		(31.17):1	15.40:1	5.10:1	13.54:1	90.59:1	(6.72):1
Market price to breakup value		1.88:1	1.62:1	0.65:1	0.48:1	0.47:1	0.60:1
Debt equity ratio		46:54	42:58	43:57	36:64	40:60	46:54
Weighted average cost of debt	%	10.03	10.35	11.56	13.50	12.76	13.07
Interest coverage ratio		0.69:1	2.49:1	3.03:1	1.87:1	1.76:1	1.06:1



Breakup Value and Market Value
(Rupess)



Debtors and Creditors
(Days)



Debt Equity Ratio

Horizontal Analysis

Rupees in million

	2015		2014		2013		2012
	Amount	%	Amount	%	Amount	%	Amount
PROFIT AND LOSS ACCOUNT							
Sales – net	13,186	90	14,668	103	14,236	110	12,923
Cost of sales	(12,308)	97	(12,646)	108	(11,689)	108	(10,810)
Gross profit	878	43	2,022	79	2,547	121	2,113
General and administrative expenses	(359)	102	(351)	113	(310)	113	(275)
Selling and distribution expenses	(113)	81	(139)	125	(111)	103	(108)
Other operating income	68	64	106	116	91	101	90
Other operating charges	(73)	68	(107)	91	(117)	98	(119)
Operating profit	400	26	1,529	73	2,100	123	1,701
Finance cost	(576)	94	(615)	89	(693)	76	(911)
(Loss) / profit before taxation	(176)	(19)	914	65	1,407	178	790
Taxation	(29)	10	(284)	59	(478)	174	(275)
(Loss) / profit after taxation	(205)	(33)	630	68	929	181	515
BALANCE SHEET							
NON-CURRENT ASSETS							
Property plant and equipment							
Operating fixed assets	7,602	93	8,138	92	8,808	95	9,239
Capital work in progress	1,812	895	203	417	49	24	200
Intangible assets	4	148	3	24	11	49	23
Long-term loans and advances	5	176	3	63	5	162	3
Long-term deposits	3	106	3	100	3	102	3
CURRENT ASSETS							
Stores and spares	1,082	119	910	105	867	102	854
Stock in trade	1,982	77	2,563	127	2,016	121	1,672
Trade debts	1,174	117	1,007	85	1,185	113	1,046
Loans and advances	16	70	23	63	36	235	15
Trade deposits and short-term prepayments	4	121	3	28	12	355	3
Other receivables	3	151	2	18	11	8	144
Tax refunds due from Government	116	82	141	294	48	244	20
Taxation-net	183	164	111	75	148	413	36
Cash and bank balances	121	175	69	89	77	38	204
TOTAL ASSETS	14,107	107	13,179	99	13,275	99	13,462
EQUITY AND LIABILITIES							
SHARE CAPITAL AND RESERVES							
Issued, subscribed and paid-up capital							
Ordinary shares	1,472	100	1,471	139	1,060	150	707
Preference shares	901	100	901	43	2,103	70	3,004
Reserves	3,147	93	3,373	127	2,656	127	2,085
NON-CURRENT LIABILITIES							
Subordinated loan	-	-	-	-	-	-	1,000
Long-term financing	4,149	124	3,347	81	4,151	146	2,845
Deferred taxation	578	87	661	122	540	402	134
CURRENT LIABILITIES							
Trade and other payables	1,245	128	973	95	1,028	108	956
interst and mark-up accrued	42	65	65	133	49	35	140
Short-term borrowings	1,952	122	1,605	114	1,414	87	1,625
Current portion of long-term financing	622	79	782	285	274	28	965
TOTAL EQUITY AND LIABILITY	14,107	107	13,179	99	13,275	99	13,462

Note: 2012 is the Base Year

Vertical Analysis

Rupees in million

	2015		2014		2013	
	Amount	%	Amount	%	Amount	%
PROFIT AND LOSS ACCOUNT						
Sales – net	13,186	100.00	14,668	100.00	14,236	100.00
Cost of sales	(12,308)	93.34	(12,646)	86.21	(11,689)	82.11
Gross profit	878	6.66	2,022	13.78	2,547	17.89
General and administrative expenses	(359)	2.72	(351)	2.38	(310)	2.18
Selling and distribution expenses	(113)	0.86	(139)	0.95	(111)	0.78
Other operating income	68	0.52	106	0.72	91	0.64
Other operating charges	(74)	0.56	(107)	0.73	(117)	0.82
Operating profit	400	3.03	1,529	10.43	2,100	14.75
Finance cost	(576)	4.37	(615)	4.19	(693)	4.87
(Loss) / profit before taxation	(176)	1.33	914	6.24	1,407	9.88
Taxation	(29)	0.22	(284)	1.94	(478)	3.36
(Loss) / profit after taxation	(205)	1.55	630	4.30	929	6.52
BALANCE SHEET						
NON-CURRENT ASSETS						
Property, plant and equipment						
Operating fixed assets	7,602	53.89	8,138	61.75	8,808	66.35
Capital work in progress	1,812	12.84	203	1.54	49	0.37
Intangible assets	4	0.03	3	0.02	11	0.09
Long-term loans and advances	5	0.04	3	0.02	4	0.03
Long-term deposits	3	0.02	3	0.02	3	0.02
CURRENT ASSETS						
Stores and spares	1,082	7.67	910	6.91	867	6.53
Stock in trade	1,982	14.05	2,563	19.45	2,016	15.18
Trade debts	1,174	8.32	1,007	7.64	1,185	8.92
Loans and advances	16	0.11	23	0.17	36	0.27
Trade deposits and short-term prepayments	4	0.03	3	0.03	12	0.09
Other receivables	3	0.02	2	0.02	11	0.08
Tax refunds due from Government	116	0.82	141	1.07	48	0.36
Taxation-net	183	1.30	111	0.84	148	1.12
Cash and bank balances	121	0.86	69	0.52	77	0.58
TOTAL ASSETS	14,107	100	13,179	100	13,275	100
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Issued, subscribed and paid-up capital						
Ordinary shares	1,471	10.43	1,471	11.16	1,060	7.99
Preference shares	901	6.39	901	6.84	2,103	15.84
Reserves	3,147	22.31	3,373	25.60	2,656	20.15
NON-CURRENT LIABILITIES						
Long-term financing	4,149	29.41	3,347	25.40	4,151	31.27
Deferred taxation	578	4.10	661	5.00	540	4.14
CURRENT LIABILITIES						
Trade and other payables	1,245	8.83	973	7.38	1,028	7.53
Interest and mark-up accrued	42	0.30	66	0.50	49	0.37
Short-term borrowings	1,952	13.84	1,605	12.18	1,414	10.65
Current portion of long-term financing	622	4.41	782	5.94	274	2.06
TOTAL EQUITY AND LIABILITY	14,107	100	13,179	100	13,275	100

Chairman's Message

In my last year's message I had expressed that year 2015 will be tough, and we may not bring any good news for the shareholders. These same views were also shared by the Directors of the Company in their report to the members. The accumulated effect of the shortage of energy, increased input costs and dumping of imported material would adversely impact the performance of the Company for the year under review (2014-15).

In spite of the above I am pleased to share with you that the management of your Company has managed to mitigate the losses for the year 2015 and the red in the bottom line has been curtailed and restricted to a bare minimum.

The year under review was hostile to the manufacturing industry in general and paper and paperboard industry of Pakistan in particular. The much anticipated energy shortfall in winter led to high cost of inputs. This coupled with the international slump of the paperboard prices which led to influx of Chinese product in the market, has hit your Company hard.

Fortunately, the management of your Company was prepared for this to happen and therefore took timely proactive decisions to mitigate the effect.

The Company invested more in Coal and Bio-Mass Boilers, and converted our power engines back to furnace oil – but inflow of paperboard from China at throw-away prices has made it impossible to absorb the increased cost of energy in the winter season. As a leader of paperboard sector, we continue to lobby the Government to curtail foreign dumping of paperboard in the domestic market.

Closing the chapter of last year, we are hopeful that our 18 MW Coal Based Co-Generation Power Plant will be operative before the anticipated gas and electricity shutdown of winter 2015. This will not only reduce the cost of energy input but will also remove the capacity utilization constraint of the last two years caused by gas and electricity curtailment.

Looking to the next year, I am optimistic - we will have increased production and increased sales in market at our revised prices. We are also hopeful that our ongoing negotiations with the Government will prevent the influx of foreign product and stabilize prices for the paperboard sector.

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 (CPBM) for the year ended June 30th, 2015, along with the audited financial statements and Auditors' Report.

MARKET REVIEW

Market demand for various Paper & Paperboard products during the year under review was stable throughout the year. However, your Company could not maintain market share due to the massive influx of imports. Further, the cost of production remained high due to higher cost of producing energy to supplement shortages on the national grid.

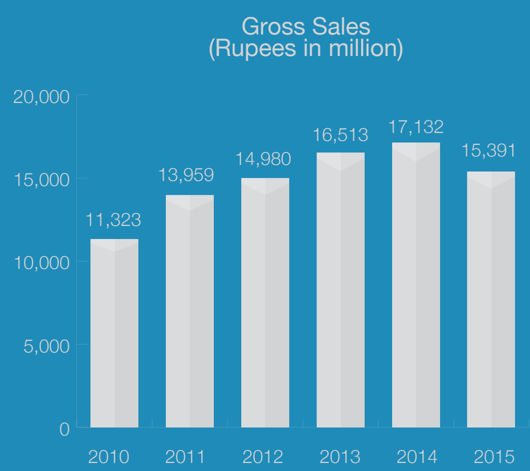
In the face of these high costs of production and depressed prices due to dumping, the Company was forced to sacrifice some market share by limiting production to what could be sold at prices that could offset product costs. This nevertheless resulted in limiting the losses. The Company continued to lobby the Government to prevent international dumping on behalf of the paperboard sector and is still doing it.

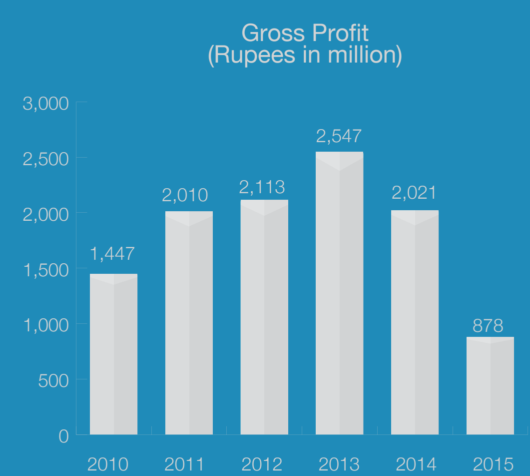
OPERATIONS

During the year under review the operations of the Company faced many Challenges. Capacity remained under-utilized, due to prolonged gas curtailment and increased cheap imports. During the year under review production level of 158 thousand tons was achieved as compared to last year's production of 175 thousand tons. The capacity utilization for the year stood at 66% of the installed capacity (L.Y. 73%).

SALES

The severe internal and external market environment which prevailed during the year led to the decline in sales, both in terms of quantity and value. The Company sold 157 thousand tons of products for the year under review as compared to last year sales of 170 thousand tons. The rupee value of the net sales for the year under review stood at Rs. 13,186 million (L.Y. Rs. 14,668 million).





FINANCIALS

The adverse effect of multiple factors which impacted the Company's financial performance last year continued for this year also. Although your Directors were aware of the challenges for the year under review and had mentioned the same in their last year's report, but the negative impact was even more than their expectation for the year under review.

Compared to last year, the financials of the Company for the year under review were further affected adversely by multiple factors as explained in the preceding paragraph. The low volume of sales and the cost of inputs including particularly the shortage and unpredictable availability of energy have adversely affected the bottom line of the Company for the year under review.

Your Directors want to share that to minimize the expected loss for the year was the main focus of the management who feel satisfied in reporting that they have been successful in doing so and could possibly do no better under the very unfavourable circumstances.

The Directors are confident that the strategic investment made in the 18 MW Coal Based Co-Generation Power Plant which is in final stages at the time of this report will start bearing fruits from the second half of the current financial year. With comparative low cost of energy it is hoped that the products of your Company will be more cost competitive and the financials will show an improved bottom line as compared to the present.

The net turnover for the year under review is recorded at Rs. 13,186 million (L.Y. Rs. 14,668 million). Gross profit of the Company for the period under review stood at Rs. 878 million as compared to Rs. 2,021 million of the last year.

The operating profit for the year under review stood at Rs. 400 million as compared to operating profit of Rs. 1,529 million for the last year. The decrease in operating profit is attributable to the decrease in sales volume coupled with increased cost of inputs. The Company suffered a loss of Rs. 176 million before tax as compared to Rs. 914 million profit before tax of the last year.

Tax charge stood at Rs. 29 million due to reversal of deferred tax liability by Rs. 74 million and there is a loss after tax of Rs. 205 million compared to last year's net profit of Rs. 630 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

	2015	2014
Sales	13,186	14,668
Cost of Sales	(12,308)	(12,646)
Gross Profit	878	2,021
Administrative, Selling and Other Operating Charges	(547)	(598)
Other Income	69	106
Operating Profit	400	1,529
Finance Cost	(576)	(615)
Net (Loss) / Profit before tax	(176)	914
Taxation	(29)	(284)
Net (Loss) / Profit after tax	(205)	630
Sales Volumes (Metric Tons)	157,124	170,225

EARNINGS PER SHARE

For the year under review the number of ordinary shares stood at 147,018 thousand. Because of the redemption and conversion option exercised last year, the proportionate dividend attributable to the cumulative preference shares has been reduced from the last year figure of Rs. 201 million to Rs. 72 million for the current year.

Consequently the loss attributable to the ordinary shareholders for the purpose of calculating EPS comes to Rs. 277 million (L.Y. Profit of Rs 429 million). On this basis the loss per share for the year is reported at Rs. 1.89, as compared to the previous year's earnings per share of Rs. 3.46.

Plants Under Construction

18 Megawatt Coal Based Co-Generation Power Plant

Secondary Waste Water Treatment Plant

CAPITAL EXPENDITURE

a) 18 Megawatt Coal Based Co-Generation Power Plant

As was stated in the last year's report that your 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 and steam) requirement of the Company throughout the year. After putting into operation of this co-gen plant and with the available power generation capacity on alternate fuels your Company will have zero dependence on gas. However, availability of gas will reduce the energy cost to some extent.

The work progress on this project has been smooth from the very beginning. It is expected that the plant will be operational by the third quarter of current financial year.

b) Secondary Waste Water Treatment Plant

As reported last year the Company started installing the Secondary Waste Water Treatment Plant which is in advance stages of completion. This strategic investment will make the Company compliant with the National Environmental Quality Standards (NEQ's).

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. The Company is expected to become more environmental friendly when this plant will become operative by the end of calender year 2015.

APPROPRIATIONS

Due to loss and stringent liquidity position caused by the ongoing capital expenditure the Directors are not recommending any appropriation of profit or reserve for the year.

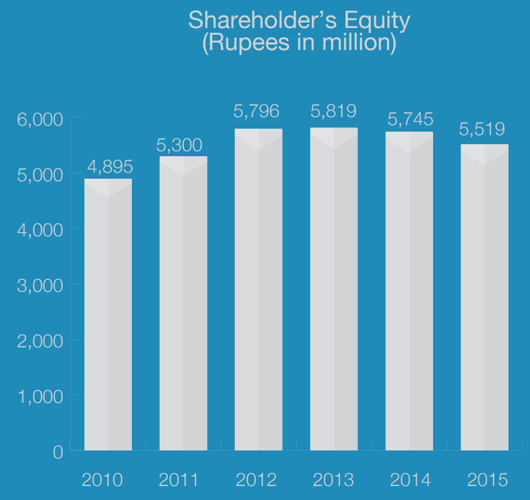
MARKET CAPITALIZATION

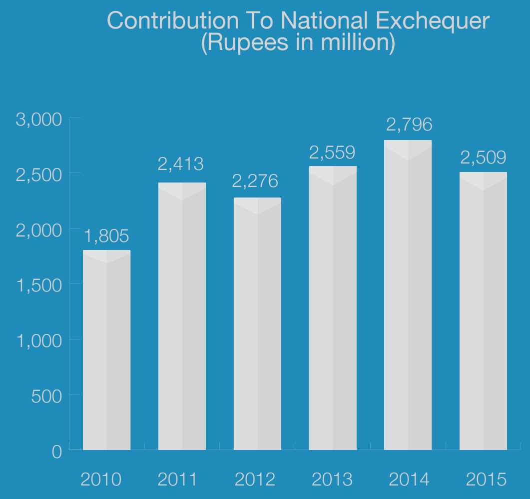
The Capital markets of the country were on the upward trend during the year under review. The market capitalization of your Company also fluctuated with the trends of the market. During the year the market value of the share of the Company touched the high of Rs. 67.95; and the low of Rs. 39.57.

The market capitalization at the end of the year was Rs. 8,662 million (L.Y. Rs. 7,836 million) with a market value per share of Rs. 58.92 (L.Y. Rs. 53.30). The break-up value per share at the end of the year was Rs. 31.41 (L.Y. Rs. 32.94).

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your Company's contribution to the National Exchequer amounted to Rs. 2,509 million as compared to Rs. 2,796 million of the last year. This includes Rs. 167 million which is net of tax refund of Rs. 121 million (L.Y. Rs. 257 million) as Income Tax, Rs. 2,214 million (L.Y. Rs. 2,465 million) as Sales Tax, Rs.128 million (L.Y. Rs. 74 million) as Customs Duty.





CORPORATE INFORMATION

Board Meetings

Four meetings of the Board of Directors were held during the year ended June 30th, 2015. Attendance by each Director was as under:

Name of Director	Meetings Attended
Mr. Iqbal Ali Lakhani (Chairman)	4
Mr. Zulfiqar Ali Lakhani	4
Mr. Amin Mohammed Lakhani	3
Mr. Tasleemuddin Ahmed Batlay	4
Mr. Shahid Ahmad Khan	3
Mr. Kemal Shoaib	4
Mr. Muhammad Imran Rafiq	4
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 30th, 2015. Attendance by each Director was as under:

Name of Director	Meetings Attended
Mr. Kemal Shoaib (Chairman)	4
Mr. Zulfiqar Ali Lakhani	4
Mr. Amin Mohammed Lakhani	3
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.

Disclosure to Shareholders of Directors' interest, in contract of their appointment under Section 218 of The Companies Ordinance, 1984

The terms and conditions of appointment of Director Mr. Iqbal Ali Lakhani and Director/ Chief Executive Officer Mr. Aftab Ahmad were revised subsequent to their re-appointment for a three year term after the election of Directors in June 2015. The revised terms and conditions as approved by the Board of Directors for the three years term up to June 30th, 2018 are as under:

Mr. Iqbal Ali Lakhani (Director)

Gross aggregate annual salary up to Rs. 17.50 million. In addition re-imbursement of residence utilities bills, provision of Company maintained car and entitlement of perquisites like medical, bonus, leave and retirement benefits, as per Company policy in force from time to time.

Mr. Aftab Ahmad (Director / Chief Executive Officer)

Gross aggregate annual salary up to Rs. 16.00 million. In addition Company maintained car, bonus, medical, leave, telephone and retirement benefits, as per Company policy, Rules and Regulations in force from time to time.

Mr. Iqbal Ali Lakhani (Director) and Mr. Aftab Ahmad (Director / Chief Executive Officer) of the Company and being the shareholders, have interest to the extent of remuneration and available perquisites, benefits and allowances to which they are entitled.

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 30th, 2015, along with the necessary information is annexed to this report.

There were 1,882 shareholders on the record of the Company as at June 30th, 2015.

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 30th, 2015:

	Rupees in million
Provident Fund	385.77
Gratuity Fund	264.25

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 30th, 2016.

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.

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 & Gulbano 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.

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 2016

In the face of continued dumping, the Company was forced to reduce prices in the last quarter of the year. However market demand has again started shifting to your Company's products. At the same time, the commissioning of the Coal Based Co-Generation Power Plant this year will reduce the costs of production and utilization of the plants in spite of the national energy shortages.

The market outlook for paper and board is stable, and the market for packaging products is growing significantly. As a result, we expect not only to regain market share, but also to improve it during the year 2015-16.

ACKNOWLEDGEMENT

The Directors are pleased to place on record the appreciation for all the financial institutions. 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
Director and Chief Executive Officer

Karachi: August 21, 2015

Statement of Compliance with the Code of Corporate Governance

for the year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the listing regulations of the Karachi, Lahore and Islamabad 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, six non-executive and one 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

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) The elections to the Board of Directors were held on 30th June 2015 where in the following eight Directors were elected to the Board for a three years term:

Mr. Iqbal Ali Lakhani
Mr. Zulfiqar Ali Lakhani
Mr. Amin Mohammed Lakhani
Mr. Tasleemuddin Ahmed Batlay
Mr. Kemal Shoaib
Mr. Muhammad Imran Rafiq
Mr. Shahid Ahmed Khan
Mr. Aftab Ahmad

Other than that 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 meets 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) Five 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. One of the directors attended the directors' training course conducted by the Pakistan Institute of Corporate Governance (PICG) this year. Another director already completed this course earlier.

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, their spouses 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 in 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
Director and Chief Executive Officer

Karachi: August 21, 2015

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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, 2015 to comply with the requirements of Listing Regulation No. 35 of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad 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, 2015.

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

KARACHI
DATED: August 21, 2015

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Auditors' Report to the Members

We have audited the annexed balance sheet of CENTURY PAPER & BOARD MILLS LIMITED as at June 30, 2015 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;
   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, 2015 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

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

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

KARACHI
DATED: August 21, 2015

Balance Sheet

as at June 30, 2015

	Note	2015	2014
		(Rupees in thousands)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	7,602,231	8,137,746
Capital work in progress	6	1,812,177	202,525
		9,414,408	8,340,271
Intangible assets	7	3,645	2,712
Long-term loans and advances	8	5,054	2,845
Long-term deposits		2,829	2,829
		9,425,936	8,348,657
CURRENT ASSETS			
Stores and spares	9	1,082,473	910,456
Stock-in-trade	10	1,982,334	2,563,413
Trade debts	11	1,173,624	1,006,753
Loans and advances	12	16,156	22,745
Trade deposits and short-term prepayments	13	3,679	3,312
Other receivables	14	2,815	1,988
Tax refunds due from Government		116,306	141,291
Taxation - net	15	183,318	111,347
Cash and bank balances	16	120,987	68,975
		4,681,692	4,830,280
TOTAL ASSETS		14,107,628	13,178,937
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (2014: 410,000,000) shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital			
Ordinary shares	17	1,470,184	1,470,184
Preference shares	18	901,214	901,214
		2,371,398	2,371,398
Reserves	19	3,147,348	3,373,292
		5,518,746	5,744,690
NON-CURRENT LIABILITIES			
Long-term financing	20	4,149,238	3,347,424
Deferred taxation	21	578,499	661,069
		4,727,737	4,008,493
CURRENT LIABILITIES			
Trade and other payables	22	1,245,364	972,831
Interest and mark-up accrued	23	42,399	65,478
Short-term borrowings	24	1,951,943	1,605,021
Current portion of long-term financing	20	621,439	782,424
		3,861,145	3,425,754
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		14,107,628	13,178,937

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, 2015

	Note	2015	2014
		(Rupees in thousands)	
Sales - net	26	13,186,182	14,667,669
Cost of sales	27	(12,308,379)	(12,646,230)
Gross profit		877,803	2,021,439
General and administrative expenses	28	(359,045)	(351,216)
Selling and distribution expenses	29	(113,049)	(139,656)
Other operating charges	30	(74,601)	(106,873)
Other income	31	68,442	105,783
Operating profit		399,550	1,529,477
Finance cost	32	(575,987)	(615,478)
(Loss) / profit before taxation		(176,437)	913,999
Taxation	33	(28,961)	(284,150)
(Loss) / profit for the year		(205,398)	629,849
Basic (loss) / earnings per share (Rupees)	34	(1.89)	3.46
Diluted (loss) / earnings per share (Rupees)	34	(1.89)	3.44

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, 2015

	Note	2015	2014
		(Rupees in thousands)	
(Loss) / profit for the year		(205,398)	629,849
Other comprehensive income for the year			
Items that will not be reclassified to profit and loss account			
Remeasurement of defined benefit liability		(29,351)	(24,859)
Tax impact		8,805	8,203
	35	(20,546)	(16,656)
Total comprehensive (loss) / income for the year		(225,944)	613,193

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, 2015

	Note	2015	2014
		(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	1,813,089	1,982,674
Finance cost paid		(599,066)	(599,141)
Taxes paid		(287,790)	(256,073)
Taxes refunded		120,291	-
Gratuity paid		(33,734)	(20,038)
Workers' Profit Participation Fund paid		(49,087)	(75,507)
Long-term loans and advances - net		(2,209)	1,656
Net cash generated from operating activities		961,494	1,033,571
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,905,514)	(257,206)
Profit received on bank deposit accounts		-	992
Proceeds from sale of operating fixed assets		8,281	5,515
Net cash used in investing activities		(1,897,233)	(250,699)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of preference shares		-	(450,607)
Proceeds from long-term financing from banking companies		1,434,844	-
Repayment of long-term financing from banking companies		(794,015)	(294,925)
Dividend paid on preference shares		-	(236,992)
Net cash generated from / (used in) financing activities		640,829	(982,524)
Net decrease in cash and cash equivalents		(294,910)	(199,652)
Cash and cash equivalents at the beginning of the year		(1,536,046)	(1,336,394)
Cash and cash equivalents at the end of the year		(1,830,956)	(1,536,046)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	120,987	68,975
Short-term borrowings	24	(1,951,943)	(1,605,021)
		(1,830,956)	(1,536,046)

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, 2015

	Issued, subscribed and paid-up		Reserves								Total
			Capital reserves				Revenue reserves			Sub total	
	Ordinary share capital	Preference share capital	Share premium	Merger reserve	Redemption reserve	Total	General reserve	Unappropriated profit	Total		
	(Rupees in thousands)										
Balance as at July 01, 2013	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
Total comprehensive income for the year											
Loss for the year	-	-	-	-	-	-	-	(205,398)	(205,398)	(205,398)	(205,398)
Remeasurement of defined benefit liability - net	-	-	-	-	-	-	-	(20,546)	(20,546)	(20,546)	(20,546)
	-	-	-	-	-	-	-	(225,944)	(225,944)	(225,944)	(225,944)
Balance as at June 30, 2015	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	72,821	386,047	3,147,348	5,518,746

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 4.25.

2.3 Functional and presentation currency

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

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

3.1 The following amendments to approved accounting standards become effective during the year which do not have a significant impact on the Company's financial statements.

		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payment - Amendments resulting from Annual Improvements 2010-2012 Cycle (definition of 'vesting condition')	July 01, 2014

		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations - Amendments resulting from Annual Improvements 2010-2012 Cycle (accounting for contingent consideration) and 2011-2013 Cycle (scope exception for joint ventures)	July 01, 2014
IFRS 8	Operating Segments - Amendments resulting from Annual Improvements 2010-2012 Cycle (aggregation of segments, reconciliation of segment assets)	July 01, 2014
IFRS 10	Consolidated Financial Statements - Amendments for investment entities	January 01,2014
IFRS 12	Disclosure of Interests in Other Entities - Amendments for investment entities	January 01, 2014
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)	July 01, 2014
IAS 16	Property, Plant and Equipment - Amendments for proportionate restatement of accumulated depreciation on revaluation of an item of Property, Plant and Equipment	July 01, 2014
IAS 19	Employee Benefits - Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to services to Defined Benefit Plans should be attributed to Employees' periods of service	July 01, 2014
IAS 24	Related Party Disclosures - Amendments relating to Management entities	July 01, 2014
IAS 27	Separate Financial Statements - Amendments for investment entities	January 01, 2014
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities	January 01, 2014
IAS 36	Impairment of assets - Amendments arising from Recoverable Amount Disclosure for Non - Financial Assets	January 01, 2014
IAS 38	Intangible Assets - Amendments for proportionate restatement of accumulated amortisation on revaluation of an Intangible Assets	July 01, 2014
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for novation of derivatives	January 01, 2014
IAS 40	Investment Property - Amendments resulting from Annual Improvements 2011-2013 Cycle (interrelationship between IFRS 3 and IAS 40)	July 01, 2014

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 as follows:

		Effective date (annual periods beginning on or after)
Accounting standards and interpretations:		
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01,2016
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (Servicing Contracts and Applicability of the offsetting amendments in condensed interim financial statements)	January 01, 2016
IFRS 9	Financial Instruments - Amendments for incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	January 01, 2018
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture and regarding the application of the consolidation exception	January 01, 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	January 01, 2016
IFRS 14	Regulatory Deferred Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2017
Amendments:		
IAS 1	Presentation of Financial Statements: Amendments resulting from the disclosure initiative	January 01, 2016
IAS 16	Property, Plant and Equipment: Amendments regarding the clarification of acceptable methods of depreciation and bringing bearer plants into the scope of IAS 16	January 01, 2016
IAS 19	Employee Benefits: Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IAS 27	Separate Financial Statements	January 01, 2016
IAS 28	Investment in Associates and Joint Ventures	January 01, 2016
IAS 34	Interim Financial Reporting: Amendments resulting from September 2014 Annual Improvements to IFRSs	January 01, 2016
IAS 38	Intangible Assets: Amendments regarding the clarification of acceptable methods of amortisation	January 01, 2016

The management anticipates that the adoption of the above standards and amendments in future periods, will have no material impact on the Company's financial statements.

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:

IFRS 1	First-time Adoption of International Financial Reporting Standards	July 01, 2009
IFRS 9	Financial Instruments	January 01, 2015

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 4.9). 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.

The spare parts, stand-by equipment and servicing equipment are capitalized as an asset when they meet the definition of property, plant and equipment.

Depreciation on operating fixed assets other than land 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 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 softwares are recognized as an expense as and when incurred.

4.3 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the assets' recoverable 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 labour cost, depreciation and maintenance etc.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and 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. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) Deferred

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

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

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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 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

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.

4.12 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

4.13 Financial instruments

4.13.1 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.

4.13.2 Financial liabilities

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

4.13.3 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.

4.13.4 Derecognition

The financial assets are de-recognized when the Company loses 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.

4.14 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.

4.15 Derivative financial instruments

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

4.16 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.

4.17 Employees benefits

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

4.17.1 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, 2015 using the projected unit credit method (refer note 35). The remeasurement gains/losses as per actuarial valuation done at financial year end are recognized immediately in other comprehensive income and all other expenses are recognized in accordance with IAS 19 "Employee Benefits" in the profit and loss account.

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.

4.17.2 Compensated absences

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

4.18 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.

4.19 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.

4.20 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.

4.21 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.

4.22 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.

4.23 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.

4.24 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.

4.25 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 4.17 and note 35) 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 4.7 of these financial statements.

b) Defined benefits plan

Certain actuarial assumptions have been adopted as disclosed in note 35 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 effect on amounts recognized in profit and loss account as provision / reversal.

5 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Freehold land	Buildings on freehold land	Leasehold improvements	Plant and machinery (note 5.2)	Furniture and fixtures	Vehicles	Electrical and other equipments	Computers	Total
				(Rupees in thousands)					
Year ended June 30, 2015									
Net carrying value basis									
Opening net book value (NBV)	280,092	1,209,159	-	6,542,963	4,640	65,492	11,246	24,154	8,137,746
Additions (at cost)	1,437	34,810	-	294,883	474	36,565	3,410	5,265	376,844
Disposals (NBV)	-	-	-	(770)	-	(5,724)	-	-	(6,494)
Depreciation charge	-	(48,422)	-	(827,880)	(858)	(14,746)	(4,306)	(9,653)	(905,865)
Closing net book value (refer note 5.1)	281,529	1,195,547	-	6,009,196	4,256	81,587	10,350	19,766	7,602,231
Gross carrying value basis									
Cost	281,529	1,584,900	6,995	12,891,414	18,569	122,985	29,007	91,705	15,027,104
Accumulated depreciation / impairment	-	(389,353)	(6,995)	(6,882,218)	(14,313)	(41,398)	(18,657)	(71,939)	(7,424,873)
Net book value	281,529	1,195,547	-	6,009,196	4,256	81,587	10,350	19,766	7,602,231
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
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, 2015 amounts to Rs. 2,109 million and written down value amounts to Rs. 2.96 million (2014: Rs. 1,978 million and written down value amounted to Rs. 3.11 million).

5.2 Plant and machinery includes gas pipeline installations with a cost of Rs. 16.87 million (written down value: Nil) [2014: 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. 229.59 million (written down value Rs. 161.34 million) [2014: Rs. 251.77 million (written down value Rs. 177.22 million)].

5.4 The depreciation charge for the year has been allocated as follows:

	Note	2015	2014
		(Rupees in thousands)	
Cost of sales	27	874,121	873,778
General and administrative expenses	28	30,160	24,697
Selling and distribution expenses	29	1,581	1,653
		905,862	900,128

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	Particulars of buyers
		(Rupees in thousands)				
Plant and machinery						
Corrugating C-Flute Rolls	4,370	4,006	364	-	Scrap (Note 5.5.1)	Various
Ultra Hi Pressure Pump	1,256	922	334	-	Scrap (Note 5.5.1)	Various
Items having book value upto Rs. fifty thousand	129,653	129,582	71	425	Scrap (Note 5.5.1)	Various
	135,279	134,510	769	425		
Vehicles						
Mitsubishi VAN	1,499	1,049	450	700	Bid	Mr. Abdul Hameed
Mitsubishi VAN	1,489	1,191	298	730	Bid	Mr. Taimur Dayer
Toyota Corolla OD	1,054	843	211	725	Bid	Mr. Khalid Ahmed
Toyota Corolla Altis	1,869	1,308	561	612	Maturity of Company Car Scheme (5.5.2)	Mr. Aftab Ahmad
Toyota Corolla GLI	1,354	948	406	521	Maturity of Company Car Scheme (5.5.2)	Mr. Abdul Shakoor
Toyota Corolla GLI	1,354	948	406	444	Maturity of Company Car Scheme (5.5.2)	Mr. Kashif Chaudhry
Honda City	1,329	930	399	435	Maturity of Company Car Scheme (5.5.2)	Syed Ahmad Ashraf
Suzuki Cultus	855	598	257	321	Maturity of Company Car Scheme (5.5.2)	Mr. Asad Mehmood
Suzuki Cultus	795	556	239	235	Maturity of Company Car Scheme (5.5.2)	Mr. Kamran Arshad
Suzuki Cultus	795	556	239	258	Maturity of Company Car Scheme (5.5.2)	Mr. Nadeem Saleh Gondal
Suzuki Cultus	795	556	239	261	Maturity of Company Car Scheme (5.5.2)	Mr. Sohail Akhtar
Suzuki Cultus	795	556	239	298	Maturity of Company Car Scheme (5.5.2)	Mr. Abdul Rauf Rao
Suzuki Cultus	795	556	239	261	Maturity of Company Car Scheme (5.5.2)	Mr. Muhammad Awais
Suzuki Cultus	795	556	239	298	Maturity of Company Car Scheme (5.5.2)	Mr. Zahoor Ahmed
Suzuki Cultus	790	553	237	282	Maturity of Company Car Scheme (5.5.2)	Mr. Javed Iqbal
Suzuki Cultus	770	539	231	252	Maturity of Company Car Scheme (5.5.2)	Mr. Arshad Pervaiz
Suzuki Cultus	755	528	227	247	Maturity of Company Car Scheme (5.5.2)	Mr. Javed Iqbal Janjua
Suzuki Alto	652	456	196	343	Maturity of Company Car Scheme (5.5.2)	Syed Fahad Ali
Suzuki Mehran	500	321	179	360	Negotiation	Mr. Saeed Anjum (Ex-employee)
Items having book value upto Rs. fifty thousand	689	457	232	250	Maturity of Company Car Scheme (5.5.2)	Various
	19,729	14,005	5,724	7,833		
Electrical and other equipments						
Items having book value upto Rs. fifty thousand	100	100	-	23	Scrap (Note 5.5.1)	Various
Total - 2015	155,108	148,615	6,494	8,281		
Total - 2014	46,902	42,873	4,031	5,515		

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 transferred to employees at maturity of the Company car scheme.

	Note	2015	2014
		(Rupees in thousands)	

6 CAPITAL WORK-IN-PROGRESS

This comprises of:

	Note	2015	2014
Project (Coal Based Co-Generation Power Plant)			
Civil works		206,681	595
Plant and machinery		1,208,808	1,064
Advances to suppliers		49,406	755
Other directly attributable cost		108,263	2,700
		1,573,158	5,114
Others			
Civil works		120,534	17,257
Plant and machinery		113,962	175,319
Advances to suppliers		4,523	4,835
		239,019	197,411
		1,812,177	202,525

6.1 Movement of carrying amount

	Building	Plant and machinery	Total
	(Rupees in thousands)		
Year ended June 30, 2015			
Opening balance	17,852	184,673	202,525
Additions (at cost)	345,222	1,560,395	1,905,617
Transferred to operating fixed assets	(35,859)	(260,106)	(295,965)
Closing balance	327,215	1,484,962	1,812,177
Year ended 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

	Note	2015	2014
		(Rupees in thousands)	

7 INTANGIBLE ASSETS

	Note	2015	2014
Intangible assets		3,645	2,712

7.1 Net carrying value basis

	Note	2015	2014
Opening net book value		2,712	11,403
Additions (at cost)		2,542	2,446
Amortization charge	28	(1,609)	(11,137)
Closing net book value		3,645	2,712
Gross carrying value basis			
Cost		62,013	59,470
Accumulated amortization		(58,368)	(56,758)
Net book value		3,645	2,712
Amortization rate % per annum		20 - 33.33	20 - 33.33

	Note	2015	2014
		(Rupees in thousands)	

8 LONG-TERM LOANS AND ADVANCES

	Note	2015	2014
(Unsecured - considered good)			
Long-term loans	8.1	668	2,845
Long-term advances to suppliers		4,386	-
		5,054	2,845

8.1 Long-term loans

	Note	2015	2014
Due from employees	8.4	1,637	4,875
Current portion shown under current assets	12	(969)	(2,030)
	8.3	668	2,845

8.2 Outstanding period is as under:

	2015	2014
More than one year but less than three years	668	1,811
More than three years	-	1,034
	668	2,845

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.

9 STORES AND SPARES

	Note	2015	2014
		(Rupees in thousands)	
Stores	9.1	667,393	577,151
Spares			
in hand		421,187	347,182
in transit		19,618	18,055
		440,805	365,237
		1,108,198	942,388
Provision for slow moving stores and spares	9.2	(25,725)	(31,932)
	9.3	1,082,473	910,456

9.1 This includes fuel for power and steam generation amounting to Rs. 55.82 million (2014: Rs. 104.35 million).

9.2 Provision for slow moving stores and spares comprises:

	Note	2015	2014
		(Rupees in thousands)	
Balance at the beginning of the year		31,932	29,326
(Reversal) / provision recognized during the year	27	(2,954)	4,400
Written off during the year		(3,253)	(1,794)
Balance at the end of the year		25,725	31,932

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	2015	2014
		(Rupees in thousands)	

10 STOCK-IN-TRADE

	Note	2015	2014
Raw materials			
in hand		1,328,750	1,555,638
in transit		243,803	437,110
		1,572,553	1,992,748
Work-in-process		298,416	439,789
Finished goods		111,365	130,876
		1,982,334	2,563,413

11 TRADE DEBTS

	Note	2015	2014
(Unsecured - considered good)			
Due from associated undertakings	11.1	67,765	79,373
Others		1,105,859	927,380
		1,173,624	1,006,753

11.1 This comprises of amounts receivable from:

	2015	2014
Merit Packaging Limited	35,950	41,629
Colgate-Palmolive (Pakistan) Limited	29,904	36,724
Tetley Clover (Private) Limited	1,911	1,020
	67,765	79,373

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

	2015	2014
Not past due	64,797	75,249
Past due by 1 to 30 days	841	3,565
Past due by 31 to 60 days	929	559
Past due by over 60 days	1,198	-
	67,765	79,373

11.3 The maximum amount due from related parties at the end of any month during the year was Rs. 199.96 million (2014: Rs. 214.55 million).

12 LOANS AND ADVANCES

	Note	2015	2014
		(Rupees in thousands)	
(Unsecured - considered good)			
Loans			
Current portion of long-term loans	8.1	969	2,030
Advances			
to employees	12.1	865	1,703
to suppliers		14,322	19,012
		15,187	20,715
	12.2	16,156	22,745

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	2015	2014
		(Rupees in thousands)	
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits		70	115
Prepayments		3,609	3,197
		3,679	3,312
14 OTHER RECEIVABLES			
(Unsecured - considered good)			
Due from associated undertakings			
Insurance agency commission		1,214	177
Others		114	495
	14.1	1,328	672
Others		1,487	1,316
		2,815	1,988

14.1 This comprises of amounts receivable from:

	2015	2014
Century Insurance Company Limited	1,214	615
Merit Packaging Limited	107	-
Cyber Internet Service (Private) Limited	7	57
	1,328	672

15 TAXATION - NET

15.1 The income tax assessments of the Company have been finalized upto tax year 2013 (accounting year ended June 30, 2013). Return for the tax year 2014 has been duly filed and adequate provisions have been made in these financial statements for the year ended June 30, 2015 (Tax year 2015).

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.

	2015	2014
	(Rupees in thousands)	
16 CASH AND BANK BALANCES		
Cash at bank in current account	117,166	63,891
Cash in hand	3,821	5,084
	120,987	68,975

17 ORDINARY SHARES

Number of ordinary shares of Rs. 10/- each 2015	2014		2015 (Rupees in thousands)	2014
77,678,857	77,678,857	Fully paid in cash	776,790	776,790
43,542,501	43,542,501	Issued as fully paid bonus shares	435,425	435,425
25,089,437	25,089,437	Issued due to conversion of preference shares	250,894	250,894
707,550	707,550	Issued under scheme of amalgamation	7,075	7,075
147,018,345	147,018,345		1,470,184	1,470,184
100,227,748	100,227,748	Shares held by associated companies and related parties	1,002,277	1,002,277

18 PREFERENCE SHARES

Number of preference shares of Rs. 10/- each 2015	2014			
300,404,561	300,404,561	Fully paid in cash	3,004,046	3,004,046
(135,182,070)	(135,182,070)	Redeemed through cash / right shares	(1,351,821)	(1,351,821)
(75,101,140)	(75,101,140)	Conversion to ordinary shares	(751,011)	(751,011)
90,121,351	90,121,351		901,214	901,214
90,121,351	90,121,351	Shares held by associated companies	901,214	901,214

18.1 In November 2009, the Company has issued 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.

18.2 The followings are the terms, conditions, rights and privileges of preference shares with amendments which became effective on July 1, 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. 600.26 million (June 30, 2014: Rs. 528.16 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.

19 RESERVES

	Note	2015 (Rupees in thousands)	2014 (Rupees in thousands)
Capital			
Share premium	19.1	1,822,122	1,822,122
Capital redemption reserve	19.2	931,254	931,254
Merger reserve	19.3	7,925	7,925
		2,761,301	2,761,301
Revenue			
General reserve		313,226	313,226
Un-appropriated profit		72,821	298,765
		386,047	611,991
		3,147,348	3,373,292

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.

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.

20 LONG-TERM FINANCING

	Note	2015 (Rupees in thousands)	2014 (Rupees in thousands)
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Consortium of Banks			
Musharaka	20.1	1,200,000	1,500,000
Syndicated	20.2	898,000	-
		2,098,000	1,500,000
Term Loans			
Allied Bank Limited	20.3	1,125,000	1,425,000
Meezan Bank Limited - Musharaka	20.4	452,000	-
Faysal Bank Limited - 1	20.5	10,833	54,166
Faysal Bank Limited - 2	20.6	84,844	-
Bank Alfalah Limited	20.7	-	150,682
		1,672,677	1,629,848
		3,770,677	3,129,848
From associated undertaking - unsecured	20.8	1,000,000	1,000,000
		4,770,677	4,129,848
Less: Current portion shown under current liabilities		(621,439)	(782,424)
		4,149,238	3,347,424

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 including one year grace period. This finance facility is repayable in twenty equal quarterly instalments which commenced 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 instalment period. During the year, the effective mark-up rate was 10.24% (June 30, 2014: 10.54%) per annum.

20.2 This represents drawdowns against Syndicated term financing arrangement with Consortium of MCB Bank Limited and Allied Bank Limited amounting to Rs. 1,500 million to finance expenditure incurred on project in progress 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 instalments commencing from November 2016.

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 instalment period. During the year, the effective mark-up rate was 9.32% per annum.

20.3 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 instalment 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 instalment period. During the year, the effective mark-up rate was 10.20% (June 30, 2014: 10.60%) per annum.

20.4 This represents drawdowns against Diminishing Musharaka Arrangement of Rs. 750 million with Meezan Bank Limited to finance expenditure incurred on project in progress 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 instalment commencing from November 2016.

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 instalment period. During the year, the effective mark-up rate was 9.32% per annum.

20.5 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 instalment 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 10.77% (June 30, 2014: 11.06%) per annum.

20.6 This represents proceeds from Faysal Bank Limited under Diminishing Musharaka Arrangement specifically for acquisition of Compact Sheeter. The tenor of the facility is three years including one year grace period. This finance facility is repayable in eight equal quarterly instalment commencing from May 2016.

This finance facility is secured by way of exclusive charge on Compact Sheeter 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 days prior to the beginning of each instalment period. During the year, the effective mark-up rate was 9.28% per annum.

20.7 These term finance loans have been fully repaid during the year. During the year, the effective mark-up rate was 11.29% (June 30, 2014: 10.82%) per annum.

20.8 This loan has been obtained from SIZA Commodities (Private) Limited, an associated company, amounting to Rs. 1,000 million. The loan is repayable after two years from the date of agreement i.e. July 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 10.39% (June 30, 2014: 10.59%) per annum.

	Note	2015	2014
		(Rupees in thousands)	
21 DEFERRED TAXATION			
Deferred taxation	21.1	578,499	661,069

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

	2015	2014
Deferred tax liabilities		
Accelerated tax depreciation allowance	1,430,331	1,713,945
Deferred tax assets		
Tax losses carried forward	495,300	627,693
Turnover tax / Alternative corporate tax	326,408	396,647
Provision for slow moving stores and spares	7,717	10,537
Others	22,407	17,999
	(851,832)	(1,052,876)
	578,499	661,069

	Note	2015	2014
		(Rupees in thousands)	

22 TRADE AND OTHER PAYABLES

	Note	2015	2014
Creditors	22.1	302,422	315,141
Foreign bills payable		196,302	274,454
Accrued liabilities	22.2	403,220	177,869
Sales tax payable - net		37,947	14,884
Customers' balances		60,898	34,745
Provident fund payable		5,490	4,854
Gratuity payable	35.4	74,690	54,543
Workers' Profit Participation Fund	22.3	-	49,087
Workers' Welfare Fund		-	18,653
Unclaimed dividend		724	734
Retention money payable		126,605	-
Other liabilities		37,066	27,867
		1,245,364	972,831

22.1 The aggregate amount of the outstanding balance of associated undertakings as at June 30, 2015 is Rs. 1.63 million (2014: Rs. 2.67 million).

22.2 This includes an amount of Rs. 207.67 million payable in respect of Gas Infrastructure Development Cess. The Government has promulgated the Gas Infrastructure Development Cess Act, 2015 (the Act) in May 2015 for henceforth levying / collecting of GIDC and also validating GIDC payable under the Ordinance (repealed). The Company has filed writ petition against the Act and the Sindh High Court has granted stay order against collecting GIDC under the Act pending the final decision on the writ petition. As the matter relating to levy of GIDC is currently pending in the Court, the Company, as a matter of prudence and abundant caution, has recorded a provision against GIDC as liability with corresponding amount charged to cost of sales amounting to Rs. 207.67 million for the period from August 2014 to June 2015 in the financial statements.

22.3 Workers' Profit Participation Fund

	Note	2015	2014
		(Rupees in thousands)	
Balance at July 01		49,087	75,507
Interest on funds utilized in Company's business	32	2,454	770
Allocation for the year	30	-	49,087
		51,541	125,364
Amount paid during the year		(51,541)	(76,277)
Balance at June 30		-	49,087

23 INTEREST AND MARK-UP ACCRUED

	2015	2014
Interest and mark-up accrued on:		
Long-term financing	28,769	52,040
Short-term borrowings	13,630	13,438
	42,399	65,478

	Note	2015	2014
		(Rupees in thousands)	
24 SHORT-TERM BORROWINGS			
From banking companies - secured			
Running finances	24.1	1,390,563	912,782
Import credit finances	24.2	561,380	692,239
	24.3	1,951,943	1,605,021

24.1 The Company has available aggregate short term running finance facilities amounting to Rs. 2,860 million (2014: Rs. 2,860 million). Mark-up rates are linked with KIBOR from one to three months plus spreads ranging from 0.70% to 1.50% per annum (2014: 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 (2014: Rs. 2,830 million). This facility is priced at one month and three months LIBOR plus spread ranging between 2.00% to 2.80% per annum (2014: from 1.50% to 3.75% 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 (2014: Rs. 4,031 million) are available to the Company.

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 367 million (2014: Rs. 367 million).

b) Sales tax

Three cases of inadmissible input sale tax amounting to Rs. 82.27 million have been adjudicated against the Company by Deputy Commissioner Inland Revenue. The appeals were filed by the Company against these orders at respective forum. These cases have been remanded back to the adjudicating authorities by the Appellate Authorities with the direction to verify of the compliance of the Company with the relevant provision of the Sales Tax Act, 1990. No provision has been made in these 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

25.2.1 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. 559.39 million (2014: Rs. 670.24 million).

b) Capital expenditure including letters of credit amounting to Rs. 562.69 million (2014: Rs. 1,571 million).

	Note	2015	2014
		(Rupees in thousands)	

26 SALES

	Note	2015	2014
Gross sales		15,391,250	17,132,230
Sales tax		(2,205,068)	(2,464,561)
		13,186,182	14,667,669

27 COST OF SALES

	Note	2015	2014
Materials consumed		7,433,203	8,147,918
Fuel and power		2,364,298	2,553,246
Depreciation on property, plant and equipment	5.4	874,121	873,778
Salaries, wages and other benefits	27.1	571,972	526,763
Repairs, maintenance and stores consumption		552,621	587,914
Packing expenses		281,757	271,423
Insurance		67,105	65,908
(Reversal) / provision for slow moving stores and spares	9.2	(2,954)	4,400
Rent, rates and taxes		5,372	4,696
Manufacturing cost		12,147,495	13,036,046
Work-in-process			
Opening stock		439,789	114,192
Closing stock		(298,416)	(439,789)
		141,373	(325,597)
Cost of goods manufactured		12,288,868	12,710,449
Finished goods			
Opening stock		130,876	66,657
Closing stock		(111,365)	(130,876)
		19,511	(64,219)
		12,308,379	12,646,230

27.1 Salaries, wages and other benefits includes Rs. 38.86 million (2014: Rs. 32.19 million) in respect of staff retirement benefits.

28 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2015	2014
		(Rupees in thousands)	
Salaries and other benefits	28.1	209,653	200,740
Depreciation on property, plant and equipment	5.4	30,160	24,697
Amortization on intangible assets	7.1	1,609	11,137
Rent, rates and taxes		7,982	6,183
Information technology		21,657	26,577
Telephone and postage		3,369	3,463
Insurance		1,741	2,306
Repairs and maintenance		18,724	13,993
Electricity		9,715	9,914
Business promotion expenses		4,272	2,299
Printing, stationery and periodicals		7,464	6,115
Security service charges		29,124	21,016
Travelling and conveyance		9,391	14,337
Fees and subscription		4,101	8,355
Advertisement		83	84
		359,045	351,216

28.1 Salaries and other benefits include Rs. 13.98 million (2014: Rs. 11.52 million) in respect of staff retirement benefits.

29 SELLING AND DISTRIBUTION EXPENSES

	Note	2015	2014
		(Rupees in thousands)	
Selling expenses			
Salaries and other benefits	29.1	36,880	35,667
Insurance		321	365
Electricity		830	772
Depreciation on property, plant and equipment	5.4	1,581	1,653
Travelling and conveyance		1,307	1,311
Rent, rate and taxes		1,665	1,518
Telephone and postage		205	362
Advertisement		-	33
		42,789	41,681
Distribution expenses			
Outward freight		70,260	97,975
		113,049	139,656

29.1 Salaries and other benefits include Rs. 2.88 million (2014: Rs. 2.38 million) in respect of staff retirement benefits.

30 OTHER OPERATING CHARGES

	Note	2015	2014
		(Rupees in thousands)	
Legal and professional charges			
Consultancy fees		52,221	-
Others		11,958	7,508
		64,179	7,508
Auditors' remuneration			
Statutory audit		800	725
Half yearly review		150	150
Fee for other services		123	135
Reimbursement of expenses		133	100
		1,206	1,110
Workers' Profit Participation Fund	22.3	-	49,087
Workers' Welfare Fund		-	18,653
Net exchange loss		6,437	2,293
Donation		-	25,000
Others		2,779	3,222
		74,601	106,873

31 OTHER INCOME

		2015	2014
Income from financial assets			
Profit on bank deposit accounts		-	992
Income from non-financial assets			
Sale of scrap		51,567	90,798
Insurance agency commission from associated company		11,197	9,744
Gain on sale of operating fixed assets - net		1,785	1,485
Others		3,893	2,764
		68,442	104,791
		68,442	105,783

	Note	2015	2014
		(Rupees in thousands)	

32 FINANCE COST

	Note	2015	2014
Finance cost:			
Long-term financing		287,356	351,172
Long-term financing from associated company / Sponsors		103,959	105,915
Short-term borrowings		160,634	160,403
Workers' Profit Participation Fund	22.3	2,454	770
		554,403	618,260
Net exchange loss / (gain) on import credit finances		18,271	(5,686)
Bank charges and commission		3,313	2,904
		575,987	615,478

33 TAXATION

	Note	2015	2014
For the year			
Current	33.1	102,725	154,726
Deferred		(73,764)	129,424
		28,961	284,150

33.1 In view of tax loss for the year, provision for current year represents minimum tax payable under Section 113 of the Income Tax Ordinance 2001 and tax deducted at source on insurance commission under Section 233 (final tax regime).

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

	Note	2015 %age	2014 %age
Applicable tax rate	33.2.1	33.00	34.00
Tax effect of expenses that are not deductible in determining taxable profit (permanent differences)		-	0.85
Effect of final tax under presumptive tax regime		1.46	(0.25)
Effect of change in rate of tax	33.2.2	53.75	-
Others		(104.62)	(3.51)
		(49.41)	(2.91)
Average effective tax rate		(16.41)	31.09

33.2.1 The applicable income tax rate was reduced from 34% to 33% for the year on account of the changes made to Income Tax Ordinance 2001 through Finance Act, 2014.

33.2.2 The applicable income tax rate for subsequent years beyond Tax year 2017 was reduced to 30% on account of changes made to Income Tax Ordinance 2001 through Finance Act, 2015. Therefore, deferred tax is computed at the rate of 30% applicable to the period when temporary differences are expected to be reversed / utilised.

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:

	2015	2014
	(Rupees in thousands)	
(Loss) / profit for the year	(205,398)	629,849
Less: Dividend attributable to cumulative preference shares	(72,097)	(200,650)
(Loss) / profit attributable to ordinary shareholders	(277,495)	429,199
Weighted average number of ordinary shares (in thousands)	147,018	124,060
(Loss) / earnings per share attributable to ordinary shareholders (Rupees)	(1.89)	3.46

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:

	2015	2014
	(Rupees in thousands)	
(Loss) / profit attributable to ordinary shareholders	(277,495)	429,199
Dividend for the year on convertible preference shares	-	76,820
	(277,495)	506,019
Weighted average number of ordinary shares	147,018	124,060
Weighted average number of shares from conversion of preference shares	-	22,958
Total weighted number of shares (in thousands)	147,018	147,018
Diluted (loss) / earnings per share (Rupees)	(1.89)	3.44

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, 2015 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

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

	2015 %age	2014 %age
Discount rate	9.75	13.25
Expected rate of return on plan assets	13.25	10.50
Expected rate of increase in salary	9.75	13.25

	Note	2015 (Rupees in thousands)	2014
35.3 Reconciliation of balance due to defined benefit plan			
Present value of defined benefit obligation		338,942	290,778
Fair value of plan assets		(264,252)	(236,235)
Closing net liability		74,690	54,543
35.4 Movement of the liability recognized in the balance sheet			
Opening net liability		54,543	31,339
Charge for the year	35.8	24,530	18,383
Remeasurement chargeable to other comprehensive income	35.9	29,351	24,859
Contribution made during the year		(33,734)	(20,038)
Closing net liability	22	74,690	54,543
35.5 Fair value of plan assets at year end			
Government securities		225,016	193,886
Term Finance Certificates / Certificates of Investment		1,733	1,962
Mutual funds / Shares		33,178	31,283
Cash at banks		4,928	9,471
Others		(603)	(367)
		264,252	236,235

	2015	2014
	(Rupees in thousands)	

35.6 Movement in present value of defined benefit obligations

	2015	2014
Opening present value of defined benefit obligations	290,778	239,310
Current service cost for the year	19,627	16,349
Interest cost for the year	37,474	24,654
Benefits due but not paid during the year	(603)	(368)
Benefits paid during the year	(15,298)	(8,643)
Remeasurement loss on obligation	6,964	19,476
Closing present value of defined benefit obligations	338,942	290,778

35.7 Movement in fair value of plan assets

	2015	2014
Opening fair value of plan assets	236,235	207,971
Expected return on plan assets	32,571	22,620
Contributions during the year	33,734	20,038
Benefits paid during the year	(15,298)	(8,643)
Benefits due but not paid during the year	(603)	(368)
Remeasurement loss on plan assets	(22,387)	(5,383)
Closing fair value of plan assets	264,252	236,235

35.8 Charge for the year

	2015	2014
Current service cost	19,627	16,349
Interest cost	37,474	24,654
Expected return on plan assets	(32,571)	(22,620)
Charge for the year	24,530	18,383

35.9 Remeasurement chargeable to other comprehensive income

	2015	2014
Remeasurement loss on defined benefit obligation	6,964	19,476
Remeasurement loss on plan assets	22,387	5,383
	29,351	24,859
Tax impact at 30% (2014: 33%)	(8,805)	(8,203)
	20,546	16,656

35.10 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	(23,426)	26,652
Salary increase	26,895	(24,078)

35.11 Maturity Profile

Time in year	(Rupees in thousands)
1	44,020
2	23,544
3	21,344
4	42,250
5-10	255,816
Weighted average duration	7 years

35.12 The charge in respect of defined benefit plan for the year ending June 30, 2016 is estimated to be Rs. 27.35 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. 381.72 million (2014: Rs. 345.38 million).

36.2 As intimated by the Trustees, the cost of the investments made at year end was Rs. 376.25 million (2014: Rs. 333.69 million) which is equal to 97% of the total fund size. The fair value of the investments was Rs. 385.77 million (2014: Rs. 346.05 million) at that date. The category wise break-up of investment as per Section 227 of the Companies Ordinance, 1984 is given below:

	2015		2014	
	Rupees in thousands	Percentage	Rupees in thousands	Percentage
Government securities	307,747	80	272,045	79
Listed Securities (Mutual funds)	77,743	20	73,501	21
Term Finance Certificates	275	-	504	-
	385,765	100	346,050	100

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.

37 CASH GENERATED FROM OPERATIONS

	Note	2015	2014
		(Rupees in thousands)	
(Loss) / profit before taxation		(176,437)	913,999
Adjustment for non-cash charges and other items:			
Depreciation on property, plant and equipment		905,862	900,128
Amortization of intangible assets		1,609	11,137
Gain on sale of operating fixed assets		(1,785)	(1,485)
Provision for gratuity		24,530	18,383
(Reversal) / provision for slow moving / obsolete stores and spares		(2,954)	4,400
Workers' Profit Participation Fund		-	49,087
Profit on bank deposit accounts		-	(992)
Finance cost	32	575,987	615,478
Working capital changes	37.1	486,277	(527,461)
		1,813,089	1,982,674

	2015	2014
	(Rupees in thousands)	

37.1 Changes in working capital

	2015	2014
Decrease / (increase) in current assets:		
Stores and spares	(169,063)	(139,542)
Stock-in-trade	581,079	(547,647)
Trade debts	(166,871)	178,018
Loans and advances	6,589	13,484
Trade deposits and short-term prepayments	(367)	8,529
Other receivables	(827)	9,071
Tax refunds due from Government	18,653	44,806
	269,193	(433,281)
Increase / (decrease) in current liabilities:		
Trade and other payables	217,084	(94,180)
	486,277	(527,461)

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:

	2015				2014			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	7,540	9,060	102,996	119,596	6,882	9,060	86,602	102,544
House rent	3,393	-	43,298	46,691	3,097	-	36,286	39,383
Bonus	1,202	-	14,476	15,678	1,093	-	12,069	13,162
Staff retirement benefits	1,967	-	18,422	20,389	1,591	-	14,416	16,007
Medical	754	900	10,300	11,954	688	900	8,660	10,248
Utilities	-	3,099	220	3,319	-	2,884	379	3,263
Others	8	-	3,860	3,868	7	-	2,667	2,674
Total	14,864	13,059	193,572	221,495	13,358	12,844	161,079	187,281
Number of persons	1	1	90	92	1	1	77	79

b) Aggregate amount charged in these financial statements in respect of Directors' fee for attending Board and Audit Committee meetings amounted to Rs. 200,000 (2014: Rs. 95,000) and Rs. 200,000 (2014: Rs. 125,000) 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:

Nature of transaction	Relation with the Company	Note	2015	2014
			(Rupees in thousands)	
Sale of goods, Services and Reimbursement of expenses				
Merit Packaging Limited	Associated		1,031,132	1,112,671
Colgate-Palmolive (Pakistan) Limited	Associated		406,794	500,633
Tetley Clover (Private) Limited	Associated		5,162	4,666
Century Insurance Company Limited	Associated		2,000	2,824
Cyber Internet Services (Private) Limited	Associated		93	143
Purchases of goods, Services and Reimbursement of expenses				
Century Insurance Company Limited	Associated		124,448	113,679
Merit Packaging Limited	Associated		36,663	33,954
Lakson Business Solutions Limited	Associated		4,063	4,648
Hassanali and Gulbanoo Lakhani Foundation	Associated		4,460	3,745
Princeton Travels (Private) Limited	Associated		7,857	9,955
SIZA Services (Private) Limited	Associated		2,470	2,261
Cyber Internet Services (Private) Limited	Associated		1,128	476
SIZA (Private) Limited	Associated		686	560
SIZA Foods (Private) Limited	Associated		129	164
SIZA Commodities (Private) Limited	Associated		347	323
Tetley Clover (Private) Limited	Associated		316	316
Colgate-Palmolive (Pakistan) Limited	Associated		386	333
Clover Pakistan Limited	Associated		17	29
Tritax Cotton Mills Limited	Associated		-	372
Rent and other allied charges				
Hassanali and Gulbanoo Lakhani Foundation	Associated		4,679	4,069
SIZA (Private) Limited	Associated		2,429	2,208
Insurance Agency Commission				
Century Insurance Company Limited	Associated		11,197	9,745
Donation				
Hassanali and Gulbanoo Lakhani Foundation	Associated		-	25,000

Nature of transaction	Relation with the Company	Note	2015	2014
			(Rupees in thousands)	
Issue of Bonus Shares				
Premier Fashion (Private) Limited	Associated		-	13,390
SIZA Services (Private) Limited	Associated		-	35,251
SIZA (Private) Limited	Associated		-	33,016
SIZA Commodities (Private) Limited	Associated		-	12,992
Accuray Surgicals Limited	Associated		-	2,419
Century Insurance Company Limited	Associated		-	821
Conversion of Preference Shares				
SIZA (Private) Limited	Associated		-	444,162
SIZA Services (Private) Limited	Associated		-	167,294
SIZA Commodities (Private) Limited	Associated		-	75,999
Premier Fashion (Private) Limited	Associated		-	63,556
Redemption of Preference Shares				
SIZA (Private) Limited	Associated		-	260,333
SIZA Services (Private) Limited	Associated		-	98,055
SIZA Commodities (Private) Limited	Associated		-	44,544
Premier Fashion (Private) Limited	Associated		-	37,252
Dividend paid on Preference Shares				
SIZA (Private) Limited	Associated		-	136,919
SIZA Services (Private) Limited	Associated		-	51,571
SIZA Commodities (Private) Limited	Associated		-	23,428
Premier Fashion (Private) Limited	Associated		-	19,592
Mark-up Accrued				
SIZA Commodities (Private) Limited	Associated		103,959	105,915
Issue of Bonus Shares	Sponsors and Directors		-	48
Redemption of Preference Shares and Dividend	Sponsors and Directors		-	485
Others				
Contribution to Staff Retirement Benefit Plans	Employees Fund		64,294	47,752
Remuneration and other benefits	Key Management Personnel	39.2	221,495	187,281

	2015	2014
	(Rupees in thousands)	

39.1 Year end balances

Receivable from related parties	69,094	80,045
Payable to related parties	81,813	62,070
Long-term financing from associated undertaking	1,000,000	1,000,000
Mark-up payable on long-term financing from associated undertaking	-	27,624

39.2 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executives (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 at arm's length on normal commercial terms and conditions.

40 CAPACITY AND PRODUCTION - TONNES

	2015		2014	
	Annual capacity on three shifts	Actual production	Annual capacity on three shifts	Actual production
Paper and paper board produced (Note: 40.1)	240,000	157,646	240,000	175,461
Paper and paper board conversion	30,000	22,081	30,000	26,011

40.1 The Company could not achieve the installed capacity because of forced shutdown of plant due to gas shortages and market conditions 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. 1,301.96 million (2014: Rs. 1,085.54 million), the financial assets which are subject to credit risk amounted to Rs. 1,298.14 million (2014: Rs. 1,080.46 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2015	2014
	(Rupees in thousands)	
Loans and deposits	4,536	7,819
Trade debts	1,173,624	1,006,753
Other receivables	2,815	1,988
Bank balances	117,166	63,891
	1,298,141	1,080,451

The aging of trade receivable at the reporting date is:

	2015	2014
Not past due	818,659	741,213
Past due 1-30 days	264,592	231,092
Past due 30-90 days	83,188	29,215
Past due 90 days	7,185	5,233
	1,173,624	1,006,753

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)			
2015							
Long-term financing	4,770,673	5,739,852	475,185	489,056	1,161,321	3,256,590	357,700
Trade and other payables	989,522	989,522	989,522	-	-	-	-
Interest and mark-up accrued	42,399	42,399	42,399	-	-	-	-
Short-term borrowings	1,951,943	1,959,337	1,959,337	-	-	-	-
	7,754,537	8,731,110	3,466,443	489,056	1,161,321	3,256,590	357,700
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	1,614,559	1,614,559	-	-	-	-
	6,530,971	7,592,239	3,002,694	591,389	966,129	3,032,027	-

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:

	2015	2014
	(Rupees in thousands)	
Foreign bills payable	196,302	274,454
Import credit finances	561,380	692,239
Retention money payable	110,821	-
Gross balance sheet exposure	868,503	966,693
Outstanding letter of credits	947,080	2,104,402
Net exposure	1,815,583	3,071,095

The following significant exchange rates have been applied.

	Average rate		Reporting date rate	
	2015	2014	2015	2014
	(Rupees)			
USD to PKR	101.54	103.00	101.83	98.87

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax (loss) / profit for the year would have been lower / higher 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	
	2015	2014	2015	2014
	(Rupees in thousands)			
Effect on (loss) / profit	95,408	108,707	95,680	104,348

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

	2015	2014	2015	2014
	Effective rate		Carrying amount	
	(In percent)		(Rupees in thousands)	
Financial liabilities				
Variable rate instruments				
Long-term loans	10.39 to 11.36	10.54 to 11.06	4,770,677	4,129,848
Short-term borrowings	8.42 to 9.38	9.67 to 10.02	1,951,943	1,605,021

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) (loss) / 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, 2015		
Cash flow sensitivity - Variable rate financial liabilities	(45,042)	45,042
As at June 30, 2014		
Cash flow sensitivity - Variable rate financial liabilities	(37,850)	37,850

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

41.5 Financial instruments by category

	2015	2014
	(Rupees in thousands)	
Financial assets		
Loans and receivables at amortised cost		
Long-term loans and deposits	3,497	5,674
Trade debts	1,173,624	1,006,753
Loans, advances and trade deposits	1,039	2,145
Other receivables	2,815	1,988
Cash and bank balances	120,987	68,975
	1,301,962	1,085,535
Financial liabilities		
Financial liabilities at amortised cost		
Long term financing	4,770,677	4,129,848
Trade and other payables	989,522	730,624
Interest and mark-up accrued	42,399	65,478
Short-term borrowings	1,951,943	1,605,021
	7,754,541	6,530,971

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 21, 2015 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.

46 NUMBER OF EMPLOYEES

The number of employees as at year end was 1,543 (2014: 1,519) and average number of employees during the year was 1,527 (2014: 1,560).

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, 2015

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

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
489	1	100	11,915
311	101	500	101,003
224	501	1,000	194,335
487	1,001	5,000	1,311,079
131	5,001	10,000	1,020,509
49	10,001	15,000	618,927
35	15,001	20,000	634,865
19	20,001	25,000	447,616
10	25,001	30,000	280,723
13	30,001	35,000	440,913
9	35,001	40,000	348,140
4	40,001	45,000	174,500
13	45,001	50,000	636,493
2	50,001	55,000	106,375
2	55,001	60,000	118,046
1	60,001	65,000	63,591
1	65,001	70,000	68,862
4	70,001	75,000	299,002
1	75,001	80,000	77,313
2	80,001	85,000	169,500
4	85,001	90,000	352,250
3	90,001	95,000	281,990
5	95,001	100,000	494,425
3	105,001	110,000	326,813
4	115,001	120,000	473,000
2	120,001	125,000	243,984
2	135,001	140,000	278,000
2	150,001	155,000	300,000
1	155,001	160,000	158,410
1	160,001	165,000	161,500
3	170,001	175,000	515,613
2	175,001	180,000	357,355
2	185,001	190,000	377,940
1	190,001	195,000	192,031

Pattern of Shareholding
as at June 30, 2015

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
7	195,001	200,000	1,393,842
1	200,001	205,000	204,930
1	275,001	280,000	278,500
1	295,001	300,000	299,500
1	300,001	305,000	303,600
1	325,001	330,000	325,000
1	345,001	350,000	345,000
1	365,001	370,000	368,402
1	370,001	375,000	372,510
1	375,001	380,000	377,500
2	400,001	405,000	800,500
1	410,001	415,000	411,000
1	570,001	575,000	570,000
1	600,001	605,000	600,000
1	625,001	630,000	629,495
1	700,001	705,000	700,536
1	820,001	825,000	824,550
1	865,001	870,000	867,000
1	1,005,001	1,010,000	1,005,100
1	1,190,001	1,195,000	1,191,500
1	1,325,001	1,330,000	1,325,000
1	1,360,001	1,365,000	1,362,825
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
1	2,890,001	2,895,000	2,892,618
1	3,250,001	3,255,000	3,253,537
1	3,380,001	3,385,000	3,381,500
1	8,115,001	8,120,000	8,118,731
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
1,882		TOTAL	147,018,345

Categories of Shareholders

as at June 30, 2015

Shareholders' Category	Shares Held	Percentage
Directors, CEO, and their spouses and minor children	62,545	0.04
Associated Companies, undertakings and related parties	100,165,203	68.13
NIT and ICP	8,119,031	5.52
Public Sector Companies and Corporation	3,253,675	2.21
Banks, Development Financial Institutions and Non Banking Financial Institutions	1,581,588	1.08
Modarabas and Mutual Funds	3,308,455	2.25
Insurance Companies	370,402	0.25
Share holders holding 10% or more	72,765,433	49.49
General Public	17,766,888	12.08
Others	12,390,558	8.43

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

Information as required under 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		
MCBFSL-Trustee JS Value Fund		570,000
CDC-Trustee JS Large Cap Fund		1,325,000
CDC-Trustee Nafa Stock Fund		299,500
CDC-Trustee JS Pension Savings Fund-Equity Account		120,000
CDC-Trustee Nafa Asset Allocation Fund		88,500
CDC-Trustee Nafa Pension Fund Equity Sub-Fund Account		38,000
CDC-Trustee National Investment (UNIT) Trust		8,118,731
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
Aftab Ahmad	Director & CEO	4,718
Kemal Shoaib	Director	718
Muhammad Imran Rafiq	Nominee Director (NIT)	NIL
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		3,637,981
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		8,118,731

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 02nd day of October 2015 and at any adjournment thereof.

Signed this ______ day of ______________ 2015.

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