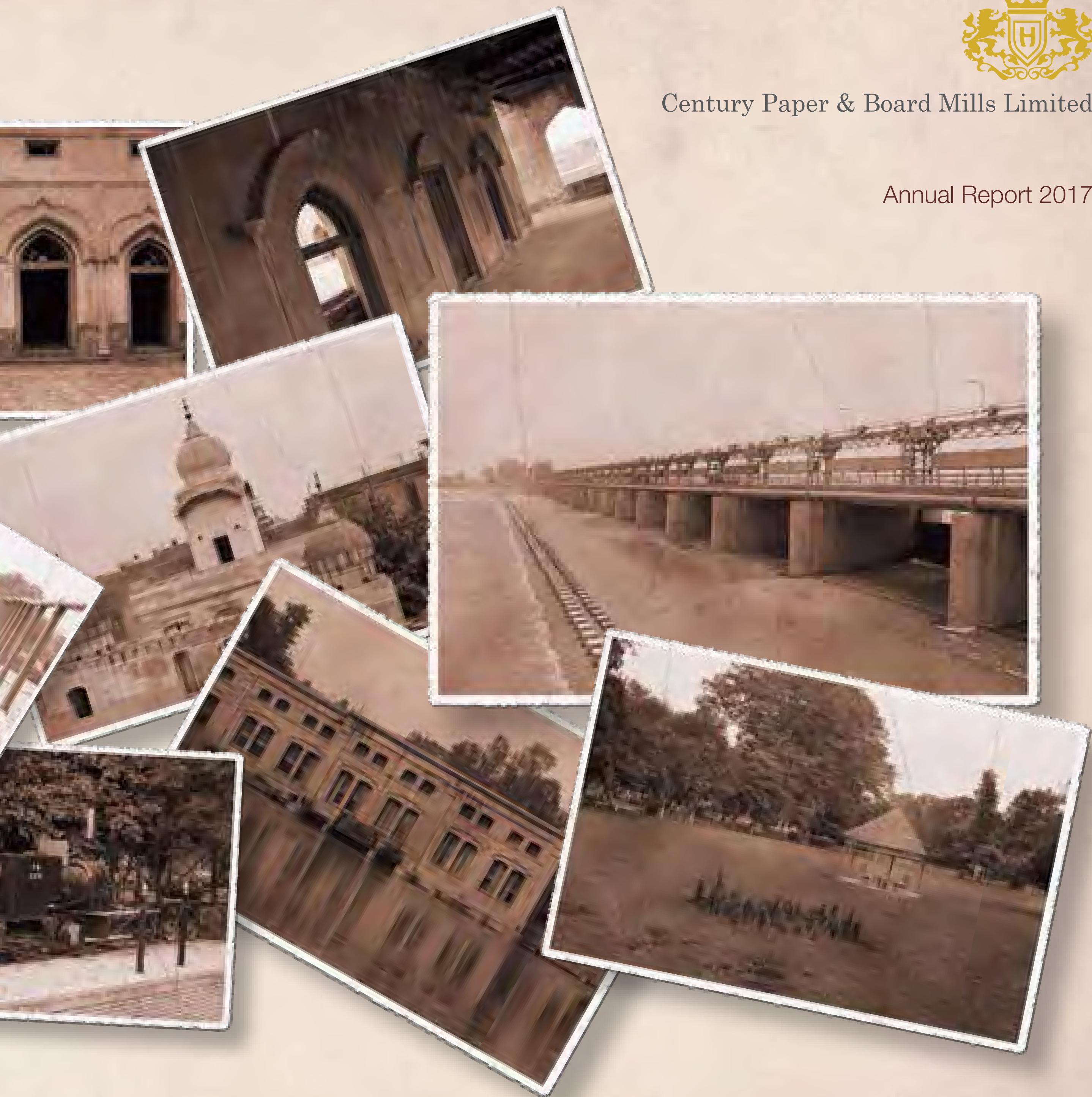
Century Paper & Board Mills Limited

Annual Report 2017



Heritage around us

Clean - Green - Sustainable

Century Paper & Board Mills Limited

Heritage around us

"Our mills' surroundings are enriched by many spectacular heritage sites. These sites include fully operative engineering marvels and beautiful recreational places for surrounding communities and tourists. However, some sites have suffered neglect and have become mere ghost of their glorious past. We hope that our theme will noticeably add to the awareness of the valuable heritage around us."

Content

Vision

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

Mission

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

Core Values


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

Heritage around us

Balloki Headwork


Changa Manga Forest


Gurdwara Baharwal Kalan


Sira e Mughal

Renala Hydropower Station


Gurdwara Bhai Pheru


Khan K More


Toutal Village

Heritage around us

Century Paper & Board Mills Limited

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

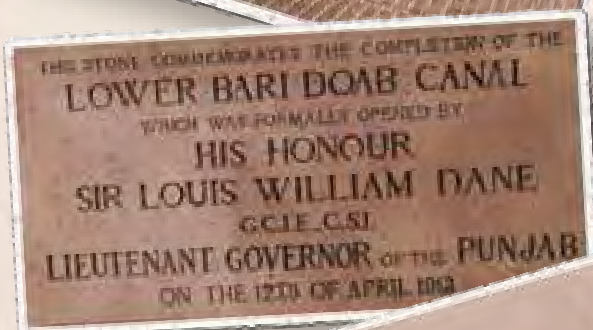
We invest in environmental projects with environment friendly policies to improve Health and Safety standards of employees, communities and surroundings. Our EMS continuously improves in light of advancement in technology and new understandings in Safety, Health and Environmental science. We are driving 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.

Geographical Presence

Head Office
Lakson Square, Building No.2,
Sarwar Shaheed Road, Karachi.

Mills
62 KM, Lahore-Multan Highway,
N-5, District Kasur.

Lahore Office
14-Ali Block, New Garden
Town, Lahore.

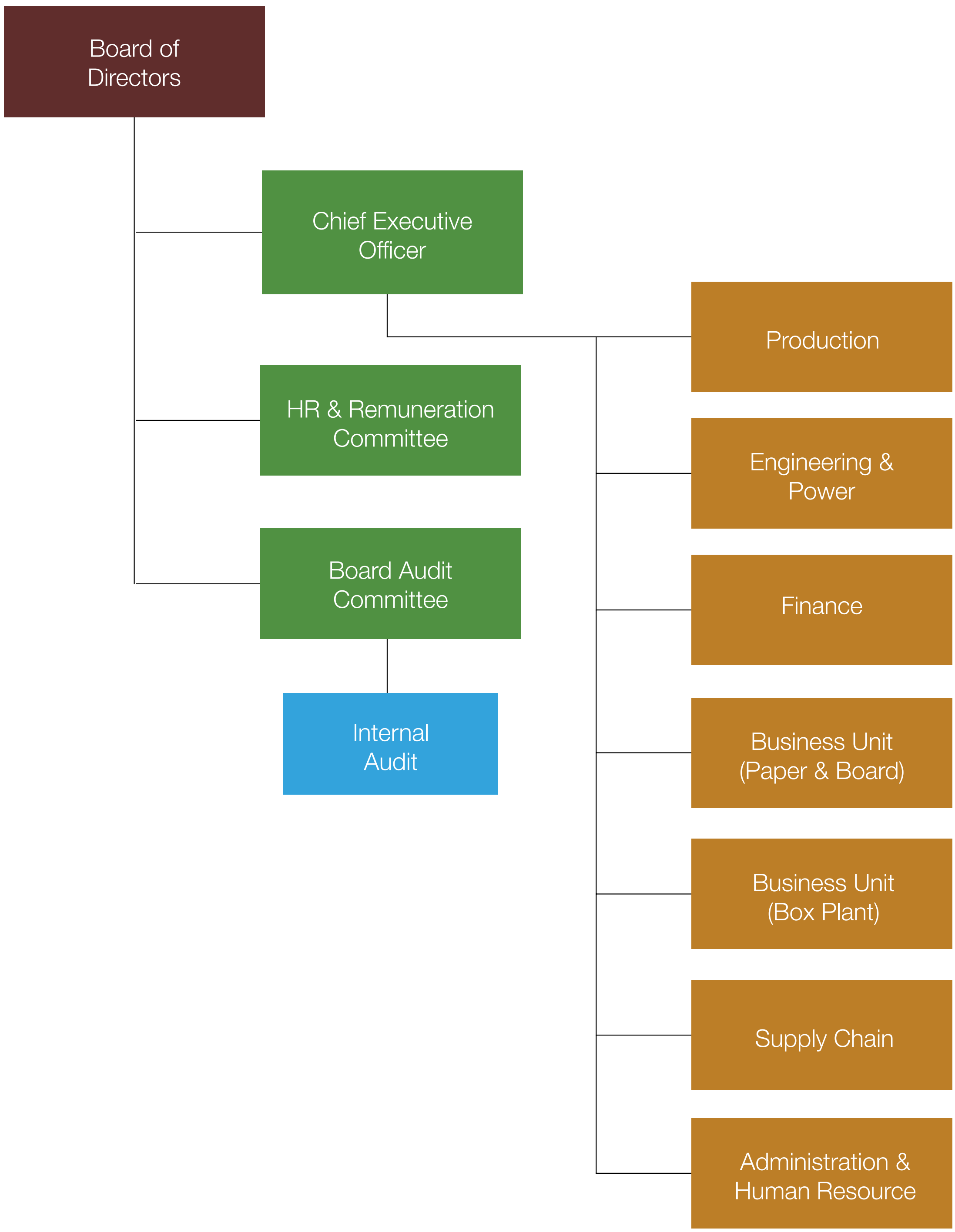


Balloki
Headworks

Balloki Headworks was constructed by British Government in 1913. Upper Jhelum, Lower Chenab and Lower Bari Doab Canals are major parts of the project. The main purpose to construct Balloki Headworks was to provide 6900 cusecs water in the Lower Bari Doab. The areas irrigated through Lower Bari Doab included the agricultural land of Kasur, Okara, Sahiwal, Pakpattan, Vehari and Khanewal districts. It is 10 KM from our mills.

Heritage
around us

Organogram


Board of Directors
Chief Executive Officer
HR & Remuneration Committee
Board Audit Committee
Internal Audit
Production
Engineering & Power
Finance
Business Unit (Paper & Board)
Business Unit (Box Plant)
Supply Chain
Administration & Human Resource

Entity Rating

by JCR-VIS Credit Rating Company Limited as on June 2017

Long-Term A+

Short-Term A-1

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.

Year
At a Glance

(M.Tons)
203,752
Sales Volume

RS. In million
18,021
Gross Sales

RS. In million
1,792
Gross Profit

RS. In million
602
Profit after Tax

RS.
3.66
Earnings per Share

RS. In million
14,415
Market Capitalization

RS.
98.05
Closing Share Price

RS. In million
5,713
Equity

Key Figures & Ratios

Rupees in million

Key Figures	2017	2016
Gross sales	18,021	15,603
Net sales	15,401	13,389
EBITDA	2,223	1,669
Profit pre tax	904	436
Profit post tax	602	322
Share capital		
Ordinary shares	1,470	1,470
Preference shares	901	901
Shareholders' equity	5,713	5,851
Total assets	15,437	14,981
Capital expenditure	669	1,534
Capital employed	10,717	11,370
Long-term financing	4,069	4,824

Key Ratios	2017	2016
Earnings per share - Rupees	3.66	1.76
Breakup value per share - Rupees	32.73	33.66
Price earning ratio	26.80	29.57
Total Debt equity ratio	55 : 45	54 : 46
Debt equity ratio	42 : 58	45 : 55
Leverage ratio	1.70 : 1	1.56 : 1
Current ratio	0.98 : 1	1.07 : 1
Quick ratio	0.31 : 1	0.33 : 1
Asset coverage ratio	1.96 : 1	1.96 : 1
Interest coverage ratio	3.22 : 1	2.23 : 1
Debt servicing coverage ratio	1.60 : 1	1.71 : 1
Debtors days	29	29
Inventory days	50	56
Operating cycle	33	42

Milestones

2016

- Enhanced the power generation capacity on cheaper alternate fuel as 18 MW Coal Based Co-Generation Power Plant started commercial operations during the year.
- Installed Secondary Waste Water Treatment Plant, the first of its kind in Pakistan for treatment of effluent, to achieve compliance with National Environmental Standards (NEQ).

2014

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

2012

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

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.

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.

2002

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

1999

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

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.

2010

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

2009

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

2008

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

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).

1997

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

1996

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

1990

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




Changa Manga Forest

Changa Manga is a man-made forest in the district Kasur which was started in 1866 by the British Government primarily for the purpose of providing the fuel to the railway engines. The forest provides the timber for the local industry. It is the home of multiple species of mammals, birds, reptiles, amphibians and insects. Later in 1960 the forest was also declared as the National Park. Henceforth many recreation facilities were arranged for the tourists. It is 11 KM from our mills.

Heritage
around us

Gross Sales Revenue

18 Billion (Rupees) 2017

16 Billion (Rupees) 2016

15 Billion (Rupees) 2015

17 Billion (Rupees) 2014

16 Billion (Rupees) 2013

15 Billion (Rupees) 2012

14 Billion (Rupees) 2011

11 Billion (Rupees) 2010

8 Billion (Rupees) 2009

Certifications & Awards

2015
Awarded “Environment Excellence Award 2015” by National Forum for Environment & Health (NFEH).

2012
Awarded “Best Corporate Award” on Annual Report for the year 2010.

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.

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.

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

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

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

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

2002
Awarded “Best Corporate Award” on Annual Report for the year 2000 and 2001.

1998
Awarded ISO 9002 - QMS certification.

Review Report
by the Chairman

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of Century Paper & Board Mills Limited is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company.

For the financial year ended June 30, 2017, the Board's overall performance and effectiveness has been assessed as satisfactory. Improvements are an ongoing process leading to action plans. The overall assessment as satisfactory is based on an evaluation of integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of your Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

IQBAL ALI LAKHANI
Chairman

Dated: 10 August 2017

Board of Directors

Iqbal Ali Lakhani (Chairman)

Zulfiqar Ali Lakhani
(Upto December 06, 2016)

Amin Mohammed Lakhani

Anushka Zulfiqar Lakhani
(From February 23, 2017)

Tasleemuddin Ahmed Batlay

Shahid Ahmed Khan

Kemal Shoaib

Muhammad Imran Rafiq (NIT)

Aftab Ahmad (Chief Executive Officer)

Corporate Information

Committees

Audit Committee

Kemal Shoaib (Chairman)

Zulfiqar Ali Lakhani
(Upto December 06, 2016)

Amin Mohammed Lakhani

Tasleemuddin Ahmed Batlay

Human Resource and Remuneration Committee

Zulfiqar Ali Lakhani (Chairman)
(Upto December 06, 2016)

Amin Mohammed Lakhani (Chairman)
(From December 06, 2016)

Tasleemuddin Ahmed Batlay

Aftab Ahmad (CEO)

Advisor

Sultan Ali Lakhani

Officers

Chief Financial Officer

Muhammad Rashid Dastagir
Email: rashid-dastagir@centurypaper.com.pk

Company Secretary

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

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

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

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

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

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

Bankers

Conventional
Allied Bank Limited
Bank Al-Falah Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
Faysal Bank Limited

Islamic
Meezan Bank Limited
Faysal Bank Limited

Renala Hydropower Station

Renala Hydropower Station is a low-head, run-of-the-river hydroelectric generation station and lifting irrigation system used to lift the water from 15 to 20 feet which is used for the irrigation of the vast area. This station was built in Renala Khurd, Okara by Sir Ganga Ram on the flows of Lower Bari Doab Canal. It became operated in 1925. Its capacity is 110 KW (150 hp). The powerhouse has five turbines each rated 22 KW (30 hp). It is 43 KM from our mills.

Heritage
around us

Integrated Management System
Policy

Century is Committed to:

1. Continual customer satisfaction by providing quality Paper, Paperboard and Corrugated Boxes produced in environment-friendly, Healthy and Safe working conditions.

2. Maintain and update IMS for Quality, Environment and Safety by fulfilling the requirements of International Standards: (ISO 9001, ISO 14001, and OHSAS 18001).

3. Set the IMS objectives and targets for continuously improving the operational efficiencies, resources conservation and mitigation of risks.

4. Take lead in social role and responsibilities towards the surrounding community.

5. Follow and abide by all the applicable Laws and Legal requirements.

6. Implement Century Value System and to endeavour that its employees are the best citizens following ethical values and good practices in advancement and betterment of the Company and the Society.

Environment Policy

- 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.

Safety Policy

- 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.

Corporate Calendar

Meetings	Date
Audit Committee meeting to consider annual accounts of the Company for the year ended June 30, 2016	August 16, 2016
Board of Directors meeting to consider annual accounts of the Company for the year ended June 30, 2016	August 17, 2016
Annual General meeting of Shareholders to consider annual accounts of the Company for the year ended June 30, 2016	September 28, 2016
Audit Committee meeting to consider interim accounts of the Company for the first quarter ended September 30, 2016	October 24, 2016
Board of Directors meeting to consider interim accounts of the Company for the first quarter ended September 30, 2016	October 27, 2016
Audit Committee meeting to consider interim accounts of the Company for the half year ended December 31, 2016	February 13, 2017
Board of Directors meeting to consider interim accounts of the Company for the half year ended December 31, 2016	February 15 , 2017
Audit Committee meeting to consider interim accounts of the Company for the nine months ended March 31, 2017	April 21, 2017
Board of Directors meeting to consider interim accounts of the Company for the nine months ended March 31, 2017	April 24, 2017
Board of Directors meeting to consider decleration of Dividend on the preference shares	June 09, 2017

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 34th Annual General Meeting of CENTURY PAPER & BOARD MILLS LIMITED will be held on Thursday, October 19, 2017 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, 2017 together with the Directors' and Auditors' reports thereon.

2. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

Special Resolutions

3. To consider to pass the following 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, 2017 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 ensuing year ending June 30, 2018 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 134 of the Companies Act, 2017 in the above matters mentioned in item No.3 is annexed.

By Order of the Board

(MANSOOR AHMED)
Company Secretary

Karachi: September 18, 2017

NOTES:

1. The share transfer books of the Company will remain closed from October 13, 2017 to October 19, 2017 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi up to the close of business on October 12, 2017 will be treated 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 of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting.

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

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

7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, Securities and Exchange Commission of Pakistan (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 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 this regard, please fill the following and submit to registered address of the Company 10 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

   "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 134 of the Companies Act, 2017

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, 2017 to be passed as a Special 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 conducted during the financial year ended June 30, 2017 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, 2018 to be passed as a Special Resolution.

   The Company would 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, 2018.

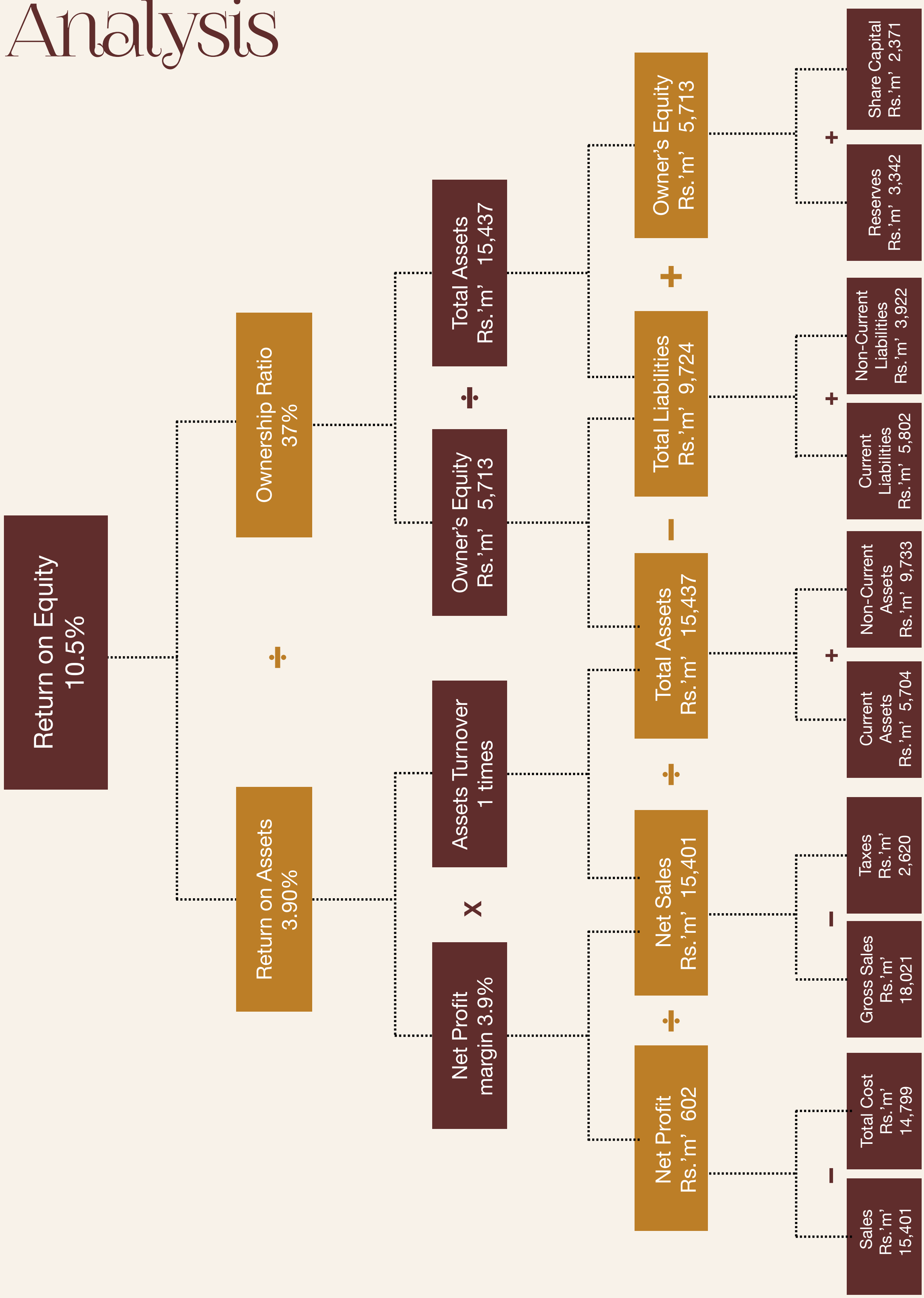
   The Directors are interested in the resolution to the extent of their common directorships and their shareholding in the associated companies.

Gurdwara
Bhai Pheru

This Gurdwara is situated in the Bhai Pheru town in the district Kasur. As per Sikh history, this Gurdwara was built by Mahant in collaboration with the local Sangat in 1910. It is 7 KM from our mills.

Heritage around us

DuPont Analysis



Statement of Value Added

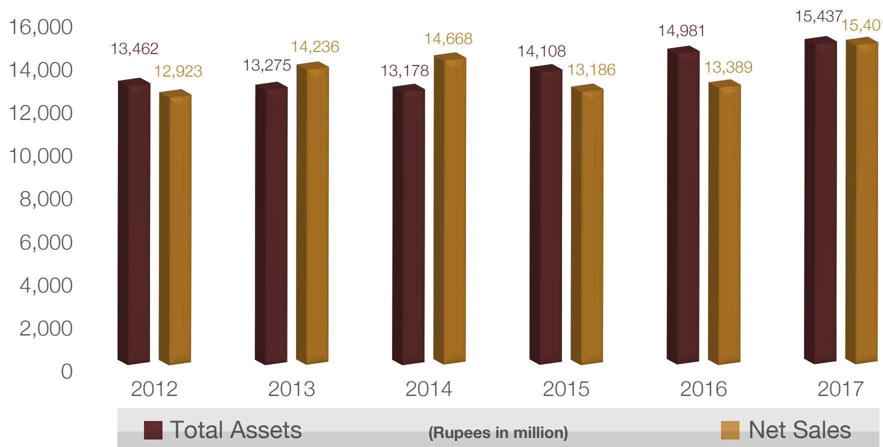
for the year ended June 30, 2017

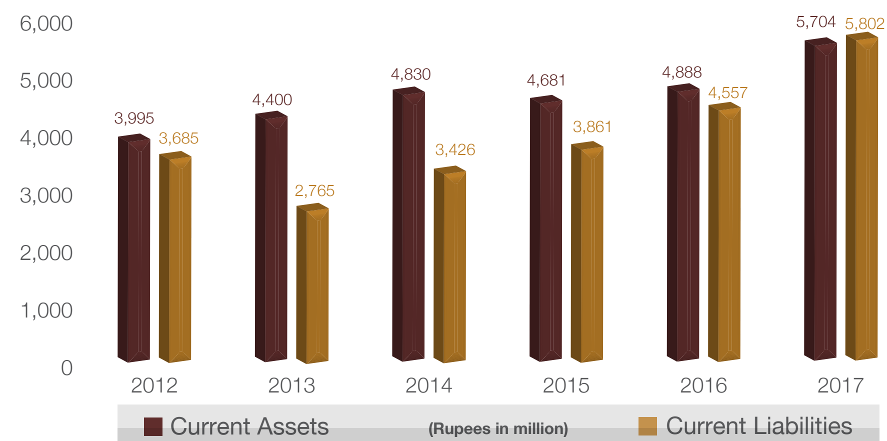
	2017	%age	2016	%age
	---------------- Rupees in thousands ----------------			
Wealth Generated				
Gross Turnover	18,021,243		15,602,566	
Purchased material and services	(13,668,510)		(12,124,639)	
Value Added	4,352,733		3,477,927	
Other Income	113,859		64,136	
Total	4,466,592		3,542,063	
Wealth Distributed				
To Employees				
Salaries, benefits and related costs	954,993	21	866,480	25
To Government				
Income Tax, Sales Tax, Import Duty and Workers' Welfare Fund	1,604,440	36	1,110,808	31
To providers of Capital				
Finance cost on borrowed funds	406,945	9	355,751	10
Retained in Business				
Depreciation, amortisation and retained profit	1,500,214	34	1,209,024	34
TOTAL	4,466,592	100	3,542,063	100

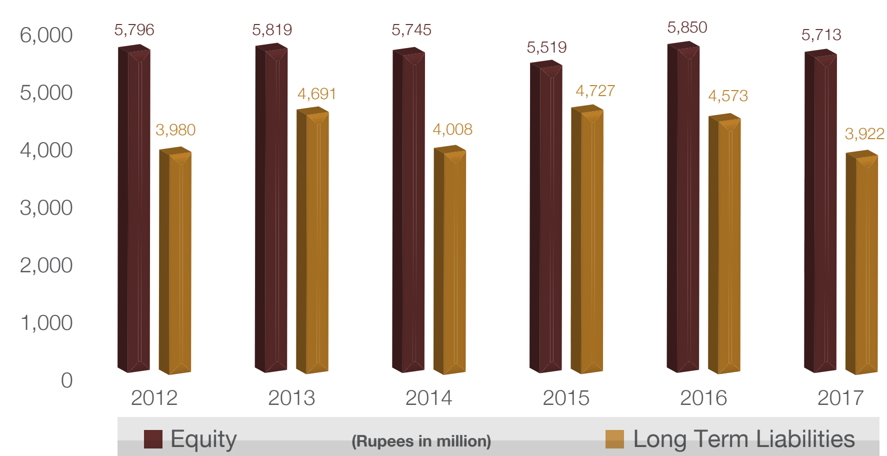
Summarized Six Year Data

Rupees in million

	2017	2016	2015	2014	2013	2012
Balance Sheet						
Share Capital						
Ordinary shares	1,470	1,470	1,470	1,470	1,060	707
Preference shares	901	901	901	901	2,103	3,004
Reserves	3,342	3,479	3,147	3,373	2,656	2,085
Shareholders' equity	5,713	5,850	5,519	5,745	5,819	5,796
Subordinated loan	-	-	-	-	-	1,000
Long-term financing	4,070	4,824	4,771	4,130	4,425	3,810
Deferred taxation – Liability	934	695	578	661	540	134
Capital employed	10,717	11,370	10,868	10,536	10,784	10,741
Property, plant and equipment	9,723	10,087	9,414	8,340	8,857	9,439
Other non-current assets	10	6	12	8	19	29
Net current assets / Working capital	(98)	331	821	1,405	1,634	309
Profit and Loss						
Sales – gross	18,021	15,603	15,391	17,132	16,513	14,980
Sales – net	15,401	13,389	13,186	14,668	14,236	12,923
Gross profit	1,792	1,267	878	2,021	2,547	2,113
Operating profit	1,311	792	400	1,529	2,100	1,701
Profit / (loss) before tax	904	436	(176)	914	1,407	790
Profit / (loss) after tax	602	322	(205)	630	929	515
EBITDA	2,223	1,669	1,307	2,441	3,007	2,479
Cash Flows						
Net cash flow from operating activities	1,302	1,536	961	1,034	1,678	1,755
Net cash flow from investing activities	(664)	(1,529)	(1,897)	(251)	(305)	(798)
Net cash flow from financing activities	(1,480)	54	641	(983)	(1,289)	(415)
Changes in cash and cash equivalents	(843)	60	(295)	(200)	84	542
Cash and cash equivalents – Year end	(2,614)	(1,771)	(1,831)	(1,536)	(1,336)	(1,421)
Others						
Number of Employees	1,548	1,521	1,543	1,519	1,643	1,638
Number of shares (million)						
Ordinary shares	147	147	147	147	106	71
Preference shares	90	90	90	90	210	300

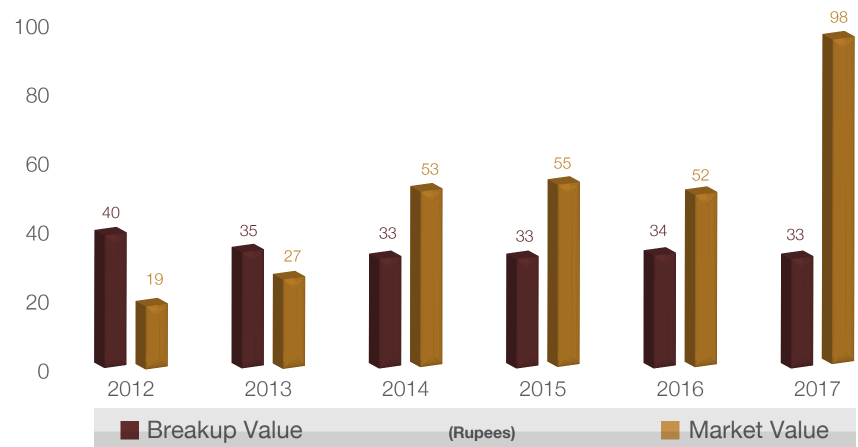

16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
13,462
12,923
13,275
14,236
13,178
14,668
14,108
13,186
14,981
13,389
15,437
15,401
2012
2013
2014
2015
2016
2017
Total Assets
(Rupees in million)
Net Sales

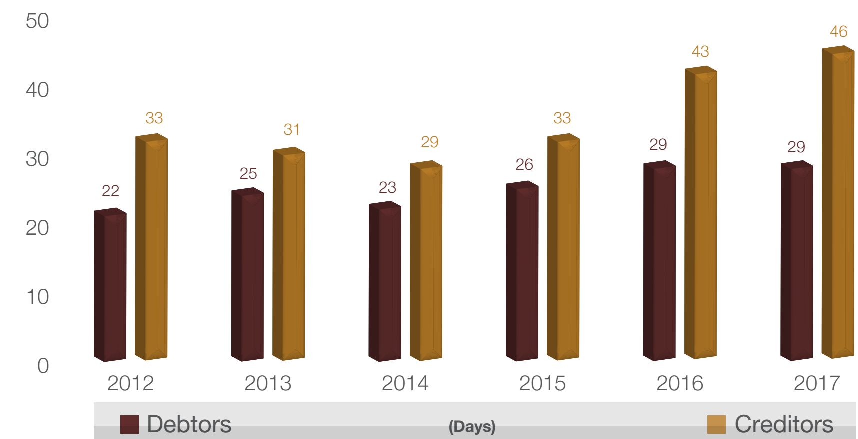

6,000
5,000
4,000
3,000
2,000
1,000
0
3,995
3,685
4,400
2,765
4,830
3,426
4,681
3,861
4,888
4,557
5,704
5,802
2012
2013
2014
2015
2016
2017
Current Assets
(Rupees in million)
Current Liabilities

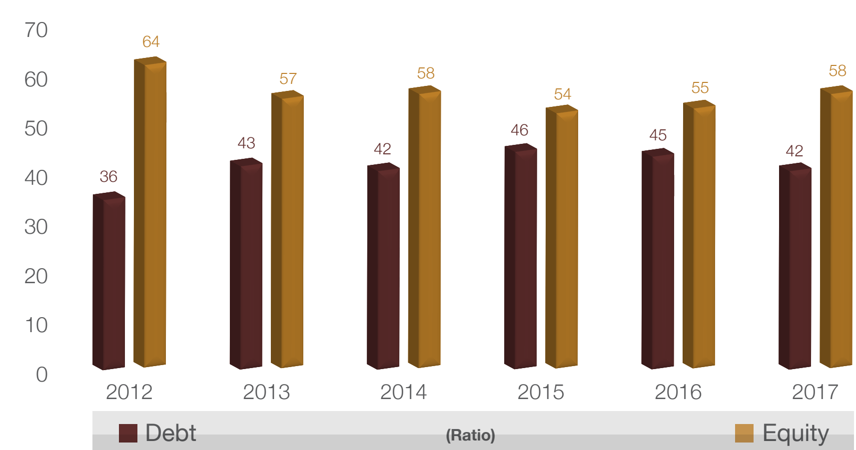

6,000
5,000
4,000
3,000
2,000
1,000
0
5,796
3,980
5,819
4,691
5,745
4,008
5,519
4,727
5,850
4,573
5,713
3,922
2012
2013
2014
2015
2016
2017
Equity
(Rupees in million)
Long Term Liabilities

Financial Performance

		2017	2016	2015	2014	2013	2012
Profitability							
Gross profit margin	%	**12**	9	7	14	18	16
EBITDA margin to sales	%	**14**	12	10	17	21	19
Profit / (loss) before tax margin	%	**6**	3	(1)	6	10	6
Net profit / (loss) margin	%	**4**	2	(2)	4	7	4
Return on equity	%	**11**	6	(4)	11	16	9
Return on capital employed	%	**11**	6	2	13	18	14
Operating Performance / Liquidity							
Total assets turnover (excl. CWIP)		**1.02 : 1**	0.90 : 1	1.07 : 1	1.13 : 1	1.08 : 1	0.97 : 1
Fixed assets turnover		**1.58 : 1**	1.37 : 1	1.68 : 1	1.73 : 1	1.58 : 1	1.37 : 1
Debtors turnover		**12.64 : 1**	12.79 : 1	14.12 : 1	15.63 : 1	14.80 : 1	16.81 : 1
Debtors days		**29**	29	26	23	25	22
Inventory turnover		**7.37 : 1**	6.53 : 1	5.42 : 1	5.52 : 1	6.34 : 1	4.99 : 1
Inventory days		**50**	56	67	66	58	73
Creditors turnover		**7.95 : 1**	8.58 : 1	11.10 : 1	12.64 : 1	11.78 : 1	11.03 : 1
Creditors days		**46**	43	33	29	31	33
Operating cycle days		**33**	42	60	60	52	62
Return on assets (excl. CWIP)	%	**3.98**	2.16	(1.67)	4.85	7.02	3.88
Current ratio		**0.98 : 1**	1.07 : 1	1.21 : 1	1.41 : 1	1.59 : 1	1.08 : 1
Quick / Acid test ratio		**0.31 : 1**	0.33 : 1	0.34 : 1	0.31 : 1	0.46 : 1	0.34 : 1
Capital Market / Capital Structure Analysis							
Market value per share	Rs	**98.05**	52.04	58.92	53.30	27.05	18.95
Breakup value / (Net assets/shares)	Rs	**32.73**	33.66	31.41	32.94	35.05	39.50
Earnings / (loss) per share (pre tax)	Rs	**5.71**	2.53	(1.69)	5.75	9.93	4.49
Earnings / (loss) per share (post tax)	Rs	**3.66**	1.76	(1.89)	3.46	5.30	1.40
Price earning ratio		**26.8 : 1**	29.57 : 1	(31.17) : 1	15.40 : 1	5.10 : 1	13.54 : 1
Market price to breakup value		**3.0 : 1**	1.55 : 1	1.88 : 1	1.62 : 1	0.77 : 1	0.48 : 1
Debt equity ratio		**42 : 58**	45 : 55	46 : 54	42 : 58	43 : 57	36 : 64
Weighted average cost of debt	%	**7.15**	7.20	10.03	10.35	11.56	13.50
Interest coverage ratio		**3.22 : 1**	2.23 : 1	0.69 : 1	2.49 : 1	3.03 : 1	1.87 : 1


100
80
60
40
20
0
40
19
35
27
33
53
33
55
34
52
33
98
2012
2013
2014
2015
2016
2017
Breakup Value
(Rupees)
Market Value


50
40
30
20
10
0
22
33
25
31
23
29
26
33
29
43
29
46
2012
2013
2014
2015
2016
2017
Debtors
(Days)
Creditors


70
60
50
40
30
20
10
0
36
64
43
57
42
58
46
54
45
55
42
58
2012
2013
2014
2015
2016
2017
Debt
(Ratio)
Equity

Gurdwara Baharwal Kalan

This Gurdwara is in the Baharwal Kalan village in district Kasur. As per Sikh history, this Gurdwara was built at the spot where Guru Arjun Dev Ji had sweetened the brackish water of a well. It is 8 KM from our mills.

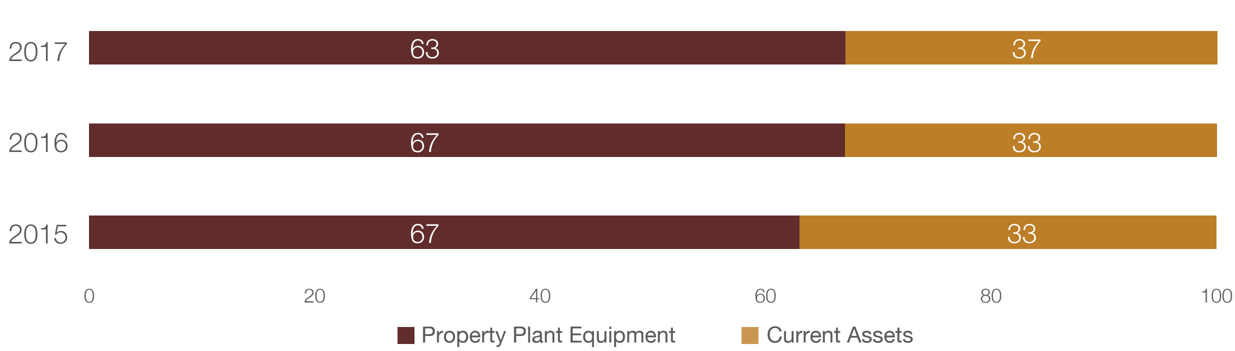
Heritage around us

Horizontal Analysis

Rupees in million

Balance Sheet

	2017 Amount	17 vs 16 %	2016 Amount	16 vs 15 %	2015 Amount	15 vs 14 %
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment						
Operating fixed assets	9,421	94	10,038	132	7,602	93
Capital work in progress	302	616	49	3	1,812	895
Intangible assets	2	100	2	50	4	148
Long-term loans and advances	5	500	1	20	5	176
Long-term deposits	4	133	3	100	3	106
CURRENT ASSETS						
Stores and spares	1,365	120	1,137	105	1,082	119
Stock in trade	1,963	113	1,732	87	1,982	77
Trade debts	1,585	125	1,265	108	1,174	117
Loans and advances	7	47	15	94	16	70
Trade deposits and short-term prepayments	85	106	80	2000	4	121
Other receivables	4	100	4	133	3	151
Tax refunds due from Government	227	176	129	111	116	82
Taxation-net	241	78	309	169	183	164
Cash and bank balances	226	104	217	179	121	175
TOTAL ASSETS	15,437		14,981		14,107	
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Issued, subscribed and paid-up capital						
Ordinary shares	1,470	100	1,470	100	1,470	100
Preference shares	901	100	901	100	901	100
Reserves	3,342	96	3,479	111	3,147	93
NON-CURRENT LIABILITIES						
Long-term financing	2,988	77	3,878	93	4,149	124
Deferred taxation	934	134	695	120	579	87
CURRENT LIABILITIES						
Trade and other payables	1,842	117	1,581	127	1,245	128
Interest and mark-up accrued	38	93	42	98	42	64
Short-term borrowings	2,840	143	1,989	102	1,952	122
Current portion of long-term financing	1,082	114	946	152	622	79
TOTAL EQUITY AND LIABILITIES	15,437		14,981		14,107	

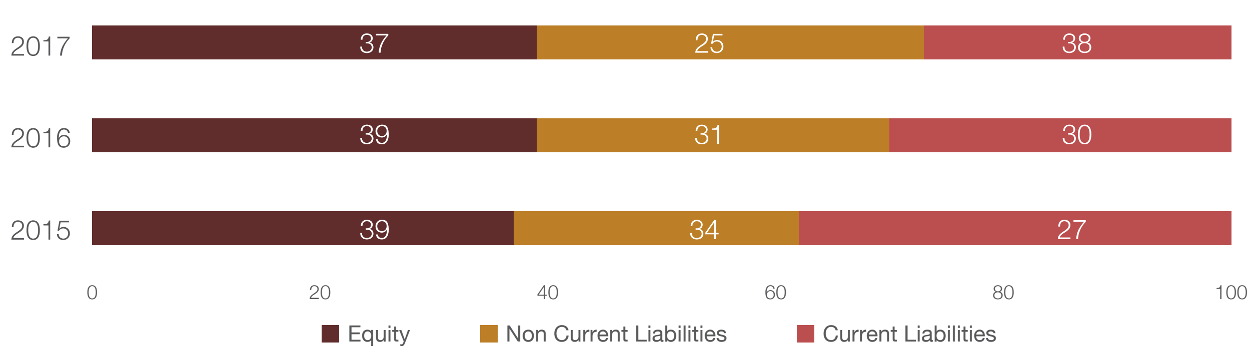


Vertical Analysis

Rupees in million

Balance Sheet

	2017 Amount	%	2016 Amount	%	2015 Amount	%
ASSETS						
NON CURRENT ASSETS						
Property plant and equipment						
Operating fixed assets	9,421	61.03	10,038	67.01	7,602	53.89
Capital work in progress	302	1.96	49	0.33	1,812	12.84
Intangible assets	2	0.01	2	0.01	4	0.03
Long-term loans and advances	5	0.03	1	0.01	5	0.04
Long-term deposits	4	0.03	3	0.02	3	0.02
CURRENT ASSETS						
Stores and spares	1,365	8.84	1,137	7.59	1,082	7.67
Stock in trade	1,963	12.72	1,732	11.56	1,982	14.05
Trade debts	1,585	10.27	1,265	8.44	1,174	8.32
Loans and advances	7	0.05	15	0.10	16	0.11
Trade deposits and short-term prepayments	85	0.55	80	0.53	4	0.03
Other receivables	4	0.03	4	0.03	3	0.02
Tax refunds due from Government	227	1.47	129	0.86	116	0.82
Taxation-net	241	1.56	309	2.06	183	1.30
Cash and bank balances	226	1.46	217	1.45	121	0.86
TOTAL ASSETS	15,437	100	14,981	100	14,107	100
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Issued, subscribed and paid-up capital						
Ordinary shares	1,470	9.52	1,470	9.81	1,471	10.42
Preference shares	901	5.84	901	6.01	901	6.39
Reserves	3,342	21.65	3,479	23.22	3,147	22.31
NON CURRENT LIABILITIES						
Long-term financing	2,988	19.36	3,878	25.89	4,149	29.41
Deferred taxation	934	6.05	695	4.64	579	4.10
CURRENT LIABILITIES						
Trade and other payables	1,842	11.93	1,581	10.55	1,245	8.83
Interest and mark-up accrued	38	0.25	42	0.27	42	0.30
Short-term borrowings	2,840	18.40	1,989	13.27	1,952	13.84
Current portion of long-term financing	1,082	7.01	946	6.31	622	4.41
TOTAL EQUITY AND LIABILITIES	15,437	100	14,981	100	14,107	100



Horizontal Analysis

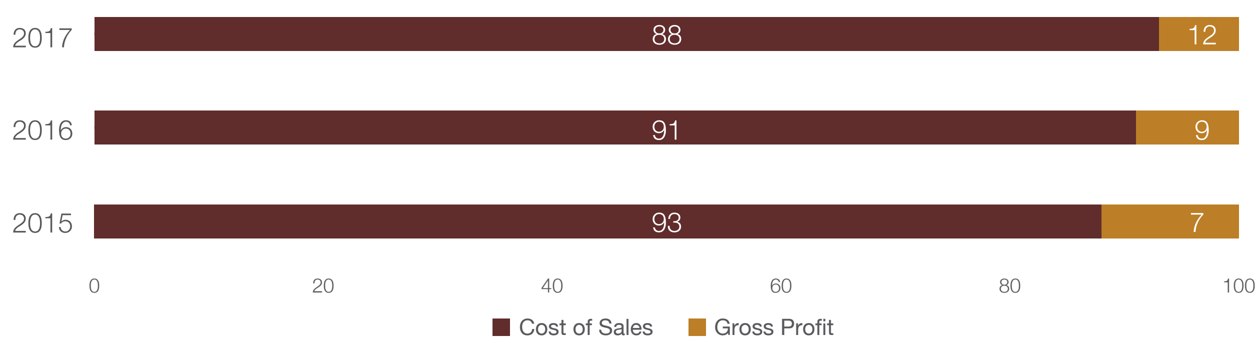
Rupees in million

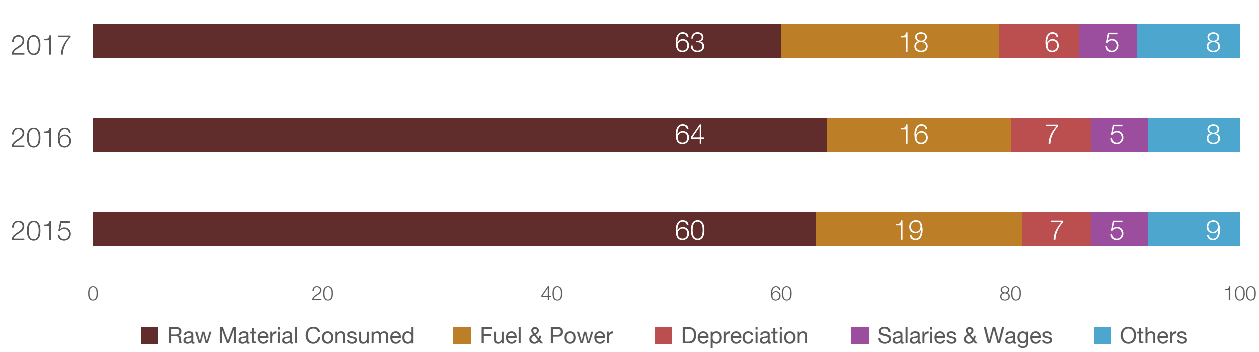
Profit And Loss Account	2017 Amount	17 vs 16 %	2016 Amount	16 vs 15 %	2015 Amount	15 vs 14 %
Sales – net	15,401	115	13,389	102	13,186	90
Cost of sales	(13,610)	112	(12,122)	98	(12,308)	97
Gross profit	1,792	141	1,267	144	878	43
General and administrative expenses	(375)	99	(379)	106	(359)	102
Selling and distribution expenses	(115)	101	(114)	101	(113)	81
Other operating income	114	178	64	94	68	64
Other operating charges	(104)	226	(46)	63	(73)	68
Operating profit	1,311	166	792	198	400	26
Finance cost	(407)	114	(356)	62	(576)	94
Profit / (loss) before taxation	904	207	436	248	(176)	(19)
Taxation	(302)	265	(114)	393	(29)	10
Profit / (loss) after taxation	602	187	322	157	(205)	(33)

Vertical Analysis

Rupees in million

Profit And Loss Account	2017 Amount	%	2016 Amount	%	2015 Amount	%
Sales – net	15,401	100.00	13,389	100.00	13,186	100.00
Cost of sales	(13,610)	88.37	(12,122)	90.54	(12,308)	93.34
Gross profit	1,792	11.64	1,267	9.46	878	6.66
General and administrative expenses	(375)	2.43	(379)	2.83	(359)	2.72
Selling and distribution expenses	(115)	0.75	(114)	0.85	(113)	0.86
Other operating income	114	0.74	64	0.48	68	0.52
Other operating charges	(104)	0.68	(46)	0.34	(74)	0.56
Operating profit	1,311	8.51	792	5.92	400	3.03
Finance cost	(407)	2.64	(356)	2.66	(576)	4.37
Profit / (loss) before taxation	904	5.87	436	3.26	(176)	1.33
Taxation	(302)	1.96	(114)	0.85	(29)	0.22
Profit / (loss) after taxation	602	3.91	322	2.40	(205)	1.55


2017
88
12
2016
91
9
2015
93
7
0
20
40
60
80
100
Cost of Sales
Gross Profit


2017
63
18
6
5
8
2016
64
16
7
5
8
2015
60
19
7
5
9
0
20
40
60
80
100
Raw Material Consumed
Fuel & Power
Depreciation
Salaries & Wages
Others

Chairman's Message

It is encouraging to note that Pakistan Economy has grown at a higher rate of 5.28 percent for the current year under review and contribution to this growth came from all major sectors of the economy. Growth of over 5 percent in Large Scale Manufacturing positively impacted Indigenous Paper & paperboard industry to follow even higher growth in the quality conscious segments.

Your Company reported net Sales amounted to rupees 15.4 billion for the year, 15% more than the prior year and net Profit amounted to rupees 602 million for the year, 87% more than the prior year. This outcome was largely driven by economic growth of the Country, increase in share of domestic industry in growing market and manifestly better utilization of our new Coal Based Co-Generation Power Plant.

On the backdrop of better profitability for the year and foreseeing even better opportunities in future, your Company has paid off major portion of cumulative dividend on preference shares as part of its strategy to ensure dividend streams possibility in future for the Ordinary Shareholders.

During the year production facilities of your Company were operated at optimal level to meet the high demand of Company's products. Resultantly, capacity utilization of the production facilities touched 90 percent of the installed capacity. The higher capacity utilization, growing market size and prevailing favorable market outlook warrant an opportunity for your Company to further expand its footprint in the Industry. Management of your Company is exploring different alternatives to come up with a viable expansion plan.

We are hopeful that domestic market of paper & paperboard will further grow as the Pakistan economy is expected to accelerate ahead. I am confident that your Company is well poised to tap the potential of growing market demand by expanding its capacities, to contribute towards the economy with increased import substitution & employment generation and bring forth better prospects for all the stakeholders.

Our enduring success would not have been possible without the continuous support of our shareholders, confidence reposed by our bankers and untiring efforts of our human resource. I count on all of them for success in future endeavors of the Company. Lastly, I extend my deep sense of gratitude to the Board of Directors for their invaluable guidance throughout the year.

IQBAL ALI LAKHANI
Chairman

Dated: 10 August 2017

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 2017, along with the audited financial statements and Auditors' Report thereon.

MARKET REVIEW

The national economy grew by more than 5% during the year 2016-2017. In line with overall improvement in the economy, Paper & Paperboard Market has also witnessed impressive growth during the year. In growing market size imports were restricted more or less to previous year quantum and major share of growth in demand has been captured by the domestic industry. Your Company being the major import substituting unit of the industry has successfully improved its overall sales volumes by 15% and managed favourable price adjustments during the year according to market conditions.

OPERATIONS

During the year under review, production volumes increased to 214,468 metric tons as compared to last year volumes of 186,416 metric tons. Resultantly, capacity utilization improved to 89% against last year utilization of 78% as a result of improved demand of Company's products during the year and production facilities were continuously operated throughout the year with uninterrupted supply of energy generated with favourable mix of different power/steam generation sources including higher utilization of Coal Based Co-Generation Power Plant.

SALES

Sales volumes were increased to 203,752 metric tons during the year under review showing 15% growth as compared to last year sales volumes of 176,482 metric tons.

This uptick in Sales volume increased the net sales value for the year under review to Rs. 15,401 million (L.Y. Rs. 13,389 million).

FINANCIAL PERFORMANCE ANALYSIS

Your Company has posted better results for the year under review and summarized financial performance is as follows:-

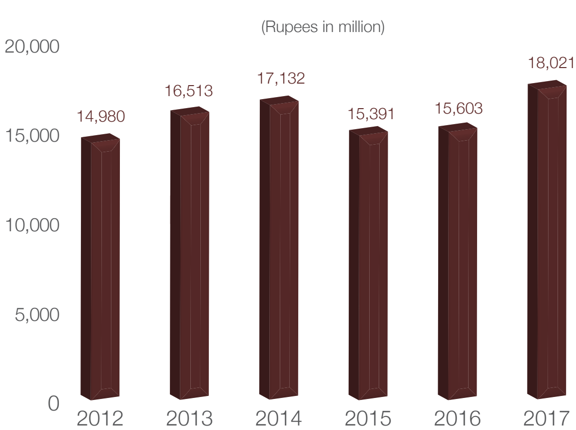
Rupees in million

	2017	2016
Sales	15,401	13,389
Cost of Sales	(13,609)	(12,122)
Gross profit	1,792	1,267
Admin, Selling and other Expenses	(595)	(539)
Other Income	114	64
Operating profit	1,311	792
Financial Charges	(407)	(356)
Net profit before tax	904	436
Taxation	(302)	(114)
Net profit after tax	602	322
Sales Volumes (Metric Tons)	203,752	176,482

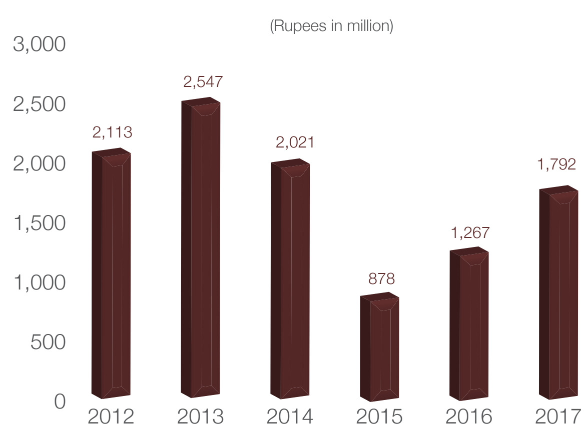
Gross profit has registered an increase of 41% and stood at Rs. 1,792 million (L.Y. Rs. 1,267 million). Gross profit margin has improved by more than 200BPS and this increase was driven by positive volume growth, optimal product mix and range bound key input costs.

Company posted profit before tax (PBT) of Rs. 904 million (L.Y. Rs 436 million) and profit after tax (PAT) of Rs. 602 million (L.Y. Rs. 322 million). PBT and PAT margin have improved by 260BPS and 150BPS respectively. Tax expense for the year increased to Rs. 302 million (L.Y. Rs. 113 million) including deferred tax expense of Rs. 245 million (L.Y. 113 million).

Summarized six years financial information is given on page 40 of the annual report.



Gross Sales



Gross Profit

FINANCE COST

Finance cost of the Company has increased from Rs. 356 million in last year to Rs. 407 million in the current year. It included full year impact of finance cost on loans obtained to finance expenditure incurred on Coal Based Co-Generation Power Plant which were capitalised in June last year. On the flipside principle repayments of other long term loans during the year resulted in reduction of mark-up partially offsetting the increase of mark-up as mentioned above.

Moreover, your Company has been able to use favourable mix of short term finances including Running Finance, Money Market Loan and Import credit finances. Stable PKR/USD exchange rate and lower spreads offered by Banks resulted in considerable savings in effective cost of mark-up during the year.

APPROPRIATION

During the year, Company has declared Cumulative Preference dividend amounting to Rs. 725 million for the period from 5th November 2009 to 9th June 2017. Accordingly, the following appropriations have been made:-

	Rupees in million
Total Comprehensive Income for the year	587.97
Unappropriated Profit brought forward	404.64
Available for appropriation	992.61
Cash Dividend on Preference Shares	(725.51)
Balance carried forward	267.10

EARNINGS PER SHARE

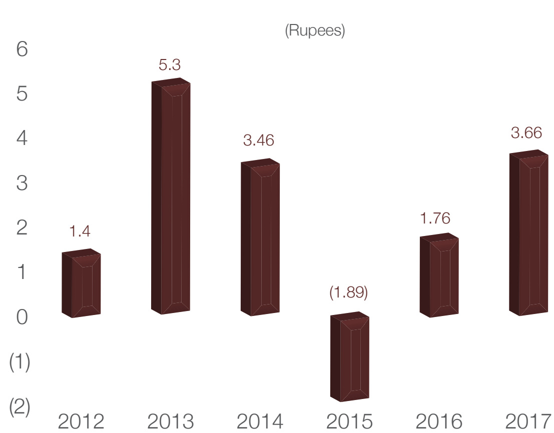
The proportionate dividend attributable to the cumulative preference shares for the year under review stood at Rs. 64 million which is almost same as of last year. Consequently the profit attributable to the ordinary shareholders stood at Rs. 538 million (L.Y. Rs. 258 million). On this basis the earnings per share for the year has increased to Rs. 3.66 as compared to last year's earnings per share of Rs.1.76.

MARKET CAPITALIZATION

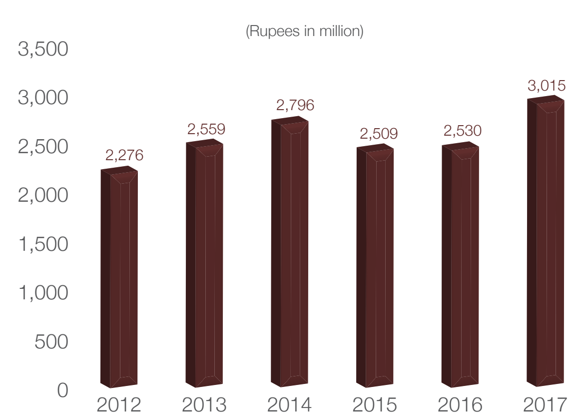
KSE 100 Index increased by 23% from 37,783 points at beginning of the year to 46,565 points by the year end. This trend also impacted share price of your Company which fluctuated between the low of Rs. 48.25 and a high of Rs. 116.19. Accordingly, closing share price increased from Rs. 52.04 at the last year ended June 30, 2016 to Rs. 98.05 per share at the current year end with a resultant market capitalisation of Rs. 14,415 million (L.Y. Rs. 7,651 million).

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your Company's contribution to the National Exchequer for the year amounted to Rs. 3,015 million as compared to Rs. 2,530 million of the last year. This includes Rs. 2,620 million (L.Y. Rs. 2,223 million) as Sales Tax Rs. 299 million (L.Y. Rs. 168 million) as Customs Duty and Rs. 96 million (L.Y. Rs. 139 million) as Income Tax - net of tax refund of Rs. 108 million (L.Y. Rs. 93 million).



Earnings per Share



Contribution to National Exchequer

Capital Expenditure

During the year Company has made capital expenditure of Rs. 669 million (L.Y. 1,533 million). This expenditure were primarily made for removal of bottlenecks in production facilities and quality improvements. Included in it was an addition of a sheeting machine, modernisation of Corrugator and upgradation of quality control systems of different machines. Management feels that the above expenditure will result in optimal utilisation of installed capacities of different plants.

New Sheeting Machine

New Finishing House Building

Quality Control System (Up-gradation)

Ream Wrapping Machine

Ream Wrapping Machine

RISK MITIGATION

The Board of Directors, the Audit Committee of the Board and Steering Committee comprising of senior management team, led by the Chief Executive Officer of the Company is responsible for oversight of Company's operations and evolve proactive strategy to mitigate any potential adverse impact of foreseen risks. The information about major risks and their mitigants is provided below:-

Credit Risk

Credit risk relates to the risk that a Company may encounter as result of failure of the counter parties to satisfy their debts or obligation in accordance with the agreed terms of credit. All the Financial assets of the Company have credit risk other than "Cash in Hand". Company has effectively managed the Credit risk by entering into contract with reputable counter parties in accordance with the internal guidelines and regulatory requirement.

Liquidity Risk

Liquidity risk arises when the Company has insufficient ready cash and encounters difficulty in meeting its financial obligation. Liquidity risk is managed by ensuring availability of sufficient funds to meet its financial obligations and commitments in any business condition.

Interest Rate Risk

Interest rate risk arises due to fluctuation in interest rate resulting in adverse future cash flows. Company's exposure to interest rate is associated with the long-term loans and short-term borrowings.

Company monitors interest rate fluctuation and counters interest rate risk by utilizing optimal mix of different types of borrowing arrangements.

Foreign Exchange Risk

Company is not significantly exposed to foreign exchange risk on its import of raw material and plant and machinery to be settled in short term. For long term contracts, Company entered into appropriate Hedge arrangement to counter foreign exchange risk.

CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to safeguard its ability to continue as a going concern. The Company manages its capital structure and makes appropriate adjustments to move with the economic changes and the risk associated with the Company's asset. Company's management believes in maintaining appropriate debt equity ratio.

CORPORATE INFORMATION

Changes in the Composition of the Board

One casual vacancy occurred during the year after resignation of Mr. Zulfiqar Ali Lakhani. Ms. Anushka Zulfiqar Lakhani was appointed in his place for the remaining period. The Board wishes to record its appreciation for the valuable services rendered by the outgoing Director and welcomes the new Director.

Board Meetings

Five meetings of the Board of Directors were held during the year ended June 30, 2017. Attendance by each Director was as under:

Name of Director	Meetings Attended
Mr. Iqbal Ali Lakhani (Chairman)	5
Mr. Zulfiqar Ali Lakhani (Upto December 06, 2016)	2
Mr. Amin Mohammed Lakhani	3
Ms. Anushka Zulfiqar Lakhani (From February 23, 2017)	-
Mr. Tasleemuddin Ahmed Batlay	5
Mr. Shahid Ahmed Khan	3
Mr. Kemal Shoaib	5
Mr. Muhammad Imran Rafiq	5
Mr. Aftab Ahmad (CEO)	5

AUDIT COMMITTEE

An Audit Committee was set up by the Board since the enforcement of the Code of Corporate Governance. The committee was reconstituted during the year after resignation of one of its member, Mr. Zulfiqar Ali Lakhani and now comprises of three Directors. An independent Director is its Chairman and two Non-Executives Directors are members. Four meetings of the Committee were held during the year ended June 30, 2017. Attendance by each Director was as under:

Name of Director	Meetings Attended
Mr. Kemal Shoaib (Chairman)	4
Mr. Zulfiqar Ali Lakhani (Upto December 06, 2016)	2
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	4

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

The committee met at least once in a 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 (Upto December 06, 2016)	Chairman
Mr. Amin Mohammed Lakhani (From December 06, 2016)	Chairman
Mr. Tasleemuddin Ahmed Batlay	Member
Mr. Aftab Ahmad	Member

The Committee was reconstituted after resignation of its former chairman, Mr. Zulfiqar Ali Lakhani and Mr. Amin Mohammed Lakhani has been appointed in his place. One meeting of the committee was held during the year which was attended by all members. The terms and reference of the committee includes but not limited to those as mentioned in the Code of Corporate Governance.

CORPORATE AND FINANCIAL REPORTING

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

These Financial Statements together with the notes thereto have been drawn up, in conformity with the repealed 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 exchange.

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

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

PATTERN OF SHAREHOLDING

Pattern of Shareholding of the Company as at June 30, 2017, along with the necessary information is annexed to this report.

There were 1,801 shareholders on the record of the Company as at June 30, 2017.

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 to the Company that the values of the investments of the two funds were as follows as on June 30, 2017:

	Rupees in million
Provident Fund	491.223
Gratuity Fund	386.883

AUDITORS

The Auditors BDO Ebrahim & Company are the retiring auditors of the Company and offer their services for re-appointment. They confirmed that they have been given satisfactory rating under the Quality Control Review Program of The Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP. On the recommendation of the Board's Audit Committee, the Board of Directors proposed their re-appointment by the shareholders at the ensuing Annual General Meeting, as auditors of the Company for the year ending June 30, 2018.

SAFETY, HEALTH, ENVIRONMENT AND QUALITY (SHEQ)

Your Company is customer-focused and committed to ensure safer and environment-friendly operations, products and services. Your Company is certified for Integrated Management System (IMS) of OH&S 18001:2007, EMS ISO14001:2004, and QMS ISO 9001:2008.

Your Company is also 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. Training sessions are regularly conducted for employees to enhance the Safety Awareness.

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 plants and waste water disposal.

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

CORPORATE SOCIAL RESPONSIBILITY

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

Moreover, your Company is committed to social and environmental cause of the society and believes in building strong bonds with all segments of the society. To cement these bonds welfare activities are carried out in order to uplift the communities with special emphasis on child education and clean drinking water in the surrounding areas.

A value system is placed in the Company to ensure social and ethical conduct 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 employees children and interdepartmental sports activities have become a regular feature of 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.

Our core value system comprise of Humility & Compassion, Integrity, Change, Innovation, Continuous Improvement Mind set, Team Work, Sense of Urgency and Customer Centric approach. This 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 trainings.

EMPLOYEE RELATIONS

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

OUTLOOK FOR THE YEAR 2018

The current stimulus in economy will continue to positively impact the growth in FMCGS which directly impacts growth in paper & paperboard consumption. Resultantly market demand for your Company's products is expected to improve further in the ensuing year.

Your Company moved two applications in December 2015 to National Tariff Commission (NTC) for Anti-Dumping Duty (ADD) investigations for its major products for providing level playing field to the domestic industry. Resultantly during 3rd and 4th quarter of the year under review, NTC announced preliminary ADDs in both cases. On completion of investigation process on one of the applications, NTC has announced Final Determination of ADD on Coated Duplex Board – Grey Back in July-2017. Final Determination on the other product (Coated Bleached Board) is still pending due to litigation. Moreover, practically the announced ADD is not applicable on major importers due to litigation as importers have filed review petitions in appellate tribunal to use their right as per relevant laws. We optimistically look forward for positive outcome as our cases are based on merit.

An upsurge in prices of imported material was witnessed recently after touching their lowest level last year coupled with increasing trend in local raw materials. This upward trend if continues, may escalate manufacturing costs in the ensuing year.

In view of the above factors, management will use best endeavours to maintain profits with volumetric growth with required adjustments in selling prices to recover any escalation in input costs as per market conditions.

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	Tasleemuddin Ahmed Batlay
Director and Chief Executive Officer	Director

Karachi: August 10, 2017

ملازمین سے تعلقات

ملازمین اور مینجمنٹ کے درمیان برس ہا برس سے پُرخلوص تعلقات قائم ہیں۔

سال 2018 کا منظرنامہ

معیشت میں موجودہ تحریک FMCGs میں نمو پر مثبت اثرات مرتب کرتی رہے گی جو پیپر اور پیپر بورڈ کی کھپت میں اضافے پر براہ راست اثرانداز ہوگی۔ جس کے نتیجے میں آئندہ سال میں مارکیٹ میں آپ کی کمپنی کی پروڈکٹس کی طلب میں مزید بہتری متوقع ہے۔

آپ کی کمپنی نے مقامی صنعت کو یکساں کاروباری مواقع فراہم کرنے کی غرض سے اپنی بڑی پروڈکٹس کے حوالے سے دسمبر 2015ء میں نیشنل ٹیرف کمیشن (NTC) کے پاس اینٹی ڈمپنگ ڈیوٹی (ADD) انویسٹیگیشنز کے لیے دو درخواستیں جمع کرائی تھیں، جس کے نتیجے میں زیرِ جائزہ سال کی تیسری اور چوتھی سہ ماہی کے دوران NTC نے دونوں کیسوں میں ابتدائی ADDs کا اعلان کیا۔ ان میں سے ایک درخواست پر تحقیقی کارروائی مکمل ہونے پر NTC نے کوٹڈ ڈپلیکس بورڈ پر جولائی 2017ء میں حتمی فیصلے کا اعلان کردیا ہے۔ کوٹڈ بلیچڈ بورڈ پر حتمی فیصلہ قانونی کارروائی کی وجہ سے ابھی تک تعطل کا شکار ہے۔ مزید برآں اعلان شدہ ADD عملاً بڑے امپورٹرز پر قابل اطلاق نہیں ہے، جیسا کہ امپورٹرز کی طرف سے موجودہ قوانین کے مطابق اپنا حق استعمال کرتے ہوئے اپیلیٹ ٹربیونل میں نظرثانی کی پٹیشن دائر کردی ہے۔ ہم اپنے کیسز کے مثبت نتیجے کے لیے پرُ امید ہیں جیسا کہ ہمارے کیسز میرٹ پر مبنی ہیں۔

گزشتہ سال اپنی نچلی ترین سطح چھونے کے بعد حال ہی میں امپورٹڈ مٹیریل کی قیمتوں میں اضافہ کے ساتھ مقامی خام مال کی قیمتوں میں اضافے کا رجحان دیکھا گیا۔ بلندی کا یہ رجحان اگر جاری رہا تو یہ آئندہ سال میں مینوفیکچرنگ کی لاگت میں اضافہ کرسکتا ہے۔

مندرجہ بالا عوامل کے پیشِ نظر انتظامیہ مارکیٹ کی صورت حال کے مطابق خام مال کی لاگت میں کسی اضافے کو پورا کرنے کے لیے قیمت فروخت میں مطلوبہ ایڈجسٹمنٹس کے ہمراہ حجم میں اضافے کے ساتھ منافع جات برقرار رکھنے کے لیے اپنی ہر ممکن کوششیں کام میں لائے گی۔

اعتراف

ڈائریکٹرز تمام مالیاتی اداروں کے لیے اپنے پُرخلوص جذبات کا اظہار کرتے ہوئے بڑی خوشی محسوس کررہے ہیں۔

وہ ہر شعبے کے ملازم کی اپنے کام سے لگن کو قابلِ ستائش سمجھتے ہیں اور ان کے تعاون اور ادارے کے ساتھ خلوص کو سراہتے ہیں۔

وہ کمپنی سے منسلک ہر فرد اور ادارے کے بھی شکرگزار ہیں اور مقاصد کے حصول کیلئے ان کی پُرخلوص شرکت و معاونت کا بھی اعتراف کرتے ہیں۔

بورڈ کی جانب سے

آفتاب احمد
ڈائریکٹر اور چیف ایگزیکٹیو آفیسر

تسلیم الدین احمد باٹلے
ڈائریکٹر

کراچی 10 اگست، 2017

گل بانو لاکھانی فاؤنڈیشن اور لیکسن میڈیکل ٹرسٹ کے نام سے قائم ادارے سرانجام دیتے ہیں۔

مزید برآں آپ کی کمپنی سوسائٹی کے سماجی اور ماحولیاتی مقاصد کی تکمیل کے لیے بھی پرعزم ہے اور اس بات پر یقین رکھتی ہے کہ معاشرے کے تمام طبقات میں باہمی تعاون اور آپس میں مدد کے لیے مستحکم تعلقات استوار ہوں۔ ان رشتوں کو مضبوط کرنے کے لیے مختلف سماجی سرگرمیاں کی جاتی ہیں تاکہ اپنے اطراف کے علاقوں میں کمیونٹیز کے معیار زندگی کو بلند کیا جائے جس کے لیے بچوں کی تعلیم اور پینے کے صاف پانی کی فراہمی پر خاص طور پر توجہ دی جاتی ہے۔ کمپنی میں سماجی اور اچھے اخلاقی رویوّں کے فروغ کے لیے ایک ویلیو سسٹم نافذ کیا گیا ہے، تاکہ بہتر اخلاقی برتاؤ کا جذبہ، مہارت میں اضافے اور استعمال کی لگن اور کسٹمر کی خدمت کے حوالے مثبت سوچ جیسے عوامل ہمیشہ ذہن نشین رہیں۔ ان اقدام کو ڈائریکٹرز خاص طور پر سینچری کے ہیومن ریسورس کی مجموعی اور پوری سوسائٹی کی ترقی کے لیے ایک طویل مدتی سرمایہ کاری سمجھتے ہیں۔ ساتھ ہی تفریحی سرگرمیاں جیسے ملازمین کی فیملیز کے لیے فن فیئر، تاریخی مقامات پر تعلیمی دورے، ملازمین کے بچوں کے لیے سمر کیمپس اور ڈیپارٹمنٹس کے درمیان کھیلوں کی سرگرمیاں مستقل بنیادوں پر کمپنی کا خاصہ بن گئی ہیں۔

سیفٹی، ہیلتھ، انوائرمنٹ اور کوالٹی (SHEQ)

آپ کی کمپنی کی ساری توجہ کسٹمر کی خدمت اور اطمینان پر مرکوز ہے، اسی لیے کمپنی محفوظ اور ماحول دوست آپریشنز، پروڈکٹس اور سروسز کی فراہمی کو یقینی بنانے کے لیے ہمیشہ پرعزم ہے۔ آپ کی کمپنی انٹیگریٹڈ مینجمنٹ سسٹم (IMS) کے OH&S 18001:2007, EMS ISO 14001:2004, and QMS ISO 9001:2008. معیارات سے سرٹیفائیڈ ہے۔

آپ کی کمپنی کوالٹی پر کڑی نظر رکھتے ہوئے کام کے لیے ایک محفوظ ماحول کو پروان چڑھانے میں مستقل بنیادوں پر کوششیں کر رہی ہے۔ حادثات کو بالکل ختم کرنے کے لیے ممکنہ خطرات کا مستقل اور مکمل جائزہ اور ان کے تدارک کے لیے حفاظتی اقدامات پر سختی سے عمل کیا جاتا ہے۔ ملازمین میں سیفٹی کے حوالے سے آگاہی میں اضافے کے لیے ٹریننگ سیشنز مستقل بنیادوں پر منعقد کیے جاتے ہیں۔ کمپنی SHEQ فریم ورک کا بھی وقفے وقفے سے متواتر جائزہ لیتی رہتی ہے۔ جس کے نتیجے میں مزید بہتری کے لیے ٹھوس اقدامات کیے جاتے ہیں۔ حالیہ برسوں میں توانائی کی بچت بہت زیادہ اہمیت اختیار کر گئی ہے، اس حوالے سے کمپنی نے توانائی بچانے کے سسٹمز اور پروڈکشن کے شفاف طریقوں کو اپنایا ہے۔ کمپنی نے مستقل مانیٹرنگ اور بہترین طریقہ کار پر عمل کے ذریعے توانائی کی کھپت اور استعمال میں مجموعی طور پر خاصے بہتر نتائج حاصل کیے ہیں۔

افرادی قوت

آپ کی کمپنی اپنی افرادی قوت کا بہترین استعمال کرنے کے لیے کوشاں رہتی ہے۔ اس نے اپنے ملازمین کے لیے ان کی ضرورتوں اور رائے کو اہمیت دیتے ہوئے ایک وسیع النظر طریقہ کار اختیار کیا ہوا ہے۔ کمپنی کی بنیادی اقدار انکساری، ہمدردی، دیانت، تبدیلی، جدت، مسلسل بہتری کا رجحان رکھنے والے ذہن، ٹیم ورک، فوری ضرورت کی پہچان اور کسٹمر کو اولین فوقیت دینے پر مبنی ہیں۔ انہی اقدار کی بدولت ہر ملازم کو ایک منظم ادارے میں آگے بڑھنے اور اپنی تخلیقی صلاحیتوں کو پیشہ ورانہ مہارتوں میں ڈھالنے کا موقع ملتا ہے۔ ٹیکنیکل اور مینجمنٹ اسٹاف کے لیے کیریئر کے موزوں راستے اور حوصلہ افزائی کے پروگرامز ہیں۔ ان پروگرامز میں ملازمت کے دوران ٹریننگز، سبجیکٹ اسپیشلسٹس کے ذریعے صلاحیتوں کو نکھارنے والے پروگرامز سے لے کر مقامی اور بین الاقوامی سیمینارز اور ٹریننگز شامل ہیں۔

کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے اور شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
کمپنی کی کاروبار رواں دواں رکھنے کی صلاحیت کے بارے میں کوئی شکوک وشبہات نہیں ہیں۔
اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز میں تفصیلاً درج کاروباری نظم وضبط کی اعلیٰ ترین روایات سے کوئی پہلوتہی نہیں کی گئی۔
انٹرنل کنٹرول کا نظام مستحکم ہے اور اس کا مؤثر انداز میں نفاذ اور نگرانی کی جاتی ہے۔
بورڈ آف ڈائریکٹرز تصدیق کرتے ہیں کہ مالیاتی گوشوارے، بشمول کیش فلوز اور ایکویٹی میں تبدیلی کا گوشوارہ، اس کے معاملات کی کیفیت اور اس کی کاروباری سرگرمیوں کی منصفانہ عکاسی کرتے ہیں۔

کاروباری نظم وضبط کے ضابطے (Code of Corporate Governance) کی تعمیل

کاروباری نظم وضبط کے ضابطے کی تعمیل کا گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

پیٹرن آف شیئر ہولڈنگ

30 جون 2017ء کے مطابق کمپنی کے شیئر ہولڈنگ پیٹرن اور بشمول اضافی معلومات کو ظاہر کرنے والا ایک گوشوارہ اس رپورٹ کے ساتھ منسلک ہے۔
30 جون 2017ء کے مطابق 1,801 شیئر ہولڈرز کمپنی کے ریکارڈ پر موجود تھے۔

پروویڈنٹ اور گریجویٹی فنڈز

کمپنی اپنے ملازمین کو پروویڈنٹ فنڈ اور گریجویٹی فنڈ کی شکل میں ٹرمینل بنیفٹس بھی فراہم کرتی ہے۔ یہ فنڈ ڈ بینیفٹس دو الگ الگ باضابطہ منظور شدہ ٹرسٹس میں رکھے جاتے ہیں۔ ان ٹرسٹس کا انتظام وانصرام ٹرسٹیز کے پاس ہوتا ہے جو ہر سال فنڈز کا آڈٹ کراتے ہیں۔
متعلقہ فنڈز کے ٹرسٹیز نے کمپنی کو مطلع کیا ہے کہ دو فنڈز کی طرف سے کی جانے والی سرمایہ کاری کی مالیت 30 جون 2017ء کے مطابق درج ذیل ہے:

پروویڈنٹ فنڈ	491.223 ملین روپے
گریجویٹی فنڈ	386.883 ملین روپے

آڈیٹرز

BDO ابراہیم اینڈ کمپنی کے آڈیٹرز کمپنی سے ریٹائر ہو رہے ہیں اور دوبارہ تقرری کے لیے اپنی خدمات پیش کرتے ہیں۔ انہوں نے تصدیق کی ہے کہ انہیں انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت اطمینان بخش ریٹنگ سے نوازا جا چکا ہے اور فرم ضابطہ اخلاق پر انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی ہدایات کی پوری طرح تعمیل کرتی ہے، جسے ICAP کی طرف سے اختیار کیا گیا ہے۔
بورڈ کی آڈٹ کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز نے آئندہ سالانہ اجلاس عام میں شیئر ہولڈرز کی طرف سے ان آڈیٹرز کی 30 جون 2018ء کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کی تجویز پیش کی ہے۔

کاروباری اور سماجی ذمہ داری

آپ کی کمپنی لیکسن گروپ آف کمپنیز کا حصہ ہے۔ کمپنی کی جانب سے کی جانے والی رفاہی سرگرمیاں، گروپ کے خیراتی وفلاحی کام کرنے والی حسن علی اینڈ

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب کمال شعیب (چیئر مین)	4
جناب ذوالفقار علی لاکھانی (6دسمبر 2016ء تک)	2
جناب امین محمد لاکھانی	2
جناب تسلیم الدین احمد باٹلے	4

آڈٹ کمیٹی کی ٹرمز آف ریفرنس وہی ہیں جو کاروباری نظم وضبط کے ضابطے میں طے کیے گئے ہیں۔مزید برآں آڈٹ کمیٹی مالیاتی گوشواروں اور انٹرنل کنٹرولز کے حوالے سے مطمئن ہونے کے لیے کوئی بھی معلومات یا وضاحت طلب کر سکتی ہے۔

کمیٹی مالیاتی گوشواروں اور کمپنی کے کاروبار کے حوالے سے کوئی بڑا فیصلہ صادر کرنے کے لیے ہر سہ ماہی میں کم از کم ایک بار اجلاس منعقد کرتی ہے۔آڈٹ کمیٹی مالیاتی گوشواروں کی منظوری کے لیے بورڈ کو اپنی سفارشات کرتی ہے جن کی چیف ایگزیکٹو آفیسر اور چیف فائنانس آفیسر باضابطہ توثیق کرتے ہیں۔

افرادی وسائل ومشاہرہ کمیٹی

بورڈ نے کاروباری نظم وضبط کے ضابطے کے مطابق افرادی وسائل ومشاہرہ کمیٹی بھی تشکیل دی جو درج ذیل تین ڈائریکٹرز پر مشتمل ہے:

جناب امین محمد لاکھانی (6دسمبر 2016ء سے)	چیئر مین
جناب ذوالفقار علی لاکھانی (6دسمبر 2016ء تک)	چیئر مین
جناب تسلیم الدین احمد باٹلے	ممبر
آفتاب احمد	ممبر

کمیٹی کے سابقہ چیئر مین جناب ذوالفقار علی لاکھانی کے استعفے کے بعد کمیٹی کی تشکیلِ نو کی گئی اور ان کی جگہ جناب امین محمد لاکھانی کی تقرری کر دی گئی ہے۔

سال کے دوران کمپنی کی ایک میٹنگ منعقد ہوئی جس میں تمام ڈائریکٹرز شریک ہوئے۔کمیٹی کی ٹرمز آف ریفرنس کاروباری نظم وضبط کے ضابطے کے مندرجات کے مطابق، تاہم صرف ان تک محدود نہیں ہیں۔

کارپوریٹ اور فائنانشل رپورٹنگ

آپ کی کمپنی کاروباری نظم وضبط کے ضابطے کی تعمیل کے عہد پر کاربند ہے۔بورڈ کارپوریٹ اور فائنانشل رپورٹنگ فریم ورک کے حوالے سے اپنی ذمہ داری کا اقرار کرتا ہے۔

یہ مالیاتی گوشوارے مع مندرج نوٹس کمپنیز آرڈیننس 1984 کے مطابق تیار کیے گئے ہیں۔ان کی تیاری میں فائنانشل رپورٹنگ کے بین الاقوامی معیاروں کی، جہاں تک قابل اطلاق ہیں، پیروی کی گئی ہے۔

کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں۔

کاروباری معلومات

بورڈ کی تشکیل میں ردّوبدل

سال کے دوران جناب ذوالفقار علی لاکھانی کی طرف سے استعفے کے بعد بقایامدّت کے لیے ان کی جگہ محترمہ انوشکا ذوالفقار لاکھانی کی تقررّی کی گئی۔ بورڈ جانے والے ڈائریکٹر کی طرف سے سرانجام دی گئیں قابل قدر خدمات پر خراجِ تحسین کو ریکارڈ پر لانا چاہتا ہے اور نئی ڈائریکٹر کو خوش آمدید کہتا ہے۔

بورڈ اجلاس

30 جون 2017ء کو ختم ہونے والے سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل رہی:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب اقبال علی لاکھانی (چیئرمین)	5
جناب ذوالفقار علی لاکھانی (6 دسمبر 2016ء تک)	2
جناب امین محمد لاکھانی	3
محترمہ انوشکا ذوالفقار لاکھانی (23 فروری 2017ء سے)	-
جناب تسلیم الدین احمد باٹلے	5
جناب شاہد احمد خان	3
جناب کمال شعیب	5
جناب محمد عمران رفیق	5
جناب آفتاب احمد (سی-ای-او)	5

آڈٹ کمیٹی

بورڈ نے کاروباری نظم وضبط کے ضابطے (Code of Corporate Governance) کے اطلاق کے لیے ایک آڈٹ کمیٹی تشکیل دی ہے۔ سال کے دوران اس کے ممبران میں سے ایک جناب ذوالفقار علی لاکھانی کے استعفے کے بعد کمیٹی کی تشکیلِ نو کی گئی اور اب یہ تین ڈائریکٹرز پر مشتمل ہے۔ ایک خودمختار ڈائریکٹر اس کا چیئرمین اور دونان ایگزیکٹیو ڈائریکٹرز ممبران ہیں۔ 30 جون 2017ء کو ختم ہونے والے سال کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل رہی:

قومی خزانے میں حصہ

آپ کی کمپنی کے قومی خزانے میں جمع کردہ حصے کی مالیت گزشتہ سال کے 2,530 ملین کے مقابلے میں 3,015 ملین روپے رہی۔اس میں 2,620 ملین روپے بطور سیلز ٹیکس (گزشتہ سال 2,223 ملین روپے)، 299 ملین روپے بطور کسٹم ڈیوٹی (گزشتہ سال 168 ملین روپے) شامل ہیں اور 108 ملین روپے کے ٹیکس ریفنڈ کے بعد (گزشتہ سال 93 ملین روپے) خالص 96 ملین روپے بطور انکم ٹیکس (گزشتہ سال 139 ملین روپے) قومی خزانے میں جمع کرائے گئے۔

خطرات کی تخفیف

بورڈ اف ڈائریکٹرز، آڈٹ کمیٹی اور چیف ایگزیکٹو کی سربراہی میں سینئر مینجمنٹ ٹیم پر مشتمل سٹیئرنگ کمیٹی کمپنی کے آپریشنز کی نگرانی اور پیش نظر خطرات کے ممکنہ منفی اثرات کی تخفیف کے لیے فعال حکمت عملی بنانے کی ذمہ دار ہے.

کریڈٹ کے خطرات

کریڈٹ کے خطرات کمپنی کے کسٹمرز اور بنکوں کی طرف سے ان کی ذمہ داریوں کی ادائیگی میں ناکامی سے متعلق ہیں. کمپنی کے تمام مالیاتی اثاثہ جات ماسوا زیر گردش نقد رقم کریڈٹ رسک سے مشروط ہیں۔کمپنی مستحکم پارٹیز کے ساتھ تجارتی معاہدوں کے ذریعے کریڈٹ کے خطرات کو کم کرتی ہے .

لیکویڈیٹی کے خطرات

لیکویڈیٹی کے خطرات کمپنی کے پاس ناکافی کیش اور مالیاتی ذمہ داریوں کو پورا کرنے میں مشکلات کا نتیجہ ہوسکتے ہیں. مالیاتی ضروریات کے مطابق فنڈز کی دستیابی کو یقینی بنا کر لیکویڈیٹی کے خطرات سے نمٹنے کا اانتظام کیا گیا ہے.

شرح سود کے خطرات

شرح سود میں اتار چڑھاو کی وجہ سے مستقبل کے کیش کی جنریشن پر منفی اثرات ہوسکتے ہیں. کمپنی کو شرح سود کے خطرات طویل اور قلیل مدتی قرضوں سے متعلق ہیں. کمپنی مختلف اقسام کے قرضوں کے مناسب امتزاج سے ان خطرات سے نمٹنے کا مناسب انتظام کرتی ہے.

غیر ملکی زرمبادلہ کے خطرات

کمپنی کو اپنے درامدی خام مال اور مشینری کے قلیل مدتی ادائیگیوں پر زرمبادلہ کے خطرات لاحق نہیں ہیں .طویل مدتی زرمبادلہ کے خطرات سے نمٹنے کا انتظام ہیجنگ (hedging) کے معاہدوں کے ذریعے کیا جاتا ہے.

کیپیٹل مینجمنٹ

کمپنی کی پالیسی ایک مستحکم کیپیٹل بنیاد برقرار رکھنا ہے تاکہ انویسٹرز، کریڈیٹرز اور مارکیٹ کا اعتماد برقرار رہے اور کاروبار کے بہتر مستقبل کا عمل بھی جاری رہے . معیشت میں آنے والی تبدیلیوں اور اثاثہ جات سے متعلق خطرات کو مدنظر رکھتے ہوئے کیپیٹل اسٹرکچر میں مناسب تبدیلیاں لائی جاتی ہیں . کمپنی مینجمنٹ قرضوں اور سرمائے کے مناسب امتزاج کو اہمیت دیتی ہے .

سرمایے کی تخصیص (Appropriation)

سال کے دوران کمپنی نے 5 نومبر 2009ء سے 9 جون 2017ء تک کی مدت کے لیے 725 ملین روپے مالیت کے جمع شدہ ترجیحی ڈیویڈنڈ کا اعلان کیا ہے۔ اسی کے مطابق درج ذیل سرمایے کی تخصیص کی گئی ہے:

	ملین روپے
سال کے لیے مجموعی جامع آمدنی	587.97
گزشتہ غیر تخصیص شدہ منافع	404.64
تخصیص کے لیے دستیاب رقم	992.61
ترجیحی شیئرز پر کیش ڈیویڈنڈ	(725.51)
موجودہ بیلینس	267.10

فی شیئر آمدنی

زیر جائزہ سال کے لیے جمع شدہ ترجیحی شیئرز کو قابل تقسیم متناسب ڈیویڈنڈ 64 ملین روپے رہا جو تقریباً وہی ہے جو گزشتہ سال تھا۔ جس کے نتیجے میں عام شیئر ہولڈرز کو قابل تقسیم منافع 538 ملین روپے رہا (گزشتہ سال 258 ملین روپے)۔ اس بنیاد پر سال کے لیے فی شیئر آمدنی گزشتہ سال کی فی شیئر آمدنی 1.76 روپے کے مقابلے میں 3.66 روپے تک رہی۔

سرمایہ جاتی اخراجات (Capital Expenditure)

اس سال کے دوران کمپنی نے 669 ملین روپے کے سرمایہ جاتی اخراجات کیے (گزشتہ سال 1,533 ملین روپے)۔ اخراجات بنیادی طور پر پروڈکشن فیسیلیٹیز میں رکاوٹیں (bottlenecks) دور کرنے اور کوالٹی میں بہتری کی مدوں میں کیے۔ اس میں ایک شیٹنگ مشین کا اضافہ، کوروگیٹر (Corrugator) کو جدید بنانا اور مختلف مشینوں کے کوالٹی کنٹرول سسٹمز کی تجدید شامل ہے۔ انتظامیہ سمجھتی ہے کہ مندرجہ بالا اخراجات کا نتیجہ مختلف پلانٹس کی تنصیبی گنجائش سے زیادہ سے زیادہ استفادہ کی صورت میں سامنے آئے گا۔

مجموعی بازاری مالیت (Market Capitalization)

سال کی ابتدا میں 37,783 پوائنٹس سے سال کے اختتام پر 46,565 پوائنٹس تک KSE 100 انڈیکس میں 23 فی صد اضافہ ہوا۔ یہ رجحان آپ کی کمپنی کے شیئر کی قیمت پر بھی اثر انداز ہوا جو 48.25 روپے کی کم ترین سطح سے 116.19 روپے کی زیادہ سے زیادہ سطح کے درمیان اتار چڑھاؤ کا مظاہرہ کرتی رہی۔ اسی کے مطابق شیئر کی اختتامی قیمت گزشتہ سال 30 جون 2016ء کو 52.04 روپے سے بڑھ کر موجودہ سال کے اختتام پر 98.05 روپے تک پہنچ گئی جس کا نتیجہ 14,415 ملین کی مجموعی بازاری مالیت کی صورت میں ظاہر ہوا (گزشتہ سال 7,651 ملین روپے)۔

	2017	2016
		ملین روپے
سیلز	15,401	13,389
سیلز کی لاگت	(13,609)	(12,122)
کل منافع	**1,792**	**1,267**
انتظامی، فروخت اور دیگر مدوں میں اخراجات	(595)	(539)
دیگر آمدن	114	64
آپریٹنگ منافع	**1,311**	**792**
مالیاتی اخراجات	(407)	(356)
خالص قبل از ٹیکس منافع	**904**	**436**
ٹیکس	(302)	(114)
خالص بعد از ٹیکس منافع	**602**	**322**
فروخت کا حجم (میٹرک ٹن)	**203,752**	**176,482**

مجموعی منافع نے 41فی صد اضافہ درج کرایا اور 1,792 ملین روپے رہا (گزشتہ سال 1,267 ملین روپے)۔ مجموعی منافع کی سطح میں 200 بنیادی پوائنٹس سے زائد بہتری ہوئی اور حجم میں مثبت نمو، زیادہ سے زیادہ پروڈکٹ مکس اور خام مال کی قیمتوں کا حد میں رہنا اس اضافے کے محرکات ہیں۔

کمپنی نے 904 ملین روپے قبل از ٹیکس منافع (PBT) (گزشتہ سال 436 ملین روپے) اور 602 ملین روپے بعد از ٹیکس منافع (PAT) درج کرایا (گزشتہ سال 322 ملین روپے)۔ PBT اور PAT میں بالترتیب 260 بنیادی پوائنٹس اور 150 بنیادی پوائنٹس کی بہتری ہوئی ہے۔ سال کے لیے ٹیکس اخراجات 302 ملین روپے (گزشتہ سال 113 ملین روپے) تک بڑھ گئے جس میں 245 ملین روپے کے مؤخر ٹیکس اخراجات شامل ہیں (گزشتہ سال 113 ملین روپے)۔

مالیاتی اخراجات

کمپنی کے مالیاتی اخراجات گزشتہ سال میں 356 ملین روپے سے بڑھ کر موجودہ سال میں 407 ملین روپے تک پہنچ گئے ہیں۔ اس میں گزشتہ سال جون میں کوجنریشن پاور پلانٹ پر رونما ہونے والے اخراجات کے لیے رقم کی فراہمی کے لیے حاصل کردہ قرضوں پر مالیاتی لاگت کے پورے سال کے اثرات شامل ہیں۔ جب کہ دوسری طرف سال کے دوران دیگر طویل مدتی قرضوں کی اصل رقم کی واپسی کا نتیجہ مارک اپ میں کمی کی صورت میں نکلا جس نے مارک اپ کے مندرجہ بالا اثرات جزوی طور پر ختم کر دیے۔

مزید برآں کمپنی کو مختصر مدتی قرضوں کے سازگار امتزاج بشمول رننگ فنانس، منی مارکیٹ لون اور امپورٹ کریڈٹ فنانسز کے استعمال کا موقع ملا ہے۔ روپے اور امریکی ڈالر کی مستحکم شرح مبادلہ اور بینکوں کی طرف سے پیش کردہ قیمت خرید اور قیمت فروخت کے کم تر فرق (Spread) کا نتیجہ سال کے دوران مارک اپ کی مؤثر لاگت میں نمایاں بچت کی صورت میں سامنے آیا ہے۔

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز(BOD) کی طرف سے 30 جون 2017ءکوختم ہونے والے سال کے لیےسینچری پیپر اینڈ بورڈ ملز لمیٹڈ(CPBM) کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے اورآڈیٹرز رپورٹ پیش کرنا میرے لیے باعث مسرت ہے۔

مارکیٹ کا جائزہ

سال 2017-2016 کے دوران قومی معیشت میں 5 فی صد سے زائد اضافہ ہوا۔معیشت میں مجموعی بہتری کے مطابق زیرجائزہ سال میں پیپر اور پیپر بورڈ پروڈکٹس کی مارکیٹ میں بھی شاندار نمو ہوئی۔ بڑھتے مارکیٹ سائز میں امپورٹس کم وبیش گزشتہ سال کے حجم تک محدود رہیں اور ڈیمانڈ میں اضافے کا بڑا حصہ مقامی صنعت نے حاصل کیا۔آپ کی کمپنی نے انڈسٹری کے بڑے امپورٹ سبسٹیٹیوٹنگ یونٹ کی حیثیت سے اپنے مجموعی سیلز حجم میں 15 فی صد بہتری حاصل کی اور سال کے دوران مارکیٹ کے حالات کے مطابق موافق پرائس ایڈجسٹمنٹس ممکن بنائیں۔

کاروباری سرگرمیاں

زیرجائزہ سال کے دوران گزشتہ سال کے حجم 186,416 میٹرک ٹن کے مقابلے میں پیداواری حجم 214,468 میٹرک ٹن تک بڑھ گیا۔جس کے نتیجے میں پلانٹ سے استفادے میں گزشتہ سال کے 78 فی صد گنجائشی استفادے کے مقابل 89 فی صد تک بہتری آئی جو سال کے دوران کمپنی کی پروڈکٹس کی طلب میں بہتری کا نتیجہ ہے جیسا کہ پورے سال کے دوران مختلف پاور/اسٹیم جنریشن سورسز بشمول کوئلے پر مبنی کوجنریشن پاور پلانٹ کے زیادہ استعمال کے موافق امتزاج کے ساتھ پیدا کردہ توانائی کی بلاتعطل سپلائی کے ساتھ پیداواری سہولیات مسلسل کام کرتی رہیں۔

فروخت

آپ کی کمپنی نے گزشتہ سال میں سیلز کے 176,482 میٹرک ٹن حجم کے مقابلے میں زیرجائزہ سال کے دوران مجموعی سیلز کا 203,752 میٹرک ٹن حجم حاصل کرکے حجم میں 15 فی صد اضافہ ریکارڈ کرایا۔فروخت کے حجم میں اضافے کے نتیجے میں زیرجائزہ سال کے دوران نیٹ سیلز ویلیو، 15,401 ملین روپے تک بڑھ گئی (گزشتہ سال 13,389 ملین روپے)۔

مالیاتی کارکردگی کا تجزیہ

آپ کی کمپنی نے زیرجائزہ سال کے لیے بہتر کاروباری نتائج درج کرائے اور مالیاتی کارکردگی کا خلاصہ درج ذیل ہے:

Statement of Compliance
With the Code of Corporate Governance

For the year ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19.24 of listing regulations of Pakistan Stock Exchange Limited 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 Company encourages representation of independent non-executive Directors and Directors representing minority interests on its Board of Directors. At present the Board includes:

   Independent Director
   Mr. Kemal Shoaib

   Executive Director
   Mr. Aftab Ahmad

   Non-Executive Directors
   Mr. Iqbal Ali Lakhani
   Mr. Amin Mohammed Lakhani
   Ms. Anushka Zulfiqar Lakhani
   Mr. Tasleemuddin Ahmed Batlay
   Mr. Shahid Ahmed Khan
   Mr. Muhammad Imran Rafiq

   The independent director meets the criteria of independence under clause 5.19.1(b) of the CCG.

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

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

4. A casual vacancy occurred on the Board on December 06, 2016 which was filled up by the Board of Directors within ninety days.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive Directors have been taken by the Board.

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

9. Four Directors on the Board have 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. Three Directors attended the Directors' training course earlier and a Director will complete the training in due course of time.

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 for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

15. Board Audit Committee comprises of three members, two are non-executive Directors and the Chairman of the Committee is an independent Director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. Board HR & Remuneration Committee comprises of three members, of whom two are non-executive Directors. The Chairman of the Committee is also 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 staff are qualified and experienced for the purposes, 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 (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.

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

21. The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

Aftab Ahmad Director and Chief Executive Officer	Tasleemuddin Ahmed Batlay Director

Karachi: August 10, 2017

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Lakson Square
Building No.1
Sarwar Shaheed Road
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Pakistan

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Century Paper and Board Mills Limited for the year ended June 30, 2017 to comply with the requirements of Regulation No. 5.19 of Rule Book of Pakistan 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, 2017.

BDO Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

KARACHI
DATED: August 10, 2017

Contents of Financial Statements

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Pakistan

Auditors' Report to the Members

We have audited the annexed balance sheet of CENTURY PAPER & BOARD MILLS LIMITED as at June 30, 2017 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 repealed 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 repealed 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 repealed 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 repealed 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, 2017 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.

BDO Ebrahim & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

KARACHI
DATED: August 10, 2017

Balance Sheet
as at June 30, 2017

	Note	2017	2016
		(Rupees in thousands)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	5	9,420,548	10,037,714
Capital work in progress	6	302,278	49,037
		9,722,826	10,086,751
Intangible assets	7	1,685	2,390
Long-term loans and advances	8	4,859	882
Long-term deposits		3,829	2,829
		9,733,199	10,092,852
CURRENT ASSETS			
Stores and spares	9	1,364,551	1,136,597
Stock-in-trade	10	1,963,091	1,731,864
Trade debts	11	1,585,378	1,265,432
Loans and advances	12	7,235	15,199
Trade deposits and short term prepayments	13	85,147	79,533
Other receivables	14	3,865	4,336
Tax refunds due from Government		227,169	127,604
Taxation - net	15	241,369	309,838
Cash and bank balances	16	226,476	217,494
		5,704,281	4,887,897
TOTAL ASSETS		15,437,480	14,980,749
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (2016: 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	3,341,627	3,479,168
		5,713,025	5,850,566
NON-CURRENT LIABILITIES			
Long-term financing	20	2,987,500	3,878,066
Deferred taxation	21	934,494	695,234
		3,921,994	4,573,300
CURRENT LIABILITIES			
Trade and other payables	22	1,842,142	1,580,938
Interest and mark-up accrued	23	38,353	41,330
Short-term borrowings	24	2,840,150	1,988,443
Current portion of long-term financing	20	1,081,816	946,172
		5,802,461	4,556,883
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		15,437,480	14,980,749

The annexed notes from 1 to 48 form an integral part of these financial statements.

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Muhammad Rashid Dastagir
Chief Financial Officer

Profit and Loss Account

for the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousands)	
Sales - net	26	15,401,157	13,389,130
Cost of sales	27	(13,609,628)	(12,121,851)
Gross profit		1,791,529	1,267,279
General and administrative expenses	28	(375,135)	(379,336)
Selling and distribution expenses	29	(115,088)	(113,871)
Other operating charges	30	(104,427)	(46,081)
Other income	31	113,859	64,136
Operating profit		1,310,738	792,127
Finance cost	32	(406,945)	(355,751)
Net profit before taxation		903,793	436,376
Taxation	33	(301,577)	(113,985)
Net profit for the year		602,216	322,391
Earnings per share - basic and diluted (Rupees)	34	3.66	1.76

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

The annexed notes from 1 to 48 form an integral part of these financial statements.

Aftab Ahmad	Tasleemuddin Ahmed Batlay	Muhammad Rashid Dastagir
Chief Executive Officer	Director	Chief Financial Officer

Statement of Comprehensive Income

for the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousands)	
Net profit for the year		602,216	322,391
Other comprehensive (loss) / income for the year			
Items that will not be reclassified to profit and loss account			
(Loss) / gain on remeasurement of defined benefit liability		(20,346)	13,470
Tax impact		6,104	(4,041)
	35	(14,242)	9,429
Total comprehensive income for the year		587,974	331,820

The annexed notes from 1 to 48 form an integral part of these financial statements.

Aftab Ahmad Chief Executive Officer	Tasleemuddin Ahmed Batlay Director	Muhammad Rashid Dastagir Chief Financial Officer

Cash Flow Statement
for the year ended June 30, 2017

	Note	2017	2016
		(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	1,874,089	2,065,690
Finance cost paid		(409,922)	(356,820)
Taxes paid		(204,580)	(232,390)
Taxes refunded		108,365	93,280
Gratuity paid		(37,786)	(38,245)
Workers' Profit Participation Fund paid		(23,437)	-
Long-term loans and advances - net		(3,977)	4,172
Long-term deposits		(1,000)	-
Net cash generated from operating activities		1,301,752	1,535,687
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(668,837)	(1,533,570)
Proceeds from sale of operating fixed assets		4,830	4,543
Net cash used in investing activities		(664,007)	(1,529,027)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing from banking companies		225,000	675,000
Repayment of long-term financing from banking companies		(979,922)	(621,439)
Dividend paid on preference shares		(725,515)	-
Net cash (used in) / generated from financing activities		(1,480,437)	53,561
Net (decrease) / increase in cash and cash equivalents		(842,692)	60,221
Cash and cash equivalents at the beginning of the year		(1,770,949)	(1,830,956)
Effect of exchange loss		(33)	(214)
Cash and cash equivalents at the end of the year		(2,613,674)	(1,770,949)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	226,476	217,494
Short-term borrowings	24	(2,840,150)	(1,988,443)
		(2,613,674)	(1,770,949)

The annexed notes from 1 to 48 form an integral part of these financial statements.

Aftab Ahmad	Tasleemuddin Ahmed Batlay	Muhammad Rashid Dastagir
Chief Executive Officer	Director	Chief Financial Officer

Statement of Changes In Equity

for the year ended June 30, 2017

	Issued, subscribed and paid-up capital		Reserves								
			Capital reserves				Revenue reserves			Sub total	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, 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
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	-	322,391	322,391	322,391	322,391
Gain on remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	-	9,429	9,429	9,429	9,429
	-	-	-	-	-	-	-	331,820	331,820	331,820	331,820
Balance as at June 30, 2016	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	404,641	717,867	3,479,168	5,850,566
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	-	602,216	602,216	602,216	602,216
Loss on remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	-	(14,242)	(14,242)	(14,242)	(14,242)
	-	-	-	-	-	-	-	587,974	587,974	587,974	587,974
Cumulative dividend paid on Preference shares	-	-	-	-	-	-	-	(725,515)	(725,515)	(725,515)	(725,515)
Balance as at June 30, 2017	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	267,100	580,326	3,341,627	5,713,025

The annexed notes from 1 to 48 form an integral part of these financial statements.

Aftab Ahmad
Chief Executive Officer

Tasleemuddin Ahmed Batlay
Director

Muhammad Rashid Dastagir
Chief Financial Officer

Notes to the Financial Statements
for the year ended June 30, 2017

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 repealed Companies Ordinance, 1984 and its ordinary shares were quoted on Pakistan Stock Exchange. 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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984 and provisions of or the directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

The financial statements of the Company have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984 as per the directive of Securities and Exchange Commission of Pakistan issued vide circular No. 17 dated July 20, 2017.

The Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 29 dated September 05, 2016, had prescribed certain additional disclosures to facilitate shariah screening of listed companies for Islamic Equity Index and encouraged all listed companies to voluntarily disclose the information. Accordingly, the Company has opted to present these disclosures in these financial statements.

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 Amendments that are effective in current year but not relevant to the Company

The Company has adopted the amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standards:

		Effective date (annual periods beginning on or after)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	January 01, 2016
IFRS 7	Financial Instruments: Disclosures	January 01, 2016
IFRS 10	Consolidated Financial Statements	January 01, 2016
IFRS 11	Joint Arrangements	January 01, 2016
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2016
IAS 1	Presentation of Financial Statements	January 01, 2016
IAS 16	Property, Plant and Equipment	January 01, 2016
IAS 19	Employee Benefits	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	January 01, 2016
IAS 38	Intangible Assets	January 01, 2016
IAS 41	Agriculture	January 01, 2016

3.2 Amendments not yet effective

The following amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 2	Share-based Payments - Amendment to clarify the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4	Insurance Contract - Amendments regarding a temporary exemption from IFRS 9 has been granted to insurers and an optional accounting policy choice has been introduced to allow an insurer to apply the overlay approach to designated financial assets when it first applies IFRS 9	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	Deferred indefinitely
IAS 7	Statement of Cash flows - The amendments in Disclosure Initiative that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities	January 01, 2017
IAS 12	Income Taxes - Amendment to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value	January 01, 2017
IAS 28	Investment in Associates and Joint Ventures - Clarification that an entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture measuring an associate or joint venture at fair value	January 01, 2018

IAS 40	Investment Property - Amendment to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property	January 01, 2018

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

3.3 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 9	Financial Instruments
IFRS 14	Regulatory Deferral Accounts
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IFRS 17	Insurance Contracts

The effects of IFRS 15 - Revenues from Contracts with Customers and IFRS 9 - Financial Instruments are still being assessed, as these new standards may have a significant effect on the Company's future financial statements.

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

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 at each financial year end, and adjusted if impact on depreciation is significant.

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 consists 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 of non-financial assets

The carrying amount of the Company's non-financial 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.

The Company reviews the carrying amount of stores and spares on a periodic basis and provision is made for slow moving and obsolescence on periodic basis.

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 which is the fair value of the consideration to be received in future for goods sold. When a trade debt is uncollectible, it is written off and charge to profit and loss account. 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 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

Borrowings are recognised initially at fair value net of transaction cost incurred. Borrowing cost are subsequently carried at amortised cost. Any difference between the proceeds received net of transaction cost and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Finance cost are accounted for on accrual basis and are shown as interest and mark up is 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 and subsequently measured at amortised cost.

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. Provision are not recognised for future operating losses. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

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 an 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 estimated reliably.

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 rights 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.

4.17 Employees benefits

The Company's employees benefits comprise of provident fund, gratuity scheme, compensated absences and medical benefits 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, 2017 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 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. All regular employees are eligible for provident fund upon their confirmation. 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 of its employees on the basis of unavailed earned leaves balance of each employee accumulated up to three years at the balance sheet date. The related expected cost thereof has been charged to profit and loss account.

4.17.3 Medical benefits

The Company maintains a health insurance policy for its entitled employees and their respective spouses. The Company contributes premium to the policy annually. Such premium is recognised as an expense in the profit and loss account in the period to which it relates.

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 borrowings 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. Incremental 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 basic and diluted 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 by the Company's shareholders at the Annual General Meeting.

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, note 35 and note 36) that have the most significant effects on the amounts 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 to these financial statements for valuation of present value of defined benefit obligation and fair value of plan assets. Any changes in these assumptions in future years might affect actuarial gains / losses recognized in those years with corresponding effect on carrying amount of defined benefit plan liability / asset.

c) Property, plant and equipment

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

d) Stores and spares

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

5 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Freehold land	Buildings on freehold land	Leasehold improvements	Plant and machinery (note 5.2 & 5.3)	Furniture and fixtures	Vehicles	Electrical and other equipments	Computers	Total
				(Rupees in thousands)					
Year ended June 30, 2017									
Net carrying value basis									
Opening net book value (NBV)	281,529	1,946,181	-	7,677,399	5,166	97,576	13,252	16,611	10,037,714
Additions (at cost)	-	73,153	-	201,767	847	16,170	4,373	1,898	298,208
Disposals (NBV)	-	-	-	-	-	(3,828)	-	(13)	(3,841)
Depreciation charge	-	(83,897)	-	(793,697)	(956)	(19,308)	(4,586)	(9,089)	(911,533)
Closing net book value (refer note 5.1)	281,529	1,935,437	-	7,085,469	5,057	90,610	13,039	9,407	9,420,548
Gross carrying value basis									
Cost	281,529	2,461,275	6,995	15,543,632	21,221	155,792	40,037	92,949	18,603,430
Accumulated depreciation / impairment	-	(525,838)	(6,995)	(8,458,163)	(16,164)	(65,182)	(26,998)	(83,542)	(9,182,882)
Net book value	281,529	1,935,437	-	7,085,469	5,057	90,610	13,039	9,407	9,420,548
Year ended June 30, 2016									
Net carrying value basis									
Opening net book value (NBV)	281,529	1,195,547	-	6,009,196	4,256	81,587	10,350	19,766	7,602,231
Additions (at cost)	-	803,222	-	2,459,241	1,806	37,539	7,003	6,282	3,315,093
Disposals (NBV)	-	-	-	-	-	(3,616)	-	(46)	(3,662)
Depreciation charge	-	(52,588)	-	(791,038)	(896)	(17,934)	(4,101)	(9,391)	(875,948)
Closing net book value (refer note 5.1)	281,529	1,946,181	-	7,677,399	5,166	97,576	13,252	16,611	10,037,714
Gross carrying value basis									
Cost	281,529	2,388,122	6,995	15,350,605	20,374	148,507	35,663	91,171	18,322,966
Accumulated depreciation / impairment	-	(441,941)	(6,995)	(7,673,206)	(15,208)	(50,931)	(22,411)	(74,560)	(8,285,252)
Net book value	281,529	1,946,181	-	7,677,399	5,166	97,576	13,252	16,611	10,037,714
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, 2017 is Rs. 3,083 million and written down value is Rs. 4.39 million (2016: Rs. 2,826 million and written down value is Rs. 3.02 million).

5.2 Plant and machinery includes gas pipeline installations with a cost of Rs. 16.87 million (written down value: Nil) [2016: Rs. 16.87 million (written down value: Nil)] that installed outside the premises of the factory but 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. 286.43 million (written down value Rs. 174.09 million) [2016: Rs. 286.43 million (written down value Rs. 201.35 million)].

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

	Note	2017	2016
		(Rupees in thousands)	
Cost of sales	27	877,086	841,071
General and administrative expenses	28	32,156	32,935
Selling and distribution expenses	29	2,291	1,942
		911,533	875,948

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						
Items having book value upto Rs. fifty thousand	8,740	8,740	-	300	Scrap (Note 5.5.1)	Various
	8,740	8,740	-	300		
Vehicle						
Honda Civic	2,448	922	1,526	1,625	Sale (Negotiation)	Mr. Syed Ahmad Ashraf (Ex-Employee)
Suzuki Cultus	1,679	1,175	504	722	Maturity of Company Car Scheme (5.5.2)	Mr. Abdul Ghaffar (Employee)
Toyota Corolla Gli	1,524	1,067	457	587	Maturity of Company Car Scheme (5.5.2)	Mr. Iftikhar Elahi (Employee)
Toyota Corolla Xli	1,424	997	427	467	Maturity of Company Car Scheme (5.5.2)	Mr. Ahmed Mansoor (Employee)
Suzuki Cultus	1,049	364	685	691	Maturity of Company Car Scheme (5.5.2)	Mr. Zuhair Ahmed (Employee)
Suzuki Cultus	555	388	167	370	Sale (Negotiation)	Mr. M. Asif Siddiqui (Employee)
Items having book value upto Rs. fifty thousand	207	145	62	68	Maturity of Company Car Scheme (5.5.2)	Various
	8,886	5,058	3,828	4,530		
Computers						
Items having book value upto Rs. fifty thousand	120	106	13	-	Scrap (Note 5.5.1)	Various
Total - 2017	**17,746**	**13,904**	**3,841**	**4,830**		
Total - 2016	19,231	15,570	3,661	4,543		

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.

6 CAPITAL WORK-IN-PROGRESS

	2017	2016
	(Rupees in thousands)	
This comprises of:		
Civil works	**2,705**	21,963
Plant and machinery	**297,798**	7,597
Advances to suppliers	**1,775**	19,477
	302,278	49,037

6.1 Movement of carrying amount

	Note	Building	Plant and machinery	Total
		(Rupees in thousands)		
Year ended June 30, 2017				
Opening balance		**21,962**	**27,074**	**49,036**
Additions (at cost)	6.2	**53,896**	**449,048**	**502,944**
Transferred to operating fixed assets		**(73,153)**	**(176,549)**	**(249,702)**
Closing balance		**2,705**	**299,573**	**302,278**
Year ended June 30, 2016				
Opening balance		327,215	1,484,962	1,812,177
Additions (at cost)	6.2	497,969	942,556	1,440,525
Transferred to operating fixed assets		(803,222)	(2,400,444)	(3,203,666)
Closing balance		21,962	27,074	49,036

6.2 This includes borrowing costs capitalized amounting to nil (2016: Rs. 150.714 million) at an average rate of nil (2016: 7.33 %) per annum.

	Note	2017	2016
		(Rupees in thousands)	
7 INTANGIBLE ASSETS			
Intangible assets		1,685	2,390
7.1 Net carrying value basis			
Opening net book value		2,390	3,645
Amortization charge	28	(705)	(1,255)
Closing net book value		1,685	2,390
Gross carrying value basis			
Cost		62,013	62,013
Accumulated amortization		(60,328)	(59,623)
Net book value		1,685	2,390
Amortization rate % per annum		20 – 33.33	20 – 33.33
8 LONG-TERM LOANS AND ADVANCES			
(Unsecured - considered good)			
Long-term loans	8.1	86	184
Long-term advance to supplier	8.5	4,773	698
		4,859	882
8.1 Long-term loans			
Due from employees	8.3	202	690
Current portion shown under current assets	12	(116)	(506)
	8.4	86	184
8.2 Outstanding period is as under:			
More than one year but less than three years		86	184

8.3 These loans are in the normal course of business which do not carry any mark-up or interest in accordance with their terms of employment.

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

8.5 This represents advances to suppliers against vehicles in the normal course of business and does not carry any interest or mark-up.

	Note	2017	2016
		(Rupees in thousands)	
9 STORES AND SPARES			
Stores	9.1	729,605	723,838
Spares			
in hand		413,612	398,730
in transit	9.2	256,144	42,839
		669,756	441,569
		1,399,361	1,165,407
Provision for slow moving stores and spares	9.3	(34,810)	(28,810)
	9.4	1,364,551	1,136,597

9.1 This includes fuel for power and steam generation amounting to Rs. 131.19 million (2016: Rs. 118.07 million).

9.2 This includes coal in transit amounting to Rs. 218.31 million (2016: Rs. 5.4 million).

	Note	2017	2016
		(Rupees in thousands)	
9.3 Provision for slow moving stores and spares comprises:			
Balance at the beginning of the year		28,810	25,725
Provision recognized during the year	27	6,000	3,085
Balance at the end of the year		34,810	28,810

9.4 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	2017	2016
		(Rupees in thousands)	
10 STOCK-IN-TRADE			
Raw materials			
in hand		1,110,602	1,085,198
in transit		419,043	217,260
		1,529,645	1,302,458
Work-in-process		96,961	50,053
Finished goods		336,485	379,353
		1,963,091	1,731,864
11 TRADE DEBTS			
(Unsecured - considered good)			
Due from associated undertakings	11.1	129,347	119,051
Others		1,456,031	1,146,381
	11.4	1,585,378	1,265,432

		Note	2017	2016
			(Rupees in thousands)	
11.1	This comprises of amounts receivable from:			
	Merit Packaging Limited		73,317	73,208
	Colgate-Palmolive (Pakistan) Limited		56,030	45,843
		11.2	129,347	119,051

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

	Note	2017	2016
Not past due		129,347	112,717
Past due by 1 to 30 days		-	6,334
	11.3	129,347	119,051

11.3 The maximum amount due from related parties at the end of any month during the year was Rs. 187.21 million (2016: Rs. 209.70 million).

11.4 These are in the normal course of business and interest free.

	Note	2017	2016
		(Rupees in thousands)	
12 LOANS AND ADVANCES			
(Unsecured - considered good)			
Loans			
Current portion of long-term loans	8.1	116	506
Advances			
to employees	12.1	1,183	1,844
to suppliers	12.2	5,936	12,849
		7,119	14,693
	12.3	7,235	15,199

12.1 This includes advances provided to employees to meet business expenses and are settled as and when the expenses are incurred. These advances do not carry any interest or mark-up.

12.2 This represents advances to suppliers in the normal course of business and does not carry any interest or mark-up.

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

	Note	2017	2016
		(Rupees in thousands)	
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits	13.1	773	80
Prepayments		84,374	79,453
		85,147	79,533

13.1 This represents short term deposits in the normal course of business and does not carry any interest or mark-up.

		Note	2017	2016
			(Rupees in thousands)	
14	**OTHER RECEIVABLES**			
	(Unsecured - considered good)			
	Due from associated undertakings			
	Insurance agency commission		1,616	836
	Others		2,093	3,174
		14.1	3,709	4,010
	Others		156	326
		14.2	3,865	4,336

14.1 This comprises of amounts receivable from:

	2017	2016
Century Insurance Company Limited	2,418	1,523
SIZA (Private) Limited	687	649
Merit Packaging Limited	172	1,419
Accuray Surgical (Private) Limited	-	60
Anchor Commodities (Private) Limited	55	55
GAM Corporation (Private) Limited	-	55
Cyber Internet Services (Private) Limited	137	21
Sybrid (Private) Limited	240	228
	3,709	4,010

14.2 These are in the normal course of business and interest free.

15 TAXATION - NET

15.1 The income tax assessments of the Company have been finalized upto Tax Year 2016 (accounting year ended June 30, 2016). However, the return for the Tax Year 2015 has been selected for audit under Section 177 of the Income Tax Ordinance, 2001 pending assessment order. Adequate provisions have been made in these financial statements for the year ended June 30, 2017 (Tax year 2017).

15.2 Deputy Commissioner Inland Revenue has made certain disallowances for expenses for the Tax Year 2009, 2011, 2012 and 2015 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 for the Tax Year 2009, 2011 and 2012 before Income Tax Appellate Tribunal and filed appeal against order of the Deputy Commissioner Inland Revenue for the Tax Year 2015 before Commissioner (Appeals), which are pending adjudication except for Tax Year 2012, in respect of which Income Tax Appellate Tribunal has decided in favour of the tax department and the Company has filed appeal against the decision in the High Court of Sindh.

		2017	2016
		(Rupees in thousands)	
16	**CASH AND BANK BALANCES**		
	Cash at bank in current account		
	Islamic mode	498	499
	Conventional mode	89,740	133,963
		90,238	134,462
	Cheques in hand	132,831	79,174
	Cash in hand	3,407	3,858
		226,476	217,494

17 ORDINARY SHARES

Number of ordinary shares of Rs. 10/- each 2017	2016		2017 (Rupees in thousands)	2016
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 2017	2016		2017	2016
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 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.

During the year, the Company has declared and paid cumulative preference dividend amounting to Rs. 725.51 million. The cumulative preference dividend as at the balance sheet date amounted to Rs. 3.63 million (June 30, 2016: Rs. 664.16 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 repealed Companies Ordinance, 1984.

19 RESERVES

	Note	2017	2016
		(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		267,100	404,641
		580,326	717,867
		3,341,627	3,479,168

19.1 This reserve can be utilized by the Company only for the purposes specified in Section 81(3) of the Companies Act, 2017.

19.2 This represents reserve created for preference shares redeemed through cash to comply with Section 85(c) of the repealed Companies Ordinance, 1984.

19.3 This represents amount created 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	2017	2016
		(Rupees in thousands)	
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Islamic mode			
Meezan Bank Limited - Musharaka - 1	20.1	600,000	900,000
Meezan Bank Limited - Musharaka - 2	20.2	637,500	675,000
Faysal Bank Limited - Term loan	20.3	31,816	74,238
		1,269,316	1,649,238
Conventional mode			
Syndicated - Consortium of Banks	20.4	1,275,000	1,350,000
Allied Bank Limited - Term loan	20.5	525,000	825,000
		1,800,000	2,175,000
		3,069,316	3,824,238
From associated undertaking - unsecured	20.6	1,000,000	1,000,000
		4,069,316	4,824,238
Current portion shown under current liabilities			
Islamic mode		(481,816)	(443,672)
Conventional mode		(600,000)	(502,500)
		(1,081,816)	(946,172)
		2,987,500	3,878,066

20.1 This represents Diminishing Musharaka Arrangement with Meezan Bank Limited amounting to Rs. 1,500 million. The tenor of the facility is six years including one year grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from August 2014.

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

The rate of mark up is equal to base rate plus 0.50% (June 30, 2016: 0.90%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the year the effective mark up rate was 6.64 % (June 30, 2016: 7.54%) per annum.

During the year, Al-Baraka Bank (Pakistan) Limited which was member to the Syndicate has novated its share to Meezan Bank Limited.

20.2 This represents Diminishing Musharaka Arrangement of Rs. 750 million with Meezan Bank Limited for financing expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments commencing from November 2016.

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

The rate of mark up is equal to base rate plus 0.50% (June 30, 2016: 0.75%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the year, the effective mark up rate was 6.63 % (June 30, 2016: 7.35%) per annum.

20.3 This term finance facility has been obtained 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 instalments which commenced 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 day prior to the beginning of each installment period. During the year, the effective mark up rate was 6.84 % (June 30, 2016: 7.23%) per annum.

20.4 This represents Syndicated Term Financing Arrangement with Consortium of MCB Bank Limited and Allied Bank Limited amounting to Rs. 1,500 million for financing expenditure incurred on 18 MW Coal Based Co-Generation Power Plant. The tenor of the facility is seven years with two years grace period. This finance facility is repayable in twenty equal quarterly installments which commenced from November 2016.

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

The rate of mark up is equal to base rate plus 0.50% (June 30, 2016: 0.75%). Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the year, the effective mark up rate was 6.63% (June 30, 2016: 7.35%) per annum.

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

The finance facility is secured by way of mortgage of immovable properties of the Company and first 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 0.50% (June 30, 2016: 0.90%). Base rate is equal to average of three months KIBOR of the last six business days prior to the beginning of each installment period. During the year, the effective mark up rate was 6.57% (June 30, 2016: 7.48%) per annum.

20.6 This loan has been obtained from SIZA Commodities (Private) Limited, an associated company, amounting to Rs. 1,000 million. The loan has been rescheduled on June 30, 2016 and is now repayable after two years from the date of agreement i.e. July 2018.

The rate of mark up is 0.50% (June 30, 2016: 0.90%) over average of three months KIBOR of the last one day of preceding quarter. During the year, the effective mark up rate was 6.58% (June 30, 2016: 7.51%) per annum.

	Note	2017	2016
		(Rupees in thousands)	

21 DEFERRED TAXATION

	Note	2017	2016
Deferred taxation	21.1	934,494	695,234

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

	2017	2016
Deferred tax liabilities		
Accelerated tax depreciation allowance	1,546,124	1,606,182
Deferred tax assets		
Tax losses carried forward	217,482	545,121
Turnover tax / Alternative Corporate tax	349,597	326,406
Provision for slow moving stores and spares	10,443	8,643
Provision for compensated absences	16,564	15,780
Others	17,544	14,998
	(611,630)	(910,948)
	934,494	695,234

21.2 The gross movement in the deferred tax liability during the year is as follow:

	2017	2016
Balance as at July 01	695,234	578,499
Charge to profit and loss account	245,364	112,694
Charge recognised in other comprehensive income	(6,104)	4,041
	934,494	695,234

		Note	2017	2016
			(Rupees in thousands)	
22	**TRADE AND OTHER PAYABLES**			
	Creditors	22.1	523,739	510,181
	Foreign bills payable		326,368	125,058
	Accrued liabilities	22.2	626,617	510,220
	Customers' balances		147,323	89,877
	Gratuity payable	35.4	58,479	49,992
	Workers' Profit Participation Fund	22.3	48,539	23,437
	Sales tax payable - net		24,138	10,172
	Workers' Welfare Fund	30	18,445	8,906
	Provident fund payable		6,505	6,182
	Retention money payable		1,004	204,136
	Unclaimed dividend		724	724
	Other liabilities		60,261	42,053
			1,842,142	1,580,938

22.1 The aggregate amount of the outstanding balance of associated undertakings as at June 30, 2017 is Rs. 56.49 million (2016: Rs. 89.42 million).

22.2 This includes an amount of Rs. 410.97 million (2016: Rs. 399.20 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Company has filed an appeal in Honorable Sindh High Court. The Sindh High Court declared the GIDC Act 2015 as null and void through its judgement dated October 26, 2016. Subsequently, based on appeal filed by the Government, the Sindh High Court suspended the aforesaid judgement till the disposal of appeal. The matter is pending for hearing of appeal.

However, the Company has recorded a provision in the financial statements against GIDC as liability for the period from August 2014 to February 2016 and May 2017 to June 2017. No GIDC was levied by the Sui Northern Gas Pipeline Limited (SNGPL) from the month of March 2016 to April 2017.

		Note	2017	2016
			(Rupees in thousands)	
22.3	**Workers' Profit Participation Fund**			
	Balance at July 01		23,437	-
	Interest on funds utilized in Company's business	32	461	-
	Allocation for the year	30	48,539	23,437
			72,437	23,437
	Amount paid during the year		(23,898)	-
	Balance at June 30		48,539	23,437

	Note	2017	2016
		(Rupees in thousands)	

23 INTEREST AND MARK UP ACCRUED

Interest and mark up accrued on:			
Long-term financing			
Islamic mode		11,173	15,246
Conventional mode		11,652	12,476
		22,825	27,722
Short-term borrowings			
Islamic mode		3,105	4,582
Conventional mode		12,423	9,026
		15,528	13,608
		38,353	41,330

24 SHORT TERM BORROWINGS

From banking companies - secured			
Running finances			
Islamic mode		71,408	288,019
Conventional mode		1,355,634	1,229,847
	24.1	1,427,042	1,517,866
Import credit finances - Conventional mode	24.2	574,308	470,577
Short term loan - Conventional mode	24.3	838,800	-
	24.4	2,840,150	1,988,443

24.1 The Company has available aggregate short term running finance facilities amounting to Rs. 3,060 million (June 30, 2016: Rs. 2,860 million). Mark up rates are linked with KIBOR from one to three months plus spreads ranging from 0.30% to 1.25% per annum (2016: from 0.30% 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. 3,030 million (2016: Rs. 2,830 million). The FE loan of USD 5.47 million has been utilized at year end. This facility is priced at one month and three months LIBOR plus spread ranging between 1.50% to 3.00% per annum (2016: from 1.75% to 3.23% per annum).

24.3 This loan has been obtained from Standard Chartered Bank, UK - Dubai International Finance Center branch through Standard Chartered Bank (Pakistan) Limited amounting to USD 8.00 million equivalent to fixed amount of Rs. 838.80 million for meeting working capital requirements. The tenor of the loan is six months i.e. from June 12, 2017 to December 12, 2017. The price of loan is six months KIBOR minus 0.20%. As per the terms of agreement, Standard Chartered Bank (Pakistan) Limited has obtained forward cover on behalf of the Company to hedge foreign currency risk.

24.4 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.

24.5 Aggregate facilities for opening of letters of credit and guarantees amounting to Rs. 4,246 million (2016: Rs. 4,046 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. 521 million (2016: Rs. 447 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 30 million (2016: nil) furnished to Excise and Taxation Department during the year.

b) Sales tax

Four cases of inadmissible input sales tax amounting to Rs. 87.31 million were adjudicated against the Company by Deputy Commissioner Inland Revenue. The appeals were filed by the Company against these orders at respective forum. These cases were remanded back to the adjudicating authorities by the Appellate Authorities with the direction to verify the compliance of the Company with the relevant provisions of the Sales Tax Act, 1990. No provision has been made in these financial statements 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.

c) Gas Infrastructure Development Cess

Sui Northern Gas Pipeline Limited has charged an amount of Rs. 152.72 million (2016: Rs. 69.32 million) on account of late payment surcharge on GIDC of Rs. 410.97 million (Note 22.2) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. On the appeal filed by the Company, the Honorable Sindh High Court by their judgement, suspended the levy and declared the GIDC Act 2015 as null and void. Subsequent to the judgment, based on appeal filed by the Government, the Sindh High Court suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable Sindh High Court. No provision has been made in these financial statements for late payment surcharge as the management is of the opinion, based on advice of legal advisor that the Company is not liable to pay late payment surcharges and expects 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. 1,101.44 million (2016: Rs. 702.52 million).

b) Capital expenditure including letters of credit amounting to Rs. 10.93 million (2016: Rs.112.70 million).

26 SALES

	2017	2016
	(Rupees in thousands)	
Gross sales	**18,021,243**	15,602,566
Sales tax	**(2,620,086)**	(2,213,436)
	15,401,157	13,389,130

Notes to the Financial Statements
for the year ended June 30, 2017

		Note	2017	2016
			(Rupees in thousands)	
27	**COST OF SALES**			
	Materials consumed		8,566,475	7,739,036
	Fuel and power		2,414,681	1,909,960
	Depreciation on property, plant and equipment	5.4	877,086	841,071
	Salaries, wages and other benefits	27.1	701,493	643,095
	Repairs, maintenance and stores consumption		607,934	632,805
	Packing expenses		360,127	299,867
	Insurance		73,737	66,858
	Provision for slow moving stores and spares	9.3	6,000	3,085
	Rent, rates and taxes		6,135	5,699
	Manufacturing cost		13,613,668	12,141,476
	Work-in-process			
	Opening stock		50,053	298,416
	Closing stock		(96,961)	(50,053)
			(46,908)	248,363
	Cost of goods manufactured		13,566,760	12,389,839
	Finished goods			
	Opening stock		379,353	111,365
	Closing stock		(336,485)	(379,353)
			42,868	(267,988)
			13,609,628	12,121,851

27.1 Salaries, wages and other benefits includes Rs. 44.69 million (2016: Rs. 43.19 million) in respect of staff retirement benefits.

		Note	2017	2016
			(Rupees in thousands)	
28	**GENERAL AND ADMINISTRATIVE EXPENSES**			
	Salaries and other benefits	28.1	223,649	214,039
	Depreciation on property, plant and equipment	5.4	32,156	32,935
	Information technology charges		18,236	18,237
	Rent, rates and taxes		9,134	8,861
	Amortization on intangible assets	7.1	705	1,255
	Security service charges		40,025	36,990
	Repairs and maintenance		8,538	21,247
	Travelling and conveyance		14,748	12,231
	Electricity		9,286	10,651
	Printing, stationery and periodicals		6,390	6,794
	Business promotion expenses		3,885	6,318
	Fee and subscription		2,729	3,813
	Telephone and postage		3,012	3,271
	Insurance		2,100	2,192
	Advertisement		542	502
			375,135	379,336

28.1 Salaries and other benefits include Rs. 14.47 million (2016: Rs. 14.37 million) in respect of staff retirement benefits.

	Note	2017	2016
		(Rupees in thousands)	
29 SELLING AND DISTRIBUTION EXPENSES			
Selling expenses			
Salaries and other benefits	29.1	42,914	42,431
Insurance		597	452
Electricity		845	679
Depreciation on property, plant and equipment	5.4	2,291	1,942
Travelling and conveyance		1,566	1,825
Rent, rates and taxes		1,736	1,745
Telephone and postage		160	174
		50,109	49,248
Distribution expenses			
Outward freight		64,979	64,623
		115,088	113,871

29.1 Salaries and other benefits include Rs. 3.35 million (2016: Rs 3.26 million) in respect of staff retirement benefits.

	Note	2017	2016
		(Rupees in thousands)	
30 OTHER OPERATING CHARGES			
Legal and professional charges		30,879	9,147
Auditors' remuneration			
Statutory audit		925	880
Half yearly review		175	165
Fee for other services		105	134
Reimbursement of expenses		152	144
		1,357	1,323
Workers' Profit Participation Fund	22.3	48,539	23,437
Workers' Welfare Fund	22	18,445	8,906
Net exchange loss - Conventional mode		797	-
Donation	30.1	1,000	-
Others		3,410	3,268
		104,427	46,081

30.1 During the year, a donation was paid to Family Education Service Foundation (FESF). None of Directors has any interest in the donee.

	Note	2017	2016
		(Rupees in thousands)	
31 OTHER INCOME			
Income from financial assets			
Profit on bank deposit accounts		735	-
Income from non-financial assets			
Sale of scrap		53,503	52,054
Insurance agency commission from associated company		10,300	9,669
Gain on sale of operating fixed assets - net		988	882
Net exchange gain - Conventional mode		-	955
Others	31.1	48,333	576
		113,124	64,136
		113,859	64,136

31.1 This includes net amount of Rs. 47.488 million in favor of the Company pursuant to settlement agreement for 18 MW Coal Based Co-Generation Power Plant entered into between the Company and Runh Power Corporation Limited, China (the vendor) dated November 18, 2016. This amount was settled against retention money payable to vendor.

32 FINANCE COST

	Note	2017	2016
		(Rupees in thousands)	
Long term financing			
Islamic mode		93,845	62,833
Conventional mode		142,220	109,596
		236,065	172,429
Long term financing from associated company		65,822	75,341
Short term borrowings			
Islamic mode		13,131	4,932
Conventional mode		86,168	84,168
		99,299	89,100
Workers' Profit Participation Fund	22.3	461	-
		401,647	336,870
Net exchange loss on import credit finances		210	15,536
Bank charges and commission		5,088	3,345
		406,945	355,751

33 TAXATION

	Note	2017	2016
For the year			
Current	33.1	56,213	-
Prior		-	1,291
Deferred		245,364	112,694
		301,577	113,985

33.1 This represents net tax liability for the year as current year tax charge of Rs. 188.18 million including minimum tax of Rs. 154.01 million under Section 113 of Income Tax Ordinance, 2001 has been partially adjusted against tax credit of Rs. 131.97 million arising under Section 65B at the rate of 10% on the cost of plant and machinery capitalised during the year. This includes Super Tax, which has been provided in accordance with the provisions of Section 4B of the Income Tax Ordinance, 2001.

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

	2017 %age	2016 %age
Applicable tax rate	31.00	32.00
Effect of Super Tax	3.65	-
Others	(1.28)	(5.77)
	2.37	(5.77)
Average effective tax rate	33.37	26.23

33.3 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

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

	2017	2016
	(Rupees in thousands)	
Profit for the year	602,216	322,391
Less: Dividend attributable to cumulative preference shares	(64,437)	(63,896)
Profit attributable to ordinary shareholders	537,779	258,495
Weighted average number of ordinary shares (in thousands)	147,018	147,018
Earnings per share attributable to ordinary shareholders (Rupees)	3.66	1.76

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

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, 2017 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.

Mortality risk - The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawal risk - The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

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.

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:

	2017 %age	2016 %age
Discount rate	7.75	7.25
Expected rate of return on plan assets	7.25	9.75
Expected rate of increase in salary	7.75	7.25

	Note	2017 (Rupees in thousands)	2016 (Rupees in thousands)
35.3 Reconciliation of balance due to defined benefit plan			
Present value of defined benefit obligation		445,362	395,453
Fair value of plan assets		(386,883)	(345,461)
Closing net liability		58,479	49,992
35.4 Movement of the liability recognized in the balance sheet			
Opening net liability		49,992	74,690
Charge for the year	35.8	25,928	27,017
Remeasurement chargeable to other comprehensive income	35.9	20,346	(13,470)
Contribution made during the year		(37,787)	(38,245)
Closing net liability	22	58,479	49,992
35.5 Fair value of plan assets at year end			
Government securities		24,000	256,081
Term Deposit Receipt (TDR)		229,000	-
Term Finance Certificates / Certificates of Investment		8,731	8,733
Mutual funds / Shares		104,074	32,307
Cash at banks		23,717	50,648
Others		(2,639)	(2,308)
		386,883	345,461
35.6 Movement in present value of defined benefit obligations			
Opening present value of defined benefit obligations		395,453	338,942
Current service cost for the year		23,769	21,771
Interest cost for the year		28,266	32,603
Benefits due but not paid during the year		(2,638)	(2,308)
Benefits paid during the year		(8,522)	(6,794)
Remeasurement loss on obligation		9,035	11,239
Closing present value of defined benefit obligations		445,363	395,453

	2017	2016
	(Rupees in thousands)	

35.7 Movement in fair value of plan assets

	2017	2016
Opening fair value of plan assets	345,461	264,252
Remeasurement (loss) / gain on plan assets	(11,311)	24,708
Contributions during the year	37,786	38,246
Benefits paid during the year	(8,522)	(6,794)
Benefits due but not paid during the year	(2,638)	(2,308)
Expected return on plan assets	26,107	27,357
Closing fair value of plan assets	386,883	345,461

35.8 Charge for the year

	2017	2016
Current service cost	23,769	21,771
Interest cost	28,266	32,603
Expected return on plan assets	(26,107)	(27,357)
Charge for the year	25,928	27,017

35.9 Remeasurement chargeable to other comprehensive income

	2017	2016
Remeasurement loss on defined benefit obligation	9,035	11,238
Remeasurement loss / (gain) on plan assets	11,311	(24,708)
	20,346	(13,470)
Tax impact at 30% (2016: 30%)	(6,104)	4,041
	14,242	(9,429)

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	(29,039)	33,044
Salary increase	33,318	(29,835)

35.11 Maturity Profile

Time in year		
1	57,247	52,877
2	45,884	23,043
3	54,842	43,028
4	45,670	51,182
5-10	281,573	243,762
Weighted average duration	7 years	7 years

35.12 The charge in respect of defined benefit plan for the year ending June 30, 2018 is estimated to be Rs. 29.07 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. 475.95 million (2016: Rs. 430.78 million).

36.2 As intimated by the Trustees, the cost of the investments made at year end was Rs. 471.64 million (2016: Rs. 404.79 million) which is equal to 99% of the total fund size. The fair value of the investments was Rs. 491.22 million (2016: Rs. 410.10 million) at that date. The category wise break up of investment as per Section 218 of the Companies Act, 2017 is given below:

	2017		2016	
	Rupees in thousand	Percentage	Rupees in thousand	Percentage
Government securities	31,000	6	323,345	79
Listed securities (Mutual funds)	137,227	28	76,483	19
Term Finance Certificates	9,996	2	10,275	2
Bank Term Deposit	313,000	64	-	-
	491,223	100	410,103	100

36.3 According to the Trustees, investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules made there under.

37 CASH GENERATED FROM OPERATIONS

	Note	2017 (Rupees in thousands)	2016 (Rupees in thousands)
Profit before taxation		903,793	436,376
Adjustment for non-cash charges and other items:			
Depreciation on property, plant and equipment		911,533	875,948
Amortization of intangible assets		705	1,256
Gain on sale of operating fixed assets		(988)	(882)
Provision for gratuity		25,927	27,017
Provision for slow moving / obsolete			
Stores and spares		6,000	3,085
Workers' Profit Participation Fund		48,539	23,437
Finance cost	32	406,945	355,751
Effect of exchange loss		33	215
Working capital changes	37.1	(428,398)	343,487
		1,874,089	2,065,690

37.1 Changes in working capital

	2017	2016
(Increase) / decrease in current assets:		
Stores and spares	(233,954)	(57,209)
Stock-in-trade	(231,227)	250,470
Trade debts	(319,946)	(91,808)
Loans and advances	7,964	957
Trade deposits and short term prepayments	(5,614)	(461)
Other receivables	471	(1,521)
Tax refunds due from Government	8,906	-
	(773,400)	100,428
Increase in current liabilities:		
Trade and other payables	345,002	243,059
	(428,398)	343,487

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:

	2017				2016			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	8,934	9,060	128,482	146,476	8,237	9,060	118,905	136,202
House rent	4,020	-	53,844	57,864	3,707	-	49,915	53,622
Bonus	1,489	-	19,877	21,366	2,002	-	25,040	27,042
Staff retirement benefits	2,542	-	23,284	25,826	2,322	-	21,250	23,572
Medical	893	900	12,848	14,641	824	900	11,891	13,615
Utilities	-	4,021	319	4,340	-	4,260	299	4,559
Others	8	-	5,120	5,128	8	-	4,517	4,525
Total	17,886	13,981	243,774	275,641	17,100	14,220	231,817	263,137
Number of persons	1	1	118	120	1	1	108	110

b) Aggregate amount charged in these financial statements in respect of Directors' fee for attending Board and Audit Committee meetings amounted to Rs. 250,000 (2016: Rs. 200,000) and Rs. 200,000 (2016: Rs. 200,000) 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	Nature of Relation	Note	2017	2016
			(Rupees in thousands)	
Sale of goods, Services and Reimbursement of expenses				
Merit Packaging Limited	Associated company		982,846	969,840
Colgate Palmolive (Pakistan) Limited	Associated company		543,114	477,140
Century Insurance Company Limited	Associated company		2,943	2,927
SIZA (Private) Limited	Associated company		2,698	2,470
Cyber Internet Services (Private) Limited	Associated company		265	135
Sybrid (Private) Limited	Associated company		944	876
Ice Animation (Private) Limited	Associated company		-	187
Others	Associated company		-	170
Purchase of goods, Services and Reimbursement of expenses				
Century Insurance Company Limited	Associated company		125,909	200,279
Merit Packaging Limited	Associated company		27,675	34,277
Lakson Business Solutions Limited	Associated company		3,056	4,146
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking		2,968	3,536
Princeton Travels (Private) Limited	Associated company		10,290	7,905
SIZA Services (Private) Limited	Associated company		2,736	3,168
Cyber Internet Services (Private) Limited	Associated company		1,873	1,356
SIZA (Private) Limited	Associated company		619	659
SIZA Foods (Private) Limited	Associated company		118	116
Tetley Clover (Private) Limited	Associated company		-	432
Colgate Palmolive (Pakistan) Limited	Associated company		78	47
Express Publications (Private) Limited	Associated company		143	192
Sybrid (Private) Limited	Associated company		-	106
GAM Corporation (Private) Limited	Associated company		290	-
Rent and other allied charges				
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking		5,671	5,419
SIZA (Private) Limited	Associated company		2,646	2,562
SIZA Services (Private) Limited	Associated company		592	-
SIZA Commodities (Private) Limited	Associated company		248	347
Insurance Agency Commission				
Century Insurance Company Limited	Associated company		10,300	9,668
Mark up Accrued				
SIZA Commodities (Private) Limited	Associated company		65,822	75,341
Dividend on Preference Shares				
SIZA (Private) Limited	Associated company		429,083	-
SIZA Services (Private) Limited	Associated company		161,615	-
SIZA Commodities (Private) Limited	Associated company		73,418	-
Premier Fashions (Private) Limited	Associated company		61,398	-
Others				
Contribution to Staff Retirement Benefit Plans	Employees Fund		74,363	72,618
Remuneration and other benefits	Key Management Personnel	39.2	275,641	263,137

	2017	2016
	(Rupees in thousands)	

39.1 Year end balances

	2017	2016
Receivable from related parties	133,056	123,061
Payable to related parties	92,942	89,423
Payable to Retirement Benefit Plan	64,984	56,174
Long-term financing from associated undertaking	1,000,000	1,000,000

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

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

40 CAPACITY AND PRODUCTION - TONNES

	2017		2016	
	Annual capacity on three shifts	Actual production	Annual capacity on three shifts	Actual production
Paper and paper board produced	240,000	214,468	240,000	186,416
Paper and paper board conversion	30,000	24,584	30,000	23,723

40.1 The Company has achieved full capacity utilization of its Packaging Board machines. However, the Company could not achieve installed capacity of its Paper and Uncoated Board Machines due to market conditions.

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

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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. 1,820.52 million (2016: Rs. 1,490.86 million), the financial assets which are subject to credit risk amounted to Rs. 1,817.12 million (2016: Rs. 1,487.00 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2017	2016
	(Rupees in thousands)	
Loans and deposits	4,804	3,599
Trade debts	1,585,378	1,265,432
Other receivables	3,865	4,336
Bank balances	223,069	213,636
	1,817,116	1,487,003

The aging of trade receivable at the reporting date is:

	2017	2016
Not past due	1,153,414	800,785
Past due 1-30 days	327,480	374,641
Past due 30-90 days	96,294	79,851
Past due 90 days	8,190	10,155
	1,585,378	1,265,432

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.

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, 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)						
2017							
Long-term financing	4,069,316	4,552,228	655,254	647,306	1,147,185	2,102,482	-
Trade and other payables	1,415,774	1,415,774	1,415,774	-	-	-	-
Interest and mark-up accrued	38,353	38,353	38,353	-	-	-	-
Short-term borrowings	2,840,150	2,870,429	2,870,429	-	-	-	-
	8,363,593	8,876,784	4,979,810	647,306	1,147,185	2,102,482	-
2016							
Long-term financing	4,824,238	5,561,131	564,907	675,751	1,286,841	2,930,562	103,070
Trade and other payables	1,296,754	1,296,754	1,296,754	-	-	-	-
Interest and mark-up accrued	41,330	41,330	41,330	-	-	-	-
Short-term borrowings	1,988,443	1,993,652	1,993,652	-	-	-	-
	8,150,765	8,892,867	3,896,643	675,751	1,286,841	2,930,562	103,070

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:

	2017	2016
	(Rupees in thousands)	
Foreign bills payable	326,368	125,058
Import credit finances	574,308	470,577
Retention money payable	-	150,984
Gross balance sheet exposure	900,676	746,619
Outstanding letter of credits	1,110,601	803,282
Net exposure	2,011,277	1,549,901

The following significant exchange rates have been applied.

	Average rate		Reporting date rate	
	2017	2016	2017	2016
	Rupees			
USD to PKR	104.85	104.43	104.90	104.85

At reporting date, if the PKR had strengthened by 10% against the US Dollar with all other variables held constant, post-tax profit for the year would have been higher 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	
	2017	2016	2017	2016
	(Rupees in thousands)			
Effect on profit	138,254	104,967	138,320	105,389

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

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

b) Interest rate risk

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

	2017	2016	2017	2016
	Effective rate (In percent)		Carrying amount (Rupees in thousands)	
Financial liabilities				
Variable rate instruments				
Long term loans	6.58 to 7.11	7.13 to 7.52	4,069,316	4,824,238
Short term borrowings	1.95 to 5.96	5.60 to 7.25	2,840,150	1,988,443

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increase / (decrease) 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, 2017		
Cash flow sensitivity - Variable rate financial liabilities	(47,675)	47,675
As at June 30, 2016		
Cash flow sensitivity - Variable rate financial liabilities	(45,645)	45,645

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

41.5 Financial instruments by category

	2017	2016
	(Rupees in thousands)	
Financial assets		
Loans and receivables at amortised cost		
Long term loans and deposits	4,804	3,599
Trade debts	1,585,378	1,265,432
Other receivables	3,865	4,336
Cash and bank balances	226,476	217,494
	1,820,523	1,490,861
Financial liabilities		
Financial liabilities at amortised cost		
Long term financing	4,069,316	4,824,238
Trade and other payables	1,415,774	1,296,754
Interest and mark-up accrued	38,353	41,330
Short-term borrowings	2,840,150	1,988,443
	8,363,593	8,150,765

42 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset either directly that is, derived from prices.
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

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 10, 2017 by the Board of Directors of the Company.

45 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Director in their meeting held on August 10, 2017 authorized the Company to obtain long-term loan from the Sponsor Director of the Company, Mr. Iqbal Ali Lakhani, amounting to Rs. 650 million. The loan will be unsecured and the tenor of the loan shall be two years. The rate of mark-up shall be three months KIBOR plus 0.5% payable on quarterly basis.

46 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.

47 NUMBER OF EMPLOYEES

The number of employees as at year end was 1,548 (2016: 1,521) and average number of employees during the year was 1,534 (2016: 1,524).

48 GENERAL

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

Aftab Ahmad	Tasleemuddin Ahmed Batlay	Muhammad Rashid Dastagir
Chief Executive Officer	Director	Chief Financial Officer

Pattern of Shareholding
as at June 30, 2017

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

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
576	1	100	9,918
275	101	500	93,975
187	501	1,000	164,247
387	1,001	5,000	1,004,964
120	5,001	10,000	930,812
49	10,001	15,000	616,342
36	15,001	20,000	651,092
29	20,001	25,000	682,147
11	25,001	30,000	305,577
11	30,001	35,000	367,763
6	35,001	40,000	226,866
5	40,001	45,000	212,373
13	45,001	50,000	638,841
5	50,001	55,000	265,911
2	55,001	60,000	119,502
5	60,001	65,000	315,091
2	65,001	70,000	136,862
3	70,001	75,000	219,763
5	80,000	85,000	414,000
2	85,001	90,000	175,750
3	90,001	95,000	277,115
5	95,001	100,000	496,425
3	105,001	110,000	326,413
2	110,001	115,000	225,000
3	120,000	125,000	363,220
1	135,001	140,000	138,000
1	140,001	145,000	142,031
2	150,000	155,000	300,000
1	155,001	160,000	155,500
1	160,001	165,000	164,500
2	170,001	175,000	344,030
2	175,001	180,000	353,855
1	190,001	195,000	194,500
3	195,001	200,000	598,400
1	205,001	210,000	208,500
1	210,001	215,000	210,410
1	225,001	230,000	226,000
1	230,001	235,000	232,000
3	235,001	240,000	718,500
1	255,001	260,000	259,000

Pattern of Shareholding

as at June 30, 2017

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
2	300,000	305,000	603,600
2	315,001	320,000	635,000
1	345,000	350,000	345,000
1	350,001	355,000	352,500
1	375,001	380,000	379,000
2	380,001	385,000	764,500
1	400,000	405,000	400,000
1	430,001	435,000	433,500
1	485,000	490,000	485,000
1	625,001	630,000	629,495
1	660,001	665,000	662,000
1	700,001	705,000	700,536
1	800,001	805,000	804,000
1	820,001	825,000	824,550
1	825,001	830,000	825,500
1	900,000	905,000	900,000
1	935,001	940,000	939,000
1	1,005,001	1,010,000	1,005,100
1	1,300,001	1,305,000	1,304,000
1	1,520,001	1,525,000	1,520,500
1	1,850,001	1,855,000	1,853,386
1	2,330,001	2,335,000	2,334,050
1	2,605,001	2,610,000	2,609,500
1	2,630,001	2,635,000	2,630,950
1	3,250,001	3,255,000	3,253,537
1	3,335,001	3,340,000	3,337,500
1	5,345,001	5,350,000	5,345,731
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
1,801			147,018,345

Categories of Shareholding

as at June 30, 2017

Shareholders' Category	Shares Held	Percentage
Directors, CEO, and their spouse and minor children	63,938	0.04
Associated Companies / undertakings and related parties	100,163,810	68.13
NIT and ICP	5,346,031	3.64
Public Sector Companies and Corporation	3,253,537	2.21
Banks, Development Financial Institutions, Non Banking Financial Institutions	905,518	0.62
Modarabas and Mutual Funds	10,329,955	7.02
Insurance Companies	54,500	0.04
Shareholders holding 10% or more	72,765,433	49.49
General Public	16,113,102	10.96
Others	10,787,954	7.34

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

Information as requied under Code of Corporate Governance

as at June 30, 2017

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
Anika Amin Lakhani		1,242
MUTUAL FUNDS		
CDC-Trustee National Investment (UNIT) Trust		5,345,731
CDC-Trustee Nafa Stock Fund		3,337,500
CDC-Trustee Al-Ameen Islamic Dedicated Equity Fund		1,520,500
CDC-Trustee Al-Ameen Shariah Stock Fund		939,000
CDC-Trustee UBL Stock Advantage Fund		825,500
MCBFSL-Trustee JS Growth Fund		804,000
CDC-Trustee Unit Trust of Pakistan		662,000
MCBFSL-Trustee JS Value Fund		380,500
CDC-Trustee Nafa Islamic Stock Fund		379,000
CDC-Trustee Nafa Asset Allocation Fund		352,500
CDC-Trustee JS Large Cap Fund		316,500
CDC-Trustee Nafa Multi Asset Fund		259,000
CDC-Trustee Al-Ameen Islamic Asset Allocation Fund		232,000
CDC-Trustee Al-Ameen Islamic Ret. Sav. Fund-Equity Sub Fund		171,500
CDC-Trustee JS Pension Savings Fund-Equity Account		150,000
M/s. First Capital Mutual		455
DIRECTORS,CEO,THEIR SPOUSES AND MINOR CHILDREN		
Iqbal Ali Lakhani	Chairman	2,167
Amin Mohammed Lakhani	Director	1,606
Anushka Zulfiqar Lakhani	Director	2,341
Tasleemuddin Ahmed 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		3,253,537
BANKS,DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABA AND PENSION FUNDS		2,177,554
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

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 19th day of October 2017 and at any adjournment thereof.

Signed this ______ day of ______________ 2017.

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

Signature

Witness 1

Signature ______________________
Name ______________________
CNIC No. ______________________
Address ______________________
____

Witness 2

Signature ______________________
Name ______________________
CNIC No. ______________________
Address ______________________
____

Notes:

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

Fold Here

AFFIX
CORRECT
POSTAGE

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

Fold Here

Fold Here Fold Here

Fold Here Fold Here

مختارنامہ (پراکسی فارم)

میں/ہم ________________________________

ساکن ________________________________

بحیثیت رکن (ممبر) سینچری پیپر اینڈ بورڈ ملز لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسمٰی /مسماۃ ________________

ساکن ________________________________

کو یا ان کی غیر حاضری میں مسمٰی/مسماۃ ________________________

ساکن ________________________________

کو جو خود بھی سینچری پیپر اینڈ بورڈ ملز لمیٹڈ کا رکن ہے کہ وہ بطور میرا/ ہمارا مختار نامہ (پراکسی) سینچری پیپر اینڈ بورڈ ملز لمیٹڈ کے سالانہ اجلاس عام میں جو ۱۹ اکتوبر ۲۰۱۷ کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری/ ہماری جگہ میری/ ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ ____________ ۲۰۱۷ کو میرے/ ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر ۱

دستخط ____________

نام ____________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________

پتہ ____________

گواہ نمبر ۲

دستخط ____________

نام ____________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________

پتہ ____________

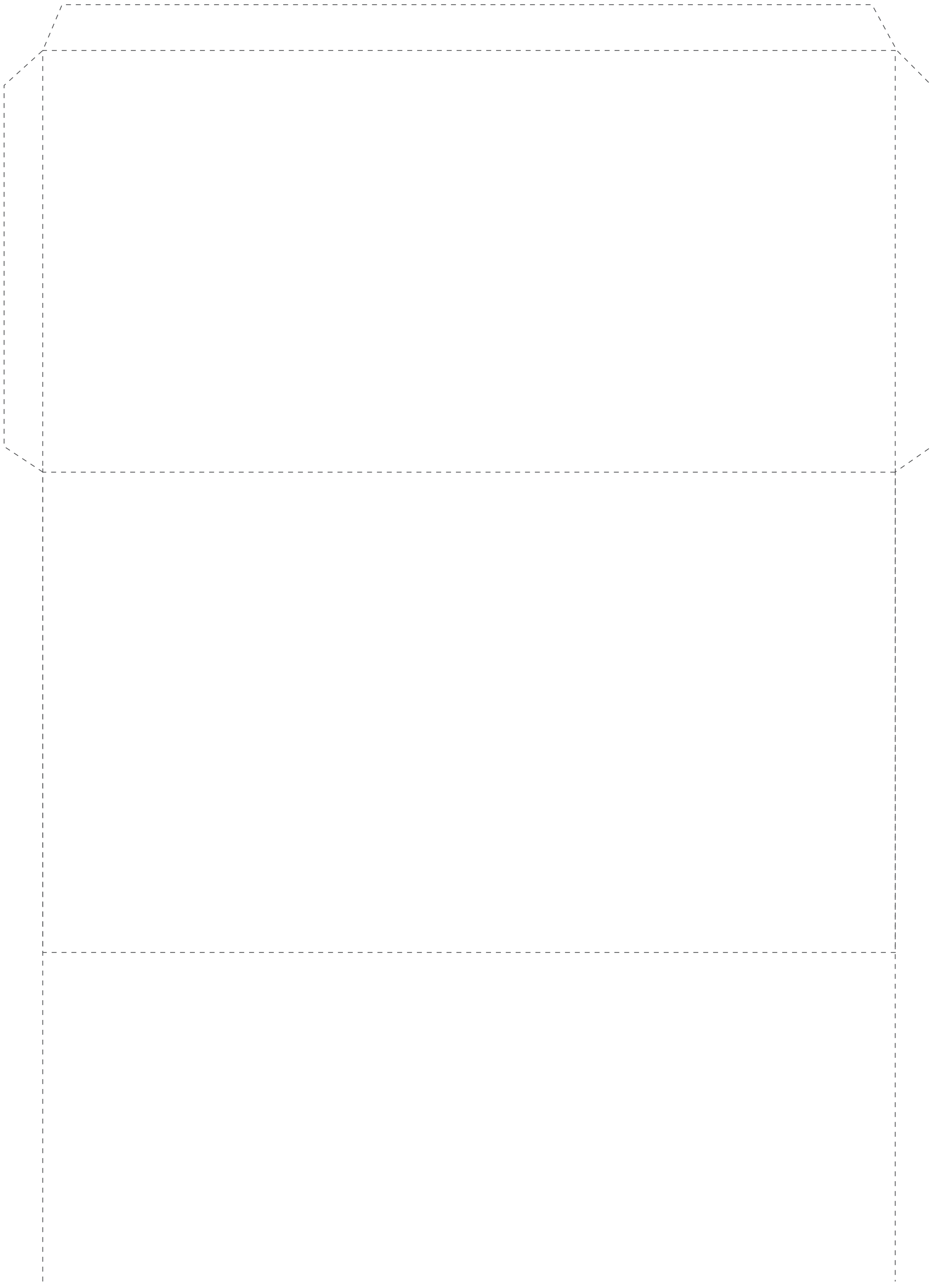
ہدایات:

۱۔ مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔

۲۔ ممبر (رکن) کے دستخط ،نمونہ شدہ دستخط/ اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔

۳۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔

۴۔ مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔

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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