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CENTRAL FOREST PRODUCTS LIMITED

23rd Annual Report 2009

VISION

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

MISSION

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

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. Aamir Aziz

BOARD AUDIT COMMITTEE

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

LEGAL ADVISOR

S. Bukhari, Advocate

AUDITORS

Abdan & Co.
Chartered Accountants

BANKERS

National Bank of Pakistan
Bank Al-Falah Limited
My Bank
MCB Bank Limited
National Development Finance Corporation (Former)

REGISTERED OFFICE

Central Chambers,
Ireland Road, Karachi.

FACTORY

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

NOTICE OF MEETING

otice is hereby given that the 23rd Annual General Meeting of Central Forest Products Ltd. will be held n Wednesday, the 28th October, 2009 at 10:30 a.m. at Central Chamber, Ireland Road, Karachi to ansact the following business.

)rdinary Business:

. To confirm the Minutes of the last Annual General Meeting held on 30th December, 2008.

. To receive, consider and adopt the Audited Accounts for the year ended 30th June, 2009 together with the Directors' and Auditors' Report thereon.

. To appoint auditors of the Company for the year 2009-10 and fix their remuneration.

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

By order of the Board

AAMIR AZIZ
Company Secretary

(arachi:- 7th October, 2009

NOTE:

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

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

I. The Share transfer books of the Company will remain closed from 21st October, 2009 to 28th October, 2009 (Both days inclusive).

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

DIRECTORS' REPORTS

The Directors of your company take pleasure in presenting the 23rd annual report for the year ended 30th June. 2009.

Financial Results

The Sales during the year were Rs. 6.879 million as compared of last year there is Nil Sale due to hold up of export to Iraq. Tl company during this period has made profit of Rs. 4.276 million as against loss of Rs. 1.446 million in the previous year. The financi result are summarized below :

	Year Ended 30th June 2009	Year Ended 30th June 2008
Sales	6,879,763	———
Gross Profit	1,776,119	———
Profit / (Loss) Before Taxation	4,332,431	(1,446,828)
Taxation	56,335	———
Profit / (Loss) After Taxation	4,276,096	(1,446,828)
Accumulated Profit / (Loss) brought forward	(50,770,133)	(49,323,305)
Accumulated Profit / (Loss) carried forward	(46,494,037)	(50,770,133)

EARNING PER SHARE

Earning per share of the Company is Rs. 1.43 (2009) & (0.48) in (2008). Because of the accumulated loss in the period no dividen has been declared.

REASON FOR PROFIT AND FUTURE PROSPECT

The company has profit because the Company has made Export of other items, Local Sales & provided the Services in Sawin Timber/Kiln Drying.

1. During the period the Company has been able to Export Goods & delivered some Services.
2. Company also able to settle some liabilities of the creditors.

The Company's future prospect for revival is explained hereunder.

DEFAULT IN PAYMENTS

The Company has negotiated with its Banker NBP for settlement of their outstanding balances which are in question due to expiry c Export L.C. from Iraq. The Bankers after realizing our difficulties have agreed to reschedule all our outstanding liabilities for 2 ½ year with a grace period of one year. Necessary formalities are under process about the said arrangement.

OPERATIONAL PROSPECTS

Our Export L.C was under UN Oil for Food Programme has expired and UN has ceased to operate UN Oil for Food Programme. W are now vigorously pursuing our case with New Iraqi Government through our consultant who is quite optimistic to get our L.(extended. We however have approached new customers in Erbief & Sulemaniya in Kurdistan (Iraq) for the sale of our read available stocks. We also do the business of services of Saw Milling & Kiln Drying to meet our day to day expenses.

AUDITORS QUALIFICATION

Points raised by Auditors are explained as under :

1. Provision of gratuity has not been made on the basis of actuarial valuation as required by International Accounting Standar 19 "Employees benefits", because at the moment we have only a skeleton staff of 4 employees for which there will be n significant difference in the value of gratuity. Therefore due to the quantum of the same cost benefit analysis do not justil it to pay for actuarial valuation to an actuary.
2. We do not agree with the Auditors remarks regarding the working of value of closing stocks at net realizable value (NRV because NRV of the stock is more than the cost as derived from reputed Timber Market businessmen & also from Karad Timber Merchants Group a registered body of Timber Merchants.
3. Regarding the outstanding amount of Former NDFC (Now National Bank of Pakistan), the Bank has agreed in Principal t allow us to sell our Nooriabad Plot of 37 Acres and clear their liabilities. As for as National Bank of Pakistan dues ar concerned, the bank after realizing our difficulties have kindly agreed to reschedule our entire liabilities for 2 ½ years wit

a grace period of one year. As mentioned above we are doing our utmost to get our L.C. reactivated by the new Iraqi Government and also looking for other overseas for the disposal of our present stock. We have also started services of Saw Milling & Kiln Drying. Considering rescheduling of loan for 2 ½ years and other efforts put forward to revive our project, the question of doubt of Company's ability to continue as going concern at the moment does not arise.

4. DTRE approval has expired on 30.3.2008 for which necessary steps are already in the process for the further renewal, which is under consideration of the Authorities.

e are quite hopeful that this year Inshallah our company will see the revival of our export L.C., provided the law & order situation Iraq remains under control.

atement on Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the company, present fairly its state of affairs, the results of its operation, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards as applicable in Pakistan have been followed in preparation of financial statements.
- The existing system of internal control and other procedure are been continuously reviewed by the internal auditor. The process of review will continue and any weakness in controls will have immediate attention of the management.
- There are no doubts upon the ability to continue as a going concern once the export to Iraq starts.
- There has been no material departure from the best practice of the corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six years in summarized from is annexed.
- Information about taxes and levies is given in the notes to the accounts.
- During the year five (5) meetings of the Board of Directors were held. Attendance by each director is as follows:

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

- The Pattern of Share Holding is annexed.
- The CEO , CFO , Company Secretary & their spouses and minor children did not carry out any transaction in the shares of the Company during this year except the directors namely Mr. M. Sharif Yaqoob who have acquired 420000 shares from other director Mrs. Qamarunnisa Aziz and 500 shares from market. Mrs. Saira Adam has acquired 19000 shares from market..

uditors

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

ppreciation

y the grace of Almighty Allah, we do have the strength, required to further develop our business, and are fortunate to have good eople to manage it. We would like to thanks all our suppliers, bankers for their continued supports extended to us in such a critical tuation. Thanks are also due to all our staff members, the way they have responded to challenges of the year.

For and on behalf of the Board of Directors

ABDUL AZIZ H. YAQOOB
Chairman / Chief Executive

arachi :- 7th October, 2009

KEY OPERATING AND FINANCIAL DATA

YEAR	2009	2008	2007	2006	2005	2004
			(Rs. 000)			
Paid up Capital	30,000	30,000	30,000	30,000	30,000	30,000
Holders Equity	(16,494)	(20,768)	(19,323)	(17,283)	(12,406)	(6,200)
Current Liabilities	255,405	261,147	261,775	264,509	261,505	258,493
Fixed Assets	60,471	64,726	69,106	73,416	74,809	79,935
Current Assets	249,609	243,563	238,063	230,967	222,931	213,394
Operating Profit / (Loss)	(714)	(1,290)	(1,750)	(1,432)	(2,328)	(2,761)
Profit / (Loss) before Tax	4,332	(1,446)	(2,041)	(4,877)	(6,206)	(6,344)
Taxation	56	-	-	-	-	1
Profit / Loss after tax	4,276	(1,146)	(2,041)	(4,877)	(6,206)	(6,345)

PATTERN OF SHAREHOLDINGS
AS AT 30TH JUNE, 2009

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
87	1	100	8,600
763	101	500	378,100
9	501	1,000	7,800
3	1,001	5,000	7,000
2	5,001	10,000	20,000
1	10,001	15,000	15,000
2	15,001	20,000	40,000
2	20,001	50,000	63,000
4	50,001	100,000	268,300
2	100,001	300,000	405,800
1	300,001	500,000	421,500
2	500,001	1,000,000	1,364,900
878			**3,000,000**

	Categories of Shareholders	Number of Shareholders	Shares Held	Percentage %
1	Individuals	875	2,695,000	89.83
2	Investment Corporation of Pakistan	2	5,000	0.17
3	Financial Institution (N.I.T)	1	300,000	10.00
		878	3,000,000	100.00

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

S. NO.	CATEGORY OF SHAREHOLDERS AS ON JUNE 30, 2009	NO. OF SHARES
	FINANCIAL INSTITUTIONS	
1	National Bank of Pakistan (N.I.T)	300,000
2	Investment Corporation of Pakistan	5,000
		305,000

DIRECTORS, CEO, THEIR SPOUSE AND CHILDREN

S. NO.	CATEGORY OF SHAREHOLDERS AS ON JUNE 30, 2008	NO. OF SHARES
1	Mr. Abdul Aziz H.Yaqoob	852,500
2	Mr. Aamir Aziz	512,400
3	Mr. Muhammad Sharif H. Yaqoob	421,500
4	Mrs. Qamrunnisa Aziz	105,800
5	Mrs. Farhana Zain & Zain Allah Rakha	30,000
6	Mrs. Saira Adam	59,000
7	Mrs. Fouzia Adnan	60,900
		2,042,100

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

his statement is being presented to company with the code of corporate governance contained in the listing regulations of arachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is anaged in compliance with the best practices of corporate governance.

he company has applied the principles in the code in the following manner:

. The Board comprises 7 Directors including CEO.

. The directors have confirmed that none of them is serving as a director in more then ten listed companies, including this company.

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

. No casual vacancy occurred in the Board during the current year.

. The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the company.

. The board has developed a vision statement, overall corporate strategy and significant policies of the company. A corporate record of particulars of significant policies alongwith the date on which they were approved or amended has been maintained.

. All the powers of the board has been duly exercised and decisions on materials transactions, including appointment and determination of remuneration and terms & conditions of employment of the CEO and other executive directors have been taken by the board.

3. The meetings of the boards were presided over by the Chairman. The board met atleast once in every quarter. Written notices of the board meetings, alongwith agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged one orientation course for its directors during the year to apprise them of their duties and responsibilities.

10. The Chief Financial Officer and the Company Secretary were appointed prior to the implementation of the code of corporate governance. Remuneration terms and the conditions in case of future appointments on these positions will be approved by the board. However, the board has approved the appointments of head of internal audit and terms & conditions of his employment.

11. The Directors report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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

13. The Director, 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 Code.

15. The Board has formed an audit committee. It comprises 3 members, of whom 2 are non-executive Directors including the Chairman of the committee.

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 and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit function and personal involved are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.

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

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

20. We confirm that all other material principles contained in the Code have been complied with.

ABDUL AZIZ H. YAQOOB
Chief Executive

MRS. QAMARUNNISA AZIZ
Director

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the Best Practices contained in the Code of Corporat Governance prepared by the Board of Directors of Central Forest Products Limited to comply with the Listin Regulation No.37 of the Karachi Stock Exchange (Guarantee) Limited Listing Regulation No.40 (Chapter XIII)' of the Lahore Stock Exchange (Guarantee) and Listing Regulation No.36 of Islamabad Stock Exchang (Guarantee) Limited where the Company is listed

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of th Company. Our responsibility is to review, to the extent where such compliance can be objectively verifiec whether the Statement of Compliance reflects the status of the Company's compliance with the provisions c the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of th Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting an internal control systems sufficient to plan the audit and develop an effective audit approach. We have no carried out any special review of the internal control system to enable us to express an opinion as to whethe the Board's statement on internal control covers all controls and effectiveness of such internal controls.

Further, Sub-Regulation (xiii) of Listing Regulations 37 (now 35) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between trans actions 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit commit tee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken a arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement o Compliance does not appropriately reflect the Company's compliance, in all material respects, with the bes practices contained in the Code of Corporate Governance as applicable to the Company for the year endec June 30, 2009.

Karachi: 7th October, 2009

IQBAL AHMAD ABDAN

Chartered Accountant

AUDITORS' REPORT TO THE MEMBERS

Ve have audited the annexed balance sheet of CENTRAL FOREST PRODUCTS LIMITED as at June 30, 2009 and the related profit and ɔss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then nded and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were ecessary for the purposes of our audit.

is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present ıe above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 984. Our responsibility is to express an opinion on these statements based on our audit.

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

. Provision for gratuity has not been made on the basis of actuarial valuation as required by International Accounting Standard 19 "Employees benefits" as the management is of the view that the value determined by actuarial valuation method would not be materially different with the amount provided in the books of accounts.

2. Stock in Trade include work in process valuing Rs.174,328,244/- and finished goods valuing Rs.69,266,705/- is manufactured as per specific order from one of the customer in Iraq. However in view of prevailing situation in Iraq coupled with lapsing of letter of credit period worth Euro 13,609,525/- (Note # 3.1.6), it is unlikely that the goods will be exported in near future. Management has valued these stocks at cost, which we feel is not appropriate and be valued at net realizable value.

3. The Company's financing arrangements as refereed to in note # 3 and note # 7 has expired on April 30, 2003 and December 31, 2004 respectively, however the company is in process re-negotiate or obtain replacement financing except for financing from the private funds of directors and their family members also an amount of Rs. 90,870,755 included in trade and other payables note # 5 is due to National Bank of Pakistan against the import under usance letter of credit, the extended payment period of which was expired on December 31, 2004. Further no provision has been made in these accounts of Rs. 170,305,133/- as refereed to in Note # 9.2 & 9.3 being the amount of mark-up held in suspense account by National Bank of Pakistan (Formerly NDFC). Had the provision has been made the accumulated loss will have been increased by 170,305,133/-.

Furthermore accumulated losses of the Company aggregating to Rs 46.494 million have wiped out the equity and current liabilities aggregating to Rs 255.405 million exceeds the current assets by Rs 5.796 million, these events indicated materiel un-certainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. These financial statements and related notes do not disclose these facts.

4. The Company DTRE approval has expired on 30-03-2008 and if the company is unable to obtain the extension of DTRE approval an amount of Rs.51,974,589/- along with additional taxes and penalties will have to be paid to Custom ,Sales Tax and Income Tax Departments .

Except for the adjustment in respect of matters stated above;

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

(b) in our opinion:

(i) the balance sheet and profit & loss account together with the notes thereon have been drawn up inconformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required however, because of the significance of the matter referred to in the paragraph 1, to 4 above, these do not give a true and fair view of the state of the Company's affairs as at June 30, 2009, and of the Loss, changes in equity and cash flows for year ended; and

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

IQBAL AHMAD ABDAN

CHARTERED ACCOUNTANT

Karachi : 7th October, 2009.

BALANCE SHEET

	Note	Audited June 30, 09 Rupees	Audited June 30, 08 Rupees
SHARE CAPITAL			
Authorized			
3,000,000 ordinary shares of Rs. 10/- each		**30,000,000**	30,000,000
Issued, subscribed & paid up			
3,000,000 ordinary shares of Rs. 10/- each issued for cash		**30,000,000**	30,000,000
Accumulated Loss		**(46,494,037)**	(50,770,133)
		(16,494,037)	(20,770,133)
LONG TERM FINANCING	3	—	—
DEFERRED LIABILITIES			
Gratuity		**290,700**	274,500
LONG TERM LOANS	4	**70,970,600**	67,743,450
CURRENT LIABILITIES			
Trade & others payables	5	**133,312,054**	136,554,883
Accrued mark-up	6	**9,008,219**	9,008,219
Short term running finance under mark-up arrangements	7	**101,530,812**	101,530,812
Current portion of long term borrowings	8	**11,553,790**	14,053,790
Provision for taxation		—	—
		255,404,875	261,147,704
CONTINGENCIES & COMMITIMENTS	9	—	—
		310,172,138	308,395,521

The annexed notes from 1 to 30 form an integral part of these financial statements.

Karachi;
Dated: 7th October, 2009

AS AT JUNE 30, 2009

	Note	Audited June 30, 09 Rupees	Audited June 30, 08 Rupees
FIXED ASSETS			
Tangible			
Property, Plant & Equipment	10	**60,471,002**	64,726,260
LONG TERM DEPOSITS		**106,986**	106,986
CURRENT ASSETS			
Stores & spares parts	11	**3,392,374**	4,168,586
Stock-in-trade	12	**243,594,949**	236,945,983
Advances	13	**615,553**	628,742
Trade deposits and Current account balance with statutory authorities	14	**1,370,278**	1,248,408
Tax refund due from government	15	**518,305**	373,922
Cash and bank balances	16	**117,691**	196,634
		249,609,150	243,562,275
		310,172,138	308,395,521

ABDUL AZIZ H. YAQOOB
Chief Executive

MRS. QAMARUNNISA AZIZ
Director

PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
NET SALES	17	**6,879,763**	—
COST OF SALES	18	**5,103,644**	—
GROSS PROFIT / (LOSS)		**1,776,119**	—
OPERATING EXPENSES			
Administrative	19	**758,321**	1,440,567
Selling & Distribution	20	**1,731,419**	—
		2,489,740	1,440,567
OPERATING PROFIT / (LOSS)		**(713,620)**	(1,440,567)
OTHER INCOME	21	**5,079,801**	—
		4,366,181	(1,440,567)
OTHER CHARGES			
Financial Cost	22	**33,750**	6,261
		33,750	6,261
PROFIT / (LOSS) BEFORE TAXATION		**4,332,431**	(1,446,828)
TAXATION	23	**56,335**	—
PROFIT / (LOSS) AFTER TAXATION		**4,276,096**	(1,446,828)
ACCUMULATED (LOST) BROUGHT FORWARD FROM LAST YEAR		**(50,770,133)**	(49,323,305)
ACCUMULATED (LOSS) CARRIED OVER TO BALANCE SHEET		**(46,494,037)**	(50,770,133)
BASIC EARNINGS PER SHARE	24	**1.43**	(0.48)

The annexed notes from 1 to 30 form an integral part of these financial statements.

ABDUL AZIZ H. YAQOOB
Chief Executive

MRS. QAMARUNNISA AZIZ
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	2009 Rupees	2008 Rupees
:ASH FLOW FROM OPERATING ACTIVITIES		
'rofit / (Loss) before taxation	**4,332,431**	(1,446,828)
ıdjustments for :		
Depreciation	**4,144,089**	4,549,804
)eferred liabilities - Gratuity	**16,200**	30,000
;ain on disposal of fixed assets	**(187,831)**	—
·inance cost	**33,750**	6,261
	4,006,208	4,586,065
)perating Profit/(Loss) before working capital changes	**8,338,639**	3,139,237
:hanges In Working Capital		
Increase)/decrease in current assets		
Stores & spares parts	**776,212**	70,330
Stock in trade	**(6,648,964)**	(6,619,936)
Advances	**13,189**	—
Trade deposits	**(121,871)**	(42,505)
Sales Tax adjustable / refundable	**(144,383)**	(81,829)
	(6,125,818)	(6,673,939)
ncrease/(decrease) In current liabilities		
Trade & others payables	**(3,242,829)**	(547,422)
	(9,368,647)	(7,221,361)
Cash generated from operations	**(1,030,008)**	(4,082,125)
Finance cost paid	**(33,750)**	(6,261)
Income tax paid	**(56,335)**	—
	(90,085)	(6,261)
Net cash (outflow) from operating activities	**(1,120,093)**	(4,088,386)
:ASH FLOW FROM INVESTING ACTIVITIES		
Property, Plant & equipment	**—**	(70,000)
Long term deposits	**15,000**	—
Sale Proceeds from disposal of fixed assets	**299,000**	
Net cash (outflow) from investing activities	**314,000**	(70,000)
:ASH FLOW FROM FINANCING ACTIVITIES		
Long Term Loans	**3,227,150**	3,163,450
Short term running finance under mark-up arrangements	**—**	—
Liabilities against assets subject to finance lease	**(2,500,000)**	(79,674)
Net cash inflow from financing activities	**727,150**	3,083,776
Net decrease in cash & cash equivalents	**(78,943)**	(1,074,610)
Cash and bank balances at the beginning	**196,634**	1,271,244
Cash and bank balances at the end of the year	**117,691**	196,634

The annexed notes from 1 to 30 form an integral part of these financial statements.

ABDUL AZIZ H. YAQOOB
Chief Executive

MRS. QAMARUNNISA AZIZ
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Issued, Subscribed & Paid up Capital	Accumulated (Loss)	Total
	... ...	Rupees	... .
Balance as on June 30, 2007	30,000,000	(49,323,305)	(19,323,305)
(Loss) after taxation for the year ended June 30, 2008	—	(1,446,828)	(1,446,828)
Balance as on June 30, 2008	30,000,000	(50,770,133)	(20,770,133)
Profit after taxation for the year ended June 30, 2009	—	4,276,096	4,276,096
Balance as on June 30, 2009	30,000,000	(46,494,037)	(16,494,037)

The annexed notes from 1 to 30 form an integral part of these financial statements.

ABDUL AZIZ H. YAQOOB
Chief Executive

MRS. QAMARUNNISA AZIZ
Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

1. STATUS AND NATURE OF BUSINESS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Statement of compliance

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

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value.

2.3 Accrual, Basis of Accounting

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

2.4 Tangible fixed assets and depreciation

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

Depreciation is charged on reducing balance method at the normal tax rates. Full year's depreciation is charged on additions during the year. No depreciation is charged on assets deleted or retired during the year. Normal repair and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal are accounted for in current income.

The value assigned to the leasehold land is not depreciated as the leases are expected to be renewed for further periods on payment of relevant rentals, Annual lease rentals are charged to income and premium paid at the time of renewal, if any, is amortised over the remaining lease period.

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of the assets. The related obligations under the lease are accounted for as liabilities. Depreciation on leased assets is charged to income by applying reducing balance method at the rate stated in notes to the accounts.

2.5 Impairment of assets

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

2.6 Store & spares

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

2.7 Stock in trade

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

2.8 Trade debts

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

2.9 Cash and bank balances

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

2.10 Provision

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

2.11 Contingencies

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

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

2.12 Subsequent events

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

2.13 Employees retirement benefits

The company operates an un - funded gratuity' scheme for all its permanent employees, who are eligible under defined benefit plan. Contribution to the scheme is based on final salary and is payable to employees on cessation of employment. Company has not done the actuarial valuation, as in the opinion of management the effect of actuarial valuation would be minimal / immaterial.

2.14 Employees compensated absences

The company account for the liability in respect of employees compensated absences in the year in which these are earned. Provisions to cover the obligation are made using the current salary levels of the employees.

2.15 Current taxation

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

2.16 Deferred taxation

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

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

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

2.17 Foreign currency translation

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

2.18 Revenue recognition

Sales are accounted for on dispatch of goods to the customers.

2.19 Borrowing cost

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

2.20 Financial Instruments

2.20.1 Financial Assets and Financial Liabilities

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

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

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

2.20.2 Derivative financial instruments

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

2.20.3 Offsetting of financial assets and financial liabilities

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

2.21 New Standards, interpretations and amendments to published approved International Financial Reporting Standards not yet effective

The International Accounting Standards Board has published following standards, interpretations and amendments that are not yet effective and have not been applied ir preparing these financial statements.

IFRS 8- Operating Segments

This standard introduces the "management approach" to segment reporting. IFRS 8 is

effective for periods beginning on or after 01 January 2009, however, it is not expected to have any impact on the Company's financial statements.

IAS 23 - Borrowing Costs (Revised 2007)

The revised standard removes the option to expense borrowing costs and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of qualifying asset as part of the cost of that asset. The revised IAS 23 is effective for periods beginning on or after 01 January 2009. However, it is not expected to have any impact on the Company's financial statements, since the Company already has the policy of capitalizing such borrowing costs under the allowed alternative treatment of superseded standard.

IAS 1 - Presentation of Financial Statements (Revised 2007)

The revised standard introduces the term "Total Comprehensive Income", which represents changes in equity during a period other than those resulting from transactions with owners in their capacity as owners. The revised standard is effective for periods beginning on or after 01 January 2009. The standard will have a significant impact on the presentation of Company's financial statements.

Amendments to IAS 32 - Financial Instruments: *Presentation* and IAS - Presentation of Financial Statements, regarding Puttable Financial Instruments and Obligations Arising on Liquidation

These amendments require puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. These amendments are effective for periods beginning on or after 01 January 2009 with retrospective application required. However these are not expected to have any impact on the Company's Financial Statements.

Amendments to IFRS 2-Share Based Payments regarding vesting conditions and cancellations.

These amendments clarify the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. These amendments are effective for periods beginning on or after 01 January 2009 with retrospective application. No impact is expected on the financial statements of the Company.

IFRIC 11 *IFRS 2-Group and Treasury Share Transactions*

This interpretation requires share-based payment arrangements in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. The interpretation is effective for the periods beginning on or after 01 January 2008, with retrospective application required. However, it is not expected to have any impact on the Company's financial statements.

IFRIC 12 *Service Concession Arrangements*

This interpretation provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. The interpretation is effective for the periods beginning on or after 01 January 2008, with retrospective application required. However, it is not expected to have any impact on the Company's financial statements.

IFRIC 13 Customer Loyalty Programmes

This interpretation addresses accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. It relates to customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. IFRIC 13 is effective for the periods beginning on or after 01 January 2009. However, it is not expected to have any impact on the Company's financial statements;

IFRIC 14 IAS 19 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction*

This interpretation clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability. The interpretation is effective for the periods beginning on or after 01 January 2008, with retrospective application required. However, it is not expected to have any impact on the Company's financial statements.

IFRS 3 - Business Combinations (Revised 2008) and Amendments IAS 27 - Consolidated and Separate Financial Statements.

The revised standards and amendments are not relevant to the Company's operations since the Company does hold investments in or control of any other Company.

2.22 Adoption of new standards, interpretations and amendments to published approved accounting standards

The Company has adopted during the year the amendments to IAS 1 - Presentation of Financial Statements regarding "Capital Disclosures" issued in August 2005 which require an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. These amendments were effective for periods beginning on or after 01 January 2007.

The Company has not adopted IFRS 7 - Financial Instruments *Disclosures* which is effective for the current period, since as per circular 08 of 2008 of the Institute of Chartered Accountants of Pakistan the standard will be effective for accounting periods beginning on or after the date of relevant notification (i.e. 28 April 2008) of the Securities and Exchange Commission of Pakistan vide which the IFRS 7 was adopted. The adoption of this standard would impact the financial statements of the Company to the extent of disclosures only.

IAS 29 - Financial Reporting in Hyper inflationary Economies has been notified by the Securities and Exchange Commission of Pakistan under section 234(3) of the Companies Ordinance, 1984, but the standard would not have any impact on the Company's financial statements in view of the fact that the primary economic environment in which the Company operates is not hyper inflationary.

	2009 Rupees	2008 Rupees
3. LONG TERM FINANCING - SECURED		
3.1 From Financial Institution		
(Under Mark-up Arrangement)		
Principal	**14,053,790**	14,053,790
Less: Payments during the year	**(2,500,000)**	—
	11,553,790	14,053,790
Less: Current and overdue installments of long term finance	**11,553,790**	14,053,790
	—	—

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

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

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

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

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

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

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

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

3.1.4 Mark up of 16% per annum is applicable.

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

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

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

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

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

e) That the loan from NBP (Formerly NDFC) is under reschedule process and going to be reschedule for a period of 2½ years including one year a grace period to be paid in six equal quarterly installments commencing from March, 2010. Rs. 2.50 million in this regard already paid by the Company to NBP (Formerly NDFC).

3.1.6 By virtue letter No. RAM-11/CFPL/2001-360 dated May 29, 2001 the company has to pay the total outstanding liability of Rs. 22.872 Million in monthly installment of Rs. 400,813/- and the balance from the export proceeds, however the entire liability has to be paid on or before April 30, 2003.

The company has received an export L/c for EURO 13,609,525/- from Banque National De Paris (BNP) for the export of 85,000 wooden doors to Iraq under "Oil for Food Program". The export proceeds will be partially utilized towards payment of the above liability; the following two letters may be referred to reference RAM-11/CFPL/2001-342 dt. 19.05.2001 and RAM/QQ/CFPL/ 2001-360 dated 25.05.2001. The total mark-up out standing Rs. 14,576,458/-on the above loan is held in suspense and will be waived in totality once the liability is paid on or before April 30, 2003. (Refer preceding paragraphs)

	2009 Rupees	2008 Rupees
4. LONG TERM LOANS - Unsecured (Sub-ordinated loans)		
From Directors	**50,485,600**	48,148,450
From Others	**20,485,000**	19,595,000
	70,970,600	67,743,450
5. TRADE AND OTHER PAYABLES		
Creditors	**119,750,507**	119,114,507
Accrued liabilities	**13,518,037**	17,396,866
Other liabilities - Income tax	**43,510**	43,510
	133,312,054	136,554,883
6. ACCRUED MARK-UP		
Mark-up on short term running finance under mark-up arrangements- secured	**9,008,219**	9,008,219

	Note	2009 Rupees	2008 Rupees
7. SHORT TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS (Secured)			
— Packing finance - Part-I	7.1	**101,530,812**	101,530,812

7.1 The finance obtained from banking company carries mark-up rate @ 3% per annum and is secured against first charge on project assets land, plant and machinery, building and civil works at Hub, Baluchistan, personal property of directors, hypothecation on all present and future moveable properties, assets, contracts of the company and benefits and rights arising their under, pledge of products/goods meant of local sales and exports, lien to be marked on L/C's for shipments and personal guarantee of sponsors. The repayment was extended up to December 31st 2004. Total mark-up outstanding amounting to Rs. 155,728,675/- has not been provided.

	2009 Rupees	2008 Rupees
8. CURRENT/OVER DUE PORTION OF LONG TERM BORROWINGS		
Current/Over due portion of long term finance	**11,553,790**	14,053,790
Current portion of liability against assets subject to finance lease	—	—
	11,533,790	14,053,790

9. CONTINGENCIES AND COMMITMENTS

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

9.2 The remission of mark-up allowed by NDFC amounting to Rs. 14,576,458/- was conditional t the payment of principal by April 30, 2003 as explained in note # 3.1.6 however rescheduling i in process. Although the period of remission has expired the company is confident that it wi avail the waiver therefore no provision has been made in the accounts regarding this amount

9.3 There is a contigent liability against the Company regarding the mark-up of Rs.155,728,675/ against the Bill of Exchange and Running Finance of Rs. 90,870,755/- and Rs. 100,000,000/ obtained from National Bank of Pakistan. However the company has requested them to waiv all additional mark-up. The Company is continously in touch with bank Officials and once th export restarts the Company will settle their principal dues & get remission of all mark-up.

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

9.5 There is no commitments.

10. PROPERTY, PLANT & EQUIPMENT

PARTICULARS	Cost				Rate	Depreciation				Written Down Valu 30.06.2009
	As at 01-07-2008 Rs.	Addition(s) (Deletion)(s) During the Year Rs.	Transfer Rs.	As at 30.06.2009 Rs.	%	As at 01.07.2008 Rs.	Transfer (Adjustment) Rs.	For the Year Rs.	As at 30.06.2009 Rs.	Rs.
FREE HOLD LAND	5,450,378	—	—	5,450,378	—	—	—	—	—	5,450,378
LEASE HOLD LAND	2,298,650	—	—	2,298,650	—	—	—	—	—	2,298,650
FACTORY BUILDING ON FREE HOLD LAND	46,059,877	—	—	46,059,877	5	14,509,723	—	1,577,508	16,087,231	29,972,646
PLANT AND MACH.	53,441,058	—	—	53,441,058	10	29,558,995	—	2,388,206	31,947,201	21,493,857
FURNITURE AND FIXTURE	326,394	—	—	326,394	10	273,599	—	5,280	278,879	47,516
EQUIPMENTS	844,981	—	—	844,981	10	494,508	—	35,047	529,555	315,426
COMPUTER AND ACCESSORIES	115,322	—	—	115,322	10	54,035	—	6,129	60,164	55,158
ELECTRIC INSTALL.	1,778,729	—	—	1,778,729	10	1,159,348	—	61,938	1,221,286	557,443
VEHICLE	1,479,000	(441,000)	—	1,038,000	20	1,017,922	(329,831)	69,982	758,073	279,927
JUNE. 30, 2009	111,794,389	(441,000)	—	111,353,389		47,068,130	(329,831)	4,144,090	50,882,388	60,471,002

PARTICULARS	Cost				Rate	Depreciation				Written Down Value 30.06.2008
	As at 01-07-2007 Rs.	Addition(s) (Deletion)(s) During the Year Rs.	Transfer Rs.	As at 30.06.2008 Rs.	%	As at 01.07.2007 Rs.	Transfer (Adjustment) Rs.	For the Year Rs.	As at 30.06.2008 Rs.	Rs.
FREE HOLD LAND	5,450,378	—	—	5,450,378	—	—	—	—	—	5,450,378
LEASE HOLD LAND	2,298,650	—	—	2,298,650	—	—	—	—	—	2,298,650
FACTORY BUILDING ON FREEHOLD LAND	46,059,877	—	—	46,059,877	5	12,849,189	—	1,660,534	14,509,723	31,550,154
PLANT AND MACH.	53,441,058	—	—	53,441,058	10	26,905,432	—	2,653,568	29,558,995	23,882,063
FURNITURE AND FIXTURE	326,394	—	—	326,394	10	267,733	—	5,866	273,599	52,795
OFFICE EQUIPMENTS	844,981	—	—	844,981	10	455,566	—	38,942	494,508	350,474
COMPUTER AND ACCESSORIES	115,322	—	—	115,322	10	47,225	—	6,810	54,035	61,287
ELECTRIC INSTALL	1,778,729	—	—	1,778,729	10	1,090,528	—	68,820	1,159,348	619,381
VEHICLE	910,000	70,000	499,000	1,479,000	20	634,262	268,390	115,270	1,017,922	461,078
LEASED ASSETS:										
VEHICLE	399,200	—	(399,200)	—	20	268,390	(268,390)	—	—	—
JUNE. 30, 2008	**111,624,589**	**70,000**	**99,800**	**111,794,389**		**42,518,325**	—	**4,549,804**	**47,068,129**	**64,726,260**

	NOTE	2009 Rupees	2008 Rupees
10.1 Depreciation charged for the year has been allocated as under :			
— Manufacturing	18	**4,074,108**	4,434,534
— Administrative expenses	19	**69,982**	115,270
		4,144,090	4,549,804

10.2 Profit on Sale of Fixed Assets

The following is the details of diposal during the year:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceed	Profit / (Loss)	Mode of Disposal	Particulars
M.CYCLE (KAX-7529)	45,000	28,849	16,151	19,000	2,849	Negotiation	Mr. Muhammad Amjad Muhallah Jakhar Imam Shah, Mohib Laksani, Dakhana Khas Tehsil/Dist. Dera Gazi Khan.
ALTO (ADN-129)	396,000	300,982	95,018	280,000	184,982	Negotiation	Mr. Aun Ali Flat No. 36, Muhallah Aamil Colony # 1, Karachi.
2009	**441,000**	**329,831**	**111,169**	**299,000**	**187,831**		
2008	-	-	-	-	-		

	2009 Rupees	2008 Rupees
11. STORES & SPARES PARTS		
Stores	**1,276,385**	1,770,522
Spare parts	**2,115,989**	2,398,064
	3,392,374	4,168,586
12. STOCK IN TRADE		
Raw Material	**—**	—
Work in process	**174,328,244**	196,933,742
Finished goods	**69,266,705**	40,012,241
	243,594,949	236,945,983
13. ADVANCES		
Un Secured - Considered Goods		
Letter of credits	**523,553**	523,553
Others	**92,000**	105,189
	615,553	628,742
14. TRADE DEPOSIT & CURRENT ACCOUNT BALANCE WITH STATUTORY AUTHORITIES		
Trade deposits	**—**	—
Income Tax	**407,599**	285,729
Sales Tax Adjustable	**962,679**	962,679
	1,370,278	1,248,408
15. TAX REFUNDS DUE FROM GOVERNMENT		
Sales Tax Refundable	**518,305**	373,922
	518,305	373,922
16. CASH & BANK BALANCES		
Cash in hand	**11,004**	35,140
With banks - in current accounts	**106,687**	161,494
	117,691	196,634

	Note	2008 Rupees	2007 Rupees
17. SALES			
Sales - Export		**4,371,096**	—
Sales - Local		**2,910,054**	—
Gross Sales		**7,281,150**	—
Less: Sales Tax		**(401,387)**	—
Net Sales		**6,879,763**	—
18. COST OF GOODS MANUFACTURED			
Raw material consumed			
Opening		—	—
Purchases			
Local		**5,103,644**	—
Import		—	—
Availbale for consumption		**5,103,644**	—
Closing		—	—
		5,103,644	—
Manufacturing expenses			
Salaries, wages & benefits - (including gratuity of Rs. 9,200/-)		**257,046**	371,999
Store & spares consumed		**776,212**	70,330
Telephone & telex		**38,341**	56,032
Vehicle running & maintenance		**18,353**	71,501
Electricity		**1,206,488**	1,281,121
Legal & professional		**168,000**	168,000
Water charges		**13,499**	24,679
Insurance		**6,500**	—
General repair & maintenance		—	11,160
Sundries		**2,219**	2,576
E.O.B.I		**37,800**	37,800
B.E.S.S.I		**50,400**	26,754
RENT, RATE & TAXES		—	63,450
Depreciation	10.1	**4,074,108**	4,434,534
		6,648,966	6,619,936
		11,752,610	6,619,936

	Note	2009 Rupees	2008 Rupees
Work in process			
Opening		196,933,742	190,313,806
Closing		(174,328,244)	(196,933,742)
		22,605,498	(6,619,936)
		34,358,108	(6,619,936)
Finished goods			
Opening		40,012,241	40,012,241
Closing		(69,266,705)	(40,012,241)
		5,103,644	—

19. ADMINISTRATIVE EXPENSES

Salaries & benefits - (including gratuity of Rs. 7,000/-)		104,154	150,733
Electricity charges		—	9,940
Postage & telegrams		4,130	3,150
Telephone & telex		115,023	168,095
Printing & stationery		37,096	30,630
Vehicle running expenses		15,016	58,500
Legal & professional		14,400	44,400
Newspaper & periodicals		6,115	6,700
Fee & subscription		67,500	38,250
Entertainment		73,357	90,933
Advertisement		31,500	15,830
Traveling		69,097	557,030
Audit Remuneration		150,000	150,000
Sundries		951	1,104
Depreciation	10.1	69,982	115,271
		758,321	1,440,567

20. SELLING & DISTRIBUTION EXPENSES

Labour & Loading	144,095	—
Export Duty & Surcharge	12,337	—
Fumigation	26,800	—
Cartage	1,548,187	—
	1,731,419	—

	Note	2009 Rupees	2008 Rupees
21. OTHER INCOME			
Service Income		731,310	—
Gain on disposal of fixed assets	10.2	187,831	—
Gain on foreign exchange		1,265,660	—
Liability Nomore payable		2,895,000	—
		5,079,801	—

That the company has reached settlement agreement with some creditors to writeoff their dues on certain payments. By that this deal Company able to writoff 2,895,000 during this year under consideration.

22. FINANCE COST		
Bank charges	33,750	6,261
23. TAXATION		
For the year	56,335	—
24. EARNING PER SHARE		
Profit / (Loss) after taxation	4,276,096	(1,446,828)
Weighted average number of ordinary shares	3,000,000	3,000,000
Earning per share	1.43	(0.48)

25. REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVES & DIRECTORS

Particulars	2009				2008
	Chief Executive	Directors	Executives	Total	Total
Managerial remuneration	—	—	—	—	—
Housing & Utilities	—	—	—	—	—
Total	—	—	—	—	—
Number of persons	—	—	—	—	—

25.1 The chief executive and two directors have waived-off their remuneration for last four years.
25.2 The chief executive and two directors are allowed the use of company maintained cars.
24.3 The directors have waived-off their meeting fees.

26. CAPACITY & PRODUCTION

	2009			2008		
	Capacity	Production	Percentage	Capacity	Production	Percentage
Plywood sheets	750,000 Sq.Mt. (Two Shift Basis)	106,401	14.18	750,000 Sq.Mt. (Two Shift Basis)	—	—
Door & Door Frames	150,000 Door (One Shift Basis)	—	—	150,000 Door (One Shift Basis)	—	—
Sawing of timber	200,000 C.Ft. (One Shift Basis)	26,016	13.00	200,000 C.Ft. (One Shift Basis)	—	—

The reason for short fall is closure of factory.

27. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND RELATED DISCLOSURES :

27.1 Concentration of credit risk

The company manages credit risk in trade receivables by limiting significant exposure to any individual customer by obtaining advances, deposits, setting out credit limits or by establishing securing letter of credit.

27.2 Interest/mark-up risk exposure

The company's exposure to interest/mark-up rate on its financial assets and liabilities are summarized as under :

	Interest/mark-up Bearing			Non-Interest/mark-up Bearing			
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Grand Total
Financial Assets							
Long term Deposit	—	—	—	—	91,986	91,986	91,986
Advances	—	—	—	615,553	—	615,553	615,553
Trade Deposits and Current Account Balance with statutory authorities	—	—	—	1,370,278	—	1,370,278	1,370,278
Tax refund due from Govt.	—	—	—	518,305	—	518,305	518,305
Cash & bank balances	—	—	—	117,691	—	117,691	117,691
2009	—	—	—	**2,621,827**	**91,986**	**2,713,813**	**2,713,813**
2008	—	—	—	2,447,706	106,986	2,554,692	2,554,692

	Interest/mark-up Bearing			Non-Interest/mark-up Bearing			
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Grand Total
Financial Liabilities							
Long term financing	11,553,790	—	11,553,790	—	—	—	11,553,790
Long Term Loans	—	—	—	890,000	70,080,600	70,970,600	70,970,600
Trade & Other Payables	—	—	—	133,312,054	—	133,312,054	133,312,054
Accrued Mark-Up	—	—	—	9,008,219	—	9,008,219	9,008,219
Short Term Running Finance	101,530,812	—	101,530,812	—	—	—	101,530,812
2009	**113,084,602**	**—**	**113,084,602**	**143,210,273**	**70,080,600**	**213,290,873**	**326,375,475**
2008	115,584,602	—	115,584,602	145,563,102	67,743,450	213,306,552	328,891,154

27.3 **Foreign exchange risk management**

The Company is not exposed to any foreign exchange risk.

27.4 **Fair value of the financial instruments**

The carrying value of all the financial instruments reflected in the financial statements is not likely to significantly differ with their fair values.

28. NUMBER OF EMPLOYEES

Total number of employees as at 30th June , 2009 is 04. (2008: 09)

29. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 07th October, 2009 by the Board of Directors of the company.

30. GENERAL

All Figures have been rounded off to nearest of rupee.

ABDUL AZIZ H. YAQOOB
Chief Executive

MRS. QAMARUNNISA AZIZ
Director

CENTRAL FOREST PRODUCTS LIMITED

PROXY FORM

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

Folio No._____

I/We. . . . . .

of. . . . . (full address)

being a member/members of CENTERAL FOREST PRODUCTS LIMITED and a holder of . . . . . .

Ordinary Shares as per Share Register Folio Number . . . . . .

hereby appoint . . . . . .

(or failing him) . . . . . .

of . . . . . .

who is also a member of CENTRAL FOREST PRODUCTS LIMITED as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Wednesday, 28th October, 2009 and at any adjournment thereof.

Signed this_____ day of _____ 2009.

Revenue
Stamp of
Rs. 5/-

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

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

Sean

CENTRAL