

2018

ANNUAL REPORT



Clean - Green - Sustainable



Century Paper & Board Mills Limited





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.

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Core Values



Code of Ethics

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

Corporate Governance

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

Human Resource Development

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

Transparent Financial Policies

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

Marketing and Industry Practices

We believe in free and fair business practices and open competitive markets. Developing any association within the segment, industry or with competitors to

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

Business Risk Management

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

Social and Community Commitments

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

Environmental Management System - EMS

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

Geographical Presence

Head Office

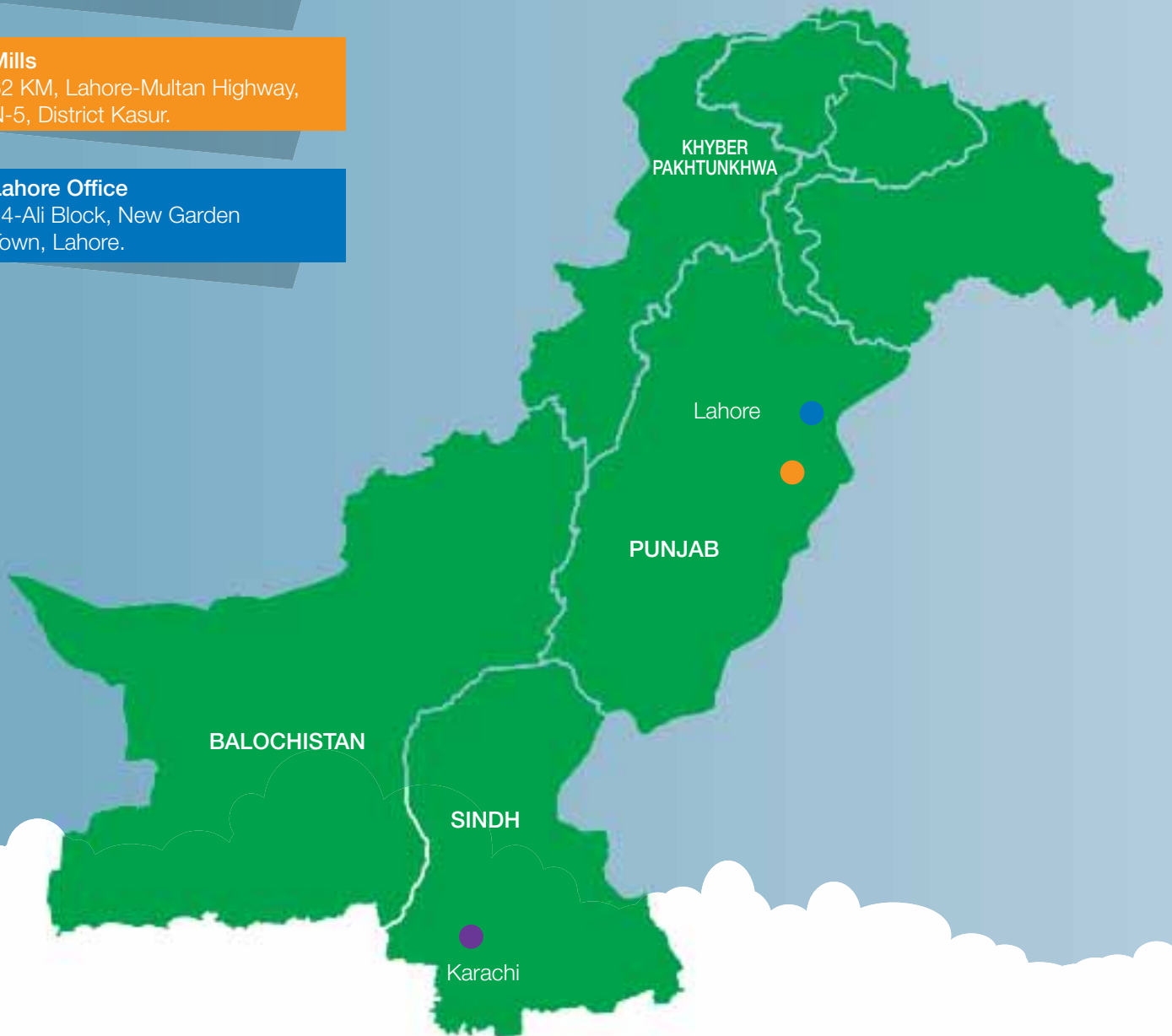
Lakson Square, Building No.2,
Sarwar Shaheed Road, Karachi.

Mills

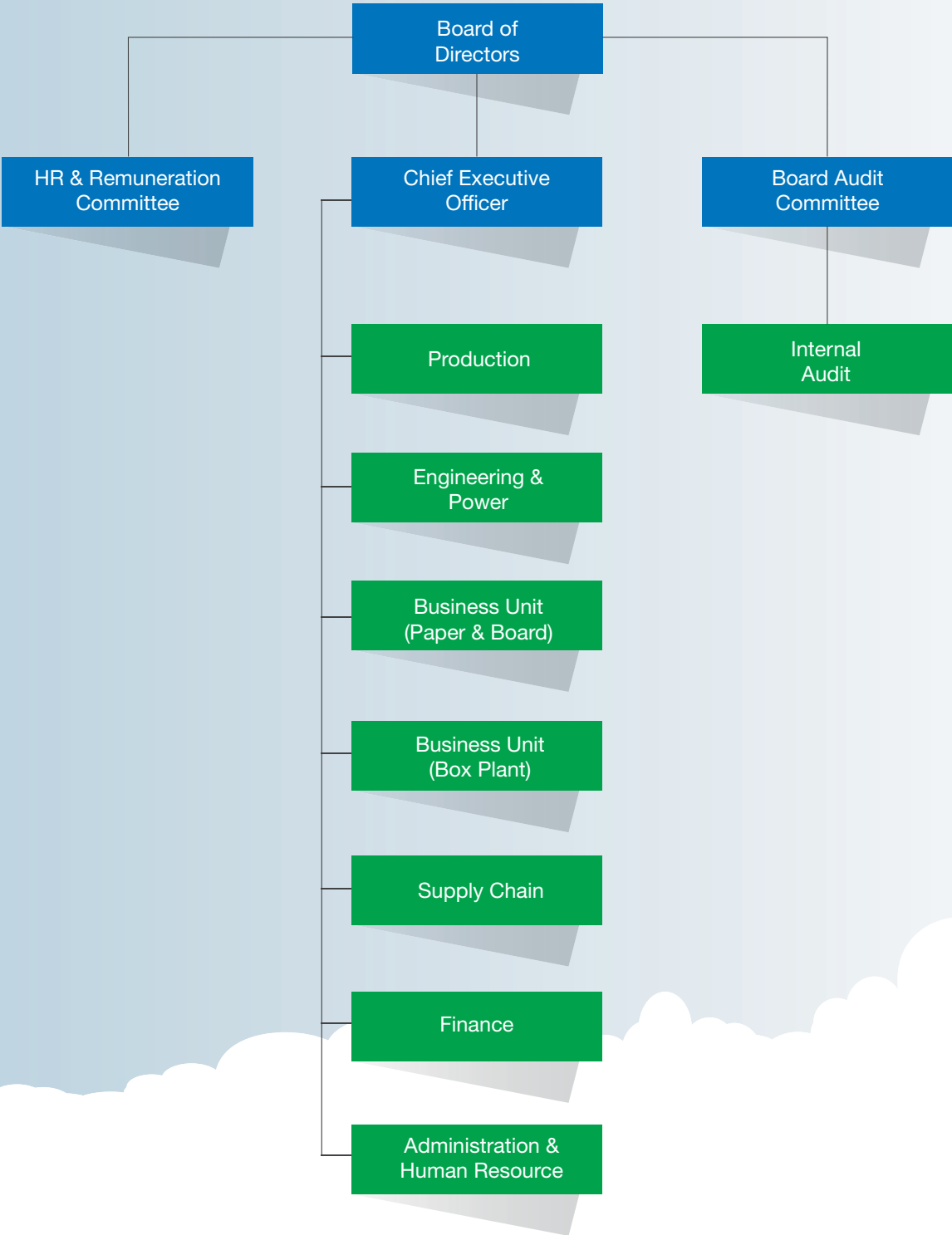
62 KM, Lahore-Multan Highway,
N-5, District Kasur.

Lahore Office

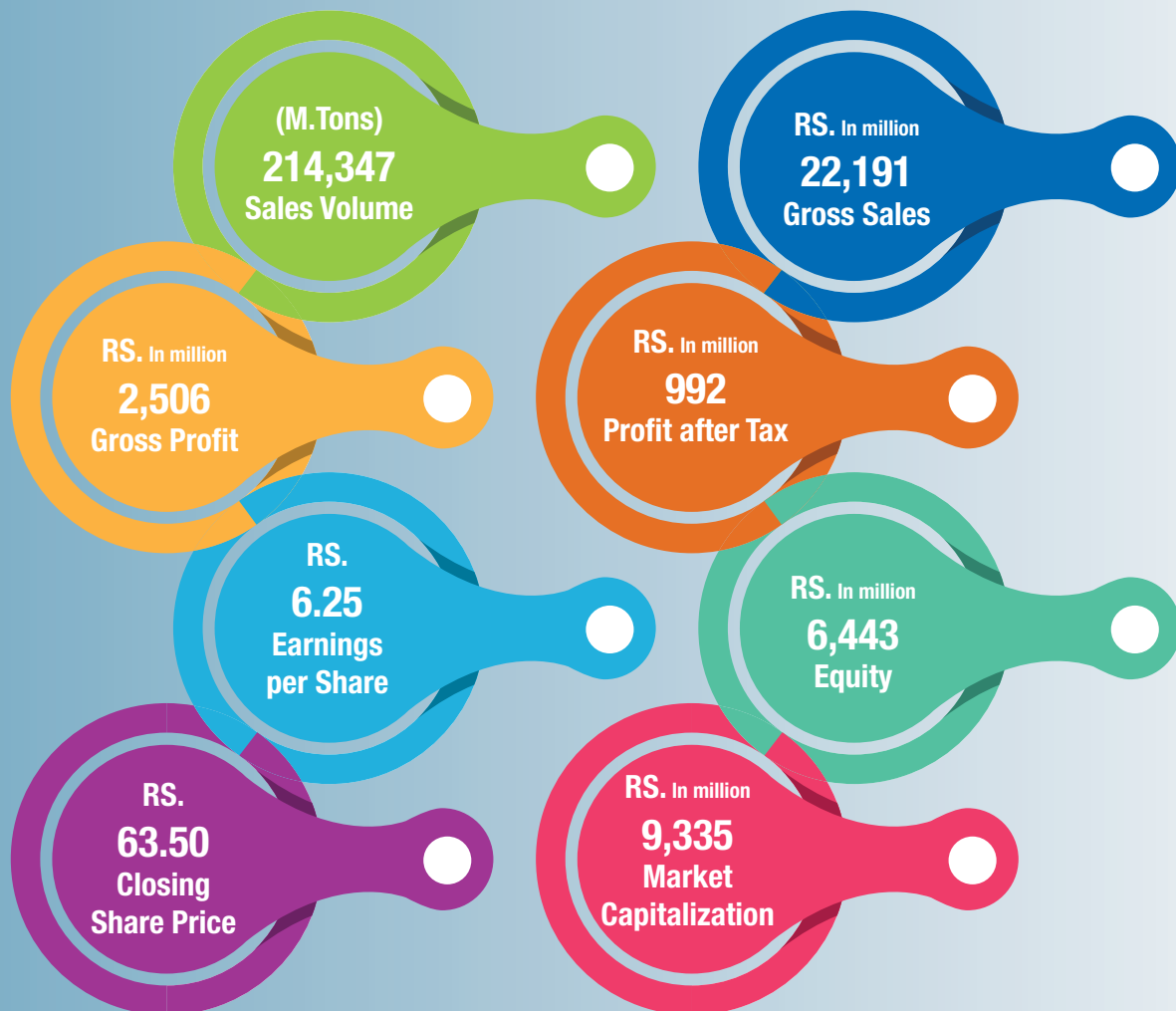
14-Ali Block, New Garden
Town, Lahore.



Organogram



Year At a Glance



Key Figures & Ratios

Rupees in million

Key Figures

	2018	2017
Gross sales	22,191	18,021
Net sales	18,965	15,401
EBITDA	2,880	2,223
Profit pre tax	1,431	904
Profit post tax	992	602
Share capital		
Ordinary shares	1,470	1,470
Preference shares	901	901
Shareholders' equity	6,443	5,713
Total assets	17,304	15,437
Capital expenditure	693	669
Capital employed	11,621	10,717
Long-term financing (including current portion)	3,869	4,069

Key Ratios

	2018	2017
Earnings per share - Rupees	6.25	3.66
Breakup value per share - Rupees	37.69	32.73
Price earning ratio	10.15	26.80
Total Debt equity ratio	53 : 47	55 : 45
Debt equity ratio (including current portion)	38 : 62	42 : 58
Leverage ratio	1.69 : 1	1.70 : 1
Current ratio	1.14 : 1	0.98 : 1
Quick ratio	0.41 : 1	0.31 : 1
Asset coverage ratio	2.06 : 1	1.96 : 1
Interest coverage ratio	4.11 : 1	3.22 : 1
Debt servicing coverage ratio	1.87 : 1	1.60 : 1
Cash Ratio	0.12 : 1	0.11 : 1
Debtors days	32	29
Inventory days	54	50
Operating Cycle	41	33

Entity Rating

by JCR-VIS Credit Rating Company Limited as on June 2018

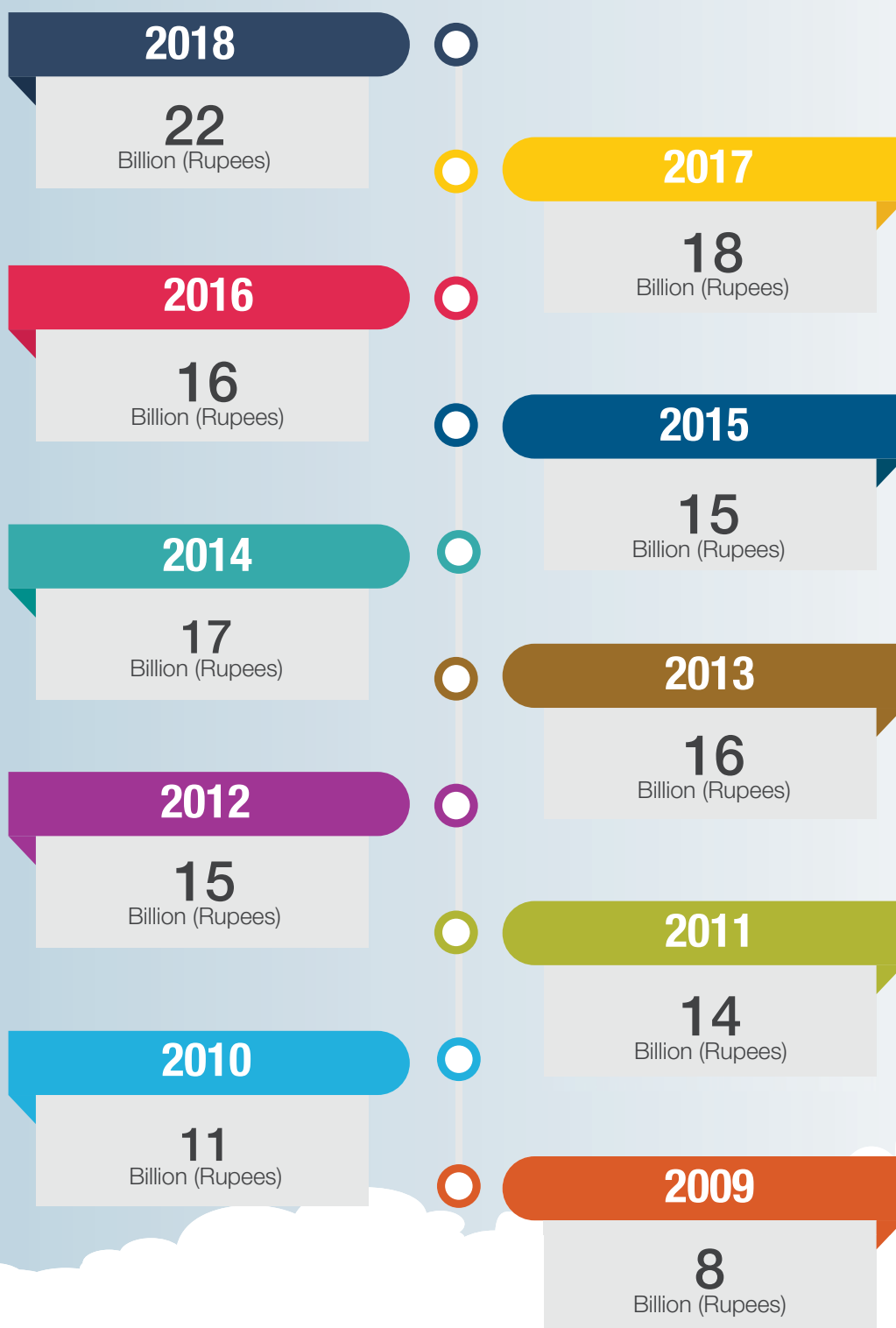
Long-Term A+ (A Plus)

- 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.

Gross Sales Revenue



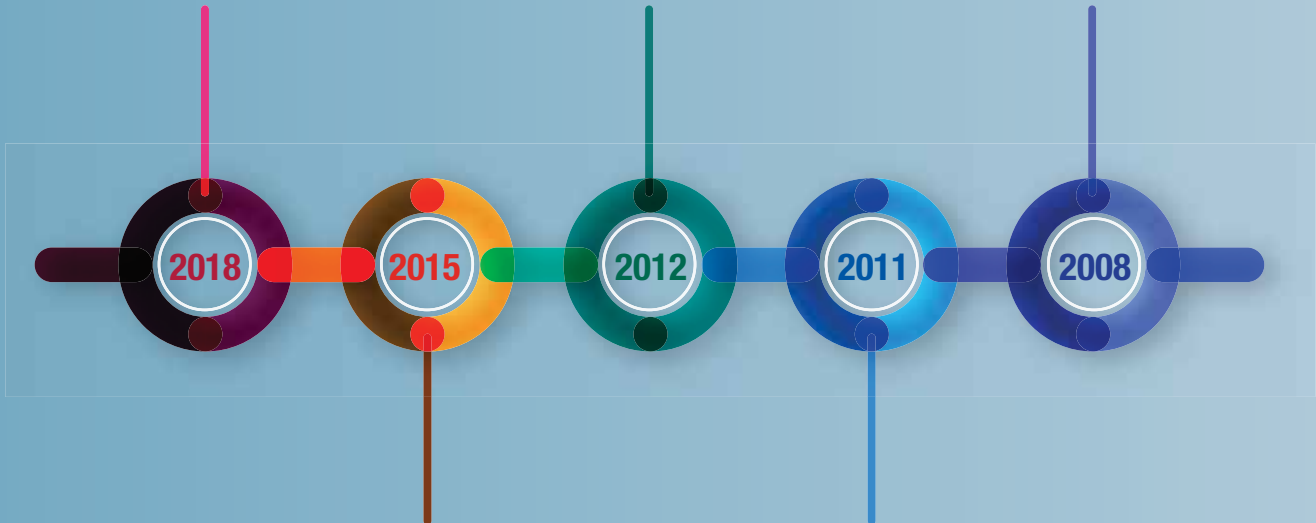
Certifications & Awards

Awarded “Environment Excellence Award 2018” by National Forum for Environment & Health (NFEH).

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

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.



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

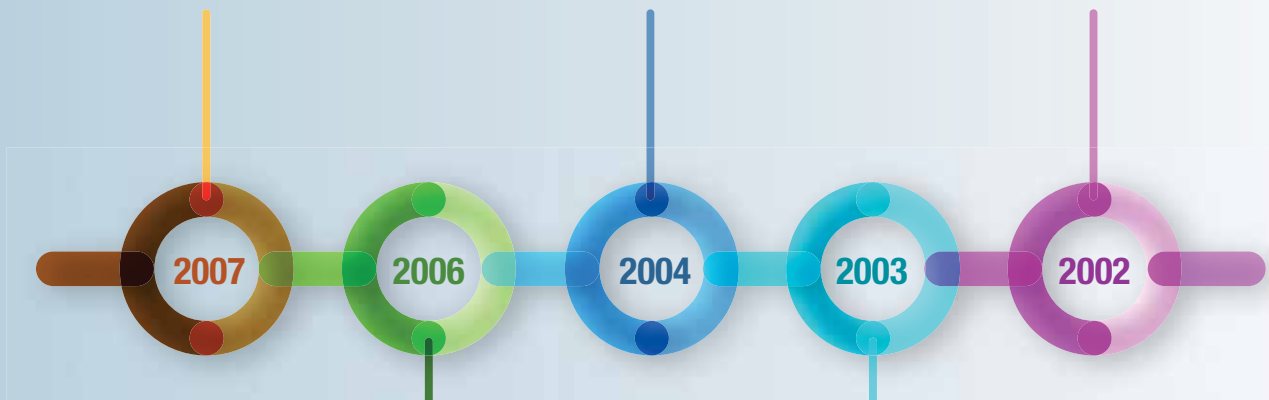
Awarded the certification on “Integrated Management System (IMS)” which consists of:

- Quality Management System (QMS) ISO 9001:2008;
- Environmental Management System (EMS) ISO 14001:2004 and
- Occupational Health and Safety Assessment Series (OHSAS) 18001:2007.

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

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

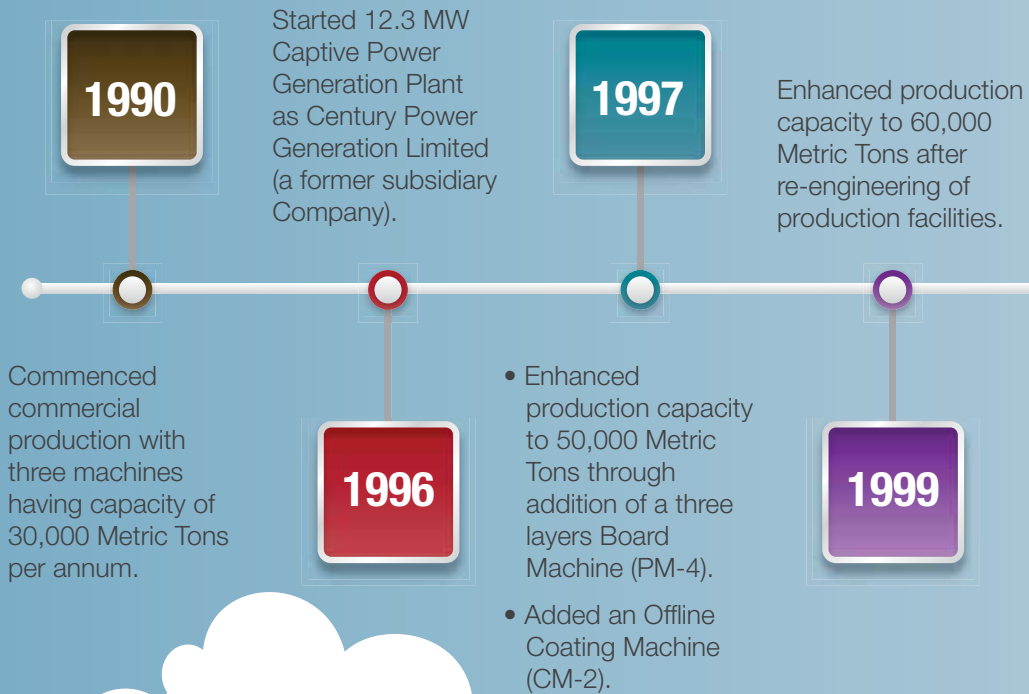
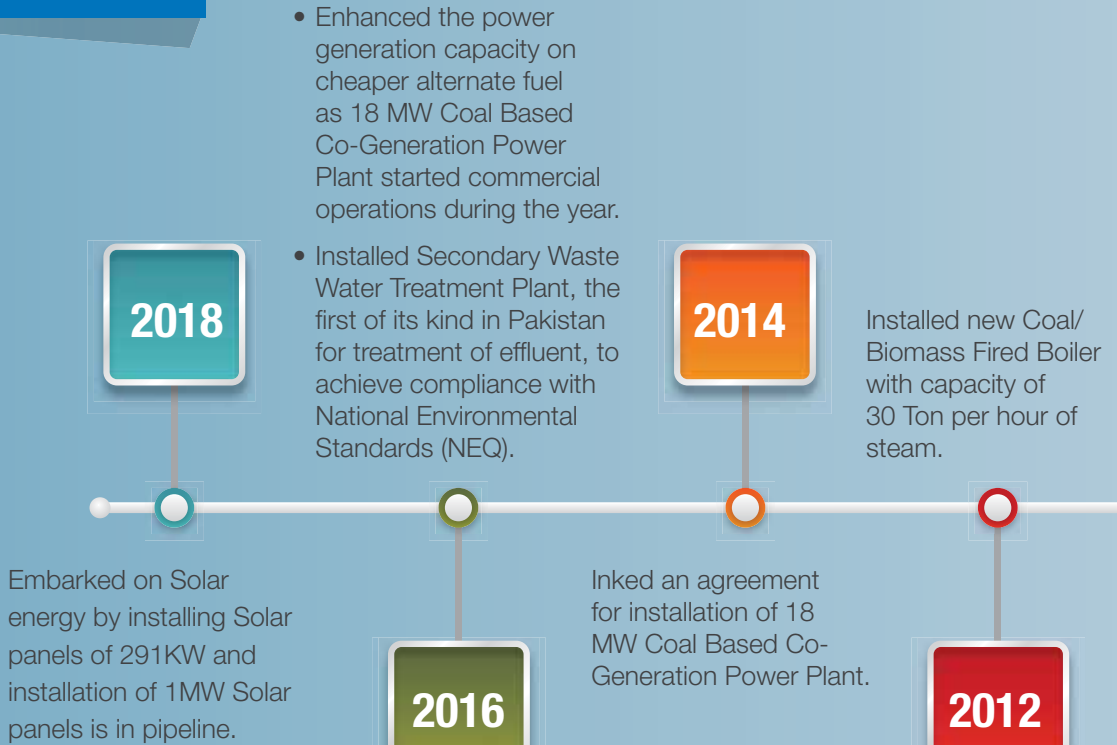
Awarded “Best Corporate Award” on Annual Report for the year 2000 and 2001.



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

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

Milestones



2011

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

2009

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

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

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

2008

2002

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

- Enhanced production capacity to 80,000 Metric Tons per annum after installation of twin layer Board Machine (PM-5).
- Added a Corrugated Boxes Manufacturing Plant with capacity of 22,000 Metric Tons per annum.

2005

- Converted Power Generators to dual fired configuration i.e. oil and natural gas.
- Enhanced un-bleached and bleached pulp capacities.
- Merged Century Power Generation Limited (a former subsidiary Company) with the Company.

- 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).

2003

2006

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, 2018, 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: 09 August 2018

Board of Directors

Iqbal Ali Lakhani (Chairman)

Amin Mohammed Lakhani

Anushka Zulfiqar Lakhani

Tasleemuddin Ahmed Batlay

Shahid Ahmed Khan

Kemal Shoaib

Muhammad Imran Rafiq (NIT)

(Upto April 23rd, 2018)

Engr. M. Abdul Jabbar

(From April 23rd, 2018)

Aftab Ahmad (Chief Executive Officer)

Corporate Information

Board's Committees

Audit Committee

Kemal Shoaib (Chairman)

Amin Mohammed Lakhani

Tasleemuddin Ahmed Batlay

Human Resource & Remuneration Committee

Engr. M. Abdul Jabbar (Chairman)

Amin Mohammed Lakhani

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) 38400000
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, Near Hotel Faran, Nursery
Block-6, P.E.C.H.S. Shakra-e-Faisal, Karachi.
Phone: (021) 34380101-5 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
Dubai Islamic Bank

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.

Shareholders Information

The Company

The Century Paper & Board Mills Limited is listed on Pakistan Stock Exchange Limited (PSX) and the stock code for dealing in equity shares of the Company at PSX is CEPB. The Registered office is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. Phone: (021) 38400000 and Fax: (021) 35681163 and 35683410.

Ownership

On June 30, 2018 the Company has 2,058 shareholders.

Annual General Meeting

The annual shareholders meeting will be held on Friday, September 28, 2018 at 10:00 a.m. at Avari Towers Hotel, Karachi. Shareholders of the company are encouraged to participate.

Date of Book Closer

The register of the members and shares transfer books of the Company will remain closed from September 22, 2018 to September 28, 2018 (both days inclusive).

Dividend Announcement

The Board of Directors of the Company has proposed final cash dividend Re 0.75 per share (7.50%) for the year ended June 30, 2018 making total dividend for the year of Rs. 2.25 per share (22.5%).

Dividend Payment

The proposal of the Board of Directors for dividend payment will be considered at the Annual General Meeting. If the proposal is approved, the cash dividend will be paid to persons listed in the register of members.

Income tax and zakat will be deducted in accordance with the current laws.

E-Dividend Mandate (Mandatory)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholder. In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company.

Share Price and Trading Volumes

Period	Share Price (Rupees)			Daily Average of Trading Volume
	High	Low	Closing	
First Quarter (Jul-Sep, 2017)	99.75	65.51	66.85	108,228
Second Quarter (Oct-Dec, 2017)	70.94	57.33	62.13	32,792
Third Quarter (Jan-Mar, 2018)	70.86	62.13	70.86	71,926
Fourth Quarter (Apr-Jun, 2018)	76.28	60.73	63.50	114,483
For the Year	99.75	57.33	63.50	81,523

The daily average trading volume are calculated based on number of trading days of the relevant quarter.

Financial Results

The tentative timelines of the financial results for the year 2018-19 for approval in the Board of Directors meetings are as follows:

First Quarter ending on September 30, 2018	October 2018
Second Quarter ending on December 31, 2018	January 2019
Third Quarter ending on April 30, 2019	April 2019
For the year ending on June 30, 2019	August 2019

Web Presence

Annual/Quarterly reports are regularly placed at the Company's web site, www.centurypaper.com.pk.

Change of Address

All registered shareholders should send information for change of address to: The Corporate Department, Century Paper & Board Mills Limited, Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi-74200, Pakistan.

Corporate Calendar

Meetings	Date
Audit Committee meeting to consider annual accounts of the Company for the year ended June 30, 2017	August 08, 2017
Board of Directors meeting to consider annual accounts of the Company for the year ended June 30, 2017	August 10, 2017
Board meeting to consider budgeted financial statement for the year ended June 30, 2018	September 21, 2017
Annual General meeting of Shareholders to consider annual accounts of the Company for the year ended June 30, 2017	October 19, 2017
Audit Committee meeting to consider interim accounts of the Company for the first quarter ended September 30, 2017	October 16, 2017
Board of Directors meeting to consider interim accounts of the Company for the first quarter ended September 30, 2017	October 18, 2017
Audit Committee meeting to consider interim accounts of the Company for the half year ended December 31, 2017	February 06, 2018
Board of Directors meeting to consider interim accounts of the Company for the half year ended December 31, 2017	February 08, 2018
Audit Committee meeting to consider interim accounts of the Company for the nine months ended March 31, 2018	April 23, 2018
Board of Directors meeting to consider interim accounts of the Company for the nine months ended March 31, 2018	April 23, 2018

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of CENTURY PAPER & BOARD MILLS LIMITED will be held on Friday, September 28, 2018 at 10:00 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, 2018 together with the Directors' and Auditors' reports thereon.
2. To declare final dividend in cash @ 7.50% i.e. Re.0.75 per share of Rs.10 each. This is in addition to interim cash dividend @ 15% i.e. Rs.1.50 per share already paid.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider to pass the following resolutions as special resolution:
 - a) "RESOLVED that the transactions carried out in normal course of business with associated companies as disclosed in Note No.42 during the year ended June 30, 2018 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, 2019 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 matter mentioned in item No.4 is annexed.

By Order of the Board



(MANSOOR AHMED)
Company Secretary

Karachi: August 28, 2018

NOTES:

1. The share transfer books of the Company will remain closed from September 22, 2018 to September 28, 2018 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi up to the close of business on September 21, 2018 will be treated in time for entitlement of the dividend.
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. Form 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 holding shares in physical form are requested to promptly notify Share Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.
6. CNIC numbers of shareholders are mandatorily required for dividend distribution. Shareholders are therefore requested to submit a copy of their CNIC (if not already provided) to the Share Registrar. In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under SECP order dated July 13, 2015 to withhold the payment of dividend of such shareholders. The shareholders while sending CNIC must quote their respective folio number and name of the Company.
7. Under the provisions of Section 242 of the Companies Act, 2017 and the Companies (Distribution of Dividends) Regulations, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

Shareholders who have not yet submitted their International Bank Account Number (IBAN) are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the Registrar of the Company M/s. Famco Associates (Private) Limited, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services.

8. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, 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.
9. (i) The rates of deduction of income tax from dividend payments under the Income Tax Ordinance, 2001 are as follows:
1. For filer of income tax return 15%
 2. For non-filers of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

(ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to FAMCO Associates (Private) Limited, by the first day of Book Closure.

(iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Shares Registrar, in writing as follows:

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Shares Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

(iv) For any query/problem/information, the investors may contact the Company Secretary at phone: (021) 38400000 and email address mansoor@lakson.com.pk and/or FAMCO Associates (Private) Limited at phone: (021) 34380101-5 and email address: info.shares@famco.com.pk.

(v) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or FAMCO Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote Company name and their respective folio numbers. Without the NTN Company would not be in a position to check filer status on the ATL and hence higher tax of 20% may be applied in such cases.

10. 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 _____.”

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

11. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

12. 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.4 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.4(a) of the Notice – Transactions carried out with associated companies during the year ended June 30, 2018 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 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017.

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 seemingly could not be formed for approval of some of these transactions which 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, 2018 with associated companies shown in Note No.42 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

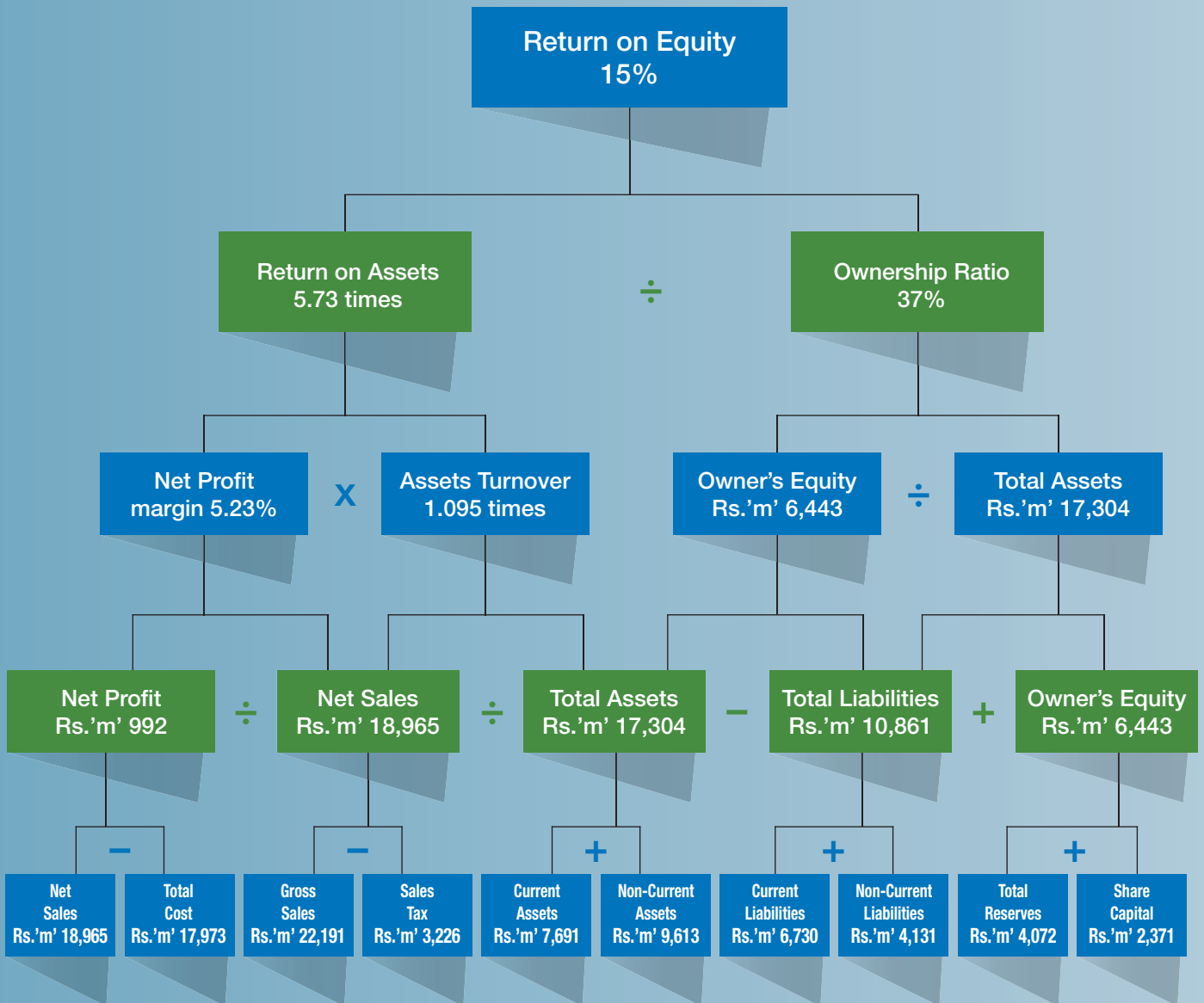
2. Agenda Item No.4(b) of the Notice – Authorization to the Chief Executive Officer for the transactions carried out and to be carried out with associated companies during the ensuing year ending June 30, 2019 to be passed as a Special Resolution.

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 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017, 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, 2019.

The Directors are interested in the resolutions to the extent of their common directorships and shareholding in the associated companies and the privileges attached thereto only.

DuPont Analysis



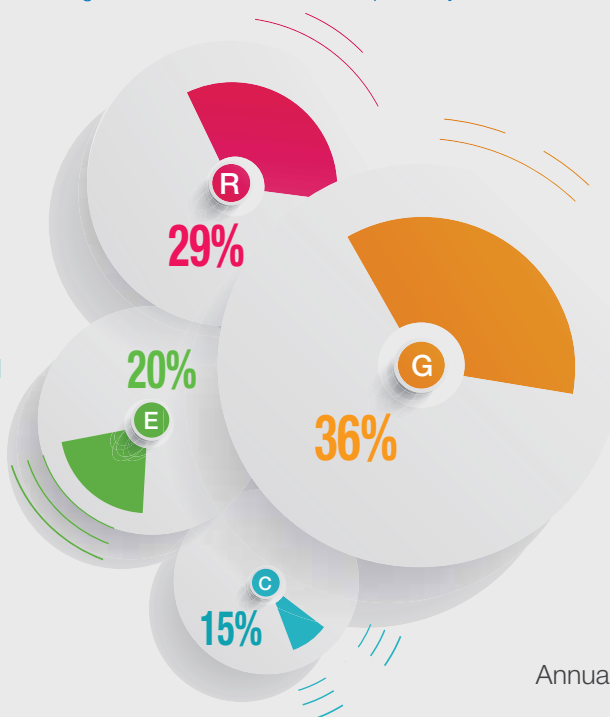
Statement of Value Added

for the year ended June 30, 2018

	2018	%age	2017	%age
	----- Rupees in thousands -----			
Wealth Generated				
Gross Turnover	22,190,953		18,021,243	
Purchased material and services	(16,841,961)		(13,668,510)	
Value Added	5,348,992		4,352,733	
Other Income	75,438		113,859	
Total	5,424,430		4,466,592	
Wealth Distributed				
To Employees				
Salaries, benefits and related costs	1,066,509	20	954,993	21
To Government				
Income Tax, Sales Tax, Import Duty and Workers' Welfare Fund	1,938,944	36	1,604,440	36
To providers of Capital				
Dividend to Shareholders (Note)	406,782	7	725,515	16
Finance cost on borrowed funds	460,354	8	406,945	9
Retained in Business				
Depreciation, amortisation and retained profit	1,551,841	29	774,699	18
TOTAL	5,424,430	100	4,466,592	100

Note: It represents total dividend for the year including final dividend declared subsequent to year end.

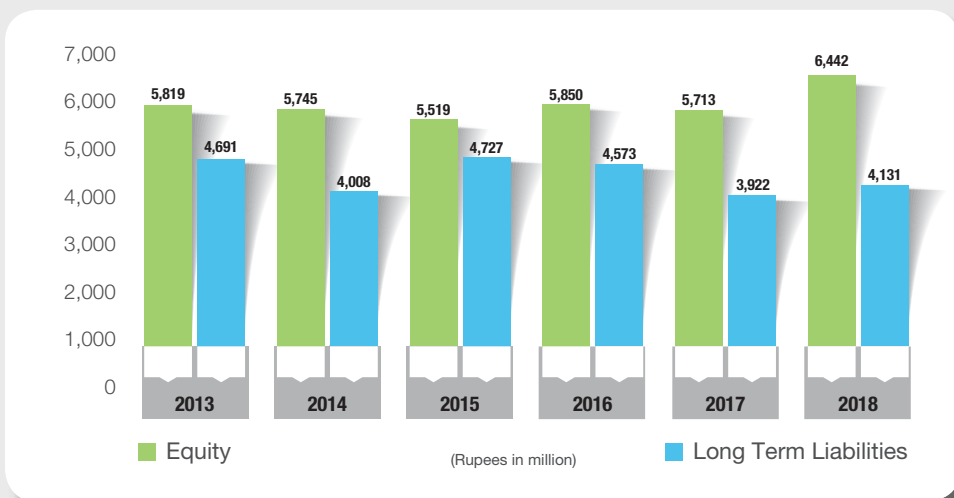
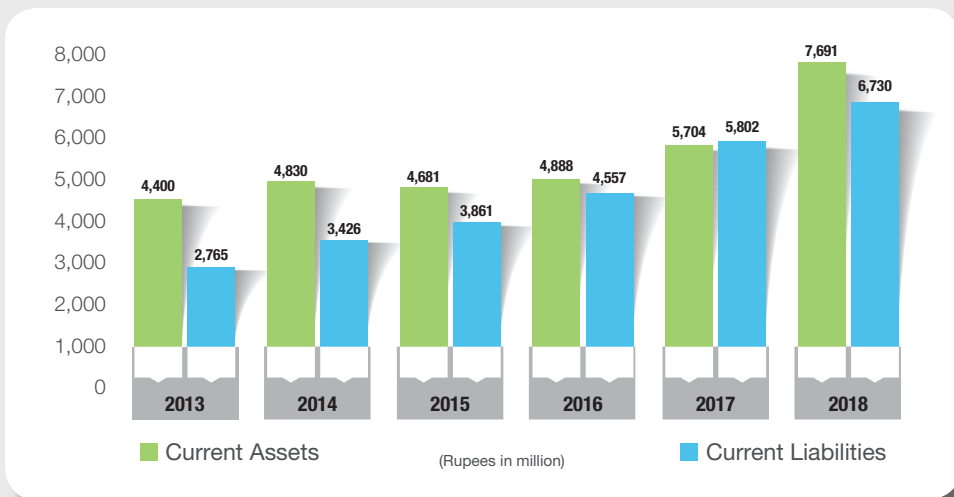
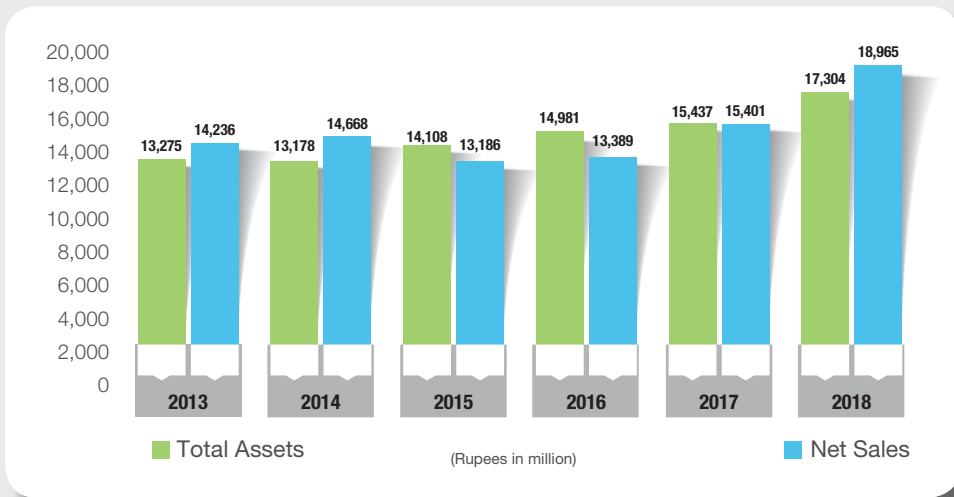
- G To Government
- R Retained in Business
- E To Employees
- C To Providers of Capital



Summarized Six Year Data

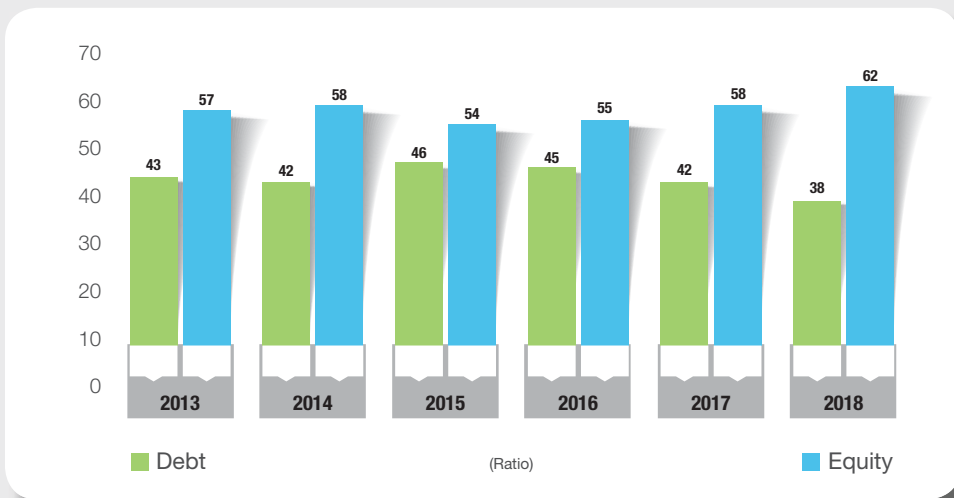
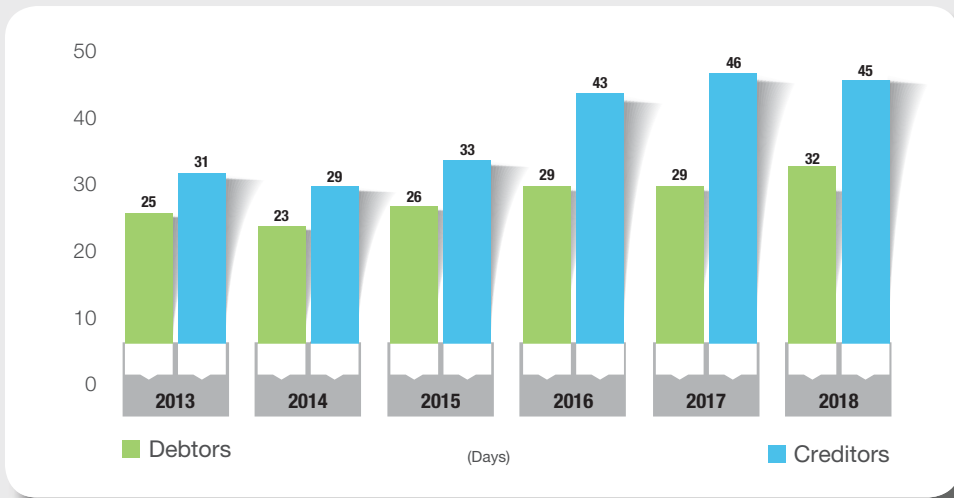
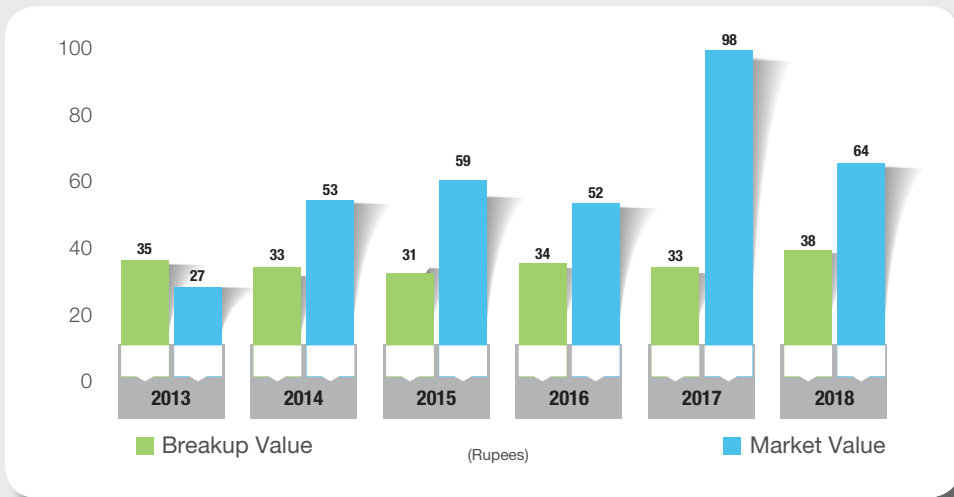
Rupees in million

	2018	2017	2016	2015	2014	2013
Balance Sheet						
Share Capital						
Ordinary shares	1,470	1,470	1,470	1,470	1,470	1,060
Preference shares	901	901	901	901	901	2,103
Reserves	4,071	3,342	3,479	3,147	3,373	2,656
Shareholders' equity	6,442	5,713	5,850	5,519	5,745	5,819
Long-term financing (including current portion)	3,869	4,070	4,824	4,771	4,130	4,425
Deferred taxation – Liability	1,309	934	695	578	661	540
Capital employed	11,621	10,717	11,370	10,868	10,536	10,784
Property, plant and equipment	9,590	9,723	10,087	9,414	8,340	8,857
Other non-current assets	24	10	6	12	8	19
Net current assets / Working capital	961	(98)	331	821	1,405	1,634
Profit and Loss						
Sales – gross	22,191	18,021	15,603	15,391	17,132	16,513
Sales – net	18,965	15,401	13,389	13,186	14,668	14,236
Gross profit	2,506	1,792	1,267	878	2,021	2,547
Operating profit	1,892	1,311	792	400	1,529	2,100
Profit / (loss) before tax	1,431	904	436	(176)	914	1,407
Profit / (loss) after tax	992	602	322	(205)	630	929
EBITDA	2,880	2,223	1,669	1,307	2,441	3,007
Cash Flows						
Net cash flow from operating activities	727	1,302	1,536	961	1,034	1,678
Net cash flow from investing activities	(684)	(664)	(1,529)	(1,897)	(251)	(305)
Net cash flow from financing activities	(441)	(1,480)	54	641	(983)	(1,289)
Changes in cash and cash equivalents	(398)	(843)	60	(295)	(200)	84
Cash and cash equivalents – Year end	(3,011)	(2,614)	(1,771)	(1,831)	(1,536)	(1,336)
Others						
Number of Employees	1,646	1,548	1,521	1,543	1,519	1,643
Number of shares (million)						
Ordinary shares	147	147	147	147	147	106
Preference shares	90	90	90	90	90	210



Financial Performance

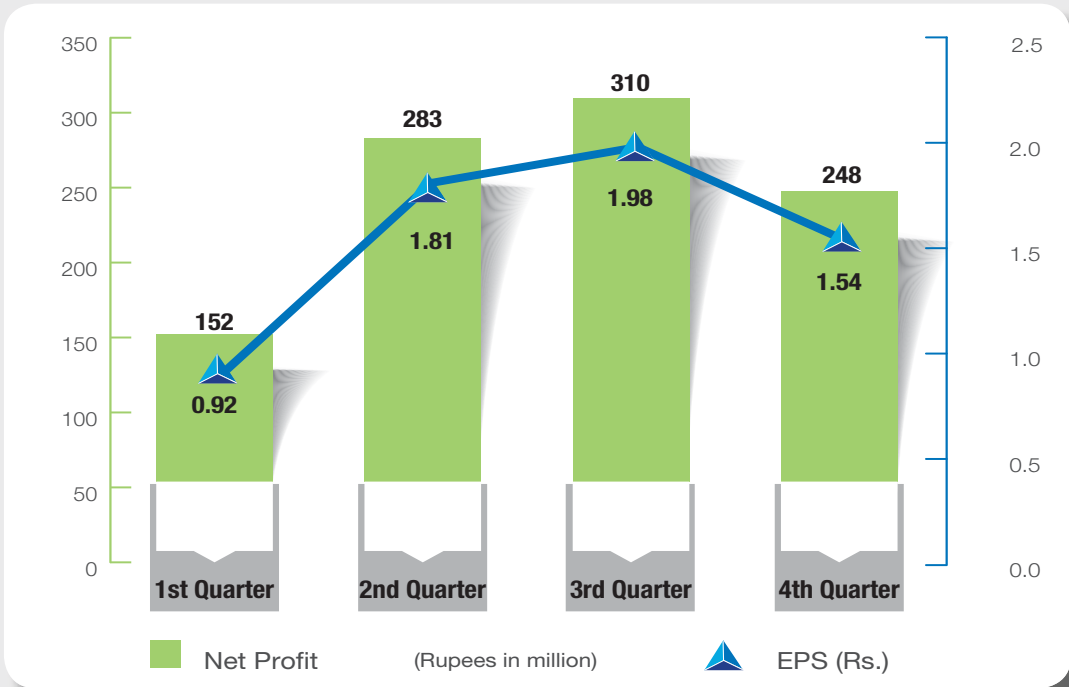
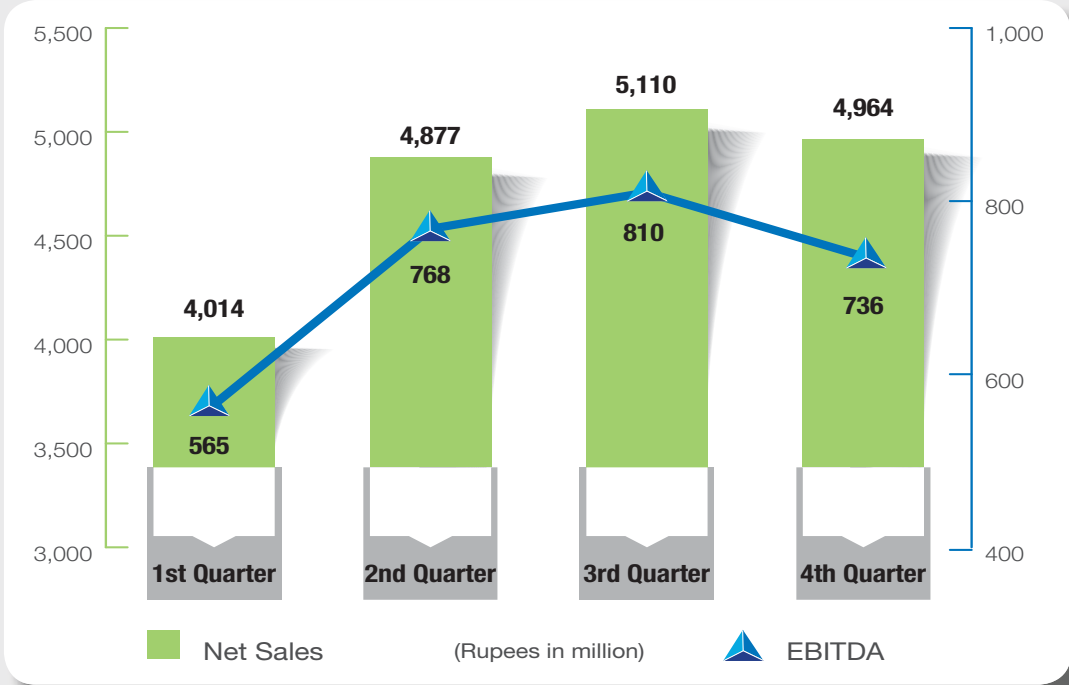
		2018	2017	2016	2015	2014	2013
Profitability							
Gross profit margin	%	13	12	9	7	14	18
EBITDA margin to sales	%	15	14	12	10	17	21
Profit / (loss) before tax margin	%	8	6	3	(1)	6	10
Net profit / (loss) margin	%	5	4	2	(2)	4	7
Return on equity	%	15	11	6	(4)	11	16
Return on capital employed	%	16	11	6	2	13	18
Operating Performance / Liquidity							
Total assets turnover (excl. CWIP)		1.13 : 1	1.02 : 1	0.90 : 1	1.07 : 1	1.13 : 1	1.08 : 1
Fixed assets turnover		2.08 : 1	1.58 : 1	1.37 : 1	1.68 : 1	1.73 : 1	1.58 : 1
Debtors turnover		11.23 : 1	12.64 : 1	12.79 : 1	14.12 : 1	15.63 : 1	14.80 : 1
Debtors days		32	29	29	26	23	25
Inventory turnover		6.77 : 1	7.37 : 1	6.53 : 1	5.42 : 1	5.52 : 1	6.34 : 1
Inventory days		54	50	56	67	66	58
Creditors turnover		8.11 : 1	7.95 : 1	8.58 : 1	11.10 : 1	12.64 : 1	11.78 : 1
Creditors days		45	46	43	33	29	31
Operating cycle days		41	33	42	60	60	52
Return on assets (excl. CWIP)	%	5.89	3.98	2.16	(1.67)	4.85	7.02
Current ratio		1.14 : 1	0.98 : 1	1.07 : 1	1.21 : 1	1.41 : 1	1.59 : 1
Quick / Acid test ratio		0.41 : 1	0.31 : 1	0.33 : 1	0.34 : 1	0.31 : 1	0.46 : 1
Capital Market / Capital Structure Analysis							
Market value per share	Rs	63.50	98.05	52.04	58.92	53.30	27.05
Breakup value / (Net assets/shares)	Rs	37.69	32.73	33.66	31.41	32.94	35.05
Earnings / (loss) per share (pre tax)	Rs	9.24	5.71	2.53	(1.69)	5.75	9.93
Earnings / (loss) per share (post tax)	Rs	6.25	3.66	1.76	(1.89)	3.46	5.30
Price earning ratio		10.15 : 1	26.80 : 1	29.57 : 1	(31.17) : 1	15.40 : 1	5.10 : 1
Market price to breakup value		1.68 : 1	3.00 : 1	1.55 : 1	1.88 : 1	1.62 : 1	0.77 : 1
Debt equity ratio		38 : 62	42 : 58	45 : 55	46 : 54	42 : 58	43 : 57
Weighted average cost of debt	%	6.67	6.14	7.20	10.03	10.35	11.56
Interest coverage ratio		4.11 : 1	3.22 : 1	2.23 : 1	0.69 : 1	2.49 : 1	3.03 : 1



Quarterly Analysis 2018

(Rupees in thousands)

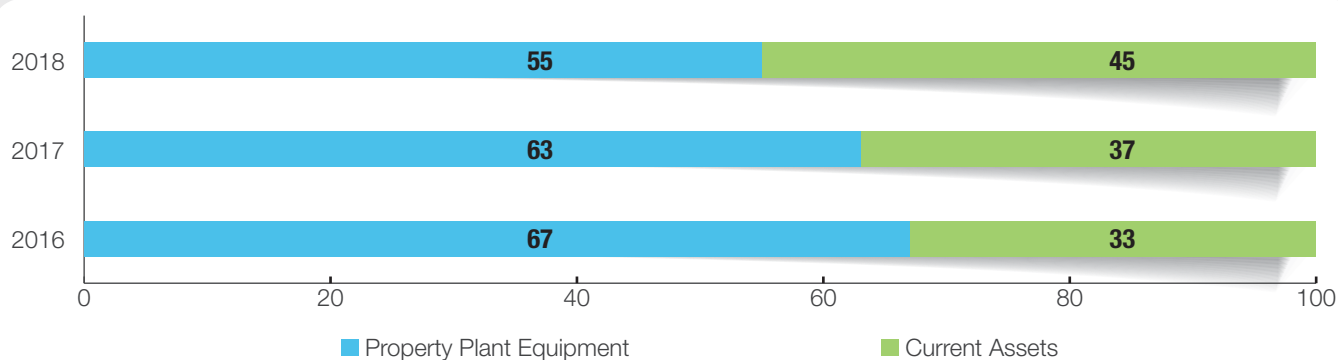
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Annual
Sales Volumes (Metric Tons)	48,376	56,496	55,811	53,664	214,347
Gross Sales	4,696,709	5,707,259	5,978,648	5,808,337	22,190,953
Sales tax	(682,951)	(830,424)	(868,777)	(844,228)	(3,226,380)
Net Sales	4,013,758	4,876,835	5,109,871	4,964,109	18,964,573
Cost of sales	(3,535,845)	(4,189,306)	(4,409,422)	(4,324,230)	(16,458,803)
Gross profit	477,913	687,529	700,449	639,879	2,505,770
General & administrative expenses	(99,283)	(112,292)	(99,185)	(114,994)	(425,754)
Selling & distribution expenses	(30,114)	(29,284)	(32,224)	(37,582)	(129,204)
Others operating expenses	(25,129)	(40,942)	(38,033)	(30,576)	(134,680)
Other income	13,575	17,572	23,059	21,232	75,438
Operating profit	336,962	522,583	554,066	477,959	1,891,570
Finance cost	(120,452)	(116,373)	(111,487)	(112,042)	(460,354)
Net profit before taxation	216,510	406,210	442,579	365,917	1,431,216
Taxation	(64,953)	(123,285)	(132,774)	(118,345)	(439,357)
Net profit for the year	151,557	282,925	309,805	247,572	991,859
Earning per share (Rupees)	0.92	1.81	1.98	1.54	6.25
EBITDA	565,251	768,479	810,349	735,830	2,879,909



Horizontal Analysis

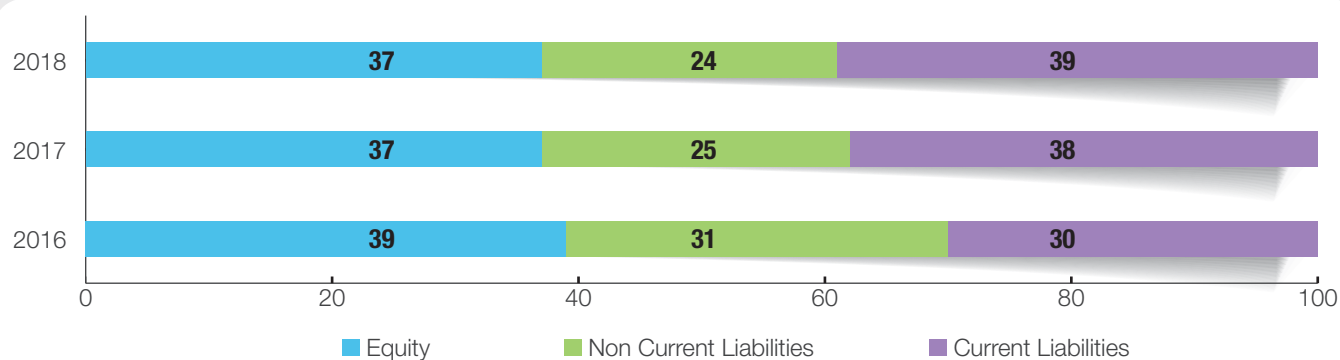
Rupees in million

Balance Sheet	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15
	Amount	%	Amount	%	Amount	%
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment						
Operating fixed assets	9,122	97	9,421	94	10,038	132
Capital work in progress	467	155	302	616	49	3
Intangible assets	3	150	2	100	2	50
Long-term loans and advances	15	300	5	500	1	20
Long-term deposits	6	150	4	133	3	100
CURRENT ASSETS						
Stores and spares	1,290	95	1,365	120	1,137	105
Stock in trade	2,897	148	1,963	113	1,732	87
Trade debts	2,366	149	1,585	125	1,265	108
Loans and advances	69	986	7	47	15	94
Trade deposits and short-term prepayments	88	104	85	106	80	2000
Other receivables	11	275	4	100	4	133
Tax refunds due from Government	262	115	227	176	129	111
Taxation-net	292	121	241	78	309	169
Cash and bank balances	416	184	226	104	217	179
TOTAL ASSETS	17,304		15,437		14,981	
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	4,071	122	3,342	96	3,479	111
NON-CURRENT LIABILITIES						
Long-term financing	2,822	94	2,988	77	3,878	93
Deferred taxation	1,309	140	934	134	695	120
CURRENT LIABILITIES						
Trade and other payables	2,216	120	1,841	117	1,581	127
Interest and mark-up accrued	40	105	38	93	42	98
Short-term borrowings	3,427	121	2,840	143	1,989	102
Un-claimed dividend	1	-	1	-	-	-
Current portion of long-term financing	1,047	97	1,082	114	946	152
TOTAL EQUITY AND LIABILITIES	17,304		15,437		14,981	



Vertical Analysis

	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
Balance Sheet						
ASSETS						
NON CURRENT ASSETS						
Property plant and equipment						
Operating fixed assets	9,122	52.72	9,421	61.03	10,038	67.01
Capital work in progress	467	2.70	302	1.96	49	0.33
Intangible assets	3	0.02	2	0.01	2	0.01
Long-term loans and advances	15	0.09	5	0.03	1	0.01
Long-term deposits	6	0.03	4	0.03	3	0.02
CURRENT ASSETS						
Stores and spares	1,290	7.45	1,365	8.84	1,137	7.59
Stock in trade	2,897	16.74	1,963	12.72	1,732	11.56
Trade debts	2,366	13.67	1,585	10.27	1,265	8.44
Loans and advances	69	0.40	7	0.05	15	0.10
Trade deposits and short-term prepayments	88	0.51	85	0.55	80	0.53
Other receivables	11	0.06	4	0.03	4	0.03
Tax refunds due from Government	262	1.51	227	1.47	129	0.86
Taxation-net	292	1.69	241	1.56	309	2.06
Cash and bank balances	416	2.40	226	1.46	217	1.45
TOTAL ASSETS	17,304	100	15,437	100	14,981	100
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Issued, subscribed and paid-up capital						
Ordinary shares	1,470	8.50	1,470	9.52	1,470	9.81
Preference shares	901	5.21	901	5.84	901	6.01
Reserves	4,071	23.53	3,342	21.65	3,479	23.22
NON CURRENT LIABILITIES						
Long-term financing	2,822	16.31	2,988	19.36	3,878	25.89
Deferred taxation	1,309	7.56	934	6.05	695	4.64
CURRENT LIABILITIES						
Trade and other payables	2,216	12.81	1,841	11.93	1,581	10.55
Interest and mark-up accrued	40	0.23	38	0.25	42	0.27
Short-term borrowings	3,427	19.80	2,840	18.40	1,989	13.27
Un-claimed dividend	1	-	1	-	-	-
Current portion of long-term financing	1,047	6.05	1,082	7.01	946	6.31
TOTAL EQUITY AND LIABILITIES	17,304	100	15,437	100	14,981	100



Horizontal Analysis

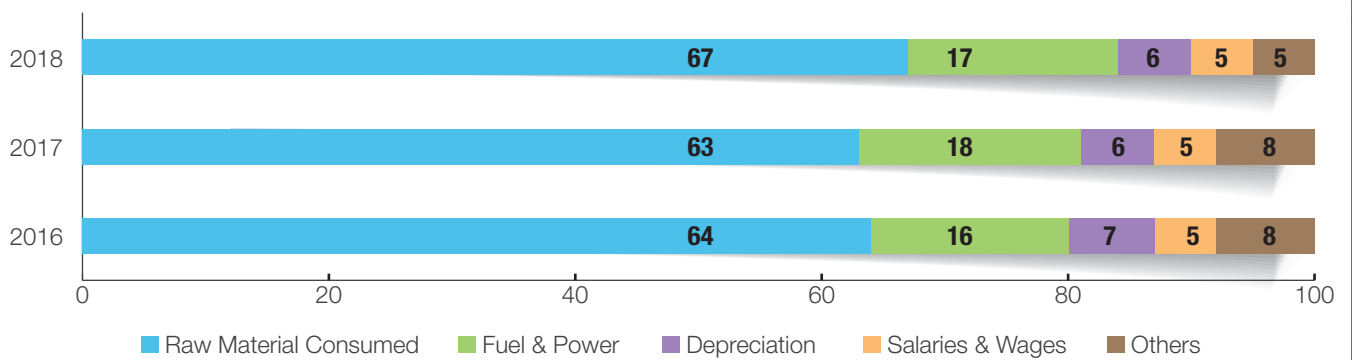
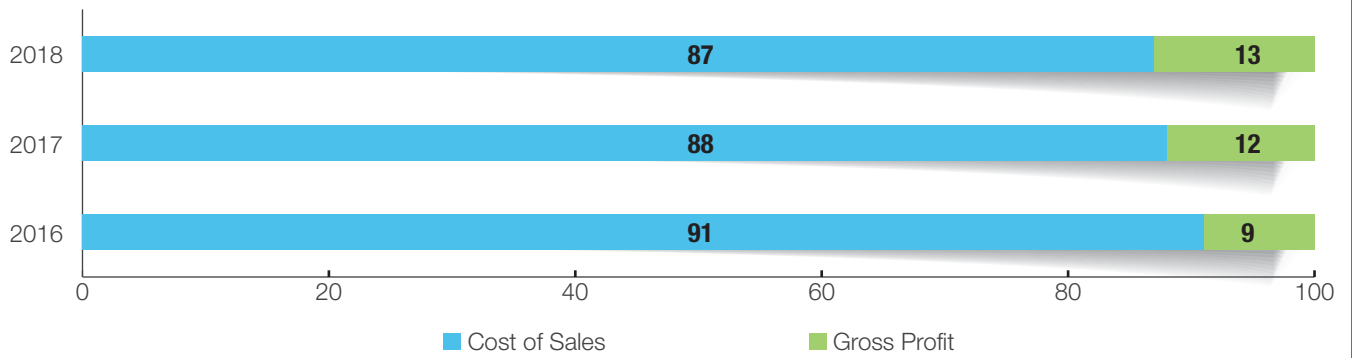
Rupees in million

Profit And Loss Account	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15
	Amount	%		Amount		%
Sales – net	18,965	123	15,401	115	13,389	102
Cost of sales	(16,459)	121	(13,610)	112	(12,122)	98
Gross profit	2,506	140	1,792	141	1,267	144
General and administrative expenses	(426)	114	(375)	99	(379)	106
Selling and distribution expenses	(129)	112	(115)	101	(114)	101
Other operating income	75	66	114	178	64	94
Other operating charges	(135)	130	(104)	226	(46)	63
Operating profit	1,892	144	1,311	166	792	198
Finance cost	(460)	113	(407)	114	(356)	62
Net profit before taxation	1,431	158	904	207	436	248
Taxation	(439)	145	(302)	265	(114)	393
Net profit after taxation	992	165	602	187	322	157

Vertical Analysis

Rupees in million

Profit And Loss Account	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15
	Amount	%		Amount		%
Sales – net	18,965	100.00	15,401	100.00	13,389	100.00
Cost of sales	(16,459)	86.79	(13,610)	88.37	(12,122)	90.54
Gross profit	2,506	13.21	1,792	11.64	1,267	9.46
General and administrative expenses	(426)	2.25	(375)	2.43	(379)	2.83
Selling and distribution expenses	(129)	0.68	(115)	0.75	(114)	0.85
Other operating income	75	0.40	114	0.74	64	0.48
Other operating charges	(135)	0.71	(104)	0.68	(46)	0.34
Operating profit	1,892	9.98	1,311	8.51	792	5.92
Finance cost	(460)	2.43	(407)	2.64	(356)	2.66
Net profit before taxation	1,431	7.55	904	5.87	436	3.26
Taxation	(439)	2.31	(302)	1.96	(114)	0.85
Net profit after taxation	992	5.23	602	3.91	322	2.40



Chairman's Message



National economy witnessed a growth of above 5% in second consecutive year. However, in later half of FY2017-18, imbalances in economy in the form of ballooning current account deficit and depletion of foreign exchange reserves cropped up. To curb these imbalances, Government resorted to tightening measures including imposition of regulatory duties on imports, PKR Depreciation and Policy rate increases.

Despite of the ups and downs in the economy, I am very delighted to share that FY2017-18 was another successful year for the Company as both its topline (Gross Sales) and bottom line (Profit after Tax) have been significantly increased. The gross sales crossed the landmark of Rs. 20 billion and stood at Rs. 22.2 billion during the year with 22% increase as compared to last year gross sales of Rs. 18 billion. Improvement in Profits was even higher as profit after tax registered a growth of 65% over last year. On the backdrop of better profitability, Earnings per share increased to Rs. 6.25 as against last year of Rs. 3.66. Better results have been achieved with well devised strategy and concerted efforts by the management team of the Company. Here, I also like to point out some prudent decision making done by the management of your Company in the past years which is paying back well. Like the investment made in Coal Fired Co-Generation Power Plant has not only made Company self-sufficient in energy but it also remained pivotal in providing economical energy for plant operations despite the prices of alternate fuels were going up rapidly.

It is a matter of great satisfaction for me that because of persistently better financial results for last two years, the Company has resumed dividend streams for its Ordinary

shareholders and the Company has declared cash dividend of 22.5% for the year under review including 15% interim dividend paid during the year.

Since last year the production facilities have been operated almost close to their achievable capacities. Realizing this the management of your Company already decided to expand the production capacities. As a first step towards achieving this objective, a contract has been signed with Posco Daewoo Corporation of Korea for acquisition of a new state-of-the-art Board Machine. The estimated capital outlay of this mega project is USD 120 million. I like to assure you that all the technical and financial matters will be dealt within due course. In the meantime various small investments are being done to enhance productivity of existing production facilities as a stop gap arrangement to maximize the volumes in the ensuing year.

Your Company also gives utmost consideration to wellbeing of society. With great pleasure, I like to share that during the year Company has started "Smart School" initiative to provide education to the non-school going children who are involved in the child labor. Moreover, in line with its moto of "Clean Green Sustainable", your Company is in process of installing Solar Panels which will further reduce its Carbon footprint. Furthermore, I like to emphasize that Pakistan is moving fast towards water scarcity and realizing the gravity of the matter, your Company has started a drive for conservation of "Water" with the slogan "Water for Nation". This objective of "Water for Nation" drive is to spread awareness in its employees and people in the vicinity on need and different means of water conservation.

Going forward, It is expected that, as smooth transition of the government has taken place, political and economic stability will come henceforth. The consistency in Government policies will provide conducive environment for flourishing the business in the country. Our topmost desire is to take the Company to higher echelons and it will only be possible with the cohesive efforts of all the stakeholders.

I am extremely thankful to valued customers, reliable bankers, esteemed shareholders and dedicated employees for their contribution towards the better fortune of the Company.



IQBAL ALI LAKHANI
Chairman

Dated: August 09, 2018

Directors' Report



On behalf of the Board of Directors (BOD), I am pleased to present the Annual Report of Century Paper & Board Mills Limited (CPBM) for the year ended June 30th 2018, along with the audited financial statements and Auditor's Report thereon.

BUSINESS PERFORMANCE REVIEW

It is pleasing that national economy grew by more than 5% for the second consecutive year. The economic growth positively impacted all sectors including Paper & Paperboard sector. Moreover, imports of Paper & Paperboard in general and Coated Board in particular registered declining trend. This all led to better capacity utilization by domestic industry. In the growing market, your Company has managed to maintain its market share with its quality products through better capacity utilization.

During the year under review, capacity utilization improved to 96% against last year's utilization of 89%. Production volumes increased to 229,380 metric tons as compared to last year volumes of 214,470 metric tons.

Your Company achieved 5% growth in Sales volumes which stood at 214,347 metric tons during the year under review as compared to last year sales volumes of 203,752 metric tons. In terms of value, the net sales of the Company registered growth of 23% and stood at Rs. 18.96 billion as compared to Rs. 15.40 billion of the last year. Although volumes increase is around 5% yet the Sales Value increase is 23% as selling prices were improved during the course of year under review by passing on impact of the increasing input costs and rationalization of the prices of various products.

Directors' Report

FINANCIAL PERFORMANCE ANALYSIS

Your Company has posted better results for the year under review as compared to last year. Summarized financial performance is as follows:

	Rupees in million		%
	2018	2017	Variance
Sales	18,965	15,401	23%
Cost of Sales	(16,459)	(13,609)	21%
Gross profit	2,506	1,792	40%
Admin, Selling and other Expenses	(690)	(595)	16%
Other Income	75	114	(34%)
Operating profit	1,891	1,311	44%
Financial Charges	(460)	(407)	13%
Net profit before tax	1,431	904	58%
Taxation	(439)	(302)	45%
Net profit after tax	992	602	65%
Sales Volumes (Metric Tons)	214,347	203,752	5%

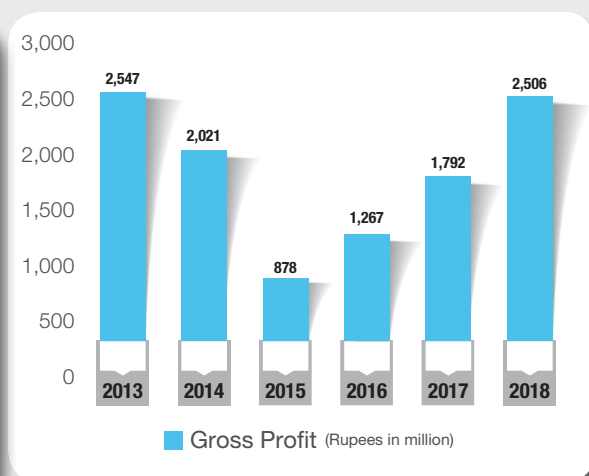
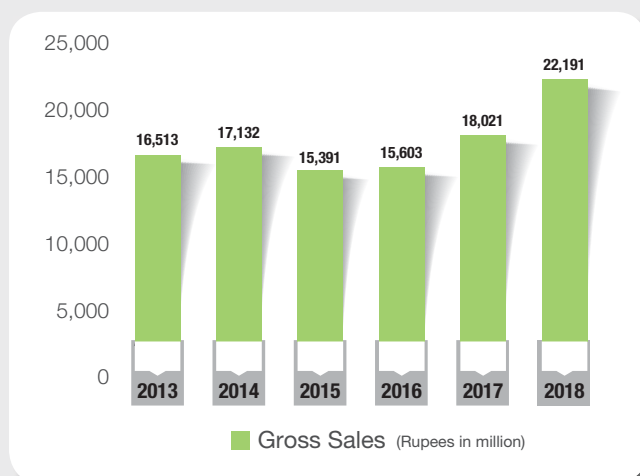
Gross Profit has registered an increase of 40% and stood at Rs. 2,506 million as compared to Gross Profit of Rs. 1,792 million during Last year. Gross Profit margin has improved by more than 160 BPS.

Company posted profit before tax (PBT) of Rs. 1,431 million while it was Rs 904 million during last year. Profit after tax (PAT) stayed at Rs. 992 million as compared to Rs. 602 million during last year. PBT and PAT margin have improved by 168 BPS and 132 BPS respectively. Tax expense for the year increased to Rs. 439 million as compared to Rs. 302 million during last year including deferred tax expense of Rs. 384 million while it was Rs. 245 million during last year.

Summarized six years financial information is given on page 30 of the annual report.

FINANCE COST

Finance cost of the Company has increased to Rs. 460 million during the year under review from Rs. 407 million of last year. A decrease of Rs. 27 million was recorded in financial charges on long term borrowings while on the flipside, financial charges on short term borrowings increased by Rs. 73 million due to extended working capital requirements and some necessary capital expenditure. To meet the finance requirements, your company has preferred to rely on running finances and money market borrowing as FE loans were no more viable during the year on the backdrop of volatile PKR/USD parity.



Directors' Report

APPROPRIATION

During the year, your Company has declared Interim dividend on Ordinary shares and Preference shares amounting to Rs. 221 million and Rs. 20 million respectively. The following appropriations have been made accordingly:

	Rupees in million
Total Comprehensive Income for the year	970.28
Unappropriated Profit brought forward	267.10
Available for appropriation	1,237.38
15% Interim Cash Dividend on Ordinary Shares	(220.53)
Cash Dividend on Preference Shares	(19.90)
Total Appropriations	(240.43)
Balance carried forward	996.95

Directors propose final dividend of 7.5% amounting to Rs. 110.26 million for its Ordinary Shareholders on top of 15% paid as interim dividend, thus making total ordinary dividend of Rs. 330.79 million i.e. 22.5%. Directors also declared dividend of Rs. 56.08 million for its Preference Shareholders making it total of Rs. 75.98 million for the year.

Directors also propose transfer of Rs. 686.77 million from Unappropriated Profits to General Reserve. After the proposed transfer, General Reserve Balance will increased to Rs. One (1) billion.

EARNINGS PER SHARE

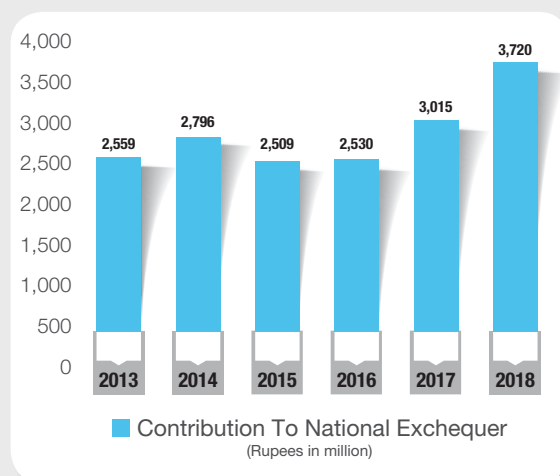
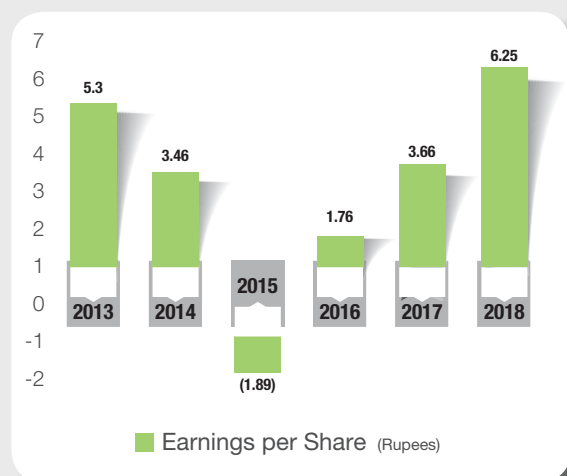
The dividend attributable to the cumulative preference shares for the year under review stood at Rs. 72 million (L.Y. Rs 64 million). Consequently the profit attributable to the ordinary shareholders stood at Rs. 919 million (L.Y. Rs. 538 million). On this basis the earnings per share for the year have increased to Rs. 6.25 as compared to last year's earnings per share of Rs.3.66.

MARKET CAPITALIZATION

KSE 100 Index decreased from 46,565 points at beginning of the year to 41,911 points by the year end. This trend also impacted market price of your Company's shares which has fluctuated between the high of Rs. 99.75 and a low of Rs. 57.33. Accordingly, closing share price reduced to Rs. 63.5 per share at the current year end from Rs. 98.05 at the last year ended June 30, 2017 with a resultant market capitalization of Rs. 9,335 million (L.Y. Rs. 14,415 million).

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your Company's contribution to the National Exchequer for the year stayed at Rs. 3,720 million, which was 23% higher than that of Rs. 3,015 million of the last year. This total contribution includes Rs. 3,226 million (L.Y. Rs. 2,620 million) as Sales Tax, Rs. 394 million (L.Y. Rs. 299 million) as Customs Duty and Rs. 100 million (L.Y. Rs.96 million) as Income Tax - net of tax refund of Rs. 36 million (L.Y. Rs. 108 million).



CAPITAL EXPENDITURE

During the year Company has made capital expenditure of Rs. 692 million (L.Y. 669 million). In line with Company's strategy to have multiple energy options, your Company has embarked on Solar energy during the year under review by installing Solar panels of 291KW while a project for installation of solar panels of 1MW is in pipeline. Besides this your Company has done expenditure on refurbishment of GTG-Engines of gas based Co-Generation Power Plant, upgradation of quality control systems of different machines and expansion of storage areas to improve operational efficiencies and to serve the customers more effectively.



Solar Panels - 291KW



Storage Area Expansion

Directors' Report

RISK MITIGATION

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

STRATEGIC RISK

Strategic risk relates to the Company's future business plans and strategies, including the risks associated with the macro-environment in which it operates like demand for its products, competitive threats, technology and product innovation etc.

The Company regularly keeps track on the changing market trends and seek feedback from the regular and prospective customers of the Company. The company ensures that its products best suit its customers' current and future needs at the competitive prices with the finest quality as a measure to counter the competition and to retain and improve its market share.

OPERATIONAL RISKS

Operational risk results in disruption of operations due to scarcity of material, energy outages and dearth of skilled human resource. To manage these risks, the Company has well diversified supplier base for domestic and imported material. Energy sufficiency is ensured through putting in place different power/steam generation facilities running on alternate fuels. Human Resource is developed through providing appropriate in-house and external training opportunities on continuous basis.

FINANCIAL RISK

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 with a well devised credit policy in place, which is reviewed and approved by CEO periodically with the internal guidelines and regulatory requirements.

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 impact on 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 enters into appropriate Hedge arrangement, wherever possible, to counter foreign exchange risk.

CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence 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.

Directors' Report

CORPORATE INFORMATION

Changes in the Composition of the Board

One casual vacancy occurred during the year after resignation of Mr. Mohammad Imran Rafiq, Engr. M. Abdul Jabbar 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.

Subsequent to year end, election of Directors has been taken place in EOGM held on July 17, 2018. Following eight directors including seven (7) males and one (1) female director have been elected for next term of three years:-

Independent Directors

Mr. Kemal Shoaib
Engr. M. Abdul Jabbar - Nominee Director (NIT)

Non-executive Directors

Mr. Iqbal Ali Lakhani - Chairman
Mr. Amin Mohammed Lakhani
Ms. Anushka Zulfiqar Lakhani
Mr. Tasleemuddin Ahmed Batlay
Mr. Shahid Ahmed Khan

Executive Director

Mr. Aftab Ahmad (Chief Executive Officer)

Newly constituted Board has elected Mr. Iqbal Ali Lakhani as Chairman and Mr. Aftab Ahmad as Chief Executive Officer for next term of three years.

Board Meetings

Five meetings of the Board of Directors were held during the year ended June 30, 2018. Attendance by each Director was as under:

Name of Director	Meetings Attended
Mr. Iqbal Ali Lakhani (Chairman)	5
Mr. Amin Mohammed Lakhani	3
Ms. Anushka Zulfiqar Lakhani	3
Mr. Tasleemuddin Ahmed Batlay	5
Mr. Shahid Ahmed Khan	5

Name of Director	Meetings Attended
Mr. Kemal Shoaib	5
Mr. Muhammad Imran Rafiq (Till April 23, 2018)	3
Mr. Aftab Ahmad (CEO)	5
Engr. M. Abdul Jabbar (From April 23, 2018)	1

AUDIT COMMITTEE

An Audit Committee was set up by the Board since the enforcement of the Code of Corporate Governance. During the year, an independent Director was its Chairman and two Non-Executive Directors were members. Four meetings of the Committee were held during the year ended June 30, 2018. Attendance by each Director was as under:

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

Subsequent to election of Directors on July 17, 2018, Board of Director in its meeting held on July 30, 2018 reconstituted the Audit Committee comprising of the following members:-

Mr. Kemal Shoaib	Chairman
Mr. Amin Mohammed Lakhani	Member
Mr. Tasleemuddin Ahmed Batlay	Member

The terms of reference of the Audit Committee have been duly prescribed by the Board including 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 judgmental 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.

Directors' Report

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board in accordance with the Code of Corporate Governance has also constituted Human Resource and Remuneration Committee. It comprised of the following three Directors during the year:

Mr. Amin Mohammed Lakhani	Chairman
Mr. Tasleemuddin Ahmed Batlay	Member
Mr. Aftab Ahmad	Member

One meeting of the committee was held during the year which was attended by all members. The terms and reference of the committee includes but not limited to those as mentioned in the Code of Corporate Governance. Subsequent to election of director on July 17, 2018, Board of Director in its meeting held on July 30, 2018 reconstituted the Human Resource and Remuneration Committee comprising the following members:-

Engr. M. Abdul Jabbar	Chairman
Mr. Amin Mohammed Lakhani	Member
Mr. Tasleemuddin Ahmed Batlay	Member
Mr. Aftab Ahmad	Member

DIRECTOR REMUNERATION

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Company does not pay remuneration to non-executive directors except fee for attending the meetings. Please refer note 41 of the Financial Statements for information on remuneration of Chief Executive Officer and Directors for the year ended June 30, 2018.

The terms and conditions of Director Mr. Iqbal Ali Lakhani and Director/ Chief Executive Officer Mr. Aftab Ahmad were revised by the Board subsequent to their re-appointment for a three year term after the elections of Directors in July 2018.

CORPORATE AND FINANCIAL REPORTING

Your Company is committed to good corporate governance. The Board acknowledges its responsibility in respect of Corporate and Financial Reporting Framework. These Financial Statements together with the notes thereto have been drawn up, in conformity with the Companies Act, 2017. 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 certifies 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.

MATERIAL CHANGES

There have been no material change since June 30, 2018 to date of the report and the Company has not entered into any commitment during this period, which would have adverse impact on the financial position of the Company.

PATTERN OF SHAREHOLDING

Pattern of Shareholding of the Company as at June 30, 2018, along with the necessary information is annexed to this report. There were 2,058 shareholders on the record of the Company as at June 30, 2018.

Safety, Health, Environment And Quality (SHEQ)

Your Company being customer-focused is committed to ensure safer and environment-friendly operations, products and services. Your Company is certified for Integrated Management System (IMS) of OH&S18001:2007, EMS ISO14001:2015, and QMS ISO9001:2015.

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.

Resource conservation has drawn focus in recent years; in this regard your Company has focused areas of energy and water. 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 utilization of energy resources. Company has started reusing the treated effluent water by partially replacing it against fresh water thus saving underground water.

Your Company was awarded the 2018 Annual Environment Excellence Award (AEEA) by National Forum for Environment & Health (NFEH) in recognition of Company's performance on Environment for operating beyond legal obligations and contributions in environmental, and social sustainable development.



Corporate Social Responsibility

Your Company is committed to social and environmental cause of the society and believes in building strong bonds with all segments of 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. The Company provides education aids to needy children and contributes towards other charitable causes.

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

A well defined value system is in place in your Company. It is designed to ensure and inculcate the spirit of ethical behavior, develop commitment to excellence and adopt a customers' focused approach. The Directors consider it as a long term investment in the collective development of your Company's human resource in particular, and the society as a whole. Moreover, festivities like employee's family fun fare, educational trips to historical places, summer camps for employee's children and interdepartmental sports activities have become a regular feature of the Company.

Child Education Initiatives

Your Company have initiated a Joint Venture (JV) with Institute of Rural Management (IRM). Under this JV, five schools have been established on the concept of one room classroom in very poor communities. This initiative is focusing on such non-school going children who are involved in child labor by way of garbage collection etc. Parents are being provided Individual counseling about the importance and necessity of education. Encouraging results have been witnessed as participation and attendance of such children is very healthy indicating their desire to get education. Health checkups of students have also been performed.

A similar initiative, taken last year in the vicinity of Mill with the help of SMILE Foundation is also produced excellent results.



Directors' Report

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, 2018:

	Rupees in million
Provident Fund	535.268
Gratuity Fund	431.331

AUDITORS

The Auditors BDO Ebrahim & Company are the retiring auditors of the Company and have offered 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, 2019.

CUSTOMER FOCUSING

Company believes that it valued customers are the foundation of its business success. Company policies are fully customers focused. A continuous liaison with the market and customers has always enabled your company to best understand customer needs to offer best suitable products and service level to the customers to make your Company the first choice.

EMPLOYEE RELATIONS

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

HUMAN RESOURCE

Your Company endeavors to make the best use of its Human Capital base. It has a broad and interactive approach towards its employees. Our core value system comprises 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.



Directors' Report

OUTLOOK FOR THE YEAR 2019

Although after the recent devaluation of PKR and political changes, there is no clarity about quantum of further growth in national economy, yet domestic paper and paperboard industry has a good chance to maximize its capacity utilization as imports are showing declining trends. Therefore, in case of even some low growth rate in national economy domestic industry may maintain better growth by substituting imports. Your company is fully geared up to have optimum capacity utilization in the coming year, though challenging due to increasing input costs, rising inflation rate and cost of capital.

Your Company has brought certain improvements in capacities of its plant from its original capacities with various initiatives, undertaken from time to time. Your Company will endeavor to improve its sales volumes by fully exploiting its available improved capacities and price revision of products will be made, wherever necessary, to mitigate impact of cost escalations on margins.

Antidumping duties announced on its Coated Board Products i.e. Coated Duplex Board and Coated Bleached Board are not yet fully effective because of pending litigation as due process of law could not be completed without full functioning of appellate forum of National Tariff Commission. We are hopeful for favorable outcome on this matter in ensuing year.

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
Chief Executive Officer



Tasleemuddin Ahmed Batlay
Director

Karachi: August 09, 2018

زیر التوا قانونی کارروائی کی وجہ سے اس کی کوٹڈ بورڈ پروڈکٹس یعنی کوٹڈ پلکیس بورڈ اور کوٹڈ بلچڈ بورڈ پرش اعلان کردہ اینٹی ڈمپنگ ڈیوٹیز ابھی تک پوری طرح موثر نہیں ہیں۔ نیشنل ٹیرف کمیشن کے ایپیلیٹ فورم کے مکمل طور پر فعال ہونے بغیر باضابطہ قانونی کارروائی ممکن نہیں ہے۔ ہم رواں سال میں اس معاملہ میں مثبت پیشرفت کے لیے پُر امید ہیں۔

اعتراف

ڈائریکٹرز تمام مالیاتی اداروں کے لیے اپنے پُر خلوص جذبات کا اظہار کرتے ہوئے بڑی خوشی محسوس کر رہے ہیں۔ وہ ہر شعبے کے ملازم کی اپنے کام سے لگن کو قابل 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 شکر گزار ہیں اور مقاصد کے حصول کیلئے ان کی پُر خلوص شرکت و معاونت کا بھی اعتراف کرتے ہیں۔

بورڈ کی جانب سے



تسلیم الدین احمد باٹلے
ڈائریکٹر



آفتاب احمد
ڈائریکٹر اور چیف ایگزیکٹو آفیسر
کراچی 09 اگست، 2018

کی سطح پر خدمات پیش کرنے کے قابل بنایا ہے تاکہ آپ کی کمپنی کو پہلی ترجیح بنایا جاسکے۔

ملازمین سے تعلقات

ملازمین اور مینجمنٹ کے درمیان برس باہرس سے پُر خلوص تعلقات قائم ہیں۔

افراد کی 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 فوجیت دینے پر مبنی ہے۔ 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 ٹریننگ، سبجیکٹ اسپیشلسٹس کے ذریعے صلاحیتوں کو نکھارنے والے پروگرامز سے لے کر مقامی اور بین الاقوامی سیمینارز اور ٹریڈنگز شامل ہیں۔

سال 2019 کا منظر نامہ

اگرچہ پاکستانی روپے کی قدر میں حالیہ کمی اور سیاسی تبدیلیوں کے بعد قومی معیشت کی گزشتہ دو سال کی شرح نمو کے تسلسل کے امکانات واضح نہیں ہیں، اس کے باوجود مقامی پیپر اور پیپر بورڈ انڈسٹری کے لیے اپنی گنجائش سے زیادہ سے زیادہ استفادے کا اچھا موقع ہے، جیسا کہ درآمدات میں کمی کے نمایاں رجحانات ہیں۔

لہذا قومی معیشت میں کم شرح نمو کے باوجود مقامی انڈسٹری درآمدات کی جگہ لے کر بہتر شرح نمو برقرار رکھ سکتی ہے۔ آپ کی کمپنی آنے والے سال میں خام مال کی بڑھتی قیمتوں، افراط زر اور سرمایے کی لاگت میں اضافے جیسے چیلنجز کے باوجود اپنی گنجائش سے زیادہ استفادے کے لیے پوری طرح تیار ہے۔

آپ کی کمپنی وقتاً فوقتاً کیے گئے مختلف اقدامات کی بدولت اپنے پلانٹ کی پیداواری صلاحیتوں میں خاصی بہتری لانے میں کامیاب رہی ہے۔ آپ کی کمپنی لاگت میں اضافے کے منافع جات پر متوقع اثرات کم کرنے کے لیے مصنوعات کی قیمتوں میں ردوبدل کے ساتھ اپنی دستیاب بہتر پیداواری صلاحیتوں سے پوری طرح فائدہ استعمال کرنے کے ذریعے فروخت کا حجم بہتر بنانے کے لیے کوشاں رہے گی۔

مشاورت فراہم کی جا رہی ہے۔ اب تک کے نتائج نہایت حوصلہ افزا ہیں، ایسے بچوں کی شمولیت اور حاضری ان کی تعلیم حاصل کرنے کی خواہش کی بہت صحت مندانہ نشاندہی کرتی ہے۔

گزشتہ سال مل کے مضافات میں SMILE کی مدد سے کیے گئے ایسے ہی ایک اقدام سے بھی شاندار نتائج برآمد ہوئے ہیں۔

پروویڈنٹ اور گریجویٹی فنڈز

کمپنی اپنے ملازمین کو پروویڈنٹ فنڈ اور گریجویٹی فنڈ کی شکل میں ٹرمینل بینیفٹس بھی فراہم کرتی ہے۔ یہ فنڈ ڈیفینٹس دو الگ الگ باضابطہ منظور شدہ ٹرسٹس میں رکھے جاتے ہیں۔ ان ٹرسٹس کا انتظام و انصرام ٹرسٹیز کے پاس ہوتا ہے جو ہر سال فنڈز کا آڈٹ کراتے ہیں۔

متعلقہ فنڈز کے ٹرسٹیز نے کمپنی کو مطلع کیا ہے کہ دونوں فنڈز کی طرف سے کی جانے والی سرمایہ کاری کی مالیت 30 جون 2018 کے مطابق درج ذیل ہے:

پروویڈنٹ فنڈ	535.268 ملین روپے
گریجویٹی فنڈ	431.331 ملین روپے

آڈیٹرز

BDO براہیم 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 پرائسٹیشنل 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 2019ء کو ختم ہونے والے سال کے لیے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کی تجویز پیش کی ہے۔

کسٹمر پرتوجہ

کمپنی یقین رکھتی ہے کہ اس کے قابل قدر کسٹمز اس کی کاروباری کامیابی کی بنیاد ہیں۔ کمپنی کی پالیسیوں میں کسٹمز پوری طرح توجہ کا مرکز ہے۔ مارکیٹ اور کسٹمز کے ساتھ مسلسل اشتراک نے آپ کی کمپنی کو ہمیشہ اپنے کسٹمز کی ضروریات بہتر انداز میں سمجھنے اور موزوں ترین مصنوعات اور کسٹمز

حالیہ سالوں میں وسائل کی بچت توجہ کا مرکز بنی ہے، اس حوالے سے آپ کی کمپنی نے بجلی اور پانی کے شعبوں پر توجہ مرکوز کر رکھی ہے۔ کمپنی نے بجلی کی بچت کے نظام اور زیادہ صاف پروڈکشن کی سرگرمیاں اپنائی ہیں۔ باقاعدگی سے نگرانی اور بہترین معمولات کار سے ہم توانائی کے وسائل کے استعمال میں مجموعی بہتری حاصل کرنے کے قابل ہوئے ہیں۔ کمپنی نے جزوی طور پر تازہ پانی کی جگہ ٹریٹ شدہ پانی کا دوبارہ استعمال شروع کر دیا ہے تاکہ زیر زمین پانی بچایا جاسکے۔

کمپنی کی اپنی قانونی ذمہ داریوں سے کہیں بڑھ کر ماحولیات دوست کارکردگی اور ماحولیاتی و سماجی فلاحی ترقی کے لیے خدمات کے اعتراف میں نیشنل فورم فار انوائرنمنٹ اینڈ ہیلتھ (NFEH) کی طرف سے آپ کی کمپنی کو 2018 انیول انوائرنمنٹ ایکسیلینس ایوارڈ (AEEA) سے نوازا گیا ہے۔

کاروباری سماجی ذمہ داری

مزید برآں آپ کی کمپنی سوسائٹی کے سماجی اور ماحولیاتی مقاصد کی تکمیل کے لیے بھی پر عزم 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 ضرورت مند بچوں کو تعلیم میں معاون ایشیا فراہم کرتی ہے اور دیگر فلاحی مقاصد کے لیے عطیات مہیا کرتی ہے۔

آپ کی کمپنی لیگن گروپ آف کمپنیز کا حصہ ہے۔ کمپنی کی جانب سے کی جانے والی رفاہی سرگرمیاں، گروپ کے خیراتی و فلاحی شعبے کے تحت کام کرنے والی حسن علی اینڈ گل بانولا کھانی فاؤنڈیشن اور لیگن میڈیکل ٹرسٹ کے نام سے قائم ادارے سرانجام دیتے ہیں۔

کمپنی میں سماجی اور اچھے اخلاقی رویوں کے فروغ کے لیے اقدار کا ایک واضح نظام نافذ کیا گیا ہے، تاکہ بہتر اخلاقی برتاؤ کا جذبہ، مہارت میں اضافے اور استعمال کی لگن اور کسٹمر کی خدمت کے حوالے سے مثبت سوچ جیسے عوامل ہمیشہ ذہن نشین رہیں۔ اس اقدام کو ڈائریکٹرز خاص طور پر سپنچری 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۔

بچوں کی تعلیم سے متعلق اقدامات

ہم نے انسٹی ٹیوٹ آف رول منجمنٹ (IRM) کے ساتھ ایک جوائنٹ ویئچر کا آغاز کیا ہے۔ اس جوائنٹ ویئچر کے تحت انتہائی غریب آبادیوں میں ایک کمرے والے کلاس روم کے نظریے پر پانچ اسکول قائم کیے جا چکے ہیں۔ اس اقدام کے ذریعے ایسے اسکول نہ جانے والے بچوں کو توجہ کا مرکز بنایا گیا ہے جو کچرا جمع کرنے وغیرہ کے ذریعے چائلڈ لیبر کا نشانہ بنے ہوئے ہیں۔ والدین کو تعلیم کی اہمیت اور ضرورت کے بارے انفرادی

انٹرنل کنٹرول کا نظام مستحکم ہے اور اس کا موثر انداز میں نفاذ اور نگرانی کی جاتی ہے۔

بورڈ آف ڈائریکٹرز تصدیق کرتا ہے کہ مالیاتی گوشوارے، بشمول کیش فلوز اور ایکویٹی میں تبدیلی، اس کے معاملات کی کیفیت اور اس کی کاروباری سرگرمیوں کی منصفانہ عکاسی کرتے ہیں۔

کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کی تعمیل
کاروباری نظم و ضبط کے ضابطے کی تعمیل کا گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

قابل ذکر تبدیلیاں

30 جون 2018 سے اس رپورٹ کی تاریخ اشاعت تک کوئی قابل ذکر تبدیلی رونما نہیں ہوئی اور اس مدت کے دوران کمپنی کسی ایسے معاہدہ کا حصہ نہیں بنی جس سے کمپنی کی مالیاتی حیثیت پر کوئی منفی اثرات مرتب ہوں۔

پیٹرن آف شیئر ہولڈنگ

30 جون 2018ء 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 2018ء کے مطابق 2,058 شیئر ہولڈرز کمپنی کے ریکارڈ پر موجود تھے۔

سیفٹی، ہیلتھ، انوائرنمنٹ 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 پر عزم ہے۔ آپ کی کمپنی انٹیگریٹڈ مینجمنٹ سسٹم (IMS) کے OH&S 18001:2007، EMS اور ISO 14001:2015، and QMS ISO 9001:2015 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 وقفہ وقفہ سے متواتر جائزہ لیتی رہتی ہے۔ جس کے نتیجے میں مزید بہتری کے لیے ٹھوس اقدامات کیے جاتے ہیں، جس میں توانائی کے استعمال کا مستقل جائزہ اور پڑتال، بوائکر سے گیسوں کا اخراج، یاور پلانٹ اور خارج شدہ گندے پانی کو ضائع کرنا شامل ہے۔

(چیئرمین)	انجنیئر ایم عبدالجبار
(ممبر)	جناب امین محمد لاکھانی
(ممبر)	جناب تسلیم الدین احمد ہاٹلے
(ممبر)	جناب آفتاب احمد

ڈائریکٹر کا معاوضہ

بورڈ ممبران کے معاوضے کا تعین بورڈ کی طرف سے خود کیا جاتا ہے۔ تاہم کوڈ آف کارپوریٹ گورننس کے مطابق، یہ یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کے تعین کے عمل میں خود شریک نہ ہو۔ کمپنی نان ایگزیکٹو ڈائریکٹر کو کوئی معاوضہ ادا نہیں کرتی، ماسوائے اجلاسوں میں شرکت کی فیس کے۔ 30 جون 2018 کو ختم ہونے والے سال کے لیے چیف ایگزیکٹو آفیسر اور ڈائریکٹرز کے معاوضے کے بارے میں معلومات کے لیے براہ کرم مالیاتی گوشواروں کے نوٹ 41 سے رجوع کریں۔

جولائی 2018 میں ڈائریکٹرز کے انتخابات کے بعد تین سالہ میعاد کے لیے دوبارہ تقرری کے بعد ڈائریکٹر جناب اقبال علی لاکھانی اور ڈائریکٹر / چیف ایگزیکٹو آفیسر جناب آفتاب احمد کی شرائط و ضوابط پر نظر ثانی کی گئی۔

کارپوریٹ اور فنانسئل رپورٹنگ

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

یہ مالیاتی گوشوارے مع مندرجہ نوٹس کمپنیز ایکٹ 2017 کے مطابق تیار کیے گئے ہیں۔ ان کی تیاری میں فنانسئل 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۔

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 و شبہات نہیں ہیں۔

اسٹاک ایکسچینج کی لسٹنگ ریگولیشنز میں تفصیلاً درج کاروباری نظم و ضبط کی اعلیٰ ترین روایات سے کوئی پہلو تہی نہیں کی گئی۔

17 جولائی 2018 کو ڈائریکٹرز کے انتخاب کے بعد، بورڈ آف ڈائریکٹرز نے 30 جولائی 2018 کو منعقدہ اپنے اجلاس میں آڈٹ کمیٹی کی تشکیل نو کی جو درج ذیل ممبران پر مشتمل ہے:

کمال شعیب (چیئر مین)

جناب امین محمد لاکھانی (ممبر)

جناب تسلیم الدین احمد باٹلے (ممبر)

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی ٹرمز آف ریفرنس طے کی ہیں جو کہ کاروباری نظم و ضبط کے ضابطے کے مطابق ہیں۔ مزید برآں آڈٹ کمیٹی مالیاتی گوشواروں اور انٹرنل کنٹرولز کے حوالے سے مطمئن ہونے کے لیے کوئی بھی معلومات یا وضاحت طلب کرنے کے لیے آزاد 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 پیش کرتی ہے جن کی چیف ایگزیکٹو آفیسر اور چیف فنانس آفیسر باضابطہ توثیق کرتے ہیں۔

افرادى وسائل و معاوضه كميٹى

بورڈ نے کاروباری نظم و ضبط کے ضابطے کے مطابق افرادی وسائل و معاوضہ کمیٹی بھی تشکیل دی جو سال کے دوران درج ذیل تین ڈائریکٹرز پر مشتمل تھی:

جناب امین محمد لاکھانی (چیئر مین)

جناب تسلیم الدین احمد باٹلے (ممبر)

جناب آفتاب احمد (ممبر)

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

17 جولائی 2018 کو ڈائریکٹرز کے انتخاب کے بعد، بورڈ آف ڈائریکٹرز نے 30 جولائی 2018 کو منعقدہ اپنے اجلاس میں افرادی وسائل و معاوضہ کمیٹی کی تشکیل نو کی جو درج ذیل ممبران پر مشتمل ہے:

نو منتخب بورڈ دو خود مختار ڈائریکٹرز اور پانچ نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ ایک خود مختار ڈائریکٹر نیشنل انویسٹمنٹ ٹرسٹ (اقلیتی شیئر ہولڈر) کا نامزد کردہ ہے۔ ایک خاتون ڈائریکٹر بورڈ کا حصہ ہے۔

نو تشکیل شدہ بورڈ نے جناب اقبال علی لاکھانی کو تین سال کی آئندہ میعاد کے لیے بطور چیئر مین اور جناب آفتاب احمد کو بطور چیف ایگزیکٹو آفیسر منتخب کیا ہے۔

بورڈ اجلاس

30 جون 2018 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 (چیئر مین)	5
جناب امین محمد لاکھانی	3
محترمہ انوشکا ذوالفقار لاکھانی	3
جناب تسلیم الدین احمد باٹلے	5
جناب شاہد احمد خان	5
جناب کمال شعیب	5
جناب محمد عمران رفیق (23 اپریل 2018 تک)	3
جناب آفتاب احمد (سی-ای-او)	5
انجنیئر ایم عبدالجبار (23 اپریل 2018 سے)	1

آڈٹ کمیٹی

بورڈ نے کاروباری نظم و ضبط کے ضابطے (Code of Corporate Governance) کے مطابق ایک آڈٹ کمیٹی تشکیل دی تھی۔ سال کے دوران ایک خود مختار ڈائریکٹر اس کا چیئر مین اور دونوں ایگزیکٹو ڈائریکٹر ممبران تھے۔ 30 جون 2018 کو ختم ہونے والے سال کے دوران کمیٹی کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری حسب ذیل رہی:

ڈائریکٹر کا نام	اجلاسوں میں شرکت کی تعداد
جناب کمال شعیب (چیئر مین)	4
جناب امین محمد لاکھانی	2
جناب تسلیم الدین احمد باٹلے	4

سرمائے کا انتظام و انصرام

متحکم بنیادی سرمایہ برقرار رکھنا کمپنی کی پالیسی ہے تاکہ سرمایہ کار، قرض دینے والے اور مارکیٹ کا اعتماد برقرار رکھا جاسکے اور بطور ادارہ رواں دواں رہنے کی اہلیت کا تحفظ کیا جاسکے۔ کمپنی اپنے مالیاتی ڈھانچے کا انتظام و انصرام کرتی ہے اور اقتصادی تبدیلیوں اور کمپنی کے اثاثے سے متعلق خطرے کے مطابق آگے بڑھنے کے لیے مناسب ایڈجسٹمنٹس کرتی ہے۔ کمپنی قرضہ اور سرمایہ کاموزوں تناسب برقرار رکھنے پر یقین رکھتی ہے۔

کاروباری معلومات:

بورڈ کی ساخت میں ردوبدل

سال کے دوران جناب محمد عمران رفیق کے استعفیٰ کے بعد ایک آسامی رونما ہوئی، ان کی جگہ باقی مدت کے لیے انجنیئر ایم عبدالجبار کی تقرری کر دی گئی۔ بورڈ سابقہ ڈائریکٹر کی پیش کردہ قابل قدر خدمات کے لیے اپنی ستائش ریکارڈ پر لانا چاہتا ہے اور نئے ڈائریکٹر کو خوش آمدید کہتا ہے۔ رواں سال میں 17 جولائی 2018 کو منعقدہ غیر معمولی اجلاس عام (EOGM) میں نئے ڈائریکٹر کا انتخاب عمل میں لایا گیا۔ آئندہ تین سال کی مدت کے لیے درج ذیل آٹھ ڈائریکٹر کا انتخاب کیا گیا ہے۔

خود مختار ڈائریکٹرز

جناب کمال شعیب

انجنیئر ایم عبدالجبار - نامزد ڈائریکٹر (NIT)

نان ایگزیکٹو ڈائریکٹرز

جناب اقبال علی لاکھانی - چیئرمین

جناب امین محمد لاکھانی

محترمہ انوشکا ذوالفقار لاکھانی

جناب تسلیم الدین احمد باٹلے

جناب شاہد احمد خان

ایگزیکٹو ڈائریکٹر

جناب آفتاب احمد - چیف ایگزیکٹو آفیسر

آپریشنل خطرات

آپریشنل خطرات میٹرل کی قلت، بجلی کی بندش اور ماہر انسانی وسائل کے فقدان کے نتیجے میں آپریشنز کے تعطل کا نتیجہ ہوتے ہیں۔ ان خطرات پر قابو پانے کے لیے کمپنی مقامی اور درآمداتی میٹرل کے لیے انتہائی متنوع سپلائر بیس کی حامل ہے۔ بجلی کی خود کفالت متبادل ایندھنوں پر چلنے والی مختلف پاور اسٹیم جنریشن فیسیلیٹیز کی تنصیب کے ذریعے یقینی بنائی جاتی ہے۔ انسانی وسائل کی تیاری، تربیت کے مناسب ان ہاؤس (In house) اور بیرونی مواقع کے ذریعے کی جاتی ہے۔

مالیاتی خطرات:

کریڈٹ کے خطرات

کریڈٹ رسک کا تعلق ایسے خطرے سے ہے جو کمپنی کو مقابل فریقوں کی طرف سے کریڈٹ کی متفقہ شرائط کے مطابق اپنی قرضوں یا ذمہ داریوں کی تکمیل میں ناکامی کی صورت میں درپیش ہو سکتا ہے۔ ”زیر تجویل زر نقد“ کے سوا کمپنی کے تمام مالیاتی اثاثے کریڈٹ رسک کے حامل ہوتے ہیں۔ کمپنی نے داخلی ہدایات اور ریگولیٹری تقاضوں کے مطابق معروف مقابل فریقوں کے مطابق معاہدوں میں شمولیت کے ذریعے کریڈٹ رسک کا مؤثر انتظام کیا ہے جس کی سی-ای-او (CEO) داخلی ہدایات اور ریگولیٹری تقاضوں کے مطابق وقتاً فوقتاً جائزہ لیتے ہیں اور منظوری دیتے ہیں۔

لیکویڈیٹی کے خطرات

لیکویڈیٹی رسک اس وقت پیدا ہوتا ہے جب کمپنی کے پاس ناکافی فوری کیش ہو اور اسے اپنی مالیاتی ذمہ داریوں کی تکمیل میں مشکل کا سامنا کرنا پڑے۔ کسی بھی کاروباری صورت حال میں اپنی مالیاتی ذمہ داریوں اور وعدوں کی تکمیل کے لیے کافی فنڈز کی دستیابی یقینی بنانے کے ذریعے لیکویڈیٹی رسک سے نمٹا جاتا ہے۔

شرح سود کے خطرات

انٹریسٹ ریٹ رسک شرح سود میں اتار چڑھاؤ کی وجہ سے پیدا ہوتا ہے اور اس کا نتیجہ مستقبل میں کیش کی روانی پر منفی اثرات کی صورت میں سامنے آتا ہے۔ کمپنی کو درپیش شرح سود کا خطرہ طویل مدتی قرضوں اور مختصر مدتی قرضوں سے منسلک ہے۔ کمپنی شرح سود میں اتار چڑھاؤ پر نظر رکھتی ہے اور قرض کے انتظامات کی مختلف اقسام کے زیادہ سے زیادہ بہتر امتزاج کے ذریعے انٹریسٹ ریٹ رسک کا مقابلہ کرتی ہے۔

غیر ملکی زرمبادلہ کے خطرات

کمپنی کو اپنے خام مال، پلانٹ اور مشینری کی درآمد پر، جن کی مختصر مدت میں بے باقی کرنی ہو، کسی نمایاں فارن ایکسچینج رسک کا سامنا نہیں ہے۔ طویل مدتی معاہدوں کے لیے، کمپنی فارن ایکسچینج رسک کا مقابلہ کرنے کے لیے، جہاں تک ممکن ہے، مناسب حفاظتی انتظامات میں شامل ہو چکی ہے۔

کے مطابق 30 جون 2017 کو ختم ہونے والے گزشتہ سال کے 98.05 روپے کے مقابلے میں موجودہ سال کے اختتام پر شیئر کی قیمت 63.5 روپے فی شیئر تک گر گئی جس کا نتیجہ 9,335 ملین روپے کی بازاری مالیت کی صورت میں نکلا (گزشتہ سال 14,415 ملین روپے)۔

قومی خزانے میں حصہ

آپ کی کمپنی کے قومی خزانے میں جمع کردہ حصے کی مالیت 3,720 ملین روپے رہی جو گزشتہ سال کے 3,015 ملین روپے کے مقابلے میں 23 فی صد زیادہ تھی۔ اس مجموعی حصے میں 3,226 ملین روپے بطور سیلز ٹیکس (گزشتہ سال 2,620 ملین روپے)، 394 ملین روپے بطور کسٹم ڈیوٹی (گزشتہ سال 299 ملین روپے)، اور 36 ملین روپے (گزشتہ سال 108 ملین روپے) کے ٹیکس ریفرنڈ کے بعد 100 ملین روپے بطور انکم ٹیکس (گزشتہ سال 96 ملین روپے) شامل ہے۔

سرمایہ جاتی اخراجات

اس سال کے دوران کمپنی نے غیر منقولہ اثاثوں پر 692 ملین سرمایہ خرچ کیا (گزشتہ سال 669 ملین روپے)۔ کمپنی کی طرف سے ایک سے زائد توانائی کے ذرائع کا حامل ہونے کی حکمت عملی کے مطابق آپ کی کمپنی نے 291KW کے سولر پینل کی تنصیب کے ذریعے سولر انرجی اپنانے کا آغاز کیا ہے جب کہ 1MW کے سولر پینلز کی تنصیب کا منصوبہ ابھی پائپ لائن میں ہے۔ اس کے علاوہ آپ کی کمپنی نے گیس پرمیٹی کو جنریشن پاور پلانٹ کے GTG انجنز کی ریفریمینٹ، اور آپریشنل کارکردگی میں بہتری اور کسٹمز کی زیادہ موثر خدمت کے لیے مختلف مشینوں کے کوالٹی کنٹرول سسٹمز اور اسٹوریج ایریاز کی توسیع پر بھی اخراجات کیے ہیں۔

خطرات کی تخفیف

بورڈ آف ڈائریکٹرز، بورڈ کی آڈٹ کمیٹی اور کمپنی کے چیف ایگزیکٹو آفیسر کی سربراہی میں سینیئر مینجمنٹ ٹیم پر مشتمل اسٹیرنگ کمیٹی کمپنی کے کاروباری امور کی نگرانی اور متوقع خطرات کے کسی ممکنہ منفی اثر کو کم کرنے کے لیے فعال حکمت عملی وضع کرنے کی ذمہ دار ہیں۔ بڑے خطرات اور انہیں کم کرنے کے اقدامات ذیل میں پیش کیے گئے ہیں۔

اسٹریٹجک خطرات

اسٹریٹجک خطرات کمپنی کے مستقبل کے کاروباری منصوبوں اور حکمت عملی سے متعلق ہوتے ہیں بشمول اس مجموعی ماحول سے متعلق خطرات جس میں یہ کام کرتی ہے، مثلاً اس کی مصنوعات کی طلب، مسابقتی خطرات، ٹیکنالوجی اور مصنوعات میں جدت وغیرہ۔ کمپنی مارکیٹ کے بدلتے ہوئے رجحانات پر باقاعدگی سے نظر رکھتی ہے اور کمپنی کے ریگولر اور ممکنہ کسٹمز سے رائے طلب کرتی ہے۔ کمپنی مارکیٹ میں مقابلے کا سامنا کرنے اور اپنا مارکیٹ شیئر برقرار رکھنے اور بہتر بنانے کے لیے یقینی بناتی ہے کہ مصنوعات اعلیٰ ترین معیار کے ساتھ مناسب قیمتوں پر کسٹمز کی موجودہ اور آئندہ ضروریات کو پورا کرتی ہیں۔

تخصیص (Appropriation)

سال کے دوران کمپنی نے عام شیئرز اور ترجیحی شیئرز پر بالترتیب 221 ملین روپے اور 20 ملین روپے مالیت کے عبوری ڈیویڈنڈ کا اعلان کیا ہے۔ اسی کے مطابق درج ذیل سرمایے کی تخصیص کی گئی ہے:

ملین روپے	
970.28	سال کے لیے مجموعی جامع آمدنی
267.10	گزشتہ غیر تخصیص شدہ منافع
1,237.38	تخصیص کے لیے دستیاب رقم
(220.53)	عام شیئرز پر عبوری کیش ڈیویڈنڈ بحساب 15%
(19.90)	ترجیحی شیئرز پر کیش ڈیویڈنڈ
(240.43)	مجموعی تخصیص
996.95	موجودہ بیلنس

ڈائریکٹرز نے اپنے عام شیئر ہولڈرز کو 110.26 ملین روپے مالیت کے 7.5 فی صد حتمی ڈیویڈنڈ پیش کرنے کی تجویز دی جس سے مجموعی عام ڈیویڈنڈ 330.79 ملین روپے یعنی 22.5 فی صد ہو گیا۔ ڈائریکٹرز نے اپنے ترجیحی شیئر ہولڈرز کے لیے 56.08 ملین روپے ڈیویڈنڈ کا بھی اعلان کیا جو سال کے لیے مجموعی طور پر 75.98 ملین روپے ہو گیا۔

ڈائریکٹرز نے غیر تخصیص شدہ منافع جات سے 686.77 ملین روپے جنرل ریزرو میں بھی منتقل کرنے کی سفارش کی۔ اس مجوزہ منتقلی کے بعد جنرل ریزرو بیلنس میں ایک (1) ارب روپے تک اضافہ ہو جائے گا۔

فی شیئر آمدنی

زیر جائزہ سال کے لیے مجموعی ترجیحی شیئرز سے منسوب حسب تناسب ڈیویڈنڈ 72 ملین روپے رہا (گزشتہ سال 64 ملین روپے)۔ جس کے نتیجے میں عمومی شیئرز سے منسوب منافع 919 ملین روپے ہو گیا (گزشتہ سال 538 ملین روپے)۔ اس بنیاد پر گزشتہ سال کے 3.66 روپے فی شیئر کے مقابلے میں سال کے لیے فی شیئر آمدن 6.25 روپے تک بڑھ گئی ہے۔

مجموعی بازاری مالیت (Market Capitalization)

KSE100 انڈیکس سال کے آغاز میں 46,565 پوائنٹس سے سال کے اختتام تک 41,911 پوائنٹس تک کم ہو گیا۔ یہ رجحان آپ کی کمپنی کے شیئر کی مارکیٹ ویلیو پر بھی اثر انداز ہوا جو سب سے زیادہ 99.75 روپے اور سب سے کم 57.33 روپے کے درمیان اتار چڑھاؤ کا شکار رہی۔ اسی

ملین روپے	2017	2018	
16%	(595)	(690)	انتظامی، فروخت اور دیگر مدوں میں اخراجات
(34%)	114	75	دیگر آمدن
44%	1,311	1,891	آپریٹنگ منافع
13%	(407)	(460)	مالیاتی اخراجات
58%	904	1,431	خالص قبل از ٹیکس منافع
45%	(302)	(439)	ٹیکس
65%	602	992	خالص بعد از ٹیکس منافع
5%	203,752	214,347	فروخت کا حجم (میٹرک ٹن)

مجموعی منافع نے %40 اضافہ درج کرایا اور گزشتہ سال کے دوران 1,792 ملین روپے کے مقابلے میں 2,506 ملین روپے رہا۔ مجموعی منافع کی سطح میں 160 بنیادی پوائنٹس سے زائد بہتری ہوئی۔

کمپنی نے 1,431 ملین روپے قبل از ٹیکس منافع (PBT) درج کرایا جب کہ یہ گزشتہ سال 904 ملین روپے تھا۔ بعد از ٹیکس منافع (PAT) گزشتہ سال 602 ملین روپے کے مقابلے میں 992 روپے رہا۔ PBT اور PAT میں بالترتیب 168 بنیادی پوائنٹس اور 132 بنیادی پوائنٹس کی بہتری ہوئی ہے۔

سال کے لیے ٹیکس اخراجات گزشتہ سال کے دوران 302 ملین روپے کے مقابلے میں 439 ملین روپے تک بڑھ گئے جس میں 384 ملین روپے کے مؤخر ٹیکس اخراجات شامل ہیں جب کہ یہ گزشتہ سال کے دوران 245 ملین روپے تھے۔

چھ سالہ مالیاتی معلومات کا خلاصہ سالانہ رپورٹ کے صفحہ 30 پر دیا گیا ہے۔

مالیاتی اخراجات

کمپنی کے مالیاتی اخراجات گزشتہ سال میں 407 ملین روپے سے بڑھ کر موجودہ سال میں 460 ملین روپے تک پہنچ گئے ہیں۔ تاہم طویل مدتی قرضوں پر مالیاتی چارجز میں 27 ملین روپے کی کمی ریکارڈ کی گئی ہے، جب کہ دوسری طرف ورکنگ کیپیٹل کی ضروریات میں اضافے اور چند ضروری مالیاتی اخراجات کی وجہ سے مختصر مدتی قرضوں پر مالیاتی چارجز میں 73 ملین روپے کا اضافہ ہوا۔ مالیاتی تقاضوں کو پورا کرنے کے لیے آپ کی کمپنی نے زیر جائزہ سال میں پاکستانی روپے امریکی ڈالر کی باہم قیمتوں میں اتار چڑھاؤ کے پس منظر میں رنگ فنانس اور منی مارکیٹ سے قرضوں پر انحصار کرنے کو ترجیح دی ہے، جبکہ FE قرضوں کا فائدہ اب مزید قابل عمل نہیں رہا ہے۔

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹر (BOD) کی طرف سے 30 جون 2018ء کو ختم ہونے والے سال کے لیے سپنچری پیپرائنڈ بورڈ ملز لمیٹڈ (CPBM) کی سالانہ رپورٹ مع آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ پیش کرنا میرے لیے باعث مسرت ہے۔

کاروباری کارکردگی کا جائزہ

یہ خوشی کی بات ہے کہ قومی معیشت میں لگاتار دوسرے سال 5 فی صد زائد نمو ہوئی۔ یہ معاشی نمو تمام شعبوں پر مثبت انداز میں اثر انداز ہوئی جن میں پیپراور پیپر بورڈ سیکٹر شامل ہے۔ مزید برآں پیپراور پیپر بورڈ کی درآمدات میں عموماً اور کوڈ پیپر کی درآمدات میں خصوصاً کمی کارحجان دیکھنے میں آیا۔ اس کا نتیجہ ملکی صنعت کی گنجائش سے بہتر استفادے کی صورت میں سامنے آیا۔ وسعت پزیر مارکیٹ میں آپ کی کمپنی اپنی گنجائش کے بہتر استفادے کے ذریعے اپنی معیاری مصنوعات کے ساتھ اپنا مارکیٹ شیئر برقرار رکھنے میں کامیاب رہی ہے۔

زیر جائزہ سال کے دوران گنجائش سے استفادے میں گزشتہ سال کے 89 فی صد کے مقابلے میں 96 فی صد تک بہتری آئی۔ پیداواری حجم گزشتہ سال کے 214,470 ٹن کے مقابلے میں بڑھ کر 229,380 ٹن تک پہنچ گیا۔ آپ کی کمپنی نے گزشتہ سال میں سیلز کے 203,752 میٹرک ٹن حجم کے مقابلے میں زیر جائزہ سال کے دوران مجموعی سیلز کا 214,347 میٹرک ٹن حجم حاصل کر کے سیلز کے حجم میں 5 فی صد اضافہ ریکارڈ کرایا۔ مالیت کے اعتبار سے زیر جائزہ سال کے دوران کمپنی کی نیٹ سیلز میں 23 فی صد اضافہ ہوا جو گزشتہ سال کی نیٹ سیلز 15.40 ارب روپے کے مقابلے میں 18.96 ارب روپے رہی۔ اگرچہ حجم میں اضافہ 5 فی صد کے لگ بھگ ہے، اس کے باوجود سیلز ویلیو میں 23 فی صد اضافہ ہوا جیسا کہ پیداواری لاگتوں کے اثرات آگے بڑھانے اور مختلف مصنوعات کی قیمتوں میں مناسب رد و بدل کی بدولت زیر جائزہ سال کے دوران قیمتوں میں بہتری ہوئی۔

مالیاتی کارکردگی کا تجزیہ

آپ کی کمپنی نے گزشتہ سال کے مقابلے میں زیر جائزہ سال کے لیے بہتر نتائج کا اندراج کرایا۔ مالیاتی کارکردگی کا خلاصہ درج ذیل ہے:

%	ملین روپے		
	2017	2018	
23%	15,401	18,965	سیلز
21%	(13,609)	(16,459)	سیلز کی لاگت
40%	1,792	2,506	کل منافع

Statement of Compliance

With the Code of Corporate Governance
for the year ended June 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are eight as per the following:

Male:	Seven (7)
Female:	One (1)

2. The composition of Board is as follows:

Independent Directors

Mr. Kemal Shoaib

Engr. M. Abdul Jabbar - Nominee Director (NIT)

Other Non-Executive Directors

Mr. Iqbal Ali Lakhani - Chairman

Mr. Amin Mohammed Lakhani

Ms. Anushka Zulfiqar Lakhani

Mr. Tasleemuddin Ahmed Batlay

Mr. Shahid Ahmed Khan

Executive Director

Mr. Aftab Ahmad (Chief Executive Officer)

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.
4. 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.
5. 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.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of Directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of eight directors, four directors are exempt from training program as mentioned in Regulation No. 20, sub-regulation 2 of the Regulations. Three Directors attended the Directors' training course earlier. The Board has arranged Directors' Training program for a director, Ms. Anushka Zulfiqar Lakhani, during the year.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Audit Committee

Mr. Kemal Shoaib - Chairman
 Mr. Amin Mohammed Lakhani - Member
 Mr. Tasleemuddin Ahmed Batlay - Member

HR and Remuneration Committee

Engr. M. Abdul Jabbar - Chairman
 Mr. Amin Mohammed Lakhani - Member
 Mr. Tasleemuddin Ahmed Batlay - Member
 Mr. Aftab Ahmad – Member

The Board has reconstituted HR & Remuneration Committee subsequent to election of directors held on July 17, 2018. Engr. M. Abdul Jabbar, an independent director, has been appointed as Chairman of the Committee replacing Mr. Amin Mohammed Lakhani.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:

Audit Committee	Four Quarterly Meetings
HR & Remuneration Committee	One Meeting during the year

15. The Board has set up an effective internal audit function comprising of personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.



Iqbal Ali Lakhani
 Chairman



Aftab Ahmad
 Chief Executive Officer

Karachi: August 09, 2018



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C,
Lakson Square
Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CENTURY PAPER & BOARD MILLS LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Century Paper & Board Mills Limited for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a 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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Further, we highlight the status of compliance as mentioned in the paragraph 12 of the Statement of Compliance, which has been complied with subsequent to the year end.

KARACHI
DATED: August 09, 2018

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer



Financial Statements

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Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C,
Lakson Square
Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CENTURY PAPER & BOARD MILLS LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of CENTURY PAPER & BOARD MILLS LIMITED (the Company), which comprise the statement of financial position as at June 30, 2018, and profit and loss account, statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit and other comprehensive loss, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	<p>Promulgation of Companies Act, 2017</p> <p>Companies Act, 2017 ("the Act") was promulgated on May 30, 2017 which introduced certain new requirements including certain changes in accounting and disclosures with respect to preparation of financial statements by companies. The third and fourth schedules to the Companies Act, 2017 became applicable to Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company.</p> <p>In view of the significant changes in disclosures, we consider it as a key audit matter.</p> <p>Refer to note 3.1 to the financial statements.</p>	<p>We obtained an understanding of the requirements regarding preparation and filing of financial statements applicable to the Company and assessed the design and operation of its key controls over preparation and filing of financial statements.</p> <p>We reviewed minutes of meetings of Board of Directors, Audit Committee and internal audit reports for any recorded instances of potential non-compliance and maintained a high level of vigilance when carrying out other audit procedures for indication of non-compliance.</p> <p>We reviewed financial statements to ensure completeness and accuracy of disclosures in the financial statements to ensure compliance with reporting and disclosure requirements of Companies Act, 2017.</p>

Independent Auditor's Report to the Members

S. No	Key audit matters	How the matter was addressed in our audit
2.	<p>Capitalization of property, plant and equipment</p> <p>The Company continued to invest in capital projects with significant capital expenditure incurred during the year ended June 30, 2018. The significant level of capital expenditure requires consideration of the nature of the costs incurred to ensure that their capitalization in property, plant and equipment meets the specific recognition criteria in the Company's accounting policy, in particular for assets constructed by the Company, and the useful economic lives assigned by management are appropriate. For these reasons we considered it to be a key audit matter.</p> <p>Refer to notes 5.1, 5.25, 5.3, 6 and 7 to the financial statements.</p>	<p>Our audit work included assessing and testing the design and operation of its key controls over capital expenditure and testing the amounts capitalized to supporting evidence and evaluating whether assets capitalized satisfied the required recognition criteria. We also assessed the useful economic lives assigned with reference to the Company's historical experience, including assessing the level of fully depreciated assets held by the Company.</p> <p>We reviewed the minutes of the Company's Board of Directors and Audit Committee to evaluate the completeness of management's consideration of any events that warranted changes to the useful economic lives.</p> <p>We visited the sites where significant capital projects are ongoing to understand the nature of the projects.</p> <p>The adequacy of the disclosures presented in the financial statements regarding property, plant and equipment was also assessed, based on the applicable accounting standards and requirements of Companies Act, 2017.</p>
3.	<p>Contingencies</p> <p>As disclosed in note 27.1 to the financial statements, the Company has not recorded late payment surcharge on GIDC payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015 as the matter is pending in Honorable High Court of Sindh and 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.</p> <p>Moreover, as disclosed in note 27.1 to the financial statements, certain cases of inadmissible input sale tax 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.</p>	<p>We undertook number of procedures to verify the appropriateness of contingencies in the financial statements. This included, among others:</p> <ul style="list-style-type: none"> • We followed the progress of each case and the Company's estimate of the cost to be incurred; • We reviewed the key elements of the methodology employed by management in challenging reasonableness of the cost estimates; • We considered the impact on future case costs from changes arising in the regulatory environment; • We obtained confirmations from legal advisors for current status on pending previous cases and any new case filed during the year;

Independent Auditor's Report to the Members

S. No	Key audit matters	How the matter was addressed in our audit
	<p>No provision has been made in the financial statements for the liability that may arise in the event of a decision against the Company as the management is of the opinion, based on advice of tax advisor that the decision is likely to be in the favor of the Company.</p> <p>There are significant uncertainties attached to the future outcome of these pending matters and therefore, are considered as key audit matters.</p>	<ul style="list-style-type: none"> • Checked orders by relevant authority on previous lawsuits / cases appearing in the financial statements; and • Obtained legal advice on the above cases with the legal advisors to ensure that the outflow is possible and not probable.
4.	<p>Control environment relating to the financial reporting process and related IT systems</p> <p>The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.</p> <p>As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.</p>	<p>Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.</p> <p>Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the profit and loss account and statement of financial position.</p>

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Members

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report to the Members

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, profit and loss account, statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI
DATED: August 09, 2018



BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

Statement of Financial Position

as at June 30, 2018

	Note	2018 (Rupees in thousands)	2017
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	9,122,170	9,420,548
Capital work in progress	7	467,547	302,278
		9,589,717	9,722,826
Intangible assets	8	2,575	1,685
Long-term loans and advances	9	15,243	4,859
Long-term deposits		5,869	3,829
		9,613,404	9,733,199
CURRENT ASSETS			
Stores and spares	10	1,290,040	1,364,551
Stock-in-trade	11	2,897,285	1,963,091
Trade debts	12	2,366,324	1,585,378
Loans and advances	13	68,566	7,235
Trade deposits and short term prepayments	14	88,357	85,147
Other receivables	15	10,793	3,865
Tax refunds due from Government	16	262,245	227,169
Taxation - net	17	291,673	241,369
Cash and bank balances	18	415,508	226,476
		7,690,791	5,704,281
TOTAL ASSETS		17,304,195	15,437,480
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
410,000,000 (2017: 410,000,000) shares of Rs. 10 each		4,100,000	4,100,000
Issued, subscribed and paid-up capital			
Ordinary shares	19	1,470,184	1,470,184
Preference shares	20	901,214	901,214
		2,371,398	2,371,398
Reserves	21	4,071,475	3,341,627
		6,442,873	5,713,025
NON-CURRENT LIABILITIES			
Long-term financing	22	2,821,963	2,987,500
Deferred taxation	23	1,309,460	934,494
		4,131,423	3,921,994
CURRENT LIABILITIES			
Trade and other payables	24	2,215,766	1,841,418
Interest and mark-up accrued	25	39,849	38,353
Short-term borrowings	26	3,426,688	2,840,150
Un-claimed dividend		1,019	724
Current portion of long-term financing	22	1,046,577	1,081,816
		6,729,899	5,802,461
CONTINGENCIES AND COMMITMENTS			
	27		
TOTAL EQUITY AND LIABILITIES		17,304,195	15,437,480

The annexed notes from 1 to 50 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, 2018

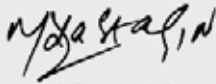
	Note	2018 (Rupees in thousands)	2017
Sales - net	28	18,964,573	15,401,157
Cost of sales	29	(16,458,803)	(13,609,628)
Gross profit		2,505,770	1,791,529
General and administrative expenses	30	(425,754)	(375,135)
Selling and distribution expenses	31	(129,204)	(115,088)
Other operating charges	32	(134,680)	(104,427)
Other income	33	75,438	113,859
Operating profit		1,891,570	1,310,738
Finance cost	34	(460,354)	(406,945)
Net profit before taxation		1,431,216	903,793
Taxation	35	(439,357)	(301,577)
Net profit for the year		991,859	602,216
Earnings per share - basic and diluted (Rupees)	36	6.25	3.66

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

The annexed notes from 1 to 50 form an integral part of these financial statements.


Aftab Ahmad
Chief Executive Officer


Tasleemuddin Ahmed Batlay
Director


Muhammad Rashid Dastagir
Chief Financial Officer

Statement of Comprehensive Income

for the year ended June 30, 2018

	Note	2018 (Rupees in thousands)	2017
Net profit for the year		991,859	602,216
Other comprehensive loss for the year			
Items that will not be reclassified to profit and loss account subsequently			
Loss on remeasurement of defined benefit liability	37	(30,818)	(20,346)
Tax impact		9,245	6,104
		(21,573)	(14,242)
Total comprehensive income for the year		970,286	587,974

The annexed notes from 1 to 50 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

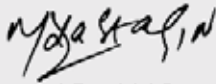
for the year ended June 30, 2018

	Note	2018 (Rupees in thousands)	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	1,387,587	1,874,089
Finance cost paid		(458,858)	(409,922)
Taxes paid		(136,014)	(204,580)
Taxes refunded		36,481	108,365
Gratuity paid		(40,737)	(37,786)
Workers' Profit Participation Fund paid		(48,539)	(23,437)
Long-term loans and advances - net		(10,384)	(3,977)
Long-term deposits		(2,040)	(1,000)
Net cash generated from operating activities		727,496	1,301,752
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(692,649)	(668,837)
Proceeds from sale of operating fixed assets		8,566	4,830
Net cash used in investing activities		(684,083)	(664,007)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing from Director		650,000	-
Proceeds from long-term financing from banking companies		231,040	225,000
Repayment of long-term financing from banking companies		(1,081,816)	(979,922)
Dividend paid on preference shares		(19,910)	(725,515)
Dividend paid on ordinary shares		(220,233)	-
Net cash used in financing activities		(440,919)	(1,480,437)
Net decrease in cash and cash equivalents		(397,506)	(842,692)
Cash and cash equivalents at the beginning of the year		(2,613,674)	(1,770,949)
Effect of exchange loss		-	(33)
Cash and cash equivalents at the end of the year		(3,011,180)	(2,613,674)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	415,508	226,476
Short-term borrowings	26	(3,426,688)	(2,840,150)
		(3,011,180)	(2,613,674)

The annexed notes from 1 to 50 form an integral part of these financial statements.


Aftab Ahmad
Chief Executive Officer


Tasleemuddin Ahmed Batlay
Director


Muhammad Rashid Dastagir
Chief Financial Officer

Statement of Changes In Equity


for the year ended June 30, 2018

	Reserves										Total
	Capital reserves			Revenue reserves			Sub total				
	Issued, subscribed and paid-up capital	Share premium	Merger reserve	Redemption reserve	Total	General reserve	Unappropriated profit	Total	Sub total		
Balance as at July 01, 2016	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	404,641	7,17,867	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)
Transaction with owners											
Cumulative dividend paid on preference shares	-	-	-	-	-	-	-	587,974	587,974	587,974	587,974
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
Total comprehensive income for the year											
Net profit for the year	-	-	-	-	-	-	-	991,859	991,859	991,859	991,859
Loss on remeasurement of defined benefit liability - net of tax	-	-	-	-	-	-	-	(21,573)	(21,573)	(21,573)	(21,573)
Transaction with owners											
Interim dividend paid on ordinary shares @ 1.50 per share	-	-	-	-	-	-	-	(220,528)	(220,528)	(220,528)	(220,528)
Cumulative dividend paid on preference shares	-	-	-	-	-	-	-	(19,910)	(19,910)	(19,910)	(19,910)
Balance as at June 30, 2018	1,470,184	901,214	1,822,122	7,925	931,254	2,761,301	313,226	996,948	1,310,174	4,071,475	6,442,873

(Rupees in thousands)

The annexed notes from 1 to 50 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, 2018

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 are listed on Pakistan Stock Exchange. The Company is engaged in manufacturing and marketing of paper, board and related products.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is located at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi, Pakistan. The mill (plant) of the Company is located at 62 KM, Lahore-Multan Highway, N-5, District Kasur, Pakistan, and a regional office of the Company is located at 14-Ali Block, New Garden Town, Lahore, Pakistan.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The third and fourth schedules to the Companies Act, 2017 became applicable to Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company. Specific additional disclosures and changes to the existing disclosures have been included in these financial statements.

3.2 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 make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in subsequent years are discussed in note 5.25.

Notes to the Financial Statements

for the year ended June 30, 2018

3.3 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

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

4.1 Amendments that are effective in current year and are 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:

Amendments to IAS 7 'Statement of Cash Flow' became effective for the annual periods beginning of or after July 01, 2017 which is relevant to the Company. Amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

Amendments to IAS 12 'Income Taxes' became effective for the annual periods beginning on or after July 01, 2017. The amendment clarifying the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

4.2 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 standards:

	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. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled.	January 01, 2018
IFRS 3 Business Combinations - Amendment requiring an entity to remeasure its previously held interest at fair value when it obtains control of a business that is a joint operation.	January 01, 2019
IFRS 4 Insurance Contract - Amendments regarding applying IFRS 9- Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4). The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4 that are overlay approach and deferral approach. Overlay approach: an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets.	

Notes to the Financial Statements

for the year ended June 30, 2018

Deferral approach: an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

January 01, 2018

IFRS 9 Financial Instruments - Prepayment Features with Negative Compensation and modifications of financial liabilities. The amendment allow debt instruments with negative compensation prepayment features to be measured at amortised cost or fair value through other comprehensive income. The amendment also clarified that gains and losses arising on modifications of financial liabilities that do not result in derecognition should be recognized in profit or loss.

January 01, 2019

IFRS 11 Joint Arrangement - The proposed amendments is to eliminate diversity in practice in the accounting for previously held interests in the assets and liabilities of a joint operation in transactions in which an entity obtains control, or joint control, of a joint operation that meets the definition of a business.

January 01, 2019

IAS 12 Income tax - Recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised. The amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

January 01, 2019

IAS 19 Employee Benefits - The amendments require an entity:

To use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after plan amendment, curtailment and settlement when entity measure its net defined benefit liability, and;

To recognise in profit or loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of impact of the asset ceiling.

January 01, 2019

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.

Notes to the Financial Statements

for the year ended June 30, 2018

	The amendment clarifies that an entity applies IFRS 9 “Financial Instruments” long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
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

4.3 Standards or interpretations not yet effective

The following new standards have been issued by the International Accounting Standards Board (IASB), which have been adopted locally by the Securities and Exchange Commission of Pakistan effective from the dates mentioned below against the respective standard:

IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from Contracts with Customers	July 01, 2018
IFRS 16	Leases	January 01, 2019

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

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
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 financial statement in the period of initial application.

5 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.

5.1 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 5.9) and exchange differences recognized, for the acquisition of property, plant and equipment up to the commencement of commercial production. 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.

Notes to the Financial Statements

for the year ended June 30, 2018

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 equipments and servicing equipments 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 6, 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.

5.2 Intangible assets

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the Company. Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

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 8 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.

5.3 Impairment of non-financial assets

The carrying amount of the Company's non-financial assets are reviewed at each statement of financial position 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.

Notes to the Financial Statements

for the year ended June 30, 2018

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 statement of financial position 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.

5.4 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.

5.5 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.

Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

5.6 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.

5.7 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.

Notes to the Financial Statements

for the year ended June 30, 2018

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 statement of financial position 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.

The carrying amount of deferred tax asset is reviewed at each statement of financial position 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 tax asset to be utilized.

Deferred tax is calculated based on tax rates that have been enacted or substantively enacted up to the statement of financial position 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.

5.8 Cash and bank balances

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

5.9 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 markup 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 statement of financial position date.

Notes to the Financial Statements

for the year ended June 30, 2018

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".

5.10 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. Exchange gains and losses arising on transaction in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

5.11 Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of that obligation can be measured reliably. Provisions are not recognised for future operating losses. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimates.

5.12 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.

5.13 Financial instruments

5.13.1 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 statement of financial position 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 statement of financial position, 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 statement of financial position.

Notes to the Financial Statements

for the year ended June 30, 2018

- 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.

5.13.2 Financial liabilities

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

5.13.3 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.

5.13.4 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.

5.14 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.

5.15 Derivative financial instruments

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

5.16 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 statement of financial position date. Exchange gains and losses are recognized in the profit and loss account.

5.17 Employees benefits

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

Notes to the Financial Statements

for the year ended June 30, 2018

5.17.1 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, 2018 using the projected unit credit method (refer note 37). 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. Prepaid contribution are recognized as an asset to the extent that cash refund or reduction in future payment is available.

5.17.2 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 statement of financial position date. The related expected cost thereof has been charged to profit and loss account.

5.17.3 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.

5.18 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.
- All other income is recognized on accrual basis.

Notes to the Financial Statements

for the year ended June 30, 2018

5.19 Cash and cash equivalents

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

5.20 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.

5.21 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.

5.22 Dividend and appropriation to reserves

Dividend is recognized as a liability in the period in which it is declared by Board of Directors. Appropriations to reserves are recognized in the year in which these are approved by the Company's shareholders at the Annual General Meeting.

5.23 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.

5.24 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.

5.25 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 5.17, note 37 and 38) that have the most significant effects on the amounts recognized in the financial statements.

Notes to the Financial Statements

for the year ended June 30, 2018

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 5.7 of these financial statements.

b) Defined benefits plan

Certain actuarial assumptions have been adopted as disclosed in note 37 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.

Notes to the Financial Statements

for the year ended June 30, 2018

6 OPERATING FIXED ASSETS

The following is the statement of operating fixed assets:

Description	Freehold land (note 6.1)	Buildings on freehold land	Leasehold improvements	Plant and machinery (note 6.2 & 6.3)	Furniture and fixtures	Vehicles	Electrical and other equipments	Computers	Total
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(Rupees in thousands)

Year ended June 30, 2018

Net carrying value basis

Opening net book value (NBV)	281,529	1,935,437	-	7,085,469	5,057	90,610	13,039	9,407	9,420,548
Additions (at cost)	-	66,180	11,719	564,718	1,053	34,272	4,823	12,000	694,765
Disposals (NBV)	-	-	-	-	-	(5,904)	-	-	(5,904)
Depreciation charge	-	(86,531)	(195)	(864,795)	(1,090)	(20,327)	(4,897)	(9,404)	(987,239)
Closing net book value (refer note 6.4)	281,529	1,915,086	11,524	6,785,392	5,020	98,651	12,965	12,003	9,122,170

Gross carrying value basis

Cost	281,529	2,527,455	18,714	16,001,799	22,275	172,094	44,859	103,044	19,171,769
Accumulated depreciation / impairment	-	(612,369)	(7,190)	(9,216,407)	(17,255)	(73,443)	(31,894)	(91,041)	(10,049,599)
Net book value	281,529	1,915,086	11,524	6,785,392	5,020	98,651	12,965	12,003	9,122,170

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 6.4)	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

Depreciation rate % per annum

- 2.5 to 10 20 5 to 20 10 to 20 20 10 to 33 20 to 33

- 6.1** This freehold land of 158.5 acre is located at Village Jumber Khurd, Tehsil Pattoki, District Kasur.
- 6.2** Plant and machinery includes gas pipeline installations with a cost of Rs. 16.87 million (written down value: Nil) [2017: 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.
- 6.3** Plant and machinery includes capital spares amounting to Rs. 286.43 million (written down value Rs. 146.85 million) [2017: Rs. 286.43 million (written down value Rs. 174.09 million)].
- 6.4** The cost of fully depreciated assets which are still in use as at June 30, 2018 is Rs. 3,432 million and written down value is Rs. 7.10 million (2017: Rs. 3,083 million and written down value is Rs. 4.39 million).

Notes to the Financial Statements

for the year ended June 30, 2018

	Note	2018 (Rupees in thousands)	2017
6.5	The depreciation charge for the year has been allocated as follows:		
Cost of sales	29	952,301	877,086
General and administrative expenses	30	32,591	32,156
Selling and distribution expenses	31	2,347	2,291
		<u>987,239</u>	<u>911,533</u>

6.6 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. five hundred thousand	106,551	106,550	-	-	Scrap (Note 6.6.1)	Various
Vehicle						
Honda Civic	2,323	1,677	647	997	Maturity of Company Car Scheme (6.6.2)	Mr. Jahanzeb Ali Akhtar
Suzuki Cultus	1,039	267	772	605	Maturity of Company Car Scheme (6.6.2)	Mr. M. Farooq Malik
Honda Civic	2,462	1,698	764	894	Maturity of Company Car Scheme (6.6.2)	Mr. Nasir Ahmed (Ex-Employee)
Honda City	1,522	591	931	1,219	Sale (Negotiation)	Mr. Asad Mehmood (Ex-Employee)
Items having book value upto Rs. five hundred thousand	10,624	7,835	2,790	4,851	Maturity of Company Car Scheme (6.6.2) / Sale (Negotiation)	Various
	<u>17,970</u>	<u>12,068</u>	<u>5,904</u>	<u>8,566</u>		
Computers						
Items having book value upto Rs. five hundred thousand	1,905	1,905	-	-	Sale (Negotiation)	Various
Total - 2018	<u>126,426</u>	<u>120,523</u>	<u>5,904</u>	<u>8,566</u>		
Total - 2017	<u>17,746</u>	<u>13,904</u>	<u>3,841</u>	<u>4,830</u>		

6.6.1 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.

6.6.2 The vehicles were transferred to employees at maturity of the Company car scheme.

2018 2017
(Rupees in thousands)

7 CAPITAL WORK-IN-PROGRESS

This comprises of:

Civil works	5,418	2,705
Plant and machinery	371,619	297,798
Advances to suppliers	90,510	1,775
	<u>467,547</u>	<u>302,278</u>

Notes to the Financial Statements

for the year ended June 30, 2018

7.1 Movement of carrying amount

	Note	Building	Plant and machinery	Total
(Rupees in thousands)				
Year ended June 30, 2018				
Opening balance		2,705	299,573	302,278
Additions (at cost)	7.2 & 7.3	80,820	714,113	794,932
Transferred to operating fixed assets		(78,107)	(551,556)	(629,663)
Closing balance		5,418	462,130	467,547
Year ended June 30, 2017				
Opening balance		21,962	27,074	49,036
Additions (at cost)	7.3	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

7.2 This include advance paid to vendor amounted to Rs. 9.13 million for import of plant and machinery.

7.3 This includes borrowing costs capitalized amounting to Rs. 1.23 million (2017: Rs. Nil) at an average rate of 5.85% per annum.

	Note	2018	2017
(Rupees in thousands)			
8 INTANGIBLE ASSETS			
Intangible assets		2,575	1,685
8.1 Net carrying value basis			
Opening net book value		1,685	2,390
Additions (at cost)		1,990	-
Amortization charge	30	(1,100)	(705)
Closing net book value		2,575	1,685
Gross carrying value basis			
Cost		64,003	62,013
Accumulated amortization		(61,428)	(60,328)
Net book value		2,575	1,685
Amortization rate % per annum			
		20 - 33.33	20 - 33.33

9 LONG-TERM LOANS AND ADVANCES

(Unsecured - considered good)			
Long-term loans to employees	9.1	6	202
Current portion shown under current assets		(6)	(116)
		-	86
Long-term advance to supplier	9.3	15,243	4,773
		15,243	4,859

9.1 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.

Notes to the Financial Statements

for the year ended June 30, 2018

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

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

	Note	2018 (Rupees in thousands)	2017
10 STORES AND SPARES			
Stores	10.1	883,914	729,605
Spares			
in hand	10.2	383,591	413,612
in transit	10.2	63,345	256,144
		446,936	669,756
		1,330,850	1,399,361
Provision for slow moving stores and spares	10.3	(40,810)	(34,810)
	10.4	1,290,040	1,364,551

10.1 This includes fuel for power and steam generation amounting to Rs. 286.49 million (2017: Rs. 131.19 million).

10.2 This includes coal in transit amounting to Rs. 27.02 million (2017: Rs. 218.31 million).

	Note	2018 (Rupees in thousands)	2017
10.3 Provision for slow moving stores and spares			
Balance at the beginning of the year		34,810	28,810
Provision recognized during the year	29	6,000	6,000
Balance at the end of the year		40,810	34,810

10.4 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.

		2018 (Rupees in thousands)	2017
11 STOCK-IN-TRADE			
Raw materials			
in hand		1,281,499	1,110,602
in transit		808,715	419,043
		2,090,214	1,529,645
Work-in-process		58,857	96,961
Finished goods		748,214	336,485
		2,897,285	1,963,091

Notes to the Financial Statements

for the year ended June 30, 2018

	2018	2017
Note	(Rupees in thousands)	
12 TRADE DEBTS		
(Unsecured - considered good)		
Due from associated undertakings	12.1 333,182	129,347
Others	2,033,142	1,456,031
	2,366,324	<u>1,585,378</u>
12.1 This comprises of amounts receivable from:		
Merit Packaging Limited	273,670	73,317
Colgate-Palmolive (Pakistan) Limited	59,512	56,030
	333,182	<u>129,347</u>
12.2 The aging of related party balances at the statement of financial position date is as follows:		
Not past due	333,182	<u>129,347</u>
12.3 The maximum amount due from related parties at the end of any month during the year was Rs. 333.18 million (2017: Rs. 187.21 million).		
12.4 These are in the normal course of business and interest free.		

	2018	2017
Note	(Rupees in thousands)	
13 LOANS AND ADVANCES		
(Unsecured - considered good)		
Loans		
Current portion of long-term loans	9.1 6	116
Advances		
to employees	13.1 1,680	1,183
to suppliers	13.2 66,880	5,936
	68,560	7,119
	68,566	<u>7,235</u>
13.1 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.		
13.2 This represents advances to suppliers in the normal course of business and does not carry any interest or mark-up.		
13.3 Chief Executive Officer and Directors have not taken any loans and advances from the Company.		

	2018	2017
Note	(Rupees in thousands)	
14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Deposits	14.1 2,195	773
Prepayments	14.2 86,162	84,374
	88,357	<u>85,147</u>

Notes to the Financial Statements

for the year ended June 30, 2018

- 14.1** This represents short term deposits in the normal course of business and does not carry any interest or mark-up.
- 14.2** This includes prepaid insurance premium of Rs. 79.93 million (2017: Rs. 78.88 million) to M/s Century Insurance Company Limited, an associated undertaking.
- 14.3** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 79.93 million (2017: Rs. 78.88 million).

	2018	2017
	(Rupees in thousands)	
15 OTHER RECEIVABLES		
(Unsecured - considered good)		
Due from associated undertakings		
Insurance agency commission	3,701	1,616
Others	6,142	2,093
	<u>9,843</u>	<u>3,709</u>
15.1	9,843	3,709
Others	950	156
	<u>10,793</u>	<u>3,865</u>
15.4	10,793	3,865
15.1 This comprises of amounts receivable from:		
Century Insurance Company Limited	3,801	2,418
SIZA (Private) Limited	1,106	687
Merit Packaging Limited	4,229	172
Anchor Commodities (Private) Limited	-	55
Cyber Internet Service (Private) Limited	707	137
Sybrid (Private) Limited	-	240
	<u>9,843</u>	<u>3,709</u>
15.2 The aging of related party balances at the statement of financial position date is as follows:		
Not past due	<u>9,843</u>	<u>3,709</u>
15.3 The maximum amount due from related parties at the end of any month during the year was Rs. 9.84 million (2017: Rs. 5.66 million).		
15.4 These are in the normal course of business and interest free.		
16 TAX REFUNDS DUE FROM GOVERNMENT		
Income tax	221,251	227,169
Sales tax	40,994	-
	<u>262,245</u>	<u>227,169</u>
16.1	262,245	227,169
16.1 This includes Rs. 10.25 million paid against demand raised by Assistant Commissioner - IR (Audit) in respect of sales tax input not allowed as result of audit of sales tax returns for tax year 2015. The Company has filed an appeal against this order before the Commissioner Inland Revenue (Appeals - I) under Section 45B of the Sales Tax Act, 1990.		

Notes to the Financial Statements

for the year ended June 30, 2018

17 TAXATION - NET

17.1 The income tax assessments of the Company have been finalized upto Tax Year 2016 (accounting year ended June 30, 2016). Moreover, the return for the Tax Year 2017 has been selected for audit under Section 122(9) and 122 (5A) of the Income Tax Ordinance, 2001 pending assessment order. Adequate provisions have been made in these financial statements for the year ended June 30, 2018 (Tax Year 2018).

17.2 Income tax authorities have made certain disallowances for expenses for Tax Year 2009, 2011, 2012, 2015 and 2016 which resulted in reduction of tax losses available to the Company for respective years.

For Tax Year 2009, 2011, 2012 Appellate Tribunal Inland Revenue has passed the orders confirming partial disallowances and granting certain reliefs by remanding back the issue. For Tax Year 2012, the Company has filed a reference application before High Court of Sindh against the order of Appellate Tribunal Inland Revenue which is pending hearing.

For Tax Year 2015, the tax department's appeal is pending before Appellate Tribunal Inland Revenue in respect of issues decided in favor of the Company by Commissioner Inland Revenue (Appeals) and for Tax Year 2016, the Company's appeal is pending before Commissioner Inland Revenue (Appeals).

	2018	2017
	(Rupees in thousands)	
18 CASH AND BANK BALANCES		
Cash at bank in current account		
Islamic mode	-	498
Conventional mode	<u>223,072</u>	<u>89,740</u>
	223,072	90,238
Cheques in hand	188,734	132,831
Cash in hand	3,702	3,407
	<u>415,508</u>	<u>226,476</u>

19 ORDINARY SHARES

Number of ordinary shares of Rs. 10/- each				
2018	2017			
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
<u>147,018,345</u>	<u>147,018,345</u>		<u>1,470,184</u>	<u>1,470,184</u>
100,228,863	100,227,748	Shares held by associated companies and related parties	1,002,288	1,002,277

Notes to the Financial Statements

for the year ended June 30, 2018

20 PREFERENCE SHARES

Number of preference shares of Rs. 10/- each			2018 (Rupees in thousands)	2017
2018	2017			
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)
<u>90,121,351</u>	<u>90,121,351</u>		<u>901,214</u>	<u>901,214</u>
<u>90,121,351</u>	<u>90,121,351</u>	Shares held by associated companies	<u>901,214</u>	<u>901,214</u>

20.1 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.

20.2 The followings are the terms, conditions, rights and privileges of preference shares with amendments which became effective on July 1, 2013.

a) Annual dividends will be payable when and if declared by the Company but shall be paid on cumulative basis prior to any dividend or other distribution payable to the ordinary shareholders. The dividend rate will be based on six months KIBOR plus spread of 1% per annum subject to cap of 13% per annum on the face value of the preference shares on cumulative basis.

During the year, the Company has declared and paid cumulative preference dividend amounting to Rs. 19.91 million (2017: Rs. 725.51 million). The cumulative preference dividend as at the statement of financial position date amounted to Rs. 56.09 million (2017: Rs. 3.63 million) which has been subsequently declared by the Board of Directors as mentioned in Note 48 of these financial statements.

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 term, conditions and right and privileges of preference shares.

Notes to the Financial Statements

for the year ended June 30, 2018

	Note	2018 (Rupees in thousands)	2017
21 RESERVES			
Capital			
Share premium	21.1	1,822,122	1,822,122
Capital redemption reserve	21.2	931,254	931,254
Merger reserve	21.3	7,925	7,925
		2,761,301	2,761,301
Revenue			
General reserve		313,226	313,226
Un-appropriated profit		996,948	267,100
		1,310,174	580,326
		4,071,475	3,341,627

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

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

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

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

	Note	2018 (Rupees in thousands)	2017
22 LONG-TERM FINANCING			
From banking companies - secured			
Utilized under mark-up arrangements financed by:			
Islamic mode			
Meezan Bank Limited - Musharaka - 1	22.1	300,000	600,000
Meezan Bank Limited - Musharaka - 2	22.2	487,500	637,500
Faysal Bank Limited - Term loan	22.3	-	31,816
		787,500	1,269,316
Conventional mode			
Syndicated - Consortium of Banks	22.4	975,000	1,275,000
Allied Bank Limited - Term loan - 1	22.5	225,000	525,000
Allied Bank Limited - Term loan - 2	22.6	150,000	-
Allied Bank Limited - Term loan - 3	22.7	81,040	-
		1,431,040	1,800,000
		2,218,540	3,069,316
From associated undertaking - unsecured	22.8	1,000,000	1,000,000
From Director - unsecured	22.9	650,000	-
		3,868,540	4,069,316
Current portion shown under current liabilities			
Islamic mode		(450,000)	(481,816)
Conventional mode		(596,577)	(600,000)
		(1,046,577)	(1,081,816)
		2,821,963	2,987,500

Notes to the Financial Statements

for the year ended June 30, 2018

22.1 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% (2017: 0.50%). 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 6.71% (2017: 6.64%) per annum.

22.2 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 which commenced from November 2016.

The finance facility is secured by way of mortgage of immovable properties of the Company and first pari passu 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% (2017: 0.50%). 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 markup rate was 6.73% (2017: 6.63%) per annum.

22.3 This term finance facility has been fully repaid during the period at its maturity date. During the year, the effective markup rate was 6.90% (2017: 6.84%) per annum.

22.4 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 first pari passu 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% (2017: 0.50%). 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 6.73% (2017: 6.63%) per annum.

22.5 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% (2017: 0.50%). 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 markup rate was 6.71% (2017: 6.57%) per annum.

22.6 This term finance facility has been obtained from Allied Bank Limited amounting to Rs. 350 million specifically for Gas Turbine Generators out of which the Company has made drawdown of Rs. 150 million during the period. The tenor of the loan is three years inclusive 6 months grace period and are repayable in 10 equal installments commencing from September 2018.

Notes to the Financial Statements

for the year ended June 30, 2018

This term loan is secured by way of mortgage of all present and future plant and machinery and ranking hypothecation charge over all assets belonging to the Company with 25% margin.

The rate of markup is equal to base rate plus 0.20%. Base rate is equal to three months KIBOR of the last one business day prior to the beginning of each installment period. During the period, the effective markup rate was 6.52% per annum.

- 22.7** The Company has approved term finance facility from Allied Bank Limited under Financing Scheme of the State Bank of Pakistan for Renewal Energy (Category II) amounting to Rs.200 million specifically for Solar Grid Panels. The Company has made drawdown of Rs. 81.04 million during the year. The tenor of the loan is seven years and are repayable in 28 equal installments commencing from September 2018.

This term loan is secured by way of mortgage of all present and future plant and machinery and ranking hypothecation charge over all assets belonging to the Company with 25% margin. The rate of markup is fixed at 2.75%.

- 22.8** 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, 2017 and is now repayable after two years from the date of agreement i.e. July 2019.

The rate of mark-up is 0.50% (2017: 0.50%) over average of three months KIBOR of the last one day of preceding quarter. During the year, the effective mark-up rate was 6.74% (2017: 6.58%) per annum.

- 22.9** The loan has been obtained from Sponsor Director of the Company, Mr. Iqbal Ali Lakhani, amounting to Rs. 650 million. The loan is unsecured and the tenor of the loan is two years.

The rate of mark-up is 0.50% over average of three months KIBOR of the last one day of preceding quarter. During the year, the effective markup rate was 6.77% per annum.

	2018	2017
	Note	(Rupees in thousands)
23 DEFERRED TAXATION		
Deferred taxation	23.1 1,309,460	<u>934,494</u>
23.1 The net balance for deferred taxation is in respect of following temporary differences:		
Deferred tax liabilities		
Accelerated tax depreciation allowance	1,438,386	1,546,124
Deferred tax assets		
Tax losses carried forward	-	217,482
Turnover tax / Alternative Corporate tax	77,465	349,597
Provision for slow moving stores and spares	11,835	10,443
Provision for compensated absences	17,153	16,564
Others	22,473	17,544
	(128,926)	(611,630)
	1,309,460	<u>934,494</u>

Notes to the Financial Statements

for the year ended June 30, 2018

	Note	2018 (Rupees in thousands)	2017
23.2 The gross movement in the deferred tax liability during the year is as follow:			
Balance as at July 01		934,494	695,234
Charged to profit and loss account	35	384,211	245,364
Charge recognised in other comprehensive income	37.9	(9,245)	(6,104)
		<u>1,309,460</u>	<u>934,494</u>
24 TRADE AND OTHER PAYABLES			
Creditors	24.1	634,381	523,739
Foreign bills payable		468,687	326,368
Accrued liabilities	24.2	735,927	626,617
Customers' balances		101,332	147,323
Gratuity payable	37.4	77,494	58,479
Workers' Profit Participation Fund	24.3	76,301	48,539
Sales tax payable - net		-	24,138
Workers' Welfare Fund		36,956	18,445
Provident fund payable		6,771	6,505
Other liabilities		77,917	61,265
		<u>2,215,766</u>	<u>1,841,418</u>

24.1 The aggregate amount of the outstanding balance of associated undertakings as at June 30, 2018 is Rs. 88.97 million (2017: Rs. 92.94 million).

24.2 This includes an amount of Rs. 518.93 million (2017: Rs. 410.97 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The Company has filed an appeal in Honorable High Court of Sindh. The High Court of Sindh 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 High Court of Sindh 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 2018. No GIDC was levied by the Sui Northern Gas Pipeline Limited (SNGPL) from the month of March 2016 to April 2017.

	Note	2018 (Rupees in thousands)	2017
24.3 Workers' Profit Participation Fund			
Balance at July 01		48,539	23,437
Interest on funds utilized in Company's business	34	987	461
Allocation for the year	32	76,301	48,539
		<u>125,827</u>	<u>72,437</u>
Amount paid during the year		(49,526)	(23,898)
Balance at June 30		<u>76,301</u>	<u>48,539</u>

Notes to the Financial Statements

for the year ended June 30, 2018

	2018	2017
Note	(Rupees in thousands)	
25 INTEREST AND MARK UP ACCRUED		
Interest and mark-up accrued on:		
Long-term financing from Banks		
Islamic mode	7,192	11,173
Conventional mode	9,419	11,652
	16,611	22,825
Short-term borrowings from Banks		
Islamic mode	3,128	3,105
Conventional mode	20,110	12,423
	23,238	15,528
	39,849	38,353
26 SHORT TERM BORROWINGS		
From banking companies - secured		
Running finances		
Islamic mode	226,378	71,408
Conventional mode	2,390,970	1,355,634
	2,617,348	1,427,042
Import credit finances - Conventional mode	26.1	1,427,042
Short term loan - Conventional mode	26.2	574,308
	26.3	838,800
	26.4	3,426,688

26.1 The Company has available aggregate short term running finance facilities amounting to Rs. 4,485 million (2017: Rs. 3,060 million). Markup rates are linked with KIBOR from one to three months plus spreads ranging from 0.30% to 1.25% per annum (2017: from 0.30% to 1.25% per annum).

26.2 The Company has available aggregate sub-limits for FE loans under facilities for running finance and letters of credit amounting to Rs. 3,130 million (2017: Rs. 3,030 million). No utilization of FE loan has been made 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 (2017: from 1.50% to 3.00% per annum).

26.3 During the year new loan has been obtained from Standard Chartered Bank, UK - Dubai International Finance Center branch through Standard Chartered Bank (Pakistan) Limited amounting to USD 7.00 million equivalent to fixed amount of Rs. 809.34 million for meeting working capital requirements. The tenor of the loan is six months i.e. from May 14, 2018 to November 14, 2018. The price of loan is six months KIBOR minus 0.25%. 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. The loan obtained in previous year has been repaid at maturity on December 12, 2017.

26.4 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.

26.5 Aggregate facilities for opening of letters of credit and guarantees amounting to Rs. 5,156 million (2017: Rs. 4,246 million) are available to the Company.

Notes to the Financial Statements

for the year ended June 30, 2018

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

a) Guarantees

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 591 million (2017: Rs. 521 million) including guarantee relating to Sindh Infrastructure Cess amounting to Rs. 100 million (2017: Rs. 30 million) furnished to Excise and Taxation Department during the year.

b) Sales tax

Five cases of inadmissible input sale tax amounting to Rs. 94.45 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 - GIDC

Sui Northern Gas Pipeline Limited has charged an amount of Rs. 254.29 million (2017: Rs. 152.72 million) on account of late payment surcharge on GIDC of Rs. 518.93 million (Note 24.2) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. On the appeal filed by the Company, the Honorable High Court of Sindh 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 High Court of Sindh suspended the aforesaid judgment till the disposal of appeal. The matter is still pending in Honorable High Court of Sindh. 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.

27.2 Commitments

27.2.1 The Company's commitments as at statement of financial position date are as follows:

- a) Letters of credit other than for capital expenditure at the end of the year amounted to Rs. 1,629.57 million (2017: Rs. 1,101.44 million).
- b) Capital expenditure including letters of credit amounting to Rs. 105.76 million (2017: Rs. 10.93 million).

2018	2017
(Rupees in thousands)	

28 SALES - NET

Gross sales	22,190,953	18,021,243
Sales tax	<u>(3,226,380)</u>	<u>(2,620,086)</u>
	<u>18,964,573</u>	<u>15,401,157</u>

Notes to the Financial Statements

for the year ended June 30, 2018

	Note	2018 (Rupees in thousands)	2017
29 COST OF SALES			
Materials consumed		11,060,555	8,566,475
Fuel and power		2,828,127	2,414,681
Depreciation on property, plant and equipment	6.5	952,300	877,086
Salaries, wages and other benefits	29.1	773,803	701,493
Repairs, maintenance and stores consumption		700,932	607,934
Packing expenses		418,776	360,127
Insurance		79,817	73,737
Provision for slow moving stores and spares	10.3	6,000	6,000
Rent, rates and taxes		12,118	6,135
Manufacturing cost		16,832,428	13,613,668
Work-in-process			
Opening stock		96,961	50,053
Closing stock		(58,857)	(96,961)
		38,104	(46,908)
Cost of goods manufactured		16,870,532	13,566,760
Finished goods			
Opening stock		336,485	379,353
Closing stock		(748,214)	(336,485)
		(411,729)	42,868
		16,458,803	13,609,628

29.1 Salaries, wages and other benefits includes Rs. 49.01 million (2017: Rs. 44.69 million) in respect of staff retirement benefits.

	Note	2018 (Rupees in thousands)	2017
30 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and other benefits	30.1	252,893	223,649
Depreciation on property, plant and equipment	6.5	32,590	32,156
Information technology charges		22,697	18,236
Rent, rates and taxes		10,654	9,134
Amortization on intangible assets	8.1	1,100	705
Security service charges		43,234	40,025
Repairs and maintenance		8,642	8,538
Travelling and conveyance		19,818	14,748
Electricity		10,274	9,286
Printing, stationery and periodicals		7,880	6,390
Business promotion expenses		5,866	3,885
Fee and subscription		3,787	2,729
Telephone and postage		3,128	3,012
Insurance		2,091	2,100
Advertisement		1,100	542
		425,754	375,135

30.1 Salaries and other benefits include Rs. 15.99 million (2017: Rs. 14.47 million) in respect of staff retirement benefits.

Notes to the Financial Statements

for the year ended June 30, 2018

	Note	2018 (Rupees in thousands)	2017
31 SELLING AND DISTRIBUTION EXPENSES			
Selling expenses			
Salaries and other benefits	31.1	46,958	42,914
Insurance		681	597
Electricity		-	845
Depreciation on property, plant and equipment	6.5	2,347	2,291
Travelling and conveyance		2,033	1,566
Rent, rates and taxes		1,778	1,736
Telephone and postage		218	160
		<u>54,015</u>	<u>50,109</u>
Distribution expenses			
Outward freight		75,189	64,979
		<u>129,204</u>	<u>115,088</u>

31.1 Salaries and other benefits include Rs. 3.61 million (2017: Rs 3.35 million) in respect of staff retirement benefits.

	Note	2018 (Rupees in thousands)	2017
32 OTHER OPERATING CHARGES			
Legal and professional charges		28,773	30,879
Auditors' remuneration			
Statutory audit		990	925
Half yearly review		200	175
Fee for other certification		110	105
Reimbursement of expenses		238	152
		<u>1,538</u>	<u>1,357</u>
Workers' Profit Participation Fund	24.3	76,301	48,539
Workers' Welfare Fund		18,512	18,445
Net exchange loss		1,678	797
Donation	32.1	3,792	1,000
Others		4,086	3,410
		<u>134,680</u>	<u>104,427</u>

32.1 The Company has paid donations to donees as mentioned below:

Name of Donee

The Layton Rahmatulla Benevolent Trust	32.1.1	1,000	-
Family Educational Services Foundation		1,000	1,000
Smile Foundation		963	-
Institute of Rural Management		675	-
Others		154	-
		<u>3,792</u>	<u>1,000</u>

32.1.1 Mr. Iqbal Ali Lakhani, the director, is a trustee of The Layton Rahmatulla Benevolent Trust.

Notes to the Financial Statements

for the year ended June 30, 2018

	Note	2018 (Rupees in thousands)	2017
33 OTHER INCOME			
Income from financial assets			
Profit on bank deposit accounts		-	735
Income from non-financial assets			
Sale of scrap		60,042	53,503
Insurance agency commission from associated company		11,308	10,300
Gain on sale of operating fixed assets - net		2,662	988
Others	33.1	1,426	48,333
		75,438	113,124
		75,438	113,859
33.1			
Corresponding figure included an amount of Rs. 47.488 million settled 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.			
34 FINANCE COST			
Long term financing from banks			
Islamic mode		73,652	93,845
Conventional mode		103,035	142,220
		176,687	236,065
Long term loan from associated undertakings / Directors		99,538	65,822
Short term borrowings			
Islamic mode		11,486	13,131
Conventional mode		161,429	86,168
		172,915	99,299
Workers' Profit Participation Fund	24.3	987	461
		450,127	401,647
Net exchange loss on import credit finances		5,121	210
Bank charges and commission		5,106	5,088
		460,354	406,945
35 TAXATION			
For the year			
Current	35.1	50,234	56,213
Prior		4,912	-
Deferred		384,211	245,364
		439,357	301,577
35.1			
Current tax charge for the year represents normal tax of Rs. 272.13 million at the rate of 30% of the taxable income for the year, which has been fully adjusted against prior years' turnover tax. It also includes Super Tax, which has been provided in accordance with the provisions of Section 4B of the Income Tax Ordinance, 2001.			

Notes to the Financial Statements

for the year ended June 30, 2018

35.2 Comparison of tax provision against tax assessments

Years	Note	Tax provision	Tax assessment/ tax return
2016-17	35.2.1	56,213	57,634
2015-16	35.2.2	-	-
2014-15		102,725	104,942

35.2.1 For the Tax Year 2017, tax liability as per Tax assessment represents tax liability as declared in income tax return of the Company. During the year, Commissioner of the Income Tax has issued notice under Section 122(9) and 122(5A) for amendment in tax liability declared in income tax return, pending assessment order.

35.2.2 Tax liability for Tax Year 2016 of Rs. 136 million was fully adjusted against the tax credits of Rs. 246 million under Section 65B.

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

	2018 %age	2017 %age
Applicable tax rate	30.00	31.00
Effect of Super Tax	3.44	3.65
Others	(2.74)	(1.28)
	0.70	2.37
Average effective tax rate	30.70	33.37

35.4 The deferred tax is computed at the rate of 29% as applicable to subsequent year on account of changes made to Income Tax Ordinance, 2001 through Finance Act 2018.

2018	2017
(Rupees in thousands)	

36 EARNINGS PER SHARE - BASIC AND DILUTED

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

Profit for the year	991,859	602,216
Less: Dividend attributable to cumulative preference shares	(72,367)	(64,437)
Profit attributable to ordinary shareholders	919,492	537,779
Weighted average number of ordinary shares (in thousands)	147,018	147,018
Earnings per share attributable to ordinary shareholders (Rupees)	6.25	3.66

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

Notes to the Financial Statements

for the year ended June 30, 2018

37 DEFINED BENEFIT PLAN

37.1 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, 2018 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.

37.2 Principal actuarial assumptions

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

	2018 %age	2017 %age
Discount rate	9.00	7.75
Expected rate of return on plan assets	7.75	7.25
Expected rate of increase in salary	9.00	7.75

2018 2017
(Rupees in thousands)

37.3 Reconciliation of balance due to defined benefit plan

Present value of defined benefit obligation	508,825	445,362
Fair value of plan assets	(431,331)	(386,883)
Closing net liability	77,494	58,479

Notes to the Financial Statements

for the year ended June 30, 2018

	Note	2018 (Rupees in thousands)	2017
37.4 Movement of the liability recognized in the statement of financial position			
Opening net liability		58,479	49,992
Charge for the year	37.8	28,934	25,928
Remeasurement chargeable to other comprehensive income	37.9	30,818	20,346
Contribution made during the year		(40,737)	(37,787)
Closing net liability	24	77,494	58,479
37.5 Fair value of plan assets at year end			
Government securities		41,000	24,000
Term Deposit Receipt (TDR)		266,167	229,000
Term Finance Certificates / Certificates of Investment		22,379	8,731
Mutual funds / Shares		100,901	104,074
Cash at banks		1,500	23,717
Others		(616)	(2,639)
		431,331	386,883
37.6 Movement in present value of defined benefit obligations			
Opening present value of defined benefit obligations		445,362	395,453
Current service cost for the year		26,004	23,769
Interest cost for the year		33,884	28,266
Benefits due but not paid during the year		(616)	(2,638)
Benefits paid during the year		(15,691)	(8,522)
Remeasurement loss on obligation		19,881	9,034
Closing present value of defined benefit obligations		508,824	445,362
37.7 Movement in fair value of plan assets			
Opening fair value of plan assets		386,883	345,461
Remeasurement loss on plan assets		(10,936)	(11,311)
Contributions during the year		40,738	37,786
Benefits paid during the year		(15,691)	(8,522)
Benefits due but not paid during the year		(616)	(2,638)
Expected return on plan assets		30,953	26,107
Closing fair value of plan assets		431,331	386,883
37.8 Charge for the year			
Current service cost		26,004	23,769
Interest cost		33,884	28,266
Expected return on plan assets		(30,954)	(26,107)
Charge for the year		28,934	25,928

Notes to the Financial Statements

for the year ended June 30, 2018

	2018	2017
Note	(Rupees in thousands)	
37.9 Remeasurement chargeable to other comprehensive income		
Remeasurement loss on defined benefit obligation	19,882	9,035
Remeasurement loss on plan assets	10,936	11,311
	23.2 30,818	20,346
Tax impact	(9,245)	(6,104)
	21,573	14,242

37.10 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	(31,573)	35,865
Salary increase	36,170	(32,438)

37.11 Maturity Profile

Time in year	2018	2017
1	80,595	57,247
2	59,882	45,884
3	50,539	54,842
4	47,594	45,670
5-10	358,825	281,573
Weighted average duration	7 years	7 years

37.12 The charge in respect of defined benefit plan for the year ending June 30, 2019 is estimated to be Rs. 34.27 million.

38 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.

38.1 The Trustees have intimated that the size of the Fund at year end was Rs. 558.99 million (2017: Rs. 475.95 million).

38.2 As intimated by the Trustees, the cost of the investments made at year end was Rs. 524.36 million (2017: Rs. 471.64 million) which is equal to 94% of the total fund size. The fair value of the investments was Rs. 535.27 million (2017: Rs. 491.22 million) at that date. The category wise break up of investment as per Section 218 of the Companies Act, 2017 is given below:

Notes to the Financial Statements

for the year ended June 30, 2018

	2018		2017	
	Rupees in thousands	Percentage	Rupees in thousands	Percentage
Government securities	53,000	10	31,000	6
Listed Securities (Mutual funds)	127,176	23	137,227	28
Term Finance Certificates	29,992	6	9,996	2
Bank Term Deposit	325,100	61	313,000	64
	535,268	100	491,223	100

38.3 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.

	Note	2018 (Rupees in thousands)	2017
39 CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,431,216	903,793
Adjustment for non-cash charges and other items:			
Depreciation on property, plant and equipment		987,239	911,533
Amortization of intangible assets		1,100	705
Gain on sale of operating fixed assets		(2,662)	(988)
Provision for gratuity		28,934	25,927
Provision for slow moving / obsolete stores and spares		6,000	6,000
Workers' Profit Participation Fund		76,301	48,539
Finance cost	34	460,354	406,945
Effect of exchange loss		-	33
Working capital changes	39.1	(1,600,895)	(428,398)
		1,387,587	1,874,089
39.1 Changes in working capital			
Decrease / (increase) in current assets:			
Stores and spares		68,511	(233,954)
Stock-in-trade		(934,194)	(231,227)
Trade debts		(780,946)	(319,946)
Loans and advances		(61,331)	7,964
Trade deposits and short term prepayments		(3,210)	(5,614)
Other receivables		(6,928)	471
Tax refunds due from Government		(40,994)	8,906
		(1,759,092)	(773,400)
Increase in current liabilities:			
Trade and other payables		158,197	345,002
		(1,600,895)	(428,398)

Notes to the Financial Statements

for the year ended June 30, 2018

40 RECONCILIATION OF MOVEMENT OF LIABILITIES AND EQUITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Description	Liabilities		Total
	Long term Financing	Equity reserves	
	(Rupees in thousands)		
Balance as at July 1, 2017	4,069,316	3,341,627	7,410,943
Borrowings from Banking Companies	231,040	-	231,040
Borrowings from Director	650,000	-	650,000
Repayment	(1,081,816)	-	(1,081,816)
Dividend paid on ordinary shares	-	(220,233)	(220,233)
Dividend paid on preference shares	-	(19,910)	(19,910)
Total equity related other changes	-	970,286	970,286
Dividend payable	-	(295)	(295)
Balance as at June 30, 2018	3,868,540	4,071,475	7,940,015

41 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:

	2018				2017			
	Chief Executive	Director	Executives	Total	Chief Executive	Director	Executives	Total
	(Rupees in thousands)							
Managerial remuneration	9,708	9,060	82,817	101,585	8,934	9,060	64,605	82,599
House rent	4,369	-	34,687	39,056	4,020	-	26,731	30,751
Fixed bonuses	1,618	-	11,518	13,136	1,489	-	9,287	10,776
Staff retirement benefits	2,535	-	14,514	17,049	2,542	-	11,552	14,094
Medical	971	900	8,281	10,152	893	900	6,460	8,253
Utilities	-	4,415	347	4,762	-	4,021	319	4,340
Others	8	-	3,461	3,469	8	-	2,927	2,935
Total	<u>19,209</u>	<u>14,375</u>	<u>155,625</u>	<u>189,209</u>	<u>17,886</u>	<u>13,981</u>	<u>121,881</u>	<u>153,748</u>
Number of persons	<u>1</u>	<u>1</u>	<u>42</u>	<u>44</u>	<u>1</u>	<u>1</u>	<u>32</u>	<u>34</u>

- b) Aggregate amount charged in these financial statements in respect of Directors' fee for attending Board and Audit Committee meetings amounted to Rs. 320,000 (2017: Rs. 250,000) and Rs. 330,000 (2017: Rs. 200,000) respectively. The Directors fees for attending Board and Audit Committee meetings were paid as prescribed in Articles of Association.
- c) The current and corresponding year figures include remunerations of Company's Executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.
- d) The Chief Executive and certain executives are also provided with cars for business and personal use in accordance with the Company car scheme.
- e) Remuneration to Non-Executive Director relates to amount paid for part time involvement in the Company.

Notes to the Financial Statements

for the year ended June 30, 2018

42 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	Basis of Relation	2018 (Rupees in thousands)	2017
Sale of goods, services and reimbursement of expenses				
Merit Packaging Limited	Associated company	Common Director	1,374,771	982,846
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	593,302	543,114
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	3,414	2,943
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	3,675	2,698
Cyber Internet Services (Private) Limited	Associated company	Common Director	2,330	265
Sybrid (Private) Limited	Associated company	Common Director	719	944
Purchase of goods, services and reimbursement of expenses				
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	141,392	125,909
Merit Packaging Limited	Associated company	Common Director	29,272	27,675
Lakson Business Solutions Limited	Associated company	Common Director	4,273	3,056
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	2,941	2,968
Princeton Travels (Private) Limited	Associated company	Common Director	14,570	10,290
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	3,095	2,736
Cyber Internet Services (Private) Limited	Associated company	Common Director	1,823	1,873
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	850	619
SIZA Foods (Private) Limited	Associated company	Common Director	350	118
Colgate Palmolive (Pakistan) Limited	Associated company	Common Director	134	78
Express Publications (Private) Limited	Associated company	Common Management	3,333	143
Sybrid (Private) Limited	Associated company	Common Director	1,024	-
GAM Corporation (Private) Limited	Associated company	Common Director	-	290
Rent and other allied charges				
Hassanali and Gulbanoo Lakhani Foundation	Associated undertaking	Trustee	5,939	5,671
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	2,481	2,646
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held	611	592
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	201	248
Insurance agency commission				
Century Insurance Company Limited	Associated company	Common Director and 0.43% shares held	11,308	10,300
Donation				
The Layton Rahmatullah Benevolent Trust	Related Party	Trustee	1,000	-
Mark-up accrued				
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held	67,372	65,822
Mr. Iqbal Ali Lakhani	Director	Directorship	32,166	-
Long term loan obtained				
Mr. Iqbal Ali Lakhani	Director	Directorship	650,000	-
Dividend on ordinary shares				
Premier Fashions (Private) Limited	Associated company	Common Director and 8.43% shares held	18,586	-
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held	60,226	-

Notes to the Financial Statements

for the year ended June 30, 2018

Nature of transaction	Nature of Relation	Basis of Relation	Note	2018	2017
				(Rupees in thousands)	
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held		18,749	-
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held		48,922	-
Dividend on Preference Shares					
SIZA (Private) Limited	Associated company	Common Director and 27.31% shares held		11,775	429,083
SIZA Services (Private) Limited	Associated company	Common Director and 22.81% shares held		4,435	161,615
SIZA Commodities (Private) Limited	Associated company	Common Director and 8.50% shares held		2,015	73,418
Premier Fashions (Private) Limited	Associated company	Common Director and 8.43% shares held		1,685	61,398
Others					
Contribution to Staff Retirement Benefit Plans	Employees Fund			80,414	74,363
Remuneration and other benefits	Key Management Personnel		42.2	189,209	153,748
42.1 Year end balances					
Receivable from related parties				343,025	133,056
Payable to related parties				88,972	92,942
Payable to Retirement Benefit Plan				84,265	64,984
Long-term financing from associated undertaking / Director				1,650,000	1,000,000

42.2 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (note 41)". There are no transactions with key management personnel other than under their terms of employment.

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

43 CAPACITY AND PRODUCTION - TONNES

	2018		2017	
	Annual capacity on three shifts	Actual production	Annual capacity on three shifts	Actual production
Paper and paper board produced	240,000	229,384	240,000	214,468
Paper and paper board conversion	30,000	25,370	30,000	24,584

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

44.1 Risk management policies

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

Notes to the Financial Statements

for the year ended June 30, 2018

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.

44.2 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. 2,800.69 million (2017: Rs. 1,820.52 million), the financial assets which are subject to credit risk amounted to Rs. 2,796.99 million (2017: Rs. 1,817.12 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2018	2017
	(Rupees in thousands)	
Loans and deposits	8,070	4,804
Trade debts	2,366,324	1,585,378
Other receivables	10,793	3,865
Bank balances	411,806	223,069
	<u>2,796,993</u>	<u>1,817,116</u>
The aging of trade receivable at the reporting date is:		
Not past due	1,939,176	1,153,414
Past due 1-30 days	341,203	327,480
Past due 30-90 days	78,164	96,294
Past due 90 days	7,781	8,190
	<u>2,366,324</u>	<u>1,585,378</u>

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.

Notes to the Financial Statements

for the year ended June 30, 2018

Impaired assets

During the year no assets have been impaired.

44.3 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)

2018

Long-term financing	3,868,540	4,218,013	673,721	593,827	2,265,830	648,347	36,287
Trade and other payables	1,763,874	1,763,874	1,763,874	-	-	-	-
Interest and mark-up accrued	39,849	39,849	39,849	-	-	-	-
Short-term borrowings	3,426,688	3,455,052	3,455,052	-	-	-	-
	9,098,951	9,476,788	5,932,496	593,827	2,265,830	648,347	36,287

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	-

44.4 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:

	2018	2017
	(Rupees in thousands)	
Foreign bills payable	468,687	326,368
Import credit finances	-	574,308
Gross statement of financial position exposure	468,687	900,676
Outstanding letter of credits	1,735,330	1,110,601
Net exposure	2,204,017	2,011,277

Notes to the Financial Statements

for the year ended June 30, 2018

The following significant exchange rates have been applied.

	Average rate		Reporting date rate	
	2018	2017	2018	2017
	Rupees			
USD to PKR	110.09	104.85	121.68	104.90

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	
	2018	2017	2018	2017
	(Rupees in thousands)			
Effect on profit	139,447	138,254	154,127	138,320

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 statement of financial position date the interest rate profile of the Company's interest -bearing financial instruments is as follows:

2018	2017	2018	2017
Effective rate		Carrying amount	
(In percent)		(Rupees in thousands)	

Financial liabilities

Variable rate instruments

Long term loans	6.58 to 6.90	6.58 to 7.11	3,868,540	4,069,316
Short term borrowings	2.26 to 6.26	1.95 to 5.96	3,426,688	2,840,150

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, 2018		
Cash flow sensitivity - Variable rate financial liabilities	<u>(51,067)</u>	<u>51,067</u>
As at June 30, 2017		
Cash flow sensitivity - Variable rate financial liabilities	<u>(47,675)</u>	<u>47,675</u>

Notes to the Financial Statements

for the year ended June 30, 2018

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

	2018	2017
	(Rupees in thousands)	
44.5 Financial instruments by category		
Financial assets		
Loans and receivables at amortised cost		
Loans and deposits	8,070	4,804
Trade debts	2,366,324	1,585,378
Other receivables	10,793	3,865
Cash and bank balances	415,508	226,476
	<u>2,800,695</u>	<u>1,820,523</u>
Financial liabilities		
Financial liabilities at amortised cost		
Long term financing	3,868,540	4,069,316
Trade and other payables	1,763,874	1,415,774
Interest and mark-up accrued	39,849	38,353
Short-term borrowings	3,426,688	2,840,150
	<u>9,098,951</u>	<u>8,363,593</u>

45 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.

As of the reporting date, none of the financial instruments of the Company are carried at fair value.

Notes to the Financial Statements

for the year ended June 30, 2018

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

46 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.

47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on August 09, 2018 by the Board of Directors of the Company.

48 NON-ADJUSTING EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

The Board of Directors in their meeting held on August 9, 2018 has recommended the final cash dividend of Rs. 0.75 (7.5%) per share amounting to Rs. 110.26 million subjects to approval of members at Annual General Meeting to be held on September 28, 2018. The Board has further declared Rs. 56.08 million of preference dividend as per the terms, conditions and rights and privileges of preference shares.

49 NUMBER OF EMPLOYEES

- a)** The number of employees as at year end was 1,646 (2017: 1,548) and average number of employees during the year was 1,589 (2017: 1,534).
- b)** The number of factory employees as at year end was 1,307 (2017: 1,255) and average number of factory employees during the year was 1,268 (2017: 1,228).

Notes to the Financial Statements

for the year ended June 30, 2018

50 GENERAL

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

50.2 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.

50.3 Summary of significant transactions and events

During the year, the Company reported net profit of Rs. 991.859 million with earnings per share of Rs. 6.25 per share. The Company has also incurred capital expenditure of Rs. 695 million for Balancing, Modernization and Replacement for production facilities during the year as reflected in note 6 to the financial statements.

For a detailed discussion about the Company's performance please refer to the Directors' report.



Aftab Ahmad
Chief Executive Officer



Tasleemuddin Ahmed Batlay
Director



Muhammad Rashid Dastagir
Chief Financial Officer

Pattern of Shareholding

as at June 30, 2018

Incorporation Number K-54/8182 of 1984

CUIN Registration No. 0012021

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
583	1	100	10,660
345	101	500	122,743
226	501	1,000	203,154
493	1,001	5,000	1,286,518
133	5,001	10,000	1,018,246
50	10,001	15,000	630,084
43	15,001	20,000	773,962
24	20,001	25,000	571,583
15	25,001	30,000	411,975
12	30,001	35,000	391,810
12	35,001	40,000	455,721
7	40,001	45,000	292,753
11	45,001	50,000	537,593
5	50,001	55,000	271,375
10	60,000	65,000	628,391
6	65,001	70,000	404,898
2	70,001	75,000	148,000
5	80,000	85,000	406,200
4	85,001	90,000	349,750
1	90,001	95,000	93,115
5	95,001	100,000	496,925
4	105,001	110,000	426,200
4	110,001	115,000	449,413
4	120,000	125,000	490,500
1	125,001	130,000	126,000
2	135,001	140,000	273,500
1	140,001	145,000	142,031
1	150,000	155,000	150,000
2	155,001	160,000	311,000
2	160,001	165,000	326,200
1	170,001	175,000	172,530
1	175,001	180,000	177,355
1	185,001	190,000	187,400
1	190,001	195,000	194,500
2	195,001	200,000	397,700
1	210,001	215,000	210,410
2	220,001	225,000	447,900
1	225,001	230,000	225,500
1	230,001	235,000	232,500
1	240,000	245,000	240,000
1	255,001	260,000	255,400
1	290,001	295,000	292,600
2	300,000	305,000	603,600
2	345,000	350,000	694,500
1	350,001	355,000	352,900
1	355,001	360,000	355,500

Pattern of Shareholding

as at June 30, 2018

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
1	360,001	365,000	362,100
1	400,001	405,000	404,700
1	480,001	485,000	482,000
1	495,001	500,000	496,700
1	625,001	630,000	629,495
1	645,001	650,000	647,600
1	700,001	705,000	700,536
1	820,001	825,000	824,550
1	900,000	905,000	900,000
1	910,001	915,000	913,700
1	1,005,001	1,010,000	1,005,100
1	1,015,001	1,020,000	1,016,700
1	1,065,001	1,070,000	1,065,500
1	1,850,001	1,855,000	1,853,386
1	1,975,001	1,980,000	1,978,800
1	2,340,001	2,345,000	2,344,050
1	2,415,001	2,420,000	2,416,600
1	2,630,001	2,635,000	2,630,950
1	3,170,001	3,175,000	3,172,600
1	3,250,001	3,255,000	3,253,537
1	5,020,001	5,025,000	5,023,431
1	12,390,001	12,395,000	12,390,648
1	12,495,001	12,500,000	12,499,634
1	32,610,001	32,615,000	32,614,961
1	40,150,001	40,155,000	40,150,472
2,058			147,018,345

Categories of Shareholding

as at June 30, 2018

Shareholders' Category	Shares Held	Percentage
Directors, CEO, and their spouse and minor children	63,938	0.04
Associated Companies, undertakings and related parties	100,164,925	68.13
NIT and ICP	5,023,731	3.41
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	10,771,455	7.32
Insurance Companies	3,308,537	2.25
Share holders holding 10% or more	72,765,433	49.49
General Public	16,655,441	11.32
Others	10,125,915	6.89

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

Details of Pattern of Shareholders

as at June 30, 2018

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	
Natasha Lakhani	1,115	
MUTUAL FUNDS		
CDC - Trustee ABL Stock Fund	482,000	
CDC - Trustee Al Ameen Islamic Dedicated Equity Fund	1,978,800	
CDC - Trustee Al Meezan Mutual Fund	500	
CDC - Trustee Al Ameen Shariah Stock Fund	1,065,500	
CDC - Trustee Al Hamra Islamic Stock Fund	187,400	
CDC - Trustee JS Islamic Dedicated Equity Fund	355,500	
CDC - Trustee JS Large Capital Fund	222,900	
CDC - Trustee JS Pension Savings Fund-Equity Account	80,500	
CDC - Trustee Meezan Islamic Fund	500	
CDC - Trustee Nafa Islamic Asset Allocation Fund	60,400	
CDC - Trustee Nafa Islamic Stock Fund	496,700	
CDC - Trustee Nafa Multi Asset Fund	255,400	
CDC - Trustee Nafa Stock Fund	3,172,600	
CDC - Trustee National Investment (Unit) Trust	5,023,431	
CDC - Trustee UBL Retirement Savings Fund-Equity Sub Fund	161,200	
CDC - Trustee UBL Stock Advantage Fund	913,700	
CDC - Trustee Unit Trust of Pakistan	107,100	
CDC - Trustee Al Ameen Islamic Ret. Sav. Fund-Equity Sub Fund	292,600	
CDC - Trustee Nafa Asset Allocation Fund	349,500	
M/s. First Capital Mutual	455	
MCBFSL - Trustee JS Growth Fund	80,700	
MCBFSL - Trustee ABL Islamic Stock Fund	150,000	
MCBFSL - Trustee JS Value Fund	232,500	
MCBFSL - Trustee ABL Islamic Dedicated Stock Fund	125,000	
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 A. Batlay	Director	3,417
Shahid Ahmed Khan	Director	1,724
Aftab Ahmad	Director & CEO	4,718
Kemal Shoaib	Director	718
Engr. M. Abdul Jabbar	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		3,253,637
BANKS,DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABA AND PENSION FUNDS		1,975,754
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








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-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



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Securities and Exchange
Commission of Pakistan

 jamapunji.pk

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*Mobile apps are also available for download for android and ios devices

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 28th day of September 2018 and at any adjournment thereof.

Signed this _____ day of _____ 2018.

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.

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AFFIX
CORRECT
POSTAGE

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

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مختار نامہ (پراکسی فارم)

میں/ہم _____ ساکن
 بحیثیت رکن (ممبر) سپنچری پیپرا اینڈ بورڈ ملز لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسطی / مسماة _____ ساکن
 کو یا ان کی غیر حاضری میں مسطی / مسماة _____ ساکن
 کو جو خود بھی سپنچری پیپرا اینڈ بورڈ ملز لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار نامہ (پراکسی) سپنچری پیپرا اینڈ بورڈ ملز لمیٹڈ کے سالانہ اجلاس عام جو ۲۸ ستمبر ۲۰۱۸ 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 _____ ۲۰۱۸ 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:

- مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔
- ممبر (رکن) کے دستخط، نمونہ شدہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- 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۔
- مختار نامہ (پراکسی فارم) مکمل پُر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقرر وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔

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TO,
THE COMPANY SECRETARY
CENTURY PAPER & BOARD MILLS LIMITED
LAKSON SQUARE, BUILDING NO. 2,
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پانی کیسے بچائیں

- بالٹی سے نہائیں
- منہ دھونے کے لیے مگ وغیرہ استعمال کریں اور نل مسلسل کھلانہ رکھیں
- دانتوں کو برش کرتے وقت نل بند رکھیں
- درختوں اور پودوں کو پانی صبح اور شام کے وقت دیں۔
- کاریا گاڑی وغیرہ کو دھونے کے لیے نل کی بجائے بالٹی استعمال کریں۔
- سفیدہ کی جگہ دوسرے پودے لگائیں۔

سنچری پیپر اینڈ بورڈ ملز لمیٹڈ

پانی بچائیے

اپنے اور اپنی آنے والی نسلوں کے لیے
آج بچائیں گے

کل کام آئے گا



Century Paper
& Board Mills Ltd

Head Office, Registered Office,
Corporate/Shares Office & Regional Sales Office (South)
Lakson Square, Building No.2, Sarwar Shaheed Road,
Karachi - 74200, Pakistan.
Phone: (021) 38400000 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



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