

FIRST QUARTER REPORT  
S E P T E M B E R 2 0 0 8



Century Paper & Board Mills Limited  
*Strive Together For Excellence*

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## *Corporate Information*

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### **BOARD OF DIRECTORS**

Iqbal Ali Lakhani	- Chairman
Aftab Ahmad	- Chief Executive Officer
Zulfiqar Ali Lakhani	
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
A. Aziz H. Ebrahim	
Syed Shabahat Hussain	- Nominee Director (NIT)

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### **ADVISOR**

Sultan Ali Lakhani

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### **AUDIT COMMITTEE**

Zulfiqar Ali Lakhani	- Chairman
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	

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### **EXECUTIVE COMMITTEE**

Iqbal Ali Lakhani	- Chairman
Aftab Ahmad	- Chief Executive Officer
Tanveer Ahmad Khalid	- General Manager Marketing

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### **COMPANY SECRETARY**

Mansoor Ahmed

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### **EXTERNAL AUDITORS**

BDO Ebrahim & Co.  
Chartered Accountants

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### **INTERNAL AUDITORS**

M. Yousuf Adil Saleem & Co.  
Chartered Accountants

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### **SHARES REGISTRAR**

FAMCO Associates (Private) Limited  
State Life Building No. 2-A, 4th Floor,  
I.I. Chundrigar Road, Karachi.

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### **HEAD OFFICE & REGISTERED OFFICE**

Lakson Square, Building No. 2,  
Sarwar Shaheed Road, Karachi-74200, Pakistan.  
Phone : (021) 5698000  
Fax : (021) 5681163, 5683410

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### **LAHORE OFFICE**

41-K, Model Town, Lahore, Pakistan.  
Phones: (042) 5886801-4  
Fax: (042) 5830338

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### **MILLS**

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

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**E-mail:** [info@centurypaper.com.pk](mailto:info@centurypaper.com.pk)

**Website:** [www.centurypaper.com.pk](http://www.centurypaper.com.pk)

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## *Directors' Review*

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On behalf of the Board of Directors, we take great pleasure in presenting the performance review together with the financial statements of the Company for the quarter ended September 30, 2008.

### **EXPANSION PROJECT – NEW COATED DUPLEX BOARD PLANT**

Alhamdulillah, your Company achieved commercial production on Coated Duplex Board Plant (PM 7) during the quarter under review. The foundation of PM 7 was laid two years back. The success of this project is accredited to the tight project monitoring by the management, continuing vendor support and untiring efforts of the Company workforce. We congratulate all the stakeholders on this commemorative achievement by the Company which has more than doubled the production Capacity.

With the availability of Packaging Board from the new machine, Company's capacity for paper and paperboard products increased to 240,000 Metric Tons from 110,000 Metric Tons per year. The machine was operated at 60% capacity utilization during the quarter and production volumes would improve in the rest of the year.

### **REVIEW OF COMPANY'S OPERATIONS**

#### **Sales Review**

The Company's gross sales of Rs 2.12 billion for the quarter under review showed 71% growth over corresponding period last year's sales of Rs 1.24 billion. This is also a 59% growth over immediately preceding quarter figure of Rs 1.33 billion.

Sales volume of 35,400 Metric Tons for the quarter under review depicted overall improvement of 41% over the corresponding quarter last year's volume of 25,100 Metric Tons. The volumetric growth is mainly driven by availability of 12,600 Metric Tons of Packaging Board from new Coated Board Plant, which represents two month sales. The corrugation business volumes of 4,890 Metric Tons showed a robust growth of 35% as compared to corresponding quarter last year's volumes of 3,600 Metric Tons.

#### **Financial Review**

Gross profit figure of Rs 143.58 million showed 16% growth over corresponding quarter of last year's figure of Rs 124.03 million. However gross profit percentage for the quarter under review has declined to 7.87% of sales from 11.57% of sales in the corresponding quarter last year. Company bottom line stood at net loss of Rs 131.18 million for the quarter as compared with net profit of Rs 57.63 million of the corresponding quarter last year.

The continuing inflationary pressure impacting cost of all key inputs including fuel and power costs, galloping Rupee Dollar parity and higher borrowing costs have constrained the bottom line growth.

Finance cost of Rs 222.71 million showed manifold increase over corresponding quarter last year. Of this the interest charge on the new plant is Rs 161.70 million. Higher utilization of borrowing to cater for working capital requirements, coupled with interest rate surge, has also added to the increase in finance costs.

#### **Near Term Outlook**

Management is committed to continue top line growth by optimum utilization of available capacities. The enhanced capacities would allow the Company to maintain its competitive position in the indigenous market by substituting imports and explore regional markets for viable export options.

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## *Directors' Review*

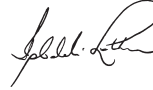
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Prevailing current economic scenario characterized by mounting inflation, energy constraints, higher interest rates and swift deterioration in Pak Rupee value pose higher challenges to profitability in near future. However, Management is determined to produce best results by integrating the business strategies to combat the current slump in the economy.

### **Acknowledgments**

We take pleasure in thanking members of the management, other employees and staff for their continued commitments and endeavors to the success of the Company. We also value the support and cooperation of the customers, suppliers, bankers and all stakeholders and wish to record our thanks and gratitude.

On behalf of the Board of Directors



**IQBAL ALI LAKHANI**  
Chairman

Karachi: October 27, 2008

## Condensed Interim Balance Sheet

as at September 30, 2008 (Un-audited)

	Note	September 30, 2008	June 30, 2008
(Rupees in thousands)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	5	10,589,355	3,849,316
Capital work in progress		98,193	7,006,182
		<b>10,687,548</b>	10,855,498
Intangible assets		29,808	25,649
Long-term loans and advances		5,237	5,554
Long-term deposits		2,805	2,820
		<b>10,725,398</b>	10,889,521
<b>CURRENT ASSETS</b>			
Stores and spares	6	489,799	362,055
Stock-in-trade	7	1,478,123	1,496,478
Trade debts		895,386	413,171
Loans and advances		61,417	18,730
Trade deposits and short-term prepayments		41,802	19,335
Other receivables		21,205	33,755
Tax refunds due from Government		40,462	150,375
Taxation - net		15,705	2,643
Cash and bank balances		28,005	16,474
		<b>3,071,904</b>	2,513,016
<b>TOTAL ASSETS</b>		<b>13,797,302</b>	13,402,537
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
100,000,000 (June 30, 2008: 100,000,000)			
Ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid-up capital			
70,683,426 (June 30, 2008: 70,683,426)			
Ordinary shares of Rs. 10 each		706,834	706,834
Reserves		2,094,613	2,225,788
		<b>2,801,447</b>	2,932,622
<b>NON-CURRENT LIABILITIES</b>			
Subordinated loan		1,650,000	1,650,000
Long-term financing	8	5,960,716	5,971,428
Deferred taxation		327,213	352,214
Retention money payable		-	18,913
		<b>7,937,929</b>	7,992,555
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	553,728	577,928
Financial charges payable	10	127,009	196,508
Short-term borrowings		1,930,323	1,434,021
Sponsors' Loan		200,000	-
Retention money payable		79,009	59,379
Current portion of long-term financing		167,857	209,524
		<b>3,057,926</b>	2,477,360
<b>CONTINGENCIES AND COMMITMENTS</b>	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,797,302</b>	13,402,537

The annexed notes form an integral part of these financial statements.

  
IQBAL ALI LAKHANI  
Chairman

  
AFTAB AHMAD  
Chief Executive Officer

## Condensed Interim Profit and Loss Account

for the period ended September 30, 2008 (Un-audited)

	Note	Quarter ended	
		September 30, 2008	September 30, 2007
(Rupees in thousands)			
Gross sales		2,121,456	1,238,975
Sales tax		(279,935)	(156,744)
Special excise duty		(17,712)	(10,451)
		(297,647)	(167,195)
<b>Net sales</b>		<b>1,823,809</b>	<b>1,071,780</b>
Cost of sales	12	(1,680,226)	(947,755)
<b>Gross profit</b>		<b>143,583</b>	<b>124,025</b>
General and administrative expenses		(37,964)	(27,894)
Selling expenses		(5,050)	(4,250)
Distribution expenses		(9,035)	(4,728)
Other operating charges		(38,846)	(6,284)
Other operating income		13,845	6,967
<b>Operating profit</b>		<b>66,533</b>	<b>87,836</b>
Financial charges		(222,708)	(16,704)
<b>(Loss)/Profit before taxation</b>		<b>(156,175)</b>	<b>71,132</b>
Taxation			
- Current		-	(5,500)
- Deferred		25,000	(8,000)
		25,000	(13,500)
<b>(Loss)/Profit after taxation</b>		<b>(131,175)</b>	<b>57,632</b>
Earnings per share - basic and diluted (Rupees)	13	<b>(1.86)</b>	0.82

The annexed notes form an integral part of these financial statements.

  
**IQBAL ALI LAKHANI**  
 Chairman

  
**AFTAB AHMAD**  
 Chief Executive Officer

## Condensed Interim Cash Flow Statement

for the period ended September 30, 2008 (Un-audited)

	Quarter ended	
	September 30, 2008	September 30, 2007
	(Rupees in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(156,175)	71,132
Adjustment for non cash charges and other items :		
Depreciation	140,650	67,109
Amortization of intangible assets	58	-
Profit on sale of operating fixed assets	(3)	(32)
Provision for gratuity	3,192	1,132
Provision for slow moving and obsolete stores and spares	1,200	1,500
Loss on remeasurement of fair value of interest rate swap	676	140
Financial charges	222,708	16,704
	212,306	157,685
<b>(Increase)/decrease in current assets</b>		
Stores and spares	(128,944)	(29,691)
Stock-in-trade	18,355	(74,121)
Trade debts	(482,215)	(33,826)
Loans and advances	(42,687)	(18,270)
Trade deposits and short-term prepayments	(22,467)	(7,507)
Other receivables	11,874	(8,398)
Tax refunds due from Government	109,913	-
	(536,171)	(171,813)
<b>(Decrease)/Increase in current liabilities</b>		
Trade and other payables	(19,985)	62,624
Cash (used in) / generated from operations	(343,850)	48,496
Financial charges paid	(120,230)	(16,613)
Taxes paid	(13,062)	(11,143)
Gratuity paid	(7,408)	(986)
Long-term loans and advances - net	317	9
Long-term deposits and other receivables - net	15	164
	(484,218)	19,927
Net cash (used in) / generated from operating activities	(484,218)	19,927
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(148,177)	(1,146,085)
Proceeds from sale of operating fixed assets	3	32
Net cash used in investing activities	(148,174)	(1,146,053)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term-financing from banking companies	-	4,752,783
Repayment of long term-financing from banking companies	(52,379)	(3,719,764)
Proceeds from sponsor's loan	200,000	-
Net cash generated from financing activities	147,621	1,033,019
Net decrease in cash and cash equivalents	(484,771)	(93,107)
Cash and cash equivalents at the beginning of the period	(1,417,547)	(277,118)
Cash and cash equivalents at the end of the period	(1,902,318)	(370,225)
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Cash and bank balances	28,005	15,881
Short-term borrowings	(1,930,323)	(386,106)
	(1,902,318)	(370,225)

The annexed notes form an integral part of these financial statements.

  
**IQBAL ALI LAKHANI**  
Chairman

  
**AFTAB AHMAD**  
Chief Executive Officer

## Condensed Interim Statement of Changes in Equity

for the period ended September 30, 2008 (Un-audited)

	Issued, subscribed and paid-up capital	Reserves								Sub Total	Total
		Capital				Revenue					
		Share Premium	Bonus Shares	Merger reserve	Total	General	Unappropriated profit	Total			
(Rupees in thousands)											
Balance as at July 1, 2007	642,576	1,048,910	-	7,925	1,056,835	1,120,750	84,310	1,205,060	2,261,895	2,904,471	
Transfer to general reserve	-	-	-	-	-	84,000	(84,000)	-	-	-	
Transfer to reserve for issuance of bonus shares	-	(64,258)	64,258	-	-	-	-	-	-	-	
6,425,766 Ordinary Shares of Rs. 10/- each issued as fully paid bonus shares	64,258	-	(64,258)	-	(64,258)	-	-	-	(64,258)	-	
Profit for the period ended September 30, 2007	-	-	-	-	-	-	57,632	57,632	57,632	57,632	
Balance as at September 30, 2007	706,834	984,652	-	7,925	992,577	1,204,750	57,942	1,262,692	2,255,269	2,962,103	
Balance as at July 1, 2008	706,834	984,652	-	7,925	992,577	1,204,750	28,461	1,233,211	2,225,788	2,932,622	
Transfer to general reserve	-	-	-	-	-	28,000	(28,000)	-	-	-	
Loss for the period ended September 30, 2008	-	-	-	-	-	-	(131,175)	(131,175)	(131,175)	(131,175)	
Balance as at September 30, 2008	706,834	984,652	-	7,925	992,577	1,232,750	(130,714)	1,102,036	2,094,613	2,801,447	

The annexed notes form an integral part of these financial statements.

  
IQBAL ALI LAKHANI  
Chairman

  
AFTAB AHMAD  
Chief Executive Officer

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## ***Notes to the Condensed Interim Financial Statements***

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*for the period ended September 30, 2008 (Un-audited)*

### **1. THE COMPANY AND ITS OPERATIONS**

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

**1.2** The commercial operations on new coated board machine (here-in-after-referred to as "Expansion Project") commenced during the quarter. This momentous achievement by the Company finally brought about intended capacity increase of 130,000 Metric Tons per annum adding up total capacity to 240,000 metric tons per annum.

Consequently, the expansion project was capitalized during the period and the amount included in the Operating Fixed Assets was Rs. 6,878.48 million.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

These financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.

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

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of the International Financial Reporting Standards (IFRS) IAS - 34, Interim Financial Reporting. They do not include all the information and disclosures made in the annual published financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2008.

#### **2.2 Functional and presentation currency**

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted and methods of computation followed in the preparation of these financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2008.

### **4. ESTIMATES**

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2008.

## Notes to the Condensed Interim Financial Statements

for the period ended September 30, 2008 (Un-audited)

	Note	September 30, 2008	June 30, 2008
		(Rupees in thousands)	
<b>5. OPERATING FIXED ASSETS</b>			
Opening net book value (NBV)		3,849,316	2,293,373
Additions (at cost) during the period / year	5.1	6,884,359	1,846,561
		<u>10,733,675</u>	<u>4,139,934</u>
Disposals and retirements (NBV) during the period / year		-	954
Depreciation / Impairment charge during the period / year		140,650	278,700
Depreciation capitalized during the period / year			
Trial production expenses		3,273	8,609
Other directly attributable costs		397	2,355
		<u>(144,320)</u>	<u>(290,618)</u>
		<u>10,589,355</u>	<u>3,849,316</u>
5.1 Detail of additions (at cost) during the period / year are as follows:			
Buildings on freehold land	5.1.1	1,035,274	88,714
Plant and machinery	5.1.2	5,835,147	1,718,217
Furniture and fixtures		9,510	2,236
Vehicles		508	15,441
Office equipments		1,327	1,966
Computers		2,593	19,987
		<u>6,884,359</u>	<u>1,846,561</u>
5.1.1 It represents the cost of expansion project capitalized during the period.			
5.1.2 It includes an amount of Rs. 5,833.69 million being the cost of expansion project capitalized during the period.			
<b>6. STORES AND SPARES</b>			
Stores		46,664	52,013
Spares			
in hand		413,792	306,592
in transit		52,043	24,950
		<u>465,835</u>	<u>331,542</u>
		512,499	383,555
Provision for slow moving and obsolete items		<u>(22,700)</u>	<u>(21,500)</u>
		<u>489,799</u>	<u>362,055</u>
<b>7. STOCK-IN-TRADE</b>			
Raw materials			
in hand		788,795	1,086,806
in transit		288,993	154,517
		<u>1,077,788</u>	<u>1,241,323</u>
Work-in-process		323,702	140,476
Finished goods		76,633	114,679
		<u>1,478,123</u>	<u>1,496,478</u>

## **Notes to the Condensed Interim Financial Statements**

*for the period ended September 30, 2008 (Un-audited)*

	Note	September 30, 2008	June 30, 2008
		(Rupees in thousands)	
<b>8. LONG TERM FINANCING</b>			
From banking companies and other financial institutions - Secured Utilized under mark-up arrangements			
Islamic Sukuk Certificates	8.1	<b>3,500,000</b>	3,500,000
Consortium of Banks (Syndicated )	8.2	<b>2,000,000</b>	2,000,000
United Bank Limited - 1		<b>125,000</b>	166,665
United Bank Limited - 2		<b>53,573</b>	64,287
		<b>5,678,573</b>	5,730,952
Current portion shown under current liabilities		<b>(167,857)</b>	(209,524)
		<b>5,510,716</b>	5,521,428
Sponsor Loan - Unsecured		<b>450,000</b>	450,000
		<b>5,960,716</b>	5,971,428

**8.1** This represents Sukuk Certificates privately placed with banks and other institutional investors under diminishing musharaka arrangement specifically for expansion project for a period of seven years. The certificates are redeemable in ten equal semi annual installments commencing from March 2010.

The agreement gives an exclusive use of the Musharaka assets to the Company (Issuer) only against the rental payments.

Rental payments are calculated to provide return to Certificate Holders equal to base rate plus margin plus Service Agency Expenses incurred by the Trustee during the previous semi annual period. Base rate is equal to average of six months KIBOR of last five business days prior to beginning of each semi annual rental payment period. The margin is equal to 1.35% per annum.

These are secured by way of mortgage of immovable properties of the Company and ranking hypothecation charge over the assets of respective expansion project to the extent of beneficial right of the Certificate Holders with 25% margin.

**8.2** This syndicated term finance facility has been obtained from a Consortium of Banks under joint facility arrangement with Sukuk Financing amounting to Rs 2,000 million specifically for expansion project. The tenor of the facility is nine years with twenty four months grace period. This finance facility is repayable in fourteen stepped up semi annual installments commencing from March 2010.

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

The rate of mark-up is 1.50% per annum over average of six months KIBOR of the last five business days prior to the beginning of each installment period.

### **9. TRADE AND OTHER PAYABLES**

Creditors	9.1	<b>424,411</b>	458,768
Accrued liabilities		<b>88,014</b>	68,286
Customers' balances		<b>20,700</b>	22,967
Gratuity payable		<b>864</b>	5,080
Workers' profit participation fund		<b>2,222</b>	2,222
Workers' welfare fund		<b>3,056</b>	3,056
Unclaimed dividend		<b>736</b>	736
Security deposits		<b>3,075</b>	3,850
Other liabilities		<b>10,650</b>	12,963
		<b>553,728</b>	577,928

## **Notes to the Condensed Interim Financial Statements**

*for the period ended September 30, 2008 (Un-audited)*

9.1 This includes amount of Rs. 181.66 million (June 30, 2008: Rs. 164.09 million) of foreign bills payable.

	Note	September 30, 2008	June 30, 2008
(Rupees in thousands)			
<b>10. FINANCIAL CHARGES PAYABLE</b>			
Financial charges payable on:			
Long-term financing		75,346	172,881
Short-term borrowings		51,663	23,627
		127,009	196,508

### **11. CONTINGENCIES AND COMMITMENTS**

#### **11.1 Contingencies**

Guarantees have been issued by banks on behalf of the Company in the normal course of business aggregating to Rs. 291.55 million (June 30, 2008: Rs. 291.55 million).

#### **11.2 Commitments**

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

- a) Letters of credit other than for capital expenditure amounted to Rs. 667.95 million (June 30, 2008: Rs. 139.77 million).
- b) Capital expenditure including letters of credit amounted to Rs. 195.72 million (June 30, 2008: Rs. 194.76 million).
- c) Licensing and implementation cost of ERP software amounted to Rs. 15.76 million (June 30, 2008: Rs. 19.16 million).
- d) Rentals under lease agreements in respect of vehicles are as follows:

		37	56
Quarter ended			
	Note	September 30, 2008	September 30, 2007
(Rupees in thousands)			
Within one year		37	56

### **12. COST OF SALES**

	Note	September 30, 2008	September 30, 2007
(Rupees in thousands)			
Material consumed		1,216,587	615,972
Fuel and power		229,044	147,705
Depreciation		135,257	64,174
Salaries, wages and other benefits		77,586	51,232
Repair and maintenance	12.1	98,322	60,570
Packing expenses		34,354	19,139
Insurance		10,276	3,944
Security services charges		1,823	999
Provision for slow moving and obsolete stores and spares		1,200	1,500
Printing, stationery and periodicals		1,278	438
Travelling and conveyance		997	132
Lease rentals		150	167
Communication		137	71
		1,807,012	966,043
Work-in-process			
Opening stock		48,306	48,383
Closing stock of trial production of expansion project		89,066	-
Closing stock		(323,702)	(66,613)
		(186,330)	(18,230)
Cost of goods manufactured		1,620,682	947,813
Finished goods			
Opening stock		23,257	12,880
Closing stock of trial production of expansion project		112,920	-
Closing stock		(76,633)	(12,938)
		59,544	(58)
		1,680,226	947,755

## Notes to the Condensed Interim Financial Statements

for the period ended September 30, 2008 (Un-audited)

12.1 This includes Rs. 76.50 million (September 30, 2007: Rs. 49.38 million) in respect of stores and spares consumed.

### 13. EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

Note	Quarter ended	
	September 30, 2008	September 30, 2007
	(Rupees in thousands)	
Profit after taxation	<u>(131,175)</u>	<u>57,632</u>
Weighted average number of ordinary shares (in thousands)	<u>70,684</u>	<u>70,684</u>
Earnings per share (Rupees)	<u>(1.86)</u>	<u>0.82</u>

### 14. TRANSACTIONS WITH RELATED PARTIES

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

Relation with the Company	Nature of transaction		
Associated companies	Sales of goods and services	209,502	131,337
	Purchase of goods and services	40,311	27,575
	Rent and other allied charges	1,088	963
	Insurance agency commission	1,890	624
	Issue of bonus shares	-	35,619
Other related parties	Purchase of goods and services	3,000	2,526
Sponsors and Directors	Long-term financing obtained from sponsors	200,000	75,000
	Mark-up paid on sponsors loan	63,847	42,605
Retirement benefit plans	Contribution to staff retirement benefit plans	9,017	3,803
Key Management Personnel	Remuneration and other benefits 14.1	13,532	11,632

14.1 There are no transactions with key management personnel other than under their terms of employment.

14.2 The above transactions with related parties are based at arm's length at normal commercial rates.

### 15. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 27, 2008 by the Board of Directors of the Company.

### 16. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison.

### 17. GENERAL

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

  
IQBAL ALI LAKHANI  
Chairman

  
AFTAB AHMAD  
Chief Executive Officer