

# *Power Behind Construction*



**Half Yearly Report  
December 31, 2016**

# Contents

**03** Corporate Information

---

**06** Auditors' Report

---

**09** Condensed Interim Profit and Loss Account (Un-audited)

---

**11** Condensed Interim Statement of Comprehensive Income (Un-audited)

---

**13** Notes to the Condensed Interim Financial Information (Un-audited)

---

**04** Directors' Review

---

**08** Condensed Interim Balance Sheet

---

**10** Condensed Interim Cash Flow Statement (Un-audited)

---

**12** Condensed Interim Statement of Changes in Equity (Un-audited)

---



## Corporate Information

### Board of Directors

Nasim Beg	Chairman
Muhammad Kashif Habib	CEO
Samad A. Habib	Director
Muhammad Ejaz	Director
Muhammad Yousuf Adil	Director
Syed Salman Rashid	Director
Muhammad Yahya Khan	Director

### Audit Committee

Muhammad Yousuf Adil	Chairman
Nasim Beg	Member
Syed Salman Rashid	Member

### HR & Remuneration Committee

Muhammad Ejaz	Chairman
Muhammad Kashif Habib	Member
Samad A. Habib	Member
Syed Salman Rashid	Member

### Chief Financial Officer & Company Secretary

Tahir Iqbal

### External Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

### Legal Advisor

Usmani & Iqbal  
Advocate & Solicitors

### Tax Advisor

Sharjeel Ayub & Co.  
Chartered Accountants

### Share Registrar

Technology Trade (Private) Limited

### Principal Bankers

Allied Bank Limited  
Al Baraka Bank Pakistan Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
United Bank Limited

### Registered Office

Arif Habib Centre, 23 M.T Khan Road, Karachi

### Website

[www.powercement.com.pk](http://www.powercement.com.pk)

### Contact Number

021-32468231-32  
021-32468351-52

### Factory

Nooriabad Industrial Area, Deh Kalo Kohar  
District, Jamshoro, Sindh.

## Directors' Review

The Directors of your Company present herewith their review along with the unaudited financial statements duly reviewed by the external auditors for the half year ended 31st December 2016.

### INDUSTRY OVERVIEW

Growth momentum was set in the cement sector during the last six months. The sector's local sales in the half year posted a double digit growth of 11% with dispatches of 16.89 million tons, compared with 15.21 million tons of the corresponding period last year. Due to robust local demand, also offering healthy margins, cement exports contracted by 2.34% with dispatches of 2.94 million tons compared with 3.01 Million tons during first half of the corresponding period. South Zone achieved a marked growth in domestic sales which increased by 15.71% compared to the corresponding period of the last year.

### PERFORMANCE OF YOUR COMPANY:

A comparison of the key financial results and operational performance of your company for the six months ended 31st December 2016 along with corresponding period is as under:

PARTICULARS	Six Months Ended	
	31 December 2016	31 December 2015
	Rs. '000	
Sales revenue	2,066,907	1,644,354
Gross profit	449,002	382,894
Operating profit	438,400	264,518
Gain on derecognition of financial liability	-	333,792
Profit after tax	242,115	302,025
Earnings per share (Rupee)	0.66	0.83

Local dispatches have increased from 230,870 tons to 299,785 tons as compared to the corresponding period of the previous year. However, export sales have decreased by 5,831 tons in line with the overall decline in the country's and the sector's exports. The EPS of your Company remained under pressure as your Company had to purchase clinker from other cement companies owing to a shutdown opted during the period for installation of air pollution control system.

Production details for the period are as follows:

PARTICULARS	Six Months Ended	
	31 December 2016	31 December 2015
	In Tons	
Cement production	295,265	243,105
Clinker production	188,185	217,630

### INSTALLATION OF AIR POLLUTION CONTROL SYSTEM

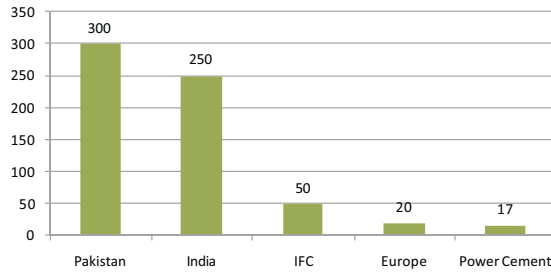
We take great pride in informing you that your company has now emerged as the cleanest air discharging plant in the South Zone by installing a complete pollution control bag house system. The emission levels of your cement plant are now even better than the discharge limits allowed by the World Bank/IFC Guidelines.

The new bag filters employ state of the art European Technology using the ECO<sup>3</sup>E<sup>3</sup>filtration system which most efficiently controls the dust emission with sustainability and thus provides an edge to PCL over other cement plants in the South Zone.

Additional benefits of having this new dust control system include enhancement of useful life of plant & equipment and reduction of energy losses.

An analysis of the emission limit of your plant in comparison with the compliance limits of various regions is hereunder:

### Stack Emissions-Dust mg/Nm<sup>3</sup>



#### FUTURE OUTLOOK

The Government continues to provide incentives to the construction sector and infrastructure sector. A number of factors are positively impacting the market, including macro-economic growth, continuing urbanization, and movement towards resolution of the chronic housing shortage in the country. The Directors are pleased to share with you that your company is embarking on an aggressive expansion plan. We believe that even after factoring in the expansion plans of all the existing players, the market demand is quite robust.

In view of these market dynamics, your company evaluated a number of global suppliers and technology options. Your company decided to select state-of-the-art European cement plant (from world-renowned manufacturer, FLSmidth), with clinker production capacity of 7,700 tonnes per day (TPD). This brown-field expansion will make your company one of the most cost-efficient cement manufacturers of Pakistan. After successful commissioning of the new project, your company will become the second-largest cement producer in the South Region, with annual production capacity of around 3.5 million tonnes.

For the expansions, FLSmidth of Denmark has been chosen for the engineering, procurement, supply and supervision. The civil works, mechanical erection and electrical erection contracts are also under negotiations. The management is confident of commissioning the new plant on time, in the year 2019.

The expansion is being financed conservatively, with a 65:35 debt: equity ratio for the overall project. The lead financial institutions for the local currency debt financing and the foreign currency debt financing have been mandated. The debt financing is being raised through Islamic modes of finance, and your company has received an over wehlmig recspone from the debt financiers of the project. Your company has also received in-principle clearance from foreign equity investors from Denmark.

#### ACKNOWLEDGEMENT

The Directors wish to place on record their acknowledgement of continued support and patronage of the Company's shareholders, financial institutions, suppliers and customers. The Directors appreciate the relentless efforts and dedicated services, team work and loyalty of the employees of your Company and are confident to have their dedication continued to unleash the real power of your company through future endeavors.

For and on behalf of the Board

**Muhammad Kashif Habib**  
Chief Executive Officer  
24th February 2017

# Auditors' Report to the Members on Review of Condensed Interim Financial Information

## INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of Power Cement Limited ("the Company") as at 31 December 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed Interim Financial Information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with Interim Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

## EMPHASIS OF MATTER

We draw attention to note 10.1 and 15 to the condensed interim financial information which state the reasons for recording an asset in relation to a refund claim of excise duty amounting to Rs.182.604 million and reversal of loan from previous sponsors amounting to Rs.115.193 million. Our opinion is not qualified in respect of these matters.

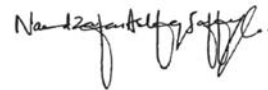
## OTHER MATTERS

The figures for the three months period ended 31 December 2016 and 31 December 2015 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Muhammad Taufiq

Date: 24th February 2017  
Karachi



Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants  
Ahsan Elahi Vohra

**Condensed Interim Financial Information  
For The Half Year Ended  
December 31, 2016**



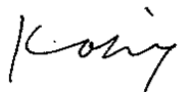


# Condensed Interim Balance Sheet

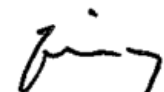
As at 31<sup>st</sup> December 2016

	31 December 2016 (Un-audited)	30 June 2016 (Audited)
Note	----- (Rupees in '000) -----	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6 4,876,058	4,444,992
Intangible assets	7 13,411	8,982
Long term investment	8 11,650	-
Long term deposits	19,635	19,635
	<b>4,920,754</b>	<b>4,473,609</b>
<b>Current assets</b>		
Stores, spares and loose tools	846,555	693,578
Stock-in-trade	9 176,268	165,221
Trade debts	329,368	271,667
Advances and other receivables	442,552	295,812
Trade deposits and prepayments	15,024	9,005
Tax refunds due from government	10 429,580	319,103
Cash and bank balances	11 44,501	14,983
	<b>2,283,848</b>	<b>1,769,369</b>
<b>Total assets</b>	<b>7,204,602</b>	<b>6,242,978</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorized share capital	4,000,000	4,000,000
400,000,000 (30 June 2016: 400,000,000) Ordinary shares of Rs. 10/- each		
Issued, subscribed and paid-up capital	3,656,900	3,656,900
365,689,968 (30 June 2016: 365,689,968) Ordinary shares of Rs. 10/- each		
Discount on issuance of right shares	(914,225)	(914,225)
Accumulated loss	(135,543)	(394,565)
Total equity	2,607,132	2,348,110
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long-term financing	13 360,000	360,000
Deferred accrued markup	13 -	151,032
Loan from related parties - unsecured	14 994,738	908,892
Deferred taxation - net	551,951	483,475
Deferred liabilities	48,096	46,341
	<b>1,954,785</b>	<b>1,949,740</b>
<b>Current liabilities</b>		
Loan from previous sponsors	15 735	735
Trade and other payables	16 667,673	723,160
Mark-up accrued	10,667	5,329
Short-term borrowings	17 1,514,524	708,750
Current portion of deferred accrued markup	13 449,086	507,154
	<b>2,642,685</b>	<b>1,945,128</b>
<b>Contingencies and commitments</b>	18	
<b>Total equity and liabilities</b>	<b>7,204,602</b>	<b>6,242,978</b>

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



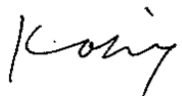
DIRECTOR

# Condensed Interim Profit and loss Account (Un-audited)

For the six months and quarter ended 31st December 2016

	Note	Six months ended		Quarter ended	
		31 December		31 December	
		2016	2015	2016	2015
		----- (Rupees in '000) -----			
Sales - net	19	2,066,907	1,644,354	1,136,720	787,181
Cost of sales	20	(1,617,905)	(1,261,460)	(903,733)	(597,293)
<b>Gross profit</b>		<b>449,002</b>	382,894	<b>232,987</b>	189,888
Distribution cost	21	(54,383)	(47,005)	(26,804)	(8,762)
Administrative expenses	22	(31,781)	(28,590)	(11,711)	(14,749)
Other income	23	54,606	2,196	30,717	2,120
Other operating expenses	24	20,956	(44,977)	29,441	(29,510)
		(10,602)	(118,376)	21,643	(50,901)
<b>Operating profit</b>		<b>438,400</b>	264,518	<b>254,630</b>	138,987
<b>Finance income</b>		<b>135</b>	333,792	<b>135</b>	273,224
Finance cost:					
On unwinding of discount on loan from related parties		(39,999)	(36,238)	(30,492)	(22,447)
On unwinding of discount on deferred accrued markup		(58,646)	(81,077)	(31,824)	(59,258)
On short term borrowings		(36,546)	(32,347)	(20,256)	(15,493)
<b>Finance (cost) / income - net</b>		<b>(135,056)</b>	184,130	<b>(82,437)</b>	176,026
<b>Profit before taxation</b>		<b>303,344</b>	448,648	<b>172,193</b>	315,013
Taxation		(61,229)	(146,623)	(40,540)	(141,501)
<b>Profit after taxation</b>		<b>242,115</b>	302,025	<b>131,653</b>	173,512
<b>Earnings per share - Basic and diluted</b>		<b>0.66</b>	0.83	<b>0.36</b>	0.47

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



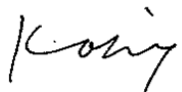
DIRECTOR

# Condensed Interim Cash Flow Statement (Un-audited)

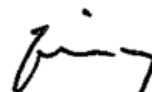
For the six months period ended 31st December 2016

	Six months ended	
	31 December 2016	31 December 2015
Note	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash generated from operations</b>	25      20,830	119,107
Gratuity paid	(5,750)	(4,099)
Taxes paid - net	(67,562)	(76,352)
Financial charges paid	(298,953)	(52,200)
	(372,265)	(132,651)
<b>Cash used in operating activities</b>	(351,435)	(13,544)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(483,471)	(53,460)
Long term investments	(11,650)	-
Proceeds from sale of fixed assets	300	-
Net cash used in investing activities	(494,821)	(53,460)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term finance	-	(250,000)
Loan received from sponsors - net	70,000	-
Net cash generated from / (used in) financing activities	70,000	(250,000)
Net decrease in cash and cash equivalents	(776,256)	(317,004)
Cash and cash equivalents at beginning of the period	(701,267)	(640,030)
<b>Cash and cash equivalents at end of the period</b>	26      (1,477,523)	(957,034)

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



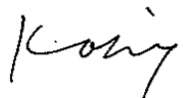
DIRECTOR

## Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months and quarter ended 31st December 2016

	Six months ended 31 December		Quarter ended 31 December	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Profit for the period	242,115	302,025	131,653	173,512
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>242,115</b>	<b>302,025</b>	<b>131,653</b>	<b>173,512</b>

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



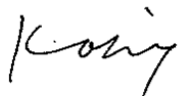
DIRECTOR

# Condensed Interim Statement of Changes in Equity (Un-audited)


For the six months period ended 31st December 2016

	Capital reserve		Revenue Reserve		Total
	Share Capital	Discount on issuance of right shares	General	Accumulated loss	
	(Rupees in '000)				
<b>Balance as at 1st July 2015</b>	3,656,900	(914,225)	80,000	(960,505)	1,862,170
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	302,025	302,025
Other Comprehensive income for the period	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	302,025	302,025
<b>Balance as at 31st December 2015</b>	<b>3,656,900</b>	<b>(914,225)</b>	<b>80,000</b>	<b>(658,480)</b>	<b>2,164,195</b>
<b>Balance as at 1st July 2016</b>	<b>3,656,900</b>	<b>(914,225)</b>	-	<b>(394,565)</b>	<b>2,348,110</b>
<i>Transaction with owners recorded directly in equity</i>					
Unwinding of discount on interest free liability	-	-	-	16,907	16,907
<i>Total comprehensive income for the period</i>					
Profit for the period	-	-	-	242,115	242,115
Other Comprehensive income for the period	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	242,115	242,115
<b>Balance as at 31st December 2016</b>	<b>3,656,900</b>	<b>(914,225)</b>	-	<b>(135,543)</b>	<b>2,607,132</b>

The annexed notes from 1 to 31 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31<sup>st</sup> December 2016

---

## 1. STATUS AND NATURE OF BUSINESS

Power Cement Limited (the Company) was established as a private limited company on 1 December 1981 and was converted into a Public Limited Company on 9 July 1987 and is listed on Pakistan Stock Exchange. The Company's principal activity is manufacturing, selling and marketing of cement. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi and its undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Jamshoro (Sindh).

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

This condensed interim financial information of the Company for the six months period ended 31 December 2016 has been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" and the provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended 30 June 2016.

The comparative balance sheet presented in this condensed interim financial information has been extracted from the audited annual financial statements of the Company for the year ended 30 June 2016, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive Income, condensed interim cash flow statement and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the six months period ended 31 December 2015.

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 245 of the Companies Ordinance, 1984. The figures for the six months period ended 31 December 2016 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

### 2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except that Company's liability under its defined benefit plan (gratuity) which is determined on the present value of defined benefit obligations determined by an independent actuary.

### 2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.

## 3. ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements as at and for the year ended 30 June 2016.

3.2 Certain amendment and interpretation to approved accounting standards became effective during the period were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company.

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31<sup>st</sup> December 2016

## 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information is in conformity with approved accounting standards as applicable in Pakistan which requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumption and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2016.

## 5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended 30 June 2016.

## 6. PROPERTY, PLANT AND EQUIPMENT

	Note	31 December 2016 (Un-audited)	30 June 2016 (Audited)
----- (Rupees in '000) -----			
Operating assets	6.1	4,420,857	4,357,092
Capital work in progress	6.2	365,037	13,384
Capitalisable stores and spares	6.3	90,164	74,516
		<u>4,876,058</u>	<u>4,444,992</u>
<b>6.1 Operating assets</b>			
<b>Opening written down value</b>		<b>4,357,092</b>	<b>4,337,651</b>
Additions during the period / year - at cost			
Plant and Machinery		97,892	122,845
Non Factory building on leasehold land		3,144	-
Leasehold Improvement		519	-
Factory and laboratory equipment		4,945	468
Computers and peripherals		4,910	2,025
Office equipment		1,560	316
Furniture and fixtures		1,587	663
Vehicles		1,457	1,699
		<u>116,014</u>	<u>128,016</u>
Written down value of transfers during the period		(4,274)	-
Written down value of deletions during the period/ year		(38)	(157)
Depreciation for the period / year		<u>(47,937)</u>	<u>(108,418)</u>
		<u>(52,249)</u>	<u>(108,575)</u>
<b>Closing written down value</b>		<b><u>4,420,857</u></b>	<b><u>4,357,092</u></b>

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31<sup>st</sup> December 2016

		31 December 2016 (Un-audited)	30 June 2016 (Audited)
		----- (Rupees in '000) -----	
<b>6.2 Capital Work in progress</b>	<b>Note</b>		
Opening balance		13,384	29,858
Additions during the period / year		354,797	22,901
Transferred to operating fixed assets		(3,144)	(39,375)
Closing balance		<u>365,037</u>	<u>13,384</u>
<b>6.3 Capitalisable stores and spares</b>			
Opening balance		74,516	55,452
Additions during the period / year		122,230	113,414
Transferred to property, plant and equipment		(106,582)	(94,350)
Closing balance		<u>90,164</u>	<u>74,516</u>
<b>7. INTANGIBLE ASSETS</b>			
Opening written down value		8,982	413
Additions during the period - at cost		5,903	8,981
		14,885	9,394
Amortization for the period		(1,474)	(412)
Closing written down value		<u>13,411</u>	<u>8,982</u>
<b>8. LONG TERM INVESTMENT</b>			
Government securities			
Defence savings certificates - Held to maturity (at amortized cost)	8.1	11,650	-
		<u>11,650</u>	<u>-</u>
<b>8.1</b>			
These Defence savings certificates (DSCs) are for a period of 10 years having maturity in 2026. These carry mark-up at effective interest rate of 7.44% per annum. These DSCs are pledged with the Nazim of the Sindh High Court as disclosed in note 18.1.2.			
<b>9. STOCK-IN-TRADE</b>			
Raw material		30,902	30,857
Packing material		42,545	55,150
Work-in-process		75,447	31,973
Finished goods		27,374	47,241
		<u>176,268</u>	<u>165,221</u>
<b>10. TAX REFUNDS DUE FROM GOVERNMENT</b>			
Income tax refundable		237,124	126,647
Sales tax refundable		2,989	2,989
Excise duty receivable	10.1 & 10.2	189,467	189,467
		<u>429,580</u>	<u>319,103</u>



# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

- 10.1** From 1993-94 to 1998-99, excise duty was levied and recovered from the Company being wrongly worked out on retail price based on misinterpretation of sub section 2 of section 4 of the Central Excise Act, 1944 by Central Board of Revenue. Such erroneous basis of working of excise duty has been held, being without lawful authority, by the Honorable Supreme Court of Pakistan as per its judgment dated 15 February 2007. Accordingly, the Company filed an application to the Collector of Federal Excise and Sales Tax to refund the excess excise duty amounting to Rs. 182.604 million.

The refund was however, rejected by Collector of Appeals vide order in appeal number 01 of 2009 dated 19 March 2009 and Additional Collector, Customs, Sales tax and Federal excise vide its order in original number 02 of 2009 dated 24 January 2009 primarily based on the fact that the Company has failed to discharge the burden of proof to the effect that incidence of duty had not been passed on to the customers of the Company. Accordingly, the Company filed an appeal before the Learned Appellate Tribunal Inland Revenue (ATIR) regarding CED which, vide its order dated 23 May 2012 held that the requisite documents proving the fact that the incidence of duty had not been passed to the customers of the Company has been submitted by the Company and therefore the Company has discharged its onus. Based on the foregoing the original order number 01 of 2009 dated 19 March 2009 and order number 02 of 2009 dated 24 January 2009 were set aside by ATIR and appeal was allowed.

Based on the decision by ATIR and the tax adviser's opinion that the refund claim is allowed to the Company, the Company recorded the refund claim receivable with a corresponding credit to the profit & loss account. The matter has been challenged by the Tax department in the High Court. However, the management based on legal advisor's opinion is confident of a favorable outcome. The Company is actively pursuing the matter for the settlement of the said refund claim.

- 10.2** The Company received an order from Additional Collector, Hyderabad vide order no. 22 of 2000 alleging that Central Excise Duty of Rs. 6.863 million was not paid on certain sales for the years 1995-1996 and 1996-1997. The said amount was paid by the Company, however, a corresponding receivable was recorded. The Company filed an appeal in Honorable Sindh High Court which was rejected vide order dated 29 May 2007. The Company then filed a petition in Honorable Supreme Court of Pakistan which was disposed off vide order dated 18 July 2011 with the permission to approach the Court of Civil jurisdiction. Accordingly, a civil suit was filed by the Company challenging the order of Deputy Collector of Customs, Central Excise & Sales Tax, Hyderabad. The management in consultation with its lawyer is confident that the outcome of the case would be in favor of the Company and that the amount deposited above would be recovered.

	<b>Note</b>	<b>31 December 2016 (Un-audited)</b>	<b>30 June 2016 (Audited)</b>
----- (Rupees in '000) -----			
<b>11. CASH AND BANK BALANCES</b>			
Cash in hand		785	657
Cash with banks:			
- In current accounts		34,562	5,929
- In savings accounts	11.1	1,654	897
- Term deposits	11.2	7,500	7,500
		<u>44,501</u>	<u>14,983</u>

- 11.1** These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 2.5% - 3% (2016: 2.5% - 3%) per annum.
- 11.2** This includes Islamic savings certificate with a local bank and carries profit at declared rate of 4.5%. The certificate has been placed on lien for obtaining bank guarantee and will mature in May 2017.

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

## 12. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

31 December 2016 (Un-audited) ----- (Number of Shares) -----	30 June 2016 (Audited)		31 December 2016 (Un-audited) ----- (Rupees in '000) -----	30 June 2016 (Audited)
		Fully paid ordinary shares of Rs. 10 each issued:		
353,510,380	353,510,380	For cash	3,535,104	3,535,104
840,000	840,000	For consideration other than cash	8,400	8,400
<u>11,339,588</u>	<u>11,339,588</u>	Bonus shares	<u>113,396</u>	<u>113,396</u>
<u>365,689,968</u>	<u>365,689,968</u>		<u>3,656,900</u>	<u>3,656,900</u>

12.1 Shares held by the associated undertakings as at the balance sheet date were 237,654,545 (30 June 2016: 246,654,545).

## 13. LONG TERM FINANCING AND DEFERRED ACCRUED MARK-UP

### 13.1 Long term financing

	31 December 2016 (Un-audited) ----- (Rupees in '000) -----	30 June 2016 (Audited)
Principal amount	<u>360,000</u>	<u>360,000</u>
	<u>360,000</u>	<u>360,000</u>

### 13.2 Deferred Accrued Markup

	31 December 2016 (Un-audited) ----- (Rupees in '000) -----	30 June 2016 (Audited)
Gross Amount	507,856	760,732
Less: Winding up of discount	(58,770)	(102,546)
Deferred Accrued Markup	<u>449,086</u>	<u>658,186</u>
Current maturity shown under current liabilities	<u>(449,086)</u>	<u>(507,154)</u>
Present Value of Deferred Accrued Markup	13.3 & 13.4 <u>-</u>	<u>151,032</u>

13.3 This represents syndicated term finance facility and deferred markup on it, arranged by the Company with a syndicate of local commercial banks (the Syndicate). In 2012, the Company entered into a revised restructuring agreement with the Syndicate dated 23 December 2011. As per the revised restructuring agreement the principal was payable in nine half yearly instalments from 23 December 2011 to 23 December 2015.

The mark up charged during first 3.5 years i.e. from 23 June 2010 to 22 December 2013 is 6 months KIBOR + 0% per annum and after 3.5 years i.e. 23 December 2013 to 23 December 2018, the mark up will be charged at 6 months KIBOR + 1.75% per annum. Mark-up outstanding at the time of restructuring and mark up accrued from restructuring date till the date of final settlement of principal is being paid in four (4) half yearly instalments commencing from 23 June 2016.

In 2015, the Company again entered into a revised restructuring agreement with the Syndicate dated 26 December 2014. As per the revised restructuring agreement, principal instalments aggregating Rs. 360 million have been deferred as follows:

- Rs. 250 million falling due on 23 December 2014 will be repaid on 23 June 2018.

- Rs. 110 million out of Rs. 360 million falling due on 23 June 2015 will be repaid on 23 December 2018.

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

As per the restructuring agreement, deferred markup outstanding as at 31 December 2016 is payable in 2 equal half yearly installments of Rs. 253.58 million each from January 2017 to December 2017.

The outstanding principal other than deferred principal will be paid as per the existing repayment terms. The loan is secured by way of mortgage over property and hypothecation over assets aggregating to Rs. 3.33 billion.

- 13.4 The facility contains a covenant that the Company can not pay dividend to its shareholders until it is upto date to its debt obligation including mark-up payments to syndicate.

## 14. LOAN FROM RELATED PARTIES - UNSECURED

	31 December 2016 (Un-audited)	30 June 2016 (Audited)
	----- (Rupees in '000) -----	
Opening balance	1,515,500	1,515,500
Loan amount received	70,000	-
Outstanding sponsors' loan	1,585,500	1,515,500
Winding up of discount opening	(606,608)	(346,445)
Gain on initial recognition/ derecognition during the period / year	(24,153)	(333,792)
Unwinding of discount during the period / year	39,999	73,629
Winding up of discount closing	(590,762)	(606,608)
Closing balance at fair value	<u>994,738</u>	<u>908,892</u>

- 14.1 This represents mark-up free long term loan of Rs. 1,585.5 million (2016: Rs. 1,515.5 million) obtained from related parties, recorded at present value at mark-up rate of 6 months KIBOR plus 1.75% (2016: 6 months KIBOR plus 1.75%). Had the loan been obtained at fair mark-up rate of 6 months KIBOR plus 1.75%, net profit and cash flows for the period would have been lower by Rs. 17.4 million (2015: Rs. 229.5 million) and Rs. 67.6 million (2015: Rs. 66.7 million) respectively, long term liabilities would have been higher by Rs. 590.8 million (2016: Rs. 606.6 million) and equity would have been lower by Rs. 757.6 million (2016: Rs. 716.1 million).

## 15. LOAN FROM PREVIOUS SPONSORS

During the year ended 30 June 2013, the Company reversed liability amounting to Rs. 115.927 million in respect of previous sponsors loan on the basis of arbitration award in favour of the Company.

The management of the Company was taken over by purchasing controlling shareholding during the year 2005. One of the condition of takeover of the management from the previous sponsors was that the amount payable in respect of this loan was required to be adjusted in respect of any differences in the value of assets and / or unrecorded liabilities. However, due to dispute regarding existence of certain assets, unrecorded liabilities, etc. The final amount of the previous sponsor's loan remained undetermined and unsettled and the matter was referred for arbitration as per the Share Purchase Agreement between the management and the previous sponsors. The amount outstanding as at 30 June 2012 amounted to Rs. 115.927 million i.e. Rs. 234.076 million net off with unavailable stores and spares of Rs. 118.149 million.

In 2013, the arbitrator decided in favour of the Company and determined an amount of Rs. 0.735 million to be paid by the Company. The award has been sent to the Registrar High Court of Sindh for making the award a rule of Court. The management, based on its lawyers' advice is of the opinion that despite of objection filed by the previous sponsors against the arbitration award, the Company has strong grounds considering the fact that the Arbitration Award has been announced in Company's favour and the arbitration award will be made a rule of Court. Accordingly, the management had reversed the liability with a corresponding credit in the profit & loss account. However, as previous sponsors have filed objections to the award, the matter has been disclosed as a contingent liability.

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

	Note	31 December 2016 (Un-audited)	30 June 2016 (Audited)
----- (Rupees in '000) -----			
<b>16. TRADE AND OTHER PAYABLES</b>			
Trade creditors		295,630	216,165
Bills payable		150,663	158,494
Accrued liabilities		28,161	70,911
Royalty payable		-	782
Excise duty payable		2,519	2,909
Advances from customers		46,221	34,876
Retention money payable		1,572	1,482
Sales tax and federal excise duty payable		3,177	80,469
Workers' Welfare Fund		21,145	37,854
Workers' Profit Participation Fund		98,313	99,852
Unclaimed dividends		127	126
Withholding tax payable		7,935	5,234
Leave encashment payable		11,145	13,020
Others		1,065	986
		<u>667,673</u>	<u>723,160</u>
<b>17. SHORT TERM BORROWINGS</b>			
<b>From sponsor:</b>			
Running finance	17.1	150,000	-
<b>From banking companies - secured</b>			
<b>Conventional</b>			
Running finances	17.2	235,883	221,767
Import / export finances		-	92,336
Foreign currency Loan	17.3	29,905	44,647
<b>Islamic</b>			
Istisna	17.4	750,000	250,000
Tijarah	17.5	100,000	100,000
Murabaha	17.6	248,736	-
		<u>1,514,524</u>	<u>708,750</u>

**17.1** This represents short term running finance obtained from the sponsor and is payable on demand. Had the loan been obtained at fair mark up rate of 6 Months Kibor plus 1.75%, net profit would have been lower by Rs. 0.55 million where as accrued mark-up at the period end, would have been higher by Rs. 0.87 million.

**17.2** This represents short-term running finance facilities from various banks amounting to Rs. 300 million (30 June 2016: Rs. 300 million). These carry mark up at the rate ranging between 3 months KIBOR plus 1% to 3 months KIBOR plus 2.5% (30 June 2016: 3 months KIBOR plus 1% to 3 months KIBOR plus 2.5%) per annum calculated on daily product basis. Mark-up on these facilities is payable quarterly. These facilities will mature from 30 April 2017 to 30 June 2017 and are renewable. These are secured by first pari passu charge against current / fixed assets of the Company.

The aggregate amount of aforementioned facilities which has not been availed as at the balance sheet date amounts to Rs. 64 million (30 June 2016: Rs. 78.23 million).

**17.3** This represents FE 25 facility from a bank amounting to Rs. 50 million (30 June 2016: Rs. 50 million). The amount is repayable in 180 days from the date of disbursement and carries mark-up at the rates ranging between 3.1% to 4.5%.

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

---

The facility is secured by first pari passu charge against present and future fixed assets of the Company excluding land and building of the Company. Total unavailed amount of this facility as at balance sheet date amounts to Rs. 20.095 million (30 June 2016: Rs. 5.35 million).

- 17.4** This represents facilities amounting to Rs. 800 million (30 June 2016: Rs. 600 million) repayable with a maximum tenure of 180 days from the date of disbursement. It carries profit at the rates ranging from KIBOR plus 1.6% to KIBOR plus 3.75% (30 June 2016: KIBOR plus 1.75% to KIBOR plus 3.75%). These facilities will mature from 31 January 2017 and are renewable. As at balance sheet date unavailed amount under these facilities amount to Rs. 50 million (30 June 2016: 350 million). These are secured by first pari passu charge against current / fixed assets of the Company.
- 17.5** This represents facilities availed from various banks amounting to Rs. 200 million with tenure from 60 days to 180 days. It carries profit at 2 months KIBOR plus 2%. The facilities are under Shariah arrangement and are secured by charge over current assets of the Company.
- 17.6** This represent finance availed from various banks amounting to Rs. 600 millions with a tenure of upto 180 Days. It carries profit at 3 months KIBOR plus 1% and 6 months KIBOR 1.5%. The facilities are under Sharia arrangement and are secured by ranking charge over all present and future fixed assets of the Company.
- 17.7** In addition to the above, the Company also has unfunded facilities from various banks amounting to Rs. 700 million and an un-utilised funded facility of Rs. 100 million in respect of export re-finance.

## 18. CONTINGENCIES AND COMMITMENTS

### 18.1 Contingencies

- 18.1.1** There is no change in the status of the contingencies as disclosed in note 20.1 to the annual financial statements of the Company for the year ended 30th June 2016 except for contingency disclosed in note 20.1.8 which has been decided in favour of the Company by CIR Appeals- II through its order No 30 dated 31 August 2016. However, DCIR preferred to appeal the said order of Honourable Commissioner (Appeals) before the Appellate Tribunal Inland Revenue Karachi which is pending for hearing.
- 18.1.2** During the period the Company filed a suit 2269/2016; in the High Court of Sindh; against a shipping line challenging its detention of the Company's cargo for the want of certain changes. On 3 November 2016; the Court ordered the release of the Company's cargo against deposit of Defence Saving Certificates amounting Rs. 11.650 million with the Nazim of the Court. Accordingly, the Company's cargo was released upon deposit of the requisite security. Legal counsel of the Company believes that the Company has a good arguable case on merits while next date of hearing of the same is awaited.
- 18.1.3** Section 113(2)(c) was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than minimum tax. Therefore, where there is no tax payable, inter alia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability.

The Company has carried forward minimum tax of current and previous years amounting to Rs. 100 million (30 June 2016: Rs. 70.814 million) and the Company expects to adjust the amount against the future taxable profits. The Company's legal counsel is of the opinion that the Company has strong arguable case and at an appropriate stage the matter can be agitated before Supreme Court of Pakistan in case the adjustment is challenged by the tax authorities. In view of above, the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect has been made in this condensed interim financial information.

The Company has challenged the applicability of ACT via suit No. 102 of 2017 and filed Income Tax Return of TY 2016 based on Minimum Tax and accordingly no effect of Alternate Corporate Tax (ACT) is taken in the tax liability.

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

	31 December 2016 (Un-audited)	30 June 2016 (Audited)
----- (Rupees in '000) -----		
<b>18.2 Commitments</b>		
Commitment against open letter of credit for:		
- Coal	-	110,754
- Stores and spares	<u>80,979</u>	<u>359,250</u>
	<b>80,979</b>	<b>470,004</b>
Commitments against letter of guarantees	<u>10,500</u>	<u>10,500</u>
Other commitments	<u>63,663</u>	<u>47</u>
Intangibles	<u>-</u>	<u>1,092</u>
	<u><b>155,142</b></u>	<u><b>481,643</b></u>
	<b>Six months period ended</b>	
	31 December 2016 (Un-audited)	31 December 2015
	----- (Rupees in '000) -----	
<b>19. SALES - NET</b>		
Local	<u>2,778,879</u>	<u>2,010,294</u>
Export	<u>43,550</u>	<u>70,004</u>
	<b>2,822,429</b>	<b>2,080,298</b>
Less :		
Sales tax	<u>(462,222)</u>	<u>(337,709)</u>
Federal excise duty	<u>(293,300)</u>	<u>(98,235)</u>
	<u><b>(755,522)</b></u>	<u><b>(435,944)</b></u>
	<u><b>2,066,907</b></u>	<u><b>1,644,354</b></u>
	<b>Six months period ended</b>	
	31 December 2016 (Un-audited)	31 December 2015
	----- (Rupees in '000) -----	
<b>20. COST OF SALES</b>		
Salaries, wages and other benefits including retirement benefits		120,506
Raw materials consumed	20.1	82,399
Packing material consumed	20.2	99,222
Stores, spares and loose tools		67,103
Fuel and power		757,934
Insurance		4,277
Repairs and maintenance		30,592
Depreciation		42,083
Other production overheads		16,477
	<u><b>1,624,147</b></u>	<u><b>1,220,593</b></u>

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

	Note	Six months period ended	
		31 December 2016	31 December 2015
		(Un-audited)	
		----- (Rupees in '000) -----	
<b>Work in process</b>			
Opening		31,973	175,962
Closing	9	(75,447)	(124,775)
		<u>(43,474)</u>	<u>51,187</u>
<b>Cost of goods manufactured</b>			
		<u>1,580,673</u>	<u>1,271,780</u>
<b>Finished goods</b>			
Opening		47,241	42,187
Purchases		17,365	-
Closing	9	(27,374)	(52,507)
		<u>37,232</u>	<u>(10,320)</u>
		<u>1,617,905</u>	<u>1,261,460</u>
<b>20.1 Raw materials consumed</b>			
Opening stock of raw material		30,857	8,621
Purchases		553,521	149,175
		<u>584,378</u>	<u>157,796</u>
Closing stock of raw material	9	(30,902)	(75,397)
		<u>553,476</u>	<u>82,399</u>
<b>20.2 Packing materials consumed</b>			
Opening stock of packing material		55,150	58,205
Purchases		103,548	94,699
		<u>158,698</u>	<u>152,904</u>
Closing stock of packing material	9	(42,545)	(53,682)
		<u>116,153</u>	<u>99,222</u>
<b>21. DISTRIBUTION COST</b>			
Salaries, wages and other benefits including retirement benefits		15,073	13,722
Export expenses		18,004	20,399
Travelling and conveyance		38	-
Depreciation		1,327	1,201
Marking fee		1,569	1,460
Incentives and commission on local sales		10,623	8,748
Others		7,749	1,475
		<u>54,383</u>	<u>47,005</u>

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

	Note	Six months period ended	
		31 December 2016	31 December 2015
		(Un-audited)	
		----- (Rupees in '000) -----	
<b>22. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits including retirement benefits		11,359	9,030
Travelling and conveyance		513	170
Printing and stationery		1,522	1,322
Repair and maintenance		1,100	1,122
Legal and Professional Charges		394	530
Auditor's remuneration		543	533
Rent, rates and taxes		3,281	2,568
Advertisement		1,119	2,303
Postage, telephone and telegram		1,345	1,315
Entertainment		1,005	714
Ijarah payments		632	649
Fees and subscription		1,653	1,439
Depreciation		5,454	4,116
Charity and Donation	22.1	884	710
Miscellaneous		977	2,069
		<b>31,781</b>	<b>28,590</b>

22.1 These represents donations to certain institutions in which directors have no interest.

## 23. OTHER INCOME

Gain on disposal of fixed assets		262	-
Scrap sales		54,135	2,113
Others		209	83
		<b>54,606</b>	<b>2,196</b>

## 24. OTHER OPERATING EXPENSES

Workers' Welfare Fund		(16,709)	9,879
Exchange loss		1,401	10,965
Workers' Profit Participation Fund	24.1	(5,648)	24,133
		<b>(20,956)</b>	<b>44,977</b>

24.1 The Finance Act 2006 & 2008 introduced amendments to the Workers's Welfare Fund (WWF) Ordinance, 1971 whereby the definition of industrial establishment and basis of calculating the provision were extended. The amendments were challenged at various levels and conflicting judgements were rendered by the Lahore High Court , Sindh High Court and Peshawar High Court.

However, Honorable Supreme Court of Pakistan vide its judgement dated 10 November 2016, has upheld the view of Lahore High Court and decided that WWF is not a tax and hence the amendments introduced through Finance Act 2006 & 2008 are ultra-vires to the Constitution. The Company has now calculated WWF on taxable income based on Supreme Court's judgement and accordingly reversal of Rs. 22.380 million has been recognized in the condensed interim financial information.

24.2. This includes reversal of Workers' Profit Participation fund (WPPF) amounting to Rs.23.580 million on national income based on tax and legal advise.



# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

Note	Six months period ended	
	31 December 2016	31 December 2015
	(Un-audited)	
	----- (Rupees in '000) -----	
<b>25. CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	303,344	448,648
<b>Adjustment for:</b>		
Depreciation and amortization	49,411	47,400
Finance cost on short term borrowings	36,546	32,347
Finance cost on unwinding of discount on related parties	39,999	36,238
Finance cost on unwinding of discount on deferred accrued markup	58,646	81,077
Exchange loss on bills payable	1,401	10,965
Gain on disposal of fixed assets	(262)	-
Gain on derecognition during the period	-	(333,792)
Provision for gratuity	7,505	7,507
	<u>193,246</u>	<u>(118,258)</u>
<b>Operating profit before working capital changes</b>	<b>496,590</b>	<b>330,390</b>
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(152,977)	(110,187)
Stock-in-trade	(11,047)	(21,386)
Trade debts	(57,701)	(75,749)
Advances and other receivables	(189,654)	3,077
Trade deposits and prepayments	(6,019)	(7,702)
	<u>(417,398)</u>	<u>(211,947)</u>
(Decrease) / increase in trade and other payables	(58,362)	664
<b>Net cash generated from operations</b>	<b><u>20,830</u></b>	<b><u>119,107</u></b>
<b>26. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	37,001	3,469
Short term borrowings	17.1 (1,514,524)	(960,503)
	<u>(1,477,523)</u>	<u>(957,034)</u>
<b>27. TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b>		
<p>The related parties comprise of associated undertakings, other related group companies and persons, directors of the Company, staff retirement benefit fund and key management personnel. The Company carries out transactions with various related parties in the normal course of business and all the transactions with related parties have been carried out at arms' length terms except for interest free loan from related parties as disclosed in note 14 and 17. Amounts due to related parties are shown under respective note to the financial statement. Details of transactions / balances with related parties other than those disclosed elsewhere in the financial statements are as follows:</p>		

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

	<b>Six months period ended</b>	
	<b>31 December 2016</b>	<b>31 December 2015</b>
	<b>(Un-audited)</b>	
	<b>----- (Rupees in '000) -----</b>	
<b>Transactions with related parties</b>		
<b>Aisha Steel Mills Limited</b>		
- Sale of goods	<u>426</u>	<u>51</u>
- Payment received	<u>1,039</u>	<u>44</u>
<b>Safe Mix Concrete Products Limited</b>		
- Sale of goods	<u>124,120</u>	<u>37,537</u>
- Payment received	<u>97,458</u>	<u>40,435</u>
<b>Javedan Corporation Limited</b>		
- Sale of goods	<u>43,262</u>	<u>22,283</u>
- Payment received	<u>53,367</u>	<u>20,054</u>
<b>Rotocast Engineering Company (Private) Limited</b>		
- Services received	<u>3,037</u>	<u>2,306</u>
- Payments made	<u>3,089</u>	<u>2,380</u>
- Loan received	<u>-</u>	<u>100,000</u>
- Mark-up accrued during the period	<u>-</u>	<u>264</u>
<b>Arif Habib Corporation Limited</b>		
- Loan received	<u>-</u>	<u>400,000</u>
- Loan repaid	<u>-</u>	<u>400,000</u>
- Guarantee commission / Markup accrued during the period	<u>134</u>	<u>4,612</u>
- Guarantee commission paid during the period	<u>134</u>	<u>-</u>
<b>EFU Life Assurance Limited</b>		
-Services received	<u>19,679</u>	<u>10,558</u>
-Payments made	<u>19,966</u>	<u>10,555</u>
<b>Sponsors / Directors</b>		
- Loan received	<u>280,000</u>	<u>60,000</u>
- Loan repaid	<u>60,000</u>	<u>-</u>
<b>Key management personnel</b>		
-Remuneration and other benefits	<u>43,370</u>	<u>34,354</u>
-Advances disbursed to employees	<u>1,238</u>	<u>6,657</u>
-Advances repaid by employees	<u>1,149</u>	<u>6,631</u>
<b>Staff retirement benefit fund</b>		
-Charge during the period	<u>7,506</u>	<u>7,506</u>
-Contribution during the period	<u>5,750</u>	<u>4,100</u>

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

	31 December 2016 (Un-audited)	30 June 2016 (Audited)
	-----Rupees in '000-----	
<b>Balances with related parties</b>		
<b>Aisha Steel Mills Limited</b>		
- (Advance) / Trade receivable	<u>(441)</u>	<u>172</u>
<b>Safe Mix Concrete Products Limited</b>		
- Trade receivable	<u>50,856</u>	<u>24,194</u>
<b>Javedan Corporation Limited</b>		
- Trade receivable	<u>6,449</u>	<u>16,554</u>
<b>Rotocast Engineering Company (Private) Limited</b>		
- Rent payable	<u>430</u>	<u>482</u>
<b>Arif Habib Corporation Limited</b>		
- Guarantee commission payable	<u>67</u>	<u>67</u>
<b>EFU Life Assurance Limited</b>		
- Insurance payable	<u>16</u>	<u>303</u>
<b>Sponsors / Directors</b>		
- Loan payable	<u>1,735,500</u>	<u>1,515,500</u>
<b>Key management personnel</b>		
- Advances to employees	<u>7,959</u>	<u>6,407</u>
<b>Staff retirement benefit fund</b>		
- Payable to gratuity fund	<u>48,096</u>	<u>46,341</u>

## 28. MEASUREMENT OF FAIR VALUES

The following table shows the carrying amounts and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	As at 31 December 2016						(Fair value)				
	(Carrying value)										
	Held for trading	Available for sale	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----										
<b>Financial assets not measured at fair value</b>											
Long term investment	-	-	11,650	-	-	-	11,650	-	-	-	-
Long term deposits	-	-	-	19,635	-	-	19,635	-	-	-	-
Trade debts	-	-	-	329,368	-	-	329,368	-	-	-	-
Advances and other receivables	-	-	-	442,552	-	-	442,552	-	-	-	-
Trade deposits and prepayments	-	-	-	15,024	-	-	15,024	-	-	-	-
Tax refunds due from government	-	-	-	429,580	-	-	429,580	-	-	-	-
Cash and bank balances	-	-	-	43,716	-	-	43,716	-	-	-	-
	-	-	11,650	1,279,875	-	-	1,291,525	-	-	-	-

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

	As at 31 December 2016										
	(Carrying value)					(Fair value)					
	Held for trading	Available for sale	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)										
<b>Financial assets not measured at fair value</b>											
<b>Financial liabilities not measured at fair value</b>											
Long-term financing	-	-	-	-	-	360,000	360,000	-	-	-	-
Deferred accrued markup	-	-	-	-	-	449,086	449,086	-	-	-	-
Loan from related parties	-	-	-	-	-	994,738	994,738	-	-	-	-
Loan from previous sponsors	-	-	-	-	-	735	735	-	-	-	-
Trade and other payables	-	-	-	-	-	667,673	667,673	-	-	-	-
Mark-up accrued	-	-	-	-	-	10,667	10,667	-	-	-	-
Short-term borrowings	-	-	-	-	-	1,514,524	1,514,524	-	-	-	-
	-	-	-	-	-	<b>3,997,423</b>	<b>3,997,423</b>	-	-	-	-

	As at 30 June 2016										
	(Carrying value)					(Fair value)					
	Held for trading	Available for sale	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)										
<b>Financial assets not measured at fair value</b>											
<b>Financial liabilities not measured at fair value</b>											
Long term investment	-	-	-	-	-	-	-	-	-	-	-
Long term deposits	-	-	-	19,635	-	-	19,635	-	-	-	-
Trade debts	-	-	-	271,667	-	-	271,667	-	-	-	-
Advances and other receivables	-	-	-	295,812	-	-	295,812	-	-	-	-
Trade deposits and prepayments	-	-	-	9,005	-	-	9,005	-	-	-	-
Tax refunds due from government	-	-	-	319,103	-	-	319,103	-	-	-	-
Cash and bank balances	-	-	-	14,326	-	-	14,326	-	-	-	-
	-	-	-	<b>929,548</b>	-	-	<b>929,548</b>	-	-	-	-
<b>Financial liabilities not measured at fair value</b>											
Long-term financing	-	-	-	-	-	360,000	360,000	-	-	-	-
Deferred accrued markup	-	-	-	-	-	658,186	658,186	-	-	-	-
Loan from related parties	-	-	-	-	-	908,892	908,892	-	-	-	-
Loan from previous sponsors	-	-	-	-	-	735	735	-	-	-	-
Trade and other payables	-	-	-	-	-	723,160	723,160	-	-	-	-
Mark-up accrued	-	-	-	-	-	5,329	5,329	-	-	-	-
Short-term borrowings	-	-	-	-	-	708,750	708,750	-	-	-	-
	-	-	-	-	-	<b>3,365,052</b>	<b>3,365,052</b>	-	-	-	-

# Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2016

---

## 29. OPERATING SEGMENTS

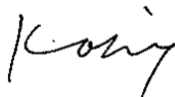
- 29.1 These financial statements have been prepared on the basis of single reportable segment.
- 29.2 Revenue from sale of cement represents 100% (2015: 100%) of the total revenue of the Company.
- 29.3 97.9% (2015: 95.7%) sales of the Company relates to customers in Pakistan.
- 29.4 All non-current assets of the Company at 31 December 2016 are located in Pakistan.

## 30. GENERAL


Figures have been rounded off to the nearest of thousand rupees.

## 31. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on **24th February 2017** by the Board of Directors.

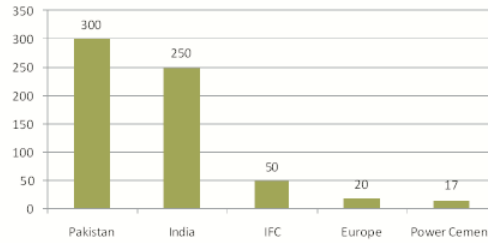


CHIEF EXECUTIVE



DIRECTOR

**Stack Emissions-Dust**  
mg/Nm<sup>3</sup>



**مستقبل کی توقعات:**

حکومت تعمیراتی اور انفراسٹرکچر شعبہ جات میں مسلسل ترقیات فراہم کر رہی ہے۔ کئی عوامی مارکیٹ پر اثر انداز ہو رہے ہیں مثلاً بڑھتی ہوئی معاشی نمو، مسلسل جاری شہری سازی اور ملک میں مکانات کی دائمی کمی ڈائریکٹرز کو آپ کو بتاتے ہوئے خوشی ہے کہ کئی ایک جارحانہ توسیعی منصوبے کے آغاز سے تاریخ رقم کرنے جاری ہے۔ ہمیں یقین ہے کہ تمام موجودہ کنٹریکٹس کے نئے پائس آنے کے بعد بھی مارکیٹ کی طلب بہت زیادہ رہے گی۔

آپ کی کمپنی کے ڈائریکٹرز اور مینیجر مینٹ نے کئی عالمی فراہم کنندگان اور ٹیکنالوجی آپشنز پر غور کیا ہے۔ آپ کی کمپنی نے جدید ترین یورپی سیمینٹ پلانٹ (مشہور عالم تیار کنندہ، ایف ایل ایس منڈھ سے) کے انتخاب کا فیصلہ کیا ہے، جس کی 7700 ٹن یومیہ کلینر کی پیداواری صلاحیت ہے۔ یہ براؤن-لیبلڈ توسیع آپ کی کمپنی کو پاکستان کے سیمینٹ ساز اداروں میں سب سے زیادہ کم لاگت والے سیمینٹ بنانے والے اداروں میں سے ایک ادارہ بنانے کا جو مستقبل کے لئے زیادہ منافع نما کر دے گا۔ نئے منصوبے کے کامیاب آغاز کے بعد، آپ کی کمپنی جنوبی خطے میں دوسرا بڑا سیمینٹ ساز ادارہ بن جائے گا، جس کی سالانہ پیداواری صلاحیت لگ بھگ 3.5 ملین ٹن ہوگی۔

توسیعات کے لئے ایف ایل ایس میڈتھ آف ڈنمارک کو انجینئرنگ، پروگیورمنٹ، سپلائی اور سپرویزن کے لئے منتخب کر لیا گیا ہے۔ سول ورکس، ریکانکشن اور انجینئرنگ ایریکشن (تخصیص) کے معاہدے پر بات چیت جاری ہے۔ بیٹھونٹ کا اتمام ہے کہ نیا پلانٹ بہت پر سال 2019ء میں شروع ہو جائے گا۔

یہ توسیع 35 : 65 Debt Equity Ratio کی جائے گی۔ مقامی کرنسی میں قرضے کی فراہمی اور غیر ملکی کرنسی میں قرضے کی فراہمی کیلئے بڑے مالیاتی اداروں کو مینڈیٹ دے دیا گیا ہے۔ قرضہ جات کے سرمائے کی فراہمی اسلامی طریقہ حصول سرمایہ کے ذریعے کی جارہی ہے اور ڈنمارک سے غیر ملکی حصص سرمایہ کاروں سے بھی منظوری حاصل کر لی ہے۔

**اعتراف:**

ڈائریکٹرز کو کئی شیئرز بولڈرز، مالیاتی اداروں، فراہم کنندگان اور صارفین کے مسلسل تعاون اور اعلیٰ سرپرستی کے اعتراف کیلئے کلمات ادا کرنے کے خواہش مند ہیں۔ ڈائریکٹرز کو کمپنی کے تمام ملازمین کی وفاداری اور ٹیم ورک خصوصاً خدمات اور لگاؤ کا دیکھ کر اسے اوزمکل طور پر انکا اعتراف کرتے ہیں اور یقین رکھتے ہیں کہ ان کی ٹیم مستقبل کی کوششوں کے ذریعے کمپنی کی اصل طاقت کو آشکار کرنے میں مسلسل جاری رہیں گی۔

بورڈ کیلئے اور جانب سے

*Koari*

محمد کاشف حبیب

چیف ایگزیکٹو آفسر

24 فروری 2017ء

**ڈائریکٹرز کا جائزہ:**

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2016 کو فہم ہونے والے نصف سال کے لئے اپنے جائزے کے ساتھ غیر آڈٹ شدہ مالیاتی گوشوارے جنہیں بیرونی آڈٹرز کی جانب سے مناسب طور پر جانچ لیا گیا ہے پیش کرتے ہیں۔

**ضعفی جائزہ:**

گزشتہ 6 ماہ کے دوران سمیٹ سیکھنے سے تیز رفتاری مثال قائم کی ہے۔ اس شعبے کی مقامی فروخت نے نصف سال میں دوہندسی %11 کی نمو کے ساتھ 16.89 ملین ترسیل کی ہے۔ گزشتہ سال اسی عرصے میں یہ 15.21 ملین ٹن تھی۔ زبردست اور زیادہ نفع بخش مقامی طلب کے سبب سمیٹ کی برآمدات میں %2.34 کمی ہوئی اور گھل برآمدات 2.94 ملین ٹن کی ہوئیں۔ جبکہ گزشتہ سال کی پہلی سہ ماہی میں یہ مقدار 3.01 ملین ٹن تھی۔ جنوی نفع نے مقامی فروخت میں سال گزشتہ کے اسی عرصے کے مقابلے میں %15.71 اضافے کے ساتھ بہت بڑی ترقی کی۔

31 دسمبر 2016 کو فہم ہونے والے 6 ماہ کے کمپنی کے کلیدی مالیاتی نتائج اور عملی کارکردگی کا موازنہ مع درج ذیل ہے:

ششم شہ ماہ		کوائف
31 دسمبر 2015	31 دسمبر 2016	
000/- روپے		
1,644,354	2,066,907	مجموعہ لا سے فروخت
382,894	449,002	نہوی نتائج
264,518	438,400	آپریٹنگ نتائج
302,025	242,115	بعد از ٹیکس نتائج
0.83	0.66	نتائج فی سبس (روپے)

گزشتہ سال کے اسی عرصے کے مقابلے میں مقامی ترسیل 230,870 ٹن سے بڑھ کر 299,785 ٹن ہو چکی ہے۔ تاہم کلی اور سمیٹ سیکھنے کی برآمدات میں مجموعی کمی کے ساتھ سمیٹ کمپنی کی برآمدات میں بھی 5,831 ٹن کی کمی واقع ہوئی ہے۔

اس عرصے کے دوران پیداوار کی تفصیلات درج ذیل ہیں۔

ششم شہ ماہ		کوائف
31 دسمبر 2015	31 دسمبر 2016	
ٹن		
243,105	295,265	سمیٹ کی پیداوار
217,630	188,185	کلینر کی پیداوار

**ہوائی آلودگی کے کنٹرول کے نظام کی تعمیر:**

ہمیں آجکے دن یہ بتاتے ہوئے فخر محسوس ہوتا ہے کہ آپ کی کمپنی ایک مکمل آلودگی کنٹرول سسٹم کی تعمیر کی بدولت ساؤتھ ڈون (جنوبی خطہ) میں صاف ترین انڈسٹریل جنگ پلانٹ کے طور پر سامنے آ چکی ہے۔ آپ کے سمیٹ پلانٹ کی اخراج کی سطحیں اب ورلڈ بینک / آئی ایف سی گائیڈ لائنز کی طرف سے اجازت دی گئی ڈسچارج حدود سے کہیں بہتر ہیں۔

نیو بیگ فلٹرز ای سی او ای <sup>3</sup> ECO E فلٹرز سسٹم استعمال کرتے ہوئے سنٹر جدید ترین یورپی ٹیکنالوجی کو بروئے کار لائے ہیں جو کہ گرد کے اخراج کو پائیداری کے ساتھ نہایت ہی مستعدی سے قابو کرتا ہے۔ یہ ساؤتھ ڈون میں آج کی کمپنی کو دیگر پرفورمیت دیتا ہے۔

اس نئے ڈسٹ کنٹرول سسٹم کے اضافی فوائد میں پلانٹ کی زندگی میں اضافہ اور توانائی کے نقصانات میں کمی بھی شامل ہیں۔

آپ کے پلانٹ کے اخراج کی حد کا مختلف خطوں کی حدود کے ساتھ کا تیز یہ درج ذیل ہے۔

www.jamapunji.pk



## Be aware, Be alert, Be safe

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

### Key features:

- 📄 Licensed Entities Verification
- 🔍 Scam meter\*
- 🎮 Jamapunji games\*
- 📊 Tax credit calculator\*
- 🏢 Company Verification
- 📋 Insurance & Investment Checklist
- ?? FAQs Answered

- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler\*
- 📊 Financial calculator
- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📖 Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

@jamapunji\_pk

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





***Power Cement Limited***

Arif Habib Centre,  
23, M.T. Khan Road, Karachi.  
Ph: 021-32468231-8  
[www.powercement.com.pk](http://www.powercement.com.pk)