



**POWER CEMENT**  
مضبوطی۔ چٹانوں جیسی



Quarterly Report September 30, 2013



A Subsidiary of  
ARIF HABIB GROUP

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# Corporate Information

## Board of Directors

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

Chairman  
CEO  
Director  
Director  
Director  
Director  
Director

## Audit Committee

Muhammad Yousuf Adil  
Nasim Beg  
Muhammad Yahya Khan  
Syed Salman Rashid

Chairman  
Member  
Member  
Member

## HR & Remuneration Committee

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

Chairman  
Member  
Member  
Member

## Chief Financial Officer & Company Secretary

Basit Habib

## External Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

## Cost Auditors

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

## Legal Advisor

Usmani & Iqbal  
Advocate & Solicitors

**Tax Advisor**

Hyder Bhimji & Co.  
Chartered Accountants

**Share Registrar**

Technology Trade (Private) Limited

**Principal Bankers**

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

**Registered Office**

1st Floor, Arif Habib Centre,  
23 M.T. Khan Road, Karachi

**Website**

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

**Email Address**

[corporate@powercement.com.pk](mailto:corporate@powercement.com.pk)

**Contact Number**

021-32468231-32

**Factory**

Nooriabad Industrial Area,  
Kalo Kohar District, Jamshoro, Sindh

## Directors' Report

The Directors of the Company present herewith the financial results of your Company for the first quarter ended September 30, 2013.

### OVERVIEW

A comparison of the key financial results and operational performance of the Company for first quarter ended September 30, 2013 along with corresponding period is as under:

### Financial Results

| PARTICULARS                         | Quarter ended September 30 |               |
|-------------------------------------|----------------------------|---------------|
|                                     | 2013                       | 2012          |
|                                     | (Rupees '000)              | (Rupees '000) |
| Sales revenue                       | 828,418                    | 593,469       |
| Gross profit                        | 49,538                     | 82,422        |
| Operating (loss) / profit           | (64,302)                   | 212,913       |
| (Loss) / Profit before tax          | (154,541)                  | 113,355       |
| Net (Loss) / profit after tax       | (155,349)                  | 109,888       |
| (Loss) / Earnings per share (Rupee) | (0.42)                     | 0.30          |

### Sales Revenue Analysis

During the period under review your Company has achieved an increase of 40% in net sales revenue with an increase in sale volume to 134,601 MT compared to 100,667 MT in the same period last year. The increase in revenue is attributable to both increased quantity sold and rising selling prices in the industry. The gross profit margin of the Company has decreased to 6 % compared to 14 % in the same period last year. The reasons for decrease in gross profit margin is mainly attributable to the increase in electricity prices and exchange rate variations.

### Operational Performance

During the quarter ended September 30, 2013 your Company has produced 92,465 MT Clinker and 137,960 MT Cement compared to 148,446 MT Clinker and 116,712 MT Cement in the same period last year observing decrease of 38 % in Clinker production and increase of 18 % in Cement production.

Local sales of your Company increased to 107,889 M.T compared to 83,471 M.T for the same period last year and export sales increased to 26,712 M.T compared to 17,196 M.T in the corresponding period.

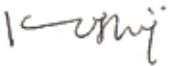
## **FUTURE OUTLOOK**

The Government in the recent budget has allocated substantial funds for public sector development projects and its full utilization will be a key factor for increase of cement demand in domestic market for the coming financial year. In the current year, utilization of development funds in infrastructure projects is expected which will support growth in consumption of cement. Improvement in the agricultural sector due to better support prices and better crop is expected to make a positive impact on the consumption of cement also.

Export sales volume which has been declining for the last three consecutive years may continue its gradual decline in 2014-15 due to decline of exports to India on account of decline Indian rupee parity. However, the increase in domestic market is expected to more than offset the export decline.

Going forward your Company is pushing hard to capitalize the business opportunities available with the export and local market. However, increasing average electricity prices is affecting the profitability of your Company.

### **For and on behalf of the Board**



Kashif A. Habib  
Chief Executive Officer

# Condensed Interim Balance Sheet

As at September 30, 2013

|  | Note | Un-audited<br>30-Sep-13 | Audited<br>30-Jun-13 |
|--|------|-------------------------|----------------------|
| (Rupees in '000)   |      |                         |                      |
| <b>ASSETS</b>  |      |                         |                      |
| <b>NON-CURRENT ASSETS</b>                                  |      |                         |                      |
| Fixed assets   | 6    | 4,250,061               | 4,250,180            |
| Long term deposits   |      | 19,635                  | 19,635               |
|  |      | <b>4,269,696</b>        | <b>4,269,815</b>     |
| <b>CURRENT ASSETS</b>                                      |      |                         |                      |
| Stores, spares and loose tools                             | 7    | 475,343                 | 496,839              |
| Stock-in-trade   | 8    | 234,542                 | 324,979              |
| Trade debts  |      | 191,852                 | 138,445              |
| Advances and other receivables                             |      | 153,864                 | 138,716              |
| Trade deposits   |      | 16,641                  | 7,436                |
| Tax refunds due from government                            | 9    | 223,485                 | 238,862              |
| Cash and bank balances                                     |      | 6,979                   | 4,053                |
|  |      | <b>1,302,706</b>        | <b>1,349,328</b>     |
|  |      | <b>5,572,402</b>        | <b>5,619,144</b>     |
| <b>EQUITY AND LIABILITIES</b>                              |      |                         |                      |
| <b>SHARE CAPITAL AND RESERVES</b>                          |      |                         |                      |
| Authorized share capital                                   |      |                         |                      |
| 400,000,000 (400,000,000) Ordinary shares of Rs. 10/- each |      | 4,000,000               | 4,000,000            |
| Issued, subscribed and paid-up capital                     |      |                         |                      |
| 365,689,968 (365,689,968) Ordinary shares of Rs. 10/- each |      | 3,656,900               | 3,656,900            |
| Discount on issuance of right shares                       |      | (914,225)               | (914,225)            |
| General reserve  |      | 80,000                  | 80,000               |
| Accumulated loss   |      | (1,482,653)             | (1,327,304)          |
|  |      | <b>1,340,022</b>        | <b>1,495,371</b>     |
| <b>LIABILITIES</b>   |      |                         |                      |
| <b>NON-CURRENT LIABILITIES</b>                             |      |                         |                      |
| Long-term financing  | 10   | 1,867,062               | 1,867,062            |
| Deferred taxation  |      | 86,424                  | 93,901               |
| Deferred liabilities                                       |      | 32,961                  | 30,810               |
|  |      | <b>1,986,447</b>        | <b>1,991,773</b>     |
| <b>CURRENT LIABILITIES</b>                                 |      |                         |                      |
| Loan from previous sponsors                                |      | 735                     | 735                  |
| Trade and other payables                                   | 11   | 648,218                 | 857,898              |
| Mark-up accrued  |      | 89,335                  | 15,248               |
| Short-term borrowings                                      | 12   | 1,207,848               | 958,322              |
| Current portion of long term financing                     | 10   | 299,797                 | 299,797              |
|  |      | <b>2,245,933</b>        | <b>2,132,000</b>     |
|  |      | <b>5,572,402</b>        | <b>5,619,144</b>     |
| <b>CONTINGENCIES AND COMMITMENTS</b>                       |      |                         |                      |
|  | 13   |                         |                      |

The annexed notes from 1 to 20 form an integral part of these financial statements.


  
DIRECTOR & CEO


  
DIRECTOR


  
CHIEF FINANCIAL OFFICER

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

For the first quarter ended September 30, 2013

|  | Note  | Quarter ended    |                  |
|--|-------|------------------|------------------|
|  |       | 30-Sep-13        | 30-Sep-12        |
| (Rupees in '000)                                       |       |                  |                  |
| <b>Sales - net</b>                                     | 14    | <b>828,418</b>   | 593,469          |
| Cost of sales  |       | <u>(778,880)</u> | <u>(511,047)</u> |
| <b>Gross profit</b>                                    |       | <b>49,538</b>    | 82,422           |
| Distribution cost                                      |       | <u>(96,884)</u>  | <u>(17,790)</u>  |
| Administrative expenses                                |       | <u>(24,087)</u>  | <u>(12,157)</u>  |
| Other income   |       | <u>7,131</u>     | <u>182,754</u>   |
| Other operating expense                                |       | <u>-</u>         | <u>(22,316)</u>  |
|  |       | <u>(113,840)</u> | 130,491          |
| <b>Operating (loss) / profit</b>                       |       | <u>(64,302)</u>  | <u>212,913</u>   |
| Finance cost   |       | <u>(90,239)</u>  | <u>(99,558)</u>  |
| <b>(Loss) / Profit before taxation</b>                 |       | <u>(154,541)</u> | <u>113,355</u>   |
| Taxation   | 15    | <u>(808)</u>     | <u>(3,467)</u>   |
| <b>(Loss) / Profit after taxation</b>                  |       | <u>(155,349)</u> | <u>109,888</u>   |
| <b>(Loss) / Earnings per share - Basic and diluted</b> | Rupee | <u>(0.42)</u>    | <u>0.30</u>      |

The annexed notes from 1 to 20 form an integral part of these financial statements.



DIRECTOR & CEO



DIRECTOR



CHIEF FINANCIAL OFFICER



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

For the first quarter ended September 30, 2013

|  | Quarter ended    |                |
|--|------------------|----------------|
|  | 30-Sep-13        | 30-Sep-12      |
|  | (Rupees in '000) |                |
| (Loss) / Profit for the period                     | (155,349)        | 109,888        |
| Other comprehensive income                         | -                | -              |
| Total comprehensive (loss) / income for the period | <u>(155,349)</u> | <u>109,888</u> |


The annexed notes from 1 to 20 form an integral part of these financial statements.



DIRECTOR & CEO



DIRECTOR



CHIEF FINANCIAL OFFICER

# Condensed Interim Cash Flow Statement (Un-audited)

For the first quarter ended September 30, 2013

|  |      | <b>Quarter ended</b>         |           |
|--|------|------------------------------|-----------|
|  |      | <b>30-Sep-13</b>             | 30-Sep-12 |
|  | Note | (Rupees in '000)             |           |
|  |      | ----- (Rupees in '000) ----- |           |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |      |                              |           |
| Cash used in operations                                  | 16   | <b>(207,200)</b>             | (174,895) |
| Taxes refund / (paid) - net                              |      | <b>4,966</b>                 | (11,902)  |
| Financial charges paid                                   |      | <b>(21,684)</b>              | (11,059)  |
|  |      | <b>(16,718)</b>              | (22,961)  |
| Net cash used in operating activities                    |      | <b>(223,918)</b>             | (197,856) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |      |                              |           |
| Capital expenditure                                      |      | <b>(22,681)</b>              | (15,775)  |
| Net cash used in investing activities                    |      | <b>(22,681)</b>              | (15,775)  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>               |      |                              |           |
| Loan from sponsors - net                                 |      | <b>154,000</b>               | 249,000   |
| Net cash generated from financing activities             |      | <b>154,000</b>               | 249,000   |
| Net increase in cash and cash equivalents                |      | <b>(92,599)</b>              | 35,369    |
| Cash and cash equivalents at the beginning of the period |      | <b>(554,770)</b>             | (600,682) |
| Cash and cash equivalents at the end of the period       | 17   | <b>(647,369)</b>             | (565,313) |

The annexed notes from 1 to 20 form an integral part of these financial statements.


**DIRECTOR & CEO**

**DIRECTOR**

**CHIEF FINANCIAL OFFICER**

# Condensed Interim Statement of Changes in Equity

For the first quarter ended September 30, 2013

|   | Capital reserve         |                                      |                         | Revenue Reserve      |                           |                           | Total                   |
|---|-------------------------|--------------------------------------|-------------------------|----------------------|---------------------------|---------------------------|-------------------------|
|   | Share Capital           | Discount on issuance of right shares | Sub-total               | General              | Accumulated loss          | Sub-total                 |                         |
| ----- (Rupees in '000) -----                                      |                         |                                      |                         |                      |                           |                           |                         |
| Balance as at 1 July 2012   | 3,656,900               | (914,225)                            | 2,742,675               | 80,000               | (1,697,265)               | (1,617,265)               | 1,125,410               |
| Total comprehensive income for the period ended 30 September 2012 |                         |                                      |                         |                      |                           |                           |                         |
| Profit for the Period   | -                       | -                                    | -                       | -                    | 109,888                   | 109,888                   | 109,888                 |
| Balance as at 30 September 2012                                   | <u>3,656,900</u>        | <u>(914,225)</u>                     | <u>2,742,675</u>        | <u>80,000</u>        | <u>(1,587,377)</u>        | <u>(1,507,377)</u>        | <u>1,235,297</u>        |
| Balance as at 1 July 2013   | <b>3,656,900</b>        | <b>(914,225)</b>                     | <b>2,742,675</b>        | <b>80,000</b>        | <b>(1,327,304)</b>        | <b>(1,247,304)</b>        | <b>1,495,371</b>        |
| Total comprehensive income for the period ended 30 September 2013 |                         |                                      |                         |                      |                           |                           |                         |
| Profit for the Period   | -                       | -                                    | -                       | -                    | (155,349)                 | (155,349)                 | (155,349)               |
| Balance as at 30 September 2013                                   | <u><b>3,656,900</b></u> | <u><b>(914,225)</b></u>              | <u><b>2,742,675</b></u> | <u><b>80,000</b></u> | <u><b>(1,482,653)</b></u> | <u><b>(1,402,653)</b></u> | <u><b>1,340,022</b></u> |

The annexed notes from 1 to 20 form an integral part of these financial statements.



**DIRECTOR & CEO**



**DIRECTOR**



**CHIEF FINANCIAL OFFICER**

# Notes to the Condensed Interim Financial Statements

For the first quarter ended September 30, 2013

## 1. STATUS AND NATURE OF BUSINESS

Power Cement Limited ( Formerly Al-Abbas Cement Industries Limited) was established as Private Limited Company on 1 December 1981 and was converted into Public Limited Company on 9 July 1987 and is listed on Karachi and Lahore Stock Exchanges. The Company's principal activity is manufacturing, marketing and sale of cement. The registered office of the Company is situated at Arif Habib Centre - 23, M.T Khan Road, Karachi and its factory is situated at 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 first quarter ended 30th September 2013 has been prepared in accordance with the requirements of the International Accounting Standard ( IAS) - 34 " Interim Financial Reporting" and the provisions of and directives issued under Companies Ordinance, 1984. In case where requirements differ, the provisions and directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulation of Karachi, Lahore and Islamabad Stock Exchanges.

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 June 30, 2013.

The comparative balance sheet presented in this condensed interim financial information as at 30th September 2013 has been extracted from the audited financial statements of the Company for the year ended 30th June 2013, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement are extracted from the unaudited condensed interim financial information for the first quarter ended 30th September 2013.

### 2.2 Functional and presentation currency

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

## 3. ACCOUNTING POLICIES

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 financial statements for the year ended June 30, 2013.

## 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards 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 judgements are continuously evaluated are based on historical experiences 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 judgements 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 30th June 2013.

# Notes to the Condensed Interim Financial Statements

For the first quarter ended September 30, 2013

## 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 2013

## 6. FIXED ASSETS

|                               |     | (Unaudited)<br>30 September<br>2013 | (Audited)<br>30 June<br>2013 |
|-------------------------------|-----|-------------------------------------|------------------------------|
| (Rupees in '000)              |     |                                     |                              |
| Property, Plant and Equipment | 6.1 | 4,250,053                           | 4,250,159                    |
| Intangible assets             | 6.2 | 8                                   | 21                           |
|                               |     | <u>4,250,061</u>                    | <u>4,250,180</u>             |

### 6.1 Property, Plant And Equipment

|  |                  |                  |
|--|------------------|------------------|
| Opening written down value                               | 4,250,159        | 4,226,302        |
| Additions during the period / year - at cost             |                  |                  |
| Plant and Machinery                                      | 18,859           | 91,426           |
| Factory and laboratory equipment                         | -                | 9,286            |
| Lease Hold Improvement                                   | 1,166            | 26,741           |
| Computers and peripherals                                | 2,573            | 2,657            |
| Office equipment   | 40               | 579              |
| Quarry equipment   | -                | 375              |
| Furniture and fixtures                                   | -                | 49               |
| Vehicles   | 43               | 1,560            |
|  | <u>22,681</u>    | <u>132,673</u>   |
| Written down value of deletions during the period / year | -                | (147)            |
| Depreciation / amortization for the period / year        | <u>(22,787)</u>  | <u>(108,669)</u> |
|  | <u>(22,787)</u>  | <u>(108,816)</u> |
| Closing written down value                               | <u>4,250,053</u> | <u>4,250,159</u> |

### 6.2 Intangible Assets

|  |           |            |
|--|-----------|------------|
| Opening written down value                   | 21        | 314        |
| Additions during the period / year - at cost | -         | -          |
|  | <u>21</u> | <u>314</u> |
| Amortization for the period / year           | (13)      | (293)      |
| Closing written down value                   | <u>8</u>  | <u>21</u>  |

## 7. STORES, SPARES AND LOOSE TOOLS

|  |                 |                 |
|--|-----------------|-----------------|
| Stores                                     | 144,454         | 153,933         |
| Coal                                       | 141,345         | 167,251         |
| Spare parts                                | 199,975         | 186,170         |
| Loose tools                                | 3,088           | 3,004           |
|  | <u>488,862</u>  | <u>510,358</u>  |
| Provision for slow moving / obsolete stock | <u>(13,519)</u> | <u>(13,519)</u> |
|  | <u>475,343</u>  | <u>496,839</u>  |

# Notes to the Condensed Interim Financial Statements

For the first quarter ended September 30, 2013

|  | (Unaudited)<br>30 September<br>2013 | (Audited)<br>30 June<br>2013 |
|--|-------------------------------------|------------------------------|
| <b>8. STOCK-IN-TRADE</b>                       |                                     |                              |
| Raw material                                   | 27,024                              | 17,080                       |
| Packing material                               | 52,515                              | 51,133                       |
| Work-in-process                                | 94,636                              | 220,453                      |
| Finished goods                                 | 60,367                              | 36,313                       |
|  | <u>234,542</u>                      | <u>324,979</u>               |
| <b>9. TAX REFUND DUE FROM GOVERNMENT</b>       |                                     |                              |
| Income tax refundable                          | 31,029                              | 46,406                       |
| Sales tax refundable                           | 2,989                               | 2,989                        |
| Excise duty receivable                         | 189,467                             | 189,467                      |
|  | <u>223,485</u>                      | <u>238,862</u>               |
| <b>10. LONG TERM FINANCING</b>                 |                                     |                              |
| <b>Secured from banking companies:</b>         |                                     |                              |
| Term finance                                   | 1,666,859                           | 1,666,859                    |
|  | <u>1,666,859</u>                    | <u>1,666,859</u>             |
| Current maturity shown under current liability | (299,797)                           | (299,797)                    |
|  | <u>1,367,062</u>                    | <u>1,367,062</u>             |
| From related party - unsecured                 | 500,000                             | 500,000                      |
|  | <u>1,867,062</u>                    | <u>1,867,062</u>             |
| <b>11. TRADE AND OTHER PAYABLES</b>            |                                     |                              |
| Trade creditors                                | 209,364                             | 180,607                      |
| Bills payable                                  | 108,462                             | 288,956                      |
| Accrued liabilities                            | 86,869                              | 73,182                       |
| Royalty payable                                | 18,081                              | 16,761                       |
| Excise duty payable                            | 5,827                               | 5,802                        |
| Advances from customers                        | 116,903                             | 210,320                      |
| Retention money payable                        | 1,539                               | 1,323                        |
| Sales tax and federal excise duty payable      | 53,023                              | 24,901                       |
| Workers' Profit Participation Fund             | 23,334                              | 8,867                        |
| Workers' Welfare Fund                          | 8,867                               | 23,334                       |
| Unclaimed dividends                            | 127                                 | 126                          |
| Withholding tax payable                        | 1,703                               | 1,732                        |
| Leave encashment payable                       | 12,687                              | 11,881                       |
| Others   | 1,431                               | 10,106                       |
|  | <u>648,218</u>                      | <u>857,898</u>               |
| <b>12. SHORT TERM BORROWINGS</b>               |                                     |                              |
| <b>From banking companies:</b>                 |                                     |                              |
| Running finances                               | 654,348                             | 558,822                      |
| <b>From related party:</b>                     |                                     |                              |
| Short term finance                             | 553,500                             | 399,500                      |
|  | <u>1,207,848</u>                    | <u>958,322</u>               |

# Notes to the Condensed Interim Financial Statements

For the first quarter ended September 30, 2013

## 13. CONTINGENCIES AND COMMITMENTS

13.1 There is no change in the status to contingencies as disclosed in the annual financial statements for the year ended 30 June 2013.

### 13.2 Commitments

|   | <b>(Unaudited)</b><br><b>30 September</b><br><b>2013</b> | (Audited)<br>30 June<br>2013 |
|---|--|------------------------------|
|   | (Rupees in '000)   |                              |
| Commitments against open letter of credit |  |                              |
| - Coal                                    | 679,735  | 77,271                       |
| - Stores and spares                       | <u>95,486</u>  | <u>69,919</u>                |
|   | <u>775,221</u>   | <u>147,190</u>               |
| Other commitments - ijarah rentals        | <u>3,918</u>   | <u>3,918</u>                 |
|   | <u><u>779,139</u></u>                                    | <u><u>151,108</u></u>        |

## 14. SALES - NET

|                     | <b>Quarter Ended</b><br><b>(Un-audited)</b> |                       |
|---------------------|---|-----------------------|
|                     | <b>30 September</b><br><b>2013</b>          | 30 September<br>2012  |
|                     | (Rupees in '000)                            |                       |
| Local               | 834,502                                     | 611,335               |
| Export              | <u>183,256</u>                              | <u>99,844</u>         |
|                     | <u>1,017,758</u>                            | <u>711,179</u>        |
| Less :              |   |                       |
| Sales tax           | <u>(146,437)</u>                            | <u>(84,322)</u>       |
| Federal excise duty | <u>(42,903)</u>                             | <u>(33,388)</u>       |
|                     | <u>(189,340)</u>                            | <u>(117,710)</u>      |
|                     | <u><u>828,418</u></u>                       | <u><u>593,469</u></u> |

## 15. TAXATION

|          |                   |                     |
|----------|-------------------|---------------------|
| Current  | 8,284             | 3,467               |
| Deferred | <u>(7,476)</u>    | <u>-</u>            |
|          | <u><u>808</u></u> | <u><u>3,467</u></u> |

# Notes to the Condensed Interim Financial Statements

For the first quarter ended September 30, 2013

|  | <b>Quarter ended</b><br><b>(Un-audited)</b> |                  |
|--|---|------------------|
|  | <b>30-Sep-13</b>                            | <b>30-Sep-12</b> |
|  | <b>(Rupees in '000)</b>                     |                  |
| <b>16. CASH GENERATED FROM / (USED IN) OPERATIONS</b>    |   |                  |
| <b>(Loss) / Profit before taxation</b>                   | <b>(154,541)</b>                            | 113,355          |
| <b>Adjustment for:</b>                                   |   |                  |
| Depreciation and amortization                            | 22,800                                      | 25,585           |
| Refund of Central Excise Duty                            | -   | (182,604)        |
| Provision for gratuity                                   | 3,000                                       | 1,850            |
| Finance costs  | 90,239                                      | 99,558           |
|  | <b>116,039</b>                              | (55,611)         |
| <b>Operating profit before working capital changes</b>   | <b>(38,502)</b>                             | 57,744           |
| <b>(Increase) / decrease in current assets</b>           |   |                  |
| Stores, spares and loose tools                           | 21,496                                      | 191,220          |
| Stock-in-trade   | 90,437                                      | (217,087)        |
| Trade debts  | (53,408)                                    | (18,378)         |
| Advances and other receivables                           | (8,338)                                     | (7,514)          |
| Trade deposits and prepayments                           | (9,205)                                     | (8,545)          |
| Tax refund due from government                           | -   | 14,438           |
|  | <b>40,982</b>                               | (45,866)         |
| <b>(Decrease) / Increase in trade and other payables</b> | <b>(209,680)</b>                            | (186,773)        |
| <b>Cash Used in operations</b>                           | <b>(207,200)</b>                            | (174,895)        |
| <b>17. CASH AND CASH EQUIVALENTS</b>                     |   |                  |
| Cash and bank balances                                   | 6,979                                       | 3,005            |
| Short term borrowings                                    | (654,348)                                   | (568,318)        |
|  | <b>(647,369)</b>                            | (565,313)        |



# Notes to the Condensed Interim Financial Statements

For the first quarter ended September 30, 2013

## 18. TRANSACTIONS WITH RELATED PARTIES

All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. 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. Amounts due to related parties are shown in under respective notes.

(Un - audited )  
Quarter ended 30 September  
2013                      2012  
( Rupees in '000)

### TRANSACTIONS WITH RELATED PARTIES

#### Aisha Steel Mills Limited

- Sale of goods

|  |     |     |
|--|-----|-----|
|  | 284 | 417 |
|  | 284 | 417 |

#### Safe Mix Concrete Products Limited

- Sale of goods

|  |        |   |
|--|--------|---|
|  | 16,041 | - |
|  | 16,041 | - |

#### Thatta Cement Company Limited

- Common expenses

|  |   |    |
|--|---|----|
|  | - | 56 |
|  | - | 56 |

#### Javedan Corporation Limited

- Sale of goods

|  |     |     |
|--|-----|-----|
|  | 333 | 378 |
|  | 333 | 378 |

#### Rotocast Engineering Company (Private) Limited

- Use of services

|  |       |   |
|--|-------|---|
|  | 1,053 | - |
|  | 1,053 | - |

#### Arif Habib Corporation Limited

- Loan paid

|  |         |   |
|--|---------|---|
|  | 337,000 | - |
|--|---------|---|

- Markup accrued during the period

|  |        |        |
|--|--------|--------|
|  | 15,830 | 18,261 |
|  | 15,830 | 18,261 |

#### Arif Habib

- Loan received / paid - net

|  |         |         |
|--|---------|---------|
|  | 491,000 | 249,000 |
|  | 491,000 | 249,000 |

(Unaudited)  
30 September  
2013

(Audited)  
30 June  
2013

### BALANCES WITH RELATED PARTIES

#### Aisha Steel Mills Limited

- Advances from customers

|  |     |     |
|--|-----|-----|
|  | 175 | 458 |
|  | 175 | 458 |

#### Javedan Corporation Limited

- Trade receivable

|  |     |     |
|--|-----|-----|
|  | 996 | 663 |
|  | 996 | 663 |

#### Thatta Cement Company Limited

- Trade receivable

|  |     |     |
|--|-----|-----|
|  | 870 | 870 |
|  | 870 | 870 |

#### Arif Habib Corporation Limited

- Loan payable (including mark-up)

|  |         |         |
|--|---------|---------|
|  | 266,734 | 588,077 |
|  | 266,734 | 588,077 |

# Notes to the Condensed Interim Financial Statements

For the first quarter ended September 30, 2013

## Safe Mix Concrete Products Limited

- Trade receivable

|              |            |
|--------------|------------|
| <u>5,206</u> | <u>851</u> |
|--------------|------------|

## Rotocast Engineering Company (Private) Limited

- Advance against Rent

|              |              |
|--------------|--------------|
| <u>1,175</u> | <u>2,264</u> |
|--------------|--------------|

## Mr. Arif Habib

- Loan payable (including mark-up)

|                |                |
|----------------|----------------|
| <u>803,000</u> | <u>312,000</u> |
|----------------|----------------|

## 19. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim financial information has been authorised for issue on October 30, 2013 by the Board of Directors.

## 20. GENERAL

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



DIRECTOR & CEO



DIRECTOR



CHIEF FINANCIAL OFFICER