

# Focusing on Growth

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Quality - Reliability - Responsibility

Half Yearly Report  
December 31, 2017



A Group Company of



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# Corporate Information

## Board of Directors

Nasim Beg	Director & Chairman
Muhammad Kashif Habib	Director & CEO
Samad A. Habib	Director
Muhammad Ejaz	Director
Muhammad Yousuf Adil	Director
Syed Salman Rashid	Director
Anders Paludan-Müller	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

## Legal Advisor

Usmani & Iqbal, Advocate & Solicitors  
Haider Mota BNR

## Share Registrar

Technology Trade (Private) Limited  
241-C, Dagia House, Block-2, P.E.C.H.S,  
off Shahrah-e-Quaideen, Karachi.

## Principal Bankers

Allied Bank Limited  
Al Baraka Bank Pakistan Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank (Pakistan) Limited  
Faysal Bank Limited  
First Credit & Investment Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
National Bank of Pakistan  
Meezan Bank Limited  
Pak Oman Investment Company Limited  
The Bank of Punjab  
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  
021-32468350-51

## Fax Number:

021-32463209

## Factory

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

## Directors' Review

The Directors of your Company present herewith their review along with the un-audited condensed interim financial information for the six months period ended December 31, 2017.

### INDUSTRY OVERVIEW

During the first half of the current financial year, the Cement industry grew by 12.3% to 22.2 million tons as compared to 19.8 million tons during the corresponding period of the last year. The momentum in the local market continued and South Zone, where your Company is situated, registered a growth of 14 % whereas exports declined by 36%. Domestic dispatches were 3.3 million tons whereas exports were 0.6 million tons. As a result, the South Zone closed at a total dispatch of 3.9 million tons recording a net growth of 2%. On the other hand, the North Zone's domestic demand grew by 21% and export demand for the same period declined by 8% recording a net growth of 18% as compared to the corresponding period.

### BUSINESS PERFORMANCE

#### Production & sales volume performance

The production and sales volume statistics (in tons) of your Company for the six months ended December 31, 2017 together with the corresponding period is as under:

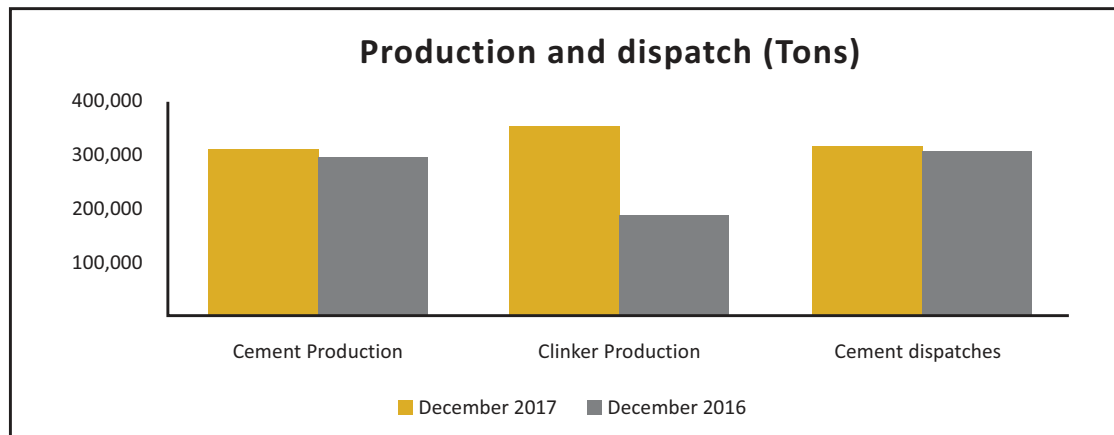
Particulars	Six Months Ended		Variance %
	31 December 2017	31 December 2016	
	In Tons		
Cement production	311,052	295,265	5%
Clinker production	352,032	188,185	87%

The capacity utilization increased to 78% as compared to 42% over the corresponding period.

Particulars	Six Months Ended		Variance %
	31 December 2017	31 December 2016	
	In Tons		
Cement dispatches (Local)	311,152	299,785	4%
Cement dispatches (Export)	5,321	5,677	(6%)
Total Dispatches	316,473	305,462	4%

The Company continued its concentration mainly on high price local sales considering the improved domestic demand. A graphical analysis of sales and production is given hereunder:

## Power Cement Limited



### FINANCIAL PERFORMANCE

An analysis of the key financial results of your Company for the six months ended December 31, 2017 is as under:

Particulars	Six Months Ended	
	31 December 2017	31 December 2016
	Rs. '000	
Sales revenue	2,092,008	2,066,907
Gross profit	438,873	449,002
Profit before tax	271,546	303,344
Net profit after tax	198,124	242,115
Earnings per share (Rupees)	0.21	0.61

During the period under review, the sales revenue increased by 1%. Profitability remained under pressure due to falling rupee and increasing fuel prices and therefore gross profit has shown a dip of 1%.

### EXPANSION OF PLANT CAPACITY

The company is going through an ambitious expansion plan to install a new line of 7700 TPD at Company's existing site. The overall expansion has a Total Project Cost of PKR 24.92 Billion equivalent.

During early 2017, Equipment supply & supervision contracts were signed with FLSmidth (world renowned cement plant manufacturer based in Copenhagen, Denmark), and LCs were established for the same last year. Construction and Erection Contract had also been finalized with TEPC (China based company) and the Company has since been working actively to complete the project within due timelines.

Once the said expansion is complete, PCL will be one of the cost efficient cement manufacturers of Pakistan and the second largest cement producer in South Zone, having an annual production capacity of 3.5 Million Tons. The plant has good approach to Karachi city, Interior Sindh and direct links to both Seaports of Karachi.

**FUTURE OUTLOOK**

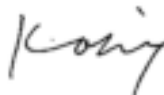
The current demand-supply situation in the cement sector has encouraged the market producers to expand their production capacities. Domestic sales are expected to remain strong going forward and hence the board and management is confident of benefiting greatly from the 7,700 TPD expansion project which is expected to begin commercial production by last quarter of the financial year 2019.

**ACKNOWLEDGEMENT**

The Directors are grateful to the Company's stakeholders for their continuing confidence and patronage. We wish to place on record our appreciation and thanks for the faith and trust reposed by our Business Partners, Bankers and Financial Institutions. We thank the Ministry of Finance, Ministry of Industries & Production, the Securities & Exchange Commission of Pakistan, the State Bank of Pakistan, the Competition Commission of Pakistan, Central Depository Company of Pakistan and the Management of Pakistan Stock Exchange for their continued support and guidance which has gone a long way in giving present shape to the Company.

The results of an organization are greatly reflective of the efforts put in by the people who work for and with the Company. The Directors fully recognize the collective contribution made by the employees of the Company and look forward to successful completion of expansion project in the stipulated period. We also appreciate the valuable contribution and active role of the members of the audit and other committees in supporting and guiding the management on matters of great importance.

For and on behalf of the Board



**Muhammad Kashif Habib**  
Chief Executive Officer



**Nasim Beg**  
Chairman

Karachi: 26th February 2018

## **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 2017 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. 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 11.1 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.115.927 million. Our opinion is not qualified in respect of these matters.

### **Other Matters**

The figures for the quarter ended 31 December 2017 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.

**Date: 26th February 2018  
Karachi**

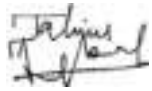
  
**KPMG Taseer Hadi & Co.  
Chartered Accountants  
Muhammad Taufiq**

# Condensed Interim Balance Sheet

As at 31 December 2017

		(Un-audited) 31 December 2017	(Audited) 30 June 2017
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	7,924,617	5,248,476
Intangible assets	7	3,572	8,977
Long term investments	8	13,670	13,220
Long term deposits		19,635	19,635
		7,961,494	5,290,308
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	9	900,248	999,837
Stock-in-trade	10	412,524	224,731
Trade debts		539,356	331,301
Advances and other receivables		231,759	364,524
Trade deposits and prepayments		15,530	7,824
Tax refunds due from government	11	514,242	359,770
Cash and bank balances	12	2,440,814	3,808,819
		5,054,473	6,096,806
<b>TOTAL ASSETS</b>		<b>13,015,967</b>	<b>11,387,114</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 1,200,000,000 (30 Jun 2017: 1,200,000,000) Ordinary shares of Rs. 10/- each		12,000,000	12,000,000
Issued, subscribed and paid-up capital 958,755,764 (30 Jun 2017: 365,689,968) Ordinary shares of Rs. 10/- each	13	9,587,558	3,656,900
Premium / Discount on issuance of right shares	13.4	504,090	(914,225)
Advance against rights issue		-	6,049,057
Accumulated loss		(199,367)	(397,491)
		9,892,280	8,394,241
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	14	-	110,000
Deferred taxation		507,776	444,261
Deferred liabilities		59,312	57,389
		567,088	611,650
<b>CURRENT LIABILITIES</b>			
Loan from previous sponsors	15	735	735
Trade and other payables	16	700,927	784,482
Mark-up accrued		16,106	11,214
Short-term borrowings	17	1,478,831	1,107,669
Current portion of long term financing		360,000	250,000
Current portion of deferred accrued mark-up		-	227,123
		2,556,599	2,381,223
<b>CONTINGENCIES AND COMMITMENTS</b>	18		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>13,015,967</b>	<b>11,387,114</b>

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



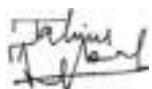
DIRECTOR

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

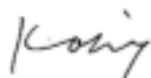
For the six months and quarter ended 31 December 2017

	Note	Six months period ended 31 December		Quarter ended 31 December	
		2017	2016	2017	2016
----- (Rupees in '000) -----					
<b>Sales - net</b>	19	<b>2,092,008</b>	2,066,907	<b>1,167,587</b>	1,136,720
Cost of sales	20	<b>(1,653,135)</b>	(1,617,905)	<b>(927,866)</b>	(903,733)
<b>Gross profit</b>		<b>438,873</b>	449,002	<b>239,721</b>	232,987
Distribution cost	21	<b>(67,541)</b>	(54,383)	<b>(32,660)</b>	(26,804)
Administrative expenses	22	<b>(57,175)</b>	(31,781)	<b>(30,016)</b>	(11,711)
Other income	23	<b>1,241</b>	54,606	<b>826</b>	30,717
Other operating expense	24	<b>(31,999)</b>	20,956	<b>(21,739)</b>	29,441
		<b>(155,474)</b>	(10,602)	<b>(83,589)</b>	21,643
<b>Operating profit</b>		<b>283,398</b>	438,400	<b>156,132</b>	254,630
Finance income		<b>66,900</b>	135	<b>34,076</b>	135
Finance cost		<b>(78,752)</b>	(135,191)	<b>(42,651)</b>	(82,572)
<b>Finance (cost) / income - net</b>		<b>(11,852)</b>	(135,056)	<b>(8,575)</b>	(82,437)
<b>Profit before taxation</b>		<b>271,546</b>	303,344	<b>147,558</b>	172,193
Taxation		<b>(73,422)</b>	(61,229)	<b>(34,435)</b>	(40,540)
<b>Profit after taxation</b>		<b>198,124</b>	242,115	<b>113,123</b>	131,653
----- (Rupees) -----					
		<i>Restated</i>		<i>Restated</i>	
<b>Earnings per share - Basic and diluted</b>		<b>0.21</b>	0.61	<b>0.12</b>	0.33

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

# Condensed Interim Cash Flow Statement (Un-audited)

For the six months period ended 31 December 2017

	Note	Six months period ended 31 December	
		2017	2016
----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	25	2,085	20,830
Gratuity paid		(9,176)	(5,750)
Income tax paid		(40,490)	(67,562)
Interest income on Defence saving certificates		(454)	-
Financial charges paid		(299,940)	(298,953)
		<u>(350,060)</u>	<u>(372,265)</u>
<b>Cash used in operating activities</b>		<b>(347,975)</b>	<b>(351,435)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure - Project Line III		(2,750,633)	(483,471)
Investments made during period		-	(11,650)
Interest received		58,771	-
Proceeds from sale of property, plant and equipment		755	300
<b>Net cash generated from / (used in) investing activities</b>		<b>(2,691,107)</b>	<b>(494,821)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loan from sponsors - net		-	70,000
Proceeds from rights issue		1,330,545	-
Expenses incurred on issuance of right shares		(30,630)	-
<b>Net cash generated from / (used in) financing activities</b>		<b>1,299,915</b>	<b>70,000</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(1,739,167)</b>	<b>(776,256)</b>
Cash and cash equivalents at beginning of the period		2,701,150	(701,267)
<b>Cash and cash equivalents at end of the period</b>	26	<b>961,983</b>	<b>(1,477,523)</b>

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

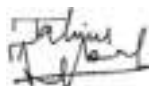
Power Cement Limited

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

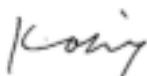
For the six months and quarter ended 31 December 2017

	Six months period ended 31 December		Quarter ended 31 December	
	2017	2016	2017	2016
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Profit for the period	198,124	242,115	113,123	131,653
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>198,124</b>	<b>242,115</b>	<b>113,123</b>	<b>131,653</b>

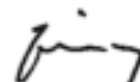
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CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



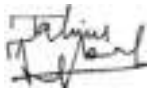
DIRECTOR

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

For the six months period ended 31 December 2017

	Capital reserve			Revenue Reserve		Total
	Share Capital	Premium / (discount) on issuance of right shares	Advance against right issue	General	Accumulated profit / (loss)	
	----- (Rupees in '000) -----					
Balance as at 1 July 2016	3,656,900	(914,225)	-	-	(394,565)	2,348,110
<b>Transaction with owners recorded directly in equity</b>						
Unwinding of discount on interest free liability	-	-	-	-	16,907	16,907
Total comprehensive income for the period						
Profit for the period	-	-	-	-	242,115	242,115
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	242,115	242,115
Balance as at 31 December 2016	3,656,900	(914,225)	-	-	(135,543)	2,607,132
Balance as at 1 July 2017	3,656,900	(914,225)	6,049,057	-	(397,491)	8,394,241
<b>Transaction with owners recorded directly in equity</b>						
Receipt against right shares	-	-	1,330,545	-	-	1,330,545
Issuance costs	-	-	(30,630)	-	-	(30,630)
Issuance costs charged against share premium	-	(64,350)	64,350	-	-	-
Issuance of right shares	5,930,658	1,482,664	(7,413,322)	-	-	-
Total comprehensive income for the period	5,930,658	1,418,314	(6,049,057)	-	-	1,299,915
Profit for the period	-	-	-	-	198,124	198,124
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	198,124	198,124
Balance as at 31 December 2017	9,587,558	504,090	-	-	(199,367)	9,892,280

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

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

For the six months period ended 31 December 2017

## 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

2.1.1 This condensed interim financial information of the Company for the six months period ended 31 December 2017 has been prepared in accordance with the requirements of the International Accounting Standards (IAS) 34 Interim Financial Reporting' and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

2.1.2 The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular no.23/2017 dated 04 October 2017, further clarification issued by the Institute of Chartered Accountants of Pakistan vide its circular no.17/2017 dated 06 October 2017 this condensed interim unconsolidated financial information have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.1.3 This condensed interim unconsolidated financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2017.

2.1.4 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 2017, 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 period ended 31 December 2016.

2.1.5 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 repealed Companies Ordinance, 1984. The figures for the six months period ended 31 December 2017 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 obligation determined by an independent actuary.

### 2.3 Functional and presentation currency

This condensed interim financial information is presented in Pakistan Rupees which is 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 the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 2017.

3.2 Certain amendment and interpretation to approved accounting standards that 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.

3.3 The significant judgments, estimates and assumptions made by Management in applying the Company's accounting policies and the factors used in making those estimates and associated assumptions were the same as those that were applied to the audited annual published financial statements for the year ended 30 June 2017.

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

For the six months period ended 31 December 2017

- 3.4** Standards, interpretations and amendments to published approved accounting standards that are effective in the current period
- 3.4.1** Certain new amendments to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after 01 July 2017 but are considered not to be relevant or to have any significant effect on this condensed interim financial information.
- 3.5** Standards, interpretations and amendments to approved accounting standards that are not yet effective.

The following revised standards, amendments and interpretations of approved accounting standards would be effective from the dates mentioned below against the respective standard or interpretation:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
- IFRS 2 - Share-based Payment - (Amendments)	01 January 2018
- IAS 28 - Investments in associates and joint ventures - (Amendments)	01 January 2018
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
- The Company expects that the adoption of above amendments and interpretations will not affect its financial statements in the period of initial application except certain additional disclosures.	
- The following new standards have been issued by the IASB and have been notified by the SECP for application in Pakistan.	

Standard or Interpretation	Effective date (annual periods beginning on or after)
- IFRS 15 - Revenue from contracts with customers	01 July 2018
- IFRS 9 - Financial Instruments: Classification and Measurement	01 July 2018
- The Company is currently in the process of analyzing the potential impact of changes in policies on adoption of the above standards.	
- The Companies Act, 2017 applicable for the period beginning 01 January 2018 requires additional disclosures. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 - 'Property, Plant and Equipment'. Accordingly, surplus on revaluation of fixed assets will be part of equity.	

#### 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan 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 annual audited financial statements as at and for the year ended 30 June 2017.

#### 5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended 30 June 2017.

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

For the six months period ended 31 December 2017

		(Un-audited) 31 December 2017	(Audited) 30 June 2017
		----- (Rupees in '000) -----	
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>	<i>Note</i>		
Operating assets	6.1	5,023,659	4,912,987
Capital work in progress - Project Line III	6.2	2,792,134	235,751
Capitalisable stores and spares	6.3	108,824	99,738
		<u>7,924,617</u>	<u>5,248,476</u>
<b>6.1 Operating assets</b>			
Opening written down value		4,912,987	4,357,092
<b>Additions during the period / year - at cost</b>			
Plant and Machinery		145,881	640,291
Non Factory building on leasehold land		-	3,144
Leasehold Improvement		-	549
Factory and laboratory equipment		21,018	9,523
Computers and peripherals		3,234	9,487
Office equipment		2,304	4,881
Furniture and fixtures		1,583	2,874
Vehicles		11,144	1,457
		185,164	672,206
Written down value of deletions during the period / year		(306)	(131)
Depreciation for the period / year		(74,186)	(116,180)
		(74,492)	(116,311)
<b>Closing written down value</b>		<u>5,023,659</u>	<u>4,912,987</u>
<b>6.2 Capital Work in progress - Project Line III</b>			
Opening balance		235,751	7,845
Additions		2,556,383	227,906
<b>Closing balance</b>		<u>2,792,134</u>	<u>235,751</u>
<b>6.3 Capitalisable Stores</b>			
Opening balance		99,738	74,516
Additions during the period / year		55,304	219,113
Transferred to property, plant and equipment		(46,218)	(193,891)
<b>Closing balance</b>		<u>108,824</u>	<u>99,738</u>
<b>7. INTANGIBLE ASSETS</b>			
Opening written down value		8,977	8,982
Additions during the period / year - software at cost		-	5,901
		8,977	14,883
Amortization for the period / year		(5,405)	(5,906)
<b>Closing written down value</b>		<u>3,572</u>	<u>8,977</u>

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

For the six months period ended 31 December 2017

8. INVESTMENTS	Note	(Un-audited)	(Audited)
		31 December 2017	30 June 2017
----- (Rupees in '000) -----			
<b>Held to maturity</b>			
Defence savings certificates	8.1	12,670	12,215
Term deposit certificate	8.2	1,000	1,000
<b>Held for Trading</b>			
Units of Meezan Cash Fund		-	5
		<u>13,670</u>	<u>13,220</u>

8.1 These Defence Saving 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 Sindh High Court.

8.2 These are held with a conventional bank carrying mark-up rate of 3.75% and will mature in May 2019.

9. STORES, SPARES AND LOOSE TOOLS	(Un-audited)	(Audited)
	31 December 2017	30 June 2017
----- (Rupees in '000) -----		
Stores	287,756	322,426
Coal	298,799	348,928
Spare parts	320,793	334,978
Loose tools	6,419	7,024
	<u>913,767</u>	<u>1,013,356</u>
Provision for slow moving / obsolete stock	(13,519)	(13,519)
	<u>900,248</u>	<u>999,837</u>

## 10. STOCK IN TRADE

Raw material	12,469	12,243
Packing material	36,774	36,921
Work-in-process	287,001	73,846
Finished goods	76,280	101,721
	<u>412,524</u>	<u>224,731</u>

## 11. TAX REFUND DUE FROM GOVERNMENT

Income tax refundable	321,786	167,314
Sales tax refundable	2,989	2,989
Excise duty receivable	189,467	189,467
	<u>514,242</u>	<u>359,770</u>

11.1 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 Honourable Supreme Court of Pakistan as per its judgment dated February 15, 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

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

For the six months period ended 31 December 2017

(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.

- 11.2 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 Honourable Sindh High Court which was rejected vide order dated 29 May 2007. The Company then filed a petition in Honourable 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 suite 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 favour of the Company and that the amount deposited above would be recovered.

12. CASH AND BANK BALANCES	Note	Un-audited	Audited
		31 December 2017	30 June 2017
----- (Rupees in '000) -----			
Cash in hand		781	800
Cash with banks:			
- In current accounts		19,301	1,834,574
- In savings accounts	12.1	1,992,232	1,752,945
- Term deposits	12.2	428,500	220,500
		<u>2,440,814</u>	<u>3,808,819</u>

- 12.1 These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 2.35% - 3% (30 June 2017: 2.5% - 5.6%) per annum.

- 12.2 This includes term deposit certificate with a local bank having tenure of one month (30 June 2017: one month) and carries profit at declared rate of 4.17% (30 June 2017: 4.17%). The certificate has been placed on lien for obtaining bank guarantee.

## 13. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

31 December 2017	30 June 2017		31 December 2017	30 June 2017
----- (Number of Shares) -----			----- (Rupees in '000) -----	
		Fully paid ordinary shares of Rs. 10 each issued:		
		For cash	9,465,762	3,535,104
946,576,176	353,510,380	For consideration other than cash	8,400	8,400
840,000	840,000	Bonus shares	113,396	113,396
<u>11,339,588</u>	<u>11,339,588</u>		<u>9,587,558</u>	<u>3,656,900</u>
<u>958,755,764</u>	<u>365,689,968</u>			

- 13.1 Shares held by the associated undertakings as at the balance sheet date were 567,185,005 (30 June 2017: 210,855,545).
- 13.2 The Board of Directors of the Company in their meeting held on 24 April 2017 approved the issue of 162% right shares in terms of ordinary shares at exercise price of Rs. 12.5. These right shares were offered to the Company's existing ordinary shareholders.
- 13.3 The shareholders of the Company in an Extraordinary General Meeting held on 20 May 2017 have approved an offer and allotment of 104,658,670 ordinary shares having face value of Rs. 10 each at a premium of Rs. 2.5 per share, by way of a further issue of capital otherwise than the right shares. These shares shall not be saleable for 5 years and SECP has also accorded an approval for the same. The Company has obtained approval from Competition Commission of Pakistan.

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

For the six months period ended 31 December 2017

13.4 PREMIUM / DISCOUNT ON ISSUANCE OF RIGHT SHARES	Note	(Un-audited)	(Audited)
		31 December 2017	30 June 2017
----- (Rupees in '000) -----			
Discount on issuance of right shares		(914,255)	(914,255)
Premium on issuance of right shares		1,418,345	-
		<u>504,090</u>	<u>(914,255)</u>
<b>14. LONG TERM FINANCING</b>			
Principal amount	14.1 & 14.2	360,000	360,000
Less: Current maturity shown under current liabilities		(360,000)	(250,000)
		<u>-</u>	<u>110,000</u>

**14.1** This represents syndicated term finance facility and deferred mark-up 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 month 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 month 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 will then be 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.

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.

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

## 15. LOAN FROM PREVIOUS SPONSORS

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 filed objections to the award, the matter is disclosed as a contingent liability.

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

For the six months period ended 31 December 2017

		(Un-audited) 31 December 2017	(Audited) 30 June 2017
----- (Rupees in '000) -----			
<b>16. TRADE AND OTHER PAYABLES</b>	<i>Note</i>		
Trade creditors		246,556	255,015
Bills payable		131,971	287,105
Accrued liabilities		50,418	43,009
Royalty payable		1,001	-
Excise duty payable		3,498	2,427
Advances from customers		45,922	47,146
Retention money payable		1,532	1,632
Federal excise duty payable (Current)		71,829	-
Workers' Welfare Fund		25,470	24,587
Workers' Profit Participation Fund		94,201	94,785
Unclaimed dividends		126	126
Withholding tax payable		9,959	10,704
Leave encashment payable		17,880	16,434
Others		564	1,512
		<u>700,927</u>	<u>784,482</u>
<b>17. SHORT TERM BORROWINGS</b>			
<b>Conventional</b>			
Running finances	17.1	228,831	278,034
Foreign currency loan	17.2	-	11,513
<b>Islamic</b>			
Istisna	17.3	1,250,000	780,000
Murabaha	17.4	-	38,122
		<u>1,478,831</u>	<u>1,107,669</u>

**17.1** This represents short-term running finance facilities from various banks amounting to Rs. 300 million (June 2017: Rs. 300 million). These carry mark up at the rate ranging between 3 months KIBOR plus 1.5% to 3 months KIBOR plus 2.5% (30 June 2017 : 3 months KIBOR plus 1.5% 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 2018 to 30 June 2018 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. 71.169 million (30 June 2017: Rs. 21.97 million).

**17.2** This previously availed FE 25 facilities has now been converted to the Istisna facility as reported in note 17.3.

**17.3** This represents facilities amounting to Rs.1,250 million (30 June 2017: Rs. 900 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 2.5% (30 June 2017: KIBOR plus 1.6% to KIBOR plus 3.75%). These facilities will mature from 30 September 2017 to 30 April 2018 and are renewable. As at balance sheet date unavailed amount under these facilities amount to Rs. 250 million. These are secured by first pari passu charge over stocks and receivables of the Company and lien over import documents.

**17.4** This previously availed Murabaha facility has now been converted to the Istisna facility as reported in note 17.3.

**17.5** The Company also has unfunded facilities from various banks amounting to Rs. 900 million.(30 June 2017: 1,050 million)

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

For the six months period ended 31 December 2017

## 18 CONTINGENCIES AND COMMITMENTS

### 18.1 Contingencies

There is no change in the status of the contingencies as disclosed in note 22.1 to the annual financial statements of the company for the year ended 30th June 2017 except the following notes:

Note 22.1.2 – Consequent to changes in the legislation, the Supreme Court has remanded the matter to the CCP Tribunal. The Company via Constitutional Petition (CP) # 'D-8444' has challenged the formation of the Competition Commission of Pakistan (CCP) Tribunal on certain grounds. The CP has been filed before the Sindh High Court which through its order dated 12/12/2017 has restrained the CCP Tribunal from issuance of a final order, however, the proceedings on the matter may be continued by the Tribunal as per its discretion."

Note 22.1.5 – the Commission Inland Revenue (CIR) has preferred an appeal before the Appellate Tribunal Inland Revenue against order # 41 of 2017 passed by CIR (Appeals –II) on September 27, 2017. Date of hearing of the same has not yet been fixed.

Note 22.1.11 - One of the labours working at the Company's Factory has also filed a case claiming an approximate amount of PKR 1.5 million in respect of certain unpaid salaries / wages etc. the case is pending with the High Court of Sindh, circuit court at Hyderabad. The management is confident that the outcome of the case will be in favor of the Company.

A case has also been initiated against the Company for recovery of advertisement fees, the Company has engaged a legal counsel for that but the appellants have not produced any calculations in their appeal and hence the documents filed by them in the courts don't claim any specific amount. The company has not received any demand note nor has the claimant attached any demand note issued to the Company in his petition. Nor has the claimant made any precise reference to the advertisements he is referring to. Due to non-service of any demand note and incomplete petition submitted in the court, the legal counsel of the Company is confident of getting the case dismissed.

### 18.2 Commitments

	(Un-audited) 31 December 2017	(Audited) 30 June 2017
----- (Rupees in '000) -----		
Commitments against open letter of credit for:		
Coal	166,458	411,723
Clinker Plant Project	6,060,704	7,329,621
Cement production and Dispatch Project	2,569,236	3,052,757
Stores and spares	781,824	95,744
	<u>9,578,222</u>	<u>10,889,845</u>
Commitments against Capital Expenditures	7,377,083	-
Commitments against letter of guarantees	10,500	10,500
Commitment against purchase of land	61,370	61,370
Ijarah rentals	17,206	3,395
Supervisory Fees	676,083	616,318
	<u>17,720,463</u>	<u>11,581,428</u>

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

For the six months period ended 31 December 2017

	Note	(Un-audited) Six months period ended 31 December	
		2017	2016
----- (Rupees in '000) -----			
<b>19. SALES - NET</b>			
Local		2,934,633	2,778,879
Export		44,566	43,550
		<u>2,979,199</u>	<u>2,822,429</u>
Less :			
Sales tax		(498,251)	(462,222)
Federal excise duty		(388,940)	(293,300)
		<u>(887,191)</u>	<u>(755,522)</u>
		<u>2,092,008</u>	<u>2,066,907</u>
<b>20. COST OF SALES</b>			
Salaries, wages and other benefits including retirement benefits		155,887	132,167
Raw materials consumed	20.1	107,455	553,476
Packing material consumed	20.2	119,647	116,153
Stores, spares and loose tools		112,430	111,057
Fuel and power		1,209,406	608,017
Insurance		6,085	4,758
Repairs and maintenance		55,779	37,477
Depreciation		66,699	42,631
Other production overheads		7,460	18,411
		<u>1,840,848</u>	<u>1,624,147</u>
<b>Work in process</b>			
Opening		73,846	31,973
Closing		(287,001)	(75,447)
		<u>(213,154)</u>	<u>(43,474)</u>
<b>Cost of goods manufactured</b>		<u>1,627,694</u>	<u>1,580,673</u>
<b>Finished goods</b>			
Opening		101,721	47,241
Purchases		-	17,365
Closing		(76,280)	(27,374)
		<u>25,441</u>	<u>37,232</u>
		<u>1,653,135</u>	<u>1,617,905</u>
<b>20.1 Raw materials consumed</b>			
Opening stock of raw material		12,243	30,857
Purchases		107,680	553,521
		<u>119,923</u>	<u>584,378</u>
Closing stock of raw material		(12,468)	(30,902)
		<u>107,455</u>	<u>553,476</u>
<b>20.2 Packing materials consumed</b>			
Opening stock of packing material		36,921	55,150
Purchases		119,522	103,548
		<u>156,443</u>	<u>158,698</u>
Closing stock of packing material		(36,796)	(42,545)
		<u>119,647</u>	<u>116,153</u>

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

For the six months period ended 31 December 2017

	(Un-audited)	
	Six months period ended	
	31 December	
Note	2017	2016
	----- (Rupees in '000) -----	
<b>21. DISTRIBUTION COST</b>		
Salaries, wages and other benefits including retirement benefits	17,565	15,073
Export expenses	22,215	18,004
Travelling and conveyance	-	38
Depreciation	1,872	1,327
Marking fee	1,903	1,569
Incentives and commission on local sales	17,406	10,623
Others	6,580	7,749
	<u>67,541</u>	<u>54,383</u>
<b>22. ADMINISTRATIVE EXPENSES</b>		
Salaries, wages and other benefits including retirement benefits	20,819	11,359
Travelling and conveyance	-	513
Printing and stationery	2,164	1,522
Repair and maintenance	278	1,100
Legal and professional charges	641	394
Auditor's remuneration	1,225	543
Rent, rates and taxes	3,941	3,281
Advertisement	194	1,119
Postage, telephone and telegram	2,232	1,345
Entertainment	1,838	1,005
Ijarah payments	1,085	632
Fees and subscription	6,359	1,653
Depreciation and Amortization	11,020	5,454
Charity and donation	1,836	884
Miscellaneous	3,543	977
	<u>57,175</u>	<u>31,781</u>
<b>23. OTHER INCOME</b>		
Gain / (loss) on disposal of fixed assets	450	262
Scrap sales	791	54,135
Other	-	209
	<u>1,241</u>	<u>54,606</u>
<b>24. OTHER OPERATING EXPENSES</b>		
Workers' Welfare Fund	4,883	(16,709)
Exchange (gain) / loss	12,733	1,401
Workers' Profit Participation Fund	14,383	(5,648)
	<u>31,999</u>	<u>(20,956)</u>

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

For the six months period ended 31 December 2017

		(Un-audited) Six months period ended 31 December	
		2017	2016
		----- (Rupees in '000) -----	
<b>25. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		271,546	303,344
<b>Adjustment for:</b>			
Depreciation and amortization		79,591	49,411
Finance cost on short term borrowings		37,014	36,546
Finance cost on unwinding of discount on related parties		-	39,999
Finance cost on unwinding of discount on deferred accrued mark-up		41,738	58,646
Exchange loss on bills payable		12,733	1,401
Gain on disposal of fixed assets		(450)	(262)
Finance Income		(66,900)	-
Provision for gratuity		7,260	7,505
		<u>110,986</u>	<u>193,246</u>
<b>Operating profit before working capital changes</b>		<b>382,532</b>	<b>496,590</b>
<b>(Increase) / decrease in current assets</b>			
Stores, spares and loose tools		99,589	(152,977)
Stock-in-trade		(187,793)	(11,047)
Trade debts		(208,055)	(57,701)
Advances and other receivables		8,877	(189,654)
Trade deposits and prepayments		(7,706)	(6,019)
		<u>(295,088)</u>	<u>(417,398)</u>
(Decrease) in trade and other payables		(85,359)	(58,362)
<b>Net cash generated from / (used in) operations</b>		<u><b>2,085</b></u>	<u><b>20,830</b></u>
<b>26. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		2,440,814	37,001
Short term borrowings	17	<u>(1,478,831)</u>	<u>(1,514,524)</u>
		<u><b>961,983</b></u>	<u><b>(1,477,523)</b></u>
<b>27. MEASUREMENT OF FAIR VALUES</b>			

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

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

For the six months period ended 31 December 2017

		As at 31 December 2017						Fair value			
		Carrying value					Total	Level 1	Level 2	Level 3	Total
	Note	Held for trading	Available for sale	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities				
(Rupees in '000)											
<b>Financial assets not measured at fair value</b>											
Term deposit certificate		-	-	1,000	-	-	-	1,000			
Units of Meezan Cash Fund	27.1	-	-	-	-	-	-	-			
Defence savings certificates	27.1	-	-	12,670	-	-	-	12,670			
Long term deposits		-	-	-	19,635	-	-	19,635			
Trade debts	27.1	-	-	-	539,356	-	-	539,356			
Advances and other receivables	27.1	-	-	-	231,759	-	-	231,759			
Trade deposits and prepayments	27.1	-	-	-	15,530	-	-	15,530			
Tax refunds due from government	27.1	-	-	-	514,242	-	-	514,242			
Cash and bank balances	27.1	-	-	-	2,440,814	-	-	2,440,814			
		-	-	13,670	3,761,336	-	-	3,775,006			
<b>Financial liabilities not measured at fair value</b>											
Long-term financing	27.1	-	-	-	-	-	-	-			
Deferred accrued mark-up	27.1	-	-	-	-	-	-	-			
Loan from related parties	27.1	-	-	-	-	-	-	-			
Loan from previous sponsors	27.1	-	-	-	-	-	735	735			
Trade and other payables	27.1	-	-	-	-	-	700,927	700,927			
Mark-up accrued	27.1	-	-	-	-	-	16,106	16,106			
Short-term borrowings	27.1	-	-	-	-	-	1,478,831	1,478,831			
		-	-	-	-	-	2,196,599	2,196,599			
As at 30 June 2017											
		Carrying value					Total	Fair value			Total
	Note	Held for trading	Available for sale	Held to maturity	Loans and receivables	Other financial assets	Other financial liabilities	Level 1	Level 2	Level 3	Total
(Rupees in '000)											
<b>Financial assets not measured at fair value</b>											
Term deposit certificate		-	-	1,000	-	-	-	1,000			
Units of Meezan Cash Fund		5	-	-	-	-	-	5	5	-	5
Defence saving certificates	27.1	-	-	12,215	-	-	-	12,215			
Long term deposits	27.1	-	-	-	19,635	-	-	19,635			
Trade debts	27.1	-	-	-	331,301	-	-	331,301			
Advances and other receivables	27.1	-	-	-	364,524	-	-	364,524			
Trade deposits and prepayments	27.1	-	-	-	7,824	-	-	7,824			
Tax refunds due from government	27.1	-	-	-	359,770	-	-	359,770			
Cash and bank balances	27.1	-	-	-	3,808,819	-	-	3,808,819			
		5	-	13,215	4,891,873	-	-	4,905,093			
<b>Financial liabilities not measured at fair value</b>											
Long-term financing	27.1	-	-	-	-	-	110,000	110,000			
Deferred accrued mark-up	27.1	-	-	-	-	-	227,123	227,123			
Loan from previous sponsors	27.1	-	-	-	-	-	735	735			
Trade and other payables	27.1	-	-	-	-	-	784,482	784,482			
Mark-up accrued	27.1	-	-	-	-	-	11,214	11,214			
Short-term borrowings	27.1	-	-	-	-	-	1,107,669	1,107,669			
		-	-	-	-	-	2,241,223	2,241,223			

27.1 These financial assets and liabilities are for short term or repiced over short term. Therefore their carrying amounts are reasonable approximation of fair value.

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

For the six months period ended 31 December 2017

## 28. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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.

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:

	(Un-audited)	
	Six months period ended 31 December	
	2017	2016
	----- (Rupees in '000) -----	
<b>Transactions with related parties</b>		
<b>Aisha Steel Mills Limited</b>		
- Sale of goods	636	426
- Payment received	662	1,039
<b>Safe Mix Concrete Products Limited</b>		
- Sale of goods	162,178	124,120
- Payment received	75,100	97,458
<b>Javedan Corporation Limited</b>		
- Sale of goods	49,999	43,262
- Payment received	38,870	53,367
<b>Rotocast Engineering Company (Private) Limited</b>		
- Services received	2,875	3,037
- Payments made	2,909	3,089
<b>Arif Habib Corporation Limited</b>		
- Guarantee commission accrued during the period	41	134
- Guarantee commission paid	108	134
<b>EFU Life Assurance Limited</b>		
- Services received	14,901	19,679
- Payments made	9,921	19,966
<b>Sponsors / Directors</b>		
- Loan received	-	280,000
- Loan repaid	-	60,000
<b>Key management personnel</b>		
- Remuneration and other benefits	71,544	43,370
- Advances disbursed to employees	778	1,238
- Advances repaid by employees	663	1,149
<b>Staff retirement benefit fund</b>		
- Charge during the period	7,261	7,506
- Contribution during the period	9,277	5,750

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

For the six months period ended 31 December 2017

Balances with related parties	(Un-audited) 31 December 2017	(Audited) 30 June 2017
	----- (Rupees in '000) -----	
<b>Aisha Steel Mills Limited</b>		
- Trade receivable	274	300
<b>Safe Mix Concrete Products Limited</b>		
- Trade receivable	118,327	31,250
<b>Javedan Corporation Limited</b>		
- Trade receivable	20,343	9,213
- Other receivable	39	39
<b>Rotocast Engineering Company (Private) Limited</b>		
- Amount payable against services received	484	446
<b>Arif Habib Corporation Limited</b>		
- Guarantee commission payable	-	67
- Advance against right issue	-	688,939
<b>EFU Life Assurance Limited</b>		
- Insurance payable	5,312	332
<b>Sponsors / Directors</b>		
- Advance against right issue	-	393,356
<b>Key management personnel</b>		
- Advances to employees	35,354	10,075
<b>Staff retirement benefit fund</b>		
- Payable to gratuity fund	59,312	57,389
<b>International Complex Project Limited</b>		
- Advance against right issue	-	1,606,588

The remuneration of Chief Executive Officer is being borne by Arif Habib Corporation Limited, since October 2014.

## 29. OPERATING SEGMENTS

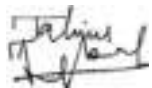
- 29.1 These financial statements have been prepared on the basis of single reporting segment.
- 29.2 Revenue from sale represents 100% (2017: 100%) of the total revenue of the Company.
- 29.3 99 % (97.9 %) sales of the Company relates to customers in Pakistan.
- 29.4 All non-current assets of the Company as at 31st December 2017 are allocated in Pakistan.

## 30. DATE OF AUTHORIZATION FOR ISSUE

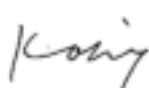
These financial information has been authorized for issue on **26th February 2018** by the Board of Directors.

## 31. GENERAL

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



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



DIRECTOR

## مستقبل کا اندازہ:

سینٹ بکٹر میں موجودہ طلب و رسد کی صورتحال نے مارکیٹ پروڈیوسرز کو اپنی پیداوار کی صلاحیتوں کو بڑھانے میں حوصلہ افزائی کی ہے۔ مقامی ترسیلات کے مضبوط ہونے کی توقع ہے لہذا بورڈ اور مینجمنٹ کو 7700TPD کے توسیع منصوبہ سے بہت زیادہ فائدہ کی امید ہے۔ توسیع پیداواری صلاحیت مالی سال 2019ء کی آخری سہ ماہی میں کمپنی کی نئی پیداواری صلاحیت عمل میں آجائے گی۔

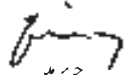
## اعتراف:

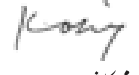
ڈائریکٹرز آپ کی کمپنی کے شیئر ہولڈرز، مالیاتی ادارے، سپلائرز اور صارفین کے مسلسل تعاون اور سرپرستی کا اعتراف کرنا چاہتے ہیں۔ ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، گاہنیشن کمیشن آف پاکستان، ہسٹری آف فائیننس، ہسٹری آف انڈسٹریز اینڈ پروڈکشن، ہینڈل ڈپازٹری کمپنی اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کی رہنمائی اور حمایت کے شکرگزار ہیں۔

ڈائریکٹرز آپ کی کمپنی کے تمام ملازمین کی انتھک محنت، پر خلوص خدمات، ٹیم ورک اور اخلاص کے تہدیل سے معترف ہیں اور سراسر اسے ہیں اور یقین رکھتے ہیں انکی مستقبل کی کوششوں کے ذریعے آپ کی کمپنی کی اصل طاقت کو آشکار کرنے میں مسلسل جاری رہیں گے۔

ہم بورڈ آڈٹ کمیٹی اور بورڈ کی دیگر کمیٹیوں کا بھی شکریہ ادا کرتے ہیں کہ انہوں نے انتہائی اہم معاملات میں رہنمائی فراہم کی۔

بورڈ کیلئے اور جانب سے:

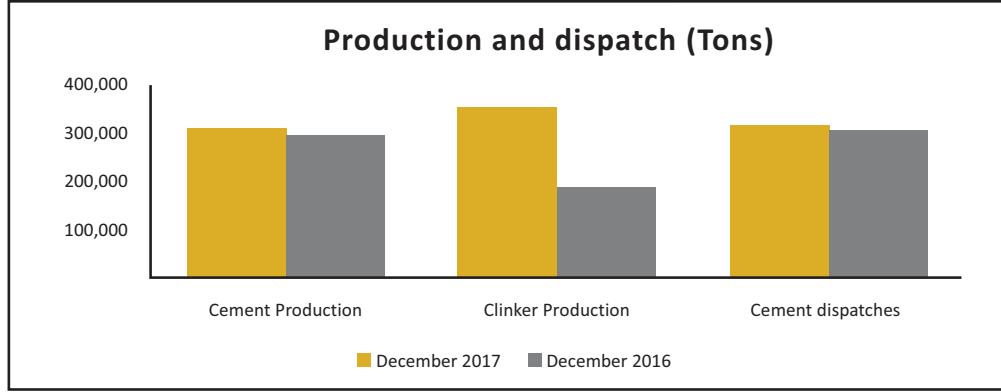
  
چیرمین  
جناب نسیم بیگ

  
محمد کاشف حبیب  
چیف ایگزیکٹو آفیسر

فروری 26، 2018

کراچی

**پیداوار اور ترسیل (ٹنز):**



**مالیاتی کارکردگی :**

31 دسمبر 2017 کو ختم ہونے والی ششماہی کے مالیاتی نتائج کا تجزیہ مندرجہ ذیل ہے۔

ختم شدہ ششماہی		کوائف
31 دسمبر 2016	31 دسمبر 2017	
000/- روپے میں		
2,066,907	2,092,008	محصولات فروخت
449,002	438,873	مجموعی منافع
303,344	271,546	منافع قبل از ٹیکس
242,115	198,124	خالص منافع از ٹیکس
0.61	0.21	آمدن فی حصص (روپے)

31 دسمبر 2017 کو ختم ہونے والی ششماہی میں کمپنی کی فروخت میں 1% کا اضافہ ہوا۔ شرح نفاذ پر وہ پیکر کی گئی ہوئی قدر اور کوئٹے کی بڑھتی ہوئی قیمت کی وجہ سے دباؤ رہا۔ لہذا کمپنی کے Gross Profit میں 1% کمی واقع ہوئی۔

**توسیع منصوبہ :**

کمپنی کی موجودہ سائٹ پر 7700TPD کی نئی لائن کو انسٹال کر رہی ہے۔ کل پراجیکٹ کی لاگت 24,92 ملین روپے ہے۔ 2017 کے ابتدا میں سامان کی فراہمی اور گرانٹی کیلئے (FL Simdth) کو پین بیگن، ڈین مارک میں موجود دنیا کی معروف ترین ہیمنٹ پلانٹ مینوفیکچر کے ساتھ معاہدے پر دستخط ہوا اور اسی سال LCs قائم کی گئیں۔ TEPC (چین کی کمپنی) کے ساتھ ترقیاتی معاہدے کو حتمی شکل دی گئی اور کمپنی اس وقت سے اس منصوبے کو متاثر مدت کے اندر مکمل کرنے کیلئے فعال طور پر کام کر رہی ہے۔

توسیع کے بعد پاور ہیمنٹ پاکستان کے کم ترین لاگت سے ہیمنٹ پیداوار کرانے والے اداروں میں سے ایک ادارہ بن جائے گا اور جنوبی زون میں سالانہ 3.5 ملین ٹن کی پیداواری صلاحیت دوسرا سب سے بڑا ہیمنٹ پروڈیوسر بن جائے گا۔ اس پلانٹ کی کراچی شہر اور اندرون سندھ میں اچھی رسائی ہے اور کراچی کی دونوں بندرگاہوں سے براہ راست رابطہ ہے۔

## ڈائریکٹرز کا جائزہ:

مندرجہ ذیل میں آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2017ء کو ختم ہونے والی ششماہی کے مالیاتی گوشوارے مع اپنے تجزیہ کے پیش کر رہے۔

### صنعت کا جائزہ:

رواں مالی سال کی پہلی ششماہی میں سیمنٹ انڈسٹری کی ترسیلات 12.3% نمو کے ساتھ 19.8 ملین سے بڑھ کر 22.2 ملین ٹن ہو گئی۔ مقامی منڈی میں تیزی کا رجحان رہا اور جنوبی زون (جہاں پر آپ کی کمپنی واقع ہے) میں ترسیلات 14% نمو کے ساتھ 3.3 ملین ٹن ہو گئی جب کہ برآمدات میں 36% کمی واقع ہوئی نتیجتاً جنوبی زون کی 3.9 ملین ٹن رہی۔ شمالی زون کی مقامی ترسیلات میں 21% کا اضافہ ہوا اور برآمدات میں 8% کمی واقع ہوئی۔

### کاروباری کارکردگی:

#### پیداوار اور ترسیلات کے حجم:

آپ کی کمپنی کی پیداوار اور ترسیلات کا جائزہ مندرجہ ذیل ہے۔

تغیر %	ختم شدہ ششماہی		کوائف
	31 دسمبر 2016	31 دسمبر 2017	
	ٹن		
5%	295,265	311,052	سیمنٹ کی پیداوار
87%	188,185	352,032	کلنکر کی پیداوار

پیداواری صلاحیت کا استعمال 42% سے بڑھ کر 78% رہا۔

تغیر %	ختم شدہ ششماہی		کوائف
	31 دسمبر 2016	31 دسمبر 2017	
	ٹن		
4%	299,785	311,152	سیمنٹ کی ترسیل (مقامی)
(6%)	5,677	5,321	سیمنٹ کی ترسیل (برآمدی)
4%	305,462	316,473	کل ترسیل

مقامی منڈی میں مضبوط طلب کو منظر رکھتے ہوئے کمپنی نے آلہ قیمت مقامی ترسیلات ہی کو ترجیح دی۔ ترسیلات اور پیداوار کا ایک گرافیکل تجزیہ مندرجہ ذیل ہے۔

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