

Focusing on Growth

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Quality - Reliability - Responsibility

Third Quarter Report
March 31 , 2018



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

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shakra-e-Faisal, Karachi – 74400.

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

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 nine months period ended March 31, 2018.

INDUSTRY OVERVIEW

During the period under review, the Cement industry continued its upward trajectory and grew by 14.7% to 34.75 million tons as compared to 30.3 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 12 % whereas exports declined by 17%. Domestic dispatches were 5.43 million tons and exports were 1.01 million tons. As a result, the South Zone closed at total dispatches of 6.43 million tons recording a net growth of 6%. On the other hand, the North Zone's domestic demand grew by 19% and export demand for the same period declined by 3.7% recording a net growth of 17% 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 Nine Months Ended March 31, 2018 together with the corresponding period is as under:

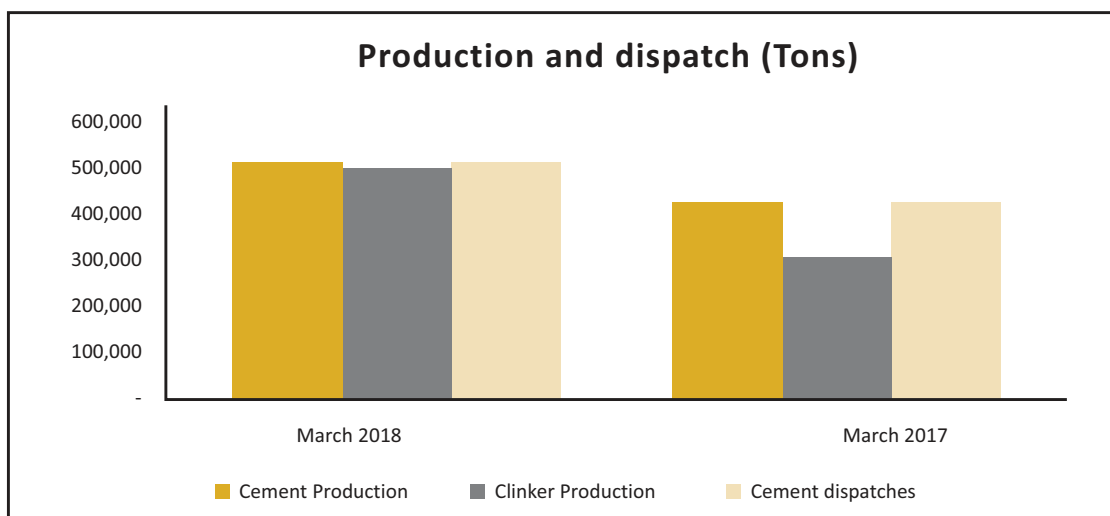
Particulars	Nine Months Ended		Variance %
	31 March 2018	31 March 2017	
	In Tons		
Cement production	498,452	477,105	4%
Clinker production	490,487	318,741	54%

The capacity utilization increased to 73% as compared to 47% over the corresponding period.

Particulars	Nine Months Ended		Variance %
	31 March 2018	31 March 2017	
	In Tons		
Cement dispatches (Local)	498,154	480,796	4%
Cement dispatches (Export)	5,836	8,522	(31%)
Total Dispatches	503,990	489,318	3%

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 Nine Months Ended March 31, 2018 is as under:

Particulars	Nine Months Ended	
	31 March 2018	31 March 2017
	Rs. '000	
Sales revenue	3,309,790	3,327,389
Gross profit	618,024	682,326
Profit before tax	401,529	420,210
Net profit after tax	288,574	323,745
Earnings per share (Rupees)	0.26	0.80

During the period under review, the sales revenue decreased by 1%. Profitability remained under pressure due to falling rupee and increasing fuel prices and therefore gross profit has shown a dip of 2%.

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 most 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. The local demand has increased considerably on the back of infrastructure related development across the country, however, falling rupee and rising commodity prices will keep the profitability under stress. 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

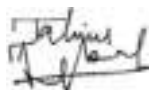
Karachi: 26th April 2018

Condensed Interim Balance Sheet

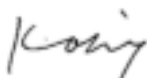
As at 31st March 2018

		(Un-audited) 31 March 2018	(Audited) 30 June 2017
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	13,359,588	5,248,476
Intangible assets	7	2,366	8,977
Long term investments		13,897	13,220
Long term deposits		19,635	19,635
		13,395,486	5,290,308
Stores, spares and loose tools		776,999	999,837
Stock-in-trade	8	247,914	224,731
Trade debts		464,829	331,301
Advances and other receivables		695,004	364,524
Trade deposits and prepayments		15,844	7,824
Tax refunds due from government		510,501	359,770
Cash and bank balances	9	2,392,330	3,808,819
		5,103,421	6,096,806
		18,498,907	11,387,114
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
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 1,063,414,434 (30 Jun 2017: 365,689,968) Ordinary shares of Rs. 10/- each	10	10,634,144	3,656,900
Premium / (Discount) on issuance of shares		750,715	(914,225)
Advance against rights issue		-	6,049,057
Accumulated loss		(108,917)	(397,491)
		11,275,942	8,394,241
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing	11	4,993,000	110,000
Deferred taxation		536,089	444,261
Deferred liabilities		60,912	57,389
		5,590,001	611,650
CURRENT LIABILITIES			
Loan from previous sponsors		735	735
Trade and other payables	12	671,797	784,482
Mark-up accrued		97,634	11,214
Short-term borrowings	13	502,798	1,107,669
Current portion of long term financing		360,000	250,000
Current portion of deferred accrued markup		-	227,123
		1,632,964	2,381,223
CONTINGENCIES AND COMMITMENTS			
	14		
		18,498,907	11,387,114

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



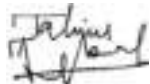
DIRECTOR

Condensed Interim Profit and Loss Account (Un-audited)

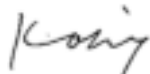
For the nine month period and third quarter ended 31 March 2018

Note	Nine month period ended 31 March		Quarter ended 31 March		
	2018	2017	2018	2017	
----- (Rupees in '000) -----					
Sales - net	15	3,309,790	3,327,389	1,217,782	1,260,482
Cost of sales	16	(2,691,766)	(2,645,063)	(1,038,631)	(1,027,158)
Gross profit		618,024	682,326	179,151	233,324
Distribution cost		(90,530)	(78,566)	(22,989)	(24,183)
Administrative expenses		(88,183)	(55,096)	(31,007)	(23,315)
Other income		1,450	56,305	209	1,699
Other operating (expenses) / income		(43,739)	16,279	(11,740)	(4,677)
		(221,002)	(61,078)	(65,527)	(50,476)
Operating profit		397,022	621,248	113,624	182,848
Finance income		111,402	349	44,502	214
Finance cost		(106,895)	(201,387)	(28,143)	(66,196)
Finance (cost) / income - net		4,507	(201,038)	16,359	(65,982)
Profit before taxation		401,529	420,210	129,983	116,866
Taxation		(112,955)	(96,465)	(39,533)	(35,236)
Profit after taxation		288,574	323,745	90,450	81,630
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		288,574	323,745	90,450	81,630
----- (Rupee) -----					
Restated					
Earnings per share - basic and diluted		0.26	0.80	0.08	0.20

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



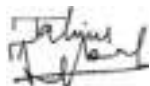
DIRECTOR

Condensed Interim Cash Flow Statement (Un-audited)

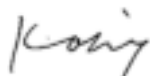
For the nine month period ended 31 March 2018

	Note	Nine month period ended 31 March	
		2018	2017
-----Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	17	116,933	450,549
Gratuity paid		(13,004)	(10,550)
Income tax paid		(57,175)	(97,196)
Financial charges paid		(317,158)	(324,223)
		(387,337)	(431,969)
Net cash (used in) / generated from operating activities		(270,405)	18,580
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure - Operations		(312,024)	(694,843)
Capital expenditure - Project line III		(7,917,005)	-
Long term investments		-	(11,650)
Interest received		100,634	-
Proceeds from sale of property, plant and equipment		1,055	1,075
Net cash used in investing activities		(8,127,340)	(705,418)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from sponsors - net		-	70,000
Proceeds from rights issue		1,330,545	-
Proceeds from otherwise than rights issue		1,308,233	-
Loan from syndicate - Project line III		4,993,000	-
Advance received against issuance of shares		-	1,010,000
Expenses incurred on issuance of right shares / otherwise than rights		(45,651)	(14,501)
Net cash generated from financing activities		7,586,127	1,065,499
Net (decrease) / increase in cash and cash equivalents		(811,618)	378,661
Cash and cash equivalents at beginning of the period		2,701,150	(701,267)
Cash and cash equivalents at end of the period	18	1,889,532	(322,606)

The annexed notes from 1 to 21 form an integral part of this condensed interim financial information.



CHIEF FINANCIAL OFFICER



CHIEF EXECUTIVE



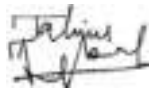
DIRECTOR

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

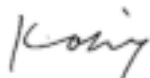
For the nine month period ended 31 March 2018

	Capital reserve			Revenue reserve		Total
	Share Capital	Premium / (discount) on issuance of shares	Advance against right issue	General	Accumulated profit / (loss)	
----- (Rupees in '000) -----						
Balance as at 1st July 2016	3,656,900	(914,225)	-	-	(394,565)	2,348,110
<i>Transaction with owners recorded directly in equity</i>						
Expenses incurred on issuance of shares	-	-	-	-	(14,501)	(14,501)
Unwinding of discount on interest free liability	-	-	-	-	16,907	16,907
<i>Total comprehensive income for the period</i>						
Profit for the period	-	-	-	-	323,745	323,745
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	323,745	323,745
Balance as at 31st March 2017	3,656,900	(914,225)	-	-	(68,414)	2,674,261
Balance as at 1st July 2017	3,656,900	(914,225)	6,049,057	-	(397,491)	8,394,241
<i>Transaction with owners recorded directly in equity</i>						
Receipt against right shares	-	-	1,330,545	-	-	1,330,545
Issuance of right shares	5,930,658	1,482,664	(7,413,322)	-	-	-
Issuance costs	-	-	(39,518)	-	-	(39,518)
Issuance costs charged against share premium	-	(73,238)	73,238	-	-	-
Issuance of otherwise than right shares	1,046,587	261,647	-	-	-	1,308,233
Issuance cost of otherwise than right shares	-	(6,133)	-	-	-	(6,133)
<i>Total comprehensive income for the period</i>	<i>6,977,245</i>	<i>1,664,940</i>	<i>(6,049,057)</i>	<i>-</i>	<i>-</i>	<i>2,593,127</i>
Profit for the period	-	-	-	-	288,574	288,574
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	288,574	288,574
Balance as at 31st March 2018	10,634,144	750,715	-	-	(108,917)	11,275,942

The annexed notes from 1 to 21 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 nine month period ended 31 March 2018

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. The Company is also 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 nine month period ended 31 March 2018 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 Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

2.1.2 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.

2.1.3 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 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 March 2017.

2.1.4 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 237 of the Companies Act, 2017.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except the Company's liability under its defined benefit plan (gratuity) which is determined on the present value of defined benefit obligation as 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 nine month period ended 31 March 2018

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

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 for the year ended 30 June 2017.

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

For the nine month period ended 31 March 2018

	Note	(Un-audited) 31 March 2018	(Audited) 30 June 2017
----- (Rupees in '000) -----			
6. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	6.1	5,090,461	4,912,987
Capital work in progress - Project line III	6.2	8,152,756	235,751
Capital work in progress - Existing		5,797	-
Capitalisable stores and spares	6.3	110,574	99,738
		13,359,588	5,248,476
6.1 Operating assets			
Opening written down value		4,912,987	4,357,092
Additions during the period / year - at cost			
Plant and machinery		229,902	640,291
Non factory building on leasehold land		959	3,144
Leasehold Improvement		523	549
Factory and laboratory equipment		24,345	9,523
Computers and peripherals		5,804	9,487
Office equipment		6,443	4,881
Furniture and fixtures		3,649	2,874
Vehicles		17,155	1,457
		288,780	672,206
Written down value of deletions during the period / year		(599)	(131)
Depreciation for the period / year		(110,706)	(116,180)
		(111,305)	(116,311)
Closing written down value		5,090,461	4,912,987
6.2 Capital work in progress - Project line III			
Opening balance		235,751	7,845
Additions		7,917,005	227,906
Closing balance		8,152,756	235,751
6.3 Capitalisable stores and spares			
Opening balance		99,738	74,516
Additions during the period / year		77,934	219,113
Transfers to property, plant and equipment		(67,098)	(193,891)
Closing balance		110,574	99,738
7. Intangible assets			
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		(6,611)	(5,906)
Closing written down value		2,366	8,977

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

For the nine month period ended 31 March 2018

	(Un-audited) 31 March 2018	(Audited) 30 June 2017
	----- (Rupees in '000) -----	
8. STOCK-IN-TRADE		
Raw material	14,152	12,243
Packing material	43,335	36,921
Work-in-process	114,116	73,846
Finished goods	76,311	101,721
	<u>247,914</u>	<u>224,731</u>
9. CASH AND BANK BALANCES		
Cash in hand	829	800
Cash with banks:		
- In current accounts	28,325	1,834,574
- In savings accounts	9.1 1,934,676	1,752,945
- Term deposits	9.2 428,500	220,500
	<u>2,392,330</u>	<u>3,808,819</u>

9.1 These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 2.35% - 5.8% (30 June 2017: 2.5% - 5.6%) per annum.

9.2 These include term deposit certificates with a local bank having tenure of one month (30 June 2017: one month) and carry a profit at declared rate of 5.8% (30 June 2017: 4.17%).

10. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

31 March 2018	30 June 2017		31 March 2018	30 June 2017
----- (Number of Shares) -----			----- (Rupees in '000) -----	
		Fully paid ordinary shares of Rs. 10 each issued:		
1,051,234,846	353,510,380	For cash	10,512,348	3,535,104
840,000	840,000	For consideration other than cash	8,400	8,400
11,339,588	11,339,588	Bonus shares	113,396	113,396
<u>1,063,414,434</u>	<u>365,689,968</u>		<u>10,634,144</u>	<u>3,656,900</u>

10.1 During the year, the Company issued 593,065,796 right shares and 104,658,670 shares by way of otherwise than rights, the later are not saleable for 5 years. All shares were issued at a premium of Rs. 2.5 per share.

	(Un-audited) 31 March 2018	(Audited) 30 June 2017
	----- (Rupees in '000) -----	
11. LONG TERM FINANCING		
Long term loan- Existing operations		
Principal amount	11.1 & 11.2 360,000	360,000
Less: current maturity shown under current liabilities	(360,000)	(250,000)
Long term loan- Project line III		110,000
Principal amount	11.3 4,993,000	-
Long term financing in respect of loans	<u>4,993,000</u>	<u>110,000</u>

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

For the nine month period ended 31 March 2018

- 11.1** This represents syndicated term finance facility 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 loan is secured by way of mortgage over property and hypothecation over assets aggregating to Rs.3.33 billion.

- 11.2** The facility contains a covenant that the Company can not pay dividend to its shareholders until it is up-to-date on its debt obligation including mark-up payments to syndicate.
- 11.3** This represents funded / Musharaka contribution amount drawn from the syndicate participant banks/DFIs under the long-term syndicate finance facility of Rs. 16.2 billion for the ongoing expansion project of 7,700 TPD, led by NBP as Investment Agent (June 2017: Nil). The said facility has been structured in Islamic mode of financing (Musharaka) having syndicate term finance facility (STFF) of Rs. 16.2 billion and syndicate LC facility of Rs. 16.2 billion (as sublimit of STFF) for a tenor of 8.5 years including grace period of 2.5 years. The facility carry mark up at the rate of 6 months KIBOR plus 2.25% (30 June 2017: NIL) per annum calculated on daily product basis with mark-up / principal repayment falling due on semi-annual basis. The first rental payment will be due on July 16, 2018. The facility is secured through first pari passu charge over current / fixed assets of the Company along with additional collaterals.

The aggregate funded amount of the aforementioned facility which has not been availed as at the balance sheet date amounts to Rs.11.207 billion (30 June 2017: Nil).

	(Un-audited) 31 March 2018	(Audited) 30 June 2017
	----- (Rupees in '000) -----	
12. TRADE AND OTHER PAYABLES		
Trade creditors	225,721	255,015
Bills payable	79,859	287,105
Accrued liabilities	58,762	43,009
Royalty payable	1,116	-
Excise duty payable	3,843	2,427
Advances from customers	61,634	47,146
Retention money payable	1,427	1,632
Federal excise duty payable (Current)	74,619	-
Workers' welfare fund	14,202	24,587
Workers' profit participation fund	93,184	94,785
Unclaimed dividends	126	126
Withholding tax payable	37,959	10,704
Leave encashment payable	18,634	16,434
Others	711	1,512
	<u>671,797</u>	<u>784,482</u>
13. SHORT TERM BORROWINGS		
Conventional		
Running finances	13.1 2,798	278,034
Foreign currency loan	13.2 -	11,513
Islamic		
Istisna / Tijarah	13.3 500,000	780,000
Murabaha	13.4 -	38,122
	<u>502,798</u>	<u>1,107,669</u>

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

For the nine month period ended 31 March 2018

13.1 This represents short-term running finance facilities from various banks amounting to Rs. 300 million (June 2017: Rs. 300 million). These carry applicable mark up at the rate ranging between 3 months KIBOR plus 1% to 3 months KIBOR plus 2.5% (30 June 2017: 3 months KIBOR plus 1% to 3 months KIBOR plus 2.5%) per annum calculated on daily product basis. Mark-up on these facilities is payable quarterly. These facilities will mature from 30 April 2018 to 30 June 2018 and are renewable. These are secured by first pari passu charge against current and 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. 297.202 million (30 June 2017: Rs. 21.97 million).

13.2 This previously availed FE 25 facility has now been converted to the Istisna facility as reported in note 13.3.

13.3 This represents facilities amounting to Rs. 1,650 million (30 June 2017: Rs. 900 million) repayable with a maximum tenure of 180 days from the date of disbursement. It carries applicable profit at the rates ranging from KIBOR plus 1% to KIBOR plus 3.75% (30 June 2017: KIBOR plus 1% 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. 1,150 million. These are secured by first pari passu charge over current / fixed assets of the Company.

13.4 This previously availed Muarabaha facility has now been converted to the Istisna facility as reported in note 13.3.

13.5 The Company also has unfunded facilities from various banks amounting to Rs. 1,000 million (30 June 2017 : 1,050 million).

14. CONTINGENCIES AND COMMITMENTS

14.1 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 legal counsel of the Company is confident of getting the case dismissed.

14.2 Commitments

Commitments against open letter of credit for:

	(Un-audited) 31 March 2018	(Audited) 30 June 2017
	----- (Rupees in '000) -----	
Coal	303,399	411,723
Clinker plant project	4,605,878	7,329,621
Cement production and despatch project	1,938,408	3,052,757
Stores and spares	763,832	95,744
	<u>7,611,517</u>	<u>10,889,845</u>
Commitments against capital expenditures	6,922,544	-
Commitments against letter of guarantees	10,500	10,500
Commitment against purchase of land	61,370	61,370
Ijarah rentals	19,236	3,395
Supervisory fees	728,973	616,318
	<u>15,354,140</u>	<u>11,581,428</u>

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

For the nine month period ended 31 March 2018

	(Un-audited)	
	Nine month period ended 31 March	
	2018	2017
	----- (Rupees in '000) -----	
15. SALES - NET		
Local	4,682,112	4,483,178
Export	48,736	63,001
	<u>4,730,848</u>	<u>4,546,179</u>
Less :		
Sales tax	(798,441)	(744,595)
Federal excise duty	(622,617)	(474,195)
	<u>(1,421,058)</u>	<u>(1,218,790)</u>
	<u>3,309,790</u>	<u>3,327,389</u>
16. COST OF SALES		
Salaries, wages and other benefits including retirement benefits	231,545	198,438
Raw materials consumed	147,077	124,219
Packing material consumed	192,396	188,526
Stores, spares and loose tools	182,933	180,928
Fuel and power	1,758,554	1,087,330
Insurance	8,437	7,040
Repairs and maintenance	74,213	63,729
Depreciation	98,647	71,054
Other production overheads	12,824	29,595
	<u>2,706,626</u>	<u>1,950,859</u>
Work in process		
Opening	73,846	31,973
Purchases	-	682,720
Closing	(114,116)	(87,424)
	<u>(40,270)</u>	<u>627,269</u>
Cost of goods manufactured	<u>2,666,357</u>	<u>2,578,128</u>
Finished goods		
Opening	101,721	47,241
Purchases	-	41,119
Closing	(76,311)	(21,425)
	<u>25,410</u>	<u>66,935</u>
	<u>2,691,766</u>	<u>2,645,063</u>

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

For the nine month period ended 31 March 2018

	(Un-audited)	
	Nine month period ended 31 March	
	2018	2017
	-----Rupees in'000-----	
17. CASH GENERATED FROM OPERATIONS		
Profit before taxation	401,529	420,210
Adjustment for:		
Depreciation and ammortization	117,318	84,870
Finance cost on short term borrowings	58,428	59,231
Finance cost on unwinding of discount on related parties	-	60,775
Finance cost on unwinding of discount on deferred accrued mark-up	48,467	81,381
Exchange loss on bills payable	17,993	2,090
Gain on disposal of fixed assets	(455)	(944)
Finance income	(111,402)	-
Provision for gratuity	10,891	11,258
	<u>141,240</u>	<u>298,661</u>
Operating profit before working capital changes	542,769	718,871
Increase in current assets		
Stores, spares and loose tools	222,838	(65,352)
Stock-in-trade	(23,183)	(5,560)
Trade debts	(133,528)	(73,980)
Advances and other receivables	(445,162)	4,001
Trade deposits and prepayments	(8,020)	(4,840)
	<u>(387,055)</u>	<u>(145,731)</u>
Decrease in trade and other payables	(38,781)	(122,591)
Net cash generated from operations	116,933	450,549
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,392,330	25,716
Short term borrowings	(502,798)	(348,322)
	<u>1,889,532</u>	<u>(322,606)</u>
19. TRANSACTIONS AND BALANCES WITH RELATED PARTIES		
<p>The related parties comprise of associated undertakings, other related group companies and persons, directors of the Company, staff retirement benefit fund and key management personnel. The Company carries out transactions with various related parties in the normal course of business and all the transactions with related parties have been carried out at arms' length terms.</p> <p>Amounts due to related parties are shown under respective note to the financial statement. Details of transactions / balances with related parties other than those disclosed elsewhere in the financial statements are as follows:</p>		

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

For the nine month period ended 31 March 2018

	(Un-audited) Nine month period ended 31 March	
	2018	2017
	----- (Rupees in '000) -----	
Transactions with related parties		
Aisha Steel Mills Limited		
- Sale of goods	636	1,173
- Payment received	662	1,045
Safe Mix Concrete Limited		
- Sale of goods	309,847	190,278
- Payment received	169,286	164,392
Javedan Corporation Limited		
- Sale of goods	86,851	68,085
- Payment received	81,699	72,850
Rotocast Engineering Company (Private) Limited		
- Services received	3,898	4,634
- Payments made	3,560	4,566
Arif Habib Corporation Limited		
- Guarantee commission accrued during the period	41	201
- Guarantee commission paid	108	201
EFU Life Assurance Limited		
- Services received	2,617	21,570
- Payments made	2,617	21,738
Sponsors / Directors		
- Loan received	-	70,000
- Loan repaid	-	60,000
- Advance against issuance of shares	-	1,010,000
Key management personnel		
- Remuneration and other benefits	140,194	84,187
- Advances disbursed to employees	2,260	1,414
- Advances repaid by employees	2,105	1,345
Staff retirement benefit fund		
- Charge during the period	10,891	11,258
- Contribution during the period	13,004	10,550

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

For the nine month period ended 31 March 2018

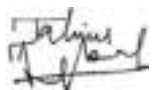
	(Un-audited) 31 March 2018	(Audited) 30 June 2017
	----- (Rupees in '000) -----	
Balances with related parties		
Aisha Steel Mills Limited		
- Trade receivable	274	300
Safe Mix Concrete Limited		
- Trade receivable	171,810	31,250
Javedan Corporation Limited		
- Trade receivable	14,364	9,213
- Other receivable	39	39
Rotocast Engineering Company (Private) Limited		
- Amount payable against services received	784	446
Arif Habib Corporation Limited		
- Guarantee commission payable	-	67
- Advance against right issue	-	688,939
EFU Life Assurance Limited		
- Insurance payable	-	332
Sponsors / Directors		
- Advance against right issue	-	393,356
Key management personnel		
- Advances to employees	39,053	10,075
Staff retirement benefit fund		
- Payable to gratuity fund	60,912	57,389
International Complex Project Limited		
- Advance against right issue	-	1,606,588

20. DATE OF AUTHORIZATION FOR ISSUE

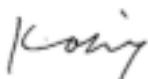
These financial information has been authorised for issue on 26th April 2018 by the Board of Directors.

21. GENERAL

All figures in these Financial Statements have been rounded off to the nearest thousand rupees.



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