



ICI PAKISTAN LTD.

Growth

is Fundamental to Life

Quarter & Nine Months Ended
March 31, 2019

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Company Information

Board of Directors

Muhammad Sohail Tabba	Chairman (Non-Executive)	Kamal A Chinoy	Independent
Muhammad Ali Tabba	Vice Chairman (Non-Executive)	Khawaja Iqbal Hassan	Independent
Jawed Yunus Tabba	Non-Executive	Asif Jooma	Chief Executive
Amina A Aziz Bawany	Non-Executive	Muhammad Abid Ganatra	Executive

Audit Committee

Khawaja Iqbal Hassan	Chairman
Muhammad Ali Tabba	Member
Jawed Yunus Tabba	Member

HR & Remuneration Committee

Khawaja Iqbal Hassan	Chairman
Muhammad Sohail Tabba	Member
Muhammad Ali Tabba	Member
Jawed Yunus Tabba	Member
Asif Jooma	Member

Chief Financial Officer

Muhammad Abid Ganatra

Executive Management Team

Asif Jooma	Chief Executive
Suhail Aslam Khan	Senior Business Consultant
	Vice President, Polyester & Soda Ash Businesses
Aamer Mahmud Malik	Vice President, Pharmaceuticals Business
Arshaduddin Ahmed	Vice President, Chemicals & Agri Sciences Business
M Abid Ganatra	Chief Financial Officer
Fariha Salahuddin	General Manager, Human Resource & Administration
Eqan Ali Khan	General Manager, Strategy & Business Development
Nausheen Ahmad	General Counsel, Company Secretary and Head of Corporate Communications & Public Affairs

Company Secretary

Nausheen Ahmad

Head of Internal Audit

Muhammad Ali Mirza

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bank of Khyber
Bank of Punjab
Citibank N.A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited

Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Auditors

Internal Auditors

KPMG Taseer Hadi & Co.,
Chartered Accountants

External Auditors

EY Ford Rhodes
Chartered Accountants

Registered Office

ICI House, 5 West Wharf, Karachi-74000
Tel # (021) 111-100-200, (021) 32313717-22
Fax # (021) 32311739
Website: www.ici.com.pk

Shares Registrar

FAMCO Associates (Pvt) Ltd.
8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S.
Shahrah-e-Faisal, Karachi.
Tel: (021) 34380101-2,
Fax: (021) 34380106
Website: www.famco.com.pk

Review of the Directors

For the Quarter & Nine Months Ended March 31, 2019

The Directors are pleased to present their review, together with the unaudited financial statements of the Company, for the quarter and nine months ended March 31, 2019.

Net turnover for the quarter at PKR 15,188 million is 17% higher than the same period last year (SPLY) due to higher revenues across all Businesses except the Life Sciences Business. Operating result for the quarter at PKR 1,538 million is 13% higher as compared to the SPLY on account of higher operating results in the Polyester, Soda Ash and Chemicals & Agri Sciences Businesses, which were partially offset by lower operating result in the Life Sciences Business.

Net turnover for the nine months under review at PKR 43,103 million translates into a 19% increase as compared to the SPLY, with the Polyester, Soda Ash and Chemicals & Agri Sciences Businesses posting topline growth of 31%, 34% and 11% respectively.

The Company's operating result for the nine months at PKR 3,493 million is 2% higher in comparison to the SPLY, due to improved performance in the Soda Ash and Chemicals & Agri Sciences Businesses by 29% and 257% respectively. This was, however, partially offset by lower performance in the Polyester and Life Sciences Businesses by 148% and 67% respectively. The improved performance achieved by the Soda Ash Business was mainly due to higher sales volume attributable to the commissioning and commercial operation of the 75,000 tons per annum plant expansion. The Chemicals & Agri Sciences Business showed improved performance on the back of strong operating results delivered by the Agro Chemicals segment, coupled with higher sales of sunflower seeds as a result of the subsidy announced by the government. Lower operating result in the Polyester Business is attributable to net realisable value adjustments following a decline in prices of polyester staple fibre (PSF) on higher carrying inventory required to cover the shutdown period, which was partially offset by contributions from new export markets in the third quarter. The operating result of Life Sciences Business was lower as sales were adversely affected by the ban on import and marketing of recombinant bovine somatotropin (rbST) injections, along with higher costs due to a surge in imported raw material prices and rupee devaluation.

Profit after tax (PAT) for the nine-month period under review at PKR 1,655 million is 33% lower than the SPLY. This was due to higher finance costs by PKR 656 million owing to increased interest rates and higher debt due to a shift in the Company's payment policy from Usance LC to Sight LC to minimise foreign exchange losses. Additionally, lower dividend income from associates and a higher effective tax rate due to non-availability of tax credits, which were available during the SPLY on the Light Soda Ash expansion project, negatively impacted the profits.

Earnings per share (EPS) for the nine-month period under review at PKR 17.91 is 33% lower as compared to the SPLY.

	Nine Months Ended Mar 2019	Nine Months Ended Mar 2018
Net turnover (PKR million)	43,103	36,133
Profit before taxation (PKR million)	2,325	2,833
Profit after taxation (PKR million)	1,655	2,465
Earnings per share (PKR)	17.91	26.69

Review of the Directors

For the Quarter & Nine Months Ended March 31, 2019

Net turnover (PKR m)

Mar 2018	36,133
Mar 2019	43,103

Profit before taxation (PKR m)

Mar 2018	2,833
Mar 2019	2,325

Profit after taxation (PKR m)

Mar 2018	2,465
Mar 2019	1,655

Earnings per share (PKR)

Mar 2018	26.69
Mar 2019	17.91

Polyester Staple Fibre Business (PSF)

Net turnover (PKR m)

Mar 2018	13,257
Mar 2019	17,384

Operating result (PKR m)

Mar 2018	74
Mar 2019 (35)	

The period under review remained volatile due to uncertain global economic conditions owing to escalation of trade protectionism between the United States and China. In the last quarter of the period under review, bullish trend was observed in crude oil prices as a result of production cuts by OPEC. This was in response to a steep decline of prices in the second quarter. The upward movement in prices influenced the petrochemical chain, including PSF and its feedstock. On average, the crude oil prices rose by 8% compared to the SPLY (USD 59.7 vs SPLY USD 55.5/bbl).

Economic uncertainties, coupled with a rising inflation, exchange rates and interest rates, resulted in restrained business activity during the period under review. However, the textile industry built on its positive momentum from the last quarter with improved performance following various initiatives taken by the government to restore the industry's export competitiveness.

The rise in crude oil prices impacted the entire petrochemical chain, resulting in an increase in Paraxylene price by 27% and PTA by 31% compared to the SPLY. MEG price declined by 15% against the SPLY due to improved availability and higher inventories. As a consequence of devaluation of the Pakistan rupee, domestic PSF prices rose by 37% over the SPLY. Fuel prices also followed an upward trend, with a hike of 5%, 25% and 35% in gas, coal and furnace oil prices respectively. Consequently, energy cost increased by 20% against the SPLY.

Overall, economic slowdown dampened the downstream market sentiment and resulted in lower sales volume by 5% against the SPLY, but importantly sales picked up in the last quarter by 5% against the same quarter last year. Net turnover of the period rose by 31% against the SPLY owing to increased selling prices.

In preparation for the planned shutdown in Q2, inventory levels of finished goods were increased to cover the shutdown period. The production loss due to the plant turnaround translated to a decline of 8% compared to SPLY. Despite higher unit margins, the stock loss in Q2 eroded the overall profitability of the Business resulting in an operating loss compared to a profit during the SPLY. During the quarter under review, operating profit was 105% higher than the SPLY due to higher margin over feedstock and positive contribution from export sales.

The Business kept a prime focus on strengthening the export sales base by entering new markets and expanding the specialised variants base. Building the international footprint, along with local sales growth, is helping the Business to capitalise on the government's initiatives to provide special incentives to improve the competitiveness of export-oriented sectors, especially the textile sector.

Review of the Directors

For the Quarter & Nine Months Ended March 31, 2019

Soda Ash Business

Net turnover (PKR m)

Mar 2018	9,103
Mar 2019	12,229

Operating result (PKR m)

Mar 2018	2,076
Mar 2019	2,681

During the nine-month period under review, net turnover grew by 34% over the SPLY due to higher sales volume and selling prices (arising out of cost increases mainly due to rupee devaluation). The total sales volume, including exports, was 15% higher than the SPLY.

The domestic soda ash market continues to show positive growth. The Glass segment has provided the impetus to growth due to expansions in float glass capacity and restart of previously mothballed units. The segment is expected to witness further expansions going forward. Other segments witnessing growth included detergent, paper and sodium bicarbonate. Demand for powder detergents continues to grow in both rural and urban markets on account of a growing population and a consumer preference for powder, instead of soap, as the preferred laundry medium. The demand for sodium bicarbonate remains strong in the poultry and bakery segments.

Operating result for first nine months at PKR 2,681 million was 29% higher than the same period last year mainly due to additional sales volume following commercial operation of the 75k tons per annum plant expansion. During the period under review, devaluation of the Pakistan rupee, as well as increases in raw material and energy prices, heavily impacted the Business. However, the effect was partially mitigated by increasing selling prices and through efficient cost control.

Following the removal of the Most Favoured Nation (MFN) status by India and the imposition of 200% Customs Duty on exports from Pakistan, exports of soda ash to India have come to a halt. However, the Business has been able to successfully establish Bangladesh as an alternate export market.

The global soda ash prices are expected to remain stable, with most of the regions having adequate supplies, barring India and some pockets in Asia.

Going forward, devaluation of the Pakistan rupee will help shield the local industry from the threat of imports. However, the resultant higher inflation has eroded the purchasing power of consumers, leading to an overall depressed economic sentiment.

If brought to fruition, the Naya Pakistan Housing Scheme recently announced by the government augurs well for the future. The Glass segment, which has been the growth engine of the domestic market, will benefit from the Scheme and provide the much needed impetus for demand growth.

Life Sciences Business

Net turnover (PKR m)

Mar 2018	8,499
Mar 2019	7,647

Operating result (PKR m)

Mar 2018	1,136
Mar 2019	376

During the nine-month period under review, the Life Sciences Business delivered net sales of PKR 7,647 million, 10% lower than the SPLY. This decline in net sales was mainly due to slower market conditions during the period under review owing to political instability and the ban on import and marketing of recombinant bovine somatotropin (rbST) injections – a US FDA approved product. Operating result of PKR 376 million for the period under review was 67% lower than the SPLY, mainly due to the ban on rbST, increasing cost of raw materials and rupee devaluation.

Review of the Directors

For the Quarter & Nine Months Ended March 31, 2019

Operating result for the Pharmaceuticals Division was 61% lower than the SPLY. This decline in operating result was caused by several factors, including a significant increase in international raw material prices, multiple rupee devaluations and higher domestic inflation. Further, higher operating costs were not compensated by a timely increase in selling prices. The Pharmaceuticals team has taken a number of initiatives to drive sustainable, competitive and profitable growth. While necessary steps have been taken to improve manufacturing efficiencies in order to reduce product costs, the recent price increase allowed by the Drug Regulatory Authority of Pakistan would partially compensate for the surge in costs.

The Animal Health Division posted a lower operating result by 71% as compared to the SPLY, owing to the ban on import and marketing of recombinant bovine somatotropin (rbST) injections, a product which accounted for a significant portion of the Animal Health portfolio. Further, challenging trends in both livestock and poultry markets such as low farm gate milk prices in Punjab, high mortality in poultry and liquidity crunch in the market affected the Division's performance adversely. The Division successfully launched CAVAC poultry vaccine, paving the way for future expansion of Poultry vaccines portfolio. Furthermore, the Business engaged Trouw Nutrition for marketing and distribution of their innovative livestock and poultry portfolios to expand the market share in nutritional market segments.

The Life Sciences Business remains focussed on improving lives by providing innovative and quality healthcare products for both the Pharmaceuticals and Animal Health segments.

Chemicals & Agri Sciences Business

Net turnover (PKR m)

Mar 2018	5,278
Mar 2019	5,845

Operating result (PKR m)

Mar 2018	132
Mar 2019	471

The Chemicals & Agri Sciences Business achieved a net turnover of PKR 5,845 million for the nine-month period ended March 31, 2019, which is 11% higher than the SPLY.

The operating result of the Business was recorded at PKR 472 million which is 257% higher as compared to PKR 132 million in the SPLY.

The segment results were positively impacted by the Agri Sciences Division, which delivered strong operating results, mainly in the Agro Chemicals segment. The strong performance of Agro Chemicals segment was driven by higher margins and cost optimisation. Sales of Sunflower seeds received a boost following announcement of the subsidy by the government to encourage domestic cultivation of edible oil seed. However, the performance of Chemicals Division remained under stress owing to tight margins and lower than expected demand, especially in the Polyurethanes business. This is mainly attributable to the uncertainty related to devaluation of the rupee and increasing interest rates, which have negatively impacted consumer demand and overall economic activity in the sector.

The Masterbatch manufacturing project is nearing completion. This project is another strategic step towards the fulfilment of the Company's growth aspirations and will enhance the product portfolio of the Chemicals & Agri Sciences Business.

Going forward, the Business will continue to explore new segments and products, increase its market share and embrace innovation to create enduring value for existing and new customers, whilst remaining focussed on robust business results.

Review of the Directors

For the Quarter & Nine Months Ended March 31, 2019

Future Outlook

The economic challenges facing the country are anticipated to maintain an upward pressure on inflation and interest rates, whilst also keeping the rupee under stress, which is expected to adversely impact the business climate. However, the Businesses are gearing up to face these challenges and deliver positive results as the Company leverages its diversified solution-based products and services for customers. Correspondingly, efforts to reduce working capital are in hand to address the impact of higher financial charges on the Company's performance.

The Company remains focussed on delivering enduring value for all its stakeholders by strengthening and building relationships, expanding and diversifying its product offering, and proactively exploring opportunities for both organic and inorganic growth, in line with its brand promise of Cultivating Growth.

Composition of the Board

In line with the requirements of the Code of Corporate Governance 2017, the Company encourages representation of independent and non-executive directors, as well as gender diversity, on its Board. The current composition of the Board is as follows:

Total number of Directors:

(a) Male: 7

(b) Female: 1

Composition:

(i) Independent Directors: 2

(ii) Non-executive Directors: 4

(iii) Executive Directors: 2



Muhammad Sohail Tabba
Chairman / Director

April 24, 2019
Karachi



Asif Jooma
Chief Executive

ڈائریکٹرز کا جائزہ

برائے سہ ماہی اور 9 ماہ ختم شدہ 31 مارچ 2019

بورڈ کی تفصیل

کوڈ آف کارپوریٹ گورننس 2017 کی تعمیل میں، کمپنی آزاد اور نان ایگزیکٹو ڈائریکٹرز کے ساتھ بورڈ میں صنفی برابری پر یقین رکھتی ہے۔ بورڈ کی موجودہ تفصیل درج ذیل ہے:

ڈائریکٹرز کی مجموعی تعداد:

(i) مرد: 7

(ii) خواتین: 1

تفصیل:

(i) آزاد ڈائریکٹرز: 2

(ii) نان ایگزیکٹو ڈائریکٹرز: 4

(iii) ایگزیکٹو ڈائریکٹرز: 2



آصف جعفر
چیف ایگزیکٹو



محمد سہیل بٹا
چیرمین

بتاریخ: 24 اپریل 2019

کراچی

ڈائریکٹرز کا جائزہ

برائے سہ ماہی اور 9 ماہ ختم شدہ 31 مارچ 2019

کیمیکل اینڈ ایگری سائنسز بزنس

آپریٹنگ رزلٹ (ملین روپے) Operating result

مجموعی کاروبار (ملین روپے) Net turnover

132	2018 مارچ	5,278	2018 مارچ
471	2019 مارچ	5,845	2019 مارچ

31 مارچ 2019 کو ختم شدہ زیر جائزہ 9 ماہ کے دوران بزنس کا مجموعی کاروبار گزشتہ سال کے اسی عرصے کے مقابلے میں 11 فیصد ترقی کے ساتھ 5,845 ملین روپے رہا۔

بزنس کا آپریٹنگ رزلٹ گزشتہ سال کے اسی عرصہ کے 132 ملین روپے کے مقابلے میں 257 فیصد اضافے کے بعد 472 ملین روپے ریکارڈ کیا گیا۔

بزنس کی نمایاں کارکردگی میں ایگری سائنسز ڈویژن نے اہم کردار ادا کیا جس میں ایگرو کیمیکل کے شعبے نے شاندار آپریٹنگ رزلٹ فراہم کیا۔ ایگرو کیمیکل شعبے میں شاندار ترقی کی اہم وجہ زائد منافع اور قیمتوں میں تیزی ہے۔ حکومت کی جانب سے کھانے کے تیل کی مقامی پیداوار کو فروغ دینے کے لیے دی جانے والی رعایت کے سبب سورج مکھی کے بیج کی فروخت میں تیزی آئی۔ تاہم کیمیکل ڈویژن کی کارکردگی تقابلی منافع جات اور پولی پوریتھن کاروبار میں خاص طور پر متوقع طلب میں کمی کے سبب زیر دباؤ رہی۔ یہ رجحان بھی روپے کی ناقدری اور شرح سود میں اضافے سے پیدا ہونے والی غیر یقینی کے سبب سامنے آیا جس نے صارف کی طلب اور مجموعی اقتصادی سرگرمیوں کو متاثر کر کے رکھ دیا ہے۔

ماہرین مینوفیکچرنگ پر وینکٹ لکھیلی مراحل میں پہنچ چکا ہے۔ یہ پروڈیکٹ کمپنی کے ترقی کے عزم کی تکمیل میں ایک اور قدم ہے اور اس سے کیمیکلز اور ایگری سائنسز بزنس کے پورٹ فولیو میں وسعت پیدا ہوگی۔

مزید یہ کہ کاروبار نے نئے شعبوں کی تلاش کا کام جاری رکھا ہوا ہے اور نئے اور موجودہ کسٹمرز کے لیے بہترین منافع کی کوشش کی جارہی ہے اور مستحکم کاروباری حکمت عملی سے شاندار نتائج حاصل کرنے والے اقدامات پر کام جاری رکھا ہوا ہے۔

مستقبل پر نظر

ملک کو درپیش معاشی مسائل سے مہنگائی اور شرح سود میں اضافہ جاری رہنے کے امکانات ہیں جبکہ روپے کے زیر دباؤ رہنے سے کاروباری ماحول شدید متاثر ہونے کا بھی امکان ہے۔ تاہم بزنسز ان مسائل سے نبرد آزما ہونے کی تیاری میں ہیں اور مثبت نتائج دینے کی کوشش میں ہیں کہ جس کی بدولت کمپنی اپنے کسٹمرز کے لیے وسیع پروڈکٹس اور سروسز کو جاری رکھ سکے گی۔ اس کے ساتھ ساتھ کمپنی کی کارکردگی پر قرضہ جات کے بھاری بوجھ کے اثرات کو ختم کرنے کے لیے اپنے ورکنگ کپٹل کو کم کرنے کی بھی کوششیں کی جارہی ہیں۔

کمپنی اپنے اسٹیک ہولڈرز کے سرمایہ کی قدر میں ترقی اور تعلقات میں استحکام، اپنی پروڈکٹس میں توسیع، آرگینک اور ان آرگینک ترقی کے لئے نئے مواقع تلاش کرنے میں پرامید ہے تاکہ ترقی کو بڑھنے دوکا ہمارا وعدہ وفا ہو۔

ڈائریکٹر زکا جائزہ

برائے سرمایہ اور 9 ماہ ختم شدہ 31 مارچ 2019

انڈیا اور ایشیا کے چند علاقوں کے علاوہ تقریباً ہر جگہ مناسب سپلائی کی موجودگی میں سوڈا الیش کی عالمی قیمتوں میں استحکام کی امید کی جارہی ہے۔

مزید برآں، پاکستان روپے کی ناقدری مقامی صنعت کو اپورٹس کے خطرات سے تحفظ فراہم کرنے میں اہم کردار ادا کرے گی۔ تاہم بڑھتی ہوئی مہنگائی نے صارفین کی قوت خرید کو کمزور کر کے رکھ دیا ہے اور اس کے نتیجے میں اقتصادی شعبہ سست روی کا شکار ہے۔

حکومت پاکستان کی جانب سے اعلان کردہ نیا پاکستان ہاؤسنگ اسکیم اگر تھر آور ثابت ہوتی ہے تو مستقبل میں اس کے مثبت نتائج مرتب ہوں گے۔ گلاس کا شعبہ جو کہ مقامی مارکیٹ کی ترقی کا اہم ذریعہ ہے اس اسکیم سے بھرپور فائدہ اٹھائے گا اور طلب میں اضافہ سے متعلق مطلوب نتائج برآمد ہوں گے۔

لائف سائنسز بزنس

آپریٹنگ رزلٹ (ملین روپے) Operating result

مجموعی کاروبار (ملین روپے) Net turnover

مارچ 2018	8,499	مارچ 2018	1,136
مارچ 2019	7,647	مارچ 2019	376

لائف سائنسز بزنس نے زیر جائزہ 9 ماہ کے دوران 7,647 ملین روپے کا مجموعی کاروبار کیا جو کہ گزشتہ سال کے اسی عرصہ کے مقابلے میں 10 فیصد کم ہے۔ بیلز میں کمی زیر جائزہ عرصے کے دوران ملک میں سیاسی عدم استحکام اور ری کمیونٹ بووائن سومانوٹروپن (rbst) کی تکثیریت جو کہ امریکی FDA سے منظور شدہ ہے، کی مارکیٹنگ اور اپورٹ پر پابندی کے سبب سامنے آئی۔ تاہم آپریٹنگ رزلٹ گزشتہ سال کے اسی عرصے کے مقابلے میں 67 فیصد کی سطح پر 376 ملین روپے رہا۔ کمی کی وجوہات میں خاص طور پر rbst پر پابندی اور خام مال کی قیمتوں میں اضافہ اور روپے کی ناقدری شامل ہے۔

فارماسیوٹیکل ڈویژن کا آپریٹنگ رزلٹ گزشتہ سال کی اسی مدت کے مقابلے میں 61 فیصد کم رہا کیونکہ یہ بھی کئی عوامل کے سبب متاثر ہوئی جس میں بیرونی ممالک سے آنے والے خام مال کی قیمتوں میں اضافہ، روپے کی کمی بار ہونے والی ناقدری اور مقامی طور پر مہنگائی کا طوفان شامل ہے۔ دوسری جانب کاروبار کے بڑھتے ہوئے اخراجات کی بروقت قیمتوں کے نہ بڑھنے سے تلافی بھی نہیں ہوئی۔ ہماری فارماسیوٹیکل ٹیم نے مستحکم، یکساں اور فائدہ مند ترقی کے لیے کئی قسم کے اقدامات اٹھاے ہیں۔ دوسری جانب پروڈکٹ کی تیاری کے اخراجات کو کم کرنے کے لیے مینوفیکچرنگ میں ضروری اقدامات اٹھائے گئے ہیں۔ اس حوالے سے حال میں بیس ڈرگ ریگولیٹری اتھارٹی آف پاکستان کی جانب سے قیمتیں بڑھانے کی اجازت سے اخراجات کو بڑی طور پر پورا کرنے میں مدد ملے گی۔

ہینمل، ہیلتھ ڈویژن کا آپریٹنگ رزلٹ rbst کی اپورٹ اور مارکیٹنگ پر پابندی کے سبب گزشتہ سال کی اسی مدت کے مقابلے میں 71 فیصد کم رہا، یہ پروڈکٹ ہمارے ہینمل، ہیلتھ پورٹ فولیو کا اہم حصہ ہے۔ اس کے ساتھ لائو اسٹاک اور پولٹری کے شعبوں کو شدید مشکلات کا سامنا ہے جس میں پنجاب میں فارم پر دودھ کی کم قیمت، پولٹری میں اموات کی شرح میں اضافہ اور مارکیٹ میں قرض ادائیگی کی صلاحیت میں کمی نے ڈویژن کی کارکردگی کو شدید متاثر کیا ہے۔ ڈویژن نے کامیابی کے ساتھ CAVAC پولٹری ویکسین کے آغاز سے پولٹری ویکسین پورٹ فولیو میں مستقبل کے توسیعی اقدام کا راستہ ہموار کر دیا ہے۔ مزید برآں، بزنس نے اپنے نیوٹریشنل مارکیٹ شیئر میں توسیع کے پیش نظر Trouw نیوٹریشن کو ان کے جدید لائو اسٹاک اور پولٹری پورٹ فولیو کی مارکیٹنگ اور ڈسٹری بیوشن کے لیے مصروف کر دیا ہے۔

لائف سائنسز بزنس اپنی فارماسیوٹیکل اور ہینمل ہیلتھ شعبہ جات میں جدید اور معیاری ہیلتھ کیئر پروڈکٹس کی فراہمی سے زندگیوں کو بہتر بنانے کے لیے پرعزم ہے۔

ڈائریکٹرز کا جائزہ

برائے سرمایہ اور 9 ماہ ختم شدہ 31 مارچ 2019

دوسری سرمایہ میں پہلے سے طے شدہ بندش کی مدت کے دوران، بندش کی مدت کو سنبھالنے کے لیے تیار شدہ گڈز کی انویسٹری لیول میں اضافہ رہا۔ پلانٹ کی بندش کے بعد دوبارہ چلانے کے دوران پیداوار میں کمی گزشتہ سال کے مقابلے میں 8 فیصد رہی۔ یونٹس پر زائد منافع کے باوجود دوسری سرمایہ میں اسٹاک لاس کے سبب کاروبار کی مجموعی منافع کی شرح متاثر ہوئی اور گزشتہ سال کے مقابلے میں اس سال کاروباری نقصان کا سامنا رہا۔ زیر جائزہ سہ ماہی مدت کے دوران رکھے ہوئے فیڈ اسٹاک پر زائد منافع اور ایکسپورٹ سیلز میں بہتری کے سبب گزشتہ سال کی اسی مدت کے مقابلے میں کاروباری منافع 105 فیصد زائد حاصل ہوا۔

بزنس نے نئے مارکیٹس کی تلاش اور خصوصی قسم کے ویرینٹس میں توسیع سے اپنی ایکسپورٹ سیلز کو بڑھانے پر توجہ مرکوز رکھی۔ مقامی فروخت میں اضافے کے ساتھ عالمی شناخت کا حصول کاروبار کو حکومت کی جانب سے اٹھائے جانے والے اقدامات سے فائدہ اٹھانے کے قابل کر رہا ہے جس کے تحت حکومت ایکسپورٹس کو بڑھانے سے متعلق کام کرنے والے شعبہ جات، خاص طور پر ٹیکسٹائل کی صنعت کو مراعات دے گی۔

سوڈا الیش بزنس

آپریٹنگ رزلٹ (ملین روپے)

Net turnover (ملین روپے)

2,076	مارچ 2018	9,103	مارچ 2018
2,681	مارچ 2019	12,229	مارچ 2019

زیر جائزہ 9 ماہ کی مدت کے دوران سیلز کی زائد مقدار اور قیمت فروخت میں اضافے (روپے کی ناقدری کے سبب قیمتوں کے بڑھنے) سے گزشتہ سال کے مقابلے میں مجموعی کاروبار 34 فیصد زائد رہا۔ فروخت کی ٹوٹل مقدار بشمول ایکسپورٹس گزشتہ سال کی اسی مدت کے مقابلے میں 15 فیصد زائد رہی۔

سوڈا الیش کی مقامی مارکیٹ میں مثبت رجحان سامنے آیا۔ گلاس کے شعبے میں فلوٹ گلاس کی پیداوار میں توسیع اور بند پڑے ہوئے یونٹس کے دوبارہ کھلنے سے تیزی دیکھے میں آئی۔ اس شعبے میں آئندہ بھی مزید بہتری کی امید کی جارہی ہے۔

ڈزجنٹ، کاغذ اور سوڈیم ہائی کاربونیٹ کے شعبوں میں خاطر خواہ اضافہ برقرار رہا۔ ڈزجنٹ پاؤڈر کی طلب میں دیہی اور شہری مارکیٹس میں آبادی کے اضافے اور صابن کے مقابلے میں پاؤڈر کو ترجیح دینے کے رجحان سے فروخت میں اضافہ جاری ہے۔ پولٹری اور بیکری کے شعبہ جات میں سوڈیم ہائی کاربونیٹ کی طلب میں تیزی کارجہاں جاری رہا۔

زیر جائزہ 9 ماہ کے دوران آپریٹنگ رزلٹ 29 فیصد اضافے کے ساتھ 2,681 ملین روپے رہا کیونکہ 75 ہزار ٹن سالانہ پیداوار کے توسیعی پلانٹ کے کمرشل آپریشن شروع ہونے سے سیلز مقدار میں اضافہ واقع ہوا۔ زیر جائزہ مدت کے دوران پاکستانی روپے کی ناقدری کے ساتھ خام مال اور توانائی کی قیمتوں میں اضافے سے کاروبار شدید متاثر رہا۔ تاہم قیمت فروخت میں اضافے اور اخراجات پر موثر انداز میں کنٹرول کرنے سے ان منفی اثرات کی جزوی طور پر تلافی کی گئی۔

بھارت کے لیے موسٹ فیورڈ نیشن (MFN) کا اعزاز ختم کرنے اور پاکستان سے بھارت کو ایکسپورٹ پر 200 فیصد کسٹم ڈیوٹی لگانے کے بعد انڈیا کو سوڈا الیش کی ایکسپورٹ بند ہو چکی ہے۔ تاہم بزنس نے کامیابی کے ساتھ بنگلادیشی مارکیٹ کو متبادل کے طور پر حاصل کر لیا ہے۔

ڈائریکٹرز کا جائزہ

برائے سہ ماہی اور 9 ماہ ختم شدہ 31 مارچ 2019

Profit before taxation (ملین روپے)	قبل از ٹیکس منافع (ملین روپے)
2,833	مارچ 2018
2,325	مارچ 2019

Net turnover (ملین روپے)	مجموعی کاروبار (ملین روپے)
36,133	مارچ 2018
43,103	مارچ 2019

Earnings per share (روپے)	فی شیئر منافع (روپے)
2,465	مارچ 2018
1,655	مارچ 2019

Profit after taxation (ملین روپے)	بعد از ٹیکس منافع (ملین روپے)
26.69	مارچ 2018
17.91	مارچ 2019

پولیسٹر اسٹیل فابریز (PSF)

Operating result (ملین روپے)	آپریٹنگ رزلٹ (ملین روپے)
74	مارچ 2018
(35)	مارچ 2019 (35)

Net turnover (ملین روپے)	مجموعی کاروبار (ملین روپے)
13,257	مارچ 2018
17,384	مارچ 2019

زیر جائزہ مدت کے دوران امریکہ اور چین کے درمیان تجارتی تصادم کے سبب عالمی معیشت غیر یقینی کا شکار رہی۔ زیر جائزہ مدت کی آخری سہ ماہی کے دوران اوپیک کی جانب سے پیداوار میں کمی کرنے سے کروڈ آئل کی قیمتوں میں تیزی کا رجحان رہا، یہ دوسری سہ ماہی کے دوران تیزی سے گرتی ہوئی قیمتوں کے نتیجے میں تھا۔ قیمتوں میں تیزی کے رجحان سے نیپرو کیمیکل مصنوعات بشمول پی ایس ایف اور فیڈ اسٹاک کی قیمتوں بھی بڑھ گئیں۔ مجموعی طور پر کروڈ آئل کی قیمتیں گزشتہ سال کی اسی مدت کے مقابلے میں 8 فیصد بڑھ گئیں (امریکی ڈالر 59.7 مقابلہ امریکی ڈالر 55.5)۔

زیر جائزہ مدت کے دوران غیر یقینی کا شکار معاشی حالات اور بڑھتی ہوئی مہنگائی، ایکسیجین ریٹ اور سود کی شرح میں اضافے نے کاروباری سرگرمیوں کو محدود کر دیا ہے۔ تاہم گزشتہ سہ ماہی سے ٹیکسٹائل کے شعبے کی ایکسپورٹس کو بہتر کرنے کے لیے حکومت کی جانب سے اٹھائے جانے والے اقدامات کی بدولت صورتحال میں بہتری نظر آ رہی ہے۔

کروڈ آئل کی قیمتوں میں اضافے سے تمام پیٹرولیم مصنوعات کی قیمتیں متاثر ہوئیں، جس کے نتیجے میں گزشتہ سال کی اسی مدت کے مقابلے میں پیٹرول کی قیمت 27 فیصد اور PTA کی قیمت 31 فیصد اضافہ ہو گیا۔ MEG کی قیمتوں میں گزشتہ سال کی اسی مدت کے مقابلے میں رسد کی زیادتی اور آزاد انوینٹریز کے سبب 15 فیصد کمی واقع ہوئی۔ پاکستانی روپے کی ناقدری سے مقامی PSF کی قیمتیں گزشتہ سال کی اسی مدت کے مقابلے میں 37 فیصد بڑھ گئیں۔ کیس، کونکے اور فریمس آئل کی قیمتوں میں بالترتیب 25، 5 اور 35 فیصد اضافے کے باعث فیول کی قیمتوں میں تیزی کا رجحان نظر آیا۔ اس کے ساتھ گزشتہ سال کی اسی مدت کے مقابلے میں توانائی کے اخراجات میں بھی 20 فیصد تک اضافہ ہو گیا۔

مجموعی طور پر اقتصادی سست روی کے سبب چٹائی سطح کے کاروبار متاثر ہوئے اور گزشتہ سال کے مقابلے میں سیلز میں 5 فیصد کمی واقع ہوئی لیکن اہم بات یہ ہے کہ آخری سہ ماہی کے دوران گزشتہ سال کی اسی مدت کے مقابلے میں سیلز میں 5 فیصد تک اضافہ ہو گیا۔ قیمت فروخت میں اضافے سے گزشتہ سال کے مجموعی کاروبار کے مقابلے میں 31 فیصد ترقی ہوئی۔

ڈائریکٹرز کا جائزہ

برائے سہ ماہی اور 9 ماہ ختم شدہ 31 مارچ 2019

ڈائریکٹرز کمپنی کی جائزہ رپورٹ برائے سہ ماہی اور 9 ماہ ختم شدہ 31 مارچ 2019 بشمول کمپنی کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

سہ ماہی کا مجموعی کاروبار گزشتہ سال کی بہ نسبت 17 فیصد اضافے کے ساتھ 15,188 ملین روپے رہا جس کی وجہ یہ تھی کہ لائف سائنسز بزنس کے علاوہ باقی تمام بزنسز کے مجموعی کاروبار میں گزشتہ سال کے اسی عرصے کے مقابلے میں اضافہ رہا۔ پولیسیٹر، سوڈا الیش، کیمیکلز اور ایگری سائنسز بزنس میں شاندار ترقی کی بدولت سہ ماہی کے لئے آپریٹنگ رزلٹ 1,538 ملین روپے ہے جو گزشتہ سال کے اسی سہ ماہی کے مقابلے میں 13 فیصد زائد ہے۔ ان بزنسز میں اضافے کو لائف سائنسز کے آپریٹنگ رزلٹ میں کمی نے متاثر کیا۔

گزشتہ 9 ماہ کا مجموعی کاروبار 43,103 ملین روپے گزشتہ سال کے اسی عرصے کے مقابلے میں 19 فیصد زائد رہا کیونکہ پولیسیٹر، سوڈا الیش، کیمیکلز اور ایگری سائنسز بزنسز میں بالترتیب 31 فیصد، 34 فیصد اور 11 فیصد کی شاندار ترقی حاصل ہوئی۔

کمپنی کا گزشتہ 9 ماہ کا مجموعی کاروبار 3,493 ملین روپے گزشتہ سال کے اسی عرصے کے مقابلے میں 2 فیصد زائد رہا اس کی بنیادی وجہ سوڈا الیش، کیمیکلز اور ایگری سائنسز بزنسز میں بالترتیب 29 فیصد اور 257 فیصد کی شاندار ترقی ہے۔ تاہم پولیسیٹر اور لائف سائنسز بزنسز کی کارکردگی میں بالترتیب 148 فیصد اور 67 فیصد کمی نے مجموعی نتائج کو متاثر کیا۔ سوڈا الیش بزنس میں بہترین کارکردگی کی اہم وجہ 75,000 ٹن سالانہ پیداوار کے توسیعی پلانٹ کے قیام اور اس کے کمرشل آپریشن کے آغاز سے سیلز میں اضافہ ہے۔ کیمیکلز اور ایگری سائنسز بزنس میں ایگرو کیمیکل کے شعبے کے منافع میں اضافے کے ساتھ حکومت کی جانب سے سوج بھٹی کے بیج پر رعایت دینے کے اعلان سے سیلز میں اضافہ ہونے سے شاندار کارکردگی حاصل ہوئی۔ پولیسیٹر بزنس کے آپریٹنگ رزلٹ میں کمی پولیسیٹر اسٹیل فابری (PSF) کی قیمتوں میں ہونے والی تنزلی کی وجہ سے پلانٹ شٹ ڈاؤن کیلئے رکھی گئی اضافی انویسٹری پر نیٹ ریٹیل ایڈجسٹمنٹ کے سبب واقع ہوئی۔ لائف سائنسز بزنس کا آپریٹنگ رزلٹ ری کمینٹ بڈوان سو موٹور وپن (rbST) کی مارکیٹنگ اور ایمپورٹ پر پابندی، روپے کی ناقدری اور امپورٹڈ خام مال کی تلاش پر زائد اخراجات کے سبب شدید متاثر ہوا ہے۔

زیر جائزہ 9 ماہ کی مدت کے دوران بعد از ٹیکس منافع 1,655 ملین روپے ہے جو کہ گزشتہ سال کے اسی عرصے کے مقابلے میں 33 فیصد کم ہے۔ اس کی اہم وجہ شرح سود کے بڑھنے سے 656 ملین روپے کے زائد سودی اخراجات اور فارن ایکسچینج نقصانات کو کم کرنے کے لیے کمپنی کی ادائیگی سائٹ LC سے Usance LC کی طرف منتقل ہونے کے سبب زائد قرضہ جات ہیں۔ اس کے ساتھ منسلک اداروں سے منافع منقسمہ کی کم آمدنی اور لائٹ سوڈا الیش کے توسیعی پروڈیکٹ پر گزشتہ مدت کے دوران ملنے والے ٹیکس کریڈٹ کی عدم موجودگی کے سبب لاگو ہونے والے زائد ٹیکسز بھیجے ہیں۔

زیر جائزہ 9 ماہ کے لئے ہر ایک شیئر پر منافع 17.91 روپے رہا جو کہ گزشتہ سال کے اسی عرصے کے مقابلے میں 33 فیصد کم ہے۔

مارچ 2018 میں ختم شدہ 9 ماہ	مارچ 2019 میں ختم شدہ 9 ماہ	
36,133	43,103	مجموعی کاروبار (ملین روپے) Net turnover (PKR million)
2,833	2,325	قبل از ٹیکس منافع (ملین روپے) Profit before taxation (PKR million)
2,465	1,655	بعد از ٹیکس منافع (ملین روپے) Profit after taxation (PKR million)
26.69	17.91	فی شیئر منافع (روپے) Earnings per share (PKR)

Condensed Interim Unconsolidated Statement of Financial Position

As at March 31, 2019

Amounts in PKR '000

	Note	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	20,367,294	20,576,333
Intangible assets	5	921,137	924,294
		21,288,431	21,500,627
Long-term investments	6	3,913,076	3,913,076
Long-term loans	7	493,309	431,096
Long-term deposits and prepayments		39,012	37,138
		4,445,397	4,381,310
		25,733,828	25,881,937
Current assets			
Stores, spares and consumables		941,934	881,034
Stock-in-trade	8	9,229,688	8,737,564
Trade debts		2,328,265	2,605,818
Loans and advances		586,501	520,173
Trade deposits and short-term prepayments		313,921	306,154
Other receivables		1,371,156	1,401,131
Taxation - net		2,251,983	2,595,475
Cash and bank balances		220,036	218,843
		17,243,484	17,266,192
Total assets		42,977,312	43,148,129

EQUITY AND LIABILITIES

Share capital and reserves

Authorised capital 1,500,000,000 (June 30, 2018: 1,500,000,000) ordinary shares of PKR 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital 92,359,050 (June 30, 2018: 92,359,050) ordinary shares of PKR 10 each		923,591	923,591
Capital reserves		309,643	309,643
Surplus on revaluation of property, plant and equipment - net of tax		629,891	669,495
Revenue reserve - unappropriated profit		16,672,206	16,178,705
Total equity		18,535,331	18,081,434

Non-current liabilities

Provisions for non-management staff gratuity		99,074	99,007
Long-term loans	9	7,261,897	8,237,107
Deferred tax liability - net	10	1,667,947	1,911,896
		9,028,918	10,248,010

Current liabilities

Trade and other payables		7,462,579	6,159,767
Accrued mark-up		355,628	249,638
Short-term borrowings and running finance	11	5,972,447	7,356,467
Current portion of long-term loans		1,527,673	963,434
Unclaimed dividend		94,736	89,379
		15,413,063	14,818,685
Total equity and liabilities		42,977,312	43,148,129

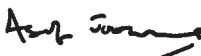
Contingencies and commitments

12

The annexed notes from 1 to 22 form an integral part of the condensed interim unconsolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)

For the Nine Months Ended March 31, 2019

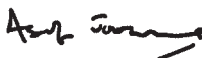
Amounts in PKR '000

	For the 3 months ended March 31, 2019	For the 9 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2018
Net turnover - note 13	15,188,354	43,102,799	12,955,990	36,133,049
Cost of sales - note 13 and 14	(12,533,508)	(36,259,458)	(10,582,665)	(29,513,132)
Gross profit	2,654,846	6,843,341	2,373,325	6,619,917
Selling and distribution expenses	(783,211)	(2,340,832)	(682,634)	(2,095,182)
Administration and general expenses	(333,987)	(1,009,646)	(330,361)	(1,106,891)
Operating result - note 13	1,537,648	3,492,863	1,360,330	3,417,844
Finance costs	(348,675)	(1,044,494)	(178,002)	(388,546)
Exchange loss	(18,861)	(234,246)	(97,748)	(335,950)
Workers' profit participation fund	(59,681)	(122,378)	(59,954)	(149,138)
Workers' welfare fund	(19,348)	(45,408)	(23,247)	(57,807)
Other charges	(1,843)	(33,974)	(11,677)	(34,656)
	(448,408)	(1,480,500)	(370,628)	(966,097)
Dividend income	-	255,000	125,000	320,000
Other income	16,148	57,599	24,431	60,805
Profit before taxation	1,105,388	2,324,962	1,139,133	2,832,552
Taxation - note 15	(351,280)	(670,397)	(137,028)	(367,575)
Profit after taxation	754,108	1,654,565	1,002,105	2,464,977
	(PKR)			
Basic and diluted earnings per share	8.16	17.91	10.85	26.69

The annexed notes from 1 to 22 form an integral part of the condensed interim unconsolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Other Comprehensive Income (Unaudited)

For the Nine Months Ended March 31, 2019

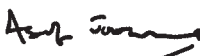
Amounts in PKR '000

	For the 3 months ended March 31, 2019	For the 9 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2018
Profit after taxation	754,108	1,654,565	1,002,105	2,464,977
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	754,108	1,654,565	1,002,105	2,464,977

The annexed notes from 1 to 22 form an integral part of the condensed interim unconsolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

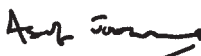
	March 31, 2019	March 31, 2018
Cash flows from operating activities		
Cash generated from operations - note 16	6,059,501	1,472,422
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(19,457)	(20,890)
Staff retirement benefit plan	(43,027)	(49,626)
Taxation	(570,855)	(664,968)
Interest	(938,504)	(324,417)
Net cash generated from operating activities	4,487,658	412,521
Cash flows from investing activities		
Capital expenditure	(1,763,325)	(2,699,662)
Proceeds from disposal of operating fixed assets	11,464	495
Interest received on bank deposits	698	5,512
Business acquisition	-	(1,935,700)
Investment in Subsidiary	-	(958,800)
Dividend received from subsidiary	75,000	200,000
Dividend received from associate	180,000	120,000
Net cash used in investing activities	(1,496,163)	(5,268,155)
Cash flows from financing activities		
Long-term loans obtained*	300,000	4,290,596
Long-term loans repaid*	(710,971)	(432,308)
Dividends paid	(1,195,311)	(1,633,697)
Net cash (used in) / generated from financing activities	(1,606,282)	2,224,591
Net increase / (decrease) in cash and cash equivalents	1,385,213	(2,631,043)
Cash and cash equivalents at the beginning of the period	(7,137,624)	(1,976,698)
Cash and cash equivalents at the end of period	(5,752,411)	(4,607,741)
Cash and cash equivalents at the end of period comprise of:		
Cash and bank balances	220,036	143,902
Short-term borrowings and running finance	(5,972,447)	(4,751,643)
	(5,752,411)	(4,607,741)

* No non-cash items are included in these activities

The annexed notes from 1 to 22 form an integral part of the condensed interim unconsolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Changes in Equity

For the Nine Months Ended March 31, 2019

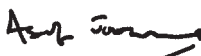
Amounts in PKR '000

	Issued, subscribed and paid-up capital	Capital reserves	Surplus on revaluation of property, plant and equipment	Revenue reserves unappropriated profit	Total
As at July 1, 2017 (Audited)	923,591	309,643	743,948	14,950,666	16,927,848
Final dividend of PKR 10.00 per share for the year ended June 30, 2017	-	-	-	(923,591)	(923,591)
Interim dividend of PKR 8.00 per share for the year ended June 30, 2018	-	-	-	(738,873)	(738,873)
	-	-	-	(1,662,464)	(1,662,464)
Profit for the period	-	-	-	2,464,977	2,464,977
Other comprehensive income for the period - net of tax:	-	-	-	-	-
Total comprehensive income	-	-	-	2,464,977	2,464,977
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	(51,557)	51,557	-
As at March 31, 2018 (Unaudited)	923,591	309,643	692,391	15,804,736	17,730,361
Profit for the period	-	-	-	594,729	594,729
Other comprehensive income for the period - net of tax	-	-	(6,161)	(237,495)	(243,656)
Total comprehensive income	-	-	(6,161)	357,234	351,073
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	(16,735)	16,735	-
As at June 30, 2018 (Audited)	923,591	309,643	669,495	16,178,705	18,081,434
Final dividend of PKR 08.50 per share for the year ended June 30, 2018	-	-	-	(785,052)	(785,052)
Interim dividend of PKR 04.50 per share for the year ended June 30, 2019	-	-	-	(415,616)	(415,616)
	-	-	-	(1,200,668)	(1,200,668)
Profit for the period	-	-	-	1,654,565	1,654,565
Other comprehensive income for the period - net of tax:	-	-	-	-	-
Total comprehensive income	-	-	-	1,654,565	1,654,565
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	(39,604)	39,604	-
As at March 31, 2019 (Unaudited)	923,591	309,643	629,891	16,672,206	18,535,331

The annexed notes from 1 to 22 form an integral part of the condensed interim unconsolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended March 31, 2019

1 Status and nature of business

ICI Pakistan Limited ("the Company") is incorporated in Pakistan and is listed on the Pakistan Stock Exchange Limited. The Company is a subsidiary of Lucky Holdings Limited (a subsidiary of Lucky Cement Limited) and is engaged in the manufacturing of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate, polyurethanes and pharmaceutical products; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchandising of general chemicals. It also acts as an indenting agent and toll manufacturer. The Company's registered office is situated at 5 West Wharf, Karachi.

These are the separate condensed interim unconsolidated financial statements of the Company in which investment in subsidiaries and associate is stated at cost less impairment losses if any.

2 Statement of compliance

These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 Significant accounting policies

The accounting policies and methods of computation adopted for the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the unconsolidated financial statements as at and for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments". The revised accounting policy adopted by the management are as follows:

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

IFRS 9 – Financial Instruments

IFRS 9 "Financial Instruments" has replaced IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Company has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP).

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

The Company's financial assets mainly include trade debts, loans and advances, long term loans, investment in equity instruments, other ancillary deposits/receivables and bank balances held with commercial banks.

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. Expected Credit Loss (ECL) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL. For this purpose, the management has conducted an exercise to assess the impairment of its financial assets using historical data and forward looking information. Based on such exercise, the Company has concluded that it is in compliance with the requirements of the new accounting standard and that the impact of impairment on its financial assets is immaterial to this condensed interim unconsolidated financial statements.

4 Property, plant and equipment

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Operating fixed assets - at net book value	18,473,482	19,710,551
Capital work-in-progress - at cost - note 4.2		
Civil works and buildings	204,077	110,078
Plant and machinery	1,480,550	531,432
Advances to suppliers / contractors	209,185	224,272
	1,893,812	865,782
Total property, plant and equipment	20,367,294	20,576,333

4.1 Following is the cost of operating fixed assets that have been added / disposed off during the nine months ended March 31, 2019:

	Additions / Acquisition / Transfers		Disposals at net book value	
	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Freehold land	21,951	207,573	-	8,326
Lime beds on freehold land	14,244	76,819	-	-
Buildings on freehold land	5,847	206,275	-	-
Buildings on leasehold land	143,366	849,987	29	88
Plant and machinery	509,608	5,472,647	10,170	750
Rolling stock and vehicles	9,618	4,496	289	-
Furniture and equipment	48,860	122,169	53	462
Total	753,494	6,939,966	10,541	9,626

4.2 Following is the movement in capital work-in-progress during the period:

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Opening balance	865,782	4,372,739
Addition during the period	1,719,500	2,395,925
	2,585,282	6,768,664
Transferred to operating fixed assets	(691,470)	(5,902,882)
Closing balance	1,893,812	865,782

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
5 Intangible assets		
Intangible assets - at net book value - note 5.1	921,137	924,294
5.1 Following is the detail of intangible assets:		
Brands	753,460	753,460
Goodwill	126,510	126,510
Others	41,167	44,324
	921,137	924,294
The management has decided that no change is required in the value of Goodwill and Brands as disclosed in the annual audited financial statements as at and for the year ended June 30, 2018 of the Company in respect of acquisition of certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited which constitute a business combination as per IFRS 3: business combination.		
5.2 Addition to intangible assets:	6,212	913,855
6 Long-term investments		
Unquoted		
Subsidiaries		
- ICI Pakistan PowerGen Limited (wholly owned)		
7,100,000 ordinary shares (June 30, 2018: 7,100,000) of PKR 100 each	710,000	710,000
Provision for impairment loss	(209,524)	(209,524)
	500,476	500,476
- Cirin Pharmaceuticals (Private) Limited (wholly owned)		
112,000 ordinary shares (June 30, 2018: 112,000) of PKR 100 each and premium of PKR 8,661.61 per share	981,300	981,300
- NutriCo Morinaga (Private) Limited (51% holding)		
14,688,000 ordinary shares (June 30, 2018: 14,688,000) of PKR 100 each	1,468,800	1,468,800
Associate		
- NutriCo Pakistan (Private) Limited (40% ownership)		
200,000 ordinary shares (June 30, 2018: 200,000) of PKR 1,000 each and premium of PKR 3,800 per share	960,000	960,000
Others		
Equity - at fair value through OCI		
- Arabian Sea Country Club Limited		
250,000 ordinary shares (June 30, 2018: 250,000) of PKR 10 each	2,500	2,500
	3,913,076	3,913,076
7 Long-term loans		
Considered Good - secured		
Due from executives and employees	638,631	559,089
Current portion shown under loans and advances (Current assets)	(145,322)	(127,993)
	493,309	431,096

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
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8 Stock-in-trade

It includes items carried at net realisable value of PKR 3,250,618 million (June 30, 2018: PKR 2,399,087 million) on which expense of PKR 61.776 million (June 30, 2018: PKR 160.810 million) was recognised during the period.

9 Long-term loans

Long-term loans - note 9.1	8,789,570	9,200,541
Current portion shown under current liabilities	(1,527,673)	(963,434)
	7,261,897	8,237,107
9.1 Opening balance	9,200,541	5,553,664
Obtained during the period	300,000	4,290,595
Repaid during the period	(710,971)	(643,718)
Closing balance	8,789,570	9,200,541

During the period, Company availed a further long term loan amounting to PKR 300 million. The markup rate on LTFF ranges from SBP rate +0.3% to 0.5% spread, with other Long Term Loans ranging from 3 month KIBOR to 6 months KIBOR bearing spreads ranging from 0.05% to 0.25%. The profit rate on Islamic term finance is 6 months KIBOR + 0.05%. The markup is payable on quarterly and semi-annual basis.

10 Deferred tax liability - net

Deductible temporary differences		
Provisions for retirement benefits, doubtful debts and others	(268,920)	(252,072)
Retirement funds provision	(106,532)	(110,491)
Minimum Tax	(57,147)	(57,147)
Taxable temporary differences		
Property, plant and equipment	2,100,546	2,331,606
	1,667,947	1,911,896

11 Short-term borrowings and running finance

Export refinance	200,000	200,000
Money market	1,500,000	-
Short-term running finance - secured	4,272,447	7,156,467
	5,972,447	7,356,467

There is no major change in the terms and conditions of the short-term borrowings and running finance as disclosed in the annual audited financial statements of the Company as at and for the year ended June 30, 2018 except that the Company availed further facility of PKR 1,750 million which currently stands at PKR 1,500 million as the short term facility of PKR 250 million is matured. Mark-up rate on running finance during the year ranging from KIBOR to KIBOR + 1% per annum.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
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12 Contingencies and commitments

12.1 Claims against the Company not acknowledged as debts are as follows:

Local bodies	163,583	166,501
Others	11,318	11,318
	174,901	177,819

The Deputy Commissioner Inland Revenue passed an order dated September 25, 2018 creating a sales tax demand of PKR 25.5 million on various issues. The Company, while discharging the said demand, has preferred an appeal against the order before the Commissioner Appeals which is pending disposal. The Company is confident that case will be decided in its favor.

Furthermore, the Commissioner Appeals passed an appellate order dated March 20, 2019 against the income tax assessment for Tax Year 2014, amended vide order dated December 31, 2016. Through the appellate order, majority of the issues involved therein have been decided in favor of the Company. For the issues decided against the Company, an appeal shall be filed before the Appellate Tribunal Inland Revenue in due course. There is no immediate demand as appeal effect order is yet to be issued and sufficient refunds are also available in Tax Year 2014. The Company is confident that case will be decided in its favor.

Except for the above, there are no material changes in the status of custom duty, income tax and sales tax contingencies as reported in the annual audited financial statements for the year ended June 30, 2018.

12.2 Commitments in respect of capital expenditure (including Dense Ash and masterbatch project)

	470,092	190,543
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12.3 Commitments for rentals under operating lease / ljarah contracts in respect of vehicles are as follows:

Year		
2018-19	27,431	76,099
2019-20	89,665	80,893
2020-21	95,493	85,989
2021-22	101,700	91,407
2022-23	81,233	-
	395,522	334,388
Payable not later than one year	94,680	76,099
Payable later than one year but not later than five years	300,842	258,289
	395,522	334,388
12.4 Commitments in respect of Post dated cheques	420,640	173,073

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the Nine Months Ended March 31, 2019

13 Operating Segment results (Unaudited)

Amounts in PKR '000

	Polyester			Soda Ash			Life Sciences			Chemicals and Agri Sciences			Company		
	For the 3 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2019	For the 3 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2019	For the 3 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2019	For the 3 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2019	For the 3 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2019
Turnover															
- note 13.1, 13.2 & 13.3	6,292,146	17,649,001	4,713,366	13,528,551			3,048,324	8,801,220	3,402,112	2,588,289	6,969,397	2,291,912	6,401,195	16,953,862	48,882,009
Sales tax	-	-	(17)	(17)			(12,465)	(50,627)	(19,789)	(175,266)	(471,808)	(209,453)	(519,294)	(906,879)	(2,171,860)
Commission and discounts / price adjustment	(4,832)	(263,277)	(60,353)	(271,456)			(363,249)	(1,103,535)	(945,006)	(215,081)	(652,164)	(186,101)	(603,713)	(658,619)	(2,577,100)
	(4,832)	(263,277)	(60,370)	(271,473)			(410,714)	(1,154,162)	(964,795)	(390,347)	(1,123,972)	(395,554)	(1,122,997)	(1,765,488)	(4,748,999)
Net turnover	6,197,314	17,385,754	4,622,996	13,257,078			2,637,610	7,647,058	3,037,317	2,197,942	5,845,425	1,896,358	5,278,198	15,188,354	43,102,799
Cost of sales	(5,888,248)	(16,944,819)	(4,441,452)	(12,837,412)			(2,008,940)	(5,778,719)	(2,116,831)	(1,893,980)	(4,522,464)	(1,530,353)	(4,042,467)	(12,533,598)	(36,259,458)
- note 13.1 and 14	309,066	438,935	181,544	419,666			628,670	1,868,339	920,486	497,962	1,322,961	396,005	1,235,731	2,654,846	6,843,341
Gross profit	(118,079)	(303,995)	(66,330)	(190,334)			(371,651)	(1,151,368)	(337,326)	(203,075)	(514,444)	(199,206)	(653,526)	(783,211)	(2,340,832)
distribution expenses															(82,634)
Administration and general expenses	(61,459)	(168,321)	(52,108)	(155,739)			(100,240)	(340,635)	(112,799)	(71,428)	(237,167)	(84,223)	(450,250)	(333,987)	(1,006,646)
Operating result	128,828	(35,321)	62,836	73,595			153,779	375,306	463,764	217,459	471,350	112,576	131,855	1,337,648	3,472,844

	Polyester			Soda Ash			Life Sciences			Chemicals and Agri Sciences			Company*		
	As at March 31, 2019 (Unaudited)	As at June 30, 2018 (Audited)	As at March 31, 2019 (Unaudited)	As at June 30, 2018 (Audited)	As at March 31, 2019 (Unaudited)	As at June 30, 2018 (Audited)	As at March 31, 2019 (Unaudited)	As at June 30, 2018 (Audited)	As at March 31, 2019 (Unaudited)	As at March 31, 2019 (Unaudited)	As at June 30, 2018 (Audited)	As at March 31, 2019 (Unaudited)	As at March 31, 2019 (Unaudited)	As at June 30, 2018 (Audited)	As at March 31, 2019 (Unaudited)
Segment Assets	10,214,583	11,176,674		24,265,596	24,602,890		8,263,630	8,808,393		10,218,830	9,953,650		37,683,149	36,639,578	
Unallocated Assets													5,344,163	6,508,551	
													42,977,312	43,148,129	
Segment Liabilities	13,635,938	14,884,879		2,407,607	3,292,937		3,590,006	3,848,526		3,257,595	4,048,337		7,561,645	8,170,670	
Unallocated Liabilities													16,880,336	16,886,025	
													24,441,981	25,066,695	

* Note: Inter unit current account balances of respective businesses have been eliminated from the total.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

For the 3 months ended March 31, 2019	For the 9 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2018
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(Unaudited)

13.1 Turnover

Inter-segment sales and purchases have been eliminated from the total.

545 1,980 2,494 4,822

13.2 Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

13.3 Turnover includes export sales made to various countries amounting to:

215,829 999,888 251,065 460,300

14 Cost of sales

Opening stock of raw and packing materials

4,919,259 4,497,008 3,141,138 2,464,251

Purchases

7,675,610 21,775,940 6,528,244 17,163,829

12,594,869 26,272,948 9,669,382 19,628,080

Closing stock of raw and packing materials

(5,265,251) (5,265,251) (3,639,741) (3,639,741)

Raw and packing materials consumption

7,329,618 21,007,697 6,029,641 15,988,339

Manufacturing costs

3,331,340 9,571,126 2,860,232 7,583,900

10,660,958 30,578,823 8,889,873 23,572,239

Opening stock of work-in-process

126,417 63,752 113,118 75,244

10,787,375 30,642,575 9,002,991 23,647,483

Closing stock of work-in-process

(238,954) (238,954) (100,028) (100,028)

Cost of goods manufactured

10,548,421 30,403,621 8,902,963 23,547,455

Opening stock of finished goods

4,164,202 4,176,804 3,179,720 3,207,152

Finished goods purchased

1,546,368 5,404,516 1,613,237 5,871,780

16,258,991 39,984,941 13,695,920 32,626,387

Closing stock of finished goods

(3,725,483) (3,725,483) (3,113,255) (3,113,255)

12,533,508 36,259,458 10,582,665 29,513,132

15 Taxation

Current
Deferred

366,180 914,347 (202,489) 191,822
(14,900) (243,950) 339,517 175,753

351,280 670,397 137,028 367,575

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

	March 31, 2019	March 31, 2018
16 Cash flows from operations		
Profit before taxation	2,324,962	2,832,552
Adjustments for:		
Depreciation and amortisation	1,989,391	1,748,615
(Gain) / loss on disposal of operating fixed assets	(922)	16
Provision for non-management staff gratuity and eligible retired employees' medical scheme	25,785	29,693
Provision for staff retirement benefit plan	17,869	20,050
Interest on bank deposits	(698)	(5,512)
Dividend from Subsidiary	(75,000)	(120,000)
Dividend from Associate	(180,000)	(200,000)
Interest expense	1,044,494	388,546
Provisions and accruals no longer required written back	(3,974)	-
Provision for slow moving and obsolete stock-in-trade	122,605	200,689
Provision for doubtful trade debts	20,684	153,349
Provision for slow moving and obsolete stores, spares and consumables	6,953	555
	5,292,149	5,048,553
Movement in:		
Working capital - note 16.1	831,439	(3,528,090)
Long-term loans	(62,213)	(48,730)
Long-term deposits and prepayments	(1,874)	689
Cash generated from operations	6,059,501	1,472,422
16.1 Movement in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores, spares and consumables	(67,853)	95,429
Stock-in-trade	(614,729)	(1,219,644)
Trade debts	260,843	(167,543)
Loans and advances	(66,328)	(240,324)
Trade deposits and short-term prepayments	17,391	(14,029)
Other receivables	29,975	(128,737)
	(440,701)	(1,674,848)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	1,272,140	(1,853,242)
	831,439	(3,528,090)

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

17 Transactions with related parties

The related parties comprise the holding company (Lucky Holdings Limited), the ultimate parent company (Lucky Cement Limited) and related group companies, associated company, subsidiary companies, directors of the Company, companies where directors also hold directorship, key employees and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

		For the 3 months ended March 31, 2019	For the 9 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2018
Relationship with the company	Nature of Transaction				
<i>Holding Company</i>	Royalty	103,533	296,123	80,248	223,605
	Dividend	303,278	885,494	547,968	1,232,928
<i>Subsidiary Companies</i>	Purchase of goods, materials and services	237,596	624,382	155,535	448,347
	Provision of services and other receipts	495	1,485	495	1,485
	Sale of goods, material and asset	867	3,096	33	33
	Dividend income	-	75,000	25,000	120,000
	Reimbursement of expenses	5,055	15,447	-	-
	Short term loan provided	100,000	100,000	-	-
	Interest income from loan	1,105	1,105	-	-
<i>NutriCo Morinaga</i>	Investment in subsidiary	-	-	958,800	958,800
<i>Associated Companies</i>	Purchase of goods, materials and services	148,350	178,136	4,422	77,213
	Sale of goods and materials	534,721	1,381,222	511,348	1,379,178
	Donations paid	2,300	2,300	30,000	35,000
	Reimbursement of expenses	-	34,175	23,837	60,794
	Dividend paid to associate	49,761	143,755	88,465	199,046
	Dividend income from associate	-	180,000	100,000	200,000
<i>Others</i>	Staff retirement benefits	60,631	177,081	73,667	197,139
<i>Key management personnel</i>	Remuneration paid	55,919	236,899	57,051	247,301
	Post employment benefits	7,589	24,003	9,108	25,851
	Director meeting fee	1,987	3,225	1,000	2,375
	Dividends paid	2,180	6,704	4,276	9,620

All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Ended March 31, 2019

18 Estimates

Judgments and estimates made by the management in the preparation of the condensed interim unconsolidated financial statements were the same as those applied to the financial statements as at and for the year ended June 30, 2018.

19 New amended and revised standards and interpretations of IFRSs

The accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those of the previous financial year except for the adoption of IFRS 15 and IFRS 9 as disclosed in note 3 to the accompanying condensed interim unconsolidated financial statements.

20 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the represented financial statements as at and for the year ended June 30, 2018.

21 Date of authorisation

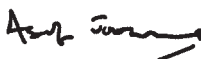
The condensed interim unconsolidated financial information was authorised for issue in the Board of Directors meeting held on April 24, 2019.

22 General

Figures have been rounded off to the nearest thousand rupees except as stated otherwise.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer



ICI PAKISTAN LTD.

ICI Pakistan Limited and its Subsidiary Companies Consolidated Financial Statements



Review of the Directors

For the Quarter & Nine Months Ended March 31, 2019

The Directors are pleased to present their review, together with the unaudited Group results of ICI Pakistan Limited, for the quarter and nine months ended March 31, 2019. The ICI Pakistan Group comprises of ICI Pakistan Limited, ICI Pakistan PowerGen Limited (PowerGen), Cirin Pharmaceuticals (Private) Limited (Cirin), and NutriCo Morinaga (Private) Limited (NutriCo Morinaga) as its subsidiaries. The Directors' Report, which provides a commentary on the performance of ICI Pakistan Limited for the nine-month period ended March 31, 2019, has been presented separately.

Cirin achieved a net turnover of PKR 836 million, 37% higher as compared to the SPLY, supported by a large increase in tender business. Operating loss for the period under review was PKR 54 million, owing to an adverse change in sales mix between retail and institutions, along with higher manufacturing costs due to an increase in international raw material prices and multiple rupee devaluations. The Business remains focussed on establishing a strong foothold in the market by increasing its product range and improving its operational efficiencies, and profitability.

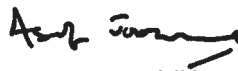
Net turnover of PowerGen for the nine-month period under review stood at PKR 541 million, 41% higher as compared to the SPLY due to a rise in furnace oil price by 44%. Sale of electricity units were 12% higher versus the SPLY despite the Polyester plant shutdown, as the Company started to sell electricity to its associate concern, NutriCo Morinaga. Overall, operating profit rose by 19% against the SPLY.

NutriCo Morinaga is constructing a state-of-the-art manufacturing facility to manufacture Morinaga Infant Formula, which will be manufactured, distributed and sold by the Company. Contingent on the results of trial production, commercial operations are expected to commence during the second half of calendar year 2019. During the period, the Company generated income of PKR 30 million on its bank deposits, which after incorporating other charges of PKR 2 million, translated into a profit after tax of PKR 19 million.

On a consolidated basis, PAT for the nine-month period under review at PKR 1,773 million, and EPS at PKR 19.10, is 35% lower than the SPLY. The Company recognised PKR 324 million as share of profit from NutriCo Pakistan (Private) Limited.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive

April 24, 2019
Karachi

ڈائریکٹر زکا جائزہ

برائے سہ ماہی اور 9 ماہ ختم شدہ 31 مارچ 2019

ڈائریکٹر زکا اپنی جائزہ رپورٹ برائے سہ ماہی اور 9 ماہ ختم شدہ 31 مارچ 2019 اور آئی سی آئی پاکستان لمیٹڈ کے غیر آڈٹ شدہ گروپ نتائج پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ آئی سی آئی پاکستان گروپ، آئی سی آئی پاکستان لمیٹڈ، آئی سی آئی پاکستان پاور جن لمیٹڈ (PowerGen)، سرن فارماسیوٹیکل (پرائیویٹ) لمیٹڈ (Cirin) اور نیوٹری کو موریناگا (پرائیویٹ) لمیٹڈ (Nutrico Morinaga) پر مشتمل ہے۔ 9 ماہ ختم شدہ 31 مارچ 2019 کے دوران آئی سی آئی پاکستان لمیٹڈ کی کارکردگی کی وضاحت پر مشتمل ڈائریکٹر زکا رپورٹ علیحدہ سے پیش کی جا چکی ہے۔

سرن فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ نے 836 ملین روپے کا مجموعی کاروبار کیا جو گزشتہ سال کی اسی مدت کے مقابلے میں 37 فیصد زیادہ ہے، اس اضافے میں ٹینڈر بزنس میں ہونے والا بڑا اضافہ شامل ہے۔ زیر جائزہ مدت کے دوران کاروباری نقصان 54 ملین روپے رہا کیونکہ ریٹیل اور اداروں کو فروخت کی جانے والی پروڈکٹس میں منفی تبدیلی، بیرونی خام مال کی قیمتوں میں اضافے سے بڑھنے والے پیداواری اخراجات اور روپے کی کئی بار ناقدری ہونے سے کاروبار کے منافع متاثر ہوئے۔ بزنس نے اپنی پروڈکٹس کی رتنج میں اضافے، کاروباری نظام کو موثر بنانے اور منافع بڑھانے کے ساتھ مارکیٹ میں اپنی پوزیشن کو مستحکم رکھنے کا کام جاری رکھا۔

پاور جن لمیٹڈ کا زیر جائزہ عرصہ کے لئے مجموعی کاروبار 541 ملین روپے بنتا ہے جو کہ گزشتہ سال کے مقابلے میں 41 فیصد زیادہ رہا کیونکہ فرنیس آئل کی قیمتوں میں 44 فیصد تک اضافہ ہو گیا۔ پولیسٹر پلائٹ کو فروخت کی جانے والی بجلی کے یونٹس پلائٹ کی بندش کے باوجود گزشتہ سال کے مقابلے میں 12 فیصد زائد رہے جبکہ کمپنی نے اپنے ایسوسی ایٹ ادارے نیوٹری کو موریناگا (پرائیویٹ) لمیٹڈ کو بجلی کی فروخت شروع کر دی۔ مجموعی طور پر گزشتہ سال کی اسی مدت کے مقابلے میں کاروباری منافع 19 فیصد تک بڑھ گیا۔

نیوٹری کو موریناگا (پرائیویٹ) لمیٹڈ اپنی جدید مینوفیکچرنگ عمارت کی تعمیر میں مصروف ہے جہاں موری ناگا انفیٹ فارمولا پروڈکٹ تیار کی جائے گی۔ جس کی ڈسٹری بیوٹن، مارکیٹنگ اور فروخت کا کام کمپنی انجام دے گی۔ سال 2019 کے دوسری ششماہی کے دوران ان پلائٹ کے کمرشل آپریشن کے آغاز کی امید ہے جو کہ تجرباتی پروڈکشن کے نتائج پر منحصر ہے۔ زیر جائزہ 9 ماہ کے دوران کمپنی نے اپنے بینک ڈپازٹس پر 30 ملین روپے کی دیگر آمدنی حاصل کی، بعد ازاں 2 ملین روپے کی دیگر چارجز شامل کرنے سے بعد از ٹیکس منافع 19 ملین روپے بنتا ہے۔

مجموعی طور پر زیر جائزہ 9 ماہ کے دوران بعد از ٹیکس منافع 1,773 ملین روپے اور ہر ایک شیئر پر منافع 19.10 روپے بنتا ہے جو کہ گزشتہ سال کے مقابلے میں 35 فیصد کم ہے۔ کمپنی نے نیوٹری کو پاکستان (پرائیویٹ) لمیٹڈ سے اپنے منافع کا حصہ 324 ملین روپے حاصل کیا۔

آصف جمہ

چیف ایگزیکٹو

محمد سہیل شاہ

چیرمین

بتاریخ: 24 اپریل 2019

کراچی

Condensed Interim Consolidated Statement of Financial Position

As at March 31, 2019

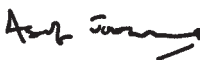
Amounts in PKR '000

	Note	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	25,451,225	22,375,943
Intangible assets	5	1,685,220	1,688,377
		27,136,445	24,064,320
Long-term investment	6	1,276,621	1,132,504
Long-term loans	7	516,996	443,791
Long-term deposits and prepayments		43,139	43,602
		1,836,756	1,619,897
		28,973,201	25,684,217
Current assets			
Stores, spares and consumables	8	1,001,898	946,642
Stock-in-trade		9,521,222	9,010,634
Trade debts		2,458,333	2,718,120
Loans and advances		530,647	552,752
Trade deposits and short-term prepayments		356,943	322,494
Other receivables		1,965,181	1,498,166
Taxation - net		2,300,420	2,592,156
Cash and bank balances		660,909	1,687,351
		18,795,553	19,328,315
Total assets		47,768,754	45,012,532
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
1,500,000,000 (June 30, 2018: 1,500,000,000)			
ordinary shares of PKR 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital			
92,359,050 (June 30, 2018: 92,359,050)			
ordinary shares of PKR 10 each		923,591	923,591
Capital reserves		309,643	309,643
Surplus on revaluation of property, plant and equipment - net of tax		777,635	821,982
Revenue reserve - unappropriated profit		17,158,842	16,551,410
Attributable to the equity holders of the holding company		19,169,711	18,606,626
Non-controlling interests		1,435,573	1,426,208
Total equity		20,605,284	20,032,834
LIABILITIES			
Non-current liabilities			
Provisions for non-management staff gratuity		122,996	125,586
Long-term loans	9	9,737,648	8,243,012
Deferred tax liability - net	10	1,637,169	1,903,094
		11,497,813	10,271,692
Current liabilities			
Trade and other payables		7,635,137	6,066,938
Accrued mark-up		407,412	251,496
Short-term borrowings and running finance	12	5,997,001	7,332,327
Current portion of long-term loans		1,531,282	967,044
Unclaimed dividend		94,736	89,379
Current portion of liabilities subject to finance lease	11	89	822
		15,665,657	14,708,006
Total equity and liabilities		47,768,754	45,012,532
Contingencies and commitments	13		

The annexed notes 1 to 23 form an integral part of the condensed interim consolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)

For the Nine Months Ended March 31, 2019

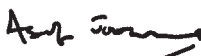
Amounts in PKR '000

	For the 3 months ended March 31, 2019	For the 9 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2018
Net turnover - note 14	15,529,172	43,936,817	13,225,545	36,745,498
Cost of sales - note 14 and 15	(12,782,102)	(36,848,782)	(10,717,354)	(29,806,050)
Gross profit	2,747,070	7,088,035	2,508,191	6,939,448
Selling and distribution expenses	(827,700)	(2,477,266)	(726,021)	(2,206,348)
Administration and general expenses	(345,620)	(1,087,940)	(344,625)	(1,151,257)
Operating result - note 14	1,573,750	3,522,829	1,437,545	3,581,843
Finance costs	(355,500)	(1,059,182)	(181,086)	(395,236)
Exchange loss	(18,896)	(235,737)	(98,257)	(336,459)
Workers' profit participation fund	(61,435)	(121,881)	(63,410)	(157,087)
Workers' welfare fund	(19,368)	(43,225)	(24,564)	(60,889)
Other charges	(2,523)	(32,757)	(12,049)	(35,542)
	(457,722)	(1,492,782)	(379,366)	(985,213)
Other income	20,028	88,970	36,545	100,109
Share of profit from associate	155,586	324,117	179,501	458,539
Profit before taxation	1,291,642	2,443,134	1,274,225	3,155,278
Taxation - note 16	(343,428)	(670,016)	(158,445)	(410,212)
Profit after taxation	948,214	1,773,118	1,115,780	2,745,066
Attributable to:				
Owners of the Holding Company	948,306	1,763,753	1,112,218	2,733,743
Non-controlling interests	(92)	9,365	3,562	11,323
	948,214	1,773,118	1,115,780	2,745,066
(PKR)				
Basic and diluted earnings per share	10.27	19.10	12.04	29.60

The annexed notes 1 to 23 form an integral part of the condensed interim consolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Consolidated Statement of Other Comprehensive Income (Unaudited)

For the Nine Months Ended March 31, 2019

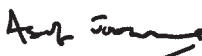
Amounts in PKR '000

	For the 3 months ended March 31, 2019	For the 9 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2018
Profit after taxation	948,214	1,773,118	1,115,780	2,745,066
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	948,214	1,773,118	1,115,780	2,745,066
Attributable to:				
Owners of the Holding Company	948,306	1,763,753	1,112,218	2,733,743
Non-controlling interests	(92)	9,365	3,562	11,323
	948,214	1,773,118	1,115,780	2,745,066

The annexed notes 1 to 23 form an integral part of the condensed interim consolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flows (Unaudited)

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

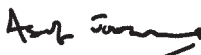
	March 31, 2019	March 31, 2018
Cash flows from operating activities		
Cash generated from operations - note 17	5,931,534	1,335,006
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(27,809)	(22,117)
Staff retirement benefit plan	(43,027)	(49,626)
Taxation	(644,166)	(695,949)
Interest	(903,266)	(331,514)
Net cash generated from operating activities	4,313,266	235,800
Cash flows from investing activities		
Capital expenditure	(5,092,783)	(3,415,612)
Proceeds from disposal of operating fixed assets	14,901	495
Dividend received from associate	180,000	200,000
Interest received on bank deposits	31,162	44,929
Business acquisition	-	(1,935,700)
Net cash used in investing activities	(4,866,720)	(5,105,888)
Cash flows from financing activities		
Issuance of shares to non-controlling interest	-	921,200
Long-term loans obtained*	2,772,925	4,290,596
Long-term loans repaid*	(714,051)	(435,302)
Finance lease liability repaid	(1,225)	(2,502)
Dividends paid	(1,195,311)	(1,633,697)
Net cash generated from financing activities	862,338	3,140,295
Net increase / (decrease) in cash and cash equivalents	308,884	(1,729,793)
Cash and cash equivalents at the start of the period	(5,644,976)	(862,441)
Cash and cash equivalents at the end of the period (Ref. 1)	(5,336,092)	(2,592,234)
Ref 1: Cash and cash equivalents at the end of period comprise of:		
Cash and bank balances	660,909	1,980,934
Short-term borrowings and running finance	(5,997,001)	(4,573,168)
	(5,336,092)	(2,592,234)

* No non-cash items are included in these activities

The annexed notes 1 to 23 form an integral part of the condensed interim consolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the Nine Months Ended March 31, 2019

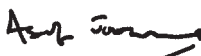
Amounts in PKR '000

	Issued, subscribed and paid-up capital	Capital reserves	Surplus on revaluation of property, plant and equipment	Revenue reserves unappropriated profit	Total reserves	Non- controlling interests	Total
As at July 1, 2017 (Audited)	923,591	309,643	902,788	15,102,390	16,314,821	487,360	17,725,772
Final dividend of PKR 10.00 per share for the year ended June 30, 2017	-	-	-	(923,591)	(923,591)	-	(923,591)
Interim dividend of PKR 8.00 per share for the year ended June 30, 2018	-	-	-	(738,872)	(738,872)	-	(738,872)
	-	-	-	(1,662,463)	(1,662,463)	-	(1,662,463)
Profit for the period	-	-	-	2,733,743	2,733,743	11,323	2,745,066
Other comprehensive income for the period - net of tax	-	-	-	-	-	-	-
NCI share of Right Issue	-	-	-	-	-	921,200	921,200
Total comprehensive income	-	-	-	2,733,743	2,733,743	932,523	3,666,266
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	(56,324)	56,324	-	-	-
As at March 31, 2018 (Unaudited)	923,591	309,643	846,464	16,229,994	17,386,101	1,419,883	19,729,575
Profit attributable to non-controlling interest for the year	-	-	-	-	-	6,325	6,325
	-	-	-	-	-	6,325	6,325
Profit for the period	-	-	-	546,264	546,264	-	546,264
Other comprehensive income for the period - net of tax	-	-	(6,161)	(243,169)	(249,330)	-	(249,330)
Total comprehensive income	-	-	(6,161)	303,095	296,934	-	296,934
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	(18,321)	18,321	-	-	-
As at June 30, 2018 (Audited)	923,591	309,643	821,982	16,551,410	17,683,035	1,426,208	20,032,834
Final dividend of PKR 8.50 per share for the year ended June 30, 2018	-	-	-	(785,052)	(785,052)	-	(785,052)
Interim dividend of PKR 4.50 per share for the year ended June 30, 2018	-	-	-	(415,616)	(415,616)	-	(415,616)
	-	-	-	(1,200,668)	(1,200,668)	-	(1,200,668)
Profit for the period	-	-	-	1,763,753	1,763,753	9,365	1,773,118
Other comprehensive income for the period - net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,763,753	1,763,753	9,365	1,773,118
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	(44,347)	44,347	-	-	-
As at March 31, 2019 (Unaudited)	923,591	309,643	777,635	17,158,842	18,246,120	1,435,573	20,605,284

The annexed notes 1 to 23 form an integral part of the condensed interim consolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended March 31, 2019

1 Status and nature of business

The Group consists of:

- ICI Pakistan Limited (the Holding Company);
- ICI Pakistan PowerGen Limited (PowerGen);
- Cirin Pharmaceuticals (Private) Limited (Cirin); and
- NutriCo Morinaga (Private) Limited (NutriCo Morinaga).

The Holding Company is incorporated in Pakistan and is listed on The Pakistan Stock Exchange Limited.

PowerGen is incorporated in Pakistan as an unlisted public company and is a wholly owned subsidiary company of ICI Pakistan Limited.

Cirin is incorporated in Pakistan as a private limited company and is a wholly owned subsidiary company of ICI Pakistan Limited.

NutriCo Morinaga is incorporated in Pakistan as a private limited company. ICI Pakistan Limited has 51% ownership in NutriCo Morinaga.

The Holding Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals. It also acts as an indenting agent and toll manufacturer.

PowerGen is engaged in generating, selling and supplying electricity to the Holding company.

Cirin is engaged in manufacturing and sale of pharmaceutical products.

NutriCo Morinaga is engaged in manufacturing of infant milk powder.

The Holding Company's registered office is situated at 5 West Wharf, Karachi.

The condensed interim consolidated financial statements comprise the consolidated statement of financial position of ICI Pakistan Limited and its subsidiary companies, ICI Pakistan PowerGen Limited, Cirin Pharmaceuticals (Private) Limited and NutriCo Morinaga (Private) Limited as at March 31, 2019 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof.

2 Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 Significant accounting policies

The accounting policies and methods of computation adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements as at and for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments". The revised accounting policy adopted by the management are as follows:

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Group has concluded that it is in compliance with the requirements of the new accounting standard.

IFRS 9 – Financial Instruments

IFRS 9 "Financial Instruments" has replaced IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP).

The Group's financial assets mainly include trade debts, loans and advances, long term loans, investment in equity instruments, other ancillary deposits/receivables and bank balances held with commercial banks.

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. Expected Credit Loss (ECL) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Group has applied the standard's simplified approach and has calculated ECL based on life time ECL. For this purpose, the management has conducted an exercise to assess the impairment of its financial assets using historical data and forward looking information. Based on such exercise, the Group has concluded that it is in compliance with the requirements of the new accounting standard and that the impact of impairment on its financial assets is immaterial to this condensed interim consolidated financial statements.

4. Property, plant and equipment

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Operating fixed assets - at net book value	19,112,316	20,350,838
Capital work-in-progress - at cost - note 4.2		
Civil works and buildings	1,414,096	670,344
Plant and machinery	4,601,612	783,651
Advances to suppliers / contractors	323,201	571,110
	6,338,909	2,025,105
Total property, plant and equipment	25,451,225	22,375,943

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

- 4.1 Following is the cost of operating property, plant and equipment that have been added / disposed of during the nine months ended March 31, 2019:

	Additions / Acquisition / Transfers		Disposals - Net book value	
	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Freehold land	21,951	561,062	-	8,326
Lime beds on freehold land	14,244	76,820	-	-
Buildings on freehold land	5,847	212,714	-	-
Buildings on leasehold land	143,366	849,986	29	88
Plant and machinery	548,882	5,497,054	10,170	753
Rolling stock and vehicles	9,618	4,498	1,043	-
Furniture and equipment	53,357	138,359	53	462
Total	797,265	7,340,493	11,295	9,629

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
4.2 The following is the movement in capital work-in-progress during the period:		
Opening balance	2,025,105	4,424,453
Addition during the period	5,045,501	3,911,542
	7,070,606	8,335,995
Transferred to operating fixed assets	(731,697)	(6,310,890)
Closing balance	6,338,909	2,025,105

5 Intangible assets

Intangible assets - at net book value - note 5.1	1,685,220	1,688,377
Following is the detail of intangible assets:		
Brands	1,437,679	1,437,679
Goodwill	206,374	206,374
Others	41,167	44,324
	1,685,220	1,688,377

The management has decided that no change is required in the value of Goodwill and Brands as disclosed in the annual audited financial statements as at and for the year ended June 30, 2018 of the Group in respect of acquisition of certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited which constitute a business combination as per IFRS 3: business combination.

5.1 Addition to intangible assets:	6,212	913,855
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6 Long-term investments

Unquoted

Associate - NutriCo Pakistan (Private) Limited - note 6.1 & 6.2

Cost of investment - 200,000 ordinary shares (June 30, 2018: 200,000)
of PKR 1,000 each and premium of PKR 3,800 per share

Post acquisition profits at the beginning

Share of profit for the period

Dividend received during the period

Carrying value of Associate

Others

Equity security - at fair value through OCI

Arabian Sea Country Club Limited 250,000 ordinary shares
(June 30, 2018: 250,000) of PKR 10 each

	960,000	960,000
	170,004	4,036
	324,117	585,968
	(180,000)	(420,000)
	1,274,121	1,130,004
	2,500	2,500
	1,276,621	1,132,504

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
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6.1 The Group has a 40% interest in NutriCo Pakistan (Private) Limited (the associate), which is involved in marketing and distribution of infant milk and nutritional products.

6.2 The summary of financial information of associate (NutriCo Pakistan) as at the balance sheet date is as follows:

Total assets	6,748,665	5,159,026
Total liabilities	3,553,797	2,334,452
Total equity and reserves	3,194,868	2,824,574
Total revenue for the period	8,002,270	10,116,220
Profit after tax for the period	810,293	1,464,919

7 Long-term loans

Considered good

Due from executives and employees	666,585	574,326
Current portion shown under loans and advances (Current assets)	(149,589)	(130,535)
	516,996	443,791

8 Stock-in-trade

It includes items carried at net realisable value of PKR 3,250.618 million (June 30, 2018: PKR 2,399.087 million) on which expense of PKR 61.776 million (June 30, 2018: PKR 160.810 million) was recognised during the period.

9 Long-term loans

Long-term loans - note 9.1	11,268,930	9,210,056
Current portion shown under current liabilities	(1,531,282)	(967,044)
	9,737,648	8,243,012

9.1 Opening Balance	9,210,056	5,567,145
Obtained during the period	2,772,925	4,290,595
Repaid during the period	(714,051)	(647,684)
Closing Balance	11,268,930	9,210,056

During the period, Group availed a further long term loan amounting to PKR 2,772.925 million. The markup rate on LTFF ranges from SBP rate +0.1% to 1.15% spread, with other Long Term Loans ranging from 3 month KIBOR to 6 months KIBOR bearing spreads ranging from 0.05% to 0.25%. The profit rate on Islamic term finance is 6 months KIBOR + 0.05%. The markup is payable on quarterly and semi-annual basis.

10 Deferred tax liability - net

Deductible temporary differences

Provisions for retirement benefits, doubtful debts and others	(282,305)	(255,942)
Retirement funds provision	(106,570)	(112,382)
Minimum Tax	(66,232)	(57,147)
Business loss	(9,276)	-

Taxable temporary differences

Property, plant and equipment	2,101,552	2,328,565
	1,637,169	1,903,094

11 Liabilities subject to finance lease

Value of minimum lease payments under finance lease are as follows:

Not later than one year	89	822
Current maturity shown under current liability	89	822

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
12 Short-term borrowings and running finance		
Export refinance	200,000	200,000
Money market	1,500,000	-
Short-term running finance - secured	4,297,001	7,132,327
	5,997,001	7,332,327

There is no major change in the terms and conditions of the short-term borrowings and running finance as disclosed in the annual audited financial statements as at and for the year ended June 30, 2018 of the Group except that the Group availed further facility of PKR 1,750 million which currently stands at PKR 1,500 million as the short term facility of PKR 250 million is matured. Mark-up rate on running finance during the year ranging from KIBOR to KIBOR + 1% per annum.

13 Contingencies and commitments

13.1 Claims against the Group not acknowledged as debts are as follows:

Local bodies	163,583	166,501
Others	11,318	11,318
	174,901	177,819

The Deputy Commissioner Inland Revenue passed an order dated September 25, 2018 creating a sales tax demand of PKR 25.5 million on various issues. The Group, while discharging the said demand, has preferred an appeal against the order before the Commissioner Appeals which is pending disposal. The Group is confident that case will be decided in its favor.

Furthermore, the Commissioner Appeals passed an appellate order dated March 20, 2019 against the income tax assessment for Tax Year 2014, amended vide order dated December 31, 2016. Through the appellate order, majority of the issues involved therein have been decided in favor of the Group. For the issues decided against the Group, an appeal shall be filed before the Appellate Tribunal Inland Revenue in due course. There is no immediate demand as appeal effect order is yet to be issued and sufficient refunds are also available in Tax Year 2014. The Group is confident that case will be decided in its favor.

Except for the above, there are no material changes in the status of custom duty, income tax and sales tax contingencies as reported in the annual audited financial statements as at and for the year ended June 30, 2018.

13.2 Commitments in respect of capital expenditure (including Dense Ash and masterbatch project and NutriCo Morinaga (Private) Limited manufacturing facility)

	903,532	3,032,970
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13.3 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:

Year		
2018-19	27,862	76,101
2019-20	91,424	80,895
2020-21	97,367	85,991
2021-22	103,695	91,409
2022-23	83,358	-
	403,706	334,396
Payable not later than one year	96,430	76,101
Payable later than one year but not later than five years	307,276	258,295
	403,706	334,396

13.4 Commitments in respect of Post dated cheques

	420,640	173,073
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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Nine Months Ended March 31, 2019

14 Operating Segment results (Unaudited)

Amounts in PKR '000

	Polyester			Soda Ash			Life Sciences			Chemicals and Agri Sciences			Others			Group								
	For the 9 months ended March 31, 2019	For the 9 months ended March 31, 2018	For the 9 months ended March 31, 2019	For the 9 months ended March 31, 2019	For the 9 months ended March 31, 2018	For the 9 months ended March 31, 2019	For the 9 months ended March 31, 2019	For the 9 months ended March 31, 2018	For the 9 months ended March 31, 2019	For the 9 months ended March 31, 2019	For the 9 months ended March 31, 2018	For the 9 months ended March 31, 2019	For the 9 months ended March 31, 2019	For the 9 months ended March 31, 2018	For the 9 months ended March 31, 2019	For the 9 months ended March 31, 2018	For the 9 months ended March 31, 2019							
6,824,146	17,840,071	4,713,356	13,328,551	5,056,536	14,950,989	4,167,628	11,315,123	3,903,217	10,740,820	3,927,182	10,746,957	2,583,289	6,966,397	2,291,912	6,401,195	237,880	639,228	155,534	448,346	67,749,438	59,336,455	15,115,173	47,092,158	
-	-	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)	(17)
(84,832)	(263,277)	(80,333)	(271,456)	(188,818)	(628,819)	(188,818)	(628,354)	(910,195)	(2,206,888)	(595,502)	(1,570,133)	(215,061)	(852,164)	(168,101)	(633,713)	(34,594)	(92,008)	(22,356)	(65,144)	(846,702)	(2,615,940)	(823,654)	(2,227,004)	
(84,832)	(263,277)	(80,333)	(271,456)	(188,818)	(628,819)	(188,818)	(628,354)	(910,195)	(2,206,888)	(595,502)	(1,570,133)	(215,061)	(852,164)	(168,101)	(633,713)	(34,594)	(92,008)	(22,356)	(65,144)	(1,370,556)	(3,754,048)	(1,061,774)	(3,049,656)	
6,197,314	17,363,754	4,822,386	13,257,778	4,167,628	12,295,542	3,401,813	9,103,435	2,960,557	8,463,235	3,306,571	9,111,609	2,917,942	8,386,554	1,866,358	5,278,198	203,316	541,220	132,336	383,202	5,529,172	47,339,887	13,255,545	36,745,468	
(5,888,248)	(16,944,819)	(4,441,432)	(12,837,412)	(2,956,855)	(8,015,458)	(2,956,855)	(8,015,458)	(2,294,123)	(6,456,578)	(2,276,665)	(6,433,142)	(1,699,890)	(4,532,464)	(1,500,383)	(4,042,467)	(168,882)	(481,127)	(108,227)	(311,465)	(12,782,102)	(68,948,720)	(10,717,354)	(93,886,505)	
309,066	438,935	181,544	419,566	1,219,146	3,245,106	675,230	2,327,540	666,825	2,028,656	1,030,206	2,683,467	47,882	1,322,981	386,005	1,235,731	34,634	85,093	24,709	71,797	274,070	7,088,035	2,366,191	639,948	
(18,079)	(365,935)	(65,630)	(190,334)	(80,006)	(280,959)	(78,972)	(214,001)	(419,144)	(1,267,632)	(381,313)	(1,149,987)	(209,079)	(614,444)	(199,206)	(653,628)	-	-	-	-	(827,700)	(2,477,268)	(726,021)	(2,263,348)	
(61,459)	(163,221)	(92,108)	(135,736)	(100,850)	(263,323)	(81,234)	(238,756)	(110,823)	(416,653)	(263,959)	(306,379)	(714,239)	(237,167)	(84,223)	(450,250)	(1,110)	(2,156)	(121)	(278)	(845,820)	(1,037,940)	(344,625)	(1,151,257)	
126,928	(85,321)	62,065	73,496	1,037,492	2,899,528	715,184	2,075,343	155,882	321,850	1,261,894	1,227,101	271,469	471,389	112,576	131,855	33,584	82,937	24,338	461	1,573,330	3,322,629	1,437,545	3,581,843	

Turnover - note 14.1, 14.2 & 14.3

Sales tax

Commission and discounts/ price adjustment

Net turnover

Cost of sales - note 14.1 and 15

Gross profit

Selling and distributor expenses

Administration and general expenses

Operating result

(Unaudited)

	Polyester			Soda Ash			Life Sciences			Chemicals and Agri Sciences			Others			Group*		
	As at March 31, 2019 (Unaudited)	As at March 31, 2018 (Audited)	As at June 30, 2018 (Audited)	As at March 31, 2019 (Unaudited)	As at March 31, 2018 (Audited)	As at June 30, 2018 (Audited)	As at March 31, 2019 (Unaudited)	As at March 31, 2018 (Audited)	As at June 30, 2018 (Audited)	As at March 31, 2019 (Unaudited)	As at March 31, 2018 (Audited)	As at June 30, 2018 (Audited)	As at March 31, 2019 (Unaudited)	As at March 31, 2018 (Audited)	As at June 30, 2018 (Audited)	As at March 31, 2019 (Unaudited)	As at March 31, 2018 (Audited)	As at June 30, 2018 (Audited)
Segment assets	10,214,583	11,178,674	24,612,860	24,265,596	9,865,857	9,485,179	10,218,830	9,953,650	6,881,491	3,621,852	42,376,157	39,843,919	5,392,597	5,388,713	47,768,754	45,012,532	5,392,597	5,388,713
Unallocated assets																		
Segment liabilities	13,685,938	14,684,879	3,292,337	2,407,607	4,183,138	4,076,319	3,257,895	4,046,357	2,844,158	116,310	10,344,794	8,066,440	16,816,676	16,832,258	27,163,470	24,979,686	16,816,676	16,832,258
Unallocated liabilities																		

* Note: Inter unit current account balances of respective businesses have been eliminated from the total.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

	For the 3 months ended March 31, 2019	For the 9 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2018
14.1 Turnover				
Inter-segment sales and purchases have been eliminated from the total	297,731	637,070	135,429	388,024
14.2 Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.				
14.3 Turnover includes export sales made to various countries amounting to:	623,127	999,888	328,175	460,300
15 Cost of sales				
Opening stock of raw and packing materials	5,075,845	4,672,913	3,248,696	2,570,287
Purchases	7,883,280	22,217,422	6,693,072	17,442,802
	12,959,125	26,890,335	9,941,768	20,013,089
Closing stock of raw and packing materials	(5,423,870)	(5,423,870)	(3,794,207)	(3,794,207)
Raw and packing materials consumption	7,535,255	21,466,465	6,147,561	16,218,882
Manufacturing costs	3,362,407	9,668,559	2,876,047	7,636,898
	10,897,662	31,135,024	9,023,608	23,855,780
Opening stock of work-in-process	193,365	101,131	142,837	110,090
	11,091,027	31,236,155	9,166,445	23,965,870
Closing stock of work-in-process	(328,125)	(328,125)	(137,432)	(137,432)
Cost of goods manufactured	10,762,902	30,908,030	9,029,013	23,828,438
Opening stock of finished goods	4,215,340	4,236,590	3,218,031	3,233,523
Finished goods purchased	1,573,087	5,473,389	1,621,039	5,894,818
	16,551,329	40,618,009	13,868,083	32,956,779
Closing stock of finished goods	(3,769,227)	(3,769,227)	(3,150,729)	(3,150,729)
	12,782,102	36,848,782	10,717,354	29,806,050
16 Taxation				
Current	373,501	935,902	(185,610)	226,784
Deferred	(30,073)	(265,886)	344,055	183,428
	343,428	670,016	158,445	410,212

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

For the Nine Months Ended March 31, 2019

Amounts in PKR '000

	March 31, 2019	March 31, 2018
17 Cash flows from operating activities		
Profit before taxation	2,443,134	3,155,278
Adjustments for:		
Depreciation and amortisation	2,033,453	1,786,407
(Gain) / loss on disposal of operating fixed assets	(3,606)	16
Provision for non-management staff gratuity and eligible retired employees' medical scheme	31,479	33,922
Provision for staff retirement benefit plan	17,869	20,050
Share of profit from associate	(324,117)	(458,539)
Interest on bank deposits	(31,162)	(45,091)
Interest expense	1,059,182	395,236
Provision for doubtful debts	21,967	153,349
Provision for slow moving and obsolete stock-in-trade	150,163	200,689
Provision for slow moving stores, spares and consumables	6,953	555
Provisions and accruals no longer required written back	(3,974)	-
	5,401,341	5,241,872
Movement in:		
Working capital - note 17.1	602,935	(3,825,929)
Long-term loans	(73,205)	(58,752)
Long-term deposits and prepayments	463	(22,185)
Cash generated from operations	5,931,534	1,335,006
17.1 Movement in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores, spares and consumables	(62,209)	78,760
Stock-in-trade	(660,751)	(1,281,735)
Trade debts	241,794	(210,414)
Loans and advances	22,105	(526,396)
Trade deposits and short-term prepayments	(9,291)	(3,344)
Other receivables	(467,015)	(15,970)
	(935,367)	(1,959,099)
<i>Increase / (decrease) in current liabilities</i>		
Trade and other payables	1,538,302	(1,866,830)
	602,935	(3,825,929)

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended March 31, 2019

18 Transactions with related parties

The related parties comprise the holding company (Lucky Holding Limited), the ultimate parent company (Lucky Cement Limited) and related group companies, associated company, directors of the Group, companies where directors also hold directorship, key employees and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

		For the 3 months ended March 31, 2019	For the 9 months ended March 31, 2019	For the 3 months ended March 31, 2018	For the 9 months ended March 31, 2018
Relationship with the Group	Nature of Transaction				
<i>Holding Company</i>	Royalty	103,533	296,123	80,248	223,605
	Dividend	303,278	885,494	547,968	1,232,928
<i>Associated Companies</i>	Purchase of goods, materials and services	186,508	290,994	4,422	77,213
	Sale of goods and materials	534,721	1,381,222	511,348	1,379,178
	Donations paid	2,300	2,300	30,000	35,000
	Reimbursement of expenses	-	36,563	23,837	60,794
	Recovery of expenses	5,880	5,880	-	-
	Dividend paid to associates	49,761	143,755	88,465	199,046
<i>Others</i>	Dividend income from associate	-	180,000	100,000	200,000
	Staff retirement benefits	57,618	177,483	73,667	197,139
<i>Key management personnel</i>	Remuneration paid	55,919	236,899	57,051	247,301
	Post employment benefits	7,589	24,003	9,108	25,851
	Director meeting fee	1,987	3,225	1,000	2,375
	Dividends paid	2,180	6,704	4,276	9,620

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Ended March 31, 2019

19 Estimates

Judgments and estimates made by the management in the preparation of the condensed interim consolidated financial statements were the same as those applied to the consolidated financial statements as at and for the year ended June 30, 2018.

20 New, amended and revised standards and interpretations of IFRS's

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those of the previous financial year except for the adoption of IFRS 15 and IFRS 9 as disclosed in note 3 to the accompanying condensed interim consolidated financial statements.

21 Financial risk management

The Group's financial risk management objective and policies are consistent with that disclosed in the consolidated financial statements as at and for the year ended June 30, 2018.

22 Date of authorisation

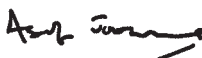
The condensed interim consolidated financial information was authorised for issue in the Board of Directors meeting held on April 24, 2019.

23 General

Figures have been rounded off to the nearest thousand rupees except as stated otherwise.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

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