



ATTOCK CEMENT
PAKISTAN LIMITED

Standing **Strong**

Annual Report 2019

Standing **Strong**



Our strength is our product, brand and more importantly our employees whose untiring efforts and commitments have paved the path of success.

Despite serious business challenges, the Company has shown great resilience and has achieved tremendous growth in both domestic and export markets. With remarkable Plant operations where all the 3 Lines performed exceptionally well, the company has set new records in terms of kiln running days, operational efficiencies and production.

The year 2019 has now ended with another milestone and recorded the highest dispatches by the company both in terms of volume and values.

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Vision

To be the leading organization continuously providing high quality cement, excelling in every aspect of its business and to remain market leader in Cement Industry.

Mission

To be a premier and reputable cement manufacturing company dedicated to become an industry leader by producing quality products, providing excellent services, enhancing customer satisfaction and maximizing shareholders' value through professionalism and dedicated teamwork.

COMPANY INFORMATION

Board of Directors

Laith G. Pharaon Chairman
Wael G. Pharaon
Shuaib A. Malik
Abdus Sattar
Agha Sher Shah
Sajid Nawaz
Babar Bashir Nawaz

Chief Executive

Babar Bashir Nawaz

Alternate Directors

Shuaib A. Malik
Irfan Amanullah

Audit Committee of the Board

Agha Sher Shah Chairman
Shuaib A. Malik Member
Abdus Sattar Member

HR & Remuneration Committee

Agha Sher Shah Chairman
Shuaib A. Malik Member
Abdus Sattar Member

Company Secretary

Irfan Amanullah

Chief Financial Officer

Muhammad Rehan

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisor

M/s. HNT & Associates



Bankers

The Bank of Punjab
Allied Bank Limited
MCB Bank Limited
Askari Bank Limited
United Bank Limited
Habib Bank Limited
Bank Al-Habib Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Dubai Islamic Bank Limited
Faysal Bank Limited

Registered Office

D - 70, Block-4, Kehkashan-5
Clifton, Karachi-75600
Tel: (92-21) 35309773-4
UAN: (92) 111 17 17 17
Fax: (92-21) 35309775
Email: acpl@attockcement.com
Website: www.attockcement.com

Plant

1. Hub Chowki, Lasbella
Baluchistan
2. Cement Grinding Unit
Industrial Sector, Land No. 1/7, Sector
56, Al-Arquli Al Janobi, Khor Al-Zubair,
Basra, Iraq.

Share Registrar

M/s. FAMCO Associates (Pvt) Limited
8-F, Near Hotel Faran,
Nursery, Block-6, PECHS
Shahra-e-Faisal, Karachi
Tel: (92-21) 34380101-5
(92-21) 34384621-3
Fax: (92-21) 34380106



BOARD OF DIRECTORS



Laith G. Pharaon
Chairman



Wale G. Pharaon



Shuaib A. Malik



Abdus Sattar



Agha Sher Shah



Sajid Nawaz



Babar Bashir Nawaz

QUALITY, HEALTH, SAFETY & ENVIRONMENTAL POLICY

We are committed to produce premium quality cement to the satisfaction of our valued customers.

We will achieve this standard through:

- Effective implementation of an Integrated Quality, Environment, Health & Safety Management System based on ISO 9001, ISO 14001 and OHSAS 18001 requirements;



- Compliance with applicable and relevant legal & customer requirements with regards to product specification, environment and health & safety;
- Prevention of product rejection, environmental pollution and safety incidents / accidents in our operations;
- Continual improvement in our processes and products by developing SMART objectives / targets and achieving them; and
- Creating awareness, understanding and ownership of this policy throughout the organization.



CORE VALUES



ETHICS

The Company follows highest standards of ETHICS with special reference to business integrity and process transparency. All our standards and processes can stand the test of scrutiny. We maintain the highest level of integrity both as individuals and as a corporate organization.



QUALITY

The Company is committed to provide its customers QUALITY products that provide them best value for their money. We promote high standard and timely delivery of quality products.



PEOPLE

The Company ensures that it operates in a safe environment conducive to efficient productivity.

The Company is committed to provide an environment free from discrimination for its people. Open communication, participative decision making approach and nurturing of the leadership qualities are the values followed by the Company. An employee reward system has been developed guided by a transparent system of recognition. We encourage and respect team spirit among our human resources.



BUSINESS EXCELLENCE

The Company believes in maximizing shareholders' value through strategic investment, sustainable growth and application of best available technology to achieve desired results.

WHISTLE BLOWING POLICY STATEMENT

The Management encourages whistle blowing culture in the organization and has adopted a culture to detect, identify and report any activity which is not in line with the Company policies, any misuse of Company's properties or any breach of law which may affect the reputation of the Company. The Company has adopted the best corporate policies to protect employee(s) who report corporate wrongdoings, illegal conduct, internal fraud and discrimination against retaliation.

The Company promotes transparency and accountability through publication of accurate financial information to all the stakeholders, implementation of sound, effective and efficient internal control system and operational procedures.

All Executives have signed a code of conduct and the Company takes any deviation very seriously.

The Company encourages whistle blowing system to raise the issue directly to Chairman Audit Committee and / or to Chief Executive and / or to the Company Secretary and / or to Head of Internal Audit provided that:

- The whistleblower has sufficient evidence(s) to ensure genuineness of the fact after a proper investigation at his own end;
- The whistleblower understands that his act will cause more good than harm to the Company and he / she is doing this because of his loyalty with the Company; and
- The Whistleblower understands the seriousness of his / her action and is ready to assume his / her own responsibility.



The Management understands that through the use of a good whistle blowing plan, they can discover and develop a powerful ally in building trust with its employees and manage fair and transparent operations. The Company therefore provides a mechanism whereby any employee who meets the above referred conditions can report any case based on merit without any fear of retaliation and reprisal to any of the above offices.





A Company's delegation met with Honorable Chief Minister Balochistan **Jam Mir Kamal Khan Alyani** in Chief Minister House Quetta and apprised him about Company's latest investment of US\$ 130 million in District Lasbella. The delegation also apprised him about the ongoing CSR / Community welfare activities of the Company in the field of health & education and potable water supplies.

The Honorable Chief Minister acknowledged the contributions made by the Company in the socio-economic development of the province and assured utmost support and co-operation of his Government.

CORPORATE SOCIAL RESPONSIBILITY

We define Corporate Social Responsibility (CSR) as our commitment to work as partners with all our stakeholders to effectively improve the quality of life of the members of our workforce, their families and the local communities around our facilities.

CSR is locally managed and specific responsibilities have been assigned for coordinating local projects, communicating CSR activities internally and to external stakeholders, establishing stakeholders' dialogue and relations, as well as participating in corporate monitoring, evaluation and reporting.

Our CSR approach focuses on six main pillars; business conduct, employment practices, occupational health & safety (OH&S), community involvement, customer and supplier relations and monitoring & reporting.

Employment Practices

Attock Cement counted 968 employees as at June 30, 2019. A large share of this number live in Communities where we are major employer and source of income.

We pay competitive wages and other employees numerous benefits, including professional development opportunities through internal training and payment of tuition for approved external programs.

Under the Company's talent hunt program, every year the Company recruits large number of fresh graduates and trains them for their future responsibilities. The company's training program is very popular among the young engineers and each year, the Company receives a favorable response for such program from young graduates.

In order to enhance the capacity building of the employees, the company's HR department in tandem with its technical and nontechnical management, identifies the areas where quality training and development programs including soft skill development programs are conducted. Trainers are also being identified and developed to cater to the training needs and to customize programs effectively.



Occupational Health & Safety

We are committed to provide healthy and safe workplaces. Towards this end, we have embarked on a comprehensive assessment and renewal of our approach to the management of occupational health and safety and all production facilities are fully compliant with quality standards. The Company operates a 6 bed hospital in the area near its factory premises. The treatment is free for the local communities.

During the year under review the Company set up an Eye Camp in Sakran where over 200 patients were provided free glasses and facility of cataract operation. Another Medical Camp was conducted at Jam colony in Hub where over 2000 patients were provided free healthcare facilities under the guidance of experienced doctors.

Moreover on the other end of the spectrum, welfare activities are being conducted regularly at Medical Centre located near our factory. The turnover is about 150 patients per day. The company has also hired the services of full time lady medical practitioner and female paramedical staff who caters needs of female patients.

The Company has recently renovated the Emergency Ward of Jam Ghulam Qadir Hospital and re-constructed the washrooms to provide better sanitation to the patients. ACPL had also provided a delivery table to the labor room in the Hospital and also provided ETG and ECG Machine through the Company's CSR Program. Moreover, the Company has provided an autoclave sterilizer to the Hospital for its Dental Department and split air conditioners for the neonatal ICU of the Hospital.

The establishment of ICU and labor room at Jam Ghulam Qadir Hospital will prove to be great asset for the people of HUB & it surrounding.

Community Relations

We are committed to be responsible neighbours. This means operating in



compliance with applicable regulations and being an integral part of the life of our communities. We accomplish this through support of local non-profit organizations, providing access to our properties and engaging in constant dialogue with residents to inform them of our activities and listen and respond to their concerns.

The company provides potable water to many villages in and around its factory area. Through this activity more than 5000 people have been provided free potable water throughout the year.

The Company has established 05 water filtration plants in different Goths located in and around its factory area as part of its overall Social Action Plan. Besides this, company has also provided water bore pump and accessories at different Goths in order to meet water demand of the people.

Through these and other actions, we seek to make a difference in our community. Our presence has a measurable positive economic impact on our community.

Our products are essential to the construction industry, a key driver of economic activity that generates significant direct and indirect benefits in the value chain. Because our cement is generally consumed in proximity to their source, their utilization benefits local communities.

Combined with the salaries and benefits, direct and indirect taxes that we pay annually, as well as our capital expenditures, our presence has a measurable positive economic impact not only on our communities but also on the country as a whole.

Education

The company's two schools i.e. Falcon Public School and TCF sponsored Dr. Ghaith R. Pharaon campus are providing free of cost and quality education to almost 600 students. Dr. Ghaith R. Pharaon campus has commenced its secondary classes and construction work on new science and computer labs has just reached completion.



CODE OF CONDUCT

Attock Cement Pakistan Limited is committed itself to conduct its business in an honest, ethical and legal manner. Our core values shape our corporate culture. They are the fundamentals in developing our corporate strategy. They lead us in building relationships with our customers, shareholders, policy makers and other business networks. The company wants to be seen as a role model in the community by its conduct and business practices. All this depends on the company's personnel, as they are the ones who are at the forefront of company's affairs with the outside world. Every member of the company has to be familiar with his / her obligations in this regard and has to conduct accordingly.

This statement in general is in accordance with company goals and principles that must be interpreted and applied within the framework of laws and customs in which the Company operates. This code will be obligatory for each director and employee to adhere to.

1. Ethics

The Company follows highest standards of Ethics with special reference to business integrity and process transparency. All our standards and processes can stand the test of scrutiny. We maintain the highest level of integrity both as individuals and as a corporate organization.

2. Quality

The Company is committed to provide its customers quality products that provide them best value for their money promote high standard and timely delivery of quality products.

3. Respect, honesty and Integrity

Directors and employees are expected to exercise honesty, objectivity and due diligence in the performance of their duties and responsibilities. They are also directed to perform their work with due professionalism.

4. Compliance with Laws, Rules and Regulations


The Company is committed to comply, and take all reasonable actions for compliance, with all applicable laws, rules and regulations of state or local jurisdiction in which the Company conducts business. Every director and employee, no matter what position he or she holds, is responsible for ensuring compliance with applicable laws.

5. Full and Fair Disclosure

Directors and employees are expected to help the Company in making full, fair, accurate, timely, and understandable disclosure, in compliance with all applicable laws and regulations, in all reports and documents that the Company files with, furnishes to or otherwise submits to, any governmental authorities in the applicable jurisdiction, and in all other public communications made by the Company. Employees or directors who have complaints or concerns regarding accounting, financial reporting, internal accounting control or auditing matters are expected to report such complaints or concerns in accordance with the procedures established by the Company's Board of Directors.

6. Prevent Conflict of Interest

Directors and employees, irrespective of their function, grade or standing, must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of the Company.



Employees must notify their direct supervisor of any actual or potential conflict of interest situation and obtain a written ruling as to their individual case. In case of directors, such ruling can only be given by the Board, and will be disclosed to the shareholders.

7. Trading in Company shares

Trading by directors and employees in the Company shares is possible only in accordance with the more detailed guidelines issued from time to time by corporate management in accordance with applicable laws.

8. Inside information

Directors and employees may become aware of information about Company that has not been made public. The use of such non-public or “inside” information about the Company other than in the normal performance of one’s work, profession or position is unethical and may also be a violation of law.

Directors and employees becoming aware of information which might be price sensitive with respect to the Company’s shares have to make sure that such information is treated strictly confidentially and not disclosed to any colleagues or to third parties other than on a strict need-to know basis.

Potentially price sensitive information pertaining to shares must be brought promptly to the attention of the management, who will deliberate on the need for public disclosure. Only the Management will decide on such disclosure. In case of doubt, seek contact with the CFO.

9. Media relations and disclosures

To protect commercially sensitive information, financial details released to the media should never exceed the level of detail provided in quarterly and annual reports or official statements issued at the presentation of these figures. As regards topics such as financial performance, acquisitions, divestments, joint ventures and major investments, no information should be released to the press without prior consultation with the Management. Employees should not make statements that might make third parties capable of “insider trading” on the stock market.

10. Corporate Opportunities

Directors and Employees are expected not to:

- (a) take personal use of opportunities that are discovered through the use of Company property, information or position;
- (b) use Company property, information, or position for personal gains; and
- (c) Directors and employees are expected to put aside their personal interests in favor of the Company interests.

11. Business Excellence, Competition and Fair Dealing

The Company believes in maximizing shareholders’ value through strategic investment, sustainable growth and application of best available technology to achieve desired results.

The Company seeks to outperform its competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner’s consent, or inducing such disclosures by past or present employees of other companies is prohibited. Each director and employee is expected to deal fairly with Company’s customers, suppliers, competitors, and other employees. No one is to take unfair advantage of anyone through manipulation, abuse of privileged information, or any other unfair practice.

The Company is committed to selling its products and services honestly and will not pursue any activity that requires to act unlawfully or in violation of this Code.

Bribes, kickbacks, and other improper payments shall not be made on behalf of the Company in connection with any of its businesses. However, tip, gratuity or hospitality may be offered if such act is customary and is not illegal under applicable law. Any commission payment should be justified by a clear and traceable service rendered to the Company. The remuneration of agents, distributors and commissioners cannot exceed normal business rates and practices. All such expenses should be reported and recorded in the company's book of accounts.

12. Equal Employment Opportunity

The Company believes in providing equal opportunity to everyone around. The company laws in this regard have to be complied with and no discrimination upon race, religion, age, national origin, gender, or disability is acceptable. No harassment or discrimination of any kind will be tolerated; directors and employees need to adhere standards with regard to child labor and forced labor.

13. Work Environment

The Company ensures that it operates in a safe environment conducive to efficient productivity. The Company is committed to provide an environment free from discrimination for its people, Open communication, participative decision making approach and nurturing of the leadership qualities are the values followed by the Company. An employee reward system has been implemented, accordingly "All employees are to be treated with respect".

The company also encourages constructive reasonable criticism by the employees of the management and its policies. Such an atmosphere can only be encouraged in an environment free from any prospects of retaliation due to the expression of honest opinion.

14. Record Keeping

The Company is committed to compliance with all applicable laws and regulations that require the Company to maintain proper records and accounts which accurately and fairly reflect the Company's transactions. It is essential that all transactions be recorded and described truthfully, timely and accurately on the Company's books. No false, artificial or misleading transactions or entries shall be reflected or made in the books or records of the Company for any reason.

Records must always be retained or destroyed in the light of relevant legal provisions.

15. Protection of Privacy and Confidentiality

All directors and employees, both during and after their employment, must respect the exclusivity and trade secrets of the Company, its customers, suppliers and other colleagues and may not disclose any such information unless the individual or firm owning the information properly authorizes the release or disclosure.

All the company's assets (processes, data, designs, etc) are considered as certified information of the company. Any disclosure will be considered as grounds, not only for termination of services/employment, but also for criminal prosecution, legal action or other legal remedies available during or after employment with the company to recover the damages and losses sustained.

16. Protection and Proper use of Company Assets / Data

Each director and employee is expected to be the guardian of the Company's assets and should ensure its efficient use. Theft, carelessness and waste have a direct and negative



impact on the Company's profitability. All the Company assets should be used for legitimate business purposes only.

The use, directly or indirectly, of Company funds for political contributions to any organization or to any candidate for public office is strictly prohibited.

Corporate funds and assets will be utilized solely for lawful and proper purposes in line with the Company's objectives.

17. Gift Receiving

Directors and employees will not accept gifts or favors from existing or potential customers, vendors or anyone doing or seeking to do business with the Company, which in any way compromise the decision making.

However, this does not preclude giving or receiving gifts or entertainment which are customary and proper in the circumstances, provided that no obligation could be, or be perceived to be, expected in connection with the gifts or entertainment.

18. Communication

All communications, whether internal or external, should be accurate, forthright and where ever required, confidential. The Company is committed to conduct business in an open and honest manner and provide open communication channels that encourage candid dialogue relative to employee concerns. The company strongly believes in a clean desk policy, and expects its employees to adhere to it not only for neatness but also security purposes.

19. Employee Retention

High quality employee's attraction and retention is very important. The company will offer competitive packages to the deserving candidates. The company strongly believes in personnel development and employee-training programs are arranged regularly.

20. Internet use / Information Technology

As a general rule, all Information Technology related resources and facilities are provided only for internal use and/or business-related matters. Information Technology facilities which have been provided to employees should never be used for personal gain or profit, should not be misused during work time, and remain the property of the Company. Disclosure or dissemination of confidential or proprietary information regarding the Company, its products, or its customers outside the official communication structures is strictly prohibited.

21. Compliance with Business Travel Policies

The safety of employees while on a business trip is of vital importance to the Company. The Company encourages the traveler and his/her supervisor to exercise good judgment when determining whether travel to a high-risk area is necessary and is for the Company's business purposes.

22. Compliance

It is the responsibility of each director and employee to comply with this code. Failure to do so will result in appropriate disciplinary action, including possible warning issuance, suspension, and termination of employment, legal action and reimbursement of the Company for any losses or damages resulting from such violation. Compliance also includes the responsibility to promptly report any apparent violation of the provisions of this code.

CORPORATE STRATEGY

Objectives

The Company follows a duly approved Corporate Objectives, which consists of the following main points:-

- To maintain its position as a leading manufacturer of quality products that surpass both national and international standards.
- Growth, expansion and sustained profitability are the guiding principles of ACPL's business model. Focusing on the strategic plans to grow the business beyond the borders, while enhancing the market share locally in South.
- To retain its lines of processes at highest level of operational efficiency.
- To achieve competitive operating margins with continuous growth both in productivity and profitability.
- To provide competitive rate of return to its shareholders on their investments.
- To remain committed in delivering quality and value to its customers and providing high quality cement products suitable for all construction purposes. To embrace consistency in high standards of service delivery.
- To continue with the commitment to provide a secure and innovative workplace for all its human resources.
- To remain committed by producing products in an environmentally and socially responsible manner.

To achieve these strategic corporate objectives, the Company generally follows the following broad and approved strategy:

Strategy

The Company would continue to invest in the product quality by enhancing and upgrading its production and quality facilities through strategic investments in its plant operations and ensure that such investment results in cost-effective operations. The company would also invest in continuous product development pegged on changing global and national market trends, industrial and hi-tech progression and dynamic customer needs. The company is dedicated to discover and implement change to achieve continuous customer satisfaction.

The Company would supply its products in diverse markets to achieve a healthy and growth oriented sales mix, focus towards a strong presence of its products in all the markets to achieve dynamic financial results, with maximum returns to all the stakeholders.

The Company would continue to invest in projects which ensure a healthy and safer environment for its employees. It would also continue to demonstrate its commitment to better and brighten lives for the community by sponsoring a wide range of community development projects. Over the years, ACPL has played a major role and it will continue its contribution in building the nation.

MANAGEMENT

Management Committee

The Committee meets under the chairmanship of the Group Regional Chief Executive to coordinate the activities and operations of the Company.

Executive Committee

CEO leads the Executive Committee. The Committee is responsible for preparing the strategic plan for the future growth of the Company. The Committee also reviews major projects and formulates recommendations after evaluation from technical and commercial aspects.

Procurement Committee

The Procurement Committee is responsible for ensuring that procurement of assets, goods and services are made in accordance with Company policies and procedures on competitive terms in a transparent manner.

Risk Management Committee

The Risk Management Committee is responsible for ensuring that procedures to identify and continuously update risks are in place. The Committee oversees the process of assessment of the possible impact and likelihood of occurrence of identified risks. The Committee is also responsible for formulating a risk management response to effectively address and manage risks.

IT Steering Committee

IT Steering Committee is responsible for developing and implementing an IT strategy for the Company. The Committee oversees the automation of processes and systems in line with latest technology. The Committee is also responsible for development of contingency and disaster recovery plans.

Budget Committee

The Budget Committee reviews and approves the annual budget proposals prior to being presented for the approval of the Board. The Committee also monitors utilization of the approved budget.

Safety Committee

The Safety Committee reviews and monitors company wide safety practices. It oversees the safety planning function of the Company and is responsible for safety training and awareness initiatives.



CHAIRMAN'S REVIEW

I welcome you all in the 40th Annual General Meeting of the company.

Overview of the Economy

The growth momentum of the Pakistani economy, at 5.5 percent in FY2018, became unsustainable due to rising macroeconomic imbalances, foremost among these imbalances were very high fiscal and current account deficits. The Government took some drastic steps in order to control the twin deficits during the year 2018-19 causing a dent on GDP growth which reduced to 3.29% as against the budgeted target of 6.2 percent. Almost all the targets like GDP growth, exports, fiscal deficit, revenue generation, inflation and other key indicators all went off the mark. Currency devalued by almost 30% and bench mark interest rates increased by 600 basis points which created panic like situation in both money and capital markets.

The new elected government is facing formidable task on macroeconomic front and taking stabilization measures which may further reduce the growth numbers and lead to shrinkage of economy, higher inflation and unemployment.

The Government has introduced set of economic and structural reforms in the Federal Budget of 2019-20 as suggested by International Monetary Fund and Financial Action Task Force in order to document and stabilize the economy in short to medium term and control both Current and Fiscal deficits, the results of which will be visible in short to medium term.

Industry Review

During the fiscal year 2018-2019, the local market of south, where your company is situated, witnessed an exuberant growth of 46% owing to robust demand not only in local markets which increased by 15% as compared to same period last year but also due to higher export which showed a mammoth growth of 211% as compared to same period last year. However, due to significantly higher inflationary pressures owing to currency devaluation and higher interest rates the overall gross and operating margins of the industry remained under severe pressure and your company was not an exception.

Despite serious economic challenges, the local market of South showed great resilience and achieved growth in both domestic and export markets and your company took complete advantage of this robust growth. Accordingly, the overall sales revenue of the company increased by 26%.

The Government of Pakistan, in recently promulgated Finance Act of 2019, has taken certain key steps in tax reforms and towards documentation of economy which will have a significant impact on supply chain management of movement of commodities. These steps may create an unfavorable impact on demand side of equation in months to come.

Operational & Financial Performance

The year 2018-2019 was a remarkable year in terms of Plant's operations. All the 3 Lines performed exceptionally well and achieved record production of 3,184,363 M Tons during the year under review. This is the highest ever production recorded by the company.

The company also achieved record net sales revenue of Rs. 20.78 billion due to higher despatches of both cement and clinker in the local and export markets. However, due to the higher input costs both the gross and operating margins of your company remained under pressure.

Acknowledgement

The Company deeply acknowledges and offers its sincere thanks to the support it has received from both Federal and Provincial Governments, regulatory bodies, its customers, bankers and suppliers.

The Company also recognizes the efforts put in by both management and non-management staff and the support it has always received from the Collective Bargaining Agent.



Laith G. Pharaon
Chairman

July 29, 2019
Dubai, UAE.



DIRECTORS' REPORT

The Directors' of your Company have pleasure to present before you the Annual Report of your Company along with the audited financial statements for the year ended June 30, 2019.

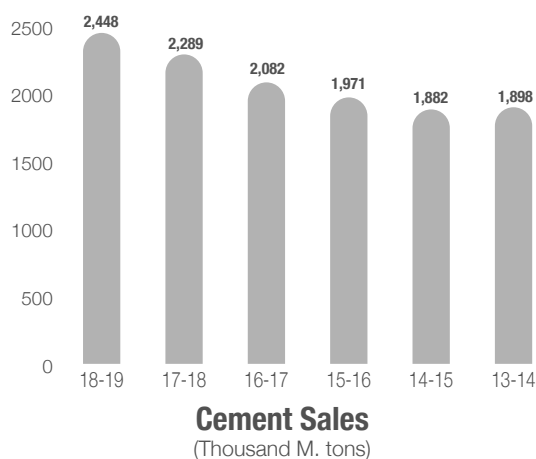
PRODUCTION & SALES

During the year 2018-19 the Company achieved 110% of its overall clinker production capacity and all the three lines continued to operate well above their rated capacities. Kiln operating days achieved against Line 1, Line 2 & Line 3 are 326 days, 332 days & 334 days respectively.

Despite several challenges faced by your Company both in local and export markets, it has been able to make highest ever cement despatches. Further, on the back of high production, the company was able to sell surplus clinker in export markets. The detailed data has been enumerated in the below table:



The company sold 2,447,666 M. tons of cement in both local and export markets, showing an increase of 7% as compared to preceding year. During the year under review, the Company sold 1,857,471 M. tons (2017-18: 1,826,551 M. tons) of cement in the local market, showing an increase of 2% and exported 590,195 M. tons of cement in the markets of Sri Lanka, India and East and West Africa (2017-18: 462,062 M. tons) showing a robust growth of 28% as compared to last year.



On the back of higher production due to commencement of line 3 operations the company aggressively explored the regional markets of clinker and was able to sell 757,774 M. tons of clinker in the markets of Bangladesh, Sri Lanka and East Africa. The total despatches of the company including both clinker and cement therefore increased by 711,686 M. tons (29%) as compared to preceding year.

FINANCIAL PERFORMANCE

A comparison of the key financial results of your Company for the year ended June 30, 2019 with the same period last year are as under:

	2018-19	2017-18	Increase / (Decrease)	Increase / (Decrease)
	-----Rs. In Million-----			%
Net Sales	20,781	16,496	4,285	26
Gross Profit	4,803	4,798	5	-
Profit Before Tax	2,403	3,129	(726)	(23)
Profit After Tax	2,073	4,400	(2,327)	(53)
EPS in Rupees	15.09	32.02	(16.93)	(53)

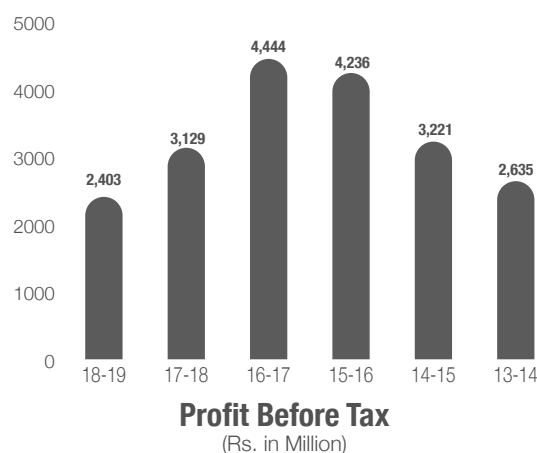
(i) Sales Performance

The overall sales revenue increased by Rs. 4,285 million (26%) as compared to the previous year. This is mainly attributable to higher quantity of 711,686 M. tons of cement & clinker sold as compared to same period last year. The sales prices in local markets remained highly competitive due to arrival of new capacities in South as well as influx of north brands into price lucrative market of South. In export markets prices remained at more or less the same level of previous year with a margin of 5% (+/-). The net retention per ton of cement sold increased by Rs. 198 per ton due to better sales mix and devaluation of PKR against US dollar which made positive impact on export proceeds realization.

(ii) Profitability

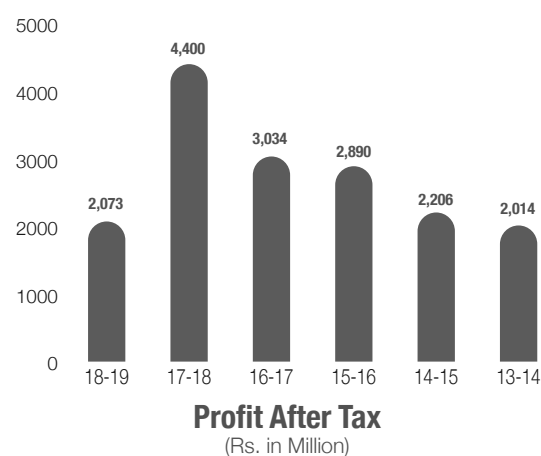
In the year 2018-2019 Company earned a net profit after tax of Rs. 2,073 million as compared to Rs. 4,400 million earned during the corresponding period, showing a decrease of Rs. 2,327 million (53%).

As reported earlier, in the corresponding year 2017-18, the company had realized tax credits of Rs. 1,072 million on Line 3 and also reversed the prior years' tax provision of Rs. 892 million which related to favorable outcome of tax cases of prior years. However from operational side both gross and operating margins showed declining trend. Gross margins recorded at 23% and operating margins remained at 15% as compared to 29% and 20% respectively in preceding year.



Major variances in key cost parameters which resulted in significant dilution in margins during the year under review are as follows:

- The net average fuel cost increased by Rs. 413 per ton (23%). Even though the coal prices in international market reduced from US\$ 110 per ton to US\$ 75 per ton on CFR Karachi basis, however the said reduction was offset due to severe devaluation of PKR against US\$ by approximately 30% during the current year;
- The packing material cost increased by Rs 170 per ton (39%) over the corresponding period due to increase in paper prices in the international market and significant devaluation of PKR against US dollar. In order to dilute the impact of increase in paper bag prices, the company has converted few of its markets into 2 ply paper bags instead of 3 ply paper bags and also enhanced the usage of Polypropylene bag instead of paper bags in block cement segment;
- Distribution cost increased by Rs. 633 million (81%) over the corresponding period due to higher quantities exported; and
- Finance cost increased by Rs. 397 million (158%) due to increase in interest rates on long and short term financing. However, in order to dilute the impact of higher interest rates the company has now availed the Export Refinance to meet its working capital requirements by taking appropriate approval from State Bank of Pakistan.



(iii) Appropriation

The financial results for the year under review are as follows:

	2019	2018
	-----Rs in '000-----	
Profit after tax	2,073,201	4,399,784
Add: Other Comprehensive income	69,803	71,269
	2,143,004	4,471,053
Un-appropriated profit b/f	13,727,410	10,802,410
Profit available for appropriation	15,870,414	15,273,463
Appropriation:		
Final Dividend for the year 2017-18:		
Cash Dividend of Rs.8.0 per share (2016-17: Rs.13.50 per share)	(916,180)	(1,546,053)
Bonus shares issued in ratio of 20 shares for every 100 shares (2016-17: Nil)	(229,045)	-
Un-appropriated profit c/f	14,725,189	13,727,410

For the year ended June 30, 2019 the Board in its meeting held on July 29, 2019 has proposed a final cash dividend of Rs. 4.0 per share (40%) amounting to Rs. 550 million.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company contributed Rs. 7,171 million during the year to the national exchequer on account of payments towards Sales Tax, Income tax, Excise duty and other statutory levies. An amount of approximately Rs. 405 million was also paid as withholding income tax deducted by the Company from shareholders, employees, suppliers and contractors. In addition to that your Company earned foreign exchange of approximate US\$ 59 million during the year under review from export proceeds.

MARKETING

During the year under review the market dynamics of South changed significantly due to arrival of new capacity and the overall cement supply side reached to almost 50,000 M. tons per day against the average per day demand of 24,000 M. tons per day. This not only created an extremely competitive environment in the local market but also affected the export markets.

Your company, due to its superior quality and better brand image, continued to dominate the local segment of market especially in the core market of Karachi. However, in order to maintain the dominating position the company had to provide more incentives to the dealers and major retailers. As mentioned earlier the market of South where your company markets its product has witnessed a growth of 7% but the core market of Karachi and lower Sindh Markets continue to face influx from cheap North Brands and as a result stiff competition has been witnessed between different players. Accordingly, the prices remain competitive and your company was unable to pass on the impact of rising costs to the end users.

Both the brands of the company i.e. FALCON & ROCK brands have so far acquired firm positions in different markets of South. The company's products are also visible in the far flung markets of Quetta, Gawadar, Pasni, Ormara, Turbat, Sahawal, Melsi and Multan.

On export front the markets remained very competitive and company is continuously facing competition from both local and regional capacities. However, because of strong brand image, better quality and strong customer support, the company has managed to retain its core customer base in the markets of Sri Lanka, India and East Africa.



As mentioned earlier, owing to additional production from Line 3, the company aggressively explored clinker markets and was able to export 757,774 M. tons clinker in the regional markets. Primary clinker export market was Bangladesh followed by Sri Lanka and East Africa. During the year, the company exported 1,347,969 M. tons (2017-18: 667,203 M. tons) of both cement and clinker in the regional markets and witnessed a robust growth of 102% over corresponding period.

HUMAN RESOURCES

The Company strongly believes in its human resource and understands that with positive attitude, strong skills and creativity, its human capital will add value to the overall organizational performance. In this fast-paced industry environment, the Company continues to invest in its manpower and makes flexible plans for their on-the-job and for-the-job trainings which are the corner stones of its human resource policies.

Under the Company's talent hunt program, every year the Company recruits large number of fresh graduates and trains them for their future responsibilities. The company's training program is very popular among the young engineers and each year, the Company receives a favorable response for such program from young graduates.

A proper Performance Development Program (PDP) has been designed in order to retain and reward every employee with ample opportunities to prove themselves for future leadership role. The Company's compensation packages to its employees are market-driven and are based on the fair assessment of employees' performance. In this regard, regular market surveys are being conducted for bench marking.

The company believes in open communication with its employees and gives opportunities to them to express their opinions, ideas and thoughts with their supervisors so that they may be heard and valued accordingly. The Company is committed to provide opportunities to its employees that are rewarding both, in terms of compensation and also, in terms of career opportunities.

The Company regularly arranges employee engagement events and get-togethers to let employees feel associated with the Company as it strongly believes in a balanced company-staff relationship and provides a conducive work environment.



Regular team-building activities and other developmental programs are arranged to encourage inter-departmental coordination which ultimately helps to boost the overall Company productivity. Besides this, regular feedback sessions and employee surveys' are conducted related to employee policies, to check on company's overall atmosphere and to take further decisions in order to facilitate employees.

In order to enhance the capacity building of the employees, the company's HR department in tandem with its technical and nontechnical management, identifies the areas where quality training and development programs including soft skill development programs are conducted. Trainers are also being identified and developed to cater to the training needs and to customize programs effectively.

CORPORATE SOCIAL RESPONSIBILITY

The Company is fully conscious of its responsibilities as a good corporate citizen and takes its CSR programs very seriously. Besides providing employment opportunities to local youth, the Company actively works in the field of health, education and environment for all the stake holders living in its area of activities. The company provides potable water to many villages in and around its factory area. Through this activity, over 5,000 people are being regularly provided free potable water throughout the year.

The Company has established 05 water filtration plants in different Goths located in and around its factory area as part of its overall Social Action Plan. Besides this, company has also provided water bore pump and accessories at different Goths in order to meet water demand of the people.

The company's two schools i.e. Falcon Public School and TCF sponsored Dr. Ghaith R. Pharaon campus are providing free of cost and quality education to almost 600 students. Dr. Ghaith R. Pharaon campus has commenced its secondary classes and construction work on new science and computer labs has just reached completion.

Since the establishment of ACPL factory, medical department became functional right from the outset & is playing a vital role in providing health facilities not only to the employees of the company but also to the surrounding community. The medical team comprises of fervent, dedicated doctors & nursing officers who make themselves available for 24 hours, working in the Company's premises and also in nearby Goths.

During the year under review the Company set up an Eye Camp in Sakran where over 200 patients were provided free glasses and facility of cataract operation. Another Medical Camp was conducted



at Jam colony in Hub where over 2000 patients were provided free healthcare facilities under the guidance of experienced doctors.

Moreover on the other end of the spectrum, welfare activities are being conducted regularly at Medical Centre located near our factory. The turnover is about 150 patients per day. The company has also hired the services of full time lady medical practitioner and female paramedical staff who caters needs of female patients.

The Company has recently renovated the Emergency Ward of Jam Ghulam Qadir Hospital and re-constructed the washrooms to provide better sanitation to the patients. ACPL had also provided a delivery table to the labor room in the Hospital and also provided ETG and ECG Machine through the Company's CSR Program. Moreover, the Company has provided an autoclave sterilizer to the Hospital for its Dental Department and split air conditioners for the neonatal ICU of the Hospital.

The Company's welfare dispensary located at Goth Hasil Bazenjo, Sakran provides regular medical facility to the poor and needy residents of the Sakran area.



HEALTH, SAFETY AND ENVIRONMENT

The company has implemented an integrated Quality, Environment, Health & Safety management system based on ISO 9001, ISO 14001 and OHSAS 18001 requirements. Emissions of stacks are within permissible limit of NEQ standards due to timely replacement of filter bags and recovery of Waste Heat.

The Company believes that initiatives like plantation drive in close proximity of the Company can play a vital role in protection of the environment. To elaborate further, ACPL has planted more than 4,000 plants over span of (02) years lately, in the Factory premises (Hub, Balochistan) to enhance the plantation coverage in the vicinity. Moreover, around 2,000 more saplings have been planted by ACPL employees this year in their respective areas of work.

Moreover, ACPL has recently completed the installation of modern bag house on Line 1 at a cost of US\$ 1.5 million in order to make its Line 1 more environment friendly. The other 02 Lines are already in compliance with the environment standards. With this entire plant area is now 100% dust-free.



PROGRESS ON PROJECTS

Cement Grinding Unit in Basra, Iraq

As appraised earlier, trial production of cement grinding unit had been commenced with local available clinker. Subsequent to year end the Company had obtained the license for import of clinker. The Company will perform the performance test, once the imported clinker is sourced out and will commence the commercial production after satisfactory completion of performance test.

Solar Power Plant

In line with the company's strategy to reduce the production cost, the Board has approved the installation of Captive solar power plant of 7 MW at its factory premises. At present, the project is at technical and financial evaluation stage.



COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Directors hereby confirm that:

- a. The annexed financial statements present fairly the state of the affairs of the Company, the result of its operations, cash flows and changes in equity;
- b. Proper books of accounts have been maintained by the Company;
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- e. The system of internal control is sound in design and has been effectively monitored and implemented;
- f. There are no significant doubts upon the Company's ability to continue as a going concern;
- g. There has been no material departure from the best practices of corporate governance as detailed in the listing regulations;



- h. Following is the value of investments of terminal benefit schemes based on their respective latest accounts:

	Rupees in Million	Year Ended
Provident Fund (unaudited)	647	June 2019
Gratuity Funds (unaudited)	370	June, 2019
Pension Funds (unaudited)	318	June, 2019

- i. During the year five (5) meetings of the Board of Directors were held. Attendance of Directors and Chief Executive is as follows:

Sr.No.	Name of the Directors / Chief Executive	Status	No. of meetings attended
1	Mr. Laith G. Pharaon	Chairman / Non Executive Director	5
2	Mr. Wael G. Pharaon	Non Executive Director	5
3	Mr. Shuaib A. Malik	Non Executive Director	5
4	Mr. Abdus Sattar	Non Executive Director	5
5	Agha Sher Shah	Non Executive Independent Director	3
6	Mr. Sajid Nawaz	Non Executive Director	5
7	Mr. Babar Bashir Nawaz	Executive Director & Chief Executive	5

- j. During the year four (4) meetings of the Audit committee were held. Attendance of Directors is as follows:

Sr. No.	Name of the Directors / Chief Executive	Status	No. of meetings attended
1	Agha Sher Shah	Chairman / Non Executive Independent Director	3
2	Mr. Shuaib A. Malik	Non Executive Director	4
3	Mr. Abdus Sattar	Non Executive Director	4



- k. The details of shares transacted by Directors, Executives and their spouses and minor children during the year 2018-19 have been given on page 40;
- l. The key operating and financial data for the last 6 years is set out on page 47.

HOLDING COMPANY

Pharaon Investment Group Limited Holding S.A.L., Lebanon (PIGL) is a Company incorporated in Lebanon having its registered office at Beirut, Lebanon. PIGL holds 84.06% shares of Attock Cement Pakistan Limited.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as at June 30, 2019 is given on page 40.

AUDITORS

The retiring auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants retire at the conclusion of the 40th Annual General Meeting and offer themselves for reappointment. The Audit Committee has recommended for their reappointment.

AUDIT COMMITTEE

The Board of Directors has established an Audit Committee in compliance with the Code of Corporate Governance with the following members:

Sr. No.	Name of Members	Position	Status
1	Agha Sher Shah	Chairman	Non-Executive Independent Director
2	Mr. Shuaib A. Malik	Member	Non-Executive Director
3	Mr. Abdus Sattar	Member	Non-Executive Director

Terms of Reference of Audit Committee

1. Determination of appropriate measures to safeguard the assets of the Company.
2. Review of preliminary announcements of results prior to external communication and publication.
3. Review of quarterly, half yearly and annual financial statements prior to the approval by the Board of Directors, major focus on:
 - Judgmental areas
 - Significant adjustments resulting from the audit
 - Going concern assumption
 - Any changes in accounting policies and practices
 - Compliance with applicable accounting standards

- Compliance with the listing regulations and other statutory and regulatory requirements and
 - All related party transactions
4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary)
 5. Review of management letter issued by external auditors and management response thereto.
 6. Ensuring coordination between the internal and external auditors.
 7. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company.
 8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.
 9. Ascertaining that the internal control system includes financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.
 10. Review of statement on internal control systems prior to the endorsement by the Board of Directors.
 11. Instituting special projects, value for money studies or other investigations on any matters specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.
 12. Determination of compliance with relevant statutory requirements.
 13. Monitoring compliance with these regulations and identification of significant violations thereof.
 14. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.
 15. Consideration of any other issue or matter as may be assigned by the Board of Directors.
 16. External Auditors
 - Recommendations regarding the appointment of External Auditors.
 - Resignation and removal of External Auditors.
 - Audit fees.
 - Provision by external auditors of any services to the company in addition to the audit of the Financial Statements.
 - Facilitating external audit and discussion with external auditors of major observations arising from interim and final audits and any other matter that auditors wish to highlight.

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board, in compliance with the new Code of Corporate Governance has formed Human Resource Committee comprising of the following members:

Sr. No.	Name of Members	Status
1	Agha Sher Shah	Chairman/ Non- Executive Independent Director
2	Mr. Shuaib A. Malik	Non- Executive Director
3	Mr. Abdus Sattar	Non- Executive Director

Terms of Reference

The broad terms of reference of this committee are as follows:

- Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;
- Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- Recommending human resource management policies to the board;
- Recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- Consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
- Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

FUTURE OUTLOOK

The Pakistan's economy has been passing through a very challenging time. With higher interest rates, significant devaluation of PKR against US \$ and mounting current and fiscal account deficits have posed serious challenges for both the Government and Businesses.

The Government intends to reform the real estate sector in order to widen its tax base and bring the sector into documented economy. This change in policy would impact the investment in real estate and housing sector and demand of construction material including cement may slow down in short to medium term. Furthermore the higher input costs due to significant change in both exchange rate regime and interest rate scenario would fuel the cost push inflation. The higher interest rate may divest the investments from business to more lucrative risk free bank deposits.

With new local and regional capacities coming in 6 months the excess supply may further aggravate the situation as demand supply equilibrium would tilt in favor of supply. With the closure of Indian cement markets for Pakistani cement, the industry of North may face a serious problem in parking surplus capacity and further influx from North to South may not be ruled out.

In the finance budget 2019-20, the government has increased the Excise duty on cement by Rs 500 per ton and consequently sales tax on MRP has also been increased by Rs. 85 per ton. In an economic scenario which is witnessing double digit inflation, SBP discount rate of 13.25%, significant devaluation of Pak Rupee coupled with aggressive tax reforms measures undertaken by government and availability of surplus cement capacities it would be a daunting challenge to maintain the profitability in near future.

The recent notification by the Government in respect of implementation of axle load limit on motor ways and high ways will also fuel the transportation charges and it is feared that there may be serious shortage of transport besides exorbitant increase in transport rates.

The silver lining is, however, the recent significant reduction in coal prices which have started to come down and from as high as US \$110 c&f Karachi it has now reduced to US \$ 75 c&f Karachi. Beside this the change in exchange rate regime has supported the export margins as ACPL, in terms of foreign exchange exposure, is net gainer.

The company has diversified its clinker market and is now exporting clinker to Sri Lanka, apart from Bangladesh which upto now is the major market of clinker. The company is targeting West Africa and East Africa market for clinker exports in order to keep its market portfolio diversified and fully aligned with its objectives

Your management is fully aligned with the rapid changes in regulatory regime and market dynamics and doing its utmost efforts to achieve 100% sales both in local and export markets either in the form of cement or clinker from its all 3 production lines by exploring all available market options both locally and in the region. Efforts are being made to curtail the cost wherever possible and create a price efficient sales mix to maximize profitability.

On behalf of the Board



BABAR BASHIR NAWAZ
Chief Executive

July 29, 2019
Dubai, UAE.

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2019

NO. OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares Held
	FROM	TO	
467	1	100	18,580
716	101	500	200,607
460	501	1,000	365,759
675	1,001	5,000	1,554,155
180	5,001	10,000	1,333,214
211	10,001	100,000	5,543,162
24	100,001	1,000,000	6,224,658
2	1,000,001	2,500,000	3,172,696
1	2,500,001	3,500,000	3,487,792
1	3,500,001	120,000,000	115,526,338
2,737			137,426,961

Categories of Shareholders	Shares held	Percentage
1 Directors, Chief Executive Officer, and their spouse and minor children	145,211	0.11
2 Associated Companies, Undertakings and related Parties	115,526,338	84.06
3 Executives	-	-
4 Banks, Development Financial Institutions, Non Banking Financial Institutions	105,455	0.08
5 Insurance Companies	2,157,196	1.57
6 Modarabas and Mutual Funds	1,019,935	0.74
7 Share holders holding 10% or more	115,526,338	84.06
8 General Public :		
a. local	12,522,204	9.11
b .Foreign	-	-
9 Others : Individual	5,950,622	4.33
Total (excluding : share holders holding 10%)	137,426,961	100.00

Shareholders holding Five Percent or more voting interest in the listed Company

Total Paid-up Capital of the Company 137,426,961 Shares

5% of the paid-up capital of the Company 6,871,348 Shares

Name of Shareholders	Description	No. of Shares held	%
Pharaon Investment Group Limited, Holding S.A.L. Beirut, Lebanon	Falls in Category # 7	115,526,338	84.06

No transaction has been report by the Chief Executive and/or any other company's Director(s), Executives and their spouse(s) and minor Childern from July 01, 2018 to June 30, 2019 in the shares of the Company.



Shareholders'

Information

VERTICAL ANALYSIS

STATEMENT OF PROFIT OR LOSS

For the year ended June 30

Rupees in Million

	-----2019-----		-----2018-----		-----2017-----		-----2016-----		-----2015-----		-----2014-----	
		%		%		%		%		%		%
Revenue	20,780.93	100.00	16,495.66	100.00	14,735.17	100.00	13,918.34	100.00	13,086.12	100.00	12,547.25	100.00
Cost of sales	(15,978.03)	(76.89)	(11,697.58)	(70.91)	(8,842.96)	(60.01)	(8,331.84)	(59.86)	(8,689.94)	(66.41)	(8,843.29)	(70.48)
Gross profit	4,802.90	23.11	4,798.08	29.09	5,892.21	39.99	5,586.50	40.14	4,396.18	33.59	3,703.96	29.52
Distribution costs	(1,414.82)	(6.80)	(782.22)	(4.74)	(903.53)	(6.13)	(954.75)	(6.86)	(986.67)	(7.54)	(806.05)	(6.42)
Administrative expenses	(505.15)	(2.43)	(533.11)	(3.23)	(419.38)	(2.85)	(401.79)	(2.89)	(346.95)	(2.65)	(307.16)	(2.45)
Other expenses	(149.75)	(0.72)	(163.00)	(0.99)	(333.65)	(2.26)	(314.05)	(2.26)	(238.82)	(1.82)	(195.42)	(1.56)
Other income	293.80	1.41	60.80	0.37	236.63	1.61	341.10	2.45	422.91	3.23	269.53	2.15
Profit from Operations	3,026.98	14.57	3,380.55	20.49	4,472.29	30.36	4,257.01	30.59	3,246.65	24.82	2,664.86	21.24
Finance cost	(648.44)	(3.12)	(251.17)	(1.52)	(28.37)	(0.19)	(21.31)	(0.15)	(26.00)	(0.20)	(29.79)	0.24
Share of net income of associate	24.66	0.12	-	-	-	-	-	-	-	-	-	-
Profit before income tax	2,403.20	11.56	3,129.38	18.97	4,443.92	30.16	4,235.70	30.43	3,220.65	24.61	2,635.07	21.00
Income tax (expense) / credit	(330.00)	(1.59)	1,270.41	7.70	(1,409.86)	(9.57)	(1,345.68)	(9.67)	(1,015.00)	(7.76)	(621.00)	(4.95)
Profit for the year	2,073.20	9.98	4,399.78	26.67	3,034.06	20.59	2,890.02	20.76	2,205.65	16.85	2,014.07	16.05

VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

As at June 30

Rupees in Million

	-----2019-----		-----2018-----		-----2017-----		-----2016-----		-----2015-----		-----2014-----	
	%		%		%		%		%		%	
ASSETS												
Non-current assets												
Fixed assets - Property, plant & equipment	17,685.58	64.74	17,962.93	68.03	16,660.34	80.45	7,140.51	49.50	5,999.67	49.04	6,125.80	51.37
Long-term investments	1,836.54	6.72	1,435.38	5.44	786.11	3.80	4.50	0.03	4.50	0.04	4.50	0.04
Long-term loans and advances-considered good	47.59	0.17	47.31	0.18	48.59	0.23	41.54	0.29	55.75	0.46	32.97	0.28
Long-term deposits	99.94	0.37	99.94	0.38	42.98	0.21	42.98	0.30	42.98	0.35	42.98	0.36
Deferred tax asset	-	-	131.54	0.50	-	-	-	-	-	-	-	-
	19,669.65	72.00	19,677.10	74.52	17,538.02	84.69	7,229.53	50.11	6,102.90	49.89	6,206.24	52.05
Current assets												
Inventories	3,395.52	12.43	3,649.07	13.82	1,929.78	9.32	1,916.76	13.29	1,749.87	14.30	1,683.47	14.12
Trade receivables - considered good	795.06	2.91	709.92	2.69	180.49	0.87	211.11	1.46	124.41	1.02	262.06	2.20
Loans and advances - considered good	87.93	0.32	78.50	0.30	76.38	0.37	81.94	0.57	61.12	0.50	48.73	0.41
Short-term deposits and prepayments	45.21	0.17	22.59	0.09	23.66	0.11	17.52	0.12	16.94	0.14	18.48	0.15
Investments	-	-	-	-	-	-	4,273.36	29.62	3,104.91	25.38	3,165.43	26.54
Other receivables	235.81	0.86	201.37	0.76	105.79	0.51	114.86	0.80	68.12	0.56	28.74	0.24
Taxation - payment less provisions	2,602.24	9.53	1,453.30	5.50	236.66	1.14	-	-	-	-	-	-
Tax refunds due from government - Sales tax	182.59	0.68	289.27	1.10	496.76	2.40	-	-	147.59	1.21	45.01	0.38
Cash and bank balances	302.59	1.11	324.94	1.23	121.85	0.59	581.32	4.03	858.70	7.00	467.84	3.91
	7,646.95	28.00	6,728.95	25.48	3,171.36	15.31	7,196.86	49.89	6,131.64	50.11	5,719.76	47.95
Total Assets	27,316.60	100.00	26,406.06	100.00	20,709.38	100.00	14,426.40	100.00	12,234.54	100.00	11,926.00	100.00
EQUITY AND LIABILITIES												
Share capital and reserves												
Share capital, issued, subscribed & paid up	1,374.27	5.03	1,145.23	4.34	1,145.23	5.53	1,145.23	7.94	1,145.23	9.36	1,145.23	9.60
Unappropriated profit	14,725.19	53.91	13,727.41	51.99	10,802.41	52.16	9,301.62	64.48	7,789.91	63.67	7,300.83	61.22
	16,099.46	58.94	14,872.64	56.33	11,947.64	57.69	10,446.85	72.41	8,935.13	73.03	8,446.05	70.82
LIABILITIES												
Non-current liabilities												
Long term loans	2,187.50	8.01	3,437.50	13.02	1,500.00	7.24	-	-	-	-	-	-
Liabilities against assets subject to finance lease	7.91	0.03	10.79	0.04	1.03	0.01	4.03	0.03	7.96	0.07	11.88	0.10
Deferred tax liabilities	351.28	1.28	-	-	817.75	3.95	809.51	5.61	813.38	6.65	1,003.71	8.42
Employee benefit obligations	266.88	0.98	387.09	1.47	489.45	2.36	425.33	2.95	252.34	2.06	240.49	2.02
	2,813.57	10.30	3,835.39	14.52	2,808.23	13.56	1,238.87	8.59	1,073.68	8.78	1,256.08	10.54
Current liabilities												
Trade and other payables	3,577.44	13.10	4,983.84	18.87	3,816.09	18.43	2,673.95	18.54	1,766.80	12.25	2,015.84	13.97
Unclaimed dividend	10.18	0.04	9.00	0.03	7.59	0.04	6.11	0.04	5.30	0.04	6.95	0.06
Accrued markup	143.87	0.53	88.77	0.34	45.99	0.22	-	-	-	-	-	-
Short term borrowings	4,669.20	17.09	2,612.51	9.89	2,080.85	10.05	-	-	-	-	-	-
Current maturity of liability against assets subject to finance lease	2.88	0.01	3.91	0.01	2.99	0.01	3.93	0.03	3.93	0.03	3.93	0.03
Taxation - provision less payments	-	-	-	-	-	-	56.70	0.39	449.71	3.68	197.15	1.65
	8,403.57	30.76	7,698.03	29.14	5,953.51	28.75	2,740.69	19.00	2,225.73	18.97	2,223.87	18.64
Total liabilities	11,217.14	41.06	11,533.42	43.68	8,761.74	42.31	3,979.55	27.59	3,299.40	26.97	3,479.95	29.18
Contingency and commitments												
Total Equity and Liabilities	27,316.60	100.00	26,406.06	100.00	20,709.38	100.00	14,426.40	100.00	12,234.54	100.00	11,926.00	100.00

HORIZONTAL ANALYSIS

STATEMENT OF PROFIT OR LOSS

For the year ended June 30

Rupees in Million

	-----2019-----		-----2018-----		-----2017-----		-----2016-----		-----2015-----		-----2014-----	
	%		%		%		%		%		%	
Revenue	20,780.93	25.98	16,495.66	11.95	14,735.17	5.87	13,918.34	6.36	13,086.12	4.29	12,547.25	9.03
Cost of sales	(15,978.03)	36.59	(11,697.58)	32.28	(8,842.96)	6.13	(8,331.84)	(4.12)	(8,689.94)	(1.73)	(8,843.29)	10.94
Gross profit	4,802.90	0.10	4,798.08	(18.57)	5,892.21	5.47	5,586.50	27.08	4,396.18	18.69	3,703.96	4.73
Distribution costs	(1,414.82)	80.87	(782.22)	(13.43)	(903.53)	(5.36)	(954.75)	(3.24)	(986.67)	22.41	(806.05)	39.57
Administrative expenses	(505.15)	(5.24)	(533.11)	27.12	(419.38)	4.38	(401.79)	15.81	(346.95)	12.95	(307.16)	16.86
Other expenses	(149.75)	(8.12)	(163.00)	(51.15)	(333.65)	6.24	(314.05)	31.50	(238.82)	22.21	(195.42)	(15.10)
Other income	293.80	383.22	60.80	(74.30)	236.63	(30.63)	341.10	(19.35)	422.91	56.91	269.53	18.72
Profit from Operations	3,026.98	(10.46)	3,380.55	(24.41)	4,472.29	5.06	4,257.01	31.12	3,246.65	21.83	2,664.86	(1.05)
Finance cost	(648.44)	158.17	(251.17)	785.34	(28.37)	33.13	(21.31)	(18.04)	(26.00)	(12.74)	(29.79)	100.04
Share of net income of associate	24.66	-	-	-	-	-	-	-	-	-	-	-
Profit before income tax	2,403.20	(23.21)	3,129.38	(29.58)	4,443.92	4.92	4,235.70	31.52	3,220.65	22.22	2,635.07	(1.62)
Income tax (expense) / credit	(330.00)	(125.97)	1,270.41	(190.11)	(1,409.86)	4.77	(1,345.68)	32.58	(1,015.00)	63.45	(621.00)	15.00
Profit for the year	2,073.20	(52.88)	4,399.78	45.01	3,034.06	4.98	2,890.02	31.03	2,205.65	9.51	2,014.07	(5.81)

HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION

As at year ended June 30

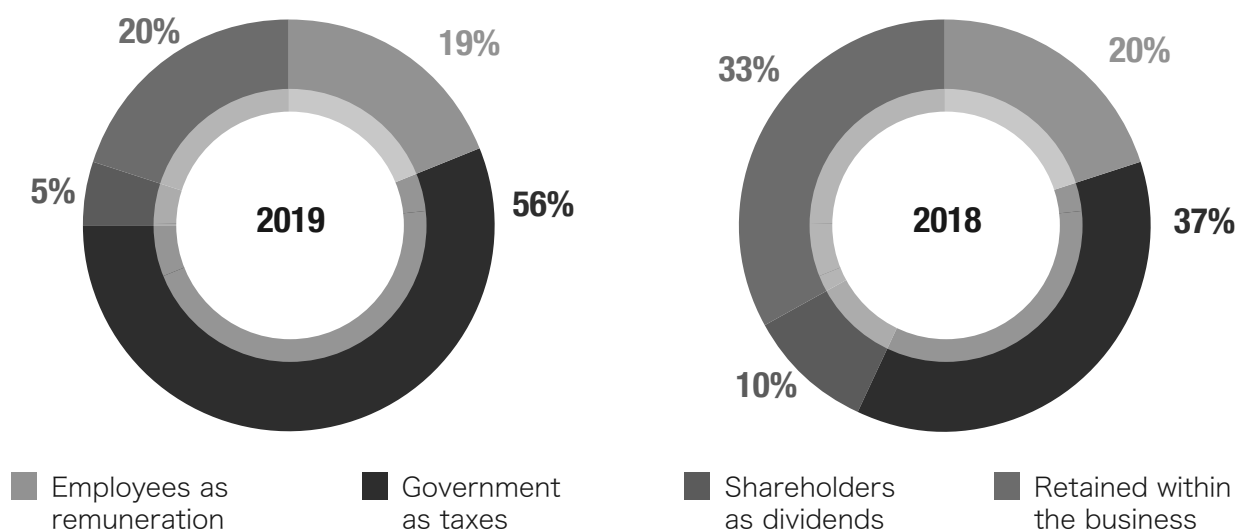
Rupees in Million

	-----2019-----	-----2018-----	-----2017-----	-----2016-----	-----2015-----	-----2014-----
	%	%	%	%	%	%
ASSETS						
Non-current assets						
Fixed assets - Property, plant & equipment	17,685.58 (1.54)	17,962.93 7.82	16,660.34 133.32	7,140.51 19.02	5,999.67 (2.06)	6,125.80 2.12
Long-term investments	1,836.54 27.95	1,435.38 82.59	786.11 -	4.50 -	4.50 -	4.50 -
Long-term loans and advances	47.59 0.60	47.31 (2.63)	48.59 16.97	41.54 (25.50)	55.75 69.12	32.97 15.06
Long-term deposits	99.94 -	99.94 132.53	42.98 -	42.98 -	42.98 -	42.98 -
Deferred tax assets	- (100.00)	131.54 100.00	- -	- -	- -	- -
	19,669.65 (0.04)	19,677.10 12.20	17,538.02 142.59	7,229.53 18.46	6,102.90 (1.67)	6,206.24 2.16
Current assets						
Inventories	3,395.52 (6.95)	3,649.07 89.09	1,929.78 0.68	1,916.76 9.54	1,749.87 3.94	1,683.47 10.67
Trade receivables - considered good	795.06 11.99	709.92 293.33	180.49 (14.50)	211.11 69.69	124.41 (52.53)	262.06 (24.97)
Loans and advances	87.93 12.01	78.50 2.77	76.38 (6.79)	81.94 34.07	61.12 25.42	48.73 37.52
Short-term deposits and prepayments	45.21 100.13	22.59 (4.51)	23.66 35.05	17.52 3.42	16.94 (8.33)	18.48 (4.87)
Investments	- -	- -	- -	4,273.36 37.63	3,104.91 (1.91)	3,165.43 38.67
Accrued interest	- -	- -	- -	- -	- -	- (100.00)
Other receivables	235.81 17.10	201.37 90.35	105.79 (7.90)	114.86 68.63	68.12 137.04	28.74 27.19
Taxation - payment less provisions	2,602.24 79.06	1,453.30 514.09	236.66 100.00	- -	- -	- -
Sales tax refundable	182.59 (36.88)	289.27 (41.77)	496.76 100.00	- -	147.59 227.09	45.01 -
Cash and bank balances	302.59 (6.88)	324.94 166.67	121.85 (79.04)	581.32 (100.00)	858.70 (32.30)	467.84 20.26
	7,646.95 13.64	6,728.95 112.18	3,171.36 (55.93)	7,196.87 17.37	6,131.64 7.20	5,719.76 23.70
Total Assets	27,316.60 3.45	26,406.06 27.51	20,709.38 43.55	14,426.40 17.92	12,234.54 2.59	11,926.00 11.47
EQUITY AND LIABILITIES						
Share capital and reserves						
Share capital, issued, subscribed & paid up	1,374.27 20.00	1,145.23 -	1,145.23 -	1,145.23 -	1,145.23 -	1,145.23 15.00
Unappropriated profit	14,725.19 7.27	13,727.41 27.08	10,802.41 16.13	9,301.62 19.41	7,789.91 6.70	7,300.83 6.54
	16,099.46 8.25	14,872.64 24.48	11,947.64 14.37	10,446.84 16.92	8,935.13 5.79	8,446.05 7.61
LIABILITIES						
Non-current liabilities						
Long term loans	2,187.50 (36.36)	3,437.50 129.17	1,500.00 100.00	- -	- -	- -
Liabilities against assets subject to finance lease	7.91 (26.65)	10.79 947.86	1.03 (74.44)	4.03 (49.36)	7.96 (33.05)	11.88 82.34
Deferred tax liabilities	351.28 -	- -	817.75 1.02	809.51 (0.47)	813.38 (18.96)	1,003.71 (3.67)
Employee benefit obligations	266.88 (31.05)	387.09 (20.91)	489.45 15.08	425.33 68.56	252.34 4.92	240.49 61.46
	2,813.57 (26.64)	3,835.39 36.58	2,808.23 126.68	1,238.87 15.39	1,073.67 (14.52)	1,256.08 4.90
Current liabilities						
Trade and other payables	3,577.44 (27.66)	4,983.84 30.60	3,816.09 42.71	2,680.06 51.24	1,772.10 (12.39)	2,022.79 27.09
Unclaimed dividend	10.18 13.13	9.00 18.52	7.59 24.34	6.11 15.14	5.30 (23.73)	6.95 110.38
Accrued markup	143.87 62.07	88.77 93.03	45.99 100.00	- -	- -	- -
Short term borrowings	4,669.20 78.72	2,612.51 25.55	2,080.85 100.00	- -	- -	- -
Current maturity of liability against assets subject to finance lease	2.88 (26.34)	3.91 30.80	2.99 (23.92)	3.93 -	3.93 -	3.93 110.90
Taxation - provision less payments	- -	- -	- -	56.70 (87.39)	449.71 128.10	197.15 234.48
	8,403.57 9.17	7,698.03 29.30	5,953.51 117.23	2,740.69 23.14	2,225.73 0.08	2,223.87 34.58
Total liabilities	11,217.14 (2.74)	11,533.42 31.63	8,761.74 120.17	3,979.55 20.61	3,299.40 (5.19)	3,479.95 22.11
Contingency and commitments						
Total Equity and Liabilities	27,316.60 3.45	26,406.06 27.51	20,709.38 43.55	14,426.40 17.92	12,234.54 2.59	11,926.00 11.47

STATEMENT OF VALUE ADDITION AND DISTRIBUTION

	2019	2018
	----- Rupees in Million -----	
Gross Sales	27,834	22,633
Less: Operating expenses	(16,458)	(11,175)
	11,376	11,458
Add: Income from Investments	25	2
Other Income	293	59
	318	61
Total Value Added / wealth created	11,694	11,519
Distributed as follows:		
Employees remuneration	2,256	2,265
Government as:		
Taxation	330	(1,270)
Workers Funds	150	163
Sales Tax & Excise Duty	6,090	5,424
	6,570	4,317
Shareholders as:		
Dividend	550	916
Bonus Share	-	229
	550	1,145
Retained in business		
Depreciation	795	537
Net earnings	1,523	3,255
	2,318	3,791
Total value distributed	11,694	11,519

Distribution of value Addition



SIX YEARS AT A GLANCE

2018-19 2017-18 2016-17 2015-16 2014-15 2013-14
-----Rupees in million unless otherwise stated-----

Productions and Sales

Clinker production (in tonnes)	3,184,363	2,482,551	1,866,325	1,866,997	1,835,254	1,800,135
Capacity utilization %	110	109	107	107	105	103
Cement production (in tonnes)	2,437,425	2,309,345	2,081,858	1,967,391	1,877,150	1,912,921
Cement sales (in tonnes)	2,447,666	2,288,613	2,082,582	1,970,589	1,881,941	1,898,419

Profit or Loss

Net sales	20,781	16,496	14,735	13,918	13,086	12,547
Cost of sales	15,978	11,698	8,843	8,332	8,690	8,843
Gross profit	4,803	4,798	5,892	5,587	4,396	3,704
Other income	294	61	237	341	423	270
Operating profit	3,027	3,381	4,472	4,257	3,247	2,665
Profit before tax	2,403	3,129	4,444	4,236	3,221	2,635
Profit after tax	2,073	4,400	3,034	2,890	2,206	2,014

Statement of Financial Position

Paid-up capital	1,374	1,145	1,145	1,145	1,145	1,145
Unappropriated profit	14,725	13,727	10,802	9,302	7,790	7,301
Long term & deferred liabilities	2,814	3,835	2,808	1,239	1,074	1,256
Current liabilities	8,404	7,698	5,954	2,741	2,226	2,224
Fixed assets less depreciation	17,686	17,963	16,660	7,141	6,000	6,126
Other long term assets	1,984	1,714	878	89	103	80
Current assets	7,647	6,729	3,171	7,197	6,132	5,720

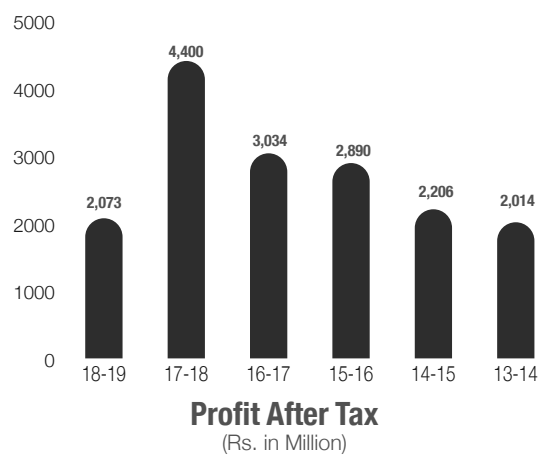
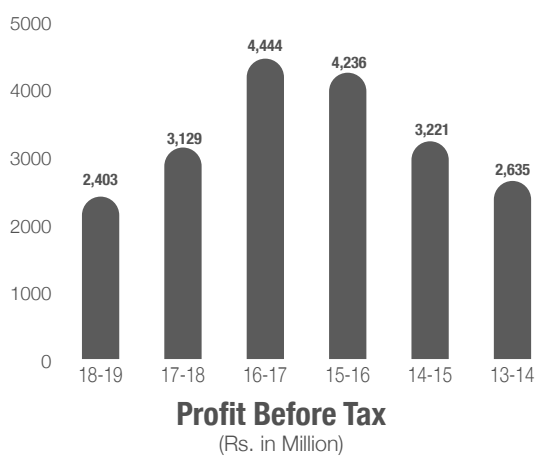
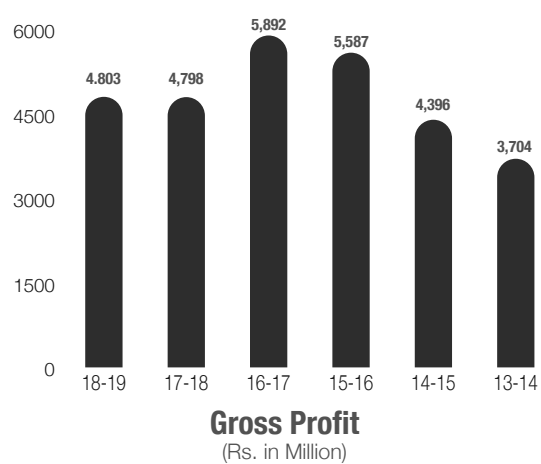
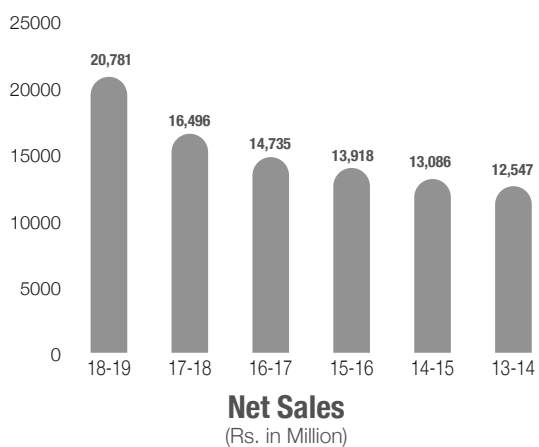
Key Financial Ratios

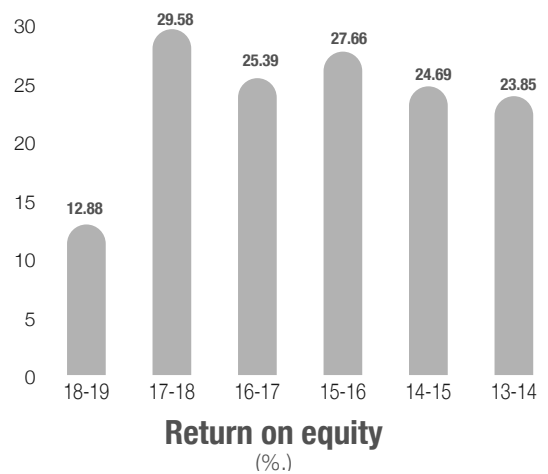
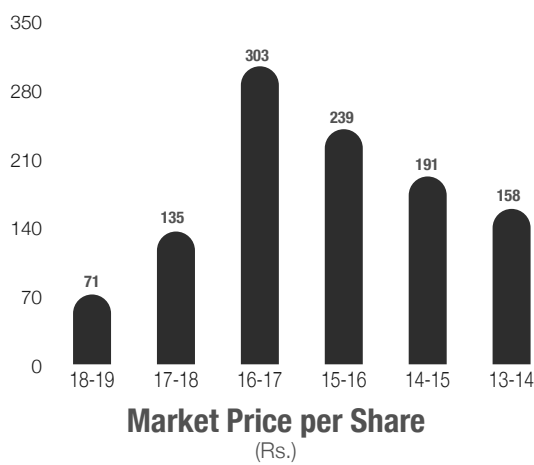
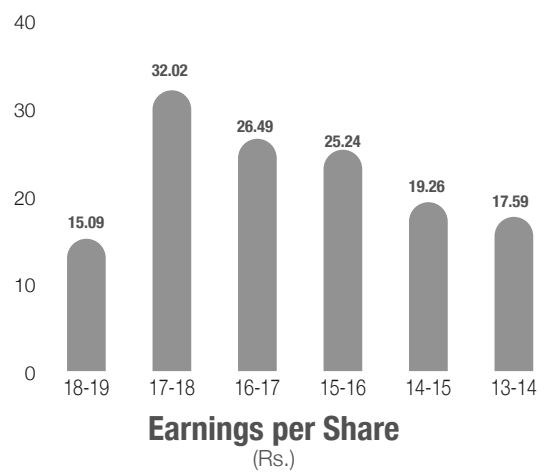
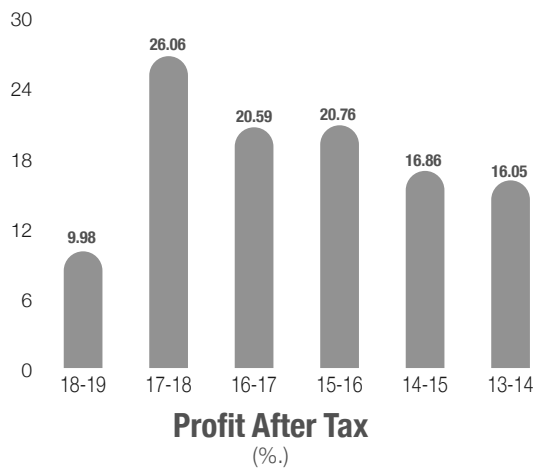
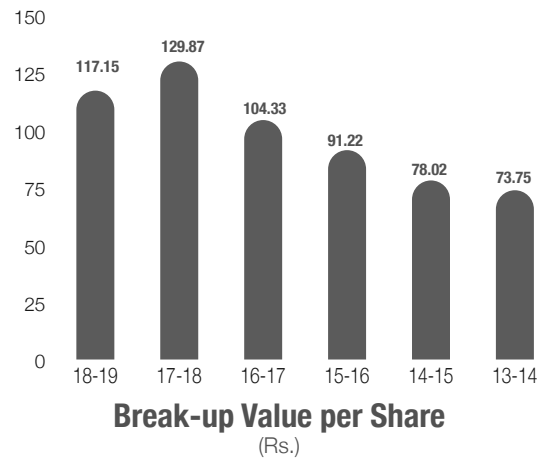
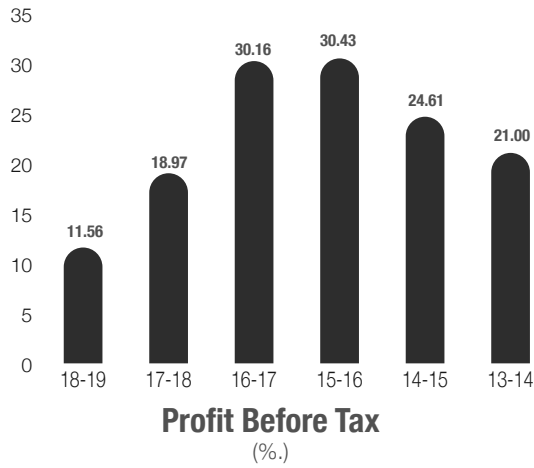
Gross profit %	23.11	29.09	39.99	40.14	33.59	29.52
Operating profit %	14.57	20.02	30.35	30.59	24.81	21.24
Net profit after tax %	9.98	26.06	20.59	20.76	16.86	16.05
Return on equity %	12.88	29.58	25.39	27.66	24.69	23.85
Return on capital employed	18.80	22.73	37.43	40.75	36.38	31.55
No. of days in inventory	11.26	22.38	21.8	29.86	27.03	22.46
No. of days in receivables	13.22	9.62	4.85	4.39	5.39	8.89
Fixed assets turnover ratio (times)	1.24	0.98	2.76	2.6	2.35	2.30
Current ratio (times)	0.91	0.87	0.53	2.63	2.75	2.57
Price earning ratio (times)	4.73	3.50	11.43	9.46	9.90	8.97
Dividend yield ratio %	5.60	5.95	4.46	5.24	7.87	8.25
Dividend payout ratio %	26.51	20.82	50.96	49.52	77.88	73.91
Debt equity ratio	42.59	40.68	29.97	-	-	-
Interest cover ratio (times)	4.67	13.46	157.64	199.78	124.88	89.44

Shares and Earnings

Market price per share at June 30 (Rs.)	71	135	303	239	191	158
Earnings per share (Rs.) - basic & diluted	15.09	32.02	26.49	25.24	19.26	17.59
Cash dividend per share	4.00	8.00	13.50	12.50	15.00	13.00
Break-up value per share	117.15	129.87	104.33	91.22	78.02	73.75

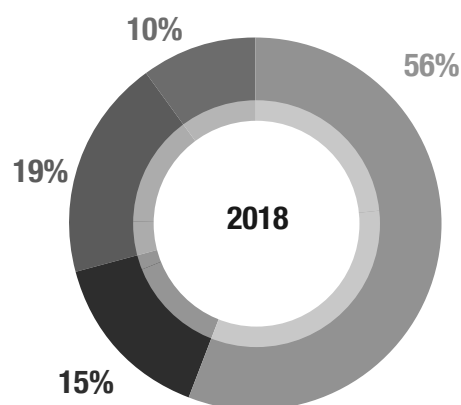
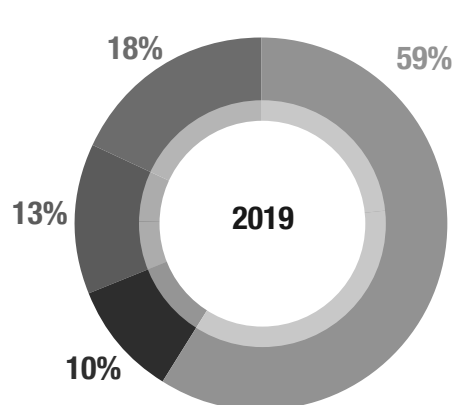
GRAPHICAL PRESENTATION





COMPOSITION OF STATEMENT OF FINANCIAL POSITION

Equity and Liabilities



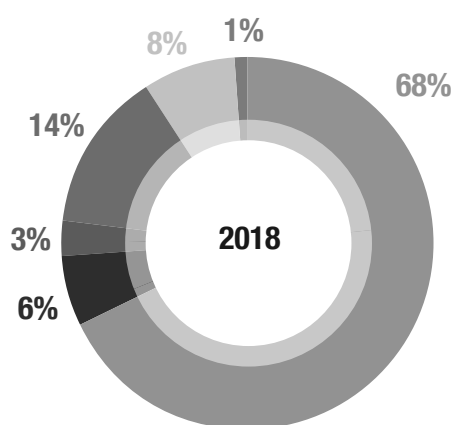
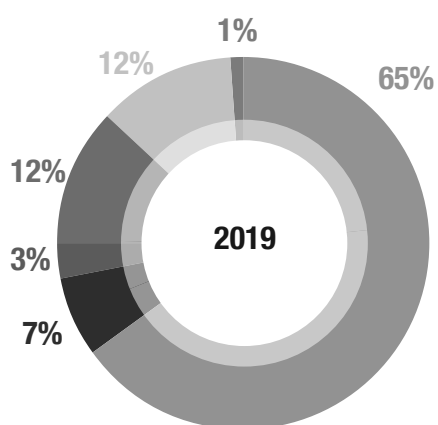
■ Share Capital and Reserves

■ Other Non-Current Liabilities

■ Trade Payable and Others

■ Other Current Liabilities

Assets



■ Property, Plant & Equipment

■ Other Long Term Assets

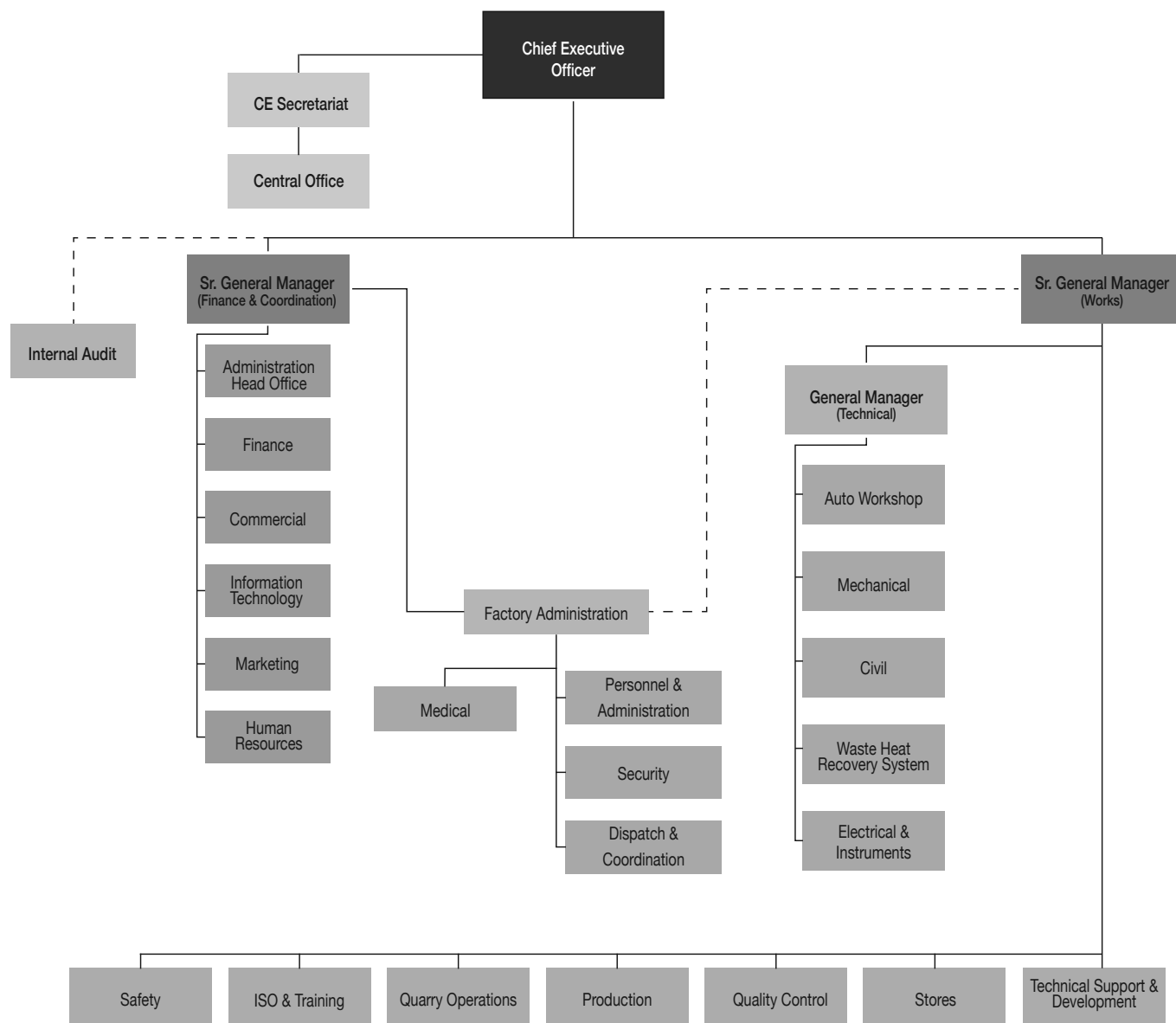
■ Trade Debts

■ Inventories

■ Other Assets

■ Cash and Bank Balances

COMPANY ORGANOGRAM



NOTICE OF THE FORTIETH (40TH) ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting of Attock Cement Pakistan Limited (the "Company") will be held on September 26, 2019 at 12:00 hours at Marriott Hotel Karachi to transact the following:

Ordinary Business

1. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2019 together with the Report of Auditors and the directors thereon.
2. To consider and if thought fit, approve the final cash dividend of 40% (Rs. 4.00 per share) as recommended by the Board of Directors for the year ended June 30, 2019.
3. To appoint the auditors for the financial year 2019-20 and to fix their remuneration.
4. To transact any other business with the permission of the Chairman.

By Order of the Board

IRFAN AMANULLAH

Company Secretary

Karachi: September 04, 2019

Notes:

1. The Register of members and share transfer books of the Company will remain closed from September 19, 2019 to September 26, 2019 (both days inclusive).
2. Only those members whose names appear in the register of members of the Company as on September 18, 2019 will be entitled to attend and vote at the meeting.
3. A member entitled to attend, speak and vote may appoint any other person as his / her proxy to attend, speak and vote on his / her behalf. Proxies must be received at the Registered Office of the Company duly signed not later than 48 hours before the time of holding the meeting. Form of proxy is enclosed herewith.
4. Members who desire to stop deduction of Zakat from their dividend may submit a declaration on non-judicial stamp paper duly signed as required under the law.
5. Members are requested to notify any changes in their addresses immediately.

CDC Account Holders will have to further follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For attending the meeting:

- i) In case of individuals, the account holder or sub-account holder shall authenticate his / her Original CNIC at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies:

- i) In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirements.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners shall be furnished with the proxy form.
- iv) The proxy shall produce his / her original CNIC or original Passport at the time of meeting.
- v) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Deduction of the Income Tax from Dividend under Section 150 of the Income Tax Ordinance 2001 ("Income Tax Ordinance")

Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rates of deduction of Income tax from dividend payments under the Income Tax Ordinance, 2001 have been revised as follows:

Rate of tax deduction for persons who are appearing in the active taxpayers list	15%
Rate of tax deduction for persons who are not appearing in the active taxpayers list	30%

All shareholders / members of the Company who hold shares in **Physical form** are therefore requested to send a valid copy of their CNIC and NTN Certificates, to the Company's shares Registrar, M/s. FAMCO Associates (Pvt.) Ltd. 8-F, Block-6, PECHS, Nursery, Shahrah-e-Faisal, Near Hotel Faran, Karachi to allow the Company to ascertain the status of the shareholder/member.

Shareholders/members of the Company who hold shares in the **scrip-less form on Central Depository System (CDS) of Central Depository Company Pakistan Limited (CDC)** are requested to send valid copies of their CNIC and NTN Certificates to their CDC Participants/CDC Investor Account Services.

TRANSMISSION OF ANNUAL AUDITED FINANCIAL STATEMENTS THROUGH CD/DVD:

The Company has circulated annual financial statements to its members through CD at their registered address. Printed copy of above referred statements can be provided to members upon request. Request Form is available on the website of the Company i.e. **www.attockcement.com**

TRANSMISSION OF ANNUAL REPORTS THROUGH E-MAIL:

The SECP vide SRO 787 (I)/2014 dated September 08, 2014 has provided an option for shareholders to receive audited financial statements along with notice of annual general meeting electronically through email. Hence, members who are interested in receiving the annual reports and notice of annual general meeting electronically in future are requested to send their email addresses on the consent form placed on the Company's website **www.attockcement.com**. The Company shall, however additionally provide hard copies of the annual report on request, to such members, free of cost.

AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE:

The audited financial statements of the Company for the year ended June 30, 2019 have been made available on the Company's website **www.attockcement.com**, in addition to annual and quarterly financial statements for the prior years.

PAYMENT OF DIVIDEND THROUGH BANK ACCOUNT OF THE SHAREHOLDER:

In accordance with Section 242 of the Companies Act, 2017 cash dividend can only be paid through electronic mode directly into the respective bank account designated by the entitled shareholder. Shareholders are requested to provide their bank account details (IBAN format) directly to our share registrar (for physical shares) or to their respective participant / broker (for CDS shares) as the case may be. The subject Form is available at Company's website i.e. **www.attockcement.com**.

CONSENT FOR VIDEO CONFERENCE FACILITY:

In accordance with Section 132(2) of the Companies Act, 2017 if the company receives consent from members holding in aggregate 10% or more shareholding residing in a geographical location to participate in the meeting through video conference at least 7 days prior to the date of Annual General Meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility a request is to be submitted to the Company Secretary of the Company on given address:

The Company Secretary,

Attock Cement Pakistan Limited,
D-70, Block-4, Kehkashan-5,
Clifton, Karachi.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:
Male 7
Female -
2. The composition of board is as follows:

Non-Executive Directors	Executive Directors	Independent Director
Mr. Laith G. Pharaon	Mr. Babar Bashir Nawaz	Agha Sher Shah
Mr. Wael G. Pharaon	Mr. Irfan Amanullah (Alternate Director)	
Mr. Shuaib A. Malik		
Mr. Abdus Sattar		
Mr. Sajid Nawaz		

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the directors are either exempted or have attended the required training in prior years.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed following committees comprising of members given below:

Audit Committee

- Agha Sher Shah (Chairman)
- Mr. Shuaib A. Malik
- Mr. Abdus Sattar

HR and Remuneration Committee

- Agha Sher Shah (Chairman)
- Mr. Shuaib A. Malik
- Mr. Abdus Sattar

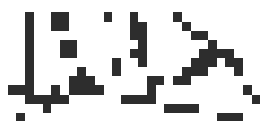
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committees were as follows:

Audit Committee	Four quarterly meetings during the financial year ended June 30, 2019
HR & Remuneration Committee	One meeting during the financial year ended June 30, 2019

15. The board has outsourced the internal audit function to Grant Thornton Anjum Rehman, Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

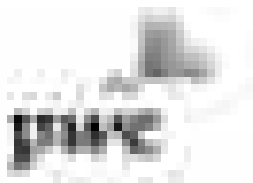
On behalf of the board



LAITH G. PHARAON

Chairman

Dubai, UAE
July 29, 2019



Independent Auditor's Review Report to the Members of Attock Cement Pakistan Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Attock Cement Pakistan Limited for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Chartered Accountants

Karachi

Date: August 30, 2019







Financial **Statements**



INDEPENDENT AUDITOR'S REPORT

To the members of Attock Cement Pakistan Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Attock Cement Pakistan Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2019, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

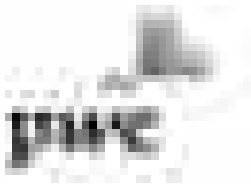
Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



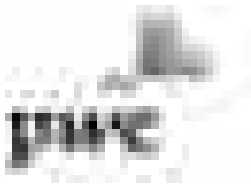


Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	<p data-bbox="312 499 472 535">Inventories</p> <p data-bbox="312 555 839 622"><i>(Refer note 9 to the unconsolidated financial statements)</i></p> <p data-bbox="312 642 560 678">Inventories include:</p> <ul data-bbox="312 698 839 902" style="list-style-type: none"> <li data-bbox="312 698 839 766">• raw materials comprising limestone, clay, gypsum, laterite and bauxite; <li data-bbox="312 786 839 853">• work-in-progress mainly comprising clinker; and <li data-bbox="312 873 416 902">• coal. <p data-bbox="312 922 839 1281">The above inventory items are stored in purpose built sheds, stockpiles and silos. As the weighing of these inventories is not practicable, management assesses the reasonableness of the quantities on hand by obtaining measurements of stockpiles and converting these measurements to unit of volumes by using angle of repose and bulk density. The Company also involves an external surveyor in the inventory count process.</p> <p data-bbox="312 1301 839 1422">Due to the significance of inventory balances and related estimations involved, this is considered as a key audit matter.</p>	<p data-bbox="855 555 1455 687">The company performs annual inventory counts at year end and issues prior notification of procedures to be performed for such inventory counts.</p> <p data-bbox="855 707 1455 775">Our audit procedures to assess the existence of inventory included the following:</p> <ul data-bbox="855 795 1455 1646" style="list-style-type: none"> <li data-bbox="855 795 1455 958">• assessed the management's process of measurement of stockpiles and the determination of values using conversion of volumes and density to total weight and the related yield; <li data-bbox="855 978 1455 1137">• attended the physical count of the inventories and observed the said parameters. A representative of the Company and an external surveyor were also present; <li data-bbox="855 1158 1455 1256">• checked the background and experience of the surveyor to ensure his competence and capability; <li data-bbox="855 1276 1455 1473">• obtained samples of items to determine the nature / characteristics of the inventory. Such samples were then sent to the Company's laboratory to determine the nature of the inventory and other parameters; and <li data-bbox="855 1494 1455 1646">• obtained and reviewed the inventory count report of the management's external surveyor, assessed its accuracy and performed recalculations on a sample basis.



S. No.	Key audit matters	How the matter was addressed in our audit
(ii)	<p>Revenue from contracts with customers</p> <p><i>(Refer note 24 to the unconsolidated financial statements)</i></p> <p>In the second half of the previous year, the Company completed installation of production line 3 which resulted in an increase in production capacity by approximately 1 million tonnes. During the year, the demand for sales in the local market was substantially lower than the available increased production capacity of the Company.</p> <p>As a result, the Company made sales of significant quantity produced in the export market. The prices of Company's products in the export market are significantly less than the local market and the Company also exported clinker to overseas markets.</p> <p>Since revenue represents a key performance indicator and due to developments in the current year, we consider revenue as higher risk area and a key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> evaluated management controls over revenue and checked their validation; performed verification of sales with underlying documentation including gate pass, delivery order and invoice; performed cut-off procedures on sample basis to ensure sales has been recorded in the correct period; verified that sales prices are negotiated and approved by appropriate authority; recalculated the commission as per Company's policy and verified related distribution expenses; analysed market by comparing Company's sales volume with published data; obtained budget for the subsequent year and considered impact of stagnant local demand on financial position of the Company; obtained confirmations from debtors on sample basis; and ensured that presentation and disclosures related to revenue are being addressed appropriately.



Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor' s Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor' s reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company' s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company' s financial reporting process.

Auditor' s Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor' s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.



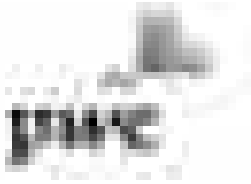
As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.



A. F. Ferguson & Co
Chartered Accountants
Karachi

Date: August 30, 2019

Unconsolidated Statement of Financial Position

As at June 30, 2019

	Note	2019 ----- (Rupees '000) -----	2018 -----
ASSETS			
Non-current assets			
Fixed assets - property, plant and equipment	5	17,685,584	17,962,931
Long-term investments	6	1,836,541	1,435,379
Long-term loans and advances - considered good	7	47,593	47,311
Long-term deposits	8	99,940	99,940
Deferred tax assets	18	-	131,543
		19,669,658	19,677,104
Current assets			
Inventories	9	3,395,522	3,649,066
Trade receivables - considered good	10	795,061	709,917
Loans and advances - considered good	11	87,931	78,499
Short-term deposits and prepayments	12	45,212	22,593
Other receivables	13	235,807	201,370
Taxation - payments less provisions		2,602,240	1,453,299
Tax refunds due from Government - Sales tax		182,587	289,270
Cash and bank balances	14	302,586	324,936
		7,646,946	6,728,950
Total assets		27,316,604	26,406,054
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital - issued, subscribed and paid-up	15	1,374,270	1,145,225
Unappropriated profit		14,725,189	13,727,410
		16,099,459	14,872,635
LIABILITIES			
Non-current liabilities			
Long-term loans	16	2,187,500	3,437,500
Liability against asset subject to finance lease	17	7,915	10,793
Deferred tax liabilities	18	351,283	-
Employee benefit obligations	19	266,878	387,093
		2,813,576	3,835,386
Current liabilities			
Trade and other payables	20	3,577,440	4,983,843
Unclaimed dividend		10,182	8,998
Accrued mark-up	21	143,867	88,773
Short-term borrowings	22	4,669,202	2,612,508
Current maturity of liability against asset subject to finance lease	17	2,878	3,911
		8,403,569	7,698,033
Total liabilities		11,217,145	11,533,419
Contingency and commitments			
	23		
Total equity and liabilities		27,316,604	26,406,054

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2019

	Note	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Revenue from contracts with customers	24	20,780,934	16,495,659
Cost of sales	25	(15,978,032)	(11,697,583)
Gross profit		4,802,902	4,798,076
Distribution costs	26	(1,414,820)	(782,218)
Administrative expenses	27	(505,149)	(533,111)
Other expenses	28	(149,756)	(163,000)
Other income	29	293,803	60,804
Profit from operations		3,026,980	3,380,551
Finance cost	30	(648,444)	(251,172)
Share of net income of associate accounted for using the equity method	6	24,665	-
Profit before income tax		2,403,201	3,129,379
Income tax (expense) / credit	31	(330,000)	1,270,405
Profit for the year		2,073,201	4,399,784
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post - employment benefit obligations	19	69,803	71,269
Total comprehensive income for the year		2,143,004	4,471,053
Basic and diluted earnings per share	32	Rs. 15.09	Rs. 32.02

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2019

	Issued, subscribed and paid up capital	Unappropriated profit	Total
	----- (Rupees '000) -----		
Balance as at July 01, 2017	1,145,225	10,802,410	11,947,635
Final dividend for the year ended June 30, 2017 @ Rs. 13.50 per share	-	(1,546,053)	(1,546,053)
Total comprehensive income for the year ended June 30, 2018			
Profit for the year ended June 30, 2018	-	4,399,784	4,399,784
Other comprehensive income for the year ended June 30, 2018	-	71,269	71,269
	-	4,471,053	4,471,053
Balance as at July 01, 2018	1,145,225	13,727,410	14,872,635
Final dividend for the year ended June 30, 2018 @ Rs. 8 per share	-	(916,180)	(916,180)
Bonus shares issued during the year in the ratio of 20 shares for every 100 shares held	229,045	(229,045)	-
Total comprehensive income for the year ended June 30, 2019			
Profit for the year ended June 30, 2019	-	2,073,201	2,073,201
Other comprehensive income for the year ended June 30, 2019	-	69,803	69,803
	-	2,143,004	2,143,004
Balance as at June 30, 2019	1,374,270	14,725,189	16,099,459

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2019

	Note	2019 ----- (Rupees '000) -----	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	3,126,411	3,356,307
Finance cost paid		(593,350)	(290,191)
Income tax paid		(996,115)	(895,521)
Increase in long term deposits		-	(56,960)
(Increase) / decrease in long-term loans and advances		(282)	1,277
Employee benefit obligations paid		(133,181)	(127,425)
Net cash generated from operating activities		1,403,483	1,987,487
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(953,141)	(2,076,529)
Investment in subsidiary company		(376,497)	(649,267)
Proceeds from disposal of operating assets		5,429	9,508
Purchase of open ended mutual fund units		-	(165,000)
Proceeds from sale of open ended mutual fund units		-	167,268
Interest received		10,589	10,423
Net cash used in investing activities		(1,313,620)	(2,703,597)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(914,996)	(1,544,647)
Proceeds from long term loan		-	3,400,000
Repayment of long term loan		-	(212,500)
Current portion of long term loan repaid		(1,250,000)	(100,000)
Lease rentals paid		(3,911)	(5,315)
Net cash (used in) / generated from financing activities		(2,168,907)	1,537,538
Net (decrease) / increase in cash and cash equivalents		(2,079,044)	821,428
Cash and cash equivalents at beginning of the year		(1,037,572)	(1,859,000)
Cash and cash equivalents at end of the year	34	(3,116,616)	(1,037,572)

The annexed notes 1 to 42 form an integral part of these unconsolidated financial statements.



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

1. THE COMPANY AND ITS OPERATIONS

- 1.1** The company was incorporated in Pakistan on October 14, 1981 as a public limited company and is listed on Pakistan Stock Exchange. Its main business activity is manufacturing and sale of cement.

The company is a subsidiary of Pharaon Investment Group Limited Holding S.A.L., Lebanon.

The geographical locations and addresses of the company's business units, including mills / plant are as under:

- The registered office of the company is at D-70, Block-4, Kehkashan-5, Clifton, Karachi.
- The company's cement manufacturing plant is located in Tehsil Hub, District Lasbella, Balochistan.
- The company also has a representative / liaison office at Plot No. 581-0, Arzoo Building, Al Mararr, Dubai, UAE.

- 1.2** The company has investment in subsidiary company - Saqr Al Keetan for Cement Production Company Limited (SAKCPCL) incorporated in Basra, Iraq. These unconsolidated financial statements are the separate financial statements of the company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

- 1.3** During the year, the Board of Directors of the Company has approved the installation of Captive Solar Power Plant of 7 MW at its existing factory premises. At present, the project is at technical and financial evaluation stage.

2. SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

The company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- a) Acquired 99 acres of adjoining land near plant site at Sakran, Hub. Refer note 5.
- b) Made further investment in Saqr Al-Keetan for Cement Production Company Limited - subsidiary (SAKCPCL) amounting to Rs. 376.5 million. Refer note 6.
- c) Owing to the installation of Line 3 in the previous year, the Company has achieved record production of clinker and cement resulting in increased sales during the year.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below:

3.1 Basis of preparation

3.1.1 Statement of compliance

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

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.1.2 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- (i) Income tax - notes 18 & 31
- (ii) Staff retirement benefits - note 19

Estimates and judgements are continually evaluated and adjusted based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no critical judgements made by the company's management in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements except as stated below.

3.1.3 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year and relevant

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of changes laid down by these standards are detailed in note 4.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2018 are considered not to be relevant for the Company's unconsolidated financial statements and hence have not been detailed here.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning January 01, 2019 that may have an impact on the unconsolidated financial statements of the Company.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by the standard on its unconsolidated financial statements.

3.2 Overall valuation policy

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

3.3 Fixed Assets - property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses (if any) except freehold land, capital work-in-progress and stores held for capital expenditures which are stated at cost. Depreciation is calculated using the straight-line method on all assets in use to charge off their cost excluding residual value, if not insignificant, over their estimated useful lives.

Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal.

Company accounts for impairment, where indications exist, by reducing its carrying value to the estimated recoverable amount.

Maintenance and normal repairs are charged to unconsolidated statement of profit or loss and other comprehensive income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal / retirement of fixed assets are included in unconsolidated statement of profit or loss and other comprehensive income.

3.4 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded. The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- bank balances;
- employee receivables; and
- other short term receivables.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Company considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

i) Financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) Financial liabilities

The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

Financial assets - policy upto June 30, 2018

Trade debts and other receivables were recognised initially at fair value plus directly attributable, if any and subsequently, at amortised cost less impairment, if any. A provision for impairment of trade and other receivable was established when there is an objective evidence that the Company will not be able to collect all amounts due according to terms of receivables. Trade receivable considered irrecoverable were written off.

3.5 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.6 Staff retirement benefits

Defined benefit plans

The company operates approved funded gratuity and pension schemes for all its management and non-management employees. Contributions to the schemes are based on actuarial valuations.

The latest actuarial valuations of the schemes have been carried out as at June 30, 2019 using the Projected Unit Credit method. The amount arising as a result of remeasurements are recognised in the unconsolidated statement of financial position immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur. Past-service costs are recognised immediately in profit or loss.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under the schemes.

Defined contribution plan

The company also operates an approved provident fund for its permanent employees. Equal monthly contributions are made, both by company and the employees, at the rate of 10% of basic salary.

3.7 Long-term investments

The company has investments in subsidiary and associated company. Investment in subsidiary is stated at cost. The investment in associated company is accounted for using equity method of accounting. Impairment loss is recognised whenever the carrying amount of investment exceeds its recoverable amount. An impairment loss is recognised in profit or loss.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

3.8 Inventories

Inventories are valued at lower of cost and net realisable value except goods-in-transit which are stated at cost. Raw and packing materials, work-in-process and finished goods are valued at the weighted average cost. Cost of work-in-process and finished stocks comprise of direct costs and appropriate portion of production overheads.

Stores, spares and loose tools are valued at monthly weighted average cost less provision for slow moving and obsolete stores, spares and loose tools. Items in transit are stated at cost.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessarily to be incurred in order to make the sale.

3.9 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 3.4 for a description of the Company's impairment policies.

3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise of cash and cheques in hand and in transit, balances with banks on current, saving and deposit accounts and finance under mark-up arrangements.

3.11 Leases

Finance leases

The company leases motor vehicles. Leases of motor vehicles where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased motor vehicles and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to unconsolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The motor vehicles acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to unconsolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

3.12 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

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3.13 Provisions

Provisions are recognised in the unconsolidated statement of financial position when the company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.14 Income tax

Current

The charge for current taxation is based on the taxable income at the rate of taxation after taking into account tax credits, rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged to or credited in the unconsolidated statement of profit or loss and other comprehensive income.

3.15 Borrowings and their cost

Borrowings are recognised initially at fair value and subsequently at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset. Borrowings payable within next twelve months are classified as current liabilities.

3.16 Foreign currencies

Transactions in foreign currencies are recorded in Pakistan Rupee at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee using the exchange rates approximating those prevailing at the unconsolidated statement of financial position date. Exchange differences are included in profit or loss currently.

The unconsolidated financial statements are presented in Pakistan Rupee, which is the company's functional and presentation currency and figures are rounded off to the nearest thousand of Rupees.

3.17 Revenue recognition

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised as follows:

- Local sale of goods is recognised on dispatch of goods to customers i.e. when the significant risks and reward of ownership have been transferred to the customer.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

- Revenue from export sales is recognised on the basis of terms of sale with the customer.

No element of financing is deemed present as the sales are made with a credit term of up to 90 days, which is consistent with the market practice.

3.18 Dividend

Dividend distribution to shareholders is accounted for in the period in which the dividend is declared / approved.

4. CHANGE IN ACCOUNTING POLICIES

i) IFRS 9 - Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from July 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 3.4 above. In accordance with the transitional provisions in IFRS 9, corresponding figures have not been restated.

Classifications and remeasurement

On July 1, 2018 (the date of initial application of IFRS 9), the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from these reclassifications and adjustments are as follows:

Financial assets - July 1, 2018	Note	FVTPL	FVOCI (available for sale 2018)	Long term investment	Loans and receivable	Amortised cost
----- (Rupees in 000) -----						
Closing balance						
June 30, 2018 - IAS 39						
Loans, advances and deposits		-	-	-	222,146	(222,146)
Trade receivables	a,b	-	-	-	709,917	(709,917)
Other receivables		-	-	-	201,370	(201,370)
Bank balances		-	-	-	324,038	(324,038)
Cash in hand		-	-	-	898	(898)
		-	-	-	1,458,369	(1,458,369)
Opening balance						
July 1, 2018 - IFRS 9		-	-	-	1,458,369	(1,458,369)

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

- (a) IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The Company has determined that the application of IFRS 9's impairment requirement at July 1, 2018 results in no additional allowance for trade receivables.
- (b) the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the profit and loss account. However, during the year ended June 30, 2018 there was no provision for doubtful debts that could be reclassified to 'impairment loss on trade receivables' in the profit and loss account.

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at July 1, 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees '000) -----				
Loans and receivables				
Loans, advances and deposits	Loans and receivables	Amortised cost	222,146	222,146
Trade receivables	Loans and receivables	Amortised cost	709,917	709,917
Other receivables	Loans and receivables	Amortised cost	201,370	201,370
Bank balances	Loans and receivables	Amortised cost	324,038	324,038
Cash in hand	Loans and receivables	Amortised cost	898	898
Financial liabilities				
Long term finance	Other financial liabilities	Other financial liabilities	4,687,500	4,687,500
Trade and other liabilities	Other financial liabilities	Other financial liabilities	4,419,353	4,419,353
Unclaimed dividend	Other financial liabilities	Other financial liabilities	8,998	8,998
Short term borrowings	Other financial liabilities	Other financial liabilities	1,362,508	1,362,508
Accrued markup	Other financial liabilities	Other financial liabilities	88,773	88,773

There is no impact on the Company's statement of changes in equity as a result of the above changes.

ii) IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 from July 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. However, in accordance with the transition provisions in IFRS 15, there is no impact on the Company that require retrospective change and restatement of comparatives for the year ended June 30, 2018.

As a result of the application of IFRS 15, freight charges relating to Exports that were classified in Distribution costs, have now been netted off against Revenue from Exports.

Notes to and Forming Part of the Unconsolidated Financial Statements

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	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----
5. FIXED ASSETS - property, plant and equipment		
Operating assets - note 5.1	16,708,856	17,141,954
Capital work-in-progress - note 5.2	204,459	12,574
Stores held for capital expenditure	772,269	808,403
	17,685,584	17,962,931

5.1 Operating assets

	Freehold land	Buildings and roads on freehold land	Plant and machinery	Quarry transport and equipment	Furniture and fittings	Office equipments	Vehicles owned	Vehicles held under finance lease	Total
	----- (Rupees in 000) -----								
Year ended 30 June 2019									
Opening net book value	4,554	2,368,215	14,647,972	24,149	3,377	17,613	58,794	17,280	17,141,954
Additions	29,614	76,364	337,117	2,013	291	8,051	24,104	-	477,554
Disposals - note 5.4	-	-	-	-	(400)	(83)	(1,821)	-	(2,304)
Transfers to stores	-	-	(113,436)	-	-	-	-	-	(113,436)
Depreciation charge	-	(159,444)	(600,657)	(4,442)	(1,026)	(7,789)	(17,815)	(3,739)	(794,912)
Closing net book value	34,168	2,285,135	14,270,996	21,720	2,242	17,792	63,262	13,541	16,708,856
At 30 June 2019									
Cost	34,168	3,264,468	20,125,740	219,484	28,166	114,122	118,348	27,465	23,931,961
Accumulated depreciation	-	(979,333)	(5,854,744)	(197,764)	(25,924)	(96,330)	(55,086)	(13,924)	(7,223,105)
Net book value	34,168	2,285,135	14,270,996	21,720	2,242	17,792	63,262	13,541	16,708,856
Year ended 30 June 2018									
Opening net book value	4,554	849,042	4,374,527	29,858	2,203	12,169	48,940	5,937	5,327,230
Additions	-	1,633,076	10,721,157	1,810	2,259	12,369	27,374	15,990	12,414,035
Disposals	-	-	-	(2,290)	-	(269)	(1,964)	(980)	(5,503)
Transfers to stores	-	-	(57,000)	-	-	-	-	-	(57,000)
Depreciation charge	-	(113,903)	(390,712)	(5,229)	(1,085)	(6,656)	(15,556)	(3,667)	(536,808)
Closing net book value	4,554	2,368,215	14,647,972	24,149	3,377	17,613	58,794	17,280	17,141,954
At 30 June 2018									
Cost	4,554	3,188,104	19,911,709	217,471	28,705	106,231	108,830	27,465	23,593,069
Accumulated depreciation	-	(819,889)	(5,263,737)	(193,322)	(25,328)	(88,618)	(50,036)	(10,185)	(6,451,115)
Net book value	4,554	2,368,215	14,647,972	24,149	3,377	17,613	58,794	17,280	17,141,954
Rate of depreciation %	-	5%	3.33% - 5%	10%	20%	25%	20%	20%	

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For the year ended June 30, 2019

5.2 Movement in capital work-in-progress

	Balance as at 1 July 2018	Additions during the year	Transfers to operating assets	Balance as at 30 June 2019	Balance as at 1 July 2017	Additions during the year	Transfers to operating assets	Balance as at 30 June 2018
----- (Rupees in 000) -----								
Civil works	7,684	90,962	(71,144)	27,502	2,385,322	994,189	(3,371,827)	7,684
Plant and machinery	4,890	204,790	(32,723)	176,957	8,160,807	461,017	(8,616,934)	4,890
Others	-	-	-	-	176,136	66,547	(242,683)	-
	12,574	295,752	(103,867)	204,459	10,722,265	1,521,753	(12,231,444)	12,574
Advances to suppliers	-	-	-	-	80,814	-	(80,814)	-
	12,574	295,752	(103,867)	204,459	10,803,079	1,521,753	(12,312,258)	12,574

5.3 Particulars of immovable property (i.e. land and building) in the name of company are as follows:

Location	Usage of immovable property	Total Area (acres)	Covered Area (acres)
Tehsil Hub, District Lasbella, Balochistan	Manufacturing facility	657	657

5.4 Details of operating assets disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceed	Gain / (loss)	Mode of disposal	Particulars of purchaser
----- (Rupees in 000) -----							
Furniture & Fixture	830	430	400	400	-	Tender	Movers (Private) Limited Anum Empire, KCHS, Karachi
Computers	160	77	83	92	9	Insurance Claim	EFU General Insurance Limited EFU House, M.A. Jinnah Road, Karachi
Vehicles	1,039	701	338	338	-	Company Policy	Khalid Qaiser (Employee)
"	1,708	1,537	171	171	-	"	Tanveer Alam Malik (Employee)
"	1,708	1,537	171	171	-	"	Farhan Mehboob (Employee)
"	1,688	1,519	169	169	-	"	Muhammad Rehan (Employee)
"	1,593	1,434	159	159	-	"	Muhammad Abbas (Employee)
"	1,019	917	102	102	-	"	Mohammad Arif (Employee)
"	1,714	1,414	300	1,450	1,150	Tender	National Transport Company, Ibrahim Trade Tower, Maqbool Cooperative Society Shahrah-e-Faisal, Karachi
"	2,050	1,845	205	790	585	"	National Transport Company, Ibrahim Trade Tower, Maqbool Cooperative Society Shahrah-e-Faisal, Karachi
"	1,034	931	103	767	664	"	Raheel Mithani, House No. D-78, Clifton, Karachi
"	799	719	80	715	635	"	National Transport Company, Ibrahim Trade Tower, Maqbool Cooperative Society Shahrah-e-Faisal, Karachi
"	68	61	7	27	20	"	Taha Kazmi (Employee)
"	61	55	6	45	39	"	Muhammad Muzammil, Plot No. 1B/3, PECHS, Sharfabad, Karachi
"	54	49	5	16	11	"	Taha Kazmi (Employee)
"	54	49	5	17	12	"	Babar Khan, A-Rehman Motors, Sultanabad, Karachi
	15,579	13,275	2,304	5,429	3,125		

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For the year ended June 30, 2019

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
6. LONG-TERM INVESTMENTS		
Investment in subsidiary company		
Saqr Al-Keetan For Cement Production Company Limited - at cost - notes 6.1 & 6.4	1,807,376	1,430,879
Investment in associated company accounted for using equity method		
Attock Information Technology Services (Private) Limited - 450,000 (2018: 450,000) fully paid ordinary shares of Rs. 10 each - notes 6.2, 6.3 & 6.4	29,165	4,500
	1,836,541	1,435,379

- 6.1** The company has a Joint Venture agreement with Al Geetan Commercial Agencies, Iraq, to form a limited liability company in Iraq. The principal activity of the company will be to build and operate a cement grinding plant having production capacity of approximately 900,000 metric tons per annum. The new limited liability company has been established and registered under the Iraqi law on November 3, 2014 by the name Saqr Al-Keetan for Cement Production Company Limited (SAKCPCL) having share capital of 30,000,000 Iraqi Dinar. Attock Cement Pakistan Limited will hold 60% share in the company. The expected investment of the company in foreign subsidiary would be USD 24 million. During the year, the company has invested USD 2.75 million (2018: USD 6 million) making its total investment to USD 16.20 million (2018: USD 13.45 million). During the year, the Company has started its trial production with local available clinker. However, subsequent to year end, the Company has obtained the license for import of clinker as required by local laws. The Company will perform performance test once the imported clinker is sourced out and will commence commercial production after satisfactory completion of performance test.

Equity investment in Saqr Al-Keetan for Cement Production Company Limited, Basra, Iraq has been approved by the members in its Extra Ordinary General Meeting held on May 12, 2015, as was required under section 208 of the repealed Companies Ordinance, 1984.

- 6.2** The company holds 10% (2018: 10%) of associates' total equity. The above amount represents proportionate carrying value of the associate's net assets - refer note 6.3. The associate has share capital consisting solely of ordinary shares, which are held directly by the Company.

The registered office of the associate is at Bunglow 29, Refinery, Morgah, Rawalpindi, Pakistan. The country of incorporation or registration is also its principal place of business.

The principal activity of the associate is to set up the basic infrastructure, communication systems and computer installation and provision of initial services.

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Opening balance	4,500	4,500
Share of net income of associate accounted for using the equity method	24,665	-
	29,165	4,500

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

- 6.3** Set out below is the summarised financial information for Attock Information Technology Services (Private) Limited which is accounted for using the equity method.

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Revenue	126,892	111,615
Profit after taxation	49,300	37,487
Non-current assets	86,019	46,546
Current assets	233,280	216,946
Non-current liabilities	(6,364)	(2,991)
Current liabilities	(21,281)	(18,146)
Net assets	291,654	242,355
Carrying value	29,165	4,500

- 6.4** The investments in subsidiary and associated company have been made in accordance with the requirements of the Companies Act, 2017.

7. LONG-TERM LOANS AND ADVANCES – considered good

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Director - notes 7.2 & 7.3	-	4,005
Employees - note 7.4	119,804	103,869
	119,804	107,874
Recoverable within one year - note 11	(72,211)	(60,563)
Long term portion	47,593	47,311

- 7.1** Amounts receivable from Director and Employees represent house rent advances given according to the company's service rules. Executives and other employees are also provided with car, motor cycle, marriage and welfare loans. These loans and advances are recoverable in twelve to sixty monthly instalments and are interest free. These loans and advances are secured against the retirement fund balances of employees.

- 7.2** During previous years, rent advance was given to Mr. Irfan Amanullah (Alternate Director) with the prior approval of Securities and Exchange Commission of Pakistan as required under section 182 of the Companies Act, 2017, which was repaid during the year. The maximum amount due at the end of any month was Rs. 4 million (2018: Rs. 6.76 million).

- 7.3** Reconciliation of the carrying amount of loan to Alternate Director is as follows:

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Opening balance	4,005	7,009
Repayments	(4,005)	(3,004)
	-	4,005

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

- 7.4 Name of the employees whose outstanding balance is above Rs. 1 million at the end of June 30, 2019 are as follows:

	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----
Name of employees		
Ghulam Mohammad Sadiq	1,566	1,187
Muhammad Ejaz Husain Qureshi	1,540	2,513
Muhammad Yousuf	1,496	-
Qadeer Ahmad	1,438	-
Abu Anas	1,396	1,973
Wali Ur Rehman Khan	1,329	2,053
Syed Nisar Abbas	1,316	2,244
Farhan Mehboob	1,308	-
Irfan Amanullah	-	4,005
Shakil Ahmed Khan	-	1,698
Farrukh Safdar	-	1,336
Khawaja Moizuddin	-	1,284
Muhammad Asif	-	1,243
Syed Laiq Ali	-	1,098
Zia Aziz	-	1,067
Syed Saleem Raza Shah Rizvi	-	1,063
Muhammad Arif	-	1,051

- 7.5 Long term loans and advances have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these financial statements.

8. LONG-TERM DEPOSITS

These are security deposits held with K-Electric Limited and do not carry any mark up arrangement.

	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----

9. INVENTORIES

Stores, spares and loose tools - note 9.1	1,988,856	2,671,379
Raw materials	101,350	105,704
Packing materials	161,513	143,214
Work-in-process	975,008	529,009
Finished goods	168,795	199,760
	3,395,522	3,649,066

9.1 Stores, spares and loose tools

Coal - note 9.1.1	911,853	1,627,122
Stores and spares - note 9.1.2	1,045,738	984,470
Bricks	76,326	100,862
Loose tools	2,771	6,996
	2,036,688	2,719,450
Less: Provision for slow moving and obsolete items	(47,832)	(48,071)
	1,988,856	2,671,379

- 9.1.1 This includes coal in transit amounting to Rs. 560.03 million (2018: Rs. 1.35 billion).

- 9.1.2 This includes stores and spares in transit amounting to Rs. 86.90 million (2018: Rs. 49.45 million).

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----
10. TRADE RECEIVABLES – considered good		
Secured	768,740	694,064
Unsecured	26,321	15,853
	795,061	709,917
10.1 The age analysis of trade receivables is as follows:		
Not yet due	617,898	644,787
1 to 30 days	128,915	53,871
31 to 90 days	37,638	11,259
91 to 180 days	9,724	-
181 to 365 days	886	-
	795,061	709,917
10.2 Trade receivables include amount relating to export sales under letters of credit as follows:		
	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----
Sri Lanka	503,296	301,262
Africa	26,376	164,648
India	7,044	7,808
	536,716	473,718
11. LOANS AND ADVANCES – considered good		
Current portion of long-term loans and advances - note 7		
Director	-	3,004
Employees	72,211	57,559
	72,211	60,563
Other advances - employees	2,608	213
Advances to suppliers	13,112	17,723
	87,931	78,499
12. SHORT-TERM DEPOSITS AND PREPAYMENTS		
Deposits - considered good	36,493	14,119
Prepayments	8,719	8,474
	45,212	22,593
13. OTHER RECEIVABLES		
Export rebate receivable	25,680	21,433
Receivable from Saqr Al-Keetan - notes 13.1 & 13.2	186,875	117,507
Due from related parties - note 13.3	601	1,783
Recoverable from contractor	-	53,455
Others	22,651	7,192
	235,807	201,370

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

- 13.1** This amount represents various expenses incurred by the company for its Iraq project that are recoverable from the subsidiary. These are settled in the ordinary course of business without any defined payment terms.
- 13.2** The maximum amount due from Saqr Al Keetan at the end of any month was Rs. 186.88 million (2018: Rs. 117.54 million).
- 13.3** The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 7.28 million (2018: Rs. 2.29 million).

	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----
14. CASH AND BANK BALANCES		
Cash at bank		
- On PLS savings accounts		
Local currency - notes 14.1 & 14.3	239,071	274,758
Foreign currency - note 14.2	642	5,040
- On current accounts		
Local currency	41,052	27,434
Foreign currency	21,263	16,806
Cash in hand	558	898
	302,586	324,936

- 14.1** At June 30, 2019 the mark-up rates on PLS savings accounts range from 4% to 10.25% (2018: 3.75% to 5.25%) per annum.
- 14.2** This includes Rs. 0.64 million (2018: Rs. 5.04 million) corresponding to AED 0.014 million (2018: AED 0.152 million) placed in United Bank Limited - Dubai Branch, UAE to meet representative / liaison office expenses as per the approval of the State Bank of Pakistan.
- 14.3** This includes deposits of Rs. 238.58 million (2018: Rs. 72.86 million) obtained from customers which are kept in a separate bank account in compliance with the section 217 of the Companies Act, 2017.

	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----
15. SHARE CAPITAL		
Authorised share capital		
200,000,000 ordinary shares of Rs. 10 each (2018: 200,000,000 ordinary shares of Rs. 10 each)	2,000,000	2,000,000
Issued, subscribed and paid-up capital		
Ordinary shares of Rs. 10 each		
2019		2018
29,747,965	29,747,965	Shares allotted for consideration paid in cash
	297,480	297,480
4,132,510	4,132,510	Shares allotted for consideration other than cash - plant and machinery
	41,325	41,325
103,546,486	80,641,993	Shares allotted as bonus shares
	1,035,465	806,420
137,426,961	114,522,468	1,374,270
		1,145,225

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

- 15.1** As at June 30, 2019, Pharaon Investment Group Limited (Holding) S.A.L, Lebanon and its nominees held 115,526,349 (2018: 96,271,960) ordinary shares of Rs. 10 each.

	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----
16. LONG-TERM LOANS		
Long term loans	3,437,500	4,687,500
Less: Current portion of long term loan	(1,250,000)	(1,250,000)
	2,187,500	3,437,500

- 16.1** Following are the changes in the long term loans (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----
Balance as at July 01	4,687,500	1,600,000
Disbursements during the year	-	3,400,000
Repayment during the year	(1,250,000)	(312,500)
Balance as at June 30	3,437,500	4,687,500

- 16.2** The company had entered into a syndicated finance agreement in 2016 with a consortium of banks for a term finance facility of Rs. 7 billion for the installation of cement production line 3 and WHRS. The facility carries a mark-up of 3 months KIBOR plus 0.25% p.a. which is payable on quarterly basis. The tenure of this facility is 6 years including the grace period of 2 years. Up to June 30, 2019, the company has drawn Rs. 5 billion and repaid Rs. 1.56 billion.

- 16.3** The above syndicated finance agreement is secured by first ranking hypothecation charge over all movable assets of the company.

17. LIABILITY AGAINST ASSET SUBJECT TO FINANCE LEASE

	2019			2018		
	Minimum lease payment	Financial charge for future periods	Principal outstanding	Minimum lease payment	Financial charge for future periods	Principal outstanding
	----- (Rupees in 000) -----					
Not later than one year	3,966	1,088	2,878	4,043	132	3,911
Later than one year but not later than five years	9,112	1,197	7,915	10,982	189	10,793
	13,078	2,285	10,793	15,025	321	14,704

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

- 17.1** Following are the changes in the lease liabilities (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Balance as at July 01	14,704	4,029
Operating assets acquired during the year	-	15,990
Repayment	(3,911)	(5,315)
Balance as at June 30	10,793	14,704

18. DEFERRED TAX LIABILITIES / (ASSETS)

	Accelerated tax depreciation	Assets held under finance lease	Provision for slow moving and obsolete stores and spares	Liabilities against finance lease	Unabsorbed depreciation	Minimum tax	Alternate corporate tax	Tax credit on investment	Total
	----- (Rupees in 000) -----								
July 01, 2018	1,647,039	2,992	(9,416)	(2,880)	(162,827)	(215,457)	(318,878)	(1,072,116)	(131,543)
Charge / (credit) to unconsolidated statement of profit or loss and other comprehensive income for the year	80,650	(1,042)	281	819	(54,285)	-	(90,633)	547,036	482,826
June 30, 2019	1,727,689	1,950	(9,135)	(2,061)	(217,112)	(215,457)	(409,511)	(525,080)	351,283
July 01, 2017	826,680	1,330	(9,360)	(903)	-	-	-	-	817,747
Charge / (credit) to unconsolidated statement of profit or loss and other comprehensive income for the year	820,359	1,662	(56)	(1,977)	(162,827)	(215,457)	(318,878)	(1,072,116)	(949,290)
June 30, 2018	1,647,039	2,992	(9,416)	(2,880)	(162,827)	(215,457)	(318,878)	(1,072,116)	(131,543)

- 18.1** Deferred tax liability is restricted to 65.86% (2018: 78.35%) of the total deferred tax liability based on the assumptions that export sales will continue to fall under Final Tax Regime and the current trend of export and local sales ratio will continue to be the same in the foreseeable future.
- 18.2** The deferred tax asset on unabsorbed depreciation, minimum tax, alternative corporate tax and tax credit on investment will be recoverable based on the estimated future taxable income and approved business plans and budgets.
- 18.3** Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. Therefore, deferred tax assets and liabilities have been recognised accordingly using the expected applicable rate of 29%.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

19. EMPLOYEE BENEFIT OBLIGATIONS

19.1 Staff retirement benefits

19.1.1 As stated in note 3.6, the company operates approved funded gratuity and pension scheme for all management and non-management employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2019.

19.1.2 Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the respective trust deeds. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the respective Board of Trustees. The company appoints the trustees and all trustees are employees of the company.

19.1.3 The latest actuarial valuations of the Plans as at June 30, 2019 were carried out using the Projected Unit Credit Method. Details of the Funds as per the actuarial valuations are as follows:

	2019		2018	
	Pension Funds	Gratuity Funds	Pension Funds	Gratuity Funds
	----- (Rupees '000) -----			
19.1.4 Balance sheet reconciliation as at June 30				
Present value of defined benefit obligation	479,580	474,803	568,859	435,787
Fair value of plan assets	(317,858)	(369,647)	(293,571)	(323,982)
Deficit	161,722	105,156	275,288	111,805
19.1.5 Movement in the defined benefit obligation				
Obligation as at July 01	568,859	435,787	641,606	421,031
Service cost	20,705	24,045	24,064	27,504
Interest expense	57,040	42,261	60,062	37,949
Remeasurement on obligation	(107,274)	18,744	(95,671)	(11,111)
Benefits paid	(59,750)	(46,034)	(61,202)	(39,586)
Obligation as at June 30	479,580	474,803	568,859	435,787
19.1.6 Movement in the fair value of plan assets				
Fair value as at July 01	293,571	323,982	283,478	289,706
Interest income	29,680	31,602	27,010	26,235
Remeasurement on plan assets	(8,852)	(9,875)	(17,488)	(18,025)
Employer contributions	63,209	69,972	61,773	65,652
Benefits paid	(59,750)	(46,034)	(61,202)	(39,586)
Fair value as at June 30	317,858	369,647	293,571	323,982
19.1.7 Expense recognised in profit and loss account				
Service cost	20,705	24,045	24,064	27,504
Interest expense - net	27,360	10,659	33,052	11,714
	48,065	34,704	57,116	39,218

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

	2019		2018	
	Pension Funds	Gratuity Funds	Pension Funds	Gratuity Funds
	----- (Rupees '000) -----			
19.1.8 Remeasurement recognised in other comprehensive income				
Experience (gains) / losses	(107,274)	18,744	(95,671)	(11,111)
Remeasurement of fair value of plan assets	8,852	9,875	17,488	18,025
Remeasurements	(98,422)	28,619	(78,183)	6,914
19.1.9 Net recognised liability				
Balance as at July 01	275,288	111,805	358,128	131,325
Expense for the year	48,065	34,704	57,116	39,218
Employer contributions	(63,209)	(69,972)	(61,773)	(65,652)
Remeasurement recognised in other comprehensive income	(98,422)	28,619	(78,183)	6,914
Balance as at June 30	161,722	105,156	275,288	111,805

19.1.10 Composition of plan assets:

	2019		2018		2019		2018	
	Pension Funds				Gratuity Funds			
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
Defense Savings Certificate	-	-	-	-	5,302	1.43	5,027	1.55
Market Treasury Bills	92,980	29.26	32,342	11.02	157,323	42.56	59,630	18.41
Term Deposit Receipts	-	-	32,468	11.06	-	-	20,505	6.33
Term Finance Certificates	42,755	13.45	40,378	13.75	28,883	7.81	35,444	10.94
Pakistan Investment bonds	65,793	20.70	-	-	65,196	17.64	-	-
Open Ended Mutual Funds	107,673	33.87	180,510	61.49	110,664	29.94	194,583	60.06
Others (including bank balances)	8,657	2.72	7,873	2.68	2,279	0.62	8,793	2.71
	317,858	100.00	293,571	100.00	369,647	100.00	323,982	100.00

19.1.11 Actuarial assumptions

	2019			2018		
	First	Second & Third	Fourth & onwards	First	Second & Third	Fourth & onwards
	----- Year -----					
Expected rate of increase in salaries						
- Management staff						
Senior management	12.50%	12.50%	12.50%	8.25%	8.25%	8.25%
Junior management	12.50%	12.50%	12.50%	8.25%	8.25%	8.25%
- Non-management staff	12.50%	12.50%	12.50%	8.25%	8.25%	8.25%

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

The discount factor used for pension and gratuity funds is 14.25% (2018: 10%), however, discount rate used for commutation factor in case of Management Pension Fund is based on average of last three years, which is 11.17%. This is in contrast to the last year where the discount rate as at the valuation date was used for commutation calculation through out the financial year. The practice has been changed due to significant volatility in the long term discount rate in order to ensure fair and equitable commutation amounts to fund members.

19.1.12 Pre-Retirement mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated down by one year.

19.1.13 The company ensures asset / liability matching by investing in government securities, bank deposits, mutual funds and does not use derivatives to manage its risk.

19.1.14 The expected return on respective plan assets has been determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the unconsolidated statement of financial position date.

19.1.15 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation				
At June 30, 2019	Pension Funds			Gratuity Funds	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
	-----		(Rupees '000)	-----	
Discount rate	0.5%	(19,907)	21,536	(18,509)	19,874
Future salary increases	0.5%	16,263	(10,615)	21,200	(19,881)

	Impact on defined benefit obligation				
At June 30, 2018		Pension Funds		Gratuity Funds	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
			(Rupees '000)		
Discount rate	0.5%	(51,583)	57,867	(16,931)	18,217
Future salary increases	0.5%	20,287	(19,128)	19,482	(18,239)

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognised within the balance sheet.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

19.1.16 Historical information

	2019	2018	2017	2016	2015
	----- (Rupees '000) -----				
Pension Funds as at June 30					
Present value of defined benefit obligation	479,580	568,859	641,606	623,063	394,211
Fair value of plan assets	(317,858)	(293,571)	(283,478)	(313,688)	(265,651)
Deficit	161,722	275,288	358,128	309,375	128,560
Experience adjustments					
Gain / (loss) on obligation	107,274	95,671	(40,904)	(194,359)	(66,266)
Loss on plan assets	(8,852)	(17,488)	(14,197)	(9,586)	(2,492)
	98,422	78,183	(55,101)	(203,945)	(68,758)
Gratuity Funds as at June 30					
Present value of defined benefit obligation	474,803	435,787	421,031	357,634	358,435
Fair value of plan assets	(369,647)	(323,982)	(289,706)	(241,676)	(234,659)
Deficit	105,156	111,805	131,325	115,958	123,776
Experience adjustments					
Gain / (loss) on obligation	(18,744)	11,111	(42,755)	(16,776)	(2,199)
Loss on plan assets	(9,875)	(18,025)	(3,878)	(3,789)	(365)
	(28,619)	(6,914)	(46,633)	(20,565)	(2,564)

19.1.17 As per actuarial advice, the company is expected to recognise a service cost of Rs. 44.89 million in 2020 (2019: Rs. 44.77 million).

19.1.18 The weighted average service duration of employees is as follows:

	Pension Funds	Gratuity Funds
	-----No. of years-----	
Management	6.81	8.01
Non-management	11.44	8.31

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

19.1.19 Expected maturity analysis of undiscounted retirement benefit plan.

At June 30, 2019	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Over 10 years	Total
----- (Rupees '000)-----						
Pension Funds	22,172	29,028	133,411	416,248	680,933	1,281,792
Gratuity Funds	44,290	44,197	174,946	473,547	609,951	1,346,931
----- (Rupees '000)-----						
At June 30, 2018	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Over 10 years	Total
----- (Rupees '000)-----						
Pension Funds	67,328	61,209	225,237	569,012	780,418	1,703,204
Gratuity Funds	51,027	42,090	138,400	299,877	361,282	892,676

2019 2018
----- (Rupees '000) -----

20. TRADE AND OTHER PAYABLES

Creditors - note 20.1	497,738	461,269
Accrued liabilities - note 20.1	1,914,028	3,053,173
Electricity charges payable	111,633	175,342
Royalty payable - note 20.2	257,505	183,851
Excise duty payable	9,936	7,148
Advances from customers - note 20.3	142,817	190,084
Retention money	32,502	465,774
Security deposits - note 14.3	238,582	72,856
Workers' Profits Participation Fund - note 20.4	127,722	163,000
Workers' Welfare Fund - note 20.5	218,034	196,000
Payable to provident fund - note 20.6	86	8
Taxes deducted at source and payable to statutory authorities	19,639	8,258
Others - note 20.1	7,218	7,080
	3,577,440	4,983,843

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

20.1 Creditors, accrued liabilities and other liabilities include Rs. 23.91 million, Nil and Rs. 5.8 million (2018: Rs. 27.8 million, Nil and Rs. 5.8 million) respectively in respect of amounts due to related parties.

20.2 The Government of Balochistan vide Notification No. SOT(MMD)4-1/2017/748-68 dated September 6, 2017 enhanced the royalty rates of shale and limestone by Rs. 30 / ton and Rs.40 / ton.

The Company has filed a constitutional petition against the Government of Balochistan in respect of the increase in rates of royalty before the High Court of Balochistan. Consequently, on the directions of the court, the Company has furnished a bank guarantee of Rs. 74.91 million for the additional portion of royalty.

20.3 Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy as described in note 3.17 is satisfied.

	2019 ----- (Rupees '000) -----	2018 -----
Opening balance	190,084	230,508
Advance received during the year	12,089,787	11,398,952
Revenue recognised during the year	(12,137,054)	(11,439,376)
Closing balance	142,817	190,084

20.4 Workers' Profits Participation Fund

At beginning of the year	163,000	241,000
Charge for the year - note 28	127,722	163,000
	290,722	404,000
Interest on funds utilised in company's business - note 30	1,476	8,025
	292,198	412,025
Less: Amount paid to the Fund	(164,476)	(249,025)
	127,722	163,000

20.5 This includes provision of Rs. 22.03 million, Rs. 92.64 million, Rs. 63.31 million and Rs. 40.05 million pertaining to the year 2019, 2017, 2016 and 2015 respectively. The company has not paid this amount until it is ascertained as to whether the same is required to be paid to Federal or Provincial government.

20.6 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

21. ACCRUED MARK-UP

Accrued mark-up comprises of mark-up on short term borrowings and mark-up on syndicated finance facility payable.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
22. SHORT-TERM BORROWINGS		
Short - term running finance - note 22.1 & 22.2	1,419,202	1,362,508
Export refinance facility - note 22.1 & 22.4	2,000,000	-
Current maturity of long - term loan - note 16	1,250,000	1,250,000
	4,669,202	2,612,508

22.1 The facilities available from various banks amount to Rs. 4 billion (2018: Rs. 4.34 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's stock in trade and trade debts. The facilities expiring within one year are annual facilities subject to review at various dates during 2019 and 2020.

22.2 The rates of mark-up ranging between one-month KIBOR minus 0.2% and one-month KIBOR plus 0.5% (2018: one month KIBOR minus 0.4% and 3 months KIBOR plus 0.25%) per annum.

22.3 The facilities for opening letters of credit and guarantees as at June 30, 2019 amounted to Rs. 4.50 billion (2018: Rs. 4.85 billion) of which unutilised balance at year end amounted to Rs. 3.4 billion (2018: Rs. 2.94 billion).

22.4 The export refinance facilities available from different banks are secured by way of hypothecation of stock-in-trade and book debts and carry mark up ranging between State Bank of Pakistan (SBP) export refinance rate plus 0.70% to 0.75%.

23. CONTINGENCIES AND COMMITMENTS

23.1 The Competition Commission of Pakistan (CCP) passed an order on August 27, 2009 levying penalty of Rs. 374 million on the company alleging that it was involved with other cement manufacturing companies in price fixing arrangements. The company along with other cement manufacturers challenged the vires of CCP order before the Lahore High Court which directed the CCP not to take any adverse action against the company under the aforementioned order passed by CCP till the completion of the case proceedings in the Lahore High Court.

Consequential upon the decision of the Supreme Court of Pakistan, directing the petitioners to remand back the matter pertaining to Competition Act, 2010, the Company received a notice from CCP on October 18, 2017 calling the Company for further information in order to proceed with the matter. The Company, thereafter, has filed a constitutional petition in Sindh High Court and challenged sections 42, 43 and 44 of Competition Act, 2010 as well as constitution of Competition Appellate Tribunal. The Sindh High Court has granted a stay order in favour of the Company and the matter is pending before the Sindh High Court.

Based on the opinion of the company's legal advisors, the management is hopeful that the ultimate outcome of these petitions / appeal will be in favour of the company and hence no provision has been recognised in these financial statements for the aforementioned amount of penalty.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

23.2 During the year, the Deputy Commissioner Inland Revenue (DCIR) has passed an order against the Company in relation to its filed sales tax returns for the months of July 2015 through August 2017 alleging that company has not charged sales tax on supply of cement and diesel to its contractors for use in construction of its new cement production facility and created a demand of Rs 392 million along with a penalty of Rs. 19.6 million in respect of Sales tax and Federal Excise Duty (FED). Commissioner Inland Revenue-Appeals (CIRA) has also confirmed the order of the DCIR in relation to appeal filed by the Company. The Company has now filed an appeal at the Appellate Tribunal Inland Revenue against the judgement of the CIRA which is pending adjudication.

Further, during the year, another order was passed by DCIR against the company in relation to its filed sales tax returns for the months of July 2013 through June 2018 in which the Company has been alleged for incorrectly claiming input tax of blocked / non-active suppliers and of building materials of Rs. 235 million along with a penalty of Rs. 12 million. The Company has filed an appeal to the CIRA which is pending adjudication.

Based on the advice of its tax counsels, management is confident that the outcome of both the above appeals would be favorable, hence no provision has been made in these financial statements.

23.3 Commitments for capital expenditure outstanding as at June 30, 2019 amounted to Rs. 3.90 million (2018: Rs. 67.6 million).

2019 2018
----- (Rupees '000) -----

24. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sale of goods	20,007,518	19,028,159
Sales tax	(3,315,401)	(3,106,362)
Federal excise duty	(2,774,174)	(2,318,038)
	(6,089,575)	(5,424,400)
Commission	(232,345)	(324,246)
Net local sale of goods	13,685,598	13,279,513
Export sales	7,826,603	3,604,898
Freight	(731,267)	(388,752)
	7,095,336	3,216,146
	20,780,934	16,495,659

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

24.1 The company's customer base is diverse with no single customer accounting for more than 10% of net revenue.

24.2 Export sales comprise of sales made in the following regions:

	2019 ----- (Rupees '000) -----	2018 -----
Africa	957,005	1,444,880
Middle East Asia	-	50,734
Sri Lanka	3,772,448	1,614,268
Bangladesh	2,791,058	183,341
Others	306,092	311,675
	7,826,603	3,604,898

25. COST OF SALES

Raw materials consumed	1,898,128	1,447,363
Packing materials consumed	1,477,791	992,597
Cement packaging and loading charges	36,017	31,257
Salaries, wages and benefits - note 25.1	1,810,609	1,786,982
Fuel	7,011,641	4,424,277
Electricity and water	2,202,318	2,029,854
Stores and spares consumed	658,188	466,041
Repairs and maintenance	173,315	126,869
Insurance	62,575	54,301
Vehicle running and maintenance	135,820	107,406
Security expenses	137,092	127,527
Depreciation	773,912	521,917
Other expenses - note 25.2	15,660	22,241
	16,393,066	12,138,632
Add: Opening work-in-process	529,009	182,580
Less: Closing work-in-process	(975,008)	(529,009)
Cost of goods manufactured	15,947,067	11,792,203
Add: Opening stock of finished goods	199,760	105,140
Less: Closing stock of finished goods	(168,795)	(199,760)
	15,978,032	11,697,583

25.1 Salaries, wages and benefits include Rs. 63.41 million and Rs. 38.30 million (2018: Rs. 75.94 million and Rs. 33.68 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

25.2 This includes (reversal) / provision for slow moving and obsolete items amounting to Rs. (0.24) million (2018: Rs. 6.3 million).

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

	2019	2018
	----- (Rupees '000) -----	-----
26. DISTRIBUTION COSTS		
Salaries, wages and benefits - note 26.1	100,366	109,051
Handling and other export related expenses	1,070,177	520,387
Commission on export sales	100,590	51,353
Carriage outward on local sales	106,222	72,146
PSI marking fee	21,965	17,214
Advertisement and sales promotion	8,947	6,937
Travelling and entertainment	2,558	2,384
Other expenses	3,995	2,746
	1,414,820	782,218

26.1 Salaries, wages and benefits include Rs. 4.5 million and Rs. 2.49 million (2018: Rs. 5.23 million and Rs. 2.23 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

	2019	2018
	----- (Rupees '000) -----	-----
27. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits - note 27.1	345,446	369,457
Depreciation	21,001	14,891
Rent, rates and taxes	18,290	17,634
Utilities	5,192	4,615
Insurance	1,437	1,943
Repairs and maintenance	13,299	16,710
Communication and printing	21,413	20,252
Travelling and entertainment	8,669	5,991
Legal and professional charges	27,196	31,885
Auditors' remuneration - note 27.2	4,704	6,048
Donation - note 27.3	5,893	9,062
Other expenses	32,609	34,623
	505,149	533,111

27.1 Salaries, wages and benefits include Rs. 14.85 million and Rs. 6.67 million (2018: Rs. 15.14 million and Rs. 6.04 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

	2019	2018
	----- (Rupees '000) -----	-----
27.2 Auditors' remuneration		
Audit fee (including consolidation)	2,500	2,500
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	1,150	1,150
Taxation services	375	1,873
Other certifications, attestations and other services	535	350
Out-of-pocket expenses	144	175
	4,704	6,048

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

27.3 This represents donation given to The Citizens Foundation. None of the directors or their spouses had any interest in the donee.

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
28. OTHER EXPENSES		
Workers' Profits Participation Fund - note 20.4	127,722	163,000
Workers' Welfare Fund	22,034	-
	149,756	163,000
29. OTHER INCOME		
Income from financial assets		
Income on PLS savings accounts under interest / markup arrangements	10,589	10,423
Gain on sale of open ended mutual fund units	-	2,268
Exchange gain - net	204,452	-
Income from non-financial assets		
Gain on disposal of operating assets	3,125	4,005
Others		
Export rebate	18,503	14,486
Scrap sales	55,462	27,876
Others	1,672	1,746
	293,803	60,804
30. FINANCE COST		
Bank charges and commission	49,085	26,043
Mark-up on:		
Long term loans	375,874	160,224
Short term borrowings	220,764	10,365
Exchange loss - net	-	46,078
Interest on Workers' Profits Participation Fund - note 20.4	1,476	8,025
Finance charges on finance lease	1,245	437
	648,444	251,172
31. INCOME TAX (EXPENSE) / CREDIT		
Current		
- for the year	(430,210)	(570,953)
- prior years	36,000	892,068
Deferred	64,210	949,290
	(330,000)	1,270,405

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

- 31.1** In view of the management, sufficient tax provision has been made in the Company's unconsolidated financial statements. Comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2018 -----	2017 (Rupees '000)	2016 -----
Tax assessed as per most recent tax assessment	534,953	1,135,223	1,032,721
Provision in accounts for income tax	534,953	1,424,484	1,342,694

The assessed values represent return values.

	2019 -----	2018 (Rupees '000)
--	---------------	-----------------------

31.2 Relationship between tax expense and accounting profit

Profit before income tax	2,403,201	3,129,379
Tax at the applicable rate of 29% (2018: 30%)	(696,928)	(938,814)
Effect of final tax regime	33,777	(38,654)
Effect of change in tax rate	40,895	382,930
Tax credits	-	1,072,116
Reversal of prior years' tax provision	36,000	892,068
Others	256,256	(99,241)
	(330,000)	1,270,405

32. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the year	2,073,201	4,399,784
Weighted average number of outstanding shares at the end of year (in thousands) - Restated	137,427	137,427
Basic and diluted earnings per share - Restated	Rs. 15.09	Rs. 32.02

- 32.1** Diluted earnings per share has not been presented as the company did not have any convertible instruments in issue as at June 30, 2019 and 2018 which would have any effect on the earnings per share if the option to convert is exercised.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

	2019 ----- (Rupees '000) -----	2018
33. CASH GENERATED FROM OPERATIONS		
Profit before income tax	2,403,201	3,129,379
Add / (Less): Adjustments for non-cash charges and other items		
Depreciation	794,912	536,808
Gain on disposal of property, plant and equipment	(3,125)	(4,005)
Gain on sale of open ended mutual fund units	-	(2,268)
(Reversal) / provision for stores, spares and loose tools	(239)	6,300
Interest income	(10,589)	(10,423)
Finance cost	648,444	205,094
Employee benefit obligations	82,769	96,334
Share of net income of associate accounted for using the equity method	(24,665)	-
Profit before working capital changes	3,890,708	3,957,219
Effect on cash flow due to working capital changes		
(Increase) / Decrease in current assets		
Inventories	253,783	(1,725,584)
Trade receivables	(85,144)	(529,427)
Loans and advances	(9,432)	(2,116)
Short term deposits and prepayments	(22,619)	1,062
Tax refunds due from Government - Sales tax	106,683	207,485
Other receivables	(34,437)	(95,583)
	208,834	(2,144,163)
(Decrease) / Increase in current liabilities		
Trade and other payables	(973,131)	1,543,251
	(764,297)	(600,912)
Cash generated from operations	3,126,411	3,356,307
34. CASH AND CASH EQUIVALENTS		
Cash and bank balances - note 14	302,586	324,936
Short-term running finance - note 22	(1,419,202)	(1,362,508)
Export refinance facility - note 22.1 & 22.4	(2,000,000)	-
	(3,116,616)	(1,037,572)

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

35. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these unconsolidated financial statements for remuneration to Chief Executive, Executive Directors and Executives are as follows:

	Chief Executive		Executive Director		Executives	
	2019	2018	2019	2018	2019	2018
	----- (Rupees '000) -----					
Managerial remuneration	33,355	30,333	17,176	15,615	156,309	133,959
Housing allowance	9,097	8,270	4,987	4,533	52,805	45,259
Utility allowance	4,043	3,675	1,108	1,007	11,734	10,058
Bonus	18,531	23,610	10,158	13,192	107,566	97,923
Retirement benefits	-	-	4,248	3,861	30,939	32,565
Others	5,343	3,092	3,466	2,887	29,508	18,942
	70,369	68,980	41,143	41,095	388,861	338,706
Number of persons	1	1	1	1	55	48

The Chief Executive, Executive Director and certain Executives are provided with free use of company maintained cars and are also provided with medical facilities in accordance with their entitlements.

In addition to the above, fee paid to 4 (2018: 4) non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 3.7 million (2018: Rs. 3 million).

36. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the year are as follows:

	2019	2018
	----- (Rupees '000) -----	-----
Holding company		
Dividend paid	770,176	1,299,671
Bonus shares issued	192,544	-
Recovery of expenses	2,364	2,511
Subsidiary company		
Investment	376,497	649,267
Expense incurred on behalf of subsidiary company	69,368	41,777
Group companies		
Purchase of goods	482,601	336,968
Reimbursement of expenses	5,847	3,065
Recovery of expenses from related parties	7,515	9,604
Other related parties		
Payments made to retirement benefit funds	186,464	169,994
Key management personnel		
Loans and advances recovered during the year	4,005	3,004
Salaries and other short-term employee benefits	107,264	106,214
Post-employment benefits	4,248	3,861

The related party status of outstanding balances as at June 30, 2019 is included in other receivables, loans and advances and trade and other payables. These are settled in the ordinary course of business.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

36.1 Following are the related parties including associated companies with whom the company had entered into transactions or have arrangement / agreement in place:

S.No.	Company Name	Basis of relationship	Aggregate % of Shareholding
1.	Pharaon Investment Group Limited Holding S.A.L., Lebanon (PIGL) - note 36.1.1	Parent / Holding Company	84.06%
2.	Saqr Al Keetan for Cement Production Company Limited (SAKCPCL) - note 36.1.2	Subsidiary Company	60.00%
3.	Attock Petroleum Limited	Group Company / Common directorship	N/A
4.	Attock Refinery Limited	Group Company / Common directorship	N/A
5.	Falcon Pakistan (Private) Limited	Group Company / Common directorship	N/A
6.	National Refinery Limited	Group Company / Common directorship	N/A
7.	Pakistan Oilfields Limited	Group Company / Common directorship	N/A
8.	The Attock Oil Company Limited	Group Company / Common directorship	N/A

36.1.1 PIGL is a company incorporated in Lebanon having registered address at 221, Sami Solh Avenue, PO Box 116-5418, Beirut, Lebanon. The Chief Executive Officer of PIGL is Mr. Laith Pharaon. As per the latest available financial statements which are prepared on going concern basis, PIGL's auditors have expressed an unmodified opinion.

36.1.2 SAKCPCL is a Company incorporated in Iraq having registered address House # 35, Square 29, Near Al Buradia Super Market, Al Rbeea District Al Buradia, Basra. The Executive Manager of SAKCPCL is Mr. Abdul Latheef Al Keetan. During the year, the Company has started its trial production with local available clinker. However, subsequent to year end, the Company has obtained the license for import of clinker as required by local laws. The Company will perform performance test once the imported clinker is sourced and will commence commercial production after satisfactory completion of performance test. As per the latest available financial statements which are prepared on going concern basis, SAKCPCL's auditors have expressed an unmodified opinion.

37. NUMBER OF EMPLOYEES

	2019	2018
Number of employees at June 30		
- Regular	941	908
- Contractual	27	47
	*968	*955
Average number of employees during the year		
- Regular	928	841
- Contractual	26	30
	**954	**871

* This includes 879 (2018: 856) number of factory employees

** This includes 867 (2018: 790) number of factory employees

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial risk factors

The company's activities expose it to variety of financial risks namely market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

38.2 Financial assets and liabilities by category and their respective maturities

	2019			2018		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
	----- (Rupees '000)-----					
Financial assets						
At amortised cost						
Loans, advances and deposits	111,312	147,533	258,845	74,895	147,251	222,146
Trade receivables	795,061	-	795,061	709,917	-	709,917
Other receivables	235,807	-	235,807	201,370	-	201,370
Bank balances	302,028	-	302,028	324,038	-	324,038
Cash in hand	558	-	558	898	-	898
	1,444,766	147,533	1,592,299	1,311,118	147,251	1,458,369
Financial liabilities						
Long term finance	1,250,000	2,187,500	3,437,500	1,250,000	3,437,500	4,687,500
Trade and other liabilities	3,059,292	-	3,059,292	4,419,353	-	4,419,353
Unclaimed dividend	10,182	-	10,182	8,998	-	8,998
Short term borrowings	3,419,202	-	3,419,202	1,362,508	-	1,362,508
Accrued markup	143,867	-	143,867	88,773	-	88,773
	7,882,543	2,187,500	10,070,043	7,129,632	3,437,500	10,567,132
On statement of financial position date gap	(6,437,777)	(2,039,967)	(8,477,744)	(5,818,514)	(3,290,249)	(9,108,763)
Net financial liabilities						
Interest bearing	(4,573,998)	(2,039,967)	(6,613,965)	(2,426,523)	(3,290,249)	(5,716,772)
Non-interest bearing	(1,863,779)	-	(1,863,779)	(3,391,991)	-	(3,391,991)
	(6,437,777)	(2,039,967)	(8,477,744)	(5,818,514)	(3,290,249)	(9,108,763)

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

a) Market Risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As per market practices, Company borrowings are on variable interest rate exposing company to interest rate risk.

At June 30, 2019, the company has variable interest bearing financial liabilities of Rs. 7 billion (2018: Rs. 6.14 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before income tax for the year would have been approximately Rs. 140.01 million (2018: Rs. 122.78 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(ii) Foreign exchange risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. The company's exposure to exchange risk comprise mainly due to receivable, payable and bank balance maintained in foreign currency account. At June 30, 2019, trade and other payables of Rs. 494.01 million (2018: Rs. 1,269.28 million), trade debts of Rs. 536.72 million (2018: Rs. 497.33 million) and bank balance of Rs. 21.77 million (2018: Rs. 22.21 million) are exposed to foreign currency risk.

As at June 30, 2019, if the Pakistani Rupee had weakened / strengthened by 2% against US Dollar with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 1.28 million (2018: Rs. 15.1 million), as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables, and trade debts.

As at June 30, 2019, if the Pakistani Rupee had weakened / strengthened by 2% against Euro with all other variables held constant, profit before tax for the year would have been lower / higher by Rs. 0.28 million (2018: Rs. Nil), as a result of foreign exchange gains / losses on translation of Euro denominated trade and other payables, and trade debts.

As at June 30, 2019, if the Pakistani Rupee had weakened / strengthened by 2% against AED with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 0.01 million (2018: Rs. 0.1 million), mainly as a result of foreign exchange losses / gains on translation of AED denominated bank balances.

The sensitivity of foreign exchange rates looks at the outstanding foreign exchange balances of the company only as at the balance sheet date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentages per annum.

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to individual financial instrument company, its issuer, or factors affecting all similar financial instrument traded in the market. The Company has no investment at June 30, 2019 which is subject to change in market price.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 1,592.3 million (2018: Rs. 1,458.4 million) the financial assets exposed to the credit risk amounts to Rs. 1,591.7 million (2018: Rs. 1,457.5 million). The carrying values of financial assets are as under:

	2019	2018
	----- (Rupees '000) -----	
Trade receivables	795,061	709,917
Deposits, loans, advances and other receivables	494,652	423,516
Bank balances	302,028	324,038
	<u>1,591,741</u>	<u>1,457,471</u>

Trade receivables of the company are not exposed to significant credit risk as the company trades with credit worthy third parties and obtains bank guarantees from its credit customers. As of June 30, 2019, secured and unsecured trade receivables amounted to Rs. 768.74 million and Rs. 26.32 million (2018: Rs. 694.06 million and Rs. 15.85 million) respectively. Moreover, there is no impaired balance and the carrying amount of trade debts relates to customers for whom there is no history of default.

Deposits, loans, advances and other receivables are not exposed to any material credit risk as deposits of Rs. 99.94 million (2018: Rs. 99.94 million) are maintained with the K-Electric Limited and loans & advances to employees amounting to Rs. 122.41 million (2018: Rs. 108.09 million) are secured against their retirement benefits.

The cash and bank balances represent low credit risk as major balances are placed with banks having credit ratings of A or above as assigned by PACRA or JCR-VIS.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management believes that it will be able to fulfill its financial obligations.

d) Fair values of the financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair value.

38.3 Capital Risk Management

The company's objectives when managing capital are to safeguard company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

The debt to capital ratio at June 30, 2019 was as follows:

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Total borrowings	6,856,702	6,050,008
Cash and bank - note 14	(302,586)	(324,936)
Net debt	6,554,116	5,725,072
Equity	16,099,459	14,872,635
Total capital	22,653,575	20,597,707
Debt to capital ratio	29%	28%

39. CAPACITY AND PRODUCTION

	2019 ----- (Metric tons) -----	2018 ----- (Metric tons) -----
Production capacity		
- Clinker	2,883,000	2,883,000
- Cement	3,027,150	3,027,150
Actual production		
- Clinker	3,184,363	2,482,551
- Cement	2,437,425	2,309,345

39.1 The production capacity is based on standard 300 days basis. Actual production is based on actual production days.

40. CORRESPONDING FIGURES

Due to the application of IFRS 15, freight charges relating to Exports that were previously classified in Distribution costs have now been netted off against Revenue from Exports.

41. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on July 29, 2019 has proposed cash dividend of Rs. 4 per share (2018: Rs. 8 per share) and issue of nil bonus shares for every 100 shares (2018: 20) amounting to Rs. 550 million (2018: Rs. 916 million) and Rs. Nil (2018: Rs. 229 million) subject to the approval of the Company in the forthcoming annual general meeting.

42. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved and authorised for issue by the Board of Directors on July 29, 2019.



Muhammad Rehan
Chief Financial Officer



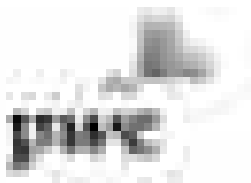
Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director



Consolidated Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the members of Attock Cement Pakistan Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Attock Cement Pakistan Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

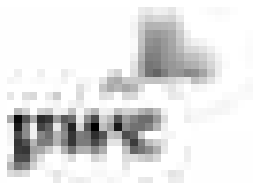
Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

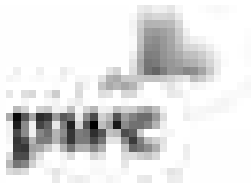
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	<p>Inventories</p> <p><i>(Refer note 9 to the consolidated financial statements)</i></p> <p>Inventories include:</p> <ul style="list-style-type: none"> raw materials comprising limestone, clay, gypsum, laterite and bauxite; work-in-progress mainly comprising clinker; and coal. <p>The above inventory items are stored in purpose built sheds, stockpiles and silos. As the weighing of these inventories is not practicable, management assesses the reasonableness of the quantities on hand by obtaining measurements of stockpiles and converting these measurements to unit of volumes by using angle of repose and bulk density. The Group also involves an external surveyor in the inventory count process.</p> <p>Due to the significance of inventory balances and related estimations involved, this is considered as a key audit matter.</p>	<p>The Group performs annual inventory counts at year end and issues prior notification of procedures to be performed for such inventory counts.</p> <p>Our audit procedures to assess the existence of inventory included the following:</p> <ul style="list-style-type: none"> assessed the management's process of measurement of stockpiles and the determination of values using conversion of volumes and density to total weight and the related yield; attended the physical count of the inventories and observed the said parameters. A representative of the Group and an external surveyor were also present; checked the background and experience of the surveyor to ensure his competence and capability; obtained samples of items to determine the nature / characteristics of the inventory. Such samples were then sent to the Group's laboratory to determine the nature of the inventory and other parameters; and obtained and reviewed the inventory count report of the management's external surveyor, assessed its accuracy and performed recalculations on a sample basis.



S. No.	Key audit matters	How the matter was addressed in our audit
(ii)	<p>Revenue from contracts with customers</p> <p><i>(Refer note 24 to the consolidated financial statements)</i></p> <p>In the second half of the previous year, the Group completed installation of production line 3 which resulted in an increase in production capacity by approximately 1 million tonnes. During the year, the demand for sales in the local market was substantially lower than the available increased production capacity of the Group.</p> <p>As a result, the Group made sales of significant quantity produced in the export market. The prices of Group's products in the export market are significantly less than the local market and the Group also exported clinker to overseas markets.</p> <p>Since revenue represents a key performance indicator and due to developments in the current year, we consider revenue as higher risk area and a key audit matter.</p>	<p>Our audit procedures amongst others included the following</p> <ul style="list-style-type: none"> evaluated management controls over revenue and checked their validation; performed verification of sales with underlying documentation including gate pass, delivery order and invoice; performed cut-off procedures on sample basis to ensure sales has been recorded in the correct period; verified that sales prices are negotiated and approved by appropriate authority; recalculated the commission as per Group's policy and verified related distribution expenses; analysed market by comparing Group's sales volume with published data; obtained budget for the subsequent year and considered impact of stagnant local demand on financial position of the Group; obtained confirmations from debtors on sample basis; and ensured that presentation and disclosures related to revenue are being addressed appropriately.



Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

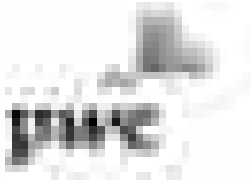


As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.

A. F. Ferguson & Co
Chartered Accountants

Karachi
Date: August 30, 2019

Consolidated Statement of Financial Position

As at June 30, 2019

	Note	2019 ----- (Rupees '000) -----	2018 -----
ASSETS			
Non-current assets			
Fixed assets - property, plant and equipment	5	22,269,354	20,425,000
Long-term investments	6	29,165	4,500
Long-term loans and advances - considered good	7	47,593	47,311
Long-term deposits	8	99,940	99,940
Deferred tax assets	18	-	131,543
		<u>22,446,052</u>	<u>20,708,294</u>
Current assets			
Inventories	9	3,408,050	3,649,066
Trade receivables - considered good	10	795,061	709,917
Loans and advances - considered good	11	87,931	78,499
Short-term deposits and prepayments	12	55,082	28,258
Other receivables	13	48,932	83,863
Taxation - payments less provisions		2,602,240	1,453,299
Tax refunds due from Government - Sales tax		182,587	289,270
Cash and bank balances	14	450,262	634,395
		<u>7,630,145</u>	<u>6,926,567</u>
Total assets		<u>30,076,197</u>	<u>27,634,861</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital - issued, subscribed and paid-up	15	1,374,270	1,145,225
Unappropriated profit		14,725,189	13,727,410
Exchange revaluation reserve		855,895	217,129
Attributable to owners of Attock Cement Pakistan Limited - Holding company		16,955,354	15,089,764
Non-controlling interests		1,708,303	946,558
		<u>18,663,657</u>	<u>16,036,322</u>
LIABILITIES			
Non-current liabilities			
Long-term loans	16	2,187,500	3,437,500
Liability against asset subject to finance lease	17	7,915	10,793
Deferred tax liabilities	18	351,283	-
Employee benefit obligations	19	266,878	387,093
		<u>2,813,576</u>	<u>3,835,386</u>
Current liabilities			
Trade and other payables	20	3,772,835	5,048,963
Unclaimed dividend		10,182	8,998
Accrued mark-up	21	143,867	88,773
Short-term borrowings	22	4,669,202	2,612,508
Current maturity of liability against asset subject to finance lease	17	2,878	3,911
		<u>8,598,964</u>	<u>7,763,153</u>
Total liabilities		<u>11,412,540</u>	<u>11,598,539</u>
Contingency and commitments	23		
Total equity and liabilities		<u>30,076,197</u>	<u>27,634,861</u>

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2019

	Note	2019 ----- (Rupees '000) -----	2018
Revenue from contracts with customers	24	20,780,934	16,601,330
Cost of sales	25	(15,978,032)	(11,697,583)
Gross profit		4,802,902	4,903,747
Distribution costs	26	(1,414,820)	(887,889)
Administrative expenses	27	(505,149)	(533,111)
Other expenses	28	(149,756)	(163,000)
Other income	29	293,803	60,804
Profit from operations		3,026,980	3,380,551
Finance cost	30	(648,444)	(251,172)
Share of net income of associate accounted for using the equity method	6	24,665	-
Profit before income tax		2,403,201	3,129,379
Income tax (expense) / credit	31	(330,000)	1,270,405
Profit for the year		2,073,201	4,399,784
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurements of post - employment benefit obligations		69,803	71,269
Items that will be reclassified to profit or loss			
Exchange revaluation reserve		1,010,202	341,870
Total comprehensive income for the year		3,153,206	4,812,923
Total comprehensive income attributable to:			
Owners of Attock Cement Pakistan Limited - Holding Company		2,781,770	4,688,759
Non-controlling interests		371,436	124,164
		3,153,206	4,812,923
Basic and diluted earnings per share	32	Rs. 15.09	Rs. 32.02

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2019

	Attributable to the owners of the Holding Company					
	Issued, subscribed and paid up capital	Unappropri- ated profit	Exchange revaluation reserve	Sub - Total	Non- controlling interests	Total Equity
	----- Rupees '000 -----					
Balance as at July 01, 2017	1,145,225	10,802,410	(577)	10,801,833	624,285	12,571,343
Final dividend for the year ended June 30, 2017 @ Rs. 13.50 per share	-	(1,546,053)	-	(1,546,053)	-	(1,546,053)
Equity contribution by Non-controlling interests	-	-	-	-	198,109	198,109
Total comprehensive income for the year ended June 30, 2018						
Profit for the year ended June 30, 2018	-	4,399,784	-	4,399,784	-	4,399,784
Other comprehensive income for the year ended June 30, 2018	-	71,269	217,706	288,975	124,164	413,139
	-	4,471,053	217,706	4,688,759	124,164	4,812,923
Balance as at July 01, 2018	1,145,225	13,727,410	217,129	13,944,539	946,558	16,036,322
Final dividend for the year ended June 30, 2018 @ Rs. 8 per share	-	(916,180)	-	(916,180)	-	(916,180)
Bonus shares issued during the year in the ratio of 20 shares for every 100 shares held	229,045	(229,045)	-	(229,045)	-	-
Equity contribution by Non-controlling interests	-	-	-	-	390,309	390,309
Total comprehensive income for the year ended June 30, 2019						
Profit for the year ended June 30, 2019	-	2,073,201	-	2,073,201	-	2,073,201
Other comprehensive income for the year ended June 30, 2019	-	69,803	638,766	708,569	371,436	1,080,005
	-	2,143,004	638,766	2,781,770	371,436	3,153,206
Balance as at June 30, 2019	1,374,270	14,725,189	855,895	15,581,084	1,708,303	18,663,657

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

Consolidated Statement of Cash Flows

For the year ended June 30, 2019

	Note	2019 ----- (Rupees '000) -----	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	33	3,172,689	3,450,730
Finance cost paid		(593,350)	(290,191)
Income tax paid		(996,115)	(895,521)
Increase in long term deposits		-	(56,960)
(Increase) / decrease in long-term loans and advances		(282)	1,277
Employee benefit obligations paid		(133,181)	(127,425)
Net cash generated from operating activities		1,449,761	2,081,910
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(2,025,416)	(3,983,172)
Proceeds from disposal of operating assets		7,667	9,508
Purchase of open ended mutual fund units		-	(165,000)
Proceeds from sale of open ended mutual fund units		-	167,268
Interest received		10,589	10,423
Net cash used in investing activities		(2,007,160)	(3,960,973)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(914,996)	(1,544,647)
Amount recieved from Non-controlling interests		390,309	198,109
Proceeds from long term loan		-	3,400,000
Repayment of long term loan		-	(212,500)
Current portion of long term loan repaid		(1,250,000)	(100,000)
Lease rentals paid		(3,911)	(5,315)
Net cash (used in) / generated from financing activities		(1,778,598)	1,735,647
Net (decrease) in cash and cash equivalents		(2,335,997)	(143,416)
Cash and cash equivalents at beginning of the year		(728,113)	(734,722)
Effects of exchange rate changes in cash and cash equivalents		95,170	150,025
Cash and cash equivalents at end of the year	34	(2,968,940)	(728,113)

The annexed notes 1 to 43 form an integral part of these consolidated financial statements.



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of:

Holding Company - Attock Cement Pakistan Limited (the “Company”)

The company was incorporated in Pakistan on October 14, 1981 as a public limited company and is listed on Pakistan Stock Exchange. Its main business activity is manufacturing and sale of cement.

Pharaon Investment Group Limited Holding S.A.L., Lebanon is the ultimate holding company as it holds 84.06% of the total paid-up share capital of the company.

The geographical locations and addresses of the Holding Company's business units, including mills / plant are as under:

- The registered office of the Holding Company is at D-70, Block-4, Kehkashan-5, Clifton, Karachi.
- The Holding Company's cement manufacturing plant is located in Tehsil Hub, District Lasbella, Balochistan.
- The Holding Company also has a representative / liaison office at Plot No. 581-0, Arzoo Building, Al Mararr, Dubai, UAE.

Subsidiary Company - Saqr Al Keetan for Cement Production Company Limited (SAKCPCL)

SAKCPCL was incorporated under Iraqi law on November 3, 2014. Its main business activity is manufacturing and sale of cement and the principal place of business is in Iraq.

The geographical locations and addresses of the Subsidiary's business units, including mills / plant are as under:

- The registered office of SAKCPCL is at House # 35, Square 29, Near Al Buradia Super Market, Al Rbeea District Al Buradia, Basra, Iraq.
- SAKCPCL's cement manufacturing plant is located in Industrial Sector, Land No. 1/7, Sector 56, Al-Arquli Al Janobi, Khor Al-Zubair, Basra, Iraq.

2. SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

The Group's financial position and performance was particularly affected by the following events and transactions during the reporting period:

- a) Acquired 99 acres of adjoining land near plant site at Sakran, Hub. Refer note 5.
- b) Owing to the installation of Line 3 in the previous year, the Group has achieved record production of clinker and cement resulting in increased sales during the year.
- c) The Group has incurred capital expenditure relating to cement grinding plant in Iraq amounting to Rs. 1.02 billion. Refer note 5.2.1.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

3.1 Basis of preparation

3.1.1 Statement of compliance

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.1.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

- (i) Income tax - notes 18 & 31
- (ii) Staff retirement benefits - note 19.1

Estimates and judgements are continually evaluated and adjusted based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There have been no critical judgements made by the Group's management in applying the accounting policies that would have significant effect on the amounts recognised in the consolidated financial statements.

3.1.3 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that became effective during the year and relevant

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of changes laid down by these standards are detailed in note 4.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2018 are considered not to be relevant for the Group's consolidated financial statements and hence have not been detailed here.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning January 01, 2019 that may have an impact on the consolidated financial statements of the Group.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by the standard on its consolidated financial statements.

3.2 Overall valuation policy

These consolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.

3.3 Basis of consolidation

i) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affects its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases. These consolidated financial statements include Attock Cement Pakistan Limited (the Holding Company) and Saqr Al-Keetan for Cement Production Company Limited (the Subsidiary Company).

The consolidated financial statements of the subsidiaries have been consolidated on a line by line basis. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealised) are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

ii) Where the ownership of a subsidiary is less than hundred percent and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

The Group treats transactions with NCI that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

3.4 Fixed Assets - property, plant and equipment

These are stated at cost less accumulated depreciation and impairment losses (if any) except freehold land, capital work-in-progress and stores held for capital expenditures which are stated at cost. Depreciation is calculated using the straight-line method on all assets in use to charge off their cost excluding residual value, if not insignificant, over their estimated useful lives.

Depreciation on acquisition is charged from the month of addition whereas no depreciation is charged in the month of disposal.

Group accounts for impairment, where indications exist, by reducing its carrying value to the estimated recoverable amount.

Maintenance and normal repairs are charged to consolidated statement of profit or loss and other comprehensive income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal / retirement of fixed assets are included in consolidated statement of profit or loss and other comprehensive income.

3.5 Financial Instruments - Initial recognition and subsequent measurement

Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortised cost or cost as the case may be.

Classification of financial assets

The Group classifies its financial instruments in the following categories:

- at fair value through profit and loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortised cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortised cost.

Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognised in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortised cost are initially recognised at fair value, and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial asset

The Group recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortised cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months ECL is recorded.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- bank balances;
- employee receivables; and
- other short term receivables.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

The Group considers a financial asset in default when it is more than 90 days past due.

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive).

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

Derecognition

i) Financial assets

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

ii) Financial liabilities

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income.

Financial assets - policy upto June 30, 2018

Trade debts and other receivables are recognised initially at fair value plus directly attributable, if any and subsequently, at amortised cost less impairment if any. A provision for impairment of trade and other receivable is established when there is an objective evidence that the Group will not be able to collect all amounts due according to terms of receivables. Trade receivable considered irrecoverable are written off.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

3.6 Off-setting of financial assets and liabilities

Financial assets and liabilities are off-set and the net amount is reported in the statement of financial position if the Group has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.7 Staff retirement benefits

Defined benefit plans

The Group operates approved funded gratuity and pension schemes for all its management and non-management employees. Contributions to the schemes are based on actuarial valuations.

The latest actuarial valuations of the schemes have been carried out as at June 30, 2019 using the Projected Unit Credit method. The amount arising as a result of remeasurements are recognised in the consolidated statement of financial position immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur. Past-service costs are recognised immediately in profit or loss.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under the schemes.

Defined contribution plan

The Group also operates an approved provident fund for its permanent employees. Equal monthly contributions are made, both by Group and the employees, at the rate of 10% of basic salary.

3.8 Long-term investment

The Group has investment in associated company. The investment in associated company is accounted for using equity method of accounting. Impairment loss is recognised whenever the carrying amount of investment exceeds its recoverable amount. An impairment loss is recognised in profit or loss.

3.9 Inventories

Inventories are valued at lower of cost and net realisable value except goods-in-transit which are stated at cost. Raw and packing materials, work-in-process and finished goods are valued at the weighted average cost. Cost of work-in-process and finished stocks comprise of direct costs and appropriate portion of production overheads.

Stores, spares and loose tools are valued at monthly weighted average cost less provision for slow moving and obsolete stores, spares and loose tools. Items in transit are stated at cost.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessarily to be incurred in order to make the sale.

3.10 Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Refer note 3.5 for a description of the Group's impairment policies.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

3.11 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise of cash and cheques in hand and in transit, balances with banks on current, saving and deposit accounts and finance under mark-up arrangements.

3.12 Leases

Finance leases

The Group leases motor vehicles. Leases of motor vehicles where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased motor vehicles and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to consolidated statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The motor vehicles acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

3.13 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

3.14 Provisions

Provisions are recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

3.15 Income tax

Current

The charge for current taxation is based on the taxable income at the rate of taxation after taking into account tax credits, rebates available, if any.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences arising between tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liability is generally recognised for all taxable temporary differences and deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax is charged to or credited in the consolidated statement of profit or loss and other comprehensive income.

3.16 Borrowings and their cost

Borrowings are recognised initially at fair value and subsequently at amortised cost using the effective interest method. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalised as part of the cost of that asset. Borrowings payable within next twelve months are classified as current liabilities.

3.17 Foreign currencies

3.17.1 Transactions in foreign currencies are recorded in Pakistan Rupee at the rates of exchange approximating those prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee using the exchange rates approximating those prevailing at the consolidated statement of financial position date. Exchange differences are included in profit or loss currently.

3.17.2 The results and financial position of subsidiary that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each consolidated statement of profit or loss account and other comprehensive income are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

3.17.3 The consolidated financial statements are presented in Pakistan Rupee, which is the Holding company's functional and presentation currency and figures are rounded off to the nearest thousand of Rupees.

3.18 Revenue recognition

Revenue is recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Revenue is recognised as follows:

- Local sale of goods is recognised on dispatch of goods to customers i.e. when the significant risks and reward of ownership have been transferred to the customer.
- Revenue from export sales is recognised on the basis of terms of sale with the customer.

No element of financing is deemed present as the sales are made with a credit term of up to 90 days, which is consistent with the market practice.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

3.19 Dividend

Dividend distribution to shareholders is accounted for in the period in which the dividend is declared / approved.

4. CHANGE IN ACCOUNTING POLICIES

i) IFRS 9 - Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from July 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. The new accounting policies are set out in note 3.5 above. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.

Classifications and remeasurement

On 1 July 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from these reclassifications and adjustments are as follows:

Financial assets - July 1, 2018	Note	FVTPL	FVOCI (available for sale 2018)	Long term investment	Loans and receivable	Amortised cost
----- (Rupees '000) -----						
Closing balance June 30, 2018 - IAS 39						
Loans, advances and deposits		-	-	-	222,146	(222,146)
Trade receivables	a, b	-	-	-	709,917	(709,917)
Other receivables		-	-	-	83,863	(83,863)
Bank balances		-	-	-	622,957	(622,957)
Cash in hand		-	-	-	11,438	(11,438)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,650,321</u>	<u>(1,650,321)</u>
Opening balance July 1, 2018 - IFRS 9						
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,650,321</u>	<u>(1,650,321)</u>

- (a) IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The Group has determined that the application of IFRS 9's impairment requirement at July 1, 2018 results in no additional allowance for trade receivables.
- (b) The Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the profit and loss account. However, during the year ended June 30, 2018 there was no provision for doubtful debts that could be reclassified to 'impairment loss on trade receivables' in the profit and loss account.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and liabilities as at July 1, 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
----- (Rupees '000) -----				
Loans and receivables				
Loans, advances and deposits	Loans and receivables	Amortised cost	222,146	222,146
Trade receivables	Loans and receivables	Amortised cost	709,917	709,917
Other receivables	Loans and receivables	Amortised cost	83,863	83,863
Bank balances	Loans and receivables	Amortised cost	622,957	622,957
Cash in hand	Loans and receivables	Amortised cost	11,438	11,438
Financial liabilities				
Long term finance	Other financial liabilities	Other financial liabilities	4,687,500	4,687,500
Trade and other liabilities	Other financial liabilities	Other financial liabilities	4,484,473	4,484,473
Unclaimed dividend	Other financial liabilities	Other financial liabilities	8,998	8,998
Short term borrowings	Other financial liabilities	Other financial liabilities	1,362,508	1,362,508
Accrued markup	Other financial liabilities	Other financial liabilities	88,773	88,773

There is no impact on the Group's statement of changes in equity as a result of the above changes.

ii) IFRS 15 - Revenue from contracts with customers

The Group has adopted IFRS 15 from July 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. However, in accordance with the transition provisions in IFRS 15, there is no impact on the Group that require retrospective change and restatement of comparatives for the year ended June 30, 2018.

Due to the application of IFRS 15, freight charges relating to Exports that were previously classified in Distribution costs have now been netted off against Revenue from Exports.

	2019	2018
	----- (Rupees '000) -----	
5. FIXED ASSETS - property, plant and equipment		
Operating assets - note 5.1	16,758,931	17,184,187
Capital work-in-progress - note 5.2	4,738,154	2,432,410
Stores held for capital expenditure	772,269	808,403
	<u>22,269,354</u>	<u>20,425,000</u>

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

5.1 Operating assets

	Freehold land	Buildings and roads on freehold land	Plant and machinery	Quarry transport and equipment	Furniture and fittings	Office equipments	Vehicles owned	Vehicles held under finance lease	Total
	(Rupees '000)								
Year ended 30 June 2019									
Opening net									
book value	4,554	2,368,215	14,647,972	30,016	7,336	44,977	63,837	17,280	17,184,187
Additions	29,614	76,364	337,117	2,013	1,766	16,313	27,622	-	490,809
Disposals - note 5.4	-	-	-	-	(400)	(83)	(3,902)	-	(4,385)
Transfers to stores	-	-	(113,436)	-	-	(976)	-	-	(114,412)
Depreciation charge	-	(159,444)	(600,657)	(5,454)	(2,710)	(18,543)	(19,490)	(3,739)	(810,037)
Net exchange differences	-	-	-	1,729	1,230	8,235	1,575	-	12,769
Closing net book value	34,168	2,285,135	14,270,996	28,304	7,222	49,923	69,642	13,541	16,758,931
At 30 June 2019									
Cost	34,168	3,264,468	20,125,740	231,221	38,251	173,451	129,146	27,465	24,023,910
Accumulated depreciation	-	(979,333)	(5,854,744)	(202,917)	(31,029)	(123,528)	(59,504)	(13,924)	(7,264,979)
Net book value	34,168	2,285,135	14,270,996	28,304	7,222	49,923	69,642	13,541	16,758,931
Year ended 30 June 2018									
Opening net									
book value	4,554	849,042	4,374,527	35,256	3,640	18,274	52,317	5,937	5,343,547
Additions	-	1,633,076	10,721,157	2,263	5,240	36,701	29,466	15,990	12,443,893
Disposals	-	-	-	(2,290)	-	(269)	(1,964)	(980)	(5,503)
Transfers to stores	-	-	(57,000)	-	-	-	-	-	(57,000)
Depreciation charge	-	(113,903)	(390,712)	(6,038)	(1,927)	(12,075)	(16,593)	(3,667)	(544,915)
Net exchange differences	-	-	-	825	383	2,346	611	-	4,165
Closing net book value	4,554	2,368,215	14,647,972	30,016	7,336	44,977	63,837	17,280	17,184,187
At 30 June 2018									
Cost	4,554	3,188,104	19,911,709	226,061	34,868	144,275	116,289	27,465	23,653,325
Accumulated depreciation	-	(819,889)	(5,263,737)	(196,045)	(27,532)	(99,298)	(52,452)	(10,185)	(6,469,138)
Net book value	4,554	2,368,215	14,647,972	30,016	7,336	44,977	63,837	17,280	17,184,187
Rate of depreciation %	-	5%	3.33% - 5%	10%	20%	25%	20%	20%	

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

5.2 Movement in capital work-in-progress

	Balance as at 1 July 2018	Additions during the year	Transfers to operating assets	Net exchange differences	Balance as at 30 June 2019	Balance as at 1 July 2017	Additions during the year	Transfers to operating assets	Net exchange differences	Balance as at 30 June 2018
----- (Rupees '000) -----										
Civil works	726,271	490,896	(78,909)	276,458	1,414,716	2,455,046	1,588,594	(3,371,827)	54,458	726,271
Plant and machinery	1,405,164	765,863	(113,290)	504,226	2,561,963	8,280,243	1,637,034	(8,616,934)	104,821	1,405,164
Others	300,975	325,146	-	135,354	761,475	329,988	181,017	(242,683)	32,653	300,975
	2,432,410	1,581,905	(192,199)	916,038	4,738,154	11,065,277	3,406,645	(12,231,444)	191,932	2,432,410
Advances to suppliers	-	-	-	-	-	80,814	-	(80,814)	-	-
	2,432,410	1,581,905	(192,199)	916,038	4,738,154	11,146,091	3,406,645	(12,312,258)	191,932	2,432,410

5.2.1 This includes Rs. 3.44 billion (2018: Rs. 2.42 billion) incurred for construction of Cement Grinding Plant in Iraq.

5.3 Particulars of immovable property (i.e. land and building) in the name of Group are as follows:

Location	Usage of immovable property	Total Area (acres)	Covered Area (acres)
Tehsil Hub, District Lasbella, Balochistan	Manufacturing facility	657	657
Land No. 1/7, Sector 56, Al-Arquli Al Janobi, Khor Al-Zubair, Basra, Iraq	Cement grinding unit	60	60

Notes to and Forming Part of the Consolidated Financial Statements

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5.4 Details of operating assets disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceed	Gain / (loss)	Mode of disposal	Particulars of purchaser
----- (Rupees '000) -----							
Furniture & Fixture	830	430	400	400	-	Tender	Movers (Private) Limited Anum Empire, KCHS, Karachi
Computers	160	77	83	92	9	Insurance Claim	EFU General Insurance Limited EFU House, M.A. Jinnah Road, Karachi
Vehicles	1,039	701	338	338	-	Company Policy	Khalid Qaiser (Employee)
"	1,708	1,537	171	171	-	"	Tanveer Alam Malik (Employee)
"	1,708	1,537	171	171	-	"	Farhan Mehboob (Employee)
"	1,688	1,519	169	169	-	"	Muhammad Rehan (Employee)
"	1,593	1,434	159	159	-	"	Muhammad Abbas (Employee)
"	1,019	917	102	102	-	"	Mohammad Arif (Employee)
"	1,714	1,414	300	1,450	1,150	Tender	National Transport Company Ibrahim Trade Tower, Maqbool Cooperative Society Shahrah-e-Faisal, Karachi
"	2,050	1,845	205	790	585	"	National Transport Company Ibrahim Trade Tower, Maqbool Cooperative Society Shahrah-e-Faisal, Karachi
"	1,034	931	103	767	664	"	Raheel Mithani House No. D-78, Clifton, Karachi
"	799	719	80	715	635	"	National Transport Company Ibrahim Trade Tower, Maqbool Cooperative Society Shahrah-e-Faisal, Karachi
"	68	61	7	27	20	"	Taha Kazmi (Employee)
"	61	55	6	45	39	"	Muhammad Muzammil Plot No. 1B/3, PECHS, Sharfabad, Karachi
"	54	49	5	16	11	"	Taha Kazmi (Employee)
"	54	49	5	17	12	"	Babar Khan A-Rehman Motors, Sultanabad, Karachi
"	2,913	832	2,081	2,238	157	"	Mr. Abu Hasan Buradia, Basra, Iraq
	18,492	14,107	4,385	7,667	3,282		

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

6.	LONG-TERM INVESTMENT	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
	Investment in associated company accounted for using equity method		
	Attock Information Technology Services (Private) Limited - 450,000 (2018: 450,000) fully paid ordinary shares of Rs.10 each - notes 6.1, 6.2 & 6.3	29,165	4,500

- 6.1 The Group holds 10% (2018: 10%) of associates's total equity. The above amount represents proportionate carrying value of the associate's net assets - refer note 6.2. The associate has share capital consisting solely of ordinary shares, which are held directly by the Group.

The registered office of the associate is at Bunglow 29, Refinery, Morgah, Rawalpindi, Pakistan. The country of incorporation or registration is also its principal place of business.

The principal activity of the associate is to set up the basic infrastructure, communication systems and computer installation and provision of initial services.

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Opening balance	4,500	4,500
Share of net income of associate accounted for using the equity method	24,665	-
	29,165	4,500

- 6.2 Set out below is the summarised financial information for Attock Information Technology Services (Private) Limited which is accounted for using the equity method.

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Revenue	126,892	111,615
Profit for the year	49,300	37,487
Non-current assets	86,019	46,546
Current assets	233,280	216,946
Non-current liabilities	(6,364)	(2,991)
Current liabilities	(21,281)	(18,146)
Net assets	291,654	242,355
Carrying value	29,165	4,500

- 6.3 The investment in associated company has been made in accordance with the requirements of the Companies Act, 2017.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
7. LONG-TERM LOANS AND ADVANCES – considered good		
Director - notes 7.2 & 7.3	-	4,005
Employees - note 7.4	119,804	103,869
	119,804	107,874
Recoverable within one year - note 11	(72,211)	(60,563)
Long term portion	47,593	47,311

7.1 Amounts receivable from Director and employees represent house rent advances given according to the Group's service rules. Executives and other employees are also provided with car, motor cycle, marriage and welfare loans. These loans and advances are recoverable in twelve to sixty monthly instalments and are interest free. These loans and advances are secured against the retirement fund balances of employees.

7.2 During previous years, rent advance was given to Mr. Irfan Amanullah (Alternate Director) with the prior approval of Securities and Exchange Commission of Pakistan as required under section 182 of the Companies Act, 2017, which was repaid during the year. The maximum amount due at the end of any month was Rs. 4 million (2018: Rs. 6.76 million).

7.3 Reconciliation of the carrying amount of loan to Alternate Director is as follows:

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Opening balance	4,005	7,009
Repayments	(4,005)	(3,004)
	-	4,005

7.4 Names of the employees whose outstanding balance is above Rs. 1 million at the end of June 30, 2019 are as follows:

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Name of employees		
Ghulam Mohammad Sadiq	1,566	1,187
Muhammad Ejaz Husain Qureshi	1,540	2,513
Mohammad Yousuf	1,496	-
Qadeer Ahmad	1,438	-
Abu Anas	1,396	1,973
Wali Ur Rehman Khan	1,329	2,053
Syed Nisar Abbas	1,316	2,244
Farhan Mehboob	1,308	-
Irfan Amanullah	-	4,005
Shakil Ahmed Khan	-	1,698
Farrukh Safdar	-	1,336
Khawaja Moizuddin	-	1,284
Muhammad Asif	-	1,243
Syed Laiq Ali	-	1,098
Zia Aziz	-	1,067
Syed Saleem Raza Shah Rizvi	-	1,063
Mohammad Arif	-	1,051

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

7.5 Long term loans and advances have been carried at cost as the effect of carrying these balances at amortised cost would not be material in the overall context of these consolidated financial statements.

8. LONG-TERM DEPOSITS

These are security deposits held with K-Electric Limited and do not carry any mark up arrangement.

	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----
9. INVENTORIES		
Stores, spares and loose tools - note 9.1	1,988,856	2,671,379
Raw materials	105,580	105,704
Packing materials	169,811	143,214
Work-in-process	975,008	529,009
Finished goods	168,795	199,760
	<u>3,408,050</u>	<u>3,649,066</u>
9.1 Stores, spares and loose tools		
Coal - note 9.1.1	911,853	1,627,122
Stores and spares - note 9.1.2	1,045,738	984,470
Bricks	76,326	100,862
Loose tools	2,771	6,996
	<u>2,036,688</u>	<u>2,719,450</u>
Less: Provision for slow moving and obsolete items	(47,832)	(48,071)
	<u>1,988,856</u>	<u>2,671,379</u>

9.1.1 This includes coal in transit amounting to Rs. 560.03 million (2018: Rs. 1.35 billion)

9.1.2 This includes stores and spares in transit amounting to Rs. 86.90 million (2018: Rs. 49.45 million).

	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----
10. TRADE RECEIVABLES – considered good		
Secured	768,740	694,064
Unsecured	26,321	15,853
	<u>795,061</u>	<u>709,917</u>
10.1 The age analysis of trade receivables is as follows:		
Not yet due	617,898	644,787
1 to 30 days	128,915	53,871
31 to 90 days	37,638	11,259
91 to 180 days	9,724	-
181 to 365 days	886	-
	<u>795,061</u>	<u>709,917</u>

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

10.2 Trade receivables include amount relating to export sales under letters of credit as follows:

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Africa	503,296	301,262
Sri Lanka	26,376	164,648
India	7,044	7,808
	<u>536,716</u>	<u>473,718</u>
11. LOANS AND ADVANCES – considered good		
Current portion of long - term loans and advances - note 7		
Director	-	3,004
Employees	72,211	57,559
	<u>72,211</u>	<u>60,563</u>
Other advances - employees	2,608	213
Advances to suppliers	13,112	17,723
	<u>87,931</u>	<u>78,499</u>
12. SHORT-TERM DEPOSITS AND PREPAYMENTS		
Deposits - considered good	36,493	14,119
Prepayments	18,589	14,139
	<u>55,082</u>	<u>28,258</u>
13. OTHER RECEIVABLES		
Export rebate receivable	25,680	21,433
Due from related parties - note 13.1	601	1,783
Recoverable from contractor	-	53,455
Others	22,651	7,192
	<u>48,932</u>	<u>83,863</u>

13.1 The maximum aggregate amount due from the related parties at the end of any month during the year was Rs. 7.28 million (2018: Rs. 2.29 million).

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
14. CASH AND BANK BALANCES		
Cash at bank		
- On PLS savings accounts		
Local currency - note 14.1 & 14.3	239,071	274,758
Foreign currency - note 14.2	664	8,391
- On Current accounts		
Local currency	41,052	27,434
Foreign currency	128,397	312,374
Cash in hand	41,078	11,438
	<u>450,262</u>	<u>634,395</u>

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

- 14.1** At June 30, 2019 the mark-up rates on PLS savings accounts range from 4% to 10.25% (2018: 3.75% to 5.25%) per annum.
- 14.2** This includes Rs. 0.64 million (2018: Rs. 5.04 million) corresponding to AED 0.014 million (2018: AED 0.152 million) placed in United Bank Limited - Dubai Branch, UAE to meet representative / liaison office expenses as per the approval of the State Bank of Pakistan.
- 14.3** This include deposits of Rs. 238.58 million (2018: Rs. 72.86 million) obtained from customers which are kept in a separate bank account in compliance with the section 217 of the Companies Act, 2017.

		2019	2018
		----- (Rupees '000) -----	-----
15. SHARE CAPITAL			
Authorised share capital			
200,000,000 ordinary shares of Rs. 10 each (2018: 200,000,000 ordinary shares of Rs. 10 each)		2,000,000	2,000,000
Issued, subscribed and paid-up capital			
Ordinary shares of Rs. 10 each			
2019	2018		
29,747,965	29,747,965	297,480	297,480
	Shares allotted for consideration paid in cash		
4,132,510	4,132,510		
	Shares allotted for consideration other than cash - plant and machinery	41,325	41,325
103,546,486	80,641,993	1,035,465	806,420
	Shares allotted as bonus shares		
137,426,961	114,522,468	1,374,270	1,145,225

- 15.1** As at June 30, 2019, Pharaon Investment Group Limited (Holding) S.A.L, Lebanon and its nominees held 115,526,349 (2018: 96,271,960) ordinary shares of Rs. 10 each.

		2019	2018
		----- (Rupees '000) -----	-----
16. LONG TERM LOANS			
Long term loans		3,437,500	4,687,500
Less: Current portion of long term loan		(1,250,000)	(1,250,000)
		2,187,500	3,437,500

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

- 16.1** Following are the changes in the long term loans (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Balance as at July 01	4,687,500	1,600,000
Disbursements during the year	-	3,400,000
Repayment during the year	(1,250,000)	(312,500)
Balance as at June 30	3,437,500	4,687,500

- 16.2** The Group had entered into a syndicated finance agreement in 2016 with a consortium of banks for a term finance facility of Rs. 7 billion for the installation of cement production line 3 and WHRS. The facility carries a mark-up of 3 months KIBOR plus 0.25% p.a. which is payable on quarterly basis. The tenure of this facility is 6 years including the grace period of 2 years. Up to June 30, 2019, the Group has drawn Rs. 5 billion and repaid Rs. 1.56 billion.

- 16.3** The above syndicated finance agreement is secured by first ranking hypothecation charge over all movable assets of the Holding Company.

17. LIABILITY AGAINST ASSET SUBJECT TO FINANCE LEASE

	2019			2018		
	Minimum lease payment	Financial charge for future periods	Principal outstanding	Minimum lease payment	Financial charge for future periods	Principal outstanding
	----- (Rupees '000) -----					
Not later than one year	3,966	1,088	2,878	4,043	132	3,911
Later than one year but not later than five years	9,112	1,197	7,915	10,982	189	10,793
	13,078	2,285	10,793	15,025	321	14,704

- 17.1** Following are the changes in the lease liabilities (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Balance as at July 01	14,704	4,029
Operating assets acquired during the year	-	15,990
Repayment	(3,911)	(5,315)
Balance as at June 30	10,793	14,704

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

18. DEFERRED TAX LIABILITIES / (ASSETS)

	Accelerated tax depreciation	Assets held under finance lease	Provision for slow moving and obsolete stores and spares	Liabilities against finance lease	Unabsorbed depreciation	Minimum tax	Alternate corporate tax	Tax credit on investment	Total
	(Rupees '000)								
July 01, 2018	1,647,039	2,992	(9,416)	(2,880)	(162,827)	(215,457)	(318,878)	(1,072,116)	(131,543)
Charge / (credit) to consolidated statement of profit or loss and other comprehensive income for the year	80,650	(1,042)	281	819	(54,285)	-	(90,633)	547,036	482,826
June 30, 2019	1,727,689	1,950	(9,135)	(2,061)	(217,112)	(215,457)	(409,511)	(525,080)	351,283
July 01, 2017	826,680	1,330	(9,360)	(903)	-	-	-	-	817,747
Charge / (credit) to consolidated statement of profit or loss and other comprehensive income for the year	820,359	1,662	(56)	(1,977)	(162,827)	(215,457)	(318,878)	(1,072,116)	(949,290)
June 30, 2018	1,647,039	2,992	(9,416)	(2,880)	(162,827)	(215,457)	(318,878)	(1,072,116)	(131,543)

- 18.1** Deferred tax liability is restricted to 65.86% (2018: 78.35%) of the total deferred tax liability based on the assumptions that export sales will continue to fall under Final Tax Regime and historical trend of export and local sales ratio will continue to be the same in foreseeable future.
- 18.2** The deferred tax asset on unabsorbed depreciation, minimum tax, alternative corporate tax and tax credit on investment will be recoverable based on the estimated future taxable income and approved business plans and budgets.
- 18.3** Under the Finance Act, 2019, corporate rate of tax has been fixed at 29% for tax year 2020 and onwards. Therefore, deferred tax assets and liabilities have been recognised accordingly using the expected applicable rate of 29%.

19. EMPLOYEE BENEFIT OBLIGATIONS

19.1 Staff retirement benefits

- 19.1.1** As stated in note 3.7, the Group operates approved funded gratuity and pension scheme for all management and non-management employees. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum service under the scheme. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at June 30, 2019.
- 19.1.2** Plan assets held in trust are governed by local regulations which mainly include Trust Act, 1882; Companies Act, 2017; Income Tax Rules, 2002 and the Rules under the respective trust deeds. Responsibility for governance of the Plans, including investment decisions and contribution schedules, lies with the respective Board of Trustees. The Group appoints the trustees and all trustees are employees of the Group.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

19.1.3 The latest actuarial valuations of the Plans as at June 30, 2019 were carried out using the Projected Unit Credit Method. Details of the Funds as per the actuarial valuations are as follows:

	2019		2018	
	Pension Funds	Gratuity Funds	Pension Funds	Gratuity Funds
	(Rupees '000)			
19.1.4 Statement of financial position reconciliation as at June 30				
Present value of defined benefit obligation	479,580	474,803	568,859	435,787
Fair value of plan assets	(317,858)	(369,647)	(293,571)	(323,982)
Deficit	161,722	105,156	275,288	111,805
19.1.5 Movement in the defined benefit obligation				
Obligation as at July 01	568,859	435,787	641,606	421,031
Service cost	20,705	24,045	24,064	27,504
Interest expense	57,040	42,261	60,062	37,949
Remeasurement on obligation	(107,274)	18,744	(95,671)	(11,111)
Benefits paid	(59,750)	(46,034)	(61,202)	(39,586)
Obligation as at June 30	479,580	474,803	568,859	435,787
19.1.6 Movement in the fair value of plan assets				
Fair value as at July 01	293,571	323,982	283,478	289,706
Interest income	29,680	31,602	27,010	26,235
Remeasurement on plan assets	(8,852)	(9,875)	(17,488)	(18,025)
Employer contributions	63,209	69,972	61,773	65,652
Benefits paid	(59,750)	(46,034)	(61,202)	(39,586)
Fair value as at June 30	317,858	369,647	293,571	323,982
19.1.7 Expense recognised in profit and loss account				
Service cost	20,705	24,045	24,064	27,504
Interest expense - net	27,360	10,659	33,052	11,714
	48,065	34,704	57,116	39,218
19.1.8 Remeasurement recognised in other comprehensive income				
Experience (gains) / losses	(107,274)	18,744	(95,671)	(11,111)
Remeasurement of fair value of plan assets	8,852	9,875	17,488	18,025
Remeasurements	(98,422)	28,619	(78,183)	6,914
19.1.9 Net recognised liability				
Balance as at July 01	275,288	111,805	358,128	131,325
Expense for the year	48,065	34,704	57,116	39,218
Employer contributions	(63,209)	(69,972)	(61,773)	(65,652)
Remeasurement recognised in other comprehensive income	(98,422)	28,619	(78,183)	6,914
Balance as at June 30	161,722	105,156	275,288	111,805

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

19.1.10 Composition of plan assets:

	2019		2018		2019		2018	
	Pension Funds				Gratuity Funds			
	Amount in '000	%	Amount in '000	%	Amount in '000	%	Amount in '000	%
Defense Savings Certificate	-	-	-	-	5,302	1.43	5,027	1.55
Market Treasury Bills	92,980	29.26	32,342	11.02	157,323	42.56	59,630	18.41
Term Deposit Receipts	-	-	32,468	11.06	-	-	20,505	6.33
Term Finance Certificates	42,755	13.45	40,378	13.75	28,883	7.81	35,444	10.94
Pakistan Investment bonds	65,793	20.70	-	-	65,196	17.64	-	-
Open Ended Mutual Funds	107,673	33.87	180,510	61.49	110,664	29.94	194,583	60.06
Others (including bank balances)	8,657	2.72	7,873	2.68	2,279	0.62	8,793	2.71
	317,858	100.00	293,571	100.00	369,647	100.00	323,982	100.00

19.1.11 Actuarial assumptions

	2019			2018		
	First	Second & Third	Fourth & onwards	First	Second & Third	Fourth & onwards
	----- Year -----					
Expected rate of increase in salaries						
- Management staff						
Senior management	12.50%	12.50%	12.50%	8.25%	8.25%	8.25%
Junior management	12.50%	12.50%	12.50%	8.25%	8.25%	8.25%
- Non-management staff	12.50%	12.50%	12.50%	8.25%	8.25%	8.25%

The discount factor used for pension and gratuity funds is 14.25% (2018: 10%), however, discount rate used for commutation factor in case of Management Pension Fund is based on average of last three years, which is 11.17%. This is in contrast to the last year where the discount rate as at the valuation date was used for commutation calculation through out the financial year. The practice has been changed due to significant volatility in the long term discount rate in order to ensure fair and equitable commutation amounts to fund members.

19.1.12 Pre-Retirement mortality was assumed to be SLIC (2001-05) for males and females, as the case may be, but rated down by one year.

19.1.13 The Group ensures asset / liability matching by investing in government securities, bank deposits, mutual funds and does not use derivatives to manage its risk.

19.1.14 The expected return on respective plan assets has been determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the consolidated statement of financial position date.

Notes to and Forming Part of the Consolidated Financial Statements

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19.1.15 Sensitivity analysis for actuarial assumptions

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

At June 30, 2019	Impact on defined benefit obligation				
	Change in assumption	Pension Funds		Gratuity Funds	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		----- (Rupees '000) -----			
Discount rate	0.5%	(19,907)	21,536	(18,509)	19,874
Future salary increases	0.5%	16,263	(10,615)	21,200	(19,881)

At June 30, 2018	Impact on defined benefit obligation				
	Change in assumption	Pension Funds		Gratuity Funds	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		----- (Rupees '000) -----			
Discount rate	0.5%	(51,583)	57,867	(16,931)	18,217
Future salary increases	0.5%	20,287	(19,128)	19,482	(18,239)

If longevity increases by 1 year, the resultant increase in obligation is insignificant.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognised within the balance sheet.

19.1.16 Historical information

Historical information	2019	2018	2017	2016	2015
	----- (Rupees '000) -----				
Pension Funds as at June 30					
Present value of defined benefit obligation	479,580	568,859	641,606	623,063	394,211
Fair value of plan assets	(317,858)	(293,571)	(283,478)	(313,688)	(265,651)
Deficit	161,722	275,288	358,128	309,375	128,560
Experience adjustments					
Gain / (loss) on obligation	107,274	95,671	(40,904)	(194,359)	(66,266)
Loss on plan assets	(8,852)	(17,488)	(14,197)	(9,586)	(2,492)
	98,422	78,183	(55,101)	(203,945)	(68,758)

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

	2019	2018	2017	2016	2015
	----- (Rupees '000) -----				
Gratuity Funds as at June 30					
Present value of defined benefit obligation	474,803	435,787	421,031	357,634	358,435
Fair value of plan assets	(369,647)	(323,982)	(289,706)	(241,676)	(234,659)
Deficit	105,156	111,805	131,325	115,958	123,776
Experience adjustments					
(Loss) / gain on obligation	(18,744)	11,111	(42,755)	(16,776)	(2,199)
Loss on plan assets	(9,875)	(18,025)	(3,878)	(3,789)	(365)
	(28,619)	(6,914)	(46,633)	(20,565)	(2,564)

19.1.17 As per actuarial advice, the Group is expected to recognise a service cost of Rs. 44.89 million in 2020 (2019: Rs. 44.77 million).

19.1.18 The weighted average service duration of employees is as follows:

	Pension Funds	Gratuity Funds
	-----No. of years-----	
Management	6.81	8.01
Non-management	11.44	8.31

19.1.19 Expected maturity analysis of undiscounted retirement benefit plan.

At June 30, 2019	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Over 10 years	Total
	----- (Rupees '000) -----					
Pension Funds	22,172	29,028	133,411	416,248	680,933	1,281,792
Gratuity Funds	44,290	44,197	174,946	473,547	609,951	1,346,931
At June 30, 2018	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Between 5 - 10 years	Over 10 years	Total
	----- (Rupees '000) -----					
Pension Funds	67,328	61,209	225,237	569,012	780,418	1,703,204
Gratuity Funds	51,027	42,090	138,400	299,877	361,282	892,676

Notes to and Forming Part of the Consolidated Financial Statements

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	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----
20. TRADE AND OTHER PAYABLES		
Creditors - note 20.1	497,738	461,269
Accrued liabilities - note 20.1	2,003,300	3,118,293
Electricity charges payable	111,633	175,342
Royalty payable - note 20.2	257,505	183,851
Excise duty payable	9,936	7,148
Advances from customers - note 20.3	142,817	190,084
Retention money	138,625	465,774
Security deposits - note 14.3	238,582	72,856
Workers' Profits Participation Fund - note 20.4	127,722	163,000
Workers' Welfare Fund - note 20.5	218,034	196,000
Payable to provident fund - note 20.6	86	8
Taxes deducted at source and payable to statutory authorities	19,639	8,258
Others - note 20.1	7,218	7,080
	3,772,835	5,048,963

20.1 Creditors, accrued liabilities and other liabilities include Rs. 23.91 million, Nil and Rs. 5.8 million (2018: Rs. 27.8 million, Nil and Rs. 5.8 million) respectively in respect of amounts due to related parties.

20.2 The Government of Balochistan vide Notification No. SOT(MMD)4-1/2017/748-68 dated September 6, 2017 enhanced the royalty rates of shale and limestone by Rs. 30 / ton and Rs.40 / ton.

The Group has filed a constitutional petition against the Government of Balochistan in respect of the increase in rates of royalty before the High Court of Balochistan. Consequently, on the directions of the court, the Group has furnished a bank guarantee of Rs. 74.91 million for the additional portion of royalty.

20.3 Advance received from customer is recognised as revenue when the performance obligation in accordance with the policy as described in note - 3.18 is satisfied.

	2019	2018
	----- (Rupees '000) -----	----- (Rupees '000) -----
Opening balance	190,084	230,508
Advance received during the year	12,089,787	11,398,952
Revenue recognised during the year	(12,137,054)	(11,439,376)
Closing balance	142,817	190,084

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	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
20.4 Workers' Profits Participation Fund		
At beginning of the year	163,000	241,000
Charge for the year - note 28	127,722	163,000
	<u>290,722</u>	<u>404,000</u>
Interest on funds utilised in Holding Company's business - note 30	1,476	8,025
	<u>292,198</u>	<u>412,025</u>
Less: Amount paid to the Fund	(164,476)	(249,025)
	<u>127,722</u>	<u>163,000</u>

20.5 This includes provision of Rs. 22.03 million, Rs. 92.64 million, Rs. 63.31 million and Rs. 40.05 million pertaining to the year 2019, 2017, 2016 and 2015 respectively. The Group has not paid this amount until it is ascertained as to whether the same is required to be paid to Federal or Provincial government.

20.6 All investments in collective investment schemes, listed equity and listed debt securities out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

21. ACCRUED MARK-UP

Accrued mark-up comprises of mark-up on short term borrowings and mark-up on syndicated finance facility payable.

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
22. SHORT TERM BORROWINGS		
Short term running finance - note 22.1 & 22.2	1,419,202	1,362,508
Export refinance facility - note 22.1 & 22.4	2,000,000	-
Current maturity of long - term loan 16	1,250,000	1,250,000
	<u>4,669,202</u>	<u>2,612,508</u>

22.1 The facilities available from various banks amount to Rs. 4 billion (2018: Rs. 4.34 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Group's stock in trade and trade receivables. The facilities expiring within one year are annual facilities subject to review at various dates during 2019 and 2020.

22.2 The rates of mark-up ranging between one month KIBOR minus 0.2% and 1 month KIBOR plus 0.5% (2018: one month KIBOR minus 0.4% and 3 months KIBOR plus 0.25%) per annum.

22.3 The facilities for opening letters of credit and guarantee as at June 30, 2019 amounted to Rs. 4.50 billion (2018: Rs. 4.85 billion) of which unutilised balance at year end amounted to Rs. 3.4 billion (2018: Rs. 2.94 billion).

Notes to and Forming Part of the Consolidated Financial Statements

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- 22.4 The export refinance facilities available from different banks are secured by way of hypothecation of inventories and book debts and carry mark up ranging between State Bank of Pakistan (SBP) export refinance rate plus 0.70% to 0.75%.

23. CONTINGENCIES AND COMMITMENTS

- 23.1 The Competition Commission of Pakistan (CCP) passed an order on August 27, 2009 levying penalty of Rs. 374 million on the Holding Company alleging that it was involved with other cement manufacturing companies in price fixing arrangements. The Holding Company along with other cement manufacturers challenged the vires of CCP order before the Lahore High Court which directed the CCP not to take any adverse action against the Holding Company under the aforementioned order passed by CCP till the completion of the case proceedings in the Lahore High Court.

Consequential upon the decision of the Supreme Court of Pakistan, directing the petitioners to remand back the matter pertaining to Competition Act, 2010, the Holding Company received a notice from CCP on October 18, 2017 calling the Holding Company for further information in order to proceed with the matter. The Holding Company, thereafter, has filed a constitutional petition in Sindh High Court and challenged sections 42, 43 and 44 of Competition Act, 2010 as well as constitution of Competition Appellate Tribunal. The Sindh High Court has granted a stay order in favour of the Holding Company and the matter is pending before the Sindh High Court.

Based on the opinion of the Holding Company's legal advisors, the management is hopeful that the ultimate outcome of these petitions / appeal will be in favour of the Holding Company and hence no provision has been recognised in these consolidated financial statements for the aforementioned amount of penalty.

- 23.2 During the year, the Deputy Commissioner Inland Revenue (DCIR) has passed an order against the Holding Company in relation to its filed sales tax returns for the months of July 2015 through August 2017 alleging that Holding Company has not charged sales tax on supply of cement and diesel to its contractors for use in construction of its new cement production facility and created a demand of Rs 392 million along with a penalty of Rs. 19.6 million in respect of Sales tax and Federal Excise Duty (FED). Commissioner Inland Revenue-Appeals (CIRA) has also confirmed the order of the DCIR in relation to appeal filed by the Holding Company. The Holding Company has now filed an appeal at the Appellate Tribunal Inland Revenue against the judgement of the CIRA which is pending adjudication.

Further, during the year, another order was passed by DCIR against the Holding Company in relation to its filed sales tax returns for the months of July 2013 through June 2018 in which the Holding Company has been alleged for incorrectly claiming input tax of blocked / non-active suppliers and of building materials of Rs. 235 million along with a penalty of Rs. 12 million. The Holding Company has filed an appeal to the CIRA which is pending adjudication.

Based on the advice of Holding Company's tax counsels, management is confident that the outcome of both the above appeals would be favorable, hence no provision has been made in these consolidated financial statements.

- 23.3 Commitments for capital expenditure outstanding as at June 30, 2019 amounted to Rs. 3.90 million (2018: Rs. 729.32 million).

Notes to and Forming Part of the Consolidated Financial Statements

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	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
24. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Local sale of goods	20,007,518	19,028,159
Sales tax	(3,315,401)	(3,106,362)
Federal excise duty	(2,774,174)	(2,318,038)
	(6,089,575)	(5,424,400)
Commission	(232,345)	(324,246)
Net local sale of goods	13,685,598	13,279,513
Export sales	7,826,603	3,604,898
Freight	(731,267)	(283,081)
	7,095,336	3,321,817
	20,780,934	16,601,330
24.1 The Group's customer base is diverse with no single customer accounting for more than 10% of net revenue.		
24.2 Export sales comprise of sales made in the following regions:		
	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Africa	957,005	1,444,880
Middle East Asia	-	50,734
Sri Lanka	3,772,448	1,614,268
Bangladesh	2,791,058	183,341
Others	306,092	311,675
	7,826,603	3,604,898
25. COST OF SALES		
Raw materials consumed	1,898,128	1,447,363
Packing materials consumed	1,477,791	992,597
Cement packaging and loading charges	36,017	31,257
Salaries, wages and benefits - note 25.1	1,810,609	1,786,982
Fuel	7,011,641	4,424,277
Electricity and water	2,202,318	2,029,854
Stores and spares consumed	658,188	466,041
Repairs and maintenance	173,315	126,869
Insurance	62,575	54,301
Vehicle running and maintenance	135,820	107,406
Security expenses	137,092	127,527
Depreciation	773,912	521,917
Other expenses - note 25.2	15,660	22,241
	16,393,066	12,138,632
Add: Opening work-in-process	529,009	182,580
Less: Closing work-in-process	(975,008)	(529,009)
Cost of goods manufactured	15,947,067	11,792,203
Add: Opening stock of finished goods	199,760	105,140
Less: Closing stock of finished goods	(168,795)	(199,760)
	15,978,032	11,697,583

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

25.1 Salaries, wages and benefits include Rs. 63.41 million and Rs. 38.3 million (2018: Rs. 75.94 million and Rs. 33.68 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

25.2 This includes (reversal) / provision for slow moving and obsolete items amounting to Rs. (0.24) million (2018: Rs. 6.3 million).

	2019	2018
	----- (Rupees '000) -----	-----
26. DISTRIBUTION COSTS		
Salaries, wages and benefits - note 26.1	100,366	109,051
Handling and other export related expenses	1,070,177	626,058
Commission on export sales	100,590	51,353
Carriage outward on local sales	106,222	72,146
PSI marking fee	21,965	17,214
Advertisement and sales promotion	8,947	6,937
Travelling and entertainment	2,558	2,384
Other expenses	3,995	2,746
	<u>1,414,820</u>	<u>887,889</u>

26.1 Salaries, wages and benefits include Rs. 4.5 million and Rs. 2.49 million (2018: Rs. 5.23 million and Rs. 2.23 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

	2019	2018
	----- (Rupees '000) -----	-----
27. ADMINISTRATIVE EXPENSES		
Salaries, wages and benefits - note 27.1	345,446	369,457
Depreciation	21,001	14,891
Rent, rates and taxes	18,290	17,634
Utilities	5,192	4,615
Insurance	1,437	1,943
Repairs and maintenance	13,299	16,710
Communication and printing	21,413	20,252
Travelling and entertainment	8,669	5,991
Legal and professional charges	27,196	31,885
Auditors' remuneration - note 27.2	4,704	6,048
Donation - note 27.3	5,893	9,062
Other expenses	32,609	34,623
	<u>505,149</u>	<u>533,111</u>

27.1 Salaries, wages and benefits include Rs. 14.85 million and Rs. 6.67 million (2018: Rs. 15.14 million and Rs. 6.04 million) in respect of charge for defined benefit plans and contributory provident fund respectively.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
27.2 Auditors' remuneration		
Audit fee (including consolidation)	2,500	2,500
Fee for review of interim financial information and Statement of Compliance with Code of Corporate Governance	1,150	1,150
Taxation services	375	1,873
Other certifications, attestations and other services	535	350
Out-of-pocket expenses	144	175
	<u>4,704</u>	<u>6,048</u>

27.3 This represents donation given to The Citizens Foundation. None of the directors or their spouses had any interest in the donee.

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
28. OTHER EXPENSES		
Workers' Profits Participation Fund - note 20.4	127,722	163,000
Workers' Welfare Fund	22,034	-
	<u>149,756</u>	<u>163,000</u>

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
29. OTHER INCOME		
Income from financial assets		
Income on PLS savings accounts under interest / markup arrangements	10,589	10,423
Gain on sale of open ended mutual fund units	-	2,268
Exchange gain	204,452	-
Income from non-financial assets		
Gain on disposal of operating assets	3,125	4,005
Others		
Export rebate	18,503	14,486
Scrap sales	55,462	27,876
Others	1,672	1,746
	<u>293,803</u>	<u>60,804</u>

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
30. FINANCE COST		
Bank charges and commission	49,085	26,043
Mark-up on:		
Long term loans	375,874	160,224
Short term borrowings	220,764	10,365
Exchange loss - net	-	46,078
Interest on Workers' Profits Participation Fund - note 20.4	1,476	8,025
Finance charges on finance lease	1,245	437
	<u>648,444</u>	<u>251,172</u>
31. INCOME TAX (EXPENSE) / CREDIT		
Current		
- for the year	(430,210)	(570,953)
- prior years	36,000	892,068
Deferred	64,210	949,290
	<u>(330,000)</u>	<u>1,270,405</u>

- 31.1** In view of the management, sufficient tax provision has been made in the Group's consolidated financial statements. Comparison of tax provision as per the consolidated financial statements viz-a-viz tax assessment for last three years is as follows:

	2018 ----- (Rupees '000) -----	2017 ----- (Rupees '000) -----	2016 ----- (Rupees '000) -----
Tax assessed as per most recent tax assessment	534,953	1,135,223	1,032,721
Provision in accounts for income tax	534,953	1,424,484	1,342,694

The assessed values represent return values.

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
31.2 Relationship between tax expense and accounting profit		
Profit before income tax	2,403,201	3,129,379
Tax at the applicable rate of 29% (2018: 30%)	(696,928)	(938,814)
Effect of final tax regime	33,777	(38,654)
Effect of change in tax rate	40,895	382,930
Tax credits	-	1,072,116
Reversal of prior years' tax provision	36,000	892,068
Others	256,256	(99,241)
	<u>(330,000)</u>	<u>(1,270,405)</u>

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

32. BASIC AND DILUTED EARNINGS PER SHARE

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Profit for the year	2,073,201	4,399,784
Weighted average number of outstanding shares at the end of year (in thousands) - Restated	137,427	137,427
Basic and diluted earnings per share - Restated	Rs. 15.09	Rs. 32.02

- 32.1 Diluted earnings per share has not been presented as the Group did not have any convertible instruments in issue as at June 30, 2019 and 2018 which would have any effect on the earnings per share if the option to convert is exercised.

33. CASH GENERATED FROM OPERATIONS

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Profit before income tax	2,403,201	3,129,379
Add / (Less): Adjustments for non-cash charges and other items		
Depreciation	794,912	536,808
Gain on disposal of property, plant and equipment	(3,125)	(4,005)
Gain on sale of open ended mutual fund units	-	(2,268)
(Reversal) / provision for stores, spares and loose tools	(239)	6,300
Interest income	(10,589)	(10,423)
Finance cost	648,444	205,094
Employee benefit obligations	82,769	96,334
Share of net income of associate accounted for using the equity method	(24,665)	-
Profit before working capital changes	3,890,708	3,957,219

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

2019 2018
----- (Rupees '000) -----

Effect on cash flow due to working capital changes

Decrease / (increase) in current assets

Inventories	242,768	(1,725,584)
Trade receivables	(85,144)	(529,427)
Loans and advances	(9,432)	(2,116)
Short term deposits and prepayments	(24,730)	1,064
Tax refunds due from Government - Sales tax	106,683	207,485
Other receivables	34,931	(53,806)
	265,076	(2,102,384)

(Decrease) / Increase in current liabilities

Trade and other payables	(983,095)	1,595,895
	(718,019)	(506,489)

Cash generated from operations

	3,172,689	3,450,730
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34. CASH AND CASH EQUIVALENTS

Cash and bank balances - note 14	450,262	634,395
Short-term running finance - note 22	(1,419,202)	(1,362,508)
Export refinance facility - note 22.1 & 22.4	(2,000,000)	-
	(2,968,940)	(728,113)

35. REMUNERATION TO CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements for remuneration to Chief Executive, Executive Directors and Executives are as follows:

	Chief Executive		Executive Director		Executives	
	2019	2018	2019	2018	2019	2018
	----- (Rupees '000) -----					
Managerial remuneration	33,355	30,333	17,176	15,615	228,791	177,585
Housing allowance	9,097	8,270	4,987	4,533	52,805	45,259
Utility allowance	4,043	3,675	1,108	1,007	11,734	10,058
Bonus	18,531	23,610	10,158	13,192	107,566	97,923
Retirement benefits	-	-	4,248	3,861	30,939	32,565
Others	5,343	3,092	3,466	2,887	29,508	18,942
	70,369	68,980	41,143	41,095	461,343	382,332
Number of persons	1	1	1	1	79	58

The Chief Executive, Executive Director and certain Executives are provided with free use of Group maintained cars and are also provided with medical facilities in accordance with their entitlements.

In addition to the above, fee paid to 4 (2018: 4) non-executive directors for attending Board of Directors meetings during the year amounted to Rs. 3.7 million (2018: Rs. 3 million).

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

36. TRANSACTIONS WITH RELATED PARTIES 2019 ----- (Rupees '000) ----- 2018

Transactions with related parties during the year are as follows:

Holding company

Dividend paid	770,176	1,299,671
Bonus shares issued	192,544	-
Recovery of expenses	2,364	2,511

Group companies

Purchase of goods	482,601	336,968
Reimbursement of expenses	5,847	3,065
Recovery of expenses from related parties	7,515	9,604

Other related parties

Payments made to retirement benefit funds	186,464	169,994
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Key management personnel

Loans and advances recovered during the year	4,005	3,004
Salaries and other short-term employee benefits	107,264	106,214
Post-employment benefits	4,248	3,861

The related party status of outstanding balances as at June 30, 2019 is included in other receivables, loans and advances and trade and other payables. These are settled in the ordinary course of business.

36.1 Following are the related parties including associated companies with whom the company had entered into transactions or have arrangement / agreement in place:

S.No.	Company Name	Basis of relationship	Aggregate % of Shareholding
1.	Pharaon Investment Group Limited Holding S.A.L., Lebanon (PIGL) - note 36.1.1	Parent / Holding Company	84.06%
2.	Attock Petroleum Limited	Group Company / Common directorship	N/A
3.	Attock Refinery Limited	Group Company / Common directorship	N/A
4.	Falcon Pakistan (Private) Limited	Group Company / Common directorship	N/A
5.	National Refinery Limited	Group Company / Common directorship	N/A
6.	Pakistan Oilfields Limited	Group Company / Common directorship	N/A
7.	The Attock Oil Company Limited	Group Company / Common directorship	N/A

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

36.1.1 PIGL is a company incorporated in Lebanon having registered address at 221, Sami Solh Avenue, PO Box 116-5418, Beirut, Lebanon. The Chief Executive Officer of PIGL is Mr. Laith Pharaon. As per the latest available financial statements which are prepared on going concern basis, PIGL's auditors have expressed an unmodified opinion.

37. NUMBER OF EMPLOYEES

	2019	2018
Number of employees at June 30		
- Regular	970	926
- Contractual	27	47
	*997	*973
<i>* This includes 895 (2018: 864) number of factory employees</i>		
Average number of employees during the year		
- Regular	952	855
- Contractual	30	30
	**982	**885

*** This includes 879 (2018: 798) number of factory employees*

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial risk factors

The Group's activities expose it to variety of financial risks namely market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost effective funding as well as manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

38.2 Financial assets and liabilities by category and their respective maturities

	2019			2018		
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total
	----- (Rupees '000) -----					
Financial assets						
At amortised cost						
Loans, advances and deposits	111,312	147,533	258,845	74,895	147,251	222,146
Trade receivables	795,061	-	795,061	709,917	-	709,917
Other receivables	48,932	-	48,932	83,863	-	83,863
Bank balances	409,184	-	409,184	622,957	-	622,957
Cash in hand	41,078	-	41,078	11,438	-	11,438
	1,405,567	147,533	1,553,100	1,503,070	147,251	1,650,321
Financial liabilities						
Long term finance	1,250,000	2,187,500	3,437,500	1,250,000	3,437,500	4,687,500
Trade and other liabilities	3,254,687	-	3,254,687	4,484,473	-	4,484,473
Unclaimed dividend	10,182	-	10,182	8,998	-	8,998
Short term borrowings	3,419,202	-	3,419,202	1,362,508	-	1,362,508
Accrued markup	143,867	-	143,867	88,773	-	88,773
	8,077,938	2,187,500	10,265,438	7,194,752	3,437,500	10,632,252
On statement of financial position date gap	(6,672,371)	(2,039,967)	(8,712,338)	(5,691,682)	(3,290,249)	(8,981,931)
Net financial liabilities						
Interest bearing	(4,573,998)	(2,039,967)	(6,613,965)	(2,418,132)	(3,290,249)	(5,708,381)
Non-interest bearing	(2,098,373)	-	(2,098,373)	(3,273,550)	-	(3,273,550)
	(6,672,371)	(2,039,967)	(8,712,338)	(5,691,682)	(3,290,249)	(8,981,931)

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

a) Market Risk

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. As per market practices Group borrowings are on variable interest rate exposing Group to interest rate risk.

At June 30, 2019, the Group has variable interest bearing financial liabilities of Rs. 7 billion (2018: Rs. 6.14 billion), and had the interest rate varied by 200 basis points with all the other variables held constant, profit before income tax for the year would have been approximately Rs. 140.01 million (2018: Rs. 122.78 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

(ii) Foreign exchange risk

Foreign currency risk arises mainly where payables and receivables exist due to transactions in foreign currencies. The Group's exposure to exchange risk comprise mainly due to receivable, payable and bank balance maintained in foreign currency account. At June 30, 2019, trade and other payables of Rs. 689.41 million (2018: Rs. 1,334.40 million), trade receivables of Rs. 536.72 million (2018: Rs. 497.33 million) and bank balance of Rs. 129.06 million (2018: Rs. 320.77 million) are exposed to foreign currency risk.

As at June 30, 2019, if the Pakistan Rupee had weakened / strengthened by 2% against US Dollar with all other variables held constant, profit before income tax for the year would have been lower / higher by Rs. 0.21 million (2018: Rs. 10.43 million), as a result of foreign exchange gains / losses on translation of US Dollar denominated trade and other payables, and trade debts.

As at June 30, 2019, if the Pakistan Rupee had weakened / strengthened by 2% against Euro with all other variables held constant, profit before income tax for the year would have been lower / higher by Rs. 0.28 million (2018: Rs. Nil), as a result of foreign exchange gains / losses on translation of Euro denominated trade and other payables, and trade debts.

As at June 30, 2019, if the Pakistan Rupee had weakened / strengthened by 2% against AED with all other variables held constant, profit before income tax for the year would have been higher / lower by Rs. 0.01 million (2018: Rs. 0.1 million), mainly as a result of foreign exchange losses / gains on translation of AED denominated bank balances.

The sensitivity of foreign exchange rates looks at the outstanding foreign exchange balances of the Group only as at the statement of financial position date and assumes this is the position for a full twelve-month period. The volatility percentages for movement in foreign exchange rates have been used due to the fact that historically (five years) rates have moved on average basis by the mentioned percentages per annum.

(iii) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to individual financial instrument company, its issuer, or factors affecting all similar financial instrument traded in the market. The Group has no investment at June 30, 2019 which is subject to change in market price.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparts failed to perform as contracted. The maximum exposure to credit risk is equal to the carrying amount of financial assets. Out of the total financial assets of Rs. 1,553.1 million (2018: Rs. 1,650.3 million) the financial assets exposed to the credit risk amounts to Rs. 1,512 million (2018: Rs. 1,638.9 million). The carrying values of financial assets are as under:

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Trade receivables	795,061	709,917
Deposits, loans, advances and other receivables	307,777	306,009
Bank balances	409,184	622,957
	<u>1,512,022</u>	<u>1,638,883</u>

Trade receivables of the Group are not exposed to significant credit risk as the Group trades with credit worthy third parties and obtains bank guarantees from its credit customers. As of June 30, 2019, secured and unsecured trade receivables amounted to Rs. 768.74 million and Rs. 26.32 million (2018: Rs. 694.06 million and Rs. 15.85 million) respectively. Moreover, there is no impaired balance and the carrying amount of trade receivables relates to customers for whom there is no history of default.

Deposits, loans, advances and other receivables are not exposed to any material credit risk as deposits of Rs. 99.94 million (2018: Rs. 99.94 million) are maintained with the K-Electric Limited and loans & advances to employees amounting to Rs. 122.41 million (2018: Rs. 108.09 million) are secured against their retirement benefits.

The cash and bank balances represent low credit risk as major balances are placed with banks having credit ratings of A or above as assigned by PACRA or JCR-VIS.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management believes that it will be able to fulfill its financial obligations.

d) Fair values of the financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair value.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

38.3 Capital Risk Management

The Group's objectives when managing capital are to safeguard Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

The debt to capital ratio at June 30, 2019 was as follows:

	2019 ----- (Rupees '000) -----	2018 ----- (Rupees '000) -----
Total borrowings	6,856,702	6,050,008
Cash and bank - note 14	(450,262)	(634,395)
Net debt	6,406,440	5,415,613
Equity	16,955,354	15,089,764
Total capital	23,361,794	20,505,377
Debt to capital ratio	27%	26%

39. CAPACITY AND PRODUCTION

	2019 ----- (Metric tons) -----	2018 ----- (Metric tons) -----
Production capacity		
- Clinker	2,883,000	2,883,000
- Cement	3,027,150	3,027,150
Actual production		
- Clinker	3,184,363	2,482,551
- Cement	2,447,665	2,309,345

39.1 The production capacity is based on standard 300 days basis. Actual production is based on actual production days.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

40. DETAILS OF SUBSIDIARY COMPANY

Name of Subsidiary	Financial year end
Saqr Al-Keetan for Cement Production Company Limited	June 30

Set out below is summarised financial information of subsidiary that has NCI:

	2019 ----- (Rupees '000) -----	2018 -----
Percentage Holding	60.00%	60.00%
Total Assets	4,753,845	2,777,193
Total Liabilities	195,395	65,120
Total Comprehensive Income / (Loss)	-	-
Allocated to NCI	-	-
Accumulated NCI	-	-
Cash and Cash Equivalent	147,677	309,458

41. CORRESPONDING FIGURES

Due to the application of IFRS 15, freight charges relating to Exports that were previously classified in Distribution costs have now been netted off against Revenue from Exports.

42. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on July 29, 2019 has proposed cash dividend of Rs. 4 per share (2018: Rs. 8 per share) and issue of Nil bonus shares for every 100 shares (2018: 20) amounting to Rs. 550 million (2018: Rs. 916 million) and Rs. Nil (2018: Rs. 229 million) subject to the approval of the Holding Company in the forthcoming annual general meeting.

43. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved and authorised for issue by the Board of Directors on July 29, 2019.



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director