Half Yearly Report 31 December 2019

Power Cement

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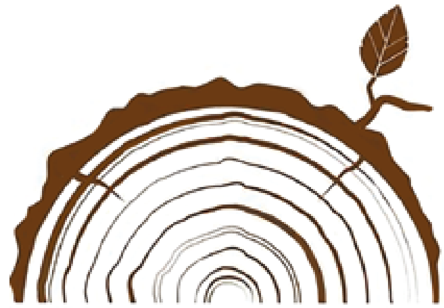
Scaling the peaks of growth

ARIF HABIB GROUP

Contents

Corporate Information



Board of Directors

Mr. Nasim Beg	Chairman
Mr. Muhammad Kashif Habib	Chief Executive
Mr. Samad A. Habib	
Mr. Syed Salman Rashid	
Mr. Anders Paludan-Müller	
Mr. Javed Kureishi	
Ms. Saira Nasir	

Audit Committee

Ms. Saira Nasir	Chairperson
Mr. Nasim Beg	Member
Mr. Syed Salman Rashid	Member

HR & Remuneration Committee

Mr. Javed Kureishi	Chairman
Mr. Muhammad Kashif Habib	Member
Mr. Syed Salman Rashid	Member

Chief Financial Officer & Company Secretary

Mr. Tahir Iqbal

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Awais Aziz Advocate

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi – 74400.

Principal Bankers / Lenders

Allied Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
First Credit & Investment Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
Pak Oman Investment Company Limited
The Bank of Punjab
Summit Bank Limited
The Bank of Khyber
Bank Al Habib Limited
Samba Bank Limited
DEG - Deutsche Investitions-
und Entwicklungsgesellschaft mbH
The OPEC Fund for International Development ("OFID")
Islamic Corporation for the Development
of the Private Sector ("ICD")

Registered Office

Arif Habib Centre, 23 M.T Khan Road, Karachi

Website

www.powercement.com.pk

Contact Number

021-32468231-32
021-32468350-51

Fax Number:

021-32463209

Factory

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

Directors' Review

The Directors of your Company present herewith their review along with the un-audited condensed interim financial information for the six months period 31 December 2019.

INDUSTRY OVERVIEW

During the period under review, the Cement industry posted a growth of 6.51% amounting to 24.75 million tons compared with 23.24 million tons last year. Local dispatches increased to 20.37 million tons from 19.68 million tons in the same period last year. Exports however registered a healthy increase of 22.91 percent, increasing to 4.38 million tons from 3.56 million tons in the same period last year.

The plants located in the South Zone, where your Company is situated, registered a decline of 27% in domestic sales whereas their exports increased by 42%. Domestic dispatches were 2.97 million tons and exports were 2.96 million tons. As a result, the South Zone closed at total dispatches of 5.93 million tons recording a net decline of 4%. In the Northern Zone, local dispatches increased by 11.6% and export demand for the same period declined by 3.8% recording a net growth of 10.3% as compared to the corresponding period.

BUSINESS PERFORMANCE

Production & sales volume performance

The production and sales volume statistics (in tons) of your Company for the Six Months ended 31 December 2019 together with the corresponding period is as under:

Particulars	Six Months Period Ended		
	31 December 2019	31 December 2018	Variance %
	In Tons		
Cement production	225,180	307,903	(27 %)
Clinker production	72,217	329,872	(78 %)
Clinker purchase	59,441	-	100%

Capacity utilization of the old plant (Line I and II) remained on the lower side at 16% as compared to 73% of the corresponding period. This was mainly due to higher inventory levels available from the previous period, as well as the reduction of 27% in the offtake of Southern Region plants; and local procurement of clinker due to delay in commissioning of new plant.

Particulars	Six Months Period Ended		
	31 December 2019	31 December 2018	Variance %
	In Tons		
Cement dispatches (Local)	188,890	305,356	(38%)
Cement dispatches (Export)	2,495	3,495	(29)%
Total	191,385	308,851	(38%)

FINANCIAL PERFORMANCE

An analysis of the key financial results of your Company for the Six Months ended 31 December 2019 is as under:

Particulars	Six Months Period Ended	
	31 December 2019	31 December 2018
	Rs. ' 000	
Sales revenue	1,252,942	2,018,137
Gross (Loss) / profit	(335,159)	197,812
(Loss) / Profit after tax	(365,816)	9,718
(Loss) / Earnings per share (Rupee)	(0.34)	0.01

Sales volumes remained significantly low during the period primarily due to fall in market demand in the Southern Region. The cut-throat competition in the region due to surplus capacities has put adverse pressure on selling prices. The axel load regime has been a major concern for the industry and the reason for significantly higher transportation costs on input materials as well as lower retentions. The steep rise in fuel, power and packing material costs further lead to gross losses for the period.

TRIAL RUN STATUS OF THE NEW LINE III

The installation of new Line III including Waste Heat Recovery System (WHRS) has been completed and now the trial run phase is successfully going on. The Company's management is confident that Commercial Operation Date (COD) shall be declared in the month of March 2020. The Company is now producing the world's highest cement quality of 53 Grade.

FUTURE OUTLOOK

With the Country's current economic challenges and macro-economic scenario, the Cement industry outlook is expected to remain challenging and continue to put adverse pressure on profitability.

The management is fully aligned with the rapid changes in regulatory regime and market dynamics. Efforts are being made to curtail the costs wherever possible and create a price efficient sales mix (including expords), to maximize profitability, mitigate market risks, meet future challenges and maintain business growth.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

Muhammad Kashif Habib
Chief Executive Officer

Nasim Beg
Chairman

Karachi: 27 February 2020

KPMG Taseer Hadi & Co.
Chartered Accountants
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Karachi, 75530 Pakistan

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Independent Auditors' Review Report

To the members of Power Cement Limited
Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed statement of financial position of Power Cement Limited ("the Company") as at 31 December 2019 and the related condensed statement of profit or loss and other comprehensive income, condensed statement of cash flows, and condensed statement of changes in equity, and notes to the condensed interim financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matters

We draw attention to note 11 to the interim financial statements which state the reasons for recording an asset in relation to a refund claim of excise duty amounting to Rs.189.467 million and reversal of loan from previous sponsors amounting to Rs.115.192 million in the interim financial statements, respectively. Our conclusion is not qualified in respect of these matters.

Other Matter

The figures for the quarter ended 31 December 2019 and 31 December 2018 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is **Muhammad Taufiq**.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 27 February 2020

Karachi

Condensed Interim Statement of Financial Position

As at 31 December 2019

	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
		(Rupees in '000)	
ASSETS			
Non-current Assets			
Property, plant and equipment	6	37,972,710	32,942,295
Right-to-use assets		54,691	-
Long-term investments	7	14,589	14,100
Deferred tax assets		711,843	413,291
Long-term deposits		19,635	19,635
		38,773,468	33,389,321
Current Assets			
Stores, spares and loose tools	8	1,169,371	931,858
Stock-in-trade	9	386,116	603,185
Trade debts - considered good	10	376,039	386,499
Advances and other receivables - unsecured, considered good		2,136,812	3,397,779
Trade deposits and short-term prepayments		41,945	9,757
Tax refunds due from government	11	1,747,596	637,464
Short-term investments		27,899	27,899
Cash and bank balances	12	541,248	624,641
		6,427,026	6,619,082
TOTAL ASSETS		45,200,494	40,008,403
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,200,000,000 (30 Jun 2019: 1,200,000,000) Ordinary shares of Rs.10/- each		12,000,000	12,000,000
Issued, subscribed and paid-up capital			
1,063,414,434 (30 Jun 2019: 1,063,414,434) Ordinary shares of Rs. 10/- each	13	10,634,144	10,634,144
Capital Reserve			
Share premium		750,714	750,714
Revenue Reserves			
Hedging reserve		66,120	351,081
Accumulated profit		119,785	485,601
		11,570,763	12,221,540
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing	14	17,871,097	17,959,094
Advance from related party	15	1,501,000	-
Lease liabilities		49,062	-
Staff retirement benefits		70,554	57,923
		19,491,713	18,017,017
CURRENT LIABILITIES			
Loan from previous sponsors	16	735	735
Trade and other payables	17	4,563,801	3,534,574
Unclaimed dividend		126	126
Accrued mark-up		1,521,509	1,153,972
Short-term financing	18	7,869,388	4,904,444
Current portion of lease liabilities		6,464	-
Current portion of long term financing		175,995	175,995
		14,138,018	9,769,846
CONTINGENCIES AND COMMITMENTS	19		
TOTAL EQUITY AND LIABILITIES		45,200,494	40,008,403

The annexed notes from 1 to 32 form an integral part of this condensed interim financial statements.

Chief Financial Officer	Chief Executive	Director

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income (Un-audited)

For the six months and quarter ended 31 December 2019

	Note	Six months period ended 31 December 2019	Six months period ended 31 December 2018 Restated	Quarter ended 31 December 2019	Quarter ended 31 December 2018 Restated
		(Rupees in '000)			
Sales - net	20	1,252,942	2,018,137	669,919	1,126,025
Cost of sales	21	(1,588,101)	(1,820,325)	(908,809)	(1,007,870)
Gross (loss) / profit		(335,159)	197,812	(238,890)	118,155
Selling and distribution expenses	22	(68,380)	(57,392)	(32,771)	(23,358)
Administrative expenses	23	(89,232)	(73,533)	(43,021)	(39,333)
Impairment loss on trade debts		(7,537)	(32,200)	(7,537)	(3,124)
Other income	24	36,930	320	36,880	291
Other operating income / (expense)	25	143,138	(61,268)	130,871	(36,607)
		14,919	(224,073)	84,422	(102,131)
Operating (loss) / profit		(320,240)	(26,261)	(154,468)	16,024
Finance income		8,612	10,841	3,595	9,877
Finance cost		(207,156)	(77,988)	(77,861)	(34,868)
Finance cost - net		(198,544)	(67,147)	(74,266)	(24,991)
Loss before taxation		(518,784)	(93,408)	(228,734)	(8,967)
Taxation	26	152,968	103,126	(144,998)	24,013
(Loss) / profit after taxation		(365,816)	9,718	(373,732)	15,046
Other comprehensive income :					
Items that are or may be reclassified subsequently to profit or loss					
Cash flow hedge - effective portion of changes in fair value Net of deferred tax		(284,961)	-	(198,193)	-
Total comprehensive (loss) / income for the period		(650,777)	9,718	(571,925)	15,046
			Restated		Restated
		(Rupees)			
(Loss) / Earnings per share - basic and diluted		(0.34)	0.01	(0.35)	0.01

The annexed notes from 1 to 32 form an integral part of this condensed interim financial statements.

Chief Financial Officer	Chief Executive	Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the six months ended 31 December 2019

	Note	Six months period ended 31 December 2019	2018 Restated
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	27	(106,988)	(398,825)
Gratuity paid		(46,069)	(8,218)
Income tax paid		(55,990)	(27,437)
Financial charges paid		(131,023)	(48,852)
		(233,082)	(84,507)
Net Cash used in operating activities		(340,070)	(483,332)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure - operations		(564,338)	(7,035,950)
Capital expenditure - Project Line III		(3,601,920)	(120,638)
Investments released during the period		-	10,353
Proceeds from sale of property, plant and equipment		36,864	-
Interest received		8,124	475
Net cash used in investing activities		(4,121,270)	(7,145,760)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds / (repayments) from long-term financing			
- Project Line III Finance		(87,997)	5,295,894
Advance from related party		1,501,000	(110,000)
Net cash generated from financing activities		1,413,003	5,185,894
Net decrease in cash and cash equivalents		(3,048,337)	(2,443,198)
Cash and cash equivalents at beginning of the period		(4,279,803)	87,701
Cash and cash equivalents at end of the period	28	(7,328,140)	(2,355,497)

The annexed notes from 1 to 32 form an integral part of this condensed interim financial statements.

Chief Financial Officer	Chief Executive	Director

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

For the six months ended 31 December 2019

			Capital Reserve	Revenue Reserves		
	(Rupees in '000)					
	Issued, subscribed and paid up capital	**Advance against right shares**	**Share premium**	**Accumulated (loss) / profit)**	**Hedging Reserve**	**Total Equity**
Balance as at 1 July 2018, as previously reported	10,634,144	-	750,714	(85,796)	-	11,299,062
Adjustment on initial application of IFRS 9 - net of tax	-	-	-	(8,790)	-	(8,790)
Balance as at 1 July 2018 - restated	10,634,144	-	750,714	(94,586)	-	11,290,272
Total comprehensive income for the period						
Profit for the period - restated	-	-	-	9,718	-	9,718
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	9,718	-	9,718
Balance as at 31 December 2018	10,634,144	-	750,714	(84,868)	-	11,299,990
Balance as at 1 July 2019	10,634,144	-	750,714	485,601	351,081	12,221,540
Total comprehensive income for the period						
(Loss) / profit for the period	-	-	-	(365,816)	-	(365,816)
Other comprehensive (loss) / income for the period	-	-	-	-	(284,961)	(284,961)
Total comprehensive income for the period	-	-	-	(365,816)	(284,961)	(650,777)
Balance as at 31 December 2019	10,634,144	-	750,714	119,785	66,120	11,570,763

The annexed notes from 1 to 32 form an integral part of this condensed interim financial statements.

Chief Financial Officer	Chief Executive	Director

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

For the six months ended 31 December 2019

1. STATUS AND NATURE OF BUSINESS

Power Cement Limited (the Company) was established as a Private Limited Company on 1 December 1981 and was converted into a Public Limited Company on 9 July 1987. The Company is also listed on Pakistan Stock Exchange. The Company's principal activity is manufacturing, selling and marketing of cement. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi and its undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Jamshoro (Sindh).

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 "This condensed interim financial statements has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

-International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 This condensed interim financial statements does not include all the statements required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 30 June 2019.

2.1.3 The comparative condensed interim statement of financial position presented in these condensed interim financial statements have been extracted from the audited annual financial statements of the Company for the year ended 30 June 2019, whereas the comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the period ended 31 December 2018.

2.1.4 This condensed interim financial statements is un-audited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Limited. This condensed interim financial statements comprise of the statement of financial position as at 31 December 2019 and statement of profit or loss account and other comprehensive income, statement of cash flows and statement of changes in equity for the six months period ended 31 December 2019.

2.2 Basis of Measurement

This condensed interim financial statements has been prepared under the historical cost convention except for the Company's liability under its defined benefit plan (gratuity) which is determined on the present value of defined benefit obligation as determined by an independent actuary.

2.3 Functional and presentation currency

This condensed interim financial statements is presented in Pakistani Rupees which is also the Company's functional currency and all financial statements presented has been rounded-off to the nearest thousand Rupees except where stated otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited financial statements for the year ended 30 June 2019 except for the adoption of new standards effective as of 01 July 2019 as referred to in note 4.1 to these condensed interim financial statements.

3.1 New standards, interpretations and amendments adopted by the Company

The Company has initially adopted IFRS 16 'Leases', from 1st July 2019. The impact of adoption of this standard and the new accounting policy is disclosed in note 4.1 below. A number of other pronouncements are effective from 1 July 2019 as detailed in Company's annual audited financial statement as at and for the year ended 30 June 2019, but they do not have a material effect on this condensed interim financial statements and therefore have not been detailed.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

-Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

-Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

-On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contain changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRS and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

-Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

-IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term ‘regulatory deferral account balance’ has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRS. The standard is not likely to have any effect on Company’s financial statements.

4. CHANGE IN ACCOUNTING POLICIES

The following accounting standard became effective during the period as applicable in Pakistan for the first time for the period ended 31 December 2019 and are relevant to the Company.

4.1 IFRS 16 "Leases”

"The Company has adopted IFRS 16 'Leases' from July 01, 2019. IFRS 16 has introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligations to make lease payments.

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4 'Determining whether an Arrangement contains a Lease'. Under IFRS 16, the Company determines whether a contract is or contains a lease based on the definition of a lease.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of lease under IFRS 16 was applied only to contracts entered into or changed on or after July 1, 2019.

B. As a lessee

As a lessee, the Company previously classified leases as operating leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases, i.e. these leases are on-balance sheet. The Company has elected to apply the IFRS 16 requirements on the rented properties only. Low value assets, if there any, are and shall remain excluded from its application. The Company shall recognize the lease payments associated with any low value assets as an expense on a straight-line basis over the lease term.

i. Significant accounting policies

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or the Company’s incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain to be exercised.

The Company has applied judgement to determine the lease term for some lease contacts in which it is a lessee that includes renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

ii. Transition

Previously, the Company classified property leases as operating leases under IAS 17. The lease typically runs for a period of 3 to 10 years. Some leases include an option to renew the lease for an additional five years after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in local price indices.

At transition, lease liabilities were measured at the present value of the remaining lease payments discounted at the Company’s incremental borrowing rate as at July 1, 2019. The Right-of-use assets were measured at the amount of leased liability, adjusted by the amount of prepaid lease payments recognized in the statement of the financial position immediately before the date of initial application.

The impact of adoption of IFRS 16 on the condensed interim statement of financial position as at 31 December 2019 is as follows:

	Note	**(Un-audited) 31 December 2019**	(un-audited) 1 July 2019
		(Rupees in '000)	
Right-of-use assets		54,691	60,243
Lease liabilities		55,526	60,243

4.2 IFRS 9 "Financial instruments"

The adoption of the above standards, amendments and interpretation are not expected to have any material impact on the Company's condensed interim financial statements. However, pursuant to SECP press release dated February 15, 2019, IFRS 9 adoption was deferred till the financial year / period ended on June 30, 2019 with a retrospect impact on retained earning as on July 01, 2018. Accordingly, condensed interim financial statements for the half year ended 31 December 2018 were not prepared on the basis of IFRS 9 and therefore the comparative figures for the half year ended 31 December 2019 have been restated. Summary of change is presented below:

	(Un-audited) Six months period ended 31 December 2018		
	Before application of IFRS-9	**Impact of IFRS-9**	**After application of IFRS-9**
	(Rupees in '000)		
Class of transaction			
Impairment loss on trade debts and other receivables - net	4,841	27,360	32,200

5. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

5.1 The preparation of condensed interim financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

5.2 The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statement as at and for the year ended 30 June 2019 except for those related to IFRS 16 as explained in note 4.1.

5.3 The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2019.

6 PROPERTY, PLANT AND EQUIPMENT

	Note	**(Un-audited) 31 December 2019**	(Audited) 30 June 2019
		(Rupees in '000)	
Operating assets	6.1	13,217,731	5,145,979
Capital work-in-progress - Clinker production Line-III (CP)	6.2	19,565,463	16,905,088
Cement production and Dispatch Plant Line-III (CPD)	6.3	-	8,093,009
Capital work-in-progress -			
Waste Heat Recovery System (WHRS)	6.4	1,863,711	-
Capital work-in-progress - Others	6.5	2,909,492	2,375,317
Capitalisable stores and spares - Project Line III	6.6	318,061	318,061
Capitalisable stores and spares	6.7	98,252	104,841
		37,972,710	32,942,295

6.1 Operating assets	Note	**(Un-audited) 31 December 2019**	(Audited) 30 June 2019
		(Rupees in '000)	
Opening written down value		5,145,979	5,110,695
Additions during the period / year - at cost			
Plant and machinery		17,811	126,772
Plant and machinery - Cement Production and Dispatch Plant Line III (CPD)		8,093,009	-
Factory building on leasehold land		-	1,255
Non Factory building on leasehold land		-	1,553
Leasehold Improvement		-	3,607
Factory and laboratory equipment		4,345	8,912
Quarry equipment		532	179
Computers and peripherals		2,843	3,407
Office equipment		-	3,682
Furniture and fixtures		11,144	11,405
Vehicles		78	24,856
		8,129,762	185,628
Written down value of deletions during the period / year		(2,380)	(233)
Depreciation for the period / year		(55,630)	(150,111)
		(58,010)	(150,344)
Closing written down value		13,217,731	5,145,979
6.2 Capital work-in-progress - Clinker production Line-III (CP)			
Opening balance		16,905,088	14,610,588
Additions	6.2.1	2,660,375	2,294,500
Closing balance		19,565,463	16,905,088

6.2.1 This includes difference of trial production sales amounting to Rs.148 million (2018: Nil) and related cost of Rs. 271 million (2018: Nil) which has been charged to the cost of plant.

	(Un-audited) 31 December 2019	(Audited) 30 June 2019
6.3 Cement production and Dispatch Plant Line-III (CPD)	(Rupees in '000)	
Opening balance	8,093,009	-
Additions during the period / year	-	8,093,009
Transferred to operating fixed assets	(8,093,009)	-
Closing balance	-	8,093,009
6.4 Capital work-in-progress - Waste Heat Recovery System (WHRS)		
Opening balance	-	-
Additions during the period / year	1,863,711	-
Closing balance	1,863,711	-
6.5 Capital work-in-progress - Others		
Opening balance	2,375,317	-
Additions during the period / year	534,175	2,375,317
Closing balance	2,909,492	2,375,317
6.6 Capitalisable stores and spares - Project Line III		
Opening balance	318,061	-
Additions during the period / year	-	318,061
Transferred to property, plant and equipment	-	-
Closing balance	318,061	318,061

6.7 Capitalisable Stores and Spares - Existing	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
		(Rupees in '000)	
Opening balance		104,841	122,061
Additions during the period / year		1,543	57,825
Transferred to property, plant and equipment		(8,132)	(75,045)
Closing balance		98,252	104,841

7 INVESTMENTS

At amortized cost

This represents Defence Saving Certificates (DSCs) with a period of 10 years having maturity in 2026. These carry mark-up at effective interest rate of 7.44% per annum (June 2019: 7.44% per annum). These DSCs are pledged with the Nazim of Sindh High Court as disclosed in note 23.1.11 of annual financial statements for the year ended 30 June 2019.

8 STORES, SPARES AND LOOSE TOOLS	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
		(Rupees in '000)	
Stores		342,974	251,304
Coal	8.1	461,627	316,667
Spare parts		365,605	372,738
Loose tools		12,684	4,668
		1,182,890	945,377
Provision for slow moving / obsolete stock		(13,519)	(13,519)
		1,169,371	931,858

8.1 This includes Coal-in-transit amounting to Rs. 91 million (2018: Nil).

9 STOCK-IN-TRADE	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
Raw material		65,717	27,294
Packing material		54,964	43,172
Work-in-process		135,557	480,056
Finished goods		129,878	52,663
		386,116	603,185

10 TRADE DEBTS - Considered good	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
Unsecured			
- Due from related parties	10.1	57,868	96,147
- Others		350,421	315,065
		408,289	411,212
Less: Provision for doubtful debts		(32,250)	(24,713)
		376,039	386,499

10.1 The related parties from whom the debts are due are as under:	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
Javedan Corporation Limited		17,521	11,470
Safe Mix Concrete Products Limited		40,244	84,622
Aisha Steel Mills Limited		103	55
		57,868	96,147

11 TAX REFUND DUE FROM GOVERNMENT	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
Income tax refundable/adjustable		541,390	445,008
Sales tax refundable		1,016,739	2,989
Excise duty receivable	11.1 & 11.2	189,467	189,467
		1,747,596	637,464

11.1 From 1993-94 to 1998-99, excise duty was levied and recovered from the Company being wrongly worked out on retail price based on misinterpretation of sub section 2 of section 4 of the Central Excise Act, 1944 by Central Board of Revenue. Such erroneous basis of working of excise duty has been held, being without lawful authority, by the Honourable Supreme Court of Pakistan as per its judgement dated February 15, 2007. Accordingly, the Company filed an application to the Collector of Federal Excise and Sales Tax to refund the excess excise duty amounting to Rs.182.604 million.

The refund was however, rejected by Collector of Appeals vide order in appeal number 01 of 2009 dated 19 March 2009 and Additional Collector, Customs, Sales tax and Federal excise vide its order in original number 02 of 2009 dated 24 January 2009 primarily based on the fact that the Company has failed to discharge the burden of proof to the effect that incidence of duty had not been passed on to the customers of the Company. Accordingly, the Company filed an appeal before the Learned Appellate Tribunal Inland Revenue (ATIR) regarding CED which, vide its order dated 23 May 2012 held that the requisite documents proving the fact that the incidence of duty had not been passed on to the customers of the Company has been submitted by the Company and therefore the Company has discharged its onus. Based on the foregoing the original order number 01 of 2009 dated 19 March 2009 and order number 02 of 2009 dated 24 January 2009 were set aside by ATIR and appeal was allowed.

Based on the decision by ATIR and the tax advisor's opinion that the refund claim is allowed to the company, the company recorded the refund claim receivable with a corresponding credit to the profit & loss account. The matter has been challenged by the Tax department in the High Court. However, the management based on legal advisor's opinion is confident of a favourable outcome. The Company is actively pursuing the matter for the settlement of the said refund claim.

11.2 The Company received an order from Additional Collector, Hyderabad vide order no. 22 of 2000 alleging that Central Excise Duty of Rs. 6.863 million was not paid on certain sales for the years 1995-1996 and 1996-1997. The said amount was paid by the Company, however, a corresponding receivable was recorded. The Company filed an appeal in Honourable Sindh High Court which was rejected vide order dated 29 May 2007. The Company then filed a petition in Honourable Supreme Court of Pakistan which was disposed off vide order dated 18 July 2011 with the permission to approach the Court of Civil jurisdiction. Accordingly, a civil suite was filed by the Company challenging the order of Deputy Collector of Customs, Central Excise & Sales Tax, Hyderabad. The management in consultation with its lawyer is confident that the outcome of the case would be in favour of the Company and that the amount deposited above would be recovered.

12 CASH AND BANK BALANCES

	Note	**(Un-audited) 31 December 2019**	(Audited) 30 June 2019
		(Rupees in '000)	
Cash in hand		908	775
Cash with banks:			
- In current accounts		439,197	326,732
- In savings accounts	12.1	99,143	295,134
- Term deposits	12.2	2,000	2,000
		541,248	624,641

12.1 These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 6.5% - 12% (30 June 2019: 6.5% - 12%).

12.2 This includes term deposit certificate with local banks and carry profit at declared rates of 3.14% - 7.2%. (30 June 2019: 6.5% - 12.5%).

13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Un-audited) 31 December 2019	**(Audited) 30 June 2019**		**(Un-audited) 31 December 2019**	**(Audited) 30 June 2019**
(Number of Shares)			(Rupees in '000)	
		Fully paid ordinary shares of Rs. 10 each issued:		
1,051,234,846	1,051,234,846	For cash	10,512,348	10,512,348
840,000	840,000	For consideration other than cash	8,400	8,400
11,339,588	11,339,588	Bonus shares	113,396	113,396
1,063,414,434	1,063,414,434		10,634,144	10,634,144

14 LONG TERM FINANCING - secured

	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
		(Rupees in '000)	
Long-Term Loan - Project Line III		18,047,092	18,135,089
Less: current maturity shown under current liabilities		(175,995)	(175,995)
		17,871,097	17,959,094

15 ADVANCE FROM RELATED PARTY

	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
Advance from related party	15.1	1,501,000	-

15.1 This represent the contribution made by the sponsor of the Company towards the cost overrun of the project LINE III. Subsequent to the Balance Sheet date, the Board has approved an increase in the Authorized Capital of the Company by amending its Memorandum & Articles of Association. Once the formalities for increase in Authorized Capital are completed then in future Board will consider and decide its conversion into share capital.

16 LOAN FROM PREVIOUS SPONSORS

The management of the Company was taken over by purchasing controlling shareholding during the year 2005. One of the condition of takeover of the management from the previous sponsors was that the amount payable in respect of this loan was required to be adjusted in respect of any differences in the value of assets and/or unrecorded liabilities. However, due to dispute regarding existence of certain assets, unrecorded liabilities etc., the final amount of the previous sponsor's loan remained undetermined and unsettled and the matter was referred for arbitration as per the Share Purchase Agreement between the management and the previous sponsors. The amount outstanding as at 30 June 2012 amounted to Rs.115.927 million i.e. Rs. 234.076 million net off with unavailable stores and spares of Rs. 118.149 million.

In 2013, the arbitrator decided in favour of the Company and determined an amount of Rs. 0.735 million to be paid by the Company. The award has been sent to the Registrar High Court of Sindh for making the award a rule of Court. The management, based on its lawyers' advice is of the opinion that despite of objection filed by the previous sponsors against the arbitration award, the Company has strong grounds considering the fact that the Arbitration Award has been announced in the Company's favour and the arbitration award will be made a rule of Court. Accordingly, the management had reversed the liability with a corresponding credit in the profit or loss account. However, as previous sponsors filed objections to the award, the matter is disclosed as a contingent liability.

17 TRADE AND OTHER PAYABLES

	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
		(Rupees in '000)	
Trade creditors		388,819	195,398
Project Line III creditors		1,030,456	2,317,538
Payable against WHRS		1,573,307	-
Bills payable		135,967	263,775
Bills payable Line III		988,381	320,955
Accrued liabilities		114,757	85,512
Royalty payable on raw material		3,671	154
Excise duty payable on raw material		3,755	3,174
Advance from customer		168,907	128,974
Retention money payable		1,130	1,130
Federal excise duty payable		76,227	20,426
Workers' welfare fund (WWF)		5,012	5,012
Withholding tax payable		24,232	128,985
Leave encashment payable		15,263	23,188
Current maturity of staff retirement benefits		-	39,168
Others		33,917	1,185
		4,563,801	3,534,574

18 SHORT TERM FINANCING - secured

	Note	(Un-audited) 31 December 2019	(Audited) 30 June 2019
Conventional			
Running finances	18.1	1,719,378	491,700
Islamic			
Istisna / Running Musharaka - Operation	18.2	2,500,000	-
Istisna / Running Musharaka - Project Line III	18.2	3,650,010	4,412,744
		7,869,388	4,904,444

18.1 This represents short-term running finance facilities from various banks amounting to Rs. 500 million (30 June 2019: Rs. 300 million). These carry applicable mark-up at the rate ranging between 3 months KIBOR plus 1% to 3 months KIBOR plus 3% (30 June 2019: 3 months KIBOR plus 1% to 3 months KIBOR plus 3%) per annum calculated on daily product basis. Mark-up on these facilities is payable quarterly. These facilities are obtained on annually renewable and are secured by first pari passu charge against current & fixed assets of the Company. Pertinent to mention that outstanding mentioned above includes cheques issued for payment, which the Company will manage through its financial arrangements.

The aggregate amount of aforementioned facilities which has not been availed as at the reporting date amounts to Nil. (30 June 2019: Rs.15,125 million).

18.2 This represents istisna/musharaka and mubaraha facilities amounting to Rs. 6,300 million (30 June 2019: Rs. 4,500 million) repayable with a maximum tenure of 180 days from the date of disbursement. It carries applicable profit at the rates ranging from KIBOR plus 0.75% to KIBOR plus 3% (30 June 2019: KIBOR plus 1% to KIBOR plus 3%). These facilities have been obtained on annually renewable basis. As at the reporting date unavailed amount under these facilities amounts to Rs.100 million (30 June 2019: Rs. 88 million). These are secured by first pari passu charge against current & fixed assets of the Company.

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

There is no change in the status of the contingencies as disclosed in note 23.1 to the annual financial statements for the year ended 30 June 2019, except as mentioned below.

The Company's advances and other receivables include Rs 56 million in respect of amounts paid under protest to Hyderabad Electric Supply Company (HESCO) in respect of 'Quarter tariff' and 'Distribution margin charges'. The Company being aggrieved by the levy of these charges has filed a constitutional petition with the High Court of Sindh.

19.2 Commitments

	Note	**(Un-audited) 31 December 2019**	(Audited) 30 June 2019
		(Rupees in '000)	
Commitments against open letter of credit for:			
Coal		394,306	431,346
Stores and spares		90,739	15,128
		485,045	446,474
Commitments against letter of guarantees		684,500	1,192,000
Commitment against purchase of land		-	61,370
Ijarah rentals		51,304	38,819
		1,220,849	1,738,663

20. SALES - NET

	(Un-audited) Six months period ended 31 December 2019	2018
	(Rupees in '000)	
Local	1,951,442	2,951,387
Export	28,874	34,948
	1,980,316	2,986,335
Less :		
Sales tax	(349,590)	(510,164)
Federal excise duty	(377,784)	(458,034)
	(727,374)	(968,198)
	1,252,942	2,018,137

20.1 Disaggregation of revenue

As required for the condensed interim financial statements, the Company disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

In the following table, revenue is disaggregated by major product lines:

	Note	(Un-audited) Six months period ended 31 December 2019	2018
		(Rupees in '000)	
Major Product Lines:			
Ordinary Portland Cement		1,224,068	1,880,601
Sulphate Resistant Cement		28,874	137,536
		1,252,942	2,018,137

21. COST OF SALES

		2019	2018
Salaries, wages and other benefits including retirement benefits		137,936	157,307
Raw materials consumed		36,794	106,569
Packing material consumed		87,011	144,898
Stores, spares and loose tools		19,996	102,409
Fuel and power		672,607	1,399,652
Insurance		3,736	5,323
Repairs and maintenance		27,175	29,143
Depreciation		41,739	68,497
Other production overheads		30,844	26,077
		1,057,838	2,039,875
Work in process			
Opening		480,056	173,256
Purchases		262,979	-
Closing		(135,557)	(394,768)
		607,478	(221,512)
Cost of goods manufactured		1,665,316	1,818,363
Finished goods			
Opening		52,663	66,174
Closing		(129,878)	(64,212)
		(77,215)	1,962
		1,588,101	1,820,325

22. SELLING AND DISTRIBUTION EXPENSES

		2019	2018
Salaries, wages and other benefits including retirement benefits		26,955	23,042
Export expenses		17,781	13,243
Advertisement		7,116	2,903
Depreciation		2,584	1,895
Marking fee		1,125	3,231
Incentives and commission on local sales		6,977	10,369
Others		5,842	2,709
		68,380	57,392

23. ADMINISTRATIVE EXPENSES

		2019	2018
Salaries, wages and other benefits including retirement benefits		32,435	23,230
Travelling and conveyance		469	1,479
Printing and stationery		2,218	2,211
Repair and maintenance		189	1,142
Legal and professional charges		957	2,326
Auditor's remuneration		1,104	951
Rent, rates and taxes		8,478	10,173
Advertisement		-	730
Postage, telephone and telegram		1,600	2,508
Entertainment		6,631	2,795
Ijarah payments		6,512	4,830
Fees and subscription		8,913	6,027
Depreciation and Amortization		14,236	9,128
Charity and donation		1,143	2,567
Miscellaneous		4,347	3,436
		89,232	73,533

24. OTHER INCOME

	Note	(Un-audited) Six months period ended 31 December 2019	2018
		(Rupees in '000)	
Gain on disposal of fixed assets		36,864	248
Scrap sales		66	72
		36,930	320

25. OTHER OPERATING EXPENSES

Exchange (gain) / loss - Operations		(16,845)	38,542
Exchange (gain) / loss - WHRS		(52,470)	-
Exchange (gain) / loss - Line III Bills payable		(73,823)	-
Workers' Profit Participation Fund		-	22,726
		(143,138)	61,268

26. TAXATION

During the period commercial production of the Company's "Cement Production & Dispatch" project started – the project was financed through equity proceeds and is hence entitled for a tax credit under section 65 E of the Income Tax Ordinance, 2001 for a period of five years. However, due to the availability of sufficient tax credit booked last year, no tax asset/ income (in respect of tax credit available u/s 65 E) has been recorded in the books of accounts in this period.

27. CASH (USED IN) OPERATIONS

	Note	(Un-audited) Six months period ended 31 December 2019	2018
		(Rupees in '000)	
Loss before taxation		(518,784)	(93,408)
Adjustment for:			
Depreciation and amortization		55,631	79,520
Finance cost on short term financing		207,156	73,416
Finance cost on long term financing - Operations		-	4,572
Exchange loss on bills payable & Others		(143,138)	38,542
Gain on disposal of fixed assets		(36,864)	(248)
Finance income		(8,613)	(10,841)
Provision for gratuity		19,531	13,301
		93,703	198,262
Operating profit before working capital changes		(425,081)	104,854
Decrease / (Increase) in current assets			
Stores, spares and loose tools		(237,513)	182,630
Stock-in-trade		217,068	(236,633)
Trade debts		10,460	(157,099)
Advances and other receivables		102,383	35,963
Trade deposits and prepayments		(32,188)	(21,045)
		60,210	(196,184)
Decrease in Trade and other payables		257,883	(307,495)
Net cash (used in) / from operations		(106,988)	(398,825)

28. CASH AND CASH EQUIVALENTS

Cash and bank balances	12	541,248	1,094,647
Short term borrowings	18	(7,869,388)	(3,450,144)
		(7,328,140)	(2,355,497)

29. MEASUREMENT OF FAIR VALUES

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

	As at 31 December 2019 (Un-audited)						
				Fair value			
	Amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value							
Defence savings certificates	14,589	-	14,589				
Long term deposits	19,635	-	19,635				
Trade debts	376,039	-	376,039				
Advances and other receivables	2,136,812	-	2,136,812				
Trade deposits and prepayments	41,945	-	41,945				
Tax refunds due from government	1,747,596	-	1,747,596				
Short term investments	27,899	-	27,899				
Cash and bank balances	541,248	-	541,248				
	4,905,764	-	4,905,764				
Financial assets not measured at fair value							
Long-term financing	-	17,871,097	17,871,097				
Advance from related party	-	1,501,000	1,501,000				
Current portion of long term financing	-	175,995	175,995				
Loan from previous sponsors	-	735	735				
Trade and other payables	-	4,563,801	4,563,801				
Unclaimed dividend	-	126	126				
Lease liabilities	-	55,526	55,526				
Mark-up accrued	-	1,521,509	1,521,509				
Short-term financing	-	7,869,388	7,869,388				
	-	33,559,177	33,559,177				

	As at 30 June 2019 (Audited)						
				Fair value			
	Amortized Cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)						
Financial assets not measured at fair value							
Defence saving certificates	14,100	-	14,100				
Long term deposits	19,635	-	19,635				
Trade debts	386,499	-	386,499				
Advances and other receivables	3,397,779	-	3,397,779				
Trade deposits and prepayments	8,115	-	8,115				
Tax refunds due from government	637,464	-	637,464				
Short term investments	27,899	-	27,899				
Cash and bank balances	624,641	-	624,641				
	5,116,132	-	5,116,132				
Financial liabilities not measured at fair value							
Long-term financing	-	18,135,089	18,135,089				
Current portion of long term financing	-	175,995	175,995				
Loan from previous sponsors	-	735	735				
Trade and other payables	-	3,534,574	3,534,574				
Unclaimed dividend	-	126	126				
Mark-up accrued	-	1,153,972	1,153,972				
Short-term financing	-	4,904,444	4,904,444				
	-	27,904,935	27,904,935				

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

30. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Parties which are related to the Company in pursuit of IAS 24 'Related Party Disclosures' including associates, staff retirement benefit plans and key management personnel are considered for disclosure of related party transactions.

Transactions with related parties

Name of the related party	Relationship	Transactions during the period	(Un-audited) Six months period ended 31 December 2019 (Rupees in'000)	2018 (Rupees in'000)
Aisha Steel Mills Limited	Associated company by virtue of common directorship	- Sale of goods	163	1,473
		- Payment received	115	1,752
Safe Mix Concrete Limited	Associated company by virtue of common directorship	- Sale of goods	20,934	210,695
		- Payment received	65,312	116,100
Javedan Corporation Limited	Associated company by virtue of common directorship	- Sale of goods	35,803	31,187
		- Payment received	29,752	35,976
Rotocast Engineering Company (Private) Limited	Associated company by virtue of common directorship	- Services received	6,982	4,074
		- Rent accrued	10,289	6,859
		- Payments made	17,436	10,487
Arif Habib Corporation Limited	Associated company by virtue of common directorship	- Loan received	416,000	-
		- Loan paid	416,000	-
		- Mark-up accrued	14,442	-
		- Mark-up paid	9,300	-
		- Guarantee commission accrued	790	-
		- Guarantee commission paid	817	-
Arif Habib Equity (Private) Limited	Associated company by virtue of common directorship	- Mark-up accrued	170,009	-
		- Mark-up paid	85,140	-
Sponsor - Mr. Arif Habib	Sponsor	- Advance from related party	1,501,000	-
EFU Life Assurance Limited	Associated company by virtue of common directorship	-Services received	2,641	2,357
		-Payments made	2,641	2,357
FLSmidth A/S	Related party by virtue of nominee director	- Purchase of goods	689,000	1,852,825
		- Payment made	-	1,852,825
Fatima Packaging Limited	Associated company by virtue of common directorship	-Purchase of goods	41,006	-
		-Payments made	15,005	-
Key management personnel	Key management	-Remuneration and other benefits	74,365	85,492
		-Advances disbursed to employees	5,367	-
		-Advances repaid by employees	6,048	1,111
Staff retirement benefit fund	Staff benefit plan	-Charge during the period	19,531	9,766
		-Contribution during the period	46,069	42,103

Balances with related parties	(Un-audited) 31 December 2019	(Audited) 30 June 2019
	(Rupees in '000)	
Aisha Steel Mills Limited		
- Trade receivable	103	55
Safe Mix Concrete Limited		
- Trade receivable	40,244	84,622
Javedan Corporation Limited		
- Trade receivable	17,482	11,431
- Other receivable	39	39
Rotocast Engineering Company (Private) Limited		
- Amount payable against services received	661	826
Arif Habib Corporation Limited		
- Mark-up & guarantee commission payable	5,534	421
Arif Habib Equity (Private) Limited		
- Loan payable (including mark-up)	2,014,244	1,929,375
Sponsor - Mr. Arif Habib		
- Advance from related party	1,501,000	-
FLSmidth A/S		
- Amount payable against goods purchased	988,381	320,955
Fatima Packaging Limited		
- Amount payable against goods purchased	37,197	11,197
Key management personnel		
- Advances to employees	40,080	40,761
Staff retirement benefit fund		
- Payable to gratuity fund	70,554	97,091

31. OPERATING SEGMENTS

31.1 This condensed interim financial statements have been prepared on the basis of single reporting segment.

31.2 Revenue from sale represents 100% (2019: 100%) of the total revenue of the Company.

31.3 99% (30 June 2019; 98%) sales of the Company relates to customers in Pakistan.

31.4 All non-current assets of the Company as at 31 December 2019 are allocated in Pakistan.

32. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial statements has been authorized for issue on 27 February 2020 by the Board of Directors.


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