

SHABBIR TILES AND CERAMICS LIMITED

Condensed Interim Financial Statements

For the First Quarter Ended September 30, 2020

(Un-Audited)



CONTENTS

01	Company Information
03	Directors' Report (English and Urdu)
06	Condensed Interim Statement of Financial Position
07	Condensed Interim Statement of Profit or Loss
08	Condensed Interim Statement of Comprehensive Income
09	Condensed Interim Statement of Changes in Equity
10	Condensed Interim Statement of Cash Flows
11	Notes to the Condensed Interim Financial Statements

Shabbir Tiles and Ceramics Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

Rafiq M. Habib
 Syed Masood Abbas Jaffery
 Muhammad Salman Burney
 Imran Ali Habib
 Abdul Hai M. Bhaimia
 Feroze Jehangir Cawasji
 Farhana Mowjee Khan

Chairman
 Chief Executive Officer
 Director
 Director
 Director
 Director
 Director

AUDIT COMMITTEE

Feroze Jehangir Cawasji
 Abdul Hai M. Bhaimia
 Farhana Mowjee Khan

Chairman
 Member
 Member

HUMAN RESOURCES AND
REMUNERATION COMMITTEE

Feroze Jehangir Cawasji
 Muhammad Salman Burney
 Syed Masood Abbas Jaffery

Chairman
 Member
 Member

CHIEF FINANCIAL OFFICER

Waquas Ahmed

COMPANY SECRETARY

Ovais Jamani

AUDITORS

EY Ford Rhodes
 Chartered Accountants

LEGAL ADVISOR

Munawar Malik & Co.
 Advocate Supreme Court

BANKERS

Habib Metropolitan Bank Limited
 Habib Bank Limited
 Dubai Islamic Bank Pakistan Limited
 Faysal Bank Limited
 Allied Bank Limited
 Meezan Bank Limited

REGISTERED OFFICE
AND FACTORY UNIT-1

15th Milestone, National Highway
 Landhi Industrial Area, Karachi-75120

Phone: (021) 38183610-3

Fax: (021) 38183615

E-mail: info@stile.com.pk

URL: <http://www.stile.com.pk>

REGISTRAR AND SHARE TRANSFER
OFFICE

CDC Share registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S
 Main Shahrah-e-Faisal, Karachi-74400. Phone: 0800 23275

URL: www.cdcsrsl.com

Email: info@cdcsrsl.com

FACTORY UNIT-2

Deh Khanto, Tappo Landhi, District Malir, Bin Qasim Town, Karachi

Phone: (021) 34102702

Fax: (021) 34102709

ISLAMABAD
(BUILDING MATERIAL PRODUCTS)

Plot No 1, ANF Empty Parking Road, Yamaha Chowk Road, Model Town,
 Humak, Islamabad.

LAHORE
(BUILDING MATERIAL PRODUCTS)

21 K.M , Ferozpur Road, Opposite , Ahmed CNG Pump, Lahore

COMPANY INFORMATIONSTILE EMPORIUM AND DESIGN STUDIOS
AND SALES OFFICES

STAR GATE EMPORIUM, KARACHI

Metro Cash & Carry, CAA, Near Star Gate, Main Shahrah-e-Faisal,
Karachi.

Phone: (021) 34601372-74

FACTORY EMPORIUM, KARACHI

15th Milestone, National Highway, Landhi Industrial Area, Karachi

Phone: (021) 38183610-3

DHA BUKHARI EMPORIUM, KARACHI

Plot 22-C, Lane 4, Bukhari Commercial, DHA, Phase VI, Karachi.

Phone: (021) 37249564

DHA 26TH STREET EMPORIUM, KARACHI

26th Street Plot C-8-C, DHA Phase 5, Karachi.

Phone: (021) 37228922

FRANCHISE EMPORIUM, KARACHI

Build Mate B82, MidWay Commercial B, Bahria Town Karachi

Phone: 0309-1202094

DHA EMPORIUM, LAHORE

Plot 90-CCA, DHA-4, Lahore

Phone: (042) 37185710-12

FRANCHISE EMPORIUM, LAHORE

E-105-1-C, Main Boulevard DHA Lahore

Phone: 0301-8282212

THOKAR NIAZ BAIG EMPORIUM, LAHORE

Metro Cash & Carry, Thokar Niaz Baig Multan Road, Lahore

Phone: 0300-0209626

MUREE ROAD EMPORIUM, RAWALPINDI

Al Shareef Plaza, Ground Floor, Shamsabad, Murree Road, Rawalpindi

Phone: (051) 4935521-6

ISLAMABAD EMPORIUM

Metro Islamabad, Plot No. 1-A, Sector 1-11/4, Near Sabzi Mandi,
Islamabad

Phone: (051) 8469524

PESHAWAR EMPORIUM

162/408 Tahkal Payan, University Road, Peshawar

Phone: (091) 3028068

FAISALABAD EMPORIUM

Talha Heights, Main Susan Road, P-243, 2A, Faisalabad

Phone: (041) 8739988

HYDERABAD EMPORIUM

Shop no. 11 & 12, Auto Bhan Tower, Latifabad No. 3, Hyderabad.

Phone: (022) 6112857

MULTAN EMPORIUM

Officers Colony, Main Bosan Road, Chungi No. 9, Next to Crystal Mall,
Multan.

Phone: (061) 2078492

SUKKUR SALES OFFICE

Tooba Tower, Mezzanine Floor, Opposite Hira Medical Centre, Sukkur
Phone:

Phone: (071) 5615560



SHABBIR TILES AND CERAMICS LIMITED
DIRECTORS' REPORT TO THE SHAREHOLDERS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

The Directors presents to you the financial results of your Company for the first quarter ended September 30, 2020.

BUSINESS CHALLENGES AND FINANCIAL PERFORMANCE

COVID-19 indicators in Pakistan showed a certain slowdown in Pakistan as the new financial year started. Most importantly, our prime objective remained safety of our employees and by the grace of Allah, the implemented preventive health measures as per Government guidelines, helped in controlling the risk of virus transmission. During the testing times, your Company continued its focus on quality product development along with better cost absorptions and bringing efficiencies to the process. Further, the stimulus created by the construction package has an overall positive impact on the industry. However, the sustainability of the business spur depends on the course of action taken by the Government, post December 2020.

The financial performance for the first quarter is summarized below:

Particulars	<i>Rs. in ' 000</i>	
	September 30, 2020	September 30, 2019
Turnover – net	2,305,199	1,665,484
Gross profit	714,093	245,088
Earnings before interest, tax and depreciation (EBITDA)	446,545	55,082
Profit/ (loss) before tax	260,440	(115,291)
Profit/ (loss) after tax	147,062	(128,617)
Earnings/ (loss) per share (Rs. / share)	0.61	(0.54)

During the period, net turnover increased by 38% whereas the cost of sales has been lower due to productivity improvement. As a result, gross profit margin for the current year has improved significantly from 15% to 31%. The overall profitability of the Company before tax grew to Rs. 260 million from a loss of Rs. 115 million in the same period last year. Overall, your Company delivered strong growth in earnings, with focus on sales, cost optimization and effective cash utilization.

FUTURE OUTLOOK

The Country's energy crisis is getting worse by the day, adversely affecting businesses and individuals alike. Demand of natural gas, being the most cost-effective energy source, is increasing at an alarming rate while reserves are depleting with the passage of time. Further, the recent judgement of Honorable Supreme Court of Pakistan in relation to GIDC declaring it as intra-vires to the Constitution would further put cashflow pressures on the Company, however, the industry has filed review petition. Steady supply of gas with re-call of massive increase of tariff and decision of GIDC in favour of industry, is vital for tile production which needs to be prioritized by the Government to provide stability to local manufacturers and avoid costly imports. Further, it is extremely important that Government understands the importance of continuity of construction package in 2021 to bring in sustainability to the economic stimulus. We anticipate that the initiatives taken on documentation of economy should be implemented uniformly without any discrimination and should not be unfair burden for compliant Tile companies.

We remain grateful to our stakeholders for their confidence in the Company in the toughest of time and their tireless efforts in guiding the business again on the path of growth and prosperity. With your continuous support and by the grace of the Almighty, we remain committed to deliver good performance.

On behalf of the Board of Directors

SYED MASOOD ABBAS JAFFERY
Chief Executive Officer

FEROZE JEHangIR CAWASJI
Director

شبیر ٹائلز اینڈ سرامکس لمیٹڈ
حصص یافتگان کے لئے ڈائریکٹرز رپورٹ
 برائے پہلی سہ ماہی اختتامیہ 30 ستمبر، 2020

ڈائریکٹرز 30 ستمبر 2020 کو ختم ہونے والی پہلی سہ ماہی میں آپ کو آپ کی کمپنی کے مالی نتائج پیش کرتے ہیں۔

کاروباری چیلنجز اور مالی کارکردگی

نیا مالی سال شروع ہوتے ہی پاکستان میں کورونا وائرس کی وجہ سے کاروبار میں تھوڑی سست روی دکھائی دی۔ اس دوران ہمارا بنیادی مقصد ہمارے ملازمین کی حفاظت رہا اور اللہ کے فضل و کرم سے، گورنمنٹ کی رہنما ہدایات کے مطابق نافذ شدہ حفاظتی تدابیر نے وائرس کے پھیلاؤ کے خطرے کو کنٹرول کرنے میں مدد فراہم کی۔ اس مشکل وقت میں آپ کی کمپنی نے معیاری مصنوعات کی ترقی، لاگت کی بہتر جزیبیت اور عمل میں افادیت لانے پر توجہ مرکوز رکھی ہے۔ مزید یہ کہ تعمیراتی پیکج کے ذریعہ پیدا کردہ محرک کا صنعت پر مجموعی طور پر مثبت اثر پڑتا ہے تاہم، کاروبار میں استحکام کا انحصار دسمبر 2020 کے بعد، حکومت کی طرف سے اٹھائے گئے اقدامات پر ہوگا۔

سہ ماہی کی مالی کارکردگی کا خلاصہ ذیل ہے:

روپے ہزاروں میں

تفصیلات	30 ستمبر 2020	30 ستمبر 2019
خالص فروخت	2,305,199	1,665,484
مجموعی منافع	714,093	245,088
آمدنی قبل از شرح سود، ٹیکس اور فرسودگی (EBITDA)	446,545	55,082
منافع / (نقصان) قبل از ٹیکس	260,440	(115,291)
منافع / (نقصان) بعد از ٹیکس	147,062	(128,617)
آمدنی / (نقصان) فی حصص (روپے / حصص)	0.61	(0.54)

اس عرصے کے دوران، خالص فروخت میں 38 فیصد کا اضافہ ہوا ہے جبکہ پیداواری صلاحیت میں بہتری کی وجہ سے فروخت کی لاگت کم رہی ہے۔ اس کے نتیجے میں، مجموعی منافع کا تناسب پچھلے سال کے 15 فیصد کے مقابلے میں 31 فیصد رہا ہے۔

اس عرصے کے دوران کمپنی کا قبل از ٹیکس منافع 260 ملین روپے تک پہنچ چکا ہے، جبکہ پچھلے سال کے اس عرصے کے دوران کمپنی کو 115 ملین روپے کا قبل از ٹیکس نقصان ہوا تھا۔

مجموعی طور پر، آپ کی کمپنی نے فروخت، لاگت کی اصلاح اور موثر نقد کے استعمال پر توجہ دینے کے ساتھ ساتھ، آمدنی میں مضبوط ترقی کی ہے۔

مستقبل کا نقطہ نظر

ملک میں توانائی کا بحران روز بروز بگڑتا جا رہا ہے ، جس سے کاروبار اور افراد ، دونوں پر یکساں اثر پڑ رہا ہے۔ قدرتی گیس کا مطالبہ ، جو توانائی میں سرمایہ کاری کا سب سے مؤثر ذریعہ ہے ، تیزی سے بڑھ رہا ہے جبکہ وقت گزرنے کے ساتھ ساتھ ذخائر بھی کم ہو رہے ہیں مزید یہ کہ ، گیس انفراسٹرکچر ڈیولپمنٹ سیس (جی آئی ڈی سی) کے سلسلے میں معزز سپریم کورٹ آف پاکستان کے حالیہ فیصلے سے ، جو کہ صنعت کے خلاف ہے ، کمپنی کے کیش فلو پر مزید دباؤ پڑے گا۔ تاہم ، صنعت نے نظرثانی کی درخواست دائر کر دی ہے۔

گیس کے نرخ کے اضافے میں نظرثانی اور صنعت کے حق میں جی آئی ڈی سی کے فیصلے کے ساتھ گیس کی مستقل فراہمی ، ٹائل کی تیاری کے لئے ضروری ہے، جو حکومت کی پہلی ترجیح ہونی چاہئے تاکہ مقامی صنعت کاروں کو استحکام فراہم ہو اور مہنگی درآمدات سے بچا جاسکے۔ مزید یہ کہ ، یہ انتہائی ضروری ہے کہ حکومت معیشت میں استحکام لانے کے لئے 2021 میں تعمیراتی پیکج کے تسلسل کی اہمیت کو سمجھے۔

ہم توقع کرتے ہیں کہ معیشت کی دستاویزات پر اٹھائے گئے اقدامات کو بغیر کسی امتیازی سلوک کے یکساں طور پر نافذ کیا جانا چاہئے اور اس کی تعمیل کرنے والی ٹائلز کمپنیوں کے لئے غیر منصفانہ بوجھ نہیں ہونا چاہئے۔

ہم اس انتہائی مشکل وقت میں کمپنی پر اعتماد اور کاروبار کو دوبارہ ترقی اور خوشحالی کی راہ پر گامزن کرنے پر اپنے اسٹیک ہولڈرز کی کوششوں پر ان کے شکر گزار ہیں۔

آپ کے مستقل تعاون اور اللہ تعالیٰ کے فضل و کرم سے ، ہم اچھی کارکردگی پیش کرنے کے لئے پرعزم ہیں۔

برائے و منجانب - بورڈ آف ڈائریکٹرز

Imam J. Cassy

فیروز جہانگیر کاوسجی
ڈائریکٹر

S. M. Abbas

سید مسعود عباس جعفری
چیف ایگزیکٹو آفیسر

کراچی: 28 اکتوبر ، 2020

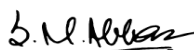
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	September 30, 2020 (Un-audited)	June 30, 2020 (Audited)
Note	------(Rupees in `000)-----	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7	2,563,387
Right-of-use assets	8	244,611
Investment property		7,967
Long-term loans		157
Long-term security deposits		22,886
		<u>2,839,008</u>
CURRENT ASSETS		
Stores and spare parts		347,745
Stock-in-trade	9	1,153,931
Trade debts	10	257,488
Loans and advances		21,862
Deposits, prepayments and other receivables		11,542
Short term investments	11	660,055
Taxation - net		-
Cash and bank balances		511,114
		<u>2,963,737</u>
		<u>5,802,745</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital 240,000,000 (June 2020: 240,000,000) ordinary shares of Rs. 5/- each		1,200,000
Issued, subscribed and paid-up capital		1,196,600
Reserves		669,510
		<u>1,866,110</u>
NON-CURRENT LIABILITIES		
Long-term financing	12	100,200
Lease liabilities	13	183,583
Deferred taxation - net		135,844
		<u>419,627</u>
CURRENT LIABILITIES		
Trade and other payables		2,846,722
Unclaimed dividends		2,812
Unpaid dividend		1,644
Accrued mark-up		1,856
Current maturity of long-term financing		59,800
Current maturity of lease liabilities	13	86,387
Short-term running finance		78,323
Income tax payable		11,221
Sales tax payable		428,243
		<u>3,517,008</u>
CONTINGENCIES AND COMMITMENTS	14	-
		<u>5,802,745</u>

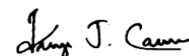
The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

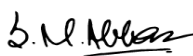
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020
(UN-AUDITED)

	Quarter ended	
	September 30, 2020	September 30, 2019
	----- (Rupees in '000) -----	
Turnover - net	2,305,199	1,665,484
Cost of sales	(1,591,106)	(1,420,396)
Gross profit	714,093	245,088
Selling and distribution costs	(358,019)	(284,686)
Administrative expenses	(83,553)	(67,658)
Reversal / (allowance) for expected credit loss	14,584	(6,521)
	(426,988)	(358,865)
Other income	17,356	14,239
Operating profit / (loss)	304,461	(99,538)
Finance costs	(15,884)	(15,753)
Other expenses	(28,137)	-
	(44,021)	(15,753)
Profit / (loss) before taxation	260,440	(115,291)
Taxation		
- Current	(110,045)	(24,962)
- Deferred	(3,333)	11,636
	(113,378)	(13,326)
Profit / (loss) after taxation	147,062	(128,617)
	----- (Rupee) -----	
Earnings / (loss) per share – basic and diluted	0.61	(0.54)

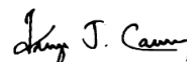
The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

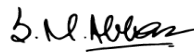
SHABBIR TILES AND CERAMICS LIMITED
 CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020
 (UN-AUDITED)

	Quarter ended	
	September 2020	September 2019
	----- (Rupees in '000) -----	
Profit / (loss) after taxation	147,062	(128,617)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	147,062	(128,617)

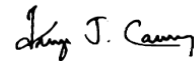
The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

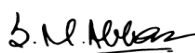
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2020
(UN-AUDITED)

	Issued, subscribed and paid-up capital	Reserves				Total equity
		Capital reserve	Revenue reserves			
			Share premium	General reserve	Accumulated losses	
----- (Rupees in `000) -----						
Balance as at June 30, 2019	1,196,600	449,215	478,000	(19,163)	908,052	2,104,652
Loss for the period	-	-	-	(128,617)	(128,617)	(128,617)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period				(128,617)	(128,617)	(128,617)
Balance as at September 30, 2019	1,196,600	449,215	478,000	(147,780)	779,435	1,976,035
Balance as at June 30, 2020	1,196,600	449,215	478,000	(404,767)	522,448	1,719,048
Profit for the period	-	-	-	147,062	147,062	147,062
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	147,062	147,062	147,062
Balance as at September 30, 2020	1,196,600	449,215	478,000	(257,705)	669,510	1,866,110

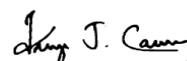
The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

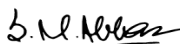
SHABBIR TILES AND CERAMICS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020
(UN-AUDITED)

	September 30, 2020	September 30, 2019
Note	----- (Rupees in `000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	260,440	(115,291)
Adjustments for:		
Depreciation on:		
operating fixed assets	7.1 149,298	154,310
right-of-use assets	8 20,613	-
investment property	310	310
Finance costs	15,884	15,753
Dividend income	(55)	-
(Decrease) / increase in allowance for expected credit loss	(14,583)	6,521
Provision for slow moving stores and spare parts	3,689	9,093
(Reversal) / provision for slow moving stock-in-trade	(3,205)	2,310
Gain on disposal of operating fixed assets	(342)	(342)
	171,609	187,955
Operating profit before working capital changes	432,049	72,664
(Increase) / decrease in current assets		
Stores and spare parts	(14,309)	(88,476)
Stock-in-trade	68,320	(69,851)
Trade debts	14,046	(75,551)
Loans and advances	9,824	(6,133)
Deposits and prepayments	(424)	(11,922)
	77,457	(251,933)
Increase in current liabilities		
Trade and other payables	388,738	51,334
Sales tax payable	40,644	124,778
	429,382	176,112
Cash generated from (used in) operations	938,888	(3,157)
Income tax (paid) / refund - net	(32,792)	183,441
Finance costs paid	(8,803)	(17,381)
Long-term loan - net	27	5
Long-term deposits - net	-	(715)
Net cash generated from operating activities	897,320	162,193
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(41,597)	(44,721)
Proceeds from disposal of operating fixed assets	1,520	7,967
Short term investment made during the period	(50,000)	-
Net cash used in investing activities	(90,077)	(36,754)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(109,100)	(200,000)
Lease rental paid	13.1 (25,689)	-
Net cash used in financing activities	(134,789)	(200,000)
Net increase / (decrease) in cash and cash equivalents	672,454	(74,561)
Cash and cash equivalents at the beginning of the period	370,337	(64,254)
Cash and cash equivalents at the end of the period	1,042,791	(138,815)

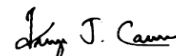
The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



WAQUAS AHMED
Chief Financial Officer



SYED MASOOD ABBAS JAFFERY
Chief Executive Officer



FEROZE JEHANGIR CAWASJI
Director

SHABBIR TILES AND CERAMICS LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020
 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Shabbir Tiles and Ceramics Limited (the Company) was incorporated in Pakistan as a public limited company under the repealed Companies Act 1913 (now the Companies Act 2017) on November 07, 1978 and listed on the Pakistan Stock Exchange Limited. The Company is primarily engaged in the manufacture and sale of tiles and trading of allied building products.

Geographical location and addresses of all the business units are as under:

Business	Address	Production Facility
Registered office & production plant (Unit 1):	15th Milestone, National Highway, Landhi, Karachi.	Tiles & building material products
Production plant (Unit 2):	Deh Khanto, Tappo Landhi, District Malir, Bin Qasim Town Karachi.	Tiles
Production plant (Islamabad):	Plot No 01, ANF road, Yamaha Chok Road, Model Town, Humak, Islamabad.	Building material products
Production plant (Lahore):	Godown 21- KM Ferozpur Road, Opp. Ahmed CNG Pump Lahore.	Building material products

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which 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 requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. BASIS OF PREPARATION

These condensed interim financial statements are un-audited and do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2020.

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2020 except for the adoption of new standards, amendments and improvements of International Financial Reporting Standards (IFRSs) as disclosed in note 5.

5. NEW STANDARDS, AMENDMENTS AND IMPROVEMENTS OF IFRSs

The Company has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current period:

Standard or interpretation:

IFRS - 3	Definition of a Business (Amendments)
IFRS - 9 / IAS - 39 / IFRS - 7	Interest rate benchmark reform (Amendments)
IAS - 1 / IAS - 8	Definition of Material (Amendments)

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's interim financial statements.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended June 30, 2020 except for significant judgement in determining the lease term of contracts with renewal options.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2020.

	Note	September 30, 2020 (Rupees in `000) (Un-audited)	June 30, 2020 (Rupees in `000) (Audited)
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	7.1	2,486,542	2,619,310
Capital work-in-progress	7.2	76,845	52,956
		<u>2,563,387</u>	<u>2,672,266</u>

7.1 Operating fixed assets

Opening Net Book Value (NBV)		2,619,310	3,078,484
Additions during the period / year - at cost	7.1.1	17,708	176,914
		<u>2,637,018</u>	<u>3,255,398</u>
Disposals during the period / year - at NBV	7.1.1	(1,178)	(9,411)
Depreciation charged during the period / year		(149,298)	(626,677)
Closing NBV		<u>2,486,542</u>	<u>2,619,310</u>

7.1.1 Additions and disposals of operating fixed assets

	Additions at cost / Transfers		Disposals at NBV	
	September 30, 2020 (Rupees in `000) (Un-audited)	June 30, 2020 (Rupees in `000) (Audited)	September 30, 2020 (Rupees in `000) (Un-audited)	June 30, 2020 (Rupees in `000) (Audited)
Buildings	-	4,735	-	-
Plant and machinery	16,742	162,342	1,172	7,481
Office equipment	430	5,429	2	-
Computers and accessories	536	1,878	4	-
Vehicles	-	2,530	-	1,930
	<u>17,708</u>	<u>176,914</u>	<u>1,178</u>	<u>9,411</u>

	Note	September 30, 2020 (Rupees in `000) (Un-audited)	June 30, 2020 (Rupees in `000) (Audited)
7.2 Capital work-in-progress			
Plant and machinery		44,112	50,530
Civil Works		32,733	2,426
	7.2.1	<u>76,845</u>	<u>52,956</u>

7.2.1 Movement in capital work-in-progress

Balance at the beginning of the period / year		52,956	37,832
Additions during the period / year		40,630	118,871
Transfers to operating fixed assets		(16,741)	(103,747)
Balance at the end of the period / year		<u>76,845</u>	<u>52,956</u>

8	RIGHT-OF-USE ASSETS	Note	September 30,	June 30,
			2020	2020
			(Rupees in `000)	
			(Un-audited)	(Audited)
	Balance at the beginning of the period / year		267,718	-
	Impact of initial application of IFRS 16 as at July 01, 2019		-	275,211
	Additions during the period / year		-	70,925
	Reassessment of right of use assets		(2,494)	
			<u>265,224</u>	<u>346,136</u>
	Depreciation charged during the period / year		(20,613)	(78,418)
	Balance at the end of the period / year		<u>244,611</u>	<u>267,718</u>

9 STOCK-IN-TRADE

Includes stock-in-trade costing Rs. 237.856 million (June 2020: Rs. 117.769 million) which has been written down to its net realizable value (NRV) amounting to Rs. 137.168 million (June 2020: Rs. 63.020 million).

10	TRADE DEBTS - unsecured	Note	September 30,	June 30,
			2020	2020
			(Rupees in `000)	
			(Un-audited)	(Audited)
	Considered good		257,488	256,951
	Considered doubtful		163,381	177,964
			<u>420,869</u>	<u>434,915</u>
	Allowance for expected credit loss		(163,381)	(177,964)
			<u>257,488</u>	<u>256,951</u>

11 SHORT TERM INVESTMENTS

Represents term deposit receipts and units of mutual funds amounting to Rs. 610 million (June 2020 : Rs. 200 million) and Rs. 50.055 million (June 2020 : Nil) respectively.

12 LONG-TERM FINANCING

Represents diminishing musharaka facility amounting to Rs.1,000 million (June 2020: Rs.1,000 million) under islamic banking terms which carries markup at rate of three months KIBOR + 0.70%(June 2020: three months KIBOR + 0.7%) per annum, payable quarterly with two year's grace period. The facility is secured against first pari passu mortgage and hypothecation over all present and future fixed assets (Land, building, plant and machinery). The loan is repayable within five years in ten equal semi annual installments.

13	LEASE LIABILITIES	Note	September 30,	June 30,
			2020	2020
			(Rupees in '000)	
			(Un-audited)	(Audited)
	Total lease liabilities	13.1	269,970	289,681
	Current maturity of lease liabilities		(86,387)	(91,397)
			<u>183,583</u>	<u>198,284</u>
13.1	Movement of total lease liabilities:	Note	September 30,	June 30,
			2020	2020
			(Rupees in '000)	
			(Un-audited)	(Audited)
	Balance at the beginning of the period / year		289,681	-
	Impact of initial application of IFRS 16 as at July 01, 2019		-	265,094
	Additions during the period / year		-	70,925
	Finance cost during the period / year		8,472	35,257
	Payments during the period / year		(25,689)	(81,595)
	Reassessment of lease liabilities		(2,494)	
	Balance at the end of the period / year	13.2	<u>269,970</u>	<u>289,681</u>

13.2 The maturity analysis of lease liabilities including total lease payments and present value of total lease payments is as follows;

Up to one year	86,387	91,397
After one year	183,583	198,284
Total lease payments	<u>269,970</u>	<u>289,681</u>

