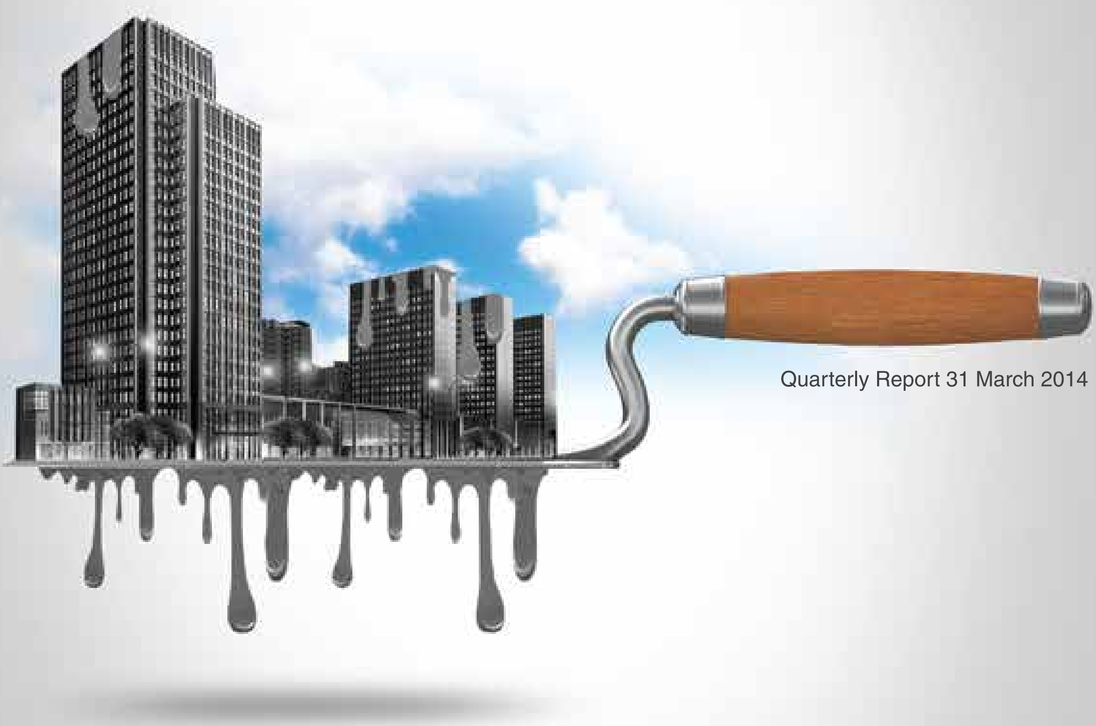
POWER CEMENT

مضبوطی۔ چٹانوں جیسی



Quarterly Report 31 March 2014

A Subsidiary of
ARIF HABIB GROUP

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Corporate Information

Board of Directors

Nasim Beg	Chairman
Kashif A. Habib	CEO
Samad A. Habib	Director
Muhammad Ejaz	Director
Muhammad Yousuf Adil	Director
Syed Salman Rashid	Director
Muhammad Yahya Khan	Director

Audit Committee

Muhammad Yousuf Adil	Chairman
Nasim Beg	Member
Muhammad Yahya Khan	Member
Syed Salman Rashid	Member

HR & Remuneration Committee

Muhammad Ejaz	Chairman
Kashif A. Habib	Member
Samad A. Habib	Member
Syed Salman Rashid	Member

Chief Financial Officer & Company Secretary

Basit Habib

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Cost Auditors

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Legal Advisor

Usmani & Iqbal
Advocate & Solicitors

Tax Advisor

Hyder Bhimji & Co.
Chartered Accountants

Share Registrar

Technology Trade (Private) Limited

Principal Bankers

Allied Bank Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited

Registered Office

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

Website

www.powercement.com.pk

Email Address

corporate@powercement.com.pk

Contact Number

021-32468231-32
021-32468351-52

Factory

Nooriabad Industrial Area,
Kalo Kohar District, Jamshoro, Sindh

Directors' Report

The Directors of your Company presents herewith the reviewed financial results of the Company for the nine months period ended 31 March 2014.

OVERVIEW

A comparison of the key financial results and operational performance of the Company for the nine months period ended 31 March 2014 along-with the corresponding period is as under.

Financial Results

PARTICULARS	Nine months period ended 31 March		Quarter ended 31 March	
	2014	2013 (Restated)	2014	2013 (Restated)
	---------------------- (Rupees '000) --------------------------			
Sales –net	2,621,337	2,546,711	934,926	1,091,532
Gross profit	165,654	469,641	81,699	253,047
(Loss) / profit before tax	(181,305)	338,124	(36,557)	100,190
Taxation	(10,813)	26,402	(19,003)	(20,329)
(Loss) / profit after tax	(192,118)	364,526	(55,560)	79,861
(Loss) / earnings per share (Rupee)	(0.52)	1.00	(0.15)	0.22

OPERATIONAL PERFORMANCE

During the period under review your Company has observed an increase of 2.9% in net sales revenue with a decrease of 8.1% in sales volume to 409,681 tons compared to 445,847 tons for the corresponding period last year. The local demand for cement has noticed a slight increase of 1% during the nine months period, with north zone showing increase of 3.94%, whereas the demand in south zone deteriorated by 5.8%. Your company's decrease in dispatches is in line with decrease in industry demand.

The gross profit margin of the Company has decreased to 6.3% as compared to 18.4% in the same period last year mainly due to increase in electricity rates and lower capacity utilization, however for the quarter ended March 31, 2014, your company has noticed improvement in GP margin of 8.7% as compared to 4.9% during the initial six months period, improvement in GP margins is attributable to the increase in cement prices to offset the increased electricity cost.

During the period, the Company produced 397,881 tons of Cement and 338,934 tons of Clinker as against the corresponding period production of 419,036 tons Cement and 432,942 tons Clinker. The translated decrease of 5 % and 21.9% in Cement and Clinker production respectively is mainly due to plant maintenances and planned shutdowns, particularly in the third quarter ended March 31, 2014.

FUTURE OUTLOOK

With the anticipation of extensive allocation of funds by the Government to the public sector development projects expected increase in cement demand is not noticed during the last three months, however government plans are much likely to positively affect demand for cement during the last quarter of the fiscal year. Overall cement demand has shown slight increase but mostly the increase pertains to north zone of country whereas the south zone of the country has deteriorated.

During the third quarter, your Company has shown a improvement in the gross profit margins due to effective cost control measures, rising cement prices and stable coal prices. The management of your Company is making all the necessary measures for the optimization of process and improvement of material management policies to curtail the production costs.

ACKNOWLEDGEMENT

We express our gratitude to all financial institutions, suppliers and customers having business relationship with us, for their continued support, cooperation and trust they have reposed in us. Further, we appreciate and thanks to the Securities and Exchange Commission of Pakistan, the management of Karachi and Lahore Stock Exchanges for their support and guidance. We would also like to share our deepest appreciation for all of our employees for their dedication, loyalty and hard work.

For and on behalf of the Board

Kashif A. Habib
Chief Executive Officer
25 April 2014

Condensed Interim Balance Sheet

As at 31 March 2014

	Note	Un-audited 31 March 2014	Audited 30 June 2013
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	6	4,325,024	4,250,180
Long term deposits		19,635	19,635
		4,344,659	4,269,815
CURRENT ASSETS			-
Stores, spares and loose tools	7	552,748	496,839
Stock-in-trade	8	140,666	324,979
Trade debts		124,480	138,445
Advances and other receivables	9	109,393	138,716
Trade deposits		11,668	7,436
Tax refunds due from government	10	245,730	238,862
Cash and bank balances		2,517	4,052
		1,187,202	1,349,329
		5,531,861	5,619,144
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
400,000,000 (400,000,000) Ordinary shares of Rs. 10/- each		4,000,000	4,000,000
Issued, subscribed and paid-up capital			
365,689,968 (365,689,968) Ordinary shares of Rs. 10/- each	11	3,656,900	3,656,900
Discount on issuance of right shares		(914,225)	(914,225)
General reserve		80,000	80,000
Accumulated loss		(1,513,362)	(1,327,304)
		1,309,313	1,495,371
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	12	1,202,111	1,867,062
Loan from Mr.Arif Habib - Interest free at present value	13	1,083,719	-
Deferred taxation		78,501	93,901
Deferred liabilities		33,461	30,810
		2,397,792	1,991,773
CURRENT LIABILITIES			
Loan from related party	14	735	735
Trade and other payables		852,863	857,898
Mark-up accrued		70,810	15,248
Short-term borrowings		581,218	958,322
Current portion of long term financing	12	319,130	299,797
		1,824,756	2,132,000
CONTINGENCIES AND COMMITMENTS	15		
		5,531,861	5,619,144

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE | DIRECTOR | CHIEF FINANCIAL OFFICER

Condensed Interim
Profit and Loss Account (Un-audited)

For the nine months period ended 31 March 2014

	Note	Nine months ended 31 March		Quarter ended 31 March	
		2014	2013 (Restated)	**2014**	2013 (Restated)
		-----------------------(Rupees in '000)		-----------------------	
Sales - net	16	**2,621,337**	2,546,711	**934,926**	1,091,532
Cost of sales	17	**(2,455,683)**	(2,077,070)	**(853,227)**	(838,485)
Gross profit		**165,654**	469,641	**81,699**	253,047
Distribution cost	18	**(216,479)**	(91,632)	**(60,416)**	(44,659)
Administrative expenses		**(56,470)**	(40,502)	**(17,031)**	(15,666)
Other operating income		**178,312**	299,366	**(6,510)**	1,186
Other expense		**(5,853)**	-	**-**	-
		(100,490)	167,232	**(83,957)**	(59,139)
Operating profit		**65,164**	636,873	**(2,258)**	193,908
Finance cost		**(246,469)**	(298,749)	**(34,299)**	(93,718)
(Loss) / profit before taxation		**(181,305)**	338,124	**(36,557)**	100,190
Taxation	19	**(10,813)**	26,402	**(19,003)**	(20,329)
(Loss) / profit after taxation		**(192,118)**	364,526	**(55,560)**	79,861
		-----------------------(Rupee)		-----------------------	
(Loss) / earnings per share - basic and diluted		**(0.52)**	1.00	**(0.15)**	0.22

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Interim
Statement of Comprehensive Income (Un-audited)

For the nine months period ended 31 March 2014

	Note	Nine months ended 31 March		Quarter ended 31 March	
		2014	2013 (Restated)	**2014**	2013 (Restated)
		(Rupees in '000)			
(Loss) / profit after taxation		**(192,118)**	364,526	**(55,560)**	79,861
Other comprehensive income					
Items not to be reclassified to profit and loss account in subsequent periods					
Remeasurement of defined benefit liability	3.1.1	**-**	(279)	**-**	(93)
Recongnition of deferred tax	3.1.1	**-**	84	**-**	29
Other comprehensive income for the period		**-**	(195)	**-**	(195)
Total comprehensive (loss) / income for the period		**(192,118)**	364,331	**(55,560)**	79,797

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

Condensed Interim
Cash Flow Statement (Un-audited)

For the nine months period ended 31 March 2014

	Note	Nine months period ended 31 March 2014	31 March 2013 (Restated)
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	**62,466**	165,616
Taxes paid		**(7,244)**	(23,884)
Financial charges paid		**(33,648)**	(50,713)
Gratuity - net		**(6,349)**	(5,485)
		(47,241)	(80,082)
Cash generated from operating activities		**15,225**	85,534
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(148,116)**	(101,931)
Sale proceeds from sale of fixed assets		**460**	315
Net cash used in investing activities		**(147,656)**	(101,616)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans received from related party - net		**488,500**	342,000
Repayment of long term liability		**(250,000)**	(250,000)
Net cash generated from financing activities		**238,500**	92,000
Net increase in cash and cash equivalents		**106,069**	75,918
Cash and cash equivalents at beginning of the period		**(554,770)**	(600,682)
Cash and cash equivalents at end of the period	21	**(448,701)**	(524,764)

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

For the nine months period ended 31 March 2014

	Capital reserve			Revenue Reserve			
	Share capital	Discount on issuance of right shares	Sub- total	General reserve	Accumulated loss	Sub-total	Total
	------(Rupees in '000)------						
Balance as at 1 July 2012	3,656,900	(914,225)	2,742,675	80,000	(1,697,265)	(1,617,265)	1,125,410
Total comprehensive income for the period							
Profit after taxation	-	-	-	-	364,526	364,526	364,526
Other comprehensive income	-	-	-	-	(195)	(195)	(195)
	-	-	-	-	364,331	364,331	364,331
Balance as at 31 March 2013	3,656,900	(914,225)	2,742,675	80,000	(1,332,934)	(1,252,934)	1,489,741
Balance as at 1 July 2013	**3,656,900**	**(914,225)**	**2,742,675**	**80,000**	**(1,327,304)**	**(1,247,304)**	**1,495,371**
Total comprehensive income for the period							
Loss after taxation	-	-	-	-	(192,118)	(192,118)	(192,118)
Other comprehensive income	-	-	-	-	-	-	-
	-	-	-	-	(192,118)	(192,118)	(192,118)
Transactions with owners - recored directly in equity							
Tenderable gain from Parent Company	-	-	-	-	6,060	6,060	6,060
Balance as at 31 March 2014	**3,656,900**	**(914,225)**	**2,742,675**	**80,000**	**(1,513,362)**	**(1,433,362)**	**1,309,313**

The annexed notes from 1 to 23 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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

For the nine months period ended 31 March 2014

1. STATUS AND NATURE OF BUSINESS

1.1 Power Cement Limited (Formerly: Al-Abbas Cement Industries 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 and is listed on Karachi and Lahore Stock Exchanges. 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 Nooriabad Industrial Area, Kalo Kohar District, Jamshoro (Sindh).

2 BASIS OF PREPARATION

2.1 Statement of compliance

This Condensed interim financial information of the Company for the nine months period ended 31 March 2014 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and the provisions of and directives issued under Companies Ordinance, 1984. In case where requirements differ, the provisions and directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulation of Karachi and Lahore Stock Exchanges.

This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the company as at and for the year ended 30 June 2013. The comparative balance sheet presented in this condensed interim financial information as at 31 March 2014 has been extracted from the audited financial statements of the Company for the year ended 30 June 2013, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement are extracted from the unaudited condensed interim financial information for the nine months period ended 31 March 2013.

2.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani rupee which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupee has been rounded off to the nearest thousand.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in preparation of the annual audited financial statements as at and for the year ended 30 June 2013 except as described below:

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

For the nine months period ended 31 March 2014

3.1 Change in accounting policies

3.1.1 Defined Benefit Plan

IAS 19 (revised) ' Employee Benefits' amends the accounting for employment benefits which became effective to the Company from 1 July 2013. The changes introduced by the IAS 19 (revised) are as follows:

(a) The standards requires past service cost to be recognised immediately in profit or loss;

(b) The standards replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year;

(c) There is new term "remeasurement". This is made up of actuarial gains and losses, the differences between actual investment returns and return implied by the net interest cost; and

(d) The amendment requires an entity to recognise remeasurements immediately in other comprehensive income. Previously, acturial gains or lossed were recognised in profit and loss in the year in which they arise.

The management believes that the effects of these changes would not have significant effect on these condensed interim financial informarion. The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence the effect on the condensed interim comprehensive income statement for the current year is not quantifiable and is also considered immaterial.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information is in conformity with approved accounting standards as applicable in Pakistan, requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continuously evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision. In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainity were the same as those that applied to the financial statements as at and for the year ended 30 June 2013.

5 FINANCIAL RISK MANAGEMENT

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 30 June 2013.

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

For the nine months period ended 31 March 2014

		Note	(Un-audited) 31 March 2014	(Audited) 30 June 2013
			(Rupees in '000)	
6	**FIXED ASSETS**			
	Property, plant and equipment	6.1	4,264,731	4,250,159
	Intangible assets	6.2	-	21
	Capital work in progress	6.3	60,293	-
			4,325,024	4,250,180
6.1	**Property, plant and equipment**			
	Opening written down value		4,250,159	4,226,302
	Additions during the period / year - at cost			
	Plant and Machinery		82,738	91,426
	Factory building on leasehold land		-	-
	LeaseHold Improvement		1,296	26,741
	Factory and laboratory equipment		115	9,286
	Computers and peripherals		3,153	2,657
	Office equipment		40	579
	Quarry equipment			375
	Furniture and fixtures		393	49
	Vehicles		88	1,560
			87,823	132,673
	Written down value of deletions during the period / year		(124)	(147)
	Depreciation for the period / year		(73,127)	(108,669)
			(73,251)	(108,816)
	Closing written down value		4,264,731	4,250,159
6.2	**Intangible assets**			
	Opening written down value		21	314
	Additions during the period / year - at cost		-	-
			21	314
	Amortization for the period / year		(21)	(293)
	Closing written down value		-	21
6.3	**Capital Work in progress**			
	Opening balance		-	-
	Additions		60,293	-
	Closing balance		60,293	-

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

For the nine months period ended 31 March 2014

		Note	(Un-audited) 31 March 2014	(Audited) 30 June 2013
			(Rupees in '000)	
7.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**165,156**	153,933
	Coal	7.1	**194,052**	167,251
	Spare parts		**204,004**	186,170
	Loose tools		**3,055**	3,004
			566,267	510,358
	Provision for slow moving / obsolete stock		**(13,519)**	(13,519)
			552,748	496,839

7.1 This includes coal-in-transit of Rs.118 million (30 June 2013:Rs: Nil)

		Note	(Un-audited) 31 March 2014	(Audited) 30 June 2013
8.	**STOCK-IN-TRADE**			
	Raw material		**27,264**	17,080
	Packing material		**45,460**	51,133
	Work-in-process		**55,598**	220,453
	Finished goods		**12,344**	36,313
			140,666	324,979
9.	**ADVANCES AND OTHER RECEIVABLES**			
	- Unsecured (considered good)			
	To employees		**7,629**	4,204
	To contractors and suppliers		**34,877**	46,715
	Against letter of credit		**45,945**	24,392
	Income tax		**1,874**	26,799
	Rebate receivable		**5,632**	4,554
	Others		**13,436**	32,052
			109,393	138,716
10.	**TAX REFUND DUE FROM GOVERNMENT**			
	Income tax refundable		**53,274**	46,406
	Sales tax refundable		**2,989**	2,989
	Excise duty receivable	10.1	**189,467**	189,467
			245,730	238,862

10.1 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 judgment dated 15 February 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

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

For the nine months period ended 31 March 2014

dated 23 May 2012 held that the requisite documents proving the fact that the incidence of duty had not been passed 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 adviser's opinion that the refund claim is allowed to the Company, the Company during the year ended 30 June 2013 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. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Un-audited) 31 March 2014	(Audited) 30 June 2013		(Un-audited) 31 March 2014	(Audited) 30 June 2013
(Number of Shares)			(Rupees in '000)	
		Fully paid ordinary shares of 10 each issued:		
353,510,380	353,510,380	For cash	**3,535,104**	3,535,104
840,000	840,000	For consideration other than cash	**8,400**	8,400
11,339,588	11,339,588	Bonus shares	**113,396**	113,396
365,689,968	365,689,968		**3,656,900**	3,656,900

11.1 Shares held by the associated companies as at the balance sheet date were 260,314,413 (30 June 2013: 306,499,913).

11.2 During the year ended 30 June 2013, the Company in its Extra Ordinary General Meeting, held on 4 June 2013, approved capital restructuring through reduction of share capital of the Company to the extent of 50% i.e. from 365,689,968 shares to 182,844,984 shares of Rs. 10 each amounting to Rs.1,828,449,840, subject to the approval of regulatory authorities and completion of all statutory and legal formalities.

The proposed reduction in share capital will be done through cancellation of one share for every two shares held in the Company. Fraction shares arising as a result of capital restructuring will be consolidated and disposed off through stock exchange.

During this period, a petition has been filed with the High Court decision of which is awaited

12. LONG TERM FINANCING

	(Un-audited) 31 March 2014	(Audited) 30 June 2013
	(Rupees in '000)	
Syndicate term finance - secured	**1,521,241**	1,666,859
Loan from associated company	**-**	500,000
	1,521,241	2,166,859
Less: current maturity shown under current liability	**(319,130)**	(299,797)
	1,202,111	1,867,062

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

For the nine months period ended 31 March 2014

	Note	(Un-audited) 31 March 2014	(Audited) 30 June 2013
13. LOAN FROM MR.ARIF HABIB - Interest free at present value		(Rupees in '000)	
Unsecured:			
Loan from Mr. Arif Habib	13.1	1,258,000	-
Less : discoutned to fair value		(222,010)	-
		1,035,990	-
Add : unwinding of discount at fair value of long term loan		47,729	-
		1,083,719	-

13.1 This reperesents mark up free loans of Rs. 1,258 million (2013:Nil) obtained from Mr. Arif Habib. The difference between the carrying value of the liability and the fair value is recognised in profit and loss account which is being ammortised on effective interest rate over the remaining tenure of the loan.

14. LOAN FROM PREVIOUS SPONSOR

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.

During the year ended 30 June 2013, the arbitrator decided in favour of the Company and deter mined an amount of Rs.0.735 million to be paid by the Company. Accordingly, the management sent the award to the Registrar High Court of Sindh for making a rule of court and reversed the liability amounting to Rs. 115.193 million with a corresponding credit in the profit & loss account. However, previous sponsors have filed objections to the award. The management, based on its lawyers' advice is of the opinion that despite of the objections 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 Company's favour and the arbitration award will be made a rule of court. The matter has been disclosed as contigent liability in these condensed interim financial information.

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

There are no changes to the contingencies as disclosed in the annual financial statements for the year ended 30 June 2013 except for contingency of fuel price adjustment (FPA).

15.1.1 The Hyderabad Electric Supply Corporation (HESCO) has charged an amount of Rs. 68.280 million as arrears on account of fuel price adjustment (FPA) in the electricity bills for the months of December 2012, January 2013, June 2013, July 2013, August 2013, September 2013, October 2013 and February 2014 pertaining to various months. The Company has challenged this claim in the Honorable High Court of Sindh, Hyderabad, whereby a stay order has been granted in its favour. The management is actively pursuing the matter and is hopeful for its favourable

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

For the nine months period ended 31 March 2014

outcome. Accordingly, no provision against the above demand has been made in these financial statement.

	(Un-audited) 31 March 2014	(Audited) 30 June 2013
15.2 Commitments	(Rupees in '000)	
Commitment against open letter of credit for:		
- Coal	**278,480**	77,271
- Stores and spares	**55,948**	69,919
- Other commitments - Ijarah rentals	**2,881**	3,918
	337,309	151,108

	Nine months period ended 31 March 2014	31 March 2013 (Restated)
16 SALES - NET	(Rupees in '000)	
Local	**2,828,279**	2,691,016
Export	**416,738**	377,887
	3,245,017	3,068,903
Less :		
Sales tax	**486,384**	371,175
Federal excise duty	**137,296**	151,017
	623,680	522,192
	2,621,337	2,546,711

17. COST OF SALES

Salaries, wages and other benefits including retirement benefits	**143,199**	136,204
Raw materials consumed	**136,524**	147,026
Packing material consumed	**179,295**	158,857
Stores, spares and loose tools	**118,981**	66,441
Fuel and power	**1,559,749**	1,563,995
Insurance	**7,922**	6,409
Repairs and maintenance	**30,934**	26,445
Depreciation	**64,563**	73,724
Other production overheads	**25,692**	20,229
	2,266,859	2,199,328
Work in process		
Opening	**220,453**	117,901
Closing	**(55,598)**	(227,355)
	164,855	(109,454)
Cost of goods manufactured	**2,431,714**	2,089,874
Finished goods		
Opening	**36,313**	14,694
Closing	**(12,344)**	(27,499)
	23,969	(12,805)
	2,455,683	2,077,070

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

For the nine months period ended 31 March 2014

	Note	Nine months period ended 31 March 2014	31 March 2013 (Restated)
		(Rupees in '000)	
18. DISTRIBUTION COST			
Salaries, wages and other benefits including retirement benefits		**14,513**	9,191
Export expenses	18.1	**122,669**	71,709
Travelling and conveyance		**233**	1,410
Depreciation		**2,141**	1,456
Marking fee		**2,235**	(1,121)
Incentives and commissions	18.2	**72,124**	7,127
Others		**2,564**	1,860
		216,479	91,632

18.1 It includes frieght expenses made on exports on CNF basis.

18.2 It represents dealers commission and incentives on local sales.

19. TAXATION

Current	**26,213**	13,973
Deferred	**(15,400)**	(40,375)
	10,813	(26,402)

20. CASH GENERATED FROM / (USED IN) OPERATIONS

(Loss) / profit before taxation	**(181,305)**	338,124
Adjustments for:		
Depreciation and amortization	**73,148**	79,771
Refund of central excise duty	**-**	(182,604)
Reversal of loan from a related party	**-**	(115,192)
Gain on initial recognition of loans at fair value	**(222,010)**	
Provision for gratuity	**9,000**	8,719
Finance cost	**246,469**	298,749
Gain on disposal of property, plant and equipment	**(336)**	(168)
	106,271	89,275
Operating (loss) / profit before working capital changes	**(75,034)**	427,399
(Increase) / decrease in current assets		
Stores and spares and loose tools	**(55,909)**	151,322
Stock-in-trade	**184,313**	(96,656)
Trade debts	**13,965**	(56,121)
Advances and other receivable	**4,398**	66,770
Trade deposits and prepayments	**(4,232)**	(5,933)
Tax refund due from government	**-**	(3,224)
	142,535	56,158
(Decrease) / increase in trade and other payabes	**(5,035)**	(317,941)
Cash generated from operations	**62,466**	165,616

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

For the nine months period ended 31 March 2014

21. CASH AND CASH EQUIVALENTS

	31 March 2014	31March 2013
	(Rupees in '000)	
Cash and bank balances	**2,517**	9,161
Short term borrowings	**(451,218)**	(533,925)
	(448,701)	(524,764)

22. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. The related parties comprise of associated undertakings, other related group companies and persons, directors of the Company, staff retirement benefit fund and key management personnel. The Company carries out transactions with various related parties in the normal course of business. Amounts due to related parties are shown in under respective note to the financial statement. Details of transactions / balances with related parties other than those disclosed elsewhere in the condensed interim financial information are as follows:

	Nine months period ended 31 March 2014	31March 2013
	(Rupees in '000)	
Transactions with related parties		
Aisha Steel Mills Limited		
- Sale of goods	**1,143**	1,588
- Payment received	**519**	1,600
Safe Mix Concrete Products Limited		
- Sale of goods	**27,947**	-
- Payment received	**23,979**	-
Thatta Cement Company Limited		
- Common expenses	**-**	69
Javedan Corporation Limited		
- Purchase of stores and spares		676
- Sale of goods	**10,748**	1,565
- Payment received	**4,881**	635
Rotocast Engineering co. (Pvt) Ltd		
- Rent & Maintenance	**3,225**	-
Arif Habib Corporation Limited		
- Loan received	**288,000**	-
- Loan repaid	**875,526**	-
- Mark-up accrued during the period	**24,125**	48,129

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

For the nine months period ended 31 March 2014

	Nine months period ended	
	31 March 2014	31March 2013
	(Rupees in '000)	
Mr. Arif Habib		
- Loan received	**1,085,000**	842,000
- Loan repaid	**9,000**	500,000
- Markup accrued	**-**	24,787
Key management personnel		
- Remuneration and other benefits	**42,518**	28,289
- Advances disbursed to employees	**843**	1,411
- Advances repaid by employees	**800**	769

	(Un-audited)	(Audited)
	31 March 2014	30 June 2013
	(Rupees in '000)	
Balances with related parties		
Aisha Steel Mills Limited		
- Advances from customers		458
- Trade receivable	**166**	
Javedan Corporation Limited		
- Trade receivable	**6,905**	1,038
- Trade payable	**375**	375
Thatta Cement Company Limited		
- Trade receivable	**870**	870
- Trade payable		
Arif Habib Corporation Limited		
- Loan payable (including mark-up)	**27,676**	588,077
Safe Mix Concrete Products Limited		
- Trade receivable	**4,844**	851
Rotocast Engineering co. (Pvt) Ltd		
- Advance against Rent	**0.9**	2,264
Mr. Arif Habib		
- Loan payable	**1,388,000**	312,000
Key management personnel		
- Advances to employees	**7,629**	4,204

23. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on 25 April 2014 by the Board of Directors.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

A Subsidiary of
ARIF HABIB GROUP

Power Cement Limited
(Formerly: Al-Abbas Cement Industries Limited)

Arif Habib Centre,
23 M.T. Khan Road, Karachi
Ph: 021-32468231- 23
www.powercement.com.pk

Crayons Design 021-34150710