Power Behind Construction

POWER CEMENT
مضبوطی ۔ چٹانوں جیسی

Third Quarter Report
March 31, 2017

Contents

Corporate Information

Board of Directors

Nasim Beg	Chairman
Muhammad Kashif 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
Syed Salman Rashid	Member

HR & Remuneration Committee

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

Chief Financial Officer & Company Secretary

Tahir Iqbal

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Legal Advisor

Usmani & Iqbal - Advocate & Solicitors
Ali Sibtain Fazli & Associates
Ch. Rashid Ahmed & Co.
Muzaffar & Co. Advocates
Ch. Muhammad Ashraf Khan Advocate

Share Registrar

Technology Trade (Private) Limited

Principal Bankers

Allied Bank Limited
Al Baraka Bank Pakistan Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
Standard Charterd 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

Contact Number

021-32468231-32
021-32468351-52

Factory

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

Directors' Review

The Directors of your company present herewith their review along with the condensed interim financial information for the nine months period ended 31st March 2017.

INDUSTRY OVERVIEW

An upward trend was persistent in the cement sector during the period under review. The sector's local sales in the nine months period surged to a double digit growth of 11% with dispatches amounting to 26.55 Million tons, compared with 23.94 Million tons of the corresponding period last year. Due to strong local demand, cement exports contracted by 14.83% with dispatches amounting 3.75 Million tons compared with 4.41 Million tons during the nine months of the corresponding period. South Zone achieved a distinct growth in domestic sales which increased by 13.81% compared to the corresponding period of the last year.

PERFORMANCE OF YOUR COMPANY:

A comparison of the key financial results and operational performance of your company for the nine months ended 31st March 2017 along with corresponding period is as under:

PARTICULARS	Nine Months Ended	
	31st March 2017	31st March 2016
	Rs. '000	
Sales revenue	3,327,389	2,979,555
Gross profit	682,326	721,353
Operating profit	621,248	534,760
Profit before tax	420,210	653,452
Profit after tax	323,745	456,999
Earnings per share (Rupee)	0.88	1.25

Local dispatches have increased from 425,369 tons to 480,796 tons as compared to the corresponding period of the previous year. However, export sales have decreased by 9,886 tons in line with the overall decline in the country's and the sector's exports.

The net sales revenue of your company improved by 12% due to higher quantity sold and higher retention, which was achieved due to change in sales mix.

Production details during the period are as follows:

PARTICULARS	Nine Months Ended	
	31st March 2017	31st March 2016
	In Tons	
Cement production	477,105	434,508
Clinker production	318,741	375,335

The clinker production and resultantly the gross profits remained relatively low as your Company had to purchase clinker from other cement companies owing to a shutdown opted during the period of installation of air pollution control system.

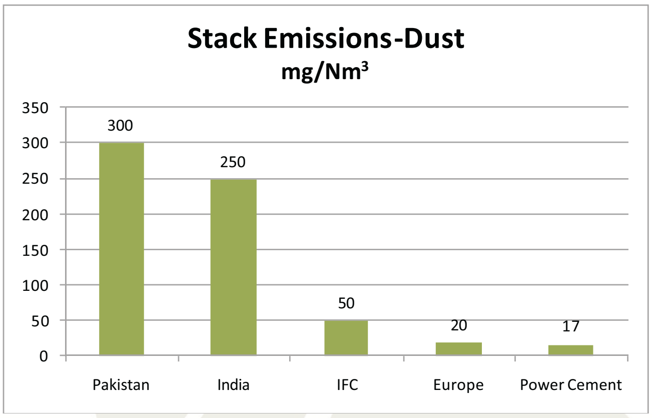
INSTALLATION OF AIR POLLUTION CONTROL SYSTEM

We take great pride in informing you that your company has now emerged as the cleanest air discharging plant in the South Zone by installing a complete pollution control bag house system. The emission levels of your cement plant are now even better than the discharge limits allowed by the World Bank/IFC Guidelines.

The new bag filters employ state of the art European Technology using the Eco E^3 filtration system which most efficiently controls the dust emission with sustainability and thus provides an edge to PCL over other cement plants in the South Zone.

Additional benefits of having this new dust control system include enhancement of useful life of plant & equipment and reduction of energy losses.

An analysis of the emission limit of your plant in comparison with the compliance limits of various regions is hereunder:



FUTURE OUTLOOK

The construction and infrastructure sectors remain buoyant. A number of factors are positively impacting the market, including macro-economic growth and continuing urbanization.

Total investments under China Pakistan Economic Corridor (CPEC) are now expected to touch US$62bn, following the inclusion of several new projects including Karachi Circular Railway worth US$5bn. To recall, CPEC investments were initially estimated to be US$46bn.

In this backdrop we believe that prospects of cement demand are encouraging and existing players including your company have rightly embarked on expansions in the sector.

In view of these market dynamics, your company evaluated a number of global suppliers and technology options. Your company decided to select state-of-the-art European cement plant (from world-renowned manufacturer, FLSmidth), with production capacity of 7,700 tons per day (2.5 million tons per annum). This brown-field expansion will make your company one of most cost-efficient cement manufacturers of Pakistan. After successful commissioning of the new project, your company will become the second-largest cement producer in the South Region, with annual production capacity of around 3.4 million tonnes.

For the expansions, FLSmidth of Denmark has been chosen for the engineering, procurement, supply and supervision. The Civil works, mechanical erection and electrical erection contracts are also under negotiations with TEPC China. The management is confident of commissioning the new plant by last quarter of the financial year 2019.

The expansion is being financed through fresh issue of shares as well as raising debt. Leading financial institutions for the local currency debt financing and the foreign currency debt financing have been mandated. The debt financing is being raised through Islamic modes of finance, and your company has received an overwhelming response from the debt financiers of the project. Your company has also received in-principle clearance from foreign equity investors from Denmark.

ACKNOWLEDGEMENT

The Directors wish to place on record their acknowledgement of the continuing confidence and patronage of your company's shareholders, financial institutions, suppliers and customers. We also thank the Securities and Exchange Commission of Pakistan & the State Bank of Pakistan for their guidance and support. The Directors also appreciate the relentless efforts and dedicated services, team work and loyalty of all the employees of your company and are confident to have their dedication continued to unleash the real power of your company through future endeavors.

For and on behalf of the Board

Muhammad Kashif Habib
Chief Executive Officer
24th April 2017

Condensed Interim Financial Information
For the nine months and third quarter ended 31st March 2017

Condensed Interim Balance Sheet

As at 31st March 2017

	Note	31 March 2017 (Un-audited)	30 June 2016 (Audited)
		--------- (Rupees in '000) --------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	5,053,175	4,444,992
Intangible assets	7	10,641	8,982
Long term investments		11,650	-
Long term deposits		19,635	19,635
		5,095,101	4,473,609
CURRENT ASSETS			
Stores, spares and loose tools		758,930	693,578
Stock-in-trade	8	170,781	165,221
Trade debts		345,647	271,667
Advances and other receivables		278,529	295,812
Trade deposits and prepayments		13,845	9,005
Tax refunds due from government		429,580	319,103
Cash and bank balances	9	33,216	14,983
		2,030,528	1,769,369
TOTAL ASSETS		7,125,629	6,242,978
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
1,200,000,000 (30 Jun 2016: 400,000,000) Ordinary shares of Rs. 10/- each		12,000,000	4,000,000
Issued, subscribed and paid-up capital			
365,689,968 (30 Jun 2016: 365,689,968) Ordinary shares of Rs. 10/- each	10	3,656,900	3,656,900
Discount on issuance of right shares		(914,225)	(914,225)
Accumulated loss		(68,414)	(394,565)
		2,674,261	2,348,110
ADVANCE AGAINST ISSUANCE OF SHARES		1,010,000	-
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing	11	360,000	360,000
Deferred accrued markup	11	-	151,032
Loan from related parties - unsecured	12	1,015,514	908,892
Deferred taxation		587,186	483,475
Deferred liabilities		47,049	46,341
		2,009,749	1,949,740
CURRENT LIABILITIES			
Loan from previous sponsors		735	735
Trade and other payables	13	602,658	723,160
Mark-up accrued - short term borrowing		8,083	5,329
Short-term borrowings	14	348,322	708,750
Current portion of deferred accrued markup	11	471,821	507,154
		1,431,619	1,945,128
Contingencies and commitments	15		
TOTAL EQUITY AND LIABILITIES		7,125,629	6,242,978

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

CHIEF EXECUTIVE

DIRECTOR

Power Cement Limited

Condensed Interim Profit and loss Account (Un-audited)

For the nine months and third quarter ended 31st March 2017

	Note	Nine months ended 31 March 2017	Nine months ended 31 March 2016	Quarter ended 31 March 2017	Quarter ended 31 March 2016
		(Rupees in '000)			
Sales - net	16	**3,327,389**	2,979,555	**1,260,482**	1,335,201
Cost of sales	17	**(2,645,063)**	(2,258,202)	**(1,027,158)**	(996,742)
Gross profit		**682,326**	721,353	**233,324**	338,459
Distribution cost	18	**(78,566)**	(84,258)	**(24,183)**	(37,253)
Administrative expenses		**(55,096)**	(44,522)	**(23,315)**	(15,932)
Other operating income		**56,305**	2,848	**1,699**	652
Other operating expenses		**16,279**	(60,661)	**(4,677)**	(15,684)
		(61,078)	(186,593)	**(50,476)**	(68,217)
Operating profit		**621,248**	534,760	**182,848**	270,242
Finance income		**349**	333,792	214	-
Finance cost:					
On unwinding of discount on loan from related parties		**(60,775)**	(54,738)	(20,776)	(18,500)
On unwinding of discount on deferred accrued markup		**(81,381)**	(116,695)	(22,735)	(20,856)
On short term borrowings		**(59,231)**	(43,667)	(22,685)	(26,082)
Finance income - net		**(201,038)**	118,692	**(65,982)**	(65,438)
Profit before taxation		**420,210**	653,452	116,866	204,804
Taxation		**(96,465)**	(196,453)	(35,326)	(49,830)
Profit after taxation		**323,745**	456,999	81,630	154,974
		(Rupee)			
Earnings per share - basic and diluted		0.88	1.25	0.22	0.42

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

Environment Friendly Operations
Meeting World Bank Standards for Environment

CHIEF EXECUTIVE

DIRECTOR

Condensed Interim Cash Flow Statement (Un-audited)

For the nine months and third quarter ended 31st March 2017

	Note	Nine months period ended 31 March 2017	Nine months period ended 31 March 2016
		--------Rupees in '000--------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	**450,549**	639,371
Gratuity paid		**(10,550)**	(7,900)
Taxes paid - Net		**(97,196)**	(90,647)
Financial charges paid		**(324,223)**	(63,909)
		(431,969)	(162,456)
Net cash generated from operating activities		**18,580**	476,915
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		**(694,843)**	(99,796)
Proceeds from sale of fixed assets		**1,075**	800
Long term investments		**(11,650)**	-
Net cash (used) in investing activities		**(705,418)**	(98,996)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		**-**	(250,000)
Expenses incurred for issuance of shares		**(14,501)**	-
Loan received from sponsors - net		**70,000**	-
Advance received against issuance of shares		**1,010,000**	-
Net cash generated from / (used in) financing activities		**1,065,499**	(250,000)
Net (decrease) / increase in cash and cash equivalents		**378,661**	127,919
Cash and cash equivalents at beginning of the period		**(701,267)**	(640,030)
Cash and cash equivalents at end of the period	20	**(322,606)**	(512,111)

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

CHIEF EXECUTIVE

DIRECTOR

Power Cement Limited

Condensed Interim
Statement of Comprehensive Income (Un-audited)

For the nine months and third quarter ended 31st March 2017

	Nine months ended 31 March		Quarter Ended 31 March	
	2017	2016	**2017**	2016
	(Rupees in '000)			
Profit for the period	323,745	456,999	81,630	154,974
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	323,745	456,999	81,630	154,974

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

CHIEF EXECUTIVE

DIRECTOR

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

For the nine months and third quarter ended 31st March 2017

	Capital reserve		Revenue Reserve		
	Share Capital	Discount on issuance of right shares	General	Accumulated loss	Total
	(Rupees in '000)				
Balance as at 1st July 2015	**3,656,900**	**(914,225)**	**80,000**	**(960,505)**	**1,862,170**
Transfer of general reserves	-	-	(80,000)	80,000	-
Total comprehensive income for the period					
Profit for the period	-	-	-	456,999	456,999
Other Comprehensive income for the period	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	456,999	456,999
Balance as at 31st March 2016	**3,656,900**	**(914,225)**	**-**	**(423,506)**	**2,319,169**
Balance as at 1st July 2016	**3,656,900**	**(914,225)**	**-**	**(394,565)**	**2,348,110**
Transaction with owners recorded directly in equity					
Expenses incurred for issuance of shares	-	-	-	(14,501)	(14,501)
Unwinding of discount on interest free liability	-	-	-	16,907	16,907
Profit for the period	-	-	-	323,745	323,745
Other Comprehensive income for the period	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	323,745	323,745
Balance as at 31st March 2017	**3,656,900**	**(914,225)**	**-**	**(68,414)**	**2,674,261**

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

CHIEF EXECUTIVE **DIRECTOR**

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

For the nine months and third quarter ended 31st March 2017

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 and is listed on Paksitan 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

This condensed interim financial information of the Company for the nine months period ended 31st March 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 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.

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 Pakistan Stock Exchange.

This Condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjuction with the annual audited financial statements of the company as at and for the year ended 30 June, 2016.

The comparative balance sheet presented in this condensed interim financial information as at 31st March 2017 has been extracted from the audited annual financial statements of the Company for the year ended 30th June 2016, where as the comparative condensed interim 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 31st March 2016.

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.

3. ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements for the year ended 30th June, 2016.

3.2 Certain amendment and interpretation to approved accounting standards became affective during the period were not relevant to the comany`s operation and do not have any impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan quires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumption and judgements are continuously evaluated are based on historical experiences and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognized 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 30th June 2016.

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 2016.

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

For the nine months and third quarter ended 31st March 2017

		Note	31 March 2017 (Un-audited)	30 June 2016 (Audited)
6.	**PROPERTY, PLANT AND EQUIPMENT**		-------- (Rupees in '000) --------	
	Operating assets	6.1	**4,861,459**	4,357,092
	Capital work in progress	6.2	**113,380**	13,384
	Capitalisable stores and spares	6.3	**78,336**	74,516
			5,053,175	4,444,992
6.1	**Operating assets**			
	Opening written down value		**4,357,092**	4,337,651
	Additions during the period / year - at cost			
	Plant and machinery		**560,961**	122,845
	Non factory building on leasehold land		**3,144**	-
	Lease hold Improvement		**549**	-
	Factory and laboratory equipment		**9,454**	468
	Computers and peripherals		**8,027**	2,025
	Office equipment		**2,950**	316
	Furniture and fixtures		**1,993**	663
	Vehicles		**1,457**	1,699
			588,535	128,016
	Written down value of deletions during the period / year		**(131)**	(157)
	Written down value of transfers during the period / year		**(4,274)**	-
	Depreciation for the period / year		**(79,762)**	(108,418)
			(84,167)	(108,575)
	Closing written down value		**4,861,459**	4,357,092
6.2	**Capital Work in progress**			
	Opening balance		**13,384**	29,858
	Additions		**529,413**	22,901
	Transferred to operating fixed assets		**(429,417)**	(39,375)
	Closing balance		**113,380**	13,384
6.3	**Capitalisable Stores**			
	Opening balance		**74,516**	55,452
	Additions during the period / year		**154,153**	113,414
	Transferred to property, plant and equipment		**(150,333)**	(94,350)
	Closing balance		**78,336**	74,516
7.	**INTANGIBLE ASSETS**			
	Opening written down value		**8,982**	413
	Additions during the period / year - at cost		**6,767**	8,981
			15,749	9,394
	Amortization for the period / year		**(5,108)**	(412)
	Closing written down value		**10,641**	8,982

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

For the nine months and third quarter ended 31st March 2017

		Note	(Un-audited) 31 March 2017	(Audited) 30 June 2016
8.	**STOCK-IN-TRADE**		-------- (Rupees in '000) --------	
	Raw material		**19,760**	30,857
	Packing material		**42,172**	55,150
	Work-in-process		**87,424**	31,973
	Finished goods		**21,425**	47,241
			170,781	165,221
9.	**CASH AND BANK BALANCES**			
	Cash in hand		**985**	657
	Cash with banks:			
	- In current accounts		**11,733**	5,929
	- In savings accounts	9.1	**12,998**	897
	- Term deposits	9.2	**7,500**	7,500
			33,216	14,983

9.1 These accounts are maintained under profit and loss sharing arrangements with Islamic banks at rates ranging from 2.5%-3% (2016: 2.5%-3%) per annum.

9.2 This includes Islamic savings certificate with a local bank and carries profit at declared rate of 4.5%. The certificate has been placed on lien for obtaining bank guarantee and will mature in May 2017.

10. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Un-audited) 31 March 2017	(Audited) 30 June 2016		(Un-audited) 31 March 2017	(Audited) 30 June 2016
--------(Number of Shares)-------			-------- (Rupees in '000) --------	
		Fully paid ordinary shares of Rs. 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

10.1 Shares held by the associated undertakings as at the balance sheet date were 210,855,545 (30 June 2016 : 246,654,545).

		Note	(Un-audited) 31 March 2017	(Audited) 30 June 2016
11.	**LONG TERM FINANCING AND DEFERRED ACCRUED MARK-UP**		---------- (Rupees in '000) -----------	
11.1	**Long term financing**			
	Principal amount		**360,000**	360,000
			360,000	360,000

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

For the nine months and third quarter ended 31st March 2017

	Note	(Un-audited) 31 March 2017	(Audited) 30 June 2016
		---------- (Rupees in '000)	----------
11.2 Deferred accrued markup			
Gross Amount		**514,868**	760,732
Less: Winding up of discount		**(43,047)**	(102,546)
Deferred accrued markup		**471,821**	658,186
Current maturity shown under current liabilities		**(471,821)**	(507,154)
		-	151,032

11.3 This represents syndicated term finance facility and deferred markup on it, arranged by the Company with a syndicate of local commercial banks (the Syndicate). In 2012, the Company entered into a revised restructuring agreement with the Syndicate dated 23 December 2011. As per the revised restructuring agreement the principal was payable in nine half yearly instalments from 23 December 2011 to 23 December 2015.

The mark up charged during first 3.5 years i.e. from 23 June 2010 to 22 December 2013 is 6 months KIBOR + 0% per annum and after 3.5 years i.e. 23 December 2013 to 23 December 2018, the mark up will be charged at 6 months KIBOR + 1.75% per annum. Mark-up outstanding at the time of restructuring and mark up accrued from restructuring date till the date of final settlement of principal will then be paid in four (4) half yearly instalments commencing from 23 June 2016.

In 2015, the Company again entered into a revised restructuring agreement with the Syndicate dated 26 December 2014. As per the revised restructuring agreement, principal instalments aggregating Rs. 360 million have been deferred as follows:

- Rs. 250 million falling due on 23 December 2014 will be repaid on 23 June 2018.

- Rs. 110 million out of Rs. 350 million falling due on 23 June 2015 will be repaid on 23 December 2018.

As per the restructuring agreement, deferred markup outstanding as at 31 March 2017 is payable in 2 equal half yearly installments of Rs. 253.58 million each from April 2017 to March 2018.

The outstanding principal other than deferred principal will be paid as per the existing repayment terms. The loan is secured by way of mortgage over property and hypothecation over assets aggregating to Rs. 3.33 billion.

11.4 The facility contains a covenant that Company can not pay dividend to its shareholders until it is upto date to its debt obligation including mark-up payments to syndicate.

	(Un-audited) 31 March 2017	(Audited) 30 June 2016
12. LOAN FROM RELATED PARTIES - UNSECURED	---------- (Rupees in '000)	----------
Opening balance	**1,515,500**	1,515,500
Loan amount received	**70,000**	-
Outstanding sponsors' loan	**1,585,500**	1,515,500
Winding up of discount opening	**(606,608)**	(346,445)
Gain on initial recognition / derecognition during the period / year	**(24,153)**	(333,792)
Unwinding of discount during the period / year	**60,775**	73,629
Winding up of discount closing	**(569,986)**	(606,608)
Closing balance at fair vlaue	**1,015,514**	908,892

12.1 This represents mark-up free long term loan of Rs. 1,585.5 million (2016: Rs. 1,515.5 million) obtained from related parties, recorded at present value at mark-up rate of 6 months KIBOR plus 1.75% (2016: 6 months KIBOR plus 1.75%). Had the loan been obtained at fair mark-up rate of 6 months KIBOR plus 1.75%, net profit and cash flows for the period would have been lower by Rs. 39.2 million (2016: Rs. 250.5 million) and Rs. 102.2 million (2016: Rs. 100.02 million) respectively, long term liabilities would have been higher by Rs. 590.8 million (2016: Rs. 606.6 million) and equity would have been lower by Rs. 779.5 million (2016: Rs. 716.1 million).

13. TRADE AND OTHER PAYABLES

	(Un-audited) 31 March 2017	(Audited) 30 June 2016
	---------- **(Rupees in '000)**	-----------
Trade creditors	**159,015**	216,165
Bills payable	**93,043**	158,494
Accrued liabilities	**31,357**	70,911
Royalty payable	**912**	782
Excise duty payable	**3,030**	2,909
Advances from customers	**82,310**	34,876
Retention money payable	**1,617**	1,482
Sales tax and federal excise duty payable	**82,001**	80,469
Workers' Welfare Fund	**22,973**	37,854
Workers' Profit Participation Fund	**102,482**	99,852
Unclaimed dividends	**127**	126
Withholding tax payable	**11,849**	5,234
Leave encashment payable	**10,862**	13,020
Others	**1,080**	986
	602,658	723,160

14. SHORT TERM BORROWINGS

	Note	**31 March 2017**	30 June 2016
From banking companies - secured:			
Conventional			-
Running finances	14.1	**48,743**	221,767
Import/export finance		**77,609**	92,336
Foreign currency Loan	14.2	**12,721**	44,647
Islamic			
Istisna		**-**	250,000
Tijarah		**-**	100,000
Murabaha	14.3	**209,249**	-
		348,322	708,750

14.1 This represents short-term running finance facilities from various banks amounting to Rs. 300 million (30 June 2016: Rs. 300 million). These carry mark up at the rate ranging between 3 months KIBOR plus 1% to 3 months KIBOR plus 2.5% (30 June 2016: 3 months KIBOR plus 1% to 3 months KIBOR plus 2.5%) per annum calculated on daily product basis. Mark-up on these facilities is payable quarterly. These facilities will mature from 30 April 2017 to 30 June 2017 and are renewable. These are secured by first pari passu charge against current / fixed assets of the Company.

The aggregate amount of aforementioned facilities which has not been availed as at the balance sheet date amounts to Rs.251.26 million (30 June 2016: Rs. 78.23 million).

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

For the nine months and third quarter ended 31st March 2017

14.2 This represents FE 25 facility from a bank amounting to Rs. 50 million (30 June 2016: Rs. 50 million). The amount is repayable in 180 days from the date of disbursement and carries mark-up at the rates ranging between 3.1% to 4.1%. The facility is secured by first pari passu charge against present and future fixed assets of the Company excluding land and building of the Company. Total unavailed amount of this facility as at balance sheet date amounts to Rs. 37.28 million (30 June 2016: Rs. 5.35 million).

14.3 This represent finance availed from various banks amounting to Rs. 600 millions with a tenure of upto 180 Days. It carries profit at 3 months KIBOR plus 1% and 6 months KIBOR 1.5%. The facilies are under Sharia arrangement and are secured by ranking charge over all present and future fixed assets of the Company.

14.4 In addition to the above,the Company also has unfunded facilities from various banks amounting to Rs. 700 million and an un-utilised funded facility of Rs. 100 million in respect of export re-finance

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 There is no change in the status of the contingencies as disclosed in note 20.1 to the annual financial statements of the Company for the year ended 30th June 2016 except for contingency disclosed in note 20.1.8 which has been decided in favour of the Company by CIR Appeals- II through its order No 30 dated 31 August 2016. However, DCIR preferred to appeal the said order of Honourable Commissioner (Appeals) before the Appellate Tribunal Inland Revenue Karachi which is pending for hearing.

15.1.2 During the period the Company filed a suit 2269/2016; in the High Court of Sindh; against a shipping line challenging its detention of the Company's cargo for the want of certain changes. On 3 November 2016; the Court ordered the release of the Company's cargo against deposit of Defence Saving Certificates amounting Rs. 11.650 million with the Nazim of the Court. Accordingly, the Company's cargo was released upon deposit of the requisite security. Legal counsel of the Company believes that the Company has a good arguable case on merits while next date of hearing of the same is awaited.

15.1.3 Section 113(2)(c) was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of minimum tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than minimum tax. Therefore, where there is no tax payable, interalia, due to brought forward tax losses, minimum tax could not be carried forwardfor adjustment with future tax liability.

The Company has carried forward minimum tax of current and previous years amounting to Rs. 100 million (30 June 2016: Rs. 70.814 million) and the Company expects to adjust the amount against the future taxable profits. The Company's legal counsel is of the opinion that the Company has strong arguable case and at an appropriate stage the matter can be agitated before Supreme Court of Pakistan in case the adjustment is challenged by the tax authorities. In view of above, the Company is confident that the ultimate outcome in this regard would be favourable. Hence no provision in this respect has been made in this condensed interim financial information.

The Company has challenged the applicability of ACT via suit No. 102 of 2017 and filed Income Tax Return of TY 2016 based on Minimum Tax and accordingly no effect of Alternate Corporate Tax (ACT) is taken in the tax liability.

	(Un-audited) 31 March 2017	(Audited) 30 June 2016
15.2 Commitments	**------------ (Rupees in '000)**	**---------**
Commitment against open letter of credit for:		
- Coal	**62,181**	110,754
- Stores and spares	**286,994**	359,250
	349,175	470,004

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

For the nine months and third quarter ended 31st March 2017

	(Un-audited) 31 March 2017	(Audited) 30 June 2016
	------------ (Rupees in '000) ---------	
Commitment against letter of guarantees	**10,500**	10,500
Other commitments	**63,517**	47
Intangibles	**-**	1,092
	423,192	481,643

	Nine months period ended	
	31 March 2017	31 March 2016
	(Un-audited)	
16. SALES - NET	------------ (Rupees in '000) ---------	
Local	**4,483,178**	3,652,098
Export	**63,001**	116,485
	4,546,179	3,768,583
Less :		
Sales tax	**(744,595)**	(612,788)
Federal excise duty	**(474,195)**	(176,240)
	(1,218,790)	(789,028)
	3,327,389	2,979,555

17. COST OF SALES

Salaries, wages and other benefits including	**198,438**	181,044
Raw materials consumed	**124,219**	171,099
Packing material consumed	**188,526**	171,269
Stores, spares and loose tools	**180,928**	105,528
Fuel and power	**1,087,330**	1,345,759
Insurance	**7,040**	6,393
Repairs and maintenance	**63,729**	47,529
Depreciation	**71,054**	71,003
Other production overheads	**29,595**	24,507
	1,950,859	2,124,131
Work in process		
Opening	**31,973**	175,962
Purchases	**682,720**	-
Closing	**(87,424)**	(37,262)
	627,269	138,700
Cost of goods manufactured	**2,578,128**	2,262,831
Finished goods		
Opening	**47,241**	42,187
Purchases	**41,119**	-
Closing	**(21,425)**	(46,816)
	66,935	(4,629)
	2,645,063	2,258,202

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

For the nine months and third quarter ended 31st March 2017

		Nine months period ended	
		31 March 2017	31 March 2016
		(Un-audited)	
18.	**DISTRIBUTION COST**	(Rupees in '000)	
	Salaries, wages and other benefits including retirement benefits	**22,821**	20,538
	Export expenses	**20,046**	36,723
	Travelling and conveyance	**38**	-
	Depreciation	**2,177**	1,824
	Marking fee	**3,057**	2,841
	Incentives and commission on local sales	**20,149**	19,880
	Others	**10,278**	2,452
		78,566	84,258
19.	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation	**420,210**	653,452
	Adjustment for:		
	Depreciation and ammortization	**84,870**	78,637
	Finance cost on short term borrowings	**59,231**	43,667
	Finance cost on unwinding of discount on related parties	**60,775**	54,738
	Finance cost on unwinding of discount on deferred accrued markup	**81,381**	116,695
	Exchange loss on bills payable	**2,090**	11,471
	Gain on disposal of fixed assets	**(944)**	(644)
	Gain on derecognition during the period	**-**	(333,792)
	Provision for gratuity	**11,258**	11,262
		298,661	(17,966)
	Operating profit before working capital changes	**718,871**	635,486
	(Increase) / decrease in current assets		
	Stores, spares and loose tools	**(65,352)**	26,305
	Stock-in-trade	**(5,560)**	86,744
	Trade debts	**(73,980)**	(26,334)
	Advances and other receivables	**4,001**	(34,542)
	Trade deposits	**(4,840)**	(4,558)
		(145,731)	47,615
	(Decrease) in trade and other payables	**(122,591)**	(43,730)
	Net cash generated from operations	**450,549**	639,371
20.	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	**25,716**	58,188
	Short term borrowings	**(348,322)**	(570,299)
		(322,606)	(512,111)

21. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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 and all the transactions with related parties have been carried out at arms' length terms except for interest free loan from related party as disclosed in note 12 and note 14. Amounts due to related parties are shown under respective note to the financial statement. Details of transactions / balances with related parties other than those disclosed elsewhere in the financial statements are as follows:

	Nine months period ended	
	31 March 2017	31 March 2016
	(Un-audited)	
Transactions with related parties	**-------- (Rupees in '000) ----------**	
Aisha Steel Mills Limited		
- Sale of goods	**1,173**	51
- Payment received	**1,045**	44
Safe Mix Concrete Products Limited		
- Sale of goods	**190,278**	61,128
- Payment received	**164,392**	58,793
Javedan Corporation Limited		
- Sale of goods	**68,085**	48,264
- Payment received	**72,850**	44,207
Rotocast Engineering Company (Private) Limited		
- Services received	**4,634**	3,228
- Payments made	**4,566**	3,272
- Loan received	**-**	100,000
- Loan repaid	**-**	100,000
- Mark-up accrued during the period	**-**	1,007
Arif Habib Corporation Limited		
- Loan received	**-**	400,000
- Loan repaid	**-**	400,000
- Guarantee commission accrued during the period	**201**	13,396
- Guarantee commission paid during the period	**201**	13,329
EFU Life Assurance Limited		
-Services received	**21,570**	21,570
-Payments made	**21,738**	21,738
Sponsors / Directors		
- Loan received	**70,000**	60,000
- Loan repaid	**60,000**	60,000
- Advance against issuance of shares	**1,010,000**	-

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

For the nine months and third quarter ended 31st March 2017

	Nine months period ended	
	31 March 2017	31 March 2016
	(Un-audited)	
Transactions with related parties	-------- (Rupees in '000) ----------	
Key managenent personnel		
-Remuneration and other benefits	**84,187**	59,520
-Advances disbursed to employees	**1,414**	6,876
-Advances repaid by employees	**1,345**	6,813
Staff retirement benefit fund		
-Charge during the period	**11,258**	**11,258**
-Contribution during the period	**10,550**	**7,900**

	31 March 2017 (Un-audited)	30 June 2016 (Audited)
	----------Rupees in'000--------	
Balances with related parties		
Aisha Steel Mills Limited		
- Trade receivable	**300**	172
Safe Mix Concrete Products Limited		
- Trade receivable	**50,080**	24,194
Javedan Corporation Limited		
- Trade receivable	**11,790**	16,554
Rotocast Engineering Company (Private) Limited		
- Rent payable	**550**	482
Arif Habib Corporation Limited		
- Guarantee commission payable	**67**	67
EFU Life Assurance Limited		
- Insurance payable	**135**	303
Sponsors / Directors		
- Loan payable	**1,585,500**	1,515,500
Key managenent personnel		
- Advances to employees	**9,237**	6,407
Staff retirement benefit fund		
- Advances to employees	**47,049**	46,341

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

For the nine months and third quarter ended 31st March 2017

22. GENERAL

Figures have been rounded off to the nearest of thousand rupees.

23. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on **24th April 2017** by the Board of Directors.

CHIEF EXECUTIVE

DIRECTOR

مستقبل کی توقعات:

تعمیراتی اورانفرااسٹرکچر کے شعبہ جات میں نموں کاتسلسل رہا۔کئی عوامل مارکیٹ پرمثبت طور پراثرانداز ہورئے ہیں جس میں میکرواکنامک کی نمواور مسلسل شہرسازی شامل ہیں۔

پاک چین اقتصادی راہداری (CPEC) کے تحت کل سرمایہ کاری اب 62ارب امریکی ڈالرکوچھونے لگی ہے،جسکے بعداب اس میں کئی نئے منصوبے بھی شامل کر لئے گئے ہیں بشمول کراچی سرکیولرریلوے جسکی مالیت 5ارب امریکی ڈالرہے۔مادرہے کہ ابتدائی طورپر(CPEC) سی پیک سرمایہ کاریوں کاتخمینہ 46ارب امریکی ڈالرلگاما گیاتھا۔

اس پس منظر میں ہم قوی امیدرکھتے ہیں کہ سیمنٹ کی طلب کے امکانات حوصلہ افزاء ہیں اورموجودکمپنیز بشمول آپ کی کمپنی نے بھی درست فیصلہ کرتے ہوئے توسیع کاآغازکردیاہے۔

مارکیٹ کی ان حرکیات کونظر میں رکھتے ہوئے،آپ کی کمپنی نے کئی عالمی فراہم کنندہ گان کا تجزیہ کیاہے۔آپ کی کمپنی نے جدیدترین یورپی سیمنٹ پلانٹ (عالمی شہرت یافتہ سیمنٹ سازایف ایل ایس مڈتھ (FLSmidth)) کے انتخاب کافیصلہ کیاہے جس کی یومیہ عملی کلنکر پیداواری صلاحیت 7700ٹنزاورسالانہ پیداواری صلاحیت 2.5ملین ٹنز ہے۔اس براؤن فیلڈتوسیع سے آپ کی کمپنی پاکستان کی سب سے زیادہ کم لاگت سیمنٹ سازوں میں سے ایک ہوجائے گی۔نئے منصوبے کے کامیاب آغازکے بعدآپ کی کمپنی تقریباً 3.4ملین ٹنزکی سالانہ پیداواری صلاحیت کے ساتھ جنوبی خطے میں سیمنٹ پیداکرنے والادوسراسب سے بڑاادارہ بن جائے گا۔

توسیعات کے لئے،ایف ایل ایس ا ھ آف ڈنمارک(FLSmidth) کوانجینئرنگ پروکیورمنٹ،سپلائی اورسپروژن کے لئے منتخب کیاجارہاہے۔سول ورکس،میکینکل اریکشن اورالیکٹریکل اریکشن کنٹریکٹس کے لئےChina TEPC سے مذاکرات جاری ہیں۔انتظامیہ کواعتمادہے کہ نئے پلانٹ کاآغازسال ۲۰۱۹ کہ آخری سہ ماہی میں کردیاجائے گا۔

یہ توسیع نئے شیئرزکے اجراءاورقرض کے ساتھ فائینزکی جارہی ہے۔مقامی کرنسی میں قرضے کی فراہمی کے لیےاہم مالیاتی اداروں کوکام سونپ دیاگیاہے کئے جارہے ہیں۔قرضہ جات کے لئے سرمایہ اسلامی طریقہ مالیات کے ذریعے حاصل کیاجارہاہے۔اورآپ کی کمپنی نے منصوبے کےقرض فراہم کنندگان سے قرض حاصل کرنے کے لئے پرتپاک ردعمل پایاہے۔آپ کی کمپنی نے ڈنمارک سے فارن ایکویٹی انویسٹرزسے اصولی طورپرمنظوری حاصل کرلی ہے۔

اعتراف:

ڈائریکٹرزآپ کی کمپنی کے شیئرہولڈرز،مالیاتی ادارے،سپلائرزاورصارفین کے مسلسل تعاون اورسرپرستی کااعتراف کرناچاہتے ہیں۔ہم سیکیورٹیس اینڈایکسچینج کمیشن آف پاکستان اوراسٹیٹ بینک آف پاکستان کی رہنمائی اورحمایت کے بھی شکرگزارہیں۔ڈائریکٹرزآپ کی کمپنی کے تمام ملازمین کی انتھک محنت،پرخلوص خدمات،ٹیم ورکس اوراخلاص کے تہہ دل سے معترف ہیں اورسراہتے ہیں اوریقین رکھتے ہیں کہ انکی مستقبل کی کوششوں کے ذریعے آپ کی کمپنی کی اصل طاقت کوآشکارکرنے میں مسلسل جاری رہیں گے۔

منجانب بورڈآف ڈائریکٹرز

Kay

محمدکاشف حبیب

چیف ایگزیکیٹوآفسر

۲۴اپریل ۲۰۱۷

ڈائریکٹرز کا جائزہ:

آپ کی کمپنی کے ڈائریکٹرز ۳۱ مارچ ۲۰۱۷ کو ختم ہونے والے ۹ مہینے کے عرصے کیلئے اپنا جائزہ بمع مختصر عبوری مالیاتی معلومات یہاں پیش کرتے ہیں۔

صنعتی جائزہ:

زیر جائزہ عرصہ کے دوران سیمنٹ کے شعبے میں ایک اضافہ کے رجحان کا تسلسل رہا۔ نومہینوں کے عرصے میں اس شعبہ میں مقامی فروخت بڑھ کر 11% کے دوہندسی نمو کے ساتھ 26.55 ملین ٹنز ہوگئی، پچھلے سال کے اسی عرصے میں اس کی مقدار مقابلتاً 23.94 ملین ٹنز تھی۔ زبردست مقامی طلب کے سبب سیمنٹ کی برآمدات میں 14.83% کمی ہوئی جس کی مقدار 3.75 ملین ٹنز بنتی ہے جو پچھلے سال کے مطابقتی ۹ مہینوں کے دوران 4.41 ملین ٹنز تھی۔ ساؤتھ زون نے مقامی فروخت میں سال گزشتہ کہ اسی عرصے کہ مقابلے میں 13.81% کے اضافہ کے ساتھ نمایاں ترقی کی۔

آپ کی کمپنی کی کارکردگی:

۳۱ مارچ ۲۰۱۷ کہ ختم ہونے والے نومہینوں کے لئے آپ کی کمپنی کے کلیدی مالیاتی نتائج اور عملی کارکردگی کا موازنہ مع مطابقتی عرصہ میں درج ذیل ہے:

کوائف	ختم ہونے والے ۹ ماہ 31 مارچ 2017ء	 31 مارچ 2016ء
	000 روپے	
محصولات فروخت	3,327,389	2,979,555
مجموعی منافع	682,326	721,353
آپریٹنگ منافع	621,248	534,760
منافع قبل از ٹیکس	420,210	653,452
منافع بعد از ٹیکس	323,745	456,999
منافع فی حصص (روپے)	0.88	1.25

مقامی ترسیلات پچھلے سال کے اس عرصے کی مقابلے میں 425,369 ٹنز کے مقابلے میں بڑھ کر 480,796 ٹنز ہوگئیں۔ تاہم ملکی اور سیکٹر کی برآمدات میں مجموعی کمی کے ساتھ ساتھ کمپنی کی برآمدات میں 9,886 ٹنز کی کمی واقع ہوئی ہے۔

آپ کی کمپنی کے محصولات فروخت زیادہ مقدار کی فروخت اور زیادہ بہتر قیمت کی وجہ سے 12% بڑھ گئیں۔

اس عرصے کے دوران پیداوار کی تفصیلات درج ذیل ہیں:

کوائف	ختم ہونے والے ۹ ماہ 31 مارچ 2017ء	 31 مارچ 2016ء
	ٹن	
سیمنٹ کی پیداوار	477,105	434,508
کلنکر کی پیداوار	318,741	375,335

کلنکر کی پیداوار اور مجموعی منافع میں نسبتاً کمی رہی کیونکہ آپ کی کمپنی کو کلنکر دیگر سیمنٹ کمپنیز سے خریدنا پڑی، جس کی وجہ ہوا کی آلودگی کے کنٹرول کے نظام کی تنصیبات کہ لیے پلانٹ کو بند رکھنا ہے۔

ہوا کی آلودگی کے کنٹرول کے نظام کی تنصیب:

ہمیں یہ اطلاع دیتے ہوئے انتہائی فخر ہے کہ آپ کی کمپنی ایک مکمل آلودگی کنٹرول بیگ ہاؤس سسٹم کی تنصیب کرنے سے جنوبی خطے میں صاف ترین ائیر ڈسچارجنگ پلانٹ کے طور پر نمایاں ہوگئی ہے۔ آپ کے سیمنٹ پلانٹ کی سطح اخراج اب عالمی بینک / آئی ایف سی گائیڈ لائنز کی دی گئی اخراج کی حدود سے بھی کہیں بہتر ہے۔

نیو بیگ فلٹر ECO E^3 فلٹریشن سسٹم استعمال کرتے ہوئے منفرد جدید ترین یورپی ٹیکنولوجی کو بروہ کار لاتے ہیں جو کہ گرد کے اخراج کو پائیداری کے ساتھ نہایت ہی مستعدی سے قابو کرتا ہے یہ ساؤتھ زون میں آپ کی کمپنی کو دیگر پر فوقیت دیتا ہے۔

اس نئے ڈسٹ کنٹرول سسٹم کہ رکھنے کے اضافی فوائد میں پلانٹ کی زندگی میں اضافہ اور توانائی کے نقصانات میں کمی شامل ہیں۔

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