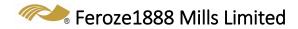




Condensed Interim Financial Information For the Half Year Ended December 31, 2018



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#### **COMPANY INFORMATION**

**Board of Directors** 

Mr. Jonathan R. Simon Director/Chairman

Mr. Khaleegur Rahman Director

Mr. Shabbir Ahmed Director Mr. Perwez Ahmed Director

Mr. Nasim Hyder Director

Ms. Huma Pasha Director

Mr. Asim Shabbir Patka Director Mr. Usama Rehman Director

Mr. Rehan Rahman Chief Executive

**Board Audit Committee** 

Mr. Nasim Hyder Chairman Mr. Khaleegur Rehman Member Mr. Perwez Ahmed Member Ms. Huma Pasha Member

**Board HR & Remuneration Committee** 

Ms. Huma Pasha Chairperson

Mr. Shabbir Ahmed Member

Mr. Nasim Hvder Member

Chief Financial Officer

Mr. Muhammad Faheem Deh Moachko, Tapo Gabopat, Keamari Town, Karachi.

**Company Secretary** 

Mr. Muhammad Usama Siddigui

**Bankers** 

Bank Al Habib Limited Faysal Bank Limited Habib Bank Limited

Habib Metropolitan Bank Ltd

Meezan Bank Limited

Standard Chartered Bank (Pakistan) Ltd

Bank Al Falah Ltd

**Auditors** 

E Y Ford Rhodes,

**Chartered Accountants** 

Progressive Plaza, Beaumount Road,

Karachi.

**Legal Advisor** 

Mohsin Tayebaly & Co

1st Floor, Dime centre

BC-4, Block-9, Kehkashan, Clifton, Karachi

Registered Office

H-23/4A, Scheme # 3, Landhi Industrial Area,

Landhi, Karachi.

Office Building

K&N Centre, 160 Banglore Town, Shara-e-Faisal, Karachi

Factory

Sindh

Plot # H-23/4-A and H-23-/4-B, Scheme # 3.

Landhi Industrial Area, Landhi, Karachi

Plot # B-4/A, SITE, Karachi.

Plot # A-5, SITE, Karachi. Plot # C-3, SITE, Karachi.

Plot # C-31 SITE, Karachi.

Plot # F-89, SITE, Karachi.

Plot # F-125, SITE, Karachi.

Plot # F-342, SITE, Karachi.

Plot # D-202, SITE, Karachi.

Plot # 342/A, Haroonabad, SITE, Karachi.

Survey #81, 242, 72 to 75, 165, 166, 171, 172, 176

to 181,

186 to 190, N.C # 92, 156, 210, 211, 243,

Balochistan

Plot# D-12 to D-17, K-1 to K-3, M-34, HITE, all in Mauza Pathra, Tehsil Hub,

Disctirct Lasbela, Balochistan

Share Registrar/Transfer Agent

Famco Associate (Pvt.) Ltd

8-F, Next to Hotel Faran Nursery, Block-6, PECHS, Shahrah-e-Faisal,

Karachi.

Website

http://www.feroze1888.com



#### **DIRECTORS' REPORT**

Your directors are pleased to present their review of the affairs of the company for the half year ended 31<sup>st</sup> December 2018.

#### **Business Review and Performance**

With the blessings of Almighty Allah, the most beneficent the most merciful, the Company has performed well during the first half of the year (July to December) and profitability ratios are remarkable. The Company managed the sales level in line with the forecasted numbers despite numerous local and international challenges.

The net profit margin of the Company during the period is 17.4% as compared to 8.95% of the corresponding period of the last year. The key factors contributing to the higher profits are devaluation of Pak rupee, continuous investment, cost controlling and better planning. However, on the other side of devaluation of Pak rupee has impacted negatively such as higher dyes & chemical cost, spares cost, marketing cost, freight cost etc. The prices of main raw materials cotton and yarn have increased significantly during the period mainly affected by the factors such as the gap between the demand and supply in the market and rupee devaluation.

During the period under review, the management has been persistent to seek administrative effectiveness, operational efficiency and optimal level of performance by keeping its focus on cost optimization projects and lesser reliance on outsourcing.

#### Earnings per Share

The earning per share for the half year ended December 31, 2018 was Rs. 5.99 as compared to Rs.2.47 for previous year's corresponding period.

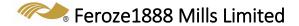
#### **Future Outlook**

All the global economic analyst have revised down the expected economic performance of the country citing shrinking foreign exchange reserves and a high debt burden among other factors. The world Bank, International monetary fund (IMF) and Asian development Bank have marked down the GDP growth forecast and also reputable credit rating agencies Moody's and Fitch have reduced Pakistan's rating.

Currency devaluation proved insufficient to boost the export alone, because other factors like uninterrupted availability of utilities, higher basic labor wages rate, and encashment of long awaited dues from the government remain a question mark during the period. Meanwhile Devaluation impact on export will take time to get materialized.

The recently announced supplementary budget, the sentiments of the business community have largely been positive and felicitated the government for presenting a pro-business budget. In that budget the government has extended a range of reforms intended to stimulate exports, increase investment in capital markets and resolve outstanding issues pertaining to the gas infrastructure development cess (GIDC) and tax refunds.

Pakistan's dismal economic condition requires the consensus among the political spheres, while national economists would be focusing on the long term revival of the industry particularly the export oriented industry, in order to shrink the widened trade deficit.



### Acknowledgement

The Board is pleased to place on record its sincere appreciation for the contributions made by the employees of the company. The Board also acknowledges the role of all financial institutions, customers, suppliers and other stakeholders for their continued support.

For and on behalf of the Board

**Khaleequr Rahman**Director

**Rehan Rahman**Chief Executive Officer

Dated: February 23, 2019

## نظماء تجزبه برائح فقص يافتكان

مجلسِ نظماء کی جانب سے ۳۱ دسمبر ۲<u>۰۱۸ء کواخ</u>تیام پذیر ہونے والے نصف سال کے دوران کمپنی کے معاملات کا جائز ہیشِ خدمت ہے۔

# عملی اور مالیاتی کارکردگ

اللہ تعالیٰ کے فضل وکرم کے ساتھ جس کے پاس تمام اختیارات ہیں آپ کی کمپنی نے سال کے پہلے نصف جھے (جولائی سے دسمبر) کے دوران بہتر کارکردگی کا مظاہرہ کیا جس میں منافع کی شرح بہترین رہی ۔ کمپنی نے بہت سے مقامی اور بین الاقوامی مسائل کے باوجود تخیینہ کے مطابق فروخت کی سطح کو برقر اررکھا۔

زیرنظر مدت کے دوران کمپنی کا خالص منافع ۱۷۴ فیصدر ہا جبکہ گزشتہ سال ای مدت میں ۸۹۵ فیصد تھا۔اعلیٰ منافع کا حصول چنداہم عوامل کی مرہون منت ہے جس میں قابل ذکررو پے کی قدر میں ڈالر کے مقابلے میں کمی مسلسل سر مایہ کاری ، لاگت کو قابو میں رکھنا اور بہتر منصوبہ بندی شامل ہیں۔تا ہم روپے کی قدر میں کمی نے دوسری طرف منفی اثرات مرتب کئے ہیں جن میں کیمیکل ، پڑزا جات ، مارکٹنگ ، ترسیل وغیرہ کی لاگت میں اضافہ شامل ہے۔موجودہ مدت میں بنیا دی خام مال یعنی کیاس اور دھا گہ کی قیمتوں میں بھاری اضافہ د کیھنے ہیں آیا ہے جس کے اسباب طلب ورسد میں فرق اور روپے کی قدر میں کی ہیں۔

کمپنی کی انتظامیہ نے زیرِ جائزہ مدت میں انتظامی اور پیداواری شعبوں میں بہتری، پیداواری لاگت میں کی کےمنصوبوں اور بیرونی پیداواری ذرائع پرانحصار میں کی پرتوجہ مرکوز رکھی۔

# في حصص آمدني

ا وسمبر ١٠١٨ع كواختام پذيرسال نصف ميس في حصص آمدني ٥ روپ ٩٩ پييجبكه پچھلے سال كي ششماى ميس ١ روپ ٧٥ پيے في حصص تھا.

# مستقبل كاجائزه

تمام عالمی اقتصادی تجزید کاروں نے ملک کی متوقع معاثی کارکردگی پرتجزید کرتے ہوئے صورتحال کومنفی قرار دیا ہے جسکی وجدز رمبادلہ کے ذخائر میں کی اور بھاری قرضوں کا بوجھاور متفرق عوامل ہیں۔عالمی بدیک، عالمی مونیٹری فند (IMF) اورایشین ڈیو لپمنٹ بنک نے ملکی پیداوار کی تخییندگ گئی شرح نمو کے گرنے اور قابل ذکر Credit Rating کے ادارے موڈیز (Moody's) اور فیچ (Fitch) نے پاکستان کی کی درجہ بندی میں کمی کی ہے۔

صرف روپے کی قدر میں کی برآ مدات کوفر وغ دینے کے لئے نا کافی ہے ۔ کیونکہ دیگرعوامل جیسے توانائی کی بلانغطل فراہمی ، زائد تخواہوں کی شرح اور حکومت کی طرف سے واجب الا دارقوم کی واپسی نہ ہوناایک سوالیہ نشان ہے، جبکہ کرنسی کی قدر میں کی کا برآ مدات پرمتعین کردہ اثر کے حصول میں مزید وقت درکارہے۔ حالیہ اعلان کر دہ خمنی بجٹ کو کاروباری برادری نے مثبت اور کاروباری سر گرمیوں کے لئے خوش آئند قر ارددیتے ہوئے حکومت کا شکر بیادا کیا ہے۔ حکومت نے حالیہ بجٹ میں برآ مدات کے فروغ کیلئے وسیع پیانے پر اصلاحات، Capital Market میں سرمایہ کاری میں اضافے اور GIDC اور Tax Refund جیسے دیرینہ مسائل کوحل کیے جانے کے لیے اقد امات کیے ہیں۔

پاکتان کی کمزور اقتصادی حالت کومضبوط سیاس استحکام اور قومی معیشت کے منتظمین کو صنعت اور خصوصاً برآ مداتی صنعتوں کی طویل المعیاد بحالی پر توجه مرکو زکر نے کی ضرورت ہےتا کہ تجارتی مالیاتی خسارہ کم ہوسکے۔

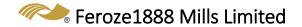
## اظهارتشكر

مجلسِ نظماء کمپنی کے تمام ملاز مین کی جانب سے کی گئی کاوشوں اور اپنے تمام مالیاتی اداروں ،صارفین ،فروخت کنندگان ادر دیگرشرا کت داروں کے مسلسل تعاون کے لیے تہد دل سے مشکور ہے۔

منجانب بورڈ

خلیق الرحمان ڈائیر یکٹر ڈائیر یکٹر

> کراچی ۲۳ فروری <u>۲۰۱۹ء</u>



# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FEROZE1888 MILLS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Feroze1888 Mills Limited** (the Company) as at **31 December 2018**, the related interim condensed statement of profit or loss, condensed interim statement of other comprehensive income, condensed interim statement of cash flow, condensed interim statement of changes in equity and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-months period ended 31 December 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures of the six-months period ended 31 December 2018.

#### Scope of Review

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

#### Conclusion

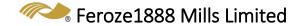
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shaikh Ahmed Salman.

Chartered Accountants

Date: February 23, 2019

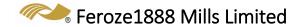
Place: Karachi



# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Note	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
<u>ASSETS</u>	11010	(Rupees i	
NON-CURRENT ASSETS			
Property, plant and equipment	5	11,498,448	10,846,978
Intangible assets		1,634	1,870
Long-term investments	6	-	-
Long-term deposits		9,021	8,333
		11,509,103	10,857,181
CURRENT ASSETS			
Stores and spares		626,145	632,710
Stock-in-trade	7	7,142,063	3,892,270
Trade debts		6,176,042	5,191,492
Advances, deposits, prepayments and other receivables	8	2,889,234	2,143,315
Taxation – net		420,504	431,649
Cash and bank balances		374,511	203,364
TOTAL ASSETS	-	17,628,499 29,137,602	12,494,800 23,351,981
TOTAL ASSETS	:	29,137,002	23,331,361
EQUITY AND LIABLITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	=	4,000,000	4,000,000
Issued, subscribed and paid-up capital		3,768,009	3,768,009
Capital reserve		758,663	758,663
Revaluation surplus on property, plant and equipment		1,499,008	1,499,008
Accumulated profit	-	11,476,759	10,141,524
		17,502,439	16,167,204
LIABILITIES  NON CURRENT HARMITIES			
NON-CURRENT LIABILITIES  Long term financing		946,560	750,334
		340,300	730,334
CURRENT LIABILITIES	_ [		
Trade and other payables	9	4,401,323	3,701,919
Short term borrowings Accrued mark-up	10	6,037,679 37,080	2,550,000 18,642
Current portion of long term financing		210,078	162,508
Unclaimed dividend		1,147	1,150
Unpaid dividend		1,296	224
•	L	10,688,603	6,434,443
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES	- -	29,137,602	23,351,981

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

		Half year ended		Half year ended Quarter ended		ended
	Note	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	
			(Rupees	in '000)		
Sales - net		12,975,716	10,413,392	6,861,038	4,968,448	
Cost of sales  Gross profit		(9,780,160) 3,195,556	(8,365,036) 2,048,356	(5,037,292) 1,823,746	(4,029,618) 938,830	
Administrative costs		(519,316)	(471,114)	(255,477)	(257,593)	
Distribution costs Other income – net	12	(889,909) 634,168	(723,810) 99,325	(506,855) 535,602	(359,012) 145,206	
		(775,057)	(1,095,599)	(226,730)	(471,399)	
Operating profit		2,420,499	952,757	1,597,016	467,431	
Finance costs		(69,098)	(40,125)	(40,883)	(23,008)	
Profit before taxation		2,351,401	912,632	1,556,133	444,423	
Taxation	13	(93,004)	19,421	(44,513)	55,383	
Net profit for the period		2,258,397	932,053	1,511,620	499,806	
Earnings per share - basic and diluted		Rs. 5.99	Rs. 2.47	Rs. 4.01	Rs. 1.33	

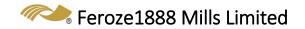
The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



## CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

	Half year ended		Quarter	ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	
	(Rupees in '000)				
Net profit for the period	2,258,397	932,053	1,511,620	499,806	
Other comprehensive income	-	-	-	-	
Total comprehensive income for the period	2,258,397	932,053	1,511,620	499,806	

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

	Half year ended		
	December 31, 2018	December 31, 2017	
CASH FLOWS FROM OPERATING ACTIVITIES	(Rupee	es in '000)	
Profit before taxation	2,351,401	912,632	
Adjustments for:	, ,		
Depreciation	429,405	336,519	
Amortization	236	41	
Loss on disposal of property, plant, and equipment	3,427	32,952	
Finance costs	69,098	40,125	
	502,166	409,637	
Increase in current assets			
Stores and spares	6,565	(203,278)	
Stock-in-trade	(3,249,793)	(737,856)	
Trade debts	(984,549)	(313,846)	
Advances, deposits, prepayments and other receivables	(745,920)	(1,718,130)	
	(4,973,697)	(2,973,110)	
Increase in current liabilities			
Trade and other payables	699,404	237,181	
Finance costs paid	(50,660)	(22,315)	
Income taxes paid	(81,860)	(133,943)	
Long-term deposits	(687)		
Net cash used in operating activities	(1,553,933)	(1,569,918)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure	(1,112,733)	(2,013,678)	
Proceeds from disposal of property, plant and equipment	28,431	45,671	
Net cash used in investing activities	(1,084,302)	(1,968,007)	
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(922,093)	(640,413)	
Long-term financing-net	243,796	249,996	
Net cash used in financing activities	(678,297)	(390,417)	
Net decrease in cash and cash equivalents	(3,316,532)	(3,928,342)	
Cash and cash equivalents at the beginning of the period	(2,346,636)	(407,069)	
Cash and cash equivalents at the end of the period	(5,663,168)	(4,335,411)	
CASH AND CASH EQUIVALENTS			
Cash and bank balances	374,511	135,642	
Short term borrowings	(6,037,679)	(4,471,053)	
······································	(5,663,168)	(4,335,411)	
	(3,003,108)	(7,555,411)	

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

	Chara.	Capital R	eserve	Revaluation surplus	Accumulated	Total
	Share capital	Reserve on merger	Others	Others on property, plant and equipment		
			•	apees eee		
Balance as at June 30, 2017 (Audited)	3,768,009	543,413	215,250	1,499,008	8,482,149	14,507,829
Net profit for the period Other comprehensive income		-	-		932,053	932,053
Total comprehensive income for the period	-	-	-	-	932,053	932,053
Final cash dividend for the year ended June					(	<b>/</b>
30, 2017 @ Rs. 1.70/- per share				-	(640,561)	(640,561)
Balance as at December 31, 2017	3,768,009	543,413	215,250	1,499,008	8,773,641	14,799,321
Balance as at June 30, 2018 (Audited)	3,768,009	543,413	215,250	1,499,008	10,141,524	16,167,204
Net profit for the period	-	-	=	-	2,258,397	2,258,397
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,258,397	2,258,397
Final cash dividend for the year ended June						
30, 2018 @ Rs. 2.45/- per share	-	=	=	-	(923,162)	(923,162)
Balance as at December 31, 2018	3,768,009	543,413	215,250	1,499,008	11,476,759	17,502,439

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (UNAUDITED)

#### 1. THE COMPANY AND ITS OPERATIONS

1.1 Feroze1888 Mills Limited (the Company) was incorporated in Pakistan as a public limited company in October 1972. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in production and export of towels. The registered office of the Company is situated at H-23/4-A Scheme # 3, Landhi Industrial Area, Karachi.

#### 2. BASIS OF PREPARATION

- 2.1 These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
  - International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
  - Provisions of and directives issued under the Companies Act, 2017.

'Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the company's annual financial statements for the year ended June 30, 2018.
- 2.3 These condensed interim financial statements are unaudited, but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance.
- 2.4 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they have reviewed the cumulative figures for the six months ended December 31, 2018 and December 31, 2017.

#### 3. ACCOUNTING POLICIES

The accounting policies and the methods of computations 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, 2018 except for;

#### 3.1 New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

#### Standard or Interpretation

IFRS 2	- Share-based Payments – Classification and Measurement of Share-based Payments Transactions	
	(Amendments)	

IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)

IFRS 9 - Financial Instruments

IFRS 15 - Revenue from Contracts with Customers

IAS 40 - Investment Property: Transfers of Investment Property (Amendments)

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Company except as follows:

#### 3.2 IFRS 15 – Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue' and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company is engaged in production and export of towels. The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

#### 3.3 IFRS 9 – Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. However subsequent to the period end, Securities and Exchange Commission of Pakistan (SECP) via S.R.O. 229(1)/2019 dated February 14, 2019 has made IFRS 9 applicable from the reporting period/year ending on or after June 30, 2019 with early application permitted. Accordingly, the company has early adopted and applied IFRS 9 retrospectively for the preparation of financial statements for the half year ended December 31, 2018.

The Company's financial assets mainly include trade debts, advances, deposits, other receivables and bank balances held with commercial banks.

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. Expected Credit Loss (ECL) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL as at December 31, 2018 and has concluded that it is in compliance with the requirements of the new accounting standard.

#### 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied in the Company's annual financial statements for the year ended June 30, 2018.

December 31

luna 30

			December 31,	Julie 30,
			2018	2018
			(Unaudited)	(Audited)
5.	PROPERTY, PLANT AND EQUIPMENT	Note	Rupees in '000)	
	Operating fixed assets	5.1	9,253,151	8,939,671
	Capital work-in-progress	5.2	2,245,297	1,907,307
			11,498,448	10,846,978

#### 5.1 Details of additions and deletions are as follows:

	Additions (cost)		Deletions (net b	oook value)
	December 31,	June 30,	December 31,	June 30,
	2018	2018	2018	2018
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
		(Rupees	in '000')	
Leasehold land	949	151,364	-	-
Building on leasehold land	56,500	451,436	-	-
Leasehold improvement	9,011	94,588	-	-
Plant and machinery	639,564	1,560,438	(15,300)	(98,448)
Electric fittings / equipment	35,574	22,098	-	-
Office equipment	12,264	7,190	(96)	-
Computers	5,239	25,010	-	-
Furniture and fixtures	1,199	12,503	(50)	-
Vehicles	14,443	59,460	(16,413)	(13,537)
	774,743	2,384,087	(31,859)	(111,985)

Depreciation on operating fixed assets for the period amounted to Rs.429.405 million (December 31, 2017: Rs.336.519 million).

#### 5.2 Capital work in progress

	Opening balance	Additions	Transfers to operating assets	Closing Balance
		(Rupees i	n '000')	
Building on leasehold land	819,858	403,163	(56,500)	1,166,521
Leasehold improvements	-	9,011	(9,011)	-
Plant and machinery	888,253	485,299	(538,175)	835,377
Equipments	19,361	99,946	(39,549)	79,758
Computer	-	334	(334)	-
Furniture and fixtures	458	1,583	(355)	1,686
Advances to suppliers	179,377	-	(17,422)	161,955
	1,907,307	999,336	(661,346)	2,245,297

#### 6. LONG TERM INVESTMENT

		December 31, 2018 (Unaudited)(Rupees in	June 30, 2018 (Audited) n '000)
Investment in subsidiary		608	608
Less: Provision for impairment		(608)	(608)
	6.1	-	-

**6.1** During the period, Xublimity (Private) Limited, a subsidiary company has initiated legal procedures for the voluntary winding up as approved by the members through special resolution in annual general meeting held on October 27, 2018 and in this respect a liquidator is appointed by a members in that meeting effective from November 5, 2018.

#### 7. STOCK-IN-TRADE

Represents raw material, work in process and finished goods amounting to Rs. 4,047.833 million, Rs. 1,927.155 million and Rs. 1,167.075 million (June 30, 2018: Rs. 1,575.528 million, 1,470.271 million and Rs. 846.471 million) respectively.

#### 8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Includes advance to suppliers and deposits to related party amounting to Rs.713.604 million and Rs.28.627 million, respectively (June 30, 2018: Rs.313.181 million and Rs.27.587 million, respectively).

#### 9. TRADE AND OTHER PAYABLES

Includes Gas Infrastructure Development Cess and due to related party amounting to Rs.1,717.868 million and Rs. 298.634 million (June 30, 2018 Rs.1,483.178 million and Rs. 106.370 million).

#### 10. SHORT TERM BORROWINGS

Represents utilized portion of export finance and running finance facilities amounting to Rs.5,440 million (June 30, 2018 Rs.2,550 million) and Rs.597 million (June 30, 2018 Rs.Nil) respectively, repayable / renewable latest by February 01, 2019. These carry mark-up at the rates ranging from SBP Export refinance rate plus 0.25% to 0.5% per annum and 3 months KIBOR plus 0.25% to 1.50% per annum, respectively. These are secured against first pari passu charge over stock-in-trade, receivables and other current assets of the Company.

#### 11. CONTINGENCIES AND COMMITMENTS

#### i) Contingencies

No contingencies exist as at reporting date.

ii) Commitments	December 31, 2018 (Unaudited) (Rupees in	June 30, 2018 (Audited) n '000')
Outstanding letters of credit	1,073,369	334,948
Outstanding letters of guarantee	674,768	652,453
Capital commitments	1,476,752	615,950

#### 12. OTHER INCOME - NET

Includes Exchange differences on realization of export receivables amounting to Rs. 776.343 million (December 31, 2017 Rs. 192.844 million).

		Half Ye	ear Ended	Quarter Ended		
		December 31, 2018 (Unaudited) (Rupe	2018 December 31,		December 31, d) 2017 (Unaudited) upees in '000)	
13.	TAXATION					
	Current					
	Charge for the period	(137,332)	(113,255)	(70,710)	(53,982)	
	Tax credit under section 65B	41,552	119,139	31,071	95,828	
		(95,780)	5,884	(39,639)	41,846	
	Prior year	2,776	13,537	(4,874)	13,537	
		(93,004)	19,421	(44,513)	55,383	

#### 14. TRANSACTION WITH RELATED PARTIES

Related parties of the Company comprise subsidiaries, associates, directors, major shareholders of the company, key management personnel and staff provident fund. Details of transactions with related parties during the period, other than these disclosed elsewhere in these condensed interim financial statements are as follows:

Nature of transaction	Relationship with the company	Half Yea	Half Year Ended		Quarter Ended	
		2018 (Unaudited)	December 31, 2017 (Unaudited) s in '000')	December 31, 2018 (Unaudited) (Rupees	December 31, 2017 (Unaudited) in '000')	
Sales	Associate	670,902	464,320	283,499	259,261	
Purchases	Associate	2,075	4,683	1,099	4,683	
Other services	Associate	582,883	571,466	337,511	249,570	
Donation	Associate	7,023	100	5,815	100	
Remuneration to key management						
personnel		179,027	141,063	71,433	63,658	
Remuneration to Directors		2,640	3,550	1,730	1,650	
Contribution to provident fund		9,402	7,254	4,352	3,635	

#### 15. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018. There have been no changes in any risk management policies since the year end.

#### 16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on February 23, 2019 by the Board of Directors of the Company.

#### 17. GENERAL

- **17.1** For better presentation, certain prior year figures have been reclassified consequent to certain changes in current year presentation
- 17.2 Figures have been rounded off to the nearest thousand Rupee, unless otherwise stated.
- 17.3 Key management personnel remuneration corresponding figure in related party transactions note has been revised in line with the new definition of key management personnel under the directives issued by the Securities and Exchange Commission of Pakistan.
- 17.4 The Board of Directors in its meeting held on February 23, 2019 has proposed interim cash dividend @ Rs.3 per share amounting to Rs.1,130.40 million (2017: Rs.1.20/- per share amounting to Rs.452.16 million). These condensed interim financial statements for the period ended December 31, 2018 do not include the effect of the above interim cash dividend which will be accounted for subsequent to the period end.

Rehan RahmanKhaleequr RahmanMuhammad FaheemChief ExecutiveDirectorChief Financial Officer

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