Half Yearly Report
December 31, 2018

FALCON CEMENT

ATTOCK CEMENT
PAKISTAN LIMITED

FALCON CEMENT

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COMPANY INFORMATION

Board of Directors
Laith G. Pharaon - Chairman
Wael G. Pharaon
Shuaib A. Malik
Abdus Sattar
Agha Sher Shah
Sajid Nawaz
Babar Bashir Nawaz

Chief Executive
Babar Bashir Nawaz

Alternate Directors
Shuaib A. Malik
Irfan Amanullah

Audit Committee of the Board

Agha Sher Shah	Chairman
Shuaib A. Malik	Member
Abdus Sattar	Member

HR & Remuneration Committee

Agha Sher Shah	Chairman
Shuaib A. Malik	Member
Abdus Sattar	Member

Company Secretary
Irfan Amanullah

Chief Financial Officer
Muhammad Rehan

Auditors
A.F. Ferguson & Co.
Chartered Accountants

Legal Advisor
M/s. HNT & Associates

Bankers
The Bank of Punjab
Allied Bank Limited
MCB Bank Limited
Askari Bank Limited
United Bank Limited
Habib Bank Limited
Bank Al-Habib Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Dubai Islamic Bank Limited
Faysal Bank Limited

Registered Office
D - 70, Block-4, Kehkashan-5
Clifton, Karachi-75600
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UAN: 111-17-17-17
Fax: (92-21) 35309775
Email: acpl@attockcement.com
Website: www.attockcement.com

Plant
Hub Chowki, Lasbella,
Baluchistan

Share Registrar
M/s. FAMCO Associates (Pvt) Ltd.
8-F, Near Hotel Faran,
Nursery, Block-6, PECHS,
Shahrah-e-Faisal, Karachi.
Tel: (92-21) 34380101-5
(92-21) 34384621-3
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DIRECTORS' REVIEW

The Directors are pleased to announce the results of the Company for the half year ended December 31, 2018.

Operational & Financial Review

Production and sales figures for the half year ended December 31, 2018 are as follows:

	Jul-Dec 2018	Jul-Dec 2017
	Tons	
Clinker Production	1,576,772	990,469
Cement Production	1,239,931	1,085,055
Cement Dispatches - Local	987,143	841,745
- Export	267,033	232,250
	1,254,176	1,073,995
Clinker Dispatch - Export	439,912	-
Total Dispatches	1,694,088	1,073,995
Clinker Capacity Utilization	109%	114%

During the half year under review the Company utilized 109% of its overall clinker production capacity and all the three lines continued to operate well above their original rated capacities.

Industry Review

During the first half of fiscal year 2018-2019, the local market of south, where your company is situated, witnessed an exuberant growth of 55% owing to robust demand not only in local markets which is increased by 21% as compared to same period last year but also due to export markets which is increased by 243% as compared to same period last year. On export front, the cement players of South exploited the favorable conditions and exported the clinker in the markets of Bangladesh, Sri Lanka and Africa.

Sales Review

During the period under review, the company maintained its dominant position in its core market of Karachi both in terms of volume share and also in terms of price domination. However, as part of its strategy it also maintained its presence in the entire South Zone and also in lower Punjab. Local dispatches of the company, therefore, increased by 145,398 tons (17%). On export front, total dispatches including clinker sales during the period was 706,945 tons showing an increase of 474,695 tons (204%) as compared to same period last year. On the back of high production and in order to utilize the excess clinker available from all production lines, the company aggressively explored the regional markets and was able to sell 439,912 tons clinker in the markets of Bangladesh, Sri Lanka and African continent. The total dispatches of the company including both clinker and cement therefore increased by 620,093 Tons (58%) as compared to same period last year.

Financial Review

Due to additional sales of both cement and clinker, the net sales revenue of the company reached at record level of Rs. 10.6 billion showing an increase of Rs. 3,271 million (44%) over corresponding period. Though the overall net retention from sale of cement only increased by Rs. 70 per ton (1%), the massive growth in sales was primarily achieved due to higher volumetric growth derived from clinker sales.

The continuous devaluation of PKR against US dollar, increase in coal prices in international markets and changes in duty structures of various items in the supplementary finance bill kept the production cost at higher levels and on a comparable period basis production cost showed an increase of Rs. 328 per ton (7%).

Further due to higher exports of both cement & clinker by 474,695 tons, the distribution cost also increased by Rs. 470 million(168%) as compared to the same period last year. As a result, both the gross and operating margins reduced from 33% and 25% to 21% and 12% respectively and the company recorded net profit after tax of Rs. 817 million which is lower by 29% as compared to same period last year.

PROGRESS ON PROJECTS

Cement Grinding Unit in Basra, Iraq

The entire civil, mechanical and electrical jobs on Iraq Project have been completed and Cement Grinding Unit is now at commissioning stage. The company is in the process of obtaining permission for the import of clinker. As soon as the permission is granted, the company would start the process of import of clinker and thereafter, start the trial production.

Future Outlook

The first half year of the fiscal year 2018-2019 was very challenging on economic front as the overall benchmark discount rate increased by 4% and rupee devalued by almost 28%. This massive change in benchmark numbers created an uncertain situation for the entire construction sector and cement was no exception. Nearly all the key input cost parameters including coal, gas, paper bags, diesel etc. are showing rising trend and uncertainty over rupee dollar parity has further raised the level of risk for business.

Though there is considerable demand in the market however, it is feared that overall market sentiments may be affected because of lack of clear direction on economic front. This coupled with additional new capacities of around 7.7 million tones which are coming in next 12-18 months may further affect the already depressed margins as the prices of the product in both domestic and export markets are not showing any significant improvement due to capacity challenges both within and outside Pakistan.

Your management is fully alive to the situation and evaluating all the available options and trying its level best to keep the momentum going. The immediate target of the company is to ensure 100% sales either in the form of cement or clinker from its all the 3 production lines by exploring all segments of both local and export markets and during the first six months of fiscal year the company has met all its production and sales targets in volumetric terms. Efforts are being made to maximize profitability through efficient sales mix and by adopting austerity measures.

On behalf of the Board

BABAR BASHIR NAWAZ
Chief Executive

January 21, 2019
Istanbul, Turkey

AUDITOR'S REPORT TO THE MEMBERS

ON REVIEW OF INTERIM FINANCIAL STATEMENTS

pwc

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Independent Auditor's Review Report to the members of Attock Cement Pakistan Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Attock Cement Pakistan Limited as at December 31, 2018 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 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 unconsolidated interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.

Chartered Accountants
Karachi

Date: February 07, 2019

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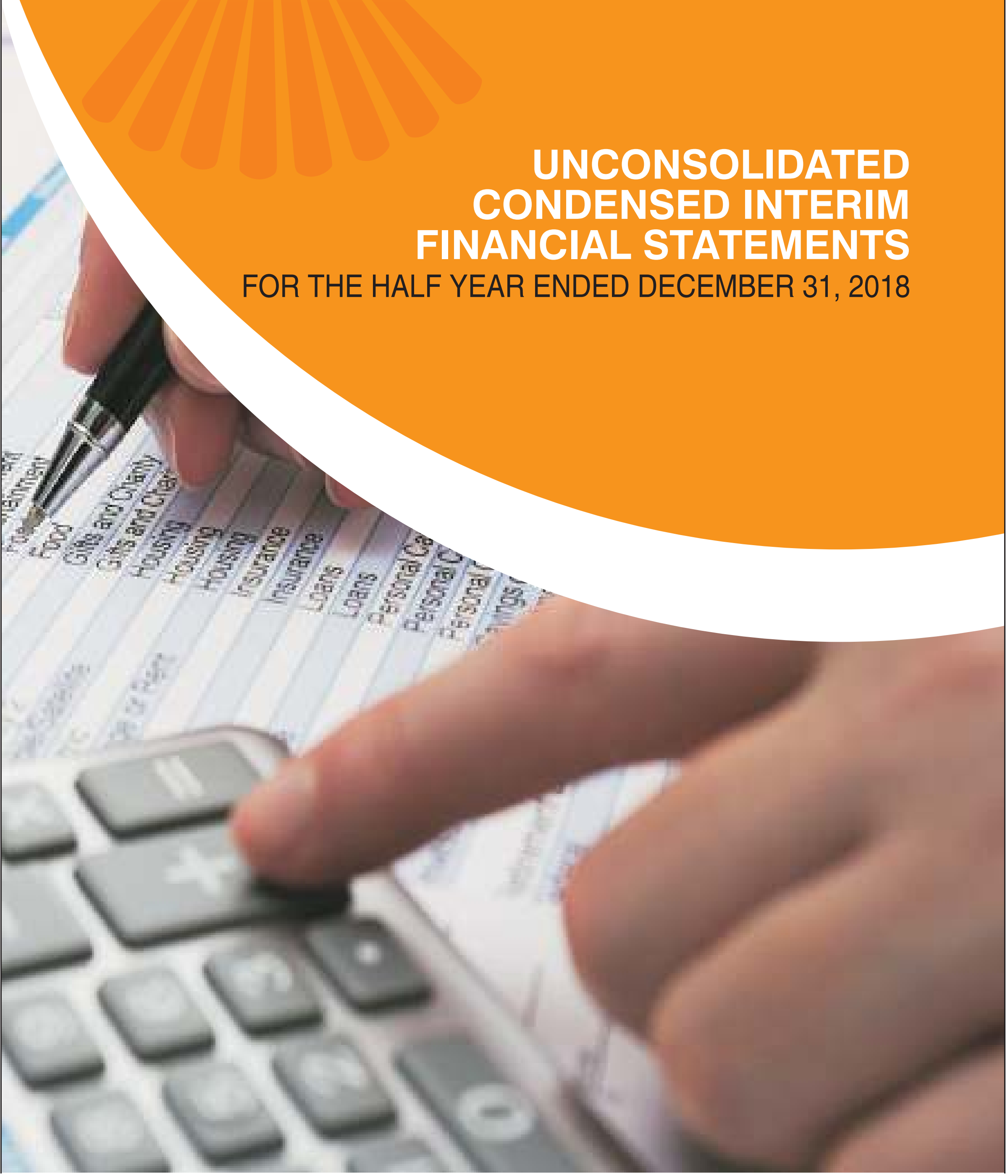
KARACHI ▪ LAHORE ▪ ISLAMABAD


Monthly Budget - Detail

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
		Rs. in '000	
ASSETS			
Non-current assets			
Fixed assets - property, plant and equipment	5	17,854,616	17,962,931
Long-term investments	6	1,638,446	1,435,379
Long-term loans and advances - considered good		46,392	47,311
Long-term deposits		99,940	99,940
Deferred tax assets		112,865	131,543
		19,752,259	19,677,104
Current assets			
Inventories	7	3,311,230	3,649,066
Trade receivables - considered good		835,903	709,917
Loans and advances - considered good		72,495	78,499
Short-term deposits and prepayments		66,335	22,593
Other receivables	9	199,911	201,370
Taxation - payments less provision		1,556,745	1,453,299
Tax refunds due from Government - Sales tax		85,599	289,270
Cash and bank balances	8	256,707	324,936
		6,384,925	6,728,950
Total assets		26,137,184	26,406,054
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		1,374,271	1,145,225
Unappropriated profit		13,398,974	13,727,410
		14,773,245	14,872,635
LIABILITIES			
Non-current liabilities			
Long term loans	10	2,812,500	3,437,500
Liability against assets subject to finance lease		9,354	10,793
Employee benefits obligations		345,906	387,093
		3,167,760	3,835,386
Current liabilities			
Trade and other payables		3,427,017	4,983,843
Unclaimed dividend		11,119	8,998
Accrued mark-up		153,120	88,773
Short term borrowings	11	4,602,045	2,612,508
Current maturity of liability against assets subject to finance lease		2,878	3,911
		8,196,179	7,698,033
Total liabilities		11,363,939	11,533,419
Contingency and commitments	12		
Total equity and liabilities		26,137,184	26,406,054

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Muhammad Rehan
Chief Financial Officer

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	Note	Quarter ended		Half year ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		--------Rs. in '000--------			
Revenue	13	4,954,181	3,902,118	10,634,223	7,362,916
Cost of sales		(3,903,010)	(2,590,814)	(8,385,953)	(4,964,507)
Gross profit		1,051,171	1,311,304	2,248,270	2,398,409
Distribution costs	14	(279,061)	(124,275)	(749,396)	(279,189)
Administrative expenses		(122,723)	(134,127)	(252,112)	(241,743)
Other expenses		(36,000)	(56,741)	(61,000)	(91,741)
Other income	15	73,212	16,679	134,545	27,602
Profit from operations		686,599	1,012,840	1,320,307	1,813,338
Finance cost		(177,881)	(67,735)	(300,541)	(78,291)
Profit before income tax		508,718	945,105	1,019,766	1,735,047
Income tax expense	16	(114,976)	(397,132)	(202,976)	(582,132)
Profit for the year		393,742	547,973	816,790	1,152,915
Other comprehensive income		-	-	-	-
Total comprehensive income		393,742	547,973	816,790	1,152,915
			(Restated)		(Restated)
Basic and diluted earnings per share (Rupees)	17	2.87	3.99	5.94	8.39

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Muhammad Rehan	**Babar Bashir Nawaz**	**Abdus Sattar**
Chief Financial Officer	Chief Executive	Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	Share capital	Unappropriated profit	Total
	Rs. '000		
Balance as at July 1, 2017	1,145,225	10,802,410	11,947,635
Final dividend for the year ended June 30, 2017 @ Rs. 12.50 per share	-	(1,546,053)	(1,546,053)
Total comprehensive income for the half year ended December 31, 2017	-	1,152,915	1,152,915
Balance as at December 31, 2017 (unaudited)	1,145,225	10,409,272	11,554,497
Balance as at July 1, 2018	**1,145,225**	**13,727,410**	**14,872,635**
Final dividend for the year ended June 30, 2018 @ Rs. 8 per share	**-**	**(916,180)**	**(916,180)**
Bonus shares issued during the period in the ratio of 20 shares for every 100 shares held	**229,046**	**(229,046)**	**-**
Total comprehensive income for the half year ended December 31, 2018	**-**	**816,790**	**816,790**
Balance as at December 31, 2018 (unaudited)	**1,374,271**	**13,398,974**	**14,773,245**

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Muhammad Rehan
Chief Financial Officer

Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	Note	December 31, 2018	December 31, 2017
		--------Rs. in '000--------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	18	573,841	1,368,867
Finance cost paid		(236,194)	(16,423)
Income tax paid		(287,744)	(286,335)
Decrease in long-term loans and advances		919	3,674
Increase in long-term deposits		-	(56,960)
Employee benefit obligations paid		(82,579)	(70,337)
Net cash (used in) / generated from operating activities		(31,757)	942,486
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(290,366)	(1,196,653)
Investment in subsidiary company		(203,067)	(483,099)
Proceeds from disposal of operating assets		3,648	7,022
Interest received		5,307	3,455
Net cash used in investing activities		(484,478)	(1,669,275)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(914,059)	(1,543,902)
Proceeds from long term loan		-	3,400,000
Current portion of long term loan repaid		(625,000)	-
Lease rentals paid		(2,472)	(1,963)
Net cash (used in) / generated from financing activities		(1,541,531)	1,854,135
Net (decrease) / increase in cash and cash equivalents		(2,057,766)	1,127,346
Cash and cash equivalents at beginning of the period		(1,037,572)	(1,859,000)
Cash and cash equivalents at end of the period	19	(3,095,338)	(731,654)

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Muhammad Rehan	**Babar Bashir Nawaz**	**Abdus Sattar**
Chief Financial Officer	Chief Executive	Director

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan on October 14, 1981 as a public limited company and is listed on Pakistan Stock Exchange. Its main business activity is manufacturing and sale of cement. The registered office of the Company is at D-70, Block-4, Kehkashan-5, Clifton, Karachi. The Company's cement manufacturing plant is located in Tehsil Hub, District Lasbella, Balochistan. The Company also has a representative / liaison office in Dubai, UAE, to explore business opportunities in the growing markets of Middle East and Africa.

The Company is a subsidiary of Pharaon Investment Group Limited Holding S.A.L., Lebanon.

2. BASIS OF PREPARATION

These unconsonlidated condensed interim 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 the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

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

These unconsolidated condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2018.

2.1. Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The changes laid down by this standard do not have any significant impact on these unconsolidated condensed interim financial statements of the Company.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

As a result of application of IFRS 15, freight charges relating to Exports that were classified in Distribution costs, have now been netted off against Revenue from Exports.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2018, but are considered not to be relevant or have any significant effect on the Company's reporting and are therefore, not disclosed in these unconsolidated condensed interim financial statements.

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning January 01, 2019 that may have an impact on the financial statements of the Company.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The management is in the process of assessing the impact of changes laid down by this standard on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended June 30, 2018.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these unconsolidated condensed interim financial statements requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually 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.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

	December 31, 2018	(Audited) June 30, 2018
	-------------------Rs. in '000	--------------------
5. FIXED ASSETS - property, plant and equipment		
Operating assets - note 5.1	16,883,161	17,141,954
Capital work-in-progress - note 5.2	131,809	12,574
Stores held for capital expenditures	839,646	808,403
	17,854,616	17,962,931

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	December 31, 2018	December 31, 2017
	-------------------Rs. in '000	--------------------
5.1 Additions to operating assets during the period were as follows:		
Buildings and roads on freehold land	3,787	1,928
Plant and machinery	135,560	107,542
Vehicles	21,846	13,632
Others	3,211	2,390
	164,404	125,492
Disposals during the period - Net book value	1,260	3,629
Transfer to stores during the period - Net book value	30,694	28,226

	December 31, 2018	(Audited) June 30, 2018
5.2 Capital work-in-progress	-------------------Rs. in '000	--------------------
Civil works	39,960	7,684
Plant & machinery	77,178	4,890
Advances to suppliers	14,671	-
	131,809	12,574

6. LONG-TERM INVESTMENTS

Investment in subsidiary company		
Saqr Al-Keetan For Cement Production Company Limited - at cost - note 6.1	1,633,946	1,430,879
Investment in associated company		
Attock Information Technology Services (Private) Limited - 450,000 (2018: 450,000) fully paid ordinary shares of Rs. 10 each - at cost	4,500	4,500
	1,638,446	1,435,379

6.1 The company has a Joint Venture agreement with Al Geetan Commercial Agencies, Iraq, to form a limited liability company in Iraq. The principal activity of the company will be to build and operate a cement grinding plant having production capacity of approximately 900,000 metric tons per annum. The new limited liability company has been established and registered under the Iraqi law on November 3, 2014 by the name Saqr Al-Keetan for Cement Production Company Limited (SAKCPCL) having share capital of 30,000,000 Iraqi Dinar. Attock Cement Pakistan Limited will hold 60% share in the company. The expected investment of the company in foreign subsidiary would be USD 24 million. During the period, the company has invested USD 1.5 million (June 30, 2018: USD 6 million) making its total investment to USD 14.95 million (June 30, 2018: USD 13.45 million).

The installation of the plant has been completed and SAKCPCL is awaiting the approval from regulatory authorities in respect of import of clinker after which the trial production would commence.

Equity investment in Saqr Al-Keetan for Cement Production Company Limited, Basra Iraq has been approved by the members in its Extra Ordinary General Meeting held on May 12, 2015, as was required under section 208 of the repealed Companies Ordinance, 1984.

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	December 31, 2018	(Audited) June 30, 2018
7. INVENTORIES	----------Rs. in '000----------	
Stores, spares and loose tools - note 7.1	2,459,773	2,671,379
Raw materials	110,024	105,704
Packing materials	175,606	143,214
Work-in-process	414,058	529,009
Finished goods	151,769	199,760
	3,311,230	3,649,066

7.1 Stores, spares and loose tools		
Coal - note 7.1.1	1,332,173	1,627,122
Stores and spares - note 7.1.2	1,072,174	984,470
Bricks	100,826	100,862
Loose tools	2,922	6,996
	2,508,095	2,719,450
Less: Provision for slow moving and obsolete items	(48,322)	(48,071)
	2,459,773	2,671,379

7.1.1 This includes coal in transit amounting to Rs. 446.54 million (2018: Rs. 1.35 billion).

7.1.2 This includes stores and spares in transit amounting to Rs. 249.49 million (2018: Rs. 49.45 million).

	December 31, 2018	(Audited) June 30, 2018
	----------Rs. in '000----------	
8. CASH AND BANK BALANCES		
Cash at bank		
- On PLS savings accounts		
Local currency	197,017	274,758
Foreign currency	-	5,040
- On current accounts		
Local currency	50,778	27,434
Foreign currency	7,061	16,806
Cash in hand	1,851	898
	256,707	324,936

9. OTHER RECEIVABLES

Other receivables include Rs. 150.9 million (June 30, 2018: Rs. 117.507 million) incurred by the Company for its Iraq project that are recoverable from the subsidiary.

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

10. LONG TERM LOANS

	December 31, 2018	(Audited) June 30, 2018
	--------Rs. in '000--------	
Long term loans	3,437,500	4,687,500
Less: Current portion of long term loans	(625,000)	(1,250,000)
	2,812,500	3,437,500

10.1 The company had entered into a syndicated finance agreement in 2016 with a consortium of banks for a term finance facility of Rs. 7 billion for the installation of cement production line 3 and WHRS. The facility carries a mark-up of 3 months KIBOR plus 0.25% p.a. which will be payable on quarterly basis. The tenure of this facility is 6 years including the grace period of 2 years.

10.2 The above syndicated finance agreement is secured by first ranking hypothecation charge over all movable assets of the company.

11. SHORT TERM BORROWINGS

	December 31, 2018	(Audited) June 30, 2018
	--------Rs. in '000--------	
Short term running finance - notes 11.1 & 11.2	3,352,045	1,362,508
Current maturity of long-term loan - note 10	1,250,000	1,250,000
	4,602,045	2,612,508

11.1 The facilities available from various banks amount to Rs. 5.10 billion (June 30, 2018: Rs. 4.34 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's inventories and trade receivables.

11.2 The rates of mark-up ranging between one month KIBOR minus 0.4% and one month KIBOR plus 0.50% (June 30, 2018: one month KIBOR minus 0.4% and three months KIBOR plus 0.25%) per annum.

12. CONTINGENCY AND COMMITMENTS

12.1 There has been no change in the status of contingency as reported in annual financial statements for the year ended June 30, 2018.

12.2 Commitments for capital expenditure outstanding as at December 31, 2018 amounted to Rs. 135 million (June 30, 2018: Rs. 67.6 million).

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

13. REVENUE

	December 31, 2018	December 31, 2017
	-------------------Rs. in '000	--------------------
Local sale of goods	10,417,457	8,846,696
Sales tax	(1,730,943)	(1,430,952)
Federal excise duty	(1,474,374)	(1,049,611)
	(3,205,317)	(2,480,563)
Commission	(121,516)	(174,589)
Net local sales of goods	7,090,624	6,191,544
Export sales	3,780,945	1,378,106
Freight	(237,346)	(206,734)
	3,543,599	1,171,372
	10,634,223	7,362,916

14. DISTRIBUTION COSTS

This includes Rs. 627.97 million (December 31, 2017: Rs. 189.37 million) incurred in respect of export sales.

15. OTHER INCOME

	December 31, 2018	December 31, 2017
	-------------------Rs. in '000	--------------------
Interest on PLS savings accounts under interest / markup arrangements	5,307	3,455
Exchange gain	95,873	-
Scrap sales	22,477	12,541
Others	10,888	11,606
	134,545	27,602

16. INCOME TAX EXPENSE

Current	184,298	544,682
Deferred	18,678	37,450
	202,976	582,132

17. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the year	816,790	1,152,915
Weighted average number of outstanding shares at the end of the period (in thousand) - Restated	137,427	137,427
Basic and diluted earnings per share (Rupees) - Restated	5.94	8.39

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	December 31, 2018	December 31, 2017
	Rs. in '000	
18. CASH GENERATED FROM OPERATIONS		
Profit before income tax	1,019,766	1,735,047
Add / (Less): Adjustments for non-cash charges & other items		
Depreciation	397,421	164,216
Gain on disposal of property, plant and equipment	(2,388)	(3,393)
Provision for stores, spares and loose tools	251	177
Interest income	(5,307)	(3,455)
Finance cost	300,541	78,291
Employee benefit obligations	41,392	47,911
Profit before working capital changes	1,751,676	2,018,794
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	337,585	(121,994)
Trade receivables	(125,986)	(85,417)
Loans and advances	6,004	9,862
Short-term deposits and prepayments	(43,742)	(28,708)
Tax refunds due from Government - Sales tax	203,671	221,011
Other receivables	1,459	(16,135)
	378,991	(21,381)
Decrease in current liabilities		
Trade and other payables	(1,556,826)	(628,546)
	(1,177,835)	(649,927)
Cash generated from operations	573,841	1,368,867

19. CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017
Cash and bank balances - note 8	256,707	239,443
Short-term running finance - note 11	(3,352,045)	(971,097)
	(3,095,338)	(731,654)

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

20. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the period are as follows:

	December 31, 2018	December 31, 2017
	-------------------Rs. in '000	--------------------
Holding Company		
Dividend paid	770,176	1,299,671
Bonus shares issued	192,544	-
Recovery of expenses	1,804	827
Subsidiary company		
Investment	203,067	483,099
Expense incurred on behalf of subsidiary company	33,440	18,205
Associated companies		
Purchase of goods	230,735	128,303
Reimbursement of expenses	4,178	1,648
Recovery of expenses	6,497	7,088
Other related parties		
Payments made to retirement benefit funds	82,579	70,337
Key management personnel		
Loans and advances recovered during the period	1,507	3,276
Salaries and other short-term employee benefits	76,440	71,921
Post-employment benefits	2,124	3,782

21. CORRESPONDING FIGURES

Due to the application of IFRS 15, freight charges amounting to Rs. 206.734 million which were classified in Distribution costs have now been netted off against Revenue from Exports.

22. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of Company on January 21, 2018.

Muhammad Rehan
Chief Financial Officer

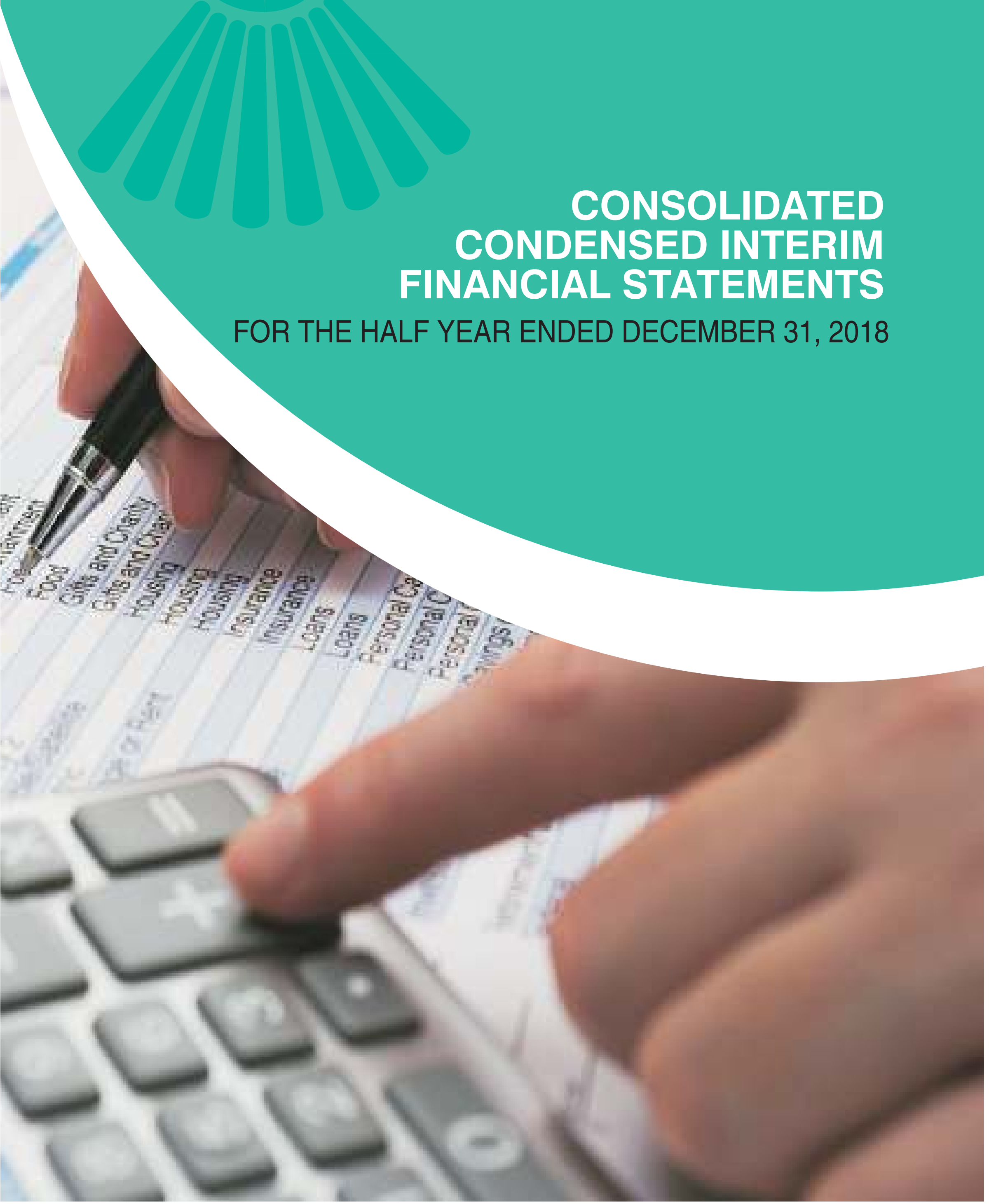
Babar Bashir Nawaz
Chief Executive

Abdus Sattar
Director


Monthly Budget - Detail

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018



CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	(Unaudited) DECMBER 31, 2018	(Audited) June 30, 2018
		-------------------Rs. in '000-------------------	
ASSETS			
Non-current assets			
Fixed assets - property, plant and equipment	5	21,440,179	20,425,000
Long-term investment	6	4,500	4,500
Long-term loans and advances - considered good		46,392	47,311
Long-term deposits		99,940	99,940
Deferred tax assets		112,865	131,543
		21,703,876	20,708,294
Current assets			
Inventories	7	3,311,230	3,649,066
Trade receivables - considered good		835,903	709,917
Loans and advances - considered good		72,495	78,499
Short-term deposits and prepayments		83,198	28,258
Other receivables		49,011	83,863
Taxation - payments less provision		1,556,745	1,453,299
Tax refunds due from Government - Sales tax		85,599	289,270
Cash and bank balances	8	426,360	634,395
		6,420,541	6,926,567
Total assets		28,124,417	27,634,861
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		1,374,271	1,145,225
Unappropriated profit		13,398,974	13,727,410
Exchange revaluation reserve		474,980	217,129
Attributable to owners of Attock Cement Pakistan Limited- Holding company		15,248,225	15,089,764
Non-controlling interests		1,246,293	946,558
		16,494,518	16,036,322
LIABILITIES			
Non-current liabilities			
Long term loans	9	2,812,500	3,437,500
Liability against assets subject to finance lease		9,354	10,793
Empolyee benefits - obligations		345,906	387,093
		3,167,760	3,835,386
Current liabilities			
Trade and other payables		3,692,977	5,048,963
Unclaimed dividend		11,119	8,998
Accrued mark-up		153,120	88,773
Short term borrowings	10	4,602,045	2,612,508
Current maturity of liability against assets subject to finance lease		2,878	3,911
		8,462,139	7,763,153
Total liabilities		11,629,899	11,598,539
Contingency and commitments	11		
Total equity and liabilities		28,124,417	27,634,861

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Muhammad Rehan	**Babar Bashir Nawaz**	**Abdus Sattar**
Chief Financial Officer	Chief Executive	Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	Note	Quarter ended		Half year ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Rs. in '000			
Revenue	12	4,954,181	3,902,118	10,634,223	7,362,916
Cost of sales		(3,903,010)	(2,590,814)	(8,385,953)	(4,964,507)
Gross profit		1,051,171	1,311,304	2,248,270	2,398,409
Distribution costs	13	(279,061)	(124,275)	(749,396)	(279,189)
Administrative expenses		(122,723)	(134,127)	(252,112)	(241,743)
Other expenses		(36,000)	(56,741)	(61,000)	(91,741)
Other income	14	73,212	16,679	134,545	27,602
Profit from operations		686,599	1,012,840	1,320,307	1,813,338
Finance cost		(177,881)	(67,735)	(300,541)	(78,291)
Profit before income tax		508,718	945,105	1,019,766	1,735,047
Income tax expense	15	(114,976)	(397,132)	(202,976)	(582,132)
Profit for the year		393,742	547,973	816,790	1,152,915
Other comprehensive income:					
Items that will be reclassified to profit or loss					
Exchange revaluation reserve		347,165	90,318	413,190	94,368
Total comprehensive income		740,907	638,291	1,229,980	1,247,283
Total comprehensive income attributable to:					
Owners of Attock Cement Pakistan Limited- Holding Company		609,194	603,407	1,074,641	1,210,779
Non-controlling interests		131,713	34,884	155,339	36,504
		740,907	638,291	1,229,980	1,247,283
Basic and diluted earnings per share (Rupees)	16	2.87	(Restated) 3.99	5.94	(Restated) 8.39

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Muhammad Rehan	**Babar Bashir Nawaz**	**Abdus Sattar**
Chief Financial Officer	Chief Executive	Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	Attributable to the owners of Holding Company					
	Share capital	Unappropriated profit	Exchange revaluation reserve	Sub - Total	Non-controlling interests	Total Equity
	-----Rs. in '000-----					
Balance as at July 01, 2017	1,145,225	10,802,410	(577)	10,801,833	624,285	12,571,343
Final dividend for the year ended June 30, 2017 @ Rs. 13.50 per share	-	(1,546,053)	-	(1,546,053)	-	(1,546,053)
Equity contribution by Non-controlling interests	-	-	-	-	144,072	144,072
Total comprehensive income for the half year ended December 31, 2017						
Profit for the half year ended December 31, 2017	-	1,152,915	-	1,152,915	-	1,152,915
Other comprehensive income for the half year ended December 31, 2017	-	-	57,864	57,864	36,504	94,368
	-	1,152,915	57,864	1,210,779	36,504	1,247,283
Balance as at December 31, 2017 (unaudited)	**1,145,225**	**10,409,272**	**57,287**	**10,466,559**	**804,861**	**12,416,645**
Balance as at July 01, 2018	**1,145,225**	**13,727,410**	**217,129**	**13,944,539**	**946,558**	**16,036,322**
Final dividend for the year ended June 30, 2018 @ Rs. 8 per share	**-**	**(916,180)**	**-**	**(916,180)**	**-**	**(916,180)**
Bonus shares issued during the period in the ratio of 20 shares for every 100 shares held	**229,046**	**(229,046)**	**-**	**(229,046)**	**-**	**-**
Equity contribution by Non-controlling interests	**-**	**-**	**-**	**-**	**144,396**	**144,396**
Total comprehensive income for the half year ended December 31, 2018						
Profit for the half year ended December 31, 2018	**-**	**816,790**	**-**	**816,790**	**-**	**816,790**
Other comprehensive income for the half year ended December 31, 2018	**-**	**-**	**257,851**	**257,851**	**155,339**	**413,190**
	-	**816,790**	**257,851**	**1,074,641**	**155,339**	**1,229,980**
Balance as at December 31, 2018 (unaudited)	**1,374,271**	**13,398,974**	**474,980**	**13,873,954**	**1,246,293**	**16,494,518**

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Muhammad Rehan	**Babar Bashir Nawaz**	**Abdus Sattar**
Chief Financial Officer	Chief Executive	Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	Note	December 31, 2018	December 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		-------------------Rs. in '000	--------------------
Cash generated from operations	17	777,209	1,382,686
Finance cost paid		(236,194)	(16,423)
Income tax paid		(287,744)	(286,335)
Decrease in long-term loans and advances		919	3,674
Increase in long-term deposits		-	(56,960)
Employee benefit obligations paid		(82,579)	(70,337)
Net cash generated from operating activities		171,611	956,305
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(1,016,966)	(1,578,262)
Proceeds from disposal of operating assets		3,648	7,022
Interest received		5,307	3,455
Net cash used in investing activities		(1,008,011)	(1,567,785)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(914,059)	(1,543,902)
Proceeds from long term loan		-	3,400,000
Current portion of long term loan repaid		(625,000)	-
Amount received from non-controlling interests		144,396	144,072
Lease rentals paid		(2,472)	(1,963)
Net cash (used in) / generated from financing activities		(1,397,135)	1,998,207
Net (decrease) / increase in cash and cash equivalents		(2,233,535)	1,386,727
Cash and cash equivalents at beginning of the period		(728,113)	(734,722)
Effects of exchange rate changes on cash and cash equivalents		35,963	65,009
Cash and cash equivalents at end of the period	18	(2,925,685)	717,014

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Muhammad Rehan	**Babar Bashir Nawaz**	**Abdus Sattar**
Chief Financial Officer	Chief Executive	Director

SELECTED NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of:

Holding Company - Attock Cement Pakistan Limited (the "Company")

The Holding Company was incorporated in Pakistan on October 14, 1981 as a public limited company and is listed on Pakistan Stock Exchange. Its main business activity is manufacturing and sale of cement. The registered office of the Company is at D-70, Block-4, Kehkashan-5, Clifton, Karachi. The Company's cement manufacturing plant is located in Tehsil Hub, District Lasbella, Balochistan. The Holding Company also has a representative / liaison office in Dubai, UAE, to explore business opportunities in the growing markets of Middle East and Africa.

Pharaon Investment Group Limited Holding S.A.L., Lebanon is the ultimate holding company as it holds 84.06% of the total paid-up share capital of the company.

Subsidiary Company - Saqr Al Keetan for Cement Production Company Limited (SAKCPCL)

SAKCPCL was incorporated under the Iraqi law on November 3, 2014 by the name Saqr Al Keetan for Cement Production Company Limited (SAKCPCL). Its main business activity is manufacturing and sale of cement and the principal place of business is in Iraq. The registered office of the company is at House # 35, Square 29, Near Al Buradia Super Market, Al Rbeea District Al Buradia, Basra. The company's cement manufacturing plant is located in Industrial Sector, Land No. 1/7, Sector 56, Al-Arquli Al-Janobi, Khor Al-Zubair, Basra, Iraq.

The installation of the plant has been completed and SAKCPCL is awaiting the approval from regulatory authorities in respect of import of clinker after which the trial production would commence.

2. BASIS OF PREPARATION

These consolidated condensed interim 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 the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

These consolidated condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2018.

2.1. Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

SELECTED NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

The changes laid down by this standard do not have any significant impact on these consolidated condensed interim financial statements of the Group.

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts, and the related interpretations on revenue recognition.

IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

As a result of application of IFRS 15, freight charges relating to Exports that were classified in Distribution costs have now been netted off against Revenue from Exports.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2018, but are considered not to be relevant or have any significant effect on the Group's reporting and are therefore, not disclosed in these consolidated condensed interim financial statements.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The following is the new standard, amendment to existing approved accounting standards and new interpretations that will be effective for the periods beginning January 01, 2019 that may have an impact on the financial statements of the Group.

IFRS 16 ‘Leases’ - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases.

The Group's management is in the process of assessing the impact of changes laid down by this standard on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Group for the year ended June 30, 2018.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these consolidated condensed interim financial statements requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually 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.

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2018.

The Group’s financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

SELECTED NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	December 31, 2018	(Audited) June 30, 2018
	--Rs. in '000--	
5. FIXED ASSETS - property, plant and equipment		
Operating assets - note 5.1	16,926,641	17,184,187
Capital work-in-progress - note 5.2	3,673,892	2,432,410
Stores held for capital expenditures	839,646	808,403
	21,440,179	20,425,000

	December 31, 2018	December 31, 2017
	--Rs. in '000--	
5.1 Additions to operating assets during the period were as follows:		
Buildings and roads on freehold land	3,787	1,928
Plant and machinery	135,560	107,542
Vehicles	25,311	13,632
Others	5,780	9,276
	170,438	132,378
Disposals during the period - Net book value	1,260	3,629
Transfer to stores during the period - Net book value	30,694	28,226

	December 31, 2018	(Audited) June 30, 2018
	--Rs. in '000--	
5.2 Capital work-in-progress		
Civil works	1,074,579	726,271
Plant & machinery	2,071,317	1,405,164
Advances to suppliers	14,671	-
Others	513,325	300,975
	3,673,892	2,432,410
6. LONG-TERM INVESTMENT		
Investment in associated company Attock Information Technology Services (Private) Limited - 450,000 (2018: 450,000) fully paid ordinary shares of Rs. 10 each - at cost	4,500	4,500
7. INVENTORIES		
Stores, spares and loose tools - note 7.1	2,459,773	2,671,379
Raw materials	110,024	105,704
Packing materials	175,606	143,214
Work-in-process	414,058	529,009
Finished goods	151,769	199,760
	3,311,230	3,649,066

SELECTED NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	December 31, 2018	(Audited) June 30, 2018
	--------------------Rs. in '000--------------------	
7.1 Stores, spares and loose tools		
Coal - note 7.1.1	1,332,173	1,627,122
Stores and spares - note 7.1.2	1,072,174	984,470
Bricks	100,826	100,862
Loose tools	2,922	6,996
	2,508,095	2,719,450
Less: Provision for slow moving and obsolete items	(48,322)	(48,071)
	2,459,773	2,671,379

7.1.1 This includes coal in transit amounting to Rs. 446.54 million (2018: Rs. 1.35 billion).

7.1.2 This includes stores and spares in transit amounting to Rs. 249.49 million (2018: Rs. 49.45 million).

	December 31, 2018	(Audited) June 30, 2018
	--------------------Rs. in '000--------------------	
8. CASH AND BANK BALANCES		
Cash at bank		
- On PLS savings accounts		
Local currency	197,017	274,758
Foreign currency	3,830	8,391
- On current accounts		
Local currency	50,778	27,434
Foreign currency	167,850	312,374
Cash in hand	6,885	11,438
	426,360	634,395
9. LONG TERM LOANS		
Long term loans	3,437,500	4,687,500
Less: Current portion of long term loan	(625,000)	(1,250,000)
	2,812,500	3,437,500

9.1 The Group had entered into a syndicated finance agreement in 2016 with a consortium of banks for a term finance facility of Rs. 7 billion for the installation of cement production line 3 and WHRS. The facility carries a mark-up of 3 months KIBOR plus 0.25% p.a. which will be payable on quarterly basis. The tenure of this facility is 6 years including the grace period of 2 years.

9.2 The above syndicated finance agreement is secured by first ranking hypothecation charge over all movable assets of the Holding Company.

SELECTED NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	December 31, 2018	(Audited) June 30, 2018
	--------Rs. in '000--------	
10. SHORT TERM BORROWINGS		
Short term running finance - notes 10.1 & 10.2	3,352,045	1,362,508
Current maturity of long-term loan - note 9	1,250,000	1,250,000
	4,602,045	2,612,508

10.1 The facilities available from various banks amount to Rs. 5.10 billion (June 30, 2018: Rs. 4.34 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Group's inventories and trade receivables.

10.2 The rates of mark-up ranging between one month KIBOR minus 0.4% and one month KIBOR plus 0.50% (June 30, 2018: one month KIBOR minus 0.4% and three months KIBOR plus 0.25%) per annum.

11. CONTINGENCY AND COMMITMENTS

11.1 There has been no change in the status of contingency as reported in annual financial statements for the year ended June 30, 2018.

11.2 Commitments for capital expenditure outstanding as at December 31, 2018 amounted to Rs. 135 million (June 30, 2018: Rs. 67.6 million).

	December 31, 2018	December 31, 2017
	--------Rs. in '000--------	
12. REVENUE		
Local sale of goods	10,417,457	8,846,696
Sales tax	(1,730,943)	(1,430,952)
Federal excise duty	(1,474,374)	(1,049,611)
	(3,205,317)	(2,480,563)
Commission	(121,516)	(174,589)
Net local sales of goods	7,090,624	6,191,544
Export sales	3,780,945	1,378,106
Freight	(237,346)	(206,734)
	3,543,599	1,171,372
	10,634,223	7,362,916

13. DISTRIBUTION COSTS

This includes Rs. 627.97 million (December 31, 2017: Rs. 189.37 million) incurred in respect of export sales.

SELECTED NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	December 31, 2018	December 31, 2017
	--------Rs. in '000--------	
14. OTHER INCOME		
Interest on PLS savings accounts under interest / markup arrangements	5,307	3,455
Exchange gain	95,873	-
Scrap sales	22,477	12,541
Others	10,888	11,606
	134,545	27,602
15. INCOME TAX EXPENSE		
Current	184,298	544,682
Deferred	18,678	37,450
	202,976	582,132
16. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the year	816,790	1,152,915
Weighted average number of outstanding shares at the end of the period (in thousand) - Restated	137,427	137,427
Basic and diluted earnings per share (Rupees) - Restated	5.94	8.39
17. CASH GENERATED FROM OPERATIONS		
Profit before income tax	1,019,766	1,735,047
Add / (Less): Adjustments for non-cash charges & others items		
Depreciation	397,421	164,216
Gain on disposal of property, plant and equipment	(2,388)	(3,393)
Provision for stores, spares and loose tools	251	177
Interest income	(5,307)	(3,455)
Finance cost	300,541	78,291
Employee benefit obligations	41,392	47,911
Profit before working capital changes	1,751,676	2,018,794

SELECTED NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	December 31, 2018	December 31, 2017
	-------------------Rs. in '000--------------------	
Effect on cash flow due to working capital changes		
Increase / (decrease) in current assets		
Inventories	337,585	(121,994)
Trade receivables	(125,986)	(85,417)
Loans and advances	6,004	9,862
Short-term deposits and prepayments	(53,492)	(34,129)
Tax refunds due from Government - Sales tax	203,671	221,011
Other receivables	34,852	2,040
	402,634	(8,627)
Decrease in current liabilities		
Trade and other payables	(1,377,101)	(627,481)
	(974,467)	(636,108)
Cash generated from operations	777,209	1,382,686

18. CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017
Cash and bank balances - note 8	426,360	1,688,111
Short-term running finance - note 10	(3,352,045)	(971,097)
	(2,925,685)	717,014

19. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the period are as follows:

	December 31, 2018	December 31, 2017
Ultimate Holding Company		
Dividend paid	770,176	1,299,671
Bonus shares issued	192,544	-
Recovery of expenses	1,804	827
Group Companies		
Purchase of goods	230,735	128,303
Reimbursement of expenses	4,178	1,648
Recovery of expenses	6,497	7,088

SELECTED NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2018 - UNAUDITED

	December 31, 2018	December 31, 2017
	--------Rs. in '000--------	
Other related parties		
Payments made to retirement benefit funds	82,579	70,337
Key management personnel		
Loans and advances recovered during the period	1,507	3,276
Salaries and other short-term employee benefits	76,440	71,921
Post-employment benefits	2,124	3,782

20. CORRESPONDING FIGURES

Due to the application of IFRS 15, freight charges amounting to Rs. 206.734 million which were classified in Distribution costs have now been netted off against Revenue from Exports.

21. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Holding Company on January 21, 2019.

Muhammad Rehan	**Babar Bashir Nawaz**	**Abdus Sattar**
Chief Financial Officer	Chief Executive	Director

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