

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED
31 MARCH 2019
(UN-AUDITED)**

**GOC (PAK) LIMITED
SIALKOT**

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Khawar Anwar Khawaja (Chief Executive)
Mr. Khurram Anwar Khawaja (Chairman)
Mr. Muhammad Tahir Butt
Mrs. Nuzhat Khawar Khawaja
Mr. Ameer Khawar Khawaja
Mr. Omer Khawar Khawaja
Dr. Aamir Matin

AUDIT COMMITTEE

Mr. Khurram Anwar Khawaja
Mr. Omer Khawar Khawaja
Dr. Aamir Matin

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Khawar Anwar Khawaja
Mr. Khurram Anwar Khawaja
Dr. Aamir Matin

CORPORATE SECRETARY / CFO

Arfan Shahzad

HEAD OF INTERNAL AUDIT

Saeed Ahmed Shaheen

AUDITORS

Tabussum Saleem & Company
Chartered Accountants
Office # 1, 3rd Floor, Madina Heights
87-E, Maulana Shaukat Ali Road
Johar Town, Lahore - Pakistan
Phone: 042-35173258 - 35173260
E-mail: atabussum@yahoo.com

REGISTERED OFFICE AND WORKS

Small Industries Estate
Sialkot 4 - Pakistan
Phone: 052-3555338, 3563051-52
Fax: 052- 3551252, 3553609
E-mail: info@gocpak.com
Web: www.gocpak.com

SHARE REGISTRARS

CorpTec Associates (Pvt) Limited
Share Registrar & Corporate Consultants
503 – E, Johar Town, Lahore
Phone: 042-35170336-37
Fax: 042- 35170338

DIRECTORS' REPORT

It gives me great pleasure to present, on behalf of the Board of Directors, the condensed interim financial information (un-audited) for the quarter and nine months ended 31 March 2019.

The sales for the nine months have increased by 36.29% from Rupees 145.619 million to Rupees 198.457 million as compared with the corresponding period. The Company earned gross profit of Rupees 65.093 million as compared to Rupees 45.662 million for the corresponding period.

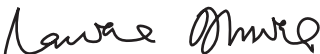
The share of Profit of associated company, Grays Leasing Limited, was recorded at Rupees 0.341 million against loss of Rupees 0.155 million for the corresponding period.

The Company has continued to focus on reassessing the changing needs of the market and investing in product quality and innovation.

Keeping in view the present market situation the directors are satisfied with the results and express their commitment to further improve the business of the company.

The Board places on record its profound gratitude for its valued shareholders and customers, whose cooperation, continued support and patronage have enabled the company to strive for improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the staff and workers of the company.

For and on behalf of the Board



(Khawar Anwar Khawaja)
Chief Executive

Sialkot: 24 April, 2019

ڈائریکٹرز رپورٹ

مجھے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2019 کو ختم ہونے والی سہ ماہی اور نو ماہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

اس عرصہ کے دوران فروخت پچھلے سال کے مقابلے میں %36.29 اضافہ کے بعد 198.457 ملین روپے رہی جو کہ پچھلے سال 145.619 ملین روپے تھی۔ کمپنی کو اس عرصہ کے دوران گراس پرافٹ 65.093 ملین روپے رہا جو کہ مقابلے میں پچھلے اسی عرصہ کے دوران 45.662 ملین روپے تھا۔

ایسوسی ایٹ کمپنی گریز لیزنگ کا منافع 0.341 ملین روپے رہا جو کہ مقابلے میں پچھلے سال اسی عرصہ کے دوران (0.155) ملین روپے نقصان تھا۔

کمپنی مصنوعات کے معیار، جدت طرازی اور مارکیٹ کے بدلتے ہوئے رجحانات پر مسلسل نظر رکھے ہوئے ہے۔ مارکیٹ کی موجودہ صورت حال دیکھتے ہوئے ڈائریکٹرز کمپنی کی کارکردگی سے مطمئن ہیں اور کمپنی کے کاروبار میں مزید بہتری کے لیے پرامید ہیں۔

بورڈ اپنے قابل قدر حصص داران اور گاہکان کا تہہ دل سے مشکور ہے جن کے تعاون مسلسل حمایت اور سرپرستی کی وجہ سے کمپنی مسلسل بہتری کی کوشش کر رہی ہے۔ زیر جائزہ عرصہ کے دوران انتظامیہ اور ملازمین کے تعلقات خوشگوار رہے اور ہم کمپنی کے تمام شاف ممبرز اور کارکنان کے لیے ان کی لگن، ہمت اور تہدہی سے کام کرنے پر شکرگزار ہیں

بجلم بورڈ

سیالکوٹ: 24 اپریل 2019

Naase Muneer

خاور انور خواجہ
چیف ایگزیکٹو

GOC (PAK) LIMITED
SIALKOT

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

		Un-audited 31 March 2019	Audited 30 June 2018
	Note	Rupees	Rupees
NON-CURRENT ASSETS			
Property, plant and equipment	4	68,020,519	57,723,166
Long term investments	5	26,344,670	26,235,351
Long term deposits		<u>1,126,248</u>	<u>1,126,248</u>
		95,491,437	85,084,765
CURRENT ASSETS			
Stores, spare parts and loose tools		1,681,350	1,914,741
Stock in trade		134,102,811	126,212,320
Trade debts		22,683,540	10,958,012
Advances		19,981,085	20,475,170
Trade deposits and short term prepayments		1,799,835	1,395,988
Other receivables		25,062,682	22,573,696
Cash and bank balances		<u>43,278,555</u>	<u>58,260,424</u>
		248,589,858	241,790,351
CURRENT LIABILITIES			
Trade and other payables		49,949,866	47,617,396
Unclaimed dividend		1,036,242	907,255
Provision for taxation		<u>2,661,558</u>	<u>3,139,988</u>
		53,647,666	51,664,639
NET ASSETS		<u><u>290,433,629</u></u>	<u><u>275,210,477</u></u>
REPRESENTED BY:			
Share capital and reserves			
Authorized share capital			
10,000,000 (30 June 2018: 10,000,000) ordinary shares of Rupees 10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up share capital			
7,349,341 (30 June 2018: 7,349,341) ordinary shares of Rupees 10 each		73,493,410	73,493,410
Reserves		<u>216,940,219</u>	<u>201,717,067</u>
Total equity		<u><u>290,433,629</u></u>	<u><u>275,210,477</u></u>
Contingencies and commitments	6		

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


KHAWAR ANWAR KHAWAJA
CHIEF EXECUTIVE


MUHAMMAD TAHIR BUTT
DIRECTOR


ARFAN SHAHZAD
CFO

CONDENSED INTERIM FINANCIAL INFORMATION

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE PERIOD ENDED 31 MARCH 2019

	Note	Period Ended		Quarter Ended	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
		Rupees	Rupees	Rupees	Rupees
SALES		198,457,385	145,619,087	92,372,464	55,686,670
COST OF SALES	7	(133,364,842)	(99,957,446)	(62,088,401)	(38,453,231)
GROSS PROFIT		65,092,543	45,661,641	30,284,063	17,233,439
DISTRIBUTION COST		(8,518,903)	(8,212,524)	(3,432,921)	(3,007,908)
ADMINISTRATIVE EXPENSES		(27,922,544)	(23,432,755)	(10,026,005)	(7,113,883)
OTHER EXPENSES		(4,481,653)	(2,420,878)	(273,789)	(1,276,550)
		(40,923,100)	(34,066,157)	(13,732,715)	(11,398,341)
		24,169,443	11,595,484	16,551,348	5,835,098
OTHER INCOME		779,246	534,339	253,507	116,996
PROFIT FROM OPERATIONS		24,948,689	12,129,823	16,804,855	5,952,094
FINANCE COST		(485,760)	(513,506)	(282,667)	(197,887)
		24,462,929	11,616,317	16,522,188	5,754,207
SHARE OF PROFIT / (LOSS) OF ASSOCIATED COMPANY		341,303	(155,269)	(193,355)	9,780
PROFIT BEFORE TAXATION		24,804,232	11,461,048	16,328,833	5,763,987
TAXATION					
- Current		(1,999,755)	(1,827,833)	(1,027,225)	(634,516)
- Share of tax of associated company		(153,062)	(181,529)	(70,664)	(65,859)
		(2,152,817)	(2,009,362)	(1,097,889)	(700,375)
PROFIT AFTER TAXATION		22,651,415	9,451,686	15,230,944	5,063,612
EARNINGS PER SHARE - BASIC AND DILUTED		3.08	1.29	2.07	0.69

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


KHAWAR ANWAR KHAWAJA
CHIEF EXECUTIVE


MUHAMMAD TAHIR BUTT
DIRECTOR


ARFAN SHAHZAD
CFO

GOC (PAK) LIMITED
SIALKOT

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE PERIOD ENDED 31 MARCH 2019

	Period Ended		Quarter Ended	
	31 March 2019 Rupees	31 March 2018 Rupees	31 March 2019 Rupees	31 March 2018 Rupees
PROFIT AFTER TAXATION FOR THE PERIOD	22,651,415	9,451,686	15,230,944	5,063,612
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss:				
Deficit arising on remeasurement of investment at fair value through other comprehensive income	(78,922)	-	(12)	-
Items that may be reclassified subsequently to profit or loss:				
(Deficit) / surplus on re-measurement of available for sale investment	-	(110,621)	-	55,260
Other comprehensive loss for the period	(78,922)	(110,621)	(12)	55,260
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>22,572,493</u>	<u>9,341,065</u>	<u>15,230,932</u>	<u>5,118,872</u>

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


KHAWAR ANWAR KHAWAJA
CHIEF EXECUTIVE


MUHAMMAD TAHIR BUTT
DIRECTOR


ARFAN SHAHZAD
CFO

CONDENSED INTERIM FINANCIAL INFORMATION

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE PERIOD ENDED 31 MARCH 2019

	RESERVES											TOTAL EQUITY
	SHARE CAPITAL	CAPITAL				REVENUE			TOTAL RESERVES			
		Rupees	Fair value reserve AFS investments	Fair value reserve FVTOCI investments	Sub total	General reserve	Unappropriated Profit	Sub total	Rupees	Rupees		
Balance as at 30 June 2017 (Audited)	73,493,410	1,000,000	503,321	-	1,503,321	104,455,492	74,333,803	178,789,295	180,292,616	253,786,026		
Transactions with owners - Final dividend for the year ended 30 June 2017 @ Rupees 0.65 per share	-	-	-	-	-	-	(4,777,114)	(4,777,114)	(4,777,114)	(4,777,114)		
Profit for the period ended 31 March 2018	-	-	-	-	-	-	9,451,686	9,451,686	9,451,686	9,451,686		
Other comprehensive loss for the period ended 31 March 2018	-	-	(110,621)	-	(110,621)	-	-	-	(110,621)	(110,621)		
Total comprehensive income for the period ended 31 March 2018	-	-	(110,621)	-	(110,621)	-	9,451,686	9,451,686	9,341,065	9,341,065		
Balance as at 31 March 2018 (Un-audited)	73,493,410	1,000,000	392,700	-	1,392,700	104,455,492	79,008,375	183,463,867	184,856,567	238,349,977		
Balance as at 30 June 2018 (Audited)	73,493,410	1,000,000	415,195	-	1,415,195	104,455,492	95,846,380	200,301,872	201,717,067	275,210,477		
Adjustment on adoption of IFRS 9 (Note 3.2.1)	-	-	(415,195)	415,195	-	-	-	-	-	-		
Adjusted total equity as at 01 July 2018	73,493,410	1,000,000	-	415,195	1,415,195	104,455,492	95,846,380	200,301,872	201,717,067	275,210,477		
Transactions with owners - Final dividend for the year ended 30 June 2018 @ Rupees 1.00 per share	-	-	-	-	-	-	(7,349,341)	(7,349,341)	(7,349,341)	(7,349,341)		
Profit for the period ended 31 March 2019	-	-	-	-	-	-	22,651,415	22,651,415	22,651,415	22,651,415		
Other comprehensive loss for the period ended 31 March 2019	-	-	-	(78,922)	(78,922)	-	-	-	(78,922)	(78,922)		
Total comprehensive income for the period ended 31 March 2019	-	-	-	(78,922)	(78,922)	-	22,651,415	22,651,415	22,572,493	22,572,493		
Balance as at 31 March 2019 (Un-audited)	73,493,410	1,000,000	-	336,273	1,336,273	104,455,492	111,148,454	215,603,946	216,940,219	290,433,629		

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


KHAWAR ANWAR KHAWAJA
 CHIEF EXECUTIVE


MUHAMMAD TAHIR BUTT
 DIRECTOR


ARFAN SHAHZAD
 CFO

GOC (PAK) LIMITED
SIALKOT

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE PERIOD ENDED 31 MARCH 2019

	31 March 2019 Rupees	31 March 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24,804,232	11,461,048
Adjustments for:		
Depreciation on property, plant and equipment	5,870,333	3,873,340
Profit on placement and deposit accounts	(759,440)	(519,901)
Dividend income	(15,015)	(14,438)
Share of (profit) / loss of associated company	(341,303)	155,269
(Gain) / loss on disposal of property, plant and equipment	(4,791)	3,220
Finance cost	485,760	513,506
	<u>5,235,544</u>	<u>4,010,996</u>
Cash generated from operating activities before working capital changes	30,039,776	15,472,044
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	233,391	(680,657)
Stock in trade	(7,890,491)	(21,411,681)
Trade debts	(11,725,528)	27,061,842
Advances	346,178	(744,574)
Trade deposits and short term prepayments	(403,847)	(17,476,866)
Other receivables	(2,475,954)	3,610,855
	<u>(21,916,251)</u>	<u>(9,641,081)</u>
Increase in current liabilities		
Trade and other payables	2,332,470	1,677,904
Cash generated from operations	<u>10,455,995</u>	<u>7,508,867</u>
Finance cost paid	(485,760)	(513,506)
Income tax paid	(2,330,278)	(2,247,723)
	<u>(2,816,038)</u>	<u>(2,761,229)</u>
Net cash generated from operating activities	<u>7,639,957</u>	<u>4,747,638</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(17,171,096)	(5,480,346)
Proceeds from disposal of property, plant and equipment	1,008,201	3,240,653
Profit on deposit accounts and short term placement received	746,408	513,525
Dividend income	15,015	14,438
Net cash used in investing activities	<u>(15,401,472)</u>	<u>(1,711,730)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(7,220,354)	(4,780,760)
Net cash used in financing activities	<u>(7,220,354)</u>	<u>(4,780,760)</u>
Net decrease in cash and cash equivalents	<u>(14,981,869)</u>	<u>(1,744,852)</u>
Cash and cash equivalents at the beginning of the period	<u>58,260,424</u>	<u>24,006,835</u>
Cash and cash equivalents at the end of the period	<u><u>43,278,555</u></u>	<u><u>22,261,983</u></u>

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


KHAWAR ANWAR KHAWAJA
CHIEF EXECUTIVE


MUHAMMAD TAHIR BUTT
DIRECTOR


ARFAN SHAHZAD
CFO

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited) FOR THE PERIOD ENDED 31 MARCH 2019

1. THE COMPANY AND ACTIVITIES

GOC (Pak) Limited was incorporated in Pakistan on 02 June 1964 as a private Company limited by shares under the Companies Act, 1913 (Now Companies Act, 2017) and converted into a public limited Company on 17 April 1986. The Company's shares are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Small Industries Estate, Sialkot. The Company is engaged in manufacturing and sale of hockey sticks, cricket ball and other quality sports goods.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standard 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.

- 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 annual audited financial statements of the Company for the year ended 30 June 2018. These condensed interim financial statements are un-audited.

3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2018 except for the changes in accounting policies as stated in note 3.2 to these condensed interim financial statements.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

3.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF CERTAIN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The following changes in accounting policies have taken place effective from 01 July 2018.

3.2.1 IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

Key changes in accounting policies resulting from application of IFRS 15

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

b) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered.

c) Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Impact of adoption of IFRS 15 on these condensed interim financial statements:

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is Nil.

3.2.2 Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

3.2.3 IFRS 9 "Financial Instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 by generally without restating the prior year results.

Key changes in accounting policies resulting from application of IFRS 9

i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

ii) Impairment

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

iii) Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

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There is no impact of the said change on these condensed interim financial statements as there is no hedge activity carried on by the Company during the period ended 31 December 2018.

iv) Impacts of adoption of IFRS 9 on these condensed interim financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018). The main effect resulting from this reclassification is as follows:

Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification of financial instruments of the Company were as follows:

Measurement category		
	Original (IAS 39)	New (IFRS 9)
Non-current financial assets		
Long term deposits	Loans and receivables	Amortized Cost
Current financial assets		
Trade debts	Loans and receivables	Amortized Cost
Advances	Loans and receivables	Amortized Cost
Trade deposits	Loans and receivables	Amortized Cost
Other receivables	Loans and receivables	Amortized Cost
Cash and bank balances	Loans and receivables	Amortized Cost
Current financial liabilities		
Trade and other payables	Amortized Cost	Amortized Cost
Unclaimed dividend	Amortized Cost	Amortized Cost

However, due to adoption of IFRS 9 there is no change in the carrying values of the financial assets and liabilities.

	Un-audited 31 March 2019 Rupees	Audited 30 June 2018 Rupees
4. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (Note 4.1)	60,786,641	57,723,166
Capital work-in-progress (Note 4.2)	7,233,878	-
	<u>68,020,519</u>	<u>57,723,166</u>
4.1 Operating fixed assets		
Opening book value	57,723,166	45,585,703
Cost of additions during the period / year (Note 4.1.1)	9,937,218	23,208,556
Book value of deletions during the period / year (Note 4.1.2)	(1,003,410)	(4,217,095)
Depreciation charge for the period / year	(5,870,333)	(6,853,998)
Closing book value	<u>60,786,641</u>	<u>57,723,166</u>
4.1.1 Cost of additions during the period / year		
Freehold land	600,000	-
Plant and machinery	-	2,419,936
Electric installations	137,000	419,700
Vehicles	9,200,218	20,048,920
Computers		320,000
	<u>9,937,218</u>	<u>23,208,556</u>
4.1.2 Book value of deletions during the period / year		
Vehicles	<u>1,003,410</u>	<u>4,217,095</u>
4.2 Capital work-in-progress		
Building	<u>7,233,878</u>	<u>-</u>

CONDENSED INTERIM FINANCIAL INFORMATION

	Un-audited 31 March 2019 Rupees	Audited 30 June 2018 Rupees
5. LONG TERM INVESTMENTS		
Under equity method (Note 5.1)	25,998,182	25,809,941
Available for sale (Note 5.2)	-	425,410
Fair value through other comprehensive income (FVTOCI) (Note 5.2)	346,488	-
	<u>26,344,670</u>	<u>26,235,351</u>
5.1 Under equity method		
Grays Leasing Limited - associated company 7,999,999 (30 June 2018: 7,999,999) ordinary shares of Rupees 10 each equity held 37.21% (30 June 2018: 37.21%)		
Share in net assets at the beginning of the period / year	25,809,941	27,449,075
Add: Share in (profit) / loss before taxation for the period / year	341,303	(1,000,560)
Share in taxation	(153,062)	(628,586)
Share in other comprehensive loss	-	(9,988)
	<u>188,241</u>	<u>(1,639,134)</u>
Share in net assets at the end of the period / year	<u>25,998,182</u>	<u>25,809,941</u>
5.1.1 Grays Leasing Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 (now Companies Act, 2017) on 31 August 1995. Its shares are listed on Pakistan Stock Exchange. It is engaged in leasing business. The quoted fair value of investment of the Company in Grays Leasing Limited as on 31 March 2019 is Rupees 25,759,997 (30 June 2018: Rupees 30,959,996).		
5.2 Fair value through other comprehensive income (FVTOCI)		
Sitara Chemical Industries Limited		
1,155 (30 June 2018: 1,155) shares of Rupees 10 each	10,215	10,215
Add: Fair value adjustment (Note 5.2.1)	336,273	415,195
	<u>346,488</u>	<u>425,410</u>
5.2.1 Fair value adjustment		
Opening balance	415,195	503,321
Deficit arising on remeasurement of investment at fair value through other comprehensive income	(78,922)	(88,126)
	<u>336,273</u>	<u>415,195</u>
6. CONTINGENCIES AND COMMITMENTS		
Contingencies:		
Post dated cheques issued to Custom authorities amounting to Rupees 44.129 million (30 June 2018: Rupees 27.109 million).		
Commitments	<u>Nil</u>	<u>Nil</u>

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7. COST OF SALES

	Un-audited			
	Period Ended		Quarter Ended	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
	Rupees	Rupees	Rupees	Rupees
Raw material consumed	68,412,468	61,028,544	33,780,476	27,683,864
Processing charges - composite	11,038,190	7,765,109	3,979,942	2,682,184
Salaries, wages and other benefits	44,810,784	42,004,033	15,525,513	14,512,317
Stores, spare parts and loose tools consumed	1,072,955	1,189,335	388,463	364,264
Repair and maintenance	1,626,533	978,832	621,970	249,383
Fuel and power	4,286,044	3,713,358	1,727,133	1,529,521
Vehicles running	452,311	358,296	170,990	153,571
Insurance	628,911	587,382	213,084	192,936
Other factory overheads	304,100	278,193	10,081	43,028
Depreciation	2,513,767	2,301,727	836,026	774,906
	<u>135,146,063</u>	<u>120,204,809</u>	<u>57,253,678</u>	<u>48,185,974</u>
Work-in-process				
Opening stock	67,301,733	67,448,827	77,055,324	64,712,529
Closing stock	(75,860,414)	(71,307,341)	(75,860,414)	(71,307,341)
	<u>(8,558,681)</u>	<u>(3,858,514)</u>	<u>1,194,910</u>	<u>(6,594,812)</u>
Cost of goods manufactured	<u>126,587,382</u>	<u>116,346,295</u>	<u>58,448,588</u>	<u>41,591,162</u>
Finished goods				
Opening stock	39,417,968	28,961,429	36,280,321	42,212,347
Closing stock	(32,640,508)	(45,350,278)	(32,640,508)	(45,350,278)
	<u>6,777,460</u>	<u>(16,388,849)</u>	<u>3,639,813</u>	<u>(3,137,931)</u>
	<u><u>133,364,842</u></u>	<u><u>99,957,446</u></u>	<u><u>62,088,401</u></u>	<u><u>38,453,231</u></u>

8. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the

Recurring fair value measurements At 31 March 2019	Level 1	Level 2	Level 3	Total
Rupees.....			

Financial assets

Investments at fair value through other comprehensive income	346,488	-	-	346,488
Total financial assets	<u>346,488</u>	<u>-</u>	<u>-</u>	<u>346,488</u>

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
Rupees.....			

Financial assets

Available for sale financial asset	425,410	-	-	425,410
Total financial assets	<u>425,410</u>	<u>-</u>	<u>-</u>	<u>425,410</u>

CONDENSED INTERIM FINANCIAL INFORMATION

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different from their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, key management personnel and staff retirement fund. Detail of transactions with the related parties is as follows:

	Un-audited	
	Period Ended	
	31 March 2019	31 March 2018
	(Rupees in million)	
Associates		
Sale of goods	0.004	0.011
Purchase of goods	0.242	0.095
Processing charges	11.038	7.765
Others		
Remuneration of key management personnel	11.021	8.519
Contribution to provident fund trust	1.146	1.106

10. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

11. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 24 April 2019.

12. CORRESPONDING FIGURES

There are no material reclassifications of comparative figures.


KHAWAR ANWAR KHAWAJA
 CHIEF EXECUTIVE


MUHAMMAD TAHIR BUTT
 DIRECTOR


ARFAN SHAHZAD
 CFO

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