

# **SHABBIR TILES AND CERAMICS LIMITED**

Condensed Interim Financial Statements  
For the Third Quarter and Nine Months Period ended  
March 31, 2019  
(Un-Audited)



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## Shabbir Tiles and Ceramics Limited

**COMPANY INFORMATION**

BOARD OF DIRECTORS	Rafiq M. Habib Ali. Suleman Habib Syed Masood Abbas Jaffery Owais-ul-Mustafa Abdul Hai M. Bhaimia Feroze Jehangir Cawasji Farhana Mowjee Khan	Chairman Director Chief Executive Officer Director Director Director Director
AUDIT COMMITTEE	Feroze Jehangir Cawasji Abdul Hai M. Bhaimia Farhana Mowjee Khan	Chairman Member Member
HUMAN RESOURCES AND REMUNERATION COMMITTEE	Feroze Jehangir Cawasji Syed Masood Abbas Jaffery	Chairman Member
CHIEF FINANCIAL OFFICER	Waquas Ahmed	
COMPANY SECRETARY	Ovais Jamani	
AUDITORS	EY Ford Rhodes Chartered Accountants	
LEGAL ADVISOR	Munawar Malik & Co. Advocate Supreme Court	
BANKERS	Habib Metropolitan Bank Limited Habib Bank Limited Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Allied Bank Limited Meezan Bank Limited	
REGISTERED OFFICE	15th Milestone, National Highway Landhi, Karachi-75120 Phone: (021) 38183610-3 Fax: (021) 38183615 E-mail: info@stile.com.pk URL: <a href="http://www.stile.com.pk">http://www.stile.com.pk</a>	
STILE EMPORIUM AND DESIGN STUDIO AND SALES OFFICE STAR GATE	Metro Cash & Carry, CAA Near Star Gate, Main Shahr-e-Faisal, Karachi Phone: (021) 34601372-74 Fax: (021) 34601375	
STILE EMPORIUM AND DESIGN STUDIO - FACTORY OUTLET	15th Milestone, National Highway Landhi, Karachi-75120 Phone: (021) 38183610-3 Fax: (021) 38183615	
STILE EMPORIUM AND DESIGN STUDIO - DHA	Plot 22-C, Lane 4, Bukhari Commercial DHA, Karachi. Phone: (021) 37249564	

## Shabbir Tiles and Ceramics Limited

**COMPANY INFORMATION**

STILE EMPORIUM AND DESIGN  
STUDIO AND SALES OFFICE, LAHORE

Plot 90-CCA, DHA-4, Lahore  
Phone: (042) 37185710-12

STILE EMPORIUM AND DESIGN  
STUDIO AND SALES OFFICE,  
ISLAMABAD

Al Shareef Plaza, First Floor,  
Shamsabad, Murree Road, Rawalpindi  
Phone: (051) 4935521-23  
Fax: (051) 4935524

SALES OFFICE - PESHAWAR

Main Ring Road, Near Kohat Road,  
Opp: Mujaddid CNG, Peshawar  
Phone: (091) 2325012

SALES OFFICE - SUKKUR

Tooba Tower, Mezzanine Floor,  
Opposite Hira Medical Centre, Sukkur  
Phone: (071) 5615560

SALES OFFICE - MULTAN

Jalil Centre, 2nd Floor, Abdali Road,  
Multan.  
Phone: (061) 4546439/4783097

SALES OFFICE - FAISALABAD

Talha Heights , Main Susan Road,  
P-243, 2A, Faisalabad  
Phone: (041) 8758899

STILE EMPORIUM AND DESIGN STUDIO  
AND SALES OFFICE - HYDERABAD

Shop No. 11-12 at Ground Floor and  
Sop No. 9 at Mezzanine Floor  
Auto Bhaan Tower, Opp: Breeze Fish  
Point, Auto Bhaan Road, Latifabad No 03  
Hyderabad.

REGISTRAR AND SHARE TRANSFER  
OFFICE

Central Depository Company Limited  
CDC House, 99-B, Block 'B', S.M.C.H.S  
Main Shahrah-e-Faisal, Karachi-74400  
Phone: (021) 111 111 500  
Fax: (021) 34326053  
URL: [www.cdcpakistan.com](http://www.cdcpakistan.com)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)

FACTORY  
UNIT-1

15th Milestone, National Highway  
Landhi, Karachi-75120  
Phone: (021) 38183610-3  
Fax: (021) 38183615

UNIT-2

Deh Khanto, Tappo Landhi,  
District Malir, Bin Qasim Town,  
Karachi.  
Phone: (021) 34102702  
Fax: (021) 34102709



**SHABBIR TILES AND CERAMICS LIMITED**  
**DIRECTORS' REPORT TO THE SHAREHOLDERS**  
**FOR THE THIRD QUARTER & NINE MONTHS PERIOD ENDED MARCH 31, 2019**

The Directors of your Company have the pleasure in presenting to you the financial results of your Company for the third quarter and nine months period ended March 31, 2019.

**Financial performance**

The financial performance for the nine months period ended March 31, 2019 is summarized below:

<i>Rs in '000</i>		
<b>Particulars</b>	<b>March 31, 2019</b>	<b>March 31, 2018</b>
Turnover – net	<b>5,225,429</b>	4,274,903
Gross profit	<b>1,286,103</b>	936,706
Earnings before interest, tax and depreciation (EBITDA)	<b>856,688</b>	564,281
Operating profit	<b>419,966</b>	284,447
Profit before tax	<b>353,398</b>	203,693
Profit after tax	<b>243,307</b>	113,631
Earnings per share (Rs./ share)	<b>1.02</b>	0.47

The continued focus towards optimization of energy, material usage and improved product mix has resulted in gross profit percentage rising to 25% as compared to 22% of last year; despite the increase in gas tariff by 30% coupled with high rupee devaluation. Net turnover grew by 22% as against comparative period whereas profit after tax increased to Rs. 243.307 million from Rs. 113.631 million, registering a strong progression.

**Future outlook and challenges:**

Generally the focus of the government should be on trade policies and industry development. The local tile industry is massively hit by the high input cost and import friendly ITPs & duty structure. The ongoing smuggling from neighboring countries is adding to the high outflow of foreign reserves. Strengthening local tile industry will not only stimulate all the direct and indirect affiliated commerce but also increase the contribution to the national exchequer.

Your Company, is striving hard to mitigate business risks in terms of high energy cost, import/ smuggled influx and market shrinkage by optimizing cost, re-strategizing marketing strategy and investing in high quality products. Your Company is also continuously engaging with authorities to explain them the scale of the current situation to help them come up with a policy which provides even playing field to all. With the support of the Government, your Company is fully geared up to grow further and contribute in the progression of the economy.

We take this opportunity to thank all stakeholders for their continued support.

On behalf of the Board of Directors

**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer

**FEROZE JEHangIR CAWASJI**  
Director

Karachi: April 26, 2019

**شبیر ٹائلز اینڈ سرامکس لمیٹڈ**  
**حصص یافتگان کے لئے ڈائریکٹرز رپورٹ**  
**برائے تیسری سہ ماہی اور نو ماہی اختتامیہ 31 مارچ 2019**

آپ کی کمپنی کے ڈائریکٹرز آپ کے لئے مالیاتی نتائج برائے تیسری سہ ماہی اور نو ماہی اختتامیہ 31 مارچ 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مالیاتی کارکردگی

31 مارچ 2019 کو ختم ہونے والی نو ماہی کے دوران مالیاتی کارکردگی کا خلاصہ درج ذیل ہے:

تفصیلات	31 مارچ 2019	31 مارچ 2018
خالص فروخت	5,225,429	4,274,903
مجموعی منافع	1,286,103	936,706
آمدنی قبل از شرح سود، ٹیکس اور فرسودگی (EBITDA)	856,688	564,281
کاروباری منافع	419,966	284,447
منافع قبل از ٹیکس	353,398	203,693
منافع بعد از ٹیکس	243,307	113,631
آمدنی فی حصص (روپے / حصص)	1.02	0.47

توانائی اور خام مال کے استعمال میں بہتری اور مصنوعات کے بہتر مرکب کی جانب توجہ کی وجہ سے مجموعی منافع کی شرح 25 فیصد تک پہنچ گئی جو کہ پچھلے سال 22 فیصد تھی، جبکہ گیس کے نرخوں میں 30 فیصد اضافہ ہوا ہے اور روپیہ کی قدر میں قابل ذکر کمی واقع ہوئی ہے۔ خالص فروخت میں پچھلے سال کے مقابل میں 22 فیصد اضافہ ہوا ہے جبکہ منافع بعد از ٹیکس 113,631 ملین روپے سے بڑھ کر 243,307 ملین روپے ہو چکا ہے جو کہ ایک مستحکم پیشقدمی کی نشاندہی کرتا ہے۔

#### مستقبل کے نقطہ نظر اور چیلنجز:

عام طور پر حکومت کی توجہ تجارتی پالیسی اور صنعت کی ترقی پر ہونا چاہئے۔ مقامی ٹائل کی صنعت پیداواری لاگت میں اضافے اور دوستانہ درآمدی آئی ٹی پی اور ڈیوٹی ڈھانچہ سے شدید متاثر ہوئی ہے۔ پڑوسی ممالک سے جاری اسمگلنگ غیر ملکی ذخائر کے اخراج میں مدد گار ثابت ہو رہی ہے۔ مقامی ٹائل کی صنعت کو مضبوط بنانے سے نہ صرف تمام براہ راست اور بالواسطہ تجارت کو فروغ ملے گا بلکہ ذرمبادلہ میں بھی اضافہ ہوگا۔ آپ کی کمپنی گیس کی قیمت میں اضافے، درآمدات / اسمگلنگ میں اضافے، اور مارکیٹ کے حجم کی کمی کو، لاگت میں کمی، مارکیٹنگ کی حکمت عملی میں تبدیلی اور اعلیٰ معیار کی مصنوعات میں سرمایہ کاری کے ذریعے کم کرنے کی کوشش کر رہی ہے۔ آپ کی کمپنی اعلیٰ حکام سے مسلسل رابطے میں ہیں کہ وہ ان کو موجودہ صورتحال کی سنگینی کی وضاحت کرسکیں تاکہ ایسی پالیسیوں کو مارکیٹ میں آنے میں مدد ملے جو سب کو یکساں مواقع فراہم کرے۔ حکومت کی حمایت کے ساتھ، آپ کی کمپنی مکمل طور پر آگے بڑھنے اور معیشت کی ترقی میں شراکت کے لئے تیار ہے۔

اس موقع پر ہم تمام مستفیدان سے ان کی مسلسل حمایت پر شکریہ ادا کرتے ہیں۔

برائے و منجانب - بورڈ آف ڈائریکٹرز

*Imam J. Cassing*

فیروز جہانگیر کاوسجی  
ڈائریکٹر

*S. M. Abbas*

سید مسعود عباس جعفری  
چیف ایگزیکٹو آفیسر

کراچی: 26 اپریل 2019

**SHABBIR TILES AND CERAMICS LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2019**

		March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
	Note	(Amounts in PKR`000)	
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	3,209,065	3,375,273
Investment property		9,830	10,761
Long-term loans		40	10
Long-term deposits		24,451	14,232
		<u>3,243,386</u>	<u>3,400,276</u>
<b>CURRENT ASSETS</b>			
Stores and spare parts		357,446	364,876
Stock-in-trade	8	1,451,148	1,107,933
Trade debts	9	176,697	243,365
Loans and advances		23,743	13,383
Deposits, prepayments and other receivables		23,517	8,115
Taxation - net		317,914	234,622
Cash and bank balances		468,572	104,474
		<u>2,819,037</u>	<u>2,076,768</u>
		<u>6,062,423</u>	<u>5,477,044</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
240,000,000 (June 30, 2018: 240,000,000) ordinary shares of Rs.5/- each		1,200,000	1,200,000
Issued, subscribed and paid-up capital		1,196,601	1,196,601
Reserves		917,018	793,371
		<u>2,113,619</u>	<u>1,989,972</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan	10	517,673	905,219
Deferred tax liability - net		234,845	138,287
		<u>752,518</u>	<u>1,043,506</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,492,761	2,163,702
Unclaimed dividends		2,813	3,324
Unpaid dividend		19,051	-
Accrued mark-up		10,786	28,476
Current maturity of long-term loan		307,519	-
Sales tax payable		363,356	248,064
		<u>3,196,286</u>	<u>2,443,566</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		
		<u>6,062,423</u>	<u>5,477,044</u>

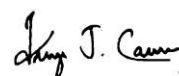
The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**WAQUAS AHMED**  
Chief Financial Officer



**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer



**FEROZE JEHANGIR CAWASJI**  
Director

**SHABBIR TILES AND CERAMICS LIMITED**  
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2019**  
**(UN-AUDITED)**

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Amounts in PKR '000)			
Turnover - net	5,225,429	4,274,903	2,051,514	1,742,098
Cost of sales	(3,939,326)	(3,338,197)	(1,552,994)	(1,246,817)
<b>Gross profit</b>	<b>1,286,103</b>	<b>936,706</b>	<b>498,520</b>	<b>495,281</b>
Selling and distribution costs	(687,825)	(535,584)	(237,743)	(236,679)
Administrative expenses	(187,396)	(126,975)	(55,089)	(47,213)
	(875,221)	(662,559)	(292,832)	(283,892)
Other income	40,243	28,155	13,332	6,472
Other charges	(31,159)	(17,855)	(14,774)	(15,726)
	9,084	10,300	(1,442)	(9,254)
<b>Operating profit</b>	<b>419,966</b>	<b>284,447</b>	<b>204,246</b>	<b>202,135</b>
Finance costs	(66,568)	(80,754)	(23,473)	(24,281)
<b>Profit before taxation</b>	<b>353,398</b>	<b>203,693</b>	<b>180,773</b>	<b>177,854</b>
Taxation				
- Current	(13,533)	(29,883)	(9,002)	(21,983)
- Deferred	(96,558)	(60,179)	(39,449)	(53,356)
	(110,091)	(90,062)	(48,451)	(75,339)
<b>Profit after taxation</b>	<b>243,307</b>	<b>113,631</b>	<b>132,322</b>	<b>102,515</b>
----- (Rupees) -----				
<b>Earnings per share – basic and diluted</b>	<b>1.02</b>	<b>0.47</b>	<b>0.55</b>	<b>0.43</b>

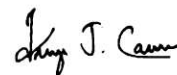
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**WAQUAS AHMED**  
Chief Financial Officer



**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer



**FEROZE JEHangIR CAWASJI**  
Director



**SHABBIR TILES AND CERAMICS LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THIRD QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2019**  
**(UN-AUDITED)**

	Nine months ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Amounts in PKR'000)			
Profit after taxation	243,307	113,631	132,322	102,515
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>243,307</b>	<b>113,631</b>	<b>132,322</b>	<b>102,515</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**WAQUAS AHMED**  
Chief Financial Officer



**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer



**FEROZE JEHANGIR CAWASJI**  
Director

**SHABBIR TILES AND CERAMICS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**  
**(UN-AUDITED)**

	March 31, 2019	March 31, 2018
Note	(Amounts in PKR`000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	353,398	203,693
<b>Adjustments for:</b>		
Depreciation on:		
operating fixed assets	435,791	278,903
investment property	931	931
Finance costs	66,568	80,754
(Reversal) / Allowance for expected credit loss	(2,064)	15,858
Provision for slow moving stores and spare parts	27,534	5,240
(Reversal) / provision for slow moving stock-in-trade	(7,039)	11,628
Gain on disposal of operating fixed assets	(2,145)	(922)
	519,576	392,392
<b>Operating profit before working capital changes</b>	872,974	596,085
<b>(Increase) / decrease in current assets</b>		
Stores and spare parts	(20,104)	(120,044)
Stock-in-trade	(336,176)	(88,828)
Trade debts	68,732	547,935
Loans and advances	(10,360)	3,094
Deposits, prepayments and other receivables	(15,402)	(7,940)
	(313,310)	334,217
<b>Increase in current liabilities</b>		
Trade and other payables	329,059	486,283
Sales tax payable	115,292	105,392
	444,351	591,675
<b>Cash generated from operations</b>	1,004,015	1,521,977
Income tax paid	(96,825)	(57,975)
Finance costs paid	(84,258)	(75,697)
Long-term loans - net	(30)	(1)
Long-term deposits - net	(10,219)	(6,872)
<b>Net cash generated from operating activities</b>	812,683	1,381,432
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(272,485)	(841,923)
Proceeds from disposal of operating fixed assets	5,047	5,866
<b>Net cash used in investing activities</b>	(267,438)	(836,057)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment) / receipt of long-term loan - net	(80,027)	490,165
Dividend paid	(101,120)	-
<b>Net cash (used in) / generated from financing activities</b>	(181,147)	490,165
<b>Net increase in cash and cash equivalents</b>	364,098	1,035,540
Cash and cash equivalents at the beginning of the period	104,474	(926,950)
<b>Cash and cash equivalents at the end of the period</b>	468,572	108,590


The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



**WAQUAS AHMED**  
Chief Financial Officer



**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer



**FEROZE JEHangIR CAWASJI**  
Director

**SHABBIR TILES AND CERAMICS LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**  
**(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Capital reserve	Reserves		Total reserves	Total equity
		Share premium	Revenue reserves			
			General reserve	Accumulated losses		
(Amounts in PKR `000)						
Balance as at June 30, 2017	1,196,601	449,215	478,000	(328,250)	598,965	1,795,566
Profit for the period	-	-	-	113,631	113,631	113,631
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	113,631	113,631	113,631
Balance as at March 31, 2018	1,196,601	449,215	478,000	(214,619)	712,596	1,909,197
Balance as at June 30, 2018	1,196,601	449,215	478,000	(133,844)	793,371	1,989,972
Final dividend @ 10% for the year ended June 30, 2018	-	-	-	(119,660)	(119,660)	(119,660)
Profit for the period	-	-	-	243,307	243,307	243,307
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	243,307	243,307	243,307
Balance as at March 31, 2019	1,196,601	449,215	478,000	(10,197)	917,018	2,113,619

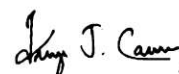
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**WAQUAS AHMED**  
Chief Financial Officer



**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer



**FEROZE JEHANGIR CAWASJI**  
Director

**SHABBIR TILES AND CERAMICS LIMITED**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2019**  
**(UN-AUDITED)**

**1. THE COMPANY AND ITS OPERATIONS**

Shabbir Tiles and Ceramics Limited (the Company) was incorporated in Pakistan as a public limited company, under the repealed Companies Act 1913 on November 07, 1978 and listed on the Pakistan Stock Exchange Limited. The Company is primarily engaged in the manufacture and sale of tiles and trading of allied building products. The registered office of the Company is situated at 15th Milestone, National Highway, Landhi, Karachi.

**2. STATEMENT OF COMPLIANCE**

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which 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 (the "Act") and provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ with the requirement of IAS 34, the provisions of and directives issued under the Act have been followed.

**3. BASIS OF PREPARATION**

These condensed interim financial statements are un-audited and do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2018.

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2018 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 5.

**5. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS OF IFRSs**

Effective 1 July 2018, the Company has adopted IFRS 15 "Revenue from Contracts with Customers" (replacing IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations) and IFRS 9 "Financial Instruments (replacing IAS 39 "Financial Instruments: Recognition and Measurement"). The effects of adoption of these standards are explained below;

**5.1 IFRS 15 Revenue from Contracts with Customers**

According to IFRS 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment.

The Company has applied IFRS 15 with initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). The first-time application of IFRS 15 by the Company has not had any significant effects with regard to the amount of revenue recognised and when it is recognised. Hence, no cumulative adjustment amounts have been recognised to adjust the opening equity as at 1 July 2018. Accordingly, the information presented for previous years has not been restated, as previously reported, under IAS 18 and related interpretations.

The management of the Company has assessed that the Company is in compliance with the requirements of IFRS 15.

## 5.2 IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

### 5.2.1 Effect of adopting IFRS 9 on the classification of financial assets

Financial asset	Original category under IAS 39	New category under IFRS 9
Trade debts	Loans and receivables	Amortised cost
Loans	Loans and receivables	Amortised cost
Deposits and other receivables	Loans and receivables	Amortised cost
Cash and bank balances	Loans and receivables	Amortised cost
Long-term deposits	Loans and receivables	Amortised cost
Long-term loans	Loans and receivables	Amortised cost

### 5.2.2 Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

#### a) Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## b) Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any.

Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

### 5.2.3 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

At each reporting date, the Company assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Company uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. For this purpose, the management conducts an exercise to assess the impairment of its financial assets using historical data and forward looking information.

Based on such exercise, the Company has concluded that it is in compliance with the requirements of the new accounting standard including the assessment of impairment on its financial assets using expected credit loss model.

## 6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual financial statements 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.

		March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
	Note	(Amounts in PKR '000)	
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	7.1	3,154,478	3,277,313
Capital work-in-progress	7.2	54,587	97,960
		<u>3,209,065</u>	<u>3,375,273</u>
<b>7.1 Operating fixed assets</b>			
Opening Net Book Value (NBV)		3,277,313	2,707,126
Additions to property, plant and equipment - at cost	7.1.1	315,858	965,387
		<u>3,593,171</u>	<u>3,672,513</u>
Disposals during the period / year - at NBV	7.1.1	(2,902)	(1,432)
Depreciation charged during the period / year		<u>(435,791)</u>	<u>(393,768)</u>
Closing NBV		<u>3,154,478</u>	<u>3,277,313</u>

## 7.1.1 Additions and disposals of property, plant and equipment

	Additions (cost)		Disposals (NBV)	
	March 31, 2019 (Un-audited)	June 30, 2018 (Audited)	March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
	(Amounts in PKR`000)			
Buildings	28,351	41,119	-	-
Plant and machinery	277,320	910,391	688	29
Office equipment	8,145	5,260	43	11
Computers and accessories	2,042	4,151	35	100
Vehicles	-	4,466	2,136	1,292
	<u>315,858</u>	<u>965,387</u>	<u>2,902</u>	<u>1,432</u>

	March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
	(Amounts in PKR`000)	
	Note	

## 7.2 Capital work-in-progress

Plant and machinery	47,959	84,442
Civil works	6,628	13,518
	<u>54,587</u>	<u>97,960</u>

7.2.1

## 7.2.1 Movement in capital work-in-progress

Balance at the beginning of the period / year	97,960	133,842
Additions during the period / year	233,642	850,662
Transfers to operating fixed assets	(277,015)	(882,732)
Disposal during the period / year	-	(3,812)
Closing balance	<u>54,587</u>	<u>97,960</u>

## 8. STOCK-IN-TRADE

Includes stock-in-trade costing Rs. 115.619 million (June 2018: Rs. 100.457 million) which has been written down to its net realizable value (NRV) amounting to Rs. 63.628 million (June 2018: Rs. 55.856 million).

	March 31, 2019 (Un-audited)	June 30, 2018 (Audited)
	(Amounts in PKR`000)	

## 9. TRADE DEBTS - unsecured

## Unsecured

Considered good	176,697	243,365
Considered doubtful	139,201	142,086
	<u>315,898</u>	<u>385,451</u>
Allowance for expected credit loss	(139,201)	(142,086)
	<u>176,697</u>	<u>243,365</u>

## 10. LONG-TERM LOAN

Represents diminishing musharaka facility amounting to Rs. 1,000 million (June 2018: Rs.1000) under islamic banking terms which carries markup at rate of three months KIBOR + 0.70% per annum, payable quarterly with two years grace period. The loan is repayable within five years in ten equal semi annual installments commencing from February 2020. The facility is secured against first pari passu mortgage and hypothecation over all present and future fixed assets (Land, building, plant and machinery).

**11. CONTINGENCIES AND COMMITMENTS****Contingencies**

There are no material contingencies to report as at the reporting date.

**Commitments**

- (i) Commitments in respect of outstanding letters of credit against raw materials and spares amounted to Rs. 146.254 million (June 2018: Rs. 83.228 million).
- (ii) Commitments in respect of capital expenditure amounted to Rs. 10.712 million (June 2018: Rs. 59.051 million) for the import of machinery.
- (iii) Bank guarantees issued by Habib Metropolitan Bank Limited, a related party, to Sui Southern Gas Company Limited and Excise & Taxation Department amounted to Rs. 520.267 (June 2018: Rs. 456.980) million and Rs. 64.381 (June 2018: Rs. 60.381) million respectively.

	<b>March 31, 2019 (Un-audited)</b>	<b>June 30, 2018 (Audited)</b>
<b>(Amounts in PKR '000)</b>		
(iv) Commitments for rentals under Ijarah finance agreements:		
Within one year	<b>1,157</b>	631
Later than one year but not later than five years	<b>1,509</b>	974
	<b>2,666</b>	1,605

Represent Ijarah agreements entered into with First Habib Modaraba in respect of vehicles. Total Ijarah payments due under the agreements are Rs. 2.666 million and are payable in monthly installments latest by October 2021. These commitments are secured by on-demand promissory notes of Rs. 4.734 million.

	<b>Nine months ended</b>	
	<b>March 31, 2019 ----- (Un-audited) -----</b>	<b>March 31, 2018 ----- (Un-audited) -----</b>
<b>(Amounts in PKR '000)</b>		
12. CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>468,572</b>	113,785
Short-term borrowings	<b>-</b>	(5,195)
	<b>468,572</b>	108,590

**13. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

Related parties of the Company comprise of associated companies, staff retirement benefits, directors and key management personnel. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

	<b>Nine months ended</b>	
	<b>March 31, 2019 ----- (Un-audited) -----</b>	<b>March 31, 2018 ----- (Un-audited) -----</b>
<b>(Amounts in PKR '000)</b>		
<b>Associated companies</b>		
Sales	<b>12,126</b>	19,145
Purchases of goods, material and services	<b>51,790</b>	41,210
Insurance premium	<b>18,751</b>	16,693
Insurance claims received	<b>9,291</b>	520
Rent and service charges paid	<b>6,004</b>	6,160
Rent income	<b>594</b>	540
Markup earned	<b>5,789</b>	99
Markup expense	<b>87</b>	11,340
Donation	<b>1,565</b>	-
Commission on letter of guarantee	<b>3,265</b>	3,512



		Nine months ended	
		March 31, 2019	March 31, 2018
		----- (Un-audited) -----	
		(Amounts in PKR`000)	
<b>Staff retirement benefits</b>			
Contribution to provident fund		15,680	13,443
<b>Key management personnel</b>			
Remuneration and other benefits	13.1	39,339	23,151
Fee for attending board meetings		<u>75</u>	<u>75</u>

13.1 Remuneration and other benefits for the nine months period ended March 31, 2018 has been restated to include the remuneration and other benefits of Chief Financial Officer and Company Secretary in compliance of S.R.O. 1194(1)/2018, dated October 02, 2018.

		March 31, 2019	June 30, 2018
		(Un-audited)	(Audited)
		(Amounts in PKR`000)	
<b>Balances as at period / year end</b>			
Trade debts		772	11,611
Trade and other payables		7,215	8,759
Bank balances		<u>277,913</u>	<u>22,335</u>
<b>Commitments</b>			
Outstanding letters of credit		156,966	85,273
Outstanding letters of guarantee		<u>584,648</u>	<u>517,361</u>

#### 14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 26, 2019 by the Board of Directors of the Company.

#### 15. GENERAL

15.1 Figures have been rounded off to the nearest rupees in thousands.

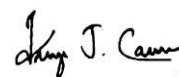
15.2 Certain comparative figures have been reclassified for better presentation, however, there are no material reclassification to report.



**WAQUAS AHMED**  
Chief Financial Officer



**SYED MASOOD ABBAS JAFFERY**  
Chief Executive Officer



**FEROZE JEHANGIR CAWASJI**  
Director