



**Cherat Cement  
Company Limited**  
A Ghulam Faruque Group Company

**Half-Yearly Accounts  
December 31, 2019**



**Strength To Be Reckoned With**

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# Company Information

## Board of Directors

Mr. Omar Faruque	Chairman
Mr. Azam Faruque	Chief Executive
Mr. Akbarali Pesnani	Director
Mr. Arif Faruque	Director
Mr. Asif Qadir	Director
Mr. Abrar Hasan	Director
Mrs. Zeeba Ansar	Director
Mr. Yasir Masood	Director

## Audit Committee

Mr. Asif Qadir	Chairman
Mr. Akbarali Pesnani	Member
Mr. Arif Faruque	Member

## Human Resource & Remuneration Committee

Mr. Abrar Hasan	Chairman
Mr. Azam Faruque	Member
Mr. Omar Faruque	Member

## Director & Chief Financial Officer

Mr. Yasir Masood

## Executive Director & Company Secretary

Mr. Abid Vazir

## Head of Internal Audit

Mr. Aamir Saleem

## Auditors

EY Ford Rhodes  
Chartered Accountants

## Legal Advisor

K.M.S. Law Associates

## Bankers

Allied Bank Ltd  
Bank Al Habib Ltd  
Faysal Bank Ltd  
Habib Bank Ltd  
Habib Metropolitan Bank Ltd  
Industrial & Commercial Bank of China  
MCB Bank Ltd  
National Bank of Pakistan  
Samba Bank Ltd  
Soneri Bank Ltd  
Standard Chartered Bank (Pakistan) Ltd  
The Bank of Punjab  
United Bank Ltd

## Islamic Bankers

Bank Alfalah Ltd  
Dubai Islamic Bank Pakistan Ltd  
MCB Islamic Bank Ltd  
Meezan Bank Ltd

## Share Registrar

CDC Share Registrar  
Services Limited  
CDC House, 99-B, Block 'B'  
S.M.C.H.S., Main Shahrah-e-Faisal  
Karachi-74400  
Tel: 0800-23275  
UAN: 111-111-500  
Email: info@cdcsrsl.com

## Contact Information

UAN: 111-000-009  
Email: info@gfg.com.pk  
Web: www.gfg.com.pk



## Registered Office / Factory

Village Lakrai, P.O. Box 28,  
Nowshera  
Tel: +9291 5270531-4  
Fax: +9291 5270536

## Head Office

Modern Motors House,  
Beaumont Road  
Karachi-75530  
Tel: +9221 35683566-7, 35689538  
Fax: +9221 35683425

## Sales Offices

### Peshawar:

1st Floor, Betani Arcade,  
University Road  
Tel: +9291 5842285, 5842272  
Fax: +9291 5840447

### Lahore:

3, Sunder Das Road  
Tel: +9242 36286249-50, 36308259  
Fax: +9242 36286204

### Islamabad:

1st Floor, Razia Sharif Plaza  
Jinnah Avenue, Blue Area  
Tel: +9251 2344531-33  
Fax: +9251 2344534, 2344550

# Directors' Review

The Board of Directors is pleased to present the financial results of the Company, duly reviewed by the auditors, for the half year ended December 31, 2019.

## Overview

Despite slowdown in industrial activities in the country due to prevailing economic environment, monetary policy tightening, and reduction in PSDP allocation by the government, cement industry witnessed a growth of 6.5% during the first half of the year 2019/20. While local dispatches for the industry increased by 3.5%, exports rose by 22.9% during the half year under review.

## Dispatches

Comparative dispatch figures of the Company for the current period and that of the corresponding period last year are as follow:

December 2019	December 2018
(in tons)	
1,430,276	903,515
353,103	176,994
<u>1,783,379</u>	<u>1,080,509</u>

- Domestic Sales
- Export Sales

Amid challenging market conditions for the industry, which affected construction activities in the country, the aggregate cement dispatches of the Company increased by 702,870 tons i.e. 65%. The increase in dispatches was possible because of enhanced production capacity following the commissioning of Cement Line III in January 2019. During the period under review, local dispatches of the Company went up by 526,761 tons, an increase of 58%, while export sales to Afghanistan rose by 176,109 tons i.e. 100%.

## Operating Performance

Despite 65% increase in cement dispatches, the turnover of the Company in rupee terms only rose by 35% over the corresponding period last year due to decline in the selling price of cement owing to market conditions. During the period, there was also an increase in cost of input items like electricity and fuel costs and other related items. Both decline in sales price of cement and increase in costs of production had a negative impact on the operating results of the Company for the half year under review. However, the Company took various measures to control its costs in an inflationary period in these tough market conditions. There was also a sharp increase in finance cost from the corresponding period last year due to long term loan for the erection of new cement line as well as rise in discount rates by the State Bank of Pakistan. For the half year ended December 31, 2019, the operating results reflect an after-tax loss of Rs. 560 million.

## **Future Outlook**

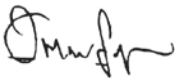
The economic environment in the country presents a major challenge for the cement industry. Although the government has undertaken several structural reforms to put the economy on the right track, the results may take some time to materialize. The situation has become more challenging due to addition of new cement capacities in anticipation of increase in cement demand. By virtue of the installation of third cement line, the Company has not only enhanced its market share but has also achieved improved operational efficiencies. In order to reduce its production costs, the Company is installing 12.3 MW solar panels at the factory. Furthermore, it has also signed Wheeling Regime Energy Purchase Agreement with Pakhtunkhwa Energy Development Organization (PEDO) for supply of cheap electricity. Additionally, the Company is also expected to start receiving gas supply shortly. The above measures will help in curtailing production costs.

The government is urged to take immediate steps to initiate construction of dams and launch low-cost housing schemes in the country, which will not only generate employment but will also boost the demand for cement. The Company remains confident that because of the economic measures being taken by the government, the macroeconomic indicators of the country will improve in the medium term and demand for cement will rise in days ahead.

## **Acknowledgment**

The management would like to thank all customers, financial institutions, suppliers and staff members who have been associated with the Company for their support and cooperation.

### **On behalf of the Board of Directors**



**Omar Faruque**  
Chairman



**Azam Faruque**  
Chief Executive

Karachi: February 12, 2020

# Independent Auditors' Review Report

To the members of Cherat Cement Company Limited (the Company)  
Report on review of Interim Financial Statements

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of Cherat Cement Company Limited (the Company) as at 31 December 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended 31 December 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2019.

## Scope of Review

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

## Conclusion

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

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

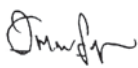
*EY Ford Rhodes*  
Chartered Accountants  
Place: Karachi  
Date: February 13, 2020

# Condensed Interim Statement of Financial Position

As at December 31, 2019

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
Property, plant and equipment	4	26,219,788	26,890,963
Intangible assets		16,192	18,462
		<u>26,235,980</u>	<u>26,909,425</u>
Long-term investments	5	413,367	254,970
Long-term loans		550	701
Long-term deposits		19,706	21,392
		<u>433,623</u>	<u>277,063</u>
		<u>26,669,603</u>	<u>27,186,488</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		3,439,938	3,484,620
Stock-in-trade		1,187,869	1,268,194
Trade debts		407,416	311,488
Loans and advances		75,541	143,862
Trade deposits and short-term prepayments		50,949	23,759
Other receivables		21,289	1,551,308
Taxation – net		1,427,087	1,280,573
Cash and bank balances		23,447	29,535
		<u>6,633,536</u>	<u>8,093,339</u>
		<u>33,303,139</u>	<u>35,279,827</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
225,000,000 (June 2019: 225,000,000)			
ordinary shares of Rs.10/- each		2,250,000	2,250,000
Share capital	6	1,942,950	1,766,318
Reserves		9,234,875	9,989,851
		<u>11,177,825</u>	<u>11,756,169</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financings	7	16,590,000	16,900,000
Long-term lease liabilities		13,902	-
Long-term security deposits		27,256	21,871
Deferred taxation		88,373	405,659
		<u>16,719,531</u>	<u>17,327,530</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,074,805	1,863,434
Accrued mark-up		650,539	544,086
Short-term borrowings		1,670,589	2,902,527
Current maturity of long-term financings		910,000	800,000
Current maturity of long-term lease liabilities	7	10,299	-
Unclaimed dividend		89,551	86,081
		<u>5,405,783</u>	<u>6,196,128</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
		<u>33,303,139</u>	<u>35,279,827</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



**Omar Faruque**  
Chairman



**Azam Faruque**  
Chief Executive



**Yasir Masood**  
Director &  
Chief Financial Officer

# Condensed Interim Statement of Profit or Loss (Unaudited)

For the Half-year Ended December 31, 2019

Note	Half-year ended		Quarter ended		
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	
(Rupees in '000)					
<b>Turnover - net</b>	9	9,511,621	7,032,961	5,031,111	3,692,022
Cost of sales		(8,854,200)	(5,765,958)	(4,561,908)	(2,977,624)
<b>Gross profit</b>		657,421	1,267,003	469,203	714,398
Distribution costs		(181,788)	(191,078)	(90,176)	(100,043)
Administrative expenses		(145,654)	(147,172)	(73,631)	(82,429)
Other expenses		(9,481)	(44,126)	(6,879)	(25,527)
		(336,923)	(382,376)	(170,686)	(207,999)
Other income		48,711	71,097	27,712	46,448
<b>Operating profit</b>		369,209	955,724	326,229	552,847
Finance costs	10	(1,251,652)	(227,837)	(657,744)	(130,198)
<b>(Loss) / profit before taxation</b>		(882,443)	727,887	(331,515)	422,649
<b>Taxation</b>					
Current		-	-	-	7,176
Prior		5,048	145,014	5,048	145,014
Deferred		317,286	154,528	104,871	21,479
	11	322,334	299,542	109,919	173,669
<b>Net (loss) / profit for the period</b>		(560,109)	1,027,429	(221,596)	596,318
(Loss) / earnings per share - basic and diluted	12	(Rs. 2.88)	(Restated) Rs. 5.29	(Rs. 1.14)	(Restated) Rs. 3.07

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



**Omar Faruque**  
Chairman



**Azam Faruque**  
Chief Executive



**Yasir Masood**  
Director &  
Chief Financial Officer

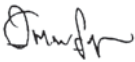


# Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Half-year Ended December 31, 2019

	Half-year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in '000)			
<b>Net (loss) / profit for the period</b>	(560,109)	1,027,429	(221,596)	596,318
<b>Other comprehensive income</b>				
<b>Items that may not be reclassified subsequently to statement of profit or loss</b>				
Unrealized gain on remeasurement of equity investment at fair value through other comprehensive income	158,397	121,933	201,459	49,816
<b>Total comprehensive (loss) / income for the period</b>	<u>(401,712)</u>	<u>1,149,362</u>	<u>(20,137)</u>	<u>646,134</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



**Omar Faruque**  
Chairman



**Azam Faruque**  
Chief Executive



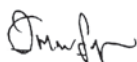
**Yasir Masood**  
Director &  
Chief Financial Officer

# Condensed Interim Statement of Cash Flows (Unaudited)

For the Half-year Ended December 31, 2019

Note	December 31,	December 31,
	2019	2018
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	(882,443)	727,887
<b>(Loss) / profit before taxation</b>		
<b>Adjustments for:</b>		
Depreciation	870,096	557,639
Right-of-use assets	5,617	-
Amortisation	2,270	2,010
Gain on disposal of operating property, plant and equipment	(1,324)	(2,715)
Finance costs	1,251,652	227,837
Exchange gain	-	(25)
Dividend income	(7,097)	(12,342)
	2,121,214	772,404
	1,238,771	1,500,291
<b>Decrease / (increase) in current assets</b>		
Stores, spare parts and loose tools	44,682	(91,842)
Stock-in-trade	80,325	(101,697)
Trade debts	(95,928)	32,750
Loans and advances	68,321	(57,906)
Trade deposits and short-term prepayments	(27,190)	(20,295)
Other receivables	1,530,019	336,066
	1,600,229	97,076
	2,839,000	1,597,367
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	211,371	(631,521)
<b>Cash generated from operations</b>		
	3,050,371	965,846
Income tax paid	(141,466)	(179,214)
Long-term loans and security deposits – net	7,222	2,083
<b>Net cash generated from operating activities</b>		
	2,916,127	788,715
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(180,291)	(3,163,685)
Additions to intangible assets	-	(7,334)
Proceeds from disposal of operating property, plant and equipment	5,561	8,317
Dividend received	7,097	12,342
<b>Net cash used in investing activities</b>		
	(167,633)	(3,150,360)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term financings – net	(200,000)	2,300,000
Short-term borrowings – net	(1,231,938)	959,427
Lease rentals paid	(6,150)	-
Dividend paid	(173,162)	(678,511)
Finance costs paid	(1,143,332)	(238,284)
<b>Net cash (used in) / generated from financing activities</b>		
	(2,754,582)	2,342,632
<b>Net decrease in cash and cash equivalents</b>		
	(6,088)	(19,013)
<b>Cash and cash equivalents at the beginning of the period</b>		
	29,535	47,052
<b>Cash and cash equivalents at the end of the period</b>		
	23,447	28,039

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

  
**Omar Faruque**  
 Chairman

  
**Azam Faruque**  
 Chief Executive

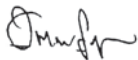
  
**Yasir Masood**  
 Director &  
 Chief Financial Officer

# Condensed Interim Statement of Changes in Equity (Unaudited)

For the Half-year Ended December 31, 2019

Issued, Subscribed and Paid-up Capital	Reserves							TOTAL	
	Capital Reserve		Revenue Reserves				Total Reserves		
	Share premium	Other	General reserve	Unappropri- ated profit / (loss)	Actuarial gain / (loss) on defined benefit plan	Unrealized gain on equity investments			
(Rupees in '000)									
<b>Balance as at July 01, 2018</b>	1,766,318	1,047,658	50,900	420,000	7,729,273	8,371	151,228	9,407,430	11,173,748
Final cash dividend for the year ended June 30, 2018 @ Rs.4.00/- per share	-	-	-	-	(706,527)	-	-	(706,527)	(706,527)
Net profit for the period	-	-	-	-	1,027,429	-	-	1,027,429	1,027,429
Other comprehensive income	-	-	-	-	-	-	121,933	121,933	121,933
Total comprehensive income for the period	-	-	-	-	1,027,429	-	121,933	1,149,362	1,149,362
<b>Balance as at December 31, 2018</b>	<u>1,766,318</u>	<u>1,047,658</u>	<u>50,900</u>	<u>420,000</u>	<u>8,050,175</u>	<u>8,371</u>	<u>273,161</u>	<u>9,850,265</u>	<u>11,616,583</u>
<b>Balance as at July 01, 2019</b>	1,766,318	1,047,658	50,900	420,000	8,785,509	(323,588)	9,372	9,989,851	11,756,169
Final cash dividend for the year ended June 30, 2019 @ Re. 1.00/- per share	-	-	-	-	(176,632)	-	-	(176,632)	(176,632)
Bonus shares issued in the ratio of 1 share for every 10 shares held	176,632	-	-	-	(176,632)	-	-	(176,632)	-
Net loss for the period	-	-	-	-	(560,109)	-	-	(560,109)	(560,109)
Other comprehensive income	-	-	-	-	-	-	158,397	158,397	158,397
Total comprehensive (loss) / income for the period	-	-	-	-	(560,109)	-	158,397	(401,712)	(401,712)
<b>Balance as at December 31, 2019</b>	<u>1,942,950</u>	<u>1,047,658</u>	<u>50,900</u>	<u>420,000</u>	<u>7,872,136</u>	<u>(323,588)</u>	<u>167,769</u>	<u>9,234,875</u>	<u>11,177,825</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



**Omar Faruque**  
Chairman



**Azam Faruque**  
Chief Executive



**Yasir Masood**  
Director &  
Chief Financial Officer

# Notes to the Condensed Interim Financial Statements (Unaudited)

For the Half-year Ended December 31, 2019

## 1. CORPORATE INFORMATION

Cherat Cement Company Limited (the Company) was incorporated in Pakistan as a public company limited by shares in the year 1981. The Company is listed on Pakistan Stock Exchange Limited. Its main business activity is manufacturing, marketing and sale of cement. The registered office of the Company is situated at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa province.

## 2. BASIS OF PREPARATION

**2.1** These 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.

**2.2** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2019. These condensed interim financial statements are unaudited, however, have been subject to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

**2.3** The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended December 31, 2019 and December 31, 2018.

## 3. ACCOUNTING POLICIES

**3.1** The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2019.

### **3.2 Standards, amendments and improvements to IFRSs effective during the period**

The Company has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current period:

#### **Standard or interpretation:**

- IFRS 16 – Leases
- IFRS 9 – Prepayment features with negative compensation (Amendments)
- IAS 19 – Plan amendment, curtailment or settlement (Amendments)
- IAS 28 – Long term interests in associates and joint ventures (Amendments)
- IFRIC 23 – Uncertainty over income tax treatments

#### **Improvements to accounting standards issued by the IASB in December 2017**

- IFRS 3 Business combinations – Previously held interests in a joint operation
- IFRS 11 Joint arrangements – Previously held interests in a joint operation
- IAS 12 Income taxes – Income tax consequences of payments on financial instruments classified as equity
- IAS 23 Borrowing costs – Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's financial statements except for IFRS 16. The impact of adoption of IFRS 16 are described below:

IFRS 16 replaces the previous lease standard IAS 17 Leases. It resulted in almost all leases being recognised on the condensed interim statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset and a lease liability to pay rentals are required to be recognised. The only exceptions are short term and low value leases.

The Company has adopted IFRS 16 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. Consequently, no impact of adoption of IFRS 16 on opening equity has been recognised by the Company.

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
(Rupees in '000)			
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening net book value (NBV)		26,264,797	12,277,573
Additions during the period / year (cost)	4.1	407,466	15,390,440
		26,672,263	27,668,013
Depreciation charged during the period / year		(870,096)	(1,389,264)
Disposals during the period / year - NBV		(4,237)	(13,952)
Closing NBV		25,797,930	26,264,797
Capital work-in-progress	4.2	398,991	626,166
Right-of-use assets	4.3	22,867	-
		26,219,788	26,890,963
<b>4.1 Additions during the period / year</b>			
Building on leasehold land		209,945	2,664,771
Plant and machinery		90,830	11,640,854
Power and other installations		38,735	802,705
Furniture and fittings		999	18,019
Quarry, factory and laboratory equipment		33,525	149,651
Motor vehicles		20,908	72,698
Office equipment		5,279	13,210
Computers		7,245	28,532
		407,466	15,390,440
<b>4.2 Capital work-in-progress</b>			
Opening balance		626,166	11,528,272
Capital expenditure incurred / advances made during the period / year	4.2.1	180,291	4,488,334
		806,457	16,016,606
Transferred to operating fixed assets		(407,466)	(15,390,440)
Closing balance		398,991	626,166
<b>4.2.1 Capital expenditure incurred / advances made during the period / year</b>			
Building on leasehold land		15,008	749,977
Plant and machinery		67,735	2,793,031
Power and other installations		38,735	679,694
Furniture and fittings		5,725	22,514
Quarry, factory and laboratory equipment		17,573	163,307
Motor vehicles		27,543	51,776
Computers		7,972	28,035
		180,291	4,488,334
<b>4.3 Right-of-use assets</b>			

The Company has recognised right-of-use assets in respect of sales offices under rental agreements.

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
(Rupees in '000)			
<b>5. LONG-TERM INVESTMENTS</b>			
<b>Investment in related parties</b>			
At fair value through other comprehensive income	5.1	405,682	247,285
Joint ventures:			
- Madian Hydro Power Limited	5.2	-	-
- UniEnergy Limited		7,685	7,685
		7,685	7,685
		413,367	254,970
<b>5.1 At fair value through other comprehensive income</b>			
<b>Cherat Packaging Limited</b>			
3,122,532 (June 30, 2019: 2,838,666)			
fully paid ordinary shares of Rs.10/- each.		379,169	228,910
<b>Mirpurkhas Sugar Mills Limited</b>			
262,500 (June 30, 2019: 262,500)			
fully paid ordinary shares of Rs.10/- each.		26,513	18,375
		405,682	247,285
<b>5.2 Interest in a Joint Venture - Madian Hydro Power Limited</b>			
Company's share in net assets		106,705	106,705
Less: Impairment loss		(106,705)	(106,705)
		-	-

## 6. SHARE CAPITAL

### 6.1 Authorised capital

December 31, 2019 (Unaudited)	June 30, 2019 (Audited)		December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
(Number of shares)			(Rupees in '000)	
225,000,000	225,000,000	Ordinary shares of Rs. 10/- each	2,250,000	2,250,000

### 6.2 Issued, subscribed and paid-up capital

91,335,845	91,335,845	Fully paid ordinary shares of Rs. 10/- each	913,358	913,358
		- Issued for cash		
97,899,193	80,236,008	- Issued as fully paid bonus shares	978,992	802,360
		- Issued for consideration other than cash on amalgamation		
5,060,000	5,060,000		50,600	50,600
194,295,038	176,631,853		1,942,950	1,766,318

## 7. LONG-TERM LEASE LIABILITIES

	December 31, 2019 (Unaudited)			June 30, 2019 (Audited)		
	Current maturity of lease liabilities	Long-term lease liabilities	Total	Current maturity of lease liabilities	Long-term lease liabilities	Total
	(Rupees in '000)					
Sales offices under rental agreements	10,299	13,902	24,201	-	-	-

## 8. CONTINGENCIES AND COMMITMENTS

### 8.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2019.

### 8.2 Commitments

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
		(Rupees in '000)
Letters of credit - Islamic and Conventional banks	39,461	960,850
Letters of guarantee - Conventional bank	399,561	376,060

## 9. TURNOVER - net

	Half-year ended		Quarter ended	
	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
	(Rupees in '000)			
Local sales	7,432,364	6,051,708	4,023,862	3,267,042
Export sales	2,079,257	981,253	1,007,249	424,980
	9,511,621	7,032,961	5,031,111	3,692,022

## 10. FINANCE COSTS

Mainly includes mark-up on long-term financings amounting to Rs. 1,154.06 million (December 31, 2018: Rs. 175.7 million) and mark-up on short-term borrowings amounting to Rs. 86.45 million (December 31, 2018: Rs. 43.96 million). Markup on long-term financings pertaining to Line – III was capitalized during the corresponding period.

## 11. TAXATION

Provision for current taxation is based on minimum tax at the current rates of taxation after taking into account tax credits u/s 65B. Income subject to final tax has been taxed accordingly.

## 12. (LOSS) / EARNINGS PER SHARE - basic and diluted

	Half-year ended		Quarter ended	
	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
Net (loss) / profit for the period (Rupees in '000)	(560,109)	1,027,429	(221,596)	596,318
		(Restated)		(Restated)
Weighted average number of ordinary shares in issue during the period	194,295,038	194,295,038	194,295,038	194,295,038
(Loss) / earnings per share - basic and diluted	(Rs. 2.88)	Rs. 5.29	(Rs. 1.14)	Rs. 3.07



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

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2019. There have been no changes in any risk management policies since the year end.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

### 14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, directors, executives and retirement funds. Transactions with related parties other than those disclosed elsewhere in these condensed interim financial statements are as follows:

Relationship	Nature of transactions	Half-year ended		Quarter ended	
		December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
(Rupees in '000)					
Associated companies	Purchases	1,196,128	752,885	646,980	397,521
	Sale of goods	139	15,967	-	8,219
	Purchase of fixed assets	6,275	-	3,554	-
	IT support charges	11,399	10,162	5,699	5,081
	Dividend received	7,097	12,342	7,097	12,342
	Dividend paid	51,102	204,407	51,102	204,407
Key management personnel	Remuneration	277,575	269,152	116,999	132,726
Other related parties	Contribution to provident and gratuity funds	59,816	25,088	15,003	13,684

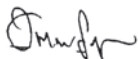
14.1 In addition, certain administrative expenses are being shared amongst the group companies.

### 15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 12, 2020 by the Board of Directors of the Company.

### 16. GENERAL

Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.



**Omar Faruque**  
Chairman



**Azam Faruque**  
Chief Executive



**Yasir Masood**  
Director &  
Chief Financial Officer