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company information

Board of Directors

Mr. Omar Faruque	Chairman
Mr. Azam Faruque	Chief Executive
Mr. Akbarali Pesnani	Director
Mr. Shehryar Faruque	Director
Mr. Arif Faruque	Director
Mr. Saquib H. Shirazi	Director
Mr. Shamshad Nabi (NIT)	Director
Mr. Asif Qadir	Director

Audit Committee

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

Human Resource & Remuneration Committee

Mr. Shamshad Nabi	Chairman
Mr. Saquib H. Shirazi	Member
Mr. Azam Faruque	Member
Mr. Shehryar Faruque	Member

Executive Director & Chief Financial Officer

Mr. Yasir Masood

Executive Director & Company Secretary

Mr. Abid Vazir

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
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
Meezan Bank Ltd

Registered Office / Factory

Village Lakrai, P.O. Box 28, Nowshera

Head Office

Modern Motors House, Beaumont Road
Karachi-75530

Sales Offices

Peshawar: 1st Floor, Betani Arcade, University Road

Lahore: 3, Sunder Das Road

Islamabad: 1st Floor, Razia Sharif Plaza
Jinnah Avenue, 91 Blue Area

Share Registrar

Central Depository Company
of Pakistan Limited (CDC)
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahrah-e-Faisal
Karachi-74400
Tel: 0800-23275

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, 2017.

Overview

Increased spending by the government on infrastructure projects including projects under CPEC and rise in private spending has resulted in a growing domestic consumption of cement. During the half year under review, domestic demand increased by an impressive 17.41% from the corresponding period last year. However, exports continue to perform poorly. They were down 17.34% YoY due to decline in exports to India and via the sea. Afghanistan, was the exception and recorded growth of 4% over the corresponding period last year. On aggregate basis, industry sales have increased by 12.30% from the corresponding period last year.

Dispatches

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

	December 2017 (in tons)	December 2016 (in tons)
● Domestic sales (cement and clinker)	1,105,085	505,189
● Export sales	230,431	113,027
	1,335,516	618,216

Backed by strong domestic demand and availability of enhanced production capacity following the commissioning of Cement Line II, the local sales of the Company increased by 119% during the half year under review from the same period last year. Similarly, enhanced capacity also allowed the Company to increase its exports to Afghanistan, which rose by 104% from the corresponding period last year. During the period, the Company also sold 77,886 tons of clinker. During the six months under review, the aggregate dispatches of the Company increased by an impressive 116% from the corresponding period last year.

Operating Performance

Because of a significant increase in cement dispatches, there was 86% i.e. Rs. 3.5 billion increase in the sales turnover of the Company from the corresponding period last year. However, cement prices remained under pressure during the period. Although there was an increase in production costs due to rise in international prices of coal and oil, which resulted in an increase in variable costs, the Company benefited from economies of scale and improved efficiencies as a result of the expansion of cement plant. Furthermore, unlike last year, the Company also recorded higher depreciation expense and finance cost pertaining to Cement Line II. For the six months ended December 31, 2017 after taking tax adjustment on account of Cement Line II, the Company posted a historical half year after tax profit of Rs. 1,350 million.

Dividend

The Board of Directors in its meeting held on February 07, 2018 has declared an interim cash dividend of Re. 1.00 per share i.e. 10%. Share transfer books will remain closed from March 15, 2018 to March 21, 2018.

Expansion of Cement Plant

Work on the installation of Cement Line III is progressing on schedule. On the financing front, the Company has finalized the long term loan for the project with leading banks on competitive terms. Furthermore, the Company has also placed the order for a WHR plant for Cement Line III and Wartsila Diesel engines, which will help in reducing the energy costs of the plant. Given the progress of the project so far, the management is confident of completing the expansion project before the scheduled time.

Future Outlook

Construction activities in the country have gathered strong momentum over the past few years following an improvement in the law and order situation, stable economic outlook, and low interest rates. Many large infrastructural projects have been initiated by the government under CPEC program and the activities in private sector have also picked up pace, which are increasing the

local demand for cement. Cement industry is benefiting from this positive development. In such a scenario, the addition of third cement line at existing location by the Company will not only enhance its domestic market share but will also allow it to achieve greater efficiencies and better allocation of fixed costs. However, rise in oil and coal prices along with decline in exports by sea is an area of concern not only for the Company but for the entire cement industry.

Acknowledgment

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

On behalf of the Board of Directors



Omar Faruque
Chairman

Karachi: February 07, 2018

auditors' report to the members on review of condensed interim financial information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Cherat Cement Company Limited** (the Company) as at **31 December 2017** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 information 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 information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants

Review Engagement Partner: Khurram Jameel

Date: 07 February 2018

Place: Karachi

condensed interim balance sheet
as at December 31, 2017

	Note	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
----- (Rupees in `000) -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	16,789,200	13,632,864
Intangible assets		17,308	19,210
		16,806,508	13,652,074
Long-term investments	5	532,818	566,275
Long-term loans and advances		519	625
Long-term security deposits		19,008	19,008
		17,358,853	14,237,982
CURRENT ASSETS			
Stores, spare parts and loose tools		1,789,136	2,210,312
Stock-in-trade		488,494	843,820
Trade debts		208,783	130,767
Loans and advances		29,061	37,323
Trade deposits and short-term prepayments		32,057	12,140
Other receivables		640,686	985,030
Taxation - net		655,118	303,562
Cash and bank balances		40,577	45,814
		3,883,912	4,568,768
TOTAL ASSETS		21,242,765	18,806,750
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		2,250,000	2,250,000
Issued, subscribed and paid up capital		1,766,318	1,766,318
Reserves		9,356,579	8,695,389
		11,122,897	10,461,707
NON-CURRENT LIABILITIES			
Long-term financing	6	6,740,000	4,840,508
Long-term security deposits		16,961	15,741
Deferred taxation		978,234	917,306
		7,735,195	5,773,555
CURRENT LIABILITIES			
Trade and other payables		1,243,368	812,964
Unclaimed dividend		63,981	51,713
Accrued mark-up		119,784	146,343
Short-term borrowings		897,540	1,500,411
Current maturity of long-term financing		60,000	60,057
		2,384,673	2,571,488
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		21,242,765	18,806,750

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Omar Faruque
Chairman


Azam Faruque
Chief Executive


Yasir Masood
Chief Financial Officer

condensed interim profit and loss account (unaudited)
for the half-year ended December 31, 2017

Note	Half-year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- (Rupees in `000) -----			
Turnover - net	7,585,921	4,082,645	3,694,899	2,311,163
Cost of sales	(5,724,718)	(2,406,218)	(2,823,022)	(1,331,689)
Gross profit	1,861,203	1,676,427	871,877	979,474
Distribution costs	(165,220)	(134,935)	(84,049)	(71,805)
Administrative expenses	(119,772)	(121,394)	(63,193)	(71,400)
Other expenses	(81,768)	(102,249)	(40,672)	(59,497)
	(366,760)	(358,578)	(187,914)	(202,702)
Other income	37,357	60,379	16,948	41,825
Operating profit	1,531,800	1,378,228	700,911	818,597
Finance costs	(182,341)	(13,327)	(86,916)	(6,825)
Profit before taxation	1,349,459	1,364,901	613,995	811,772
Taxation	9			
Current - for the period	(20,817)	(339,265)	847	(187,747)
- prior year	81,844	37,165	81,844	37,165
Deferred	(60,928)	(37,645)	46,763	(40,362)
	99	(339,745)	129,454	(190,944)
Net profit for the period	1,349,558	1,025,156	743,449	620,828
Earnings per share - basic and diluted	Rs. 7.64	Rs. 5.80	Rs. 4.21	Rs. 3.51

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Omar Faruque
Chairman


Azam Faruque
Chief Executive


Yasir Masood
Chief Financial Officer

condensed interim statement of comprehensive income (unaudited)
for the half-year ended December 31, 2017

	Half-year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- (Rupees in '000) -----			
Net profit for the period	1,349,558	1,025,156	743,449	620,828
Other comprehensive income				
Items that may be reclassified subsequently to profit and loss account				
Unrealized (loss) / gain on available-for-sale securities - net	(70,157)	(9,314)	16,191	(101,222)
Total comprehensive income for the period	<u>1,279,401</u>	<u>1,015,842</u>	<u>759,640</u>	<u>519,606</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Omar Faruque
Chairman


Azam Faruque
Chief Executive


Yasir Masood
Chief Financial Officer

condensed interim cash flow statement (unaudited)
for the half-year ended December 31, 2017

	December 31, 2017	December 31, 2016
	----- (Rupees in `000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,349,459	1,364,901
Adjustments for:		
Depreciation	537,154	135,346
Amortisation	1,902	1,355
Gain on redemption of short-term investments	-	(2,186)
Loss / (gain) on disposal of property, plant and equipment	4,292	(2,464)
Finance costs	182,341	13,327
Exchange (gain) / loss	(58)	1,298
Dividend income	(15,224)	(15,224)
	710,407	131,452
	2,059,866	1,496,353
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	421,176	12,274
Stock-in-trade	355,326	(245,177)
Trade debts	(78,016)	-
Loans and advances	8,262	(21,805)
Trade deposits and short-term prepayments	(19,917)	(13,197)
Other receivables	344,344	287,868
	1,031,175	19,963
	3,091,041	1,516,316
Increase / (decrease) in current liabilities		
Trade and other payables	430,462	(434,654)
Cash generated from operations	3,521,503	1,081,662
Income tax paid	(290,529)	(258,256)
Long-term loans, advances and deposits - net	1,326	(379)
Net cash generated from operating activities	3,232,300	823,027
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating fixed assets	(3,700,211)	(894,141)
Proceeds from disposal of property, plant and equipment	2,429	6,107
Long-term investments made during the period	(36,700)	(98,074)
Short-term investments redeemed during the period - net	-	2,186
Dividend received	15,224	15,224
Net cash used in investing activities	(3,719,258)	(968,698)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing - net	1,899,435	377,688
Short-term borrowings - net	(602,871)	250,961
Dividend paid	(605,943)	(386,355)
Finance costs paid	(208,900)	(83,280)
Net cash generated from financing activities	481,721	159,014
Net (decrease) / increase in cash and cash equivalents	(5,237)	13,343
Cash and cash equivalents at the beginning of the period	45,814	23,002
Cash and cash equivalents at the end of the period	40,577	36,345

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Omar Faruque
Chairman


Azam Faruque
Chief Executive


Yasir Masood
Chief Financial Officer

condensed interim statement of changes in equity (unaudited)
for the half-year ended December 31, 2017

	Issued, subscribed and paid-up capital	Reserves						Total Reserves	Total
		Capital Reserves		Revenue Reserves					
		Share premium	Others	General reserve	Unappro- priated profit	Actuarial gain on gratuity fund	Unrealised (loss) on available for-sale securities		
(Rupees in ` 000)									
Balance as at July 01, 2016	1,766,318	1,047,658	50,900	420,000	5,009,489	246,517	599,306	7,373,870	9,140,188
Final cash dividend for the year ended June 30, 2016 @ Rs. 2.25/- per share	-	-	-	-	(397,422)	-	-	(397,422)	(397,422)
Net profit for the period	-	-	-	-	1,025,156	-	-	1,025,156	1,025,156
Other comprehensive income	-	-	-	-	-	-	(9,314)	(9,314)	(9,314)
Total comprehensive income for the period	-	-	-	-	1,025,156	-	(9,314)	1,015,842	1,015,842
Balance as at December 31, 2016	1,766,318	1,047,658	50,900	420,000	5,637,223	246,517	589,992	7,992,290	9,758,608
Balance as at July 01, 2017	1,766,318	1,047,658	50,900	420,000	6,391,997	427,462	357,372	8,695,389	10,461,707
Final cash dividend for the year ended June 30, 2017 @ Rs. 3.50/- per share	-	-	-	-	(618,211)	-	-	(618,211)	(618,211)
Net profit for the period	-	-	-	-	1,349,558	-	-	1,349,558	1,349,558
Other comprehensive income	-	-	-	-	-	-	(70,157)	(70,157)	(70,157)
Total comprehensive income for the period	-	-	-	-	1,349,558	-	(70,157)	1,279,401	1,279,401
Balance as at December 31, 2017	1,766,318	1,047,658	50,900	420,000	7,123,344	427,462	287,215	9,356,579	11,122,897

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Omar Faruque
Chairman


Azam Faruque
Chief Executive


Yasir Masood
Chief Financial Officer

notes to the condensed interim financial statements (unaudited) for the half-year ended December 31, 2017

1. CORPORATE INFORMATION

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

2. BASIS OF PREPARATION

2.1 The Securities and Exchange Commission of Pakistan (SECP) vide its Circular 23/2017 dated October 4, 2017 has notified that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with provisions of the repealed Companies Ordinance, 1984. Further, the Institute of Chartered Accountants of Pakistan (ICAP) through its Circular 17/2017 dated October 6, 2017 has clarified that companies shall prepare their interim financial statements in accordance with provisions of the repealed Companies Ordinance, 1984 for the period ending on or before December 31, 2017. Accordingly, these condensed interim financial statements of the Company for the half year ended December 31, 2017 have been prepared in accordance with the requirements of the International Accounting Standards (IAS) - 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 shall prevail.

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 June 30, 2017. These condensed interim financial statements are unaudited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

2.3 The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 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, 2017 and December 31, 2016.

3. ACCOUNTING POLICIES

The accounting policies 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, 2017 except that the Company has adopted the following standards which became effective during the period:

IAS 7 Statement of Cash flows: Disclosures - Disclosure Initiative (Amendment)

IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

IFRS 12 Disclosure of interests in Other Entities: Clarification of the scope of disclosure requirements (improvements)

The adoption of the above amendments and improvements did not have any material effect on these condensed interim financial statements.

		December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
	Note	----- (Rupees in `000) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Opening net book value (NBV)		12,909,284	3,144,601
Additions during the period / year (cost)	4.1	256,306	10,502,385
		13,165,590	13,646,986
Depreciation charged during the period / year		(537,154)	(689,913)
Disposals during the period / year (NBV)		(6,721)	(47,789)
Closing net book value (NBV)		12,621,715	12,909,284
Capital work-in-progress	4.2	4,167,485	723,580
		16,789,200	13,632,864
4.1 Additions during the period / year			
Building on leasehold land		88,741	1,979,909
Plant and machinery		95,392	6,222,598
Power and other installations		36,726	2,085,192
Furniture and fittings		2,347	20,177
Quarry, factory and laboratory equipment		3,148	103,142
Motor vehicles		19,741	53,737
Office equipment		5,361	17,866
Computers		4,850	19,764
		256,306	10,502,385
4.2 Capital work-in-progress			
Opening balance		723,580	9,572,354
Capital expenditure incurred / advances made during the period / year	4.2.1	3,700,211	1,653,611
		4,423,791	11,225,965
Transferred to operating fixed assets		(256,306)	(10,502,385)
Closing balance		4,167,485	723,580
4.2.1 Capital expenditure incurred / advances made during the period / year			
Building on leasehold land		1,040,414	104,549
Plant and machinery		2,612,776	681,273
Power and other installations		12,398	661,735
Furniture and fittings		9,392	36,891
Quarry, factory and laboratory equipment		1,099	85,086
Motor vehicles		18,536	63,743
Computers		5,596	20,334
		3,700,211	1,653,611
5. LONG-TERM INVESTMENTS			
Investment in related parties			
Available-for-sale	5.1	525,128	558,585
Joint ventures			
- Madian Hydro Power Limited	5.2	-	-
- UniEnergy Limited		7,690	7,690
		7,690	7,690
		532,818	566,275

	Note	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
----- (Rupees in `000) -----			
5.1 Available-for-sale			
Cherat Packaging Limited			
2,468,406 (June 30, 2017: 2,174,808) fully paid ordinary shares of Rs.10/- each.		491,213	517,126
Mirpurkhas Sugar Mills Limited			
262,500 (June 30, 2017: 262,500) fully paid ordinary shares of Rs.10/- each.		33,915	41,459
		<u>525,128</u>	<u>558,585</u>
5.2 Joint Venture - Madian Hydro Power Limited			
Company's share in net assets		106,705	106,705
Less: Impairment loss		(106,705)	(106,705)
		<u>-</u>	<u>-</u>
6. LONG-TERM FINANCING - secured			
Islamic banks			
Syndicated Long-Term Finance Loan - Line - II		3,284,211	3,284,211
Waste Heat Recovery Loan - Line - II	6.1	300,000	600,565
Fixed Assets Refinance Loan - Line - II	6.1	-	300,000
Syndicated Long-Term Finance Loan - Line - III	6.2	2,500,000	-
		<u>6,084,211</u>	<u>4,184,776</u>
Conventional banks			
Syndicated Long-Term Finance Loan - Line - II		715,789	715,789
		<u>6,800,000</u>	<u>4,900,565</u>
Less: Current maturity		(60,000)	(60,057)
		<u>6,740,000</u>	<u>4,840,508</u>

6.1 During the period, early repayments have been made.

6.2 Represents a syndicated loan from Islamic banks under Diminishing Musharika Scheme amounting to Rs. 13,000 million. The loan carries a profit rate of 6 months KIBOR + 0.45% per annum. It is repayable in 10 equal semiannual installments commencing after 42 months from first drawdown i.e. April 2021. It is secured against first pari-passu hypothecation charge of Rs. 17,334 million on plant and machinery and immovable fixed assets of the Company.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2017 except as follows:

As fully explained in note 22.1.1 to the annual financial statements, during the period from 1994 to 1999, excise duty was wrongly collected from the Company by the Federal Board of Revenue (FBR) based on retail price inclusive of excise duty. The stand point of the Company was agreed by the Honourable Peshawar High Court (the Court) and the Honourable Supreme Court of Pakistan that the excise duty shall not be included as a component for determining the value i.e. retail price for levying excise duty. This resulted in creation of a refund claim amounting to Rs. 882 million.

Further, the Federal Tax Ombudsman (FTO) and the President of Pakistan decided against the adverse order issued by the FBR and directed to verify this claim through two independent firms of Chartered Accountants. However, the FBR filed a writ petition in the Court against the authority of FTO to pass such an order.

Subsequent to the balance sheet date, the Court has dismissed the above petition and has directed FBR to appoint two independent firms of Chartered Accountants to get the single point audit done for verification of the refund claim. Based on the advice of legal counsel, the management believes that the Company has sound grounds for the refund claim, however, as a matter of prudence and in view of the inherent uncertainties involved in such matters, the aforesaid claim has not been recognized in these condensed interim financial statements.

	December 31, 2017 (Unaudited)	June 30, 2017 (Audited)
	----- (Rupees in `000) -----	
7.2 Commitments		
Letters of credit - Islamic and conventional banks	4,017,547	5,472,608
Letters of guarantee - conventional bank	223,320	129,000

	Half-year ended		Quarter ended	
	December 31, 2017 (Unaudited)	December 31, 2016 (Unaudited)	December 31, 2017 (Unaudited)	December 31, 2016 (Unaudited)
----- (Rupees in `000) -----				
8. FINANCE COSTS				
Markup on long-term financing	158,500	2,701	76,939	577
Markup on short-term borrowings	15,608	6,738	6,588	3,856
	174,108	9,439	83,527	4,433
Bank charges and commission	8,233	3,888	3,389	2,392
	182,341	13,327	86,916	6,825

9. TAXATION

In view of the tax exemption on investment in Khyber Pakhtunkhwa and Baluchistan provinces under clause 126L of Part I of the Second Schedule to the Income Tax Ordinance, 2001, profits and gains are exempted on line - II. For this purpose, separate books of accounts have been maintained for both lines (i.e., line - I and line - II). However, provision for minimum tax at the rate of 1.25% under section 113 of the Income Tax Ordinance, 2001 has been charged on local turnover of Line - I in these condensed interim financial statements.

10. 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, 2017. 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.

11. 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, 2017 (Unaudited)	December 31, 2016 (Unaudited)	December 31, 2017 (Unaudited)	December 31, 2016 (Unaudited)
----- (Rupees in `000) -----					
Group companies	Purchase of goods	617,488	378,558	325,415	197,617
	Sale of goods	27,065	9,443	22,472	4,834
	Purchase of fixed assets	3,502	-	1,448	-
	IT support charges	8,892	6,759	4,446	3,379
	Dividend received	15,224	15,224	-	15,224
	Dividend paid	174,672	109,950	-	109,950
	Investments made	36,700	98,074	36,700	55,125
Key management personnel	Remuneration	362,166	272,521	184,392	138,005
Other related parties	Contribution to provident and gratuity funds	18,714	13,787	9,369	7,028
	Insurance premium	27,656	19,585	15,351	10,669
	Services received	2,217	1,924	2,217	1,924

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

12. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 07, 2018 by the Board of Directors of the Company.

13. DIVIDEND AND APPROPRIATIONS

Subsequent to the period ended December 31, 2017, the Board of Directors in its meeting held on February 07, 2018, declared an interim cash dividend of 10% i.e. Re 1.00 (December 31, 2016: 10% i.e. Re. 1.00) per share.

14. GENERAL

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


Omar Faruque
Chairman


Azam Faruque
Chief Executive


Yasir Masood
Chief Financial Officer