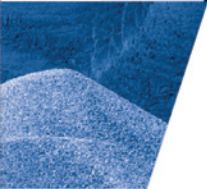


Power Behind Construction

Half Yearly Report December 2015



POWER CEMENT

Contents

04 Corporate Information

07 Auditor's Report

10 Condensed Interim
Profit and Loss Account
(Un-audited)

12 Condensed Interim
Statement of Comprehensive
Income (Un-audited)

14 Notes to the Condensed
Interim Financial Information
(Un-audited)

05 Directors' Review

09 Condensed Interim
Balance Sheet

11 Condensed Interim
Cash Flow Statement
(Un-audited)

13 Condensed Interim
Statement of Changes in
Equity (Un-audited)



Corporate Information

Board of Directors

Nasim Beg	Chairman
Muhammad Kashif Habib	CEO
Samad A. Habib	Director
Muhammad Ejaz	Director
Muhammad Yousuf Adil	Director
Syed Salman Rashid	Director
Muhammad Yahya Khan	Director

Audit Committee

Muhammad Yousuf Adil	Chairman
Nasim Beg	Member
Muhammad Yahya Khan	Member
Syed Salman Rashid	Member

HR & Remuneration Committee

Muhammad Ejaz	Chairman
Muhammad Kashif Habib	Member
Samad A. Habib	Member
Syed Salman Rashid	Member

Chief Financial Officer & Company Secretary

Tahir Iqbal

External Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Cost Auditors

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Legal Advisor

Usman & Iqbal
Advocate & Solicitors

Tax Advisor

Hyder Bhimji & Co.
Chartered Accountants

Sharjeel Ayub & Co.
Chartered Accountants

Share Registrar

Technology Trade (Private) Limited

Principal Bankers

Allied Bank Limited
Al Baraka Bank Pakistan Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited

Registered Office

Arif Habib Centre, 23 M.T Khan Road, Karachi

Website

www.powercement.com.pk

Contact Number

021-32468231-32
021-32468351-52

Factory

Nooriabad Industrial Area, Deh Kalo Kohar
District, Jamshoro, Sindh.

Directors' Review

The Directors of your Company present herewith their review along with the unaudited financial statements duly reviewed by the external auditors for the half year ended 31st December 2015.

INDUSTRY OVERVIEW

Cement sector remained buoyant locally during the last six months. During this half year, domestic consumption of cement was up by 2.14 million tons to 15.2 million tons which reflects an increase of 16.34% from our corresponding period while exports reported a decline of 1.04 million tons as compared to the same period of the previous year.

Cement companies in the south zone supplied 2.56 million tons of cement to the local market against 2.1 million tons in the same period of the previous year (22% increase) while a decline of 0.405 million tons in export sales for the period was reported by the zone.

A comparison of the key financial results and operational performance of the Company for the six months ended 31st December 2015 along with corresponding period is as under:

Financial Performance:

PARTICULARS	Six Months Ended	
	31 st December 2015	31 st December 2014
	Rs. '000	
Sales revenue	1,644,354	1,734,120
Gross profit	382,894	361,826
Operating profit	264,518	205,200
Profit before tax	448,648	278,903
Profit after tax	302,025	244,458
Earnings per share (Rupee)	0.83	0.67

Business performance

The gross profit margin of the Company has increased to 23% as compared to 21% in corresponding period primarily attributable to low input costs due to falling coal and electricity prices. Local dispatches have increased from 226,271 tons to 230,870 tons as compared to the corresponding period of the previous year. However, export sales have decreased by 13,888 tons in line with the overall decline in the country's and the sector's exports.

Production details during the period are as follows:

PARTICULARS	Six Months Ended	
	31 st December 2015	31 st December 2014
	In Tons	
Cement production	243,105	255,983
Clinker production	217,630	293,697

The lower production levels are consistent with the fact that certain technical corrections were undertaken to improve the run factor of the plant and therefore the plant operated for fewer number of days during the period.

Better gross margins coupled with lower distribution costs due to lower exports volume have translated into better operating profits increasing it 16% from 12 % for the corresponding period last year.

FUTURE OUTLOOK

The Government in its recently announced budget has given certain incentives to construction sector. Housing projects in large cities, especially in Karachi are coming up. The China-Pakistan Economic Corridor (CPEC) will be a game changer for the economy of Pakistan, but for the cement industry, its impact is already visible in the continuously growing domestic cement sales. The domestic uptake is a good sign for the industry.

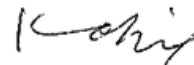
Whereas exports from Pakistan (North and South Zone both) have shown a decline, it cannot be attributed to a decline in demand, because according to the Global Cement Report (11th edition), international trade of cement is expected to increase by 7.5% in 2016 over 2015. The decline in Pakistan's exports can be mainly attributed to improved domestic consumption and decline in price in international market. Going forward as manufacturers in Pakistan replace the less lucrative export sales with better priced domestic sales, it is expected that share of export sales will reduce in the industry sales.

During the period under review, your Company's cost of production remained in control, which has positively affected profitability of the Company. On the cost side, international coal prices, which make up significant portion of the cost of cement manufacturing, have tumbled to a record low along with lower electricity charges that are likely to support margins going forward. During the current year, while other factors are expected to remain range bound; margins are expected to remain good going forward.

ACKNOWLEDGEMENT

The Company strongly believes that its success is driven by the commitment and dedication of its employees. We acknowledge the contribution of each and every member of the Company in their respective area of expertise. We would also like to express our thanks to our customers for their trust in our products and look forward to their continued patronage. We also thank our shareholders, banks and financial institutions for their support, guidance and confidence reposed in our enterprise and stand committed to do our best to ensure full reward of their investment in the years ahead.

For and on behalf of the Board



Muhammad Kashif Habib
Chief Executive Officer
25th February 2016



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road
Karachi , 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Power Cement Limited ("the Company") as at 31 December 2015 and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of comprehensive income, 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 the " condensed interim financial information").Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

We conducted our review in accordance with Interim Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan
and a member firm of the KPMG network of independent member
firms affiliated with KPMG International Cooperative
("KPMG International"), a Swiss entity



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No.2
Beaumont Road
Karachi , 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Emphasis of Matter

We draw attention to note 9.1 and 13 to the condensed interim financial information which state the reason for recording an asset in relation to a refund claim of excise duty amounting to Rs. 182.604 million and reversal of loan from previous sponsors amounting to Rs. 115.193 million. Our conclusion is not qualified in respect of these matters.

Other Matters

The figures for the three months period ended 31 December 2015 and 31 December 2014 in the condensed interim profit and loss account have not been reviewed and we do not express a conclusion on them.

Date: 25 February 2016

Karachi

KPMG Taseer Hadi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq


KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

Condensed Interim Balance Sheet

As at 31st December 2015

	Note	(Un-audited) 31 December 2015	(Audited) 30 June 2015
----- (Rupees in '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	4,428,180	4,422,961
Intangible assets	7	1,254	413
Long term deposits		19,635	19,635
		4,449,069	4,443,009
CURRENT ASSETS			
Stores, spares and loose tools		672,596	562,409
Stock-in-trade	8	306,361	284,975
Trade debts		335,471	259,722
Advances and other receivables		169,581	96,306
Trade deposits and prepayments		14,958	7,256
Tax refunds due from government	9	287,265	287,265
Cash and bank balances		3,469	47,267
		1,789,701	1,545,200
		6,238,770	5,988,209
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital		4,000,000	4,000,000
400,000,000 (30 June 2015: 400,000,000) Ordinary shares of Rs. 10/- each			
Issued, subscribed and paid-up capital		3,656,900	3,656,900
365,689,968 (30 June 2015: 365,689,968) Ordinary shares of Rs. 10/- each	10	(914,225)	(914,225)
Discount on issuance of right shares		80,000	80,000
General reserve		(658,480)	(960,505)
Accumulated loss		2,164,195	1,862,170
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing	11	721,703	905,397
Loan from related parties - unsecured	12	871,501	1,169,055
Deferred taxation		351,837	205,214
Deferred liabilities		42,967	39,559
		1,988,008	2,319,225
CURRENT LIABILITIES			
Loan from previous sponsors	13	735	735
Trade and other payables	14	619,648	608,019
Mark-up accrued		11,474	15,655
Short-term borrowings	15	960,503	687,297
Current portion of long term financing	11	494,207	495,108
		2,086,567	1,806,814
CONTINGENCIES AND COMMITMENTS			
	16	6,238,770	5,988,209

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE



DIRECTOR

Condensed Interim Profit and loss Account (Un-audited)

For the six months period ended 31st December 2015

	Note	Six months ended		Quarter ended	
		31 December		31 December	
		2015	2014	2015	2014
----- (Rupees in '000) -----					
Sales - net	17	1,644,354	1,734,120	787,181	866,087
Cost of sales	18	(1,261,460)	(1,372,294)	(597,293)	(646,055)
Gross profit		382,894	361,826	189,888	220,032
Distribution cost	19	(47,005)	(96,384)	(8,762)	(43,412)
Administrative expenses	20	(28,590)	(24,849)	(14,749)	(11,221)
Other operating income	21	2,196	1,178	2,120	711
Other operating expenses	22	(44,977)	(36,571)	(29,510)	(23,424)
		(118,376)	(156,626)	(50,901)	(77,346)
Operating profit		264,518	205,200	138,987	142,686
Finance income		333,792	275,061	273,224	151,915
Finance cost		(149,662)	(201,358)	(97,198)	(134,242)
Finance income - net		184,130	73,703	176,026	17,673
Profit before taxation		448,648	278,903	315,013	160,359
Taxation		(146,623)	(34,445)	(141,501)	(25,765)
Profit after taxation		302,025	244,458	173,512	134,594
----- (Rupee) -----					
Earnings per share - basic and diluted		0.83	0.67	0.47	0.37

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Cash Flow Statement (Un-audited)

For the six months period ended 31st December 2015

	Note	Six months period ended	
		31 December 2015	31 December 2014
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	23	119,107	(75,260)
Taxes paid - net		(76,352)	(34,155)
Financial charges paid		(52,200)	(35,481)
Gratuity paid		(4,099)	(2,798)
		<u>(132,651)</u>	<u>(72,434)</u>
Cash used in operating activities		(13,544)	(147,694)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(53,460)	(82,361)
Proceeds from sale of fixed assets		-	435
Net cash used in investing activities		(53,460)	(81,926)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans received from related parties		-	565,000
Repayment of long term liability		(250,000)	(380,000)
Net cash (used in) / generated from financing activities		(250,000)	185,000
Net decrease in cash and cash equivalents		(317,004)	(44,620)
Cash and cash equivalents at the beginning of the period		(640,030)	(528,706)
Cash and cash equivalents at the end of the period	24	<u>(957,034)</u>	<u>(573,326)</u>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended 31st December 2015

	Six months ended 31 December		Quarter ended 31 December	
	2015	2014	2015	2014
	----- (Rupees in '000) -----			
Profit after taxation	302,025	244,458	173,512	134,594
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	302,025	244,458	173,512	134,594

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

Power Cement Limited

Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months period ended 31st December 2015

	Capital Reserve		Revenue reserve		Total
	Share capital	Discount on issuance of rights shares	General reserve	Accumulated loss	
	(Rupees in '000)				
Balance as at 1st July 2014	3,656,900	(914,225)	80,000	(1,394,133)	1,428,542
<i>Total comprehensive income for the six months period ended 31st December 2014</i>	-	-	-	-	-
Profit after taxation	-	-	-	244,458	244,458
Balance as at 31st December 2014	<u>3,656,900</u>	<u>(914,225)</u>	<u>80,000</u>	<u>(1,149,675)</u>	<u>1,673,000</u>
Balance as at 1st July 2015	3,656,900	(914,225)	80,000	(960,505)	1,862,170
<i>Total comprehensive income for the six months period ended 31st December 2015</i>	-	-	-	-	-
Profit after taxation	-	-	-	302,025	302,025
Balance as at 31st December 2015	<u>3,656,900</u>	<u>(914,225)</u>	<u>80,000</u>	<u>(658,480)</u>	<u>2,164,195</u>

The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE


DIRECTOR

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2015

1. STATUS AND NATURE OF BUSINESS

- 1.1 Power Cement Limited (the Company) was established as a private limited company on 1 December 1981 and was converted into a Public Limited Company on 9 July 1987 and is listed on Karachi and Lahore Stock Exchanges. The Company is a subsidiary of Arif Habib Corporation Limited. The Company's principal activity is manufacturing, selling and marketing of cement. The registered office of the Company is situated at Arif Habib Centre, 23 M.T. Khan Road, Karachi and its undertaking is situated at Deh Kalo Kohar, Nooriabad Industrial Estate, District Jamshoro (Sindh).

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Company for the six months period ended 31 December 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and the provisions of and directives issued under Companies Ordinance, 1984. In case where requirements differ, the provisions and directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulation of Karachi and Lahore Stock exchanges. However, a limited scope review has been carried out by the auditors. Further, the figures in the condensed interim financial information for the quarter ended 31 December 2015 and 31 December 2014 have not been reviewed by the auditors. This condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the company as at and for the year ended 30 June 2015.

The comparative balance sheet presented in this condensed interim financial information as at 31 December 2015 has been extracted from the audited financial statements of the Company for the year ended 30 June 2015, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement are extracted from the unaudited condensed interim financial information for the six months period ended 31 December 2014.

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand Rupee except where stated otherwise.

3. ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements as at and for the year ended 30 June 2015.
- 3.2 Certain amendments and interpretation to approved accounting standards became effective during the period which were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information is in conformity with approved accounting standards which requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2015.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended 30 June 2015.

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2015

	Note	(Un-audited) 31 December 2015	(Audited) 30 June 2015
----- (Rupees in '000) -----			
6. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	6.1	4,338,973	4,337,651
Capitalisable stores and spares	6.2	49,832	55,452
Capital work in progress	6.3	39,375	29,858
		<u>4,428,180</u>	<u>4,422,961</u>
6.1 Operating assets			
Opening written down value		4,337,651	4,275,940
Additions during the period / year - at cost			
Plant and machinery		47,067	165,515
Factory and laboratory equipment		52	2,376
Computers and peripherals		264	826
Office equipment		-	96
Furniture and fixtures		-	338
Vehicles		826	134
		48,209	169,285
Written down value of deletions during the period / year		-	(65)
Depreciation for the period / year		(46,887)	(107,509)
		(46,887)	(107,574)
Closing written down value		<u>4,338,973</u>	<u>4,337,651</u>
6.2 Capitalisable stores and spares			
Opening balance		55,452	42,608
Additions during the period / year		51,128	114,811
Transferred to operating assets		(47,231)	(101,967)
Transferred to capital work in progress		(9,517)	-
Closing balance		<u>49,832</u>	<u>55,452</u>

	Cost as at 1 July 2015	Additions	Transferred to operating assets	Cost as at 31 December 2015
----- (Rupees in '000) -----				
6.3 Capital Work in Progress				
Slag feeding system	5,599	4,652	-	10,251
Refuse derived fuel system	24,259	4,865	-	29,124
	<u>29,858</u>	<u>9,517</u>	<u>-</u>	<u>39,375</u>

	(Un-audited) 31 December 2015	(Audited) 30 June 2015
----- (Rupees in '000) -----		
7. INTANGIBLE ASSETS		
Opening written down value	413	862
Additions during the period / year	1,354	-
Amortization for the period / year	(513)	(449)
Closing written down value	<u>1,254</u>	<u>413</u>

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2015

	Note	(Un-audited) 31 December 2015	(Audited) 30 June 2015
----- (Rupees in '000) -----			
8. STOCK-IN-TRADE			
Raw material		75,397	8,621
Packing material		53,682	58,205
Work-in-process		124,775	175,962
Finished goods		52,507	42,187
		<u>306,361</u>	<u>284,975</u>
9. TAX REFUNDS DUE FROM GOVERNMENT			
Income tax refundable		94,809	94,809
Sales tax refundable		2,989	2,989
Excise duty receivable	9.1 & 9.2	189,467	189,467
		<u>287,265</u>	<u>287,265</u>

- 9.1** From 1993-94 to 1998-99, excise duty was levied and recovered from the Company being wrongly worked out on retail price based on misinterpretation of sub section 2 of section 4 of the Central Excise Act, 1944 by Central Board of Revenue. Such erroneous basis of working of excise duty has been held, being without lawful authority, by the Honourable Supreme Court of Pakistan as per its judgment dated February 15, 2007. Accordingly, the Company filed an application to the Collector of Federal Excise and Sales Tax to refund the excess excise duty amounting to Rs. 182.604 million.

The refund was however, rejected by Collector of Appeals vide order in appeal number 01 of 2009 dated 19 March 2009 and Additional Collector, Customs, Sales tax and Federal excise vide its order in original number 02 of 2009 dated 24 January 2009 primarily based on the fact that the Company has failed to discharge the burden of proof to the effect that incidence of duty had not been passed on to the customers of the Company. Accordingly, the Company filed an appeal before the Learned Appellate Tribunal Inland Revenue (ATIR) regarding CED which, vide its order dated 23 May 2012 held that the requisite documents proving the fact that the incidence of duty had not been passed to the customers of the Company has been submitted by the Company and therefore the Company has discharged its onus. Based on the foregoing the original order number 01 of 2009 dated 19 March 2009 and order number 02 of 2009 dated 24 January 2009 were set aside by ATIR and appeal was allowed.

Based on the decision by ATIR and the tax adviser's opinion that the refund claim is allowed to the Company, the Company recorded the refund claim receivable with a corresponding credit to the profit & loss account. The matter has been challenged by the Tax department in the High Court. However, the management based on legal advisor's opinion is confident of a favourable outcome. The Company is actively pursuing the matter for the settlement of the said refund claim.

- 9.2** The Company received an order from Additional Collector, Hyderabad vide order no. 22 of 2000 alleging that Central Excise Duty of Rs. 6.863 million was not paid on certain sales for the years 1995-1996 and 1996-1997. The said amount was paid by the Company, however, a corresponding receivable was recorded. The Company filed an appeal in Honourable Sindh High Court which was rejected vide order dated 29 May 2007. The Company then filed a petition in Honourable Supreme Court of Pakistan which was disposed off vide order dated 18 July 2011 with the permission to approach the Court of Civil jurisdiction. Accordingly, a civil suite was filed by the Company challenging the order of Deputy Collector of Customs, Central Excise & Sales Tax, Hyderabad. The management in consultation with its lawyer is confident that the outcome of the case would be in favour of the Company and that the amount deposited above would be recovered.

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2015

10. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Un-audited) 31 December 2015 ----- (Number of Shares) -----	(Audited) 30 June 2015		(Un-audited) 31 December 2015 ----- (Rupees in '000) -----	(Audited) 30 June 2015
		Fully paid ordinary shares of Rs. 10 each issued:		
353,510,380	353,510,380	For cash	3,535,104	3,535,104
840,000	840,000	For consideration other than cash	8,400	8,400
11,339,588	11,339,588	Bonus shares	113,396	113,396
<u>365,689,968</u>	<u>365,689,968</u>		<u>3,656,900</u>	<u>3,656,900</u>

10.1 Shares held by the holding company as at the balance sheet date were 208,295,030 (30 June 2015: 208,295,030).

10.2 During the year ended 30 June 2014, the Company filed a petition with the High Court to confirm reduction of its share capital to the extent of 50%, however, during the current period the said petition was withdrawn by the Company under the authority of a special resolution passed by the members of the Company in an Extraordinary General Meeting held on 28 November 2015.

11. LONG TERM FINANCING

	(Un-audited) 31 December 2015 ----- (Rupees in '000) -----	(Audited) 30 June 2015
Syndicated Term finance - secured	11.1 & 11.2 1,215,910	1,400,505
	<u>1,215,910</u>	<u>1,400,505</u>
Current maturity shown under current liability	(494,207)	(495,108)
	<u>721,703</u>	<u>905,397</u>

11.1 This represents syndicated term finance facility arranged by the Company with a syndicate of local commercial banks (the Syndicate). In 2012, the Company entered into a revised restructuring agreement with the Syndicate dated 23 December 2011. As per the revised restructuring agreement, the principal is payable in nine half yearly instalments from 23 December 2011 to 23 December 2015.

The mark up charged during first 3.5 years i.e. from 23 June 2010 to 22 December 2013 is 6 month KIBOR + 0% per annum and after 3.5 years i.e. 23 December 2013 to 23 December 2018, the mark up will be charged at 6 month KIBOR + 1.75% per annum. Mark-up outstanding at the time of restructuring and mark up accrued from restructuring date till the date of final settlement of principal will then be paid in four (4) half yearly instalments commencing from 23 June 2016.

In 2015, the Company again entered into a revised restructuring agreement with the Syndicate dated 26 December 2014. As per the revised restructuring agreement, principal instalments aggregating Rs. 360 million has been deferred as following:

- Rs. 250 million falling due on 23 December 2014 will be repaid on 23 June 2018.
- Rs. 110 million out of Rs. 250 million falling due on 23 June 2015 will be repaid on 23 December 2018.

The outstanding principal other than deferred principal will be paid as per the existing repayment terms. The loan is secured by way of mortgage over property worth Rs. 3.33 billion and hypothecation charge over assets worth Rs.3.33 billion.

11.2 The facility contains a covenant that the Company can not pay dividend to its shareholders until it is upto date to its debt obligation including mark-up payments to syndicate.

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2015

	Note	(Un-audited) 31 December 2015	(Audited) 30 June 2015
----- (Rupees in '000) -----			
12. LOAN FROM RELATED PARTIES - UNSECURED			
Opening balance		1,169,055	1,172,990
Loan amount		-	130,000
Transferred from short term borrowings		-	60,000
Gain on derecognition during the period / year	12.2	(333,792)	(274,242)
Gain on initial recognition during the period / year		-	(35,011)
Unwinding of discount during the period / year		36,238	115,318
Closing balance		<u>871,501</u>	<u>1,169,055</u>

12.1 This represents mark up free long term loan of Rs. 1,515.5 million (30 June 2015: Rs. 1,515.5 million) obtained from a related party, recorded at fair value at the mark-up rate of 6 months KIBOR plus 1.75% (30 June 2015: 6 months KIBOR plus 1.75%).

12.2 On 1 July 2015, the management entered into a restructuring agreement in respect of loan from a related party amounting to Rs. 1,455.5 million. As per the revised terms, the repayment date of the loan was deferred from 2 June 2018 to 15 June 2022.

The said restructuring resulted in substantial modification of the financing terms, accordingly the previous liability has been extinguished and new liability has been recognized at fair value. The difference between the carrying amount of the liability extinguished and the fair value of the new liability has been recognized in profit and loss account which is being amortised on effective interest rate over the remaining tenor of the loan.

13. LOAN FROM PREVIOUS SPONSORS

During the year ended 30 June 2013, the Company reversed liability amounting to Rs. 115.927 million in respect of previous sponsors loan on the basis of arbitration award in favour of the Company.

The management of the Company was taken over by purchasing controlling shareholding during the year 2005. One of the conditions of takeover of the management from the previous sponsors was that the amount payable in respect of this loan was required to be adjusted in respect of any differences in the value of assets and/or unrecorded liabilities. However, due to dispute regarding existence of certain assets, unrecorded liabilities etc., the final amount of the previous sponsor's loan remained undetermined and unsettled and the matter was referred for arbitration as per the Share Purchase Agreement between the management and the previous sponsors. The amount outstanding as at 30 June 2012 amounted to Rs. 115.927 million i.e. Rs. 234.076 million net off with unavailable stores and spares of Rs. 118.149 million.

In 2013, the arbitrator decided in favour of the Company and determined an amount of Rs. 0.735 million to be paid by the Company. The award has been sent to the Registrar High Court of Sindh for making the award a rule of Court. The management, based on its lawyers' advice is of the opinion that despite of objection filed by the previous sponsors against the arbitration award, the Company has strong grounds considering the fact that the Arbitration Award has been announced in Company's favour and the arbitration award will be made a rule of Court. Accordingly, the management had reversed the liability with a corresponding credit in the profit & loss account. However, as previous sponsors filed objections to the award, the matter is disclosed as a contingent liability.

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2015

	Note	(Un-audited) 31 December 2015	(Audited) 30 June 2015
------(Rupees in '000)-----			
14. TRADE AND OTHER PAYABLES			
Trade creditors		177,459	182,485
Bills payable		142,749	228,282
Accrued liabilities		57,226	4,350
Royalty payable		891	-
Excise duty payable		7,564	7,511
Advances from customers		33,351	47,166
Retention money payable		1,631	1,522
Sales tax and federal excise duty payable		65,287	40,257
Workers' Welfare Fund		30,610	21,439
Workers' Profit Participation Fund		84,155	57,612
Unclaimed dividends		126	126
Withholding tax payable		5,098	3,539
Leave encashment payable		12,347	12,566
Others		1,154	1,164
		<u>619,648</u>	<u>608,019</u>
15. SHORT TERM BORROWINGS			
From banking companies:			
Running finances	15.1	371,892	361,942
Foreign currency Loan	15.2	48,611	45,355
Istisna	15.3	380,000	280,000
		<u>800,503</u>	<u>687,297</u>
From related parties:			
Short term loan from Rotocast Engineering Company (Private) Limited	15.4	100,000	-
Loan from a related party	15.5	60,000	-
		<u>960,503</u>	<u>687,297</u>

15.1 This represents short-term running finance facilities from various banks amounting to Rs. 400 million (30 June 2015: Rs. 400 million), which represents the aggregate of sale prices of all mark-up agreements between the Company and the banks. These carry mark up at the rate ranging between 3 months KIBOR plus 1.50% to 3 months KIBOR plus 2.5% (30 June 2015: 3 months KIBOR plus 1.50% to 3 months KIBOR plus 2.5%) per annum calculated on daily product basis. Mark-up on these facilities is payable quarterly. These facilities have various maturity dates up to June 2016 and are secured by first pari passu charge against current / fixed assets of the Company.

The aggregate amount of aforementioned facilities which have not been availed as at the balance sheet date amounts to Rs. 28.108 million (30 June 2015: Rs. 38.058 million).

15.2 The Company has availed foreign currency loan facility from a bank amounting to Rs. 50 million (30 June 2015: Rs. 50 million). The amount is repayable in 180 days from the date of disbursement and carries mark-up rate ranges between 3.1% to 3.5%. The facility is secured by first pari passu charge against present and future fixed assets of the Company (excluding land and building).

15.3 The amount is repayable in 180 days from the date of disbursement and carries mark-up at the rate of 3 months KIBOR plus 1.75%.

During the period, the Company availed additional istisna facility from a bank amounting to Rs.120 million . The amount is repayable in 90 days from the date of disbursement and carries mark-up at the rate of KIBOR plus 3.75% per annum.

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2015

15.4 The amount represents unsecured short term finance availed from Rotocast Engineering Company (Private) Limited aggregating to Rs.100 million (30 June 2015 : Rs. Nil). This carries mark-up at the rate of 3 months KIBOR + 2.25% per annum.

15.5 During the period, the Company received a mark-up free loan from a sponsor amounting to Rs. 60 million in December 2015 which is repayable on demand.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

There is no change in the status of the contingencies in note 19.1 to the financial statements of the company for the year ended 30 June 2015 except for the contingency disclosed in note 19.1.7 which has been decided in favour of the company vide order no. 17 of 2015 issued by Commissioner Inland Revenue (Appeals) on 10 September 2015.

	(Un-audited) 31 December 2015	(Audited) 30 June 2015
----- (Rupees in '000) -----		
Commitment against open letter of credit for:		
- Coal	-	105,778
- Stores and spares	88,639	33,718
Other commitments - Ijarah rentals	611	1,259
	<u>89,250</u>	<u>140,755</u>

16.2 Commitments

17. SALES - NET

	(Un-audited) 31 December 2015	31 December 2014
----- (Rupees in '000) -----		
Local	2,010,294	2,008,964
Export	70,004	154,421
	<u>2,080,298</u>	<u>2,163,385</u>
Less :		
Sales tax	(337,709)	(332,077)
Federal excise duty	(98,235)	(97,188)
	<u>(435,944)</u>	<u>(429,265)</u>
	<u>1,644,354</u>	<u>1,734,120</u>

18. COST OF SALES

Salaries, wages and other benefits including retirement benefits		111,425
Raw materials consumed	18.1	114,587
Packing material consumed	18.2	111,704
Stores, spares and loose tools		80,534
Fuel and power		1,093,019
Insurance		4,638
Repairs and maintenance		24,682
Depreciation		47,833
Other production overheads		16,346
		<u>1,604,768</u>
Work in process		
Opening		67,732
Closing	8	(275,548)
		<u>51,187</u>
Cost of goods manufactured		<u>1,396,952</u>
Finished goods		
Opening		26,430
Closing	8	(51,088)
		<u>(10,320)</u>
		<u>1,261,460</u>
		<u>1,372,294</u>

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2015

	Note	Six months period ended	
		31 December 2015 (Un-audited)	31 December 2014
------(Rupees in '000)-----			
18.1 Raw materials consumed			
Opening stock of raw material		8,621	33,306
Purchases		149,175	97,660
		<u>157,796</u>	<u>130,966</u>
Closing stock of raw material	8	(75,397)	(16,379)
		<u>82,399</u>	<u>114,587</u>
18.2 Packing materials consumed			
Opening stock of packing material		58,205	49,834
Purchases		94,699	107,043
		<u>152,904</u>	<u>156,877</u>
Closing stock of packing material	8	(53,682)	(45,173)
		<u>99,222</u>	<u>111,704</u>
19. DISTRIBUTION COST			
Salaries, wages and other benefits including retirement benefits		13,722	11,720
Export expenses		20,399	36,633
Travelling and conveyance		-	64
Depreciation		1,201	1,346
Marking fee		1,460	1,433
Incentives and Commission on local sales		8,748	43,196
Others		1,475	1,992
		<u>47,005</u>	<u>96,384</u>
20. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits including retirement benefits		9,030	7,017
Travelling and conveyance		170	114
Printing and stationery		1,322	1,175
Repair and maintenance		1,122	1,148
Legal and professional charges		530	574
Auditor's remuneration		533	503
Rent, rates and taxes		2,568	2,559
Advertisement		2,303	763
Postage, telephone and telegram		1,315	1,163
Entertainment		714	221
Ujrah payments		649	669
Fees and subscription		1,439	613
Depreciation		4,116	4,481
Charity and donation	20.1	710	-
Written off advances		-	3,176
Miscellaneous		2,069	673
		<u>28,590</u>	<u>24,849</u>

20.1 These represents donations to certain institutions in which directors have no interest.

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2015

	Note	Six months period ended	
		31 December 2015	31 December 2014
		(Un-audited)	
		----- (Rupees in '000) -----	
21. OTHER OPERATING INCOME			
Gain on disposal of property, plant and equipment		-	370
Rebate income		-	796
Scrap sales		2,113	-
Others		83	12
		<u>2,196</u>	<u>1,178</u>
22. OTHER OPERATING EXPENSES			
Workers' Welfare Fund		9,879	5,362
Exchange loss		10,965	16,530
Workers' Profit Participation Fund		24,133	14,679
		<u>44,977</u>	<u>36,571</u>
23. CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		448,648	278,903
Adjustment for:			
Depreciation and amortization		47,400	53,686
Gain on derecognition during the period		(333,792)	(240,050)
Exchange loss on bills payable		10,965	-
Gain on initial recognition during the period		-	(35,011)
Provision for gratuity		7,507	7,350
Gain on disposal of fixed assets		-	(370)
Finance cost		149,662	201,358
		<u>(118,258)</u>	<u>(13,037)</u>
Operating profit before working capital changes		330,390	265,866
Decrease / (Increase) in current assets			
Stores, spares and loose tools		(110,187)	91,135
Stock-in-trade		(21,386)	(210,886)
Trade debts		(75,749)	(82,455)
Advances and other receivables		3,077	6,448
Trade deposits and prepayments		(7,702)	(5,731)
		<u>(211,947)</u>	<u>(201,489)</u>
Increase / (decrease) in trade and other payables		664	(139,637)
Cash generated from / (used in) operations		<u>119,107</u>	<u>(75,260)</u>
24. CASH AND CASH EQUIVALENTS			
Cash and bank balances		3,469	4,613
Short term borrowings	15	(960,503)	(577,939)
		<u>(957,034)</u>	<u>(573,326)</u>
25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES			

The related parties comprise of holding company and associated undertakings, other related group companies and persons, directors of the Company, staff retirement benefit fund and key management personnel. The Company carries out transactions with various related parties at the agreed rates. Amounts due to related parties are shown in under respective notes to the condensed interim financial information. Details of transactions / balances with related parties other than those disclosed elsewhere in the condensed interim financial information are as follows:

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2015

Six months period ended
31 December 2015 **31 December 2014**
(Un-audited)
----- (Rupees in '000) -----

Transactions with related parties**Aisha Steel Mills Limited**

- Sale of goods	51	-
- Payment received	44	-

Safe Mix Concrete Products Limited

- Sale of goods	37,537	8,322
- Payment received	40,435	6,604

Javedan Corporation Limited

- Sale of goods	22,283	6,143
- Payment received	20,054	9,783

Rotocast Engineering Company (Private) Limited

- Services received	2,306	1,965
- Payments made	2,380	2,082
- Loan received	100,000	-
- Mark - up accrued during the period	264	-

Arif Habib Corporation Limited

- Loan received	400,000	260,000
- Loan repaid	400,000	130,000
- Mark-up accrued during the period	4,612	5,762

Arif Habib Limited

- Loan received	-	25,000
- Mark-up accrued during the period	-	53

Sponsors

- Loan received	60,000	280,000
-----------------	--------	---------

Summit Bank Limited

- Loan received	75,000	100,000
- Loan repaid	100,000	100,000
- Mark-up accrued during the period	1,344	3,432
- Mark-up repaid	2,133	2,983

Key management personnel

- Remuneration and other benefits	34,354	28,522
- Advances disbursed to employees	6,657	6,274
- Advances repaid by employees	6,631	6,192

Notes to the Condensed Interim Financial Information (Un-audited)

For the six months period ended 31st December 2015

	(Un-audited) 31 December 2015	(Audited) 30 June 2015
	------(Rupees in '000)-----	
Balances with related parties		
Aisha Steel Mills Limited		
- Trade receivable	<u>172</u>	<u>165</u>
Rotocast Engineering Company (Private) Limited		
- Rent payable	<u>289</u>	<u>363</u>
- Loan payable	<u>100,000</u>	<u>-</u>
- Mark - up payable	<u>264</u>	<u>-</u>
Javedan Corporation Limited		
- Trade receivable	<u>9,602</u>	<u>7,374</u>
- Trade payable	<u>375</u>	<u>375</u>
Safe Mix Concrete Products Limited		
- Trade receivable	<u>9,102</u>	<u>12,001</u>
Arif Habib Corporation Limited		
- Mark-up payable	<u>4,612</u>	<u>-</u>
Sponsors		
- Loan payable	<u>1,575,500</u>	<u>1,515,500</u>
Summit Bank Limited		
- Loan payable	<u>75,000</u>	<u>100,000</u>
- Mark-up payable	<u>592</u>	<u>1,381</u>
Key management personnel		
- Advances to employees	<u>4,774</u>	<u>4,763</u>

26. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for the purposes of comparison and better presentation as follows:

Reclassification from Component	Reclassification to Component	Amount (Rupees in '000)
Other Operating Income	Finance income	<u>275,061</u>

26.1 The above reclassification has no impact on previously reported profit / (loss) or equity.

27. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been authorized for issue on 25 February 2016 by the Board of Directors.


CHIEF EXECUTIVE


DIRECTOR

www.jamapunji.pk








 **Jama
Punji**
سرمایہ کاری سمجھداری کے ساتھ










**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes

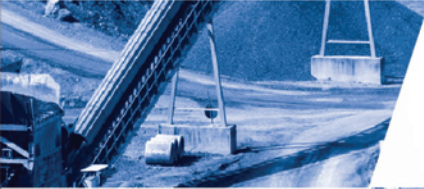


Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 @jamapunji_pk

*Mobile apps are also available for download for android and ios devices



ARIF HABIB GROUP

Power Cement Limited

Head Office
1st Floor, Arif Habib Centre,
23 M.T. Khan Road,
Ph: 021-32468231-32
www.powercement.com.pk