



ICI PAKISTAN LTD.

Growth

is Fundamental to Life

Quarter & Six Months Ended
December 31, 2018

Contents

ICI Pakistan Limited

Company Information	2
Review of the Directors (English / اردو)	3
Auditors' Report to Members on Review of Interim Financial Information	13
Condensed Interim Unconsolidated Balance Sheet	14
Condensed Interim Unconsolidated Profit and Loss Account	15
Condensed Interim Unconsolidated Statement of Comprehensive Income	16
Condensed Interim Unconsolidated Cash Flow Statement	17
Condensed Interim Unconsolidated Statement of Changes in Equity	18
Notes to the Condensed Interim Unconsolidated Financial Statements	19

Condensed Interim Consolidated Financial Information

Review of the Directors for ICI Pakistan Group (English / اردو)	30
Condensed Interim Consolidated Balance Sheet	32
Condensed Interim Consolidated Profit and Loss Account	33
Condensed Interim Consolidated Statement of Comprehensive Income	34
Condensed Interim Consolidated Cash Flow Statement	35
Condensed Interim Consolidated Statement of Changes in Equity	36
Notes to the Condensed Interim Consolidated Financial Statements	37

Company Information

Board of Directors

Muhammad Sohail Tabba	Chairman (Non-Executive)	Kamal A Chinoy	Independent
Muhammad Ali Tabba	Vice Chairman (Non-Executive)	Khawaja Iqbal Hassan	Independent
Jawed Yunus Tabba	Non-Executive	Asif Jooma	Chief Executive
Amina A Aziz Bawany	Non-Executive	Muhammad Abid Ganatra	Executive

Audit Committee

Khawaja Iqbal Hassan	Chairman
Muhammad Ali Tabba	Member
Jawed Yunus Tabba	Member

HR & Remuneration Committee

Khawaja Iqbal Hassan	Chairman
Muhammad Sohail Tabba	Member
Muhammad Ali Tabba	Member
Jawed Yunus Tabba	Member
Asif Jooma	Member

Chief Financial Officer

Muhammad Abid Ganatra

Executive Management Team

Asif Jooma	Chief Executive
Suhail Aslam Khan	Senior Business Consultant and VP, Polyester & Soda Ash Businesses
Aamer Mahmud Malik*	Vice President, Pharmaceuticals Business
Arshaduddin Ahmed	Vice President, Chemicals & Agri Sciences Business
M Abid Ganatra	Chief Financial Officer
Fariha Salahuddin**	General Manager, Human Resource & Administration
Eqan Ali Khan	General Manager, Strategy & Business Development
Nausheen Ahmad	General Counsel, Company Secretary and Head of Corporate Communications & Public Affairs

Company Secretary

Nausheen Ahmad

Head of Internal Audit

Muhammad Ali Mirza

Bankers

Allied Bank Limited
 Askari Bank Limited
 Bank Al Habib Limited
 Bank Alfalah Limited
 Bank of Khyber
 Bank of Punjab
 Citibank N.A.
 Deutsche Bank AG
 Faysal Bank Limited
 Habib Bank Limited

Habib Metropolitan Bank Limited
 Industrial and Commercial Bank of China Limited
 MCB Bank Limited
 MCB Islamic Bank Limited
 Meezan Bank Limited
 National Bank of Pakistan
 Samba Bank Limited
 Standard Chartered Bank (Pakistan) Limited
 United Bank Limited

Auditors

Internal Auditors

KPMG Taseer Hadi & Co.,
 Chartered Accountants

External Auditors

EY Ford Rhodes
 Chartered Accountants

Registered Office

ICI House, 5 West Wharf, Karachi-74000
 Tel # 111-100-200, (021) 32313717-22
 Fax # 32311739
 Website: www.ici.com.pk

Shares Registrar

FAMCO Associates (Pvt) Ltd.
 8-F, Next to Hotel Faran,
 Nursery, Block-6, P.E.C.H.S.
 Shahrah-e-Faisal, Karachi.
 Tel: (021) 34380101-2,
 Fax: (021) 34380106
 Website: www.famco.com.pk

* Appointed w.e.f. December 10, 2018

** Appointed w.e.f. November 5, 2018

Review of the Directors

For the Quarter & Six Months Ended December 31, 2018

The Directors are pleased to present their review, together with the unaudited financial statements of the Company, for the quarter and six months ended December 31, 2018.

Net turnover for the quarter at PKR 14,780 million is 24% higher than the same period last year (SPLY), due to higher revenues across all Businesses except the Life Sciences Business. Operating result for the quarter at PKR 897 million is 14% lower as compared to the SPLY on account of lower operating results in the Polyester, Life Sciences and Chemicals & Agri Sciences Businesses, which were partially offset by higher operating result in the Soda Ash Business.

Net turnover for the six months period under review at PKR 27,914 million translates into a 20% increase as compared to the SPLY, with the Polyester, Soda Ash and Chemicals & Agri Sciences Businesses providing the impetus, with growths of 30%, 42% and 8%, respectively.

The Company's operating result over the six months at PKR 1,955 million is 5% lower in comparison to the SPLY, due to lower performance in the Polyester and Life Sciences Businesses, which was partially offset by improved performance in the Soda Ash and Chemicals & Agri Sciences Businesses by 21% and 1217%, respectively. The improved performance achieved by the Soda Ash Business was mainly driven by higher sales volumes attributable to the successful commissioning of 75,000 tons per annum plant expansion. The Chemicals & Agri Sciences Business showed improved performance on the back of strong operating result delivered by Agro Chemicals segment under Agri Division. Lower operating result in the Polyester Business is attributable to net realizable value adjustments following decline in prices of polyester staple fibre (PSF) on higher carrying inventory required to cover the shutdown period. The operating result of Life Sciences Business was lower as sales were adversely affected by ban on import and marketing of recombinant bovine somatotropin (rbST) injections, along with higher costs due to a surge in international raw material prices and rupee devaluation.

Profit after tax (PAT) for the six months period under review at PKR 900 million is 38% lower than the SPLY. This was due to above mentioned decrease in the operating results, higher finance cost by PKR 485 million owing to increased interest rates and higher debt due to shift in Company's payment policy from Usance LC to Sight LC to minimise foreign exchange losses and higher effective tax rate due to non-availability of tax credits as were available during SPLY on the Light Soda Ash expansion project.

Earnings per share (EPS) for the six months period under review, at PKR 9.75, is 38% lower as compared to the SPLY.

	Six months ended Dec 2018	Six months ended Dec 2017
Net turnover (PKR million)	27,914	23,177
Profit before taxation (PKR million)	1,220	1,693
Profit after taxation (PKR million)	900	1,463
Earnings per share (PKR)	9.75	15.84

Net turnover (PKR m)

Dec 2017  23,177
 Dec 2018  27,914

Profit before tax (PKR m)

Dec 2017  1,693
 Dec 2018  1,220

Profit after tax (PKR m)

Dec 2017  1,463
 Dec 2018  900

Earnings per share (PKR)

Dec 2017  15.84
 Dec 2018  9.75

Review of the Directors

For the Quarter & Six Months Ended December 31, 2018

Polyester Staple Fibre Business (PSF)

Net turnover (PKR m)

Dec 2017  8,634

Dec 2018  11,186

Operating result (PKR m)

■ 11 Dec 2017

(164) ■ Dec 2018

During the six months under review, the global economy experienced volatility due to the escalation of the trade war between the United States and China. On an average, crude oil prices rose by 20% compared to SPLY (USD 62.1/bbl vs SPLY USD 51.8/bbl) despite witnessing a decreasing trend in the latter half of the period under review. Volatility in prices was due to added pressure on OPEC and its allies to build inventories in anticipation of US sanctions on Iran, resulting in a price hike in the first quarter. This impact has been neutralised lately due to a waiver in Iranian oil import sanctions to some major markets.

This rise in crude oil prices fed into the entire petrochemical chain pricing. Paraxylene prices increased by 35% against SPLY, backed by higher downstream demand and strong sentiment. PTA prices rose by 43%, whereas MEG price showed a slight overall decrease of 6% against SPLY due to increased supply and higher inventories. In addition, volatility in the value of rupee versus other major currencies resulted in an increase in domestic PSF price by 43% over SPLY. Energy prices also followed an upward trend, with the prices of gas, coal and furnace oil rising by 17%, 26% and 22%, respectively. Consequently, energy costs increased by 20% over the SPLY.

Overall, economic slowdown due to an uncertain geopolitical environment dampened the downstream market sentiment and resulted in lower sales volume by 10% against SPLY. However, net turnover rose by 30% against SPLY owing to increased PSF prices. In Q2, the Polyester plant successfully completed a two week planned shutdown resulting in lower production volume by 10% over SPLY. In order to ensure continuous supply of PSF to customers during the shutdown period, the Business was required to build inventories. As a consequence of a sharp fall in the PSF prices during this period, the Business suffered one-off stock losses. Despite improved unit margins, the stock loss eroded the profitability of the Business and led to an overall operating loss compared to a profit over the SPLY.

During the period under review, Islamabad High Court dismissed the last two petitions against imposition of Anti-Dumping Duty (ADD) on imported PSF from China.

Going forward, government initiatives to improve the competitiveness of export-oriented sectors and introduction of special incentive packages for the textile sector will boost overall market sentiment and stimulate demand through revival of the textile industry.

Soda Ash Business

Net turnover (PKR m)

Dec 2017  5,702

Dec 2018  8,073

Operating result (PKR m)

Dec 2017  1,361

Dec 2018  1,643

Review of the Directors

For the Quarter & Six Months Ended December 31, 2018

During the six month period under review, net turnover grew by 42% over the SPLY due to higher sales volume and selling prices (as a consequence of cost increases mainly due to rupee devaluation). Total sales volume, including exports, was 23% higher than the SPLY.

The Soda Ash market continued its growth trajectory across all segments, with glass and detergent leading the way. Demand from the glass segment increased due to expansion of float glass capacity and the restart of a previously shutdown sheet glass unit. The detergent segment also provided the impetus for growth with all leading detergent powder manufacturers operating at higher capacities.

Operating result grew by 21% over the SPLY mainly due to a growth in sales volume following successful commissioning and capitalisation of 75,000 tons per annum plant expansion.

The ADD on import of soda ash in India has lapsed on July 3, 2018. Accordingly, the High Court of New Delhi had asked the designated authorities not to collect ADD from the importers. Director General Anti-Dumping (DGAD) has recommended not extending ADD on the import of soda ash from China, the European Union, Kenya, Pakistan, Iran, Ukraine and USA. The notification to this effect is still awaited.



Regionally, the Chinese market supply continues to remain tight amidst renewed environmental checks. The demand-supply gap due to reduction in Chinese exports has been filled by expansion in Turkey. Going forward, the domestic soda ash demand is expected to remain strong owing to planned expansions in the glass industry and addition of new players, along with continued demand for branded detergents and silicate. In this regard, the Company is well positioned to cater to the growing needs of the market with a Dense Ash expansion of 70,000 MT per annum and phase-II of the Light Soda Ash expansion of 75,000 MT per annum. This would bring the total installed Light Soda Ash capacity to 500,000 MT per annum.

Life Sciences Business

Net turnover (PKR m)

Dec 2017  5,462
Dec 2018  5,009

Operating result (PKR m)

Dec 2017  666
Dec 2018  223

During the six months period under review, the Life Sciences Business delivered a net turnover of PKR 5,009 million, 8% lower than the SPLY and an operating result of PKR 223 million, 67% lower than the SPLY. This was mainly due to a slow market during the period under review and ban on import and marketing of rbST injections – a US FDA approved product.

The Pharmaceuticals Division posted a lower operating result by 75% as compared to SPLY. This was mainly due to a significant increase in product costs on the back of higher international raw material prices and rupee devaluation and higher institutional business. Additionally one-off costs associated with write off of packaging material and discontinued raw materials impacted operating performance. The Pharmaceuticals team has taken a number of initiatives to drive sustainable, competitive and profitable growth in future. Steps have been taken to improve manufacturing efficiencies in order to reduce product costs, while an increased focus is also being put on improving market coverage to meet the patients' needs.

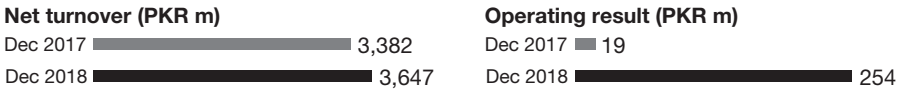
Review of the Directors

For the Quarter & Six Months Ended December 31, 2018

The Animal Health Division posted a lower operating result by 59% as compared to the SPLY, owing to the ban on import and marketing of rbST injections, a product which accounted for significant portion of Animal Health portfolio (Net turnover at PKR 1,019 million in SPLY). Further, challenging trends in both livestock and poultry markets such as liquidity and excess availability of certain products adversely affected Division's performance. The Division's successful nationwide launch of the CAVAC vaccine range has led to the inclusion of companion animal vaccines in its portfolio. The Division has also engaged Trowe Nutrition for a long-term partnership related to their innovative portfolio of both livestock and poultry segments. Furthermore, ICI Pakistan Limited was granted cattle feed manufacturing license in October 2018.

The Life Sciences Business remains focussed on fully leveraging the acquired manufacturing facilities and brands to drive future growth in sales & profitability.

Chemicals & Agri Sciences Business



The Chemicals & Agri Sciences Business achieved a net turnover of PKR 3,647 million for the six months period under review, which is 8% higher than the SPLY.

The operating result of the Business was recorded at PKR 254 million as compared to PKR 19 million in the SPLY.

The Agri Sciences Division delivered strong operating results, mainly in the Agro Chemicals segment, on account of higher margins and cost optimisation leading to higher profitability. However, the performance of the Chemicals Division remained under stress owing to lower than expected demand and tight margins. This is mainly attributable to the uncertainty related to devaluation of the rupee and increasing interest rates, which have slowed down economic activity across multiple sectors.

The Masterbatch manufacturing project is progressing as per plan. This project is another strategic step towards the fulfilment of the Company's growth aspirations and will enhance the product portfolio of the Chemicals & Agri Sciences Business.

Going forward, the Business will continue to explore new segments and products, increase market share, and create enduring value for existing and new customers by embracing innovation, whilst remaining focussed on robust Business results.

Future Outlook

Going forward, the country's economic challenges are anticipated to increase inflation and interest rates, while also putting pressure on the Rupee, which is expected to adversely impact the business climate. However, the Businesses are gearing up to face these challenges and deliver positive results as the Company leverages its diversified solution-based products and services for its customers.

Review of the Directors

For the Quarter & Six Months Ended December 31, 2018

The Company remains focussed on delivering enduring value for all its stakeholders by strengthening and building relationships, expanding and diversifying its product offering, and proactively exploring opportunities for both organic and inorganic growth, in line with its brand promise of Cultivating Growth.

Composition of the Board

In line with the requirements of the Code of Corporate Governance 2017, the Company encourages representation of independent and non-executive directors, as well as gender diversity, on its Board. The current composition of the Board is as follows:

Total number of Directors:

- (a) Male: 7
- (b) Female: 1


Composition:

- (i) Independent Directors: 2
- (ii) Non-executive Directors: 4
- (iii) Executive Directors: 2



Muhammad Sohail Tabba
Chairman

January 28, 2019
Karachi



Asif Jooma
Chief Executive

ڈائریکٹرز کا جائزہ

برائے سرمایہ اور شہماہی ختم شدہ 31 دسمبر 2018

بورڈ کی تشکیل

کوڈ آف کارپوریٹ گورننس 2017 کے لوازمات کی تعمیل میں، کہنئی اپنے بورڈ میں آزاد اور نان ایگزیکٹو ڈائریکٹرز بشمول خواتین کی نمائندگی پر یقین رکھتی ہے۔ بورڈ کی موجودہ تشکیل درج ذیل ہے:

ڈائریکٹرز کی کل تعداد

1 مرد: 7

2 خاتون: 1

تشکیل:

1 آزاد ڈائریکٹرز: 2


2 نان ایگزیکٹو ڈائریکٹرز: 4

3 ایگزیکٹو ڈائریکٹرز: 2

آصف احمد
چیف ایگزیکٹو

محمد سہیل بنا
چیرمین

کراچی۔



آصف احمد
چیف ایگزیکٹو



محمد سہیل بنا
چیرمین

تاریخ: 28 جنوری 2019

کراچی۔

اینٹل ہیلتھ ڈویژن کے کاروباری نتائج میں rbST انجیکشن کی اہمورث اور مارکیٹنگ پر لگنے والی پابندی کے سبب گزشتہ سال کے مقابلے میں 59 فیصد کمی واقع ہوئی کیونکہ یہ پروڈکٹ ڈویژن کے پورٹ فولیو میں ایک خاص اہمیت رکھتی تھی (گزشتہ سال مجموعی کاروبار 1,019 ملین روپے تھا)۔ مزید برآں، لائیو اسٹاک اور پولٹری کے شعبوں میں لکویڈیٹی اور کچھ مصنوعات کی اضافی رسد جیسے مشکل حالات کی بدولت ڈویژن کی کارکردگی کو بہت زیادہ متاثر رہی۔ ملک بھر میں CAVAC ویکسین کے کامیاب آغاز سے مسابقتی اینٹیل ویکسین ڈویژن کے پورٹ فولیو میں شامل ہوئی۔ اینٹل ہیلتھ ڈویژن Trowe نیوٹریشن کے ساتھ طویل مدتی شراکت داری میں داخل ہوا یہ پیش رفت لائیو اسٹاک اور پولٹری کے شعبوں کے لیے فائدہ مند ثابت ہوگی۔ اس کے علاوہ اکتوبر 2018 میں آئی سی آئی پاکستان امپینڈ کو مویشیوں کے لیے فیڈ مینیوفیکچرنگ لائسنس دیا گیا ہے۔

لائف سائنسز برنس نے حاصل ہونے والی مینوفیکچرنگ صلاحیتوں اور برانڈز کو استعمال میں لاتے ہوئے مواقع سے فائدہ اٹھانے پر توجہ مرکوز کی ہوئی ہے اور اپنے پروڈکٹ پورٹ فولیو کو مضبوط کرنے پر دھیان دیتے ہوئے کاروباری ترقی کی سرگرمیاں جاری رکھی ہوئی ہیں۔

کیمیکلز اینڈ ایگری سائنسز برنس

Operating result (ملین روپے)	آپرٹنگ رزلٹ (ملین روپے)	Net turnover (ملین روپے)	مجموعی کاروبار (ملین روپے)
دسمبر 2017	19	3,382	دسمبر 2017
دسمبر 2018	254	3,647	دسمبر 2018

کیمیکلز اینڈ ایگری سائنسز برنس نے زیر جائزہ ششماہی کے لئے مجموعی کاروبار گزشتہ سال کے اسی عرصہ کے مقابلے میں 8 فیصد اضافہ کے ساتھ 3,647 ملین روپے حاصل کیا۔

برنس کا آپرٹنگ رزلٹ گزشتہ سال کے 19 ملین کے مقابلے میں 254 ملین روپے رہا۔

ایگری سائنسز ڈویژن نے گزشتہ سال کے اسی عرصہ کے مقابلے میں بہتر آپرٹنگ رزلٹ فراہم کیا جس کا سبب ایگریو کیمیکلز کے شعبے میں زائد شرح منافع اور اخراجات پر کنٹرول سے حاصل ہونے والا بہتر منافع ہے۔ تاہم کیمیکلز ڈویژن کی کارکردگی متوقع طلب میں کمی اور کم شرح منافع کے سبب دباؤ کا شکار رہی۔ جس کی اہم وجہ روپے کی قدر میں کمی اور شرح سود میں اضافے سے پیدا ہونے والی یقینی والی کیفیت ہے، جس نے مختلف شعبوں کی معاشی سرگرمیوں کو مست روکی کا شکار کر رکھا ہے۔

ہمارا ماسٹر پیج پروجیکٹ اپنے منصوبہ کے تحت آگے بڑھ رہا ہے۔ یہ منصوبہ کینیڈا کی ترقی پزیر حکمت عملی کی طرف ایک قدم ہے اور یہ کیمیکلز اور ایگری سائنسز برنس کے پروڈکٹ پورٹ فولیو میں توسیع کا سبب بنے گا۔

مزید یہ کہ برنس نے سٹیگمٹ اور پروڈکٹس کی تلاش، اپنے مارکیٹ شیئر میں اضافے، موجودہ اور نئے صارفین کے لئے قابل قدر پروڈکٹس اور جدت پر توجہ مرکوز کرنے اور بہترین نتائج فراہم کرنے کے لئے مستعد ہے۔

مستقبل پر نظر

ملک کو درپیش اقتصادی چیلنجز کے ساتھ بڑھتی ہوئی مہنگائی، روپے کی قدر میں کمی اور شرح سود میں اضافہ کے امکانات کاروباری ماحول پر منفی اثرات ڈالیں گے۔ البتہ برنسز اپنے سلوشن بیسڈ پروڈکٹس اور صارفین کو روزمرہ کی فراہمی سے بہتر نتائج دینے کے لیے مستعد ہیں۔

کینیڈا اپنے تمام اسٹیک ہولڈرز کے ساتھ تعلقات کے قیام اور استحکام کو فروغ دیتے ہوئے اپنی پروڈکٹس کی پیش کش میں توسیع اور تنوع کے لئے اور آرگینک اور ان آرگینک ترقی کے نئے مواقع تلاش کرنے کی منصوبہ بندی پر توجہ مرکوز کئے ہوئے ہے اور اپنے برانڈ پر اس یعنی ترقی کیلئے کوشاں (Cultivating Growth) کے مطابق جدوجہد کرتی ہے گی۔

ڈائریکٹرز کا جائزہ

برائے سرمایہ اور ششماہی ختم شدہ 31 دسمبر 2018

سوڈا الیش مارکیٹ کے تمام شعبہ جات میں ترقی کا رجحان جاری رہا بالخصوص گلاس اور ڈٹرنٹ کا شعبہ سب سے آگے رہا۔ گلاس کے شعبے میں طلب میں اضافہ فلوٹ گلاس کپکٹی میں توسیع اور ماضی میں بند پڑے شیٹ گلاس یونٹ کے دوبارہ آغاز کے سبب ہے۔ تمام بڑے ڈٹرنٹ مینوفیکچرز نے اضافی کپیسٹی پر آپریٹ کیا جس کے سبب ڈٹرنٹ کے شعبے سے ترقی میں مدد ملی۔

کاروبار کا آپریٹنگ رزلٹ گزشتہ سال کے اسی عرصہ کے مقابلے میں 21 فیصد زائد رہا، جس کی اہم وجہ 75,000 ٹن سالانہ صلاحیت والے توسیعی پلانٹ کے چلنے سے بیلز کی زیادہ مقدار کا حصول ہے۔

بھارت میں سوڈا الیش کی برآمدات پر عائد اینٹی ڈیونگ ڈیوٹی 3 جولائی 2018 کو ہٹا دی گئی ہے۔ اس حوالے سے نئی دہلی کورٹ نے متعلقہ حکام کو ایپورٹرز سے ADD لینے سے منع کر دیا ہے۔ ڈائریکٹرز جنرل اینٹی ڈیونگ ڈیوٹی (DGAD) نے چین، یورپی یونین، کینیڈا، پاکستان، ایران، یوکرین اور امریکہ سے سوڈا الیش کی درآمد پر ADD میں توسیع نہ کرنے کی تجویز دی ہے۔ اس حوالے سے نوٹیفیکیشن کا انتظار ہے۔

علاقائی طور پر، چین میں ماحولیاتی نگرانی کی بحالی کے سبب چینی مارکیٹ سلائی دباؤ کا شکار ہے۔ چین کی درآمدات میں کمی سے پیدا ہونے والے طلب اور رسد کے خلا کو ترقی میں توسیع سے پورا کیا جا رہا ہے۔ مزید برآں، گلاس کی صنعت میں طے شدہ توسیع اور نئے کرداروں کے اضافے سے مقامی سوڈا الیش کی طلب میں اضافے کا امکان ہے۔ جبکہ براڈ ڈٹرنٹس اور سلیکیٹ کی طلب میں اضافہ جاری رہنے کی امید کی جارہی ہے۔ اس ضمن میں کمپنی مارکیٹ کی بڑھتی ہوئی طلب کو پورا کرنے کے لیے 70,000 میٹرک ٹن سالانہ کے ڈیٹس الیش توسیعی پلانٹ اور 75,000 میٹرک ٹن سالانہ پروڈکشن کے لائٹ سوڈا الیش توسیعی فیئر 11 پلانٹ کے ذریعے تیار ہے۔ اس طرح کل تخصیص شدہ لائٹ سوڈا الیش کی صلاحیت 500,000 میٹرک ٹن سالانہ ہو جائے گی۔

لائف سائنسز برنس

آپریٹنگ رزلٹ (ملین روپے) Operating result

مجموع کاروبار (ملین روپے) Net turnover

دسمبر 2017	دسمبر 2018
666	223
5,462	5,009

زیر جائزہ ششماہی کے دوران، لائف سائنسز کے کاروبار نے گزشتہ سال کے اسی عرصہ کے مقابلے میں نیٹ کاروبار میں 8 فیصد کمی کے ساتھ 5,009 ملین روپے کا کاروبار کیا اور آپریٹنگ رزلٹ 223 ملین روپے رہا جو گزشتہ سال کے مقابلے میں 67 فیصد کم رہا جس کا سبب مارکیٹ میں مندی اور امریکی FDA سے منظر شدہ rbst کی تکلیف کی اپورٹ اور مارکیٹنگ پر لگنے والی پابندی ہے۔

فارماسیوٹیکلز ڈویژن کے آپریٹنگ رزلٹ میں گزشتہ سال کے مقابلے میں 75 فیصد کمی واقع ہوئی۔ اس کی اہم وجہ خام مال کی بڑھتی ہوئی عالمی قیمتیں، روپے کی ناقدری اور ادارتی کاروبار میں اضافہ جیسے اسباب ہیں۔ اس کے علاوہ پیکیج میٹریل اور ٹرک شدہ خام مال کے رابٹ آف نے بھی کاروباری کارکردگی کو متاثر کیا۔ فارماسیوٹیکلز ٹیم نے مستقبل میں مستحکم بھجوس اور منافع بخش ترقی کے لیے کئی اقدامات کئے ہیں۔ پروڈکٹس کے اخراجات کو کم کرنے کے لیے مینیوفیکچرنگ صلاحیتوں کو بہتر کرنے پر کام کرنے کے ساتھ ہیٹسوں کی ضروریات کو پورا کرنے کے لیے اپنی مارکیٹ تک رسائی میں اضافے پر بھی توجہ دی جارہی ہے۔

ڈائریکٹرز کا جائزہ

برائے سرمایہ اور شہماہی ختم شدہ 31 دسمبر 2018

پولیسٹرا سٹھپیل فابریکس (PSF)

آپریٹنگ رزلٹ (ملین روپے)

مجموعی کاروبار (ملین روپے) Net turnover

11 دسمبر 2017
10 دسمبر 2018

8,634 2017
11,186 2018

زیر جائزہ شہماہی کے دوران امریکہ اور چین کے درمیان تجارتی جنگ میں شدت کے سبب عالمی معیشت اتار چڑھاؤ کا شکار رہی۔ مجموعی طور پر کروڈ آئل کی قیمتوں میں گزشتہ سال کے مقابلے میں 20 فیصد اضافہ ہوا (اس سال 162.1 امریکی ڈالر فی بیرل بمقابلہ گزشتہ سال 151.8 امریکی ڈالر فی بیرل) جو دو یکمہ زیر جائزہ شہماہی کی دوسری سہ ماہی میں مندی کا رجحان رہا۔ قیمتوں میں اتار چڑھاؤ ایران پر امریکی پابندیوں کے امکانات کے پیش نظر اوپیک اور اس کے اتحادیوں پر آئل کے اسٹاک میں اضافے کے لئے بڑھتے ہوئے دباؤ کے سبب رہا، نتیجے میں پہلی سہ ماہی میں قیمتوں میں اضافہ ہو گیا۔ بعد ازاں کچھ بڑی مارکیٹس کے لیے ایرانی آئل امپورٹ پر پابندی کے خاتمے سے صورت حال بہتر ہو گئی۔

کروڈ آئل کی قیمتوں میں اضافے سے تمام پیٹرولیم مصنوعات میں اضافے دیکھنے میں آیا۔ حیران کن قیمتوں کی قیمتیں زائد ڈاؤن اسٹریم طلب اور شاندار رجحان کے سبب گزشتہ سال کی بنسبت 35 فیصد بڑھ گئیں۔ PTA کی قیمتوں میں 43 فیصد اضافہ ہوا جبکہ MEG کی قیمتوں میں بڑھتی سپلائی اور زائد انوینٹری کے سبب گزشتہ سال کی بنسبت 6 فیصد کمی واقع ہوئی۔ اس کے ساتھ دیگر کرسٹیوں کے مقابلے میں روپے کی قدر میں اتار چڑھاؤ کے سبب مقامی PSF کی قیمت گزشتہ سال کی بنسبت 43 فیصد بڑھ گئی۔ توانائی کی قیمتوں میں بھی تیزی کا رجحان رہا، اور گیس، کوئلے اور فریض آئل کی قیمتیں بالترتیب 17 فیصد، 26 فیصد اور 22 فیصد بڑھ گئیں۔ نتیجتاً توانائی کے اخراجات گزشتہ سال کی بنسبت 20 فیصد بڑھ گئے۔

مجموعی طور پر غیر یقینی جغرافیائی صورتحال کی بدولت معاشی صورتحال میں سست روی سے ڈاؤن اسٹریم مارکیٹ محدود ہوتی رہیں اور گزشتہ سال کے اسی عرصہ کے مقابلے میں سبز کے حجم میں 10 فیصد کمی واقع ہوئی۔ البتہ PSF کی بڑھتی قیمتوں کے سبب گزشتہ سال کی بنسبت مجموعی کاروبار میں 30 فیصد اضافہ ریکارڈ کیا گیا۔ دوسری سہ ماہی میں پولیپیسٹر پلانٹ کی طے شدہ 2 ہفتے کے پلانٹ سٹ ڈاؤن کے سبب گزشتہ سال کی بنسبت پیداواری حجم 10 فیصد کم رہا۔ اس دوران کسٹمرز کو PSF کی فراہمی جاری رکھنے کے لیے برنس کو انوینٹری ذخیرہ کرنے کی ضرورت ہوئی اور تیزی سے گرتی PSF کی قیمتوں کے نتیجے میں برنس انوینٹری کے نقصانات کا سامنا رہا۔ فیوٹ شرح منافع میں اضافے کے باوجود کاروبار کا منافع انوینٹری کے نقصانات کے نذر ہو گیا اور گزشتہ سال ہونے والے منافع کی بنسبت اس سال مجموعی طور پر نقصان کا سامنا رہا۔

زیر جائزہ عرصہ کے دوران، اسلام آباد ہائی کورٹ نے چین سے درآمد ہونے والی PSF پر اینٹی ڈیپنگ ڈیوٹی کے نفاذ کے خلاف دو پٹیشن رد کر دیئے۔

مزید برآں، ایکسپورٹ سے متعلقہ شعبہ جات میں مقابلے کے رجحان کو بڑھانے اور ٹیکسٹائل کے شعبے کے لیے خصوصی ہیکٹیج دینے کے حکومتی اقدامات سے مارکیٹ کی مجموعی صورتحال بہتر ہونے اور ٹیکسٹائل صنعت کی بحالی کے ذریعے طلب میں اضافہ کا امکان ہے۔

سوڈا الیش برنس

آپریٹنگ رزلٹ (ملین روپے)

مجموعی کاروبار (ملین روپے) Net turnover

1,361 2017
1,643 2018

5,702 2017
8,073 2018

زیر جائزہ شہماہی کے دوران، سوڈا الیش کاروبار نے گزشتہ سال کے مقابلے میں سبز کے زیادہ حجم اور قیمت فروخت میں بہترین اضافے کے سبب 42 فیصد ترقی کی۔ (قیمتوں میں اضافہ اخراجات میں اضافے بالخصوص روپے کی قدر میں کمی کے نتیجے میں حاصل ہوا)۔ سبز کا کل حجم، بشمول ایکسپورٹس گزشتہ سال کے مقابلے میں 23 فیصد زائد رہا۔

ڈائریکٹرز کا جائزہ

برائے سرمایہ اور ششماہی ختم شدہ 31 دسمبر 2018

ڈائریکٹرز کمیٹی کے غیر آڈٹ شدہ مالیاتی گوشوارے اور اپنا جائزہ برائے ششماہی ختم شدہ 31 دسمبر 2018 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

زیر جائزہ سرمایہ کا مجموعی کاروبار گزشتہ سال کی بنیاد پر 24 فیصد اضافے کے ساتھ 14,780 ملین روپے رہا، جس کا سبب لائف سائنسز برنس کے علاوہ باقی تمام برنسز کے مجموعی کاروبار میں ترقی ہے۔ سرمایہ کار آپریٹنگ رزلٹ 897 ملین روپے گزشتہ سال کے اسی عرصہ کے مقابلے میں 14 فیصد کم ہے جس کی اہم وجہ پبلیکسز، لائف سائنسز اور کیمیکلز واگبری سائنسز برنسز کے آپریٹنگ رزلٹس کا کم ہونا ہے جس کا سوڈا الیش کے بہتر آپریٹنگ رزلٹ کے ذریعے جزوی طور پر ازالہ ہوا۔

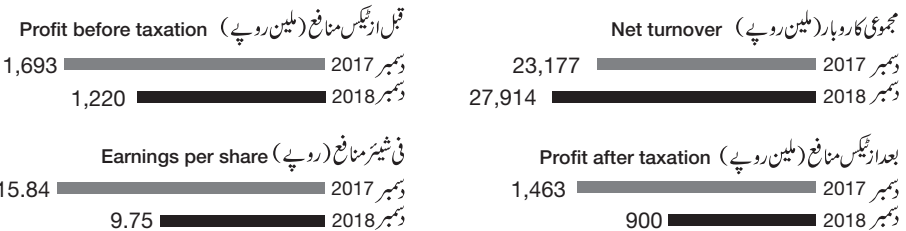
پبلیکسز، سوڈا الیش اور کیمیکلز واگبری سائنسز کے برنسز کی جانب سے بالترتیب 30 فیصد، 42 فیصد اور 8 فیصد ترقی سے زیر جائزہ ششماہی کا مجموعی کاروبار گزشتہ سال کی بنیاد پر 20 فیصد اضافے کے ساتھ 27,914 ملین روپے رہا۔

کیمیٹی کار آپریٹنگ رزلٹ برائے ششماہی گزشتہ سال کی بنیاد پر 5 فیصد کم کے ساتھ 1,955 ملین روپے رہا کیونکہ پبلیکسز اور لائف سائنسز برنسز کی کارکردگی کم رہی، جس کا سوڈا الیش اور کیمیکلز واگبری سائنسز برنسز میں بالترتیب 21 فیصد اور 1217 فیصد اضافے سے جزوی طور پر ازالہ ہوا۔ سوڈا الیش برنس کی شاندار کارکردگی 75,000 ٹن سالانہ کے کوٹیشن پلانٹ کے کامیاب آپریٹنگ کے سبب سبزی زائد مقدار کے مہون منت ہے۔ کیمیکلز اور واگبری سائنسز برنس کی بہتر ہوتی کارکردگی واگبری ڈیویژن کے ایگرو کیمیکلز سیکٹور میں شاندار آپریٹنگ رزلٹ کے سبب ہے۔ پبلیکسز برنس کے آپریٹنگ رزلٹ میں کمی پبلیکسز اسٹیل فابری (PSF) کی قیمتوں میں ہونے والی تنزلی کی وجہ سے پلانٹ شٹ ڈاؤن کے لئے رکھی گئی اضافی انویسٹری پر تھپ ریلیاٹرز اسٹیل ویلڈ ایڈجسٹمنٹ کے سبب واقع ہوئی۔ ہمارے لائف سائنسز برنس کے آپریٹنگ رزلٹ ری کمپائیٹنٹ بوڈائن سوما ٹورویٹن (rbST) ایکٹیشن کی امپورٹ پر پابندی کے سبب سبزی میں کمی کے ساتھ خام مال میں عالمی قیمتوں میں اضافے اور روپے کی ناقدری کے سبب اضافی اخراجات کی وجہ سے متاثر ہوئے۔

زیر جائزہ ششماہی کے لئے بعد از ٹیکس منافع گزشتہ سال کے اسی عرصہ کے مقابلے میں 38 فیصد کم کے ساتھ 900 ملین روپے رہا، جس کی وجہ خاص طور پر اوپر بیان کردہ آپریٹنگ رزلٹس میں کمی، شرح سود میں اضافے اور زرمد ہالڈ کے نقصان سے بچنے کے لئے کھنی کی ادائیگی کی پالیسی میں مینجمنٹ اور ایس (Usance LC) کو فوری ادائیگی (Sight LC) میں تبدیل کرنے کی وجہ سے قرضوں میں اضافے کی وجہ سے 485 ملین روپے کے سود کے اضافی اخراجات اور سوڈا الیش کے کوٹیشن پر ویکٹ پر گزشتہ سال حاصل شدہ ٹیکس کریڈٹ کی عدم موجودگی کے سبب ٹیکس ریٹ میں اضافہ رہی۔

ششماہی کے لیے فی شیئر منافع 9.75 روپے رہا جو کہ گزشتہ سال کے اسی عرصہ کے مقابلے میں 38 فیصد کم ہے۔

دسمبر 2017 کو ختم شدہ ششماہی	دسمبر 2018 کو ختم شدہ ششماہی	
23,177	27,914	Net turnover (PKR million) (ملین روپے)
1,693	1,220	Profit before taxation (PKR million) (ملین روپے)
1,463	900	Profit after taxation (PKR million) (ملین روپے)
15.84	9.75	Earnings per share (PKR) (روپے)



INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of ICI Pakistan Limited
Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **ICI Pakistan Limited** as at **31 December 2018** and the related condensed interim unconsolidated statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of cash flows, condensed interim unconsolidated statement of changes in equity, and notes to the condensed interim unconsolidated 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 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 financial statements based on our review. The figures of the condensed interim unconsolidated statement of profit or loss account and other comprehensive income for the three months period ended 31 December 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended 31 December 2018.

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 is 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 auditors' report is Mr. Arif Nazeer.

Date: January 28, 2019
Karachi



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Arif Nazeer

Condensed Interim Unconsolidated Statement of Financial Position

As at December 31, 2018

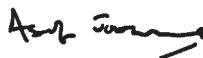
Amounts in PKR '000

	Note	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	20,346,087	20,576,333
Intangible assets	5	920,208	924,294
		21,266,295	21,500,627
Long-term investments	6	3,913,076	3,913,076
Long-term loans	7	441,887	431,096
Long-term deposits and prepayments		36,091	37,138
		4,391,054	4,381,310
		25,657,349	25,881,937
Current assets			
Stores, spares and consumables		951,209	881,034
Stock-in-trade	8	9,209,878	8,737,564
Trade debts		2,303,256	2,605,818
Loans and advances		669,783	520,173
Trade deposits and short-term prepayments		395,641	306,154
Other receivables		1,268,350	1,401,131
Taxation - net		2,476,027	2,595,475
Cash and bank balances		238,990	218,843
		17,513,134	17,266,192
Total assets		43,170,483	43,148,129
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
1,500,000,000 (June 30, 2018: 1,500,000,000) ordinary shares of PKR 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital			
92,359,050 (June 30, 2018: 92,359,050) ordinary shares of PKR 10 each		923,591	923,591
Capital reserves		309,643	309,643
Surplus on revaluation of property, plant and equipment - net of tax		634,727	669,495
Revenue reserve - unappropriated profit		16,328,878	16,178,705
Total equity		18,196,839	18,081,434
Non-current liabilities			
Provisions for non-management staff gratuity		103,994	99,007
Long-term loans	9	7,791,899	8,237,107
Deferred tax liability - net	10	1,682,846	1,911,896
		9,578,739	10,248,010
Current liabilities			
Trade and other payables		6,979,349	6,159,767
Accrued mark-up		308,297	249,638
Short-term borrowings and running finance	11	6,776,476	7,356,467
Current portion of long-term loans		1,237,780	963,434
Unclaimed dividend		93,003	89,379
		15,394,905	14,818,685
Total equity and liabilities		43,170,483	43,148,129
Contingencies and commitments	12		

The annexed notes from 1 to 23 form an integral part of the condensed interim unconsolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)

For the Six Months Ended December 31, 2018

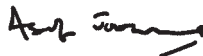
Amounts in PKR '000

	For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 3 months ended December 31, 2017	For the 6 months ended December 31, 2017
Net turnover - note 13	14,779,909	27,914,445	11,942,094	23,177,059
Cost of sales - note 13 and 14	(12,748,756)	(23,725,950)	(9,660,851)	(18,930,467)
Gross profit	2,031,153	4,188,495	2,281,243	4,246,592
Selling and distribution expenses	(781,813)	(1,557,621)	(737,417)	(1,412,548)
Administration and general expenses	(352,667)	(675,659)	(495,522)	(776,530)
Operating result - note 13	896,673	1,955,215	1,048,304	2,057,514
Finance costs	(380,091)	(695,819)	(102,573)	(210,544)
Exchange loss	(203,714)	(215,385)	(206,850)	(238,202)
Workers' profit participation fund	(15,721)	(62,697)	(40,977)	(89,184)
Workers' welfare fund	(8,292)	(26,060)	(22,903)	(34,560)
Other charges	(11,444)	(32,131)	(12,093)	(22,979)
	(619,262)	(1,032,092)	(385,396)	(595,469)
Dividend income	25,000	255,000	95,000	195,000
Other income	24,834	41,451	20,652	36,374
Profit before taxation	327,245	1,219,574	778,560	1,693,419
Taxation - note 15	(84,310)	(319,117)	(56,691)	(230,547)
Profit after taxation	242,935	900,457	721,869	1,462,872
			(PKR)	
Basic and diluted earnings per share	2.63	9.75	7.82	15.84

The annexed notes from 1 to 23 form an integral part of the condensed interim unconsolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Other Comprehensive Income (Unaudited)

For the Six Months Ended December 31, 2018

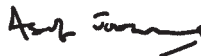
Amounts in PKR '000

	For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 3 months ended December 31, 2017	For the 6 months ended December 31, 2017
Profit after taxation	242,935	900,457	721,869	1,462,872
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	242,935	900,457	721,869	1,462,872

The annexed notes from 1 to 23 form an integral part of the condensed interim unconsolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)

For the Six Months Ended December 31, 2018

Amounts in PKR '000

	December 31, 2018	December 31, 2017
Cash flows from operating activities		
Cash generated from operations - note 16	3,518,620	2,449,574
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(9,434)	(9,796)
Staff retirement benefit plan	(26,870)	(27,085)
Taxation	(428,719)	(453,709)
Interest	(637,160)	(167,547)
Net cash generated from operating activities	2,416,437	1,791,437
Cash flows from investing activities		
Capital expenditure	(1,096,021)	(2,165,338)
Proceeds from disposal of operating fixed assets	1,404	307
Interest received on bank deposits	609	140
Business acquisition	-	(1,935,700)
Dividend received from subsidiary	50,000	-
Dividend received from associate	180,000	100,000
Net cash used in investing activities	(864,008)	(4,000,591)
Cash flows from financing activities		
Long-term loans obtained*	300,000	3,331,796
Long-term loans repaid*	(470,862)	(244,618)
Dividends paid	(781,429)	(922,717)
Net cash (used in) / generated from financing activities	(952,291)	2,164,461
Net increase / (decrease) in cash and cash equivalents	600,138	(44,693)
Cash and cash equivalents at the beginning of the period	(7,137,624)	(1,976,698)
Cash and cash equivalents at the end of period	(6,537,486)	(2,021,391)
Cash and cash equivalents at the end of period comprise of:		
Cash and bank balances	238,990	147,338
Short-term borrowings and running finance	(6,776,476)	(2,168,729)
	(6,537,486)	(2,021,391)

* No non-cash items are included in these activities

The annexed notes from 1 to 23 form an integral part of the condensed interim unconsolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Unconsolidated Statement of Changes in Equity

For the Six Months Ended December 31, 2018

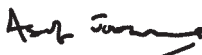
Amounts in PKR '000

	Issued, subscribed and paid-up capital	Capital reserves	Surplus on revaluation of property, plant and equipment	Revenue reserve - unappropriated profit	Total
As at July 1, 2017 (Audited)	923,591	309,643	743,948	14,950,666	16,927,848
Final dividend of PKR 10.00 per share for the year ended June 30, 2017	-	-	-	(923,590)	(923,590)
Profit for the period	-	-	-	1,462,872	1,462,872
Other comprehensive income for the period - net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	1,462,872	1,462,872
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	(34,860)	34,860	-
As at December 31, 2017 (Unaudited)	923,591	309,643	709,088	15,524,808	17,467,130
Interim dividend of PKR 8.00 per share for the year ended June 30, 2018	-	-	-	(738,872)	(738,872)
Profit for the period	-	-	-	1,596,832	1,596,832
Other comprehensive loss for the period - net of tax	-	-	(6,161)	(237,495)	(243,656)
Total comprehensive income	-	-	(6,161)	1,359,337	1,353,176
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	(33,432)	33,432	-
As at June 30, 2018 (Audited)	923,591	309,643	669,495	16,178,705	18,081,434
Final dividend of PKR 8.50 per share for the year ended June 30, 2018	-	-	-	(785,052)	(785,052)
Profit for the period	-	-	-	900,457	900,457
Other comprehensive income for the period - net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	900,457	900,457
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	(34,768)	34,768	-
As at December 31, 2018 (Unaudited)	923,591	309,643	634,727	16,328,878	18,196,839

The annexed notes from 1 to 23 form an integral part of the condensed interim unconsolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Six Months Ended December 31, 2018

1 Status and nature of business

ICI Pakistan Limited ("the Company") is incorporated in Pakistan and is listed on the Pakistan Stock Exchange Limited. The Company is a subsidiary of Lucky Holdings Limited (a subsidiary of Lucky Cement Limited) and is engaged in the manufacturing of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate, polyurethanes and pharmaceutical products; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchandising of general chemicals. It also acts as an indenting agent and toll manufacturer. The Company's registered office is situated at 5 West Wharf, Karachi.

These are the separate condensed interim unconsolidated financial statements of the Company in which investment in subsidiaries and associate is stated at cost less impairment losses if any.

2 Statement of compliance

These condensed interim unconsolidated 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 International Accounting Standard 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.

3 Significant accounting policies

The accounting policies and methods of computation adopted for the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments". The revised accounting policy adopted by the management are as follows:

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with customers' supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

IFRS 9 – Financial Instruments

IFRS 9 "Financial Instruments" has replaced IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Company has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP).

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Six Months Ended December 31, 2018

Amounts in PKR '000

The Company's financial assets mainly include trade debts, loans and advances, long term loans, investment in equity instruments, other ancillary deposits/receivables and bank balances held with commercial banks.

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. Expected Credit Loss (ECL) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL. For this purpose, the management has conducted an exercise to assess the impairment of its financial assets using historical data and forward looking information. Based on such exercise, the Company has concluded that it is in compliance with the requirements of the new accounting standard and that the impact of impairment on its financial assets is immaterial to this condensed interim unconsolidated financial statements.

	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
4 Property, plant and equipment		
Operating fixed assets - at net book value	18,895,839	19,710,551
Capital work-in-progress - at cost - note 4.2		
Civil works and buildings	170,357	110,078
Plant and machinery	1,108,760	531,432
Advances to suppliers / contractors	171,131	224,272
	1,450,248	865,782
Total property, plant and equipment	20,346,087	20,576,333

4.1 Following is the cost of operating fixed assets that have been added / disposed off during the six months ended December 31, 2018:

	Additions / Acquisition /Transfers		Disposals at net book value	
	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
Freehold land	-	207,573	-	8,326
Lime beds on freehold land	13,244	76,819	-	-
Buildings on freehold land	997	206,275	-	-
Buildings on leasehold land	122,041	849,987	29	88
Plant and machinery	355,872	5,472,647	10,170	750
Rolling stock and vehicles	8,025	4,496	-	-
Furniture and equipment	23,933	122,169	53	462
Total	524,112	6,939,966	10,252	9,626

	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
4.2 Following is the movement in capital work-in-progress during the period:		
Opening balance	865,782	4,372,739
Addition during the period	1,072,384	2,395,925
	1,938,166	6,768,664
Transferred to operating fixed assets	(487,918)	(5,902,882)
Closing balance	1,450,248	865,782

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Six Months Ended December 31, 2018

Amounts in PKR '000

	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
5 Intangible assets		
Intangible assets - at net book value - note 5.1	920,208	924,294
5.1 Following is the detail of intangible assets:		
Brands	753,460	753,460
Goodwill	126,510	126,510
Others	40,238	44,324
	920,208	924,294
<p>The management has decided that no change is required in the value of Goodwill and Brands as disclosed in the annual audited financial statements as at and for the year ended June 30, 2018 of the Company in respect of acquisition of certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited which constitute a business combination as per IFRS 3: business combination.</p>		
5.2 Addition to intangible assets:	2,017	913,855
6 Long-term investments		
Unquoted		
Subsidiaries		
- ICI Pakistan PowerGen Limited (wholly owned) 7,100,000 ordinary shares (June 30, 2018: 7,100,000) of PKR 100 each	710,000	710,000
Provision for impairment loss	(209,524)	(209,524)
	500,476	500,476
- Cirin Pharmaceuticals (Private) Limited (wholly owned) 112,000 ordinary shares (June 30, 2018: 112,000) of PKR 100 each and premium of PKR 8,661.61 per share	981,300	981,300
- Nutrico Morinaga (Private) Limited (51% holding) 14,688,000 ordinary shares (June 30, 2018: 14,688,000) of PKR 100 each	1,468,800	1,468,800
Associate		
- NutriCo Pakistan (Private) Limited (40% ownership) 200,000 ordinary shares (June 30, 2018: 200,000) of PKR 1,000 each and premium of PKR 3,800 per share	960,000	960,000
Others		
Equity - at fair value through OCI		
- Arabian Sea Country Club Limited 250,000 ordinary shares (June 30, 2018: 250,000) of PKR 10 each	2,500	2,500
	3,913,076	3,913,076
7 Long-term loans		
Considered Good - secured		
Due from executives and employees	583,823	559,089
Current portion shown under loans and advances (Current assets)	(141,936)	(127,993)
	441,887	431,096

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Six Months Ended December 31, 2018

Amounts in PKR '000

December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
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8 Stock-in-trade

It includes items carried at net realisable value of PKR 3,375.274 million (June 30, 2018: PKR 2,399.087 million) on which expense of PKR 70.525 million (June 30, 2018: PKR 160.810 million) was recognised during the period.

9 Long-term loans

Long-term loans - note 9.1	9,029,679	9,200,541
Current portion shown under current liabilities	(1,237,780)	(963,434)
	7,791,899	8,237,107
9.1 Opening balance	9,200,541	5,553,664
Obtained during the period	300,000	4,290,595
Repaid during the period	(470,862)	(643,718)
Closing balance	9,029,679	9,200,541

During the period, Company availed a further long term loan amounting to PKR 300 million . The markup rate on LTFF ranges from SBP rate +0.3% to 0.5% spread, with other Long Term Loans ranging from 3 month to 6 months KIBOR bearing spreads ranging from 0.05% to 0.25%. The profit rate on Islamic term finance is 6 months KIBOR + 0.05%. The markup is payable on quarterly and semi-annual basis.

10 Deferred tax liability - net

Deductible temporary differences		
Provisions for retirement benefits, doubtful debts and others	(276,205)	(252,072)
Retirement funds provision	(105,098)	(110,491)
Minimum Tax	(57,147)	(57,147)
Taxable temporary differences		
Property, plant and equipment	2,121,296	2,331,606
	1,682,846	1,911,896

11 Short-term borrowings and running finance

Export refinance	200,000	200,000
Money market	1,750,000	-
Short-term running finance - secured	4,826,476	7,156,467
	6,776,476	7,356,467

There is no major change in the terms and conditions of the short-term borrowings and running finance as disclosed in the annual audited financial statements of the Company as at and for the year ended June 30, 2018 except that the Company availed further facility of PKR 1,750 million (which includes PKR 250 million transferred from short-term running finance secured). Mark-up rate on running finance during the year ranges upto KIBOR + 0.50% per annum.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Six Months Ended December 31, 2018

Amounts in PKR '000

December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
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12 Contingencies and commitments

12.1 Claims against the Company not acknowledged as debts are as follows:

Local bodies	96,536	166,501
Others	11,318	11,318
	107,854	177,819

During the half year ended December 31, 2018, Deputy Commissioner Inland Revenue passed an order dated September 25, 2018 creating a sales tax demand of PKR 25.5 million on various issues. The Company, while discharging the said demand, has preferred an appeal against the order before Commissioner Appeals which is pending disposal. The Company is confident that case will be decided in its favor.

Except for the above, there are no material changes in the status of custom duty, income tax and sales tax contingencies as reported in the annual audited financial statements as at and for the year ended June 30, 2018.

12.2 Commitments in respect of capital expenditure (including Dense Ash and Masterbatch project)

	720,904	190,543
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12.3 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:

Year		
2018-19	38,324	76,099
2019-20	81,630	80,893
2020-21	86,936	85,989
2021-22	92,587	91,407
2022-23	49,303	-
	348,780	334,388
Payable not later than one year	79,139	76,099
Payable later than one year but not later than five years	269,641	258,289
	348,780	334,388

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Six Months Ended December 31, 2018

Amounts in PKR '000

13 Operating Segment results

	Polyester			Soda Ash			Life Sciences			Chemicals and Agri Sciences			Company						
	For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 6 months ended December 31, 2017	For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 6 months ended December 31, 2017	For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 6 months ended December 31, 2017	For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 6 months ended December 31, 2017	For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 6 months ended December 31, 2017				
Turnover - note 13.1, 13.2 & 13.3	5,226,808	11,366,886	4,534,322	8,151,165	17,747,622	7,147,495	3,214,817	5,726,296	3,226,356	6,232,850	2,291,477	4,381,108	1,966,310	4,103,283	16,611,250	31,414,915	13,558,520	26,309,465	
Sales tax	-	-	-	-	(32,431)	(1,010,337)	(17,881)	(38,162)	(21,936)	(45,436)	(157,153)	(286,322)	(160,665)	(308,831)	(963,872)	(1,708,394)	(715,032)	(1,365,604)	
Commission and discounts / price adjustment	(85,144)	(160,445)	(83,011)	(161,103)	(227,081)	(453,336)	(447,848)	(706,268)	(837,688)	(732,571)	(1,683,794)	(497,103)	(197,554)	(417,612)	(627,468)	(1,779,976)	(801,334)	(1,766,822)	
	(95,144)	(160,445)	(83,011)	(161,103)	(252,832)	(758,572)	(465,629)	(744,430)	(406,624)	(718,007)	(3,453,949)	(733,825)	(558,219)	(727,443)	(1,831,341)	(3,503,370)	(1,616,426)	(3,132,426)	
Net turnover	5,031,664	11,166,440	4,415,911	8,534,062	4,223,955	5,072,509	3,011,310	5,701,622	2,779,288	5,008,448	2,866,682	5,461,843	1,945,228	3,677,483	14,779,909	27,914,445	11,942,094	23,177,059	
Cost of sales	(5,882,644)	(11,056,571)	(4,274,497)	(8,395,900)	(3,140,128)	(6,078,551)	(2,062,482)	(4,049,372)	(2,135,887)	(3,769,779)	(2,099,775)	(3,845,349)	(1,510,009)	(2,822,464)	(12,748,758)	(23,726,980)	(9,860,851)	(18,830,467)	
- note 13.1 and 14	(130,880)	129,869	141,314	238,122	1,083,889	1,999,958	928,828	1,652,250	643,401	1,239,869	797,107	1,516,494	434,823	884,999	423,984	4,188,485	2,281,243	4,246,562	
Gross profit	(107,739)	(167,262)	(62,510)	(123,704)	85,720	(168,249)	(73,532)	(133,529)	(381,101)	(776,747)	(374,744)	(700,839)	(197,282)	(466,389)	(226,661)	(761,813)	(1,557,621)	(737,417)	(1,412,514)
Selling and distribution expenses	(54,518)	(106,882)	(53,578)	(103,628)	82,679	(162,683)	(82,640)	(157,582)	(147,134)	(240,395)	(90,410)	(149,313)	(88,340)	(165,739)	(263,884)	(382,687)	(676,658)	(495,522)	(776,530)
Administration and general expenses	(233,228)	(164,298)	25,226	10,790	916,414	1,643,046	772,686	1,381,159	115,166	222,527	321,933	666,286	169,321	283,891	(71,951)	896,673	1,965,215	1,048,304	2,057,514
Operating result	9,970,875	11,176,674	24,906,476	24,602,880	9,738,427	9,809,333	9,309,358	8,853,650	4,170,483	4,167,757	4,167,757	4,167,757	4,167,757	4,167,757	4,167,757	4,167,757	4,167,757	4,167,757	4,167,757
Segment Assets	9,970,875	11,176,674	24,906,476	24,602,880	9,738,427	9,809,333	9,309,358	8,853,650	4,170,483	4,167,757	4,167,757	4,167,757	4,167,757	4,167,757	4,167,757	4,167,757	4,167,757	4,167,757	4,167,757
Unallocated Assets	14,238,030	14,884,879	3,365,550	3,292,937	4,246,710	3,846,526	4,146,775	4,049,357	24,973,644	24,973,644	24,973,644	24,973,644	24,973,644	24,973,644	24,973,644	24,973,644	24,973,644	24,973,644	24,973,644
Segment Liabilities	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819	36,536,819
Unallocated Liabilities	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664	6,388,664

(Unaudited)

* Note: Inter unit current account balances of respective businesses have been eliminated from the total.

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the Six Months Ended December 31, 2018

Amounts in PKR '000

	For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 3 months ended December 31, 2017	For the 6 months ended December 31, 2017
13.1 Turnover				
Inter-segment sales and purchases have been eliminated from the total.	506	1,435	-	2,328
13.2 Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.				
13.3 Turnover includes export sales made to various countries amounting to:	376,761	784,059	132,125	209,235
14 Cost of sales				
Opening stock of raw and packing materials	4,813,267	4,487,675	2,934,424	2,464,250
Purchases	6,670,511	14,100,330	5,470,121	10,635,585
	11,483,778	18,588,005	8,404,545	13,099,835
Closing stock of raw and packing materials	(4,919,259)	(4,919,259)	(3,141,138)	(3,141,138)
Raw and packing materials consumption	6,564,519	13,668,746	5,263,407	9,958,697
Manufacturing costs	3,300,617	6,239,786	2,447,148	4,723,666
	9,865,136	19,908,532	7,710,555	14,682,363
Opening stock of work-in-process	148,895	63,752	79,200	75,246
	10,014,031	19,972,284	7,789,755	14,757,609
Closing stock of work-in-process	(126,417)	(126,417)	(113,118)	(113,118)
Cost of goods manufactured	9,887,614	19,845,867	7,676,637	14,644,491
Opening stock of finished goods	5,054,738	4,186,137	2,827,712	3,207,151
Finished goods purchased	1,970,606	3,858,148	2,336,222	4,258,545
	16,912,958	27,890,152	12,840,571	22,110,187
Closing stock of finished goods	(4,164,202)	(4,164,202)	(3,179,720)	(3,179,720)
Total	12,748,756	23,725,950	9,660,851	18,930,467
15 Taxation				
Current	165,705	548,167	179,338	394,311
Deferred	(81,395)	(229,050)	(122,647)	(163,764)
	84,310	319,117	56,691	230,547

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the Six Months Ended December 31, 2018

Amounts in PKR '000

December 31, 2018	December 31, 2017
----------------------	----------------------

16 Cash flows from operations

Profit before taxation	1,219,574	1,693,419
Adjustments for:		
Depreciation and amortisation	1,334,675	1,096,032
Loss / (Gain) on disposal of operating fixed assets	8,848	(20)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	21,206	21,388
Provision for staff retirement benefit plan	11,907	13,367
Interest on bank deposits	(609)	(140)
Dividend from subsidiary	(75,000)	(95,000)
Dividend from associate	(180,000)	(100,000)
Interest expense	695,819	210,544
Provisions and accruals no longer required written back	(3,974)	-
Provision for slow moving and obsolete stock-in-trade	111,943	143,355
Provision for doubtful trade debts	9,168	115,680
Provision for slow moving and obsolete stores, spares and consumables	250	555
	3,153,807	3,099,180
Movement in:		
Working capital - note 16.1	374,557	(607,917)
Long-term loans	(10,791)	(42,653)
Long-term deposits and prepayments	1,047	964
Cash generated from operations	3,518,620	2,449,574

16.1 Movement in working capital

(Increase) / decrease in current assets

Stores, spares and consumables	(70,425)	49,598
Stock-in-trade	(584,257)	(743,262)
Trade debts	297,368	212,382
Loans and advances	(149,610)	(14,149)
Trade deposits and short-term prepayments	(74,524)	(83,433)
Other receivables	157,781	26,650
	(423,667)	(552,214)
Increase / (decrease) in current liabilities		
Trade and other payables	798,224	(55,703)
	374,557	(607,917)

Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the Six Months Ended December 31, 2018

Amounts in PKR '000

17 Transactions with related parties

The related parties comprise the holding company (Lucky Holdings Limited), the ultimate parent company (Lucky Cement Limited) and related group companies, associated company, subsidiary companies, directors of the Company, companies where directors also hold directorship, key employees and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim unconsolidated financial statements are as follows:

		For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 3 months ended December 31, 2017	For the 6 months ended December 31, 2017
Relationship with the company	Nature of Transaction				
<i>Holding Company</i>	Royalty	100,556	192,590	74,271	143,357
	Dividend	582,216	582,216	684,960	684,960
<i>Subsidiary Companies</i>	Purchase of electricity	184,661	387,194	146,088	292,812
	Provision of services and other receipts	495	990	495	990
	Sale of goods, material and asset	1,860	2,229	-	-
	Dividend income	25,000	75,000	95,000	95,000
	Reimbursement of expenses	5,031	10,392	-	-
<i>Associated Companies</i>	Purchase of goods, materials and services	10,765	29,786	10,736	72,791
	Sale of goods and materials	360,458	846,501	450,199	867,830
	Donations paid	-	-	-	5,000
	Reimbursement of expenses	17,078	34,175	17,969	36,957
	Dividend paid to associate	93,994	93,994	110,581	110,581
	Dividend income from associate	-	180,000	-	100,000
<i>Others</i>	Staff retirement benefits	69,945	116,450	80,551	123,472
<i>Key management personnel</i>	Remuneration paid	117,353	180,980	54,127	190,250
	Post employment benefits	8,205	16,414	7,501	16,743
	Director meeting fee	1,063	1,238	500	875
	Dividends paid	4,524	4,524	5,344	5,344

All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Six Months Ended December 31, 2018

18 Estimates

Judgments and estimates made by the management in the preparation of the condensed interim unconsolidated financial statements were the same as those applied to the financial statements as at and for the year ended June 30, 2018.

19 New amended and revised standards and interpretations of IFRSs

The accounting policies adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those of the previous financial year except for the adoption of IFRS 15 and IFRS 9 as disclosed in note 3 to the condensed interim unconsolidated financial statements.

20 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the unconsolidated financial statements as at and for the year ended June 30, 2018.

21 Post balance sheet - dividend

The Directors in their meeting held on January 28, 2019 have recommended and approved an interim cash dividend of PKR 4.50 per share in respect of six months ended December 31, 2018 (December 2017: PKR 8.00 per share). The condensed interim unconsolidated financial statements for the six months ended December 31, 2018 do not include the effect of the above interim dividend which will be accounted for in the period in which it is approved.

22 Date of authorisation

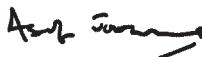
The condensed interim unconsolidated financial statements was authorised for issue in the Board of Directors meeting held on January 28, 2019.

23 General

Figures have been rounded off to the nearest thousand rupees except as stated otherwise.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer



ICI PAKISTAN LTD.

ICI Pakistan Limited and its Subsidiary Company Consolidated Financial Statements



Review of the Directors

For the Quarter & Six Months Ended December 31, 2018

The Directors are pleased to present their review, together with the unaudited Group results of ICI Pakistan Limited, for the quarter and six months ended December 31, 2018. The ICI Pakistan Group comprises of ICI Pakistan Limited, ICI Pakistan PowerGen Limited (PowerGen), Cirin Pharmaceuticals (Private) Limited (Cirin), and NutriCo Morinaga (Private) Limited (NutriCo Morinaga) as its subsidiaries. The Directors' Report, which provides a commentary on the performance of ICI Pakistan Limited for the half year ended December 31, 2018, has been presented separately.

Cirin achieved an NSI of PKR 493 million, 44% higher as compared to SPLY. Operating loss for the period under review was PKR 57 million, owing to an adverse change in sales mix between retail and institutions and increase in product cost due to severe rupee devaluation along with higher manufacturing costs incurred to meet the demand for institutional sales. The Business remains focussed on establishing a strong foothold in the market and improving its operational efficiencies and profitability.

Net turnover of PowerGen for the six months period under review stood at PKR 338 million, being 35% higher as compared to last year due to a rise in furnace oil price by 57%. Overall, operating profit was PKR 50 million which is 7% higher as compared to the SPLY on the back of lower operating cost.

NutriCo Morinaga is constructing a state-of-the-art manufacturing facility to manufacture Morinaga Infant Formula, which will be manufactured, distributed and sold by the Company. NutriCo Morinaga is expected to commission the plant in Q1 2019. Contingent on the results of trial production, commercial operations are expected to commence during the second half of 2019 calendar year. During the period, the Company generated income of PKR 27 million on its bank deposits.

On a consolidated basis (including the results of the Company's subsidiaries: PowerGen, Cirin and NutriCo Morinaga), PAT for the six months under review at PKR 825 million and EPS at PKR 8.83 is 50% lower than the SPLY. The Company recognised PKR 169 million as share of profit from NutriCo Pakistan (Private) Limited.



Muhammad Sohail Tabba
Chairman

January 28, 2019
Karachi



Asif Jooma
Chief Executive

ڈائریکٹرز کا جائزہ

برائے سہ ماہی اور ششماہی ختم شدہ 31 دسمبر 2018

ڈائریکٹرز آئی سی آئی پاکستان لمیٹڈ کے غیر آڈٹ شدہ مجموعی گروپ (Consolidated) نتائج اور اپنا جائزہ برائے سہ ماہی اور ششماہی ختم شدہ 31 دسمبر 2018 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔ آئی سی آئی پاکستان گروپ، آئی سی آئی پاکستان لمیٹڈ اور اس کے ذیلی اداروں آئی سی آئی پاکستان پاور جن لمیٹڈ (پاور جن)، سرن فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ (سرن)، اور نیوٹری کومورینا گا (پرائیویٹ) لمیٹڈ (نیوٹری کومورینا گا) پر مشتمل ہے۔ آئی سی آئی پاکستان لمیٹڈ کی کارکردگی کی وضاحت پر مشتمل ڈائریکٹرز رپورٹ برائے ششماہی ختم شدہ 31 دسمبر 2018 علیحدہ سے پیش کی جا رہی ہے۔

سرن نے گزشتہ سال کے اسی عرصہ کے مقابلے میں 44 فیصد اضافے کے ساتھ 493 ملین روپے کا مجموعی کاروبار حاصل کیا۔ زیر جائزہ عرصہ کے دوران کاروباری نقصان 57 ملین روپے رہا، کیونکہ ریٹیل اور اداروں کے درمیان سیلز کس میں منفی تبدیلی اور روپے کی قدر میں شدید کمی کے ساتھ اداروں کو فروخت کی طلب پورا کرنے کے لیے زائد مینوفیکچرنگ اخراجات برداشت کرنے پڑے۔ بزنس مارکیٹ میں اپنی پوزیشن کے استحکام اور اپنے آپریشن کو منافع جات کو بڑھانے کے لیے پرعزم ہے۔

زیر جائزہ ششماہی کے لیے پاور جن کا مجموعی کاروبار گزشتہ سال کی بہ نسبت 35 فیصد اضافے کے ساتھ 338 ملین روپے رہا کیونکہ فرنیس آئل کی قیمتوں میں 57 فیصد اضافہ سامنے آیا۔ مجموعی طور پر آپریٹنگ رزلٹ 50 ملین روپے رہا جو کہ کاروباری اخراجات میں کمی کے سبب گزشتہ سال کی بہ نسبت 7 فیصد زائد ہے۔

نیوٹری کومورینا گانے مورینا گانے فارمیٹ فارمولہ کی تیاری کے لئے جدید مینوفیکچرنگ سہولت تعمیر کرنے پر بھرپور توجہ مرکوز کر رہی ہے، جس کے تحت کمپنی کی جانب سے یہ پروڈکٹ ڈسٹری بیوٹ، مارکیٹ اور فروخت کی جائے گی۔ 2019 کی پہلی سہ ماہی میں پلانٹ کے قیام کی توقع کی جا رہی ہے۔ آزمائشی پروڈکشن کے نتائج کو سامنے رکھتے ہوئے، سال 2019 کی دوسری ششماہی کے دوران اس کے کمرشل آپریشن کی توقع کی جا سکتی ہے۔ متعلقہ عرصہ کے دوران کمپنی نے اپنے بیک ڈپازٹس پر 27 ملین روپے کی آمدنی حاصل کی۔

سہ ماہی کے لئے Consolidated بنیادوں پر (بشمول کمپنی کے ذیلی اداروں پاور جن، سرن اور نیوٹری کومورینا گانے کے نتائج کے) بعد از ٹیکس منافع 825 ملین روپے یا 8.83 روپے فی شیئر گزشتہ سال کے اسی عرصہ کے مقابلے میں 50 فیصد کم ہے۔ کمپنی نے نیوٹری کو پاکستان (پرائیویٹ) لمیٹڈ کی جانب سے 169 ملین روپے منافع کا حصہ اپنے نام کیا۔

آصف جمعہ

چیف ایگزیکٹو

محمد سہیل نبٹا

چیئر مین

بتاریخ: 28 جنوری 2019

کراچی۔

Condensed Interim Consolidated Statement of Financial Position

As at December 31, 2018

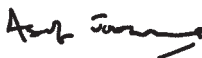
Amounts in PKR '000

	Note	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	24,763,127	22,375,943
Intangible assets	5	1,684,291	1,688,377
		26,447,418	24,064,320
Long-term investment	6	1,121,035	1,132,504
Long-term loans	7	462,009	443,791
Long-term deposits and prepayments		39,638	43,602
		1,622,682	1,619,897
		28,070,100	25,684,217
Current assets			
Stores, spares and consumables		1,019,229	946,642
Stock-in-trade	8	9,484,550	9,010,634
Trade debts		2,404,637	2,718,120
Loans and advances		705,719	552,752
Trade deposits and short-term prepayments		430,331	322,494
Other receivables		1,721,445	1,498,166
Taxation - net		2,525,035	2,592,156
Cash and bank balances		786,178	1,687,351
		19,077,124	19,328,315
Total assets		47,147,224	45,012,532
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
1,500,000,000 (June 30, 2018: 1,500,000,000) ordinary shares of PKR 10 each		15,000,000	15,000,000
Issued, subscribed and paid-up capital			
92,359,050 (June 30, 2018: 92,359,050) ordinary shares of PKR 10 each		923,591	923,591
Capital reserves		309,643	309,643
Surplus on revaluation of property, plant and equipment - net of tax		784,042	821,982
Revenue reserve - unappropriated profit		16,619,745	16,551,410
Attributable to the equity holders of the holding company		18,637,021	18,606,626
Non-controlling interests		1,435,665	1,426,208
Total equity		20,072,686	20,032,834
LIABILITIES			
Non-current liabilities			
Provisions for non-management staff gratuity		133,151	125,586
Long-term loans	9	9,518,887	8,243,012
Deferred tax liability - net	10	1,667,242	1,903,094
		11,319,280	10,271,692
Current liabilities			
Trade and other payables		7,116,548	6,066,938
Accrued mark-up		326,697	251,496
Short-term borrowings and running finance	12	6,977,487	7,332,327
Current portion of long-term loans		1,241,389	967,044
Unclaimed dividend		93,003	89,379
Current portion of liabilities subject to finance lease	11	134	822
		15,755,258	14,708,006
Total equity and liabilities		47,147,224	45,012,532
Contingencies and commitments	13		

The annexed notes 1 to 24 form an integral part of the condensed interim consolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)

For the Six Months Ended December 31, 2018

Amounts in PKR '000

	For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 3 months ended December 31, 2017	For the 6 months ended December 31, 2017
Net turnover - note 14	15,108,398	28,407,645	12,129,960	23,519,953
Cost of sales - note 14 and 15	(12,976,324)	(24,066,680)	(9,751,902)	(19,088,696)
Gross profit	2,132,074	4,340,965	2,378,058	4,431,257
Selling and distribution expenses	(834,537)	(1,649,566)	(769,566)	(1,480,327)
Administration and general expenses	(380,919)	(742,320)	(511,690)	(806,632)
Operating result - note 14	916,618	1,949,079	1,096,802	2,144,298
Finance costs	(384,726)	(703,682)	(104,194)	(214,150)
Exchange loss	(204,941)	(216,841)	(206,850)	(238,202)
Workers' profit participation fund	(11,947)	(60,446)	(43,469)	(93,677)
Workers' welfare fund	(6,048)	(23,857)	(24,432)	(36,325)
Other charges	(12,090)	(30,234)	(12,482)	(23,493)
	(619,752)	(1,035,060)	(391,427)	(605,847)
Other income	25,893	68,942	34,165	63,564
Share of profit from associate	44,005	168,531	135,279	279,038
Profit before taxation	366,764	1,151,492	874,819	1,881,053
Taxation - note 16	(87,359)	(326,588)	(70,627)	(251,767)
Profit after taxation	279,405	824,904	804,192	1,629,286
Attributable to:				
Owners of the Holding Company	277,059	815,447	800,311	1,621,525
Non-controlling interests	2,346	9,457	3,881	7,761
	279,405	824,904	804,192	1,629,286

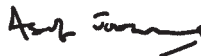
(PKR)

Basic and diluted earnings per share	3.00	8.83	8.67	17.56
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The annexed notes 1 to 24 form an integral part of the condensed interim consolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Consolidated Statement of Other Comprehensive Income (Unaudited)

For the Six Months Ended December 31, 2018

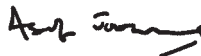
Amounts in PKR '000

	For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 3 months ended December 31, 2017	For the 6 months ended December 31, 2017
Profit after taxation	279,405	824,904	804,192	1,629,286
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	279,405	824,904	804,192	1,629,286
Attributable to:				
Owners of the Holding Company	277,059	815,447	800,311	1,621,525
Non-controlling interests	2,346	9,457	3,881	7,761
	279,405	824,904	804,192	1,629,286

The annexed notes 1 to 24 form an integral part of the condensed interim consolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flow (Unaudited)

For the Six Months Ended December 31, 2018

Amounts in PKR '000

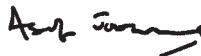
	December 31, 2018	December 31, 2017
Cash flows from operating activities		
Cash generated from operations - note 17	3,378,404	2,278,046
Payments for :		
Non-management staff gratuity and eligible retired employees' medical scheme	(11,009)	(10,333)
Staff retirement benefit plan	(26,870)	(27,139)
Taxation	(495,280)	(478,083)
Interest	(628,481)	(170,868)
Net cash generated from operating activities	2,216,764	1,591,623
Cash flows from investing activities		
Capital expenditure	(3,743,129)	(2,563,796)
Proceeds from disposal of operating fixed assets	4,841	307
Dividend received from associate	180,000	100,000
Interest received on bank deposits	27,579	26,854
Business acquisition	-	(1,935,700)
Net cash used in investing activities	(3,530,709)	(4,372,335)
Cash flows from financing activities		
Long-term loans obtained*	2,022,899	3,331,796
Long-term loans repaid*	(472,679)	(246,599)
Finance lease liability repaid	(1,180)	(1,733)
Dividends paid	(781,428)	(922,717)
Net cash generated from financing activities	767,612	2,160,747
Net decrease in cash and cash equivalents	(546,333)	(619,965)
Cash and cash equivalents at the start of the period	(5,644,976)	(862,441)
Cash and cash equivalents at the end of the period	(6,191,309)	(1,482,406)
Cash and cash equivalents at the end of period comprise of:		
Cash and bank balances	786,178	764,581
Short-term borrowings and running finance	(6,977,487)	(2,246,987)
	(6,191,309)	(1,482,406)

* No non-cash items are included in these activities

The annexed notes 1 to 24 form an integral part of the condensed interim consolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the Six Months Ended December 31, 2018

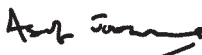
Amounts in PKR '000

	Issued, subscribed and paid-up capital	Capital reserves	Surplus on revaluation of property, plant and equipment	Revenue reserve - Unappropriated Profit	Total Reserves	Non controlling interest	Total
As at July 1, 2017 (Audited)	923,591	309,643	902,788	15,102,391	16,314,822	487,360	17,725,773
Final dividend of PKR 10.00 per share for the year ended June 30, 2017	-	-	-	(923,591)	(923,591)	-	(923,591)
Profit for the period	-	-	-	1,621,525	1,621,525	7,761	1,629,286
Other comprehensive income for the period - net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,621,525	1,621,525	7,761	1,629,286
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	(38,568)	38,568	-	-	-
As at December 31, 2017 (Unaudited)	923,591	309,643	864,220	15,838,893	17,012,756	495,121	18,431,468
Interim dividend of PKR 8.00 per share for the year ended June 30, 2018	-	-	-	(738,872)	(738,872)	-	(738,872)
Shares issued to non-controlling interests	-	-	-	-	-	921,200	921,200
Profit attributable to non-controlling interest for the period	-	-	-	-	-	9,887	9,887
	-	-	-	-	-	931,087	931,087
Profit for the period	-	-	-	1,658,481	1,658,481	-	1,658,481
Other comprehensive income for the period - net of tax	-	-	(6,161)	(243,169)	(249,330)	-	(249,330)
Total comprehensive income	-	-	(6,161)	1,415,312	1,409,151	-	1,409,151
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	(36,077)	36,077	-	-	-
As at June 30, 2018 (Audited)	923,591	309,643	821,982	16,551,410	17,683,035	1,426,208	20,032,834
Final dividend of PKR 8.50 per share for the year ended June 30, 2018	-	-	-	(785,052)	(785,052)	-	(785,052)
Profit for the period	-	-	-	815,447	815,447	9,457	824,904
Other comprehensive income for the period - net of tax	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	815,447	815,447	9,457	824,904
Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax	-	-	(37,940)	37,940	-	-	-
As at December 31, 2018 (Unaudited)	923,591	309,643	784,042	16,619,745	17,713,430	1,435,665	20,072,686

The annexed notes 1 to 24 form an integral part of the condensed interim consolidated financial statements.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended December 31, 2018

1 Status and nature of business

The Group consists of:

- ICI Pakistan Limited (the Holding Company);
- ICI Pakistan PowerGen Limited (PowerGen);
- Cirin Pharmaceuticals (Private) Limited (Cirin); and
- NutriCo Morinaga (Private) Limited (NutriCo Morinaga).

The Holding Company is incorporated in Pakistan and is listed on The Pakistan Stock Exchange Limited.

PowerGen is incorporated in Pakistan as an unlisted public company and is a wholly owned subsidiary company of ICI Pakistan Limited.

Cirin is incorporated in Pakistan as a private limited company and is a wholly owned subsidiary company of ICI Pakistan Limited.

NutriCo Morinaga is incorporated in Pakistan as a private limited company. ICI Pakistan Limited has 51% ownership in NutriCo Morinaga.

The Holding Company is engaged in the manufacture of polyester staple fibre, POY chips, soda ash, specialty chemicals, sodium bicarbonate and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchanting of general chemicals. It also acts as an indenting agent and toll manufacturer.

PowerGen is engaged in generating, selling and supplying electricity to the Holding Company.

Cirin is engaged in manufacturing and sale of pharmaceutical products.

NutriCo Morinaga is engaged in manufacturing of infant milk powder.

The Holding Company's registered office is situated at 5 West Wharf, Karachi.

The condensed interim consolidated financial statements comprise the consolidated statement of financial position of ICI Pakistan Limited and its subsidiary companies, ICI Pakistan PowerGen Limited, Cirin Pharmaceuticals (Private) Limited and NutriCo Morinaga (Private) Limited as at December 31, 2018 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in equity together with the notes forming part thereof.

2 Statement of compliance

These condensed interim consolidated 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 International Accounting Standard 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.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended December 31, 2018

Amounts in PKR '000

3 Significant accounting policies

The accounting policies and methods of computation adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements as at and for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments". The revised accounting policy adopted by the management are as follows:

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" supersedes IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Group has concluded that it is in compliance with the requirements of the new accounting standard.

IFRS 9 – Financial Instruments

IFRS 9 "Financial Instruments" has replaced IAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP).

The Group's financial assets mainly include trade debts, loans and advances, long term loans, investment in equity instruments, other ancillary deposits/receivables and bank balances held with commercial banks.

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach. Expected Credit Loss (ECL) are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Group has applied the standard's simplified approach and has calculated ECL based on life time ECL. For this purpose, the management has conducted an exercise to assess the impairment of its financial assets using historical data and forward looking information. Based on such exercise, the Group has concluded that it is in compliance with the requirements of the new accounting standard and that the impact of impairment on its financial assets is immaterial to this condensed interim consolidated financial statements.

4 Property, plant and equipment

	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
Operating fixed assets - at net book value	19,538,296	20,350,838
Capital work-in-progress - at cost - note 4.2		
Civil works and buildings	1,203,750	670,344
Plant and machinery	3,708,843	783,651
Advances to suppliers / contractors	312,238	571,110
	5,224,831	2,025,105
Total property, plant and equipment	24,763,127	22,375,943

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended December 31, 2018

Amounts in PKR '000

4.1 Following is the cost of operating property, plant and equipment that have been added / disposed off during the six month ended December 31, 2018:

	Additions / Acquisition /Transfers		Disposals at net book value	
	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
Freehold land	-	561,062	-	8,326
Lime beds on freehold land	13,244	76,820	-	-
Buildings on freehold land	997	212,714	-	-
Buildings on leasehold land	122,041	849,986	29	88
Plant and machinery	383,145	5,497,054	10,170	753
Rolling stock and vehicles	8,025	4,498	754	-
Furniture and equipment	28,301	138,359	53	462
Total	555,753	7,340,493	11,006	9,629

December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
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4.2 The following is the movement in capital work-in-progress during the period:

Opening balance	2,025,105	4,424,453
Addition during the period	3,713,693	3,911,542
	5,738,798	8,335,995
Transferred to operating fixed assets	(513,967)	(6,310,890)
Closing balance	5,224,831	2,025,105

5 Intangible assets

Intangible assets - at net book value - note 5.1	1,684,291	1,688,377
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Following is the detail of intangible assets:

Brands	1,437,679	1,437,679
Goodwill	206,374	206,374
Others	40,238	44,324
	1,684,291	1,688,377

The management has decided that no change is required in the value of Goodwill and Brands as disclosed in the annual audited financial statements as at and for the year ended June 30, 2018 of the Group in respect of acquisition of certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited which constitute a business combination as per IFRS 3: business combination.

5.1 Addition to intangible assets:	2,017	913,855
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Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended December 31, 2018

Amounts in PKR '000

6 Long-term investments

	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
Unquoted		
Associate - NutriCo Pakistan (Private) Limited - note 6.1		
Cost of investment - 200,000 ordinary shares (June 30, 2018: 200,000) of PKR 1,000 each and premium of PKR 3,800 per share	960,000	960,000
Post acquisition profits at the beginning	170,004	4,036
Share of profit for the period	168,531	585,968
Dividend received during the period	(180,000)	(420,000)
Carrying value of Associate	1,118,535	1,130,004
Others		
Equity security - at fair value through OCI		
- Arabian Sea Country Club Limited		
250,000 ordinary shares (June 30, 2018: 250,000) of PKR 10 each	2,500	2,500
	1,121,035	1,132,504

6.1 The Group has a 40% interest in NutriCo Pakistan (Private) Limited (the associate), which is involved in marketing and distribution of infant milk and nutritional products.

6.2 The summary of financial information of associate (NutriCo Pakistan) as at the balance sheet date is as follows:

Total assets	6,663,944	5,159,026
Total liabilities	3,868,043	2,334,452
Total equity and reserves	2,795,901	2,824,574
Total revenue for the period	5,431,000	10,116,220
Profit after tax for the period	421,327	1,464,919

7 Long-term loans

Considered good

Due from executives and employees	608,895	574,326
Current portion shown under loans and advances (Current assets)	(146,886)	(130,535)
	462,009	443,791

8 Stock-in-trade

It includes items carried at net realisable value of PKR 3,375.274 million (June 30, 2018: PKR 2,399.087 million) on which expense of PKR 70.525 million (June 30, 2018: PKR 160.810 million) was recognised during the period.

9 Long-term loans

Long-term loans - note 9.1	10,760,276	9,210,056
Current portion shown under current liabilities	(1,241,389)	(967,044)
	9,518,887	8,243,012

9.1 Opening Balance	9,210,056	5,567,145
Obtained during the period	2,022,899	4,290,595
Repaid during the period	(472,679)	(647,684)
Closing Balance	10,760,276	9,210,056

During the period, Group availed a long term loan amounting to PKR 300 million. bearing a markup rate on LTFF ranges upto SBP rate + 0.5% spread, with other Long Term Loans ranging from 3 month to 6 months KIBOR bearing spreads ranging upto 0.25%. The profit rate on Islamic term finance is 6 months KIBOR + 0.05%. The markup is payable on quarterly and semi-annual basis. The group further availed Islamic term loan diminishing musharaka facility amounting to PKR 1,723 million. The profit rate on facility ranges from 3 months KIBOR + upto 1.15% spread. The profit is payable on quarterly basis whereas loan repayment will start after expiry of one year grace period.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended December 31, 2018

Amounts in PKR '000

	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
10 Deferred tax liability - net		
Deductible temporary differences		
Provisions for retirement benefits, doubtful debts and others	(293,265)	(255,942)
Retirement funds provision	(105,098)	(112,382)
Minimum Tax	(57,147)	(57,147)
Taxable temporary differences		
Property, plant and equipment	2,122,752	2,328,565
	1,667,242	1,903,094

11 Liabilities subject to finance lease

Value of minimum lease payments under finance lease are as follows:		
Not later than one year	134	822
Current maturity shown under current liability	134	822

12 Short-term borrowings and running finance

Export refinance	200,000	200,000
Money market	1,750,000	-
Short-term running finance - secured	5,027,487	7,132,327
	6,977,487	7,332,327

There is no major change in the terms and conditions of the short-term borrowings and running finance as disclosed in the annual audited financial statements as at and for the year ended June 30, 2018 of the Group except that the Group availed further facility of PKR 1,599 million. Mark-up rate on running finance during the year ranges upto KIBOR + 0.50% per annum.

13 Contingencies and commitments

13.1 Claims against the Group not acknowledged as debts are as follows:

Local bodies	96,536	166,501
Others	11,318	11,318
	107,854	177,819

During the half year ended December 31, 2018, Deputy Commissioner Inland Revenue passed an order dated September 25, 2018 creating a sales tax demand of PKR 25.5 million on various issues. The Group, while discharging the said demand, has preferred an appeal against the order before Commissioner Appeals which is pending disposal. The Group is confident that case will be decided in its favor.

Except for the above, there are no material changes in the status of custom duty, income tax and sales tax contingencies as reported in the annual audited financial statements as at and for the year ended June 30, 2018.

13.2 Commitments in respect of capital expenditure (including Dense Ash project, Masterbatch project and NutriCo Morinaga (Private) Limited manufacturing facility)

	1,551,282	3,032,970
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13.3 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:

Year		
2018-19	39,472	76,101
2019-20	84,076	80,895
2020-21	89,541	85,991
2021-22	95,361	91,409
2022-23	52,257	-
	360,707	334,396
Payable not later than one year	81,510	76,101
Payable later than one year but not later than five years	279,197	258,295
	360,707	334,396

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended December 31, 2018

14 Operating Segment results

Amounts in PKR '000

	Polyester						Soda Ash						Life Sciences						Chemicals and Agri Science						Others						Group					
	For the 3 months ended		For the 6 months ended		For the 3 months ended		For the 6 months ended		For the 3 months ended		For the 6 months ended		For the 3 months ended		For the 6 months ended		For the 3 months ended		For the 6 months ended		For the 3 months ended		For the 6 months ended		For the 3 months ended		For the 6 months ended		For the 3 months ended		For the 6 months ended					
	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017	December 31, 2018	31, 2017						
Turnover - note 14.1,	5,526,008	11,356,885	4,534,822	8,615,185	5,178,654	9,915,261	3,770,823	7,147,495	3,988,094	6,837,603	3,652,570	6,824,805	2,291,476	4,361,106	1,966,209	4,102,833	146,088	282,812	17,412,543	32,556,666	13,935,760	26,936,985														
14.2.1.14.3	-	-	-	-	-	-	802,401	(1,013,337)	(17,691)	(84,162)	(21,993)	(45,406)	(157,159)	(296,522)	(160,665)	(309,831)	(21,227)	(42,546)	(801,888)	(1,765,838)	(736,319)	(1,408,150)														
Sales tax	(95,144)	(160,445)	(89,011)	(181,103)	(226,583)	(469,142)	(227,081)	(435,539)	(862,436)	(1,296,750)	(555,825)	(974,651)	(1,083,794)	(497,103)	(1,977,554)	(417,612)	-	-	(3,722,257)	(2,388,443)	(1,066,471)	(2,048,382)														
Commission and discounts / price adjustment	(95,144)	(160,445)	(89,011)	(181,103)	(226,583)	(469,142)	(227,081)	(435,539)	(862,436)	(1,296,750)	(555,825)	(974,651)	(1,083,794)	(497,103)	(1,977,554)	(417,612)	-	-	(3,722,257)	(2,388,443)	(1,066,471)	(2,048,382)														
Net turnover	5,331,664	11,096,440	4,445,811	8,434,082	4,229,935	8,072,939	3,014,311	3,301,822	3,007,777	5,302,646	3,074,749	5,894,738	1,945,267	3,817,408	1,638,030	3,381,940	164,800	337,994	16,693,286	28,407,845	12,129,860	23,519,953														
Cost of sales	6,962,644	(11,056,571)	(4,274,497)	(8,395,990)	(3,140,128)	(6,078,251)	(2,082,482)	(4,046,372)	(2,269,218)	(4,161,638)	(2,213,237)	(4,151,477)	(1,510,695)	(6,222,494)	(1,204,097)	(2,542,114)	(139,452)	(267,445)	(102,826)	(202,238)	(2,976,324)	(24,096,688)	(9,751,920)	(19,068,686)												
Gross profit	(130,980)	129,869	141,314	238,122	1,089,809	1,993,958	928,829	1,652,250	718,559	1,340,810	861,452	1,633,261	434,922	824,999	423,933	839,726	25,338	50,469	17,816,610	(1,688,483)	11,437,976	10,468,267														
Selling and distribution expenses	(107,730)	(187,258)	(62,510)	(123,704)	(87,230)	(168,248)	(73,502)	(133,529)	(433,825)	(668,660)	(408,608)	(768,674)	(197,262)	(405,398)	(236,651)	(454,420)	-	-	(834,527)	(1,949,369)	(769,536)	(1,450,327)														
Administration and genera expenses	(54,518)	(106,662)	(32,579)	(103,628)	(62,640)	(157,562)	(174,252)	(306,130)	(106,576)	(173,890)	(106,576)	(173,890)	(83,340)	(165,729)	(268,894)	(366,027)	(821)	(1,046)	(809,919)	(742,224)	(511,690)	(606,652)														
Operating result	(233,228)	(164,248)	25,226	10,790	906,414	1,643,246	772,837	1,351,159	109,509	965,968	347,963	705,207	169,320	253,891	17,562	19,279	24,417	46,413	916,618	1,940,079	1,096,802	2,144,298														

---(Unaudited)---

	Polyester		Soda Ash		Life Sciences		Chemicals and Agri Sciences		Others		Group*	
	As at		As at		As at		As at		As at		As at	
	December 31, 2018	2018	December 31, 2018	2018	December 31, 2018	2018	December 31, 2018	2018	December 31, 2018	2018	December 31, 2018	2018
Segment assets	9,970,875	11,178,674	24,956,676	24,602,990	10,467,969	10,465,179	8,309,398	8,653,650	5,224,347	3,821,652	42,726,908	39,643,819
Unaffiliated assets	-	-	-	-	-	-	-	-	-	-	4,410,716	5,587,713
Segment liabilities	14,229,030	14,884,879	3,665,550	3,292,937	4,460,494	4,078,319	4,146,775	4,048,357	431,726	116,310	8,915,690	8,096,440
Unaffiliated liabilities	-	-	-	-	-	-	-	-	-	-	18,196,258	16,962,258
											27,074,538	24,979,688

*Note: Inter unit current account balances of respective businesses have been eliminated from the total.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended December 31, 2018

Amounts in PKR '000

	For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 3 months ended December 31, 2017	For the 6 months ended December 31, 2017
14.1 Turnover				
Inter-segment sales and purchases have been eliminated from the total	165,305	339,339	124,862	252,595
14.2 Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.				
14.3 Turnover includes export sales made to various countries amounting to:	376,761	784,059	132,125	209,235
15 Cost of sales				
Opening stock of raw and packing materials	5,030,924	4,672,915	3,038,428	2,570,287
Purchases	6,804,312	14,334,142	5,529,735	10,749,730
	11,835,236	19,007,057	8,568,163	13,320,017
Closing stock of raw and packing materials	(5,075,845)	(5,075,845)	(3,248,696)	(3,248,696)
Raw and packing materials consumption	6,759,391	13,931,212	5,319,467	10,071,321
Manufacturing costs	3,343,354	6,306,152	2,470,661	4,760,851
	10,102,745	20,237,364	7,790,128	14,832,172
Opening stock of work-in-process	183,803	101,131	114,682	110,089
	10,286,548	20,338,495	7,904,810	14,942,261
Closing stock of work-in-process	(193,365)	(193,365)	(142,837)	(142,837)
Cost of goods manufactured	10,093,183	20,145,130	7,761,973	14,799,424
Opening stock of finished goods	5,109,332	4,236,588	2,856,501	3,233,524
Finished goods purchased	1,989,149	3,900,302	2,351,459	4,273,779
	17,191,664	28,282,020	12,969,933	22,306,727
Closing stock of finished goods	(4,215,340)	(4,215,340)	(3,218,031)	(3,218,031)
Total	12,976,324	24,066,680	9,751,902	19,088,696
16 Taxation				
Current	171,821	562,401	192,856	412,394
Deferred	(84,462)	(235,813)	(122,229)	(160,627)
	87,359	326,588	70,627	251,767

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended December 31, 2018

Amounts in PKR '000

	December 31, 2018	December 31, 2017
17 Cash flows from operating activities		
Profit before taxation	1,151,492	1,881,053
Adjustments for:		
Depreciation and amortisation	1,363,123	1,121,787
(Gain) / loss on disposal of operating fixed assets	6,165	(20)
Provision for non-management staff gratuity and eligible retired employees' medical scheme	25,358	24,637
Provision for staff retirement benefit plan	11,907	13,421
Share of profit from associate	(168,531)	(279,038)
Interest on bank deposits	(27,579)	(27,489)
Interest expense	703,682	214,150
Provision for doubtful debts	17,002	115,680
Provision for slow moving and obsolete stock-in-trade	139,378	143,355
Provision for slow moving stores, spares and consumables	250	555
Provisions and accruals no longer required written back	(3,974)	(253)
	3,218,273	3,207,838
Movement in:		
Working capital - note 17.1	174,385	(861,959)
Long-term loans	(18,218)	(47,422)
Long-term deposits and prepayments	3,964	(20,411)
Cash generated from operations	3,378,404	2,278,046
17.1 Movement in working capital (Increase) / decrease in current assets		
Stores, spares and consumables	(72,837)	53,185
Stock-in-trade	(613,294)	(751,597)
Trade debts	300,455	196,691
Loans and advances	(152,967)	(225,158)
Trade deposits and short-term prepayments	(92,874)	(73,430)
Other receivables	(223,279)	49,238
	(854,796)	(751,071)
Increase / (decrease) in current liabilities		
Trade and other payables	1,029,181	(110,888)
	174,385	(861,959)

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended December 31, 2018

Amounts in PKR '000

18 Transactions with related parties

The related parties comprise the holding company (Lucky Holding Limited), the ultimate parent company (Lucky Cement Limited) and related group companies, associated company, subsidiary company, directors of the Group, companies where directors also hold directorship, key employees and staff retirement funds. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim consolidated financial statements are as follows:

		For the 3 months ended December 31, 2018	For the 6 months ended December 31, 2018	For the 3 months ended December 31, 2017	For the 6 months ended December 31, 2017
<i>Holding Company</i>	Royalty	100,556	192,590	74,271	143,357
	Dividend	582,216	582,216	684,960	684,960
<i>Associated Companies</i>	Purchase of goods, materials and services	41,056	104,486	10,736	72,791
	Sale of goods and materials	360,458	846,501	450,199	867,830
	Donations paid	-	-	-	5,000
	Reimbursement of expenses	19,466	36,563	17,969	36,957
	Dividend paid to associates	93,994	93,994	110,581	110,581
	Dividend income from associate	-	180,000	-	100,000
<i>Others</i>	Staff retirement benefits	73,360	119,865	80,551	123,472
<i>Key management personnel</i>	Remuneration paid	117,353	180,980	54,127	190,250
	Post employment benefits	8,205	16,414	7,501	16,743
	Director meeting fee	1,063	1,238	500	875
	Dividends paid	4,524	4,524	5,344	5,344

19 Estimates

Judgments and estimates made by the management in the preparation of the condensed interim consolidated financial statements were the same as those applied to the financial statements as at and for the year ended June 30, 2018.

Notes to the Condensed Interim Consolidated Financial Statements

For the Six Months Ended December 31, 2018

20 New, amended and revised standards and interpretations of IFRS's

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those of the previous financial year except for the adoption of IFRS 15 and IFRS 9 as disclosed in note 3 to the condensed interim consolidated financial statements.

21 Financial risk management

The Group's financial risk management objective and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2018.

22 Post balance sheet - dividends

The Directors in their meeting held on January 28, 2019 have recommended an interim cash dividend of PKR 4.50 per share in respect of six months ended December 31, 2018 (December 31, 2017: PKR 8.00 per share). The condensed interim consolidated financial statements for the six months ended December 31, 2018 do not include the effect of the above interim dividend which will be accounted for in the period in which it is approved.

23 Date of authorisation

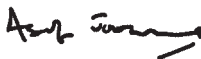
The condensed interim consolidated financial statements was authorised for issue in the Board of Directors meeting held on January 28, 2019.

24 General

Figures have been rounded off to the nearest thousand rupees except as stated otherwise.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive



Muhammad Abid Ganatra
Chief Financial Officer

A publication of the Corporate Communications
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