



ICI PAKISTAN LTD.



CELEBRATING

75

YEARS OF GROWTH

Report for the Quarter

& Nine Months ended
March 31, 2020

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ICI Pakistan Limited

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Condensed Interim Consolidated Financial Information

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Company Information

Board of Directors

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

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 |
| Jawed Yunus Tabba | Member |
| Asif Jooma | Member |
| Muhammad Ali Tabba | Member |

Chief Financial Officer

Muhammad Abid Ganatra

Company Secretary

Nausheen Ahmad

Head of Internal Audit

Muhammad Ali Mirza

Executive Management Team

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

**Alphabetised by last name*

Bankers

Allied Bank Limited
Allied Bank Limited-Islamic Banking Group
Askari Bank Limited
Askari Ikhlas Islamic Banking
Bank Al Habib Limited
Bank Al Habib Islamic Banking
Bank Alfalah Limited
Bank Alfalah Limited – Islamic Banking Group
Bank of Khyber
Bank of Punjab
Citibank N.A.
Faysal Bank Limited
Faysal Bank – Islamic Banking
Habib Bank Limited
Habib Bank Limited – Islamic Banking
Habib Metropolitan Bank Limited
Habib Metropolitan Bank Sirat Islamic
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
Standard Chartered Bank (Pakistan) Limited-Saadiq
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.
www.famco.com.pk
Tel: (021) 34380101-5
Fax: (021) 34380106

Legal Advisor

Imran Mushtaq & Company
78-B, Mozang Road (opp. British
Council), Lahore
Tel: (042) 36298184-5
Fax: (042) 36298186

Review of the Directors for the Nine Months Ended March 31, 2020

The Directors are pleased to present their review, together with the unaudited financial statements of the Company, for the quarter and nine months ended March 31, 2020.

Net turnover for the quarter at PKR 13,930 million is 8% lower as compared to the same period last year (SPLY) primarily due to lower revenues in Polyester, Soda Ash and Chemicals & Agri Sciences Businesses by 18%, 1% and 11% respectively, which was partially offset by higher revenues in Pharma and Animal Health Businesses by 3% and 8% respectively. Operating result for the quarter at PKR 1,546 million is 1% higher as compared to the SPLY, due to higher operating result in Polyester and Pharma Businesses by 110% and 61% respectively.

Net turnover for the nine months period under review at PKR 43,217 million is in line with the SPLY. Net Turnover for the Soda Ash, Animal Health and Chemicals & Agri Sciences Businesses increased by 3%, 2% and 9%, respectively. This was offset due to dip in revenues of Polyester and Pharma Businesses by 4% each.

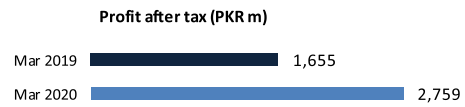
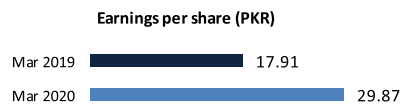
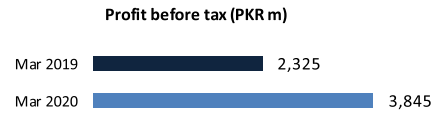
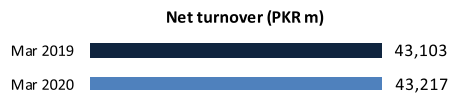
The Company's operating result for the nine months period under review at PKR 4,948 million is 42% higher than the SPLY, due to improved performances across all Businesses except the Animal Health Business. The growth in Polyester, Soda Ash, Pharma and Chemicals & Agri Sciences Businesses was recorded at 2083%, 14%, 108% and 39% respectively, whereas, the Animal Health Business recorded a decrease of 21% as compared to the SPLY.

The improved performance in Polyester Business was driven by improved unit margins, product diversification and various cost optimization initiatives, while the Soda Ash Business was positively impacted by better prices and optimisation of energy cost. The growth in Pharma Business was attributable to favourable manufacturing efficiencies and effective cost controls. Chemicals & Agri Sciences Business achieved improved results mainly due to healthy margins and acquisition of new customers. The performance of the Animal Health Business was mainly due to the impact of the downturn in the poultry sector.

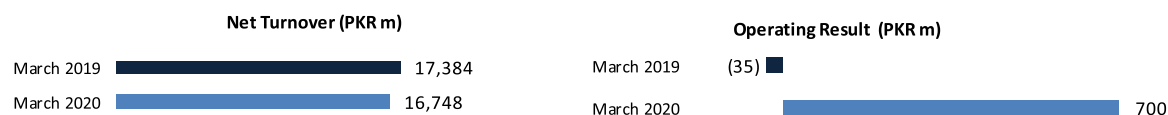
Profit after Tax (PAT) for the nine-month period under review at PKR 2,759 million is 67% higher than the SPLY, mainly due to higher operating profit across all businesses except for Animal Health Business, and higher dividend income from Associate as compared to SPLY. This was partially offset by higher finance cost due to higher interest rates and significant devaluation of PKR against USD resulting in higher exchange losses as compared to the SPLY.

Earnings per share (EPS) for the nine months period under review at PKR 29.87 is 67% higher than the SPLY.

| | Nine months ended Mar 2020 | Nine months ended Mar 2019 |
|---|-------------------------------|-------------------------------|
| Net turnover (PKR million) | 43,217 | 43,103 |
| Profit before taxation (PKR million) | 3,845 | 2,325 |
| Profit after taxation (PKR million) | 2,759 | 1,655 |
| Earnings per share (PKR) | 29.87 | 17.91 |



Polyester Staple Fibre Business (PSF)



The period under review has been adversely impacted by global geo-political events as well as the recent on-going COVID-19 pandemic. The trade war between world's two biggest economies, USA and China dominated the first six month for the period under review. In January 2020, USA and China signed phase one of the trade agreement, the impact of which was short-lived as pandemic hit the world in an unprecedented manner. While the oil industry was trying to cope up with the uncertainty, the stand-off between Saudi Arabia and Russia on crude oil production cuts drastically affected the petrochemical chain as crude oil prices reached an 18-year low level (USD 30.7/bbl) at March end. On an average basis, crude oil prices fell by 12.7% compared to the SPLY (USD 53.3/bbl vs USD 61.0/bbl).

PX, PTA and MEG markets witnessed declining feedstock prices, new capacity additions and build-up of inventories. Compared to the SPLY, PX price fell by 31% (USD 776/MT vs USD 1,129/MT), PTA by 30% (USD 632/MT vs USD 903/MT) and MEG by 29% (USD 544/MT vs 767/MT). This impact was partially offset by rupee devaluation. In line with the market dynamics, domestic PSF price on average fell by 4% (PKR 184/kg vs PKR 190/kg) as compared to SPLY.

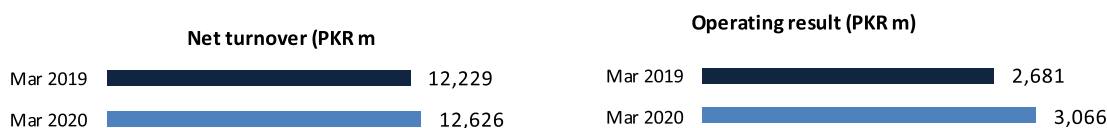
Fuel prices followed an upward trajectory with an increase of 61% and 11% observed in gas/RLNG and furnace oil prices, respectively. Coal price on the other hand, decreased by 22% versus the SPLY, allowing the Business to restart its coal-based power plant to counter the impact of increasing RLNG & furnace oil prices. Consequently, energy cost rose by 14% against the SPLY.

Towards the end of the period under review, the effect of the COVID-19 pandemic became certain on domestic textile industry as export orders were cancelled and the Government of Pakistan enforced stringent lockdown measures which forced the industry to shut operations, which also included PSF manufacturing, operations of which have been shut since the last week of March. Additionally, the price differential between imported and domestic PSF widened towards the end of the quarter. It is expected that once operations of downstream textiles are resumed, the PSF manufacturing will restart operations as it is an integral part of the textile supply chain.

Consequently, the Business sold 28,213 MT of PSF during the quarter, being 11.7% lower than the SPLY whereas on nine-month basis, volumes remained lower by 1.7% versus the SPLY. However, despite lower volumes, the Business was able to achieve improved operating result by PKR 736 million (2083%) as compared to the SPLY due to healthy margins and various cost optimization initiatives experienced in the earlier parts of the period under review.

Going forward, the petrochemical & cotton markets will remain under pressure, as countries continue to place unprecedented measures to control the outbreak.

Soda Ash Business



The domestic market of soda ash mirrored the overall economic situation of the country and remained at par with the last financial year. The business has witnessed challenges as the downstream segments had been impacted with steep exchange rate devaluation and Government's efforts to document the economy, both of which negatively impacted market activities. The effect of the pandemic towards the end of the period under review, increased the pressures on global and domestic markets.

The worst hit segment was Bazaar where the traders were forced to limit transactions in a bid to streamline their processes as per Government requirements. The Paper segment was also severely impacted due to a delay and lower offtake by textbook boards and consequently, with a few units shutting operations. The Silicate segment was impacted negatively due to the closure of several units and lower demand of laundry soap. The soda ash demand was largely supported by the Glass and Detergent segments.

The Glass segment witnessed expansion in installed capacity, with the detergent segment posting growth with the preference for laundry powder over soap as the medium for washing. The downstream demand of float glass continued to remain weak due to sluggish construction activities. The RSB market witnessed growth over the SPLY as growing urbanization is fuelling demand for poultry and confectionary items, both of which require RSB.

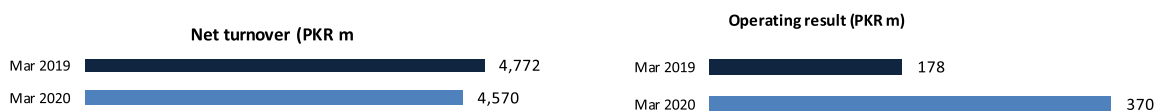
Despite these challenges, the operating result for the nine months ended March 31, 2020 at PKR 3,066 million is 14% higher than the SPLY, mainly due to improved margins on account of energy cost and fixed cost optimization through effective plant operations.

The Business has successfully developed diversified export markets, establishing a foothold in multiple markets in South Asia, Middle East and Africa with regular exports. The benefit of declining market share of China in these markets has been leveraged by the Business to fill the supply gap.

Following the outbreak of COVID-19 and its declaration as a pandemic, the global economy is poised towards a recession. Governments all over the world have announced stimulus packages to support their economies. Global trade is expected to record a significant drop due to global lock down measures and consequential economic slowdown. As a result, exports in the last quarter of the financial year are expected to decline.

On the domestic front, the package announced for the construction segment is expected to positively impact demand for float glass which will improve demand for soda ash. Likewise, the focus on hygiene during the outbreak will help improve the sales of detergent and soap which is expected to result in improved sales to detergent and silicate segments. However, sales to paper segment are expected to remain slow due to extended closure of educational institutes. Likewise, extended lockdown will also impact the sales to Bazaar segment. The sale of RSB is expected to proceed normally.

Pharmaceuticals



During the nine-month period under review, the Pharmaceutical Industry faced several challenges, including temporary trade suspension with India, tax and transaction documentation reforms by the Government and most recently, the outbreak of COVID-19. The trade ban on Indian imports resulted in shortage of active pharmaceuticals ingredients and consequently lost sales for the Business. The tax and transaction documentation reforms led to a significant slowdown in the wholesale segment and thus decelerated the overall sales momentum.

The spread of COVID-19 at the end of the period under review led to a nation-wide lockdown and closure of almost all OPD's of the major hospitals, which negatively impacted prescription generation and consequently resulted in lost sales.

Despite these challenges, the Business delivered net sales of PKR 4,570 million, 4% lower than the SPLY. Operating profit for the period under review was PKR 370 million, which is an improvement of 108% against the SPLY. This performance was largely driven due to better sales mix, improved manufacturing efficiencies and cost management.

Cirin Pharmaceuticals (Private) Limited has been successfully amalgamated into ICI Pakistan effective March 1st, 2020. The merger process, which entailed complex regulatory approvals and HR integration, was completed in record time without any business interruption. This will be instrumental in further strengthening the Pharmaceuticals business to deliver long term sustainable, competitive and profitable growth.

The economy of Pakistan is expected to further slowdown in the last quarter of the Financial Year 2019-20 owing to macroeconomic interventions coupled with the impact of COVID-19 pandemic. Moreover, significant rupee devaluation in the last part of the period under review, will make imports of raw materials costlier. This, together with the shortage of APIs due to COVID-19 related lockdown in India and China, would negatively impact the Business' operating profitability and could also potentially result in shortage of essential medicines in the local market.

Facing an uncertain economic and regulatory environment along with unprecedented challenge of COVID-19, the Business is putting its entire focus on improving manufacturing efficiencies, cash flow optimization and cost control.

Animal Health Business



During the period under review, the Business delivered net turnover of PKR 2,922 million, 2% higher than the SPLY whereas reporting an operating result of PKR 157 million being 21% lower than the SPLY. Business performance was affected mainly due to stressed market conditions in the poultry segment, which was slightly offset by encouraging growth in the livestock segment.

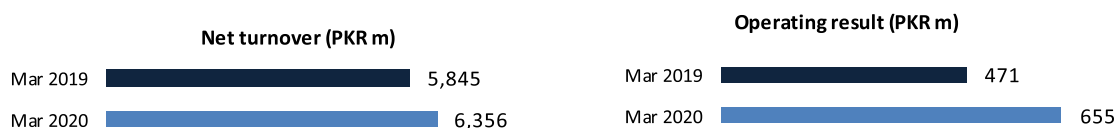
During the period under review, poultry sector faced difficult market conditions, owing to over-supply of day-old chicks and marketable chicken prices. Higher feed prices also contributed to the declining margins for poultry farmers. The situation is expected to persist in upcoming months, as breeder companies did adjust production of chicks. Huge financial losses to the farmers resulted in liquidity crises which negatively impacted the payments cycle. Accordingly, corrective measures were taken during the period to manage the credit exposure, which resulted in resistance from the customers leading to lower sales.

To further strengthen its to longer term viability, the Business remained focussed on its locally manufactured portfolio. Locally produced MSD anthelmintic, Farmer's Choice range of products, Vanda and Silage portfolios remained on track, improving the locally manufactured mix of the Business.

With the spread of COVID-19, the Government as part of the nation-wide lockdown, banned public gatherings and events resulting in a steep decline in the demand for milk and poultry products. Consequently, creating additional pressures on the business and negatively impacting the sales.

The situation is expected to prevail during the last quarter of the financial year and the business while closely monitoring the situation, is all geared up towards maximizing the results in this uncertain situation.

Chemicals & Agri Sciences Business



The Chemicals & Agri Sciences Business achieved a net turnover of PKR 6,356 million for the period under review, which is 9% higher than the SPLY. The operating result of the Business for the period under review was recorded at PKR 655 million which is 39% higher than the SPLY. Despite the challenging situation, the business was able to manage the profitability well, through enhanced focus on margin optimization and operational excellence.

The Agri Sciences Business was impacted by ban on imports from India which was mitigated by strong performance in oil seeds category and improved margin management. The Chemicals Business improved results were mainly driven through acquisition of customers and cost optimisation.

The newly commissioned Masterbatches business was supported by new customer acquisition, successful repeat orders and new technical developments which helped built a positive momentum during the period. In line with our strategic aspirations, the business continued R&D in specialized end use segments.

The outbreak of COVID-19 and related lockdown measures have impacted all the sectors including but not limited to agriculture, manufacturing, trade, public services, hotels and restaurants, light/heavy manufacturing etc. This is expected to continue during the last quarter of the financial year which may result in overall sales decline for the business.

The Business is, however, committed to cope up with these challenges through operational excellence and cost management whilst remaining focussed on robust Business results.

Future Outlook

As the world grapples with COVID-19, the economic challenges are escalating and posing a bigger threat to the global economy since the 2008 Financial Crisis. The unprecedented outbreak has resulted in severe uncertainty and the full impact of the pandemic on the domestic and global economy are yet unknown.

With the spread of COVID-19 in Pakistan, the country has declared a health emergency with an unprecedented nation-wide lockdown which put a partial halt to the economic activities, resulting in extremely difficult macro-economic challenges. However, the measures taken by the Government such as reduction of policy rate and special focus on the construction industry, are expected to help mitigate some of the economic effects of the pandemic as the authorities work towards containing the spread of the virus.

The Company, however, remains focused on minimizing to the extent possible the impact of COVID-19 and its concomitant negative effect on its performance. Although the Company is supported by its diversified portfolio which includes essential products and raw materials, however, given the uncertainty surrounding COVID-19 globally and domestically, the Company remains cautious on its future performance.

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:

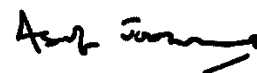
(i) Independent Directors :2

(ii) Non-executive Directors:4

(iii) Executive Directors :2



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive

Dated: April 20, 2020
Karachi

ڈائریکٹرز کا جائزہ برائے سہ ماہی اور نو ماہ ختم شدہ 31 مارچ 2020

ڈائریکٹرز بمسرت اپنا جائزہ مع کمپنی کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے سہ ماہی اور نو ماہ ختم شدہ 31 مارچ 2020 پیش کرتے ہیں۔

مذکورہ سہ ماہی میں خالص آمدنی 13,930 ملین پاکستانی روپے حاصل ہوئی جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 8% کم ہے۔ اس کی وجہ پولیسٹر بزنس، سوڈا ایش بزنس اور کیمیکلز اینڈ ایگری سائنسز بزنس کی آمدنی میں بالترتیب 18%، 1% اور 11% کی کمی تھی۔ تاہم اس کا کچھ ازالہ فارماسیوٹیکلز بزنس اور انیمیل ہیلتھ بزنس میں بالترتیب 3% اور 8% اضافہ سے ہو گیا۔ سہ ماہی کے آپریٹنگ نتائج 1,546 ملین پاکستانی روپے رہے جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 1% زیادہ ہے اور اس کی وجہ پولیسٹر بزنس اور فارماسیوٹیکلز بزنس کے آپریٹنگ نتائج میں بالترتیب 110% اور 61% اضافہ تھی۔

زیر جائزہ نو ماہ کی مدت کی خالص آمدنی 43,217 ملین پاکستانی روپے ہوئی جو گزشتہ سال کی اسی مدت (SPLY) کی آمدنی کے برابر ہے۔ سوڈا ایش بزنس، انیمیل ہیلتھ بزنس اور کیمیکلز اینڈ ایگری سائنسز بزنس کی خالص آمدنی میں بالترتیب 3%، 2% اور 9% اضافہ ریکارڈ ہوا۔ پولیسٹر بزنس اور فارماسیوٹیکلز بزنس سے ہر ایک کی آمدنی میں 4% کی اس منافع پر اثر انداز ہوئی۔

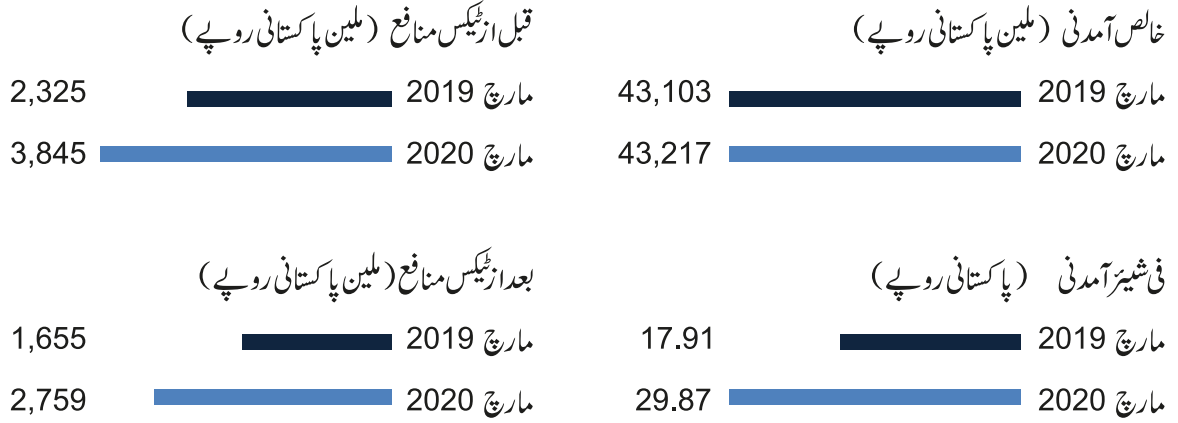
زیر جائزہ نو ماہ کی مدت میں کمپنی کے آپریٹنگ نتائج 4,948 ملین پاکستانی روپے رہے جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 42% زیادہ ہے۔ اس کی وجہ انیمیل ہیلتھ بزنس کے علاوہ تمام کاروباروں کی بہتر کارکردگی تھی۔ پولیسٹر بزنس، سوڈا ایش بزنس، فارماسیوٹیکلز بزنس اور کیمیکلز اینڈ ایگری سائنسز بزنس میں بالترتیب 2083%، 14%، 108% اور 39% اضافہ ہوا جبکہ انیمیل ہیلتھ بزنس میں گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 21% کی ریکارڈ کی گئی۔

پولیسٹر بزنس کی بہتر کارکردگی یونٹ مارجنز میں بہتری، پروڈکٹ کے تنوع اور فارماسیوٹیکلز بزنس کی قیمتوں میں بہتری کے مختلف اقدامات کے سبب ممکن ہوئی جب کہ سوڈا ایش بزنس پر بہتر قیمتوں اور توانائی کی قیمتوں میں بہتری لانے سے مثبت اثرات مرتب ہوئے۔ فارماسیوٹیکلز بزنس میں اضافے کا سبب مینوفیکچرنگ کی موافق کارکردگی اور قیمتوں پر موثر کنٹرول تھا۔ کیمیکلز اینڈ ایگری سائنسز بزنس نے بہتر نتائج حاصل کئے جس کی بڑی وجہ اچھے مارجن اور نئے صارفین کا حصول رہے۔ جب کہ انیمیل ہیلتھ بزنس کی کارکردگی پولٹری کے شعبہ میں کمی سے متاثر ہوئی۔

زیر جائزہ نو ماہ کی مدت میں بعد از ٹیکس منافع (PAT)، 2,759 ملین روپے حاصل ہوا جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 67% زیادہ ہے اور اس کی بڑی وجہ تمام کاروباروں میں، علاوہ انیمیل ہیلتھ بزنس کے، زیادہ آپریٹنگ منافع اور گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں ایسوسی ایٹ اداروں سے زیادہ ڈیویڈنڈ کی آمدنی کا حصول رہی۔ تاہم زیادہ شرح سود اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں نمایاں کمی کی وجہ سے گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں تبادلہ زر میں نقصان، جس کی وجہ سے مالیاتی اخراجات میں اضافے پر مجبور ہو کر اثر پڑا۔

زیر جائزہ نو ماہ کی مدت میں فی شیئر آمدنی (EPS)، 29.87 پاکستانی روپے رہی جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 67% زیادہ ہے۔

| سہ ماہی اور نو ماہ ختم شدہ 31 مارچ 2020 سہ ماہی اور نو ماہ ختم شدہ 31 مارچ 2019 | | | |
|---|----------------------|--------|--------|
| خالص آمدنی | (ملین پاکستانی روپے) | 43,217 | 43,103 |
| قبل از ٹیکس منافع | (ملین پاکستانی روپے) | 3,845 | 2,325 |
| بعد از ٹیکس منافع | (ملین پاکستانی روپے) | 2,759 | 1,655 |
| فی شیئر آمدنی | (پاکستانی روپے) | 29.87 | 17.91 |



| خالص آمدنی (پاکستانی ملین روپے) | | آپریٹنگ نتائج (پاکستانی ملین روپے) | |
|---------------------------------|--------|------------------------------------|-----|
| مارچ 2019 | 17,384 | مارچ 2019 | 35 |
| مارچ 2020 | 16,748 | مارچ 2020 | 700 |

زیر جائزہ مدت عالمی جیو پالیٹکل واقعات کے ساتھ ساتھ حالیہ جاری COVID-19 سے بھی متاثر رہی۔ دنیا کی دوسب سے بڑی معیشتوں امریکہ اور چین کے درمیان تجارتی جنگ زیر جائزہ مدت کے پہلے چھ ماہ کے حالات پر اثر انداز رہی۔ جنوری 2020 میں امریکہ اور چین کے درمیان تجارتی معاہدے کے پہلے مرحلے پر دستخط ہوئے جس کا اثر بہت کم عرصہ رہا کیونکہ عالمی وبائے پوری دنیا کو غیر معمولی طور پر اپنی پلیٹ میں لے لیا۔ اگرچہ تیل کی صنعت غیر یقینی حالات سے نمٹنے کی کوششیں کر رہی تھی، سعودی عرب اور روس کی جانب سے خام تیل کی پیداوار میں کمی نہ کرنے کی وجہ سے پیٹرولیم کیل چین بڑی طرح متاثر ہوئی جب کہ مارچ کے آخر میں خام تیل کی قیمتیں 18 سال کی کم ترین سطح (USD 30.7/bbl) پر آگئیں۔

اوسط کی بنیاد پر دیکھا جائے تو خام تیل کی قیمتیں گزشتہ سال (USD 53.3/bbl vs USD 61.0/bbl) کے مقابلے میں 12.7% کم ہوئیں۔ PX، PTA اور MEG مارکیٹس میں فیڈ اسٹاک کی قیمتوں میں کمی، نئی گنجائش کے اضافے اور انونٹریز کی تیاری دیکھی گئی۔ گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں PX کی قیمت 31% تک (USD 776/MT vs USD 1,129/MT)، PTA کی 30% تک (USD 632/MT vs USD 903/MT) اور MEG کی 29% (USD 544/MT vs USD 767/MT) تک گر گئی۔

روپے کی قدر میں کمی کا بھی اس پر جزوی اثر ہوا۔ مارکیٹس کی حرکیات کے مطابق گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں PSF کی قیمت میں اوسطاً 4% (PKR 184/kg vs PKR 190/kg) کی کمی واقع ہوئی۔ تیل کی قیمتوں میں بڑھنے کی رفتار برقرار رہی اور گیس/RLNG اور فرنس آئل کی قیمتوں میں بالترتیب 61% اور 11% کا اضافہ دیکھنے میں آیا۔ دوسری طرف کونلے کی قیمت گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 22% کم ہو گئی۔ جس سے کاروبار کو RLNG اور فرنس آئل کی قیمتوں میں اضافے کے مقابلے میں کونلے پر مبنی پاور پلانٹ دوبارہ شروع کرنا پڑا۔ اس کے نتیجے میں گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں توانائی کی قیمت میں 14% کا اضافہ ہوا۔

زیر جائزہ مدت کے آخر میں COVID-19 کی عالمی وبا کے اثر سے برآمدات کے آرڈر منسوخ ہونے سے ملک کی ٹیکسٹائل کی صنعت پر گہرا اثر پڑا۔ حکومت پاکستان نے سخت لاک ڈاؤن کے اقدامات اٹھائے جس سے صنعتوں کو زبردستی اپنے آپریشنز بند کرنے پڑے جس میں PSF مینوفیکچرنگ بھی شامل ہے جس کے آپریشنز مارچ کے آخری ہفتے سے بند ہیں۔ اس کے علاوہ سہ ماہی کے آخر میں درآمدی مال اور ملکی PSF کی قیمتوں کا فرق اور بھی بڑھ گیا۔ توقع ہے کہ ایک مرتبہ پھر ڈاؤن اسٹریم ٹیکسٹائلز کا آپریشن شروع ہونے سے PSF کی مینوفیکچرنگ کے آپریشنز دوبارہ شروع ہو جائیں گے جو کہ ٹیکسٹائل کی سپلائی چین کا جزو لا ینفک ہے۔

اس صورتحال کے نتیجے میں سہ ماہی کے دوران PSF کی فروخت 28,213 MT ہوئی جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 11.7% کم ہے، جب کہ نومبر کی بنیاد پر دیکھیں تو کل حجم گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 1.7% کم رہا۔ تاہم اس کم حجم کے باوجود گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں کاروبار کے آپریٹنگ نتائج (2083%) PKR 736 million حاصل ہوئے جس کی وجہ زیر جائزہ مدت کے ابتدائی حصوں میں اچھے مارجن اور بہتر انتظامی اقدامات رہے۔

آنے والے دنوں میں پیٹرولیم کیمیکلز اور کاٹن مارکیٹس دباؤ کی حالت میں رہیں گی کیونکہ تمام ممالک وبا کے پھیلنے پر قابو پانے کیلئے غیر معمولی اقدامات کر رہے ہیں۔

| خالص آمدنی (پاکستانی ملین روپے) | آپریٹنگ کے نتائج (پاکستانی ملین روپے) |
|---------------------------------|---------------------------------------|
| مارچ 2019 12,229 | مارچ 2019 2,681 |
| مارچ 2020 12,626 | مارچ 2020 3,066 |

سوڈا ایش برنس کی مقامی مارکیٹ ملک کی مجموعی معاشی صورتحال کا عکس تھی اور گزشتہ مالی سال کے مطابق رہی۔ کاروبار کو کئی طرح کے چیلجز کا سامنا رہا اس لئے کہ ذیلی شعبہ جات پر روپے کی قدر میں کمی اور حکومت کی معیشت کو دستاویزی شکل دینے کی کوششوں، نے منفی اثرات مرتب کئے۔ زیر جائزہ مدت کے آخر میں وبا کے اثرات سے عالمی اور مقامی مارکیٹس پر مزید باؤ پڑا۔

سب سے زیادہ متاثر ہونے والا شعبہ بازار کا تھا جہاں تاجر حضرات حکومت کی شرائط کے مطابق اپنے کاروبار چلانے کیلئے محدود لین دین پر مجبور ہو گئے۔ کاغذ کا شعبہ بھی ٹیکسٹ بک بورڈز کی جانب سے تاخیر کرنے اور عدم طلبی کے سبب بری طرح متاثر ہوا اور بعض یونٹس نے آپریشن بند کر دیئے۔ کئی یونٹس کے بند ہونے اور لائڈری سوپ کی طلب میں کمی کی وجہ سے سیلیکیٹ کے شعبہ پر بھی اثر پڑا۔ البتہ سوڈا ایش کی طلب کو گلاس اور ڈٹرنٹ کے شعبہ کی جانب سے بڑی مدد ملی۔

گلاس کے شعبہ میں تنصیب کی گنجائش بڑھنے کا عمل دیکھنے میں آیا اور ڈٹرنٹ کے شعبہ میں دھلائی کیلئے صابن کی بجائے لائڈری پاؤڈر کی ترجیح کی بناء پر اضافہ ہوا۔ ذیلی شعبہ جات میں فلوٹ گلاس کی طلب میں کمی رہی جس کی وجہ تعمیراتی سرگرمیوں کی سست روی تھی۔ ریفائنڈ سوڈیم بائی کاربونیٹ (RSB) مارکیٹ میں گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں اضافہ دیکھا گیا کیونکہ شہروں میں پولٹری اور کنفکشنری کی اشیاء میں اضافہ ہوا اور ان دونوں میں ریفائنڈ سوڈیم بائی کاربونیٹ (RSB) کی ضرورت ہوتی ہے۔

چیلنجز کے باوجود 31 مارچ 2020 کو ختم ہونے والے نو ماہ کیلئے آپریٹنگ نتائج 3,066 ملین پاکستانی روپے رہے جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 14% زیادہ ہیں، اس کا بڑا سبب توانائی کی لاگت میں کمی کی وجہ سے بہتر مارجن اور موثر پلانٹ آپریشن کے ذریعہ فکسڈ لاگت میں بہتری لانا رہی۔ کاروبار میں کامیابی کے ساتھ متنوع برآمدی مارکیٹس کو ڈیولپ کیا گیا اور جنوبی ایشیاء، مشرق وسطیٰ اور افریقہ میں مستقل برآمدات کے ساتھ کثیر تعداد میں مارکیٹس میں قدم جمائے۔ چین کے مارکیٹ شیئر میں کمی کا فائدہ ان مارکیٹس میں فراہمی کے خلاء کو پر کر کے کاروبار میں اضافہ کی صورت میں ہوا۔

COVID-19 پھوٹ پڑنے اور اسے عالمی و باقاعدہ دینے کے بعد عالمی معیشت میں کساد بازاری کی صورتحال پیدا ہونے لگی۔ دنیا بھر کی حکومتوں نے اپنی معیشتوں کو مدد دینے کیلئے مختلف پیکیجز کا اعلان کر دیا۔ دنیا بھر میں لاک ڈاؤن کے اقدامات اور اس کے نتیجے میں معیشت کی سست روی کے سبب عالمی تجارت میں نمایاں کمی متوقع ہے۔ اس کے نتیجے میں مالیاتی سال کی آخری سہ ماہی میں برآمدات میں بھی کمی کی توقع ہے۔

مقامی سطح پر تعمیراتی شعبہ کیلئے پیکیج کا اعلان کیا گیا جس کا فلوٹ گلاس کی طلب پر مثبت اثر پڑے گا اور سوڈا ایش کی طلب میں بھی بہتری کا امکان ہے۔ اسی طرح وبا کے پھیلاؤ کے دوران حفظان و صحت پر توجہ سے ڈٹرنٹ اور صابن کی سیلز میں بہتری نظر آئے گی جس سے ڈٹرنٹ اور سیلیکیٹ کے شعبہ جات کی سیلز میں بہتری آنے کی توقع ہے۔ تاہم تعلیمی اداروں کی بندش میں توسیع کے باعث کاغذ کے شعبہ کی سیلز میں سست روی کی توقع ہے۔ اسی طرح لاک ڈاؤن میں توسیع سے بازار کے شعبہ میں سیلز پر اثر پڑے گا۔ ریفائنڈ سوڈیم بائی کاربونیٹ کی سیل معمول کے مطابق رہنے کی توقع ہے۔

| خالص آمدنی (پاکستانی ملین روپے) | آپریٹنگ کے نتائج (پاکستانی ملین روپے) | |
|---------------------------------|---------------------------------------|-----------|
| مارچ 2019 | 4,772 | مارچ 2019 |
| مارچ 2020 | 4,570 | مارچ 2020 |

زیر جائزہ نو ماہ کی مدت کے دوران فارماسیوٹیکلز کی صنعت کو متعدد چیلنجز کا سامنا کرنا پڑا جس میں بھارت کے ساتھ عارضی تجارتی بندش، حکومت کی جانب سے ٹیکس اور لین دین کے دستاویزی شکل دینے کی اصلاحات اور COVID-19 کے پھیلاؤ کی تازہ ترین صورتحال شامل ہے۔ بھارتی درآمدات کی بندش کے نتیجے میں ضروری فارماسیوٹیکلز کے اجزاء کی قلت اور اس کے باعث کاروبار میں سیلز کا نقصان ہوا۔ ٹیکس اور لین دین کو دستاویزی شکل دینے کی اصلاحات سے تھوک کے شعبہ میں سست روی آئی اور اس طرح مجموعی طور پر سیلز کی رفتار بھی کم ہو گئی۔

زیر جائزہ مدت کے آخر میں COVID-19 کے پھیلاؤ سے ملک بھر میں لاک ڈاؤن کیا گیا اور تقریباً بڑے ہسپتالوں کی تمام اوپی ڈیز بند ہو گئیں جس کا منفی اثر نسخوں کے اجراء پر پڑا اور اس کے نتیجے میں سیلز کا نقصان ہوا۔ ان چیلنجز کے باوجود، کاروبار میں 4,570 ملین پاکستانی روپے کی خالص سیلز حاصل ہوئی جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 4% کم ہے۔ زیر جائزہ مدت کیلئے آپریٹنگ منافع 370 ملین پاکستانی روپے رہا، جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 108% زیادہ ہے۔ یہ کارکردگی بہتر سلیزکس، بہتر مینیوفیکچرنگ استعداد اور لاگت کی مینجمنٹ کے سبب ممکن ہوئی۔

یکم مارچ 2020 کو سیرین فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ کامیابی کے ساتھ آئی سی آئی پاکستان لمیٹڈ میں ضم ہو گئی۔ اس انضمام کے عمل کے بعد متعدد ریگولیٹری منظوریوں اور ایچ آر کے استحکام کا عمل بغیر کاروباری دخل اندازی کے ریکارڈ وقت میں مکمل کیا گیا۔ یہ انضمام فارماسیوٹیکلز کا روکار کو طویل المدت مستحکم حیثیت دینے اور مسابقت اور منافع بخش ترقی کیلئے مزید تقویت دینے کا ذریعہ ثابت ہوگا۔

مالیاتی سال 2019-20 کی آخری سہ ماہی میں پاکستان کی معیشت کے مزید سست ہونے کی توقع جس کی وجہ میکرو اکنامک عوامل کی دخل اندازی کے ساتھ ساتھ COVID-19 کی عالمی وبا کے اثرات ہیں۔ مزید برآں زیر جائزہ مدت کے آخری حصہ میں روپے کی قدر میں نمایاں کمی زیادہ مہنگے خام مال کی درآمد کا سبب ہوگی۔ اس کے ساتھ COVID-19 سے متعلق بھارت اور چین میں لاک ڈاؤن کے سبب APIs کی قلت کا کاروباری عمل کی منفعت پر منفی اثر پڑے گا نیز مقامی مارکیٹ میں ضروری ادویات کی قلت بھی ہو سکتی ہے۔

غیر یقینی معاشی ریگولیٹری صورتحال کی بدولت اور COVID-19 کے غیر معمولی چیلنجز میں کاروبار کی پوری توجہ مینیوفیکچرنگ کی استعداد، کیش فلو کے انتظامات اور لاگت کے کنٹرول پر مرکوز ہے۔

| خالص آمدنی (پاکستانی ملین روپے) | | آپریٹنگ کے نتائج (پاکستانی ملین روپے) | |
|---------------------------------|-------|---------------------------------------|-----|
| مارچ 2019 | 2,875 | مارچ 2019 | 199 |
| مارچ 2020 | 2,922 | مارچ 2020 | 157 |

زیر جائزہ مدت کے دوران کاروبار میں 2,922 ملین پاکستانی روپے کا منافع ہوا جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 2% زیادہ ہے جب کہ آپریٹنگ نتائج 157 ملین روپے رپورٹ ہوئے جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 21% کم ہیں۔ پولٹری کے شعبہ میں کاروبار کی کارکردگی پر مارکیٹ کی دباؤ کی صورتحال کا بڑا اثر پڑا جس میں لائیو اسٹاک کے شعبہ میں حوصلہ افزاء اضافے سے معمولی سی بہتری آئی۔

زیر جائزہ مدت کے دوران پولٹری کے شعبہ کو مارکیٹ کے مشکل حالات کا سامنا رہا جس کی اہم وجہ ایک دن کے چوزوں کی ضرورت سے زیادہ سپلائی اور مرغی کی قیمتیں تھیں۔ فیڈ کی زیادہ قیمتوں سے بھی پولٹری فارمز کیلئے مارجن میں کمی پیدا ہوئی۔ یہ صورتحال اگلے چند ماہ تک جاری رہنے کی توقع ہے کیونکہ بریڈرز کمپنیوں نے چوزوں کی پروڈکشن ایڈجسٹ کی ہے۔ فارمز کو بھاری مالی نقصان پہنچنے کے باعث لیکویڈیٹی کا بحران پیدا ہوا جس نے ادائیگی کی گردش پر منفی اثرات مرتب کئے۔ اس لحاظ سے مذکورہ مدت میں کریڈٹ کے ایکسپوژر کا بندوبست کرنے کیلئے درستگی کے اقدامات اٹھائے گئے جس کے نتیجے میں صارفین کی طرف سے مزاحمت کا سامنا ہوا اور سیلز میں کمی آئی۔

کاروبار کے طویل عرصے تک پھلنے پھولنے کی صلاحیت کو مزید تقویت دینے کیلئے اس کے مقامی طور پر تیار کردہ پورٹ فولیو پر توجہ مرکوز رکھی گئی۔ مقامی طور پر تیار کردہ MSD اٹھلیمینک فارمز چوائس رینج کی پروڈکٹس وائڈ اور سائلیج پورٹ فولیو درست طور پر قائم رہے اور مقامی طور پر تیار کردہ کاروباری کمس پروڈکٹس میں بہتری لائی گئی۔

COVID-19 کے پھیلاؤ سے حکومت نے ملک بھر کے لاک ڈاؤن کے سلسلے میں عوامی اجتماع اور تقریبات پر پابندی لگادی جس کے باعث دودھ اور پولٹری کی پروڈکٹس کی طلب میں تیزی سے کمی آئی۔ اس کے نتیجے میں کاروبار پر اضافی دباؤ پڑا اور سیلز پر منفی اثرات مرتب ہوئے۔ اس صورتحال کا مالیاتی سال کی آخری سہ ماہی تک برقرار رہنے کی توقع ہے جبکہ صورتحال کی سخت نگرانی کے ساتھ کاروبار کو اس غیر یقینی صورتحال میں بہتر سے بہتر نتائج کے حصول کیلئے تیاری کی گئی ہے۔

| آپریٹنگ کے نتائج (پاکستانی ملین روپے) | | خالص آمدنی (پاکستانی ملین روپے) | |
|---------------------------------------|-----------|---------------------------------|-----------|
| 471 | مارچ 2019 | 5,845 | مارچ 2019 |
| 655 | مارچ 2020 | 6,356 | مارچ 2020 |

زیرجائزہ مدت میں کیمیکلز اینڈ ایگری سائنسز برنس نے 6,356 ملین پاکستانی روپے کی خالص آمدنی حاصل کی جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 9% زیادہ ہے۔ زیرجائزہ مدت میں آپریٹنگ نتائج 655 ملین پاکستانی روپے ریکارڈ ہوئے جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 39% زیادہ ہے۔ چیلنج والی صورتحال کے باوجود مارجن کو بہتر بنانے اور آپریشنل مہارت پر زیادہ توجہ دے کر کاروبار میں منفعت کا بخوبی بندوبست کیا گیا۔

بھارت سے اشیاء کی درآمد پر پابندی سے ایگری سائنسز برنس پر اثر پڑا جس کو آئل سیڈز کی کیلگری کی بھرپور کارکردگی اور بہتر مارجن مینجمنٹ کے ذریعہ ختم کیا گیا۔ کیمیکلز برنس میں صارفین کے حصول اور لاگت کو بہتر بنا کر بہتر نتائج حاصل کئے گئے۔

نئے شروع کئے گئے ماسٹر پیجز کو نئے صارفین کے حصول، کامیاب رپورٹ آرڈرز اور نئی ٹیکنیکل ڈیولپمنٹ سے سہارا ملا جس سے اس مدت کے دوران مثبت رفتار قائم کرنے میں مدد ملی۔ اپنی حکمت عملی کی امنگ کے مطابق، کاروبار میں خصوصی طور پر حتمی استعمال کے شعبہ میں R&D کو جاری رکھا گیا۔

COVID-19 کے پھوٹ پڑنے اور اس سے متعلق لاک ڈاؤن کے اقدامات نے تمام شعبہ جات کو متاثر کیا ہے جن میں زراعت، مینوفیکچرنگ، تجارت، پبلک سروسز، ہوٹلز اور ریسٹورانٹس، ہلکی/بھاری مینوفیکچرنگ وغیرہ شامل ہیں۔ اس کے مالیاتی سال کی آخری سہ ماہی تک جاری رہنے کی توقع ہے جس کے نتیجے میں کاروبار کی مجموعی سلیز میں کمی ہوگی۔ تاہم کاروبار کو ان چیلنجز سے نمٹنے کیلئے آپریشن میں مہارت اور لاگت کی مینجمنٹ سے کام لینا ہوگا جب کہ کاروبار کے نتائج پر بھرپور توجہ مرکوز رکھنی ہوگی۔

COVID-19 سے نبرد آزما دنیا میں معاشی چیلنجز میں اضافہ ہو رہا ہے اور 2008 کے مالیاتی بحران کے مقابلے میں عالمی معیشت مزید بڑے خطرے سے دوچار ہے۔ غیر معمولی طور پر پھوٹنے والی بیماری نے سخت بے یقینیوں کو جنم دیا ہے اور اس عالمی وبا کا مقامی اور عالمی معیشت پر کتنا گہرا اثر مرتب ہوگا، ابھی کچھ نہیں کہا جاسکتا۔

پاکستان میں COVID-19 کے پھیلاؤ سے ملک میں صحت کی ہنگامی صورتحال کا اعلان کر دیا گیا ہے اور ملک بھر میں غیر معمولی لاک ڈاؤن نے معاشی سرگرمیوں کو جزوی طور پر معطل کر دیا ہے جس کے نتیجے میں انتہائی مشکل میکرو اکنامک چیلنجز درپیش ہیں۔ تاہم حکومت کی جانب سے کئے گئے اقدامات جیسے پالیسی ریٹ میں کمی اور تعمیراتی صنعت پر خصوصی توجہ کے باعث توقع کی جاتی ہے کہ وبا کے بعض معاشی اثرات کو ختم کرنے میں مدد ملے گی کیونکہ اتھارٹیز وائرس کے پھیلاؤ پر قابو پانے کیلئے سرگرم عمل ہیں۔

تاہم کمپنی نے اپنی توجہ COVID-19 کے اثرات اور اس کے ساتھ ساتھ کارکردگی پر اس کے منفی اثرات کو ممکنہ حد تک کم سے کم کرنے پر مرکوز رکھی ہے۔ اگر کمپنی کو متنوع پورٹ فولیو کی سپورٹ حاصل ہے جس میں لازمی پروڈکٹس اور خام مال شامل ہے، تاہم مقامی اور عالمی سطح پر ہر طرف COVID-19 کی غیر یقینی کیفیت کے باعث کمپنی کو مستقبل کی کارکردگی کے بارے میں محتاط رہنا ہوگا۔

بورڈ کی تشکیل

کوڈ آف کارپوریٹ گورننس 2017 کی شرائط کے مطابق کمپنی بورڈ میں خود مختار اور نان ایگزیکٹو ڈائریکٹرز کی نمائندگی نیز صنفی تنوع کی حوصلہ افزائی کرتی ہے۔ بورڈ کی موجودہ تشکیل درج ذیل ہے۔

ڈائریکٹرز کی کل تعداد

| | |
|---|------------|
| 7 | (ا) مرد |
| 1 | (ب) خواتین |

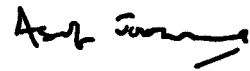
ترتیب

| | |
|---|-----------------------------|
| 2 | (i) خود مختار ڈائریکٹرز |
| 4 | (ii) نان ایگزیکٹو ڈائریکٹرز |
| 2 | (iii) ایگزیکٹو ڈائریکٹرز |



محمد سہیل ٹیپہ

چیئر مین / ڈائریکٹر



آصف جمعہ

چیف ایگزیکٹو

مورخہ 20 اپریل 2020

ICI Pakistan Limited
Condensed Interim Unconsolidated Statement of Financial Position
As at March 31, 2020

| | | Amounts in PKR '000 | |
|---|------|----------------------------------|-------------------------------|
| | Note | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 19,827,256 | 20,329,199 |
| Intangible assets | 5 | 1,691,011 | 931,806 |
| Right-of-use assets | 6 | 216,195 | - |
| | | 21,734,462 | 21,261,005 |
| Long-term investments | 7 | 3,186,776 | 3,913,076 |
| Long-term loans | 8 | 502,270 | 434,114 |
| Long-term deposits and prepayments | | 45,686 | 39,231 |
| | | 3,734,732 | 4,386,421 |
| | | 25,469,194 | 25,647,426 |
| Current assets | | | |
| Stores, spares and consumables | | 1,050,528 | 984,992 |
| Stock-in-trade | 9 | 10,413,764 | 9,841,165 |
| Trade debts | | 3,217,599 | 2,388,029 |
| Loans and advances | | 621,267 | 559,563 |
| Trade deposits and short-term prepayments | | 607,998 | 278,987 |
| Other receivables | | 1,265,571 | 1,647,518 |
| Taxation - net | | 1,966,256 | 2,637,613 |
| Cash and bank balances | | 251,367 | 237,374 |
| | | 19,394,350 | 18,575,241 |
| Total assets | | 44,863,544 | 44,222,667 |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorised capital | | | |
| 1,500,000,000 (June 30, 2019: 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, 2019: 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 | | 546,195 | 598,103 |
| Revenue reserve - unappropriated profit | | 18,754,815 | 17,375,706 |
| Total equity | | 20,534,244 | 19,207,043 |
| Non-current liabilities | | | |
| Provisions for non-management staff gratuity | | 103,377 | 93,982 |
| Long-term loans | 10 | 6,262,875 | 6,763,257 |
| Deferred tax liability - net | 11 | 1,626,283 | 1,792,308 |
| Lease liabilities | 12 | 178,620 | - |
| | | 8,171,155 | 8,649,547 |
| Current liabilities | | | |
| Trade and other payables | | 8,751,072 | 7,185,136 |
| Accrued mark-up | | 272,598 | 340,156 |
| Short-term financing | 13 | 5,903,197 | 7,056,373 |
| Current portion of long-term loans | | 1,102,903 | 1,690,894 |
| Current portion of lease liabilities | 12 | 39,845 | - |
| Unclaimed dividend | | 88,530 | 93,518 |
| | | 16,158,145 | 16,366,077 |
| Total equity and liabilities | | 44,863,544 | 44,222,667 |
| Contingencies and commitments | | | |
| 14 | | | |

The annexed notes from 1 to 24 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

ICI Pakistan Limited
Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)
For the Nine Months Ended March 31, 2020

Amounts in PKR '000

Net turnover - note 15

Cost of sales - note 15 and 16

Gross profit

Selling and distribution expenses

Administration and general expenses

Operating result - note 15

Finance costs

Exchange loss

Workers' profit participation fund

Workers' welfare fund

Other charges

Dividend income

Other income

Profit before taxation

Taxation - note 17

Profit after taxation

Basic and diluted earnings per share

| For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 |
|---|---|---|---|
| 13,930,056 | 43,217,086 | 15,188,354 | 43,102,799 |
| (11,073,771) | (34,563,556) | (12,533,508) | (36,259,458) |
| 2,856,285 | 8,653,530 | 2,654,846 | 6,843,341 |
| (938,185) | (2,681,340) | (783,211) | (2,340,832) |
| (372,394) | (1,024,278) | (333,987) | (1,009,646) |
| 1,545,706 | 4,947,912 | 1,537,648 | 3,492,863 |
| (338,176) | (1,273,831) | (348,675) | (1,044,494) |
| (375,399) | (347,544) | (18,861) | (234,246) |
| (52,390) | (202,393) | (59,681) | (122,378) |
| (16,242) | (63,533) | (19,348) | (45,408) |
| (7,338) | (29,141) | (1,843) | (33,974) |
| (789,545) | (1,916,442) | (448,408) | (1,480,500) |
| 200,000 | 730,000 | - | 255,000 |
| 35,063 | 83,761 | 16,148 | 57,599 |
| 991,224 | 3,845,231 | 1,105,388 | 2,324,962 |
| (302,051) | (1,086,464) | (351,280) | (670,397) |
| 689,173 | 2,758,767 | 754,108 | 1,654,565 |
| (PKR) | | | |
| 7.46 | 29.87 | 8.16 | 17.91 |

The annexed notes from 1 to 24 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

ICI Pakistan Limited
Condensed Interim Unconsolidated Statement of Other Comprehensive Income
(Unaudited)
For the Nine Months Ended March 31, 2020

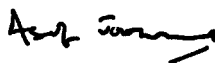
Amounts in PKR '000

| | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 |
|--|---|---|---|---|
| Profit after taxation | 689,173 | 2,758,767 | 754,108 | 1,654,565 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | 689,173 | 2,758,767 | 754,108 | 1,654,565 |

The annexed notes from 1 to 24 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

ICI Pakistan Limited
Condensed Interim Unconsolidated Statement of Changes in Equity
For the Nine Months Ended March 31, 2020

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, 2018 (Audited) | 923,591 | 309,643 | 669,495 | 16,178,705 | 18,081,434 |
| Final dividend of PKR 08.50 per share for the year ended June 30, 2018 | - | - | - | (785,052) | (785,052) |
| Interim dividend of PKR 04.50 per share for the year ended June 30, 2019 | - | - | - | (415,616) | (415,616) |
| | - | - | - | (1,200,668) | (1,200,668) |
| Profit for the period | - | - | - | 1,654,565 | 1,654,565 |
| Other comprehensive income for the period - net of tax: | - | - | - | - | - |
| Total comprehensive income | - | - | - | 1,654,565 | 1,654,565 |
| Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax | - | - | (39,604) | 39,604 | - |
| As at March 31, 2019 (Unaudited) | 923,591 | 309,643 | 629,891 | 16,672,206 | 18,535,331 |
| Profit for the period | - | - | - | 650,347 | 650,347 |
| Other comprehensive income for the period - net of tax | - | - | - | 21,365 | 21,365 |
| Total comprehensive income | - | - | - | 671,712 | 671,712 |
| Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax | - | - | (31,788) | 31,788 | - |
| As at June 30, 2019 (Audited) | 923,591 | 309,643 | 598,103 | 17,375,706 | 19,207,043 |
| Final dividend of PKR 4.50 per share for the year ended June 30, 2019 | - | - | - | (415,616) | (415,616) |
| Interim dividend of PKR 11.00 per share for the year ended June 30, 2020 | - | - | - | (1,015,950) | (1,015,950) |
| | - | - | - | (1,431,566) | (1,431,566) |
| Profit for the period | - | - | - | 2,758,767 | 2,758,767 |
| Other comprehensive income for the period - net of tax: | - | - | - | - | - |
| Total comprehensive income | - | - | - | 2,758,767 | 2,758,767 |
| Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax | - | - | (51,908) | 51,908 | - |
| As at March 31, 2020 (Unaudited) | 923,591 | 309,643 | 546,195 | 18,754,815 | 20,534,244 |

The annexed notes from 1 to 24 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

ICI Pakistan Limited
Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)
For the Nine Months Ended March 31, 2020

Amounts in PKR '000

| March 31, 2020 | March 31, 2019 |
|-------------------|-------------------|
|-------------------|-------------------|

Cash flows from operating activities

| | | |
|--|------------------|------------------|
| Cash generated from operations - note 18 | 6,711,417 | 6,059,501 |
| Payments for : | | |
| Non-management staff gratuity and eligible retired employees' medical scheme | (15,301) | (19,457) |
| Staff retirement benefit plan | (38,844) | (43,027) |
| Taxation | (526,259) | (570,855) |
| Interest | (1,333,406) | (938,504) |
| Net cash generated from operating activities | 4,797,607 | 4,487,658 |

Cash flows from investing activities

| | | |
|--|------------------|--------------------|
| Capital expenditure | (1,292,967) | (1,763,325) |
| Proceeds from disposal of operating fixed assets | 7,706 | 11,464 |
| Interest received on bank deposits | 9,152 | 698 |
| Investment in Subsidiary | (255,000) | - |
| Dividend received from subsidiary | 30,000 | 75,000 |
| Dividend received from associate | 700,000 | 180,000 |
| Net cash used in investing activities | (801,109) | (1,496,163) |

Cash flows from financing activities

| | | |
|---|--------------------|--------------------|
| Long-term loans obtained* | - | 300,000 |
| Long-term loans repaid* | (1,091,665) | (710,971) |
| Payment of lease liabilities | (43,504) | - |
| Dividends paid | (1,436,554) | (1,195,311) |
| Net cash used in financing activities | (2,571,723) | (1,606,282) |
| Net increase in cash and cash equivalents | 1,424,775 | 1,385,213 |
| Cash and cash equivalents at the beginning of the period | (6,818,999) | (7,137,624) |
| Cash and cash equivalents at the end of period | (5,394,224) | (5,752,411) |

Cash and cash equivalents at the end of period comprise of:

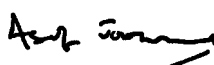
| | | |
|----------------------------|--------------------|--------------------|
| Cash and bank balances | 251,367 | 220,036 |
| Transfer upon amalgamation | 257,606 | - |
| Short-term financing | (5,903,197) | (5,972,447) |
| | (5,394,224) | (5,752,411) |

* No non-cash items are included in these activities

The annexed notes from 1 to 24 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

ICI Pakistan Limited
Notes to the Condensed Interim Unconsolidated Financial Statements
For the Nine Months Ended March 31, 2020

Amounts in PKR '000

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 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 merchanting of general chemicals and manufacturing of masterbatches. It also acts as an indenting agent and toll manufacturer. The Company's registered office is situated at 5 West Wharf, Karachi.

The Board of Directors (the Board) of the Company in a meeting held on 07 December 2019 considered and approved in principle amalgamation of the Company and its wholly owned subsidiary Cirin Pharmaceuticals Private Limited ("Cirin") in accordance with terms of a scheme of arrangement prepared under the provisions of Section 284 of the Companies Act 2017. Hence, effective 01 March 2020, Cirin has ceased to exist as legal entity.

Pursuant to this, the entire business of Cirin including its properties, assets, liabilities and rights and obligations vested into the Company. The legal amalgamation has been accounted for in these financial statements using ' Liquidation from Consolidated Financial Statements ' approach since the investment in Cirin was recorded at cost. The acquired assets and assumed liabilities including goodwill and brands have been recognized at the carrying amounts as reflected in the consolidated financial statements as at 01 March 2020. The difference between the amounts assigned to the assets and liabilities in the Company's separate financial statements after the legal amalgamation, and the carrying amount of the investment in Cirin before the legal amalgamation, has been recognized in statement of profit or loss. Further, the financial position and results of operations of the amalgamated subsidiary are reflected in these financial statements only from the date on which the amalgamation occurred. Consequently, the corresponding amounts for the previous year presented are also not restated.

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

2.1 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under 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 the annual unconsolidated audited financial statements as at and for the year ended June 30, 2019, except for the adoption of the following new and amended standards, interpretations and improvements to IFRSs by the Company, which became effective for the current period:

- IFRS 16 Leases
- IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)
- IFRIC 23 Uncertainty over Income Tax Treatments

The adoption of above standards, interpretations and improvement to standards did not have any material effect on the condensed interim unconsolidated financial statements of the Company, except for the changes related to adoption of IFRS 16 'Leases' as explained below.

IFRS 16 – Leases

IFRS 16 supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Whereas, for lessees all leases will be classified as finance leases only. However, as per relevant guidelines issued by Institute of Chartered Accountants of Pakistan, contracts under Ijarah will continue to be treated as operating leases under IFAS 2.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with cumulative effect of initially applying standard recognised at the date of initial application and accordingly the Company is not required to restate prior year results.

The Company assessed its existing contracts and concluded that right-of-use assets as disclosed in note 6 to these condensed interim unconsolidated financial statements shall be recognised along with their corresponding lease liabilities. For other existing contracts, the Company elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The right-of-use assets were recognised based on the amount equal to their corresponding lease liabilities, adjusted for related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease or finance lease as on July 01, 2019.

Accordingly, initial application of IFRS 16 did not have any impact on the opening retained earnings as of July 01, 2019 and on these condensed interim financial statements, except for the recognition of right-of-use assets and corresponding lease liabilities as disclosed in note 3.2 to these condensed interim unconsolidated financial statements. The effect of adoption of IFRS 16 on the statement of profit or loss includes an increase in depreciation expense by PKR 30,529 million, increase in interest expense by PKR 15,244 million and decrease in lease rental by PKR 47,305 million. Further, impact on statement of cash flows includes an increase in net cash flows from operating activities by PKR 43,503 million and an decrease in net cash flows from financing activities by the same amount.

Amounts in PKR '000

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

| | |
|---|-----------|
| Operating lease commitments as at June 30, 2019 | 376,580 |
| Weighted average incremental borrowing rate as at July 01, 2019 | 10.91% |
| Discounted operating lease commitments as at July 01, 2019 | 376,467 |
| Less: | |
| Ijarah and others | (213,091) |
| Lease liabilities as at July 01, 2019 | 163,376 |

3.1 Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred (if any), and lease payments made at or before the commencement date less lease incentives received (if any). Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of warehouses and houses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3.2 Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period:

Amounts in PKR '000

| | Rights of Use Assets | | | Lease liabilities |
|-----------------------|----------------------|--------------------|---------|-------------------|
| | Motor vehicles | Land and buildings | Total | |
| As at 1 July 2019 | 12,755 | 150,621 | 163,376 | 163,376 |
| Additions | - | 83,348 | 83,348 | 83,348 |
| Depreciation expenses | 3,164 | 27,365 | 30,529 | - |
| Interest expenses | - | - | - | 15,244 |
| Payments | - | - | - | 47,305 |
| As at 31st March 2020 | 9,591 | 206,604 | 216,195 | 214,663 |

The Company recognised rent expense from short-term leases during the period amounting to PKR 39,330 million for the nine months ended March 31, 2020.

| | | Amounts in PKR '000 | |
|----------|---|----------------------------------|-------------------------------|
| | | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
| 4 | Property, plant and equipment | | |
| | Operating fixed assets - at net book value | 18,542,806 | 19,270,985 |
| | Capital work-in-progress - at cost - note 4.2 | | |
| | Civil works and buildings | 180,929 | 186,297 |
| | Plant and machinery | 993,601 | 790,538 |
| | Advances to suppliers / contractors | 109,920 | 81,379 |
| | | 1,284,450 | 1,058,214 |
| | Total property, plant and equipment | 19,827,256 | 20,329,199 |

4.1 Following is the cost of operating fixed assets that have been added / transferred / disposed off during the nine months ended March 31, 2020:

| | Additions | | Transfer upon amalgamation | | Disposals at net book value | |
|-----------------------------|----------------------------------|-------------------------------|----------------------------------|------------------|----------------------------------|-------------------------------|
| | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
| Freehold land | - | 25,436 | 10,000 | - | - | - |
| Lime beds on freehold land | - | 79,304 | - | - | - | - |
| Buildings on freehold land | 1,169 | 15,240 | 41,878 | - | - | - |
| Buildings on leasehold land | 110,987 | 605,989 | - | - | - | (29) |
| Plant and machinery | 854,227 | 1,218,292 | 117,927 | - | (8,153) | (10,498) |
| Rolling stock and vehicles | 234 | 42,460 | 6,956 | - | - | (289) |
| Furniture and equipment | 33,105 | 225,440 | 39,461 | - | (478) | (71) |
| Total | 999,722 | 2,212,161 | 216,222 | - | (8,631) | (10,887) |

| | | Amounts in PKR '000 | |
|------------|--|----------------------------------|-------------------------------|
| | | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
| 4.2 | Following is the movement in capital work-in-progress during the period: | | |
| | Opening balance | 1,058,214 | 865,782 |
| | Transfer upon amalgamation | 3,391 | - |
| | Addition during the period | 1,226,149 | 2,322,098 |
| | | 2,287,754 | 3,187,880 |
| | Transferred to operating fixed assets | (1,003,304) | (2,129,666) |
| | Closing balance | 1,284,450 | 1,058,214 |
| 5 | Intangible assets | | |
| | Intangible assets - at net book value - note 5.1 | 1,691,011 | 931,806 |
| 5.1 | Following is the detail of intangible assets: | | |
| | Brands | 1,437,679 | 753,460 |
| | Goodwill | 206,374 | 126,510 |
| | Others | 46,958 | 51,836 |
| | | 1,691,011 | 931,806 |
| 5.2 | Addition to intangible assets: | | |
| | Additions | 7,547 | 20,421 |
| | Transfer upon amalgamation | 764,083 | - |
| | | 771,630 | 20,421 |
| 6 | Right-of-use assets | | |
| | Cost | 246,724 | - |
| | Depreciation charged during the period | (30,529) | - |
| | Closing net book value | 216,195 | - |

| | | | |
|----------|--|-----------|-----------|
| 7 | Long-term investments | | |
| | Unquoted | | |
| | Subsidiaries | | |
| | - ICI Pakistan PowerGen Limited (wholly owned) | | |
| | 7,100,000 ordinary shares (June 30, 2019: 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 of PKR 100 each and premium of PKR 8,661.61 per share | - | 981,300 |
| | - NutriCo Morinaga (Private) Limited (51% holding) | | |
| | 17,238,000 ordinary shares (June 30, 2019: 14,688,000) of PKR 100 each | 1,723,800 | 1,468,800 |
| | Associate | | |
| | - NutriCo Pakistan (Private) Limited (40% ownership) | | |
| | 200,000 ordinary shares (June 30, 2019: 200,000) of PKR 1,000 each and premium of PKR 3,800 (June 30, 2019: 3,800) per share | 960,000 | 960,000 |
| | Others | | |
| | Equity | | |
| | - Arabian Sea Country Club Limited | | |
| | 250,000 ordinary shares (June 30, 2019: 250,000) of PKR 10 each | 2,500 | 2,500 |
| | | 3,186,776 | 3,913,076 |

Amounts in PKR '000

| | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
|--|----------------------------------|-------------------------------|
| 8 Long-term loans | | |
| Considered Good - secured | | |
| Due from executives and employees | 669,353 | 587,039 |
| Current portion shown under loans and advances (Current assets) | (167,083) | (152,925) |
| | <u>502,270</u> | <u>434,114</u> |
| 9 Stock-in-trade | | |
| It includes items carried at net realisable value of PKR 3,374.297 million (June 30, 2019: PKR 3,924.490 million) on which expense of PKR 21.480 million (June 30, 2019: PKR 56.616 million) was recognized during the period / year. | | |
| 10 Long-term loans | | |
| Long-term loans - note 10.1 | 7,365,778 | 8,454,151 |
| Current portion shown under current liabilities | (1,102,903) | (1,690,894) |
| | <u>6,262,875</u> | <u>6,763,257</u> |
| 10.1 Opening balance | 8,454,151 | 9,200,541 |
| Transfer upon amalgamation | 3,291 | - |
| Obtained during the period | - | 300,000 |
| Repaid during the period | (1,091,664) | (1,046,390) |
| Closing balance | <u>7,365,778</u> | <u>8,454,151</u> |
| There is no material change in the terms and conditions of the long-term loans as disclosed in the annual audited financial statements as at and for the year ended June 30, 2019 of the Company except that the Company has converted its long term loan facilities of PKR 4,161 million from conventional to islamic. | | |
| 11 Deferred tax liability - net | | |
| Deductible temporary differences | | |
| Provisions for retirement benefits, doubtful debts and others | (316,470) | (307,243) |
| Retirement funds provision | (103,126) | (103,478) |
| Taxable temporary differences | | |
| Property, plant and equipment | 2,045,879 | 2,203,029 |
| | <u>1,626,283</u> | <u>1,792,308</u> |
| 12 Lease liabilities | | |
| lease liability | 218,465 | - |
| Current portion shown under current liabilities | (39,845) | - |
| | <u>178,620</u> | <u>-</u> |
| 13 Short-term financing | | |
| Export refinance | - | 200,000 |
| Money market | 2,762,359 | 1,750,000 |
| Short-term running finance - secured | 3,140,838 | 5,106,373 |
| | <u>5,903,197</u> | <u>7,056,373</u> |
| There is no major change in the terms and conditions of the short-term financing as disclosed in the company's annual audited financial statements as at and for the year ended June 30, 2019 except that the Company availed FE-25 facility amounting to PKR 2,571 million carrying floating rate range from 3 Month LIBOR + 1% to 6 Month LIBOR + 1% and fixed rate range from 2.75% to 2.85% per annum. Mark-up rate on running finance during the year range from KIBOR + 0.05% to KIBOR + 1% per annum. | | |
| The Company has further converted three of its short-term financing facilities from Conventional Banking to Islamic Banking (June 30, 2019: 6). The total converted limit of Islamic facilities amounting to PKR 6,915 Million (June 30, 2019: PKR 5,400 Million) | | |
| 14 Contingencies and commitments | | |
| 14.1 Claims against the Company not acknowledged as debts are as follows: | | |
| Local bodies | 76,500 | 71,583 |
| Others | 11,318 | 11,318 |
| | <u>87,818</u> | <u>82,901</u> |

During the nine months ended March 31, 2020, the Commissioner (Appeals), vide appellate Order dated August 23, 2019, has remanded back all the issues which were raised by the department vide Order dated May 29, 2019 relating to sales tax audit for the tax periods July 2013 to June 2014. Remand back proceedings are yet to be initiated by the department.

The department has finalized monitoring proceedings vide order dated September 26, 2019 relating to tax year 2017 through which demand of PKR 11.83 million was raised. An appeal against the said order has duly been filed before the Commissioner (Appeals) who, vide appellate order dated February 10, 2020, has remanded back all the issues to the department. Remand back proceedings are yet to be initiated by the department.

The department also finalized monitoring proceedings for tax year 2018 vide order dated January 30, 2020 through which demand of PKR 15 million was raised. An appeal against the said order was filed before the Commissioner (Appeals) which has been heard and reserved for order. The Company, in the meanwhile, has discharged the said demand under protest. The management is confident that the case would be decided in the Company's favour.

Income tax audit for tax year 2016 has also been finalized by the department vide assessment order dated December 30, 2019. Through said order, income tax demand of PKR 35.690 million has been raised on various issues. Although the demand has been discharged under protest, an appeal against the assessment order has been filed before the Commissioner (Appeals) which is pending disposal. The management is confident that case will be decided in its favour.

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 unconsolidated audited financial statements as at and for the year ended June 30, 2019.

| | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
|---|----------------------------------|-------------------------------|
| 14.2 Commitments in respect of capital expenditure (including various projects of Soda Ash) | 496,792 | 602,942 |
| 14.3 Commitments for rentals under Ijarah contracts in respect of vehicles are as follows: | | |
| <u>Year</u> | | |
| 2019-20 | 21,106 | 28,679 |
| 2020-21 | 22,478 | 30,544 |
| 2021-22 | 23,939 | 32,529 |
| 2022-23 | 25,495 | 34,644 |
| 2023-24 | 20,364 | - |
| | 113,382 | 126,396 |
| Payable not later than one year | 37,965 | 43,951 |
| Payable later than one year but not later than five years | 75,417 | 82,445 |
| | 113,382 | 126,396 |
| 14.4 Outstanding letter of credit (Unutilized PKR 10,589.762 million, June 30, 2019: PKR 12,996.784 million) | 3,831,626 | 3,177,181 |
| 14.5 Commitments in respect of Post dated cheques | 966,422 | 567,784 |
| 14.6 Foreign exchange contracts entered into by the Company | 245,319 | - |

15 Operating Segment results (Unaudited)

| Amounts in PKR '000 | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | Polyester | | | | Soda Ash | | | | Pharma | | | | Animal Health | | | | Chemicals and Agri Sciences | | | | Company | | | |
| | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 |
| Turnover - note 15.1, 15.2 & 15.3 | 6,022,144 | 19,806,415 | 6,282,146 | 17,649,031 | 5,837,111 | 18,445,148 | 5,035,638 | 14,950,999 | 2,889,882 | 5,289,128 | 1,834,588 | 5,309,283 | 1,200,400 | 3,682,215 | 1,213,726 | 3,491,937 | 2,447,401 | 7,944,894 | 2,588,289 | 6,969,387 | 16,856,366 | 52,081,549 | 16,953,852 | 48,388,667 |
| Sales tax | (840,974) | (2,781,743) | - | - | (664,834) | (2,191,637) | (715,128) | (2,092,838) | (10,202) | (30,497) | (9,793) | (33,948) | (3,178) | (6,333) | (2,672) | (16,679) | (204,796) | (650,120) | (175,286) | (471,808) | (1,723,864) | (5,570,330) | (906,879) | (2,615,273) |
| Commission and discounts/ price adjustment | (95,213) | (276,061) | (84,832) | (265,277) | (244,816) | (717,179) | (160,477) | (629,619) | (338,096) | (698,759) | (174,808) | (503,372) | (233,155) | (663,831) | (223,441) | (600,163) | (291,086) | (938,303) | (215,061) | (652,154) | (1,202,326) | (3,294,133) | (858,619) | (2,650,595) |
| Net turnover | (936,187) | (3,057,804) | (84,832) | (265,277) | (909,650) | (2,818,816) | (875,605) | (2,722,457) | (348,298) | (729,256) | (184,601) | (537,320) | (236,333) | (670,164) | (226,113) | (616,842) | (496,882) | (1,588,423) | (390,347) | (1,123,972) | (2,926,310) | (8,864,463) | (1,765,498) | (5,265,868) |
| Cost of sales - note 15.1 and 16 | 5,085,987 | 16,747,611 | 6,197,314 | 17,383,754 | 4,127,461 | 12,626,332 | 4,156,033 | 12,228,542 | 1,702,424 | 4,569,872 | 1,649,997 | 4,771,963 | 1,064,067 | 2,922,081 | 987,613 | 2,875,095 | 1,981,519 | 6,356,471 | 2,197,942 | 5,845,425 | 13,930,656 | 43,217,686 | 15,188,354 | 43,102,799 |
| Gross profit | (4,643,894) | (15,551,166) | (5,888,248) | (16,944,819) | (2,968,323) | (8,889,540) | (2,936,885) | (9,015,436) | (1,153,714) | (3,121,378) | (1,249,202) | (3,622,081) | (831,786) | (2,237,182) | (769,738) | (2,156,638) | (1,477,436) | (4,799,541) | (1,699,980) | (4,522,454) | (11,870,771) | (34,963,556) | (12,533,508) | (36,259,458) |
| Selling and distribution expenses | 442,073 | 1,196,445 | 309,066 | 438,935 | 1,188,138 | 3,766,792 | 1,218,148 | 3,213,106 | 548,710 | 1,448,494 | 400,795 | 1,149,882 | 232,281 | 684,869 | 227,875 | 718,457 | 474,983 | 1,856,930 | 497,962 | 1,322,961 | 2,856,285 | 8,653,630 | 2,654,846 | 8,843,341 |
| Administration and general expenses | (107,188) | (308,705) | (118,670) | (305,935) | (164,176) | (403,654) | (80,806) | (269,055) | (292,318) | (835,732) | (227,427) | (709,978) | (157,894) | (436,342) | (147,224) | (441,419) | (216,909) | (695,907) | (209,075) | (614,444) | (938,185) | (2,681,340) | (783,211) | (2,340,832) |
| Operating result | (64,896) | (186,416) | (61,459) | (168,321) | (195,126) | (296,992) | (100,860) | (263,523) | (91,836) | (242,819) | (70,765) | (262,140) | (39,879) | (91,763) | (29,475) | (78,495) | (71,967) | (206,288) | (71,428) | (237,167) | (372,394) | (1,024,278) | (333,987) | (1,009,646) |
| | 270,189 | 790,324 | 128,928 | (35,321) | 889,836 | 3,066,146 | 1,037,482 | 2,680,528 | 165,387 | 369,943 | 102,603 | 177,763 | 35,117 | 156,764 | 61,176 | 198,543 | 188,287 | 654,735 | 217,459 | 471,350 | 1,545,706 | 4,947,912 | 1,537,648 | 3,492,863 |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Polyester | | | | Soda Ash | | | | Pharma | | | | Animal Health | | | | Chemicals and Agri Sciences | | | | Company* | | | |
| | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
| Segment Assets | 11,945,294 | 10,851,731 | 26,206,341 | 24,294,504 | 6,686,717 | 5,715,085 | 2,563,326 | 2,449,314 | 8,448,833 | 8,482,903 | 39,377,244 | 37,671,978 | | | | | | | | | | | | |
| Unallocated Assets | - | - | - | - | - | - | - | - | - | - | 6,495,392 | 44,222,667 | | | | | | | | | | | | |
| Segment Liabilities | 15,794,765 | 14,846,186 | 2,823,249 | 2,755,858 | 3,954,611 | 2,769,935 | 1,618,455 | 1,187,115 | 1,688,633 | 1,631,871 | 8,029,693 | 9,071,426 | | | | | | | | | | | | |
| Unallocated Liabilities | - | - | - | - | - | - | - | - | - | - | 16,299,607 | 15,944,198 | | | | | | | | | | | | |
| | - | - | - | - | - | - | - | - | - | - | 24,329,300 | 25,015,624 | | | | | | | | | | | | |

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

Amounts in PKR '000

| | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 |
|--|---|---|---|---|
| 15.1 Turnover | | | | |
| Inter-segment sales and purchases have been eliminated from the total. | 1,372 | 5,251 | 545 | 1,980 |
| 15.2 Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. | | | | |
| 15.3 Turnover includes export sales made to various countries amounting to: | 492,830 | 1,152,147 | 215,829 | 999,888 |
| 16 Cost of sales | | | | |
| Opening stock of raw and packing materials | 5,435,320 | 5,482,391 | 4,919,259 | 4,497,008 |
| Transfer upon amalgamation | 187,546 | 187,546 | - | - |
| Purchases | 6,570,514 | 21,427,405 | 7,675,610 | 21,775,940 |
| | 12,193,380 | 27,097,342 | 12,594,869 | 26,272,948 |
| Closing stock of raw and packing materials | (5,954,928) | (5,954,928) | (5,265,251) | (5,265,251) |
| Raw and packing materials consumption | 6,238,452 | 21,142,414 | 7,329,618 | 21,007,697 |
| Manufacturing costs | 3,011,249 | 9,660,520 | 3,331,340 | 9,571,126 |
| | 9,249,701 | 30,802,934 | 10,660,958 | 30,578,823 |
| Opening stock of work-in-process | 318,180 | 216,709 | 126,417 | 63,752 |
| | 9,567,881 | 31,019,643 | 10,787,375 | 30,642,575 |
| Transfer upon amalgamation | 80,506 | 80,506 | - | - |
| Closing stock of work-in-process | (310,207) | (310,207) | (238,954) | (238,954) |
| Cost of goods manufactured | 9,338,180 | 30,789,942 | 10,548,421 | 30,403,621 |
| Opening stock of finished goods | 4,779,920 | 4,142,065 | 4,164,202 | 4,176,804 |
| Transfer upon amalgamation | 36,645 | 36,645 | - | - |
| Finished goods purchased | 1,067,656 | 3,743,534 | 1,546,368 | 5,404,516 |
| | 15,222,401 | 38,712,186 | 16,258,991 | 39,984,941 |
| Closing stock of finished goods | (4,148,629) | (4,148,629) | (3,725,483) | (3,725,483) |
| | 11,073,772 | 34,563,557 | 12,533,508 | 36,259,458 |
| 17 Taxation | | | | |
| Current | 342,077 | 1,235,547 | 366,180 | 914,347 |
| Deferred | (40,026) | (149,083) | (14,900) | (243,950) |
| | 302,051 | 1,086,464 | 351,280 | 670,397 |
| 18 Cash flows from operations | | | | |
| Profit before taxation | | | 3,845,231 | 2,324,962 |
| Adjustments for: | | | | |
| Depreciation and amortisation | | | 1,978,576 | 1,989,391 |
| Loss / (Gain) on disposal of operating fixed assets | | | 925 | (922) |
| Provision for non-management staff gratuity and eligible retired employees' medical scheme | | | 28,950 | 25,785 |
| Provision for staff retirement benefit plan | | | 25,812 | 17,869 |
| Interest on bank deposits | | | (9,152) | (698) |
| Dividend from Subsidiary | | | (30,000) | (75,000) |
| Dividend from Associate | | | (700,000) | (180,000) |
| Interest expense | | | 1,273,831 | 1,044,494 |
| Provisions and accruals no longer required written back | | | - | (3,974) |
| Provision for slow moving and obsolete stock-in-trade | | | 47,072 | 122,605 |
| Provision for doubtful trade debts | | | (25,390) | 20,684 |
| Provision for slow moving and obsolete stores, spares and consumables | | | - | 6,953 |
| | | | 6,435,855 | 5,292,149 |
| Movement in: | | | | |
| Working capital - note 18.1 | | | 330,618 | 831,439 |
| Long-term loans | | | (56,583) | (62,213) |
| Long-term deposits and prepayments | | | 1,527 | (1,874) |
| Cash generated from operations | | | 6,711,417 | 6,059,501 |
| 18.1 Movement in working capital | | | | |
| <i>(Increase) / decrease in current assets</i> | | | | |
| Stores, spares and consumables | | | (26,133) | (67,853) |
| Stock-in-trade | | | (314,974) | (614,729) |
| Trade debts | | | (691,542) | 260,843 |
| Loans and advances | | | (58,123) | (66,328) |
| Trade deposits and short-term prepayments | | | (264,567) | 17,391 |
| Other receivables | | | 382,545 | 29,975 |
| | | | (972,794) | (440,701) |
| <i>Increase / (decrease) in current liabilities</i> | | | | |
| Trade and other payables | | | 1,303,412 | 1,272,140 |
| | | | 330,618 | 831,439 |

19 Transactions with related parties

The related parties comprise the Holding company Lucky Cement Holding (Private) Limited, the ultimate Holding company (Lucky Cement Limited) and related group companies, local 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 unconsolidated financial statements are as follows:

| | | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 |
|-------------------------------|---|---|---|---|---|
| Relationship with the company | Nature of Transaction | | | | |
| Holding Company | Dividend | 558,778 | 786,236 | - | - |
| Subsidiary Companies | Purchase of electricity | 30,399 | 245,379 | 235,735 | 622,521 |
| | Provision of services and other receipts | 495 | 1,485 | 495 | 1,485 |
| | Sale of goods, material and asset | 24,649 | 48,171 | 867 | 3,096 |
| | Purchase of goods, materials and services | 6,637 | 16,716 | 1,861 | 1,861 |
| | Interest Income on Loan | 804 | 3,148 | 1,105 | 1,105 |
| | Dividend income | - | 30,000 | - | 75,000 |
| | Reimbursement of expenses | 1,667 | 29,196 | 5,055 | 15,447 |
| | Investment in subsidiary | 255,000 | 255,000 | - | - |
| Associated Companies | Royalty | 103,896 | 331,501 | 116,992 | 334,619 |
| | Purchase of goods, materials and services | 875,539 | 2,651,175 | 148,350 | 178,136 |
| | Sale of goods and materials | 503,547 | 1,851,866 | 534,721 | 1,381,222 |
| | Donations paid | 7,700 | 7,700 | 2,300 | 2,300 |
| | Reimbursement of expenses | 8,875 | 46,695 | - | 34,175 |
| | Dividend paid to associate | 304,206 | 429,787 | 353,039 | 1,029,249 |
| | Dividend income | 200,000 | 700,000 | - | 180,000 |
| Others | Staff retirement benefits | 82,320 | 242,160 | 75,274 | 212,794 |
| Key management personnel | Remuneration paid | 74,978 | 254,919 | 55,919 | 236,899 |
| | Post employment benefits | 10,483 | 29,956 | 7,589 | 24,003 |
| | Director meeting fee | 1,575 | 3,731 | 1,987 | 3,225 |
| | Dividends paid | 5,384 | 7,564 | 2,180 | 6,704 |

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

20 Estimates

The preparation of these condensed interim unconsolidated financial statements, in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed interim financial statement, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual audited financial statements of the Company for the year ended June 30, 2019 except, as stated below and in note 3 of these condensed interim unconsolidated financial statements:

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional for an additional periods. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

21 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 16 as disclosed in note 3 to the accompanying condensed interim unconsolidated financial statements.

22 Financial risk management

The Company's financial risk management objective and policies are consistent with that disclosed in the represented financial statements as at and for the year ended June 30, 2019.



ICI PAKISTAN LTD.



ICI Pakistan Limited and its Subsidiary Companies Consolidated Financial Statements

Review of the Directors of the unaudited Group results of ICI Pakistan Limited for the Nine Months Ended March 31, 2020

The Directors are pleased to present their review together with the unaudited Group results of ICI Pakistan Limited for the nine-month ended March 31, 2020. The ICI Pakistan Group comprises ICI Pakistan Limited, and its subsidiaries of ICI Pakistan PowerGen Limited (PowerGen) and NutriCo Morinaga (Private) Limited (NutriCo Morinaga).

The Directors report, which provides a commentary on the performance of ICI Pakistan Limited for the nine months ended March 31, 2020, has been presented separately.

Net turnover of PowerGen for the nine-month ended stood at PKR 259 million, being 52% lower as compared to SPLY. Sale of electricity units to Polyester decreased by 67% versus SPLY, as the Business shifted to in-house coal-based energy source. Overall, operating profit fell by 72% against same period last year.

Cirin was successfully amalgamated into ICI Pakistan Limited effective from March 1, 2020 and the post amalgamation results have been presented in the Directors Report of ICI Pakistan Limited. During the pre-amalgamation period of eight months, Cirin achieved net sales of PKR 805 million, 12% higher as compared to the SPLY. The growth was achieved despite the temporary ban on imports from India, which led to a significant loss of sales of life-saving medicines during the period under review. Operating profit for the pre-amalgamation period was PKR 134 million, which shows an increase of 375% over the SPLY. The improved results were achieved mainly due to improved manufacturing efficiencies and strict controls on cost.

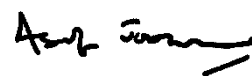
The construction of a state-of-the-art NutriCo Morinaga manufacturing facility was completed and the plant inaugurated in September 2019. Following the inauguration, commercial production commenced during the second quarter of the financial year 2019-20 with commercial release of products in January 2020. During the period, the Company made net sales of PKR 588 million with a gross profit of PKR 123 million. However, the gross profit translated into a Loss After Tax of PKR 136 million primarily due to high initial advertisement and administration expenses along with finance cost on the financing obtained for the project.

On a consolidated basis (including the results of the Company's subsidiaries: PowerGen, Cirin and NutriCo Morinaga), net turnover for the nine months period under review was PKR 44,546 million which was a 1% increase over SPLY. Whereas operating result at PKR 5,041 million was higher by 43% in comparison to the SPLY.

PAT for the nine months period under review at PKR 2,317 million is 31% higher than the SPLY whereas EPS attributable to the owners of the holding company at PKR 25.81 is 35% higher than the SPLY. Despite higher interest expense and significant exchanges losses during the period under review, the improved results were driven mainly by operational excellence across all businesses. The Company recognised PKR 343 million as share of profit from NutriCo Pakistan (Private) Limited.



Muhammad Sohail Tabba
Chairman / Director



Asif Jooma
Chief Executive

Dated: April 20, 2020
Karachi

ڈائریکٹرز کا جائزہ برائے آئی سی آئی پاکستان لمیٹڈ کے غیر آڈٹ شدہ گروپ نتائج برائے سہ ماہی اور نو ماہ ختم شدہ 31 مارچ 2020

ڈائریکٹرز بمسرت اپنا جائزہ مع آئی سی آئی پاکستان لمیٹڈ کے غیر آڈٹ شدہ گروپ نتائج برائے سہ ماہی اور نو ماہ ختم شدہ 31 مارچ 2020 پیش کرتے ہیں۔ آئی سی آئی پاکستان گروپ، آئی سی آئی پاکستان لمیٹڈ اور اس کے ذیلی اداروں آئی سی آئی پاکستان پاورجن لمیٹڈ (پاورجن) اور نیوٹرکیوموریناگا (پرائیویٹ) لمیٹڈ (نیوٹرکیوموریناگا) پر مشتمل ہے۔ ڈائریکٹرز کی رپورٹ، جس میں آئی سی آئی پاکستان لمیٹڈ کی کارکردگی برائے سہ ماہی اور نو ماہ ختم شدہ 31 مارچ 2020 موجود ہے، علیحدہ سے پیش کی گئی ہے۔

پاورجن کی خالص آمدنی سہ ماہی اور نو ماہ ختم شدہ 259 ملین پاکستانی روپے ہے جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 52% کم ہے۔ پولیسیٹر بزنس کو بجلی کے یونٹس کی فروخت میں گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 67% کی آئی کیونکہ بزنس کو ان ہاؤس کونسلہ پر مبنی توانائی پر منتقل کر دیا گیا تھا۔ مجموعی طور پر آپریٹنگ منافع میں گزشتہ سال کی اسی مدت کے مقابلے میں 72% کی ہوئی۔

یکم مارچ 2020 کو سیرین فارماسیوٹیکلز (پرائیویٹ) لمیٹڈ کامیابی کے ساتھ آئی سی آئی پاکستان لمیٹڈ میں ضم ہو گئی اور انضمام کے بعد کے نتائج آئی سی آئی پاکستان لمیٹڈ کی ڈائریکٹرز رپورٹ میں شامل ہیں۔ انضمام سے پہلے کے آٹھ ماہ میں سیرین نے 805 ملین پاکستانی روپے کی خالص سیلز کی جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 12% زیادہ ہے۔ یہ نموبھارت سے درآمدات پر عارضی پابندی کے باوجود حاصل ہوئی جس میں زیر جائزہ مدت میں جان بچانے والی ادویات کی سیلز میں نمایاں نقصان ہوا۔ انضمام سے قبل کی مدت میں آپریٹنگ منافع 134 ملین پاکستانی روپے رہا جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 375% زیادہ ہے۔ یہ بہتر نتائج مینوفیکچرنگ کی بہتر استعداد اور لاگت پر سخت کنٹرول کے باعث حاصل ہوئے۔

نیوٹرکیوموریناگا کی اسٹیٹ آف دی آرٹ مینوفیکچرنگ فیسلٹی کی تعمیر مکمل ہو گئی اور ستمبر 2019 میں اس کے پلانٹ کا افتتاح کیا گیا۔ افتتاح کے بعد مالی سال 2019-20 کی دوسری سہ ماہی میں اس کی تجارتی بنیادوں پر وڈکشن شروع ہو گئی اور جنوری 2020 میں اس کی پروڈکٹس مارکیٹ میں صارفین کیلئے پیش کر دی گئیں۔ اس مدت میں کمپنی نے 588 ملین پاکستانی روپے کی سیلز کی اور اس کو 123 ملین پاکستانی روپے کا مجموعی منافع حاصل ہوا۔ تاہم مجموعی منافع 136 ملین پاکستانی روپے کے نقصان میں تبدیل ہو گیا جس کی وجہ ابتدائی اشتہاری اور انتظامی اخراجات تھے۔

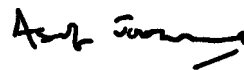
مجموعی طور پر (بشمول کمپنی کے ذیلی اداروں پاورجن، سیرین اور نیوٹرکیوموریناگا کے نتائج) زیر جائزہ نو ماہ کی خالص آمدنی 44,546 ملین پاکستانی روپے رہی جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 1% زیادہ ہے۔ جب کہ آپریٹنگ نتائج 5,041 ملین پاکستانی روپے رہے جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 43% زیادہ ہے۔

زیر جائزہ نو ماہ کی مدت میں مجموعی منافع 2,317 ملین پاکستانی روپے حاصل ہوا جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 31% زیادہ ہے جب کہ ہولڈنگ کمپنی کے مالکان کو فی شیئر آمدنی کے سلسلے میں 25.81 پاکستانی روپے آمدنی ہوئی جو گزشتہ سال کی اسی مدت (SPLY) کے مقابلے میں 35% زیادہ ہے۔ زیر جائزہ مدت میں زیادہ مالیاتی اخراجات اور زرمبادلہ کے نمایاں نقصانات کے باوجود بہتر نتائج حاصل ہوئے جس کا بڑا سبب تمام بزنسز میں آپریشنز کی مہارت تھی۔ کمپنی کے منافع میں نیوٹرکیوموریناگا (پرائیویٹ) لمیٹڈ کا حصہ 343 ملین پاکستانی روپے ہے۔



محمد سہیل طہ

چیئرمین / ڈائریکٹر



آصف جمعہ

چیف ایگزیکٹو

مورخہ 20 اپریل 2020

ICI Pakistan Limited
Condensed Interim Consolidated Statement of Financial Position
As at March 31, 2020

| | | Amounts in PKR '000 | |
|---|----|----------------------------------|-------------------------------|
| | | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 25,692,963 | 25,873,777 |
| Intangible assets | 5 | 1,700,723 | 1,695,889 |
| Right-of-use assets | 6 | 216,195 | - |
| | | <u>27,609,881</u> | <u>27,569,666</u> |
| Long-term investment | 7 | 1,120,831 | 1,478,273 |
| Long-term loans | 8 | 524,304 | 449,110 |
| Long-term deposits and prepayments | | 45,846 | 45,739 |
| | | <u>1,690,981</u> | <u>1,973,122</u> |
| | | <u>29,300,862</u> | <u>29,542,788</u> |
| Current assets | | | |
| Stores, spares and consumables | | 1,108,491 | 1,050,552 |
| Stock-in-trade | 9 | 11,040,226 | 10,126,730 |
| Trade debts | | 3,391,840 | 2,443,286 |
| Loans and advances | | 740,699 | 586,619 |
| Trade deposits and short-term prepayments | | 625,253 | 320,668 |
| Other receivables | | 2,108,159 | 2,233,836 |
| Taxation - net | | 2,070,583 | 2,727,397 |
| Cash and bank balances | | 755,567 | 423,888 |
| | | <u>21,840,818</u> | <u>19,912,976</u> |
| Total assets | | <u><u>51,141,680</u></u> | <u><u>49,455,764</u></u> |
| EQUITY AND LIABILITIES | | | |
| Share capital and reserves | | | |
| Authorised capital | | | |
| 1,500,000,000 (June 30, 2019: 1,500,000,000) ordinary shares of PKR 10 each | | <u>15,000,000</u> | <u>15,000,000</u> |
| Issued, subscribed and paid-up capital | | | |
| 92,359,050 (June 30, 2019: 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 | | 687,623 | 744,266 |
| Revenue reserve - unappropriated profit | | <u>18,949,103</u> | <u>17,973,867</u> |
| Attributable to the equity holders of the holding company | | 20,869,960 | 19,951,367 |
| Non-controlling interests | | <u>1,615,857</u> | <u>1,437,617</u> |
| Total equity | | <u>22,485,817</u> | <u>21,388,984</u> |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Provisions for non-management staff gratuity | | 105,168 | 113,012 |
| Long-term loans | 10 | 8,441,364 | 9,454,765 |
| Deferred tax liability - net | 11 | 1,562,419 | 1,747,425 |
| Lease liabilities | 12 | 178,620 | - |
| | | <u>10,287,571</u> | <u>11,315,202</u> |
| Current liabilities | | | |
| Trade and other payables | | 9,136,963 | 7,174,344 |
| Accrued mark-up | | 345,367 | 433,649 |
| Short-term financing | 13 | 7,206,581 | 7,356,142 |
| Current portion of long-term loans | | 1,551,006 | 1,693,925 |
| Current portion of lease liabilities | | 39,845 | - |
| Unclaimed dividend | | 88,530 | 93,518 |
| | | <u>18,368,292</u> | <u>16,751,578</u> |
| Total equity and liabilities | | <u><u>51,141,680</u></u> | <u><u>49,455,764</u></u> |
| Contingencies and commitments | | | |
| | | 14 | |

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

Muhammad Sohail Tabba
Chairman / Director

Asif Joona
Chief Executive

Muhammad Abid Ganatra
Chief Financial Officer

ICI Pakistan Limited
Condensed Interim Consolidated Statement of Profit or Loss (Unaudited)
For the Nine Months Ended March 31, 2020

Amounts in PKR '000

Net turnover - note 15

Cost of sales - note 15 and 16

Gross profit

Selling and distribution expenses

Administration and general expenses

Operating result - note 15

Finance costs

Exchange loss

Workers' profit participation fund

Workers' welfare fund

Other charges

Other income

Share of profit from associate

Profit before taxation

Taxation - note 17

Profit after taxation

Attributable to:

Owners of the Holding Company

Non-controlling interests

Basic and diluted earnings per share

| For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 |
|---|---|---|---|
| 14,801,147 | 44,545,885 | 15,529,172 | 43,936,817 |
| (11,693,053) | (35,475,823) | (12,782,102) | (36,848,782) |
| 3,108,094 | 9,070,062 | 2,747,070 | 7,088,035 |
| (1,093,089) | (2,903,978) | (827,700) | (2,477,266) |
| (432,282) | (1,125,486) | (345,620) | (1,087,940) |
| 1,582,723 | 5,040,598 | 1,573,750 | 3,522,829 |
| (485,554) | (1,442,836) | (355,500) | (1,059,182) |
| (373,110) | (344,994) | (18,896) | (235,737) |
| (56,760) | (209,079) | (61,435) | (121,881) |
| (17,975) | (65,498) | (19,368) | (43,225) |
| (9,282) | (38,495) | (2,523) | (32,757) |
| (942,681) | (2,100,902) | (457,722) | (1,492,782) |
| 61,182 | 113,674 | 20,028 | 88,970 |
| 56,615 | 342,558 | 155,586 | 324,117 |
| 757,839 | 3,395,928 | 1,291,642 | 2,443,134 |
| (286,543) | (1,078,887) | (343,428) | (670,016) |
| 471,296 | 2,317,041 | 948,214 | 1,773,118 |
| 531,685 | 2,383,801 | 948,306 | 1,763,753 |
| (60,389) | (66,760) | (92) | 9,365 |
| 471,296 | 2,317,041 | 948,214 | 1,773,118 |
| (PKR) | | | |
| 5.76 | 25.81 | 10.27 | 19.10 |

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

ICI Pakistan Limited
Condensed Interim Consolidated Statement of Other Comprehensive Income (Unaudited)
For the Nine Months Ended March 31, 2020

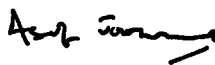
Amounts in PKR '000

| | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 |
|--|---|---|---|---|
| Profit after taxation | 471,296 | 2,317,041 | 948,214 | 1,773,118 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | 471,296 | 2,317,041 | 948,214 | 1,773,118 |
| Attributable to: | | | | |
| Owners of the Holding Company | 531,685 | 2,383,801 | 948,306 | 1,763,753 |
| Non-controlling interests | (60,389) | (66,760) | (92) | 9,365 |
| | 471,296 | 2,317,041 | 948,214 | 1,773,118 |

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

ICI Pakistan Limited
Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)
For the Nine Months Ended March 31, 2020

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 interests | Total |
|---|---|---------------------|---|--|----------------|----------------------------------|-------------|
| As at July 1, 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) |
| Interim dividend of PKR 4.50 per share for the year ended June 30, 2019 | - | - | - | (415,616) | (415,616) | - | (415,616) |
| | - | - | - | (1,200,668) | (1,200,668) | - | (1,200,668) |
| Profit for the period | - | - | - | 1,763,753 | 1,763,753 | 9,365 | 1,773,118 |
| Other comprehensive income for the period - net of tax | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | 1,763,753 | 1,763,753 | 9,365 | 1,773,118 |
| Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax | - | - | (44,347) | 44,347 | - | - | - |
| As at March 31, 2019 (Unaudited) | 923,591 | 309,643 | 777,635 | 17,158,842 | 18,246,120 | 1,435,573 | 20,605,284 |
| Loss restated | - | - | - | (14,959) | (14,959) | - | (14,959) |
| Profit attributable to non-controlling interest for the year | - | - | - | - | - | 2,044 | 2,044 |
| | - | - | - | (14,959) | (14,959) | 2,044 | (12,915) |
| Profit for the period | - | - | - | 773,597 | 773,597 | - | 773,597 |
| Other comprehensive income for the period - net of tax | - | - | - | 23,018 | 23,018 | - | 23,018 |
| Total comprehensive income | - | - | - | 796,615 | 796,615 | - | 796,615 |
| Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax | - | - | (33,369) | 33,369 | - | - | - |
| As at June 30, 2019 (Audited) | 923,591 | 309,643 | 744,266 | 17,973,867 | 19,027,776 | 1,437,617 | 21,388,984 |
| Final dividend of PKR 4.50 per share for the year ended June 30, 2019 | - | - | - | (415,616) | (415,616) | - | (415,616) |
| Interim dividend of PKR 11.00 per share for the year ended June 30, 2020 | - | - | - | (1,015,950) | (1,015,950) | - | (1,015,950) |
| | - | - | - | (1,431,566) | (1,431,566) | - | (1,431,566) |
| Right issue- NutriCo Morinaga | - | - | - | - | - | 245,000 | 245,000 |
| Profit for the period | - | - | - | 2,350,159 | 2,350,159 | (66,760) | 2,283,399 |
| Other comprehensive income for the period - net of tax | - | - | - | - | - | - | - |
| Total comprehensive income | - | - | - | 2,350,159 | 2,350,159 | (66,760) | 2,283,399 |
| Transfer from surplus on revaluation of property, plant and equipment incremental depreciation for the period - net of deferred tax | - | - | (56,643) | 56,643 | - | - | - |
| As at March 31, 2020 (Unaudited) | 923,591 | 309,643 | 687,623 | 18,949,103 | 19,946,369 | 1,615,857 | 22,485,817 |

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

ICI Pakistan Limited
Condensed Interim Consolidated Statement of Cash Flows (Unaudited)
For the Nine Months Ended March 31, 2020

Amounts in PKR '000

| | March 31, 2020 | March 31, 2019 |
|--|--------------------|--------------------|
| Cash flows from operating activities | | |
| Cash generated from operations - note 18 | 6,316,538 | 5,931,534 |
| Payments for : | | |
| Non-management staff gratuity and eligible retired employees' medical scheme | (15,616) | (27,809) |
| Staff retirement benefit plan | (38,896) | (43,027) |
| Taxation | (607,079) | (644,166) |
| Interest | (1,515,874) | (903,266) |
| Net cash generated from operating activities | 4,139,073 | 4,313,266 |
| Cash flows from investing activities | | |
| Capital expenditure | (2,003,177) | (5,092,783) |
| Proceeds from disposal of operating fixed assets | 7,765 | 14,901 |
| Interest received on bank deposits | 28,956 | 31,162 |
| Dividend received from associate | 700,000 | 180,000 |
| Net cash used in investing activities | (1,266,456) | (4,866,720) |
| Cash flows from financing activities | | |
| Issuance of shares to non-controlling interest | 245,000 | - |
| Long-term loans obtained* | - | 2,772,925 |
| Long-term loans repaid* | (1,156,320) | (714,051) |
| Payment of lease liabilities | (43,503) | (1,225) |
| Dividends paid | (1,436,554) | (1,195,311) |
| Net cash (used) / generated from financing activities | (2,391,377) | 862,338 |
| Net increase in cash and cash equivalents | 481,240 | 308,884 |
| Cash and cash equivalents at the start of the period | (6,932,254) | (5,644,976) |
| Cash and cash equivalents at the end of the period (Ref. 1) | (6,451,014) | (5,336,092) |
| Ref 1: Cash and cash equivalents at the end of period comprise of: | | |
| Cash and bank balances | 755,567 | 660,909 |
| Short-term financing | (7,206,581) | (5,997,001) |
| | (6,451,014) | (5,336,092) |

* 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

ICI Pakistan Limited
Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)
For the Nine Months Ended March 31, 2020

1 Status and nature of business

The Group consists of:

- ICI Pakistan Limited (the Holding Company);
- ICI Pakistan PowerGen Limited (PowerGen); 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.

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 merchandising of general chemicals. It also acts as an indenting agent and toll manufacturer.

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

NutriCo Morinaga is engaged in manufacturing of infant milk powder.

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

The Board of Directors (the Board) of the Company in a meeting held on 07 December 2019 considered and approved in principle amalgamation of the Holding Company and its wholly owned subsidiary Cirin Pharmaceuticals Private Limited ("Cirin") in accordance with terms of a scheme of arrangement prepared under the provisions of Section 284 of the Companies Act 2017. Hence, effective 01 March 2020, Cirin has ceased to exist as legal entity. Pursuant to this, the entire business of Cirin including its properties, assets, liabilities and rights and obligations vested into the Holding Company.

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 and NutriCo Morinaga (Private) Limited as at March 31, 2020 and the related consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes forming part thereof.

2 Statement of compliance

2.1 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;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under 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 consolidated financial statements are the same as those applied in the preparation of the the annual consolidated audited financial statements as at and for the year ended June 30, 2019, except for the adoption of the following new and amended standards, interpretations and improvements to IFRSs by the Group, which became effective for the current period:

- IFRS 16 Leases
- IAS 19 Plan Amendment, Curtailment or Settlement (Amendments)
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments)
- IFRIC 23 Uncertainty over Income Tax Treatments

The adoption of above standards, interpretations and improvement to standards did not have any material effect on the condensed interim consolidated financial statements of the Group, except for the changes related to adoption of IFRS 16 'Leases' as explained below.

IFRS 16 – Leases

IFRS 16 supersedes IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Whereas, for lessees all leases will be classified as finance leases only. However, as per relevant guidelines issued by Institute of Chartered Accountants of Pakistan, contracts under Ijarah leases continue to be accounted for as operating leases under IFAS 2.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of July 01, 2019. Under this method, the standard is applied retrospectively with cumulative effect of initially applying standard recognised at the date of initial application and accordingly the Group is not required to restate prior year results.

The Group assessed its existing contracts and concluded that right-of-use assets as disclosed in note 6 to these condensed interim consolidated financial statements shall be recognised along with their corresponding lease liabilities. For other existing contracts, the Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The right-of-use assets were recognised based on the amount equal to their corresponding lease liabilities, adjusted for related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group did not have any sub-lease or finance lease as on July 01, 2019.

Accordingly, initial application of IFRS 16 did not have any impact on the opening retained earnings as of July 01, 2019 and on these condensed interim consolidated financial statements, except for the recognition of right-of-use assets and corresponding lease liabilities as disclosed in note 3.2 to these condensed interim consolidated financial statements. The effect of adoption of IFRS 16 on the statement of profit or loss includes an increase in depreciation expense by PKR 30.529 million, increase in interest expense by PKR 15.244 million and decrease in lease rental by PKR 47.305 million. Further, impact on statement of cash flows includes an increase in net cash flows from operating activities by PKR 43.503 million and an decrease in net cash flows from financing activities by the same amount.

The lease liabilities as at July 01, 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

| | Amounts in PKR '000 |
|--|-----------------------|
| Operating lease commitments as at June 30, 2019 | 376,580 |
| Weighted average incremental borrowing rate as at July 01, | 10.91% |
| Discounted operating lease commitments as at July 01, 2019 | 376,467 |
| Less: | |
| Ijarah and others | (213,091) |
| Lease liabilities as at July 01, 2019 | <u>163,376</u> |

3.1 Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred (if any), and lease payments made at or before the commencement date less lease incentives received (if any). Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of warehouses and houses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

3.2 Amounts recognised in the statement of financial position and statement of profit or loss

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

| | Rights of Use Assets | | | Lease liabilities |
|-----------------------|----------------------|--------------------|---------|-------------------|
| | Motor vehicles | Land and buildings | Total | |
| As at 1 July 2019 | 12,755 | 150,621 | 163,376 | 163,376 |
| Additions | - | 83,348 | 83,348 | 83,348 |
| Depreciation expenses | 3,164 | 27,365 | 30,529 | - |
| Interest expenses | - | - | - | 15,244 |
| Payments | - | - | - | 47,305 |
| As at 31st March 2020 | 9,591 | 206,604 | 216,195 | 214,663 |

The Group recognised rent expense from short-term leases during the period amounting to PKR 39.330 million for the nine months ended March 31, 2020.

4 Property, plant and equipment

| | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
|---|----------------------------------|-------------------------------|
| Operating fixed assets - at net book value | 24,379,470 | 19,906,253 |
| Capital work-in-progress - at cost - note 4.2 | | |
| Civil works and buildings | 181,564 | 1,623,857 |
| Plant and machinery | 1,022,009 | 4,202,960 |
| Advances to suppliers / contractors | 109,920 | 140,707 |
| | 1,313,493 | 5,967,524 |
| Total property, plant and equipment | 25,692,963 | 25,873,777 |

4.1 Following is the cost of operating property, plant and equipment that have been added / disposed off during the nine months ended March 31, 2020:

| | Additions / Acquisition / Transfers | | Disposals at net book value | |
|-----------------------------|-------------------------------------|-------------------------------|----------------------------------|-------------------------------|
| | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
| Freehold land | - | 25,436 | - | - |
| Lime beds on freehold land | - | 79,304 | - | - |
| Buildings on freehold land | 2,046,591 | 15,240 | - | - |
| Buildings on leasehold land | 146,320 | 605,989 | - | (29) |
| Plant and machinery | 4,263,316 | 1,270,417 | (8,153) | (10,498) |
| Rolling stock and vehicles | 234 | 42,460 | - | (4,439) |
| Furniture and equipment | 122,672 | 231,579 | (478) | (71) |
| Total | 6,579,133 | 2,270,425 | (8,631) | (15,037) |

4.2 The following is the movement in capital work-in-progress during the period:

| | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
|---------------------------------------|----------------------------------|-------------------------------|
| Opening balance | 5,967,524 | 2,025,105 |
| Addition during the period | 1,924,100 | 6,122,335 |
| | 7,891,624 | 8,147,440 |
| Transferred to operating fixed assets | (6,578,131) | (2,179,916) |
| Closing balance | 1,313,493 | 5,967,524 |

5 Intangible assets

| | | |
|--|-----------|-----------|
| Intangible assets - at net book value - note 5.1 | 1,700,723 | 1,695,889 |
|--|-----------|-----------|

5.1 Following is the detail of intangible assets:

| | | |
|----------|-----------|-----------|
| Brands | 1,437,679 | 1,437,679 |
| Goodwill | 206,374 | 206,374 |
| Others | 56,670 | 51,836 |
| | 1,700,723 | 1,695,889 |

5.2 Addition to intangible assets:

| | | |
|--|--------|--------|
| | 17,259 | 20,421 |
|--|--------|--------|

6 Right-of-use assets

| | | |
|--|----------|---|
| Cost | 246,724 | - |
| Depreciation charged during the period | (30,529) | - |
| Closing net book value | 216,195 | - |

| | | Amounts in PKR '000 | |
|-------------|--|----------------------------------|-------------------------------|
| | | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
| 7 | Long-term investments | | |
| | Unquoted | | |
| | Associate - NutriCo Pakistan (Private) Limited | | |
| | Cost of investment - 200,000 ordinary shares (June 30, 2019: 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 | 515,773 | 170,004 |
| | Share of profit for the period | 342,558 | 525,769 |
| | Dividend received during the period | (700,000) | (180,000) |
| | Carrying value of Associate | 1,118,331 | 1,475,773 |
| | Others | | |
| | Equity | | |
| | - Arabian Sea Country Club Limited | | |
| | 250,000 ordinary shares (June 30, 2019: 250,000) of PKR 10 each | 2,500 | 2,500 |
| | | 1,120,831 | 1,478,273 |
| 7.1 | The summary of financial information of associate (NutriCo Pakistan) as at the balance sheet date is as follows: | | |
| | Total assets | 4,980,532 | 5,466,489 |
| | Total liabilities | 2,175,140 | 1,777,492 |
| | Total equity and reserves | 2,805,392 | 3,688,997 |
| | Total revenue for the period / year | 6,934,015 | 10,307,149 |
| | Profit after tax for the period / year | 856,395 | 1,314,422 |
| 8 | Long-term loans | | |
| | Considered good | | |
| | Due from executives and employees | 691,469 | 608,247 |
| | Current portion shown under loans and advances (Current assets) | (167,165) | (159,137) |
| | | 524,304 | 449,110 |
| 9 | Stock-in-trade | | |
| | It includes items carried at net realisable value of PKR 3,374.297 million (June 30, 2019: PKR 3,924.490 million) on which expense of PKR 21.480 million (June 30, 2019: PKR 56.616 million) was recognised during the period. | | |
| 10 | Long-term loans | | |
| | Long-term loans - note 10.1 | 9,992,370 | 11,148,690 |
| | Current portion shown under current liabilities | (1,551,006) | (1,693,925) |
| | | 8,441,364 | 9,454,765 |
| 10.1 | Opening Balance | 11,148,690 | 9,210,056 |
| | Obtained during the period | - | 2,985,024 |
| | Repaid during the period | (1,156,320) | (1,046,390) |
| | Closing Balance | 9,992,370 | 11,148,690 |
| | There is no material change in the terms and conditions of the long-term loans as disclosed in the annual audited financial statements as at and for the year ended June 30, 2019 of the Group except that the Group has converted its long term loan facilities of PKR 4,161 million from conventional to islamic and the profit rates on Islamic term finance ranges from 3 months KIBOR to 6 month Kibor bearing spreads ranging from 0.05% to 1.15%. | | |
| 11 | Deferred tax liability - net | | |
| | Deductible temporary differences | | |
| | Provisions for retirement benefits, doubtful debts and others | (316,470) | (322,714) |
| | Retirement funds provision | (103,126) | (104,622) |
| | Minimum Tax | (8,823) | - |
| | Business loss | (411,388) | (26,847) |
| | Taxable temporary differences | | |
| | Property, plant and equipment | 2,402,226 | 2,201,608 |
| | | 1,562,419 | 1,747,425 |
| 12 | Liabilities subject to finance lease | | |
| | Lease liability | 218,465 | - |
| | Current portion shown under current liabilities | (39,845) | - |
| | | 178,620 | - |

Amounts in PKR '000

13 Short-term financing

| | March 31, 2020 (Unaudited) | June 30, 2019 (Audited) |
|--------------------------------------|----------------------------------|-------------------------------|
| Export refinance | - | 200,000 |
| Money market | 2,762,359 | 1,750,000 |
| Short-term running finance - secured | 4,444,222 | 5,406,142 |
| | 7,206,581 | 7,356,142 |

There is no major change in the terms and conditions of the short-term financing as disclosed in the group's annual audited financial statements as at and for the year ended June 30, 2019 except that the Company availed FE-25 facility amounting to PKR 2,571 million carrying floating rate range from 3 Month LIBOR + 1% to 6 Month LIBOR + 1% and fixed rate range from 2.75% to 2.85% per annum. Mark-up rate on running finance during the year range from KIBOR + 0.05% to KIBOR + 1% per annum. The group has also availed Istisna facility of PKR 850 million carrying a mark-up rate of KIBOR + 1.00% and import murahaba of PKR 325.7 million carrying markup ranging from KIBOR + 0.50% to 2.1%. The Company has further converted three of its short-term financing facilities from Conventional Banking to Islamic Banking (June 30, 2019: 6). The total converted limit of Islamic facilities amounting to PKR 6,915 Million (June 30, 2019: PKR 5,400 Million).

14 Contingencies and commitments

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

| | | |
|--------------|---------------|---------------|
| Local bodies | 76,500 | 71,583 |
| Others | 11,318 | 11,318 |
| | 87,818 | 82,901 |

14.2 During the nine months ended March 31, 2020, the Commissioner (Appeals), vide appellate Order dated August 23, 2019, has remanded back all the issues which were raised by the department vide Order dated May 29, 2019 relating to sales tax audit for the tax periods July 2013 to June 2014. Remand back proceedings are yet to be initiated by the department.

The department has finalized monitoring proceedings vide order dated September 26, 2019 relating to tax year 2017 through which demand of PKR 11.83 million was raised. An appeal against the said order has duly been filed before the Commissioner (Appeals) who, vide appellate order dated February 10, 2020, has remanded back all the issues to the department. Remand back proceedings are yet to be initiated by the department.

The department also finalized monitoring proceedings for tax year 2018 vide order dated January 30, 2020 through which demand of PKR 15 million was raised. An appeal against the said order was filed before the Commissioner (Appeals) which has been heard and reserved for order. The Group, in the meanwhile, has discharged the said demand under protest. The management is confident that the case would be decided in the Group's favour.

Income tax audit for tax year 2016 has also been finalized by the department vide assessment order dated December 30, 2019. Through said order, income tax demand of PKR 35.690 million has been raised on various issues. Although the demand has been discharged under protest, an appeal against the assessment order has been filed before the Commissioner (Appeals) which is pending disposal. The management is confident that case will be decided in its favour.

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 unconsolidated audited financial statements as at and for the year ended June 30, 2019.

14.3 Commitments in respect of capital expenditure including various projects of Soda Ash and Morinaga

510,792 820,106

14.4 Commitments for rentals under operating lease / Ijarah contracts in respect of vehicles are as follows:

| Year | | |
|---|----------------|----------------|
| 2019-20 | 22,003 | 28,679 |
| 2020-21 | 23,433 | 30,544 |
| 2021-22 | 24,956 | 32,529 |
| 2022-23 | 26,578 | 34,644 |
| 2023-24 | 28,306 | - |
| | 125,276 | 126,396 |
| Payable not later than one year | 39,578 | 43,951 |
| Payable later than one year but not later than five years | 85,698 | 82,445 |
| | 125,276 | 126,396 |

14.5 Outstanding letter of credit (Unutilized PKR 10,963.975 million, June 30, 2019: 13,338.413 million)

4,151,472 3,197,653

14.6 Commitments in respect of Post dated cheques

966,422 567,784

14.7 Foreign exchange contracts entered into by the Company

245,319 -

15 Operating Segment results (Unaudited)

| Amounts in PKR '000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|----------------------------------|-------------------------------|
| | Polyester | | | | Soda Ash | | | | Pharma | | | | Animal Health | | | | Chemicals and Agri Sciences | | | | Others | | | | Group ^a | | | |
| | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | | |
| Turnover - note 15.1, 15.2 & 15.3 | 8,022,144 | 19,895,415 | 6,262,146 | 17,649,031 | 5,037,112 | 15,445,148 | 5,035,038 | 14,950,959 | 2,675,718 | 6,894,413 | 2,689,491 | 7,248,881 | 1,300,460 | 3,892,218 | 1,213,726 | 3,491,937 | 2,447,461 | 7,844,894 | 2,588,289 | 5,969,937 | 819,285 | 890,643 | 237,889 | 833,228 | 15,026,289 | 54,344,638 | 17,749,439 | 55,306,405 |
| Sales tax | (846,374) | (2,791,743) | - | - | (864,824) | (2,191,437) | (719,129) | (2,092,836) | (19,262) | (36,487) | (9,793) | (33,946) | (5,178) | (6,333) | (2,872) | (16,679) | (204,799) | (686,126) | (175,286) | (471,808) | (4,917) | (43,949) | (34,564) | (92,008) | (1,728,901) | (5,614,279) | (849,702) | (2,616,546) |
| Commission and discount price adjustment | (86,213) | (276,681) | (84,850) | (265,277) | (244,815) | (715,179) | (160,477) | (629,619) | (642,372) | (1,589,109) | (886,754) | (1,609,626) | (233,165) | (865,833) | (223,448) | (800,102) | (291,066) | (938,363) | (215,803) | (862,165) | - | - | - | - | (1,506,641) | (4,184,474) | (1,370,585) | (1,734,048) |
| Net turnover | 7,089,557 | 16,807,000 | 6,177,296 | 17,383,754 | 3,927,463 | 12,628,532 | 4,255,432 | 12,228,542 | 2,496,141 | 5,249,619 | 1,992,944 | 5,609,116 | 1,082,116 | 2,920,169 | 987,814 | 2,658,096 | 1,851,519 | 6,860,716 | 2,197,200 | 4,596,843 | 814,368 | 849,694 | 203,316 | 741,220 | 13,597,147 | 44,546,165 | 15,529,172 | 49,956,817 |
| Cost of sales - note 15.1 and 16 | (4,543,856) | (15,561,166) | (6,888,248) | (16,844,519) | (2,366,321) | (8,869,546) | (2,696,885) | (8,715,436) | (1,338,865) | (3,687,469) | (1,534,680) | (4,269,033) | (821,766) | (2,227,163) | (759,739) | (2,159,639) | (1,477,436) | (4,799,541) | (1,695,979) | (4,502,489) | (492,991) | (889,054) | (166,682) | (659,127) | (11,882,082) | (36,476,332) | (12,789,100) | (36,848,762) |
| Gross profit | 442,873 | 1,186,445 | 309,048 | 438,035 | 1,561,142 | 3,759,186 | 1,558,547 | 3,513,106 | 1,157,276 | 1,562,150 | 458,264 | 1,339,117 | 260,350 | 693,006 | 228,075 | 498,457 | 374,083 | 2,061,175 | 501,221 | 1,094,354 | 321,377 | 360,640 | 146,689 | 91,993 | 1,715,065 | 8,070,083 | 2,740,072 | 7,088,055 |
| Selling and distribution expenses | (187,188) | (399,765) | (118,479) | (305,595) | (184,174) | (463,694) | (80,806) | (269,055) | (319,864) | (828,978) | (271,917) | (846,414) | (157,894) | (436,342) | (147,224) | (641,419) | (216,909) | (895,907) | (208,074) | (814,443) | (127,326) | (127,396) | - | - | (1,893,088) | (2,903,978) | (827,700) | (2,477,288) |
| Administration and general expenses | (84,686) | (195,416) | (61,459) | (168,321) | (155,126) | (294,982) | (100,805) | (263,523) | (153,143) | (282,794) | (81,348) | (338,493) | (19,873) | (91,763) | (29,474) | (79,494) | (71,968) | (208,289) | (71,425) | (237,168) | (47,838) | (81,412) | (11,110) | (2,158) | (432,282) | (1,128,486) | (345,630) | (1,087,345) |
| Operating result | 270,999 | 790,324 | 129,110 | (16,321) | 889,842 | 3,866,148 | 1,037,492 | 2,680,528 | 286,991 | 881,887 | 104,604 | 123,206 | 35,117 | 186,784 | 61,178 | 138,541 | 185,297 | 864,716 | 217,459 | 471,302 | (33,412) | (41,187) | 33,524 | 82,837 | 1,862,723 | 6,040,598 | 1,679,730 | 3,522,829 |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Polyester | | | | Soda Ash | | | | Pharma | | | | Animal Health | | | | Chemicals and Agri Sciences | | | | Others | | | | Group ^a | | | |
| | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) | As at March 31, 2020 (Unaudited) | As at June 30, 2020 (Audited) |
| Segment assets | 11,945,264 | 10,851,731 | 20,208,341 | 24,294,504 | 6,686,717 | 6,791,119 | 2,563,326 | 2,440,314 | 5,448,832 | 6,482,303 | 6,276,136 | 4,850,409 | 45,665,380 | 43,596,641 | 5,498,390 | 5,867,125 | 91,141,680 | 49,455,764 | 49,455,764 | 49,455,764 | 49,455,764 | 49,455,764 | 49,455,764 | 49,455,764 | 49,455,764 | 49,455,764 | 49,455,764 | |
| Unallocated assets | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Segment liabilities | 15,794,765 | 14,848,186 | 2,823,149 | 2,755,858 | 3,954,611 | 2,993,032 | 1,516,455 | 1,187,115 | 1,899,833 | 1,631,871 | 4,326,604 | 411,957 | 16,328,687 | 15,032,060 | 28,665,883 | 28,665,883 | 28,665,883 | 28,665,883 | 28,665,883 | 28,665,883 | 28,665,883 | 28,665,883 | 28,665,883 | 28,665,883 | 28,665,883 | 28,665,883 | 28,665,883 | |
| Unallocated liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

Amounts in PKR '000

| For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 |
|---|---|---|---|
|---|---|---|---|

(Unaudited)

15.1 Turnover

Inter-segment sales and purchases have been eliminated from the total

60,738 328,090 297,731 637,070

15.2 Transactions among the business segments are recorded at arm's length prices using admissible valuation methods.

15.3 Turnover includes export sales made to various countries amounting to:

495,642 1,168,784 623,127 999,888

16 Cost of sales

Opening stock of raw and packing materials

5,602,225 5,661,616 5,075,845 4,672,913

Purchases

7,635,287 22,681,962 7,883,280 22,217,422

13,237,512 28,343,578 12,959,125 26,890,335

Closing stock of raw and packing materials

(6,304,263) (6,304,263) (5,423,870) (5,423,870)

Raw and packing materials consumption

6,933,249 22,039,315 7,535,255 21,466,465

Manufacturing costs

3,146,573 9,862,968 3,362,407 9,668,559

10,079,822 31,902,283 10,897,662 31,135,024

Opening stock of work-in-process

375,822 242,921 193,365 101,131

10,455,644 32,145,204 11,091,027 31,236,155

Closing stock of work-in-process

(310,207) (310,207) (328,125) (328,125)

Cost of goods manufactured

10,145,437 31,834,997 10,762,902 30,908,030

Opening stock of finished goods

4,853,572 4,222,193 4,215,340 4,236,590

Finished goods purchased

1,119,800 3,844,389 1,573,087 5,473,389

16,118,809 39,901,579 16,551,329 40,618,009

Closing stock of finished goods

(4,425,756) (4,425,756) (3,769,227) (3,769,227)

11,693,053 35,475,823 12,782,102 36,848,782

17 Taxation

Current

361,196 1,263,893 373,501 935,902

Deferred

(74,653) (185,006) (30,073) (265,886)

286,543 1,078,887 343,428 670,016

18 Cash flows from operating activities

Profit before taxation

3,395,928 2,443,134

Adjustments for:

Depreciation and amortisation

2,106,956 2,033,453

Loss / (Gain) on disposal of operating fixed assets

867 (3,606)

Provision for non-management staff gratuity

29,265 28,860

and eligible retired employees' medical scheme

30,303 20,488

Provision for staff retirement benefit plan

(342,558) (324,117)

Share of profit from associate

(28,956) (31,162)

Interest on bank deposits

1,442,836 1,059,182

Interest expense

(36,867) 21,967

Provision for doubtful debts

60,025 150,163

Provision for slow moving and obsolete stock-in-trade

- 6,953

Provision for slow moving stores, spares and consumables

29 (3,974)

Provisions and accruals no longer required written back

6,657,828 5,401,341

Movement in:

Working capital - note 18.1

(265,989) 602,935

Long-term loans

(75,194) (73,205)

Long-term deposits and prepayments

(107) 463

Cash generated from operations

6,316,538 5,931,534

18.1 Movement in working capital

(Increase) / decrease in current assets

Stores, spares and consumables

(57,939) (62,209)

Stock-in-trade

(973,521) (660,751)

Trade debts

(911,688) 241,794

Loans and advances

(154,080) 22,105

Trade deposits and short-term prepayments

(291,187) (9,291)

Other receivables

125,677 (467,015)

(2,262,738) (935,367)

Increase / (decrease) in current liabilities

Trade and other payables

1,996,749 1,538,302

(265,989) 602,935

19 Transactions with related parties

The related parties comprise the Holding company Lucky Cement Holding (Private) Limited, the ultimate Holding company (Lucky Cement Limited) and related group companies, local associated company, 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 consolidated financial statements are as follows:

| | | For the 3 months ended March 31, 2020 | For the 9 months ended March 31, 2020 | For the 3 months ended March 31, 2019 | For the 9 months ended March 31, 2019 |
|------------------------------------|---|---|---|---|---|
| Relationship with the group | Nature of Transaction | | | | |
| <i>Holding Company</i> | Dividend | 558,778 | 786,236 | - | - |
| <i>Associated Companies</i> | Royalty | 103,896 | 331,501 | 116,992 | 334,619 |
| | Purchase of goods, materials and services | 1,409,872 | 3,372,696 | 186,508 | 290,994 |
| | Sale of goods and materials | 503,547 | 1,851,866 | 534,721 | 1,381,222 |
| | Reimbursement of expenses | 13,274 | 57,161 | 5,880 | 42,443 |
| | Dividend paid to associates | 304,206 | 429,787 | 353,039 | 1,029,249 |
| | Dividend income from associate | 200,000 | 700,000 | - | 180,000 |
| | Donations paid | 7,700 | 7,700 | 2,300 | 2,300 |
| <i>Others</i> | Staff retirement benefits | 82,394 | 242,363 | 75,355 | 213,036 |
| <i>Key management personnel</i> | Remuneration paid | 74,978 | 254,919 | 55,919 | 236,899 |
| | Post employment benefits | 10,483 | 29,956 | 7,589 | 24,003 |
| | Director meeting fee | 1,575 | 3,731 | 1,987 | 3,225 |
| | Dividends paid | 5,384 | 7,564 | 2,180 | 6,704 |

20 Estimates

The preparation of these condensed interim consolidated financial statements, in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from the estimates. During the preparation of these condensed interim financial statement, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and assumptions are consistent with those that were applied to the annual audited financial statements of the Group for the year ended June 30, 2019 except, as stated below and in note 3 of these condensed interim consolidated financial statements:

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional for an additional periods. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

21 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 16 as disclosed in note 3 to the accompanying condensed interim consolidated financial statements.

22 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, 2019.

23 Date of authorisation

The condensed interim consolidated financial information was authorised for issue in the Board of Directors meeting held on April 20, 2020.

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

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