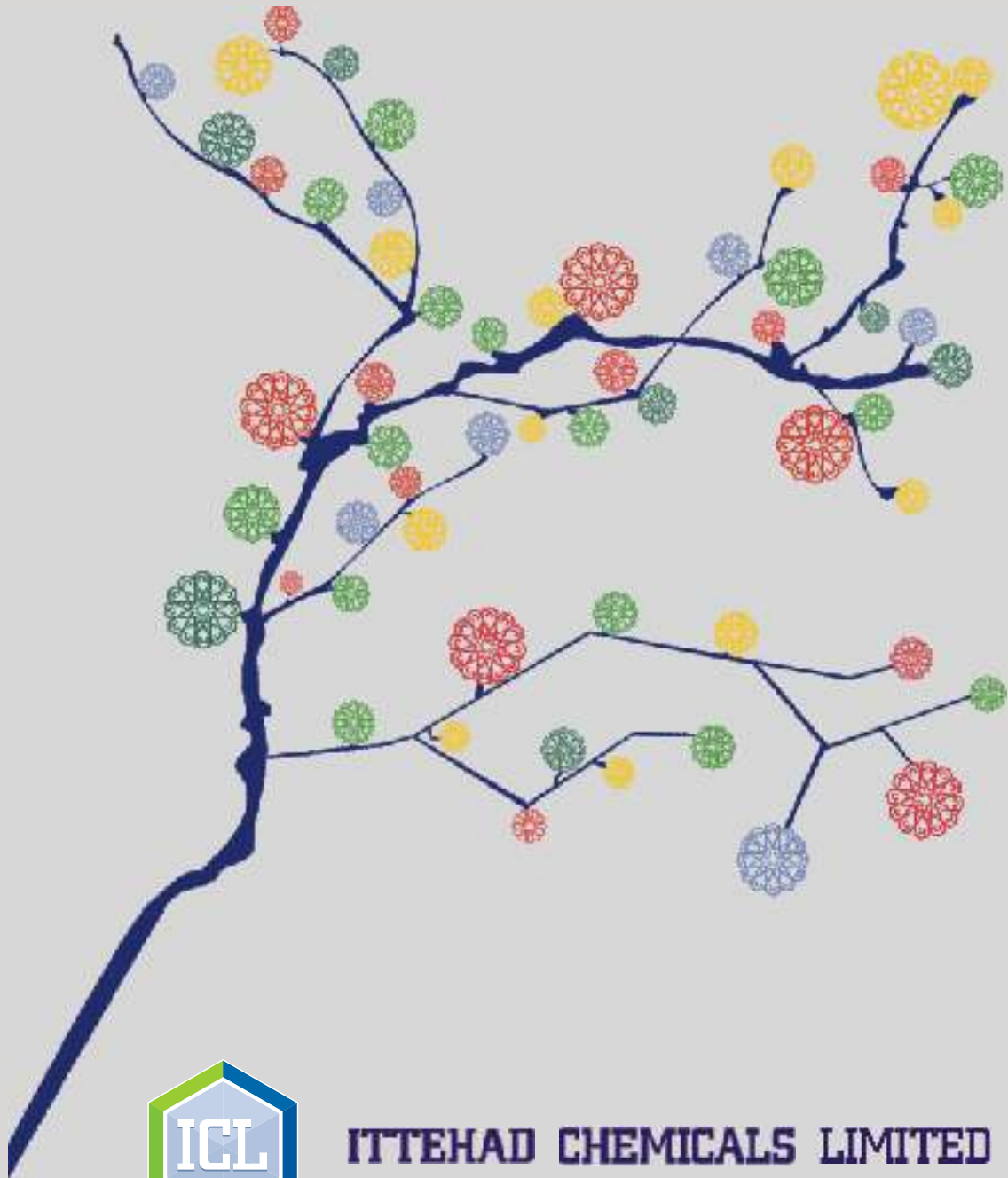


3RD QUARTERLY REPORT  
MARCH 31, 2018



**ITTEHAD CHEMICALS LIMITED**



**ITTEHAD CHEMICALS LIMITED**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
FOR THE NINE MONTHS ENDED MARCH 31, 2018  
(UN-AUDITED)



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## Corporate Information

<b>BOARD OF DIRECTORS</b>	Mr. Muhammad Siddique Khatri Mr. Abdul Sattar Khatri Ms. Farhana Abdul Sattar Khatri Mr. Waqas Siddiq Khatri Mr. Abdullah Mustafa Mr. Pervaiz Ahmad Khan Mr. Pervez Ismail	Chairman Director/CEO Director Director Director Director Director	Non-Executive Director Executive Director Non-Executive Director Executive Director Non-Executive Director Independent Director Independent Director
<b>AUDIT COMMITTEE</b>	Mr. Pervez Ismail Mr. Pervaiz Ahmad Khan Mr. Abdullah Mustafa	Chairman Member Member	
<b>HR &amp; REMUNERATION COMMITTEE</b>	Mr. Pervaiz Ahmad Khan Mr. Abdullah Mustafa Mr. Waqas Siddiq Khatri	Chairman Member Member	
<b>CHIEF FINANCIAL OFFICER</b>	Mr. Javed Iqbal		
<b>COMPANY SECRETARY</b>	Mr. Abdul Mansoor Khan		
<b>REGISTERED OFFICE/HEAD OFFICE</b>	39-Empress Road, P.O. Box 1414, Lahore-54000. Tel: 042 - 36306586 - 88, Fax: 042 - 36365697 Website: <a href="http://www.ittehadchemicals.com">www.ittehadchemicals.com</a> , E-mail: <a href="mailto:info@ittehadchemicals.com">info@ittehadchemicals.com</a>		
<b>PLANT</b>	G.T. Road, Kala Shah Kaku, District Sheikhpura. Ph: 042 - 37950222 - 25, Fax: 042 - 37950206		
<b>SHARES REGISTRAR</b>	M/s. Corplink (Pvt.) Limited Corporate and Financial Consultants Wings Arcade, I-K Commercial, Model Town, Lahore. Ph : 042 - 35839182, Fax : 042 - 35869037		
<b>BANKERS</b>	<u>Banks - Conventional Side</u> Askari Bank Limited Allied Bank Limited Faysal Bank Limited Habib Metro Bank Limited MCB Bank Limited National Bank of Pakistan Pak Libya Holding Co. (Pvt.) Ltd. Pakistan Kuwait Inv. Co. (Pvt.) Ltd. Pak Brunei Inv. Company Ltd. The Bank of Punjab United Bank Limited JS Bank Limited	<u>Banks - Islamic Window Operations</u> Al-Baraka Bank (Pakistan) Limited Dubai Islamic Bank (Pak) Limited Bank Alfalah Limited The Bank of Punjab (Taqwa Islamic Banking)	
<b>AUDITORS</b>	M/s. BDO Ebrahim & Co., Chartered Accountants, 2 <sup>nd</sup> Floor, Block- C, Lakson Square Building No.1, Sarwar Shaheed Road, Karachi. Ph: 021 - 35683189, 35683498, Fax : 021 - 35684239		
<b>LEGAL ADVISOR</b>	Cornelius, Lane & Mufti Advocates & Solicitors Nawa-e-Waqt House 4 - Shahrah-e-Fatima Jinnah Lahore-54000		



## DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting the un-audited condensed interim financial statements of the Company for the third quarter and nine months ended March 31, 2018.

The company posted net sales revenue of Rupees 4,329 Million (2017: Rupees 3,623 Million) with an increase of 19% during the nine months of current financial year under review. The cost of sales stood at Rupees 3,568 Million (2017: Rupees 3,115 Million) bringing gross profit to Rupees 761 Million (2017: Rupees 508 Million). Although, gross profit margin improved to 18% from 14% compared to corresponding period of last year on account of better Caustic Soda prices in local as well as international market; however it dropped to 14% in 3<sup>rd</sup> quarter from 24% of 2<sup>nd</sup> quarter of ongoing Financial Year which was primarily attributed to supply of imported Re-gasified Liquefied Natural Gas (RLNG) at higher prices. The major factors leading to higher fuel cost are charging of 100% RLNG rate by SNGPL instead of mix tariff of system Gas & RLNG, increased oil prices in international market and recent devaluation of Pak Rupee.

The bottom line showed a net Profit after tax of Rupees 202 Million (2017: Rupees 132 Million) which resulted in earnings per share of Rupees 2.62 (2017: Rupees 1.71).


The company's power efficient Caustic Soda IEM plant III is likely to come into production during the ongoing financial year. As conveyed in the earlier report, the Board of Directors has approved Linear Alkyl Benzene Sulphonic Acid (LABSA) Project. The letter of credit (L/C) has been established for LABSA Plant. The project is likely to be commissioned by the end of FY 2019. This will improve the profitability and is in line with the Management's commitment to enhance the shareholders' value.

The Management is committed to explore new markets and to modernize its existing plant. Increasing energy cost coupled with charging of higher RLNG tariff by SNGPL will remain the test for the industry. Future prospects of the Chemical industry depend on the Government energy policies which could result in bringing down the production cost.

The Board is thankful to the valuable Members, Customers, Banks and Government departments for their trust, confidence, persistent support and patronage and would like to place on record its gratitude to all the Employees of the company for their contribution, dedication and hard work.

Lahore  
April 25, 2018

  
Abdul Sattar Khatri  
Chief Executive Officer

On behalf of the Board  
  
Muhammad Siddique Khatri  
Chairman

## ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز نہایت خوشی کے ساتھ 31 مارچ 2018ء کو ختم ہونے والی تیسری سہ ماہی اور رواں مالی سال کے پہلے نو ماہ کی غیر پڑتال شدہ بین المدتی مالی گوشوارے پیش کر رہے ہیں۔

کمپنی کی رواں مالی سال کے نو ماہ کے زیرِ جائزہ عرصہ میں فروخت 19% فیصد اضافہ کے ساتھ 4,329 ملین (2017: مبلغ 3,623 ملین) رہی۔ فروخت کی لاگت 3,568 ملین روپے (2017: مبلغ 3,115 ملین) رہی۔ جس سے کمپنی کا خام منافع مبلغ 761 ملین روپے (2017: مبلغ 508 ملین) ہوا۔ مقامی اور بین الاقوامی مارکیٹوں میں کاسٹک سوڈا کی قیمتوں میں بہتری کی وجہ سے منافع کی شرح پچھلے سال کے اسی عرصہ 14% فیصد سے موجودہ عرصہ 18% فیصد تک بڑھ گئی۔ تاہم رواں مالی سال کی دوسری سہ ماہی میں یہ شرح 24% فیصد تھی جو کم ہو کہ تیسری سہ ماہی میں 14% فیصد رہ گئی۔ جس کی بنیادی وجہ درآمد شدہ ری گیسفائیڈ لیکفائیڈ نیچرل گیس کی بلند قیمتیں ہیں۔ ایندھن کی زیادہ لاگت کی بڑی وجوہات ایس۔ این۔ جی۔ پی۔ ایل (SNGPL) کی جانب سے RLNG پر 100% فیصد ٹیرف وصول کرنا بجائے اسکے کہ سسٹم گیس اور RLNG کا ملا جلا ٹیرف اور تیل کی بین الاقوامی منڈی میں قیمتوں کا بڑھنا اور پاکستان روپے کی قدر میں تنزلی ہے۔

گوشوارے کی آخری سطر ٹیکس کی ادائیگی کے بعد مبلغ 202 ملین روپے (2017: مبلغ 132 ملین) کا خالص منافع ظاہر کرتی ہے۔ جس کے نتیجے میں مبلغ 2.62 روپے (2017: مبلغ 1.71 روپے) فی حصص آمدن ہوئی۔

کمپنی کے موثر لاگت کا حامل IEM-3 پلانٹ رواں مالی سال میں پیداوار شروع کرنے کا اندازہ ہے۔ جیسا کہ گذشتہ رپورٹ میں بتایا گیا ہے کہ بورڈ آف ڈائریکٹرز نے لیبیر اکاؤنٹ بینزین، سلفونک ایسڈ (LABSA) پلانٹ لگانے کی منظوری دے دی ہے۔ LABSA پلانٹ کیلئے بنک کی جانب سے Letter of Credit قائم ہو گیا ہے۔ یہ منصوبہ مالی سال 2019 میں مکمل ہونے کا اندازہ ہے۔ جس سے منافع میں اضافہ ہوگا اور انتظامیہ کے عزم کہ حصص داران کی قدر میں اضافہ ہو کے مطابق ہے۔

مینجمنٹ نئی مارکیٹ کی تلاش اور اپنے موجودہ پلانٹ کو جدید بنانے کی کوشش جاری رکھے ہوئے ہے۔ توانائی کی بڑھتی ہوئی قیمتیں اور SNGPL کی جانب سے RLNG کے ٹیرف میں اضافہ صنعت کے لیے بہت بڑی آزمائش ہے۔ کیمیکل انڈسٹری کا مستقبل حکومت کی توانائی پالیسی پر منحصر ہے جو کہ پیداوار کی لاگت میں کمی لاسکتا ہے۔

بورڈ کیمٹی اپنے ممبرز، کسٹمرز، پینکس اور سرکاری حکاموں اور اپنے تمام ملازمین کے اعتماد، بھروسے مسلسل حمایت اور سرپرستی کے لیے تہ دل سے شکر گزار ہیں۔

منجانب بورڈ  
محمد صدیق کھتری  
چیرمین

عبدالستار کھتری  
چیف ایگزیکٹو آفیسر

25 اپریل 2018ء  
لاہور

## Condensed Interim Balance Sheet as at March 31, 2018

	Note	(Un-audited) March 31, 2018	(Audited) June 30, 2017
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	6	4,038,434	4,127,596
Capital work in progress	7	1,176,389	238,094
		5,214,823	4,365,690
Intangible assets		6,445	6,445
Investment property	8	117,600	117,600
Long term deposits		51,186	41,690
		5,390,054	4,531,425
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		449,435	477,341
Stock in trade		304,509	391,744
Trade debts		476,881	551,326
Loans and advances		212,992	197,664
Trade deposits and short term prepayments		6,651	11,060
Tax refunds due from Government		408,051	181,375
Taxation - net		91,932	146,268
Cash and bank balances		157,259	108,012
		2,107,710	2,064,790
<b>TOTAL ASSETS</b>		<b>7,497,764</b>	<b>6,596,215</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital	9.1	1,250,000	1,250,000
Issued, subscribed and paid up capital	9.2	770,000	770,000
Share premium		330,000	330,000
Unappropriated profit		1,423,469	1,321,454
		2,523,469	2,421,454
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		<b>794,848</b>	<b>794,848</b>
<b>NON CURRENT LIABILITIES</b>			
Long term financing	10	245,176	514,065
Long term diminishing musharaka	11	636,267	168,557
Deferred liabilities		307,315	261,770
		1,188,758	944,392
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,336,244	1,006,391
Mark-up accrued		37,021	32,694
Short term borrowings		1,117,988	890,499
Current portion of long term liabilities		499,436	505,937
		2,990,689	2,435,521
<b>CONTINGENCIES AND COMMITMENTS</b>	12	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,497,764</b>	<b>6,596,215</b>

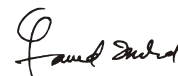
The annexed notes from 1 to 19 form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**Condensed Interim Profit And Loss Account (Un-audited)  
for the nine months ended March 31, 2018**

	Note	Nine months ended March 31,		Quarter ended March 31,	
		2018	2017	2018	2017
—— (Rupees in thousand) ——					
Sales - net		4,329,207	3,622,705	1,538,676	1,284,764
Cost of sales	13	(3,568,215)	(3,114,514)	(1,324,990)	(1,166,367)
Gross profit		760,992	508,191	213,686	118,397
Selling and distribution expenses		(263,543)	(183,440)	(103,211)	(53,662)
General and administrative expenses		(133,297)	(124,825)	(49,885)	(41,309)
Other operating expenses		(58,674)	(5,954)	(13,893)	(448)
Other operating income		47,518	33,338	18,152	25,192
		(407,996)	(280,881)	(148,837)	(70,227)
Operating profit / loss		352,996	227,310	64,849	48,170
Financial charges		(117,001)	(133,321)	(37,112)	(43,646)
Profit / (loss) before taxation		235,995	93,989	27,737	4,524
Taxation		(33,880)	37,753	13,171	(2,243)
Profit / (loss) after taxation		202,115	131,742	40,908	2,281
			Restated		Restated
Earnings per share - basic and diluted (Rupees)	14	2.62	1.71	0.53	0.03

The annexed notes from 1 to 19 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER





## Condensed Interim Statement of Comprehensive Income (Un-audited) for the nine months ended March 31, 2018

	Nine months ended March 31,		Quarter ended March 31,	
	2018	2017	2018	2017
—— (Rupees in thousand) ——				
Profit / (loss) for the period	202,115	131,742	40,908	2,281
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	202,115	131,742	40,908	2,281

The annexed notes from 1 to 19 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## Condensed Interim Cash Flow Statement (Un-audited) for the nine months ended March 31, 2018

	Nine months ended March 31, 2018                      2017 — (Rupees in thousand) —	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	235,995	93,989
Adjustments for items not involving movement of funds:		
Depreciation	251,609	243,563
Provision for gratuity	15,205	14,085
Loss / (Gain) on sale of fixed assets	38,506	(3,261)
Gain on foreign exchange	(4,027)	(298)
Provision for bad debts	7,500	7,500
Bad debts written off	622	-
Provision for obsolete stores	4,000	-
Financial charges	117,001	133,321
Net cash flow before working capital changes	666,411	488,899
Decrease / (increase) in current assets		
Stores and spares	23,906	6,058
Stock in trade	87,235	81,901
Trade debts	70,349	39,665
Loans and advances	(15,328)	20,532
Trade deposits and short term prepayments	4,409	2,280
Tax refunds due from the Government	(92,283)	2,961
	78,288	153,397
Increase / (decrease) in current liabilities		
Trade and other payables	329,714	119,974
Cash generated from operations	1,074,413	762,270
Income taxes paid	(79,981)	(82,259)
Gratuity paid	(3,617)	(5,366)
Financial charges paid	(126,766)	(130,754)
Net cash (used in) / generated from operating activities	864,049	543,891
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Additions to operating fixed assets - net	(17,937)	(40,017)
Additions to capital work in progress	(1,108,202)	(382,827)
Proceeds from sale of operating fixed assets	985	4,715
Long term deposits	(9,496)	(7,475)
Net cash used in investing activities	(1,134,650)	(425,604)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term financing	-	96,788
Repayment of long term financing	(275,390)	(162,889)
Proceeds from long term diminishing musharaka	571,373	17,370
Repayment of long term diminishing musharaka	(103,663)	(82,429)
Dividend paid	(99,961)	(97,151)
Short term borrowings	227,489	139,777
Net cash inflow from financing activities	319,848	(88,534)
Net increase in cash and cash equivalents	49,247	29,753
Cash and cash equivalents at the beginning of the period	108,012	126,405
Cash and cash equivalents at the end of the period	157,259	156,158

The annexed notes from 1 to 19 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## Condensed Interim Statement of Changes in Equity (Un-audited) for the nine months ended March 31, 2018

	Share capital	Share premium	Unappropriated profit	Total
	(Rupees in thousand)			
Balance as at July 01, 2016	650,000	150,000	1,184,570	1,984,570
Transaction with owners:				
Final cash dividend 2016: Re. 1.5 per share	-	-	(97,500)	(97,500)
Total Comprehensive income for the period	-	-	131,742	131,742
Balance as at March 31, 2017	650,000	150,000	1,218,812	2,018,812
Transaction with owners:				
Right shares issued during the period	120,000	180,000	-	300,000
Total Comprehensive income for the period:				
Profit for the period	-	-	101,605	101,605
Remeasurement of defined benefit liability - net	-	-	1,037	1,037
Balance as at June 30, 2017	770,000	330,000	1,321,454	2,421,454
Transaction with owners:				
Final cash dividend 2017: Re. 1.3 per share	-	-	(100,100)	(100,100)
Total Comprehensive income for the period	-	-	202,115	202,115
Balance as at March 31, 2018	770,000	330,000	1,423,469	2,523,469

The annexed notes from 1 to 19 form an integral part of these financial statements.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## Notes to the Condensed Interim Financial Information (Un-audited) for the nine months ended March 31, 2018

### 1 LEGAL STATUS AND NATURE OF BUSINESS

Ittehad Chemicals Limited (the Company) was incorporated on September 28, 1991 to takeover the assets of Ittehad Chemicals and Ittehad Pesticides under a Scheme of Arrangement dated June 18, 1992 as a result of which the Company became a wholly owned subsidiary of Federal Chemical and Ceramics Corporation (Private) Limited. The Company was privatized on July 03, 1995 when 90% of the shares were transferred to the buyer.

The Company was listed on Karachi Stock Exchange on April 14, 2003 when sponsors of the Company offered 25% of the issued, subscribed and paid up shares of the Company to the general public.

The registered office of the Company is situated at 39, Empress Road, Lahore. The Company is engaged in the business of manufacturing and selling caustic soda and other allied chemicals.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

This condensed interim financial information of the Company for the nine months period ended March 31, 2018 has been prepared in accordance with the requirements of International Accounting Standard - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended June 30, 2017 which have been prepared in accordance with approved accounting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial information of the Company for the year ended June 30, 2017, whereas the comparative condensed interim profit and loss accounts, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the nine months period ended March 31, 2017.

#### 2.2 Basis of measurement

This condensed interim financial information have been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value, investment property at fair value and certain operating fixed assets at revalued amounts.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.



### 2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information are same as those for the preceding annual financial information for the year ended June 30, 2017.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2017. The adoption of these new and amended standards did not have material impact on the Company's condensed interim financial information.

## 4 TAXATION

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

## 5 ESTIMATES

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial information for the year ended June 30, 2017.

## 6 OPERATING FIXED ASSETS

		<b>(Un-audited) March 31, 2018</b>	<b>(Audited) June 30, 2017</b>
	<b>Note</b>	<b>— (Rupees in thousand) —</b>	
Opening net book value (NBV)		4,127,596	3,637,902
Additions (at cost) during the period / year	6.1	207,937	880,890
		<u>4,335,533</u>	<u>4,518,792</u>
Disposals (at NBV) during the period / year	6.2	(39,490)	(57,076)
Adjustment against land during the period / year	6.3	(6,000)	-
Depreciation charged during the period / year		<u>(251,609)</u>	<u>(334,120)</u>
		<u>(297,099)</u>	<u>(391,196)</u>
Closing net book value (NBV)		<u>4,038,434</u>	<u>4,127,596</u>

	(Un-audited) March 31, 2018	(Audited) June 30, 2017
Note	(Rupees in thousand)	
6.1	Details of additions (at cost) during the period / year are as follows:	
	-	94,415
	-	10,046
	189,430	731,044
	10,700	16,107
	39	319
	1,854	2,445
	5,914	26,514
	<u>207,937</u>	<u>880,890</u>
6.2	Details of disposals (at NBV) during the period / year are as follows:	
	-	1,734
	39,415	53,734
	-	162
	75	1,446
	<u>39,490</u>	<u>57,076</u>

6.3 This represents reimbursement of expenses incurred by the Company to clear the title of the free hold land by the owner of the property.

6.4 The DSA plant and machinery has been retired / disposed off during the period as it has no economic use in future. This has been sold through scrapped.

6.5 Fair value measurement (revalued property, plant and equipment)

6.5.1 Fair value measurement of free hold land is based on the valuations carried out by an independent valuer M/s. Unicorn International Surveyors as at June 30, 2015 on the basis of market value.

6.5.2 Fair value measurement of revalued land is based on assumptions considered to be level 2 inputs.

6.6 Valuation techniques used to derive level 2 fair values - Land.

Fair value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input in this valuation approach is price / rate per kanal in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.



	Note	(Un-audited) March 31, 2018	(Audited) June 30, 2017
———— (Rupees in thousand) ————			
<b>7 CAPITAL WORK IN PROGRESS</b>			
Advances		11,639	51,794
Building	7.1	55,914	1,200
Plant and machinery	7.1	1,108,836	185,100
		<u>1,176,389</u>	<u>238,094</u>
<b>7.1 Movement of carrying amount</b>			
		<b>Building</b>	<b>Plant &amp; Machinery</b>
		———— (Rupees in thousand) ————	
Period Ended March 2018			
Opening balance July 2017		1,200	185,100
Additions (at cost)		52,197	1,070,098
Transferred		2,517	(2,517)
Transferred to operating fixed assets		-	(143,845)
Closing balance		<u>55,914</u>	<u>1,108,836</u>
Year Ended June 2017			
Opening balance July 2016		-	425,966
Additions (at cost)		6,338	477,556
Transferred to operating fixed assets		(5,138)	(718,422)
Closing balance		<u>1,200</u>	<u>185,100</u>
<b>7.2 Borrowing cost capitalised during the period amounted to Rs. 14.093 million (2017: Rs. 7.705 million) at an average rate of 7.53% (2017: 7.59%) per annum.</b>			
		(Un-audited) March 31, 2018	(Audited) June 30, 2017
		———— (Rupees in thousand) ————	
<b>8 INVESTMENT PROPERTY</b>			
Freehold land	8.1	<u>117,600</u>	<u>117,600</u>
<b>8.1 The movement in this account is as follows:</b>			
Opening balance		117,600	104,400
Fair value gain on revaluation shown in "income statement"		-	13,200
		<u>117,600</u>	<u>117,600</u>
<b>8.2 Fair value measurement (Investment property)</b>			
This comprises commercial property that is freehold land held for capital appreciation. The carrying value of investment property is the fair value of the property as at June 30, 2017 as determined by approved independent valuer M/s Unicorn International Services. Fair value is determined having regard to recent market transactions for similar properties in the same location and condition.			

Fair value measurement of investment property is based on assumptions considered to be based on level 2 inputs.

Valuation techniques used to derive level 2 fair values - Land.

Fair value of land has been derived using a sales comparison approach. Sale prices of comparable land in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input in this valuation approach is price / rate per kanal in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

	<b>(Un-audited) March 31, 2018</b>	<b>(Audited) June 30, 2017</b>
	— (Rupees in thousand) —	
<b>9 SHARE CAPITAL</b>		
<b>9.1 Authorized share capital</b>		
100,000,000 (June 30, 2017: 100,000,000) ordinary shares of Rs. 10/- each	1,000,000	1,000,000
25,000,000 (June 30, 2017: 25,000,000) preference shares of Rs. 10/- each	250,000	250,000
	<u>1,250,000</u>	<u>1,250,000</u>
<b>9.2 Issued, subscribed and paid up share capital</b>		
27,100,000 (June 30, 2017: 27,100,000) ordinary shares of Rs. 10/- each fully paid in cash	271,000	271,000
24,900,000 (June 30, 2017: 24,900,000) ordinary shares of Rs. 10/- each issued for consideration other than cash	249,000	249,000
25,000,000 (June 30, 2017: 25,000,000) fully paid bonus shares of Rs. 10/- each	250,000	250,000
	<u>770,000</u>	<u>770,000</u>
<b>10 LONG TERM FINANCING</b>		
From banking companies and financial institutions - secured		
Balance as at July 01	852,679	944,505
Obtained during the period / year	-	96,788
Repayments made during the period / year	(275,390)	(188,614)
	<u>577,289</u>	<u>852,679</u>
Current portion shown under current liabilities	(332,113)	(338,614)
	<u>245,176</u>	<u>514,065</u>





	(Un-audited) March 31, 2018	(Audited) June 30, 2017
— (Rupees in thousand) —		
<b>11 LONG TERM DIMINISHING MUSHARAKA</b>		
From banking companies and financial institutions - secured		
Balance as at July 01	335,880	464,600
Obtained during the period / year	571,373	17,370
Repayments made during the period / year	(103,663)	(146,090)
	803,590	335,880
Current portion shown under current liabilities	(167,323)	(167,323)
	636,267	168,557

**12 CONTINGENCIES AND COMMITMENTS****12.1 Contingent liabilities**

- a) The Company has received an order under section 161/205 of the Income Tax Ordinance, 2001 for tax year 2004 creating demand of Rs. 12.069 million (June 30, 2017: Rs. 12.069 million). The Company challenged it before Commissioner of Inland Revenue (Appeals) Zone-1 who decided the case in favour of the Company. The department had filed an appeal before Appellate Tribunal Inland Revenue. The Honourable ATIR (Appellate Tribunal Inland Revenue) remanded the case back to the Commissioner (Appeals) Zone-1 to pass a speaking order. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 12.069 million.
- b) The taxation authorities have amended the deemed assessment for the Tax Year 2010 by passing an order u/s 122(5A) of the Income Tax Ordinance, 2001 creating, thereby, income tax demand of Rs. 54.510 million. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) who partially set aside and remanded back and also partially decided in favour of the Company. The Company as well as tax department filed an appeal against the said order before Appellate Tribunal Inland Revenue which is still pending adjudication. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in maximum tax payable of Rs. 54.510 million.
- c) The taxation authorities have amended the deemed assessment for Tax Year 2006 by passing an order u/s 122(5A) of the Income Tax Ordinance, 2001. The Company challenged the same before Commissioner Inland Revenue (Appeals) who partially set aside and partially decided against the Company. The Company has filed an appeal before Appellate Tribunal Inland Revenue against the said order. The ATIR remanded the case back to the Additional Commissioner Inland Revenue (ADCIR). In remand back proceeding ADCIR decided the case partially in favour of the Company. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) CIR (A) against the remaining portion. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 4.080 million (June 30, 2017: Rs. 4.080 million).



- d) Additional Commissioner has passed an order u/s 122(5A) of the Income Tax Ordinance, 2001 adding back tax credit u/s 65B of the Income Tax Ordinance, 2001 on Balancing, Modernization, and Replacement and tax credit on donations for Tax Year 2012. Tax amounting to Rs. 12.570 million has been assessed. The Company has challenged the case before Commissioner Inland Revenue (Appeals) who has decided it against the Company. The Company has filed appeal before Appellate Tribunal Inland Revenue. The ATIR remanded the case back to the Additional Commissioner Inland Revenue (ADCIR). In remand back proceedings the demand has been reduced to 2.922 million. The Company has preferred an appeals before Commissioner Inland Revenue (Appeals) CIR (A) against the demand. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 2.922 million (June 30, 2017: Rs. 2.922 million).
- e) Proceedings u/s 161 were initiated by DCIR for the tax year 2013. The DCIR passed order u/s 161/205 and demand amounting to Rs. 1.423 million for tax year 2013 was created vide said order. The Company being aggrieved filed appeal before CIR (A), which is pending for adjudication. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 1.423 million.
- f) Demand amounting to Rs. 6.242 million has been created by DCIR vide order u/s 11 of Sales Tax Act, 2001 dated December 14, 2015 against the M/s Chemi Chloride Industries (Private) Limited, (now merged with and into the Company). The Company being aggrieved filed appeal before CIR (A). CIR (A) remanded back the case. The Company being aggrieved with order passed by CIR (A) filed appeal before ATIR which is still pending for adjudication. The Company expects a favorable outcome of the proceedings. However, if the case is decided against the Company, it may result in tax payable of Rs. 6.242 million.
- g) The Company is facing claims, launched in the labour courts, pertaining to staff retirement benefits. In the event of an adverse decision, the Company would be required to pay an amount of Rs. 3.864 million (June 30, 2017: Rs. 3.864 million) against these claims.
- h) Letters of guarantee outstanding as at March 31, 2018 were Rs. 238.344 million (June 30, 2017: Rs. 233.439 million).

## 12.2 Commitments

Commitments as on March 31, 2018 were as follows:

- a) Against letters of credit amounting to Rs. 399.111 million (June 30, 2017: Rs. 642.924 million).
- b) Against purchase of land amounting to Rs. 1.838 million (June 30, 2017: Rs. 9.338 million).

	(Un-audited)			
	Nine months ended March 31,		Quarter ended March 31,	
	2018	2017	2018	2017
	(Rupees in thousand)			
<b>13 COST OF SALES</b>				
Raw materials consumed	450,251	433,848	146,786	150,143
Other overheads:				
Stores, spares and consumables	181,188	252,684	53,804	90,657
Packing materials consumed	32,475	24,243	12,850	10,474
Salaries, wages and other benefits	330,677	295,415	111,765	97,354
Fuel and power	2,158,682	1,764,813	839,037	744,397
Repair and maintenance	36,204	25,368	10,400	9,123
Rent, rates and taxes	748	607	251	204
Insurance	8,869	11,997	2,835	3,292
Depreciation	244,551	238,794	84,191	87,286
Vehicle running expenses	7,606	11,477	2,722	3,099
Telephone, telex and postage	389	461	119	143
Printing and stationery	68	75	24	22
Other expenses	2,376	2,249	931	1,039
	<u>3,003,833</u>	<u>2,627,583</u>	<u>1,118,929</u>	<u>1,047,090</u>
Opening work in process	28,133	21,107	29,490	27,484
Closing work in process	(31,851)	(23,275)	(31,851)	(23,275)
	<u>(3,718)</u>	<u>(2,168)</u>	<u>(2,361)</u>	<u>4,209</u>
Cost of goods manufactured	<u>3,450,366</u>	<u>3,059,263</u>	<u>1,263,354</u>	<u>1,201,442</u>
Cost of stores traded	24,185	15,401	4,899	10,809
Opening stock of finished goods	301,434	323,412	264,507	237,678
Closing stock of finished goods	(207,770)	(283,562)	(207,770)	(283,562)
	<u>93,664</u>	<u>39,850</u>	<u>56,737</u>	<u>(45,884)</u>
	<u>3,568,215</u>	<u>3,114,514</u>	<u>1,324,990</u>	<u>1,166,367</u>
<b>14 EARNINGS PER SHARE</b>				
- BASIC AND DILUTED				
Profit / (loss) after taxation				
- (Rs. in thousand)	<u>202,115</u>	<u>131,742</u>	<u>40,908</u>	<u>2,281</u>
Weighted average number of ordinary shares - (in thousand)	<u>77,000</u>	<u>77,000</u>	<u>77,000</u>	<u>77,000</u>
Earnings per share - basic and diluted - (Rs.)	<u>2.62</u>	<u>1.71</u>	<u>0.53</u>	<u>0.03</u>

Restated

Restated

14.1 Prior period earnings per share have been adjusted to give effect of bonus element included in the right issue.

## 15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are given as under:

		(Un-audited)			
		Nine months ended March 31,		Quarter ended March 31,	
		2018	2017	2018	2017
		(Rupees in thousand)			
Transaction with:					
Relationship with the Company	Nature of transaction				
Related party	Marketing services charges	20,498	17,332	7,595	6,215
Associated company	Loan received	-	143,200	-	30,000
Retirement benefit Plans	Contribution to staff retirement benefit plans	334	335	112	105
Key management Personnel	Remuneration and other benefits	61,570	55,508	18,610	17,072
		(Un-audited) March 31, 2018		(Audited) June 30, 2017	
		(Rupees in thousand)			

Period / Year end Balances:

Relationship with the Company	Nature of outstanding balances		
Other related parties	Trade and other payables	11,849	7,275

## 16 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.



The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There were no financial instruments held by the Company which are measured at fair value as of March 31, 2018 and June 30, 2017.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

		(Un-audited) March 31, 2018
		— (Rupees in thousand) —
17	STATUS OF PROCEEDS RAISED THROUGH RIGHT ISSUE FOR IEM II	
	Funds received against issue of right shares	300,000
	Utilization / Expenses incurred till 31 March 2018	
	Material In Stores - CWIP	(588,023)
	Plant and machinery - CWIP	(344,626)
	Building - CWIP	(55,914)
		(988,563)
	Over-utilized fund	17.1 (688,563)

17.1 Total project cost is Rs. 1,014.00 million which is being financed through equity (right issue) Rs. 300 million and remaining through financings facilities.

#### 18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 25, 2018 by the Board of Directors of the Company.

#### 19 GENERAL

Amounts have been rounded off to the nearest rupees in thousand unless otherwise stated.

  
CHIEF EXECUTIVE

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER



Ms Certification  
No of Certificate 236



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