

**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2018  
(UN-AUDITED)**

**GOC (PAK) LIMITED  
SIALKOT**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Khawar Anwar Khawaja (Chief Executive)  
Mr. Khurram Anwar Khawaja (Chairman)  
Mr. Muhammad Tahir Butt  
Mrs. Nuzhat Khawar Khawaja  
Mr. Ameer Khawar Khawaja  
Mr. Omer Khawar Khawaja  
Dr. Aamir Matin

### AUDIT COMMITTEE

Mr. Khurram Anwar Khawaja  
Mr. Omer Khawar Khawaja  
Dr. Aamir Matin

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Khawar Anwar Khawaja  
Mr. Khurram Anwar Khawaja  
Dr. Aamir Matin

### CORPORATE SECRETARY / CFO

Muhammad Ashraf Butt

### HEAD OF INTERNAL AUDIT

Saeed Ahmed Shaheen

### AUDITORS

Tabussum Saleem & Company  
Chartered Accountants  
Office # 1, 3<sup>rd</sup> Floor, Madina Heights  
87-E, Maulana Shaukat Ali Road  
Johar Town, Lahore - Pakistan  
Phone: 042-35173258 - 35173260  
E-mail: [matabussum@yahoo.com](mailto:matabussum@yahoo.com)

### REGISTERED OFFICE AND WORKS

Small Industries Estate  
Sialkot 4 - Pakistan  
Phone: 052-3555338, 3563051-52  
Fax: 052- 3551252, 3553609  
E-mail: [info@gocpak.com](mailto:info@gocpak.com)  
Web: [www.gocpak.com](http://www.gocpak.com)

### SHARE REGISTRARS

CorpTec Associates (Pvt) Limited  
Share Registrar & Corporate Consultants  
503 – E, Johar Town, Lahore  
Phone: 042-35170336-37  
Fax: 042- 35170338

## DIRECTORS' REPORT

It gives me great pleasure to present, on behalf of the Board of Directors, the condensed interim financial information (un-audited) for the quarter and half year ended 31 December 2018 together with the review report of the statutory auditors.

The sales for the half year have increased by 17.96% to Rupees 106.085 million as against Rupees 89.932 million for the corresponding period. Company earned gross profit of Rupees 34.808 million as compared to Rupees 28.428 million for the corresponding period. Profit per share was Rupees 1.01 as compared to Rupees 0.60 for the corresponding period. There is increasing trend in the sales of wooden and composite hockey sticks whereas there is decline in export and local sales of cricket balls.

The share of profit of associated company, Grays Leasing Limited, was recorded at Rupees 0.535 million against loss of Rupees (0.165) million for the corresponding period.

The Company has continued to focus on reassessing the changing needs of the markets and investing in product quality and innovation.

Keeping in view the present market situation the directors are satisfied with the results and express their commitment and are confident of further improvements in the business of the company.

The Board places on record its profound gratitude for its valued shareholders and customers, whose cooperation, continued support and patronage have enabled the company to strive for constant improvement. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the staff and workers of the company.

For and on behalf of the Board



Khawar Anwar Khawaja  
Chief Executive

Sialkot: 22 February 2019

## ڈائریکٹرز رپورٹ

مجھے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2018 کو ختم ہونے والی سہ ماہی اور آدھے سال کے غیر آڈٹ شدہ (قانونی آڈیٹرز کے محدود جائزہ لینے کے بعد) اکاؤنٹس پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

اس عرصہ کے دوران فروخت پچھلے سال کے مقابلے میں 17.96% اضافے کے بعد 106.085 ملین روپے رہی جو کہ پچھلے سال 89.932 ملین روپے تھی۔ کمپنی کو اس عرصہ کے دوران گراس پرافٹ 34.808 ملین روپے رہا جو کہ مقابلے میں پچھلے اسی عرصہ کے دوران 28.428 ملین روپے تھا۔ فی حصص منافع 1.01 روپے فی شیئر رہا جو کہ پچھلے سال انہی چھ ماہ کے دوران 0.60 روپے فی شیئر منافع تھا۔ ان چھ ماہ کے دوران لکڑی اور کمپوزٹ ہاکی کی فروخت میں اضافے کا رجحان رہا۔ جبکہ کرکٹ بال کی اندرون ملک اور بیرون ملک فروخت میں کمی کا رجحان رہا۔

ایسوسی ایٹ کمپنی گریڈ لیزنگ کا منافع 0.535 ملین روپے رہا جو کہ مقابلے میں پچھلے سال اسی عرصہ کے دوران (0.165) ملین روپے نقصان تھا۔

کمپنی مصنوعات کے معیار، جدت طرازی اور مارکیٹ کے بدلتے ہوئے رجحانات پر مسلسل نظر رکھے ہوئے ہے۔ مارکیٹ کی موجودہ صورت حال دیکھتے ہوئے ڈائریکٹرز کمپنی کی کارکردگی سے مطمئن ہیں اور کمپنی کے کاروبار میں مزید بہتری کے لیے پرامید ہیں۔ بورڈ اپنے قابل قدر حصص داران اور گاہکان کا تہہ دل سے مشکور ہے جن کے تعاون، مسلسل حمایت اور سرپرستی کی وجہ سے کمپنی مسلسل بہتری کی کوشش کر رہی ہے۔

زیر جائزہ عرصہ کے دوران انتظامیہ اور ملازمین کے تعلقات خوشگوار رہے اور ہم کمپنی کے تمام سٹاف ممبرز اور کارکنان کے لیے ان کی لگن، ہمت اور تندہی سے کام کرنے پر شکر گزار ہیں

بحکم بورڈ

سیالکوٹ: 22 فروری 2019

*Lawrence Muneer*

خاور انور خواجہ

چیف ایگزیکٹو



**TABUSSUM SALEEM & CO.**  
**CHARTERED ACCOUNTANTS**

**INDEPENDENT AUDITORS' REVIEW REPORT**

**TO THE MEMBERS OF GOC (PAK) LIMITED  
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **GOC (PAK) LIMITED** as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the financial statements for the six month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 have not been reviewed, and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended December 31, 2018.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the six month ended December 31, 2018 is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit report in this independent auditor's report is Muhammad Aslam

Tabussum (FCA)  


**TABUSSUM SALEEM & CO.**  
Chartered Accountants



Place: Lahore  
Date: February 22, 2019

Office # 1, 3rd Floor, Madina Heights, Wapda Scheme, Shaukat Ali Road, Johar Town, Lahore - Pakistan.  
Tel: 042-35173258 Email: matabussum@yahoo.com

## CONDENSED INTERIM FINANCIAL INFORMATION

### CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

		Un-audited 31 December 2018	Audited 30 June 2018
	Note	Rupees	Rupees
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	56,530,772	57,723,166
Long term investments	5	26,608,701	26,235,351
Long term deposits		1,126,248	1,126,248
		<u>84,265,721</u>	<u>85,084,765</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		1,320,092	1,914,741
Stock in trade		151,225,452	126,212,320
Trade debts		28,121,220	10,958,012
Advances		20,870,740	20,475,170
Trade deposits and short term prepayments		1,912,240	1,395,988
Other receivables		26,157,092	22,573,696
Cash and bank balances		14,695,629	58,260,424
		<u>244,302,465</u>	<u>241,790,351</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		50,694,914	47,617,396
Provision for taxation		1,634,333	3,139,988
Unclaimed dividend		1,036,242	907,255
		<u>53,365,489</u>	<u>51,664,639</u>
<b>NET ASSETS</b>		<u><u>275,202,697</u></u>	<u><u>275,210,477</u></u>
<b>REPRESENTED BY:</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
10,000,000 (30 June 2018: 10,000,000) ordinary shares of Rupees 10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid up share capital			
7,349,341 (30 June 2018: 7,349,341) ordinary shares of Rupees 10 each		73,493,410	73,493,410
Reserves		201,709,287	201,717,067
Total equity		<u><u>275,202,697</u></u>	<u><u>275,210,477</u></u>

#### Contingencies and commitments

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The annexed notes form an integral part of these condensed interim financial statements.



**KHAWAR ANWAR KHAWAJA**  
CHIEF EXECUTIVE



**MUHAMMAD TAHIR BUTT**  
DIRECTOR



**MUHAMMAD ASHRAF BUTT**  
CFO

# GOC (PAK) LIMITED SIALKOT

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Note	Half Year Ended		Quarter Ended	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
		Rupees	Rupees	Rupees	Rupees
SALES		106,084,921	89,932,417	68,239,141	47,065,516
COST OF SALES	7	<u>(71,276,441)</u>	<u>(61,504,215)</u>	<u>(45,200,503)</u>	<u>(33,289,053)</u>
GROSS PROFIT		34,808,480	28,428,202	23,038,638	13,776,463
DISTRIBUTION COST		<u>(5,085,982)</u>	<u>(5,204,616)</u>	<u>(3,019,051)</u>	<u>(2,670,876)</u>
ADMINISTRATIVE EXPENSES		<u>(17,896,539)</u>	<u>(16,318,872)</u>	<u>(9,931,691)</u>	<u>(8,538,586)</u>
OTHER EXPENSES		<u>(4,207,864)</u>	<u>(1,144,328)</u>	<u>(3,631,672)</u>	<u>(753,730)</u>
		<u>(27,190,385)</u>	<u>(22,667,816)</u>	<u>(16,582,414)</u>	<u>(11,963,192)</u>
		7,618,095	5,760,386	6,456,224	1,813,271
OTHER INCOME		<u>525,739</u>	<u>417,343</u>	<u>204,232</u>	<u>359,603</u>
PROFIT FROM OPERATIONS		8,143,834	6,177,729	6,660,456	2,172,874
FINANCE COST		<u>(203,093)</u>	<u>(315,619)</u>	<u>(116,306)</u>	<u>(163,202)</u>
		7,940,741	5,862,110	6,544,150	2,009,672
SHARE OF PROFIT / (LOSS) OF ASSOCIATED COMPANY		<u>534,658</u>	<u>(165,049)</u>	<u>523,915</u>	<u>(320,312)</u>
PROFIT BEFORE TAXATION		8,475,399	5,697,061	7,068,065	1,689,360
TAXATION					
- Current		<u>(972,530)</u>	<u>(1,193,317)</u>	<u>(521,087)</u>	<u>(651,694)</u>
- Share of tax of associate		<u>(82,398)</u>	<u>(115,670)</u>	<u>(24,085)</u>	<u>(70,572)</u>
		<u>(1,054,928)</u>	<u>(1,308,987)</u>	<u>(545,172)</u>	<u>(722,266)</u>
PROFIT AFTER TAXATION		<u><b>7,420,471</b></u>	<u><b>4,388,074</b></u>	<u><b>6,522,893</b></u>	<u><b>967,094</b></u>
EARNINGS PER SHARE - BASIC AND DILUTED		<u>1.01</u>	<u>0.60</u>	<u>0.89</u>	<u>0.13</u>

The annexed notes form an integral part of these condensed interim financial statements.

  
**KHAWAR ANWAR KHAWAJA**  
CHIEF EXECUTIVE

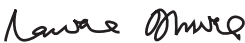
  
**MUHAMMAD TAHIR BUTT**  
DIRECTOR

  
**MUHAMMAD ASHRAF BUTT**  
CFO

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Half Year Ended		Quarter Ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	Rupees	Rupees	Rupees	Rupees
PROFIT AFTER TAXATION FOR THE PERIOD	7,420,471	4,388,074	6,522,893	967,094
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified to profit or loss:				
Deficit arising on remeasurement of investment at fair value through other comprehensive income	(78,910)	-	(213,525)	-
Items that may be reclassified subsequently to profit or loss:				
(Deficit) / surplus on re-measurement of available for sale investment	-	(165,881)	-	(300,496)
Other comprehensive loss for the period	(78,910)	(165,881)	(213,525)	(300,496)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>7,341,561</u>	<u>4,222,193</u>	<u>6,309,368</u>	<u>666,598</u>

The annexed notes form an integral part of these condensed interim financial statements.



**KHAWAR ANWAR KHAWAJA**  
CHIEF EXECUTIVE



**MUHAMMAD TAHIR BUTT**  
DIRECTOR



**MUHAMMAD ASHRAF BUTT**  
CFO

**GOC (PAK) LIMITED**  
**SIALKOT**

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	31 December 2018	31 December 2017
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,475,399	5,697,061
Adjustment for:		
Depreciation on property, plant and equipment	3,872,367	2,664,512
Profit on deposit accounts	(505,933)	(402,905)
Dividend income	(15,015)	(14,438)
Share of loss of associated company	(534,658)	165,049
Loss on disposal of property, plant and equipment	(4,791)	3,220
Finance cost	203,093	315,619
	3,015,063	2,731,057
Cash generated from operating activities before working capital changes	11,490,462	8,428,118
<b>Decrease / (increase) in current assets</b>		
Stores, spare parts and loose tools	594,649	(424,753)
Stock in trade	(25,013,132)	(25,835,875)
Trade debts	(17,163,208)	23,914,585
Advances	(1,779,604)	(2,794,707)
Trade deposits and short term prepayments	(516,252)	722,052
Other receivables	(3,615,422)	1,121,489
	(47,492,969)	(3,297,209)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	3,073,246	(1,984,453)
<b>Cash generated from / (utilized in) operations</b>	(32,929,261)	3,146,456
Finance cost paid	(203,093)	(315,619)
Income tax paid	(1,089,879)	(2,872,090)
<b>Net cash utilized in operating activities</b>	(34,222,233)	(41,253)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment	(2,697,182)	(2,535,136)
Proceeds from disposal of property, plant and equipment	22,000	3,240,653
Profit on deposit accounts received	537,959	412,562
Dividend income	15,015	14,438
<b>Net cash from / (used in) investing activities</b>	(2,122,208)	1,132,517
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(7,220,354)	(4,783,101)
<b>Net cash used in financing activities</b>	(7,220,354)	(4,783,101)
<b>Net decrease in cash and cash equivalents</b>	(43,564,795)	(3,691,837)
<b>Cash and cash equivalents at the beginning of the period</b>	58,260,424	24,006,835
<b>Cash and cash equivalents at the end of the period</b>	14,695,629	20,314,998

The annexed notes form an integral part of these condensed interim financial statements.



**KHAWAR ANWAR KHAWAJA**  
CHIEF EXECUTIVE



**MUHAMMAD TAHIR BUTT**  
DIRECTOR



**MUHAMMAD ASHRAF BUTT**  
CFO

# CONDENSED INTERIM FINANCIAL INFORMATION

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	RESERVES										TOTAL EQUITY
	SHARE CAPITAL	CAPITAL				REVENUE		TOTAL RESERVES			
		Capital reserve	Fair value reserve AFS investments	Fair value reserve FVTOCI investments	Sub total	General reserve	Unappropriated Profit	Sub total	TOTAL RESERVES		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
<b>Balance as at 30 June 2017 (Audited)</b>	73,493,410	1,000,000	503,321	-	1,503,321	104,455,492	74,333,803	178,789,295	180,292,616	253,786,026	
Transaction with owners - Final dividend for the year ended 30 June 2017 @ Rs. 0.65 per share	-	-	-	-	-	-	(4,777,114)	(4,777,114)	(4,777,114)	(4,777,114)	
Profit for the period ended 31 December 2017	-	-	-	-	-	-	4,388,074	4,388,074	4,388,074	4,388,074	
Other comprehensive loss for the period ended 31 December 2017	-	-	(165,881)	-	(165,881)	-	-	-	(165,881)	(165,881)	
Total comprehensive income for the period ended 31 December 2017	-	-	(165,881)	-	(165,881)	-	4,388,074	4,388,074	4,222,193	4,222,193	
<b>Balance as at 31 December 2017 (Un-audited)</b>	73,493,410	1,000,000	337,440	-	1,337,440	104,455,492	73,944,763	178,400,255	179,737,695	253,231,105	
<b>Balance as at 30 June 2018 (Audited)</b>	73,493,410	1,000,000	415,195	-	1,415,195	104,455,492	95,846,380	200,301,872	201,717,067	275,210,477	
Adjustment on adoption of IFRS 9 (Note 3.2.3)	-	-	(415,195)	415,195	-	-	-	-	-	-	
<b>Adjusted total equity as at 01 July 2018</b>	73,493,410	1,000,000	-	415,195	1,415,195	104,455,492	95,846,380	200,301,872	201,717,067	275,210,477	
Transaction with owners - Final dividend for the year ended 30 June 2018 @ Rs. 1.00 per share	-	-	-	-	-	-	(7,349,341)	(7,349,341)	(7,349,341)	(7,349,341)	
Profit for the period ended 31 December 2018	-	-	-	-	-	-	7,420,471	7,420,471	7,420,471	7,420,471	
Other comprehensive loss for the period ended 31 December 2018	-	-	-	(78,910)	(78,910)	-	-	-	(78,910)	(78,910)	
Total comprehensive income for the period ended 31 December 2018	-	-	-	(78,910)	(78,910)	-	7,420,471	7,420,471	7,341,561	7,341,561	
<b>Balance as at 31 December 2018 (Un-audited)</b>	73,493,410	1,000,000	-	336,285	1,336,285	104,455,492	95,917,510	200,373,002	201,709,287	275,202,697	

The annexed notes form an integral part of these condensed interim financial statements.

  
KHAWAR ANWAR KHAWAJA  
CHIEF EXECUTIVE

  
MUHAMMAD TAHIR BUTT  
DIRECTOR

  
MUHAMMAD ASHRAF BUTT  
CFO

**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (Un-audited)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

**1. THE COMPANY AND ACTIVITIES**

GOC (Pak) Limited was incorporated in Pakistan on 02 June 1964 as a private Company limited by shares under the Companies Act, 1913 (Now Companies Act, 2017) and converted into a public limited Company on 17 April 1986. The Company's shares are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Small Industries Estate, Sialkot. The Company is engaged in manufacturing and sale of hockey sticks, cricket ball and other quality sports goods.

**2. BASIS OF PREPARATION**

- 2.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standard 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 the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2018. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2017 and Section 237 of the Companies Act, 2017.

**3. ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2018 except for the changes in accounting policies as stated in note 3.2 to these condensed interim financial statements.

**3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.

**3.2 CHANGES IN ACCOUNTING POLICIES DUE TO APPLICABILITY OF CERTAIN INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

The following changes in accounting policies have taken place effective from 01 July 2018.

### 3.2.1 IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

#### Key changes in accounting policies resulting from application of IFRS 15

The Company recognises revenue as follows:

##### Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

##### a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Otherwise, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- the Company's performance creates and enhances an asset that the customer controls as the Company performs; or
- the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

##### b) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered.



**c) Interest**

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**d) Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

**Impact of adoption of IFRS 15 on these condensed interim financial statements:**

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is Nil.

**3.2.2 Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**3.2.3 IFRS 9 "Financial Instruments"**

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 by generally without restating the prior year results.

### Key changes in accounting policies resulting from application of IFRS 9

#### i) Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

#### Investments and other financial assets

##### a) *Classification*

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

##### b) *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

##### **Amortised cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

**Fair value through other comprehensive income (FVTOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

**Fair value through profit or loss**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

**Equity instruments**

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

**Fair value through other comprehensive income (FVTOCI)**

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

**Fair value through profit or loss**

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

**ii) Impairment**

From 01 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade debts and other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**iii) Hedge accounting**

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these condensed interim financial statements as there is no hedge activity carried on by the Company during the period ended 31 December 2018.

## CONDENSED INTERIM FINANCIAL INFORMATION

### iv) Impacts of adoption of IFRS 9 on these condensed interim financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018). The main effect resulting from this reclassification is as follows:

#### Reclassifications of financial instruments on adoption of IFRS 9

As on 01 July 2018, the classification of financial instruments of the Company were as follows:

Measurement category		
	Original (IAS 39)	New (IFRS 9)
<b>Non-current financial assets</b>		
Long term deposits	Loans and receivables	Amortized Cost
<b>Current financial assets</b>		
Trade debts	Loans and receivables	Amortized Cost
Advances	Loans and receivables	Amortized Cost
Trade deposits	Loans and receivables	Amortized Cost
Other receivables	Loans and receivables	Amortized Cost
Cash and bank balances	Loans and receivables	Amortized Cost
<b>Current financial liabilities</b>		
Trade and other payables	Amortized Cost	Amortized Cost
Unclaimed dividend	Amortized Cost	Amortized Cost

However, due to adoption of IFRS 9 there is no change in the carrying values of the financial assets and liabilities.

	Un-audited 31 December 2018	Audited 30 June 2018
	Rupees	Rupees
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 4.1)	54,038,290	57,723,166
Capital work-in-progress (Note 4.2)	2,492,482	-
	<u>56,530,772</u>	<u>57,723,166</u>
<b>4.1 Operating fixed assets</b>		
Opening book value	57,723,166	45,585,703
Cost of additions during the period / year (Note 4.1.1)	204,700	23,208,556
Book value of deletions during the period / year (Note 4.1.2)	(17,209)	(4,217,095)
Depreciation charge for the period / year	(3,872,367)	(6,853,998)
Closing book value	<u>54,038,290</u>	<u>57,723,166</u>
<b>4.1.1 Cost of additions during the period / year</b>		
Plant and machinery	-	2,419,936
Electric Installations	137,000	419,700
Vehicles	67,700	20,048,920
Computers	-	320,000
	<u>204,700</u>	<u>23,208,556</u>
<b>4.1.2 Book value of deletions during the period / year</b>		
Vehicles	<u>17,209</u>	<u>4,217,095</u>
	<u>17,209</u>	<u>4,217,095</u>
<b>4.2 Capital work-in-progress</b>		
Building	2,492,482	-

**GOC (PAK) LIMITED  
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	Un-audited 31 December 2018 Rupees	Audited 30 June 2018 Rupees
<b>5. LONG TERM INVESTMENTS</b>		
Under equity method (Note 5.1)	26,262,201	25,809,941
Available for sale (Note 5.2)	-	425,410
Fair value through other comprehensive income (FVTOCI) (Note 5.2)	346,500	-
	<u>26,608,701</u>	<u>26,235,351</u>
<b>5.1 Under equity method</b>		
Grays Leasing Limited - associated company 7,999,999 (30 June 2018: 7,999,999) ordinary shares of Rupees 10 each equity held 37.21% (30 June 2018: 37.21%)		
Share in net assets at the beginning of the period / year	25,809,941	27,449,075
Add: Share in (loss) / profit before taxation for the period / year	534,658	(1,000,560)
Share in taxation	(82,398)	(628,586)
Share in other comprehensive income	-	(9,988)
	<u>452,260</u>	<u>(1,639,134)</u>
Share in net assets at the end of the period / year	<u>26,262,201</u>	<u>25,809,941</u>
<b>5.1.1</b> Grays Leasing Limited is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017) on 31 August 1995. Its shares are listed on Pakistan Stock Exchange Limited. It is engaged in leasing business. The quoted fair value of investment of the Company in Grays Leasing Limited as on 31 December 2018 is Rupees 22,479,997 (30 June 2018: Rupees 30,639,996).		
<b>5.2 Fair value through other comprehensive income (FVTOCI)</b>		
<b>Sitara Chemical Industries Limited</b>		
1,155 (30 June 2018: 1,155) shares of Rupees 10 each	10,215	10,215
Add : Fair value adjustment (Note 5.2.1)	336,285	415,195
	<u>346,500</u>	<u>425,410</u>
<b>5.2.1 Fair value adjustment</b>		
Opening balance	415,195	503,321
Deficit arising on remeasurement of investment at fair value through other comprehensive income	(78,910)	(88,126)
	<u>336,285</u>	<u>415,195</u>
<b>6 CONTINGENCIES AND COMMITMENTS</b>		
<b>Commitments</b>	<u>Nil</u>	<u>Nil</u>
<b>Contingencies:</b>		
Post dated cheques issued to Custom authorities amounting to Rupees 38.919 million (30 June 2018: Rupees 27.109 million).		

# CONDENSED INTERIM FINANCIAL INFORMATION

## 7. COST OF SALES

	Un-audited			
	Half Year Ended		Quarter Ended	
	31 December	31 December	31 December	31 December
	2018	2017	2018	2017
	Rupees	Rupees	Rupees	Rupees
Raw material consumed	34,631,992	33,344,680	19,304,544	21,376,934
Processing charges	7,058,248	5,082,925	3,933,390	2,457,375
Salaries, wages and other benefits	29,285,271	27,491,716	16,189,482	14,787,833
Stores, spare parts and loose tools consumed	684,492	825,071	345,896	554,950
Repair and maintenance	1,004,563	729,449	-	274,218
Fuel and power	2,558,911	2,183,837	1,351,504	1,064,573
Vehicles running	281,321	204,725	137,273	115,209
Insurance	415,827	394,446	208,355	197,223
Other factory overheads	294,019	235,165	229,015	210,541
Depreciation	1,677,741	1,526,821	1,002,303	855,596
	<u>77,892,385</u>	<u>72,018,835</u>	<u>42,701,762</u>	<u>41,894,452</u>
<b>Work-in-process</b>				
Opening stock	67,301,733	67,448,827	72,533,304	68,043,211
Closing stock	(77,055,324)	(64,712,529)	(77,055,324)	(64,712,529)
	<u>(9,753,591)</u>	<u>2,736,298</u>	<u>(4,522,020)</u>	<u>3,330,682</u>
<b>Cost of goods manufactured</b>	<u>68,138,794</u>	<u>74,755,133</u>	<u>38,179,742</u>	<u>45,225,134</u>
<b>Finished goods</b>				
Opening stock	39,417,968	28,961,429	43,301,082	30,276,266
Closing stock	(36,280,321)	(42,212,347)	(36,280,321)	(42,212,347)
	<u>3,137,647</u>	<u>(13,250,918)</u>	<u>7,020,761</u>	<u>(11,936,081)</u>
	<u><u>71,276,441</u></u>	<u><u>61,504,215</u></u>	<u><u>45,200,503</u></u>	<u><u>33,289,053</u></u>

**8. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS**

**(i) Fair value hierarchy**

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 31 December 2018	Level 1	Level 2	Level 3	Total
Rupees				

**Financial assets**

Investments at fair value through other comprehensive income	346,500	-	-	346,500
--	---------	---	---	---------

**Total financial assets**

346,500	-	-	346,500
---------	---	---	---------

Recurring fair value measurements At 30 June 2018	Level 1	Level 2	Level 3	Total
Rupees				

**Financial assets**

Available for sale financial asset	425,410	-	-	425,410
------------------------------------	---------	---	---	---------

**Total financial assets**

425,410	-	-	425,410
---------	---	---	---------

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**(ii) Valuation techniques used to determine fair values**

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

## CONDENSED INTERIM FINANCIAL INFORMATION

### 9. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, key management personnel and staff retirement fund. Detail of transactions with the related parties is as follows:

	Un-audited	
	Half Year Ended	
	31 December 2018	31 December 2017
	(Rupees in million)	
<b>Associates</b>		
Sale of goods	0.004	0.008
Processing charges	7.058	5.083
Purchase of goods	-	0.095
<b>Others</b>		
Remuneration of key management personnel	6.870	6.347
Contribution to provident fund trust	0.763	0.747

### 10. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2018.


### 11. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on 22 February 2019.

### 12. CORRESPONDING FIGURES

There are no material reclassifications of comparative figures.

  
**KHAWAR ANWAR KHAWAJA**  
CHIEF EXECUTIVE

  
**MUHAMMAD TAHIR BUTT**  
DIRECTOR

  
**MUHAMMAD ASHRAF BUTT**  
CFO



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