

**CONDENSED INTERIM FINANCIAL INFORMATION (Un-Audited)
for the half year ended December 31, 2014**



GHARIBWAL CEMENT LIMITED

COMPANY PROFILE

Board of Directors

Chairman & CEO

Mr. Muhammad Tousif Peracha

Directors

Mr. Abdur Rafique Khan
Mrs. Tabassum Tousif Peracha
Mr. Mustafa Tousif Ahmed Paracha
Mr. Ali Rashid Khan
Mr. Muhammad Rahman
Mr. Khalid Siddique Tirmzi

Audit Committee

Chairman

Mrs. Tabassum Tousif Peracha

Member

Mr. Ali Rashid Khan
Mr. Muhammad Rahman

HRR Committee

Chairman

Mr. Mustafa Tousif Ahmed Paracha

Member

Mr. Ali Rashid Khan
Mr. Muhammad Rahman

CFO & Company Secretary Mr. Muhammad Shamail Javed ACA

Chief Accountant Mr. Farukh Naveed

Chief Internal Auditor Mr. Iqbal Ahmed Rizvi FCA

External Auditors Kreston Hyder Bhimji & Co.
Chartered Accountant

Legal Advisor Raja Muhammad Akram

Banker to the Company Allied Bank Limited
Askari Bank Limited
Faysal Bank Limited
First Credit and Investment Bank
Habib Bank Limited
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Saudi Pak Industrial & Agricultural Investment Company
Silk Bank Limited
The Bank of Khyber
The Bank of Punjab
United Bank Limited
Summit Bank Limited

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Works Ismailwal, Distt. Chakwal

Shares Registrar Corplink (Pvt.) Limited Shares Registrar.
Wings Arcade, 1-K, Commercial, Model Town, Lahore.
Tel: 042 - 35916714

DIRECTORS' REPORT TO THE MEMBERS

The directors of your Company are pleased to present the un-audited condensed interim financial information along with auditors' review report thereon for the half year ended December 31, 2014.

Pakistan cement industry sold 17.124 million ton of cement during the first half of FY2015 against 16.120 million ton of cement during same period of last financial posting a growth of 6.23%. Export to Afghanistan decreased by 20.71% whereas export to India increased by 60.98%; total export posted a reduction of 2.07%. North local market of the industry, in which your Company operates, posted 10.50% growth year-over-year basis.

Summary of the financial performance of your Company is given below;

		Half Year ended December 31		% change
		2014	2013	
Net Sales	Rs. '000	4,532,136	3,762,531	20%
Gross Profit	Rs. '000	1,430,720	1,137,870	26%
EBITDA	Rs. '000	1,574,240	1,229,420	28%
Profit before Taxation	Rs. '000	944,550	690,794	37%
Taxation	Rs. '000	(315,595)	(37,545)	741%
Profit after Taxation	Rs. '000	628,955	653,249	-4%
Earnings per Share	Rs.	1.57	1.63	-4%
Cement Dispatches	Tons	665,219	566,332	17%

Your Company's sales volume increased by 17% and net sales increased by 20% as compared to last period. Your Company earned profit before taxation of Rs. 944.550 million which is 37% , however, profit after taxation decreased to Rs. 628.955 million due to incorporation of Alternative Corporate Tax and provision for deferred tax.

We feel that government spending on mega projects will further boost local dispatches in coming years which will help the company to maintain its growth in future. Furthermore, in order to mitigate severe shortage of power in the country and to ensure availability of cheap electricity for plant, GCL management is working on 20MW waste heat recovery power plant to be operated on flue gases of kiln & captive power, which will reduce the power cost in coming years. Furthermore, to reduce the raw material transportation cost, company has finalized conveyor belt project for transportation of raw material from quarry to the plant which will reduce the transportation cost. Conveyor belt project is expected to complete by end of year 2015.

We express our gratitude for the continuous support and cooperation of our bankers and financial institutions, our dealers and customers, and other stakeholders having business relations with us. We also appreciate the loyalty, dedication and hard work of all our staff. At the end, we thank our shareholders for their confidence and faith that they have always reposed in us.

For and on behalf of Board of Directors



ABDUR RAFIQUE KHAN
Director

Lahore : February 04, 2014

REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINICIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Gharibwal Cement Limited as at December 31, 2014, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the six months then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarter ended December 31, 2014 have not been reviewed as we are required to review only the cumulative figures for the six months ended December 31, 2014.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial 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 that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respect, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore:

KRESTON HYDER BHIMJI & CO.
CHARTED ACCOUNTANTS
Engagement Partner - Shabir Ahmad, FCA

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CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT DECEMBER 31, 2014

	Note	Un-Audited 31-12-14 (Rupees in 000s)	Audited 30-06-14
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	12,947,820	13,159,141
Intangible assets		5,475	6,117
Long term deposits		87,333	84,954
		13,040,628	13,250,212
CURRENT ASSETS			
Stores, spares and loose tools		799,073	580,663
Stock in trade		1,256,345	887,682
Trade debts		197,724	252,013
Advances, deposits and prepayments		130,359	138,456
Cash and bank balances		64,655	32,964
		2,448,156	1,891,778
Non current assets held for sale		37,904	37,904
		2,486,060	1,929,682
		15,526,688	15,179,894
EQUITY AND LIABILITIES			
EQUITY			
Authorized capital 470 million ordinary shares of Rs. 10 each		4,700,000	4,700,000
Issued, subscribed and paid up capital		4,002,739	4,002,739
General reserves		332,000	332,000
Accumulated loss		(1,032,795)	(1,752,184)
		3,301,944	2,582,555
Surplus on revaluation of property, plant and equipment		3,526,291	3,727,563
		6,828,235	6,310,118
NON CURRENT LIABILITIES			
Long term borrowings	6	1,688,192	2,323,642
Liability against asset subject to finance lease		4,220	-
Deferred liabilities	7	2,459,936	2,668,987
		4,152,348	4,992,629
CURRENT LIABILITIES			
Trade and other payables		1,413,595	1,618,068
Markup and profit payable		618,733	608,867
Short term borrowings		367,005	167,017
Current and over due portion of non current liabilities		941,163	839,111
Taxes and duties payable		1,205,609	644,084
		4,546,105	3,877,147
CONTINGENCIES AND COMMITMENTS			
	8		
		15,526,688	15,179,894

The annexed notes form an integral part of this condensed interim financial information.

Statement under section 241(2) of the Companies Ordinance, 1984:

At the time of the meeting of Board of Directors, the Chief Executive was not in Pakistan, as such this condensed interim financial information as approved by the Board of Directors have been signed by two Directors.


Director


Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Note	Half year ended December 31,		2nd Quarter ended December 31,	
		2014	2013	2014	2013
(Rupees in 000s)					
Net sales	9	4,532,136	3,762,531	2,431,117	2,055,009
Cost of sales	10	(3,101,416)	(2,624,661)	(1,635,741)	(1,428,511)
Gross profit		1,430,720	1,137,870	795,376	626,498
Administration and general expenses		(129,012)	(77,663)	(74,378)	(40,236)
Selling and distribution expenses		(15,441)	(11,552)	(7,945)	(6,059)
Other operating expenses		(48,492)	(38,480)	(26,445)	(23,127)
Operating profit		1,237,775	1,010,175	686,608	557,076
Finance Income		536	574	13	111
Finance cost		(293,761)	(319,955)	(160,664)	(158,108)
Profit before taxation		944,550	690,794	525,957	399,079
Provision for current tax		(154,224)	(37,545)	(86,622)	(20,326)
Provision for deferred tax		(161,371)	-	(56,371)	-
Profit after taxation		628,955	653,249	382,964	378,753
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		628,955	653,249	382,964	378,753
Basic/Diluted Earnings per share (Rupee Per share)		1.57	1.63	0.96	0.95

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Director


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

Half year ended December 31,
2014 2013
(Rupees in 000s)

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	944,550	690,794
Adjustment for non-cash and other items:		
Depreciation	336,465	219,244
Provision for balances doubtful of recovery	-	2,116
Finance cost	293,225	319,955
	629,690	541,315

Operating profit before working capital changes	1,574,240	1,232,109
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Changes in working capital:		
Stores, spares and loose tools	(218,410)	146,819
Stock in trade	(368,663)	(477,983)
Trade debts	54,289	25,549
Advance, deposit and other receivables	8,097	37,673
Long term loans and deposits - Net	(2,379)	600
Trade and other payables	(246,114)	(25,735)
	(773,180)	(293,077)

Cash inflow from operating activities	801,060	939,032
Finance cost paid	(193,484)	(169,518)
Net change in taxes and duties payable	(86,704)	(31,238)

Net cash inflow from operating activities	520,872	738,276
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CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure	(124,502)	(132,784)
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Net cash outflow from investing activities	(124,502)	(132,784)
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CASH FLOW FROM FINANCING ACTIVITIES

Repayments of / net changes in:		
Redeemable capital	(195,340)	(774)
Long term loan	(124,105)	(211,634)
Short term loan - net	199,988	270,260
Directors' loan	(250,000)	(678,897)
Lease finances	4,779	(5,400)

Net cash outflow from financing activities	(364,678)	(626,445)
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NET CHANGE IN CASH AND CASH EQUIVALENTS	31,692	(20,953)
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CASH AND CASH EQUIVALENTS AT START OF THE PERIOD	32,964	692
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CASH AND CASH EQUIVALENTS AT CLOSE OF THE PERIOD	64,655	(20,261)
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CASH AND CASH EQUIVALENTS

Cash and bank balances	64,655	18,335
Temporarily bank overdraft	-	(38,596)
	64,655	(20,261)

The annexed notes form an integral part of this condensed interim financial information.

Statement under section 241(2) of the Companies Ordinance, 1984:

At the time of the meeting of Board of Directors, the Chief Executive was not in Pakistan, as such this condensed interim financial information as approved by the Board of Directors have been signed by two Directors.


Director


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Share Capital	General Reserves	Accumulated Loss	Total
	(Rupees in 000s)			
Balance as at July 01, 2013	4,002,739	332,000	(2,725,238)	1,609,501
Total Comprehensive Income for the half year ended December 31, 2013	-	-	653,249	653,249
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	42,802	42,802
Balance as at December 31, 2013	4,002,739	332,000	(2,029,187)	2,305,552
Total Comprehensive income for the half year ended June 30, 2014	-	-	195,589	195,589
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	81,414	81,414
Balance as at June 30, 2014	4,002,739	332,000	(1,752,184)	2,582,555
Total Comprehensive income for the half year ended December 31, 2014	-	-	628,955	628,955
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	90,434	90,434
Balance as at December 31, 2014	4,002,739	332,000	(1,032,795)	3,301,944

The annexed notes form an integral part of this condensed interim financial information.

Statement under section 241(2) of the Companies Ordinance, 1984:

At the time of the meeting of Board of Directors, the Chief Executive was not in Pakistan, as such this condensed interim financial information as approved by the Board of Directors have been signed by two Directors.


Director


Director

NOTES TO THE CONDENSED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

1 LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan on December 29, 1960 as a Public Limited Company; its shares are quoted on Karachi and Lahore Stock Exchanges. It is principally engaged in production and sale of cement. The registered office of the Company is situated at 28-B/3, Gulberg III, Lahore.

2 STATEMENT OF COMPLAINE

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and has been prepared in accordance with International Financial Reporting standard 'IAS-34 - Interim Financial Reporting' and should be read in conjunction with the Annual Financial Report for the year ended June 30, 2014. This information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

3.1 New standards, amendments to approved accounting standards and new interpretations which became effective during the six months period ended December 31, 2014:

There were certain new standards, amendments to the approved accounting standards and a new interpretation issued by the International Financial Reporting Interpretations Committee (IFRIC) which became effective during the period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore not disclosed in these financial statements.

3.2 New standards, amendments to approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the Company:

There are certain amendments to the approved accounting standards that are mandatory for accounting periods beginning after July 1, 2014, but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

3.3 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in preparation of financial statements of the company for the year ended June 30, 2014.

4 SIGNIFICANT ESTIMATES

The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that effected the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and related disclosures at the date of the financial information. Actual results may differ from those estimates. In preparing the condensed interim financial information, the significant judgements made by management in applying accounting policies, key estimates and uncertainty includes:

- depreciation method, residual values and useful life of depreciable assets;
- taxation;
- staff retirement benefits;

	Note	Un-Audited 31-12-14 (Rupees in 000s)	Audited 30-06-14
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	12,711,874	13,007,938
Capital work in progress		235,946	151,203
		12,947,820	13,159,141
5.1 OPERATING FIXED ASSETS			
Book value - opening balance		13,007,938	11,086,856
Incremental surplus on revaluation		-	2,283,719
Additions during the period		39,761	7,255
Transferred from capital work in progress		-	261,327
Transferred to non-current assets held for sale		-	(37,904)
		13,047,698	13,601,253
Depreciation		(335,824)	(593,315)
		12,711,874	13,007,938

NOTES TO THE CONDENSED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

	Note	Un-Audited 31-12-14 (Rupees in 000s)	Audited 30-06-14
6 LONG TERM BORROWINGS			
Redeemable Capital	6.1	-	104,916
Banks and financial institutions	6.2	1,688,192	1,890,900
Related parties	6.3	-	327,826
		1,688,192	2,323,642
6.1 Redeemable Capital (secured)			
Privately Placed Term Finance Certificates (PPTFC)		27,429	222,769
Less: Current portion shown under current liabilities		(27,429)	(117,853)
		-	104,916
The management of the Company has announced to redeem these term finance certificates by March 2015.			
6.2 Banks and financial institutions (secured)			
National Bank of Pakistan		657,066	657,066
Saudi Pak Industrial & Agricultural Investment Co. Ltd		119,105	125,649
NIB Bank Limited		303,552	326,307
KASB Bank Limited		26,598	39,538
Bank of Punjab	6.2.1	983,316	993,816
Bank of Khyber		99,749	110,437
Silk Bank Limited		53,125	60,208
First Credit Investment Corporation		32,680	34,960
Faysal Bank Limited		77,151	83,351
Bank Islamic Pakistan Limited		126,375	146,375
Askari Bank Limited		29,151	34,451
		2,507,868	2,612,158
Less: Current portion shown under current liabilities		(819,676)	(721,258)
		1,688,192	1,890,900
6.2.1 Markup rates has been revised to 3 months KIBOR + 1.5% p.a. from 3 months KIBOR + 0% w.e.f. 01-07-2014.			
6.3 Related parties (unsecured)			
Mr. Muhammad Tousif Peracha	6.3.1	-	125,000
Mr. Abdur Rafique Khan	6.3.1	-	125,000
Mr. Daniyal Jawaid Paracha	6.3.2	93,468	65,099
GCL Employees' Gratuity Fund Trust	6.3.1	31	12,727
		93,499	327,826
Less: Current portion shown under current liabilities		(93,499)	-
		-	327,826
6.3.1 These borrowings have been repaid during the period.			
6.3.2 This represents the fair value of the listed shares which are to be returned in kind as explained in the Annual Accounts FY2014.			
7 DEFERRED LIABILITIES			
Deferred taxation		1,176,871	904,660
Deferred markup and profit		1,124,639	1,144,152
Deferred excise duty and sales tax		-	463,683
Employees' retirement benefits		22,721	20,787
Retention money		135,705	135,705
		2,459,936	2,668,987

NOTES TO THE CONDENSED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2014

8 CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies and commitments as reported in the annual financial statements of the company for the year ended June 30, 2014, other than a commercial bank which has issued letter of guarantee amounting to Rs. 25 million in favour of SNGPL on behalf of the Company. As of balance sheet date, there is no capital commitment of the Company.

	Half year ended December 31,		2nd Qtr ended December 31,	
	2014	2013	2014	2013
	(Rupees in 000s)			
9 NET SALES				
Local Sales	5,449,770	4,483,454	2,963,031	2,476,437
Export Sales	251,796	241,112	104,145	104,985
	5,701,566	4,724,566	3,067,176	2,581,422
Federal Excise Duty	(249,546)	(207,880)	(135,072)	(112,585)
General Sales Tax	(890,880)	(726,117)	(482,208)	(400,136)
Discount to dealers	(29,004)	(28,038)	(18,779)	(13,692)
	(1,169,430)	(962,035)	(636,059)	(526,413)
	4,532,136	3,762,531	2,431,117	2,055,009
10 COST OF SALES				
Raw and packing materials consumed	625,942	485,463	365,620	265,698
Stores and spares consumed	167,775	162,074	55,562	87,889
Salaries, wages and benefits	111,371	103,127	55,146	61,575
Fuel and power consumed	2,051,487	2,022,126	1,212,783	1,150,974
Production overheads	187,432	137,727	87,311	86,142
Depreciation	333,933	202,614	154,339	116,144
	3,477,942	3,113,131	1,930,763	1,768,422
Adjustment of work in process inventory				
Opening stock	744,525	48,100	850,464	187,298
Closing stock	(1,134,011)	(492,391)	(1,134,011)	(492,391)
	(389,486)	(444,291)	(283,547)	(305,093)
Cost of goods manufactured	3,088,456	2,668,840	1,647,216	1,463,329
Adjustment of finished goods inventory				
Opening stock	73,962	14,698	49,527	24,059
Closing stock	(61,002)	(58,877)	(61,002)	(58,877)
	12,960	(44,179)	(11,475)	(34,818)
	3,101,416	2,624,661	1,635,741	1,428,511

11 There are no significant transactions with related parties during the period under review, except those disclosed in this condensed interim financial information.

12 The condensed interim financial information has been approved by the Board of Directors for issue on February 04, 2015.

13 Figures in this information are rounded off to the nearest thousand rupees.

Statement under section 241(2) of the Companies Ordinance, 1984:

At the time of the meeting of Board of Directors, the Chief Executive was not in Pakistan, as such this condensed interim financial information as approved by the Board of Directors have been signed by two Directors.


Director


Director

www.gharibwalcement.com

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