

**CONDENSED INTERIM FINANCIAL INFORMATION** (Un-Audited)  
for the half year ended **December 31, 2015**



**GHARIBWAL CEMENT LIMITED**

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## COMPANY PROFILE

### Board of Directors

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Mr. Muhammad Tousif Peracha  
Chief Executive Officer - Executive Director

Mr. Abdur Rafique Khan  
Chairman - Executive Director

Mrs. Tabassum Tousif Peracha  
Non-Executive Director

Mr. Ali Rashid Khan  
Non-Executive Director

Mr. Daniyal Jawaid Paracha  
Independent Director

Ms. Amna Khan  
Non-Executive Director

Mr. Muhammad Niaz Paracha  
Non-Executive Director

Mian Nazir Ahmed Peracha  
Independent Director

Mr. Khalid Siddiq Tirmizey  
Nominated Director

### Audit Committee

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Mian Nazir Ahmed Peracha  
Chairman

Mr. Daniyal Jawaid Paracha  
Member

Mr. Muhammad Niaz Piracha  
Member

### HRR Committee

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Mr. Daniyal Jawaid Paracha  
Chairman

Mr. Muhammad Tousif Peracha  
Member

Mr. Ali Rashid Khan  
Member

### CFO & Company Secretary

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Mr. Muhammad Shamail Javed ACA

### Chief Accountant

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Mr. Farukh Naveed

### Auditors and Legal Advisors

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Kreston Hyder Bhimji & Co  
Chartered Accountants  
Statutory Auditors

Raja Muhammad Akram  
Legal Advisors

### Bankers

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The Bank of Punjab  
National Bank of Pakistan  
NIB Bank Limited  
Bank Islami Pakistan Limited  
Saudi Pak Industrial & Agricultural Investment Company  
The Bank of Khyber  
Faisal Bank Limited  
Silk Bank Limited  
First Credit and Investment Bank

Askari Bank Limited  
Summit Bank Limited  
Meezan Bank Limited  
Allied Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
United Bank Limited  
Bank Alhabib Limited  
Standard Chartered Bank Limited

### Addresses

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#### Head Office

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UAN (0092 42) 111 210 310  
Fax (0092 42) 35871039, 35871059  
Email: info@gharibwalcement.com  
Website: www.gharibwalcement.com

#### Factory

Ismailwal, Tehsil Pind Dadan Khan,  
District Chakwal, Pakistan

## DIRECTORS' REPORT TO THE MEMBERS

The directors of your Company are pleased to present the un-audited condensed interim financial information for the half year ended December 31, 2015.

Your Company posted an increase in its sales volume by 6.8% YoY for the first half of the current financial year which was in line with industry growth by 6.38%. This resulted in an increase in net sales by 8% YoY. Cost of sales also reduced due to decrease in fuel prices together with cost reduction measures taken by the management. As a result, your Company posted 21% YoY increase in gross profit.

		Half year ended December		YoY change	% change
		2015	2014		
Despatch	Ton	<b>710,426</b>	665,219	45,207	7%
Net Sales	Rs. '000	<b>4,906,252</b>	4,526,759	379,493	8%
Gross Profit	Rs. '000	<b>1,725,737</b>	1,425,345	300,392	21%
Profit before tax	Rs. '000	<b>1,395,670</b>	944,553	451,117	48%
EBITDA	Rs. '000	<b>1,897,393</b>	1,574,778	322,615	20%
Profit after tax	Rs. '000	<b>1,023,811</b>	628,958	394,853	63%
EPS	Rs.	<b>2.56</b>	1.57	0.99	63%

Profit before tax increased by 48% YoY due to reduction in finance cost as a result of repayment of principal amount and reduction in interest rates. Profit after tax increased to Rs. 1,024 million from Rs. 629 million showing growth of 63% YoY due to reduction in effective tax rate. Company's earnings per share stood at Rs. 2.56 for the period and keeping in view the profitability of the Company, the Board of Directors has decided an interim dividend of Rs. 1.50 per share.

National Bank of Pakistan has also restructured its debts as disclosed in Note 7.1 to the condensed interim financial information. This restructuring arrangement, along with other working capital measures taken by the management, has very healthy impact on the current ratio of the Company.

Two main BMR projects of the Company i.e. Waste Heat Recovery and Down Hill Conveyor Belt are also in progress and expected to complete as per schedule. We feel that government spending on mega projects including CPEC will further boost local dispatches in coming years which will help the company to maintain its growth in future.

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



**MUHAMMAD TOUSIF PERACHA**  
Chief Executive Officer

Lahore : February 03, 2016

## **Auditors' Report to the Members on Review of Condensed Interim Financial Information**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Gharibwal Cement Limited** as at December 31, 2015, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 have not been reviewed as we are required to review only the cumulative figures for the half year ended December 31, 2015.

### **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 with International Standard 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 information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, 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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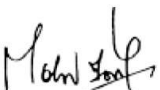
A member of kreston international A global network of independent accounting firms.

# CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2015

	Note	Un-Audited 31-12-2015 (Rupees in 000s)	Audited 30-06-2015
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	13,702,195	13,722,670
Intangible assets		4,193	4,834
Long term deposits		85,696	85,696
		<b>13,792,084</b>	13,813,200
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		979,714	812,526
Stock in trade		420,671	624,954
Trade debts		357,133	240,255
Advances, deposits and prepayments		253,795	176,066
Cash and bank balances	6	613,657	178,699
		<b>2,624,970</b>	2,032,500
Non current assets held for sale	5.2	-	37,904
		<b>2,624,970</b>	2,070,404
		<b>16,417,054</b>	15,883,604
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
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
Retained earnings		1,156,394	43,127
		<b>5,159,133</b>	4,045,866
Surplus on revaluation of property, plant and equipment		3,685,552	3,435,857
<b>NON CURRENT LIABILITIES</b>			
Long term borrowings	7	1,804,991	1,486,323
Liability against asset subject to finance lease		2,942	3,297
Deferred taxation		1,219,479	1,409,499
Employees' retirement benefits		95,563	116,772
Deferred markup and profit		1,360,168	1,102,250
		<b>4,483,143</b>	4,118,141
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,423,387	1,466,913
Markup and profit payable		144,893	653,721
Short term borrowings	7	-	137,847
Current portion of non current liabilities		300,916	966,189
Taxes and duties payable		1,220,030	1,059,070
		<b>3,089,226</b>	4,283,740
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
		<b>16,417,054</b>	15,883,604

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

  
Chief Executive Officer

  
Director

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

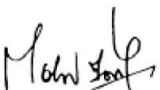
FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Note	Half year ended December		2nd Quarter ended December	
		2015	2014	2015	2014
(Rupees in 000s)					
Net sales	9	4,906,252	4,526,759	2,697,953	2,431,117
Cost of sales	10	(3,180,515)	(3,101,414)	(1,790,028)	(1,635,741)
<b>Gross profit</b>		<b>1,725,737</b>	1,425,345	<b>907,925</b>	795,376
General and administration expenses		(177,866)	(130,587)	(96,069)	(74,378)
Selling and distribution expenses		(8,432)	(8,488)	(4,006)	(7,945)
Other expenses		(70,667)	(48,492)	(37,231)	(26,445)
<b>Profit from operations</b>		<b>1,468,772</b>	1,237,778	<b>770,619</b>	686,608
Other income	7	98,180	536	76,238	13
Finance cost		(171,282)	(293,761)	(86,487)	(160,664)
<b>Profit before taxation</b>		<b>1,395,670</b>	944,553	<b>760,370</b>	525,957
Provision for current tax		(222,735)	(154,224)	(117,030)	(86,622)
Provision for deferred tax		(149,124)	(161,371)	(26,807)	(56,371)
<b>Profit after taxation</b>		<b>1,023,811</b>	628,958	<b>616,533</b>	382,964

(Rupees)

<b>Basic / Diluted Earnings per share</b>	<b>2.56</b>	1.57	<b>1.54</b>	0.96
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The annexed notes form an integral part of this condensed interim financial information.

  
 Chief Executive Officer

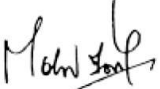
  
 Director

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Half year ended December		2nd Quarter ended December	
	2015	2014	2015	2014
	(Rupees in 000s)			
Profit after taxation	<b>1,023,811</b>	628,958	<b>616,533</b>	382,964
Other Comprehensive Income	-	-	-	-
Total comprehensive income	<b>1,023,811</b>	628,958	<b>616,533</b>	382,964

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

  
Chief Executive Officer

  
Director



## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

Half year ended December  
2015                      2014  
(Rupees in 000s)

### CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation	<b>1,395,670</b>	944,553
Adjustment for non-cash and other items:		
Depreciation and amortization	<b>330,440</b>	336,465
Provision for balances doubtful of recovery	<b>(2,729)</b>	-
Finance income	<b>(98,180)</b>	-
Profit on sale of fixed assets	<b>(60)</b>	-
Finance cost	<b>171,282</b>	293,225
	<b>400,753</b>	629,690
Operating profit before working capital changes	<b>1,796,423</b>	1,574,243
Changes in working capital:		
Stores, spares and loose tools	<b>(167,188)</b>	(218,410)
Stock in trade	<b>204,283</b>	(368,663)
Trade debts	<b>(116,872)</b>	54,289
Advance, deposit and other receivables	<b>(79,064)</b>	8,097
Long term loans and deposits - Net	<b>-</b>	(2,379)
Trade and other payables	<b>(87,858)</b>	(246,117)
Taxes and duties payable - Net	<b>(47,728)</b>	(17,879)
	<b>(294,427)</b>	(791,062)
Income tax paid	<b>1,501,996</b>	783,181
Finance income received	<b>(41,323)</b>	(68,825)
Finance cost paid	<b>2,374</b>	-
	<b>(271,922)</b>	(193,484)
<b>Net cash inflow from operating activities</b>	<b>1,191,125</b>	520,872

### CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure	<b>(273,813)</b>	(124,502)
Proceeds on disposal of fixed assets	<b>2,453</b>	-
<b>Net cash outflow from investing activities</b>	<b>(271,360)</b>	(124,502)


### CASH FLOW FROM FINANCING ACTIVITIES

Repayments of / net changes in:		
Redeemable capital	<b>(54,869)</b>	(195,340)
Repayment of long term loan	<b>(311,362)</b>	(124,105)
Change in short term loan - net	<b>-</b>	199,988
Repayment of Directors' loan	<b>(118,233)</b>	(250,000)
Lease finances	<b>(343)</b>	4,779
<b>Net cash outflow from financing activities</b>	<b>(484,807)</b>	(364,678)

**NET CHANGE IN CASH AND CASH EQUIVALENTS**                      **434,958**                      31,692  
**CASH AND CASH EQUIVALENTS AT START OF THE PERIOD**                      **178,699**                      32,964

**CASH AND CASH EQUIVALENTS AT CLOSE OF THE PERIOD**                      **613,657**                      64,656

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



Chief Executive Officer




Director

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

	Share Capital	General Reserves	Retained Earnings	Total
	(Rupees in 000s)			
Balance as at June 30, 2014	4,002,739	332,000	(1,752,184)	2,582,555
<b>Total comprehensive income</b>				
Profit after taxation for the half year ended December 31, 2014	-	-	628,958	628,958
Other comprehensive income for the period	-	-	-	-
	-	-	628,958	628,958
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	90,433	90,433
Balance as at December 31, 2014	4,002,739	332,000	(1,032,793)	3,301,946
<b>Total comprehensive income</b>				
Profit after taxation for the half year ended June 30, 2015	-	-	654,911	654,911
Other comprehensive income for the period	-	-	(1,425)	(1,425)
	-	-	653,486	653,486
General Reserves transferred to retained earnings	-	(332,000)	332,000	-
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	90,434	90,434
<b>Balance as at June 30, 2015</b>	<b>4,002,739</b>	<b>-</b>	<b>43,127</b>	<b>4,045,866</b>
<b>Total comprehensive income</b>				
Profit after taxation for the half year ended December 31, 2015	-	-	1,023,811	1,023,811
Other comprehensive income for the period	-	-	-	-
	-	-	1,023,811	1,023,811
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	89,456	89,456
<b>Balance as at December 31, 2015</b>	<b>4,002,739</b>	<b>-</b>	<b>1,156,394</b>	<b>5,159,133</b>

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

  
 Chief Executive Officer

  
 Director

## NOTES TO THE CONDENSED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

### 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, 2015. 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

The accounting policies and methods of computation adopted for 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, 2015.

### 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;
- stock in trade and store & spares;
- provision for doubtful debts, advances and other receivables;
- contingencies; and
- staff retirement benefits.

	Note	Un-Audited 31-12-2015 (Rupees in 000s)	Audited 30-06-2015
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	12,291,123	12,558,974
Capital work in progress		1,411,072	1,163,696
		<b>13,702,195</b>	<b>13,722,670</b>
<b>5.1 OPERATING FIXED ASSETS</b>			
Book value - opening balance		12,558,974	13,007,938
Additions during the period	5.2	64,340	194,952
Disposals during the period		(2,392)	-
Transferred from capital work in progress		-	35,423
		<b>12,620,922</b>	13,238,313
Depreciation		<b>(329,799)</b>	(679,339)
Book value - closing balance		<b>12,291,123</b>	12,558,974

- 5.2** This includes a piece of land situated in Lahore which was previously classified as non current assets held for sales. Now the management of the Company has decided to use this piece of land for the Company's business purpose. Accordingly this piece of land was transferred to operating fixed assets during the current period.

## NOTES TO THE CONDENSED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

### 6 CASH AND BANK BALANCES

This include on-demand deposit amounting to Rs. 171 million with a schedule bank.

### 7. LONG TERM BORROWINGS

**7.1** National Bank of Pakistan has restructured its debts w.e.f. 01-10-2015. Principal is to be repaid in 40 unequal quarterly installments from 31-10-2015 to 31-03-2025. Markup accrued till 30-09-2015 is to be paid in 40 unequal quarterly installment from 31-10-2015 to 31-03-2025. Markup rate has also been revised from 3 months KIBOR + 0% p.a. to 3 months KIBOR + 1% p.a. w.e.f. 01-10-2015. Provision for accrued markup amounting to Rs. 72 million has been reversed as a result of this restructuring; and this has been included in other income.

**7.2** The Company had redeemed all of 80,000 Privately Placed Term Finance Certificates after paying the principal and profit to the TFC holders. Provision for accrued profit amounting to Rs. 24 million has been reversed as a result of settlement with TFC holders; and this has been included in other income.

### 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, 2015.

	Half year ended December		2nd Quarter ended December	
	2015	2014	2015	2014
	(Rupees in 000s)			
<b>9. NET SALES</b>				
Local Sales - net of GST & FED	4,830,676	4,309,343	2,666,138	2,345,751
Export Sales	115,925	251,796	55,980	104,145
	<b>4,946,601</b>	4,561,139	<b>2,722,118</b>	2,449,896
Discount to dealers	(40,349)	(34,380)	(24,165)	(18,779)
	<b>4,906,252</b>	4,526,759	<b>2,697,953</b>	2,431,117
<b>10 COST OF SALES</b>				
Raw and packing materials consumed	604,371	748,981	266,653	365,620
Stores and spares consumed	204,656	170,307	102,422	55,562
Salaries, wages and benefits	125,518	111,371	55,984	55,146
Fuel and power consumed	1,508,852	2,003,486	567,518	1,212,783
Production overheads	120,752	109,862	20,631	87,313
Depreciation	326,405	333,933	163,528	154,339
	<b>2,890,554</b>	3,477,940	<b>1,176,736</b>	1,930,763
Adjustment of work in process inventory				
Opening stock	551,919	744,525	841,281	850,464
Closing stock	(271,545)	(1,134,011)	(271,545)	(1,134,011)
	<b>280,374</b>	(389,486)	<b>569,736</b>	(283,547)
<b>Cost of goods manufactured</b>	<b>3,170,928</b>	3,088,454	<b>1,746,472</b>	1,647,216
Adjustment of finished goods inventory				
Opening stock	33,412	73,962	67,381	49,527
Closing stock	(23,825)	(61,002)	(23,825)	(61,002)
	<b>9,587</b>	12,960	<b>43,556</b>	(11,475)
	<b>3,180,515</b>	3,101,414	<b>1,790,028</b>	1,635,741

## NOTES TO THE CONDENSED FINANCIAL INFORMATION (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2015

11. There are no significant transactions with related parties during the period under review.
12. Board of Directors, in their meeting held on February 03, 2016, proposed interim cash dividend of Rs. 1.50 per share i.e. 15% (2014: Nil).
13. The condensed interim financial information has been approved by the Board of Directors for issue on February 03, 2016.
14. Figures in this information are rounded off to the nearest thousand rupees.



Chief Executive Officer



Director

[www.gharibwalcement.com](http://www.gharibwalcement.com)

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UAN: 042-111-210-310 Fax: 042-35871039 & 59  
E-mail: [info@gharibwalcement.com](mailto:info@gharibwalcement.com)