



**GHARIBWAL
CEMENT LIMITED**

CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2019

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COMPANY INFORMATION

BOARD OF DIRECTORS



Mian Nazir Ahmed Peracha
Independent Director - Chairman

Muhammad Tousif Peracha
Chief Executive Officer - Executive Director

Abdur Rafique Khan
Executive Director

Ali Rashid Khan
Non - Executive Director

Amna Khan
Non - Executive Director

Daniyal Jawaid Paracha
Independent Director

Muhammad Niaz Paracha
Non - Executive Director

KEY EXECUTIVE MANAGEMENT



Abdul Shueb Piracha
Director Commercial

Qaseem Nametullah Siddiqi
Executive Director Operation

Syed Firasat Abbas
General Manager Plant

Muhammad Shamail Javed FCA
Chief Financial Officer & Company Secretary

Iqbal Ahmed Rizvi FCA
General Manager Taxation

Rana Muhammad Ijaz
General Manager Marketing

Farukh Naveed ACA
Financial Controller

Muhammad Tahir
Chief Coordinator Officer

AUDITORS & LEGAL ADVISORS



Kreston Hyder Bhimji & Co
Chartered Accountants
Statutory Auditors

Raja Muhammad Akram
Legal Advisors

BANKERS & FINANCIAL INSTITUTION



The Bank of Punjab
National Bank of Pakistan
Al Baraka Bank Limited
Summit Bank Limited
Pak China Investment Company
Bank Islami Pakistan Limited
The Bank of Khyber
Faysal Bank Limited
Saudi Pak Industrial & Agricultural
Investment Company

Silk Bank Limited
First Credit and Investment Bank
Meezan Bank Limited
Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
Bank Al Habib Limited
Habib Metropolitan Bank

DIRECTORS' REPORT TO THE MEMBERS

The directors of your Company are pleased to present the un-audited condensed interim financial information for the 1st quarter ended September 30, 2019.

Your Company's net sales revenue decreased by 12% as compared with the 1st quarter of the last financial year mainly because of decline of 18% PoP (Period on Period) in average sales price. Cost of production also increased due to devaluation of Pakistani Rupees, increase in fuel, energy and other input prices, in addition to this Government of Punjab also increased royalty on raw material by 160% PoP. These factors suppressed the gross profit to Rs. 148 million for the quarter under review from Rs. 704 million for the same period of the last financial year.

Summary of the financial results is given below:

		1st Quarter for the Year 2020	2019	Change	% Change
Cement despatch	Ton	376,195	369,597	6,598	2%
Net sales	Rs. mn	2,210	2,524	(314)	-12.4%
Gross profit	Rs. mn	148	704	(556)	-79.0%
EBITDA	Rs. mn	141	731	(591)	-80.8%
Operating profit	Rs. mn	(102)	484	(586)	-121.1%
Finance expenses	Rs. mn	(168)	(95)	(73)	76.6%
Profit before taxation	Rs. mn	(270)	389	(659)	-169.5%
Tax expenses	Rs. mn	35	(119)	154	-129.5%
Profit after taxation	Rs. mn	(235)	270	(505)	-187.2%
EPS	Rs.	(0.59)	0.67	(1.26)	-187.2%

Finance expenses increased due to increase in KIBOR rate. At bottom, the Company earned loss after tax amounting to Rs. 235 million with earnings per share reported at Rs. (0.59).

We foresee that there will be sufficient cement demand in the local market, however, prices will remain under pressure during the current financial year. Company will try to improve its financial results in future periods.

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



Chief Executive Officer



Director

Lahore : October 30, 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT SEPTEMBER 30, 2019

	Note	Un-Audited 30-09-19 (Rupees in 000s)	Audited 30-06-19
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	18,022,462	18,241,973
Intangible asset		2,582	2,902
Deposits		70,393	70,393
		18,095,437	18,315,268
CURRENT ASSETS			
Inventories	6	2,289,958	2,429,536
Trade and other receivables	7	679,443	626,963
Loan and advances	8	358,715	363,870
Deposits		48,950	48,950
Prepayments		306,884	165,723
Tax refunds due from Government		891,092	880,326
Cash and bank balances		259,001	431,760
		4,834,043	4,947,128
TOTAL ASSETS		22,929,480	23,262,396
EQUITY AND LIABILITIES			
EQUITY			
Authorized capital ordinary shares of Rs. 10 each		470,000,000	470,000,000
Share capital ordinary shares of Rs. 10 each		4,002,739	4,002,739
Revaluation surplus on property, plant and equipment		3,045,821	3,086,133
Retained earnings		5,197,567	5,392,574
		12,246,127	12,481,446
NON CURRENT LIABILITIES			
Borrowings		2,659,716	2,909,384
Lease liability		-	-
Deferred taxation		3,202,957	3,271,186
Employees' benefits obligations		100,136	99,153
		5,962,809	6,279,723
CURRENT LIABILITIES			
Trade and other payables		3,332,754	3,282,647
Contract liabilities		14,963	21,807
Unclaimed dividend		12,586	12,586
Markup and profit payable		140,220	84,438
Borrowings		1,219,690	1,099,162
Lease liability		331	587
		4,720,544	4,501,227
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		22,929,480	23,262,396

The annexed notes form an integral part of these condensed interim financial statements (un-audited).


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

	Un-Audited 1 st Qtr ended 30-09-2019	Un-Audited 1 st Qtr ended 30-09-2018
	(Rupees in 000s)	
Revenue	2,209,535	2,523,609
Cost of sales	(2,061,473)	(1,819,501)
Gross Profit	148,062	704,108
Selling and distribution expenses	(157,056)	(53,001)
General and administrative expenses	(94,283)	(98,928)
Other expenses	-	(69,401)
Other Income	1,050	1,267
Profit from operations	(102,227)	484,045
Finance income	16,301	7,072
Finance expenses	(184,479)	(102,288)
Profit before taxation	(270,405)	388,829
Current tax expenses	(33,143)	(7,806)
Deferred tax expense	68,229	(111,068)
	35,086	(118,874)
Profit after taxation	(235,319)	269,955
	Rupees	
Earnings per share (basic & diluted)	(0.59)	0.67

The annexed notes form an integral part of these condensed interim financial statements (un-audited).


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

	Un-Audited 1 st Qtr ended 30-09-2019	Un-Audited 1 st Qtr ended 30-09-2018
	(Rupees in 000s)	
Profit after taxation for the year	(235,319)	269,955
Other Comprehensive Income		
Items that will not be reclassified to profit or loss:		
Actuarial loss on remeasurement of defined benefit plan	-	-
Deferred tax relating to actuarial loss	-	-
Total comprehensive income for the year	(235,319)	269,955

The annexed notes form an integral part of these condensed interim financial statements (un-audited).


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

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

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

	Share Capital	Revaluation Surplus on PPE	Retained Earnings	Total
	(Rupees in 000s)			
Balance as at June 30, 2018 (Audited)	4,002,739	3,404,857	5,082,961	12,490,557
Total Comprehensive income for three months ended September 30, 2018	-	-	269,955	269,955
Realization of revaluation surplus on PPE through depreciation (net of tax)	-	(40,527)	40,527	-
Balance as at September 30, 2018 (Un-audited)	4,002,739	3,364,330	5,393,443	12,760,512
Final cash dividend @ Rs. 1.50 per share for the year ended June 30, 2018	-	-	(600,411)	(600,411)
Total Comprehensive income for nine months ended June 30, 2019	-	-	461,508	461,508
Deferred tax impact due to change in tax rate	-	(140,163)	-	(140,163)
Realization of revaluation surplus on PPE through depreciation (net of tax)	-	(121,568)	121,568	-
Revaluation surplus on deletion of PPE (net of tax)	-	(16,466)	16,466	-
Balance as at June 30, 2019 (Audited)	4,002,739	3,086,133	5,392,574	12,481,446
Total Comprehensive income for three months ended September 30, 2019	-	-	(235,319)	(235,319)
Realization of revaluation surplus on PPE through depreciation (net of tax)	-	(40,312)	40,312	-
Balance as at September 30, 2019 (Un-audited)	4,002,739	3,045,821	5,197,567	12,246,127

The annexed notes form an integral part of these condensed interim financial statements (un-audited).


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

		Un-Audited 1st Qtr ended 30-09-2019	Un-Audited 1st Qtr ended 30-09-2018
		(Rupees in 000s)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		(270,405)	388,829
Adjustment for non-cash and other items	10	410,011	382,096
Operating profit before working capital changes		139,606	770,925
Cash flow from changes in working capital - net	11	(21,011)	(195,362)
Cash inflow from operation		118,595	575,563
Finance cost paid		(83,332)	(72,235)
Markup received on bank deposits		2,105	729
Income tax paid		(43,909)	(94,928)
Net cash (outflow)/inflow from operating activities		(6,541)	409,129
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(23,052)	(40,161)
Insurance claim received		-	100,000
Advance to Balochistan Glass Limited (related party) - net		3,232	-
Markup received from Balochistan Glass Limited (related party)		-	12,556
Net cash (outflow)/inflow from investing activities		(19,820)	72,395
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds of borrowings from directors - net		-	79,853
Repayment of banks borrowings - net		(146,141)	(473,916)
Repayment of lease liability		(256)	(234)
Net cash outflow from financing activities		(146,398)	(394,297)
Net increase / (decrease) in cash and cash equivalents		(172,759)	87,227
Cash and cash equivalents at beginning of the year		431,760	107,869
Cash and cash equivalents at end of the year		259,001	195,096

The annexed notes form an integral part of these condensed interim financial statements (un-audited).


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

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 Pakistan Stock Exchange. It is principally engaged in production and sale of cement. The registered office of the Company is situated at Pace Tower, 1st Floor, 27-H, College Road, Gulberg-II, Lahore.

2 STATEMENT OF COMPLAINEE

These condensed interim financial statements are un-audited and have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by 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.

These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2019. 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.

3 STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of financial statements of the company for the year ended June 30, 2019.

There are certain amendments to published International Financial Reporting Standards and interpretations that are mandatory for the financial year beginning on July 01, 2019. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these condensed interim financial statements.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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 management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of these condensed interim financial statements, the significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that were applied to audited annual financial statements of the Company for the year ended June 30, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2019.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

	Note	Un-Audited 30-09-2019	Audited 30-06-2019
		(Rupees in 000s)	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	17,224,727	17,458,527
Capital work in progress		797,735	783,446
		<u>18,022,462</u>	<u>18,241,973</u>
		Un-Audited 1st QTR ended 30-09-2019	Audited Year ended 30-06-2019
		(Rupees in 000s)	
5.1 OPERATING FIXED ASSETS			
Book value - opening balance		17,458,527	18,481,048
Additions during the period/year		8,764	94,554
Deletion during the period/year		-	(126,324)
		<u>17,467,290</u>	<u>18,449,278</u>
Depreciation for the period/year		(242,563)	(990,751)
		<u>17,224,727</u>	<u>17,458,527</u>
		Un-Audited 30-09-2019	Audited 30-06-2019
		(Rupees in 000s)	
6 INVENTORIES			
Fuel, parts and supplies		1,689,502	1,530,955
Stock in trade		600,456	898,581
		<u>2,289,958</u>	<u>2,429,536</u>
7 TRADE AND OTHER RECEIVABLES			
Trade receivables from contracts with customers		655,167	617,932
Markup receivable from Balochistan Glass Limited		23,227	9,031
Rent receivable from Balochistan Glass Limited		1,050	-
		<u>679,444</u>	<u>626,963</u>
8 LOAN AND ADVANCES			
Employees		23,422	25,345
Balochistan Glass Limited	8.1	335,293	338,525
		<u>358,715</u>	<u>363,870</u>
8.1	The Company has renewed the short term advance facility to its associated company Balochistan Glass Limited for one year till October 26, 2020 and enhanced the facility limit to Rs. 650 million from Rs. 350 million. This facility carries markup @ 3 months KIBOR + 3.5% p.a. Approval and consent of members of the Company has been obtained as required by section 199 of the Companies Act, 2017 in Annual General Meeting held on October 26, 2019.		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

9 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, 2019.

	Un-Audited 1 st Qtr ended 30-09-2019	Un-Audited 1 st Qtr ended 30-09-2018
	(Rupees in 000s)	
10 ADJUSTMENT FOR NON-CASH AND OTHER ITEMS		
Depreciation	242,563	246,827
Amortisation	320	320
Finance expenses	184,479	102,288
Finance income	(16,301)	(7,072)
Impairment of PPE	-	41,000
Rental income from Balochistan Glass Limited	(1,050)	(1,267)
	<u>410,011</u>	<u>382,096</u>

11 CASH FLOW FROM CHANGES IN WORKING CAPITAL - NET

Inventories	139,578	(742,941)
Trade and other receivables	(37,234)	80,811
Loan and advances	1,923	(18,854)
Deposits	-	8,612
Prepayments	(142,337)	(90,799)
Trade and other payables	23,903	558,103
Contract liabilities	(6,844)	9,706
	<u>(21,011)</u>	<u>(195,362)</u>

- 12 There are no significant transactions with related parties during the period under review, except those disclosed in these condensed interim financial statements.
- 13 The condensed interim financial statements has been approved by the Board of Directors for issue on October 30, 2019.
- 14 Figures in these condensed interim financial statements are rounded off to the nearest thousand rupees.
- 15 In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of preceding financial year, whereas the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.
- 16 The members of the Company in annual general meeting held on October 26, 2019 has approved a final cash dividend of Rs. 0.50 per share for the year ended June 30, 2019. These condensed interim financial statements for the three months ended September 30, 2019 do not include the effect of the proposed appropriation, which will be accounted for in the interim financial statements for the six months ending December 31, 2019.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR

ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز 30 ستمبر 2019ء کے اختتام پر پہلی سہ ماہی کی غیر آڈٹ شدہ مختصر عبوری مالیاتی معلومات بخوشی پیش کرتے ہیں۔

زیر جائزہ مدت میں کمپنی کی خالص فروخت میں 12 فیصد کمی ہوئی جسکی بنیادی وجہ فروخت کے ریٹ میں 18 فیصد کمی ہے۔ ایندھن، انرجی اور دوسرے خرچوں میں مسلسل اضافہ ہو رہا ہے۔ مزید پنجاب حکومت نے خام مال کی رائلٹی میں 160 فیصد اضافہ کر دیا ہے۔ ان اسباب وجہ سے خالص منافع 704 ملین روپے سے کم ہو کر 148 ملین روپے ہو گیا۔

مالیاتی نتائج کا خلاصہ درج ذیل ہے۔

پہلی سہ ماہی مورخہ 30 ستمبر		2019		2020		فیصد اضافہ/ (کمی)	اضافہ/ (کمی)
سیمنٹ ترسیل	ٹن	376,195	369,597	6,598	2%	فیصد اضافہ/ (کمی)	اضافہ/ (کمی)
خالص فروخت	رقم ملین روپوں میں	2,210	2,524	(314)	-12.4%		
مجموعی منافع	رقم ملین روپوں میں	148	704	(556)	-79.0%		
ٹیکس انٹرسٹ اور فرسودگی سے قبل منافع	رقم ملین روپوں میں	141	731	(591)	-80.8%		
ٹیکس اور انٹرسٹ سے قبل منافع	رقم ملین روپوں میں	(102)	484	(586)	-121.1%		
ٹیکس سے قبل منافع	رقم ملین روپوں میں	(270)	389	(659)	-169.5%		
ٹیکس کے بعد منافع	رقم ملین روپوں میں	(235)	270	(505)	-187.2%		
فی شیئر منافع	روپوں میں	(0.59)	0.67	(1.26)	-187.2%		

کمپنی نے بعد از ٹیکس 235 ملین روپے کا نقصان کیا۔ فی شیئر آمدن اس مدت میں منفی 0.59 روپیہ ہے۔

امید ہے کہ آنے والی مدت میں سیمنٹ کی مانگ میں اضافہ ہوگا اور کمپنی کے مالی نتائج میں بہتری آئے گی۔

ہم مسلسل حمایت اور تعاون کے لیے ہمارے بنکوں اور دوسرے مالیاتی اداروں، ڈیلروں اور گاہکوں اور اسٹیک ہولڈرز جن کا ہمارے ساتھ کاروباری تعلق ہے دل کی گہرائیوں سے شکریہ ادا کرتے ہیں۔ ہمارے تمام عملے کی وابستگی، لگن اور محنت بھی دلی تعریف کے لائق ہے۔

آخر میں معزز اراکین، ہم آپ کے اس اعتماد اور یقین کے دل کی گہرائیوں سے ممنون ہیں جو آپ نے ہمیشہ سے ہم پر کیا۔

منجانب بورڈ آف ڈائریکٹرز

Amrinder

ڈائریکٹر

Harish

چیف ایگزیکٹو آفیسر

لاہور

30 اکتوبر 2019ء

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