



GHARIBWAL CEMENT LIMITED



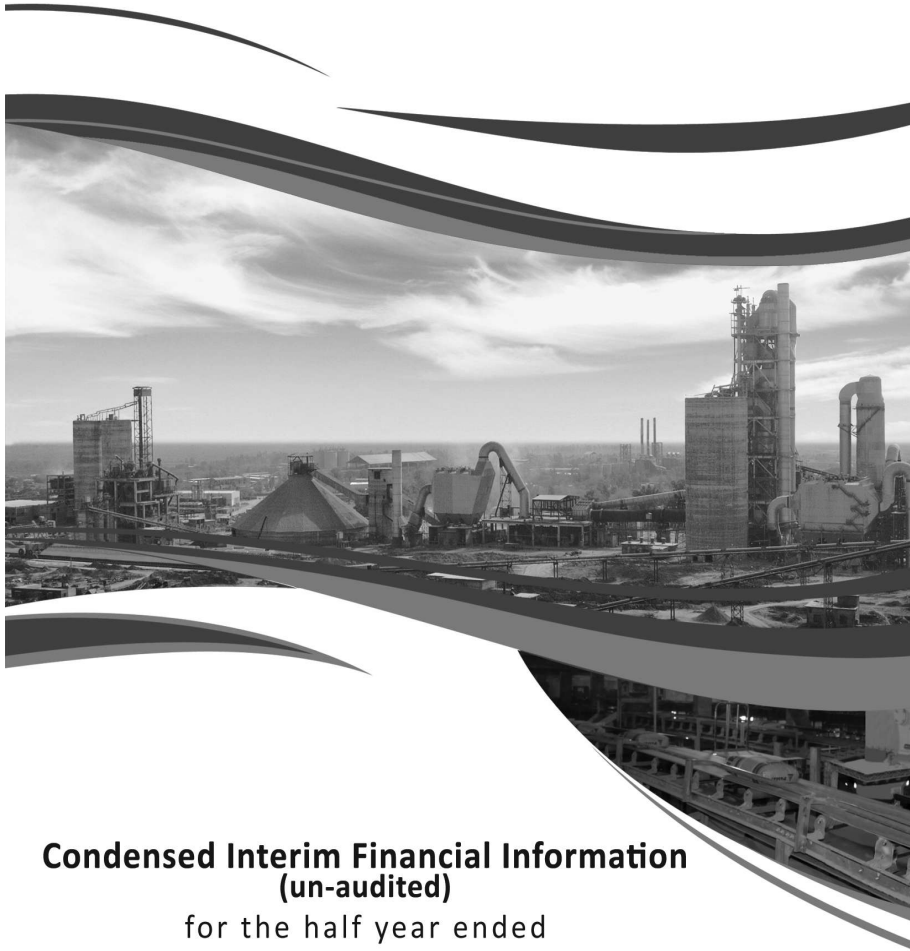
Condensed Interim Financial Information
(un-audited)

for the half year ended

December 31, 2012



GHARIBWAL CEMENT LIMITED



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Company Information

Board of Directors:	Mr. Muhammad Tousif Peracha Mr. Abdur Rafique Khan Mrs. Tabassum Tousif Peracha Mian Nazir Ahmed Peracha Mr. M. Ishaque Khokhar Mr. M. Niaz Piracha Mr. Muhammad Rahman	Chairman & CEO Director Director Director Director Director Director
Audit Committee:	Mian Nazir Ahmed Peracha Mr. Muhammad Tousif Peracha Mr. M. Niaz Piracha	Chairman Member Member
HR & R Committee:	Mr. M. Niaz Peracha Mr. Muhammad Rahman Mian Nazir Ahmed Piracha	Member Member Member
CFO & Company Secretary:	Mr. Muhammad Shamail Javed ACA	
External Auditors:	Hyder Bhimji & Co. Chartered Accountants	
Internal Auditors:	Aftab Nabi & Co. Chartered Accountants	
Legal Advisor:	Raja Muhammad Akram	
Bankers to the Company:	Askari Bank Limited Faysal Bank Limited Habib Bank Limited KASB Bank Limited MCB Bank Limited My Bank Limited National Bank of Pakistan NIB Bank Limited Silk Bank Limited The Bank of Khyber The Bank of Punjab United Bank Limited	
Registered & Head Office:	28-B/3, Gulberg III, P.O. Box 1285, Lahore. UAN : 042 - 111-210-310 Fax : 042 - 35871039 & 59 E-mail: info@gharibwalcement.com www.gharibwalcement.com	
Works:	Ismailwal, Distt. Chakwal	
Shares Registrar:	M/s. Corplink (Pvt.) Limited Shares Registrar, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35887262, 35839182 Fax: 042-35869037	

Directors' Report to the Members

Directors' of your company are pleased to present un-audited Condensed Interim Financial Information of your company which are reviewed by statutory auditors for the half year ended December 31, 2012.

During the period cement industry achieved overall net volumetric growth of 3.9%, however, domestic sales volume increased by 7.6% whereas export decreased by 5.3%.

The Company performed better as compared to last period which is mainly due to increase in sales volume, improvement in net retention prices and continued efforts of the management to control cost. All these factors supported the company which successfully enabled company to increase its sales volume and net sales revenue by 29% and 47% respectively as compared to last period. Company earned profit after tax of Rs. 340.378 million as against loss after tax of Rs. 430.763 million in corresponding period of last year.

Comparative Financial and Sales volume performance of the Company for the period under review is summarized below:

	31-12-2012 Rs. '000	31-11-2011 Rs. '000	% Increase
Sales - net	2,791,016	1,896,725	47%
Gross Profit	816,154	212,570	284%
Operating Profit	717,824	121,316	492%
Profit After Taxation	340,378	(430,763)	179%
<hr/>			
Earning per share - Rupees	0.85	(1.08)	179%
Cement Dispatches - Ton	460,690	357,866	29%

During the period company operated at 44% of its installed capacity which is better than comparative period. The main reason of low capacity utilization is non-operation of plant at optimum capacity due to liquidity problems.

Keeping in view the continuous growth of cement dispatches, restructuring by major banks and financial institutions, stable selling prices, reduction in discount rate by SBP and tight cost controls by the management; we feel company will perform better in coming periods.

Auditors' Observation

Based on profitable operations of the company, continued support from Sponsor directors', future prospects of industry, restructuring by major banks and financial institutions and other various steps taken by management; Board of Directors feels that company be able to continue as going concern entity on a sustainable basis for foreseeable future, therefore, this financial information has been prepared on going concern basis.

Acknowledgement

Board appreciates the continued support and cooperation extended by the financial institutions including our dealers, suppliers and other stakeholders, and hard work and dedication of our employees

For and on behalf of the Board of Directors



ABDUR RAFIQUE KHAN
(Director)

Lahore: February 18, 2013

Auditors' Report on Review of Condensed Interim Financial Information to the Member

Introduction

We have reviewed the accompanying condensed interim balance sheet of Gharibwal Cement Limited as at December 31, 2012, 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 quarters ended December 31, 2012 and 2011 have not been reviewed as we are required to review only the cumulative figures for the six months ended December 31, 2012.

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 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 interim financial information is not prepared, in all material respect, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Without qualifying our review report, we draw attention of the members towards note 1 of the financial statements, which states that although the company made a profit in the sum of Rs. 340.378 million for the half year under review, yet the accumulated loss comes to Rs. 3,372.223 million as at December 31, 2012; and that the company's current liabilities exceeded its current assets by Rs. 2,989.294 million at that date. These conditions, alongwith other matters as set forth in note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Lahore:

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner - Syed Aftab Hameed, FCA

Condensed Interim Balance Sheet (un-audited)

As at December 31, 2012

	Note	Un-audited 31-12-2012 (Rupees in thousand)	Audited 30-06-2012
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	11,629,466	11,497,131
Long term loans		-	1,552
Long term deposits		6,416	9,741
		11,635,882	11,508,424
CURRENT ASSETS			
Stores, spares and loose tools		284,843	383,978
Stock in trade		194,492	112,122
Trade debts		128,218	129,592
Advances, deposits and prepayments		419,471	363,710
Cash and bank balances		51,767	16,760
		1,078,791	1,006,162
Non current assets held for sale		13,812	13,812
		1,092,603	1,019,974
		12,728,485	12,528,398



Muhammad Tousif Peracha
Chief Executive Officer

Condensed Interim Balance Sheet (un-audited)

As at December 31, 2012

	Note	Un-audited 31-12-2012 (Rupees in thousand)	Audited 30-06-2012
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		(3,372,223)	(3,747,404)
		962,516	587,335
Surplus on revaluation of property, plant and equipment		2,165,396	2,200,202
		3,127,912	2,787,537
NON CURRENT LIABILITIES			
Redeemable capital	6	-	-
Long term borrowings	7	3,405,657	3,640,384
Deferred income		-	6,810
Deferred liabilities		2,113,019	2,153,547
		5,518,676	5,800,741
CURRENT LIABILITIES			
Trade and other payables		921,763	988,031
Accrued markup/profit		913,582	951,078
Short term borrowings		478,630	469,316
Current portion of non current liabilities		1,241,987	1,073,270
Taxes and duties payable		525,935	458,425
		4,081,897	3,940,120
Contingencies and commitments	8		
		12,728,485	12,528,398

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


Abdur Rafique Khan
Director

Condensed Interim Profit and Loss Account (un-audited)

For the half year ended December 31, 2012

	Note	Half year ended December		2 nd Quarter ended December	
		2012	2011	2012	2011
		(Rupees in thousand)		(Rupees in thousand)	
Net sales	9	2,791,016	1,896,725	1,515,575	1,099,303
Cost of sales	10	(1,974,862)	(1,684,155)	(1,035,264)	(956,834)
Gross profit		816,154	212,570	480,311	142,469
Administration and general expenses		(68,306)	(83,301)	(35,870)	(50,925)
Selling and distribution expenses		(8,255)	(9,052)	(3,130)	(4,915)
Other operating expenses		(22,283)	(6,716)	(22,283)	(1,872)
Other income		514	7,815	514	191
		(98,330)	(91,254)	(60,769)	(57,521)
Operating profit		717,824	121,316	419,542	84,948
Finance cost		(361,421)	(532,972)	(169,765)	(342,177)
Profit before taxation		356,403	(411,656)	249,777	(257,229)
Taxation		(16,025)	(19,107)	(8,946)	(10,993)
Profit after taxation		340,378	(430,763)	240,831	(268,222)
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		340,378	(430,763)	240,831	(268,222)
Earnings per share (Rupee Per share)		0.85	(1.08)	0.60	(0.67)

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



Muhammad Tousif Peracha
Chief Executive Officer



Abdur Rafique Khan
Director

Condensed Interim Cash Flow Statement (un-audited)

For the half year ended December 31, 2012

	July - Dec. 2012	July - Dec. 2011
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	356,403	(411,656)
Adjustment for non-cash and other items:		
Finance cost	361,421	532,972
Depreciation	164,053	150,723
Provision for slow moving store items	-	6,791
Interest income	-	(7,137)
	525,474	683,349
Operating profit before working capital changes	881,877	271,693
Changes in working capital:		
Stores, spares and loose tools	99,135	(49,035)
Stock in trade	(82,370)	(54,093)
Trade debts	1,374	(38,321)
Advance, deposit and other receivables	(55,761)	70,067
Trade and other payables	(100,947)	(216,697)
Net change in long term loans and deposits	4,877	231
	(133,692)	(287,848)
	748,185	(16,155)
Finance cost paid	(229,793)	(171,668)
Net change in taxes and duties	(130,301)	209,706
Net cash flow from operating activities	388,091	21,883
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(296,388)	(78,382)
Net cash outflow in investing activities	(296,388)	(78,382)

Condensed Interim Cash Flow Statement (un-audited)

For the half year ended December 31, 2012

July - Dec. 2012	July - Dec. 2011
(Rupees in thousand)	

CASH FLOW FROM FINANCING ACTIVITIES

Net changes in borrowings:

Long term loan	(23,723)	(42,701)
Short term loan	9,314	(26,247)
Directors' loan	(38,687)	139,993
Current maturity of lease finances	(3,600)	(6,994)

Net cash flow from financing activities	(56,696)	64,051
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NET CHANGE IN CASH AND CASH EQUIVALENTS	35,007	7,552
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CASH AND CASH EQUIVALENTS AT START OF THE PERIOD	16,760	22,261
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CASH AND CASH EQUIVALENTS AT CLOSE OF THE PERIOD	51,767	29,813
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The annexed notes form an integral part of this condensed interim financial information.



Muhammad Tousif Peracha
Chief Executive Officer



Abdur Rafique Khan
Director

Interim Condensed Statement of Changes in Equity (un-audited)

For the half year ended December 31, 2012

Particulars	Share Capital	General Reserve	Accumulated Loss	Total
(Rupees in thousand)				
Balance as at June 30, 2011	4,002,739	332,000	(3,576,437)	758,302
Total Comprehensive loss for the half year ended December 31, 2011	-	-	(430,763)	(430,763)
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	32,688	32,688
Balance as at December 31, 2011	4,002,739	332,000	(3,974,512)	360,227
Total Comprehensive income for the half year ended June 30, 2012	-	-	189,329	189,329
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	37,778	37,778
Balance as at June 30, 2012	4,002,739	332,000	(3,747,405)	587,334
Total Comprehensive income for the half year ended December 31, 2012	-	-	340,378	340,378
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	34,804	34,804
Balance as at December 31, 2012	4,002,739	332,000	(3,372,223)	962,516

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



Muhammad Tousif Peracha
Chief Executive Officer



Abdur Rafique Khan
Director

Notes to the Condensed Interim Financial Information (un-audited)

For the half year ended December 31, 2012

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.

The Company has made a net profit of Rs. 340.378 million during the period under review, which improved the net equity to Rs. 962.516 million (June 30, 2012: Rs. 587.335 million); after covering the accumulated loss of Rs. 3,372.223 million at the terminal date. Further, as of balance sheet date, its current liabilities exceeded its current assets by Rs. 2,989.294 million, although this gap will be reduced to Rs. 1,810.490 million due to restructuring of borrowings by remaining banks / financial institutions subsequent to the balance sheet date.

However, the efficiency and performance of the Company has enhanced due to tight budgetary controls as well as improvement in selling prices. The demand for cement is expected to increase further in the period ahead, which will help the Company to further increase its profitability and improve all the key financial and operational ratios.

In order to support the operations of the Company, most of the banks / financial institutions had restructured their borrowings on bilateral basis. Moreover, the management of the Company is continuously in negotiation with the remaining banks / financial institutions and is hopeful that they will also restructure their borrowings on the same line as done by majority of lenders of the Company. After restructuring of borrowings by the major banks / financial institutions, the management believes that the Company will not expose to any financial risk.

Based on the profitable operations of the Company, continued support of the sponsoring directors, improvement in selling prices as well as future growth of cement demand and acceptance of financial restructuring by major lenders of the Company, the management is of the view that the Company would have adequate resources to continue its business on a sustainable basis in the foreseeable future; and therefore will continue to be a going concern.

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, 2012. 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, 2012.

Notes....

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 31-12-2012 (Rupees in thousand)	Audited 30-06-2012
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	11,189,452	11,177,058
Capital work in progress		440,014	320,073
		11,629,466	11,497,131
5.1 OPERATING FIXED ASSETS			
Book value - opening balance		11,177,058	11,459,998
Additions		176,447	44,985
Deletions		-	(1,836)
		11,353,505	11,503,147
Depreciation		(164,053)	(326,089)
		11,189,452	11,177,058
6 REDEEMABLE CAPITAL			
Privately placed term finance certificates		389,020	389,020
Less: current portion shown under current liabilities		(389,020)	(389,020)
		-	-
6.1	The terms and conditions as well as the status of this head of account is the same as was disclosed in the financial statements of the company for the year ended June 30, 2012.		

Notes....

	Note	Un-audited 31-12-2012 (Rupees in thousand)	Audited 30-06-2012
7 LONG TERM BORROWINGS			
Banks and financial institutions (secured)			
Consolidated term finance	7.1	2,006,804	2,016,804
KASB Bank Limited	7.1	227,732	243,460
NIB Bank Limited	7.1	406,483	424,102
Silk Bank Limited	7.2	85,000	90,000
Faysal Bank Limited	7.2	101,650	101,650
Bank Islami Pakistan Limited	7.2	202,375	214,375
Askari Bank Limited	7.2	42,402	-
Term finance facilities		-	5,778
		3,072,446	3,096,169
Current portion shown under current liabilities		(818,296)	(645,979)
		2,254,150	2,450,190
Related parties (unsecured)			
Mr. Muhammad Tousif Peracha		681,123	681,123
Mr. Abdur Rafique Khan		220,384	259,071
		901,507	940,194
Others (Un-secured)			
Dandot Cement Company Limited	7.3	250,000	250,000
		3,405,657	3,640,384
7.1	The terms and conditions of the borrowings from these banks / financial institutions were the same as disclosed in the financial statements of the company for the year ended June 30, 2012.		
7.2	While the terms and conditions of the borrowings from these banks / financial institutions remained the same, the repayments of the borrowings from these banks alongwith markup were rescheduled on separate / bilateral negotiations with them; the effects of which have been duly incorporated in this financial information.		
7.3	This balance is payable to Dandot Cement Company Limited (DCCL), an ex-associated company, and is secured against the counter amount payable by DCCL to the Company's sponsoring directors. This balance will be repaid on release of loan by DCCL to the Company's sponsoring directors, which is not expected to be settled in the next twelve months; and therefore has been regrouped from current liability to non-current liability in this financial information.		

Notes....

	Note	Un-audited 31-12-2012 (Rupees in thousand)	Audited 30-06-2012
8			
CURRENT PORTION OF NON CURRENT LIABILITIES			
Redeemable capital	6	389,020	389,020
Long term borrowings	7	818,296	645,979
Liability against assets subject to finance leases		34,671	38,271
		1,241,986	1,073,270
9			
There is no change in the status of contingencies and commitments as reported in annual financial statements of the company for the year ended June 30, 2012.			
		Half year ended December 2012 2011 (Rupees in thousand)	2 nd Quarter ended December 2012 2011 (Rupees in thousand)
10			
NET SALES			
Local sale		3,192,306 2,305,454	1,764,803 1,345,680
Export sale		229,758 91,682	98,050 36,594
		3,422,064 2,397,136	1,862,853 1,382,274
Less:			
Federal excise duty		(166,334) (321,637)	(90,665) (189,254)
Sales tax		(440,318) (164,778)	(243,421) (93,622)
Discount/rebate to dealers		(24,396) (13,996)	(13,192) (95)
		(631,048) (500,411)	(347,278) (282,971)
		2,791,016 1,896,725	1,515,575 1,099,303

Notes....

	Half year ended December		2 nd Quarter ended December	
	2012	2011	2012	2011
	(Rupees in thousand)		(Rupees in thousand)	
11 COST OF SALES				
Raw and packing materials consumed	325,443	272,151	160,777	159,798
Stores and spares consumed	43,775	47,665	13,051	36,552
Salaries, wages and benefits	74,878	73,874	37,433	58,321
Fuel and power consumed	1,330,720	1,172,520	689,927	740,451
Production overheads	79,602	55,709	48,862	12,436
Depreciation	147,949	132,478	75,106	74,371
	2,002,367	1,754,397	1,025,156	1,081,929
Adjustment of work in process inventory				
Opening stock	57,751	52,210	65,276	11,443
Closing stock	(97,359)	(137,167)	(97,359)	(137,167)
	(39,607)	(84,957)	(32,083)	(125,724)
Cost of goods manufactured	1,962,760	1,669,440	993,073	956,205
Adjustment of finished goods inventory				
Opening stock	12,792	15,128	42,881	1,042
Closing stock	(689)	(413)	(689)	(413)
	12,103	14,715	42,192	629
	1,974,862	1,684,155	1,035,264	956,834

Notes....

- 12 There are no significant transactions with related parties during the period under review.
- 13 The condensed interim financial information has been approved by the Board of Directors for issue on February 18, 2013.
- 14 Corresponding figures have been regrouped wherever required; however no material regrouping has been made. Figures in this information are rounded off to the nearest thousand rupees.



Muhammad Tousif Peracha
Chief Executive officer



Abdur Rafique Khan
Director



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