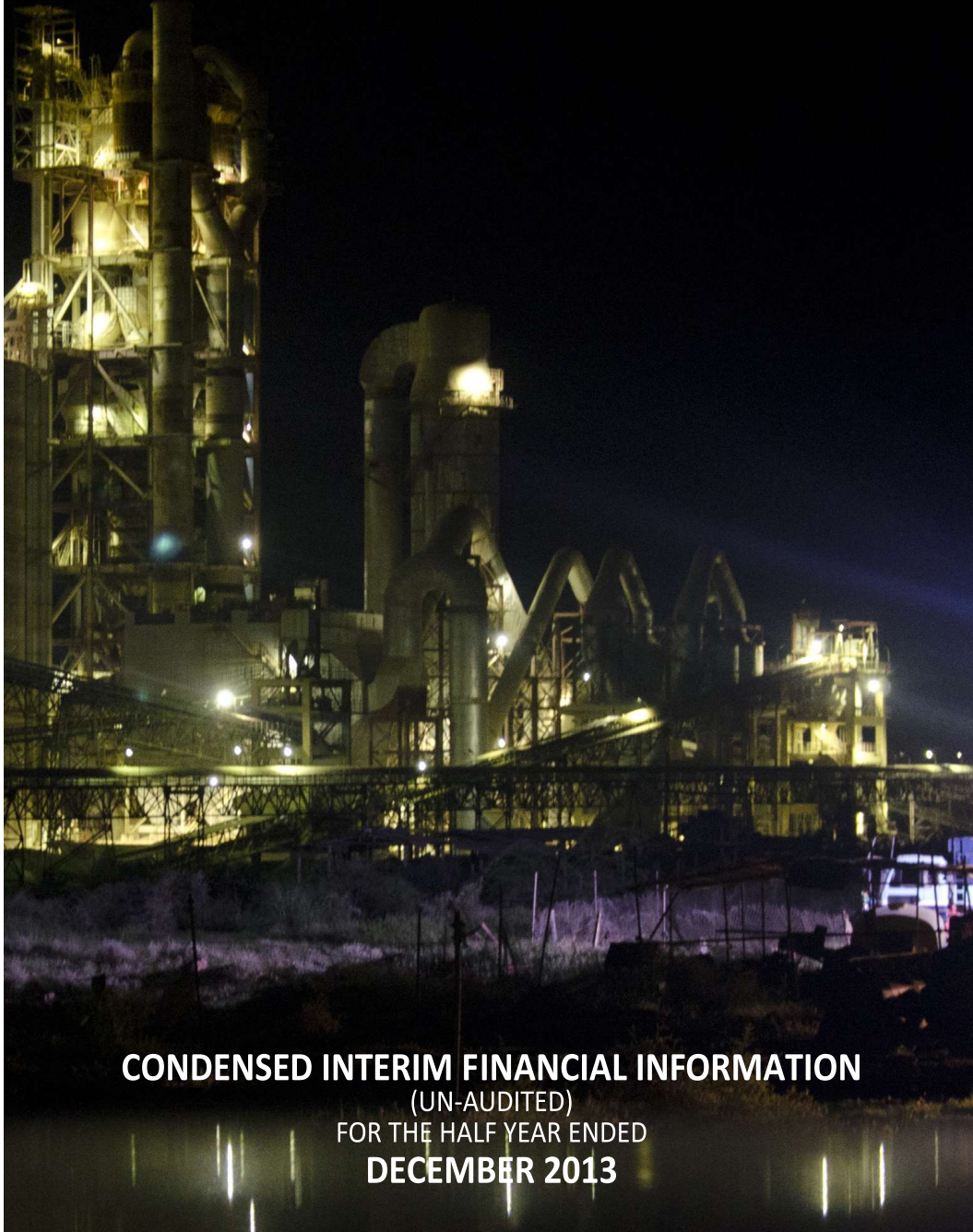




# GHARIBWAL CEMENT LIMITED



**CONDENSED INTERIM FINANCIAL INFORMATION**  
(UN-AUDITED)  
FOR THE HALF YEAR ENDED  
**DECEMBER 2013**



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## Company Information

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. Khalid Siddique Tirmzi Mr. Muhammad Rahman
AUDIT COMMITTEE	Chairman Mr. Abdur Rafique Khan	Members Mr. Muhammad Tousif Peracha Mrs. Tabassum Tousif Peracha
HRR COMMITTEE	Chairman Mr. Mustafa Tousif Ahmed Paracha	Members Mr. Ali Rashid Khan Mr. Muhammad Rahman
CFO & COMPANY SECRETARY	Mr. Muhammad Shamail Javed ACA	
CHIEF ACCOUNTANT	Mr. Farukh Naveed	
EXTERNAL AUDITORS	Hyder Bhimji & Co. Chartered Accountants	
INTERNAL AUDITORS	Aftab Nabi & Co. Chartered Accountants	
LEGAL ADVISOR	Raja Muhammad Akram	
BANKERS 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	
REGISTERED & HEAD OFFICE	28-B/III, 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	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 for the six months ended December 31, 2013.

During first half of current fiscal year, the cement industry of Pakistan has posted a meagre growth of 1.07% (local market posted positive growth of 2.13%; whereas export posted negative growth of 1.84%) compared with the same period during last fiscal year. Total dispatches during this period were 16.122 million Tons against 15.951 million Tons during the corresponding period of last fiscal year.

First half of the current financial year remained satisfactory for your Company which posted a healthy dispatch growth of 23% compared with the same period of the last financial year. Clinker capacity utilization increased from 44% to 66%. Your Company generated 35% more revenue compared with the comparative period registering 39% increase in gross profit over the comparative period. However due to inflationary trend in Pakistan, GP ratio increased from 29% to 30%. Finance cost decreased by 11% due to repayments of principal amounts. At bottom end, your Company managed to earn a net profit of Rs. 653 million during the current period against Rs. 340 million during the comparative period. EPS increased from Re. 0.85 to Rs. 1.63.

The export to Afghanistan is declining gradually due to slow pace of new project developments in the country. India is also experiencing economic slowdown resulting in reduction in cement demand. No mega construction project is also expected to be started by the government of Pakistan in near future. It is projected that the year 2014 is not likely to bring any significant change for the cement industry of Pakistan. However, your Company is expected to maintain the same growth for the financial year 2014 as posted during its first half.

On the other hand, the cost of production of cement industry is rapidly going up due to massive increase in transportation cost, electricity cost, hike in interest rates and fast pace of Pak rupee devaluation. The margins are also under pressure due to these factors. Another factor which is affecting the margin is the additional taxes imposed by government of Pakistan on cement industry. The packaging cost has also increased due to new taxes being imposed on import of sack Kraft paper. In order to encounter these challenges, the management of your Company is already working on various proposals to reduce the cost of production.

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 the Board of Directors



MUHAMMAD TOUSIF PERACHA  
(Chief Executive Officer)

Lahore: February 20, 2014

# 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, 2013, 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, 2013 have not been reviewed as we are required to review only the cumulative figures for the six months ended December 31, 2013.

## *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.

Lahore:  
February 20, 2014

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

## Condensed Interim Balance Sheet (un-audited)

As at December 31, 2013

	Note	Un-audited 31-12-2013 (Rupees in thousand)	Audited 30-06-2013
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	11,390,437	11,476,898
Long term deposits		71,856	72,456
Deferred tax asset		142,761	142,761
		<b>11,605,054</b>	<b>11,692,115</b>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		500,424	647,243
Stock in trade		645,003	167,020
Trade debts		163,380	188,929
Advances, deposits and prepayments		129,766	170,113
Cash and bank balances		18,335	22,718
		<b>1,456,908</b>	<b>1,196,023</b>
Non current assets held for sale		13,812	13,812
		<b>1,470,720</b>	<b>1,209,835</b>
		<b>13,075,774</b>	<b>12,901,950</b>



Muhammad Tousif Peracha  
Chief Executive Officer



## Condensed Interim Balance Sheet (un-audited)

As at December 31, 2013

	Note	Un-audited 31-12-2013 (Rupees in thousand)	Audited 30-06-2013
<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
General reserves		332,000	332,000
Accumulated loss		(1,975,592)	(2,671,643)
		2,359,147	1,663,096
Surplus on revaluation of property, plant and equipment		2,227,967	2,270,769
		4,587,114	3,933,865
<b>NON CURRENT LIABILITIES</b>			
Redeemable capital		154,876	199,840
Long term borrowings	6	2,825,070	3,756,562
Deferred income		212,004	212,004
Deferred liabilities	7	1,708,736	1,803,180
		4,900,686	5,971,586
<b>CURRENT LIABILITIES</b>			
Trade and other payables		854,014	862,653
Accrued markup/profit		658,034	590,943
Short term borrowings		749,632	465,801
Current portion of non current liabilities	8	860,872	770,791
Taxes and duties payable		465,422	306,310
		3,587,974	2,996,498
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
		13,075,774	12,901,950

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, 2013

	Note	Half year ended December		2 <sup>nd</sup> Quarter ended December	
		2013 (Rupees in thousand)	2012 (Rupees in thousand)	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Net sales	10	3,762,531	2,791,016	2,055,009	1,515,575
Cost of sales	11	(2,624,661)	(1,974,862)	(1,428,511)	(1,035,265)
<b>Gross profit</b>		<b>1,137,870</b>	<b>816,154</b>	<b>626,498</b>	<b>480,310</b>
Administration and general expenses		(77,663)	(68,306)	(40,236)	(35,870)
Selling and distribution expenses		(11,552)	(8,255)	(6,059)	(3,130)
Other operating expenses		(38,480)	(22,283)	(23,127)	(22,283)
Other income		574	514	111	514
		(127,121)	(98,330)	(69,311)	(60,769)
<b>Operating profit</b>		<b>1,010,749</b>	<b>717,824</b>	<b>557,187</b>	<b>419,541</b>
Finance cost		(319,955)	(361,421)	(158,108)	(169,765)
<b>Profit before taxation</b>		<b>690,794</b>	<b>356,403</b>	<b>399,079</b>	<b>249,776</b>
Taxation		(37,545)	(16,025)	(20,326)	(8,946)
<b>Profit after taxation</b>		<b>653,249</b>	<b>340,378</b>	<b>378,753</b>	<b>240,830</b>
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>653,249</b>	<b>340,378</b>	<b>378,753</b>	<b>240,830</b>
<b>Earnings per share (Rupee Per share)</b>		<b>1.63</b>	<b>0.85</b>	<b>0.95</b>	<b>0.60</b>

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, 2013

	Half year ended December	
	2013	2012
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	690,794	356,403
Adjustment for non-cash and other items:		
Depreciation	219,244	164,053
Provision for balances doubtful of recovery	2,116	3,337
Finance cost	319,955	361,421
	541,315	528,811
Operating profit before working capital changes	1,232,109	885,214
Changes in working capital:		
Stores, spares and loose tools	146,819	99,135
Stock in trade	(477,983)	(82,370)
Trade debts	25,549	1,374
Advance, deposit and other receivables	37,673	(59,098)
Trade and other payables	(25,735)	(100,947)
Net change in long term loans and deposits	600	4,877
	(293,077)	(137,029)
Finance cost paid	939,032	748,185
Net change in taxes and duties	(169,518)	(229,793)
	(31,238)	(130,301)
Net cash inflow from operating activities	738,276	388,091
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(132,784)	(296,388)
Net cash outflow from investing activities	(132,784)	(296,388)
Balance carried forward	605,492	9,1703

## Condensed Interim Cash Flow Statement (un-audited)

For the half year ended December 31, 2013

	Half year ended December	
	2013	2012
	(Rupees in thousand)	
Balance brought forward	605,492	9,1703
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayments of / net changes in:		
Redeemable capital	(774)	-
Long term loan	(211,634)	(23,723)
Short term loan	270,260	9,314
Directors' loan	(678,897)	(38,687)
Lease finances	(5,400)	(3,600)
Net cash outflow from financing activities	(626,444)	(56,696)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(20,953)</b>	<b>35,007</b>
<b>CASH AND CASH EQUIVALENTS AT START OF THE PERIOD</b>	<b>692</b>	<b>16,760</b>
<b>CASH AND CASH EQUIVALENTS AT CLOSE OF THE PERIOD</b>	<b>(20,261)</b>	<b>51,767</b>
<b>CASH AND CASH EQUIVALENT</b>		
Cash and bank balances	18,335	51,767
Temporarily bank overdraft	(38,596)	-
	<b>(20,261)</b>	<b>51,767</b>

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, 2013

Particulars	Share Capital	General Reserve	Accumulated Loss	Total
	(Rupees in thousand)			
Balance as at July 01, 2012	4,002,739	332,000	(3,794,382)	540,357
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	(3,419,200)	915,539
Total Comprehensive income for the half year ended June 30, 2013	-	-	710,167	710,167
Incremental depreciation associated with surplus on revaluation of property, plant and equipment (net of deferred tax)	-	-	37,390	37,390
Balance as at June 30, 2013	4,002,739	332,000	(2,671,643)	1,663,096
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
<b>Balance as at December 31, 2013</b>	<b>4,002,739</b>	<b>332,000</b>	<b>(1,975,592)</b>	<b>2,359,147</b>

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, 2013

### 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, 2013. 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, 2013.

### 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;

During the period under review, Company has changed its estimate of useful life of roads and pattern of consumption of economic benefits by changing depreciation rate from 7% to 10%. Had the asset been depreciated at the rate prior to change in estimate, the depreciation charge for the current period would have been reduced by Rs.1.358 million. Accordingly, the operating profit for the current period and operating fixed assets would have been increased by the same amount.

	Note	Un-audited 31-12-2013	Audited 30-06-2013
(Rupees in thousand)			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	11,106,700	11,036,096
Capital work in progress		283,737	440,802
		<b>11,390,437</b>	<b>11,476,898</b>

	Note	Un-audited 31-12-2013	Audited 30-06-2013
(Rupees in thousand)			
<b>5.1 OPERATING FIXED ASSETS</b>			
Book value - opening balance		11,036,096	11,177,058
Additions -purchases		1,003	27,680
- transfers from capital work in progress		288,845	175,670
Deletions		-	(1,316)
		<b>11,325,944</b>	<b>11,379,092</b>
Depreciation		(219,244)	(342,996)
		<b>11,106,700</b>	<b>11,036,096</b>
<b>6. LONG TERM BORROWINGS</b>			
<b>Banks and financial institutions (secured)</b>			
National Bank of Pakistan		657,066	657,066
Bank of Punjab		1,105,816	1,111,816
Bank of Khyber		121,124	131,813
KASB Bank Limited		55,066	73,184
NIB Bank Limited		360,296	380,185
Silk Bank Limited		67,292	74,375
Faysal Bank Limited		89,450	95,500
First Credit Investment Corporation		37,240	39,518
Bank Islamic Pakistan Limited		169,375	187,375
Askari Bank Limited		39,751	42,402
Saudi Pak Industrial & Agricultural Investment Co. Ltd	6.2	139,649	139,649
		<b>2,842,125</b>	<b>2,932,883</b>
Less: Current portion shown under current liabilities	8	(600,589)	(548,740)
		<b>2,241,536</b>	<b>2,384,143</b>
<b>Related parties (unsecured)</b>			
Mr. Muhammad Tousif Peracha		253,898	724,785
Mr. Abdur Rafique Khan		99	205,109
Mr. Danial Peracha	6.3	52,607	155,710
GCL Employees' Gratuity Fund Trust		26,930	36,816
		<b>333,533</b>	<b>1,122,419</b>
<b>Others (Un-secured)</b>			
Dandot Cement Company Limited		250,000	250,000
		<b>2,855,070</b>	<b>3,756,562</b>

- 6.1 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, 2013.
- 6.2 This term finance facility of Rs. 139.650 million has been rescheduled during the period. Principal amount will be repaid in 96 monthly installments starting from July 31, 2014 whereas markup accrued till November 30, 2013 is deferred and will be paid as bullet payment at the end of 8th year i.e. on June 30, 2022. Markup accrued from December 01, 2013 will be paid on quarterly basis in arrears @ 3 months KIBOR + 2.5% p.a.
- 6.3 During the period under review, this person has undertaken not to demand the repayment of the loan within 12 months of the balance sheet date; accordingly this is now classified as long term borrowings.

	Note	Un-audited 31-12-2013	Audited 30-06-2013
(Rupees in thousand)			
<b>7. DEFERRED LIABILITIES</b>			
Deferred markup / profit		959,404	939,315
Deferred excise duty and sales tax		589,520	706,690
Employees' retirement benefits		24,107	21,470
Retention money		135,705	135,705
		<b>1,708,736</b>	<b>1,803,180</b>
<b>8. CURRENT PORTION OF NON CURRENT LIABILITIES</b>			
Redeemable capital		233,370	189,180
Long term borrowings	6	600,589	548,740
Liability against assets subject to finance leases		26,913	32,871
		<b>860,872</b>	<b>770,791</b>

**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, 2013. However, during the period under review, the commercial banks have issued bank guarantees aggregating to Rs. 155 million to SNGPL on behalf of the Company. Another bank has issued performance guarantee equivalent to US\$ 10,000 on behalf of the Company.



	Half year ended December		2 <sup>nd</sup> Quarter ended December	
	2013	2012	2013	2012
	(Rupees in thousand)		(Rupees in thousand)	
<b>10. NET SALES</b>				
Local sale	4,483,454	3,192,306	2,476,437	1,764,803
Export sale	241,112	229,758	104,985	98,050
	<b>4,724,566</b>	<b>3,422,064</b>	<b>2,581,422</b>	<b>1,862,853</b>
Less:				
Federal excise duty	(207,880)	(166,334)	(112,585)	(90,665)
Sales tax	(726,117)	(440,318)	(400,136)	(243,421)
Discount/rebate to dealers	(28,038)	(24,396)	(13,692)	(13,192)
	<b>(962,035)</b>	<b>(631,048)</b>	<b>(526,413)</b>	<b>(347,278)</b>
	<b>3,762,531</b>	<b>2,791,016</b>	<b>2,055,009</b>	<b>1,515,575</b>
<b>11. COST OF SALES</b>				
Raw and packing materials consumed	485,463	325,443	265,698	160,777
Stores and spares consumed	162,074	43,775	87,889	13,051
Salaries, wages and benefits	103,127	74,878	61,575	37,433
Fuel and power consumed	2,022,126	1,330,720	1,150,974	689,927
Production overheads	137,727	79,602	86,142	48,862
Depreciation	202,614	147,949	116,144	75,106
	<b>3,113,131</b>	<b>2,002,367</b>	<b>1,768,422</b>	<b>1,025,156</b>
Adjustment of work in process inventory				
Opening stock	48,100	57,751	187,298	65,276
Closing stock	(492,391)	(97,359)	(492,391)	(97,359)
	<b>(444,291)</b>	<b>(39,608)</b>	<b>(305,093)</b>	<b>(32,083)</b>
Cost of goods manufactured	<b>2,668,840</b>	<b>1,962,759</b>	<b>1,463,329</b>	<b>993,073</b>
Adjustment of finished goods inventory				
Opening stock	14,698	12,792	24,059	42,881
Closing stock	(58,877)	(689)	(58,877)	(689)
	<b>(44,179)</b>	<b>12,103</b>	<b>(34,818)</b>	<b>42,192</b>
	<b>2,624,661</b>	<b>1,974,862</b>	<b>1,428,511</b>	<b>1,035,265</b>

12. There are no significant transactions with related parties during the period under review, except those disclosed in this condensed interim financial information.
13. The condensed interim financial information has been approved by the Board of Directors for issue on February 20, 2014.
14. 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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Sahartech  
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