

contents

03	company information
04	directors' review
05	auditors' review report to the members
06	condensed interim balance sheet
07	condensed interim profit and loss account
08	condensed interim statement of comprehensive income
09	condensed interim cash flow statement
10	condensed interim statement of changes in equity
11	notes to the condensed interim financial statements

Blank

company information

Board of Directors

Mr. Omar Faruque	Chairman
Mr. Azam Faruque	Chief Executive
Mr. Akbarali Pesnani	Director
Mr. Shehryar Faruque	Director
Mr. Tariq Faruque	Director
Mr. Javaid Anwar	Director
Mr. Saquib H. Shirazi	Director
Mr. Shamshad Nabi (NIT)	Director

Executive Director & Chief Financial Officer

Mr. Yasir Masood

Executive Director & Company Secretary

Mr. Abid A. Vazir

Audit Committee

Mr. Javaid Anwar	Chairman
Mr. Akbarali Pesnani	Member
Mr. Shehryar Faruque	Member
Mr. Tariq Faruque	Member

Human Resource & Remuneration Committee

Mr. Saquib H. Shirazi	Chairman
Mr. Azam Faruque	Member
Mr. Shehryar Faruque	Member

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Bankers

Allied Bank Ltd.
Bank Al Habib Ltd.
Bank Alfalah Ltd.
Dubai Islamic Bank Pakistan Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Samba Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
Soneri Bank Ltd.
The Bank of Punjab
United Bank Ltd.

Registered Office / Factory

Village Lakrai, P.O. Box 28, Nowshera

Head Office

Modern Motors House, Beaumont Road
Karachi-75530

Sales Offices

Peshawar: 1st Floor, Betani Arcade, Jamrud Road

Lahore: 3, Sunder Das Road

Islamabad: 1st Floor, Razia Sharif Plaza
Jinnah Avenue, Blue Area

Share Registrar

Central Depository Company
of Pakistan Limited (CDC)
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahrah-e-Faisal
Karachi-74400

directors' review

The Board of Directors is pleased to present the financial results of the company, duly reviewed by the auditors, for the half year ended December 31, 2014.

Overview

The cement industry witnessed an encouraging growth of 6% during the first half of the year. Healthy construction activities led to an impressive 9% increase in the domestic demand for cement. However, export sales of the industry declined by 2% compared to same time last year.

Dispatches:

Comparative dispatch figures for current period and that of corresponding period last year are as follow:

	December 2014 (in tons)	December 2013 (in tons)
● Domestic dispatches	335,224	303,798
● Export dispatches	155,423	166,022
	490,647	469,820

On the back of strong demand owing to rise in construction activities, domestic sales of the company increased by 10% during the half year under review. However, exports to Afghanistan declined by 6% due to uncertainty, which resulted in depressed demand for cement. During the six months under review, the overall dispatches of the company grew by 4% from the corresponding period last year.

Operating Performance:

In line with growth in cement dispatches, sales turnover of the company also increased by 4% from the corresponding period last year. During the six months under review, production costs escalated mainly due to significant upward revision in electricity tariff, and imposition of fuel price adjustment levy. However, improved liquidity position together with operational efficiencies enabled the company to contain its costs. There was an increase in the other income owing to the short term investments made by the company. For the six months ended December 31, 2014 the company posted an after tax profit of Rs. 640 million.

Expansion of Plant:

Work on the expansion of production capacity is progressing on schedule. Letter of credit has been established for the imported equipment, and contracts have been awarded for the civil works. On the financing front, the company has finalized the long term loan for the project with leading banks on competitive terms. Furthermore, the company received an extremely encouraging response to the issuance of right shares, which was overwhelmingly subscribed by the shareholders.

Future Outlook:

Stable macroeconomic indicators, low oil prices and falling interest rates should increase the demand for cement as investment activities accelerate further. Improvement in political situation in Afghanistan may also boost reconstruction activities in the country, which will benefit the company. The installation of new cement line at existing location will allow the company to meet the additional demand for cement in Pakistan. Furthermore, it will enable the company to achieve greater efficiencies and better allocation of fixed costs. The company is taking all necessary measures to ensure timely execution of the project.

Acknowledgment:

The management would like to thank all the financial institutions, customers, individuals and staff members who have been associated with the company for their support and cooperation.

On behalf of the Board of Directors


Omar Faruque
Chairman

Karachi: February 10, 2015

auditors' report to the members on review of interim financial information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Cherat Cement Company Limited (the Company) as at 31 December 2014, 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 and notes to the accounts for the six-month period then ended (here-in-after referred to as "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.

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 respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Date: February 10, 2015

Place: Karachi

Omar Mustafa Ansari

**Chartered Accountants
Review Engagement Partner**

Omar Mustafa Ansari

condensed interim balance sheet

As at December 31, 2014

	Note	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
ASSETS			
----- (Rupees `000) -----			
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,534,265	3,361,632
Intangible assets		15,353	14,125
		4,549,618	3,375,757
Long-term investments		287,214	131,599
Long-term loans and advances		674	1,199
Long-term security deposits		17,248	17,238
		4,854,754	3,525,793
CURRENT ASSETS			
Stores, spare parts and loose tools	6	1,110,509	1,181,254
Stock-in-trade		372,885	369,872
Loans and advances		16,149	18,028
Trade deposits, short-term prepayments and other receivables		92,749	74,136
Short-term investments	7	2,171,544	1,242,271
Taxation - net		-	2,498
Cash and bank balances		24,505	17,116
		3,788,341	2,905,175
TOTAL ASSETS			
		8,643,095	6,430,968
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		2,250,000	2,250,000
Issued, subscribed and paid-up capital	8	1,766,318	1,051,380
Reserves		5,445,779	3,812,888
		7,212,097	4,864,268
NON-CURRENT LIABILITIES			
Long-term financing		142,697	163,082
Long-term deposits		14,550	15,530
Deferred taxation		486,714	506,947
		643,961	685,559
CURRENT LIABILITIES			
Trade and other payables		563,500	676,921
Accrued mark-up		4,829	37,166
Short-term borrowings		82,811	99,376
Current maturity of long-term financing		40,770	40,770
Taxation - net		62,817	-
Unclaimed dividend		32,310	26,908
		787,037	881,141
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES			
		8,643,095	6,430,968

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Omar Faruque
Chairman


Azam Faruque
Chief Executive

condensed interim profit and loss account (unaudited)
for the half-year ended December 31, 2014

	Note	Half-year ended		Quarter ended	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
		----- (Rupees `000) -----			
Turnover - net	10	3,310,847	3,169,578	1,758,099	1,680,922
Cost of sales		(2,345,322)	(2,050,156)	(1,204,950)	(1,021,465)
Gross profit		965,525	1,119,422	553,149	659,457
Distribution costs	11	(100,158)	(91,084)	(48,471)	(45,957)
Administrative expenses		(83,128)	(68,494)	(41,670)	(34,820)
Other expenses		(39,471)	(72,702)	(18,464)	(42,181)
		(222,757)	(232,280)	(108,605)	(122,958)
Other income		68,131	27,764	51,129	19,022
Operating profit		810,899	914,906	495,673	555,521
Finance costs	12	(21,316)	(9,401)	(12,459)	(3,242)
Profit before taxation		789,583	905,505	483,214	552,279
Taxation					
Current - for the period	13	(180,000)	(81,098)	(110,705)	(34,433)
- prior years		10,078	-	10,078	-
Deferred		20,233	(114,573)	5,948	(80,726)
		(149,689)	(195,671)	(94,679)	(115,159)
Profit for the period		639,894	709,834	388,535	437,120
Earnings per share - basic	14	Rs. 4.41	(Restated) Rs. 5.18	Rs. 2.68	(Restated) Rs. 3.19

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Omar Faruque
Chairman


Azam Faruque
Chief Executive

condensed interim statement of comprehensive income (unaudited)
for the half-year ended December 31, 2014

	Half-year ended		Quarter ended	
	December 31, 2014	December 31, 2013 (Restated)	December 31, 2014	December 31, 2013 (Restated)
	(Rupees `000)			
Profit for the period	639,894	709,834	388,535	437,120
Other comprehensive income to be reclassified to profit and loss account in subsequent periods:				
Unrealized gain on available-for-sale securities	155,615	16,484	158,734	10,262
Other comprehensive income not to be reclassified to profit and loss account in subsequent periods:				
Re-measurement gains on defined benefit plan (note 17.1)	-	7,329	-	7,329
Total comprehensive income for the period	<u>795,509</u>	<u>733,647</u>	<u>547,269</u>	<u>454,711</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Omar Faruque
Chairman


Azam Faruque
Chief Executive

condensed interim cash flow statement (unaudited)
for the half-year ended December 31, 2014

	December 31, 2014	December 31, 2013
	----- (Rupees ` 000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	789,583	905,505
Adjustments for:		
Depreciation	134,371	121,340
Amortisation	1,255	1,232
Unrealized gain on short-term investments	(40,057)	(7,514)
Gain on disposal of operating property, plant and equipment	(1,465)	(1,690)
Finance costs	21,316	9,401
Exchange loss- net	22	2,346
Dividend income	(3,545)	(3,545)
	111,897	121,570
	901,480	1,027,075
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	70,745	(256,095)
Stock-in-trade	(3,013)	(6,595)
Loans and advances	1,879	(9,059)
Trade deposits, short-term prepayments and other receivables	(18,613)	9,514
	50,998	(262,235)
	952,478	764,840
(Decrease) / increase in current liabilities		
Trade and other payables	(113,443)	49,754
Cash generated from operations	839,035	814,594
Income tax paid	(104,607)	(43,725)
Long-term loans, advances and deposits - net	(465)	(259)
Net cash generated from operating activities	733,963	770,610
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,307,851)	(80,567)
Proceeds from disposal of operating property, plant and equipment	2,312	4,908
Additions to intangible assets	(2,483)	-
Short-term investments	(889,216)	(500,000)
Dividend received	3,545	3,545
Net cash used in investing activities	(2,193,693)	(572,114)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of right shares - net	1,762,596	-
Dividend paid	(204,874)	(137,650)
Long-term financing	(20,385)	-
Short-term borrowings	(16,565)	(36,217)
Finance costs paid	(53,653)	(11,790)
Net cash generated from / (used in) financing activities	1,467,119	(185,657)
Net increase in cash and cash equivalents	7,389	12,839
Cash and cash equivalents as at the beginning of the period	17,116	25,548
Cash and cash equivalents as at the end of the period	24,505	38,387

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Omar Faruque
Chairman


Azam Faruque
Chief Executive

condensed interim statement of changes in equity (unaudited)
for the half-year ended December 31, 2014

	Issued, Subscribed and Paid-up Capital	Reserves							Total	
		Capital Reserve		Revenue Reserves				Unrealised gain on available - for-sale securities		Total
		Share premium	Others	General Reserve	Unappropri- ated profit	Re-measure- ment gains / (losses) on defined benefit plan	Sub-total			
(Rupees '000)										
Balance as at July 01, 2013 - as restated (note 17.1)	955,801	-	50,900	420,000	2,251,298	(2,939)	2,668,359	33,969	2,753,228	3,709,029
Profit for the period	-	-	-	-	709,834	-	709,834	-	709,834	709,834
Other comprehensive income	-	-	-	-	-	7,329	7,329	16,484	23,813	23,813
Total comprehensive income for the period	-	-	-	-	709,834	7,329	717,163	16,484	733,647	733,647
Cash dividend for the year ended June 30, 2013 @ Rs. 1.50/- per share										
	-	-	-	-	(143,370)	-	(143,370)	-	(143,370)	(143,370)
Balance as at December 31, 2013 - as restated (note 17.1)	955,801	-	50,900	420,000	2,817,762	4,390	3,242,152	50,453	3,343,505	4,299,306
Balance as at July 01, 2014										
	1,051,380	-	50,900	420,000	3,232,937	11,719	3,664,656	97,332	3,812,888	4,864,268
Issuance of right shares @ 68% (i.e. 68 shares for every 100 ordinary shares held)										
	714,938	1,072,408	-	-	-	-	-	-	1,072,408	1,787,346
Cost of issuance of right shares										
	-	(24,750)	-	-	-	-	-	-	(24,750)	(24,750)
Profit for the period	-	-	-	-	639,894	-	639,894	-	639,894	639,894
Other comprehensive income	-	-	-	-	-	-	-	155,615	155,615	155,615
Total comprehensive income for the period	-	-	-	-	639,894	-	639,894	155,615	795,509	795,509
Cash dividend for the year ended June 30, 2014 @ Rs. 2/- per share										
	-	-	-	-	(210,276)	-	(210,276)	-	(210,276)	(210,276)
Balance as at December 31, 2014	1,766,318	1,047,658	50,900	420,000	3,662,555	11,719	4,094,274	252,947	5,445,779	7,212,097

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


Omar Faruque
Chairman


Azam Faruque
Chief Executive

notes to the condensed interim financial statements (unaudited)

for the half-year ended December 31, 2014

1. THE COMPANY AND ITS OPERATIONS

Cherat Cement Company Limited (the Company) was incorporated in Pakistan as a public company limited by shares under the Company Act, 1913 (now the Companies Ordinance, 1984) in the year 1981. Its main business activity is manufacturing, marketing and selling of cement. The Company started commercial production in May 1985 and is listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa province.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the six months period ended December 31, 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

3. BASIS OF PREPARATION

3.1 These condensed interim financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statement, and should be read in conjunction with the financial statement of the Company for the year ended June 30, 2014.

3.2 The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2014 and December 31, 2013 and notes forming part thereof have not been reviewed by the auditors of the company, as they have reviewed the cumulative figures for the half years ended December 31, 2014 and December 31, 2013.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2014 except as follows:

New, Amended and Revised Standards and Interpretations of IFRSs

The Company has adopted the following amendments and interpretation of IFRSs which became effective during the period:

IAS 19	-	Employee Benefits (Amendment) - Defined Benefit Plans: Employee Contribution
IAS 32	-	Financial Instruments: Presentation (Amendment) - Offsetting Financial Assets and Financial Liabilities
IAS 36	-	Impairment of Assets (Amendment) - Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	-	Financial Instruments: Recognition and Measurement (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	-	Levies

The adoption of the above amendments and interpretations did not have any material effect on these condensed interim financial statements.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any material effect on the Company's financial statements for the period.

	Note	December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
		----- (Rupees `000) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Opening Net Book Value (NBV)		3,320,210	3,061,855
Additions to operating property, plant and equipment	5.1	122,942	524,022
		3,443,152	3,585,877
Disposals during the period / year (NBV)		(847)	(7,058)
Depreciation charged during the period / year		(134,371)	(258,609)
Closing NBV		3,307,934	3,320,210
Capital work-in-progress	5.2	1,226,331	41,422
		4,534,265	3,361,632
5.1 Additions to operating property, plant and equipment			
Building on leasehold land		628	105,589
Plant and machinery		29,735	323,720
Power and other installations		7,452	24,006
Furniture and fittings		-	839
Quarry, factory and laboratory equipment		50,479	28,992
Motor vehicles		27,436	37,770
Office equipment		2,287	-
Computers		4,925	3,106
		122,942	524,022
5.2 Capital work-in-progress			
Building on leasehold land		15,918	15,430
Plant and machinery		1,189,843	13,908
Power and other installations		3,179	9,449
Furniture and fittings		8	188
Quarry, factory and laboratory equipment		1,902	441
Motor vehicles		14,161	2,006
Office equipment		769	-
Computers		551	-
		1,226,331	41,422
6. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		615,466	654,045
Spare parts		482,947	520,464
Loose tools		644	588
		1,099,057	1,175,097
Stores and spare parts in transit		11,452	6,157
		1,110,509	1,181,254
7. SHORT-TERM INVESTMENTS			
Designated at fair value through profit or loss			
- Investment in mutual funds		2,171,544	1,242,271

8. SHARE CAPITAL

8.1 Authorised capital

December 31, 2014 (Unaudited)	June 30, 2014 (Audited)		December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
Number of shares			(Rupees `000)	
225,000,000	225,000,000	Ordinary shares of Rs. 10/- each	2,250,000	2,250,000

8.2 Issued, subscribed and paid-up capital

19,842,000	19,842,000	Fully paid ordinary shares of Rs. 10/- each	198,420	198,420
80,236,008	80,236,008	- Issued for consideration in cash	802,360	802,360
71,493,845	-	- Issued as fully paid bonus shares	714,938	-
171,571,853	100,078,008	- Right shares issued during the period	1,715,718	1,000,780
5,060,000	5,060,000	- Issued for consideration other than cash on amalgamation	50,600	50,600
176,631,853	105,138,008		1,766,318	1,051,380

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements of the Company for the year ended June 30, 2014.

9.2 Commitments

Letters of credit issued by commercial banks

December 31, 2014 (Unaudited)	June 30, 2014 (Audited)
(Rupees `000)	
32,833	53,667

10. TURNOVER - net

Included herein are (a) local sales, net of trade discounts and volume rebate, amounting to Rs. 2,362.138 million (December 31, 2013: Rs. 2,099.530 million) and (b) export sales, net of trade discounts, amounting to Rs. 948.709 million (December 31, 2013: Rs. 1,070.048 million).

11. OTHER EXPENSES

It mainly includes Workers' Profit Participation Fund (WPPF) and Workers' Welfare Fund (WWF). In current period and for tax year 2014, WWF is provided / adjusted in light of the favorable judgment of Honorable Peshawar High Court.

12. FINANCE COSTS

Includes mark-up on long-term financing amounting to Rs.12.478 million (December 31, 2013: Rs. Nil) and mark up on short-term borrowings and bank charges amounting to Rs. 8.838 million (December 31, 2013: Rs. 9.401 million).

13. TAXATION

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits. Income subject to final tax has been taxed accordingly.

	Half-year ended		Quarter ended	
	December 31, 2014 (Unaudited)	December 31, 2013 (Unaudited)	December 31, 2014 (Unaudited)	December 31, 2013 (Unaudited)
14. EARNINGS PER SHARE - basic				
Profit for the period (Rupees '000)	639,894	709,834	388,535	437,120
Weighted average number of ordinary shares in issue during the period	145,079,448	(Restated) 137,137,687	145,079,448	(Restated) 137,137,687
Earnings per share - basic (Rupees)	4.41	5.18	2.68	3.19

There is no dilutive effect on basic earnings per share.

15. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, a joint venture, staff benefit funds, directors and executives. The Company in the normal course of business carries out transactions with various related parties.

Relationship	Nature of transactions	Half-year ended		Quarter ended	
		December 31, 2014 (Unaudited)	December 31, 2013 (Unaudited)	December 31, 2014 (Unaudited)	December 31, 2013 (Unaudited)
		----- (Rupees `000) -----			
Group companies	Purchase of packaging material	259,008	252,279	144,801	108,710
	Purchase of raw material	62,783	55,802	39,409	29,261
	Purchase of fixed assets	8,500	-	-	-
	Sale of goods	317	114	294	114
	Software consultancy charges	5,118	4,302	2,559	2,151
	Dividend received	3,545	3,545	3,545	3,545
	Dividend paid	49,412	33,690	49,412	33,690
Chief Executive	Remuneration	14,660	13,280	7,288	6,608
Executives	Remuneration	179,584	146,322	89,597	73,085
Other related parties	Contribution to staff provident and gratuity funds	25,580	19,152	20,277	4,582
	Insurance premium	20,100	20,225	10,089	10,175

In addition, certain actual administrative expenses are being shared amongst the group companies.

16. DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on February 10, 2015 by the Board of Directors of the Company.

17. GENERAL

17.1 The corresponding figures of condensed interim statement of comprehensive income and condensed interim statement of changes in equity have been restated in line with change in accounting policy as stated in note 3.11.1 to the annual financial statements of the Company for the year ended June 30, 2014 due to adoption of IAS 19 - Employee Benefits (Revised).

17.2 Corresponding figures have been reclassified for the purpose of better presentation and comparison, wherever necessary.

17.3 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.


Omar Faruque
Chairman


Azam Faruque
Chief Executive

Blank