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## 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 un-audited financial results of the company for the first quarter ended September 30, 2014.

### Overview:

Cement demand has continued to show promising trend despite challenging circumstances for business in the country. On comparison with the corresponding quarter last year, cement consumption has risen by 4.68%. While domestic demand increased by an impressive 9.85%, export sales of the industry declined by 8.13% compared to same time last year.

### Dispatches:

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

	September 2014 (in tons)	September 2013 (in tons)
● Domestic dispatches	144,528	142,346
● Export dispatches	87,411	82,868
	231,939	225,214

Cement dispatches of the company remained sluggish during the early period of the first quarter due to monsoon rains and the holy month of Ramazan. However, demand picked up soon after eid holidays spurred by healthy construction activities. As a result, there was an improvement in cement sales of the company as both local and export sales increased by 1.5% and 5.5% respectively during the period under review. The overall dispatches of the company grew by 3% from the corresponding period last year.

### Operating Performance:

On the back of growth in sales volume, the turnover of the company also increased by 4.3% from the corresponding period last year. During the period under review, production costs escalated mainly due to significant upward revision in electricity tariff. However, improved liquidity position together with operational efficiencies enabled the company to contain its costs. During the period, there was an increase in the Other Income owing to the short-term investments made by the company. For the quarter ended September 30, 2014, the company posted an after tax profit of Rs. 251 million.

### Future Outlook:

Greater spending by private sector together with launch of infrastructural projects by the government has fueled the demand for cement in the country. Going forward domestic demand is expected to increase considerably and play an increasingly important role in higher cement dispatches in both the medium and long-term. In such a scenario, the addition of new cement line at existing location will not only enhance the domestic market share of the company, but will also allow it to achieve economies of scale and optimize the use of its existing resources by better allocation of fixed costs. Following the establishment of the letter of credit for import of new plant, the company has taken necessary measures to ensure timely execution of the expansion project. Furthermore, political situation in Afghanistan is also improving, which is expected to provide boost to the reconstruction activities in the country. Your company shall benefit immensely from increase in the demand for cement due to its ideal location.

### 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: October 29, 2014

03 September 30, 2014

# condensed interim balance sheet

as at September 30, 2014

	Note	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
----- (Rupees ` 000) -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	4,575,206	3,361,632
Intangible assets		13,509	14,125
		<u>4,588,715</u>	<u>3,375,757</u>
Long-term investments		128,480	131,599
Long-term loans and advances		1,060	1,199
Long-term security deposits		17,728	17,238
		<u>4,735,983</u>	<u>3,525,793</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	5	1,240,767	1,181,254
Stock-in-trade		233,641	369,872
Loans and advances		28,011	18,028
Trade deposits, short-term prepayments and other receivables		62,128	74,136
Short-term investments	6	378,002	1,242,271
Taxation - net		-	2,498
Cash and bank balances		29,218	17,116
		<u>1,971,767</u>	<u>2,905,175</u>
<b>TOTAL ASSETS</b>		<u>6,707,750</u>	<u>6,430,968</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Capital 225,000,000 (June 2014: 225,000,000) Ordinary shares of Rs.10/- each		2,250,000	2,250,000
Issued, subscribed and paid-up capital		1,051,380	1,051,380
Reserves		3,850,852	3,812,888
		<u>4,902,232</u>	<u>4,864,268</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		163,082	163,082
Long-term deposits		15,643	15,530
Deferred taxation		492,662	506,947
		<u>671,387</u>	<u>685,559</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		571,031	676,921
Accrued mark-up		42,585	37,166
Short-term borrowings		222,619	99,376
Current maturity of long-term financing		40,770	40,770
Taxation - net		20,269	-
Unpaid and unclaimed dividend		236,857	26,908
		<u>1,134,131</u>	<u>881,141</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>6,707,750</u>	<u>6,430,968</u>

The annexed notes from 1 to 13 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 period ended September 30, 2014

	Note	September 30, 2014	September 30, 2013
		----- (Rupees `000) -----	
<b>Turnover - net</b>	8	1,552,748	1,488,656
Cost of sales		(1,140,372)	(1,028,691)
<b>Gross profit</b>		412,376	459,965
Distribution costs		(51,687)	(45,127)
Administrative expenses		(41,458)	(33,674)
Other operating expenses		(21,007)	(30,521)
		(114,152)	(109,322)
Other operating income		17,002	8,742
<b>Operating profit</b>		315,226	359,385
Finance costs		(8,857)	(6,159)
<b>Profit before taxation</b>		306,369	353,226
<b>Taxation</b>			
Current	9	(69,295)	(46,665)
Deferred		14,285	(33,847)
		(55,010)	(80,512)
<b>Profit after taxation</b>		251,359	272,714
			(Restated)
<b>Earnings per share - basic</b>	10	Rs. 2.39	Rs. 2.59

The annexed notes from 1 to 13 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 period ended September 30, 2014

	September 30, 2014	September 30, 2013
	----- (Rupees `000) -----	-----
<b>Profit after taxation</b>	251,359	272,714
<b>Other comprehensive income</b>		
Unrealized (loss) / gain on available-for-sale securities	(3,119)	6,222
<b>Total comprehensive income for the period</b>	<u>248,240</u>	<u>278,936</u>

The annexed notes from 1 to 13 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 period ended September 30, 2014

	September 30, 2014	September 30, 2013
	----- (Rupees `000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	306,369	353,226
<b>Adjustments for:</b>		
Depreciation	66,304	59,060
Amortisation	616	616
Gain on disposal of operating property, plant and equipment	-	(693)
Gain on short-term investments	(15,834)	(289)
Exchange loss - net	-	2,348
Finance costs	8,857	6,159
	59,943	67,201
	366,312	420,427
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	(59,513)	(164,319)
Stock-in-trade	136,231	171,741
Loans and advances	(9,983)	(18,308)
Trade deposits, short-term prepayments and other receivables	12,008	5,151
	78,743	(5,735)
	445,055	414,692
<b>Decrease in current liabilities</b>		
Trade and other payables	(105,890)	(1,291)
Cash generated from operations	339,165	413,401
Income tax paid	(46,528)	(18,183)
Net cash generated from operating activities	292,637	395,218
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to operating property, plant and equipment	(72,430)	(17,747)
Sale proceeds of operating property, plant and equipment	-	805
Capital work-in-progress	(1,207,448)	(32,756)
Long-term loans, advances and security deposits	(351)	(435)
Short-term investments	880,103	(200,000)
Net cash used in investing activities	(400,126)	(250,133)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term deposits	113	(500)
Short-term borrowings	123,243	(136,039)
Dividend paid	(327)	(384)
Finance costs paid	(3,438)	(4,542)
Net cash generated from / (used in) financing activities	119,591	(141,465)
<b>Net increase in cash and cash equivalents</b>	12,102	3,620
<b>Cash and cash equivalents at the beginning of the period</b>	17,116	25,548
<b>Cash and cash equivalents at the end of the period</b>	29,218	29,168

The annexed notes from 1 to 13 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 period ended September 30, 2014

	Reserves							Total	
	Issued, Subscribed and Paid-up Capital	Capital Reserve	Revenue Reserves			Unrealized (loss)/ gain on available for-sale securities	Total		
			General reserve	Unappropriated profit	Actuarial (loss) / gain on defined benefit plan				Sub-total
	(Rupees `000)								
Balance as at July 01, 2013 - as restated	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	-	-	-	272,714	-	272,714	-	272,714	272,714
Other comprehensive income	-	-	-	-	-	-	6,222	6,222	6,222
Total comprehensive income for the period	-	-	-	272,714	-	272,714	6,222	278,936	278,936
Balance as at September 30, 2013	955,801	50,900	420,000	2,524,012	(2,939)	2,941,073	40,191	3,032,164	3,987,965
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
Profit for the period	-	-	-	251,359	-	251,359	-	251,359	251,359
Other comprehensive income	-	-	-	-	-	-	(3,119)	(3,119)	(3,119)
Total comprehensive income for the period	-	-	-	251,359	-	251,359	(3,119)	248,240	248,240
Cash dividend for the year ended June 30, 2014 @ Rs. 2/- per share	-	-	-	(210,276)	-	(210,276)	-	(210,276)	(210,276)
Balance as at September 30, 2014	1,051,380	50,900	420,000	3,274,020	11,719	3,705,739	94,213	3,850,852	4,902,232

The annexed notes from 1 to 13 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 period ended September 30, 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. BASIS OF PREPARATION

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2014.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2014.

	Note	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
----- (Rupees `000) -----			
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening Net Book Value (NBV)		3,320,210	3,061,855
Additions to operating property, plant and equipment	4.1	72,430	524,022
		3,392,640	3,585,877
Disposals during the period / year (NBV)		-	(7,058)
Depreciation charged during the period / year		(66,304)	(258,609)
		3,326,336	3,320,210
Capital work-in-progress	4.2	1,248,870	41,422
		<u>4,575,206</u>	<u>3,361,632</u>
<b>4.1 Additions to operating property, plant and equipment</b>			
Building on leasehold land		-	105,589
Plant and machinery		11,166	323,720
Power and other installations		579	24,006
Furniture and fittings		340	839
Quarry, factory and laboratory equipment		40,514	28,992
Motor vehicles		16,831	37,770
Computers		3,000	3,106
		<u>72,430</u>	<u>524,022</u>
<b>4.2 Capital work-in-progress</b>			
Building on leasehold land		17,615	15,430
Plant and machinery		1,208,384	13,908
Power and other installations		10,394	9,449
Motor vehicles		9,237	2,006
Quarry, factory and laboratory equipment		2,894	441
Furniture and fittings		346	188
		<u>1,248,870</u>	<u>41,422</u>

	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	----- (Rupees ` 000) -----	
<b>5. STORES, SPARE PARTS AND LOOSE TOOLS</b>		
Stores	717,116	654,045
Spare parts	488,849	520,464
Loose tools	592	588
	<u>1,206,557</u>	<u>1,175,097</u>
Stores and spare parts in transit	34,210	6,157
	<u>1,240,767</u>	<u>1,181,254</u>
<b>6. SHORT-TERM INVESTMENTS</b>		
<b>Designated through profit or loss</b>		
- Investment in Mutual Funds	378,002	1,242,271

**7. CONTINGENCIES AND COMMITMENTS**

**7.1 Contingencies**

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

**7.2 Commitments**

	September 30, 2014 (Unaudited)	June 30, 2014 (Audited)
	----- (Rupees ` 000) -----	
Letters of credit issued by commercial banks	13,349	53,667

**8. TURNOVER - NET**

Included herein are (a) local sales, net of trade discounts and volume rebate, amounting to Rs. 1,021.190 million (September 30, 2013: Rs. 955.285 million) and (b) export sales, net of trade discounts, amounting to Rs. 531.558 million (September 30, 2013: Rs. 533.371 million).

**9. TAXATION**

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits credits and rebates available, if any. Income subject to tax under Final Tax Regime has been taxed accordingly.

	Period ended	
	September 30, 2014	September 30, 2013
	----- (Rupees `000) -----	
<b>10. EARNINGS PER SHARE - BASIC</b>		
Profit after taxation	251,359	272,714
	----- (Number of shares) -----	
Weighted average number of ordinary shares in issue during the period	105,138,008	105,138,008
		(Restated)
Earnings per share - basic	Rs. 2.39	Rs. 2.59

There is no dilutive effect on basic earnings per share of the Company.

#### 11. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of group companies, 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	Period ended	
		September 30, 2014	September 30, 2013
		----- (Rupees `000) -----	
Group Companies	Purchase of packing material	114,207	143,569
	Purchase of raw material	23,374	26,541
	Sale of goods	23	-
	Software consultancy charges	2,559	2,151
	Purchase of fixed assets	8,500	-
Chief Executive Executives	Remuneration	7,372	6,672
	Remuneration	89,987	73,237
Other related parties	Contribution to staff provident and gratuity funds	5,303	14,570
	Insurance premium	10,011	10,050

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

#### 12. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 29, 2014 by the Board of Directors of the Company.

#### 13. GENERAL

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

  
Omar Faruque  
Chairman

  
Azam Faruque  
Chief Executive