

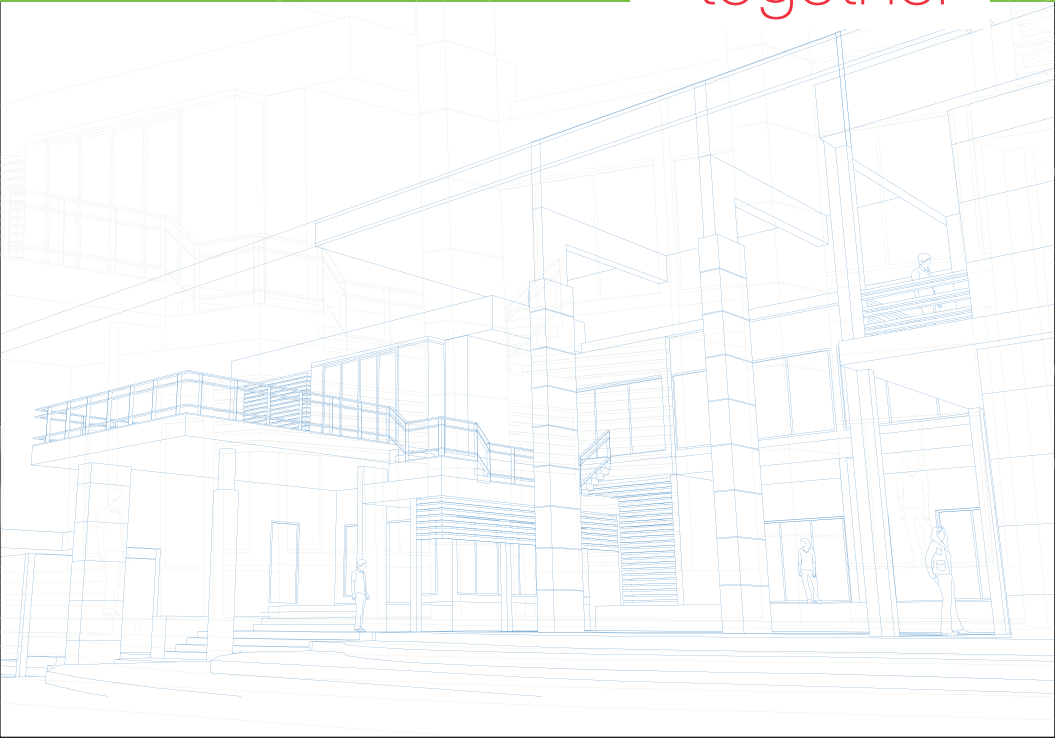


**Cherat Cement
Company Limited**
A Ghulam Faruque Group Company

Half-Yearly Accounts
December 31, 2021



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our future
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Company Information

Board of Directors

Mr. Omar Faruque	Chairman
Mr. Azam Faruque	Chief Executive
Mr. Akbarali Pesnani	Director
Mr. Arif Faruque	Director
Mr. Asif Qadir	Director
Mr. Abrar Hasan	Director
Mrs. Zeeba Ansar	Director
Mr. Yasir Masood	Director

Audit Committee

Mr. Asif Qadir	Chairman
Mr. Akbarali Pesnani	Member
Mr. Arif Faruque	Member

Human Resource & Remuneration Committee

Mr. Abrar Hasan	Chairman
Mr. Azam Faruque	Member
Mr. Omar Faruque	Member

Director & Chief Operating Officer

Mr. Yasir Masood

Chief Financial Officer

Mr. Ijaz Ahmed

Company Secretary

Ms. Hina Mir

Head of Internal Audit

Mr. Aamir Saleem

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Bankers

Allied Bank Ltd
Bank Al Habib Ltd
Habib Bank Ltd
Habib Metropolitan Bank Ltd
Industrial & Commercial Bank of China
MCB Bank Ltd
National Bank of Pakistan
Samba Bank Ltd
Soneri Bank Ltd
The Bank of Punjab
United Bank Ltd

Non-Banking Financial Institution

Pakistan Kuwait Investment Co. (Pvt) Ltd

Islamic Bankers

Bank Alfalah Ltd
Dubai Islamic Bank Pakistan Ltd
Faysal Bank Ltd
MCB Islamic Bank Ltd
Meezan Bank Ltd

Credit Rating

Long-term rating: A+
Short-term rating: A1
Outlook: Positive
by The Pakistan Credit Rating
Agency Limited (PACRA)

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahrah-e-Faisal
Karachi-74400
Tel: 0800-23275
UAN: 111-111-500
Email: info@cdcsrsl.com

Contact Information

UAN: 111-000-009
Email: info@gfg.com.pk
Web: www.gfg.com.pk



Registered Office / Factory

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Head Office

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Sales Offices

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1st Floor, Betani Arcade,
University Road
Tel: +9291 5842285, 5842272
Fax: +9291 5840447

Lahore:

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Tel: +9242 36286249-50, 36308259
Fax: +9242 36286204

Islamabad:

1st Floor, Razia Sharif Plaza
Jinnah Avenue, Blue Area
Tel: +9251 2344531-33
Fax: +9251 2344534, 2344550

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, 2021.

Overview

As the global economy is recovering from the COVID-19 pandemic, significant increase in international commodity prices especially oil is a cause of concern. Although Pakistan managed the pandemic situation well, however, its economy is being affected by rising prices. On an overall basis cement demand declined by 4.1% although local dispatches witnessed a growth of 1.9%. After an impressive growth of 21% last year, there are signs of slow-down due to domestic macro-economic issues. Exports declined by 32% due to current situation in Afghanistan and significant rise in international shipping freights making sea based clinker export less attractive.

Dispatches

Comparative despatch figures of the Company for the current period and that of the corresponding period last year are as follow:

December 2021	December 2020
(in tons)	
1,646,979	1,752,323
182,940	196,567
<u>1,829,919</u>	<u>1,948,890</u>

- Domestic Sales
- Export Sales

In quantitative terms, local and export sales declined by 6% and 7% respectively over the corresponding period last year. Total cement dispatches decreased by 6% over the same period last year.

Operating Performance

While there was a slight decline in quantity dispatched, in terms of value the sales were higher by about 28% compared to the corresponding period last year primarily due to readjustment of prices to account for higher input costs. During the period, there was a surge in input costs as coal and electricity prices increased significantly due to increase in energy prices in the international market. There was a reduction in finance cost due to favorable discount rates, utilization of wage financing scheme and repayments of long-term loans. As a result, the Company posted an after tax profit of Rs. 2,370 million for the half-year ended December 31, 2021.

Ongoing Projects

Work on BMR for Cement Line 1 and installation of a new Crusher at the quarry face was affected due to shipment delays. However, we are expecting that it will be completed as per plan. Work on solar panel project has entered the final stage and

is expected to be fully operational by the end of March 2022. These initiatives will result in operational efficiencies will also reduce costs. Subsequent to the period end, the land for Line 4 Project was transferred in Company's name. Initial ground work is also under way for this Project.

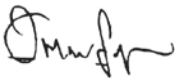
Future Outlook

The increase in commodity prices internationally, specially oil & coal, coupled with depreciation of Pak Rupee against all major currencies, higher inflation and distribution cost could negatively impact the demand for cement in the short term. Continuous rise in power tariff and upward adjustments of fuel prices are causing concerns. Due to inflationary pressure and Current Account deficit the Central bank has already increased the interest rates by 2.5% in the past few months. All these factors are putting pressure on local cement consumption which is already showing signs of a slow-down. Exports to Afghanistan are affected due to political uncertainty though your Company will be the major beneficiary of any positive development on this front. The management is putting all efforts to address these challenging conditions in an efficient manner. The country is going through another wave of increasing COVID-19 cases. We are taking all steps for the health and safety of our employees by implementing appropriate protocols to ensure smooth business operations. Government's initiatives for increased PSDP and rationalization of taxes can support the industry and also support Prime Minister's drive for more houses.

Acknowledgment

The management would like to thank all customers, financial institutions, suppliers 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



Azam Faruque
Chief Executive

Karachi: February 17, 2022

Independent Auditors' Review Report

To the members of Cherat Cement Company Limited (the Company)
Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Cherat Cement Company Limited** (the Company) as at **31 December 2021** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended 31 December 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2021.

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 statements 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 statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

E. T. Feroz Rhodes

Chartered Accountants

Place: Karachi

Date: February 18, 2022

UDIN Number: RR202110166WfIC4impe

Condensed Interim Statement of Financial Position

As at December 31, 2021

	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant & equipment	4	26,169,110	25,590,839
Intangible assets		14,970	16,213
		<u>26,184,080</u>	<u>25,607,052</u>
Long-term investments	5	477,459	660,950
Long-term loans		64,205	75,446
Long-term deposits		6,841	3,841
		<u>548,505</u>	<u>740,237</u>
		<u>26,732,585</u>	<u>26,347,289</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		4,600,789	4,184,247
Stock-in-trade		1,571,700	1,005,590
Trade debts		601,283	407,548
Loans and advances		323,963	189,899
Trade deposits and short-term prepayments		58,028	25,174
Other receivables		372,840	198,060
Taxation-net		826,140	1,695,693
Cash and bank balances		139,444	140,022
		<u>8,494,187</u>	<u>7,846,233</u>
		<u>35,226,772</u>	<u>34,193,522</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
225,000,000 (June 30, 2021: 225,000,000)			
ordinary shares of Rs. 10/- each		<u>2,250,000</u>	<u>2,250,000</u>
Share capital		1,942,950	1,942,950
Reserves		13,590,204	11,646,602
		<u>15,533,154</u>	<u>13,589,552</u>
NON-CURRENT LIABILITIES			
Long-term financings	6	10,308,422	12,624,315
Lease liabilities		15,063	21,408
Long-term security deposits		28,300	28,105
Government grant		362,302	83,539
Deferred taxation		137,295	573,593
		<u>10,851,382</u>	<u>13,330,960</u>
CURRENT LIABILITIES			
Trade and other payables		2,756,424	2,264,938
Contract liabilities		174,666	191,403
Accrued mark-up		267,488	305,412
Short-term borrowings		2,305,832	1,741,387
Current maturity of long-term financings	6	3,216,964	2,646,955
Current portion of lease liabilities		14,087	14,655
Current portion of government grant		20,294	20,294
Unclaimed dividend		86,481	87,966
		<u>8,842,236</u>	<u>7,273,010</u>
CONTINGENCIES AND COMMITMENTS			
	7		
		<u>35,226,772</u>	<u>34,193,522</u>
TOTAL EQUITY AND LIABILITIES			

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

For the Half-year Ended December 31, 2021

Note	Half-year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)			
Turnover - net	14,778,715	11,588,614	7,617,629	6,371,470
Cost of sales	(10,620,716)	(8,827,126)	(5,538,980)	(4,721,333)
Gross profit	4,157,999	2,761,488	2,078,649	1,650,137
Distribution costs	(242,678)	(193,011)	(130,954)	(102,575)
Administrative expenses	(167,868)	(132,447)	(83,033)	(70,205)
Other expenses	(204,782)	(86,211)	(71,010)	(61,389)
	(615,328)	(411,669)	(284,997)	(234,169)
Other income	288,645	48,452	132,158	40,448
Operating profit	3,831,316	2,398,271	1,925,810	1,456,416
Finance costs	(600,330)	(884,693)	(301,409)	(362,685)
Profit before taxation	3,230,986	1,513,578	1,624,401	1,093,731
Taxation	(861,024)	(384,920)	(446,974)	(274,191)
Net profit	2,369,962	1,128,658	1,177,427	819,540
Earnings per share - basic and diluted	Rs. 12.20	Rs. 5.81	Rs. 6.06	Rs. 4.22

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Half-year Ended December 31, 2021

	Half-year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)			
Net profit	2,369,962	1,128,658	1,177,427	819,540
Other comprehensive (loss) / income				
Items that will not be reclassified subsequently to statement of profit or loss				
Unrealised (loss) / gain on remeasurement of equity investments at fair value through other comprehensive income	(183,491)	381,658	(118,192)	185,548
Total comprehensive income	<u>2,186,471</u>	<u>1,510,316</u>	<u>1,059,235</u>	<u>1,005,088</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the Half-year Ended December 31, 2021

Note	December 31,	December 31,
	2021	2020
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,230,986	1,513,578
Adjustments for:		
Depreciation on operating property, plant and equipment	4 800,999	829,220
Depreciation on right-of-use assets	4.3 7,043	5,618
Amortisation	1,243	1,358
Gain on disposals of operating property, plant and equipment	(5,138)	(1,199)
Gain on short-term investments at fair value through profit or loss	(10,739)	(4,982)
Interest income on financial asset at amortised cost	(5,150)	(4,378)
Finance costs	600,330	884,693
Exchange gain	(185,211)	(1,808)
Dividend income	(12,490)	(3,747)
	1,190,887	1,704,775
	4,421,873	3,218,353
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(416,542)	(149,568)
Stock-in-trade	(566,110)	268,931
Trade debts	(193,735)	15,035
Loans and advances	(134,064)	(4,255)
Trade deposits and short-term prepayments	(32,854)	(10,618)
Other receivables	10,431	(13,113)
	(1,332,874)	106,412
	3,088,999	3,324,765
Increase / (decrease) in current liabilities		
Trade and other payables	491,486	223,660
Contract liabilities	(16,737)	(4,965)
	474,749	218,695
Cash generated from operations	3,563,748	3,543,460
Income tax paid	(427,769)	(132,006)
Long-term loans and deposits - net	13,586	16,577
Net cash generated from operating activities	3,149,565	3,428,031
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,337,359)	(493,667)
Proceed from disposals of operating property, plant and equipment	8,768	5,360
Dividend received	12,490	3,747
Short-term investments - net	10,739	(400,000)
Net cash used in investing activities	(1,305,362)	(884,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financings obtained	271,366	636,778
Repayments of long-term financings	(1,738,487)	(910,000)
Short-term borrowings - net	564,445	(1,068,528)
Lease rentals paid	(8,538)	(6,644)
Dividend paid	(244,354)	(7,574)
Finance costs paid - net	(689,213)	(1,087,471)
Net cash used in financing activities	(1,844,781)	(2,443,439)
Net (decrease) / increase in cash and cash equivalents	(578)	100,032
Cash and cash equivalents as at the beginning of the period	140,022	36,558
Cash and cash equivalents as at the end of the period	139,444	136,590

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Half-year Ended December 31, 2021

Issued, Subscribed and Paid-up Capital	Reserves							Total Reserves	TOTAL
	Capital Reserve		Revenue Reserves		Other Components of Equity				
	Share premium	Other	General reserve	Unappropriated profit	Actuarial (loss) / gain on defined benefit plan-net of deferred tax	Unrealized gain/(loss) on equity investments at fair value through other comprehensive income			
(Rupees in '000)									
Balance as at July 01, 2020	1,942,950	1,047,658	50,900	420,000	6,539,137	(92,272)	145,185	8,110,608	10,053,558
Net profit	-	-	-	-	1,128,658	-	-	1,128,658	1,128,658
Other comprehensive income	-	-	-	-	-	-	381,658	381,658	381,658
Total comprehensive income	-	-	-	-	1,128,658	-	381,658	1,510,316	1,510,316
Balance as at December 31, 2020	1,942,950	1,047,658	50,900	420,000	7,667,795	(92,272)	526,843	9,620,924	11,563,874
Balance as at July 01, 2021	1,942,950	1,047,658	50,900	420,000	9,549,898	162,905	415,241	11,646,602	13,589,552
Final cash dividend for the year ended June 30, 2021 @ Rs. 1.25/- per share	-	-	-	-	(242,869)	-	-	(242,869)	(242,869)
Net profit	-	-	-	-	2,369,962	-	-	2,369,962	2,369,962
Other comprehensive loss	-	-	-	-	-	-	(183,491)	(183,491)	(183,491)
Total comprehensive income / (loss)	-	-	-	-	2,369,962	-	(183,491)	2,186,471	2,186,471
Balance as at December 31, 2021	1,942,950	1,047,658	50,900	420,000	11,676,991	162,905	231,750	13,590,204	15,533,154

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Half-year Ended December 31, 2021

1. CORPORATE INFORMATION

1.1 Cherat Cement Company Limited (the Company) was incorporated in Pakistan as a public company limited by shares in the year 1981. The Company is listed on Pakistan Stock Exchange Limited. Its main business activities are manufacturing, marketing and sale of cement. The registered office of the Company is situated at Village Lakrai, District Nowshera, Khyber Pakhtunkhwa province.

1.2 Impact of COVID-19 on the condensed interim financial statements

COVID-19 is a global pandemic which has affected the whole world and Pakistan is not an exception. Businesses are badly affected due to lockdowns to fight COVID-19 since March 2020. COVID-19 affected almost every individual across the globe. Construction sector in Pakistan was moderately affected due to various incentives including construction package announced by the Government to boost economy. The Company fully supports the Government's vaccination drive to curb the spread of the virus, hence our staff are now fully vaccinated and in the process of getting booster dose. The management has assessed accounting impact of COVID-19 in these condensed interim financial statements and has concluded that there is no significant accounting impact.

2. BASIS OF PREPARATION

2.1 These condensed interim financial statements 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
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017 (the Act); 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.

2.2 These 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 Company's annual financial statements for the year ended June 30, 2021. These condensed interim financial statements are unaudited, however, have been subject to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulations of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

2.3 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 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, 2021 and December 31, 2020.

3. ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended June 30, 2021.

3.2 Amendments to approved accounting standards adopted during the period

The Company has adopted the following amendments to International Financial Reporting Standards (IFRSs) which became effective for the current period:

IFRS 9, IAS 39, IFRS 7,

IFRS 4 & IFRS 16 Interest Rate Benchmark Reform - Phase 2 (Amendments)

IFRS 16 COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendments)

The adoption of above amendments to IFRSs did not have any material impact on the Company's condensed interim financial statements.

	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
(Rupees in '000)			
4. PROPERTY, PLANT AND EQUIPMENT			
Opening Net Book Value (NBV)		23,755,863	25,129,951
Additions during the period / year - at cost	4.1	90,399	300,009
		23,846,262	25,429,960
Depreciation charged during the period / year		(800,999)	(1,666,835)
Disposals for the period / year - at NBV		(3,630)	(7,262)
Closing NBV		23,041,633	23,755,863
Capital work-in-progress	4.2	3,101,650	1,802,106
Right-of-use assets	4.3	25,827	32,870
		26,169,110	25,590,839
4.1 Additions during the period / year - at cost			
Building on leasehold land		26,461	67,304
Plant and machinery		5,197	68,174
Power and other installations		8,348	2,852
Furniture and fittings		605	7,961
Quarry, factory and laboratory equipment		1,129	19,593
Motor vehicles		39,460	123,299
Office equipment		1,706	2,589
Computers		7,493	8,237
		90,399	300,009

	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
	(Rupees in '000)	
4.2 Capital work-in-progress		
Freehold land	834,740	75,225
Building on leasehold land	36,928	6,325
Plant and machinery	2,119,460	1,648,826
Furniture and fittings	3,436	2,593
Quarry, factory and laboratory equipment	70,871	64,101
Motor vehicles	35,946	5,036
Office equipment	175	-
Computers	94	-
	3,101,650	1,802,106
4.3 Right-of-use assets		
Opening balance	32,870	17,250
Additions during the period / year	-	29,134
Depreciation for the period / year	(7,043)	(13,514)
Closing balance	25,827	32,870

4.3.1 The Company has recognised right-of-use assets in respect of head office and sales offices under rental agreements.

	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
		(Rupees in '000)	
5. LONG-TERM INVESTMENTS			
Investment in related parties			
At fair value through other comprehensive income	5.1	469,663	653,154
Joint ventures:			
- Madian Hydro Power Limited	5.2	-	-
- UniEnergy Limited		7,796	7,796
		7,796	7,796
		477,459	660,950
5.1 At fair value through other comprehensive income			
Cherat Packaging Limited			
3,122,532 (June 30, 2021: 3,122,532) fully paid ordinary shares of Rs. 10/- each.		434,531	621,103
Mirpurkhas Sugar Mills Limited			
288,750 (June 30, 2021: 288,750) fully paid ordinary shares of Rs. 10/- each.		35,132	32,051
		469,663	653,154

	Note	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
(Rupees in '000)			
5.2 Joint Venture - Madian Hydro Power Limited			
Company's share in net assets		106,705	106,705
Impairment loss		(106,705)	(106,705)
		-	-
6. LONG-TERM FINANCINGS - secured			
Islamic banks			
Syndicated Long-Term Finance Loan – Line - II	6.1	-	574,737
Syndicated Long-Term Finance Loan – Line - III		10,000,000	10,650,000
Islamic Finance Facility for Renewable Energy		1,134,363	1,316,302
		11,134,363	12,541,039
Conventional banks			
Syndicated Long-Term Finance Loan – Line - II	6.1	-	125,263
Captive Power Plant Loan		770,000	880,000
Waste Heat Recovery Loan – Line - III		960,000	1,080,000
Refinance Scheme for Payment of Wages and Salaries		305,192	451,007
Temporary Economic Refinance Facility		355,831	193,961
		13,525,386	15,271,270
Current maturities		(3,216,964)	(2,646,955)
		10,308,422	12,624,315

- 6.1** In view of healthy cash inflows during the period, the Company has made an early full repayment of syndicated long-term finance loan – Line - II.

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, 2021 except as disclosed below:

As fully explained in note 26.1 to the annual financial statements, during the period, the Company challenged the earlier decision of the Honorable High Court of Sindh, in respect of infrastructure cess, in the Honorable Supreme Court of Pakistan which provided relief to the petitioners by giving a stay order and allowing submission of bank guarantee of 100% of the amount till the time the case is finally decided.

	December 31, 2021 (Unaudited)	June 30, 2021 (Audited)
(Rupees in '000)		
7.2 Commitments		
Capital commitments	2,661,922	2,206,424
Letters of credit - Islamic and Conventional banks	129,795	61,077
Letters of guarantee - Islamic and Conventional banks	1,102,801	1,056,154

8. OTHER EXPENSES

Includes mainly provision related to Workers' Profits Participation Fund amounting to Rs. 171.32 million (December 31, 2020: Rs. 79.66 million).

9. OTHER INCOME

Includes mainly exchange gains amounting to Rs. 241 million (December 31, 2020: Nil) on derivative financial instruments at fair value through profit or loss relating to foreign exchange forward contracts that did not qualify for hedge accounting.

10. FINANCE COSTS

Includes mark-up on long-term financings amounting to Rs. 533.77 million (December 31, 2020: Rs. 831.16 million), mark-up on short-term borrowings and bank charges amounting to Rs. 66.56 million (December 31, 2020: Rs. 53.53 million).

11. TAXATION

	Half-year ended		Quarter ended	
	December 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)	December 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)
	(Rupees in '000)			
Current	(523,273)	-	(270,942)	-
Prior	(774,049)	-	(774,049)	-
Deferred	436,298	(384,920)	598,017	(274,191)
	<u>(861,024)</u>	<u>(384,920)</u>	<u>(446,974)</u>	<u>(274,191)</u>

11.1 Provision for current taxation is based on Alternate Corporate Tax at the current rates of taxation. Income subject to final tax has been taxed accordingly. During the period, the Company reassessed and revised its certain estimates in line with taxation rules.

11.2 As fully explained in note 34.6 to the annual financial statements, the Commissioner Inland Revenue (Appeals) has remanded back the impugned order with specific directions to the tax department to verify the facts and pass speaking order. During the period, the tax authority passed an order wherein demand was reduced from Rs. 20 million to Rs. 0.48 million and duly deposited into the Government treasury.

12. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021. There have been no changes in any risk management policies since the year end.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

13. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, directors, retirement funds and key management personnel of the Company. Transactions with related parties other than those disclosed elsewhere in these condensed interim financial statements are as follows:

Relationship	Nature of transactions	Half-year ended		Quarter ended	
		December 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)	December 31, 2021 (Unaudited)	December 31, 2020 (Unaudited)
(Rupees in '000)					
Associated companies	Purchases	1,426,749	1,296,254	680,219	688,671
	Sale of goods	6,087	205	1,901	-
	Purchase of fixed assets	40,819	-	40,819	-
	IT support charges	12,155	11,399	6,077	5,699
	Dividend received	12,490	3,747	12,490	3,747
	Dividend paid	63,334	-	63,334	-
	Insurance premium paid	35,000	38,000	23,000	21,000
Key management personnel	Remuneration	390,757	296,137	153,495	163,308
Other related parties	Contribution to provident and gratuity funds	33,953	28,731	17,023	14,341

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

14. OPERATING SEGMENTS

These condensed interim financial statements have been prepared on the basis of a single reportable segment.

15. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 17, 2022 by the Board of Directors of the Company.

16. GENERAL

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



Azam Faruque
Chief Executive



Yasir Masood
Director



Ijaz Ahmed
Chief Financial Officer



GHULAM FARUQUE
GROUP

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