



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

Knowing our Strength



HALF-YEARLY ACCOUNTS

DECEMBER 31, 2022

Contents

Company Information	02
Directors' Review	03
Independent Auditor's Review Report	05
Condensed Interim Statement of Financial Position	06
Condensed Interim Statement of Profit or Loss (Unaudited)	07
Condensed Interim Statement of Comprehensive Income (Unaudited)	08
Condensed Interim Statement of Cash Flows (Unaudited)	09
Condensed Interim Statement of Changes in Equity (Unaudited)	10
Notes to the Condensed Interim Financial Statements (Unaudited)	11

Company Information

Board of Directors

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

Chairman
Chief Executive
Director
Director
Director
Director
Director
Director

Audit Committee

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

Chairman
Member
Member

Human Resource & Remuneration Committee

Mr. Abrar Hasan
Mr. Azam Faruque
Mr. Omar Faruque

Chairman
Member
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

External Auditors

EY Ford Rhodes
Chartered Accountants

Cost Auditors

UHY Hassan Naeem & Co.
Chartered Accountants

Shariah Advisor

M/s. Alhamd Shariah Advisory Services (Pvt.) Ltd

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
Bank Islami Pakistan Ltd
Dubai Islamic Bank Pakistan Ltd
Faysal Bank Ltd
MCB Islamic Bank Ltd
Meezan Bank Ltd
The Bank of Khyber Ltd

Credit Rating

Long-term rating: A+
Short-term rating: A1
Outlook: Stable
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

Village Lakrai, P.O. Box 28,
Nowshera
Tel: +9291 5270531-4
Fax: +9291 5270536

Head Office

Modern Motors House,
Beaumont Road
Karachi-75530
Tel: +9221 35683566-7, 35689538
Fax: +9221 35683425

Sales Offices

Peshawar:

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

Lahore:

3, Sunder Das Road
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, 2022.

Overview

The global economy witnessed slowdown due to historic energy shock and commodity super cycle. With the impacts of the COVID-19 pandemic still lingering in China, there is high volatility in commodity prices. Pakistan's economy was directly affected by all this. The situation was worsened by the ongoing political instability and unprecedented floods across the country.

During the period, annual Inflation in Pakistan is at the highest levels since May 1975 mainly due to higher food and energy costs. This historic inflation, alarmingly higher current account deficit along with declining foreign exchange reserves put additional pressure on State Bank to take measures to cut down imports in addition to significantly raising the discount rate. Government has also reduced development spending which affect the overall demand for cement resulting in an aggregate volumetric decline for the industry by 21%. Local demand for cement went down by 17% while export overall volumes declined by 49%. Low export prices and higher freight costs made exporting overseas via sea unviable and declined by 59%. There is some improvement in exports to Afghanistan and increased by 6%.

Dispatches

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

December 2022	December 2021
(in tons)	
1,333,434	1,646,979
180,475	182,940
<u>1,513,909</u>	<u>1,829,919</u>

- Domestic Sales
- Export Sales

In quantitative terms, local and export sales declined by 19% and 1% respectively over the corresponding period last year. Total cement dispatches decreased by 17% over the same period last year.

Operating Performance

While there was a decline in quantity dispatched but in monetary terms sales were higher by about 32% compared to the corresponding period last year primarily due to adjustment 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 67% rise in finance cost mainly due to significant increase in discount rate. As a result, the Company posted an after tax profit of Rs. 3,038 million for the half-year ended December 31, 2022.

Ongoing Projects

Works on BMR for cement Line I were affected due to manufacturing disruptions, delay in payments and clearance of goods from port. The commissioning of WHR on Wartsila Dual Fuel (WDF) engines has been completed after installation of a new turbine during the period. The Company now expects them to be completed in last quarter of this financial year. These projects will positively contribute towards the achievement of the management's long-term vision i.e. growth through the best value creation.

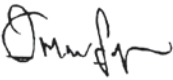
Future Outlook

Hyperinflation, devaluation of currency and high interest rates along with lack of development spending and stagnation of economy are expected to keep demand under pressure in the remaining period of ongoing fiscal year. Restriction on imports is obstructing the ability to operate for many industries including steel sector which may also have a negative impact on the construction activities. However, cement demand may increase if Government starts spending in flood affected areas if donor pledges materialize. The Government expects to renew the IMF program by implementing structural reforms along with negotiating with friendly countries to secure additional monetary inflows to fulfill upcoming debt obligations and ensure rollovers. It will be extremely important for revival of economic activities. Political stability is utmost needed to put the economy back on track and for a sustainable growth. There is uncertainty on future of Afghanistan but any positive development on that front may lead to an increase in exports and your Company will be the direct beneficiary. The Company is well positioned to benefit from increase in demand for cement both in Pakistan and Afghanistan due to its ideal location and availability of higher production capacity.

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 15, 2023

Independent Auditor's Review Report

To the members of Cherat Cement Company Limited (the Company)
Report on review of Condensed 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 2022** 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 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2022.

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 condensed 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 review resulting in this independent auditor's report is Omer Chughtai.

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 17 February 2023

UDIN: RR202210120YrUnDa5BV

Condensed Interim Statement of Financial Position

As at December 31, 2022

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant & equipment	4	27,532,820	27,568,302
Intangible assets		13,460	14,755
		<u>27,546,280</u>	<u>27,583,057</u>
Long-term investments	5	466,716	481,559
Long-term loans		56,820	67,811
Long-term deposits		7,576	7,141
		<u>531,112</u>	<u>556,511</u>
		<u>28,077,392</u>	<u>28,139,568</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		6,788,979	7,472,016
Stock-in-trade		2,402,554	926,075
Trade debts		935,845	533,973
Loans and advances		218,886	292,691
Trade deposits and short-term prepayments		55,521	15,469
Other receivables		39,600	4,487
Taxation-net		98,980	94,133
Cash and bank balances		1,545,224	1,126,474
		<u>12,085,589</u>	<u>10,465,318</u>
TOTAL ASSETS		<u>40,162,981</u>	<u>38,604,886</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
225,000,000 (June 30, 2022: 225,000,000)			
ordinary shares of Rs. 10/- each		2,250,000	2,250,000
Share capital		<u>1,942,950</u>	<u>1,942,950</u>
Reserves		<u>17,810,644</u>	<u>15,373,372</u>
		<u>19,753,594</u>	<u>17,316,322</u>
NON-CURRENT LIABILITIES			
Long-term financings	6	8,340,549	9,918,167
Lease liabilities		37,020	10,971
Long-term security deposits		33,600	28,450
Government grant		941,520	948,684
Deferred taxation		1,676,376	535,045
		<u>11,029,065</u>	<u>11,441,317</u>
CURRENT LIABILITIES			
Trade and other payables		3,003,246	2,877,773
Contract liabilities		205,436	243,921
Accrued mark-up		467,928	435,350
Short-term borrowings		2,521,141	3,135,925
Current maturity of long-term financings	6	3,050,360	3,037,906
Current portion of lease liabilities		22,437	10,438
Current portion of government grant		11,260	19,953
Unclaimed dividend		77,239	74,441
Unpaid dividend		21,275	11,540
		<u>9,380,322</u>	<u>9,847,247</u>
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		<u>40,162,981</u>	<u>38,604,886</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 Profit or Loss (Unaudited)

For the Half-year Ended December 31, 2022

Note	Half-year ended		Quarter ended		
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	
	(Rupees in '000)				
Turnover - net	8	19,457,412	14,778,715	10,407,696	7,617,629
Cost of sales		(13,570,961)	(10,620,716)	(7,416,353)	(5,538,980)
Gross profit		5,886,451	4,157,999	2,991,343	2,078,649
Distribution costs		(274,590)	(242,678)	(143,915)	(130,954)
Administrative expenses		(208,837)	(167,868)	(103,195)	(83,033)
Other expenses		(230,405)	(204,782)	(127,808)	(71,010)
		(713,832)	(615,328)	(374,918)	(284,997)
Other income		124,220	288,645	69,148	132,158
Operating profit		5,296,839	3,831,316	2,685,573	1,925,810
Finance costs - net	9	(1,000,753)	(600,330)	(520,587)	(301,409)
Profit before taxation		4,296,086	3,230,986	2,164,986	1,624,401
Taxation	10	(1,257,739)	(861,024)	(609,397)	(446,974)
Net profit		3,038,347	2,369,962	1,555,589	1,177,427
Earnings per share - basic and diluted		Rs. 15.64	Rs. 12.20	Rs. 8.01	Rs. 6.06

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, 2022

	Half-year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in '000)			
Net profit	3,038,347	2,369,962	1,555,589	1,177,427
Other comprehensive (loss) / gain				
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	(18,190)	(183,491)	6,638	(118,192)
Total comprehensive income	<u>3,020,157</u>	<u>2,186,471</u>	<u>1,562,227</u>	<u>1,059,235</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, 2022

	Note	December 31, 2022	December 31, 2021
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		4,296,086	3,230,986
Adjustments for:			
Depreciation on operating property, plant and equipment	4	784,630	800,999
Depreciation on right-of-use assets	4.3	8,330	7,043
Amortisation		1,295	1,243
Gain on disposals of operating property, plant and equipment		(2,753)	(5,138)
Gain on short-term investments at fair value through profit or loss		-	(10,739)
Share of profits from joint venture - MHPL	5.2	(3,347)	-
Interest income on financial asset at amortised cost		(4,704)	(5,150)
Finance costs - net		1,000,753	600,330
Exchange gain		(27)	(185,211)
Dividend income		(4,684)	(12,490)
		1,779,493	1,190,887
		6,075,579	4,421,873
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		683,037	(416,542)
Stock-in-trade		(1,476,479)	(566,110)
Trade debts		(401,872)	(193,735)
Loans and advances		73,805	(134,064)
Trade deposits and short-term prepayments		(40,052)	(32,854)
Other receivables		(35,113)	10,431
		(1,196,674)	(1,332,874)
		4,878,905	3,088,999
Increase / (decrease) in current liabilities			
Trade and other payables		125,500	491,486
Contract liabilities		(38,485)	(16,737)
		87,015	474,749
Cash generated from operations		4,965,920	3,563,748
Income tax paid		(121,255)	(427,769)
Long-term loans and deposits - net		20,410	13,586
Net cash generated from operating activities		4,865,075	3,149,565
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to operating property, plant and equipment		(643,440)	(1,337,359)
Restricted bank balance		(358,004)	-
Proceed from disposals of operating property, plant and equipment		10,135	8,768
Dividend received		4,684	12,490
Short-term investments - net		-	10,739
Net cash used in investing activities		(986,625)	(1,305,362)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financings - net		(1,581,021)	(1,467,121)
Lease rentals paid		(10,064)	(8,538)
Dividend paid		(570,352)	(244,354)
Finance costs paid - net		(1,041,483)	(689,213)
Net cash used in financing activities		(3,202,920)	(2,409,226)
Net increase / (decrease) in cash and cash equivalents		675,530	(565,023)
Cash and cash equivalents as at the beginning of the period		(3,004,721)	(1,601,365)
Cash and cash equivalents as at the end of the period	11	(2,329,191)	(2,166,388)

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, 2022

Issued, Subscribed and Paid-up Capital	Reserves							Total Reserves	Total
	Capital Reserves		Revenue Reserves		Other Components of Equity				
	Share premium	Other	General reserves	Unappropriated profit	Actuarial gain / (loss) on defined benefit plan - net of deferred tax	Unrealised gain / (loss) on equity investments at fair value through other comprehensive Income			
(Rupees in '000)									
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
Balance as at July 01, 2022	1,942,950	1,047,658	50,900	420,000	13,762,994	(68,004)	159,824	15,373,372	17,316,322
Final cash dividend for the year ended June 30, 2022 @ Rs. 3.00/- per share	-	-	-	-	(582,885)	-	-	(582,885)	(582,885)
Net profit	-	-	-	-	3,038,347	-	-	3,038,347	3,038,347
Other comprehensive loss	-	-	-	-	-	-	(18,190)	(18,190)	(18,190)
Total comprehensive income / (loss)	-	-	-	-	3,038,347	-	(18,190)	3,020,157	3,020,157
Balance as at December 31, 2022	1,942,950	1,047,658	50,900	420,000	16,218,456	(68,004)	141,634	17,810,644	19,753,594

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, 2022

1. CORPORATE INFORMATION

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.

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
- 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, 2022. 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, 2022 and December 31, 2021 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, 2022 and December 31, 2021.

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, 2022, except for the adoption of amendments and improvements to approved accounting standards which became effective for the current period as disclosed in note 3.2 to these condensed interim financial statements.

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 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IAS 41	Agriculture – Taxation in fair value measurements
IFRS 16	Leases: Lease incentives

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

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)			
4. PROPERTY, PLANT AND EQUIPMENT			
Opening Net Book Value (NBV)		24,164,146	23,755,863
Additions during the period / year - at cost	4.1	344,724	2,035,866
		24,508,870	25,791,729
Depreciation charged during the period / year		(784,630)	(1,616,884)
Disposals for the period / year - at NBV		(7,382)	(10,699)
Closing NBV		23,716,858	24,164,146
Capital work-in-progress	4.2	3,759,809	3,385,370
Right-of-use assets	4.3	56,153	18,786
		27,532,820	27,568,302

4.1 Additions in and depreciation on property, plant and equipment during the period ended December 31, 2021 were Rs. 90.39 million and Rs. 800.99 million respectively.

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)			
4.2 Capital work-in-progress			
Opening balance		3,385,370	1,802,106
Capital expenditure incurred / advances made during the period / year	4.2.1	719,163	3,620,181
		4,104,533	5,422,287
Transferred to operating fixed assets		(344,724)	(2,036,917)
Closing balance		3,759,809	3,385,370

4.2.1 During the period, borrowing costs have been capitalised amounting to Rs. 75.72 million (June 30, 2022: Rs. 69.05 million) using capitalization rate of 7.31% (June 30, 2022: 7.03%) on account of long-term financing obtained specifically for this purpose as fully mentioned in note 17.3 and 17.7 to the annual financial statements for the year ended June 30, 2022.

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)			
4.3 Right-of-use assets			
Opening balance		18,786	32,870
Additions during the period		45,697	-
Depreciation for the period / year		(8,330)	(14,084)
Closing balance		56,153	18,786

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

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)			
5. LONG-TERM INVESTMENTS			
Investment in related parties			
At fair value through other comprehensive income	5.1	379,547	397,737
Joint ventures:			
- Madian Hydro Power Limited	5.2	79,347	76,000
- UniEnergy Limited		7,822	7,822
		87,169	83,822
		466,716	481,559

	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)		
5.1 At fair value through other comprehensive income		
Cherat Packaging Limited		
3,434,785 (June 30, 2022: 3,122,532) fully paid ordinary shares of Rs. 10/- each.	346,398	352,597
Mirpurkhas Sugar Mills Limited		
288,750 (June 30, 2022: 288,750) fully paid ordinary shares of Rs. 10/- each.	33,149	45,140
	379,547	397,737
5.2 Joint Venture – Madian Hydro Power Limited		
Opening balance	76,000	-
Reversal of impairment loss	-	76,000
Share of profits during the period	3,347	-
Closing balance	79,347	76,000

5.2.1 During the period, the Board of Directors of Madian Hydro Power Limited approved the winding up of the company through Members' Voluntarily Winding up scheme, subject to the approval of shareholders.

	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)		
6. LONG-TERM FINANCINGS – secured		
Islamic banks		
Syndicated Long-Term Finance Loan – Line - III	7,500,000	8,750,000
Islamic Finance Facility for Renewable Energy	1,160,881	1,147,365
	8,660,881	9,897,365
Conventional banks		
Captive Power Plant Loan	550,000	660,000
Waste Heat Recovery Loan – Line - III	720,000	840,000
Refinance Scheme for Payment of Wages and Salaries	-	154,911
Temporary Economic Refinance Facility	1,460,028	1,403,797
	11,390,909	12,956,073
Current maturities	(3,050,360)	(3,037,906)
	8,340,549	9,918,167

6.1 There is no material change in the terms and conditions of the long-term loans as disclosed in the Company's annual financial statements for the year ended June 30, 2022.

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, 2022.

	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
	(Rupees in '000)	
Letters of credit - Islamic and Conventional banks	202,849	682,972
Letters of guarantee - Islamic and Conventional banks	1,137,601	1,137,601

8. TURNOVER - NET

Includes export sales amounting to Rs. 2,046.59 million (December 31, 2021: Rs. 1,074.99 million).

9. FINANCE COSTS

Includes mark-up on long-term financings amounting to Rs. 742.54 million (December 31, 2021: Rs. 533.77 million), mark-up on short-term borrowings and bank charges amounting to Rs. 258.21 million (December 31, 2021: Rs. 66.56 million).

	Half-year ended		Quarter ended	
	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
	(Rupees in '000)			
Current	(155,041)	(523,273)	247,048	(270,942)
Prior	38,633	(774,049)	38,633	(774,049)
Deferred	(1,141,331)	436,298	(895,078)	598,017
	(1,257,739)	(861,024)	(609,397)	(446,974)

10.1 Provision for current taxation is based on taxable income at the current rates of taxation. Income subject to final tax has been taxed accordingly.

10.2 The Finance Act, 2022 had introduced super tax on high earning persons for the tax year 2022 and onwards. The Company has challenged the applicability of the super tax imposed under section 4C of the Income Tax Ordinance and an interim stay has been granted by the Honorable Peshawar High Court to file income tax return for the tax year 2022 by excluding the amount of the super tax Rs. 373.81 million under section 4C of the ITO.

Keeping in view the inherent uncertainties involved in such matters, the management, as a matter of prudence, has recognized a provision for this amount in these financial statements.

	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
	(Rupees in '000)	
Cash and bank balances	1,545,224	139,444
Less: restricted bank balance	(1,353,274)	-
Short-term borrowings	(2,521,141)	(2,305,832)
	(2,329,191)	(2,166,388)

11.1 The Company has purchased factory land, mining leases, technical feasibilities and certain NOCs from M/s. Saif Cement Limited in order to install a new cement line in D.I. Khan at a total cost of Rs. 1,300 million which has been fully transferred to an Escrow account. The Company is in the process of transferring all the assets and NOCs in its name under an agreement. Upon the completion of this process and fulfillment of all conditions, the amount in escrow account will be transferred to the Seller. Being a party to an escrow account, the Company can withdraw the amount only if the conditions laid down in the purchase agreement are not fulfilled. The Company is entitled to receive all profits upon finalisation of this agreement.

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, 2022. There have been no changes in any risk management policies since the year end.

12.1 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate fair values.

The following table shows assets recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

December 31, 2022 (Unaudited)					
Carrying amount			Fair value		
Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3
Note (Rupees in '000)					

Financial assets measured at fair value

Long-term investments	5.1	-	379,547	379,547	379,547	-	-
		-	379,547	379,547	379,547	-	-

June 30, 2022 (Audited)					
Carrying amount			Fair value		
Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3
Note (Rupees in '000)					

Financial assets measured at fair value

Long-term investments	5.1	-	397,737	397,737	397,737	-	-
		-	397,737	397,737	397,737	-	-

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

12.1.1 Financial instruments which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date.

13. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, directors, retirement funds, and key management personnel of the Company. Amounts due from / to related parties are disclosed in respective notes to these financial statements. The Company enters into transactions with related parties on agreed terms as approved by the Board of Directors. Transactions with related parties other than those disclosed elsewhere in the financial statements, are as follows:

Relationship	Nature of transactions	Half-year ended		Quarter ended	
		December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
(Rupees in '000)					
Associated companies	Purchases	1,469,625	1,426,749	778,684	680,219
	Sale of goods	-	6,087	-	1,901
	Royalty and excise duty	232,757	328,534	116,828	146,499
	Purchase of fixed assets	79,823	40,819	79,671	40,819
	IT support charges	12,155	12,155	6,077	6,077
	Dividend received	4,684	12,490	4,684	12,490
	Dividend paid	157,845	63,334	157,845	63,334
	Insurance premium paid	36,000	35,000	15,307	23,000
Key management personnel	Remuneration	581,198	390,757	292,925	153,495
Other related parties	Contribution to staff provident and gratuity funds	73,099	33,953	54,023	17,023

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 15, 2023 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

**Cherat Cement
Company Limited**

Head Office:

Modern Motors House, Beaumont Road,
Karachi 75530, Pakistan.

UAN: (9221) 111-000-009 Fax: (9221) 35683425

Email: info@gfg.com.pk Web: www.gfg.com.pk

