

Company Profile

BOARD OF DIRECTORS

Mr. Mohammad Tousif Peracha
Chairman & Chief Executive

Mr. A. Rafique Khan
Director

Mr. A. Shoeb Piracha
Director

Mrs. Tabassum Tousif Peracha
Director

Mr. M. Saleem Peracha
Director

Mr. Aameen Taqi Butt
Director

Mr. M. Ishaque Khokhar
Director

BANKERS

Saudi Pak Commercial Bank Ltd.
Bank of Punjab
National Bank Of Pakistan
United Bank Limited
Muslim Commercial Bank Ltd.
Citibank N.A
Bolan Bank Limited
Habib Bank Limited
PICIC Commercial Bank Limited
Prime Commercial Bank Limited
The Bank of Khyber

REGISTERED OFFICE

3-A/3, Gulberg III, Lahore
Tel: 042-5871057-58
Fax: 042-5871056

WORKS

Ismailwal (Distt. Chakwal)

SHARES REGISTRAR

M/s. Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore.
Tel: 042-5887262, 5839182
Fax: 042-5869037

AUDIT COMMITTEE

Mrs. Tabassum Tousif Peracha
Chairman and Member

Mr. M. Ishaque Khokhar
Member

Mr. M. Saleem Peracha
Member

CHIEF FINANCIAL OFFICER

Mr. Zulfiqar A. Choudhry
(FCA, ACMA)

COMPANY SECRETARY

Mr. Abbas Rashid Siddiqi

AUDITORS

Viqar A. Khan
Chartered Accountants

INTERNAL AUDITORS

Aftab Nabi & Co.
Chartered Accountants

LEGAL ADVISOR

International Legal Services

COMPANY WEBSITE

www.gharibwalcement.com

Directors' Report to the Members

On behalf of the Board of Directors, I am pleased to present the accounts (un-audited) of Gharibwal Cement Limited for the first quarter ended September 30, 2005.

The 1st Quarter data for Production and Despatches is compiled as under :-

	1st Quarter Ended	
	September 2005 (Tonnes)	September 2004 (Tonnes)
Clinker Production	105,930	113,105
Cement Production	112,390	127,185
Despatches	111,184	127,143

Your Company has earned Gross Profit of Rs. 81.02 million for the 1st quarter ended September 2005 as against the Gross Profit of Rs. 42.94 million for the corresponding quarter of 2004, reflecting an increase of 89% on a comparative basis.

The Company has posted Profit Before-Taxation of Rs. 63.51 million for the 1st quarter under review (September 2004: Rs. 25.80 million profit) reflecting an increase of 246% over the preceding comparable quarter, whereas, Profit After-Tax for the 1st quarter under review stands at Rs. 61.46 million (September 2004: Rs. 23.90 million profit), showing an increase of 257% over the previous comparable quarter.

During the quarter, capacity utilisation stood at 78.50%, which is a slight decrease from capacity utilisation of 83.78% achieved for the comparable quarter of 2004. Your directors are pleased to report that the cement plant remained in continuous operation during the quarter under review whereas its normal maintenance has been carried out.

In terms of milestones achieved by the Company, the Directors are pleased to announce that the Second Right Shares Issue of the Company, comprising 135,000,000 ordinary shares of Rs. 10/- each issued at par, was successfully completed during the quarter under review. In this regard, the Board of Directors of the Company, during their meeting held on 20th August 2005, confirmed the allotment of 135 million right shares of Rs. 10/- each, at par, to the shareholders, general public and the underwriters.

The issuance of right shares has impacted positively upon the equity composition of the Company.

Likewise, to meet the debt portion cost of the new cement expansion project, the Company has formally signed a Syndicated Term Finance Agreement with several leading financial institutions of the country for a total syndicated long term finance of Rs. 1,548 million. This Agreement was inked during the quarter under review.

A down payment of 15% amounting to Rs. 297 million has already been paid by the Company to the supplier of the new cement plant in China. Furthermore, we are pleased to inform that the piling work for the new project has been started at the factory site, whereas rest of the construction work shall be commenced in November 2005.

The legal advisor of the Syndicate has vetted the condition precedent to the opening of L/C for the expansion project. Arranger / Advisor of the Syndicate have requested the Syndicate Members to issue Letter of Guarantee in favour of NBP for establishing the L/C.

Overall, the cement market remained robust and depicted a trend of continued expansion during the quarter under review.

The Board of Directors take this opportunity to thank our customers, dealers, suppliers, executives, staff and workers for their valued co-operation and efforts towards the well-being of the Company. In addition, a mark of gratitude is recorded for the financial institutions.

For and on behalf of the Board of Directors



M. TOUSIF PERACHA
(Chief Executive)

Lahore: October 27, 2005

Balance Sheet

	September 30 2005	June 30 2005
	(Rupees in thousand)	
SHARE CAPITAL AND RESERVES		
Authorised share capital 250,000,000 ordinary shares of Rs.10 each	2,500,000	2,500,000
Issued, subscribed and paid-up share capital	1,718,764	368,764
Shares subscription money	-	859,528
General reserve	332,000	332,000
Accumulated loss	(380,974)	(445,549)
	1,669,790	1,114,743
SURPLUS ON REVALUATION OF FIXED ASSETS	465,827	468,946
NON CURRENT LIABILITIES		
Long term loans, finances and other payables	106,757	120,761
Long term foreign currency loans and other payables	173,512	175,847
Liabilities against assets subject to finance lease	90,022	90,570
DEFERRED LIABILITIES		
Accumulated compensated absences	17,070	17,167
Deferred income	5,366	5,366
	22,436	22,533
LONG TERM DEPOSITS FROM CUSTOMERS	1,385	1,385
CURRENT LIABILITIES		
Trade and other payables	273,115	280,269
Accrued interest / markup	10,494	9,133
Short term loans and finances	39,095	27,231
Current portion of non-current liabilities	71,978	86,958
Taxes and duties	22,225	23,176
	416,907	426,767
CONTINGENCIES AND COMMITMENTS	-	-
	2,946,636	2,421,552

The annexed notes form an integral part of these financial statements.



(A. SHOEB PIRACHA)
Director

as at September 30, 2005 (Un-audited)

	September 30 2005	June 30 2005 (Rupees in thousand)
NON CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	1,133,441	1,142,201
Capital work-in-progress	525,330	238,358
Stores held for capital expenditure	71,389	71,416
	1,730,160	1,451,975
LONG TERM INVESTMENTS	173,281	173,281
LONG TERM LOANS AND ADVANCES TO STAFF	9,258	9,108
LONG TERM DEPOSITS AND PREPAYMENTS	1,298	1,298
DEFERRED COST	69,151	74,192
CURRENT ASSETS		
Stores, spares and loose tools	149,561	131,685
Stock in trade	40,504	24,197
Loan and advances	64,429	88,046
Trade deposits and short term prepayments	15,454	13,382
Accrued interest	5,411	3,541
Other receivables	35,595	33,686
Available-for-sale investment	50,000	100,000
Cash and bank balances	602,534	317,161
	963,488	711,698
	2,946,636	2,421,552



M. TOUSIF PERACHA
Chief Executive

Profit and Loss Account

For The Quarter Ended September 30, 2005 (Un-audited)

	September 30 2005	September 30 2004
	(Rupees in thousand)	
SALES-NET	405,988	358,393
COST OF SALES	324,967	315,457
GROSS PROFIT	81,021	42,936
General and administrative expenses	18,332	13,273
Selling and distribution expenses	2,047	1,717
Other operating expenses	2,290	2,706
	22,669	17,696
OTHER OPERATING INCOME	58,352	25,240
	12,205	8,189
FINANCE COST	70,557	33,429
	7,050	7,633
PROFIT BEFORE TAXATION	63,507	25,796
TAXATION		
- Current	2,052	1,900
PROFIT AFTER TAXATION	61,455	23,896
EARNINGS PER SHARE (RUPEES)	0.36	0.65



(A. SHOEB PIRACHA)
Director



M. TOUSIF PERACHA
Chief Executive

Cash Flow Statement

For The Quarter Ended September 30, 2005 (Un-audited)

	September 30 2005	September 30 2004
	(Rupees in thousand)	
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES (note 'A')	55,109	23,378
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(291,212)	(5,815)
Short term investment	50,000	-
Interest on bank deposits received	2,800	-
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(238,412)	(5,815)
CASH FLOW FROM FINANCING ACTIVITIES		
Right share issued	490,472	-
Long term loans and finances - net	(14,004)	39,316
Lease finances - net	(548)	(3,871)
Short term finances - net	11,863	(53,226)
Share purchase consideration	-	(2,000)
Financial charges paid	(19,107)	(3,931)
NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES	468,676	(23,712)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	285,373	(6,149)
CASH AND CASH EQUIVALENTS		
- At the beginning of the period	317,161	9,225
CASH AND CASH EQUIVALENTS		
- At the end of the period	602,534	3,076
NOTE 'A'		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period-before taxation	63,507	25,796
Adjustments for:		
Depreciation	13,026	13,069
Financial Charges	5,487	7,852
Interest accrued on certificate of investment	-	(7,989)
Interest on bank deposits	(8,212)	-
Exchange fluctuation loss/(gain)	(2,335)	1,181
Amorization of discount on issue of shares	5,041	5,037
	76,514	44,946
Long term deposits and prepayments	-	(118)
Long term loans and advances to staff	(150)	398
Long term deposits from customers	-	(10)
Accumulated compensated absences	(97)	-
Taxes and duties	160,818	166,931
CASH FLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	237,085	212,147
(Increase)/Decrease in current assets:		
Stores, spares and loose tools	(17,876)	(9,707)
Stock-in-trade	(16,307)	13,297
Advances, deposits, prepayments and other receivables - net	23,180	(14,448)
Increase/(Decrease) in creditors, accruals and other liabilities	109	(14,337)
	(10,894)	(25,195)
CASH FLOW FROM OPERATING ACTIVITIES		
- Before taxation	226,191	186,952
Taxes and duties paid	(171,082)	(163,574)
NET CASH INFLOW FROM OPERATING ACTIVITIES - After taxation	55,109	23,378

Statement of Changes in Equity

For The Period Ended September 30, 2005

Particulars	Share Capital	Shares Subscription Money	General Reserve	Accumulated Profit/(Loss)	Total
Balance as at June 30,2004	368,764	-	332,000	(633,889)	66,875
Profit for the period (July 04 to September 04)	-	-	-	23,896	23,896
Surplus on revaluation of fixed assets transferred - Incremental depreciation charged during the period	-	-	-	3,360	3,360
Balance as at September 30, 2004	368,764	-	332,000	(606,633)	94,131
Profit for the period (October 04 to June 05)	-	-	-	164,982	164,982
Shares subscription money	-	859,528	-	-	859,528
Surplus on revaluation of fixed assets transferred - Incremental depreciation charged during the period (net of deferred tax of Rs.4.4 million)	-	-	-	4,759	4,759
- Realized on disposal of fixed assets (net of deferred tax of Rs.0. 462 million)	-	-	-	859	859
Effect of change in accounting policy	-	-	-	1,777	1,777
Transactional costs on right issue	-	-	-	(11,293)	(11,293)
Balance as at June 30, 2005	368,764	859,528	332,000	(445,549)	1,114,743
Profit for the period (July 05 to September 05)	-	-	-	61,455	61,455
Shares subscription money	-	490,472	-	-	490,472
Issue of ordinary shares	1,350,000	(1,350,000)	-	-	-
Surplus on revaluation of fixed assets transferred - Incremental depreciation charged during the period	-	-	-	3,120	3,120
Balance as at September 30, 2005	1,718,764	-	332,000	(380,974)	1,669,790


(A. SHOEB PIRACHA)
 Director


M. TOUSIF PERACHA
 Chief Executive

Notes to the Accounts

For The Quarter Ended September 30, 2005 (Un-audited)

1. The Accounting policies adopted in these quarterly accounts are the same as those applied in the preparation of the preceding annual published accounts.

2. **ISSUANCE OF SHARES**

During the First Quarter ended 30th September 2005, the 2nd Issue of Right Shares was completed comprising of 135 million ordinary shares of RS. 10/- each at par. In this respect, the Board of Directors of the Company made the allotment of 135 million ordinary shares of Rs. 10/- each at par, during their meeting held on 20th August 2005. Further, the CDC credited / up-loaded these shares on 22nd August 2005, as confirmed vide their letter to the Company.

	September 30 2005	September 30 2004 (Rupees in thousand)
3. COST OF SALES		
Raw materials consumed	25,834	20,127
Packing materials consumed	19,926	22,658
Stores and spares consumed	7,657	5,486
Salaries, wages and benefits	17,888	16,223
Fuel and lubricants consumed	235,362	204,860
Rent, rates and taxes	2,583	1,337
Repair and maintenance	9,312	11,948
Establishment charges	3,783	2,909
Insurance	933	622
Other expenses	1,090	980
Depreciation	12,350	12,458
	336,718	299,608
Adjustment of work-in-process		
Opening	13,595	24,742
Closing	(12,250)	(8,759)
	1,345	15,983
Cost of goods manufactured	338,063	315,591
Adjustment of finished goods		
Opening stock	5,490	7,311
Closing stock	(18,586)	(7,445)
	(13,096)	(134)
	324,967	315,457

4. Contingencies and Commitments are unchanged since last published accounts.



(A. SHOEB PIRACHA)
Director



M. TOUSIF PERACHA
Chief Executive