

*Third Quarter Report
March 2006*



Gharibwal Cement Limited

Company Profile

BOARD OF DIRECTORS

Mr. Mohammad Tousif Peracha
Chairman & Chief Executive

Mr. A. Rafique Khan
Director

Mrs. Tabassum Tousif Peracha
Director

Mr. A. Shoeb Piracha
Director

Mr. M. Saleem Peracha
Director

Mr. M. Ishaque Khokhar
Director

Mr. Aameen Taqi Butt
Director

BANKERS

Saudi Pak Commercial Bank Ltd.
The 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
The Bank of Khyber
KASB Bank Ltd.

REGISTERED OFFICE

3-A/3, Gulberg III, Lahore
Tel: 042-5871057-58
Fax: 042-5871056
E-mail: info@gharibwalcement.com

WORKS

Ismailwal (Distt. Chakwal)

SHARES REGISTRAR

M/s. Corplink (Pvt.) Ltd.
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, we are pleased to present the financial results of the Company for the 3rd Quarter ended March 31, 2006.

FINANCIAL RESULTS AND PERFORMANCE REVIEW

During the period under review, the salient financial results accomplished by your Company are highlighted hereunder:

	3rd Quarter 2006 (Rupees in Million)	3rd Quarter 2005 (Rupees in Million)
Gross Profit	50.15	21.06
Profit After-tax (includes Income due to Directors' Loan Written Off in the 3rd Quarter ended March 31, 2005)	58.53	91.79
Profit After-tax (excludes above-mentioned Income)	58.53	7.68

Likewise, your Company's comparative financial results for the period from July 2005 to March 2006 (9 months) are tabulated as follows:

	9 Months Ended March 31, 2006 (Rupees in Million)	9 Months Ended March 31, 2005 (Rupees in Million)
Gross Profit	201.34	117.48
Profit After-tax (includes above-mentioned Income)	156.71	142.38
Profit After-tax (excludes above-mentioned Income)	156.71	58.27

During the previous comparable quarter (March 31, 2005), an amount of Rs. 84.11 million under the head of "Directors' Loan" was duly written off, hence, resulting into an income of Rs. 84.11 million for the Company during the said quarter.

Now, as depicted by the aforesaid financial results, the Company's Profit After-Tax for the quarter and 9 months period under review shows a significant increase when the impact of income, arising due to the above-noted directors' loan write-off, is excluded from the accounting calculation.

Moreover, the increase in the Company's Gross Profit from Rs. 21.06 million (3rd Quarter 2005) to Rs. 50.15 million (3rd Quarter 2006) is attributed to greater retention price for our cement brand.

Further, the Company's General and Administrative Expenses have increased from Rs. 35.34 million (Jul-Mar. 2005) to Rs. 65.78 million (Jul-Mar. 2006) mainly due to the following :

- (a) Rs. 16.50 million spent on the Golden Handshake Scheme for the Head Office staff.
- (b) Rs. 3.70 million spent on Rights Issue (R-2) additional fee & subscription.

In addition, the Company's Finance Cost has decreased from Rs. 34.16 million (Jul-Mar. 2005) to Rs. 21.58 million (Jul-Mar. 2006) on account of financial restructuring measures undertaken.

With respect to the Balance Sheet as at March 31, 2006, we are pleased to note that the Company is maintaining a strong current ratio of 2.2:1.

QUANTITATIVE RESULTS

The production and despatches data of the Company is as under:

	3rd Quarter ended March		Nine Months ended March	
	2006	2005	2006	2005
	(I n T o n n e s)			
Clinker Production	94,670	114,080	312,595	336,750
Cement;				
- Production	107,460	116,190	331,820	356,465
- Despatches	102,459	113,428	323,892	354,234

The decrease in clinker production during the quarter under review is attributed to major plant & machinery maintenance carried out.

NEW CEMENT PLANT & POWER PLANT UPDATE

We are pleased to report that installation of the new dry process cement plant of the Company having 6,700 tonnes per day clinker capacity is proceeding as per schedule and our new plant is expected to commence commercial production by July 2007. Moreover, the Company's new 12 megawatt gas based electric power generation plant is now under commissioning. It is expected to start commercial production in the first week of May 2006.

FUTURE PROSPECTS

With the onset of summer, the demand for cement is expected to substantially increase and your Company shall strive to take full advantage of these conditions.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors



M. TOUSIF PERACHA
(Chief Executive)

Lahore: April 26, 2006

Balance Sheet

March 31 June 30
2006 2005
(Rupees in thousands)

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
Share subscription money
General reserve
Accumulated loss

1,718,764 368,764
- 859,528
332,000 332,000
(283,074) (445,549)

1,767,690 1,114,743

SURPLUS ON REVALUATION OF FIXED ASSETS

463,181 468,946

NON CURRENT LIABILITIES

Long term loans, finances and other payables

90,057 120,761

Long term foreign currency loans and other payables

173,315 175,847

Liabilities against assets subject to finance lease

192,068 90,570

DEFERRED LIABILITIES

Deferred income
Accumulated compensated absences

5,366 5,366
21,906 17,167

27,272 22,533

LONG TERM DEPOSITS FROM CUSTOMERS

1,310 1,385

CURRENT LIABILITIES

Trade and other payables
Accrued interest / mark-up
Short term loans and finances
Current portion of non-current liabilities
Taxes and duties

213,107 280,269
17,581 9,133
18,610 27,231
94,066 86,958
1,895 23,176

345,259 426,767

CONTINGENCIES AND COMMITMENTS

- -

3,060,152 2,421,552

The annexed notes form an integral part of these accounts.



Chief Executive



Chief Financial Officer

as at March 31, 2006 (Un-audited)

	March 31 2006 (Rupees in thousands)	June 30 2005
NON CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	1,145,063	1,142,201
Capital work-in-progress	848,258	238,358
Stores held for capital expenditure	72,998	71,416
	2,066,319	1,451,975
LONG TERM INVESTMENTS	162,554	173,281
LONG TERM LOANS AND ADVANCES TO STAFF	8,591	9,108
LONG TERM DEPOSITS AND PREPAYMENTS	1,366	1,298
DEFERRED COST	59,178	74,192
CURRENT ASSETS		
Stores, spares and loose tools	192,114	131,685
Stock-in-trade	50,903	24,197
Trade debtors	-	-
Loans and advances	123,297	88,046
Trade deposits and short term prepayments	23,040	13,382
Accrued interest	3,511	3,541
Other receivables	17,753	33,686
Available-for-sale investment	-	100,000
Cash and bank balances	351,526	317,161
	762,144	711,698
	3,060,152	2,421,552



 Director

Profit and Loss Account (Un-audited)
For The Third Quarter and Nine Months Ended March 31, 2006

	Jan - Mar 2006	Jan - Mar 2005	Jul - Mar 2006	Jul - Mar 2005
	(Rupees in thousands)			
SALES - Net	382,730	337,757	1,203,642	1,029,362
COST OF SALES	332,577	316,696	1,002,300	911,878
GROSS PROFIT	50,153	21,061	201,342	117,484
GENERAL AND ADMINISTRATIVE EXPENSES	14,139	8,106	65,775	35,341
SELLING AND DISTRIBUTION EXPENSES	1,927	1,770	5,756	5,104
OTHER OPERATING EXPENSES	3,094	538	11,117	14,062
	19,160	10,414	82,648	54,507
	30,993	10,647	118,694	62,977
OTHER OPERATING INCOME	16,488	94,933	45,359	118,565
	47,481	105,580	164,053	181,542
FINANCE COST	7,334	12,290	21,575	34,158
PROFIT BEFORE TAXATION	40,147	93,290	142,478	147,384
TAXATION - Current	1,938	1,500	6,088	5,000
- Prior period	(20,320)	-	(20,320)	-
	(18,382)	1,500	(14,232)	5,000
PROFIT AFTER TAXATION	58,529	91,790	156,710	142,384
ACCUMULATED (LOSS) - Brought forward	(343,525)	(579,180)	(445,549)	(633,889)
Incremental depreciaton due to revaluation of fixed assets	1,922	2,240	5,765	6,355
ACCUMULATED (LOSS) - Carried to Balance Sheet	(283,074)	(485,150)	(283,074)	(485,150)
EARNING PER SHARE	0.34	2.49	1.07	3.86

The annexed notes form an integral part of these accounts.


Chief Executive


Chief Financial Officer


Director

Cash Flow Statement (Un-audited)

For The Period Ended March 31, 2006

	March 31, 2006	March 31, 2005
	(Rupees in thousands)	
NET CASH INFLOW FROM OPERATING ACTIVITIES (note 'A')	15,334	77,885
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(655,848)	(168,245)
Sale proceeds of operating fixed assets	300	2,213
Sale proceeds of long term investments	9,166	-
Short term deposits	100,000	-
Interest received	18,790	11
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(527,592)	(166,021)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in paid-up share capital	490,472	-
Long term loans and finances - net	(27,454)	33,251
Lease finances - net	117,942	102,768
Short term finances - net	(8,623)	(732)
Share purchase consideration	-	(2,000)
Financial charges paid	(25,714)	(31,583)
NET CASH INFLOW FROM FINANCING ACTIVITIES	546,623	101,704
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,365	13,568
CASH AND CASH EQUIVALENTS		
- At the beginning of the period	317,161	9,225
CASH AND CASH EQUIVALENTS		
- At the end of the period	351,526	22,793
NOTE 'A'		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	142,478	147,384
Adjustments for:		
Depreciation	41,345	39,116
Financial Charges	21,575	34,158
Directors loans written off	-	(84,110)
Gain on sale of fixed assets	(142)	(698)
Loss on sale of long term investment	2,282	-
Interest accrued on certificate of investment	-	(22,679)
Interest on bank deposits	(18,759)	(11)
Exchange fluctuation (gain)/loss	(2,532)	9,575
Adjustment for (increase)/diminution in value of investments	(721)	45
Preliminary expenses and deferred cost amortised	15,014	10,082
	200,540	132,862
Long term deposits and prepayments	(68)	(79)
Long term loans and advances to staff	3,900	548
Long term deposits from customers	(75)	(85)
Vacations benefits	4,739	(579)
Taxes and duties	(9,278)	(4,968)
CASH FLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	199,758	127,699
(Increase) in current assets:		
Stores, spares and loose tools	(60,430)	(4,642)
Stock-in-trade	(26,706)	(6,190)
Advances, deposits, prepayments and other receivables - net	(31,310)	(21,085)
Decrease in creditors, accruals and other liabilities	(65,978)	(17,897)
	(184,424)	(49,814)
NET CASH INFLOW FROM OPERATING ACTIVITIES	15,334	77,885

Statement of Changes in Equity (Un-audited)

For The Period Ended March 31, 2006

Particulars	Share Capital	Shares Subscription Money	General Reserve	Accumulated (Loss)	Total
(Rupees in thousands)					
Balance as at June 30, 2004	368,764	-	332,000	(633,889)	66,875
Profit for the period July 04 to Mar 05	-	-	-	142,384	142,384
Surplus on revaluation of fixed assets transferred to retained earnings	-	-	-	6,355	6,355
Balance as at March 31, 2005	368,764	-	332,000	(485,150)	215,614
Profit for the period - (April 05 to June 05)	-	-	-	46,494	46,494
Shares Subscription Money	-	859,528	-	-	859,528
Surplus on revaluation of fixed assets transferred to retained earnings	-	-	-	2,623	2,623
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 Mar 06)	-	-	-	156,710	156,710
Shares Subscription Money	-	490,472	-	-	490,472
Issued 135.0 million right shares of Rs. 10.e ach	1,350,000	(1,350,000)	-	-	-
Surplus on revaluation of fixed assets transferred to retained earnings	-	-	-	5,765	5,765
Balance as at March 31, 2006	1,718,764	-	332,000	(283,074)	1,767,690


Chief Executive


Chief Financial Officer


Director

Notes to the Accounts (Un-audited)

For The Period Ended March 31, 2006

1. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation followed in preparation of these interim financial statements are the same as those followed in the preparation of the annual financial statements for the preceding financial year ended June 30, 2005.

2. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

During the period, the process of issuance of 135 million ordinary shares of Rs.10/- each as Right Issue at an offer price of Rs. 10 each, has been completed and accordingly the Company has made allotment of 135 million ordinary shares.

	March 2006	June 2005
(Rupees in thousands)		
3. CAPITAL WORK-IN-PROGRESS		
Civil works and buildings	-	1,785
Coal Mill	-	32,178
Dry cement plant	422,923	32,276
Gas based electric power generation plant	419,854	163,320
Other BMR / Expansion costs	5,481	8,799
	848,258	238,358

	March 2006	March 2005
(Rupees in thousands)		
4. TRANSACTION WITH ASSOCIATED UNDERTAKING		
Expenses incurred	2,961	673
Inventory transferred	17,078,	19,380
Inventory received-back	-	6,755
Expenses paid by DCCL	-	1,547
Mark-up charged by GCL	583	-

5. CONTINGENCIES AND COMMITMENTS

There is no significant change in the contingent liabilities and capital commitments of the Company since the last annual balance sheet date except for the following:-

- Guarantees given by banks on behalf of the Company to Sui Northern Gas Pipelines Ltd., outstanding as at 31st March 2006 aggregated Rs. 277.265 million (June 30, 2005: Rs. 101.959 million). The company has given counter guarantees to the aforesaid banks of Rs. 205.493 million (June 30, 2005: Rs. 75 million).
- Commitments in respect of capital expenditure were outstanding on account of the following expansion projects.

	March 2006	June 2005
(Rupees in thousands)		
- Gas-based electric power generators	7,618	178,670
- New dry cement line	2,772,737	2,069,000
	2,780,355	2,247,670

6. COST OF SALES

	Third Quarter Ended			
	Jan-March 2006	Jan-March 2005	July-March 2006	July-March 2005
	(Rupees in thousands)			
Raw Material Consumed	27,152	28,918	89,206	69,181
Packing Material Consumed	17,493	20,109	57,599	62,664
Stores & Spares Consumed	20,878	4,743	39,685	17,998
Salaries , Wages & Benefits	16,718	17,231	54,521	50,654
Fuel & Lubricants Consumed	207,656	230,964	688,145	625,254
Rent,Rates & Taxes	1,380	834	4,475	2,988
Repair & Maintenance	16,537	10,665	33,053	35,015
Establishment Exp.	3,011	3,288	11,287	10,080
Insurance	622	622	2,365	1,883
Clinker	6,917	0	6,917	0
Other Expenses	869	1,318	3,740	3,291
Depreciation	13,609	12,496	38,945	37,156
	332,842	331,188	1,029,938	916,164
Adjustment of Work-in-process				
Opening	30,785	14,889	13,595	24,742
Closing	(15,746)	(21,662)	(15,746)	(21,662)
	15,039	(6,773)	(2,151)	3,080
Cost of Goods Manufactured	347,881	324,415	1,027,787	919,244
Adjustment of Finished Goods				
Opening stock	15,673	6,958	5,490	7,311
Closing stock	(30,977)	(14,677)	(30,977)	(14,677)
	(15,304)	(7,719)	(25,487)	(7,366)
	332,577	316,696	1,002,300	911,878



Chief Executive



Chief Financial Officer



Director