

Company Information

BOARD OF DIRECTORS

Mr. Muhammad Tousif Peracha
Chairman & Chief Executive
Mr. Abdur Rafique Khan
Director
Mrs. Tabassum Tousif Peracha
Director
Mr. Muhammad Ishaq Khokhar
Director
Mr. Aameen Taqi Butt
Director
Mr. M. Niaz Piracha
Director
Mr. Jawaid Aziz Peracha
Director

BANKERS

Askari Bank Limited
Citibank N.A.
Faysal Bank Limited
Habib Bank Limited
KASB Bank Limited
MCB Bank Limited
My Bank Limited (Bolan Bank Limited)
National Bank of Pakistan
NIB Bank Limited
Silk Bank (Saudi Pak Commercial Bank Limited)
The Bank of Khyber
The Bank of Punjab
The Royal Bank of Scotland (ABN AMRO Bank (Pakistan) Limited)
United Bank Limited

REGISTERED OFFICE

34 - Main Gulberg, P.O. Box 1285, Lahore.
UAN : 042 - 111-210-310
Fax : 042 - 35871039 & 59
E-mail: info@gharibwalcement.com

WORKS

Ismailwal, Distt. Chakwal

WEBSITE

www.gharibwalcement.com

AUDIT COMMITTEE

Mrs. Tabassum Tousif Peracha
Chairperson and Member
Mr. M. Niaz Piracha
Member
Mr. Jawaid Aziz Peracha
Member

CHIEF FINANCIAL OFFICER

Mr. Salman Ahmad

COMPANY SECRETARY

Mr. Muhammad Shamail Javed

AUDITORS

M/s. Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

INTERNAL AUDITORS

M/s. Aftab Nabi & Co.
Chartered Accountants

LEGAL ADVISOR

M/s. Bandial & Associates, Lahore.

SHARES REGISTRAR

M/s. Corplink (Pvt.) Limited
Shares Registrar, Wings Arcade,
1-K, Commercial,
Model Town, Lahore.
Tel: 042-35887262, 35839182
Fax: 042-35869037

Directors' Report to the Members

We are pleased to present un-audited Financial Statements of the company for the period ended March 31, 2010.

Company has suffered after tax loss of Rs. 1,209 Millions during the period from July to March 31, 2010 ,after incorporating the financial cost of Rs. 818 Million, as against the corresponding period last year when the before tax loss was amounting to Rs. 168 Million. During 3rd quarter of the current financial year company has suffered a loss of Rs. 386 Million as compared to Rs. 258 Million during the corresponding period.

In spite of our good factory location, availability of railway links and low financial debts as compared to other cement manufacturing companies, we still sustained losses. The key contributing factors of huge losses during the period under review was the under utilization of production capacity due to acute shortage of working capital, including delay in approval of re-profiling of loans, high financial charges and huge dip in cement prices. It also resulted in frequent stoppage of plant and our capacity utilization remained 31% (approx.) as our plant operated for only 101-days (as explained below) which is very low as compared to other cement companies. Your company obtained export orders from Ethiopia worth USD 100.00 million for supply of 1.2 million tons cement which was jeopardized and cancelled only because of lack of working capital and this resulted in loss of much needed foreign exchange for our country, as well as exchequer's loss on account of duties and taxes.

Furthermore, your company also own 40-MW captive power plant whereby we could sell part of the electricity to PEPCO which can contribute towards reduction of present energy crisis as well as to benefit all stakeholders which we could not achieve due to lack of working capital.

Quarters	Plant operating analyses			Clinker Production		
	Actual Days	Standard Days	Capacity Attained	Actual	Standard	Capacity Attained
Quarter ended Sep 09	27	75	37%	137,630	502,500	27%
Quarter ended Dec 09	40	75	53%	181,939	502,500	36%
Quarter ended Mar 10	34	75	45%	157,629	502,500	31%

Present management has taken over the company from privatization commission in the year 1992 by bringing 100% foreign exchange in Pakistan and paid all Government liabilities before due dates where as other investors who purchased similar companies from privatization commission had delayed payment of these liabilities for several years on various grounds. One should appreciate the efforts of our sponsoring directors who invested heavily their foreign earnings in our country in order to boost our economy. However present environment is a matter of concern for them as well as for new investors who are planning to invest in our country.

Some of the major cement manufacturers have initiated unethical competition to sell cement below their cost of production in order to economically sabotage the small cement manufacturers as well as adversely affects the financial institutions which are supporting the smaller companies. We feel that this competition in the present environment of local & foreign economic melt down is very harmful for the cement sector, banking industry, stock exchange and economic growth of our country.

Despite all the difficult circumstances our management has already formulated its strategy to combat the present hard phase. Sponsor directors have already given their consent to convert their loans & mark up of Rs. 2.070 billion into equity in order to further strengthen the financial condition of the company as well as to withstand the present difficult business environment. We have also requested our banks & financial institutions to re-profile our liabilities as well as sanction us much needed working capital facilities to run the plant at optimum production capacity. We believe that if our plant could have been operated at 80% or above capacity utilization, our results would have been much better for all stakeholders. Our financial lenders have already taken a lot of time to finalize the proposals and we are requesting them that its early approval is beneficial for all stakeholders. However, they are agreed in principle and we envisage that it will be approved in the current quarter.

We appreciate the efforts of our contractors, suppliers, distributors, shareholders and bankers for their support and trust in us. We further appreciate the cordial relationship with our Workers Union which remained friendly during this hard phase.

For and on behalf of the Board of Directors



MUHAMMAD TOUSIF PERACHA
(Chairman & Chief Executive)

Lahore: April 30, 2010

Condensed Interim Balance Sheet

As at 31 March, 2010 (Un-audited)

	Note	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	5	10,226,085	10,259,678
OTHER NON CURRENT ASSETS			
Investments		-	-
Advances and deposits		75,665	62,354
Deposits		-	-
Deferred cost		-	-
		75,665	62,354
CURRENT ASSETS			
Stores, spares and loose tools		340,485	278,334
Stock in trade		301,885	371,989
Trade debtors		10,391	52,694
Advances, deposits and other receivables		422,882	432,032
Cash and bank balances		42,860	67,980
		1,118,503	1,203,029
TOTAL ASSETS		11,420,254	11,525,061



M. Tousif Peracha
Chief Executive

Condensed Interim Balance Sheet

As at 31 March, 2010 (Un-audited)

	Note	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 250,000,000 (2009: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000
Issued, subscribed and paid up capital		2,318,764	2,318,764
Revenue Reserves			
General reserve		332,000	332,000
Accumulated loss		(2,385,624)	(1,195,555)
Shares deposit money	6	265,140 2,070,000	1,455,209 -
		2,335,140	1,455,209
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		992,152	1,011,107
NON CURRENT LIABILITIES			
Redeemable capital		333,226	399,680
Loans	7	1,330,793	2,769,723
Liabilities against assets subject to finance lease		25,170	52,297
Deferred liabilities		1,689,189 660,788	3,221,700 147,035
		2,349,977	3,368,735
CURRENT LIABILITIES			
Trade and other payables	8	1,614,699	1,309,743
Accrued interest / mark-up		622,157	494,644
Short term borrowings		749,895	744,578
Current portion of non-current liabilities	9	2,452,555	2,588,898
Taxes and duties		303,680	552,147
		5,742,984	5,690,010
CONTINGENCIES AND COMMITMENTS	10	-	-
TOTAL EQUITY AND LIABILITIES		11,420,254	11,525,061

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.




Muhammad Ishaq Khokhar
Director

Condensed Interim Profit and Loss Account

For the Nine Months ended 31 March 2010 (Un-audited)

	Note	Nine Months Ended Jul - Mar		Quarter Ended Jan - Mar	
		2010 (Rupees in thousand)	2009	2010 (Rupees in thousand)	2009
Sales - net	11	1,779,342	207,560	334,787	11,895
Cost of sales	12	2,046,360	196,321	532,157	51,620
Gross profit / (loss)		(267,018)	11,239	(197,370)	(39,725)
Selling and distribution expenses		196,494	1,155	66,922	17,714
General and administrative expenses		56,535	38,118	20,905	106
Other operating expenses		18	103	-	-
		253,048	39,376	87,828	17,820
Other operating income		(520,066)	(28,137)	(285,198)	(57,545)
		3,502	2,485	1,509	(1,264)
Profit / (loss) from operations		(516,564)	(25,652)	(283,689)	(58,809)
Finance costs		818,566	44,944	239,384	22,119
Termination benefits		(1,335,130)	(70,596)	(523,073)	(80,928)
		-	201,864	-	177,369
Loss before taxation		(1,335,130)	(272,460)	(523,073)	(258,297)
Deferred taxation (Taxation-reversal)/ Provision for taxation		-	(103,731)	-	-
		(126,107)	-	(136,319)	-
Loss after taxation		(1,209,023)	(168,729)	(386,754)	(258,297)
Earnings per share - basic/diluted		(5.21)	(0.73)	(1.67)	(1.11)

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



M. Tousif Peracha
Chief Executive



Muhammad Ishaq Khokhar
Director

Condensed Interim Cash Flow Statement

For the Nine Months ended 31 March 2010 (Un-audited)

	Un-Audited	
	31 March 2010 (Rupees in thousand)	31 March 2009
CASH FLOW FROM OPERATING ACTIVITIES		
Net loss before taxation	(1,335,130)	(272,460)
Adjustments for non cash charges and others		
Depreciation on operating fixed assets	204,693	80,947
Interest on bank deposit	(3,502)	-
Financial charges	818,566	44,944
Taxes and duties	552,437	82,065
	1,572,194	207,957
	237,064	(64,503)
Increase decrease in current assets		
Stores, spares and loose tools	(62,151)	(250,162)
Stock in trade	70,104	(86,202)
Trade deposits and short term prepayments	51,453	174,960
	59,406	(161,404)
Increase/(decrease) in current liabilities		
Trade and other payables	304,956	1,361,605
Deferred Liabilities	(10,404)	(1,085)
Cash generated by / (used) in operations	591,022	1,134,612
Financial charges paid	(396,934)	(57,627)
Taxes and duties paid	(220,772)	(326,388)
Net cash inflow / (outflow) from operating activities	(26,684)	750,597
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure-net	(171,100)	(921,448)
Security deposits paid against finance lease	(13,311)	14,962
Interest received	3,502	-
Net cash outflow from investing activities	(180,910)	(906,486)

Condensed Interim Cash Flow Statement

For the Nine Months ended 31 March 2010 (Un-audited)

	Un-Audited	
	31 March 2010 (Rupees in thousand)	31 March 2009
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment/Adjustment of Long term loans and redeemable capital	(40,715)	1,285
Receipt/Adjustment of Long term loans	245,000	-
Payment of finance lease liability	(27,127)	(54,921)
Proceeds of short term finances	5,317	191,836
Net cash inflow from financing activities	182,474	138,200
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(25,120)	(17,689)
CASH AND CASH EQUIVALENTS - at the beginning of the year	67,980	156,506
CASH AND CASH EQUIVALENTS - at the end of the year	42,860	138,817

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



M. Tousif Peracha
Chief Executive



Muhammad Ishaq Khokhar
Director

Interim Condensed Statement of Changes in Equity

For the Period ended 31 March 2010 (Un-audited)

Particulars	Share Capital	General Reserve	Accumulated Loss	Total
(Rupees in thousand)				
Balance as at June 30, 2008 as Restated	2,318,764	332,000	(856,049)	1,794,715
Loss for the period (July 01, 2008 to March 31, 2009)	-	-	(272,459)	(272,459)
Gain on reversal of Deferred Taxation -transferred to equity	-	-	-	-
Surplus on revaluation of fixed assets -transferred to equity	-	-	22,720	22,720
Balance as at March 31, 2009	2,318,764	332,000	(1,105,788)	1,544,976
Loss for the period (April 01, 2009 to June 30, 2009)	-	-	(97,389)	(97,389)
Surplus on revaluation of fixed assets -transferred to equity	-	-	7,622	7,622
Balance as at June 30, 2009	2,318,764	332,000	(1,195,555)	1,455,209
Loss for the period (July 01, 2009 to March 31, 2010)	-	-	(1,335,130)	(1,335,130)
Gain on reversal of Deferred Taxation -transferred to equity	-	-	126,107	126,107
Surplus on revaluation of fixed assets -transferred to equity	-	-	18,954	18,954
Balance as at March 31, 2010	2,318,764	332,000	(2,385,624)	265,140

The annexed notes from 1 to 14 form an integral part of this condensed interim financial information.



M. Tousif Peracha
Chief Executive



Muhammad Ishaq Khokhar
Director

Notes to the Condensed Interim Financial Information

For the Quarter ended 31 March 2010 (Un-audited)

1 COMPANY AND ITS OPERATION

The company was incorporated in Pakistan on 29 December 1960 as a public limited company; its shares are quoted on Karachi and Lahore Stock Exchanges. Register office of the company is situated at 34-Main Gulberg, Lahore. It is principally engaged in production and sale of cement.

In addition to the negotiations with the various financial institutions, the sponsoring directors, being the majority shareholder of the Company, have extended their commitment to support and assist the Company in ensuring that it remains viable in achieving its objectives in the long run, accordingly, they have expressed their willingness to convert their outstanding balances into equity on the completion of all secretarial and legal compliances.

Based on the support of the sponsoring directors and the projections prepared by the Company's management, which have been approved by the Board of Directors, the Board is of the view that the Company would have adequate resources to continue its business on a sustainable basis in the foreseeable future and accordingly the financial information has been prepared on going concern basis.

2 BASIS OF PRESENTATION AND MEASUREMENT

2.1 This condensed interim financial information has been prepared in accordance with International Accounting Standards - 34 "Interim Financial Reporting" as applicable in Pakistan.

2.2 This interim condensed financial information does not include all the information and the disclosures required in the annual financial information and should be read with in conjunction with financial statements of the company for the year ended 30 June 2009.

3 ACCOUNTING POLICIES

The accounting policies applied for the preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended 30 June 2009 and as notified in the half yearly accounts as on 31 December 2009.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumption that effect the application of accounting policies and reported amounts of assets and liabilities, Income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30, June 2009.

Notes...

For the Quarter ended 31 March 2010 (Un-audited)

	Note	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	9,960,611	10,163,325
	Capital work in progress	265,474	96,353
		10,226,085	10,259,678
5.1	OPERATING FIXED ASSETS		
	Opening balance	10,163,326	2,316,429
	Additions during the Year :		
	Buildings & foundations	-	1,519,396
	Plant and machinery - Line I	-	6,486,675
	Furniture, fixtures and other office equipment	2,660	1,461
	Transport assets (Owned)	1,316	2,241
	Vehicles (leased)	-	5,659
		3,976	8,015,432
	Dispose off during the Year	(1,998)	-
	Depreciation Charge for the period	(204,693)	(168,535)
	Closing balance	9,960,611	10,163,326
5.2	CAPITAL WORK IN PROGRESS		
	Opening Balance	96,353	6,883,257
	Civil works and buildings	169,121	19,925
	Dry cement plant		
	Civil Work	-	168,243
	Plant and Machinery	-	975,153
		-	1,143,396
	Dual fuel electric power generation plant		
	Civil Work	-	1,417
	Plant and Machinery	-	54,430
		-	55,847
	Stores and spares held for capital expenditure		
	Transfer to operating fixed assets	-	8,006,072
		265,474	96,353

Notes....

For the Quarter ended 31 March 2010 (Un-audited)

6 SHARE DEPOSIT MONEY		Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
This represents amount of directors loans and the mark up due till March 22nd 2010, which has been transferred to share deposit money. As soon as SECP approves this transaction ,this amount will be converted into share capital.			
	Note		
7 LOANS			
Loan from related parties	7.1	273,052	1,895,128
Loan from banking companies and financial institutions		1,057,740	874,595
		1,330,793	2,769,723
7.1 LOANS FROM RELATED PARTIES -UNSECURED			
M.Tousif Peracha		9,148	1,185,915
Abdul Refaq Khan		-	643,308
		9,148	1,829,223
Loan from Dandot Cement Company Ltd (Re-classified)		250,000	-
Loan from associated company (Pak Hy oil)		-	46,000
Loan From Gharibwal employees Provident fund		13,905	19,905
		263,905	65,905
		273,052	1,895,128
8 TRADE AND OTHER PAYABLES			
Creditors		841,863	536,805
Retention money		145,385	146,134
Accrued liabilities		484,645	408,396
Ijara Payable		22,243	26,860
Advance from customers		-	74,133
Others		15,163	16,499
Gratuity Fund		24,529	25,130
Provident Fund		5,201	-
Provision for freight		-	45,085
Unclaimed dividend		-	146
		1,539,028	1,279,188

Notes...

For the Quarter ended 31 March 2010 (Un-audited)

	Note	Un-audited 31 March 2010 (Rupees in thousand)	Audited 30 June 2009
Interest free deposits			
Repayable on demand		3,300	3,415
Others		60,870	19,530
		64,170	22,945
Others		11,500	7,610
		1,614,699	1,309,743

9 Re-structuring and re-scheduling of all the long term loans is in process and expected to be finalised in the quarter ending 30th June, 2010, whereby the current ratio will improve from 0.19 to 0.41.

10 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.

	Nine Months Ended Jul - Mar		Third Quarter Ended Jan - Mar	
	2010 (Rupees in thousand)	2009	2010 (Rupees in thousand)	2009
11 SALE OF CEMENT				
LOCAL				
Cement	1,700,106	291,251	476,406	16,768
EXPORT				
Cement	631,673	-	16,666	-
Total Sales	2,331,779	291,251	493,072	6,768
LESS:				
Sales tax	232,864	39,884	65,260	2,297
Federal Excise duty	270,918	40,089	80,085	2,459
Special excise duty	11,845	2,092	3,279	120
Discount/Rebate to dealers	36,811	1,627	9,662	-
	552,437	83,691	158,285	4,876
	1,779,342	207,560	334,787	11,893

Notes...

For the Quarter ended 31 March 2010 (Un-audited)

	Note	Nine Months Ended Jul - Mar		Third Quarter Ended Jan - Mar	
		2010 (Rupees in thousand)	2009	2010 (Rupees in thousand)	2009
12 COST OF SALES					
Raw materials consumed	12.1	93,646	11,947	6,181	3,141
Packing materials consumed		176,061	16,067	44,629	4,225
Provision for slow moving stores and spares		-	-	-	-
Stores and spares consumed		102,482	7,668	36,674	2,016
Salaries, wages and benefits		154,146	10,384	50,054	2,730
Fuel and power consumed		1,153,902	44,086	324,716	11,592
Rent, rates and taxes		4,924	1,008	1,953	265
Repair and maintenance		19,769	15,014	3,184	3,948
Insurance		14,322	2,400	11,248	631
Vehicle running and traveling		2,080	676	903	178
Other expenses		1,077	7	282	2
Research and development		18	83	10	22
Depreciation		202,484	44,466	59,368	11,692
		1,924,911	153,806	539,202	40,441
Adjustment of work-in-process inventory					
Opening		251,877	30,967	169,447	8,142
Closing		(133,309)	(6,376)	(133,309)	(1,676)
Cost of goods manufactured					
Adjustment of finished goods inventory					
Opening		81,208	34,652	35,144	9,111
Closing		(78,327)	(16,728)	(78,327)	(4,398)
		2,046,360	196,321	532,157	51,620
12.1 Raw materials consumed					
Opening stock as at July 01		19,080	-	56,734	-
Cost of raw materials:					
Outside purchases and transportation cost		139,627	967	30,301	254
Royalty		19,378	10,980	4,945	2,887
Excise duty		1,820	-	460	-
		160,825	11,947	35,706	3,141
Closing stock		(86,259)	-	(86,259)	-
		93,646	11,947	6,181	3,141

Notes...

For the Quarter ended 31 March 2010 (Un-audited)

13 TRANSACTIONS WITH RELATED PARTIES

There is no further significant transactions made with related parties during the quarter ended March 31st 2010.

14 GENERAL

13.1 These financial statements were authorized for issue by the Board of Directors on 30 April, 2010.

13.2 The figures have been rounded off to the nearest thousand Rupees.



M. Tousif Peracha
Chief Executive



Muhammad Ishaq Khokhar
Director