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Company Profile

BOARD OF DIRECTORS

Mr. Muhammad Tousif Peracha
Chairman & Chief Executive

Mr. Abdur Rafique Khan
Director

Mrs. Tabassum Tousif Peracha
Director

Mr. Ali Rashid Khan
Director

Mrs. Amna Khan
Director

Mr. M. Niaz Piracha
Director

Mr. Asif Muhammad Ali
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
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 - 5871039 & 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. Asif M. Ali
Member

CHIEF FINANCIAL OFFICER

Mr. Waqar Naeem

COMPANY SECRETARY

Mr. Abbas Rashid Siddiqi

AUDITORS

M/s. Viqar A. Khan & Co.
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: 042-5887262, 5839182
Fax: 042-5869037

Vision Statement

GHARIBWAL has been at the forefront in building a strong and solid Pakistan over the past forty six years. Our cement has already endured the test of time which is reflected by its performance in the Mangla Dam, the Qadirabad Barrage, the Rasool / Sulemanki Barrage, and so forth. Our new brand titled "PAIDAR CEMENT" being produced from the new cement plant shall strive to become a household name both in quality and price in the near future.

GHARIBWAL strives to ensure and maintain its excellence in the field of sales, marketing and distribution of cement by a strong focus on customer satisfaction and brand loyalty historically spanning Punjab and Azad Kashmir. We greatly value our patrons for their preference and loyalty for our cement.

GHARIBWAL envisions that the administrative and financial reforms instituted by the management in recent years shall continue in the future in the key areas to ensure the Company's prosperity and progress.

GHARIBWAL's new cement plant, situated in the Punjab province near the Motorway and G.T. Road, has embraced up-to-date cement technology, plant and machinery. This new plant has already started production by the Grace of the Almighty.

GHARIBWAL accordingly has a focused vision to rank high in performance amongst Pakistan's cement producers in the near future.

Mission Statement

GHARIBWAL's mission is to constantly seek excellence in all spheres of its business activity and to develop and expand its market position in Punjab, Azad Kashmir, the South and export market for our PAIDAR CEMENT brand.

GHARIBWAL's mission is to promote mutually satisfactory relationships with all our customers and stake-holders by creating value additions and finally aims to construct a strong, durable and forward-moving Pakistan.

Notice of Annual General Meeting

NOTICE is hereby given that the 48th Annual General Meeting of the shareholders of Gharibwal Cement Limited for the financial year ended 30th June 2008 will be held on Friday, 31st October 2008 at 12:00 Noon at the Registered Office of the Company at 34 – Main Gulberg, Lahore, to transact the following businesses:-

Ordinary Business

1. To confirm the minutes of the Extra Ordinary General Meeting (E.O.G.M.) of the Members held on 3rd December 2007.

2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2008 together with the Auditors' and Directors' Reports thereon.

3. To appoint the Auditors and to fix their remuneration. The retiring auditors M/s. Viqar A. Khan & Co., Chartered Accountants are eligible for re-appointment. However, Board Audit Committee and Board of Directors have recommended M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants to be the Auditors of the Company for the year ending June 30, 2009.

Special Business

4. To renew and enhance the temporary short term advance facility from Rs. 50.00 Million to Rs. 300.00 Million accorded by the Company to Balochistan Glass Limited (BGL), an associated undertaking by passing the following Special Resolution with or without modification:

   "RESOLVED that the consent and approval of the members of the Company be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for renewal of the temporary short term advance facility, already sanctioned to Balochistan Glass Limited, an associated company, for a period of one year on same terms and conditions except that the limit of finance be enhanced from Rs. 50 million to Rs. 300 million being the maximum sum that may be aggregated at any one time.

   FURTHER RESOLVED that Company Secretary be and is hereby authorized to give effect to the above resolution, take all necessary steps as required by the Companies Ordinance, 1984 and to sign and execute any paper, document, etc. for and on behalf of the Company with respect thereto."

Other Business

5. To transact any other business with the permission of the Chair.

The Statement Under Section 160(1)(b) of The Companies Ordinance, 1984, pertaining to the Special Business is annexed with this notice to the Members.

By Order of the Board

Abbas Rashid S

Lahore : October 04, 2008

ABBAS RASHID SIDDIQI
Company Secretary

Notice of Annual General Meeting

NOTES:

1. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, October 25, 2008 to Friday, October 31, 2008 (both days inclusive). Transfers, if any, received in order by the Company's Shares Registrar, M/s. Corplink (Pvt.) Ltd., Wings Arcade, 1-K, Commercial Area, Model Town, Lahore at the close of business on Friday, October 24, 2008 will be considered in time to attend and vote at the meeting.

2. A member of the Company entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. An instrument appointing a proxy must be received at the Registered Office of the Company not later than forty eight hours before the time of the holding of the Meeting. A Member shall not be entitled to appoint more than one proxy. The proxy shall produce his/her original/copy of CNIC card to prove his/her identity.

3. CDC shareholders are requested to bring their original CNIC Card, Account and Participant I.D. Numbers and will further have to follow the guidelines as laid down in SECP's Circular No. 1 dated 26th January 2000 while attending the Meeting for identification.

4. Members are requested to quote their Folio Number in all correspondence and at the time of attending the Meeting.

5. Members are requested to notify any change in their address / contact numbers immediately to the Company's Shares Registrar, M/s. Corplink (Pvt.) Ltd., Wings Arcade, 1-K, Commercial Area, Model Town, Lahore. Tel: 042-5887262, 5839182. Fax: 042-5869037.

STATEMENT U/S 160 OF THE COMPANIES ORDINANCE, 1984

ITEM NO.4 TO ACCORD TEMPORARY SHORT TERM ADVANCE FACILITY TO BALOCHISTAN GLASS LTD.

Name of the investee Company – Balochistan Glass Limited (BGL) is an associated company of Gharibwal Cement Limited (GCL).

Outstanding Advance – Neither any advance is outstanding as at June 30, 2008 nor has any loan been written off to the investee company.

Financial position of the investee company – Based on the latest un-audited financial statements for the financial year ended June 30, 2008, the financial position of the investee company is as under:

	Rupees in Million		Rupees in Million
Paid up Capital	858.000	Long Term Loans / Leases and Liabilities	522.753
Share Premium Reserve	Nil	Sponsors' Loans - long term	816.454
Accumulated Loss	505.767	Fixed Capital Expenditure	20.045
Fixed Assets	1,322.720	Long Term Loans & Deposit	14.596
Net Current Assets	354.124		

Rate of mark-up – Mark-up will be charged at a rate of 1% above the rate charged to the Company by the financial institutions of the Company.

Particulars of collateral security – Management does not consider it necessary to obtain collateral security from borrowing company as both the companies are under common management.

Source of funds – The advance will be advanced out of the Company's available surplus funds.

Repayment schedule – The advance would be for a period of one year and would be renewable on terms and conditions as approved by members in the general meeting.

Personal interest of the directors of GCL - The directors of GCL are interested in the business to the extent of their shareholding in BGL.

Statement of Compliance with the Code of Corporate Governance

This Statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 37 of the Karachi Stock Exchange and Chapter XIII of the Listing Regulations of the Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present, the Board includes four non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. To the best of our knowledge, all the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI. None of the directors is a member of the stock exchange.

4. There were 4 casual vacancies in the Board during the year, which were immediately filled-up. The details are as under :-

    (a) Mr. Abdul Shoeb Piracha resigned as Director of the Company and in his place Mrs. Amna Khan was appointed as Director of the Company on 30th October 2007 for the remaining term of office.

    (b) Mr. Aameen Taqi Butt resigned as Director of the Company and in his place Mr. Asif Muhammad Ali was appointed as Director of the Company on 22nd November 2007 for the remaining term of office.

    (c) Mr. Muhammad Saleem Peracha was removed / retired as Director of the Company in the E.O.G.M. held on 3rd December 2007 and in his place Mr. M. Niaz Paracha was appointed as Director of the Company on 3rd December 2007 (at the E.O.G.M.) for the remaining term of office.

    (d) Mr. M. Ishaque Khokhar resigned as Director of the Company and in his place Mr. Ali Rashid Khan was appointed as Director of the Company on 5th December 2007 for the remaining term of office.

5. The Company has prepared a “Statement of Ethics and Business Practices”, which has been signed by all the directors and employees of the Company.

6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of executive directors, have been taken by the Board. There was no new appointment of CEO during the year.

8. The meetings of the Board were presided over by the Chairman and in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In house orientation courses for the directors have been arranged for them during the year to apprise them of their duties and responsibilities.

10. Mr. Iqbal Ahmed Rizvi resigned from the office of CFO & Chief Accountant during the year on 31st October 2007 and his resignation was duly accepted by the Board on that date. In his place, Mr. Waqar Naeem was appointed as CFO & Chief Accountant on 31st October 2007 by the Board. Whereas, there was no other change of Company Secretary or Head of Internal Audit in the Company during the year.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the two Directors of the Company duly authorized for this purpose instead of CEO as the CEO is out of Pakistan and the CFO before approval by the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors including the Chairman / Chairperson of the Committee. The Company Secretary is also the full time Secretary of the Board Audit Committee.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.

17. The Board has out-sourced the internal audit function to M/s. Aftab Nabi & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their representatives) are involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. The management of the Company is committed to good corporate governance, and appropriate steps are being taken to comply with the best practices.

(ASIF MUHAMMAD ALI)
Director

(ABDUR RAFIQUE KHAN)
Director

Dated : October 04, 2008

Statement under Section 241(2) of the Companies Ordinance, 1984
These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

Statement of Ethics and Business Practices

Introduction – Gharibwal Cement Limited is committed to all-round excellence in the sphere of business activity. As in the past, we strive to maintain sound ethical, business and legal standards. The Company affirms to observe all prevailing and applicable laws and regulations of the country.

Code of Conduct – Gharibwal Cement Limited steadfastly adheres to implementing transparent and professional lines of conduct in the Company's business dealings and conduct with various stakeholders which include government agencies & departments, the cement manufacturers association, stockists & traders, share-holders, contractors, exporters & importers, and so forth.

Employees – Gharibwal Cement Limited has a historical track record of outstanding management-employees relations. The Company is committed to provide a safe, secure and conducive working environment to all its employees, regardless of rank, caste or creed, thus, maximizing the employees output and the Company's prosperity. Our employees have been accorded with on-site school and college facility, a small hospital with dispensary, canteen, providing adequate casual leaves per annum to ensure work-force morale and fitness, and buses for transportation. A number of employees have been imparted with computer and IT skills to enhance the factory's productivity and efficiency in key areas.

Community – Gharibwal Cement Limited observes and pursues good community relations. Usually, the Factory's social, education, transport and health facilities are accessible to the staff and their families resident within the Factory premises. The Company has undertaken the leveling and paving of roads in the immediate surroundings to benefit travelers to and fro. Material assistance has been accorded from time to time to the villages which sit very near to our quarry including the provision of employment facilities. A new road is being constructed by the Company from the Factory Gate to the Factory More (12 km) to benefit all sorts of travel.

Quality Assurance – Gharibwal Cement Limited produces durable "Ordinary Portland Cement" which conforms to high international standards in quality. The new cement plant will produce dry process cement of the highest quality in the country. Our cement is backed up with forty-six years of building experience with projects such as Mangla Dam, Qadirabad Barrage and Rasool Barrage to our credit. In terms of marketing, we demand a fair price for our brand of cement and pursue arm's length and mutually beneficial trading relationship with our stockists and retailers.

Public Relations – Gharibwal Cement Limited is an independent public limited company, listed on the Karachi and Lahore Stock Exchanges. The Company is neither affiliated nor associated with any political, regional or other vested interests. We participate in the various forums, within and outside of our industry, to mutually benefit from one another's experience in the business, marketing and corporate realms. A leading public relations organization of the country, M/s. Mediators (Pvt.) Ltd., has been appointed to manage public relations activities of our Company.

Financial Reporting – Gharibwal Cement Limited deals with all its valued stake-holders, especially with government and financial institutions, on an arm's length and on the basis of honesty and merit. Our Accounting and Finance policies are guided by prevailing corporate regulations, the Companies Ordinance, 1984, and Code of Corporate Governance. Further, we aim to fully comply with International Accounting Standards (IAS) in the preparation of financial statements whereas any departure there from is adequately disclosed. An internal audit function has been set-up whereas the annual Cost Audit reporting requirement is also pursued and implemented with professionalism and diligence.

Conclusion – Gharibwal Cement Limited shall ensure that this Statement of Ethics & Business Practices is understood and implemented by all concerned individuals in letter and spirit.

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of GHARIBWAL CEMENT LIMITED to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited and Chapter XIII of Listing Regulations of the Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2008.

Lahore: October 04, 2008

M/S. VIQAR A. KHAN
CHARTERED ACCOUNTANTS

Directors' Report to the Members

Your Directors have pleasure in submitting the Annual Report along with the audited financial statements of the Company for the year ended June 30, 2008.

Operational Performance of the Old Cement Plant

Your company has been in production since the early sixties operating with three kilns based on wet process which is very heavy on fuel. The operational performance of your Company for the year under review compared with the preceding year is tabulated below:

		2008	2007
Clinker Production	M. Tons	Nil	162,124
Cement Production	M. Tons	Nil	202,225
Despatches	M. Tons	Nil	201,563

The operation of the plant had become uneconomical and thus was closed during the year ending on 30th of June 2007 and remained closed during the current year for the same reason.

Operating Results

The Company has posted Loss per share of Rs.1.40 for the year ended June 30, 2008 as against Loss per share of Rs.1.18 (restated) for the year ended June 30, 2007.

During the year under review, the Company suffered Loss before Taxation of Rs.363.082 million as compared to Loss before Taxation of Rs.202.074 million (2007). Similarly, the Loss after Taxation of the Company stands at Rs.315.198 million (2008) as compared to the Loss after Taxation of Rs.222.916 million (2007).

The management has tried to be frugal and has endeavored to control any wasteful expenditure. Due to the fact that there was no income from operations during the year, the company was unable to match the fixed and semi variable expenses with sale revenues. The Rs. 363 million loss for the year includes depreciation of Rs. 64 million, termination benefits Rs. 70 million, finance cost Rs. 136 million, totaling Rs. 270 million which were more or less a fixed charge which the management could not help. The balance charge to the revenue is a mere Rs. 93 million in General and Administrative, Selling and Distribution and other operating expenses which would not increase materially once the plant comes into operations.

Dividends

The Board has not recommended any dividend for the shareholders for the year ended June 30, 2008 on account of loss suffered by the Company and due to cash out-flows associated with commissioning of the new cement project.

Future Prospects

In 2005 your Company embarked on setting up a new 6700 TPD clinker production capacity plant obtained from China and Europe. The 'new plant' is being set up by a Chinese company namely Tianjin Cement Industry Design & Research Institute (TCDRI) Co., Ltd. which was established in 1953. It is one of the earliest large scale industrial design institutes in China. Nowadays, TCDRI ranks at the top in Chinese Building Material Industry.

By the Grace of Almighty Allah, the new plant began producing clinker from the 25th of July 2008. The cement mill went into production on the 16th of September 2008 while the packing plant started operations on the 26th of September. The company has begun exploring foreign markets for its product and as a result has begun exports of clinker in September 2008.

We are pleased to report that your company will be marketing the cement from the new plant using the name "PAIDAR CEMENT" carrying the new logo.

Significant Plans & Decisions

(a) Financial

We are pleased to report that the 3rd Right Share (R-3) issue of the Company comprising 60 Million ordinary shares of Rs.10/- each was duly completed during the financial year under review.

(b) Expansion Project

In 2005 the company embarked on setting up a new 6,700 tpd clinker production capacity plant. As we go into print today, the newly installed plant is undergoing trial operations under the supervision of Chinese erectors. The trial operations have commenced with a delay of about six months due to the reluctance of the foreign consultants to travel to Pakistan.

(c) Manpower Transition and Transformation

The management of the Company has striven to recruit & employ technically sound manpower and has given them a good working environment to operate. Hence, well motivated, experienced, energetic engineers / technicians / other staff of the Company are being encouraged with good monetary benefits for the Company's prosperity. In addition, new employees shall be added to the Plant Work-force as and when required.

Fixed Assets Register

During the financial year under review, the management has out-sourced the up-gradation of the Company's fixed assets register to a reputed professional firm and is expected to be completed shortly.

Corporate and Financial Reporting Framework

The management is fully aware of the compliance with Code of Corporate Governance and steps have been taken for its effective implementation since its inception.

Statements as required by the Code are given below:-

1. Presentation of Financial Statements – The financial statements prepared by the management present fairly the Company's state of affairs, the results of its operations, cash flows, and changes in equity;

2. Books of Account – Proper books of account have been maintained;

3. Accounting Policies – Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

4. Compliance with International Accounting Standards (IAS) – International Accounting Standards (IAS), as applicable in Pakistan, have been followed in preparation of the financial statements;

5. Internal Control System – The system of internal control is sound in design and has been effectively implemented and is being monitored continuously. The review will continue for improvement;

6. Going Concern – There are no doubts on the Company's ability to continue as a going concern;

7. Best Practices of Corporate Governance – There has been no material departure from the Best Practices of Corporate Governance, as detailed in the listing regulations wherever applicable to the Company for the year ended June 30, 2008;

8. Financial Highlights – Key operating and financial data of last ten years is annexed;

9. Outstanding Statutory Dues – There are no outstanding payments on account of taxes, duties, levies and charges, which are outstanding as at June 30, 2008 except for those disclosed in the audited financial statements;

10. Statements of value of Staff Retirement Funds – The value of investments / assets of Employees Retirement Funds are as follows:-

    Gratuity Fund as at June 30, 2008 (Un-audited) Rs. 0.493 million.

11. Board Meetings – During the year, 8 (eight) meetings of the Board of Directors were held. Attendance by each Director at the Board Meeting is as under:-

	No. of Meetings Attended
Mr. M. Tousif Peracha	7
Mr. A. Rafique Khan	8
Mrs. Tabassum Tousif Peracha	3
Mr. A. Shoeb Piracha	1
Mr. M. Saleem Peracha	0
Mr. M. Ishaque Khokhar	5
Mr. Aameen Taqi Butt	4
Mrs. Amna Khan (appointed Director in place of Mr. A. Shoeb Piracha resigned)	4
Mr. Asif Muhammad Ali (appointed Director in place of Mr. Aameen Taqi Butt resigned)	3
Mr. M. Niaz Paracha (appointed Director in place of Mr. M. Saleem Peracha retired)	1
Mr. Ali Rashid Khan (appointed Director in place of Mr. M. Ishaque Khokhar resigned)	0
Mr. M. Ejaz Rasool (Alternate Director to Mrs. Tabassum Tousif Peracha)	2

Note: The Directors who could not attend the Board Meeting were duly granted leave of absence from the Board in accordance with the law and this information was duly noted in the Minutes of Meeting of the Board.

12. Trading in Company's Shares

During the year, shares purchased / sold / transferred / received by Directors, their spouses and minor children are given as under:-

		No. of Right Shares (R-3)	
		Purchased	Sold
i)	Mr. M. Tousif Peracha (CEO / Chairman / Director)	40,136,442	-
ii)	Mr. A. Rafique Khan (Director)	9,924,981	-
iii)	Mrs. Salma Khan W/o A. Rafique Khan (Director)	26,586	-

		No. of Shares (Market)	
		Purchased	Sold
i)	Mr. Asif Muhammad Ali (Director)	500	-
iii)	Mrs. Salma Khan W/o A. Rafique Khan (Director)	51,000	-

		No. of Shares (Face Value)	
		Received	Transferred
i)	Mr. M. Tousif Peracha (CEO / Chairman / Director)	-	17,933,497
ii)	Mrs. Amna Khan (Director)	17,933,497	-

13. Pattern of Shareholding

The Pattern of Shareholding and additional information required in this regard is enclosed.

External Auditors

The retiring auditors, M/s. Viqar A. Khan & Co., Chartered Accountants are eligible for re-appointment for the year 2008-2009. However, Board Audit Committee and Board of Directors have recommended M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants to be the Auditors of the Company for the year ending June 30, 2009.

Acknowledgement

The Board of Directors appreciates the financial institutions for extending their valued cooperation and the contractors, both local and foreign, for their untiring efforts in the expansion of the production facility. The employees need to be commended for their devotion and hard work.

For and on behalf of the Board.

(ASIF MUHAMMAD ALI)
Director

(ABDUR RAFIQUE KHAN)
Director

Lahore: October 04, 2008

Statement under Section 241(2) of the Companies Ordinance, 1984
These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

Summary of Last Ten Years' Financial Results

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
	(Rupees in Thousands)									
Trading Results										
Turnover	-	521,716	1,588,439	1,469,504	1,164,889	561,735	936,352	812,227	969,046	755,305
Gross Profit / (Loss)	(75,230)	(188,432)	274,797	149,619	95,641	(136,565)	1,523	(61,149)	121,134	(57,360)
Operating Profit / (Loss)	(293,582)	(334,508)	183,656	71,299	47,999	(117,239)	(54,311)	(109,613)	70,124	(98,599)
Profit / (Loss) Before Taxation	(363,082)	(202,074)	170,245	196,378	112,894	(260,431)	(162,717)	(243,930)	18,768	(152,909)
Profit / (Loss) After Taxation	(315,198)	(222,916)	167,155	188,878	115,323	(199,765)	(156,916)	(224,169)	44,465	(151,207)
Balance Sheet										
Shareholders Equity	1,995,779	1,678,007	1,880,680	1,114,743	66,875	(257,186)	(487,068)	(330,152)	66,696	22,231
Operating Fixed Assets	2,316,429	2,416,455	2,520,973	1,142,201	1,173,421	1,222,537	1,318,676	1,347,281	1,015,398	1,083,123
Net current assets / (liabilities)	(479,907)	131,917	94,570	284,931	(231,768)	(488,610)	(343,124)	(281,081)	128,748	(72,746)
Long term liabilities	5,873,548	4,349,215	450,719	388,563	752,174	667,382	694,130	575,912	443,787	172,775
Significant Ratios										
Gross Profit Ratio %	-	(36.12)	17.30	10.18	8.21	(24.31)	0.16	(7.53)	12.50	(7.59)
Net Profit Ratio %	-	(38.70)	10.52	12.85	9.90	(35.56)	(16.76)	(27.60)	4.59	(20.02)
Fixed Assets Turnover Ratio	-	0.22	0.63	1.29	0.99	0.46	0.71	0.60	0.95	0.70
Debt : Equity Ratio	2.94	2.50	0.24	0.35	11.25	-	-	-	6.65	7.77
Current Ratio	0.70	1.12	1.14	1.67	0.51	0.32	0.47	0.44	1.21	0.77
Interest Cover Ratio	(2.31)	(1.97)	5.24	2.57	3.57	(1.65)	(0.35)	(0.57)	1.36	(1.77)

Pattern of Shareholding

As at June 30, 2008

Sr. No	Number of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held	Percentage
1	824	1	100	32847	0.0142%
2	740	101	500	212442	0.0916%
3	358	501	1000	273410	0.1179%
4	553	1001	5000	1333443	0.5751%
5	115	5001	10000	800520	0.3452%
6	34	10001	15000	430844	0.1858%
7	20	15001	20000	355105	0.1531%
8	12	20001	25000	270609	0.1167%
9	9	25001	30000	251778	0.1086%
10	5	30001	35000	164749	0.0711%
11	3	35001	40000	107397	0.0463%
12	2	40001	45000	84718	0.0365%
13	7	45001	50000	338423	0.1459%
14	3	50001	55000	158602	0.0684%
15	1	55001	60000	60000	0.0259%
16	1	60001	65000	60945	0.0263%
17	1	65001	70000	69817	0.0301%
18	2	70001	75000	148251	0.0639%
19	1	75001	80000	80000	0.0345%
20	2	80001	85000	164500	0.0709%
21	1	95001	100000	100000	0.0431%
22	1	100001	105000	102500	0.0442%
23	1	115001	120000	115500	0.0498%
24	1	125001	130000	127500	0.0550%
25	1	150001	155000	153747	0.0663%
26	1	165001	170000	165937	0.0716%
27	1	185001	190000	189000	0.0815%
28	1	245001	250000	246500	0.1063%
29	1	295001	300000	298660	0.1288%
30	1	415001	420000	420000	0.1811%
31	1	455001	460000	456500	0.1969%
32	1	500001	505000	500074	0.2157%
33	1	505001	510000	508586	0.2193%
34	1	545001	550000	546500	0.2357%
35	1	840001	845000	843180	0.3636%
36	1	995001	1000000	1000000	0.4313%
37	1	1335001	1340000	1339000	0.5775%
38	1	1740001	1745000	1742885	0.7516%
39	1	2530001	2535000	2533691	1.0927%
40	1	2710001	2715000	2712819	1.1699%
41	1	3000001	3005000	3000061	1.2938%
42	1	3495001	3500000	3500000	1.5094%
43	1	4080001	4085000	4082112	1.7605%
44	1	4280001	4285000	4282112	1.8467%
45	1	5995001	6000000	6000000	2.5876%
46	1	6665001	6670000	6666666	2.8751%
47	1	16060001	16065000	16062541	6.9272%
48	1	17930001	17935000	17933497	7.7341%
49	1	21735001	21740000	21739000	9.3753%
50	1	38355001	38360000	38356155	16.5416%
51	1	90750001	90755000	90753294	39.1386%
TOTAL:	2724			231,876,417	100.0000%

Categories of Shareholders	Number of Shares Held	Percentage of Shareholding
Directors, Chief Executive Officer, and their spouse and minor childern	200,673,816	86.5434%
Associated Companies, undertakings and related parties. (Parent Company)	0	0.0000%
NIT and ICP	630	0.0003%
Banks, Development Financial Institutions, NonBanking Financial Institutions.	1,828,987	0.7888%
Insurance Companies	1,072,374	0.4625%
Modarabas and Mutual Funds	0	0.0000%
Share holders holding 10% or more	166,515,176	71.8120%
General Public a. Local b. Foreign	19,248,266	8.3011%
Others (to be specified)		
1. - Joint Stock Companies	629,578	0.2715%
2. - Foreign Companies	8,364,224	3.6072%
3. - Associations	43,637	0.0188%
4. - Government Authority	14,872	0.0064%
5. - Others	33	0.0000%

Pattern of Shareholding

As at June 30, 2008
Additonal Information as Required by the Code of Corporate Governance

	Categories of Shareholders	Number of Shareholders	Number of Shares held
I	Associated Companies, Undertakings & Related Parties	2	8,364,224
	i. M/s. Astoria Investments Limited	1	4,282,112
	ii. M/s. Topaz Holdings Limited	1	4,082,112
II	NIT/ICP	1	630
	i. Investment Corporation of Pakistan	1	630
III	Directors, Chief Executive Officer, their Spouse and Minor Children	8	200,673,816
	Directors		
	i Mr. Abdur Rafique Khan	1	38,356,155
	ii Mrs. Tabassum Tousif Peracha	1	6,025
	iii Mr. Ali Rashid Khan	1	16,062,541
	iv Mrs. Amna Khan	1	17,933,497
	v Mr. Muhammad Niaz Paracha	1	2,330
	vi Mr. Asif Muhammad Ali	1	500
	Chief Executive Officer		
	i. Mr. Muhammad Tousif Peracha	1	128,159,021
	Directors' Spouse		
	i. Mrs. Salma Khan W/O Mr. Abdur Rafique Khan	1	153,747
IV	Executives	NIL	NIL
V	Public Sector Companies and Corporations	NIL	NIL
VI	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	18	2,901,361
VII	Shareholders Holding Ten Percent or More Voting Interests	2	166,515,176
	i. Mr. Abdur Rafique Khan	1	38,356,155
	ii. Mr. Muhammad Tousif Peracha	1	128,159,021

(ASIF MUHAMMAD ALI)
Director

(ABDUR RAFIQUE KHAN)
Director

Auditors' Report to the Members

We have audited the annexed balance sheet of GHARIBWAL CEMENT LIMITED as at JUNE 30, 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984; except for fixed assets register which is being maintained on non-standard format referred to in Note 20.2 to the financial statements;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c) the Company has not provided for Rs. 201.864 million relating to the Golden Handshake Scheme in accordance with para 137 of IAS-19. This amount has been disclosed as a contingent liability as stated in note 19.6. Accordingly, the current liabilities, loss for the year and accumulated loss are under stated by Rs. 201.864 million.

d) in our opinion and to the best of our information and according to the explanations given to us, except for the effect on the financial statements of matters referred to in the preceding para (c), the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at JUNE 30, 2008 and of the loss, its cash flows and changes in equity for the year then ended; and

e) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

(M/S. VIQAR A. KHAN)
CHARTERED ACCOUNTANTS

Lahore : October 04, 2008

Balance Sheet

	Note	2008	2007
		(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
250,000,000 (2007: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000
Issued, subscribed and paid up share capital	4	2,318,764	1,718,764
General reserve		332,000	332,000
Accumulated loss		(654,985)	(372,757)
		1,995,779	1,678,007
SURPLUS ON REVALUATION OF FIXED ASSETS	5	1,041,449	1,074,419
NON CURRENT LIABILITIES			
Redeemable capital	6	399,840	225,000
Long term murabah finance	7	107,041	-
Long term loans, finances and other payables	8	5,138,675	3,594,943
Long term foreign currency loans	9	-	188,097
Liabilities against assets subject to finance lease	10	107,520	172,393
Long term deposits from customers	11	1,150	1,225
Deferred taxation	12	113,952	161,836
Deferred liabilities	13	5,370	5,721
		5,873,548	4,349,215
CURRENT LIABILITIES			
Trade and other payables	14	482,013	572,513
Accrued interest / mark-up	15	311,185	123,834
Short term loans and finances	16	192,537	298,540
Current portion of redeemable capital		160	-
Current portion of murabah finance		59,467	-
Current portion of non-current liabilities	17	509,681	99,325
Taxes and duties	18	41,444	29,804
		1,596,487	1,124,016
CONTINGENCIES AND COMMITMENTS	19	-	-
		10,507,263	8,225,657

The annexed notes 1 to 51 form an integral part of these financial statements.

Statement under Section 241(2) of the Companies Ordinance, 1984
These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

(ASIF MUHAMMAD ALI)
Director

as at June 30, 2008

	Note	2008	2007
		(Rupees in thousand)	
PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets	20	2,316,429	2,416,455
Capital work-in-progress	21	6,928,369	4,439,639
Stores held for capital expenditure	22	74,888	74,888
		9,319,686	6,930,982
OTHER NON CURRENT ASSETS			
Long term investments	23	653	942
Long term loans and advances to staff	24	1,245	1,710
Long term deposits and prepayments	25	54,907	1,898
Deferred cost	26	14,192	34,192
		70,997	38,742
		9,390,683	6,969,724
CURRENT ASSETS			
Stores, spares and loose tools	27	262,388	176,318
Stock in trade	28	77,753	77,753
Trade debtors	29	-	-
Loans and advances	30	507,432	194,491
Trade deposits and short term prepayments	31	26,956	24,386
Accrued interest	32	332	599
Other receivables	33	85,213	31,454
Cash and bank balances	34	156,506	750,932
		1,116,580	1,255,933
		10,507,263	8,225,657

(ABDUR RAFIQUE KHAN)
Director

Profit and Loss Account
for the Year ended June 30, 2008

	Note	2008	2007
		(Rupees in thousand)	
Sales - net	35	-	521,716
Cost of sales	36	75,230	710,148
GROSS LOSS		(75,230)	(188,432)
General and administrative expenses	37	71,778	51,957
Selling and distribution expenses	38	5,408	3,375
Other operating expenses	39	18,277	10,425
		95,463	65,757
		(170,693)	(254,189)
Other operating income	40	13,281	32,149
		(157,412)	(222,040)
Finance costs	41	136,170	112,468
OPERATING LOSS		(293,582)	(334,508)
Termination benefits		(69,500)	-
Gain on sale of investment in an associate		-	132,434
		(69,500)	132,434
LOSS BEFORE TAXATION		(363,082)	(202,074)
TAXATION			
- Current		-	2,538
- Deferred	12	(47,884)	18,304
		(47,884)	20,842
LOSS AFTER TAXATION		(315,198)	(222,916)
LOSS PER SHARE (RUPEES)	42	(1.40)	(1.18)

The annexed notes 1 to 51 form an integral part of these financial statements.

Statement under Section 241(2) of the Companies Ordinance, 1984
These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

(ASIF MUHAMMAD ALI)
Director

(ABDUR RAFIQUE KHAN)
Director

Cash Flow Statement

for the Year ended June 30, 2008

	Note	2008	2007
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used) / generated by operations	43	(678,882)	268,656
Financial charges paid		(118,499)	(4,041)
Taxes and duties paid		-	(167,950)
Gratuity payments		(1,280)	-
Compensated absences paid		(727)	(13,731)
Prior years bonus paid		-	(11,252)
Net decrease in long term loans and advances to staff		476	6,426
Net increase in long term deposits and prepayments		(5,009)	(532)
Net decrease in long term deposits from customers		(75)	(85)
Net cash (outflow)/inflow from operating activities		(803,996)	77,491
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,280,555)	(3,604,801)
Proceeds from sale of fixed assets		321	900
Proceeds from sale of investments in associate		-	293,958
Security deposits paid against finance lease		(48,757)	-
Interest paid		(353,947)	-
Interest received		4,461	13,621
Net cash outflow from investing activities		(1,678,477)	(3,296,322)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of right shares		600,000	-
Proceeds from redeemable capital		175,000	225,000
Payment of long term loans		-	(20,638)
Proceeds of long term loans and finances		711,831	1,788,966
Proceeds of long term murabah finance		166,508	-
Proceeds of director's loans		432,619	1,757,990
Repayment of directors' loan		-	(10,170)
Repayment of foreign currency loans		(188,097)	-
Proceeds from lease finance - net		-	43,229
Repayment of lease finance liabilities		(35,811)	(38,999)
Dividend paid		-	(12,999)
Short term finances - net		25,997	80,423
Net cash inflow from financing activities		1,888,047	3,812,802
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(594,426)	593,971
CASH AND CASH EQUIVALENTS - at the beginning of the year		750,932	156,961
CASH AND CASH EQUIVALENTS - at the end of the year	34	156,506	750,932

The annexed notes 1 to 51 form an integral part of these financial statements.

Statement under Section 241(2) of the Companies Ordinance, 1984
These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

(ASIF MUHAMMAD ALI)
Director

(ABDUR RAFIQUE KHAN)
Director

Statement of Changes in Equity
for the Year ended June 30, 2008

Particulars	Share Capital	General Reserve	Dividend Reserve	Accumulated Loss	Total
	(Rupees in thousand)				
Balance as at June 30, 2006	1,718,764	332,000	13,878	(183,962)	1,880,680
Loss for the year ended June 30, 2007	-	-	-	(222,916)	(222,916)
Cash dividend out of profit for the year ended June 30, 2006	-	-	(13,878)	-	(13,878)
Surplus on revaluation of fixed assets transferred: - Incremental depreciation charged during the year [net off deferred tax of Rs. 18.37 million]	-	-	-	34,121	34,121
Balance as at June 30, 2007	1,718,764	332,000	-	(372,757)	1,678,007
Right issue of 60,000 million No. of shares at Rs. 10 each	600,000	-	-	-	600,000
Loss for the year ended June 30, 2008	-	-	-	(315,198)	(315,198)
Surplus on revaluation of fixed assets transferred: - Incremental depreciation charged during the year [net off deferred tax of Rs. 17.753 million]	-	-	-	32,970	32,970
Balance as at June 30, 2008	2,318,764	332,000	-	(654,985)	1,995,779

The annexed notes 1 to 51 form an integral part of these financial statements.

Statement under Section 241(2) of the Companies Ordinance, 1984
These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

(ASIF MUHAMMAD ALI)
Director

(ABDUR RAFIQUE KHAN)
Director

Notes to the Accounts
for the Year ended June 30, 2008

1. LEGAL STATUS AND OPERATIONS

The company was incorporated in Pakistan on December 29, 1960 as a Public Limited Company; its shares are quoted on Karachi and Lahore Stock Exchanges. It is principally engaged in production and sale of cement.

The company has incurred a net loss of Rs. 315.198 million for the year ended June 30, 2008. The accumulated loss at that date was Rs. 654.985 million and current liabilities exceeded current assets by Rs. 479.907 million. Furthermore production from wet process kilns remained closed during the year due to high production cost as compare to low market prices (refer to note 48).

By the grace of Almighty Allah, the company has started trial production from its new dry process gray cement plant of 6,700 TPD during July 2008. The different segments of the manufacturing processes are passing through trial run.

The sponsoring directors, being the majority share holders of the Company have injected long term loans amounting to Rs. 2.2 billion to the Company upto June 30, 2008. Further, the sponsoring directors have also given personal guarantees to financial institutions in connection with loans and finances obtained by the Company from these financial institutions. This shows the firm commitment of the sponsoring directors in promoting the Company's objectives in the long run.

The sponsoring directors of the company are confident that in view of their continuing financial support to the Company and the commencement of commercial production of the new dry process grey cement plant of 6,700 TPD clinker, the Company will be able to continue in operation for the foreseeable future.

Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that may be necessary should the company being unable to continue as a going concern.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984.In case requirements differ, the provisions or directives of the Companies Ordinance 1984 shall prevail.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of preparation

These accounts have been prepared under the historical cost convention except that certain fixed assets have been included at revalued amounts and certain exchange elements referred to in note 3.11 have been incorporated in the cost of relevant assets. Further, certain investments have been included at their market value and staff retirement benefits for gratuity and compensated absences have been recognized at present value.

3.2 Significant accounting judgments and estimates

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as under:

a) determining the cost of defined benefit plan by actuarial valuation (note 3.4);
b) recognition of taxation and deferred tax (note 3.5);
c) determining the appropriateness of the rate of depreciation, residual value and useful lives of property, plant and equipment (note 3.6);
d) impairment of assets (note 3.7);
e) impairment of inventories / adjustment of inventories to their NRV (note 3.8);
f) impairment of stores / adjustment of stores to their NRV (note 3.9); and
g) impairment of financial assets (note 3.15).

3.3 Standards,interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, interpretations and amendments of approved accounting standards, effective for the company's accounting periods beginning on or after July 01, 2008 are either not relevant to the company's operations or not expected to have a significant impact on the company's financial statements other than increased disclosures in certain cases:

	Publications	Effective From
i)	IAS-1 Presentation of Financial Statements - Revised Sep. 2007	01-Jan-2009
ii)	IAS-23 Borrowing cost - Revised Mar. 2007	01-Jan-2009
iii)	IAS-27 Amendments -Consolidated and separate financial statements	01-Jul-2009
iv)	IFRS-3 (Revised)-Business combination	01-Jul-2009
v)	IFRS-7 Financial instruments	28-Apr-2008
vi)	IFRS-8 Operating segments	01-Jan-2009
vii)	IFRIC-13 Customer loyalty programmes	01-Jul-2008
viii)	IFRIC-15 Agreement for the construction of real estate	01-Jan-2009
ix)	IFRIC-16 Hedges of a net investment in a foreign operation	01-Oct-2008

These standards are not expected to have any material impact on the Company's financial statements other than an increase in disclosures in certain cases.

3.4 Employees benefits

a) Defined benefit plan

The Company operates a funded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Contribution to the fund is made annually on the basis of actuarial recommendation to cover obligation under the scheme.

The cost of defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions disclosed in note 14.2. Due to long term nature of these plans, such estimates are subject to significant uncertainty.

Actuarial gains or losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses for each individual plan exceeds 10% of the higher of the present value of the defined benefit obligation and fair value of plan assets. These gains or losses are recognized in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognized.

b) Defined contribution plan

The company also operates a funded contributory provident fund scheme for its employees. Equal monthly contributions are made by the company and the employees to the fund. Contribution of the Company is charged to the income for the year.

c) Compensated absences

Provisions are made to cover the obligation for accumulated compensated absences on the basis of actuarial valuation and are charged to income. Actuarial gains and losses are recognized immediately.

3.5 Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available and the credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3.6 Property, plant & equipment and depreciation

Owned

Operating fixed assets, except freehold land, are stated at cost or revalued amounts less accumulated depreciation. Freehold land is stated at revalued amount. Capital work-in-progress is stated at cost.

Borrowing cost during erection period is capitalized as part of the related assets.

Depreciation is charged at the rates stated in note 20 applying reducing balance method on all operating fixed assets except for plant and machinery on which it is based on straight line method whereby the cost / revalued amount and capitalized exchange fluctuation of an asset are written-off over its estimated useful life. The useful life of major components of fixed assets is reviewed annually to determine that expectations are not significantly different from the previous estimates. Adjustment in depreciation rate for current and future periods is made if expectations are significantly different from the previous estimates.

Gain / loss on disposal of fixed assets is taken to profit and loss account.

Normal repairs and maintenance are charged to income as and when incurred. Major improvements and modifications are capitalized and assets replaced, if any, other than those kept as stand-by, are retired.

Leased

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets except for the two gas based power generators which are stated at cost. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged at the rates stated in note 20 applying reducing balance method except for plant and machinery on which depreciation is charged on straight line method to write-off the cost of the asset over its estimated remaining useful life in view of certainty of ownership of assets at the end of the lease period.

Financial charges and depreciation on leased assets are charged to income currently.

3.7 Impairment of assets

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year.

3.8 Stock-in-trade

Basis of valuation are as follows:

Particulars		*Mode of valuation*
Raw materials	-	At lower of annual average cost and net realizable value.
Work-in-process	-	At cost.
Finished goods	-	At lower of cost and net realizable value.
Packing materials	-	At lower of moving average cost and net realizable value.

Cost in relation to work-in-process and finished goods represents the annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their NRV.

Net realizable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sale.

3.9 Stores and spares

These are valued at lower of moving average cost and net realizable value except item-in-transit which are valued at cost accumulated to the balance sheet date. Stores, spares and loose tool are regularly reviewed by the management to assess their NRV. Provision is made for slow moving items and obsolete stores are written off.

3.10 Investments

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as long term. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments in associated company: investments in associated company are carried at cost.

Investments at fair value through profit or loss: All investments classified as investments at fair value through profit or loss, are initially measured at cost being fair value of consideration given. At subsequent reporting date these investments are measured at fair value (quoted market price), unless fair value could not be measured reliably. The investments, for which quoted market price is not available, is measured at cost as it is not possible to apply any other valuation methodology. Realized and unrealized gains and losses arising from change in fair value are included in the profit or loss for the period in which they arise.

Investment available for sale: All investments classified as available for sale are initially recognized at cost being fair value of consideration given. At subsequent reporting dates these investments are measured at fair value. Unrealized gains or losses from changes in fair values are recognized in equity. Realized gains or losses are taken to profit or loss account.

Investments held to maturity: Investments with fixed maturity that the management has the intention and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent dates measured at amortized cost using the effective interest rate method.

3.11 Foreign currency translation

Assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevalent on the balance sheet date except those covered under forward exchange contracts which are translated at the contracted rates.

All exchange differences arising from foreign currency transactions / translations are charged to profit and loss account except exchange differences arising from translation and repayment of foreign currency loans contracted before July 05, 2004, are capitalized as part of cost of plant and machinery acquired out of the proceeds of such loans subject to the condition that such differences would be capitalized only upto September 30, 2007 and thereafter all exchange differences would be charged to income.

3.12 Cash and cash equivalents

Cash and cash equivalent consist of cash-in-hand and balances with banks.

Cash and cash equivalent included in cash flow statement comprise of cash-in-hand, balances with banks and temporary bank overdrafts.

3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to income in the period of incurrence.

3.14 Provisions

Provisions are recognized in the balance sheet when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

3.15 Financial instruments

Financial assets are short term investment, certificate of investments, long term deposits, long term loans and advances to staff, trade debtors, loans and advances and other receivables and cash and bank balances. These are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are liabilities against assets subject to finance lease, long term loans and finances, long term foreign currency loans, short term loans and finances and trade payables. Mark-up bearing finances are recorded at the gross proceeds received; other liabilities are stated at their nominal value. Financial charges are accounted for on accrual basis.

Equity instruments are recorded at their face value. All incremental external costs directly attributable to the equity transaction are charged directly to equity net of any related income tax benefit.

3.16 Related party transaction

All transactions with related parties are at arm’s length prices determined in accordance with the pricing method as approved by the Board of Directors.

3.17 Revenue recognition

- Sales are recorded on dispatch of goods to customers.
- Interest income is accounted for on 'accrual basis'.
- Dividend income is recognized when the company's right to receive payment is established.

3.18 Off setting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

3.19 Deferred cost

All deferred costs including discount on issue of shares incurred and deferred before July 05, 2004 are amortized over a period of five years in accordance with the provisions of substituted fourth schedule. However, w.e.f. July 05, 2004, no deferred cost is included in the financial statements.

3.20 Leases

Finance leases

Leases that transfer substantially all the risks and rewards incidentals to ownership of an asset is classified as finance lease. Assets on finance lease are capitalized at the commencement of the lease term at the lower of fair value of leased assets and the present value of minimum lease payments, each determined as the inception of the lease. Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate of the finance balance outstanding. The finance cost is charged to profit and loss account and is included under finance costs.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss account on a straight-line basis over the period of lease.

4. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Ordinary shares of Rs. 10 each fully paid:

2008 Nos.	2007 Nos.		2008 (Rupees in thousand)	2007 (Rupees in thousand)
158,445,000	158,445,000	In cash	1,584,450	1,584,450
60,000,000	-	Issue of fully paid rigth share during the year	600,000	-
218,445,000	158,445,000		2,184,450	1,584,450
13,431,417	13,431,417	fully paid bonus shares	134,314	134,314
231,876,417	171,876,417		2,318,764	1,718,764

4.1 Shares of the Company held by foreign associated undertakings incorporated in Island of Nevis:-

	2008 Nos.	2007 Nos.
Astoria Investment Limited	4,282,112	4,282,112
Topaz Holdings Limited	4,082,112	4,082,112
	8,364,224	8,364,224

4.2 A Right Shares Issue (R-3) of 34.908% (60 million right shares at Rs. 10 per share i.e. at par) was announced by the Board of Directors of the Company in their meeting held on April 02, 2007. All the formalities in this regard have been completed during the year that resulted in an equity injection of Rs. 600 million into the Company to meet the cost of over-run / additional equipment costs & working capital requirements.

5. SURPLUS ON REVALUATION OF FIXED ASSETS

	2008	2007
	(Rupees in thousand)	
Opening balance	1,074,419	1,108,540
Surplus transferred to retained earnings (accumulated loss):		
- Incremental depreciation charged during the year [net off deferred tax of Rs. 17.753 million (2007:Rs.18.37 million)]	(32,970)	(34,121)
	1,041,449	1,074,419

Revaluations of freehold land, buildings, plant & machinery including heavy vehicles and railway sidings were carried out during June 2006 and March 1993 which produced surplus of Rs. 902.690 million and Rs. 993.804 million respectively, which were credited to 'surplus on revaluation of fixed assets' to comply with the requirements of Section 235 of the Companies Ordinance, 1984.

6. This represents redeemable capital in the form of Privately Placed Term Finance Certificates (PPTFC) issued on January 18, 2008 to the financial institutions aggregating to Rs. 400 million having face value of Rs. 5,000 each out of which Rs.225 million already had been received during the last year .The First Dawood Investment Bank Limited and First Credit & Investment Bank Limited were the arrangers / advisors for the issue and these PPTFC are registered with Central Depositary Company. These PPTFC shall be redeemed in ten semi-annual installments during the period of five years along with profit @ KIBOR (6 months ask rate) plus 3% p.a. Proceeds from these PPTFC were to be used to swap higher interest debts.

Interest on these PPTFC is charged at the same rate as mentioned in preceding paragraph till the date of issuance. This redeemable capital is secured by way of fixed deposit of Rs. 10 million (referred to Note 34.2) hypothecation ranking charge on all present and future fixed assets (excluding land & building) and current assets and ranking mortgage charge on all fixed assets aggregating up to Rs.666.667 million. It is also secured by a corporate guarantee of Rs. 426 million given by a bank on behalf of the Company, the said guarantee is secured against the ranking charge on all present and future fixed assets (excluding land & building) up to Rs.533.33 million.

7. This represents Murabaha finance facility availed out of total available facility of Rs.215 million from Faysal Bank Ltd. for import of coal mill for new dry cement plant. This finance is repayable in 16 equal quarterly installments in 4 years including six month grace period and carries profit @ 3-month's KIBOR +3.5% p.a on quarterly basis. The said facility is secured against the first charge on fixed assets of the company to the extent of Rs.187 million and personal guarantees of directors.

	Note	2008	2007
		(Rupees in thousand)	

8. LONG TERM LOANS, FINANCES AND OTHER PAYABLES

	Note	2008	2007
Banks and financial institutions - secured			
Saudi Pak Commercial Bank Limited	8.1	26,000	32,500
Saudi Pak Industrial & Agricultural Investment Co. Limited	8.2	13,125	16,875
Orix Investment Bank (Pakistan) Limited	8.3	17,368	20,526
First Credit and Investment Bank Limited	8.3	4,737	5,790
Syndicate Term Finance	8.5	1,545,258	1,538,966
The Bank of Punjab	8.6	350,000	-
Pak Brunie Investment Company Limited	8.7	250,000	-
The Bank of Punjab - Letter of credit payable	8.8	644,285	-
Askari Bank Limited	8.9	120,000	-
KASB Bank Limited	8.10	132,000	-
		3,102,773	1,614,657
Un- secured Loans and other payable			
Directors' loans	8.11	2,200,109	1,767,490
Other	8.12	250,000	250,000
		5,552,882	3,632,147
Less: Current portion grouped under current liabilities	17	414,207	37,204
		5,138,675	3,594,943

8.1 This represents the balance of demand finance limit of Rs. 65 million and is repayable over a period of six years (including one year's grace period) in twenty quarterly installments commencing from December 2004.

8.2 This represents the balance of demand finance limit of Rs. 30 million and is repayable over a period of five years (including one year's grace period) in sixteen quarterly installments to be commenced from September 2005.

The finances at 8.1 and 8.2 above carries mark-up @ KIBOR (six months average ask rate) + 5% p.a. with a floor of 10% p.a. and with no cap. These finances are secured by way of first pari passu mortgage charge on company's fixed and current assets to the extent of Rs. 373.156 million and personal guarantees of the directors.

8.3 These represent the balance of term finance facility aggregating to Rs. 40 million (referred to note 8.4). This finance carries mark up @ KIBOR (six month average ask rate) + 6% with no floor and no cap and is repayable in nineteen equal installments over a period of five years.

8.4 During the year ended June 30, 2005, the Company entered into a finance agreement with a consortium of financial institutions lead by Orix Investment Bank Pakistan Ltd. (Orix) in order to obtain funds to finance the import value (which was then estimated to Rs. 326 million) of two gas-based power generators.

According to the agreement, Rs. 320 million has been contributed for the purpose in the following manner: -

	(Rupees in thousand)
- by way of lease finance (note 10)	250,000
- by way of term finance (note 8.3)	40,000
- by the Company	30,000
	320,000

This finance arrangement is secured by way of first pari passu mortgage charge on company's assets to the extent of Rs. 426.67 million.

Rs. 6 million was paid by a foreign associated company to the suppliers of these generators (Refer to Note 9.2).

8.5 This represents disbursements against term finance facility of Rs. 1.548 billion obtained from a consortium of financial institutions lead by Saudi Pak Leasing Co. Ltd. to finance the new dry process grey cement plant of 6,700 TPD clinker capacity project.

This finance carries mark-up @ KIBOR (6 months ask rate) + 5.5% p.a. with floor of 8.5% p.a. and no ceiling. The principal amount shall be repaid in five years including two years grace period from the date of first disbursement. This syndicate term finance is secured by way of joint first pari passu mortgage charge on all the present and future company's fixed assets to the extent of Rs. 2.21 billion and personal guarantees of sponsoring directors.

8.6 This represents demand finance facility obtained to meet the cost over-run of new dry cement project of 6700 TPD. The said loan is repayable over a period of three years (including six month grace period) in ten quarterly installments to be commenced from October 2008 and carries mark-up @ 3-month KIBOR + 3.5% p.a on quarterly rests. The facility is secured by way of first pari pasu charge for Rs.500 million over all present and future fixed assets of the company with margin of 30% and personal guarantees of all sponsoring directors.

8.7 Company intends to issue privately placed Sukuk certificates of Rs.2.5 billion in foreseeable future to be arranged by the consortium of financial institutions. Against the issuance of said redeemable capital, company entered into a syndicate bridge finance agreement with Pak Brunie Investment Company and the National Bank of Pakistan to avail a short bridge finance facility of Rs.500 million to be contributed by both institutions equally. During the year Pak Brunie Investment Company has made the disbursement of Rs.250 million being its share of the syndicate finance where as the disbursement of remaining share of National Bank of Pakistan is received subsequent to the balance sheet date.

The said loan is repayable in July 2009 by a bullet payment and carries mark-up @ 6-month KIBOR + 3.0% p.a on quarterly rests. The facility is secured by way of joint first pari pasu mortgage charge and hypothecation charge upto Rs.714.285 million over all the present & future movable and fixed assets excluding land & building of the company with margin of 30% and personal guarantees of sponsoring director.

8.8 This represents payable against Letter of credit usance facility of 720 days obtained from the Bank of Punjab upto Rs.544 million being 90% of import cost of 3 dual fuel power generators (referred to note 21.3). The repayment falls due on August 10, 2009 which is secured by way of lien on accepted bills of exchange, ranking charge of Rs.651 million on present & future current and fixed assets of the company and letter of commitment from Bank Islami Pakistan Limited and First Dawood Investment Bank Limited for Rs.245 million each.

8.9 This represents disbursement against sale of packing plant machinery for new dry cement plant under a sale and lease back transaction entered with Askari Bank Ltd. The security of Rs.48 million under the lease has been deposited (referred to note 25.1). The formalities relating to transfer of title to the lessor could not be completed before the year end thus the lease shall commence after the transfer of title and completion related formalities.

8.10 This represents a frozen short term bridge loan carrying mark-up @ KIBOR (three months ask rate) + 4% p.a(2007:KIBOR(three months ask rate)+5%) payable on quarterly basis (Refer to Note 16.3). On request of the company, the bank has deferred the repayment of the said loan uptill July 2009. The facility is secured by way of ranking charge on fixed assets to the extent of Rs. 176 million with 25% security margin and personal guarantee of sponsoring directors.

8.11 These are loans obtained from sponsoring directors of the company. They include Rs.166.508 million (2007:Rs.216 million) which is subordinated to the payment of finance obtained from Faysal Bank Limited while for the balance amount, the sponsoring directors have confirmed that they would not demand the payment before June 30, 2009. The said loans are interest based that carries mark up rate ranging from 15% p.a to 18% p.a.

8.12 This loan was obtained from a past associated company and had to be repaid during June 30, 2008. Initially this loan carried a mark-up @ 10% p.a., however, on the request of the company, the past associated company agreed not to charge any further mark-up with effect from February 2007.

	Note	2008	2007
		(Rupees in thousand)	

9. LONG TERM FOREIGN CURRENCY LOANS

	Note	2008	2007
Associated undertakings - un-secured			
Infiniti Continental Inc.	9.1	-	101,449
Orion Shipping & Trading Limited	9.2	-	86,648
		-	188,097

9.1 This represented three loans aggregating GBP 833,600 obtained through one of its director during the year ended June 30, 2002 for the purpose of repaying Pak Rupee loan obtained from financial institutions in Pakistan.

Interest was payable on biannually basis on the outstanding principal amount at the rate of six months LIBOR + 1%. The payment of these foreign currency loans was subordinated to the payment of finances obtained from other financial institutions.

9.2 This represented US$ 900,000 and US$ 429,828 payable against supply of complete filter press plant & machinery and coal firing system while the remaining US$ 100,000 represented advance payment made by Orion Shipping & Trading Limited on behalf of the Company for gas-based electric power generators (Refer to Note 8.4).

These foreign currency loans were interest free and the payment of these loans were subordinated to the payment of finances obtained from financial institutions.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2008	2007
Present value of future minimum lease payments due:			
not later than one year		95,474	62,121
later than one year and not later than five years		107,520	172,393
		202,994	234,514
Less: Current portion grouped under current liabilities:			
Overdue installments		28,689	6,990
Installments due within following twelve months		66,785	55,131
	17	95,474	62,121
		107,520	172,393
Reconciliation of MLPs with present value of MLPs:			
Minimum lease payments due:			
not later than one year		140,292	101,843
later than one year and not later than five years		157,493	242,325
		297,785	344,168
Financial charges:			
accrued but not paid		18,097	8,799
allocated to future lease payments		44,405	68,999
		62,502	77,798
		235,283	266,370
Less: Security deposits adjustable on expiry of lease terms		32,288	31,856
Present value of future minimum lease payments		202,995	234,514

Lease finance facility of Rs. 250 million had been obtained to finance the import value of gas based electric power generators (Refer to Note 8.4). The present value of minimum lease payments for this particular lease have been discounted at interest rate calculated at balance sheet date @ KIBOR (six month average ask rate) + 6% p.a. being the effective interest rate of lease. Rentals are payable in quarterly installments in arrears.

For the remaining leases the implicit rate used as discounting factor ranges from 8% to 24% p.a. and these leases are secured against security deposits of Rs. 32.288 million and personal guarantees of some of the directors of the Company. Certain leases are also secured by way of hypothecation of leased asset for a value of Rs. 426.666 million.

The company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms.

11. LONG TERM DEPOSITS FROM CUSTOMERS

These represent interest free securities received from dealers which are refundable on termination of dealerships (Refer to Note. 34.1).

12. DEFERRED TAXATION

	Note	2008 (Rupees in thousand)	2007 (Rupees in thousand)
Deferred tax on taxable temporary differences:			
Accelerated depreciation for tax purposes		398,086	415,384
Leased assets		66,126	71,809
		464,212	487,193
Deferred tax on deductible temporary differences:			
Lease finance liabilities		(71,048)	(82,080)
Provisions		(8,982)	(8,264)
		(80,030)	(90,344)
		384,182	396,849
Deferred tax on available tax losses		(270,230)	(235,013)
Net deferred tax liability		113,952	161,836
Deferred tax (gain) / expense transferred to the profit & loss account		(47,884)	18,304

13. DEFERRED LIABILITIES

	Note	2008	2007
Accumulated compensated absences	13.1	3,426	3,777
Frozen termination benefits	13.2	1,944	1,944
		5,370	5,721

	Note	2008	2007
		(Rupees in thousand)	

13.1 Movement in the liability recognized in the balance sheet

Net liability at the beginning of the year		3,777	16,586
Expense recognized in income statement		376	922
Contribution to the fund by the company		(727)	(13,731)
		3,426	3,777

Reconciliation of the present value of defined benefit obligation			
Present value of defined benefit obligations-opening		3,777	16,587
Current service cost		142	718
Interest cost		378	1,493
Benefits paid		(727)	(13,732)
Actuarial gain on PVDBO		(144)	(1,289)
Present value of defined benefit obligations-closing		3,426	3,777

Expense recognized in profit and loss account			
Current service cost		142	718
Interest cost		378	1,493
Actuarial gain		(144)	(1,289)
		376	922

Princi pal actuarial assumptions

The latest actuarial valuation was carried out as at June 30, 2008 under the 'Projected Unit Credit Method'. The main assumptions used for actuarial valuation are as follows:

Discount rate		12% p.a.	10% p.a.
Expected rate of future salary increase		11% p.a.	9% p.a.
Average number of leaves accumulated per year life time of employees		7 days	8 days

13.2 Frozen termination benefits

These are termination benefits which are frozen on the reappointment of three employees who had accepted golden handshake offered by the company and shall be paid when they leave the company.

14. TRADE AND OTHER PAYABLES

	Note	2008	2007
Creditors		235,321	248,958
Retention money		127,040	108,154
Accrued liabilities		56,113	157,920
Advances from customers		10,459	10,459
Due to employees		-	411
Due to directors		-	160
Due to Workers' Profit Participation Fund	14.1	16,010	15,178
Due to gratuity fund trust	14.2	22,238	19,834
Due to provident fund trust		2,734	-
Unclaimed dividend		146	879
Interest free deposits:			
Repayable on demand		1,723	2,810
Others		3,947	3,053
		5,670	5,863
Others		6,282	4,697
		482,013	572,513

	2008	2007
	(Rupees in thousand)	

14.1 Workers'(profit) participation fund

	2008	2007
Opening balance	15,178	15,178
Interest on funds utilized by the company	2,960	-
	18,138	15,178
Less: Amount paid during the year	2,128	-
	16,010	15,178

14.2 Due to gratuity fund trust

The amounts recognized in the balance sheet on account of defined benefit plan i.e. gratuity are as follows:

	2008	2007
Movement in the liability recognized in the balance sheet		
Net liability at the beginning of the year	19,834	5,442
Expense recognized in income statement	3,684	14,392
Contribution to the fund by the company	(1,280)	-
	22,238	19,834
Reconciliation of the liability as at June 30, 2008		
Present value of defined benefit obligations-as at June 30	21,635	19,694
Fair value of plan assets	(492)	(578)
Un-recognized actuarial gain	1,095	718
	22,238	19,834
Reconciliation of the present value of defined benefit obligation		
Present value of defined benefit obligations-opening	19,694	71,568
Current service cost	1,784	4,903
Interest cost	1,969	6,441
Benefits paid	(1,280)	(62,020)
Loss due to settlements	-	1,131
Actuarial gain on PVDBO	(532)	(2,329)
Present value of defined benefit obligations-closing	21,635	19,694
Expense recognized in profit and loss account		
Current service cost	1,784	4,904
Interest cost	1,969	6,441
Curtailment or settlement	-	9,128
Expected return on plan assets	(69)	(6,081)
	3,684	14,392

Salaries, wages and benefits appearing under heads of cost of sales, general and administrative & selling and distribution expenses include the following amounts on account of gratuity:

	2008	2007
	(Rupees in thousand)	
Cost of sales	1,842	12,456
General and Administrative expenses	1,105	1,653
Selling and distribution	737	283
	3,684	14,392
Reconciliation of fair value of plan assets		
Fair value of plan assets - as at June 30	579	67,568
Contribution to the fund by the Company	1,280	-
Benefits paid	(1,280)	(65,074)
Loss due to settlement	-	(7,996)
Expected return on plan assets	69	6,081
Actuarial gain	(155)	-
Fair value of plan assets - as at June 30	493	579
Plan assets comprise of:		
Debt instrument	466	465
Cash & Bank	27	114
	493	579
Actual return on plan assets		
Expected return on plan assets	69	6,081
Actuarial gain	(155)	-
	(86)	6,081

Principal actuarial assumptions

The latest actuarial valuation was carried out as at June 30, 2008 under the ‘Projected Unit Credit Method’. The main assumptions used for actuarial valuation are as follows:

	2008	2007
Discount rate	12% p.a.	10% p.a.
Expected rate of future salary increase	11% p.a.	9% p.a.
Expected rate of return	10% p.a.	9% p.a.
Average expected remaining working life time of employees	13 years	13 years

	2008	2007	2006	2005	2004
	(Rupees in thousand)				
Present value of defined benefit obligations as at June 30	21,635	19,694	71,567	70,528	64,439
Fair value of plan assets as at June 30	(492)	(578)	(67,568)	(62,221)	(60,017)
Deficit	21,143	19,116	3,999	8,307	4,422

	Note	2008	2007
		(Rupees in thousand)	

15. ACCRUED INTEREST / MARK UP

	Note	2008	2007
Interest / mark-up / profit payable on:			
Redeemable capital		22,910	25,655
Long term murabah finance		6,413	-
Long term loans and finances		239,851	66,300
Long term foreign currency loans		-	9,572
Lease finances		18,097	8,812
Short term borrowings		23,914	13,495
		311,185	123,834

16. SHORT TERM LOANS AND FINANCES

	Note	2008	2007
Banks - secured			
Saudi Pak Commercial Bank Ltd. (SPCBL)	16.1	27,687	42,705
First Credit & Investment Bank Ltd.	16.2	-	48,000
KASB Bank Limited			
Bridge loan	16.3	-	132,000
Running finance	16.4	59,435	59,992
National Bank of Pakistan	16.5	49,922	-
		137,044	282,697
Others - unsecured			
Temporary bank over draft	16.6	39,650	-
Others-provident fund	16.7	15,843	15,843
		192,537	298,540

16.1 This represents balance of a existing running finance facility of Rs. 43 million extended upto Rs.58 million subsequent to the balance sheet date (2007: Rs. 160 million) carrying mark-up @ KIBOR (six months ask rate) + 3% p.a. (2007: KIBOR (three months ask rate) + 4% p.a) payable on quarterly basis. The facility is secured by way of first registered charge of Rs.62 million and third registered ranking charge for Rs.188 million over all present & future current assets (2007: Rs.250 million).

The following facilities are also available as at the year end from SPCBL:-

	Approved limit		Facility utilized	
	2008 Rs. '000'	2007 Rs. '000'	2008 Rs. '000'	2007 Rs. '000'
Letter of credit	80,000	80,000	-	-
Letter of guarantee	102,000	102,000	101,959	101,959

These facilities are secured against ten percent cash margin and lien on import document. LGs are also secured by counter guarantee of the Company.

16.2 This short term bridge loan is repaid during the year that carried mark-up @ KIBOR (six months ask rate) + 3% p.a payable on quarterly basis. The facility was secured by way of ranking charge on plant & machinery to the extent of Rs. 67 million and personal guarantees of sponsoring directors.

16.3 This represents a short term bridge loan (Refer to note 8.10).

16.4 This represents balance of a running finance facility of Rs.60 million (2007: Rs. 100 million) carrying mark-up @ KIBOR (six months average ask rate) + 3% p.a with a floor of 12% p.a (2007:KIBOR six months average ask rate + 3% p.a with a floor of 12% p.a) payable on quarterly basis. The facility is secured by way of ranking charge on plant & machinery for Rs.315 million to be upgraded to pari pasu charge (2007: Rs. 482 million).

The following facilities are also available as at the year end from KASB Bank Limited:-

	Approved limit		Facility utilized	
	2008 Rs. '000'	2007 Rs. '000'	2008 Rs. '000'	2007 Rs. '000'
Letter of credit	132,000	394,670	-	40,999
FIM	132,000	-	-	-
Letter of guarantee	176,000	175,306	175,306	175,306

These facilities are secured against 5% - 10% cash margin, lien on import document, pledge of imported goods and ranking charge on plant & machinery for Rs.150 million and LG are also secured by counter guarantee of the Company.

16.5 This represents balance of a cash finance facility of Rs.50 million (2007: Rs. Nil) carrying mark-up @ KIBOR (three months average ask rate) + 3% p.a payable on quarterly basis. The facility is secured by way of ranking charge on current assets for Rs.67 million with 25% margin over hypothecated stocks, first pari passu charge on fixed assets of the company for Rs.72 million with 30% margin of fixed assets and personal guarantees of the sponsoring directors.

16.6 This represents cheques issued in excess of the current account balance as at balance sheet date but not presented for payments in the bank as at close of the financial year.

16.7 This represents the utilized amount of the total short term finance facility of Rs. 17.5 million (2007: Rs.17.5 million) availed from the Gharibwal Cement Employees Provident Fund Trust. The finance carries mark up at the rate of 10% per annum.

	Note	2008 (Rupees in thousand)	2007
17. CURRENT PORTION OF NON CURRENT LIABILITIES			
Long term loans, finances and other payables	8	414,207	37,204
Liabilities against assets subject to finance lease	10	95,474	62,121
		509,681	99,325
18. TAXES AND DUTIES			
Provision for taxation	18.1	2,876	10,439
Excise duty	19.1	1,760	1,760
Local taxes		5,773	5,773
Income tax deducted at source payable		28,655	10,014
Excise duty on raw material		201	75
Royalty on raw material		2,179	1,743
		41,444	29,804

18.1 (a) Income tax assessments of the company have been completed upto the income year ended June 30, 2007 (tax year 2007).

(b) In view of available tax losses and "nil" revenue from operations due to the reason stated in note 48, provision for current year taxation has not been made in these accounts. In last year provision of minimum tax payable under Section 113 of the Income Tax Ordinance, 2001 at the rate of one-half of one percent of the turnover of the company was accounted for.

	2008	2007
	(Rupees in thousand)	
(c) Tax charge reconciliation		
Loss before taxation	(363,082)	(202,074)
Tax effects of amounts that are:		
Deductible for tax purposes	(26,563)	(43,989)
Not deductible for tax purposes	48,777	57,973
Tax effect of unused tax losses	(270,230)	(235,013)
	(248,016)	(221,029)
Minimum tax liability provided in accounts as per Income Tax Ordinance, 2001	-	2,646

19. CONTINGENCIES AND COMMITMENTS

19.1 Excise duty arrears demand of Rs.16.276 million in respect of capacity production period 1966-67 to 1973-74 made by the Central Excise and Land Customs Department had not been accepted by the Company. The Company had calculated its liability at Rs. 1.760 million on the basis of actual production which has been accounted for in prior years. On appeals filed by the Company, the Central Board of Revenue remanded the case to the Collector of Central Excise and Land Customs, Rawalpindi which is pending adjudication.

19.2 The Company filed a writ petition in the Lahore High Court (the Court) against imposition of export tax on raw materials by District Council, Chakwal (the Council) and refund of amounts already paid on this account. The Court vide its judgment dated February 18, 1997 directed the Council to refrain from collecting export tax on raw materials brought by the Company from its quarries to its factory.

The Court further directed the Council to refund to the Company the sum of Rs.45.948 million recovered from it during the period from 1985-86 to 1996-97.

The Lahore High Court Rawalpindi Bench vide its order dated March 17, 1997 on a revision application by the Council, suspended the operation of the judgment dated February 18, 1997. The matter is still pending for adjudication with the Lahore High Court - Rawalpindi Bench.

19.3 District Council - Chakwal served notices dated July 25, 1998 and August 05, 1998, whereby the Company had been directed to deposit an amount of Rs. 5.4 million being ‘exit tax’ pertaining to the year 1996-97 and also for the deposit of such tax on the prescribed rate in future. The Supreme Court of Pakistan had issued a stay order in respect of the payment of Rs.5.4 million as demanded by the District Council.

19.4 The Company, through a writ petition, challenged the refusal of IESCO in accepting the decision by the Electric Inspector and Advisory Board in favour of the Company wherein it was held that with effect from May 1999, the Company be treated as permanently disconnected from IESCO and no bill be issued to the Company by IESCO after May 1999. The Lahore High Court, vide its order dated October 24, 2000, allowed the Company’s petition and declared the action of IESCO, that is, issuing bills after May 1999 to be without lawful authority and of no legal effect.

IESCO, however, has filed civil petition for leave to appeal along with application for suspension of operation of the aforementioned order of the Lahore High Court, but Supreme Court of Pakistan so far has not passed any stay order. The Company has filed a petition with the Lahore High Court for initiating contempt proceedings against IESCO. The Lahore High Court has directed IESCO to submit its report and para-wise comments to the Company’s petition.

19.5 The Company has also filed an appeal before the Secretary Industries and Mineral Development against imposition of 5% penalty on outstanding royalty in respect of mining a limestone lease.

19.6 The Golden Handshake Scheme (GHS) was offered by the company to its employees during the year ended June 30, 2007. Out of total 537 employees, 349 employees had accepted this offer and amongst them 140 employees have been paid Rs. 69.5 million during the year. The total termination benefits under GHS were Rs. 271.364 million out of which probable liability under the scheme is worked out to be Rs. 201.864 million as at June 30, 2008.

19.7 Guarantees given by banks on behalf of the Company to Sui Northern Gas Pipelines Limited outstanding as at June 30, 2008 aggregated to Rs. 547.265 million that includes guarantee given by First Dawood Investment Bank Limited amounting to Rs.270 million (2007: Rs. 277.265 million). The Company has given counter guarantees to the aforesaid banks of an equivalent amount.

19.8 Guarantee given by a commercial bank on behalf of the Company to Sindh High Court outstanding as at June 30, 2008 aggregated to Rs. 41.76 million. This facility is secured by way of security deposit of Rs. 15 million (Refer to Note 34.3) and personal guarantees of sponsoring directors.

19.9 Appeals are pending adjudication before the Collector (Appeals) Islamabad against the demands of Central Excise Duty and Sales Tax amounting to Rs.313.618 million and Rs.359.371 million respectively along with penalties of Rs.627.236 million and 17.98 million respectively and additional duty to be calculated at the time of payment of principal amount. These demands have been based on hypothetical calculation of paper bags consumed during the period from July,1995 to June, 2001.

19.10 (a) The Company has issued a post dated cheque of Rs.25.928 million from a scheduled bank in favour of Collector Customs for the differential amount of duties in respect of clearance of imported plant items. The cheque is issued as collateral in the course of an interim relief allowed by the Sindh High Court to release the plant machinery uptill the final outcome of the case.

(b) A post dated cheque of Rs.12.718 million is issued in favour of customs authorities for the differential amount of duties in respect of clearance of imported cable from China. The case is pending with custom authority.

The management of the company is of the view that the ultimate outcome of the above cases shall be in the favour of the Company on the legal grounds of the cases.

19.11 Corporate guarantees given by commercial banks on behalf of Company in connection with issuance of PPTFC outstanding as at June 30, 2008 aggregated to Rs. 426 million (2007: Rs. 400 million). The Company has given counter guarantee to the aforesaid banks of an equivalent amount.

	2008	2007
	(Rupees in thousand)	
19.12 Commitments in respect of capital expenditure were outstanding on account of:		
a) Wet process cement plant	25,000	-
b) New dry process cement project	147,600	1,302,950
c) Dual fuel electric power generators	-	479,159
	172,600	1,782,109

20. OPERATING FIXED ASSETS - TANGIBLE

Particulars	COST / REVALUATION				Rate %	DEPRECIATION				Written down Value as at 30-06-2008
	As at 01-07-2007	Additions during the year	Disposals during the year	As at 30-06-2008		Accumulated as at 01-07-2007	Charge for the year	Adjustment on disposals/ transfers	Accumulated as at 30-06-2008	
										(Rupees in thousand)
Owned assets										
Land - freehold										
Cost	52,592	2,930	-	55,522	-	-	-	-	-	55,522
Revaluation	529,623	-	-	529,623	-	-	-	-	-	529,623
	582,215	2,930	-	585,145	-	-	-	-	-	585,145
Buildings & foundations on freehold land										
Cost	194,033	-	-	194,033	5-10	119,486	7,216	-	126,702	67,331
Revaluation	268,688	-	-	268,688	5-10	159,073	9,909	-	168,982	99,706
	462,721	-	-	462,721	-	278,559	17,125	-	295,684	167,037
On leasehold land										
Cost	3,424	-	-	3,424	5-10	3,227	19	-	3,246	178
Revaluation	14,616	-	-	14,616	5-10	8,763	583	-	9,346	5,270
	18,040	-	-	18,040	-	11,990	602	-	12,592	5,448
Heavy Vehicles										
Cost	99,591	-	-	99,591	20	95,400	838	-	96,238	3,353
Revaluation	62,790	-	-	62,790	20	35,936	5,371	-	41,307	21,483
	162,381	-	-	162,381	-	131,336	6,209	-	137,545	24,836
Plant and machinery										
Cost	1,080,673	-	-	1,080,673	5	558,519	26,108	-	584,627	496,046
Revaluation	1,000,136	-	-	1,000,136	5	307,769	34,618	-	342,387	657,749
	2,080,809	-	-	2,080,809	-	866,288	60,726	-	927,014	1,153,795
Railway sidings										
Cost	889	-	-	889	7	889	-	-	889	-
Revaluation	8,450	-	-	8,450	7	4,991	242	-	5,233	3,217
	9,339	-	-	9,339	-	5,880	242	-	6,122	3,217
Roads	4,847	-	-	4,847	5	2,731	106	-	2,837	2,010
Loose tools	1,403	-	-	1,403	10	1,298	11	-	1,309	94
Furniture, fixtures and other office equipment	40,781	430	-	41,211	10	26,918	1,419	-	28,337	12,874
Transport assets	33,153	-	(1,726)	31,427	20	27,528	852	(1,436)	26,944	4,483
	3,395,689	3,360	(1,726)	3,397,323		1,352,528	87,292	(1,436)	1,438,384	1,958,939
Assets subject to finance lease:										
Plant and machinery	386,271	-	-	386,271	5	22,532	18,187	-	40,719	345,552
Heavy vehicles	4,495	-	-	4,495	20	2,194	460	-	2,654	1,841
Vehicles	10,947	5,097	-	16,044	20	3,693	2,254	-	5,947	10,097
	401,713	5,097	-	406,810		28,419	20,901	-	49,320	357,490
TOTAL 2008	3,797,402	8,457	(1,726)	3,804,133		1,380,947	108,193	(1,436)	1,487,704	2,316,429
TOTAL 2007	3,784,818	13,791	(1,206)	3,797,403		1,263,845	117,691	(589)	1,380,948	2,416,455

20.1 Vehicles subject to finance lease include vehicles of Rs. 2.78 million (2007: Rs. 2.78 million) transacted benami in the name of four employees of the company.

20.2 The process of reconstruction of the fixed assets register has been initiated during the year through outsourcing the services of professionals for the purpose. The management intends to complete the assignment shortly.

20.3 A fresh revaluation of the Company's freehold land, building, railway siding, heavy vehicles and plant and machinery situated at its plant site, was made as at June 30, 2006 by an independent valuers M/S Hamid Mukhtar & Co. (Pvt) Limited Lahore. The revaluation exercise was carried out on the basis of depreciated replacement cost except freehold land which was revalued on the basis of reassessed replacement cost. This fresh revaluation had produced incremental revaluation surplus of Rs. 902.69 million.

20.4 Detail of vehicles sold during the year

Description	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Mode of Disposal	Particulars of Purchaser
	(Rupees in thousand)					
Honda Civic LXZ-7494	1,316	1,040	276	276	Negotiation	Mr. Shoeb A. Piracha (ex-director of the Company) 12/A Zahoor Afridi Road Lahore Cantt.
Mazda SAC-5151	411	396	15	45	Negotiation	Mr. Hameed Ullah Khan Tehsil & district D.I Khan
	1,727	1,436	291	321		

20.5 The following assets have been transferred to owned assets on expiry of the lease term during the period mentioned there against. However, transfer of ownership of the assets in the Company's name could not be effected till June 30, 2008:

	Year of expiry of lease	Cost	Acc. Dep.	Carrying value
		(Rupees in thousand)		
Plant & machinery	June 30, 2001	20,633	12,182	8,451
Vehicle	June 30, 2004	1,206	588	618
Plant & machinery	June 30, 2004	20,900	10,248	10,652
Vehicles	June 30, 2005	2,641	1,289	1,352
Plant & machinery	June 30, 2005	183,988	80,777	103,211
Plant & machinery	June 30, 2007	108,000	16,200	91,800
Vehicles	June 30, 2007	1,794	875	919

20.6 Depreciation has been allocated as under :

	Note	2008	2007
		(Rupees in thousand)	
Cost of sales	36	61,939	66,234
Cost of sales - fuel & power (electricity)		42,323	47,546
General and administrative expenses	37	2,290	2,352
Selling and distribution expenses	38	290	471
Capital work in progress - Dry cement plant		1,351	1,088
		108,193	117,691

	Note	2008	2007
		(Rupees in thousand)	

21. CAPITAL WORK-IN-PROGRESS

	Note	2008	2007
Civil works and buildings		1,663	1,663
Dry cement plant			
Civil works		1,343,477	1,035,859
Plant & machinery	21.1	3,485,232	2,842,970
Borrowing cost	21.2	790,897	219,349
Advances to suppliers- considered good		61,001	104,008
Other BMR / Expansion costs	21.4	422,510	120,625
		6,103,117	4,322,811
Dual fuel electric power generation plant			
Civil works		4,597	4,070
Plant & machinery	21.3	752,044	5,172
Borrowing cost		58,104	51,988
Advances to suppliers- considered good		-	51,937
Other BMR / Expansion costs	21.4	7,304	1,998
		822,049	115,165
Wet process plant			
L / c in process for packing plant		1,540	-
		6,928,369	4,439,639

21.1 This includes import value plus ancillary cost of machinery of new dry cement plant having manufacturing capacity of 6700 TPD of grey cement (2007:machinery in transit Rs.13.91 million and LCs in progress Rs. 3.1 million).

21.2 This includes interest amounting Rs.269.13 million (2007:Rs. 37 million) paid on long term loan obtained from sponsoring directors to meet the liquidity needs towards the said new project.

21.3 This represents import value and ancillary cost of three dual fuel electric power generators from Wartsila Finland that were received during the year (referred to note 8.8). These generators will coupe up the energy needs of the new dry cement plant as well as old wet process plant. As at balance sheet date these generators are in their installation phase, after the installation of these generators the power generation capacity of the Company shall be increased from 21.8 MW to 36.8 MW.

21.4 These represent management and other directly attributable capital expenditures incurred in connection with the construction and installation of above mentioned projects.

21.5 Subsequent to the balance sheet date, the Company started trial run of the above mentioned dry process cement plant of 6700 TPD clinker capacity to enable the plant for commercial production of grey cement which is achieved in the month of September, 2008. After the commencement of production, the capacity of clinker production of dry and wet cement plants shall be increased from 1800 TPD to 8500 TPD.

22. STORES HELD FOR CAPITAL EXPENDITURE

This includes an aggregate amount of Rs. 74.888 million (2007: Rs. 74.888 million) being the cost of filter press machinery acquired to convert the old manufacturing process from wet to semi dry and includes stores valuing Rs. 6 million (2007: Rs. 6 million) presently lying under the control of custom authorities at their bonded custom warehouse.

	Note	2008	2007
		(Rupees in thousand)	

23. LONG TERM INVESTMENTS

	Note	2008	2007
Investment at fair value through profit or loss			
Cost of acquisition		1,161	1,161
Less: Provision for diminution in value		508	219
Fair value		653	942

24. LONG TERM LOANS AND

Advances to staff - considered good

	Note	2008	2007
Director	24.1	-	360
Employees	24.2	2,033	2,149
		2,033	2,509
Less: Current portion shown under current assets	30	788	799
		1,245	1,710

24.1 The above loan has been repaid by director during the year.

24.2 These represent loans given for the purposes of house building, purchase of motor cars / motor cycles, house repair loans and emergency loans. House building and vehicle loans are secured against charge and lien on provident fund balances, lien on gratuity and personal/third party guarantees and are repayable in 96 to 240 equal monthly installments. Interest on house building loans is charged @ 3% - 5% p.a. Emergency and house repair loans are unsecured and interest free and are repayable in 15 - 125 equal monthly installments.

24.3 Maximum aggregate balances due from the director and executives during the year were Rs. 360 thousand and Nil (2007: directors Rs. 360 thousand and executives Rs. Nil) respectively.

25. LONG TERM DEPOSITS & PREPAYMENTS

	Note	2008	2007
Security deposit - rented premises		5,038	88
Security deposits - trade		1,466	1,466
Other deposits	25.1	48,403	344
		54,907	1,898

25.1 It includes Rs.48 million of security deposit paid against lease facility to be availed from Askari Bank Ltd (referred to note 8.9).

26. DEFERRED COST

	Note	2008	2007
Discount on issue of shares		100,000	100,000
Less: Amortized during the year	37	20,000	20,000
Amortized during previous years		65,808	45,808
		85,808	65,808
		14,192	34,192

26.1 During the year 2004, the Company issued 20 million ordinary shares of Rs. 10 each at a discounted price of Rs. 5 each which resulted into a discount of Rs. 100 million.

	Note	2008	2007
		(Rupees in thousand)	

27. STORES, SPARES AND LOOSE TOOLS

	Note	2008	2007
Stores	27.1	195,109	114,570
Spares		66,448	61,085
Loose tools		831	663
		262,388	176,318

27.1 Stores include stores-in-transit valuing Rs. Nil (2007: Rs.26.62 million).

28. STOCK-IN-TRADE

	Note	2008	2007
Raw materials	36.1	11,701	11,701
Work-in-process	36	30,967	30,967
Finished goods	36	34,652	34,652
Packing materials		433	433
		77,753	77,753

29. TRADE DEBTORS - unsecured

	Note	2008	2007
Considered doubtful		442	442
Less: Provision for doubtful debts		442	442
		-	-

30. LOANS AND ADVANCES - unsecured,considered good

	Note	2008	2007
Advances to staff			
Advances for expenses	30.1	5,565	3,220
Advances against salary		1,408	918
Advances for wheat purchase		618	1,165
Other advances		1,742	874
		9,333	6,177
Advances to suppliers	30.2	497,311	187,515
Current portion of long term loans and advances to staff	24	788	799
		507,432	194,491

30.1 Advances for expenses include an amount of Rs. Nil (2007: Rs. 272 thousand) due from directors.

30.2 Advances to suppliers include an amount of Rs. Nil (2007:Rs.15 million) paid as advance to an associated company M/S Balochistan Glass Limited against supply of specified glasses and other table wares.

31. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2008	2007
Guarantee margin deposits		19,726	19,726
Prepaid guarantee commission		5,775	886
Prepaid rent		800	2,746
Other prepayments		655	1,028
		26,956	24,386

		Note	2008	2007
			(Rupees in thousand)	
32.	**ACCRUED INTEREST**			
	On:			
	- Bank deposits		-	35
	- Employees' loan		332	564
			332	599
33.	**OTHER RECEIVABLES**			
	Sales tax input claimable	33.1	78,216	25,567
	Advisory fee receivable	33.2	4,219	4,219
	Others		2,778	1,668
			85,213	31,454

33.1 This includes sales tax deducted on import of plant & machinery that is to be claimed under the provisions of Sales Tax Act, 1990 in the next year.

33.2 This fee was paid to Orix Investment Bank Limited for advisory and arrangement of the proposed TFCs issue of Rs.400 million. However, the said transaction was not executed by the Orix Investment Bank Limited, therefore, this fee shall be refunded to the Company.

34. CASH AND BANK BALANCES

	Note	2008	2007
With banks			
- on current accounts		126,503	10,525
- on escrow account		480	312
- on special account	34.1	1,326	1,369
- on deposit account	34.2	10,050	200,000
- on saving accounts	34.3	15,977	34,999
- on dividend account		-	879
		154,336	248,084
Cash in hand	34.4	2,170	502,848
		156,506	750,932

34.1 This represent the amount kept under a saving account received from customers as security deposit. (Refer to Note 11).

34.2 This represent the Fixed Deposit made with First Dawood Investment Bank Ltd as a security of issuance of PPTFC (referred to Note 6) where as last year's figure represents deposit with bank having short term maturity of six months that was withheld by a commercial bank under lien in connection with a facility for opening of letter of credit.

34.3 These include Rs.15 million (2007: Rs. 15 million) withheld by banks under lien in connection with a letter of guarantee given by a commercial bank on behalf of the Company (Refer to Note 19.8). Saving accounts with banks carry interest ranging from 4% to 8% p.a.

34.4 Cash in hand includes cheques in hand amounting to Rs. Nil (2007: 502.75 million).

35. SALES - net

	2008	2007
Cement sales	-	771,759
Less: Sales tax	-	100,664
Excise duty	-	141,872
Discount / Rebate to dealers	-	7,507
	-	250,043
	-	521,716

	Note	2008	2007
		(Rupees in thousand)	

36. COST OF SALES

	Note	2008	2007
Raw materials consumed	36.1	-	80,741
Packing materials consumed		-	37,699
Stores and spares consumed		-	12,734
Salaries, wages and benefits		92	87,084
Fuel and power consumed			
Electricity consumed		10,660	102,799
Coal consumed		-	126,490
Sui gas - Kiln		-	137,677
		10,660	366,966
Rent, rates and taxes		1,248	1,402
Repair and maintenance		-	34,762
Insurance		1,029	1,938
Vehicle running & traveling		-	2,340
Other expenses		262	1,400
Depreciation	20.6	61,939	66,234
		75,230	693,300
Adjustment of work-in-process inventory			
Opening		30,967	102,991
Closing	28	(30,967)	(30,967)
		-	72,024
Cost of goods manufactured		75,230	765,324
Adjustment of finished goods inventory			
Opening		34,652	26,180
Closing	28	(34,652)	(34,652)
		-	(8,472)
		75,230	756,852
Cement consumed in CWIP - new cement plant		-	(46,704)
		75,230	710,148

36.1 Raw materials consumed

	Note	2008	2007
Opening stock as at July 01		11,701	3,866
Cost of raw materials:			
- Outside purchases and transportation cost		-	22,690
- Explosives		-	1,816
- Royalty		-	3,488
- Excise duty		-	723
		-	28,717
Salaries, wages and benefits		-	44,861
Repair and maintenance		-	7,630
Stores and spares		-	4,245
Insurance		-	830
Vehicle running & traveling		-	1,435
Other overheads		-	858
		11,701	92,442
Closing stock as at June 30	28	(11,701)	(11,701)
		-	80,741

	Note	2008	2007
		(Rupees in thousand)	

37. GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2008	2007
Salaries, wages and benefits		22,422	18,507
Vehicles' running and maintenance		1,376	1,119
Traveling and conveyance		3,012	1,027
Legal and professional charges		7,465	1,878
Auditors' remuneration	37.1	575	657
Postage, telegram and telephone		1,648	484
Printing and stationery		543	330
Insurance		200	277
Rent, rates and taxes		6,922	2,715
Fee and subscription		1,702	936
Entertainment		879	345
Utilities		796	448
Advertisement		108	288
Repair and maintenance		1,233	479
Discount on issue of shares amortized	26	20,000	20,000
Miscellaneous		607	115
Depreciation	20.6	2,290	2,352
		71,778	51,957

37.1 Auditors' remuneration

	2008	2007
Viqar A. Khan		
- Audit fee	250	250
- Half year review fee	150	63
- Corporate consultancy	-	50
- Certification and others	125	140
- Out-of-pocket expenses	50	35
	575	538
Rahman Sarfraz & Co.		
- Cost audit fee	-	35
- Out-of-pocket expenses	-	4
	-	39
Aftab Nabi & Co.		
- Internal audit fee	-	80
	575	657

38. SELLING AND DISTRIBUTION EXPENSES

	Note	2008	2007
Salaries, wages and benefits	38.1	3,388	911
Vehicles' running and maintenance		688	559
Postage, telegram and telephone		294	254
Electricity		107	170
Advertisement & sale promotion		12	80
Insurance		629	160
Miscellaneous		-	770
Depreciation	20.6	290	471
		5,408	3,375

38.1 This includes dues in respect of final settlement of certain employees who left employment during the year.

	Note	2008	2007
		(Rupees in thousand)	

39. OTHER OPERATING EXPENSES

	Note	2008	2007
Donations (without directors' interest)		110	121
Exchange fluctuation loss on translation of foreign currency long term loans and others - net		17,877	10,264
Provision for diminution in value of investments		290	20
Zakat		-	20
		18,277	10,425

40. OTHER OPERATING INCOME

	Note	2008	2007
Profit / mark-up on:			
Bank deposits		806	7,624
Employee's loans		46	172
Temporary advances to associated company		3,343	2,388
		4,195	10,184
Unclaimed balances written-back		-	2,080
Profit on disposal of fixed assets		30	282
Scrap sales		2,408	2,842
Gain on sale of store		-	16,107
Rental income	40.1	6,293	-
Others		355	654
		13,281	32,149

40.1 This represents rent on colony quarters given to ex-employees of the company who had been terminated during the last year and rent of shops.

41. FINANCE COSTS

	Note	2008	2007
Interest / mark-up on:			
Redeemable capital		47,329	27,953
Long term loans and finances		10,472	13,532
Long term foreign currency loans		-	6,092
Short term finances		39,159	19,724
Employees' provident fund		1,584	1,750
Workers' (profit) participation fund		2,960	-
Lease finance charges		28,461	33,721
Advisory fee and other charges		-	2,297
Commission on bank guarantees		2,781	6,040
Bank charges and others		3,424	1,359
		136,170	112,468

42. LOSS PER SHARE

		2008	Restated 2007
Basic earnings / (loss) per share			
Loss for the year attributable to ordinary shareholders	Rupees in thousand	(315,198)	(222,916)
Weighted average number of ordinary shares outstanding during the year	Numbers	224,798,316	189,407,812
Loss per share	Rupees	(1.40)	(1.18)

Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments.

43. CASH GENERATED/(UTILIZED) FROM OPERATIONS

	Note	2008	2007
		(Rupees in thousand)	
Net loss before taxation		(363,082)	(202,074)
Adjustments for non cash charges and others:			
Depreciation on operating fixed assets		64,519	117,691
Profit on sale of fixed assets		(30)	(282)
Profit / Interest income for the year		(4,195)	(10,184)
Provision for compensated absences		376	922
(Reversal) / provision for diminution in value of investments		290	20
Provision for gratuity		3,684	14,392
Financial charges		136,170	112,468
Loss due to exchange fluctuation		17,877	10,264
Taxes and duties		11,640	146,083
Amortization of discount on issue of shares		20,000	20,000
Gain on sale of investments in associate		-	(132,434)
		250,331	278,940
		(112,751)	76,866
Working capital changes	43.1	(566,131)	191,790
		(678,882)	268,656

43.1 Working capital changes

	2008	2007
(Increase) / decrease in current assets		
Stores, spares and loose tools	(86,070)	33,187
Stock in trade	-	57,970
Loans and advances	(312,952)	(94,650)
Trade deposits and short term prepayments	(2,570)	750
Other receivables	(53,759)	(30,983)
	(455,351)	(33,726)
Increase / (decrease) in current liabilities		
Trade and other payables	(110,780)	225,516
	(566,131)	191,790

44. FINANCIAL INSTRUMENTS

44.1 Interest rate risk

The Company's exposure to interest rate risk on its financial assets and liabilities as at the balance sheet date, are summarized as under:

	Interest /mark-up bearing			Non-interest /mark-up bearing			Total 2008	Total 2007
	Maturity upto one year	Maturity after one year and upto five years	Sub Total	Maturity upto one year	Maturity after one year and upto five years	Sub Total		
				(Rupees in thousand)				
Financial assets								
Investments	-	-	-	-	653	653	653	942
Loans and advances to staff	788	1,245	2,033	9,333	-	9,333	11,366	8,687
Long term deposits and prepayments	-	-	-	-	54,907	54,907	54,907	1,898
Trade deposits and short term prepayments	-	-	-	19,726	-	19,726	19,726	19,726
Accrued interest	-	-	-	332	-	332	332	599
Other receivables	-	-	-	5,504	-	5,504	5,504	5,504
Cash and bank balances	17,303	-	17,303	139,203	-	139,203	156,506	750,932
	18,091	1,245	19,336	174,098	55,560	229,658	248,994	788,288
Financial liabilities								
On balance sheet								
Redeemable capital	160	399,840	400,000	-	-	-	400,000	-
Murabaha finance	59,467	107,041	166,508	-	-	-	166,508	-
Long term loans, finances and other payables	414,208	4,244,390	4,658,598	-	894,285	894,285	5,552,883	3,632,147
Long term foreign currency loans and other payables	-	-	-	-	-	-	-	188,097
Liabilities against assets subject to finance lease	95,474	107,520	202,994	-	-	-	202,994	234,514
Long term deposits from customers	-	-	-	-	1,150	1,150	1,150	1,225
Short term loans & finances	152,887	-	152,887	-	-	-	152,887	298,540
Trade and other payables	-	-	-	430,426	-	430,426	430,426	526,163
Accrued interest	-	-	-	311,185	-	311,185	311,185	123,834
	722,196	4,858,791	5,580,987	741,611	895,435	1,637,046	7,218,033	5,004,520
Off balance sheet								
Guarantees	-	-	-	277,264	737,760	1,015,024	1,015,024	677,265
Commitments (Refer note 19.12)	-	-	-	172,600	-	172,600	172,600	1,782,109
	-	-	-	449,864	737,760	1,187,624	1,187,624	2,459,374
	722,196	4,858,791	5,580,987	1,191,475	1,633,195	2,824,670	8,405,657	7,463,894

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

44.2 Foreign exchange risk management:

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Payables exposed to foreign currency risk are not covered through any forward foreign exchange contracts or through hedging.

44.3 Concentration of credit risk:

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties completely failed to perform as contracted. The company believes that it is not exposed to major concentration of credit risks. However, to manage any possible exposure to credit risk, the company applies approved credit limits to its customers and also obtains collaterals.

44.4 Fair value of financial assets and liabilities

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

45. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Dirctors		Executives	
	2008	2007	2008	2007	2008	2007
	(Rupees in thousand)					
Managerial Remuneration	-	705	750	1,676	5,793	4,888
Perquisites and benefits						
House rent	-	351	333	890	1,671	1,116
Personal staff salary	-	-	-	154	254	166
Entertainment	-	-	55	334	78	78
Utilities and others	-	75	42	455	1,816	2,203
	-	426	430	1,833	3,819	3,563
Contribution to:						
Provident Fund Trust	-	-	18	112	135	78
	-	1,131	1,198	3,621	9,747	8,529
Number of persons	-	1	2	3	10	8

45.1 Chief Executive, directors and executives are entitled to free use of the company's transport and residential telephones.

46. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated company / undertakings, directors of the Company, key management staff and staff retirement funds. Details of transaction with related parties during the year other than those which have been disclosed elsewhere in these financial statements are stated below:

	2008	2007
	(Rupees in thousand)	
Associated Companies:		
Balochistan Glass Limited (BGL)		
Sale of stores (including sales tax)	-	134,274
Purchase of stores (including sales tax)	1,027	18,996
Interest received	3,343	-
Interest charged	-	2,388
Expenses incurred	-	4,000
Expenses paid on behalf of GCL	35	-
Loan / advances given to BGL	10,000	-
Repayment of loan / advances given to BGL	23,938	-
Directors		
Loan received during the year	1,588,527	1,752,065
Loan paid during the year	1,516,378	4,075,000
Mark up paid during the year	156,966	37,849

Prior year's figures represent transactions with a past associated undertaking Dandot Cement Company Limited.

All transactions were carried out on commercial terms and conditions and were valued at arm's length price using Comparable Uncontrollable Price method. Remuneration and benefits to key management personnel under the terms of their employment are given in note 45.

47. NUMBER OF EMPLOYEES

	2008 Nos.	2007 Nos.
Number of permanent employees at balance sheet date	334	271

48. CAPACITY AND PRODUCTION - TONNES

	Clinker		Cement	
	2008	2007	2008	2007
Plant capacity	540,000	540,000	568,420	568,420
Actual production	-	155,190	-	202,225

During the financial year under consideration, the wet process plant remained closed due to high operating cost as compared to low price of cement in the market. So it was not feasible to operate expensive wet process cement plant due to which all three kilns remained non-operative during the whole year.

49. GENERAL

These financal statements have been authorized for issue by the Board of Directors of the Company in its meeting held on October 04, 2008.

50. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. However, no rearrangement and reclassification is made in these financial statements.

51. LEVEL OF PRECISION

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

The annexed notes 1 to 51 form an integral part of these financial statements.

Statement under Section 241(2) of the Companies Ordinance, 1984
These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

(ASIF MUHAMMAD ALI)
Director

(ABDUR RAFIQUE KHAN)
Director

Form of Proxy

The Secretary
Gharibwal Cement Limited
34 - Main Gulberg,
LAHORE.

I / We ______________________ of ____________________________ being a member of

Gharibwal Cement Limited, and holder of __________ Ordinary Shares as per Shares Register

Folio No. _______________ hereby appoint Mr. / Mrs. / Ms. ________________________

of ____

Folio No. _______________ who is also a member of Gharibwal Cement Limited as my / our proxy to attend and vote for and on my / our behalf at the 48th Annual General Meeting of the Company to be held on Friday, October 31, 2008 at 12.00 Noon at the registered office of the Company (34-Main Gulberg, Lahore) and at any adjournment threof.

As witnessed given under my / our hand (s) ______________day of October, 2008.

Signature

WITNESS:

Signature ____________________

Name ____________________

Address ____________________

On five
Rupees
Revenue
Stamp

Note:

1. The Proxy in order to be valid must be signed across a Five Rupees Revenue Stamp and should be deposited in the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he is a member of the Company.
3. Signature should agree with the specimen signature registered with the Company.