Contents

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. Jawaid Aziz Peracha
Director

BANKERS

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

REGISTERED OFFICE

34 - Main Gulberg, P.O. Box 1285, Lahore.
UAN : 042 - 111-210-310
Fax : 042 - 5871039 & 59
E-mail: info@gharibwalcement.com

WORKS (Unit I & II)

Ismailwal, Distt. Chakwal

WEBSITE

www.gharibwalcement.com

AUDIT COMMITTEE

Mrs. Tabassum Tousif Peracha
Chairperson and Member

Mr. M. Niaz Piracha
Member

Mr. Jawaid Aziz Peracha
Member

CHIEF FINANCIAL OFFICER

Mr. Shafiq ur Rehman

COMPANY SECRETARY

Mr. Abbas Rashid Siddiqi

AUDITORS

M/s. Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

INTERNAL AUDITORS

M/s. Aftab Nabi & Co.
Chartered Accountants

LEGAL ADVISOR

M/s. Mandviwala & Zafar, Advocates.

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, plantand 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 49th Annual General Meeting of Gharibwal Cement Limited will be held on Tuesday, December 01, 2009 at 12:00 p.m at Registered Office of the company (34 - Main Gulberg, Lahore) to transact the following businesses:

Ordinary Business

1. To confirm minutes of last Extra Ordinary General Meeting (EOGM) held on February 27, 2009.
2. To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2009 together with Auditor's and Director's report thereon.
3. To appoint Auditors of the Company for the year ending June 30, 2009 and to fix their remuneration.

Special Business

4. To renew short term advance facility of Rs. 300.00 million to Balochistan Glass Limited ***(Associated Company)***, already approved by the members in 48th Annual General Meeting of the company, by passing the following resolution with or without modification:

   "Resolved that 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 already sectioned short term advance facility of Rs. 300.00 million on same terms and condition as already approved by shareholders of the company in 48th Annual General Meeting. Further Resolved that "Board of Directors" of the company is authorized to review the terms and condition of this facility annually and if any change is occurred; present the same to members in AGM/EOGM for their approval"

Other Business

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

By Order of the Board

Date: November 07, 2009
Place: Lahore

Muhammad Shamail Javed
Company Secretary

Notice of Annual General Meeting

Notes:

1. The share transfer books of the Company will remain closed from November 24, 2009 to December 01, 2009 (both days inclusive). The transfers received at share registrar office i.e. Corplink (Pvt.) Limited by the close of business on November 23, 2009 will be considered in time.

2. A member of the Company entitled to attend and vote at this meeting may appoint another member as his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

3. Any individual beneficial owner of CDC, entitled to attend and Vote at AGM, must bring his/her CNIC or passport with his/her to prove his/her identity and in case of proxy, attested copy of the shareholder's CNIC must be attached with the proxy form. The representative of corporate member should bring usual documents required for such purpose.

4. Members are requested to immediately notify the change of their addresses, if any to our share registrar, *Corplink (Pvt.) Limited, wings Arcade,1-K, Commercial, Model Town, Lahore.*

5. Members who have not yet submitted photocopy of their CNIC to the company's registrar are requested to send the same, with the folio numbers, to our share registrar, at the earliest.

STATEMENT U/S 160(1)(B) OF THE COMPANIES ORDINANCE, 1984

Name of Investee Company:	Balochistan Glass Limited (BGL); an Associated Company of GCL
Outstanding Loan Amount:	Outstanding amount as at June 30, 2009 is Rs. 69.630 million No Amount has been written off to the investee company**.**
Financial Position of The Investee Company:	Based on the latest un-audited financial statements for the quarter ended ***March 31, 2009***, the financial position of Balochistan Glass Ltd. is as under:

	Rs. (Million)		**Rs. (Million)**
Paid up Capital	858.000	Long term Loans & Lease Liabilities	463.664
Share Premium Reserve	Nil	Sponsors' Long term Loan	599.182
Accumulated Losses	846.638	Sponsors' Loan- For preference share issue	342.000
Fixed Assets	1,284.305	Long Term Deposits	14.596
Net Current Assets	102.369	Fixed Capital Expenditure	3.192

Rate of Mark up:	Mark up will be charged at the rate of 1% above the rate charged to the Company by banks and financial institutions
Particulars Of Collateral	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 funds will be allocated out of company's available funds
Repayment Schedule	Facility will be renewed annually as per the approval of Board of Directors of Gharibwal Cement Limited (GCL) and any change in terms and conditions will be approved by members in AGM/EOGM
Personal Interest of Directors of GCL	Directors of Gharibwal Cement Limited (GCL) are interested in the businessto the extent of their shareholding. Furthermore, Mr. Muhammad Tousif Paracha is also the Chairman/CEO of Balochistan Glass Limited

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 Chapter XI and No. 40 (Chapter XIII) of the Karachi and Lahore Stock Exchanges respectively 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 independent 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 an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. The Casual Vacancy occurring in the board ,if any, was filled up by the directors within thirty days.

5. The Company is in the process of reviewing its “Statement of Ethics and Business Practices”, which will be forwarded to its directors and employees of the company on its finalization.

6. The Board has developed a Vision/Mission Statement, overall corporate strategy and significant policies of the Company.

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 the CEO and other executive directors, have been taken by the Board.

8. The meeting of board was 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 meetings were appropriately recorded and circulated.

9. During the year no orientation course was carried out by the company for its directors, however, a detail plan for the next year has been devised.

10. The Board has approved appointment of CFO, Company Secretary and in the process of appointment of Head of Internal Audit Including their remuneration and terms and conditions of employment, as determined by the CEO.

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

12. The financial statements of the Company were duly endorsed by the CEO 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.

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 formed and advised to the committee for compliance.

17. The Board is in the process of setting up an in-house internal audit function which will be managed by suitably qualified and experienced personnel's.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), 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.

For and on behalf of the Board of Directors

Muhammad Tousif Paracha
Chief Executive/Chairman

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 applicable to the Company for the year ended **30 June 2009** prepared by the Board of Directors of **Gharibwal Cement Limited** to comply with the Listing Regulation No.36 of the Karachi and Chapter III of the Lahore Stock Exchange, 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 30 June 2009.

Ford Rhodes Sidat Hyder & Co.

CHARTERED ACCOUNTANTS

Lahore: 07 November, 2009

Directors' Report to the Members

Your Directors are pleased to present before you audited financial statements and Auditor's Report thereon for the year ended June 30, 2009.

An Overview Of Cement Industry

Pakistan's total installed capacity of cement is 45 million Metric Tons (M.T). Domestic sales during the year under review were 19 million M.T. (42%), while 11 million M.T. (24%) was exported. There is still surplus capacity of 14 million M.T. (34%). Robust domestic economic growth during 2002-2007 and regional economic growth in the Middle East and India increased cement demand. Pakistan's cement industry performed very well during this period and more capacities were needed in order to cater for the needs of increasing domestic and export demand.

Due to global economic melt down which adversely impacted most of the regions of the world including the Middle East, slowed domestic growth due to political uncertainties, law and order situation emanating from war on terror, and imposition of import duty on Pakistani Cement by India, performance of our cement industry has started showing downwards trend.

Company's Operational Performance

The analysis of key operating results for the current year in comparison with the previous year is given below:

	2009	**2008**
	(Rupees in thousand)	
Sales-Net	1,250,254	----
Gross Profit/(Loss)	123,795	(75,230)
Operating Profit/(Loss)	11,776	(293,582)
Profit/(Loss) before Tax	(358,990)	(564,146)
Profit/(Loss) after Tax	(369,848)	(516,262)

Your company suffered a loss after tax of Rs 369.848 million including exchange loss of Rs 60.820 million on deferred L/C related bills of exchange payables during the period under review. Major reasons for the loss are low capacity utilization, slow domestic demand, high financial and energy cost.

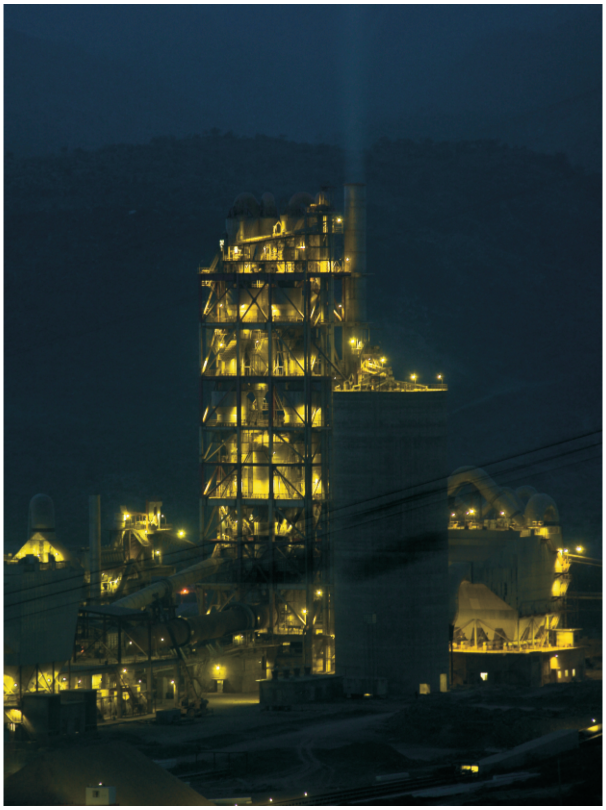
Future Outlook

Due to intense competition, domestic prices of cement have crashed since June this year. We expect that domestic prices may improve soon and better result will be forthcoming during next year. At present there are better margins in export markets as compared to domestic market. Management is trying its best to sell more cement in export markets including Afghanistan, Africa and Middle East, etc. This will help your company to somewhat alleviate adverse impact of domestic price crash and keep itself afloat during this difficult economic period.

Comments on Auditors' Observations

We would like to draw your attention to the qualifications and emphasis matter paragraph of the company's auditors:

Company has two lines of production, new dry process plant with 6,700 MTPD and old wet process plant of 1,800 MTPD. The management intends to utilize old wet process plant in order to meet excess market demand or to produce Sulphate resistance cement (SRC). Domestic coal with high Sulpher contents with low price can be used as a fuel for wet process plant. Company's assets were revalued three year ago and management is in the process for arranging latest re-valuation of old plant. Its new value will be available before December 31, 2009 and management will review its valuations at that time. Furthermore, as old plant is already at its depreciated value and keeping in view the increase in land & steel prices management feels that there is no indication of impairment on old plant of the company.



Your company's plant completion was unfortunately delayed by more than one and a half years due to some force majure events. The plant started trial runs from July 08 and commercial production started from April 09. Your company's "Paidar" brand established itself as one of the good quality cement in the domestic and export markets. As a new brand, it took some time to make foot hold in domestic and export markets. In addition, plant's production was also undergoing trial runs under supervision of TCDRI of China (plant design and machinery suppliers) and production levels were not uniform due to testing of different systems and processes of the plant.

In their opinion, the company should have started commercial production with effect from October 08, when some part of cement production was sent to market. However, as explained in the aforementioned paragraph, the plant was in trial runs under supervision of experts of TCDRI China up to March 09. During this time running and closure of plant operations and level of out put was under their control. It was ready for proper operations from April 09 onwards. Accordingly your management has declared commercial production with effect from 1st April 09.

We would also like to draw your attention to the emphasis paragraph of the auditors, wherein they have expressed uncertainty about economic viability of the old wet process plant of the company due to non availability of latest valuation report. We have already initiated the process for fresh valuation and its value along with overall valuation of the company assets will be reflected in the quarterly report of December 09.

We would also like to highlight brief financial position of the company, which will be helpful in assessing strong going concern position of the company, towards which the auditors have referred to in their report:

Description	Rs. In billion
Secured term loans including current maturity	3.935
Sponsors personal assets pledged against company loans as additional collateral (app. market value)	0.800
Sponsors/related parties unsecured loan	2.125

Book value of company assets is Rs.10.260 billion and secured loans are Rs. 3.361 billion, which are only 38.35% of the total assets Based on these facts, it is clear that in addition to Rs.1.455 billion net equity as of 30th June 09, the sponsors have substantial stake in the company, and they are committed to support the Company in order to keep it as a going concern in future.

Earning Per Share

The Earning Per Share (Basic/Diluted) is worked out at Rs. (1.60) per share as compared to Rs. (4.34) per share of last year.

Dividend

Due to loss in the current year, no dividend is recommended by the Board of Directors for the year under review.

Statement on Corporate and Financial Matters

a) The financial statements, prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flows, and changes in equity.
b) Proper books of accounts of the company have been maintained.
c) Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
d) International accounting standards, as applicable in Pakistan, have been followed in preparation of these financial statements and any departure there from has been adequately is closed.
e) The system of internal control is sound in design and has been effectively implemented and monitored.
f) There are no significant doubts upon the company's ability to continue as going concern. Management has already provided its reply in response to auditors' observation in this regard.
g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
h) The detail of trading in shares of the Company, if any, carried out by the directors, CEO, CFO, and Company Secretary and their spouses and minor children is provided in pattern of share holding annexed with financial statements.
i) No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which these financial statements relate and the date of directors report.
j) Key operating and financial data of last six years is annexed.
k) The pattern of Shareholding is annexed.
l) The company has also complied with the best practices on transfer pricing as contained in the Listing Regulations of the Stock Exchanges
m) Company has fulfilled its major statutory & financial obligations, except as disclosed in financial statements, in the year under review in note 18.1.3 and 26.8.

MEETING OF BOARD OF DIRECTORS DURING THE YEAR

During the year four meetings of the board of directors were held. Attendance of each Director personally or through alternate Director is as follows:

1.Mr. Muhammad Tousif Paracha	3	
2.Mr. Abdul Rafique Khan	4	
3.Mr. Asif Muhammad Ali	2	(Retired in Feb. 2009, on election of Directors)
4.Ms. Amna Khan	4	
5.Mr. Jawaid Aziz Paracha	1	(Elected as director in Feb. 2009)
6.Mr. Muhammad Niaz Paracha	4	
7.Mrs. Tabassum Tousif Paracha (Mr. Atiq-ur-Rehman is alternate director)	4	
8.Mr. Ali Rashid Khan	2	

AUDITORS

The auditors of the company M/S Ford Rhodes Sidat Hyder & Co, Chartered Accountants, retire and are eligible for re-appointment for next year. Audit Committee has also recommended the re-app ointment of M/S Ford Rhodes Sidat Hyder & Co, Chartered Accountants, as auditors of the Company for the forthcoming year.

CONCLUSION

The Board of Directors appreciates assistance and co-operation extended by our banks and financial institutions and efforts, dedication and commitment demonstrated by all the employees and contractors of the company

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For on the behalf of Board of Directors'

Lahore: November 07, 2009

Muhammad Tousif Paracha
Chief Executive

Summary of Last Ten Years' Financial Results

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
	(Rupees in Thousands)									
Trading Results										
Turnover	1,250,254	-	521,716	1,588,439	1,469,504	1,164,889	561,735	936,352	812,227	969,046
Gross Profit / (Loss)	70,254	(75,230)	(188,432)	274,797	149,619	95,641	(136,565)	1,523	(61,149)	121,134
Operating Profit / (Loss)	(348,535)	(293,582)	(334,508)	183,565	71,299	47,999	(117,239)	(54,311)	(109,613)	70,124
Profit / (Loss) Before Taxation	(348,535)	(363,082)	(202,074)	170,245	196,378	112,894	(260,431)	(162,717)	(243,930)	18,768
Profit / (Loss) After Taxation	(453,150)	(315,198)	(222,916)	167,155	188,878	115,323	(199,765)	(156,916)	(224,169)	44,465
Balance Sheet										
Shareholders Equity	1,529,537	1,995,779	1,678,007	1,880,680	1,114,743	66,875	(257,186)	(487,068)	(330,152)	66,696
Operating Fixed Assets	10,212,217	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
Net current assets / (liabilities)	(4,174,910)	(479,907)	131,917	94,570	284,931	(231,768)	(488,610)	(343,124)	(281,081)	128,748
Long term liabilities	3,597,154	5,873,548	4,349,215	450,719	388,563	752,174	667,382	694,130	575,912	443,787
Significant Ratios										
Gross Profit Ratio %	5.62	-	(36.12)	17.30	10.18	8.21	(24.31)	0.16	(7.53)	12.50
Net Profit Ratio %	(36.24)	(25.21)	(17.83)	13.37	15.11	9.22	(15.98)	(12.55)	(17.93)	3.56
Fixed Assets Turnover Ratio	0.12	-	0.22	0.63	1.29	0.99	0.46	0.71	0.60	0.95
Debt : Equity Ratio	2.35	2.94	2.59	0.24	0.35	11.25	-	-	-	6.65
Current Ratio	0.22	0.70	1.12	1.14	1.67	0.51	0.32	0.47	0.44	1.21
Interest Cover Ratio	(1.53)	(2.31)	(1.97)	5.24	2.57	3.57	(1.65)	0.35	0.57	1.36

Pattern of Shareholding

As at June 30, 2008

Sr. No	Number of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held	Percentage
1	833	1	100	32,991	0.014%
2	696	101	500	196,626	0.085%
3	320	501	1,000	240,647	0.104%
4	460	1,001	5,000	1,094,252	0.472%
5	81	5,001	10,000	557,328	0.240%
6	20	10,001	15,000	243,265	0.105%
7	13	15,001	20,000	233,048	0.101%
8	7	20,001	25,000	153,242	0.066%
9	6	25,001	30,000	167,140	0.072%
10	5	30,001	35,000	164,463	0.071%
11	5	35,001	40,000	189,716	0.082%
12	1	40,001	45,000	42,454	0.018%
13	6	45,001	50,000	290,923	0.125%
14	2	50,001	55,000	107,352	0.046%
15	1	60,001	65,000	60,945	0.026%
16	1	65,001	70,000	69,817	0.030%
17	1	70,001	75,000	74,052	0.032%
18	1	95,001	100,000	100,000	0.043%
19	1	100,001	105,000	102,500	0.044%
20	1	110,001	115,000	113,500	0.049%
21	1	125,001	130,000	127,500	0.055%
22	1	140,001	145,000	140,937	0.061%
23	1	150,001	155,000	153,747	0.066%
24	1	415,001	420,000	420,000	0.181%
25	1	500,001	505,000	500,074	0.216%
26	1	505,001	510,000	508,586	0.219%
27	1	545,001	550,000	545,160	0.235%
28	1	590,001	595,000	592,085	0.255%
29	1	645,001	650,000	650,000	0.280%
30	1	840,001	845,000	843,180	0.364%
31	1	995,001	1,000,000	1,000,000	0.431%
32	1	1,335,001	1,340,000	1,339,000	0.577%
33	1	2,530,001	2,535,000	2,533,691	1.093%
34	1	2,995,001	3,000,000	3,000,000	1.294%
35	1	3,545,001	3,550,000	3,546,500	1.529%
36	1	4,080,001	4,085,000	4,082,112	1.760%
37	1	4,280,001	4,285,000	4,282,112	1.847%
38	1	5,865,001	5,870,000	5,866,319	2.530%
39	1	5,995,001	6,000,000	6,000,000	2.588%
40	1	6,665,001	6,670,000	6,666,666	2.875%
41	1	16,060,001	16,065,000	16,062,541	6.927%
42	1	17,930,001	17,935,000	17,933,497	7.734%
43	1	21,735,001	21,740,000	21,739,000	9.375%
45	1	38,355,001	38,360,000	38,356,155	16.542%
		90,750,001	90,755,000	90,753,294	39.139%
	2,486			231,876,417	100.000%

Categories of Shareholders	Share held	Percentage
General Public	19,376,719	8.356%
Directors their Spouse & minor children	201,218,415	86.778%
Insurance Companies	1,053,770	0.454%
Joint Stock & Other Companies	454,890	0.196%
Banks, & Financial Institutions,	1,349,260	0.582%
Associated Companies, & undertaking	8,364,224	3.607%
NIT and ICP	630	0.000%
Associations	43,637	0.019%
Government Authority	14,872	0.006%
	231,876,417	100.000%

Pattern of Shareholding

as Required under Code of Corporate Governance As at June 30, 2009

	Name	Holding	% Age
I	Associated Companies, Undertakings & Related Parties		
	Astoria Investments Limited	4,282,112	1.85%
	Topaz Holdings Limited	4,082,112	1.76%
		8,364,224	**3.61%**
II	NIT/ICP		
	Investment Corporation of Pakistan	630	**0.00%**
III	Directors, Chief Executive Officer, their Spouse and Minor Children		
	Mr. Abdur Rafique Khan	38,356,155	**16.54%**
	Mr. Muhammad Tousif Peracha (CEO)	128,158,960	**55.27%**
	Ms. Amna Khan	17,933,497	**7.73%**
	Mr. Jawaid Aziz Paracha	545,160	**0.24%**
	Mr. Ali Rashid Khan	16,062,541	**6.93%**
	Mrs. Tabassum Tousif Peracha	6,025	**0.00%**
	Mr. Muhammad Niaz Paracha	2,330	**0.00%**
	Mrs. Salma Khan W/O Mr. Abdur Rafique Khan	153,747	**0.07%**
		201,218,415	86.78%
IV	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and Mutual Funds	2,403,030	1.04%
V	Associations & Government Authority	58,509	0.03%
VI	Joint Stock Companies & Others	454,890	0.20%
VII	Shares Held By General Public	19,376,719	8.36%
VIII	Shareholders Holding Ten Percent or More Voting Interests	38,356,155	16.54%
i.	Mr. Abdur Rafique Khan	128,158,960	55.27%
ii.	Mr. Muhammad Tousif Peracha	135,109,449	58.27%

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is Nil.

M. TOUSIF PERACHA
CHIEF EXECUTIVE

(ABDUR RAFIQUE KHAN)
Director

Auditors' Report to the Members

We have audited the annexed balance sheet of Gharibwal Cement Limited (the Company) as at 30 June 2009 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. Financial statements for the prior year were audited by another firm of chartered accountants who issued a qualified opinion dated 4 October 2008.

Except for as discussed in the paragraph (a) below, 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) The Company has not carried out impairment test for its operating fixed assets during the year in accordance with the requirements of International Accounting Standard 36 Impairment of Assets. In our opinion there are strong indicators suggesting that the land and the assets related to old plant may have impaired against which no impairment loss has been recorded. Accordingly in absence of impairment testing and fresh valuation, we could not satisfy ourselves as to the carrying value of these assets along with the effect on the surplus on revaluation of operating fixed assets.

(b) The Company transferred the new cement plant from capital work in progress to operating fixed assets with effect from 1 April 2009. International Accounting Standard (IAS) 16 Property, Plant and Equipment, requires cessation of recognition of cost in the carrying amount of an asset when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Based on the financial information and the production data available, we are of the opinion that the new plant should have been transferred to operating fixed assets with effect from 1 October 2008. Accordingly, the sales and loss for the year have been understated by Rs. 2,175,809 (thousands) and Rs.400,733 (thousands) respectively. Accordingly, carrying value of fixed assets should be decreased by Rs. 400,733 (thousands) and loss for the year and accumulated losses should be increased by Rs. 400,733 (thousands) each.

(c) In our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(d) 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 accounts and are further in accordance with accounting policies consistently applied, except for change in accounting policy as explained in Note 5 to the financial statements, with which we concur;

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;

(e) In our opinion, except for the effect of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the value of the assets referred to in paragraph (a) above and the effect of the matter referred to in paragraph (b), and to the best of our information and according to the explanations given to us, 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 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 30 June 2009 and of the loss, its cash flow and changes in equity for the year then ended; and

(f) No zakat was deductible under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Without qualifying our opinion we draw attention to Note 1 to the financial statements, which indicates that the Company incurred net loss for the year of Rs. 369,848 (thousands) and the Company's net liabilities exceeded its net assets by Rs. 6,524,449 (thousands) as at 30 June 2009. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

M/S Ford Rhodes Sidat Hyder & Co.

Lahore: November 07, 2009

CHARTERED ACCOUNTANTS

Audit Engagement Partner: Mohammed Jun

BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009	(Restated) 2008
		(Rupees in 000)	
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	6.	**10,259,678**	9,199,686
OTHER NON CURRENT ASSETS			
Investments	7	**-**	653
Advances and deposits	8	**62,354**	76,666
Deferred cost	9	**-**	14,192
		62,354	91,511
CURRENT ASSETS			
Stores, spares and loose tools	10	**278,334**	262,388
Stock in trade	11	**371,989**	77,753
Trade debtors	12	**52,694**	-
Advances, deposits and other receivables	13	**432,032**	631,707
Cash and bank balances	14	**67,980**	156,506
		1,203,029	1,128,354
TOTAL ASSETS		**11,525,061**	10,419,551
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
250,000,000 (2008: 250,000,000) ordinary shares of Rs. 10 each		**2,500,000**	2,500,000
Issued, subscribed and paid up capital	15	**2,318,764**	2,318,764
Revenue Reserves			
General reserve		**332,000**	332,000
Accumulated loss		**(1,195,555)**	(856,049)
		(863,555)	(524,049)
		1,455,209	1,794,715
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	16	**1,011,107**	1,041,449
NON CURRENT LIABILITIES			
Redeemable capital	17	**399,680**	399,840
Loans	18	**2,769,723**	5,125,716
Liabilities against assets subject to finance lease	19	**52,297**	139,808
		3,221,700	5,665,364
Deferred liabilities	20	**147,035**	119,322
		3,368,735	5,784,686
CURRENT LIABILITIES			
Trade and other payables	21	**1,309,743**	684,227
Accrued interest / mark-up	22	**494,644**	311,185
Short term borrowings	23	**744,578**	192,537
Current portion of non-current liabilities	24	**2,588,898**	569,308
Taxes and duties	25	**552,147**	41,444
		5,690,010	1,798,701
CONTINGENCIES AND COMMITMENTS	26	**-**	-
TOTAL EQUITY AND LIABILITIES		**11,525,061**	10,419,551

The annexed notes 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009	(Restated) 2008
		(Rupees in 000)	
Sales - net	27	**1,250,254**	-
Cost of sales	28	**1,126,459**	75,230
Gross profit / (loss)		**123,795**	(75,230)
Selling and distribution expenses	29	**8,793**	5,408
General and administrative expenses	30	**68,157**	71,778
Other operating expenses	31	**45,771**	400
		122,721	77,586
		1,074	(152,816)
Other operating income	32	**10,702**	13,281
Profit / (loss) from operations		**11,776**	(139,535)
Finance costs	33	**370,766**	154,047
		(358,990)	(293,582)
Termination benefits		**-**	(270,564)
Loss before taxation		**(358,990)**	(564,146)
Taxation	34	**10,858**	(47,884)
Loss after taxation		**(369,848)**	(516,262)
Earnings per share - basic/diluted	35	**(1.60)**	(4.34)

The annexed notes 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	2009	Restated 2008
CASH FLOW FROM OPERATING ACTIVITIES	(Rupees in 000)	
Net loss before taxation	**(358,990)**	(564,146)
Adjustments for non cash charges and others		
Depreciation on operating fixed assets	**168,535**	64,519
Profit on sale of fixed assets	**-**	(30)
Profit/Interest income for the year	**(10,702)**	(4,195)
Provision for retirement benefits	**13,329**	4,060
(Reversal)/provision for diminution in value of investments	**653**	290
Financial charges	**370,766**	136,170
Loss due to exchange fluctuation	**60,820**	17,877
Taxes and duties	**-**	11,640
Provision for slow moving stores and spares	**2,376**	-
Amortization of discount on issue of shares	**14,192**	20,000
	619,969	250,331
	260,979	(313,815)
(Increase)/decrease in current assets		
Stores, spares and loose tools	**(18,322)**	(86,070)
Stock in trade	**(294,236)**	-
Other receivables	**199,675**	(369,281)
Trade debtors	**(52,694)**	-
Increase/(decrease) in current liabilities		
Taxes and duties	**533,196**	-
Trade and other payables	**625,516**	90,284
	993,135	(365,067)
Cash generated by / (used) in operations	**1,254,114**	(678,882)
Financial charges paid	**(187,307)**	(472,446)
Taxes paid	**(5,638)**	-
Retirement benefit paid	**(13,329)**	(2,007)
Net decrease in long term loans and advances to staff	**14,312**	476
Net increase in long term deposits and prepayments	**-**	(5,009)
Net decrease in long term deposit from customers	**-**	(75)
Net cash inflow / (outflow) from operating activities	**1,062,152**	(1,157,943)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	2009	Restated 2008
	(Rupees in 000)	
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure-net	**(1,228,527)**	(1,280,555)
proceeds from sale of fixed assets	-	321
Security deposits paid against finance lease	-	(48,757)
Interest received	**10,702**	4,461
Net cash outflow from investing activities	**(1,217,825)**	(1,324,530)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of right shares	-	600,000
(Repayment of) / proceeds from redeemable capital	**(160)**	175,000
Payment of long term loans	**(397,223)**	1,310,958
Short term finances - net	**552,041**	25,997
Repayment of foreign currency loan	-	(188,097)
Lease finance - net	**(87,511)**	(35,811)
-		
Net cash inflow from financing activities	**67,147**	1,888,047
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(88,526)**	(594,426)
CASH AND CASH EQUIVALENTS		
- at the beginning of the year	**156,506**	750,932
CASH AND CASH EQUIVALENTS		
- at the end of the year	**67,980**	156,506

The annexed notes 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

Particulars	Note	Share Capital	General Reserve	Accumulated Loss	Total
		-------------(Rupees in thousand)-------------			
Balance as at 01 July 2007- as reported		1,718,764	332,000	(372,757)	1,678,007
Right issue of 60,000 (thousands) No. of shares at Rs. 10 each		600,000	-	-	600,000
Loss for the year ended 30 June 2008 as reported		-	-	(315,918)	(315,918)
Effect of compliance with IAS-19	2.2			(201,064)	(201,064)
Loss for the year ended 30 June 2008 as restated		-	-	(516,262)	(516,262)
Surplus on revaluation of fixed assets transferred: - Incremental depreciation charged during the year [net off deferred tax of Rs. 17,753 thousands]		-	-	32,970	32,970
Balance as at 30 June 2008-as restated		**2,318,764**	**332,000**	**(856,049)**	**1,794,715**
Loss for the year ended 30 June 2009		-	-	(369,848)	(369,848)
Surplus on revaluation of fixed assets transferred: - Incremental depreciation charged during the year [net off deferred tax of Rs. 16,338 thousands]		-	-	30,342	30,342
Balance as at 30 June 2009		**2,318,764**	**332,000**	**(1,195,555)**	**1,455,209**

The annexed notes 1 to 43 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

1. LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan on 29 December 1960 as a Public Limited Company; its shares are quoted on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 34 Main Gulberg, Lahore. It is principally engaged in production and sale of cement. The Company commenced production from its new dry process gray cement plant of 6,700 TPD clinker capacity from 1 April 2009.

During the year, the Company has incurred a loss of Rs. 369,848 (thousand). The paid-up capital and reserves (net of losses), long term debt, current liabilities and current assets of the Company amounts to Rs.1,455,209 (thousand) 3,221,700 (thousand), 5,690,010(thousand) and 1,203,029(thousand), respectively. In order to address this situation, management has entered into negotiation with various financial institutions to strengthen the working capital position of the company, and restructuring of term loans.

In addition to the negotiations with the various financial institutions, the sponsoring directors, being the majority shareholder of the Company, have extended their commitment to support and assist the Company in ensuring that it remains viable in achieving its objectives in the long run, accordingly, they have deferred the payment of their loan as and when cash flow position of the Company allows it to do so.

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

2. STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Change in Accounting Policy

The Company has changed its accounting policy for recording of assets acquired under Ijarah in accordance with the requirements of Islamic Financial Accounting Standard (IFAS) “Ijarah”, during the year. Previously, the assets acquired under Ijarah were recorded in the Company's books while installments (Ujrah) were appropriated between the principal repayment and mark-up using the effective rate of return. This change in accounting policy has been applied retrospectively as prescribed by the International Accounting Standards 8

"Accounting Policies, Changes in Accounting Estimates and Errors" and the comparatives have been restated. Had this change not been made, the property, plant and equipment, long term loans, current liabilities and accumulated loss would have been higher by Rs. 118,500 (thousands), Rs. 120,000 (thousands), Rs. 14,271 (thousands) and Rs. 12,589 (thousands), respectively and earnings per share would have decreased by Rs. 0.50.

2.3 Compliance with International Accounting Standards-19-Employees Benefit

During the year, provision relating to Golden Handshake Scheme in accordance with para 137 of IAS-19 have been accounted for and prior year financial statements have been restated accordingly. The effect of the restatement on those financial statements is summarized below. There is no effect in the current financial statements.

	2009
	Rs (000)
Increase in termination benefits	201,064
Increase in trade and other payable	201,064
Increase in loss	201,064
Decrease in equity	201,064
Decrease in earnings per share	0.22 per share

2.4 Change in accounting estimates

During the year, the Company changed its accounting estimate for depreciating property, plant and equipment from straight line method to reducing balance method. This change in accounting estimate has been accounted for as per the requirements of the International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had this change not been made the property, plant and equipment, surplus on revaluation of operating fixed assets and deferred tax liability would have been lower by Rs 29,231 (thousands), Rs 16,960 (thousands), and Rs. 16,167 (thousands), respectively; accumulated loss have been higher by Rs. 10,231 (thousands) and earnings per share lower by Rs. 0.04

2.5 Adoption of new accounting Standards

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 01 July 2008:

IFRS 7	Financial Instruments: Disclosures
IFRIC 12	Service Concessions Arrangements
IFRIC 13	Customer Loyalty Programs; and
IFRIC 14	IAS 19- the limit on defined benefit asset, minimum funding requirement and their interactions
IFRS 2	Share-based payments

Adoption of these standards and their interpretations did not have any material effect on the financial statements of the Company except for the certain additional disclosures in respect of IFRS 7 included in the relevant notes to financial statements.

2.6 Standards, Interpretations and amendments to published approved accounting standards those are not yet effective:

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standard or Interpretation	Effective Date (Periods beginning on or After)
IAS 1 Presentation of Financial Statements (Revised)	01 January 2009
IAS 23 Borrowing Costs (Revised)	01 January 2009
IAS 27 Consolidated and Separate Financial Statements(Revised)	01 July 2009
IAS 32 Financial Instruments (Amended)	01 January 2009
IAS 39 Financial Instruments Recognition and Measurement (Amended)	01 January 2009
IFRS 2- Share-Based Payment (Amended)	01 January 2009
IFRS 3- Business Combinations (Revised)	01 July 2009
IFRS 8- Operating Segments	01 January 2009
IFRIC 15- Agreements for the construction of Real Estate	01 January 2009
IFRIC 16- Hedges of a Net Investment in a Foreign Operation	01 October 2009
IFRIC 17- Distributions of Non-cash Assets to owners	01 July 2009
IFRIC 18- Transfers of Assets from Customers	01 July 2009

The Company expects that the adoption of the above standards and interpretations will not have any material impact on the Company's financial statements in the period of initial application other than to the extent of certain changes and/ or enhancements in the presentation and disclosures in the financial statements resulting from the application of IAS1.

The revised IAS 1 was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income. It presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements.

In addition to the above, amendments to various accounting standards have also been issued by IASB as a result of its annual improvement project. Such amendments are generally effective for account periods beginning on or after 1 January 2009. The Company expects that the adoption of the above standards and interpretations will not have any material impact on the Company's financial Statements in the period of initial application.

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except that certain fixed assets have been included at revalued amounts for foreign exchange. 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS,ESTIMATES AND ASSUMPTIONS

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. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an on going basis. Revision 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 the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. 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.

4.2 Provision for doubtful receivables

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

4.3 Useful life and residual values of property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment, if any.

4.4 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable.

4.5 Provision for defined employee's benefits

Defined benefit plans are provided for permanent employees of the Company subject to completion of a prescribed qualifying period of service. The plans are structured as separate legal entities managed by trustees except compensated absences for which liability is recognized in the Company's financial statements. These plans are evaluated with reference to uncertain events and based upon actuarial assumptions including inter alia, discount rates, expected rates, expected rates of return on plan assets, expected rates of salary increases, medical cost rates and mortality rates. The actuarial valuations are conducted by independent actuaries on annual basis. Gratuity costs primarily represent the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant & equipment and depreciation

Owned

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

Depreciation is charged at the rates stated in note 6 applying reducing balance. The useful life and residual value 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. Depreciation is charged from the month when it becomes available for use.

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

Normal repairs and maintenance are charged to profit and loss account 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. 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 6 by applying reducing balance whereby the cost/revalued amount and capitalized exchange fluctuation of an asset are written-off over its estimated useful life.

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

5.2 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, while 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 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, are measured at cost. 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.

5.3 Deferred cost

All deferred costs including discount on issue of shares incurred and deferred before 05 July 2004 are amortized over a period of five years in accordance with the provisions of substituted Fourth Schedule to the Companies Ordinance 1984.

5.4 Stores and spares

These are valued at lower of moving average cost and net realizable value except items-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 Net Realizable Value (NRV). Provision is made for slow moving items and obsolete store items.

5.5 Stock-in-trade

Basis of valuation are as follows:

Particulars		*Mode of valuation*
Raw materials	-	Lower of annual average cost and net realizable value

Work-in-process	-	Lower of NRV or average cost comprising quarrying cost, transportation, government levies, direct cost of raw material, labour and other manufacturing overheads.
Finished goods	-	Lower of cost and net realizable value.
Packing materials	-	At lower of simple moving average cost and net realizable value

Cost in relation to work-in-process and finished goods represent 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 Net realizable value. Net realizable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to affect such sale.

5.6 Trade debts

Trade debts are carried at invoice amount on transaction date less any estimate of provision for doubtful receivables. Known bad debts are written off as and when identified.

5.7 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.

5.8 Ijarah

Ujarah payments under an Ijara are recognized as an expense in the profit and loss account on a straight-line basis over the Ijarah term.

5.9 Financial instruments

Financial assets are short term investment, long term deposits, long term loans, trade debtors, loans 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, 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.

5.10 Offsetting 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.

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.

5.11 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 cash generating unit is reduced to its recoverable amount by charging the impairment loss against profit and loss account for the year.

5.12 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.

Deferred tax liability is recognised for all taxable temporary differences and deferred tax asset is recognised for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profit will be available against these can be utilized. The Company recognizes deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related surplus.

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.

5.13 Revenue recognition

Sale of goods

Sales are recorded on dispatch of goods to customers.

Interest Income

Interest income is accounted for on accrual basis.

Dividend Income

Dividend income is recognized when the company's right to receive payment is established.

5.14 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 20.2. 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 profit and loss account over the expected average remaining working lives of the employees participating in the plan.

(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 profit and loss account 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 profit and loss account. Actuarial gains and losses are recognized immediately.

5.15 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 profit and loss account in the period of incurrence.

5.16 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid for goods and services.

5.17 Foreign currency translation

Assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevalent on the balance sheet date.

All exchange differences arising from foreign currency transactions / translations are charged to profit and loss account.

5.18 Related party transactions

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.

5.19 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.

6. PROPERTY, PLANT, AND EQUIPMENT

	Note	2009	2008
		(Rupees in 000)	
Operating fixed assets	6.1	**10,163,325**	2,316,429
Capital work in progress	6.2	**96,353**	6,883,257
		10,259,678	9,199,686

6.1 OPERATING FIXED ASSETS

Particulars	COST / REVALUATION				DEPRECIATION					
	As at 01 July 2008	Additions during the year	(Disposals)/ transfer for the year	As at 30 June 2009	Rate %	Accumulated as at 01 July 2008	Charge for the year	Adjustment on (disposal)/ transfers	Accumulated as at 30 June 2009	Book value as at 30 June 2009
	Rupees in '000'									
2009										
Owned assets										
Land - freehold	585,145	-	-	585,145		-	-	-	-	585,145
Buildings & foundations	462,721	1,519,396	-	1,982,117	5-10	295,684	34,750	-	330,434	1,651,683
Leasehold land	18,040	-	-	18,040	5-10	12,592	545	-	13,137	4,903
Heavy Vehicles	162,381	-	-	162,381	20	137,545	4,967	-	142,512	19,868
Plant and machinery - Line I	2,080,809	-	-	2,080,809	5	927,014	56,210	-	983,224	1,097,585
Plant and machinery - Line II	-	6,486,675	-	6,486,675	Unit of production method based on 25 years' life	-	49,314	-	49,314	6,437,361
Railway sidings	9,339	-	-	9,339	7	6,122	225	-	6,347	2,992
Roads	4,847	-	-	4,847	5	2,837	101	-	2,938	1,910
Loose tools	1,403	-	-	1,403	10	1,309	9	-	1,318	85
Furniture, fixtures and other office equipment	41,211	1,461	-	42,672	10	28,337	1,342	-	29,679	12,993
Transport assets	31,427	2,241	-	33,668	20	26,944	1,064	-	28,008	5,660
	3,397,323	8,009,773	-	11,407,096		1,438,384	148,527	-	1,586,911	9,820,184
Assets subject to finance lease:										
Plant and machinery	386,271	-	-	386,271	5	40,719	17,278	-	57,997	328,274
Heavy vehicles	4,495	-	-	4,495	20	2,654	368	-	3,022	1,473
Vehicles	16,044	5,659	-	21,703	20	5,947	2,362	-	8,309	13,394
	406,810	5,659	-	412,469		49,320	20,008	-	69,328	343,141
	3,804,133	**8,015,432**	-	**11,819,565**	-	**1,487,704**	**168,535**	**-**	**1,656,239**	**10,163,325**

Particulars	COST / REVALUATION				DEPRECIATION					
	As at 01 July 2008	Additions during the year	(Disposals)/ transfer for the year	As at 30 June 2009	Rate %	Accumulated as at 01 July 2008	Charge for the year	Adjustment on (disposal)/ transfers	Accumulated as at 30 June 2009	Book value as at 30 June 2009
	Rupees in '000'									
2008										
Owned assets										
Land - freehold	582,215	2,930	-	585,145		-	-	-	-	585,145
Buildings & foundations	462,721	-	-	462,721	5-10	278,559	17,125	-	295,684	167,037
Leasehold land	18,040	-	-	18,040	5-10	11,990	602	-	12,592	5,448
Heavy Vehicles	162,381	-	-	162,381	20	131,336	6,209	-	137,545	24,836
Plant and machinery	2,080,809	-	-	2,080,809	5	866,288	60,726	-	927,014	1,153,795
Railway sidings	9,339	-	-	9,339	7	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
	3,797,402	**8,457**	**(1,726)**	**3,804,133**	-	**1,380,947**	**108,193**	**(1,436)**	**1,487,704**	**2,316,429**

6.1.2 Vehicles subject to finance lease include vehicles of Rs. 2,780 (thousands) (2007: Rs. 2,780 (thousands) are in the name of four employees of the company.

6.1.3 The revaluation of the Company's freehold land, building, railway siding, heavy vehicles and plant and machinery situated at its plant site,was carried at 30 June 2006 by an independent Valuers M/S Hamid Mukhtar & Co. (Pvt) Ltd 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 revaluation had produced incremental revaluation surplus of Rs. 902,690 (thousands).

6.1.4 Due to the non availability of underlying record of each revalued item of Property, Plant and Equipment of previous years in relation to their respective cost, the carrying amount could not be determined, had these been carried out under the cost model.

6.1.5 Depreciation has been allocated as under :

	2009	2008
	(Rupees in 000)	
Cost of sales	136,240	61,939
General and administrative expenses	2,433	2,290
Selling and distribution expenses	219	290
Capital work in progress	29,643	43,675
	168,535	108,194

6.2 CAPITAL WORK-IN-PROGRESS

	Note	Opening Balance	Additions	Transfer to Operating fixed assets	Closing Balance
		Rupees in thousands			
Civil Work and building		1,663	19,925	1,663	19,925
Dry Cement Plant					
Civil Work		1,343,477	168,243	1,511,720	-
Plant and Machinery		4,639,640	975,153	5,614,793	-
		5,983,117	1,143,396	7,126,513	**0**
Dual fuel electric power generation plant					
Civil Work		4,597	1,417	6,014	-
Plant and Machinery		817,452	54,430	871,882	0
		822,049	55,847	877,896	0
		6,806,829	1,219,168	8,006,072	19,925
Stores and spares held for capital expenditure	**6.2.1**	76,428		0	76,428
		6,883,257	**1,219,168**	**8,006,072**	**96,353**

6.2.1 This represents the cost of filter press machinery acquired to convert the old plant from wet to semi dry manufacturing process and includes stores valuing Rs. 6,000 (thousands) (2008: Rs. 6,000 (thousands)) presently lying under the control of custom authorities at their bonded custom warehouse.

	Note	2009	2008
		(Rupees in 000)	
6.2.2 Borrowing cost capitalized during the year and the results of trial run operations are as follows:			
Borrowing cost capitalized		**735,955**	**743,000**
Profit from trial run operations		**191,542**	**0**

7 INVESTMENTS

At fair value through profit or loss

	Note	2009	2008
Cost of acquisition	7.1	**1,161**	1,161
Less: Provision for impairment	7.2	**(1,161)**	(508)
		-	653

7.1 These represent investments in shares / certificates of various listed and unlisted companies / modarabas made in mid 1990s. Since the investment in these, number of investee companies have either merged or have been delisted. The present management has neither the complete information nor the physical possession of these shares / certificates. In view of the above, the management has made full provision thereagainst.

7.2 Provision for impairment

	2009	2008
Opening balance	**653**	219
Charge for the year	**508**	434
Closing balance	**1,161**	653

8 ADVANCES AND DEPOSITS

LOANS TO STAFF - considered good/secured

	Note	2009	2008
Employees	8.1	**1,259**	2,033
Less: Current portion shown under current assets		**(740)**	(788)
DEPOSITS			
Security deposits			
Rented premises		**1,278**	5,038
Trade		**1,303**	1,466
Finance lease		**48,000**	48,000
Ijarah		**27,825**	32,691
Less: current portion shown under current assets		**(16,571)**	(11,774)
		62,354	76,666

8.1 These represent loans as per the terms of employment given for the purposes of house building, purchase of motor cars / motorcycles, house repair Loans and emergency loans. House building and vehicle loans are secured against charge on these assets, lien on r etirement benefits and Personal / third party guarantee sand 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.

	Note	2009	2008
9 DEFERRED COST		(Rupees in 000)	
Discount on issue of shares		**100,000**	100,000
Less: Balance as at July 01, 2008		**85,808**	65,808
Charge for the year		**14,192**	20,000
		100,000	85,808
Balance as at June 30, 2009		**-**	14,192

	Note	2009	2008
10 STORES, SPARES AND LOOSE TOOLS			
Stores	10.1	**211,145**	195,109
Spares		**66,768**	66,448
Loose tools		**421**	831
		278,334	262,388

10.1 This includes store-in-transit valuing Rs. 18,901 (thousands) (2008: Rs.Nil).

	Note	2009	2008
11 STOCK-IN-TRADE			
Raw materials		**19,080**	11,701
Work-in-process	28	**251,877**	30,967
Finished goods	28	**81,208**	34,652
Packing materials		**19,824**	433
		371,989	77,753
12 TRADE DEBTORS - unsecured			
Considered good		**52,694**	-
Considered doubtful		**442**	442
Less: Provision for doubtful debts		**442**	442
		-	-
		52,694	-

12.1 As at 30 June 2009, the ageing analysis of unimpaired trade debts is as follows:

	Total	past due but not impaired: 1 - 90 days	past due but not impaired: 90 - 180 days
	---------(Rupees in '000')---------		
2009	52,694	**48,228**	**4,466**
2008	-	-	-

	Note	2009	2008
		(Rupees in 000)	

13 ADVANCES, DEPOSITS AND OTHER RECEIVABLES

	Note	2009	2008
Loans and advances - unsecured, considered good			
Balouchistan Glass Limited - associated undertaking	13.1	**75,000**	-
Advances to staff	13.2	**14,581**	9,333
Advances to suppliers -		**249,068**	497,311
Current portion of loans to staff		**740**	788
Short terms deposits		**18,725**	38,730
Sales tax input claimable	13.3	**56,561**	78,216
Income tax refundable		**8,198**	-
Accrued Interest		**9,159**	332
Advisory fee receivable		**-**	4,219
Others		**-**	2,778
		432,032	631,707

13.1 This carries markup at the rate of 1% above the rate charged to the Company by the financial institutions.

13.2 This includes advances amounting to Rs 5,137 (thousand) (2008:5,565 (thousands)) given for the company business. Advances given to Chief Executive Officer and Directors were Rs Nil (2008: Rs Nil).

13.3 This includes sales tax deducted on local supplies and import of plant and machinery to be claimed under the provisions of Sales Tax Act, 1990.

14 CASH AND BANK BALANCES

	Note	2009	2008
Cash in hand		**2,306**	2,170
Cash at bank			
Current accounts	14.1	**35,774**	128,309
Deposit account	14.2	**10,006**	10,050
Saving accounts	14.3	**19,894**	15,977
		67,980	**156,506**

14.1 This includes Rs. 1,352 (thousands) (2008:Rs.1,326 (thousands)) deposited in separate account against security deposits received from customers (refer to Note 21).

14.2 This includes Fixed Deposit of Rs 10,000 (thousands) (2008: Rs 10,000 (thousands)) under lien against Profit Participation Term Finance Certificate (PPTFC). (Referred to Note 18).

14.3 These include Rs. 15,000 (thousands) (2008: Rs. 15,000 thousands) under lien in connection with a letter of guarantee given by a Commercial bank on behalf of the Company (refer to note 26.10). These carry markup at the rates ranging from 4.5 - 6 % p.a (2008:4-8%p.a).

15 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Ordinary shares of Rs. 10 each

2009	2008		2009	2008
(Numbers)			(Rupees in 000)	
218,445,000	218,445,000	fully paid in cash	**2,184,450**	2,184,450
13,431,417	13,431,417	fully paid bonus shares	**134,314**	134,314
231,876,417	231,876,417		**2,318,764**	2,318,764

15.1 Number of shares issued as right shares are Nil (2008; 60,000,000).

15.2 Shares of the Company held by foreign associated undertakings incorporated in Island of Nevis.

	2009	2008
	(Numbers)	
Astoria Investment Limited	**4,282,112**	4,282,112
Topaz Holdings Limited	**4,082,112**	4,082,112
	8,364,224	8,364,224

16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2009	2008
	(Rupees in 000)	
Opening balance of surplus on revaluation of fixed assets	**1,602,229**	1,652,952
Transferred to accumulated loss in respect of incremental depreciation charged during the year	**(46,680)**	(50,723)
	1,555,549	1,602,229
Less: Deferred tax liability on		
Opening balance of revaluation	**560,780**	578,533
Incremental Depreciation charged on related assets	**(16,338)**	(17,753)
Deferred Tax Liability on surplus on revaluation	**544,442**	560,780
Closing balance of surplus on revaluation of fixed assets	1,011,107	1,041,449

16.1 This represents the surplus on revaluations of freehold land, buildings, plant & machinery including heavy vehicles and railway sidings which were carried out during June 2006 and will be actually realized on disposal of the assets or may be applied by the company in setting off and in diminution of any deficit arising from the revaluation of any other fixed asset of the company.

17 REDEEMABLE CAPITAL

	2009	2008
Term Finance Certificate	**399,840**	400,000
Less: Current portion grouped under current liabilities	**(160)**	(160)
	399,680	399,840

This represents redeemable capital in the form of Privately Placed Term Finance Certificates (PPTFC) issued on 18 January 2008 to the financial institutions aggregating to Rs. 400,000 (thousands) [80,000 certificates of Rs 5,000 each], registered with Central Depositary Company. These PPTFC are redeemable in ten semi-annual installments during the period of five years along with profit at the rate of KIBOR (6 months ask rate) plus 300 bps p.a (2008: 6 months KIBOR ask side plus 300 bps p.a.) Proceeds from these PPTFC were to be used to swap higher interest debts.

This redeemable capital is secured by way of lien on fixed deposit of Rs.10,000 (thousands) (referred to Note 14.2) 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 to Rs.666,667 (thousands).It is also secured by a corporate guarantee of Rs.426,000 (thousands) given by a bank on behalf of the Company. The said guarantee is secured against a ranking charge on all present and future fixed assets (excluding land & building) up to Rs.533,330 (thousands).

18 LOANS

	Note	2009	2008
		(Rupees in 000)	
Loans from related parties	18.1	**1,895,128**	2,200,109
Loans from banking companies and financial institutions	18.2	**874,595**	2,675,607
Others		**-**	250,000
		2,769,723	5,125,716

18.1 Loans from related parties - Unsecured

M Tousif Paracha	18.1.1	**1,185,915**	1,419,363
Abdur Rafiq Khan	18.1.1	**643,308**	780,746
Associated undertaking-Pak Hy- Oils Limited	18.1.2	**46,000**	-
Loans from Gharibwal employees provident fund	18.1.3	**19,905**	-
		1,895,128	2,200,109

18.1.1 These are the loans obtained from the sponsoring directors of the Company and repayable on the basis of cash flow position of the Company. However the sponsoring directors have confirmed that they would not demand the payment before 30 June 2010. Mark up is payable @ 18% p.a.

18.1.2 This represents loan obtained from Pak Hy-Oils Limited, an associated company, for settlement of lease finance obligation of the Company. The facility carries mark-up at the rate of 10% and is repayable after 30 June 2010.

18.1.3 Loans from Gharibwal cement employee's provident fund

Loans from Gharibwal Cement Employees Provident Fund Trust	**25,905**	-
Less: Current portion	**6,000**	-
	19,905	-

18.1.3.1 During the year the Company entered into an agreement with the trustees of the Gharibwal Cement Employees Provident Fund Trust (the Fund), Restructuring the short term loan obtained from the Fund along with contributions and interest payable up to 30 June 2009. The facility carries interest at the Rate of 16% on the outstanding balance on quarterly basis with effect from 1 July 2009. The facility is repayable in monthly installments of Rs. 1,000 (thousands) starting from January 2010.

Securities and Exchange Commission of Pakistan (SECP) during the year issued order against the Company under section 227 read with section 229 and section 476 of the Companies Ordinance 1984, requiring the Company to arrange special audit of the Fund within 30 days of the date of the order to determine the amount payable along with mark-up and liquidation damages under the agreement entered into in 2003. The amount so determined is payable to the Fund within 15 days from the receipt of such report by the auditors.

18.2 Loans from banking companies and financial institutions - Secured

	Type of facility	Note	2009	2008
			(Rupees in 000)	
Silk Bank Limited (formerly Saudi Pak Commercial Bank Limited)	Demand Finance	18.2.1	6,500	26,000
Saudi Pak Industrial & Agricultural Investment Co. Limited	Demand Finance	18.2.2	9,375	13,125
Orix Investment Bank (Pakistan) Limited	Term Finance	18.2.3	10,553	17,368
First Credit and Investment Bank Limited	Term Finance	18.2.3	1,579	4,737
Syndicate Term Finance	Term Finance	18.2.4	1,545,258	1,545,258
The Bank of Punjab (the BOP)	Demand Finance	18.2.5	350,000	350,000
Pak Brunei Investment Company Limited	Bridge Finance	18.2.6	250,000	250,000
National Bank of Pakistan (NBP)	Demand Finance II	18.2.7	250,000	-
KASB Bank Limited	Demand Finance	18.2.8	132,000	132,000
Faysal Bank Limited	Term Finance	18.2.9	118,932	166,508
			2,674,197	2,504,996
Note payable - Foreign currency		18.2.10	**687,198**	644,285
Less: Current portion grouped under current liabilities				
From banking companies and other financial institutions			2,486,800	473,674
			874,595	2,675,607

18.2.1 The facility carries mark-up at the rate of 6 months KIBOR (ask side) plus 300 bps and is secured against first pari passu charge of Rs.334,000 (thousands) over all present and future fixed assets of the Company and is repayable on September 2009

18.2.2 As per the terms of the agreement the facility was payable in sixteen quarterly installments over a period of five years (including one year grace period),commencing from December 2004. The facility carries mark-up at the rate of 6 months KIBOR (ask side) plus 500 bps and is secured against first mortgaged pari passu charge of Rs.455,000 (thousands) on all fixed assets of the Company. The facility is further secured by first charge on current assets of the Company of Rs. 95,000 (thousands) .

18.2.3 These represent the balance of term facilities aggregating to Rs.40,000 (thousands) obtained during the year ended June 2005 as part of the consortium to finance import of two Gas Generators of Rs.320,000 (thousands).The remaining amount was financed through leasing companies (Rs.250,000 (Thousands) while Rs.30,000 (thousands) was contributed by the Company. These term facilities were repayable in nineteen quarterly installments over a period of five yearscommencing from 29 December 2004 and carry mark-up at the rate of 6 months KIBOR plus 600 bps. These facilities of Rs.290,000 (thousands) are secured by first pari passu mortgage charge of Rs. 426,670 (thousands)over assets of the Company.

18.2.4 This represents term finance facility obtained in September 2005 from a consortium of financial institutions led by Saudi Pak Leasing Corporation Limited to finance the new dry process gray cement plant of 6,700 TPD clinker capacity.The facility carries mark-up at the rate of 6 months KIBOR (ask side) plus 550 bps with a floor of 8.50% and is repayable in five years including two years grace period commencing from 01 April 2006. The facility is secured against joint pari passu charge over all present and future fixed assets of the Company to the extent of Rs. 2,210,000 (thousands) and personal guarantees of the directors of the Company. The entire facility has been grouped under current portion in these financial statements in line with the syndicate loan facility agreement.

18.2.5 This represents term finance obtained to meet the cost over runs of the new dry cement plant. This facility carries mark-up at the rate of 6 months KIBOR plus 250 bps and is payable in eight bi-annual installments commencing from 23 October 2008 over a period of five years including grace period of one year. The facility is secured by joint pari passu change over all present and future fixed assets of the Company up to Rs. 467,670 (thousands).

18.2.6 As per the terms of the agreement the facility is due in July 2009. The facility carries mark-up at the rate of 3 months KIBOR plus 350bps.The facility is secured by ranking charge over fixed assets of the Company with 25% margin.

18.2.7 The facility carries mark-up at the rate of 3 months KIBOR plus 350. The mark-up is payable quarterly while the principal as per the revised terms,signed on 22 June 2009, is payable on 3 February 2011. The facility is secured by ranking charge on fixed assets of Rs. 357,000 (thousands).

18.2.8 The facility carries mark-up at the rate of 3months KIBOR plus 400 bps and was payable on 31 March 2009. The facility is secured against joint pari passu charge on fixed assets with 25% margin.

18.2.9 The facility carries mark-up at the rate of 3 months KIBOR plus 350 bps and is payable in quarterly installment commencing from 20 September 2007 over a period of four years including six months grace period. The facility is secured against charge on fixed assets for Rs. 187,000 (thousands).

18.2.10 This represents payable against import of 3 dual fuel power generators maturing on 10 August 2009 for Euro 5,985 (thousands)

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These represent finance lease sent entered into with leasing companies against purchase of plant and machinery and vehicles. The rentals are payable in quarterly installments in arrears .The leases amounting to Rs.250,000 (thousands) are secured against first paripas surcharge of Rs.426,670 (thousands) over assets of the company as explained in Note 20.2.3 to the financial statements.While remaining leases are secured against security deposit of Rs. 27,825 (thousands). Financing rates approximately ranges from 14% to 28% per annum (2008 : 8% to 24% per annum) along with KIBOR linked facilities which is six month KIBOR plus 6.5% per annum (2008:six month KIBOR plus 6% per annum) have been used as discounting factor

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

	2009			2008		
	Minimum lease payments	**Financial charges for future payments**	**Principal outstanding**	Minimum lease payments	Financial charges for future payments	Principal outstanding
		(Rupees in 000)			(Rupees in 000)	
Not later than one year	**120,454**	**24,516**	**95,938**	140,292	44,818	95,474
Later than one year and not later than five years	**57,923**	**5,626**	**52,297**	157,493	17,685	139,808
	178,377	**30,142**	**148,235**	297,785	62,503	235,282

The amount of future payments of the lease and the period in which these payments will become due are as follows:

Years	Note	**2009**	2008
		(Rupees in 000)	
2009		-	140,292
2010		**109,658**	122,785
2011		**53,745**	34,708
2012		**12,215**	-
2013		**2,759**	-
Minimum lease payments		**178,377**	297,785
Less: Future financial charges		**30,142**	62,503
		148,235	235,282
Less: Current maturity of lease liabilities		**(95,938)**	(95,474)
		52,297	139,808

DEPOSITS FROM CUSTOMERS

These represent interest free securities received from dealers. These are refundable on the termination of dealership and have been kept in the separate bank account in accordance with the requirement section 226 of the Companies Ordinance of 1984.

20 DEFERRED LIABILITIES

	Note	2009	2008
Deferred taxation	22.1	**136,319**	113,952
Employees benefits	22.2	**10,716**	5,370
		147,035	119,322

20.1 DEFERRED TAXATION

		2009	2008
		(Rupees in 000)	
Deferred tax on taxable temporary differences:			
Accelerated depreciation for tax purposes		**1,853,683**	398,086
Leased assets		**55,017**	66,126
		1,908,700	464,212
Deferred tax on deductible temporary differences:			
Lease finance liabilities		**(45,138)**	(71,048)
Provisions for retirement benefit		**(10,323)**	(8,982)
		(55,461)	(80,030)
		1,853,239	384,182
Deferred tax on unused tax losses		**(1,716,920)**	(270,230)
Net deferred tax liability		**136,319**	113,952

20.2 Employees benefits

		2009	2008
Accumulated compensated absences	20.2.1	**8,772**	3,426
Frozen termination benefits	20.2.2	**1,944**	1,944
		10,716	5,370

20.2.1 Movement in the liability recognized in the balance sheet

	2009	2008
Net liability at the beginning of the year	**3,426**	3,777
Expense recognized in income statement	**6,795**	376
Payments by the company	**(1,449)**	(727)
	8,772	3,426

Reconciliation of the present value of defined benefit obligation

	2009	2008
Present value of defined benefit obligations-opening	**3,426**	3,777
Current service cost	**715**	142
Past service cost for new membership of officers at works	**5,132**	-
Interest cost	**411**	378
Benefits paid	**(1,449)**	(727)
Actuarial (gain) / loss	**537**	(144)
Present value of defined benefit obligations-closing	**8,772**	3,426

Expense recognized in profit and loss account

	2009	2008
Current service cost	**715**	142
Interest cost	**411**	378
Actuarial (gain) / loss	**537**	
Past service cost of new membership of officers at Works	**5,132**	-
	6,795	520

Principal actuarial assumptions

The latest actuarial valuation was carried out as at 30 June 2009 under the 'Projected Unit Credit Method'.

The main assumptions used for actuarial valuation are as follows:	**2009**	**2008**
Discount rate	12% p.a.	12% p.a.
Expected rate of future salary increase	11% p.a.	11% p.a.
life time of employees	7 days	7 days

20.2.2 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.

21 TRADE AND OTHER PAYABLES

	Note	2009	2008
		(Rupees in 000)	
Creditors		**536,805**	436,385
Retention money		**146,134**	127,040
Accrued liabilities		**408,396**	56,113
Ijara payable	21.1	**26,860**	-
Advances from customers		**74,133**	10,459
Due to workers' profit participation fund	21.2	**16,499**	16,010
Gratuity Fund	21.3	**25,130**	22,238
Provident Fund		**-**	2,734
Provision for frieght		**45,085**	-
Unclaimed dividend		**146**	146
		1,279,188	671,125
Interest free deposits:			
Repayable on demand		**3,415**	2,873
Others		**19,530**	3,947
		22,945	6,820
Others		**7,610**	6,282
		1,309,743	684,227

21.1 Ijarah financing

This represents the Ijarah finance facility taken from Askari Bank Limited amounting to Rs 120,000 (thousands) forimport of cement packing (Stationery machine), wagon loading machines, belt conveyors and associated equipments at the rate of 6 months KIBOR plus 250 bps with a Floor rate of 12.5% and cap of 22% per annum. Facility is secured against the exclusive ownership of the bank on machinery to the extent of Rs 120,000 (thousands), 40% deposit and Corporate Guarantee of the Company.

The total of future ujrah payments under Ijarah, for each of the following periods:

		2009	2008
(i)	Not later than one year	Nil	26,860
(ii)	Later than one year and not later than five years	Nil	53,719

21.2 Due to workers' profit participation fund

	2009	2008
Opening balance	**16,010**	15,178
Interest on funds utilized by the company	**2,209**	2,960
	18,219	18,138
Less: amount paid during the year	**1,720**	2,128
	16,499	16,010

21.3 Gratuity

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

Movement in the liability recognized in the balance sheet

	2009	2008
Net liability at the beginning of the year	**22,238**	19,834
Expense recognized in profit and loss account	**6,534**	3,684
Contribution to the fund by the Company	**(3,642)**	(1,280)
	25,130	22,238

Reconciliation of the liability as at 30 June 2009

	2009	2008
Present value of defined benefit obligations-as at 30 June	**27,172**	21,635
Fair value of plan assets	**(489)**	(493)
Un-recognized actuarial gain/(loss)	**(1,553)**	1,094
	25,130	22,236

	2009	2008
	(Rupees in 000)	
Reconciliation of the present value of defined benefit obligation		
Present value of defined benefit obligations-opening	**21,635**	19,694
Current service cost	**3,997**	1,784
Interest cost	**2,596**	1,969
Benefits paid	**(3,642)**	(1,280)
Loss due to settlements	**-**	-
Actuarial loss / (gain)	**2,586**	(532)
Present value of defined benefit obligations-closing	**27,172**	21,635
Expense recognized in profit and loss account		
Current service cost	**3,997**	1,784
Interest cost	**2,596**	975,153
Curtailment or settlement		-
Expected return on plan assets	**(59)**	(69)
	6,534	976,868

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:

Cost of sales	**3,267**	1,842
General and Administrative expenses	**1,960**	1,105
Selling and distribution	**1,307**	737
	6,534	3,684
Reconciliation of fair value of plan assets		
Fair value of plan assets - as at 30 June	**493**	579
Contribution to the fund by the company	**3,642**	1,280
Benefits paid	**(3,642)**	(1,280)
Loss due to settlement	**-**	-
Expected return on plan assets	**59**	69
Actuarial (gain)/loss	**(63)**	(155)
Fair value of plan assets - as at 30 June 2009	**489**	493
Plan assets comprise of :		
Debt instrument	**465**	465
Cash & Bank	**24**	28
	489	493
Actual return on plan assets		
Expected return on plan assets	**59**	69
Actuarial (gain)/loss	**-63**	(155)
	(4)	(86)

Principal actuarial assumptions

The latest actuarial valuation was carried out as at 30 June 2009 under the 'Projected Unit Credit Method'.
The main assumptions used for actuarial valuation are as follows:

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

	2009	2008	2007	2006	2005
		---------------------(Rupees in 000)-------------------			
Present value of defined benefit obligations as at June 30	27,172	21,635	19,694	71,567	70,528
Fair value of plan assets as at June 30	(489)	(492)	(578)	(67,568)	(62,221)
Deficit	26,683	21,143	19,116	3,999	8,307

22 ACCRUED INTEREST / MARK UP

	Note	2009	2008
		(Rupees in 000)	
Interest / mark-up / profit payable on:			
Redeemable capital		**51,801**	22,910
Loans:			
From Related parties		**162,848**	74,314
From banking companies and other financial institutions		**245,536**	171,950
Lease finances		**11,246**	18,097
Short term borrowings		**23,213**	23,914
		494,644	311,185

23 SHORT TERM BORROWINGS

Cash and running finances-secured	23.1 & 23.3	**212,467**	137,044
Import finances-secured	23.2 & 23.3	**274,699**	-
Loan from past associated undertaking - Dandot cement company limited	23.4	**250,000**	-
Temporary bank overdrafts-unsecured	23.5	**7,412**	39,650
Others-unsecured			
Provident Fund	23.6	**-**	15,843
		744,578	192,537

23.1 Short term finance facilities available from various banks under markup arrangements aggregate Rs 218,000 (thousands) (2008:203,000 (Thousands)). These facilities carry markup at the rates ranging from 16.14% to 19.02% (2008: 10.26% to 14.06%) per annum, payable on quarterly basis

Facilities available for opening letter of credit / guarantees aggregate Rs. 1,016,000 (thousand) (2008: 594,000 (thousand)).

23.2 The company has obtained import finance facilities aggregating to Rs 653,000 (thousands) (2008: 212,000 (thousands)) from commercial banks. The rate of mark up ranges from 16% to 18.33%.

23.3 These facilities are secured by creation of charge on all present and future current and fixed assets of the Company, personal guarantees of the Sponsoring directors, lien over import documents of letter of credit. Further it is secured against hypothication and pledge of stock and coal respactively. The facilities are expiring on various dates by 30 June 2010.

23.4 This represents loan obtained from pastassociated company, Dandot Cement Company Limited (DCCL) in 2007. Thefacility initially carried mark-up at the rate of 10% p.a. however, at the request of the Company, DCCL agreed not to charge mark-up on the said loan.

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

23.6 The short term finance facility obtained from Gharibwal Cement Employees Provident Fund Trust was restructured during the year along with contributions due and interest payable upto 30 June 2009 (refer to Note 18.1.3.1).

	Note	2009	2008
		(Rupees in 000)	

24 CURRENT PORTION OF NON CURRENT LIABILITIES

	Note	2009	2008
Redeemable capital		**160**	160
Loans:			
Banking companies and other financial institutions	18.2	**2,486,800**	473,674
Gharibwal Employees Provident Fund Trust		**6,000**	-
		2,492,800	473,674
Liabilities against assets subject to finance lease	19	**95,938**	95,474
		2,588,898	569,308

25 TAXES AND DUTIES

	2009	2008
Excise duty payable	**337,066**	1,961
Sales tax payable	**166,407**	-
Income tax deducted at source payable	**21,965**	28,655
Royalty on raw material	**20,936**	2,179
Income tax payable	**-**	2,876
Local taxes	**5,773**	5,773
	552,147	41,444

26 CONTINGENCIES AND COMMITMENTS

26.1 Excise duty arrears demand of Rs. 16,276 (thousands) 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 calculate ditsliabilityat Rs. 1,760 (thousands) on the basis of actual production which has been accounted for in priory 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.

26.2 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.TheCourt vide its judgment dated February18, 1997directed 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 tor efund to the Company the sum of Rs.45,948 (thousands) recovered from it during the period from 1985-86 to 1996-97.

The Lahore High Court Rawalpindi Bench vide its order dated 17 March 1997 on a revision application by the Council, suspended the operation of the judgment dated 18 February1997.The matter is still pending for adjudication with the Lahore High Court-Rawalpindi Bench.

26.3 District Council-Chakwal served notices dated 25 July1998 and 05 August 1998, where by the Company had been directed to deposit an amount of Rs. 5,400 (thousands) 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.5,400 (thousands) as demanded by the District Council.

26.4 The Company, through a writ petition, challenged the refusal of Islamabad Electric Supply Company (IESCO) in accepting the decision by the Electric Inspector and Advisory Board in favour of the Company where in it was held that with effect from May1999, The Company be treated as permanently disconnected from IESCO and no bill be issued to the Company by IESCO after May1999. The Lahore High Court, vide its order dated October24,2000, 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.

26.5 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.

26.6 The company has filed a petition Collector appeal Islamabad has passed an order against the demands of Central Excise Duty and Sales Tax amounting to Rs.313,618(thousands) and Rs.359,371 (thousands) respectively along with penalties of Rs.627,236 (Thousands) and 17,980 (thousands) 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. These demands were against the difference of 6,114,456/- number of bags which were hypothetically calculated originally.

Departmental Reconciliation Committee constituted by the Collector (Appeals) Customs, Sales Tax & Federal Excise Islamabad and lead by the Additional Collector has scrutinized in detail the Company’s books of accounts, store receipts & issuance statements, paper bags/suppliers direct confirmation, sales tax invoices etc. and issued its report dated 20-02-2009 where in it has unanimously agreed between the department and the Company that the declared version of the Company in respect of paper bags consumed in filling of cement is correct and there is no excessive consumption as alleged originally. However, the collector appeal, customs sales tax federal excise Islamabad, has recalculated another figure of excessive calculation of 835,190/-paperbags. Although the departmental reconciliation committee has agreed the declared version of the Company.

Company has filed an appeal before Sales Tax Appellate Tribunal, Islamabad. Writ petition was also filed in the Islamabad High Court, who granted stay for recovery of reduced demand.

26.7 The Competition Commission of Pakistan (theCCP) took suo moto action under competition ordinance, 2007 and issued Show Cause Notice on 28 October 2008 for increase in the prices of cement across the country. The similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The company has filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated 24 August 2009 allowed the CCP to issue the final order. The CCP accordingly passed an order on 28 August 2009 and imposed a penalty of Rs39,126 (thousands) on the company. The Lahore High Court vide its order dated 31 August 2009 restrained the CCP from enforcing its order against the Company for the time being.

Based on the legal opinion, the management is confident that the Company has good case and there are reasonable chances of success in the pending Petition in the Lahore High Court.

26.8 The Company has filled an appeal under section 33 of the Securities and Exchange Commission of Pakistan Act,1997 against the order of the SECP under section 227 read with section 229 and Section 476 of the Companies Ordinance 1984 (Note18.1.3.1).The management is confident of a favorable outcome of the appeal and has not recorded any provision for liquidation damages under the terms of the original agreement.

26.9 The Pakistan Standards and Quality Control Authority (PSQCA) charged a marking fee @.15% of the total production of cement to manufacturer for the renewal of license and imposed liability amounting to Rs about24,000 (thousands) but management disagrees with this amount of liability.
Based on the legal opinion, the management is confident that the Company has good case and there are reasonable chances of success in the pending Petition in the Lahore Session Court.

26.10 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. 426,000 (thousands) (2008:Rs.426,000 (thousands)).TheCompany has given counter guarantee to the aforesaid banks of an equivalent amount.

26.11 Guarantees given by a commercial bank on behalf of the Company to Sindh High Court outstanding as at 30 June 2008, aggregated to Rs 41,760 (thousands). The facility is secured by a security deposit of Rs15,000 (thousands)(refertoNote14.3)and the personal guarantees of sponsoring directors.

26.12 Guarantees given by banks on behalf of the Company to Sui Northern Gas Pipelines Limited outstanding as at 30June2009 aggregated to Rs. 500,000 (thousands) that includes guarantee given by First Dawood Investment Bank Ltd amounting to Rs. 270,000 (thousands) and guarantee issued by Bank Islami Pakistan Limited of Rs 230,000 (thousands). (2008: Rs. 547,265 (thousands)).

26.13 The company has issued a post dated cheque amounting to Rs.25,938 (thousands) and 49,000 (thousand) from a scheduled bank in favour of collector of customs for 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 sind high court to release the plant and machinery uptill the final outcome of the case.

	2009	2008
26.14 Commitments in respect of capital expenditure were outstanding on account of:	**(Rupees in 000)**	
a) Wet process cement plant	25,000	25,000
b) New dry process cement project	250,000	147,600
	275,000	172,600

27 SALES - net

		2009	2008
	Cement sales	**1,499,018**	-
	Local sales	**219,162**	-
	Export sales	**1,718,180**	**-**
Less:	Sales tax	**205,288**	-
	Excise duty	**215,116**	-
	Special excise duty	**10,679**	-
	Discount/Rebate to dealers	**21,254**	-
	Unloading / forwarding on export sales	**15,589**	-
		467,926	-
		1,250,254	-

	Note	2009	2008
		(Rupees in 000)	

28 COST OF SALES

	Note	2009	2008
Raw materials consumed	28.1	**118,774**	-
Packing materials consumed		**103,106**	-
Provision for slow moving stores and spares		**2,376**	
Stores and spares consumed		**37,733**	-
Salaries, wages and benefits		**77,883**	92
Fuel and power consumed			
Electricity consumed		**212,365**	10,660
Coal consumed		**499,858**	-
Diesel		**21,167**	
Sui gas - Kiln		**77,871**	-
		811,261	10,660
Rent, rates and taxes		**6,570**	1,248
Repair and maintenance		**16,144**	-
Insurance		**-**	1,029
Vehicle running and traveling		**1,248**	-
Other expenses		**1,878**	262
Depreciation	6.1.4	**136,240**	61,939
		1,313,213	75,230
Adjustment of work-in-process inventory			
Opening		**30,967**	30,967
Transferred from trial run		**63,914**	
Closing		**(251,877)**	(30,967)
		(156,996)	-
Cost of goods manufactured		**1,156,217**	75,230
Adjustment of finished goods inventory			
Opening		**34,652**	34,652
Transferred from trial run		**16,798**	-
Closing		**(81,208)**	(34,652)
		(29,758)	-
		1,126,459	75,230
		1,126,459	75,230

28.1 Raw materials consumed

	2009	2008
Opening stock as at July 01	**11,701**	11,701
Transferred from trial run	**54,979**	
Cost of raw materials:		
Outside purchases and transportation cost	**64,969**	-
Royalty	**5,540**	-
Excise duty	**665**	-
	137,854	-
Closing stock as at June 30	**(19,080)**	(11,701)
	118,774	(11,701)

	Note	2009	2008
		(Rupees in 000)	

29 SELLING AND DISTRIBUTION EXPENSES

	Note	2009	2008
Salaries, wages and benefits	29.1	**2,420**	3,388
Vehicles' running and maintenance		**135**	688
Postage, telegram and telephone		**144**	294
Electricity		**272**	107
Legal and professional charges		**5,575**	-
Advertisement & sale promotion		**-**	12
Insurance		**28**	629
Depreciation	6.1.4	**219**	290
		8,793	5,408

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

30 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2009	2008
Salaries, wages and benefits		**14,677**	22,422
Vehicles' running and maintenance		**2,823**	1,376
Traveling and conveyance		**3,958**	3,012
Legal and professional charges		**7,976**	7,465
Auditors' remuneration	30.1	**1,100**	575
Postage, telegram and telephone		**2,062**	1,648
Printing and stationery		**855**	543
Insurance		**1,453**	200
Rent, rates and taxes		**6,762**	6,922
Fee and subscription		**341**	1,702
Entertainment		**1,306**	879
Utilities		**1,083**	796
Advertisement		**583**	108
Repair and maintenance		**6,061**	1,233
Discount on issue of shares amortized	9	**14,192**	20,000
Depreciation	6.1.5	**980**	2,290
Miscellaneous		**1,945**	607
		68,157	71,778

30.1 Auditors' remuneration

	Ernst and Young Ford Rhodes Sidat Hyder	Viqar A. Khan
Ford Rhodes Sidat Hyder & Co		
Audit fee	**500**	250
Half year review fee	**250**	150
Certification and others	**250**	125
Out-of-pocket expenses	**100**	50
	1,100	575

	Note	2009	2008
		(Rupees in 000)	
31 OTHER OPERATING EXPENSES			
Donations	31.1	-	110
Provision for diminution in value of investments		**653**	290
Loss on import of equipment	33.2	**45,085**	-
Zakat		**33**	-
		45,771	400

31.1 No directors or their spouse have any interes in any donee to whom donations were made.

31.2 This represents cost, net of insurance claim, and freight charges of equipment destroyed during shipment.

32 OTHER OPERATING INCOME

Income from financial assets

	Note	2009	2008
Profit/mark-up on:			
Bank deposits		**1,188**	806
Employee's loans		**-**	46
		1,188	**852**
Income from loans to related parties			
Temporary advances to associated company		**9,187**	3,343
		9,187	**3,343**
Income from assets other than financial assets			
Profit on disposal of fixed assets		**-**	30
Scrap sales		**-**	2,408
Rental income	32.1	**327**	6,293
Others		**-**	354
		327	9,087
		10,702	13,281

32.1 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.

33 FINANCE COSTS

	Note	2009	2008
Interest/mark-up on:			
Redeemable capital		**18,439**	47,329
Long term loans			
From banking companies and other financial institutions		**108,390**	10,472
From related parties		**96,093**	-
Short term finances		**27,925**	39,159
		438	1,584
Workers' (profit) participation fund		**2,209**	2,960
Lease finance charges		**23,160**	28,461
Ijara rentals		**26,860**	-
Exchange loss		**60,820**	17,877
Commission on bank guarantees		**2,152**	2,781
Bank charges and others		**4,280**	3,424
		370,766	154,047

34 TAXATION

	Note	2009	2008
Current	34.1		
For the year		**5,638**	-
Prior year		**(17,147)**	-
Deffered		**22,367**	(47,884)
		10,858	(47,884)

In the view of tax losses and withdrawl of section 113 of Income Tax Ordinance, 2001 vide the Finance Act, 2008, no provision forb current income tax has been made other than Income covered under Final Tax Regime. Accordingly, tax expense reconciliation with the accounting profit is not reported. Income tax assessment s of the company have been completed upto the income year ended 30 June 2008.

35 EARNING PER SHARE

	2009	2008
	(Rupees in 000)	
Basic loss per share		
Loss for the year attributable to ordinary shareholders - Rupees in thousand (2008: Restated)	**(369,848)**	(516,262)
Weighted average number of ordinary shares - Number	**231,876,417**	224,798,316
Earning per share - Rupees (2008: Restated)	**(2)**	**(2.30)**

Diluted earning per share

There is no dilution effect on the basic earning per share of the Company as the Company has not issued any dilutive potential ordinary shares.

36 FINANCIAL RISK MANAGEMENT

36.1 Capital risk Management:

The primary objective of the Company's capital management is to safe guard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. No changes were made in the objectives, policies or processes during the year ended 30 June 2009.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions.

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital, revenue reserves and surplus on revaluation of fixed assets. The gearing ratios as at June 30, 2009 and 2008 were as follows.

Director's loan-unsecured	**1,829,223**	2,200,109
Others-net	**4,567,232**	5,153,718
Total Debt-net	**6,396,455**	4,816,006
Share Capital revenue reserves and surplus on revaluation of fixed assets	**2,466,316**	2,836,164
Total Equity plus total debt-net	**8,862,771**	7,652,170
Debt to equity ratio	**72%**	63%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The sponsoring directors, being the majority shareholder of the Company, has extended their commitment to support and assist the company in ensuring that it remains viable in achieving its objectives in the long run, accordingly, they have deferred the payment of their loan as and when cash flow position of the company allows it to do so. In order to improve liquidity and profitability of the Company, the management is planning to take certain appropriate steps such as increase sales through export of cement to African countries.

36.2 Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and other price risk, such as equity risk. Financial instruments affected by market risk include loans, borrowing sand deposit. The Company is exposed to interest rate risk, liquidity risk and credit risk. The sensitivity analyses in the following sections relate to the position as at June 30,2009 and 2008.

36.3 Yield/Mark-up rate Risk:

Yield/mark-up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield/mark-up rates. Sensitivity to yield/mark-up rate risk Arises from mismatches of financial assets and liabilities that mature or reprice in a given period. Significant interest rate risk exposure are primarily managed by a mix of borrowings at fixed and variable interest rates.

The effective yield/mark-up rate on the financial assets and liabilities are disclosed in their respective notes to the financial statements.

36.4 The company does not account for any fixed rate financial assets and liabilities through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.
The following table demonstrates the sensitivity to a reasonably possible change of 100 basis points in interest rates at the reporting date, with all the variables held constant, of the Company's profit/(loss) before tax (through impact on floating rate borrowings).

	100 bps	
	Increase	Decrease
	(Rupees in 000)	
Effect on loss-30 June 2009	**53,187**	**(53,187)**
Effect on loss-30 June 2008	**12,120**	**(12,120)**

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and assets / liabilities of the company.

36.5 Foreign Exchange risk management:

Foreign exchange risk arises mainly on sales that are denominated in a currency other than the functional currency primarily U.S Dollars (USD). Payables exposed to foreign currency are not covered through any forward foreign exchange contracts or through hedging. Sensitivity analysis of liabilities exposed to foreign exchange risk are as follows:

		2009 Euro 000	**2008 Euro 000**
Foreign exchange denominated monetory Liability		**5,985**	5,985
	Increase/Decrease in Euro to Pak Rupee	**Effect on loss before tax**	**Effect on Equity**
2009	**+5%**	**34,360**	**22,334**
	-5%	**(34,360)**	**(22,334)**
2008	+5%	32,214	20,939
	-5%	(32,214)	(20,939)

36.6 Liquidity risk:

The Company had started commercial production at its new production facility in April 2009. The Company had acquired long-term finances and entered into lease arrangements for the financing of this new production facility. Due to this situation the working capital of the Company is negative as at the balance sheet date. The revenues generated from the enhanced capacity have started to flow. The Company's Management closely monitors the Company's liquidity and cash flow position and foresees that the said negative working capital position will become favorable during the next year due to increased revenues from the expanded production capacity including increase in export sales.

36.7 Credit risk and concentration of credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss..Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their liability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry..The Company is mainly exposed to credit risk on trade debts and advances to suppliers amounting to Rs 301,762 (thousands. Company seeks to minimize the credit risk exposure through having exposure only to customers and creditor considered credit worthy.

36.8 Equity Price risk:

Equity price risk is the risk arising from uncertainties about future values of investments securities. As at balance sheet date, the Company is not exposed to equity price risk as the Company has made the full provision in the investment portfolio

36.9 Fair value of financial instruments:

Fair value is the amount for which an asset could be exchanges, or a liability settled between knowledgeable willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities reflected in the financial statement approximate their fair values except for the assets where impairment has been charged as disclosed in the respective notes.

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

Particulars	Chief Executive		Directors		Executives	
	2009	2008	**2009**	2008	**2009**	2008
				Rupees '000'		
Managerial Remuneration	**-**	-	**-**	750	**21,017**	5,793
Perquisites and benefits						
House rent	**-**	-	**-**	333	**3,513**	1,671
Personal staff salary	**-**	-	**-**	-	**-**	254
Entertainment	**-**	-	**-**	55	**909**	78
Utilities and others	**-**	-	**-**	42	**12,034**	1,816
	-	-	**-**	430	**16,456**	3,819
Contribution to:						
Retirement benefits	**-**	-	**-**	18	**619**	135
	-	-	**-**	1,198	**38,092**	9,747
Number of persons	**1**	1	**1**	2	**41**	10

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

38 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:

	2009	2008
	(Rupees in 000)	
Associated Companies:		
Balochistan Glass Limited (BGL)		
Sale of stores (including sales tax)	91	-
Purchase of stores (including sales tax)	8	1,027
Interest received	-	3,343
Interest charged	8,559	-
Expenses incurred	44,997	-
Expenses paid on behalf of BGL	15,189	35
Loans / advances given to BGL	99,215	10,000
Repayment of loans / advances given to BGL	54,013	23,938
Pak Hy Oils Limited	46,000	-
Directors	184,857	1,588,527
Loan paid during the year	210,317	1,516,378
Markup paid during the year	289,116	156,966
Staff Retirement benefits	93,970	69,500

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 37.

39 NUMBER OF EMPLOYEES

	2009	2008
Number of permanent employees at balance sheet date	**373**	334

40 CAPACITY AND PRODUCTION - TONNS

Old Plant

	Clinker 2009	Clinker 2008	Cement 2009		Cement 2008
Plant capacity (Tons)	**540,000**	540,000	**568,420**		568,420
Actual production (Tons)	**31,815**	**-**	**40,015**	**40,015**	**40,015**

New Plant

	Clinker 2009	Clinker 2008	Cement 2009	Cement 2008
Plant capacity (Tons)	**2,010,000**	-	**4,320,000**	-
Actual production (Tons)	**782,074**	-	**692,091**	-

During the year, 444,595 tons of clinker was produced during the trial run.
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.

41 SUBSEQUENT EVENTS

Subsequent to the year end, the Company has negotiated restructuring of long term loans amounting to Rs. 604,000 (thousands) under which repayment dates of these loans have been extended from 30 July 2009 to 04 February 2011. Had these loans been negotiated before the year end the current liability as at the year end would have been lower by Rs 604,000 (thousands)

42 DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on November 07, 2009.

43 CORRESPONDING FIGURES

Correspondence figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Major restatements are disclosed in their respective notes.

44 GENERAL

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

CHIEF EXECUTIVE

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 49th Annual General Meeting of the Company to be held on Tuesday, December 01, 2009 at 12.00 Noon at the registered office of the Company (34-Main Gulberg, Lahore) and at any adjournment thereof.

As witnessed given under my / our hand (s) ________________ day of ___________, 2009.

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.