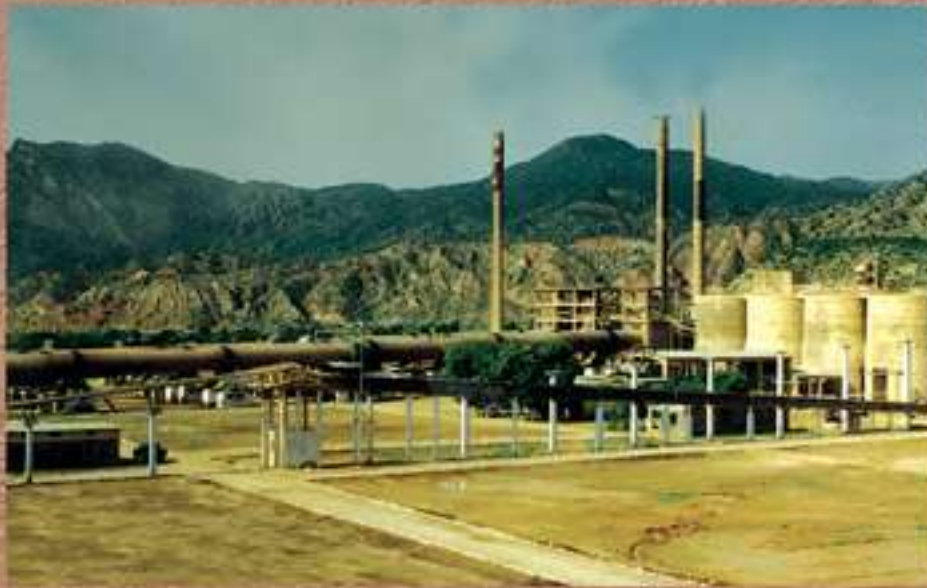


*First Quarter Report
September 2006*



GHARIBWAL CEMENT LIMITED

Company Profile

BOARD OF DIRECTORS

Mr. Mohammad Tousif Peracha
Chairman & Chief Executive

Mr. A. Rafique Khan
Director

Mrs. Tabassum Tousif Peracha
Director

Mr. A. Shoeb Piracha
Director

Mr. M. Saleem Peracha
Director

Mr. M. Ishaque Khokhar
Director

Mr. Aameen Taqi Butt
Director

BANKERS

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

REGISTERED OFFICE

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

WORKS

Ismailwal, Distt. Chakwal

COMPANY WEBSITE

www.gharibwalcement.com

AUDIT COMMITTEE

Mrs. Tabassum Tousif Peracha
Chairperson and Member

Mr. Aameen Taqi Butt
Member

Mr. M. Saleem Peracha
Member

CHIEF FINANCIAL OFFICER

Mr. Iqbal Ahmad Rizvi

COMPANY SECRETARY

Mr. Abbas Rashid Siddiqi

AUDITORS

M/s. Viqar A. Khan
Chartered Accountants

INTERNAL AUDITORS

M/s. Aftab Nabi & Co.
Chartered Accountants

LEGAL ADVISOR

M/s. Bandial & Associates, Lahore

SHARES REGISTRAR

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

Directors' Report to the Members

On behalf of the Board of Directors, I am pleased to present the financial results (un-audited) of Gharibwal Cement Limited for the First Quarter ended on September 30, 2006.

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

	1st Quarter Ended	
	September 2006 (Tonnes)	September 2005 (Tonnes)
Clinker Production	93,455	105,930
<i>(Capacity Utilisation)</i>	69.23%	78.50%
Cement Production	93,505	112,390
Despatches	92,035	111,184

Your Company has suffered Loss before Taxation of Rs. 53.974 million for the 1st Quarter under review as against Profit before Taxation of Rs. 63.507 million for the corresponding quarter of 2005. Similarly, the Loss After Taxation of the Company for the 1st Quarter under review stands at Rs. 55.741 million as compared to Profit After Taxation of Rs. 61.455 million achieved by the Company during the previous comparable quarter.

The Net-Retention Price of the Company has reduced by Rs. 478.00 per metric ton of cement during the Sept. 2006 ended quarter due to continued decline in market prices. Similarly, the fuel costs have also increased by Rs. 290.00 per metric ton of cement during the quarter under review. All three factors i.e. low capacity utilisation, decline in market rates and increase in fuel costs has resulted into loss for the quarter under review.

In terms of corporate developments, as already informed in our Annual Report 2006, the Private Placement (Pre-IPO) offering of the Term Finance Certificates (TFCs) amounting to Rs. 240 million was concluded during the quarter under review. The total TFC amounts to Rs. 500 million including a green shoe option of Rs. 100 million. The remaining TFC portion is in-process.

The management assures the stakeholders that the Company's entire resources have been assembled on a one-point agenda to ensure that the new cement plant having a capacity of 6,700 metric tonnes per day (clinker) starts full-scale commercial production by July 2007.

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

For and on behalf of the Board of Directors.



M. TOUSIF PERACHA
(Chief Executive)

Lahore: October 30, 2006

Balance Sheet

	September 30 2006	June 30 2006
	(Rupees in thousand)	
SHARE CAPITAL AND RESERVES		
Authorised 250,000,000 Ordinary Shares of Rs.10 each	2,500,000	2,500,000
Issued, subscribed & paid up share capital	1,718,764	1,718,764
General reserve	332,000	332,000
Accumulated loss	(71,039)	(15,298)
NET EQUITY	1,979,725	2,035,466
SURPLUS ON REVALUATION OF FIXED ASSETS	1,106,774	1,108,540
LONG TERM LOANS, FINANCES & OTHER PAYABLES	295,966	87,077
LONG TERM FOREIGN CURRENCY LOANS & OTHER PAYABLES	181,413	178,578
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	179,318	183,754
DEFERRED LIABILITIES		
Accumulated compensated absences	17,002	16,586
Deferred Dues - Ex-Staff	1,944	1,944
	18,946	18,530
LONG TERM DEPOSITS FROM CUSTOMERS	1,300	1,310
CURRENT LIABILITIES		
Trade and other payables	581,499	341,265
Accrued interest / markup	12,246	14,886
Short term loans and finances	521,583	218,117
Current portion of non-current liabilities	86,691	75,452
Taxes and duties	61,347	39,119
	1,263,366	688,839
CONTINGENCIES AND COMMITMENTS	-	-
TOTAL LIABILITIES	5,026,808	4,302,094

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



A. SHOEB PIRACHA
Director

as at September 30, 2006 (Un-audited)

	September 30 2006 (Rupees in thousand)	June 30 2006
NON CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	2,508,713	2,520,975
Capital work in progress	1,222,326	848,601
Store held for capital expenditure	74,663	74,663
	3,805,702	3,444,239
INVESTMENTS	963	963
LONG TERM LOANS AND ADVANCES	1,111	6,673
LONG TERM DEPOSITS AND PREPAYMENTS	1,351	1,366
DEFERRED COST	49,192	54,192
CURRENT ASSETS		
Store, spare and loose tools	189,217	209,505
Stock in trade	134,524	135,723
Loans, advances, deposits, prepayments	488,660	101,304
Trade deposits and short term prepayments	25,753	25,136
Accrued interest	4,036	4,036
Other receivables	18,347	471
Short term investment	161,524	161,524
Cash and bank balances	146,428	156,962
	1,168,490	794,661
TOTAL ASSETS	5,026,808	4,302,094



M. TOUSIF PERACHA
Chief Executive

Profit and Loss Account

For The Quarter Ended September 30, 2006 (Un-audited)

	September 30 2006	September 30 2005
	(Rupees in thousand)	
SALES - NET	292,091	405,988
COST OF SALES	306,303	324,967
GROSS PROFIT / (LOSS)	(14,212)	81,021
OPERATING EXPENSES		
GENERAL & ADMINISTRATIVE	13,471	18,332
SELLING & DISTRIBUTION	545	2,047
OTHER CHARGES	2,864	2,290
	16,880	22,669
OPERATING PROFIT / (LOSS)	(31,092)	58,352
OTHER OPERATING INCOME	891	12,205
	(30,201)	70,557
FINANCE COST	23,773	7,050
PROFIT / (LOSS) BEFORE TAXATION	(53,974)	63,507
TAXATION		
-Current	1,767	2,052
PROFIT / (LOSS) - AFTER TAXATION	(55,741)	61,455
EARNING / (LOSS) PER SHARE (RUPEES)	(0.0003)	0.6500



A. SHOEB PIRACHA
Director



M. TOUSIF PERACHA
Chief Executive

Cash Flow Statement

For The Quarter Ended September 30, 2006 (Un-audited)

	September 30 2006 (Rupees in thousand)	September 30 2005
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES (note 'A')	141,408	55,109
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(361,463)	(291,212)
Short term investment	-	50,000
Interest on bank deposits received	891	2,800
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES	(360,572)	(238,412)
CASH FLOW FROM FINANCING ACTIVITIES		
Right share issued	-	490,472
Long term loans and finances - net	211,723	(14,004)
Lease finances - net	6,803	(548)
Short term finances - net	11,238	11,863
Financial charges paid	(21,135)	(19,107)
NET CASH INFLOW FROM FINANCING ACTIVITIES	208,629	468,676
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(10,534)	285,373
CASH AND CASH EQUIVALENTS		
- At the beginning of the period	156,962	317,161
CASH AND CASH EQUIVALENTS		
- At the end of the period	146,428	602,534
NOTE 'A'		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period-before taxation	(53,974)	63,507
Adjustments for:		
Depreciation	14,400	13,026
Financial Charges	23,773	5,487
Interest on bank deposits	(8,808)	(8,212)
Exchange fluctuation loss/(gain)	2,835	(2,335)
Amorization of discount on issue of shares	5,000	5,041
	(16,774)	76,514
Long term liabilities	5,984	(247)
Taxes and duties	123,714	160,818
CASH FLOW FROM OPERATING ACTIVITIES		
- Before working capital changes	112,924	237,085
(Increase)/Decrease in current assets:		
Stores, spares and loose tools	20,288	(17,876)
Stock-in-trade	1,199	(16,307)
Advances, deposits, prepayments and other receivables - net	(405,847)	23,180
Increase/(Decrease) in creditors, accruals and other liabilities	514,330	109
	129,970	(10,894)
CASH FLOW FROM OPERATING ACTIVITIES		
- Before taxation	242,894	226,191
Taxes and duties paid	(101,486)	(171,082)
NET CASH INFLOW FROM OPERATING ACTIVITIES		
- After taxation	141,408	55,109

Statement of Changes in Equity
For The Quarter Ended September 30, 2006 (Un-audited)

Particulars	Share Capital	Shares Subscription Money	General Reserve	Accumulated Profit/(Loss)	Total
(Rupees in thousand)					
Balance as at June 30, 2005	368,764	859,528	332,000	(445,549)	1,114,743
Profit for the period (July 01, 2005 to Sep. 30, 2005)	-	-	-	61,455	61,455
Share subscription money	-	490,472	-	-	490,472
Issue of ordinary shares	1,350,000	(1,350,000)	-	-	-
Surplus on revaluation of fixed assets transferred to retained earning depreciated in : - Current period	-	-	-	3,120	3,120
Balance as at September 30, 2005	1,718,764	-	332,000	(380,974)	1,669,790
Profit for the period (Oct. 01, 2005 to June 30, 2006)	-	-	-	105,700	105,700
Share subscription money	-	-	-	-	-
Issue of ordinary shares	-	-	-	-	-
Surplus on revaluation of fixed assets transferred to retained earning depreciated in : - Current period	-	-	-	4,567	4,567
Deferred Tax on incremental surplus	-	-	-	255,409	255,409
Balance as at June 30, 2006	1,718,764	-	332,000	(15,298)	2,035,466
Loss for the period (July 01, 2006 to Sep. 30, 2006)	-	-	-	(55,741)	(55,741)
Balance as at September 30, 2006	1,718,764	-	332,000	(71,039)	1,979,725


A. SHOEB PIRACHA
 Director


M. TOUSIF PERACHA
 Chief Executive

Notes to the Accounts

For The Quarter Ended September 30, 2006 (Un-audited)

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

	September 30 2006	September 30 2005
	(Rupees in thousand)	
2. COST OF SALES		
Raw materials consumed	13,185	25,834
Packing material consumed	11,202	19,926
Stores and spares consumed	2,851	7,657
Salaries, wages and benefits	13,743	21,671
Sui gas consumption - Kiln	107,473	158,824
Sui gas consumption - Power Plant / F.Oil	39,513	57,212
Coal consumption - Kiln	89,067	19,326
Rent, rates and taxes	28	2,583
Repair and maintenance	3,125	9,312
Establishment charges	-	-
Insurance	578	933
Vehicle running & travelling	581	-
Other expenses	414	1,090
Depreciation	13,725	12,350
	295,485	336,718
Adjustment of work-in-process		
Opening	102,991	13,595
Closing	(93,431)	(12,250)
	9,560	1,345
Cost of goods manufactured	305,045	338,063
Adjustment of finished goods		
Opening stock	26,180	5,490
Closing stock	(24,922)	(18,586)
	1,258	(13,096)
	306,303	324,967

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


A. SHOEB PIRACHA
 Director


M. TOUSIF PERACHA
 Chief Executive