



GHARIBWAL CEMENT LIMITED



INTERIM FINANCIAL STATEMENTS
Half Year ended
December 31, 2007



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Company Information

BOARD OF DIRECTORS

Mr. Mohammad Tousif Peracha
Chairman & Chief Executive

Mr. A. Rafique Khan
Director

Mrs. Tabassum Tousif Peracha
Director

Ms. Amna Khan
Director

Mr. Asif M. Ali
Director

Mr. M. Niaz Piracha
Director

Mr. Ali Rashid Khan
Director

BANKERS

ABN AMRO Bank (Pakistan) Limited
Saudi Pak Commercial Bank Limited

The Bank of Punjab
National Bank of Pakistan

United Bank Limited
MCB Bank Limited

Citibank N.A.
My Bank Limited (Bolan Bank Limited)

Habib Bank Limited
PICIC Commercial Bank Limited

The Bank of Khyber
KASB Bank Limited

REGISTERED OFFICE

34 - Main Gulberg, P.O. Box 1285, Lahore.

Tel : 042 - 111-210-310

Fax : 042 - 5871059 & 39

E-mail: info@gharibwalcement.com

WORKS

Ismailwal, Distt. Chakwal

WEBSITE

www.gharibwalcement.com

AUDIT COMMITTEE

Mrs. Tabassum Tousif Peracha
Chairperson and Member

Mr. M. Niaz Piracha
Member

Mr. Asif M. Ali
Member

CHIEF FINANCIAL OFFICER

Mr. Waqar Naeem

COMPANY SECRETARY

Mr. Abbas Rashid Siddiqi

AUDITORS

M/s. Viqar A. Khan & CO.
Chartered Accountants

INTERNAL AUDITORS

M/s. Aftab Nabi & Co.
Chartered Accountants

LEGAL ADVISOR

M/s. Bandial & Associates, Lahore.

SHARES REGISTRAR

M/s. Corplink (Pvt.) Limited
Share Registrar, Wings Arcade,

1-K, Commercial,

Model Town, Lahore.

Tel: 042-5887262, 5839182

Fax: 042-5869037

Directors' Report to the Members

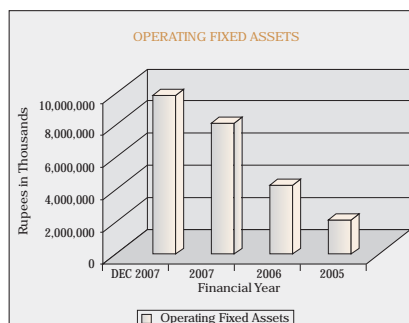
On behalf of the Board of Directors, I am pleased to present the financial results of Gharibwal Cement Limited for the 2nd Quarter and Half-Year ended on December 31, 2007.

Please note that due to closure of the wet process cement plant, there was nil production and despatches for the 2nd Quarter and Half-Year under review. Resultantly, production capacity utilization (based on the wet process) remained nil during the period under review.

The Company has incurred Loss after tax of Rs. 28.882 million for the 2nd Quarter ended December 31, 2007 and Loss after tax of Rs. 78.740 million for the Half-Year ended December 31, 2007.

Regarding our New Project, we wish to report that the Company has successfully installed and erected the major segments of the new modern dry process cement plant of 6,700 tons per day clinker capacity. The new plant is in the commissioning phase and being fine tuned to achieve designed parameters under supervision of the plant suppliers, M/s. TCDRI, China.

Cold run tests of the different segments of the project except Raw Mill and the Kiln have been carried out successfully. Due to recent political instability/security situation in the country, some commissioning supervisors from our foreign suppliers, especially those from Europe, could



not reach our new plant on the scheduled time hence the capacity performance tests could not be carried out due to the enforcement of performance guarantees issued by the foreign suppliers. After the political process becoming stabilized in the country, we expect the commissioning of our New Project to be completed shortly.



Installation and erection of the power generation plant has been completed successfully and commissioning is in process under supervision of the plant suppliers, M/s. Wartsila.



The Board of Directors place on record their appreciation for the continuous efforts made by our new project executives & staff, head office executives & staff and plant workers for the timely completion and commissioning of the New Project. A mark of gratitude is also noted for the financial institutions.

For and on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'M. Tousif Peracha'.

M. TOUSIF PERACHA
(Chairman & Chief Executive)

Lahore: February 29, 2008



Auditors' Report to the Members on Review of Interim Condensed Financial Information

Introduction

We have reviewed the annexed interim condensed balance sheet of GHARIBWAL CEMENT LIMITED as at DECEMBER 31, 2007, and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim condensed financial information") for the half-year then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the annexed interim condensed financial information is not prepared, in all material respects, in accordance with approved accounting standards applicable in Pakistan.

LAHORE:
DATED: February 29, 2008

VIQAR A. KHAN & CO.
CHARTERED ACCOUNTANTS

Condensed Interim Balance Sheet

As at December 31, 2007 (Un-audited)

	Note	December 31 2007 (Rupees in thousand)	June 30 2007
SHARE CAPITAL AND RESERVES			
Authorized share capital		2,500,000	2,500,000
Issued, subscribed and paid up share capital	3	2,318,764	1,718,764
General reserve		332,000	332,000
Accumulated loss		(434,026)	(372,757)
		2,216,738	1,678,007
SURPLUS ON REVALUATION OF FIXED ASSETS		1,056,948	1,074,419
NON CURRENT LIABILITIES			
Redeemable capital	4	385,000	225,000
Long term loans, finances and other payables	5	4,546,327	3,594,943
Long term foreign currency loans	6	-	188,097
Liabilities against assets subject to finance lease		156,853	172,393
Deferred taxation		103,641	161,836
Deferred liabilities		5,633	5,721
Long term deposits		1,225	1,225
		5,198,679	4,349,215
CURRENT LIABILITIES			
Trade and other payables	7	536,401	572,513
Accrued interest / mark-up		155,015	123,834
Short term loans and finances		313,285	298,540
Current portion of non-current liabilities		84,845	99,325
Taxes and duties		33,100	29,804
		1,122,646	1,124,016
CONTINGENCIES AND COMMITMENTS	8	-	-
		9,595,011	8,225,657



M. Tousif Peracha
Chief Executive

Condensed Interim Balance Sheet

As at December 31, 2007 (Un-audited)

	December 31 2007 (Rupees in thousand)	June 30 2007
NON CURRENT ASSETS		
Operating fixed assets	2,363,006	2,416,455
Capital work in progress	5,983,532	4,439,639
Stores held for capital expenditures	74,888	74,888
	8,421,426	6,930,982
Long term investments	942	942
Long term loans and advances to staff	1,557	1,710
Long term deposits and prepayments	1,957	1,898
Deferred cost	24,192	34,192
	28,648	38,742
CURRENT ASSETS		
Stores, spares and loose tools	292,167	176,318
Stock in trade	78,863	77,753
Loan and advances	314,707	194,491
Trade deposits and short term prepayments	28,237	24,386
Accrued interest	2,063	599
Other receivables	92,546	31,454
Cash and bank balances	336,354	750,932
	1,144,937	1,255,933
	9,595,011	8,225,657

The annexed notes 1 to 13 form an integral part of these accounts


A. Rafique Khan
Director

Condensed Interim Profit and Loss Account

For the half year ended December 31, 2007 (Un-audited)

	Quarter ended 31 December 2007 (R u p e e s i n	Quarter ended 31 December 2006 t h o u s a n d)	Half year ended 31 December 2007	Half year ended 31 December 2006
SALES - net	-	144,976	-	437,067
COST OF SALES	60,014	190,514	83,987	525,474
GROSS LOSS	(60,014)	(45,538)	(83,987)	(88,407)
General and administrative	18,134	11,624	34,991	25,609
Selling and distribution	22	441	896	1,136
Other operating expenses	-	5,068	10	7,929
	18,156	17,133	35,897	34,674
	(78,170)	(62,671)	(119,884)	(123,081)
Other operating income	4,091	6,087	6,669	6,378
	(74,079)	(56,584)	(113,215)	(116,703)
Finance cost	12,998	32,215	23,720	56,863
LOSS BEFORE TAXATION	(87,077)	(88,799)	(136,935)	(173,566)
TAXATION :				
- Current	-	418	-	2,185
- Deferred (Reversal)	58,195	-	58,195	-
LOSS AFTER TAXATION	(28,882)	(89,217)	(78,740)	(175,751)
LOSS PER SHARE	(0.12)	(0.52)	(0.34)	(1.02)

The annexed notes 1 to 13 form an integral part of these accounts



M. Tousif Peracha
Chief Executive



A. Rafique Khan
Director

Condensed Interim Cash Flow Statement

For the half year ended December 31, 2007 (Un-audited)

	Note	December 31 2007 (Rupees in thousand)	December 31 2006
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	11	(348,528)	339,337
Financial charges paid		(31,181)	830
Gratuity payments		-	(1,058)
Prior year's bonus paid		-	(11,252)
Taxes and duties paid		3,966	(121,753)
Provision for compensated absences (net)		87	(35)
Net decrease in long term loans and advances to staff		-	492
Net increase in long term deposits and prepayments		-	(2,012)
Net decrease in long term deposits from customers		-	(10)
Net cash inflow/(outflow) from operating activities		(375,656)	204,539
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,548,065)	(1,914,297)
Interest received		1,799	6,231
Net cash outflow from investing activities		(1,546,266)	(1,908,066)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term foreign currency loans		(188,097)	-
Repayment of long term loans and finances		-	(13,557)
Proceeds from long term loans and finances		951,385	1,470,252
Repayment of finance lease liabilities		(30,020)	(18,077)
Proceeds of short term finances - net		14,076	8,672
Proceeds from right issue		600,000	-
Proceeds from TFCs		160,000	225,000
Dividend paid		-	(10,000)
Net cash inflow from financing activities		1,507,344	1,662,290
DECREASE IN CASH AND CASH EQUIVALENTS		(414,578)	(41,237)
CASH AND CASH EQUIVALENTS - at the beginning of the year		750,932	156,962
CASH AND CASH EQUIVALENTS - at the end of the year		336,354	115,725

The annexed notes 1 to 13 form an integral part of these accounts



M. Tousif Peracha
Chief Executive



A. Rafique Khan
Director

Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2007 (Un-audited)

Particulars	Share Capital	Share Subscription Money	General Reserve	Accumulated Loss	Total
(Rupees in thousand)					
Balance as at June 30, 2006	1,718,764	332,000	13,878	(183,962)	1,880,680
Cash dividend out of profit for the year ended June 30, 2006	-	-	(13,878)	-	(13,878)
Loss for the half year ended December 31, 2006	-	-	-	(175,751)	(175,751)
Surplus on revaluation of fixed assets transferred to retained earnings depreciated in current period (net of deferred tax of Rs. 9.136 million)	-	-	-	16,969	16,969
Balance as at December 31, 2006	1,718,764	332,000	-	(342,744)	1,708,020
Balance as at June 30, 2007	1,718,764	332,000	-	(372,757)	1,678,007
Issuance of 60 million right shares of Rs. 10 each	600,000	-	-	-	600,000
Loss for the half year: ended December 31, 2007	-	-	-	(78,740)	(78,740)
Surplus on revaluation of fixed assets transferred to retained earnings depreciated in current period (net of deferred tax of Rs. 9.408 million)	-	-	-	17,471	17,471
Balance as at December 31, 2007	2,318,764	332,000	-	(434,026)	2,216,738



M. Tousif Peracha
Chief Executive



A. Rafique Khan
Director

Notes to the Accounts

For the half year ended December 31, 2007 (Un-audited)

1. STATEMENT OF CONSISTENCY IN ACCOUNTING POLICIES

The accounting policies and methods of computation followed in preparation of these interim financial statements are the same as those followed in the preparation of the annual financial statements for the preceding financial year ended June 30, 2007.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the requirements of International Accounting Standard, IAS-34 "Interim Financial Reporting" and are unaudited but have been reviewed by the auditors as required by the Code of Corporate Governance.

The company has incurred a net loss of Rs. 78.740 million for the period ended December 31, 2007. The accumulated loss at that date was Rs. 434.026 million. During the period no production was made due to higher cost of wet process cement plant.

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

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

3. SHARE CAPITAL

During the period under review the Company has issued 60 million right shares of Rs. 10 each to meet the financial requirements of the Company.

4. TERM FINANCE CERTIFICATES

This represents TFCs deposit money received from financial institutions against Privately Placed redeemable capital in the form of Term Finance Certificates (PPTFC) aggregating to Rs. 400 million having face value of Rs. 5,000 each. Certificates for PPTFC have been issued subsequent to the balance sheet date.

	December 31 2007	June 30 2007
Note	(Rupees in thousand)	
5. LONG TERM LOANS AND ADVANCES		
Saudi Pak Commercial Bank Ltd.	29,250	32,500
Saudi Pak Industrial and Agricultural Investment Co.	13,125	16,875
Orix Investment Bank Pakistan Ltd.	20,526	20,526
First Credit and Discount Corporation Ltd.	5,044	5,790
Faisal Bank Ltd.	166,508	-
BOP Demand Finance	200,000	-
BOP L/C Facility	543,258	-
Syndicate Term Finance	5.1 1,545,258	1,538,966
	<u>2,522,969</u>	<u>1,614,657</u>
Directors' loan - unsecured	1,810,624	1,767,490
Others	250,000	250,000
	<u>4,583,593</u>	<u>3,632,147</u>
Less: Current portion under current maturity	37,266	37,204
	<u>4,546,327</u>	<u>3,594,943</u>

5.1 This represents disbursements against term finance facility of Rs. 1,545 millions obtained from consortium of financial institutions lead by Saudi Pak Leasing Co. Ltd. to finance the new dry cement project.

The said term finance is secured by way of first parri passu mortgage charge and hypothecation over all present and future fixed assets of the Company and personal guarantees of all sponsoring directors of the Company.

This finance carries mark-up at KIBOR (6 months average ask rate) + 5.5% p.a. with floor of 8.5% p.a.

6. LONG TERM FOREIGN CURRENCY LOANS
These loans have been repaid during the period.

7. TRADE AND OTHER PAYABLES		
Creditors	292,897	248,958
Retention money	108,661	108,154
Accrued liabilities	78,906	157,920
Advances from customers	10,962	10,459
Due to employees and directors	926	571
Due to Workers' Profit Participation Fund	13,050	15,178
Due to gratuity fund trust	19,568	19,834
Unclaimed dividend	219	879
Interest free deposits:		
Repayable on demand	2,001	2,810
Others	3,053	3,053
	<u>5,054</u>	<u>5,863</u>
Others	6,158	4,697
	<u>536,401</u>	<u>572,513</u>

8. CONTINGENCIES AND COMMITMENTS

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

- Commitments in respect of capital expenditure were outstanding on account of the following expansion projects:

	December 31 2007 (Rupees in thousand)	June 30 2007
- Suppliers for new dry process cement project	764,487	1,302,950
- Dual fuel electric power generator	-	479,159
	764,487	1,782,109

9. CAPITAL WORK-IN-PROGRESS

Civil works and buildings	1,663	1,663
Dry cement plant		
civil works	1,064,469	1,035,859
plant & machinery	3,602,907	2,842,970
borrowing cost	487,306	219,349
advances to suppliers- considered good	-	104,008
other expansion costs	168,046	120,625
	5,322,728	4,322,811
Dual fuel electric power generation plant		
advances to suppliers- considered good	-	51,937
civil works	4,318	4,070
plant & machinery	599,795	5,172
borrowing cost	52,053	51,988
other expansion costs	2,975	1,998
	659,141	115,165
	5,983,532	4,439,639

10. This includes advances to Balochistan Glass Limited, an associated undertaking, amounting to Rs. 15 million against supply of specified glass and other table wares.

	December 31 2007 (Rupees in thousand)	December 31 2006
11. CASH GENERATED FROM OPERATIONS		
Net loss before taxation	(136,935)	(173,566)
Adjustments for non cash charges and others:		
Depreciation on operating fixed assets	34,177	58,652
Interest on bank deposits	(495)	(5,622)
Interest on finances to associate	(1,799)	(592)
Loss due to exchange fluctuation	-	7,805
Taxes and duties	-	121,286
Amortization of discount on issue of shares	10,000	10,000
Financial charges	23,720	56,863
	65,603	248,392
Due to working capital changes	(71,332)	74,826
	11.1 (277,196)	264,511
	(348,528)	339,337

December 31 December 31
2007 2006
(Rupees in thousand)

11.1 Working capital changes

(Increase)/decrease in current assets		
Stores, spares & loose tools	(115,849)	42,203
Stock in trade	(1,110)	44,407
Loans & advances	42,209	(2,538)
Trade deposits & short term prepayments	(3,851)	1,682
Other prepayments	(59)	(18,964)
	(78,660)	66,790
Increase/(decrease) in current liabilities		
Trade & other payables	(198,536)	197,721
	(277,196)	264,511

12. CAPACITY & PRODUCTION-TONES

	CLINKER		CEMENT	
	December 31 2007	December 31 2006	December 31 2007	December 31 2006
Plant capacity	270,000	270,000	284,210	284,210
Actual production	-	135,416	-	157,080

During the period, the plant of the Company remained closed and no production and sales were made.

13. GENERAL

13.1 These financial statements are authorized for issue by the Board of Directors of the Company in its meeting held on February 29, 2007.

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



M. Tousif Peracha
Chief Executive



A. Rafique Khan
Director