

DADABHOY CEMENT INDUSTRIES LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Hussain Dadabhoy	Chairman
Mrs. Razia Hussain Dadabhoy	
Mr. Muhammad Amin Dadabhoy	Chief Executive
Mr. Fazal Karim Dadabhoy	
Syed Nasim Ahmed	
Mrs. Noor Dadabhoy	
Mr. Naseemuddin	

COMPANY SECRETARY

Syed Umer Ali Iqbal

AUDITORS

M/s. Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR

Mr. Salim Thepdawala & Company

BANKERS

Saudi Pak Commercial Bank Limited
National Bank of Pakistan
Prime Commercial Bank Limited
Muslim Commercial Bank Limited

REGISTERED OFFICE & SHARE DEPT.

5th Floor, Maqbool Commercial Complex
Jinnah Cooperative Housing Society
Block 7 & 8, Shahrah e Faisal,
Karachi.

FACTORY

Nooriabad Deh Kalu Kohar,
Dist. Dadu (Sindh)

AUDIT COMMITTEE

Mr. Muhammad Hussain Dadabhoy	Chairman
Mr. Fazal Karim Dadabhoy	Member
Mr. Naseemuddin	Member

DADABHOY CEMENT INDUSTRIES LIMITED

**DIRECTOR'S REVIEW
HALF YEARLY REPORT TO THE SHAREHOLDERS**

The Board of Directors takes pleasure to present Un-audited Accounts alongwith Auditors Review Report of your company for the Half year ended December 31, 2004.

FINANCIAL RESULTS	Rupees in million	
	Dec' 2004	Dec' 2003
Sales Revenue	584.346	405.778
Gross Profit for the Period	176.659	113.646
G. P %	30.23%	28.01%
Profit after Tax	47.547	41.498
Earning Per Share	1.08	0.95

The Directors are pleased to report that during the period under review your company has made Sales of Rs. 584.346 million, increased by 44% compared to Rs. 405.778 of corresponding period.

The company has earned a Profit of Rs. 47.547 million which shows an increase of earning per share to Rs. 1.08 when compared to 0.95 of the corresponding period from July to Dec' 2003. The Gross Profit has also increased to 30.23% as compared to 28.01% of July to Dec' 2003.

PRODUCTION AND DESPATCHES DATA

The production and dispatches for the period ended 31st Dec' 2004 are as under:

	Dec' 2004	Dec' 2003
	Tons	Tons
Production	214,636	171,908
Despatches	214,481	173,874

Capacity Utilization increased by 15% from 57% of corresponding period to 72% during the period under review. This resulted due to construction of various mega projects are being undertaken and brisk activity in housing industry in the country.

DEBT OBLIGATION

Your company has been current in repaying its debt obligation as per agreed schedule.

ACKNOWLEDGEMENT

We would like to thank our customers and shareholders for their continued support and confidence in the company. We further like to place on record our thanks to the staff for their hard work and continuing commitment.

For and on behalf of the Board of Directors

Karachi
February 22, 2005

MOHAMMAD AMIN DADABHOY
Chief Executive

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **Dadabhoy Cement Industries Limited** as at December 31, 2004 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the “financial statements”) for the half-year then ended. These financial statement are the responsibility of the Company’s management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarters ended December 31, 2003 and 2004 have not been reviewed as we are required to review only the cumulative figures for the half yearly ended December 31, 2004.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standard as applicable in Pakistan.

Karachi
February 22, 2005

**M/s. Khalid Majid Rahman
Sarfaraz Rahim Iqbal Rafiq**
Chartered Accountants

DADABHOY CEMENT INDUSTRIES LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2004

	Note	Unaudited December 2004	Audited June 2004
ASSETS			
NON-CURRENT ASSETS			
Fixed assets - tangible			
Operating assets	4	2,825,463	2,851,507
Long term investments - at cost		51,518	51,518
Long term loans and deposits		9,276	7,700
CURRENT ASSETS			
Stores, spares and loose tools		133,676	121,302
Stock-in-trade		36,995	46,440
Trade debts		41,444	32,459
Loans, advances, prepayments and other receivables	5	68,676	60,592
Cash and bank balances		17,411	21,193
		<u>298,202</u>	<u>281,986</u>
		3,184,459	3,192,711
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term loans - secured	6	1,000,341	1,084,935
Long term deposits		534	570
Lease finance Liability		9,150	10,055
Deferred Liabilities		588,543	603,389
		<u>1,598,568</u>	<u>1,698,949</u>
CURRENT LIABILITIES			
Current maturities of long term liabilities		125,295	139,746
Creditors, accrued and other liabilities	7	234,869	178,758
Taxation	8	7,896	4,974
		<u>368,060</u>	<u>323,478</u>
		1,966,628	2,022,427
CONTINGENCIES AND COMMITMENTS	9	-	-
NET ASSETS		<u><u>1,217,831</u></u>	<u><u>1,170,284</u></u>
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		438,556	438,556
Capital reserve		33,224	33,224
Accumulated (loss)		(321,665)	(382,662)
		<u>150,115</u>	<u>89,118</u>
SURPLUS ON REVALUATION OF FIXED ASSETS		<u>1,067,716</u>	<u>1,081,166</u>
		<u><u>1,217,831</u></u>	<u><u>1,170,284</u></u>

The annexed notes form an integral part of these financial statements

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2004

	Note	Half year December 2004	2nd Quarter December 2004	Half year December 2003	2nd Quarter December 2003
..... (Rupees in '000')					
Sales - net	10	584,346	299,591	405,778	210,273
Cost of sales	11	407,687	212,835	292,132	151,991
Gross profit		<u>176,659</u>	<u>86,756</u>	<u>113,646</u>	<u>58,282</u>
Operating expenses					
Administrative		48,067	31,166	43,863	24,254
Selling and distribution		11,896	10,012	6,683	4,701
		<u>59,963</u>	<u>41,178</u>	<u>50,546</u>	<u>28,955</u>
Operating profit		116,696	45,578	63,100	29,327
Other income		323	212	250	206
		<u>117,019</u>	<u>45,790</u>	<u>63,350</u>	<u>29,533</u>
Financial charges	12	71,574	35,271	24,856	14,991
Workers profit participation fund		2,280	2,280	1,897	1,897
(Gain) / Loss on disposal of fixed assets		(60)	(60)	52	52
		<u>73,794</u>	<u>37,491</u>	<u>26,805</u>	<u>16,940</u>
Profit before taxation		43,226	8,299	36,545	12,593
Taxation					
current		2,922	1,460	2,029	1,051
deferred		(7,243)	(4,146)	(6,982)	(6,982)
		<u>(4,321)</u>	<u>(2,686)</u>	<u>(4,953)</u>	<u>(5,931)</u>
Profit after taxation		<u>47,547</u>	<u>10,985</u>	<u>41,498</u>	<u>18,524</u>
Accumulated Loss brought forward		<u>(382,662)</u>	<u>(340,349)</u>	<u>(423,994)</u>	<u>(401,020)</u>
		<u>(335,115)</u>	<u>(329,364)</u>	<u>(382,496)</u>	<u>(382,496)</u>
Transferred from surplus on revaluation of fixed assets					
Current year net of tax		13,450	7,699	12,966	12,966
Accumulated loss carried forward		<u>(321,665)</u>	<u>(321,665)</u>	<u>(369,530)</u>	<u>(369,530)</u>
Earning per share - Basic and diluted (Rs.)		<u>1.08</u>	<u>0.25</u>	<u>0.95</u>	<u>0.42</u>

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

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED DECEMBER 31, 2004

	December 2004	December 2003
(Rupees in '000')		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	43,226	36,545
Adjustments for:		
Depreciation	34,676	35,403
Financial charges	71,574	24,856
(Loss) / Gain on sale of fixed assets	(60)	52
	149,415	96,856
Working capital changes		
(Increase) / decrease in current assets		
Stores spares and loose tools	(12,374)	(13,109)
Stock in trade	9,445	(5,220)
Trade debts	(8,986)	(23,874)
Loans, advances, deposits, prepayments and other receivable	(6,906)	5,389
	(18,821)	(36,814)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	22,040	22,933
Net cash from operating activities	152,634	82,975
Taxes paid	(1,178)	(996)
Gratuity paid	(7,603)	-
Financial charges paid	(37,501)	(23,219)
Net cash inflow from operating activities	106,352	58,760
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(8,650)	(38,548)
Sale proceeds of fixed assets	78	1,282
Long-term loans and deposits	(1,576)	(5,600)
Net cash outflow from investing activities	(10,148)	(42,866)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of long term loans	(99,201)	(34,365)
Deposits and dealers	(36)	(175)
Lease finance liability	(749)	12,458
Net cash outflow from financing activities	(99,986)	(22,082)
Net increase / (decrease) in cash and cash equivalents	(3,782)	(6,188)
Cash and cash equivalents at beginning of the year	21,193	11,352
Cash and cash equivalents at end of the year	17,411	5,164

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

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

**DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2004**

	Share Capital	Capital reserve (Premium on issue of Right shares)	Accumulated (loss)	Total
 (Rupees in '000')			
Balance as at July 01, 2003	438,556	33,224	(423,994)	47,786
Transferred from surplus on revaluation of fixed assets to Unappropriated profit				
Current year (Net of Tax)	-	-	12,966	12,966
Profit after taxation			41,498	41,498
Balance as at December 31, 2003	<u>438,556</u>	<u>33,224</u>	<u>(369,530)</u>	<u>102,250</u>
Balance as at July 01, 2004	438,556	33,224	(382,662)	89,118
Transferred from surplus on revaluation of fixed assets to Unappropriated profit				
Current year (Net of Tax)	-	-	13,450	13,450
Profit after taxation	-	-	47,547	47,547
Balance as at December 31, 2004	<u>438,556</u>	<u>33,224</u>	<u>(321,665)</u>	<u>150,115</u>

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

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE HALF YEAR DECEMBER 31, 2004

1. These accounts have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting".
2. These accounts have been reviewed by statutory auditors and are being submitted to the shareholders along with the unaudited Quarterly Accounts in compliance of the requirements of clause XXI of the "code". issued by Securities & Exchange Commission of Pakistan.
3. The accounting policies adopted in these half yearly accounts are the same as those applied in the preparation of the preceding annual published accounts

These accounts are un-audited and are being presented as required under section 245 of the Companies Ordinance, 1984 and listing regulations of Karachi, Lahore and Islamabad Stock Exchanges.

4. Additions and disposals of fixed assets during the period were Rs. 8.650 million and Rs. 0.113 million respectively.

December **June**
2004 **2004**

(Rs. in '000')

5. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

Loans

Current portion

Employees

Executives

	694	544
	-	-
	694	544

Advances- unsecured, considered good

Employees

Subsidiary: Dadabhoj Energy Supply Co. Ltd.

Dadabhoj Hydrocarbon Limited

Others

Advance Income Tax

	1,247	1,504
	35,731	12,955
	-	4,861
	12,633	25,319
	7,778	6,600
	57,389	51,239

Prepayments

Insurance / rent

Excise duty

	1,419	514
	2,777	1,056
	4,196	1,570

Other receivables

Excise duty

Sales Tax

Other

	4,243	4,243
	1,904	1,904
	250	1,092
	6,397	7,239
	68,676	60,592

6. LONG TERM LOANS - SECURED

National Bank of Pakistan

Muslim Commercial Bank Ltd.

Habib Bank Limited

United Bank Limited

	6.1	1,116,039		1,208,097
	6.2	-		-
	6.3	-		2,000
	6.4	7,714		12,857

	1,123,753	1,222,954
	(123,412)	(138,019)

Current maturity

Overdue Installment

	1,000,341	1,084,935
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6.1 National Bank of Pakistan

Consortium Loan

Long Term Loan

Working Capital Loan

Balance as at 31 Dec,

	16,271	16,750
	977,663	977,663
	122,105	213,684
	1,116,039	1,208,097

	December 2004	June 2004
	(Rs. in '000')	
6.1.1 NBP Consortium Loan		
Balance as at 01 July,	18,183	18,662
Less: Payments made during the year	<u>(1,912)</u>	<u>(1,912)</u>
Balance as at 31 Dec,	<u>16,271</u>	<u>16,750</u>
6.1.2 Long Term Loan		
Balance as at 01 July,	977,663	977,663
Less: Payments made during the year	<u>-</u>	<u>-</u>
Balance as at 31 Dec,	<u>977,663</u>	<u>977,663</u>
6.1.3 NBP (W. C.) Loan		
Balance as at 01 July,	213,685	274,738
Less: Payments made during the year	<u>(91,580)</u>	<u>(61,054)</u>
Balance as at 31 Dec,	<u>122,105</u>	<u>213,684</u>

The above represent the amount of loans settled / rescheduled / restructured by NBP pursuant to an agreement reached between the company and the bank as per the directives given by Honorable Supreme Court of Pakistan on review petition filed by the company praying for review of court's earlier order dated October 1, 2001. As per agreed repayment schedules in the compromise submitted to the court, total amount of respective loan inclusive of markup till the repayment of last installment has been determined as under.

	Principal	Markup	Total Repayment	Repayment	Period of Repayment	No of Installments	Rate of Interest
Consortium Loan	19,140	6,881	26,021	Quarterly	Jul 01, 2003-Jan 01, 2013	40 Various	11%
Long Term Loan	977,663	1,159,337	2,137,000	Quarterly	Oct 01, 2003-Jan 01, 2013	38 Various	13%
Working Capital Loan	305,265	36,915	342,180	Quarterly	Jul 01, 2003-Oct 01, 2005	11 Various	16%

In respect of long term loans, the bank has, however, agreed to waive the last five out of 38 installments aggregating to Rs. 750 million relating to the period January 1, 2012 - January 01, 2013, provided the company is able to make all repayments on due dates as per the agreed schedules. Quarterly payments made are all adjusted towards markup accrued thereon whereas principal amount will start adjusting from 01 October, 2005.

Security

The loan is secured by way of legal mortgage on the immovable properties of the company. Pledge of sponsor director's shares, equitable mortgage on mining leases of the company, pledge and hypothecation of machinery, and all the movable properties, including book debts and receivables of the company, ranking pari passu with other creditors and with charges already existing & personal guarantees of sponsoring directors. Delay or default in payment of any installment beyond nine months from the date due in whole or in part will lead to full amount becoming due forthwith.

6.2 Muslim Commercial Bank Limited.

Balance at 01 July,	-	7,795
Add: : Loan restructured during the year	-	(2,185)
Payment made during the year	-	(5,610)
Balance at 31 Dec,	<u>-</u>	<u>-</u>

	December 2004	June 2004
	(Rs. in '000')	
6.3 Habib Bank Limited.		
Balance at 01 July,	2,000	12,943
Adjustment during the year	-	(6,458)
Payment made during the year	<u>(2,000)</u>	<u>(4,485)</u>
Balance as at 31 Dec,	<u>-</u>	<u>2,000</u>
Security		
The loan is secured by way of legal mortgage on the immovable properties of the company, pledge and hypothecation of machinery and all the movable properties including book debts and receivable of the company, ranking pari passu with other creditors and with charges already existing, personal guarantees of sponsoring directors.		
6.4 United Bank Limited	<u>7,714</u>	<u>12,857</u>
The Company and the bank have mutually agreed to restructure of loan at Rs. 18.00 million payable with effect from September 25, 2003 in seven equal quarterly installments of Rs. 2.571 million each without any markup on outstanding amount. Out of which the Company has paid four installments amounting to Rs. 10.286 million.		
Security		
The loan is secured by way of legal mortgage on the immovable properties of the company, pledge and hypothecation of machinery and all the movable properties including book debts and receivable of the company, ranking pari passu with other creditors and with charges already existing, personal guarantees of sponsoring directors.		
7 Creditors		
Due to associated undertakings:		
Dadabhoy Hydrocarbon Limited	24,918	-
Dadabhoy Sack Limited	18,037	18,338
Dadabhoy Construction Technologies (Pvt.) Ltd.	299	302
Others	<u>14,119</u>	<u>24,793</u>
	57,373	43,433
Accrued Liabilities		
Accrued Expenses	6,553	6,635
Markup Expenses	<u>140,797</u>	<u>106,724</u>
	147,350	113,359
Other Liabilities		
Advances from customers	-	-
Royalty	4,881	4,202
Sales tax	12,755	7,042
Provident fund	1,633	1,633
Workers' profit participation fund	4,704	2,424
Tax deducted at source	3,752	3,855
Others	<u>2,421</u>	<u>2,810</u>
	<u>30,146</u>	<u>21,966</u>
	<u>234,869</u>	<u>178,758</u>

8 Provision for taxation has been made on the basis of profit for the current half year ended December 31, 2004. The assessment of the company have been finalised upto and including the tax year 2003. Assessed losses available to the Company amounted to Rs. 754.000 million (2003 : 31.451) million at the end of tax year 2003.

9 There is no material change in the contingent liabilities of the Company.

	Half year December 2004	2nd Quarter December 2004	Half year December 2003	2nd Quarter December 2003
10 SALES - NET	----- Rupees -----			
Sales	855,451	437,084	631,547	323,864
Less: Sales Tax	(110,222)	(56,304)	(94,973)	(30,876)
Excise duty	(160,883)	(81,189)	(130,796)	(82,715)
	(271,105)	(137,493)	(225,769)	(113,591)
	<u>584,346</u>	<u>299,591</u>	<u>405,778</u>	<u>210,273</u>
11 COST OF SALES:				
Opening Stock				
Raw Material	3,667	1,643	1,096	1,453
Packing Material	1,773	416	895	529
	5,440	2,059	1,991	1,982
Purchases	71,689	30,520	74,363	36,987
Mining and other related costs	17,769	10,330	13,450	9,147
	94,898	42,909	89,804	48,116
Closing Stock				
Raw Material	(1,866)	(1,866)	(2,145)	(2,145)
Packing Material	(427)	(427)	(1,319)	(1,319)
	(2,293)	(2,293)	(3,464)	(3,464)
	92,605	40,616	86,340	44,652
Manufacturing expenses	308,784	128,404	209,539	101,786
	401,389	169,020	295,879	146,438
Work in process				
Opening	33,956	72,515	8,877	26,281
Closing	(26,036)	(26,036)	(16,719)	(16,719)
	7,920	46,479	(7,842)	9,562
	409,309	215,499	288,037	156,000
Cost of goods manufactured				
Finished goods				
Opening	7,044	6,002	10,035	1,931
Closing	(8,666)	(8,666)	(5,940)	(5,940)
	(1,622)	(2,664)	4,095	(4,009)
	407,687	212,835	292,132	151,991

	December 2004	December 2003
	(Rs. in '000')	
12 Financial Charges		
Mark up on loans	70,669	33,060
Mark up on lease liabilities	431	1,220
Bank Charges	474	248
	71,574	34,528
Less : Adjustment of capitalised markup on full and final settlement of liabilities with MCB and UBL	-	(9,672)
	<u>71,574</u>	<u>24,856</u>

13 Related Party Transactions

The related parties comprise of parties related to group companies, directors and their close family members, staff provident fund executives, and major shareholders of the company. Transactions with related parties during the period ended are as follows:

Purchase of goods and electricity	<u>269,122</u>	<u>150,865</u>
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14 Capacity - Cement all kind (Metric Ton)

Installed capacity	<u>598,000</u>	<u>598,000</u>
Production	<u>214,636</u>	<u>171,581</u>

15 These financial statements were authorised for issue in the Board of Directors meeting held on Feb. 22, 2005.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LTD.

**CONSOLIDATED UN-AUDITED FINANCIAL STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2004**

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2004

	Unaudited December 2004	Audited June 2004
(Rupees in '000')		
ASSETS		
NON-CURRENT ASSETS		
Fixed assets - tangible		
Operating assets	3,489,700	3,456,457
Capital work in process	510	66,690
Long term investments - at cost	1,518	1,518
Long term loans and deposits	9,544	7,965
CURRENT ASSETS		
Stores, spares and loose tools	139,792	127,977
Stock-in-trade	39,418	47,641
Trade debts	41,445	32,459
Loans, advances, prepayments and other receivables	37,020	49,475
Cash and bank balances	17,595	21,309
	<u>275,270</u>	<u>278,861</u>
	3,776,542	3,811,491
LIABILITIES		
MINORITY INTEREST		
	96,527	95,388
NON-CURRENT LIABILITIES		
Long term loans - secured	1,252,046	1,329,234
Long term deposits	534	570
Lease finance Liability	9,150	10,055
Deferred Liabilities	688,737	703,584
	<u>1,950,467</u>	<u>2,043,443</u>
CURRENT LIABILITIES		
Current maturities of long term liabilities	125,295	147,152
Creditors, accrued and other liabilities	258,553	232,268
Taxation	7,896	4,974
	<u>391,744</u>	<u>384,394</u>
	2,438,738	2,523,225
CONTINGENCIES AND COMMITMENTS		
NET ASSETS	<u><u>1,337,804</u></u>	<u><u>1,288,266</u></u>
REPRESENTED BY:		
SHARE CAPITAL AND RESERVES		
Share capital	438,556	438,556
Capital reserve	33,224	33,224
Accumulated (loss)	(256,429)	(319,419)
	<u>215,351</u>	<u>152,361</u>
SURPLUS ON REVALUATION OF FIXED ASSETS	<u>1,122,453</u>	<u>1,135,905</u>
	<u><u>1,337,804</u></u>	<u><u>1,288,266</u></u>

The annexed notes form an integral part of these financial statements

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2004

	Half year December 2004	Half year December 2003
	(Rupees in '000')	
Sales - net	584,346	405,826
Cost of sales	384,200	299,691
Gross profit	<u>200,146</u>	<u>106,135</u>
Operating expenses		
Administrative	54,429	49,292
Selling and distribution	11,896	6,683
	<u>66,325</u>	<u>55,975</u>
Operating profit	<u>133,821</u>	<u>50,160</u>
Other income	<u>590</u>	<u>254</u>
	<u>134,411</u>	<u>50,414</u>
Financial charges	85,670	40,240
Workers profit participation fund	2,280	1,897
Loss on disposal of fixed assets	-	52
	<u>87,950</u>	<u>42,189</u>
Profit before taxation	<u>46,462</u>	<u>8,225</u>
Taxation		
current	2,922	2,029
deferred	(7,243)	(6,982)
	<u>(4,321)</u>	<u>(4,953)</u>
Profit / (Loss) after taxation	<u>50,783</u>	<u>13,178</u>
Minority Interest	<u>(1,138)</u>	<u>10,685</u>
Profit attributable to Holding Company	<u>49,645</u>	<u>23,863</u>
Transferred from surplus on revaluation of fixed assets		
Current year net of tax	<u>13,450</u>	<u>12,966</u>
Accumulated loss carried forward	<u>63,095</u>	<u>36,829</u>
Earning per share - Basic and diluted (Rs.)	<u>1.16</u>	<u>0.30</u>

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

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

**DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED DECEMBER 31, 2004**

	December 2004	December 2003
(Rupees in '000')		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	48,741	8,224
Adjustments for:		
Depreciation	41,335	42,763
Financial charges	85,670	40,781
Loss / (Gain) on sale of fixed assets	(60)	52
	175,686	91,820
Working capital changes	(9,102)	(1,995)
Net cash from operating activities	166,584	89,825
Taxes paid	(1,196)	(997)
Gratuity paid	(7,603)	-
Financial charges paid	(51,597)	(36,220)
Net cash inflow from operating activities	106,188	52,608
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(8,415)	(38,642)
Sale proceeds of fixed assets	78	1,282
Long-term loans and deposits	(1,579)	(5,600)
Net cash outflow from investing activities	(9,916)	(42,960)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of long term loans	(99,201)	(34,365)
Deposits and dealers	(36)	(175)
Lease finance liability	-	(500)
Net cash outflow from financing activities	(749)	12,458
	(99,986)	(22,582)
Net increase / (decrease) in cash and cash equivalents	(3,714)	(12,934)
Cash and cash equivalents at beginning of the year	21,309	18,279
Cash and cash equivalents at end of the year	17,595	5,345

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

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2004

	Share Capital	Share Deposit Money	Capital reserve (Premium on issue of Right shares)	Accumulated (loss)	Total
	----- (Rupees in '000') -----				
Balance as at July 01, 2003	438,556	10,993	33,224	(374,451)	108,322
Transferred from surplus on revaluation of fixed assets to Unappropriated profit					
Current year (Net of Tax)	-	-	-	12,966	12,966
Profit after taxation				23,862	23,862
Balance as at December 31, 2003	<u>438,556</u>	<u>10,993</u>	<u>33,224</u>	<u>(337,623)</u>	<u>145,150</u>
Balance as at July 01, 2004	438,556	-	33,224	(319,419)	152,361
Transferred from surplus on revaluation of fixed assets to Unappropriated profit					
Current year (Net of Tax)	-	-	-	13,450	13,450
Profit for the year after taxation	-	-	-	49,540	49,540
Balance as at December 31, 2004	<u>438,556</u>	<u>-</u>	<u>33,224</u>	<u>(256,429)</u>	<u>215,351</u>

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

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED

NOTES TO CONSOLIDATED ACCOUNTS FOR THE HALF YEAR ENDED DECEMBER 31, 2004

1. THE GROUP AND ITS OPERATION

Dadabhoj Cement Industries Limited was incorporated on 09 August 1979 as a public limited company and is listed on all the Stock Exchanges in Pakistan. The Company is engaged in the manufacturing of ordinary Portland, slag and sulphate resistant cement; and

Dadabhoj Energy Supply Company Limited (the subsidiary) incorporated in Pakistan as an unlisted public limited company on May 29, 1994 under the Companies Ordinance 1984. It is a subsidiary of Dadabhoj Cement Industries Limited which directly holds 18.29% shares and indirectly holds 45.49% shares in its equity. Its principal business is generation and supply of electric power.

2. BASIS OF CONSOLIDATION

The Consolidated Financial Statement conclude the financial statement of Dadabhoj Cement Industries Limited and its Subsidiary Dadabhoj Energy Supply Company Limited. The financial Statements of the parent and the subsidiary companies are prepared up to the same reporting date using consistent accounting policies and are combined on a line by line basis.

All inter-company balances, transactions and resulting unrealized profits, if any, are eliminated.

Minority interest is calculated on the basis of their proportionate share 36.22% in the net assets of the subsidiary company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in these consolidated half yearly accounts are the same as those applied in the preparation of the preceding annual published accounts except for the assets under finance lease. The accounting policy adopted for assets under finance lease is stated in note 3.1 below

3.1 Leased assets

Assets subject to finance leases

Assets subject to finance lease are accounted for by recording the assets and related liability. These are stated at lower of the present value of minimum lease payments under the lease agreements and fair value of the assets acquired on lease. Assets acquired under finance lease are depreciated over the useful life of the assets in the same manner as the owned assets.

Financial charges under the lease agreements is allocated over the periods during the lease term, so as to produce a constant periodic rate of financial charge on the outstanding balance of principal liability of each period.

4. There is no material change in the contingent liabilities of the Group since the last financial statements as of 30th June, 2004.

	<u>2004</u>	<u>2003</u>
	(Rs. in '000')	
5. Holding-Cement	M. Tons	M. Tons
Installed capacity	598,000	598,000
Production	<u>214,636</u>	<u>171,581</u>
Subsidiary-Electric Energy	KWH	KWH
Installed capacity	141,912,000	141,912,000
Production	<u>21,225,000</u>	<u>20,246,000</u>

6. These financial statements were authorised for issue in the Board of Directors meeting held on 22nd February, 2005.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director