

HALF YEARLY REPORT
DECEMBER 31 2008



DEWAN CEMENT LIMITED



DEWAN CEMENT LIMITED

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DEWAN CEMENT LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Dewan M. Yousuf Farooqui	CEO & Chairman Board of Directors
Dewan Abdullah Ahmed	Director
Dewan Abdul Baqi Farooqui	Director
Mr. Haroon Iqbal	Director
Syed Muhammad Ali Khan	Director
Mr. Aziz-ul-Haque	Director
Mr. Abrar Manzoor	Director
Mr. Wajahat A. Baqai	Nominee Director of Creditors
Mr. Basheer Ahmed Chowdry	Nominee Director of Creditors

COMPANY SECRETARY

Mr. Shahab Mehmud Ansari

AUDIT COMMITTEE MEMBERS

Mr. Wajahat A. Baqai	Chairman
Syed Muhammad Ali Khan	Member
Mr. Aziz-ul-Haque	Member

CHIEF FINANCIAL OFFICER

Mr. Imran Ahmed Javed

REGISTERED OFFICE

Block-A, 7th Floor, Finance & Trade Centre,
Shahrah-e-Faisal, Karachi, Pakistan.

HEAD OFFICE

Block-A, 2nd Floor, Finance & Trade Centre,
Shahrah-e-Faisal, Karachi, Pakistan.

FACTORIES

1. Deh Dhand, Dhabeji
District, Malir Karachi, Pakistan.
2. Kamilpur Near Hattar
District, Haripur N.W.F.P, Pakistan.

AUDITORS

M/s. Faruq Ali & Co.
Chartered Accountants

COST AUDITORS

S.M. Suhail & Co.
Chartered Accountants

LEGAL ADVISOR

Sardar M. Ajaz Khan (Advocate)

WEBSITE

www.dewangroup.com.pk



DIRECTORS' REPORT

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

The Directors are pleased to present un-audited financial results for the half-year ended December 31, 2008.

Overview of Cement Industry

During the half year ended on December 31, 2008, overall situation was favorable for cement, despite seasonal, financial and administrative constraints the industry registered a nominal increase of 2.93% over the same period last year.

Increase in export is nearly 70% which is heartening as same has increased from 3 million tons to 5 million tons and a decline of 15.39% in local sale has been more than compensated by the increase in export volumes.

Production

	<u>Upto December 2008</u> <u>(In tons)</u>	<u>Upto December 2007</u> <u>(In tons)</u>	<u>Variance</u> <u>(% Age)</u>
Clinker	694,065	704,932	(1.54)
Cement	671,413	781,256	(14.06)

Dispatches

	<u>Upto December 2008</u> <u>(In tons)</u>	<u>Upto December 2007</u> <u>(In tons)</u>	<u>Variance</u> <u>(% Age)</u>
Local Sales	521,867	752,588	(30.66)
Export Sales	<u>127,532</u>	<u>20,716</u>	<u>515.62</u>
Total	<u>649,399</u>	<u>773,304</u>	<u>(16.02)</u>

Operating Performance

The operating results of the Company for the current quarter and that of the corresponding period last year are highlighted below:

	<u>Upto December 2008</u> <u>(Rs. In million)</u>	<u>Upto December 2007</u> <u>(Rs. In million)</u>	<u>Variance</u> <u>(% Age)</u>
*Net Sales	2,612	2,121	23.15
**Cost of good sold	2,406	1,925	(24.99)
Gross Profit	206	196	5.10
Expenses & Taxes	516	304	(69.74)
Net Profit/(Loss)	(310)	(108)	(187.04)

* Net sales do not include sale of Rs. 226.5 million from trial production of south Line II transferred to CWIP

** COGS do not include Rs. 266.2 million from trial production of South Line II charged to CWIP.



Our Export sales of Rs. 607 million registered an increase of Rs. 531 million when compared to the Rs. 76 million exported in the same period last year. An improved domestic sales price and the huge quantity of 127,532 tons exported as compared to 20,716 tons last year helped in net increase in revenue by Rs. 491.7 million. The export price increase and exchange rate differential further helped in the increase of revenue.

The overall cost of Rs. 2,406 million was higher when compared to same period last year mainly because of the exchange rate differential, high electricity tariff and increased coal cost.

Line II in South Unit

By the grace of Almighty Allah, your management is pleased to announce that Line II in south unit has started commercial production from October 2008. It is worth mentioning here that your company achieved this milestone without due support from the financial institutions and utilized all the possible resources it had.

Loan status

Certain pre-IPO investors of TFCs having investment of Rs. 800 million have moved to the Honorable High Court of Sind for repayment of their liabilities. The management has strongly contested its case as the default on part of company was beyond the company's control. Therefore the company has offered all the investors / bankers for restructuring of the entire liabilities including the pre-IPO investments.

Future Outlook

It is expected that growth in export will continue, as high demand from Afghanistan, Iraq, Kuwait, Qatar and African countries has started emerging and demand from India is also reviving after a lull. Gulf Countries, in the near future will also be reviving. Same levels as in the past are not expected, but improvement is already evident.

It is expected that Industry will continue to operate at a capacity utilization of around 80% of the Annual Rated Capacity (41.45 million tons per annum).

Observations in the Auditors' Review Report

The auditors have qualified their review report on the classification of Pre-IPO investments as long term liability. The management is of the view that since the funds were obtained for a period of six years, all of them are offered restructuring of their investments. Till the matter is resolved suitably with investors, management has decided to classify the same as long term liability.

Further, the auditors have added an emphasis of matter paragraph on the company's ability to continue as a going concern as more fully explained in note 2 to the financial statements.

Acknowledgement

The Board of Directors places on record its gratitude to its valued customers, Federal and Provincial Governments, banks & financial institutions, dealers and employees of the Company, for their continued co-operation & support.



Acknowledgement

The Board of Directors places on record its gratitude to its valued customers, Federal and Provincial Governments, banks & financial institutions, dealers and employees of the Company, for their continued co-operation & support.

In conclusion, we bow, beg and pray to **Almighty Allah, Rahman-ur-Rahim**, in the name of our beloved Prophet Muhammad (peace be upon him), for continued showering of His blessings, guidance, strength, health, and prosperity to us, our Company, Country and Nation and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah, Ameen, Summa Ameen.

LO-MY LORD IS INDEED HEARER OF PRAYER (AL-QURAN)

For and on behalf of Board of Directors

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Dated: March 31, 2009
Place: Karachi



DEWAN CEMENT LIMITED

FARUQ ALI & CO
CHARTERED ACCOUNTANTS

222-A, Karachi Memon Telephone : (021) 4301966
Cooperative Housing Society : (021) 4301967
Justice Inaamullah Road, : (021) 4301968
Near Hill Park, Karachi-74800. : (021) 4301969
E-mail: faac@cyber.net.pk Fax : (021) 4301965

REVIEW REPORT TO THE MEMBERS

Introduction

We have reviewed the accompanying interim condensed balance sheet of **Dewan Cement Limited** as at December 31, 2008, 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. The figures for the quarters ended December 31, 2008 and 2007 in the interim condensed profit and loss account have not been reviewed and we do not express a conclusion thereon. The financial statements of the company for the year ended June 30, 2008 were jointly audited by other two firms of chartered accountants, who vide their report dated October 30, 2008 issued un-qualified opinion thereon, however added a matter of emphasis paragraph regarding special resolution passed for sale / alienate / dispose off one the company's cement manufacturing unit.

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.

Basis for qualified conclusion

The company has classified the amount of Rs.3,850 million received as pre-IPO investment against term finance certificates (refer note 8 to the interim condensed financial information) as long term liability for the reason mentioned in said note. We do not concur with the management's assertion regarding its classification as long term liability. In our opinion the entire liability should be classified as current liability.

Qualified conclusion

Based on our review, except of the classification of current liability as non-current liability described in preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Matter of emphasis

Without further qualifying our review report, we draw attention of the members to note 2 to the interim condensed financial information which states that the company incurred loss after taxation of Rs.309.698 million during the period ended December 31, 2008 and as of that date its current liabilities, including the effect of amount discussed in preceding paragraph, exceeded its current assets by Rs.6,978 million. These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as going concern.

Dated: March 31, 2009
Place: Karachi

CHARTERED ACCOUNTANTS



**INTERIM CONDENSED BALANCE SHEET - (UN-AUDITED)
AS AT DECEMBER 31, 2008**

	(Un-audited) December 31, 2008	(Audited) June 30, 2008
Note	Rupees in '000'	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets		
-Property, plant and equipment	5 20,237,636	19,927,245
Long term deposits	94,219	74,369
Long term loans	628	641
	<u>20,332,483</u>	<u>20,002,255</u>
CURRENT ASSETS		
Stores and spare parts	440,400	397,500
Stock-in-trade	460,922	127,802
Trade debts	551,301	715,855
Due from related party	-	10,541
Loans and advances	119,403	130,715
Trade deposits and short-term prepayments	74,124	32,288
Other receivables	30,882	39,143
Short-term investments	2,272	4,656
Advance income tax	63,513	17,760
Cash and bank balances	86,773	132,572
	<u>1,829,590</u>	<u>1,608,832</u>
TOTAL ASSETS	<u><u>22,162,073</u></u>	<u><u>21,611,087</u></u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital		
500,000,000 (June 30, 2008: 500,000,000)		
Ordinary shares of Rs. 10/- each	<u>5,000,000</u>	<u>5,000,000</u>
Issued, subscribed and paid-up-capital	3,573,750	3,573,750
Reserves - Net	<u>492,364</u>	<u>734,720</u>
	<u>4,066,114</u>	<u>4,308,470</u>
SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax	6 3,983,863	4,014,940
NON-CURRENT LIABILITIES		
Long term financing	7 2,411,928	2,275,462
Advances for investment in term finance certificates	8 3,850,000	3,850,000
Liabilities against assets subject to finance lease	66,535	88,949
Long-term deposits and payables	922,994	922,894
Deferred liabilities	<u>1,903,288</u>	<u>2,065,797</u>
	<u>9,154,745</u>	<u>9,203,102</u>
CURRENT LIABILITIES		
Trade and other payables	1,481,518	1,649,766
Short term borrowings	9 1,052,868	748,021
Markup payable	10 1,042,713	555,916
Current portion of long term borrowings	11 1,380,252	1,114,022
Sales tax payable	-	16,850
	<u>4,957,351</u>	<u>4,084,575</u>
CONTINGENCIES AND COMMITMENTS	12 -	-
TOTAL EQUITY AND LIABILITIES	<u><u>22,162,073</u></u>	<u><u>21,611,087</u></u>

The annexed notes from 1 to 17 form an integral part of these interim condensed financial statements.

Dewan Abdul Baqi Farooqui
Director

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2008**

	Half Year Ended		Quarter Ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	Rupees in '000'			
Turnover - net	2,612,256	2,120,561	1,457,014	966,415
Cost of sales	(2,405,914)	(1,924,545)	(1,384,191)	(901,160)
Gross profit	206,342	196,016	72,823	65,255
Distribution cost	(87,708)	(11,091)	(56,747)	(2,593)
Administrative expenses	(82,964)	(98,678)	(42,707)	(63,917)
Other operating expenses	(23,662)	(6,227)	(22,547)	(5,100)
Other operating income	6,490	29,788	1,621	(1,232)
Operating profit / (loss)	18,498	109,808	(47,557)	(7,587)
Finance cost	(447,462)	(207,186)	(352,726)	(99,700)
Loss before taxation	(428,964)	(97,378)	(400,283)	(107,287)
Taxation - net	119,266	(10,602)	96,840	(1,213)
Loss after taxation	(309,698)	(107,980)	(303,443)	(108,500)
Loss per share				
Basic and diluted (Rupees)	13 (0.87)	(0.30)	(0.85)	(0.30)

The annexed notes from 1 to 17 form an integral part of these interim condensed financial statements.

Dewan Abdul Baqi Farooqui
Director

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive



**INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2008**

	December 31, 2008	December 31, 2007
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash (used in) / generated from operations	(128,147)	596,915
Income tax paid	(52,737)	(10,629)
Long-term loans - net	13	626
Long-term deposits - net	(19,850)	(15,982)
Long-term deposits and payables - net	100	330,729
Net cash generated from operating activities	(200,621)	901,659
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(402,835)	(398,669)
Proceeds from sale of property, plant and equipment	221	-
Net cash used in investing activities	(402,614)	(398,669)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of debentures - Term Finance Certificates	(5,941)	(413,005)
Long-term financing - net	399,635	686,057
Short-term borrowings - net	287,969	(1,373)
Short-term redeemable capital - net	-	(497,695)
Finance cost paid	(110,817)	(290,891)
Liabilities against assets subject to finance lease - net	(13,410)	(45,343)
Net cash used in financing activities	557,436	(562,250)
Net decrease in cash and cash equivalents	(45,799)	(59,260)
Cash and cash equivalents at the beginning of the period	132,572	224,537
Cash and cash equivalents at the end of the period	86,773	165,277

The annexed notes from 1 to 17 form an integral part of these interim condensed financial statements.

Dewan Abdul Baqi Farooqui
Director

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2008**

	Issued, subscribed and paid-up capital	Reserves			Total
		Capital	Revenue	Total	
		Merger reserve	(Accumulated loss) / unappropriated profit		
Balance as at July 01, 2007	3,573,750	629,444	501,231	1,130,675	4,704,425
Transfer from surplus on revaluation of fixed assets - Net of tax	-	-	94,784	94,784	94,784
Net profit for the period after taxation	-	-	(107,980)	(107,980)	(107,980)
Balance as at December 31, 2007	<u>3,573,750</u>	<u>629,444</u>	<u>488,035</u>	<u>1,117,479</u>	<u>4,691,229</u>
Balance as at July 01, 2008	3,573,750	629,444	105,276	734,720	4,308,470
Transfer from surplus on revaluation of fixed assets - Net of tax	-	-	67,342	67,342	67,342
Net loss for the period after taxation	-	-	(309,698)	(309,698)	(309,698)
Balance as at December 31, 2008	<u>3,573,750</u>	<u>629,444</u>	<u>(137,080)</u>	<u>492,364</u>	<u>4,066,114</u>

The annexed notes from 1 to 17 form an integral part of these interim condensed financial statements.

Dewan Abdul Baqi Farooqui
Director

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2008**

1 THE COMPANY AND ITS OPERATIONS

Dewan Cement Limited (the Company) was incorporated in Pakistan as a public limited company in March, 1980. Its shares are quoted on the Karachi and Lahore Stock Exchanges since June, 1989. The registered office of the Company is situated at 7th Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The principal activity of the Company is to manufacture and sale of cement. The Company has two production facilities at Deh Dhando, Dhabeji, Karachi, Sindh and Kamilpur, Hattar Industrial Estate, District Haripur, N.W.F.P.

2 GOING CONCERN ASSUMPTION

The financial statements for the period ended December 31, 2008 reflect loss after taxation of Rs. 309,698 million and as of that date its current liabilities exceeded its current assets by Rs. 3,128 million. Further certain pre-IPO investors having advanced for investment in TFCs amounting to Rs.800 million have gone into litigation for repayment of their investments through attachment and sale of company's hypothecated / mortgaged properties. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. However, the Company has approached the Pre-IPO investors for restructuring of their investment amounts. Some of the investors have given their consent for restructuring. Further, the management has also approached its bankers / financial institutions for restructuring for its long term and short term obligations.

The management is confident that the company's restructuring proposals will also be accepted by the financial institutions / bankers. These conditions mitigate the risk and preparation of financial statement on going concern assumption is justified.

3 BASIS OF PREPARATION

These interim condensed financial statements are un-audited but subject to limited scope review by the auditors. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting". The Interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2008. The figures of the interim condensed profit and loss account for the quarters ended December 31, 2008 and 2007 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2008 and 2007.

4 SIGNIFICANT ACCOUNTING POLICIES

- 4.1** The accounting policies followed for the preparation of these financial statements are the same as those applied in preparing the annual financial statements for the year ended June 30, 2008.
- 4.2** Significant accounting estimates and judgments are the same as those applied in preparation of annual financial statements for the year ended June 30, 2008.

5 PROPERTY, PLANT AND EQUIPMENT

	(Un-audited)	(Audited)
	December 31,	June 30,
	2008	2008
	———— Rupees in '000' ————	
Operating property, plant and equipment	18,837,314	14,604,687
Assets subject to finance lease	40,596	41,571
Capital work-in-progress	1,359,726	5,280,987
	<u>20,237,636</u>	<u>19,927,245</u>

**DEWAN CEMENT LIMITED**

(Un-audited) (Audited)
December 31, June 30,
2008 2008
----- Rupees in '000' -----

5.1 Additions, Revaluations and disposals during the period (Operating fixed assets)**Addition in Owned Assets**

Plant and machinery (Note 5.1.1)	4,465,997	-
Freehold land	-	521
Furniture and fixture	-	2,235
Equipment	200	3,811
Computer	8	1,193
Vehicles	7,947	9,454
	<u>4,474,152</u>	<u>17,214</u>

Addition in Leased Assets

Vehicles	-	170
	<u>4,474,152</u>	<u>17,384</u>

Disposals

Vehicles	794	885
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5.1.1 Represents Line II costs transferred from capital work in progress during the period.

5.2 Additions during the period (Capital work in progress)

Plant and machinery	544,651	1,095,378
Civil and mechanical works	84	50,396
	<u>544,735</u>	<u>1,145,774</u>

5.3 Additions to property, plant and equipment includes a sum of Rs.150.152 million being markup capitalized during the period.

6 SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax

Gross surplus	5,807,593	5,874,932
Less: Related deferred tax	1,823,730	1,859,992
	<u>3,983,863</u>	<u>4,014,940</u>

7 LONG TERM FINANCING

The principal terms and condition of the outstanding loans have remained the same as disclosed in the financial statements of the Company for the year ended June 30, 2008.

8 ADVANCES FOR INVESTMENT IN TERM FINANCE CERTIFICATES

It represents private placement (Pre-IPO) investment of Rs. 3,850 million received as advanced against issue of rated, listed and secured term finance certificates out of total issue of Rs. 5,000 million for a tenure of six years. The company was required to complete the public offering on or before 270 days of signing of the respective agreements. i.e. October 05, 2008. The company was unable to complete the requisite formalities of public offering due to the factors beyond its control (Force Majeure) i.e. global recession and unforeseen shut down of stock exchanges.



Out of the total investment of Rs. 3,850 million, investors having investments to the extent of Rs. 800 million have filed suits in Hon'able High Court of Sindh at Karachi for recovery of their investment through attachment and sale of company's hypothecated / mortgaged properties. The management disputes the claim and has strongly contested the case. Therefore, the Company has offered all the investors for restructuring of the investments made. Till the matter is resolved suitably with investors, management has decided to classify the same as long term liabilities.

9 SHORT TERM BORROWINGS

It include an aggregate amount of Rs. 347.212 million representing overdue letter of credits.

10 MARKUP PAYABLE

This contains interest payable to the investors contemplated by Article 2.2 of the Agreement with the investors. Though the interest amount of Rs. 464.491 million is added, however, it being contrary to law is disputed as not being payable by us to the investors.

11 CURRENT PORTION OF LONG TERM BORROWINGS

It includes over due portion amounting to Rs. 231.042 million.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There has been no significant change in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2008 except following:

12.1.1 As more fully explained in Note 8 to the financial statements, certain Pre-IPO investors have moved to the Honorable High Court of Sindh for early repayment of their investments, which the Company disputes.

12.1.2 Excise duty claim from government.

On January 03, 2008, the Company has filed a refund claim for the period from June 17, 1994 to April 18, 1999, amounting to Rs. 608,015,099/- before Collector of Sales Tax and Federal Excise (the department) in view of Supreme Court judgement regarding the value of goods for the purpose of imposition of excise duty, under section 4(2) of the Central Excise Act, 1944 (the "1944 Act"). In the Supreme Court judgment it has been categorically held that no excise duty could be added to the retail price for levying excise duty under section 4(2) of the 1944 Act.

The department had filed petition for review of the judgment of the Supreme Court of Pakistan. Our refund application was returned with the comments that since the cases are subjudiced in review, the decision on refund will be taken after fate of review petitions is decided.

On January 20, 2009, these petitions are dismissed as withdrawn by the Honorable Supreme Court of Pakistan.

12.2 Commitments in respect of outstanding letters of credit inclusive of capital commitments amounted to Rs. 9.564 million (June 30, 2008 Rs.136.457 million)

DEWAN CEMENT LIMITED



	Half Year Ended		Quarter Ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
----- Rupees in '000' -----				
13 LOSS PER SHARE - BASIC AND DILUTED				
Loss for the period after taxation	<u>(309,698)</u>	<u>(107,980)</u>	<u>(303,443)</u>	<u>(108,500)</u>
Weighted average number of shares in issue	<u>357,375</u>	<u>357,375</u>	<u>357,375</u>	<u>357,375</u>
----- Rupees -----				
Loss per share - Basic and diluted	<u>(0.87)</u>	<u>(0.30)</u>	<u>(0.85)</u>	<u>(0.30)</u>

14 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise related group companies, associate, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Material transactions and balances with related parties are given below:

	December 31, 2008	December 31, 2007
	Unaudited	Unaudited
	----- Rupees in '000' -----	
Employee benefit fund Contribution to staff retirement fund.	4,042	6,103
Other related parties Funds received / (transferred)	10,541	677,490
Received / adjusted against sale of treasury shares	-	284,490
Shared expenses	2,642	5,859
Sales	5,052	705
Purchases	7,947	349

15 CAPACITY - CLINKER (Tons)

	----- Metric Tonnes -----			
Installed capacity for the period	<u>1,230,000</u>	<u>990,000</u>	<u>735,000</u>	<u>495,000</u>
Actual production for the period	<u>632,981</u>	<u>704,932</u>	<u>317,567</u>	<u>340,809</u>

The under utilization of capacity was due to technical problems of the plant, which are being addressed.

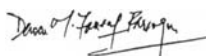
16 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue on March 31, 2009 by the Board of Directors of the Company.

17 GENERAL

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


Dewan Abdul Baqi Farooqui
 Director


Dewan Muhammad Yousuf Farooqui
 Chairman / Chief Executive