

QUARTERLY REPORT
MARCH 31 2007
(Un-Audited)



DEWAN HATTAR CEMENT LIMITED



DEWAN HATTAR CEMENT LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS	Dewan Muhammad Yousuf Farooqui Dewan Abdul Baqi Farooqui Farrukh Viqaruddin Junaidy Syed Muhammad Ali Khan Aziz-ul-Haque Syed Moonis Abdullah Alvi Khursheed Anwer Jamal Khalid S. Tirmizey Masood Karim Shaikh	Chairman/Chief Executive Director Director Director Director Director Director Nominee Director of Creditors Nominee Director of Creditors
COMPANY SECRETARY	Khursheed Anwer Jamal	
AUDIT COMMITTEE MEMBERS	Khalid S. Tirmizey Syed Muhammad Ali Khan Aziz-ul-Haque Khursheed Anwer Jamal	Chairman Member Member Member
CHIEF FINANCIAL OFFICER	Shahab Mahmud Ansari	
REGISTERED ADDRESS	Dewan Centre, 3-A, Lalazar, Beach Hotel Road, Karachi	
HEAD OFFICE	Block-A, 7th Floor, Finance & Trade Centre, Shahrah-e-Faisal, Karachi, Pakistan.	
FACTORY	Kamilpur, Near Hattar, Dist. Haripur, N.W.F.P.	
AUDITORS	Rafaqat Babar & Co. Chartered Accountants	
LEGAL ADVISOR	Sardar M. Ajaz Khan (Advocate)	
WEBSITE	www.dewangroup.com.pk	



DIRECTORS' REVIEW

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

The Directors are pleased to present the un-audited financial results for the period ended March 31, 2007.

Production

The Company produced / purchased 670,771 tons of clinker which is 0.172% higher and similar period last year and produced 636,050 tons of cement during the period under review, which is 7.61% less in comparison to corresponding period of last year, as detailed below:

	Up to March 2007 (In tons)	Up to March 2006 (In tons)	Variance (% Age)
Clinker	670,771	669,651	0.17%
Cement	636,050	688,414	(7.61%)

Dispatches

Sales quantity of the Company has increased by 19,745 tons during the nine months of the current year as compared to the same period last year.

	Up to March 2007 (In tons)	Up to March 2006 (In tons)	Variance (% Age)
Local Sales	666,869	669,254	(0.356%)
Export Sales	1,800	19,160	(90.61%)
Total	668,669	688,414	(2.87%)

Operating Performance

Decline in sales quantity coupled with industry wide decrease in prices has resulted in a 24% decline in net sales revenue. This decline in price was a result of the price war triggered by a massive increase in installed capacity and onset of winter. Now with the weather warming up, prices have started to stabilize.

	Upto March 2007 (Rs. In million)	Upto March 2006 (Rs. In million)	Variance (% age)
Net Sales	1612	2123	(24.07%)
Cost of good sold	(1458)	(1691)	(13.78%)
Gross Profit	154	432	(64.35%)
Expenses & Taxes	(168)	(375)	(55.20%)
Net Profit/(Loss)	(14)	57	(124.56%)



Financial Obligations

By the grace of Al-mighty Allah, your company has met all the financial obligations matured during the period under review and till to-date.

Future Outlook

The high growth in local consumption is expected to continue, at the demand end, as major mega infrastructure projects have yet to come in full swing. However at the supply end, installed base is also increasing, with more under-implementation capacities coming into operation.

These additional capacities are providing the required impetus to increase export sales which have already increased by 85.44% in the period under review over the same period of the prior year. Export sales are expected to increase at a still higher pace because of opening new export markets like India, Sri-Lanka and Bangladesh.

Acknowledgement

The Board of Directors places on record its gratitude to its valued customers, Federal and Provincial Governments, Financial Institutions, Dealers and Employees of the company, for their continued co-operation and 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**

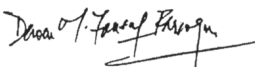
Karachi: April 27, 2007



BALANCE SHEET AS AT MARCH 31, 2007

ASSETS	Note	(Un-audited) Mar 31, 2007 Rs. '000'	(Audited) June 30, 2006 Rs. '000'
NON CURRENT ASSETS			
Fixed assets			
- Property, plant and equipment	4	6,650,815	6,644,331
- Intangible assets		15,240	13,746
		6,666,055	6,658,077
CURRENT ASSETS			
Stores and spares parts		199,734	177,921
Stock-in-trade		130,394	53,178
Trade debts		73,810	216,768
Due from related parties		150	8,682
Loans and advances		94,708	123,955
Trade deposits and short-term prepayments		80,882	64,540
Other receivables		582	582
Cash and bank balances		27,534	157,368
		607,794	802,994
TOTAL ASSETS		7,273,849	7,461,071
EQUITY AND LIABILITIES			
AUTHORISED SHARE CAPITAL		3,000,000	3,000,000
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		1,850,000	1,850,000
Accumulated loss		(97,112)	(95,521)
		1,752,888	1,754,479
SURPLUS ON REVALUATION OF FIXED ASSETS-net of tax		437,195	445,339
NON-CURRENT LIABILITIES			
Liability against asset subject to finance lease		1,895	5,670
Long-term financing		1,435,529	882,942
Redeemable capital - secured	5	1,909,793	2,274,817
Long-term payables		319,947	312,172
Deferred taxation		205,067	205,706
		3,872,231	3,681,307
CURRENT LIABILITIES			
Trade and other payables		379,570	627,832
Mark-up payable		132,528	171,119
Due to an associated company		192,477	263,104
Current portion of redeemable capital		498,895	502,634
Provision for taxation		8,065	15,257
		1,211,535	1,579,946
CONTINGENCIES AND COMMITMENTS	6	-	-
TOTAL EQUITY AND LIABILITIES		7,273,849	7,461,071

The annexed notes from 1 to 11 form an integral part of these financial statements.


Dewan M. Yousuf Farooqui
 Chairman/Chief Executive


Khursheed Anwer Jamal
 Director



**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2007
(UN-AUDITED)**

	Nine Months Ended		Quarter Ended	
	Mar 31, 2007 -----'(Rs. '000)'-----	Mar 31, 2006 -----'(Rs. '000)'-----	Mar 31, 2007 -----'(Rs. '000)'-----	Mar 31, 2006 -----'(Rs. '000)'-----
TURNOVER - NET	1,611,583	2,122,514	465,487	753,251
COST OF SALES	(1,457,612)	(1,690,535)	(372,623)	(598,439)
GROSS PROFIT	153,971	431,979	92,864	154,812
Distribution cost	(7,644)	(5,748)	(2,828)	(1,762)
Administrative expenses	(30,198)	(25,211)	(9,242)	(8,731)
Other operating expenses	(796)	(9,013)	(124)	(3,254)
Relief goods for earthquake victims	-	(11,942)	-	(76)
Other operating income	149,019	1,079	373	8
OPERATING PROFIT	264,352	381,144	81,043	140,997
Finance cost	(266,671)	(290,078)	(82,194)	(93,458)
PROFIT / (LOSS) BEFORE TAXATION	(2,319)	91,066	(1,151)	47,539
Taxation	(11,802)	(34,175)	(2,328)	(17,938)
NET PROFIT / (LOSS) AFTER TAXATION	(14,121)	56,891	(3,479)	29,601
BASIC AND DILUTED EARNING/(LOSS) PER SHARE (Rs./Share)	(0.08)	0.31	(0.02)	0.16

The annexed notes from 1 to 11 form an integral part of these financial statements.

Dewan M. Yousuf Farooqi
Chairman/Chief Executive

Khursheed Anwer Jamal
Director



**CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2007
(UN-AUDITED)**

	<u>Mar 31, 2007 Rs.'000'</u>	<u>Mar 31, 2006 Rs.'000'</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	280,685	239,807
Financial charges paid	(292,612)	(293,480)
Income tax paid	(18,419)	(9,058)
Cash generated from / (used in) operating activities	<u>(30,346)</u>	<u>(62,731)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(203,983)	(110,080)
Cash (used in) / generated from investing activities	<u>(203,983)</u>	<u>(110,080)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loans	552,586	613,799
Redeemable capital	(377,675)	(252,433)
Deposits from dealers and retention money	7,775	99,532
Liability against asset subject to finance lease	(7,514)	-
Subordinated Loan	-	(500,000)
Receipt from / (payments to) associated companies	(70,677)	152,490
Net cash generated from / (used in) financing activities	<u>104,495</u>	<u>113,388</u>
Net increase/(decrease) in cash and cash equivalents	(129,834)	(59,423)
Cash and cash equivalents at the beginning of the period	<u>157,368</u>	<u>87,491</u>
Cash and cash equivalents at the end of the period	<u>27,534</u>	<u>28,068</u>

The annexed notes from 1 to 11 form an integral part of these financial statements.

Dewan M. Yousuf Farooqui
Chairman/Chief Executive

Khursheed Anwer Jamal
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2007
(UN-AUDITED)**

	Issued subscribed & paid up capital	Accumulated Profit/(Loss)	Total
	Rupees '000'		
Balance as at July 01, 2005	1,850,000	(199,279)	1,650,721
Profit after taxation for the period July 01, 2005 to March 31, 2006	-	56,891	56,891
Incremental depreciation due to revaluation of fixed assets	-	13,430	13,430
Balance as at March 31, 2006	1,850,000	(128,958)	1,721,042
Balance as at July 01, 2006	1,850,000	(95,521)	1,754,479
(Loss) after taxation for the period July 01 2006 to March 31, 2007	-	(14,121)	(14,121)
Incremental depreciation due to revaluation of fixed assets	-	12,530	12,530
Balance as at March 31, 2007	1,850,000	(97,112)	1,752,888

The annexed notes from 1 to 11 form an integral part of these financial statements.

Dewan M. Yousuf Farooqui
Chairman/Chief Executive

Khursheed Anwer Jamal
Director



**NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED MARCH 31, 2007
(UN-AUDITED)**

1. Status and Nature of Business

1.1 Corporate Information

The company was incorporated in Pakistan in March 1994 as a public limited company for the establishment and operation of a cement plant at Kamilpur, Near Hattar, Dist. Haripur, N.W.F.P. The company was listed on the Karachi and Islamabad Stock Exchanges in March 1997. The principal activity of the company is manufacturing and selling of cement. The Company started commercial production in January 2004. The registered office of the company is situated at Dewan Centre, 3-A Lalazar, Beach Hotel Road, Karachi.

1.2 Going Concern Assumption

As of the balance sheet date, the accumulated losses of the company amount to Rs. 97.112 million (June 30, 2006: Rs. 95.521 million) and its current liabilities exceed its current assets by Rs. 603.741 million (June 30, 2006 Rs. 776.952 million).

Followed by a continued increase in capacity in the cement industry in the country, the demand of cement has also improved during the period. During the period under review, the average price of cement had reduced, which has now been corrected. The price of cement during the coming years is expected to remain better. The company continues to enjoy support from its Bankers. Further, the new sponsors have advanced additional loans to the company and providing continuous financial support Accordingly, the company has prepared these financial statements on the basis of going concern assumption.

2. Basis of Preparation of the Financial Statements

These financial statements are un-audited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984. These have been prepared in accordance with the requirements of International Accounting Standard -34 'Interim Financial Reporting' as applicable in Pakistan.

3. Accounting Policies

The accounting policies and methods of computation followed for the preparation of these financial statements are same as those applied in preparing the financial statements for the year ended June 30, 2006.

4. Property, Plant and Equipment

Fixed capital expenditure during the period amounted to Rs. 203.983 million (30 June 2006: Rs. 192.091 million). Book value of fixed assets disposed off during the period is Nil (30 June 2006: Rs. 97 thousand). Plant and machinery capitalized during the period from capital-work-in-progress is Nil (30 June 2006: Rs. 2,172 million).

5. Redeemable Capital

The installment due during the period amounting to Rs. 377.675 million was paid.

Mar 30,
2007June 30,
2006

(Rs. '000')

6. CONTINGENCIES AND COMMITMENTS**6.1 Contingenies**

Contingenies are same as those reported in financial statements for the year ended June 30, 2006.

6.2 Commitments

Letters of credit issued by commerical banks	142,782	110,279
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Mar 30,
2007Mar. 31,
2006

(M. Tons)

7. Capacity-Clinker

Installed capacity for the nine months	810,000	810,000
Actual production for nine months	652,292	669,651
Purchased clinker	18,525	-

8. Related Party Transactions

Related parties comprises related group companies, local associated companies, directors and executives. The company in the normal course of business carries out transactions with various related parties.

Mar. 31,
2007Mar. 31,
2006

(Rs. '000')

9. Relationship Nature of Transactions

Associated Company	Shared expenses	49,450	5,319
	Finance cost on current account	23,545	36,448
	Fund transferred-Net	36,374	-
	Funds received-Net	-	109,846
Employee benefit fund other related parties	Sales	107,248	-
	Contribution to staff retirement fund	7,370	5,497
	Fund received-Net	557,668	-
	Loan repaymen-Nett	-	125,693
	Interest accrued	-	17,879
	Purchases	-	11,396
	Sales	97	1,873
Shared expenses	4,863	-	

10. Date of Authorization for Issue

The Board of Directors of the Company has authorized these financial statements for issue on 27, April 2007.

11. General

- Figures have been re-arranged and regrouped wherever necessary to facilitate comparision.
- Figures have been rounded off to the nearest thousand rupees.

Dewan M. Yousuf Farooqui
Chairman/Chief Executive

Khursheed Anwer Jamal
Director