

DIRECTORS' REVIEW

It gives us pleasure to present the interim financial information of your company duly reviewed by the auditors for the half year ended 31st December 2011.

Market Review

During the first half of FY 2011-12 local dispatches of cement have increased by 8% while exports have declined by 5% compared to the corresponding period last year. Overall growth in sales volume for the period has been recorded at 4%, which is far below the desired volumes. Sales volumes of your company during the half year have, however, increased by 19%, which is well above the industry average.

Production and Sales Volumes

The new grey cement line remained operative during the period while the old grey cement line remained closed due to lack of demand. Limited quantities of white cement were produced and sold due to reduced demand. Production and sales volumes of the Company during the period were as follows:

	October-December		July-December	
	2011	2010	2011	2010
	(Quantities in Tons)		(Quantities in Tons)	
Clinker Production	371,522	514,800	712,788	701,671
Cement Dispatches	431,918	397,691	784,633	659,036

Financial Performance

Increased volumes and improved prices helped increase the sales revenue by 62%. Your Company earned a net profit of Rs.554.723 million after accounting for depreciation of Rs. 169.2 million and provision for taxation of Rs. 83.8 million. This represents an EPS of Rs. 4.31 during the period. Financial results are summarized below:

	October-December		July-December	
	2011	2010	2011	2010
	(Rupees in Thousands)		(Rupees in Thousands)	
Net Sales Revenue	2,372,677	1,581,749	4,074,167	2,515,897
Gross Profit	709,412	186,943	1,048,696	307,310
Net Profit / (Loss)	426,639	8,234	554,723	(74,714)
Earnings / (Loss) per share (Rs.)	3.31	0.06	4.31	(0.58)

Debt Obligations

The Company is current with its debt obligations. In addition to the scheduled payments, Company has also pre-paid long term debts to the extent of Rs. 250 million during the period under review.

On Going Projects

In order to reduce dependence on imported coal, the management is working on alternate fuel project, which will help reduce the energy cost. This project will hopefully be implemented in one year.

Future outlook

The future outlook is positive as the domestic demand for cement is expected to grow. The management will remain focused on efficient operations, control of costs and expeditious implementation of alternate energy project

Acknowledgments

While placing on record our thanks to all the stakeholders, we look forward to their continued support in future. The employees of the Company deserve a special vote of thanks for their hard work, dedication and commitment.

For and on behalf of the Board



Aizaz Mansoor Sheikh
Chief Executive

Lahore : February 25, 2012

