

DIRECTORS' REVIEW

The Directors of Kohat Cement Company Limited take pleasure in presenting the financial statements of the Company for 2nd quarter and half year ended on December 31, 2010.

Financial and operational performance - Comparison of results for the quarter and half year ended December 31, 2010 as against December 31, 2009 is as follows:

	2 nd Quarter ended December 31,		Half year ended December 31,	
	2010 (Rupees)	2009 (Rupees)	2010 (Rupees)	2009 (Rupees)
Net sales revenue	1,581,749,852	699,020,668	2,515,897,330	1,406,824,150
Earnings before interest, tax & depreciation	276,923,707	101,947,763	431,456,748	236,854,117
Depreciation	(94,664,321)	(62,628,242)	(152,343,965)	(113,087,300)
Finance costs	(164,750,213)	(168,435,360)	(329,348,863)	(337,376,312)
Profit / (Loss) before taxation	17,509,173	(129,115,839)	(50,236,080)	(213,609,495)
Taxation	(9,275,130)	58,936,835	(24,478,298)	65,184,373
Profit / (Loss) after taxation	8,234,043	(70,179,004)	(74,714,378)	(148,425,122)
Earnings / (Loss) per share	0.06	(0.55)	(0.58)	(1.15)

The net sales revenue for the half-year has increased by 78.84% from the corresponding half year, while the increase for the 2nd quarter is 126.28% over the corresponding 2nd quarter. Reasons for increase in revenue are 54.05% increase in sales volumes coupled with increase in cement prices.

Company produced 701,671 tons (2009: 455,484 tons) of clinker during the half year and 514,800 tons (2009: 284,233 tons) during the 2nd quarter from its new grey cement line representing capacity utilization of 69.81% during the half year and 102.5% during the 2nd quarter. Old grey cement line was closed due to poor demand in the market for the whole period. The cement dispatches were 659,036 tons (2009: 428,342 tons) during the half year and 397,691 tons (2009: 235,009 tons) during the 2nd quarter. There was no production or dispatches of white cement due to non-availability of gas from SNGPL.

Future outlook - In the light of present economic and political situation, management will try its best to sustain company's current growth in future.

Management-employees relations - Relationship between management and employees has been cordial and mutually supportive.

For and on behalf of the Board



Aizaz Mansoor Sheikh
Chief Executive

Lahore : February 26, 2011

