

DIRECTORS' REVIEW REPORT

The Directors of Kohat Cement Company Limited are pleased to present the financial statements of the Company for the 3rd quarter and the nine-month period ended on March 31, 2011.

Financial and operational performance - Below are the results for the quarter and nine month period ended March 31, 2011 in comparison with corresponding periods of 2010:

	3 rd Quarter ended March 31,		Nine-month ended March 31,	
	2011 (Rupees)	2010 (Rupees)	2011 (Rupees)	2010 (Rupees)
Net sales revenue	1,621,664,580	1,037,257,835	4,137,561,909	2,444,081,985
Earnings before interest, tax & depreciation	317,784,955	135,315,992	756,818,460	372,170,109
Depreciation	101,056,338	66,357,185	253,400,303	179,444,485
Finance costs	184,324,224	164,056,119	521,249,845	501,432,431
Profit/ (loss) before taxation	32,404,393	(95,097,312)	(17,831,688)	(308,706,807)
Taxation	18,808,871	(1,394,485)	43,287,169	(66,578,858)
Profit/ (loss) after taxation	13,595,522	(93,702,827)	(61,118,857)	(242,127,949)
Earnings/ (loss) per share	0.11	(0.73)	(0.47)	(1.88)

The results for the 3rd quarter have improved considerably whereby the new grey cement line has operated near its optimum level. Cement prices have improved considerably but are still below the desired level. The revenue for the 3rd quarter has increased by 56.34% and for the nine-month period by 69.29% as compared to the corresponding period of last year.

Company produced 430,874 tons (2010: 318,459 tons) and 1,132,545 tons (2010: 773,943 tons) clinker during the 3rd quarter and nine-month period respectively. Cement dispatches increased by 11.78% to 399,941 tons (2010: 357,794 tons) and by 34.71% to 1,058,977 tons (2010: 786,135 tons) during 3rd quarter and nine-month period respectively.

Commissioning of 22.6 MW Power Plant has been completed and is ready to generate power in case of any serious breakdown in WAPDA system.

Company is current with all its debt obligations.

Future outlook - The management is hopeful that present economic conditions in the country will improve and the profitability of the company will get better, however, management is prepared for all challenges that may arise in the present economic scenario.

Management-employee relations - Management employees relationship has been cordial and mutually supportive.

Statement under section 241(2) of the Companies Ordinance, 1984

This Directors' Review Report has been signed by the two Directors of the Company instead of the Chief Executive and one Director as the Chief Executive of the Company is for the time being not in Pakistan.

Lahore : April 23, 2011

For and on behalf of the Board



Director



Director

