

DIRECTORS' REVIEW

The Directors of Kohat Cement Company Limited take pleasure in presenting, the quarterly report together with the un-audited condensed financial statements of the Company for 1st quarter ended September 30, 2009.

Financial and operational performance - Comparison of un-audited results for the quarter ended September 30, 2009 as against September 30, 2008 is as follows:

	2009 (Rupees)	2008 (Rupees)
Net sales revenue	707,803,482	425,183,363
Earnings before interest, tax & depreciation	134,906,354	120,469,704
Depreciation	(50,459,058)	(23,657,333)
Finance costs	(168,940,952)	(44,362,598)
Profit/(loss) before taxation	(84,493,656)	52,449,773
Taxation	6,247,538	(14,237,828)
Profit/(loss) after taxation	(78,246,118)	38,211,945
Earnings/(loss) per share	(0.61)	0.30

The net sales have grown by 66% over the corresponding period, however, low cement prices coupled with huge finance costs have shrunk the profit margins resulting in net loss during the quarter under review. Management is currently focusing on maintaining price stability and reducing finance costs to cope with current situation and is hopeful that it will do so in an effective and efficient manner.

Company produced 171,251 tons (2008: 88,804 tons) clinker from its grey cement production lines. Lower Capacity utilization was due to irregular power supply from WAPDA and overall adverse law and order situation in the region. The cement dispatches were 193,332 tons (2008: 86,946 tons). Company is hopeful that it will be able to better utilize its assets once the under installation power plant of 22.6 MW will become operational by mid November 2009.

White cement dispatches remained low at 3,687 tons (2008: 5,071 tons) due to the curtailment of gas supply from SNGPL.

Future outlook - Present economic and overall law and order situation are badly affecting the business environment. In particular the NWFP business community is going through tough times due to the ongoing War on terror in the region. Keeping in view all these factors your management is foreseeing more tough times ahead and is planning accordingly to cope with these challenges.

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