

## 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 nine-month period ended on March 31, 2010.

**Financial and operational performance** – Below are the results for the quarter and nine month period ended March 31, 2010 compared to March 31, 2009:

	3rd Quarter ended March 31,		Nine-month ended March 31,	
	2010 (Rupees)	2009 (Rupees)	2010 (Rupees)	2009 (Rupees)
Net sales revenue	1,037,257,835	1,244,509,221	2,444,081,985	2,363,424,722
Earnings before interest, tax & depreciation	135,315,992	308,706,963	372,170,109	463,738,843
Depreciation	66,357,185	60,755,939	179,444,485	105,011,282
Finance costs	164,056,119	213,663,941	501,432,431	414,769,205
(Loss)/ profit before taxation	(95,097,312)	34,287,083	(308,706,807)	(56,041,644)
Taxation	(1,394,485)	14,257,794	(66,578,858)	(104,864)
(Loss)/ profit after taxation	(93,702,827)	20,029,289	(242,127,949)	(55,936,780)
(Loss)/ earning per share	(0.73)	0.16	(1.88)	(0.43)

The cement dispatches have increased by 51.5% and the net sales revenue has increased by 3.4% in the current nine month period compared to the corresponding period last year. The 3<sup>rd</sup> quarter revenue has decreased by 16.65% although the dispatch of cement has increased by 24.31% compared to the 3<sup>rd</sup> quarter of last year. The reason in this disparity is continuous decrease in market prices of cement.

Company has produced 318,459 tons (2009: 273,021 tons) of clinker during the 3<sup>rd</sup> quarter totaling 773,943 tons (2009: 491,380 tons) of clinker for the nine month period. Cement dispatches for the 3<sup>rd</sup> quarter are 357,794 tons (2009: 287,829 tons) and 786,135 tons (2009: 518,943 tons) for the nine month period.

Commissioning of power plant is in progress under the supervision of Wartsila team.

Rescheduling of Syndicated Term Finance of Rs. 1,100 million and term finance of Rs. 108.5 million is in process (note 5.1) and the same will be completed before this financial year end.

**Future outlook** - In the light of present law and order situation in the country and worldwide economic crisis, management will try its best to sustain company's current growth in future.

**Management-employee 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: April 22, 2010