

DADABHOY CEMENT INDUSTRIES LIMITED

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Hussain Dadabhoy	Chairman
Mrs. Razia Hussain Dadabhoy	
Mr. Muhammad Amin Dadabhoy	Chief Executive
Mr. Fazal Karim Dadabhoy	
Mrs. Noor Bakht Dadabhoy	
Syed Nasim Ahmed	
Mr. Naseemuddin	

COMPANY SECRETARY

Mr. Ejaz Ahmed

AUDITORS

M/s. Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR

M. Salim Thepdawala & Company

BANKERS

Saudi Pak Commercial Bank Limited
National Bank of Pakistan
Prime Commercial Bank Limited
Muslim Commercial Bank Limited

REGISTERED OFFICE & SHARES DEPT.

5th Floor, Maqbool Commercial Complex
Jinnah Cooperative Housing Society
Block 7 & 8, Shahrah-e-Faisal,
Karachi.

FACTORY

Nooriabad Deh Kalu Kohar,
Dist. Jamshoro (Sindh)

AUDIT COMMITTEE

Mr. Muhammad Hussain Dadabhoy	Chairman
Mr. Fazal Karim Dadabhoy	Member
Mr. Naseemuddin	Member

DADABHOY CEMENT INDUSTRIES LIMITED

DIRECTOR'S REVIEW REPORT

The Board of Directors takes pleasure to present Half Yearly Un-audited Accounts along with Auditors Review Report of your company for the period ended December 31, 2005.

FINANCIAL RESULTS

Rupees in million

	Dec' 2005	Dec' 2004
Sales Revenue	764.881	584.346
Gross Profit for the Period	237.620	176.659
G. P %	31%	30.23%
Profit after Tax	10.728	47.547
Earning Per Share	0.24	1.08

The Directors are pleased to report that during the period under review your company has made Sales of Rs. 764.881 million, increased by 31% compared to Rs. 584.346 of corresponding period.

PRODUCTION AND DESPATCHES DATA

The production and dispatches for the period ended 31st Dec' 2005 are as under:

	Dec' 2005	Dec' 2004
	Tons	Tons
Production	246,150	214,636
Despatches	246,666	214,481

Capacity Utilization increased by 10% from 72% of corresponding period to 82% during the period under review. This resulted due to construction of various mega projects are being undertaken and brisk activity in housing industry in the country.

DEBT OBLIGATION

Your company has been current in repaying its debt obligation as per agreed schedule.

ACKNOWLEDGEMENT

We would like to thank our customers and shareholders for their continued support and confidence in the company. We further like to place on record our thanks to the staff for their hard work and continuing commitment.

For and on behalf of the Board of Directors

Karachi
February 16, 2006

MOHAMMAD AMIN DADABHOY
Chief Executive

REVIEW REPORT TO THE MEMBERS

We have reviewed the annexed balance sheet of **Dadabhoj Cement Industries Limited** as at December 31, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the “financial statements”) for the half-year then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to issue a report on these financial statements based on our review. The figures of the profit and loss account for the quarters ended December 31, 2004 and 2005 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2005.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standard as applicable in Pakistan.

Karachi
February 16, 2006

Khalid Majid Rahman
Sarfraz Rahim Iqbal Rafiq
Chartered Accountants

DADABHOY CEMENT INDUSTRIES LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2005

	Note	Unaudited December 2005	Audited June 2005
ASSETS			
NON-CURRENT ASSETS			
(Rupees in '000')			
Property, plant & equipment	4	2,792,352	2,826,185
Long term investments - at cost		108,137	53,138
Long term Advances		795	794
Long term deposits		11,090	10,184
CURRENT ASSETS			
Stores, spares and loose tools		136,905	127,510
Stock-in-trade		14,418	51,934
Trade debts		15,663	25,822
Loans and advances	5	101,742	92,357
Short term prepayments	6	2,321	1,991
Other receivables	7	4,243	4,493
Cash and bank balances		40,708	43,866
		316,000	347,973
LIABILITIES		3,228,374	3,238,274
NON-CURRENT LIABILITIES			
Long term loans - secured	8	864,583	990,586
Long term deposits		2,977	550
Lease finance Liability		20,559	22,305
Deferred Liabilities		688,339	604,958
		1,576,458	1,618,399
CURRENT LIABILITIES			
Current maturities of long term liabilities		132,695	70,976
Creditors, accrued and other liabilities	9	228,746	266,918
Due to Directors		-	1,542
Taxation		-	692
		361,441	340,128
		1,937,899	1,958,527
CONTINGENCIES AND COMMITMENTS			
NET ASSETS		1,290,475	1,279,747
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		438,557	438,557
Capital reserve		33,224	33,224
Accumulated (Loss)		(226,247)	(246,343)
		245,534	225,438
SURPLUS ON REVALUATION OF FIXED ASSETS		1,044,941	1,054,309
		1,290,475	1,279,747

The annexed notes form an integral part of these financial statements

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	Note	Half year December 2005	Half year December 2004	2nd Quarter December 2005	2nd Quarter December 2004
..... (Rupees in '000')					
Sales - net	12	764,881	584,346	378,193	299,591
Cost of sales	13	527,261	407,687	210,681	212,835
Gross profit		237,620	176,659	167,512	86,756
Operating expenses					
Administrative		59,665	48,067	41,898	31,271
Selling and distribution		34,645	11,896	32,882	10,012
		94,310	59,963	74,780	41,283
Operating profit		143,310	116,696	92,732	45,473
Other income		575	323	575	212
		143,885	117,019	93,307	45,685
Financial charges	14	51,489	71,574	38,201	35,272
Workers profit participation fund		-	2,280	-	534
Loss on disposal of fixed assets		-	(60)	-	(60)
		51,489	73,794	38,201	35,746
Profit before taxation		92,396	43,225	55,105	9,940
Taxation					
current		-	-	-	-
deferred		81,668	(4,321)	-	(2,686)
		81,668	(4,321)	-	(2,686)
Profit after taxation		10,728	47,547	55,105	12,626
Accumulated Loss brought forward		(246,343)	(382,662)	(202,506)	(341,990)
		(235,615)	(335,115)	(147,401)	(329,364)
Transferred from surplus on revaluation of fixed assets					
Current year net of tax		9,368	13,450	5,004	7,699
Accumulated loss carried forward		(226,247)	(321,665)	(142,397)	(321,665)
Earning per share - Basic and diluted (Rs.)		0.24	1.08	1.26	0.29

The annexed notes form an integral part of these financial statements.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD ENDED DECEMBER 31, 2005

	December 2005	December 2004
	(Rupees in '000')	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	92,396	43,226
Adjustments for:		
Depreciation	44,490	34,676
Gratuity	1,853	-
Financial charges	51,489	71,574
Loss / (Gain) on sale of fixed assets	-	(60)
	<u>190,228</u>	<u>149,415</u>
Working capital changes		
(Increase) / decrease in current assets		
Stores spares and loose tools	(9,395)	(12,374)
Stock in trade	37,516	9,445
Trade debts	10,159	(8,986)
Loans, advances, deposits & prepayments	(5,589)	(6,906)
	<u>32,691</u>	<u>(18,821)</u>
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(35,455)	22,040
Net cash from operating activities	<u>187,464</u>	<u>152,634</u>
Taxes paid	(4,568)	(1,178)
Gratuity paid	(140)	(7,603)
Financial charges paid	(54,206)	(37,501)
Net cash inflow from operating activities	<u>128,550</u>	<u>106,352</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(10,656)	(8,650)
Investment in subsidiary	(54,999)	-
Sale proceeds of fixed assets	-	78
Long-term loans and deposits	(907)	(1,576)
Net cash outflow from investing activities	<u>(66,562)</u>	<u>(10,148)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of long term loans	(64,579)	(99,201)
Due to Directors	(1,542)	-
Deposits from dealers	2,427	(36)
Lease finance liability	(1,452)	(749)
Net cash outflow from financing activities	<u>(65,146)</u>	<u>(99,986)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(3,158)</u>	<u>(3,782)</u>
Cash and cash equivalents at beginning of the year	<u>43,866</u>	<u>21,193</u>
Cash and cash equivalents at end of the year	<u>40,708</u>	<u>17,411</u>

The annexed notes form an integral part of these financial statements.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

**DADABHOY CEMENT INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2005**

	Share Capital	Capital reserve (Premium on issue of Right shares)	Accumulated (loss)	Total
 (Rupees in '000')			
Balance as at July 01, 2004	438,557	33,224	(382,662)	89,119
Transferred from surplus on revaluation of fixed assets to Unappropriated profit Current year (Net of Tax)	-	-	13,450	13,450
Profit for the year after taxation	-	-	47,547	47,547
Balance as at December 31, 2004	<u>438,557</u>	<u>33,224</u>	<u>(321,665)</u>	<u>150,116</u>
Balance as at July 01, 2005	438,557	33,224	(246,343)	225,438
Transferred from surplus on revaluation of fixed assets to Unappropriated profit Current year (Net of Tax)	-	-	9,368	9,368
Profit for the year after taxation	-	-	10,728	10,728
Balance as at December 31, 2005	<u>438,557</u>	<u>33,224</u>	<u>(226,247)</u>	<u>245,534</u>

The annexed notes form an integral part of these financial statements.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

1. These accounts have been prepared in accordance with the requirements of International Accounting Standard (IAS) - 34 "Interim Financial Reporting".
2. These accounts have been reviewed by statutory auditors and are being submitted to the shareholders along with the unaudited Quarterly Accounts in compliance of the requirements of clause XXI of the "code", issued by Securities & Exchange Commission of Pakistan.
3. The accounting policies adopted in these half yearly accounts are the same as those applied in the preparation of the preceding annual published accounts

With respect to accounting for investment in associate and subsidiaries the Company is required to replace cost method with equity method subsequent to applicability of revised IAS 28 with effect from January 01, 2005. This change has been deferred by the Company till next quarter to avoid delay in presentation of these financial statements as the result of the subsidiary is still to be received. Moreover, the Company has requested its auditors to provide interpretation of ICAP as per its opinion to switch over to equity method in accounting for such investments.

These accounts are un-audited and are being presented as required under section 245 of the Companies Ordinance, 1984 and listing regulations of Karachi, Lahore and Islamabad Stock Exchanges.

4. Addition to fixed Assets during the period amounted to Rs. 10.650 million.
(2004: 8.660 million)

	December 2005	June 2005
(Rs. in '000')		
5. LOANS & ADVANCES		
Loans		
Current portion		
Employees	298	85
Executives	-	235
	298	320
Advances- unsecured, considered good		
Employees	1,029	432
Subsidiary: Dadabhoy Energy Supply Co. Ltd.	73,321	65,815
Others	17,230	19,389
Excise duty	-	413
Advance Income Tax	9,864	5,988
	101,444	92,037
	101,742	92,357
6. SHORT TERM PREPAYMENT		
Insurance / rent	2,321	1,991
	2,321	1,991
7. OTHER RECEIVABLES		
Excise duty	4,243	4,243
Other	-	250
	4,243	4,493
	108,306	98,841
8. LONG TERM LOANS - SECURED		
National Bank of Pakistan	8.1 991,544	1,053,552
United Bank Limited	8.2 -	2,571
	991,544	1,056,123
Current maturity	(126,961)	(65,537)
	864,583	990,586

		December 2005	June 2005
(Rs. in '000')			
8.1 National Bank of Pakistan			
Consortium Loan	8.1.1	13,881	14,837
Long Term Loan	8.1.2	977,663	977,663
Working Capital Loan	8.1.3	-	61,052
Balance as at 31 Dec, 2005		<u>991,544</u>	<u>1,053,552</u>
8.1.1 NBP Consortium Loan			
Balance as at 01 July, 2005		14,837	16,749
Less: Payments made during the year		<u>(956)</u>	<u>(1,912)</u>
Balance as at 31 Dec, 2005		<u>13,881</u>	<u>14,837</u>
8.1.2 Long Term Loan			
Balance as at 01 July, 2005		977,663	977,663
Less: Payments made during the year		-	-
Balance as at 31 Dec, 2005		<u>977,663</u>	<u>977,663</u>
8.1.3 NBP (W. C.) Loan			
Balance as at 01 July, 2005		61,052	213,685
Less: Payments made during the year		<u>(61,052)</u>	<u>(152,633)</u>
Balance as at 31 Dec, 2005		<u>-</u>	<u>61,052</u>

The above represent the amount of loans settled / rescheduled / restructured by NBP pursuant to an agreement reached between the company and the bank as per the directives given by Honourable Supreme Court of Pakistan on review petition filed by the company for review of court's earlier order dated October 1, 2001. As per agreed repayment schedules in the compromise submitted to the court, total amount of respective loan inclusive of markup till the repayment of last installment has been determined as under.

	Principal	Markup	Total Repayment	Repayment	Period of Repayment	No of Installments	Rate of Interest
Consortium Loan	19,140	6,881	26,021	Quarterly	Jul 01, 2003-Jan 01, 2013	40 Various	11%
Long Term Loan	977,663	1,159,337	2,137,000	Quarterly	Oct 01, 2003-Jan 01, 2013	38 Various	13%

Security

The loan is secured by way of legal mortgage on the immovable properties of the company. Pledge of sponsor director's shares, equitable mortgage on mining leases of the company, pledge and hypothecation of machinery, and all the movable properties, including book debts and receivables of the company, ranking pari passu with other creditors and with charges already existing & personal guarantees of sponsoring directors.

Delay or default in payment of any installment beyond nine months from the date due in whole or in part will lead to full amount becoming due forthwith.

8.2 United Bank Limited

- 2,571

The Company and the bank have mutually agreed to restructure of loan at Rs. 18.00 million payable with effect from September 25, 2003 in seven equal quarterly installments of Rs. 2.571 million each without any markup on outstanding amount. During the period the Company has paid total outstanding amount.

Security

The loan is secured by way of legal mortgage on the immovable properties of the company, pledge and hypothecation of machinery and all the movable properties including book debts and receivable of the company, ranking pari passu with other creditors and with charges already existing, personal guarantees of sponsoring directors.

	December 2005	June 2005
	(Rs. in 000)	
9 Creditors		
Due to associated undertakings:		
Dadabhoy Hydrocarbon Limited	3,883	12,118
Dadabhoy Sack Limited	6,645	27,858
Dadabhoy Construction Technology Ltd.	361	242
Others	<u>3,273</u>	<u>6,179</u>
	14,162	46,397
Accrued Liabilities		
Accrued Expenses	5,530	5,971
Markup Expenses	<u>183,194</u>	<u>185,911</u>
	188,724	191,882
Other Liabilities		
	-	-
Royalty	4,384	4,574
Sales tax	7,900	12,245
Provident fund	1,633	1,633
Workers' profit participation fund	5,690	5,690
Tax deducted at source	5,687	3,883
Others	<u>566</u>	<u>614</u>
	<u>25,860</u>	<u>28,639</u>
	<u>228,746</u>	<u>266,918</u>

10 The company has provided minimum tax for the period due to assessed tax losses available of Rs. 569.705 million upto 2005.

11 There is no material change in the contingent liabilities of the Company.

	Half yearly December 2005	Half yearly December 2004	2nd Quarter December 2005	2nd Quarter December 2004
12 SALES	Rupees in '000'			
Gross Sales (Local)	827,851	855,451	399,630	437,084
Gross Sales (Export)	190,160	-	94,184	-
Excise duty	(144,091)	(160,883)	(64,829)	(81,189)
Sales Tax	(109,039)	(110,222)	(50,792)	(56,304)
	<u>(253,130)</u>	<u>(271,105)</u>	<u>(115,621)</u>	<u>137,493</u>
	<u>764,881</u>	<u>584,346</u>	<u>378,193</u>	<u>299,591</u>
13 COST OF SALES:				
Opening Stock				
Raw Material	2,934	3,667	1,995	1,643
Packing Material	437	1,773	1,060	416
	3,371	5,440	3,055	2,059
Purchases	71,933	71,689	34,291	30,520
Mining and other related costs	23,276	17,769	15,919	10,330
	<u>98,580</u>	<u>94,898</u>	<u>53,265</u>	<u>42,909</u>
Closing Stock				
Raw Material	(978)	(1,866)	(978)	(1,866)
Packing Material	(2,210)	(427)	(2,210)	(427)
	<u>(3,188)</u>	<u>(2,293)</u>	<u>(3,188)</u>	<u>(2,293)</u>
	95,392	92,605	50,077	40,616
Manufacturing expenses	394,537	308,784	161,948	128,404
	<u>489,929</u>	<u>401,389</u>	<u>212,025</u>	<u>169,020</u>
Work in process				
Opening	45,264	33,956	9,523	72,515
Closing	(8,552)	(26,036)	(8,320)	(26,036)
	<u>36,712</u>	<u>7,920</u>	<u>1,203</u>	<u>46,479</u>
Cost of goods manufactured	526,641	409,309	213,228	215,499
Finished goods				
Opening	3,299	7,044	170	6,002
Closing	(2,679)	(8,666)	(2,717)	(8,666)
	620	(1,622)	(2,547)	(2,664)
	<u>527,261</u>	<u>407,687</u>	<u>210,681</u>	<u>212,835</u>

	December 2005	December 2004
	(Rs. in '000')	
14 Financial Charges		
Mark up on loans	50,001	70,669
Mark up on lease liabilities	786	431
Bank Charges	702	474
	<u>51,489</u>	<u>71,574</u>

15 Related Party Transactions

The related parties comprise of parties related to group companies, directors and their close family members, staff provident fund executives, and major shareholders of the company. Transactions with related parties during the period ended are as follows:

Purchase of goods and electricity	<u>380,165</u>	<u>588,411</u>
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16 Capacity - Cement all kind (Metric Ton)

Installed capacity per annum	<u>598,000</u>	<u>598,000</u>
Production	<u>246,150</u>	<u>214,636</u>

17 These financial statements were authorised for issue in the Board of Directors meeting held on 16th February, 2006.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED

**CONSOLIDATED UN-AUDITED FINANCIAL STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2005**

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 2005

	Unaudited December 2005	Audited June 2005
	(Rupees in '000')	
ASSETS		
NON-CURRENT ASSETS		
Fixed assets - tangible		
Operating assets	3,507,155	3,543,966
Long term investments - at cost	3,138	3,138
Long term loans and deposits	12,153	11,245
CURRENT ASSETS		
Stores, spares and loose tools	144,436	134,426
Stock-in-trade	18,452	54,953
Trade debts	15,663	25,822
Loans, advances, prepayments and other receivables	36,407	35,014
Cash and bank balances	40,902	44,188
	<u>255,860</u>	<u>294,403</u>
	3,778,306	3,852,752
LIABILITIES		
MINORITY INTEREST		
	67,733	100,815
NON-CURRENT LIABILITIES		
Long term loans - secured	1,064,446	1,205,261
Long term deposits	2,977	550
Lease finance Liability	20,559	22,306
Deferred Liabilities	788,754	689,355
	<u>1,876,736</u>	<u>1,917,472</u>
CURRENT LIABILITIES		
Current maturities of long term liabilities	162,319	116,656
Creditors, accrued and other liabilities	245,318	308,291
Due to Directors	-	1,542
Taxation	-	692
	<u>407,637</u>	<u>427,181</u>
	2,352,106	2,445,468
CONTINGENCIES AND COMMITMENTS		
NET ASSETS	<u><u>1,426,200</u></u>	<u><u>1,407,284</u></u>
REPRESENTED BY:		
SHARE CAPITAL AND RESERVES		
Share capital	438,556	438,556
Capital reserve	33,224	33,224
Accumulated (loss)	(175,786)	(171,839)
	<u>295,994</u>	<u>299,941</u>
SURPLUS ON REVALUATION OF FIXED ASSETS	<u>1,130,206</u>	<u>1,107,343</u>
	<u><u>1,426,200</u></u>	<u><u>1,407,284</u></u>

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	Half year December 2005	Half year December 2004
	(Rupees in '000')	
Sales - net	764,881	584,346
Cost of sales	528,177	384,200
Gross profit	236,704	200,146
Operating expenses		
Administrative	71,216	54,429
Selling and distribution	34,645	11,896
	105,861	66,325
Operating profit	130,843	133,821
Other income	603	590
	131,446	134,411
Financial charges	63,945	85,670
Workers profit participation fund	-	2,280
	63,945	87,950
	67,501	46,462
Profit before taxation		
Taxation		
current	-	2,922
deferred	81,668	(7,243)
	81,668	(4,321)
(Loss) / Profit after taxation	(14,167)	50,783
Minority Interest	31,289	(1,138)
Profit attributable to Holding Company	17,122	49,645
Transferred from surplus on revaluation of fixed assets		
Current year net of tax	10,220	13,450
Accumulated profit carried forward	27,342	63,095
(Loss) / Earning per share - Basic and diluted (Rs.)	(0.32)	1.16

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

**DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED DECEMBER 31, 2005**

	December 2005	December 2004
(Rupees in '000')		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	67,501	48,741
Adjustments for:		
Depreciation	52,780	41,335
Financial charges	63,945	85,670
Loss / (Gain) on sale of fixed assets	-	(60)
	184,226	175,686
Working capital changes	(70,359)	(9,102)
Net cash from operating activities	152,188	166,584
Taxes paid	(4,568)	(1,196)
Gratuity paid	(140)	(7,603)
Financial charges paid	(66,662)	(51,597)
Net cash inflow from operating activities	80,818	106,188
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(15,968)	(8,415)
Sale proceeds of fixed assets	-	78
Long-term loans and deposits	(907)	(1,579)
Net cash outflow from investing activities	(16,875)	(9,916)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayments of long term loans	(66,662)	(99,201)
Due to Directors	(1,542)	-
Deposits from dealers	2,427	(36)
Lease finance liability	(1,452)	(749)
Net cash outflow from financing activities	(67,229)	(99,986)
Net increase / (decrease) in cash and cash equivalents	(3,286)	(3,714)
Cash and cash equivalents at beginning of the year	44,188	21,309
Cash and cash equivalents at end of the year	40,902	17,595

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2005

	Share Capital	Capital reserve (Premium on issue of Right shares)	Accumulated (loss)	Total
	----- (Rupees in '000') -----			
Balance as at July 01, 2004	438,556	33,224	(319,419)	152,361
Transferred from surplus on revaluation of fixed assets to Unappropriated profit Current year (Net of Tax)	-	-	13,450	13,450
Profit after taxation	-	-	49,540	49,540
Balance as at December 31, 2004	<u>438,556</u>	<u>33,224</u>	<u>(256,429)</u>	<u>215,351</u>
Balance as at July 01, 2005	438,556	33,224	(171,839)	299,941
Transferred from surplus on revaluation of fixed assets to Unappropriated profit Current year (Net of Tax)	-	-	10,220	10,220
Profit for the year after taxation	-	-	(14,167)	(14,167)
Balance as at December 31, 2005	<u>438,556</u>	<u>33,224</u>	<u>(175,786)</u>	<u>295,994</u>

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director

DADABHOY CEMENT INDUSTRIES LIMITED

NOTES TO CONSOLIDATED ACCOUNTS FOR THE HALF YEAR ENDED DECEMBER 31, 2005

1. THE GROUP AND ITS OPERATION

Dadabhoj Cement Industries Limited was incorporated on 09 August 1979 as a public limited company and is listed on all the Stock Exchanges in Pakistan. The Company is engaged in the manufacturing of ordinary Portland, slag and sulphate resistant cement; and

Dadabhoj Energy Supply Company Limited (the subsidiary) incorporated in Pakistan as an unlisted public limited company on May 29, 1994 under the Companies Ordinance 1984. It is a subsidiary of Dadabhoj Cement Industries Limited which directly holds 31.97% shares and indirectly holds 45.49% shares in its equity. Its principal business is generation and supply of electric power.

2. BASIS OF CONSOLIDATION

The Consolidated Financial Statement conclude the financial statement of Dadabhoj Cement Industries Limited and its Subsidiary Dadabhoj Energy Supply Company Limited. The Financial Statements of the parent and the subsidiary companies are prepared up to the same reporting date using consistent accounting policies and are combined on a line by line basis.

All inter-company balances, transactions and resulting unrealized profits, if any, are eliminated.

Minority interest is calculated on the basis of their proportionate share 22.54% in the net assets of the subsidiary company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in these consolidated half yearly accounts are the same as those applied in the preparation of the preceding annual published accounts except for the assets under finance lease. The accounting policy adopted for assets under finance lease is stated in note 3.1 below

3.1 Leased assets

Assets subject to finance leases

Assets subject to finance lease are accounted for by recording the assets and related liability. These are stated at lower of the present value of minimum lease payments under the lease agreements and fair value of the assets acquired on lease. Assets acquired under finance lease are depreciated over the useful life of the assets in the same manner as the owned assets.

Financial charges under the lease agreements is allocated over the periods during the lease term, so as to produce a constant periodic rate of financial charge on the outstanding balance of principal liability of each period.

4. There is no material change in the contingent liabilities of the Group.

	<u>2005</u>	<u>2004</u>
5. Holding-Cement	M. Tons	M. Tons
Installed capacity per annum	598,000	598,000
Production	<u>246,150</u>	<u>214,636</u>
Subsidiary-Electric Energy	KWH	KWH
Installed capacity per annum	141,912,000	141,912,000
Production	<u>25,556,000</u>	<u>21,221,400</u>

6. These financial statements were authorised for issue in the Board of Directors meeting held on 16th February, 2006.

MOHAMMAD AMIN DADABHOY
Chief Executive

FAZAL KARIM DADABHOY
Director