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COMPANY INFORMATION

Board of Directors

Dewan Muhammad Yousuf Farooqui
Farrukh Viqaruddin Junaidy
Dewan Abdul Baqi Farooqui
Syed Muhammad Ali Khan
Khursheed Anwer Jamal
Azizul-Haque
Bashir Ahmed
Wajahat A. Baqai
Basheer Ahmed Chowdry

Chairman/Chief Executive
Director
Director
Director
Director
Director
Nominee Director of NIT
Nominee Director of Creditors
Nominee Director of Creditors

Company Secretary

Khursheed Anwer Jamal

Audit Committee Members

Wajahat A. Baqai
Syed Muhammad Ali Khan
Azizul Haque
Khursheed Anwer Jamal

Chairman
Member
Member
Member

Chief Financial Officer

Shahab Mahmud Ansari

Registered Address

Dewan Centre,
3-A, Lalazar, Beach Hotel Road,
Karachi, Pakistan.

Head Office

Block-A, 7th Floor, Finance & Trade Centre,
Shahra-e-Faisal, Karachi, Pakistan.

Factory

Deh Dhando, Dhabeji

Auditors

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Legal Advisor

Sardar M. Ajaz Khan (Advocate)



DIRECTORS' REPORT

IF YE GIVE THANKS, I WILL GIVE YOU MORE (HOLY QURAN)

The Directors are pleased to present the un-audited financial results for the Half year ended December 31, 2006.

Production

The Company Produced / purchased 299,330 tons of clinker and 336,099 tons of cement during the period under review, which is 12.49% and 4.72% less, respectively from the corresponding period, last year, as detailed below:

	Up to December 2006 (In tons)	Up to December 2005 (In tons)	Variance (% Age)
Clinker	299,330	342,061	(12.49%)
Cement	336,099	352,754	(4.72%)

Dispatches

Sales volume of the Company has declined by 10,224 tons during the first half of the current year as compared to the same period last year.

	Up to December 2006 (In tons)	Up to December 2005 (In tons)	Variance (% Age)
Local Sales	306,924	353,834	(13.26%)
Export Sales	37,686	1,000	3,668.60%
Total	344,610	354,834	(2.88%)

Operating Performance

A small decline in sales quantity coupled with industry wide decrease in prices has resulted in a 6.12% decline in net sales revenue. The decline in price was as a result of the massive increase in installed capacity and onset of winters. Now with the weather warming up, prices have started to stabilize.

	Upto December 2006 (Rs. In million)	Upto December 2005 (Rs. In million)	Variance (% age)
Net Sales	1074	1144	(6.12%)
Cost of good sold	(914)	(878)	4.10%
Gross Profit	160	266	(39.85%)
Expenses & Taxes	(147)	(170)	(13.53%)
Net Profit	13	96	(86.46%)



Financial Obligations

By the grace of Al-mighty Allah, your company has met all the financial obligations matured during the period under review and till to-date.

Future Outlook

The high growth in local consumption is expected to continue, because at the demand end, major mega infrastructure projects have yet to come in full swing. Whereas, at the supply end, installed base has increased and is further increasing, with more under-implementation capacities coming into operation.

These additional capacities are providing the required impetus to increase export sales, which have already increased by 36.81% in the period under review over same period prior year. Export sales are, therefore, expected to increase at a still higher pace.

Your company is vigorously pursuing the completion of second line of production. Soon after putting the second line in operation, it is planned to carry out optimization of first line which is expected to increase profitability margin significantly due to reduction in fuel and power costs per ton and due to economies of scale.

Acknowledgement

The Board of Directors places on record its gratitude to its valued customers, Federal and Provincial Governments, Financial Institutions, Dealers and Employees of the company, for their continued co-operation & support.

In conclusion, we bow, beg and pray to **Almighty Allah, Rahman-ur-Rahim**, in the name of our beloved Prophet Muhammad (peace be upon him), for continued showering of His blessings, guidance, strength, health, and prosperity to us, our Company, Country and Nation and also pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah, Ameen, Summa Ameen.

LO-MY LORD IS INDEED HEARER OF PRAYER (AL-QURAN)

For and on behalf of Board of Directors

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Karachi: February 26, 2007



Ford Rhodes Sidat Hyder & Co.

Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541
Karachi 75530, Pakistan

REVIEW REPORT TO THE MEMBERS

We have reviewed the accompanying interim condensed balance sheet of **DEWAN CEMENT LIMITED** as at December 31, 2006, and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim condensed financial statements") for the six months period then ended. These interim condensed financial statements are the responsibility of the company's management. Our responsibility is to issue a report on these interim condensed financial statements based on our review.

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 interim condensed financial statements are free of material misstatement. A review is limited primarily to inquiries of company's personnel and analytical procedures applied to financial data and thus provides 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 accompanying interim condensed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Without qualifying our opinion, we draw attention to note 15.1 (iii) to the interim condensed financial statements. As more fully explained therein, in the past the Company had provided security on behalf of an associated undertaking contrary to the provisions of Section 195 of the Companies Ordinance, 1984.

KARACHI:
February 26, 2007

Ford Rhodes Sidat Hyder & Co.

CHARTERED ACCOUNTANTS


**INTERIM CONDENSED BALANCE SHEET
AS AT DECEMBER 31, 2006**

ASSETS		December 31, 2006	June 30, 2006
NON-CURRENT ASSETS	Note	(Unaudited)	(Audited)
		----- (Rupees in '000) -----	
Fixed assets			
- Property, plant and equipment	4	6,791,473	6,113,812
- Intangible assets	5	12,557	11,201
Investment in associate		6,804,030	6,125,013
Long-term loans	6	947,909	951,273
Long-term deposits		1,187	1,329
		24,807	21,415
CURRENT ASSETS		7,777,933	7,099,030
Stores and spare parts			
Stock-in-trade	7	444,407	346,435
Trade debts	8	163,525	186,703
Due from associate		22,633	81,841
Loans and advances		231,920	263,104
Trade deposits and short-term prepayments		150,668	125,102
Other receivables		48,827	16,072
Short-term investments		41,207	39,048
Advance income tax		5,896	9,034
Cash and bank balances		4,222	-
		498,731	76,751
TOTAL ASSETS		1,612,036	1,144,090
		9,389,969	8,243,120
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
200,000,000 (June 30, 2006: 200,000,000)			
Ordinary shares of Rs. 10/- each.		2,000,000	2,000,000
Issued, subscribed and paid-up capital		1,650,000	1,650,000
Reserves – net		537,960	593,157
		2,187,960	2,243,157
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	9	626,972	639,600
NON-CURRENT LIABILITIES			
Long-term financing	10	1,318,997	715,845
Redeemable capital		2,414,770	2,629,795
Liabilities against assets subject to finance lease		45,026	28,791
Long-term deposits		79,136	79,187
Deferred liabilities	11	622,053	620,599
		4,479,982	4,074,217
CURRENT LIABILITIES			
Trade and other payables	12	781,184	533,138
Short-term redeemable capital	13	460,586	-
Short-term borrowings	14	45,590	-
Mark-up payable		235,773	196,675
Current portion of long-term borrowings		558,767	533,311
Provision for taxation		-	2,619
Sales tax payable		13,155	20,403
		2,095,055	1,286,146
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		9,389,969	8,243,120

The annexed notes from 1 to 23 form an integral part of these interim condensed financial statements.

Dewan Muhammad Yousuf Farooqui

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Khurshid Anwer Jamal

Khurshid Anwer Jamal
Director



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

Note	Half year ended		Quarter ended		
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005	
----- (Rupees in '000) -----					
Turnover – net	16	1,073,975	1,143,628	366,387	530,349
Cost of sales	17	(913,720)	(877,542)	(359,180)	(397,902)
Gross profit		160,255	266,086	7,207	132,447
Distribution cost		(4,790)	(2,326)	(3,275)	(1,093)
Administrative expenses		(46,337)	(29,423)	(19,759)	(17,749)
Other operating expenses		(5,486)	(6,705)	(2,466)	(4,137)
Other operating income	18	26,834	28,964	21,248	26,644
Operating profit		130,476	256,596	2,955	136,112
Finance cost		(111,620)	(182,216)	(24,775)	(99,747)
		18,856	74,380	(21,820)	36,365
Share of profit / (loss) of Associate		1,405	20,522	(7,617)	12,286
Profit / (loss) before taxation		20,261	94,902	(29,437)	48,651
Taxation - Current		(5,370)	(5,719)	(1,832)	(2,652)
- Deferred		(1,455)	7,196	8,884	(10,332)
		(6,825)	1,477	7,052	(12,984)
Profit / (loss) after taxation		13,436	96,379	(22,385)	35,667
Earnings / (loss) per share – Basic and diluted	19	Re. 0.08	Re. 0.68	Re. (0.14)	Re. 0.22

The annexed notes from 1 to 23 form an integral part of these interim condensed financial statements.

Dewan Muhammad Yousuf Farooqui

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Khurshid Anwer Jamal

Khurshid Anwer Jamal
Director



INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2006

	Half year ended	
	December 31, 2006	December 31, 2005
	— (Rupees in '000) —	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20,261	94,902
Adjustments for:		
Depreciation and amortisation	102,419	138,251
Gain / (loss) on remeasurement of investments at fair value through profit or loss	3,138	(5,269)
Gain on sale of property, plant and equipment	-	(755)
Finance cost	111,620	182,216
Liabilities no longer payable - written back	(16,818)	(10,928)
Dividend income	-	(287)
Gratuity	-	2,706
Cost of issue of equity – gross	-	(13,588)
Share of profit from investment in associate	(1,405)	(11,802)
Interest on current account balance with DHCL	(13,892)	(20,164)
	185,062	260,380
Operating profit before working capital changes	205,323	355,282
Movement in working capital:		
(Increase) / decrease in stores and spare parts	(97,972)	14,791
Decrease / (increase) in stock-in-trade	23,178	(29,318)
Decrease in trade debts	59,208	51,452
(Increase) / decrease in loans and advances	(58,754)	17,562
(Increase) / decrease in trade deposits and short-term prepayments	(32,755)	180
(Increase) / decrease in other receivables	(2,159)	11,280
Increase in trade and other payable	280,583	44,478
(Decrease) in sales tax payable	(7,248)	(6,968)
	164,081	103,457
Cash generated from operations	369,404	458,739
Income tax paid	(12,211)	(4,327)
Long-term loans – net	142	335
Long-term deposits (asset) - net	(3,392)	282
Long-term deposits (liability) - net	(51)	99,628
Net cash generated from operating activities	353,892	554,657
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(668,639)	(421,791)
Increase / (decrease) in due from associate	51,083	(112,456)
Proceeds from sale of property, plant and equipment	-	1,893
Dividend income received	-	287
Net cash used in investing activities	(617,556)	(532,067)
CASH FLOWS FROM FINANCING ACTIVITIES		
Subordinated loan repaid	-	(602,000)
Proceeds from issues of right shares	-	825,000
Repayment of redeemable capital	(222,661)	(60,163)
Proceeds from long-term financing - net	644,391	(79,620)
Proceed from short-term borrowings	45,590	-
Proceeds from short-term redeemable capital	460,586	-
Finance cost paid	(177,683)	(121,568)
Dividend paid	(65,031)	-
Payment / refund of liabilities against assets subject to finance lease	452	(1,113)
Net cash generated from / (used in) financing activities	685,644	(39,464)
Net increase / (decrease) in cash and cash equivalents	421,980	(16,874)
Cash and cash equivalents at the beginning of the period	76,751	108,067
Cash and cash equivalents at the end of the period	498,731	91,193

The annexed notes from 1 to 23 form an integral part of these interim condensed financial statements.

Dewan Muhammad Yousuf Farooqi

Dewan Muhammad Yousuf Farooqi
Chairman / Chief Executive

Khurshid Anwer Jamal

Khurshid Anwer Jamal
Director


**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

Issued, subscribed and paid up capital	RESERVES					Total	
	CAPITAL RESERVE Share of associate's revaluation surplus	REVENUE RESERVES			Total reserves		
		Revenue reserve	(Accumulated loss) / unappropriated profit	Total			
----- (Rupees in '000) -----							
Balance as at July 01, 2005	825,000	197,471	395,000	(328,917)	66,083	263,554	1,088,554
Issue of right shares	825,000	-	-	-	-	-	825,000
Cost of equity transaction	-	-	-	(8,832)	(8,832)	(8,832)	(8,832)
Transfer from surplus on revaluation of fixed assets	-	-	-	27,285	27,285	27,285	27,285
Share of surplus released from associate – net of tax	-	(2,572)	-	3,955	3,955	1,383	1,383
Transfer from revenue reserve to accumulated loss / unappropriated profit	-	-	(395,000)	395,000	-	-	-
Net profit for the period after taxation	-	-	-	96,379	96,379	96,379	96,379
Balance as at December 31, 2005	1,650,000	194,899	-	184,870	184,870	379,769	2,029,769
Balance as at July 01, 2006	1,650,000	192,579	-	400,578	400,578	593,157	2,243,157
Transfer from surplus on revaluation of fixed assets – net of tax	-	-	-	12,628	12,628	12,628	12,628
Share of surplus released from associate - net of tax	-	(2,300)	-	3,539	3,539	1,239	1,239
Final dividend	-	-	-	(82,500)	(82,500)	(82,500)	(82,500)
Net profit for the period after taxation	-	-	-	13,436	13,436	13,436	13,436
Balance as at December 31, 2006	1,650,000	190,279	-	347,681	347,681	537,960	2,187,960

The annexed notes from 1 to 23 form an integral part of these interim condensed financial statements.

Dewan Muhammad Yousuf Farooqui
Chairman / Chief Executive

Khurshid Anwer Jamal
Director



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

1. THE COMPANY AND ITS OPERATIONS

Dewan Cement Limited was incorporated in Pakistan as a public limited company in March, 1980. Its shares are quoted on the Karachi and Lahore Stock Exchanges since June, 1989. The registered office of the Company is situated at Dewan Centre, 3-A Lalazar, Beach Hotel Road, Karachi. The principal activity of the Company is to manufacture and sale of cement.

2. BASIS OF PREPARATION

These interim condensed financial statements are unaudited but subject to limited scope review by auditors and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34, "Interim Financial Reporting", as applicable in Pakistan. These interim condensed financial statements should be read in conjunction with the financial statements of the Company for the year ended June 30, 2006.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies followed for the preparation of these interim condensed financial statements are same as those applied in preparing the financial statements of the Company for the year ended June 30, 2006.

	Note	December 31, 2006 (Unaudited)	June 30, 2006 (Audited)
----- (Rupees in '000) -----			
4	PROPERTY, PLANT AND EQUIPMENT		
	Operating property, plant and equipment	4.1 4,444,585	4,541,272
	Assets subject to finance lease	4.2 21,746	17,723
	Capital work-in-progress	4.3 2,325,142	1,554,817
		<u>6,791,473</u>	<u>6,113,812</u>
4.1	Operating property, plant and equipment		
	Book value at the beginning of the period / year	4,541,272	4,793,099
	Additions during the period / year	4.1.1 3,748	13,386
	Transfer from leased assets	-	3,413
		3,748	16,799
	Disposal during the period / year – at book value	4.1.2 -	(612)
	Depreciation charged during the period / year	(100,435)	(268,014)
		<u>(100,435)</u>	<u>(268,626)</u>
		<u>4,444,585</u>	<u>4,541,272</u>
4.1.1	Additions during the period / year		
	Furniture and fixture	460	1,468
	Computer	2,070	1,408
	Vehicles	1,218	10,510
		<u>3,748</u>	<u>13,386</u>



	Note	December 31, 2006 (Unaudited) — (Rupees in '000) —	June 30, 2006 (Audited)
4.1.2 Disposals during the period / year (book value)			
Vehicles		-	612
4.2 Assets subject to finance lease			
Book value at the beginning of the period / year		17,723	6,047
Additions during the period / year		6,007	15,603
Transfer to owned assets – at book value	4.2.1	-	(3,413)
Disposals during the period/year		-	(538)
Depreciation charged during the period / year		(1,984)	24
		<u>(1,984)</u>	<u>(3,927)</u>
Book value at the end of the period / year		<u>21,746</u>	<u>17,723</u>
4.2.1 Transfer during the period / year – at book value			
Vehicles		-	3,413
4.3 Capital work-in-progress			
Balance at the beginning of the period / year		1,554,817	673,220
Additions during the period / year:			
Building and roads		26,370	92,503
Plant, machinery and equipment	4.3.1	705,137	644,485
Computers		-	31,150
Advances to suppliers and contractors		7,818	25,959
		<u>739,325</u>	<u>794,097</u>
Assets subject to finance lease		31,000	87,500
Balance at the end of the period / year		<u>2,325,142</u>	<u>1,554,817</u>
4.3.1			
Includes in-transit plant, machinery and equipment amounting to Rs. 359.261 million (June 30, 2006: 128.348 million).			
4.3.2			
Includes capital work-in-progress subject to finance lease amounting to Rs. 118.5 million (June 30, 2006: Rs. 87.5 million).			
4.3.3			
Includes borrowing cost capitalized during the period amounting to Rs. 112.797 million (June 30, 2006: Rs. 128.348 million).			
5. INTANGIBLE ASSETS			
Capital work-in-progress			
Book value at the beginning of the period / year		11,201	3,497
Additions during the period / year	5.1	1,356	7,704
Balance at the end of the period / year		<u>12,557</u>	<u>11,201</u>
5.1			
Represents cost incurred in connection with implementation of SAP.			
6 INVESTMENT IN ASSOCIATE			
6.1			
Includes 79,597,600 (June 30, 2006: 79,597,600) shares that have been pledged with banks / financial institutions against financing facilities provided to the associate.			



DEWAN CEMENT LIMITED

Note	December 31, 2006 (Unaudited)	June 30, 2006 (Audited)
	---- (Rupees in '000) ----	
7. STORES AND SPARE PARTS		
In hand		
Stores	61,527	82,792
Spare parts	131,633	117,646
	<u>193,160</u>	<u>200,438</u>
In-transit	251,247	145,997
	<u>444,407</u>	<u>346,435</u>
8. STOCK IN TRADE		
In hand		
Raw and packing material	36,565	120,300
Work-in-process	77,866	32,393
Finished goods	16,116	34,010
	<u>130,547</u>	<u>186,703</u>
In-transit	32,978	-
	<u>163,525</u>	<u>186,703</u>
9. SURPLUS ON REVALUATION OF FIXED ASSETS – NET OF TAX		
Gross surplus		
Opening balance	953,349	1,005,867
Transfer to accumulated loss in respect of incremental depreciation charged during the current period / year	(19,275)	(52,518)
	<u>934,074</u>	<u>953,349</u>
Less: Related deferred tax		
Opening balance	313,749	331,930
Reversal of deferred tax liability on account of incremental depreciation charged during the period and adjustment made during the period / year	(6,647)	(18,181)
	<u>307,102</u>	<u>313,749</u>
	<u>626,972</u>	<u>639,600</u>
10. LONG-TERM FINANCING		
Secured		
Long-term loan – I	120,000	120,000
Long-term loan – II	80,000	80,000
Long-term loan – III	10.1 75,000	-
Long-term loan – IV	10.2 200,000	-
Long-term loan – V	10.3 300,000	-
Long-term loan – VI	10.4 226,777	-
Long-term loan – VII	10.5 127,482	-
	<u>1,129,259</u>	<u>200,000</u>
Less: Current maturity	(54,573)	(13,334)
	<u>1,074,686</u>	<u>186,666</u>
Financing under documentary credit	199,639	224,755
	<u>1,274,325</u>	<u>411,421</u>
Unsecured		
From sponsors	10.6 -	254,802
Others	44,672	44,672
Interest on subordinated loan	10.6 -	4,950
	<u>44,672</u>	<u>304,424</u>
	<u>1,318,997</u>	<u>715,845</u>



- 10.1** Represents loan obtained from a Development Finance Institution (DFI) carrying mark up at the rate of KIBOR plus 3%. The loan is repayable in 8 equal semi-annual installments commencing one year after the date of disbursement of loan. The loan is secured by way of hypothecation ranking charge over all present and future fixed assets of the Company with 25 percent margin to be converted in to first pari-passu charge in favour of the DFI within 120 days from the date of first drawdown of the facility.
- 10.2** Represents loan obtained from a DFI carrying mark up at the rate of KIBOR plus 3.25%. The loan is repayable in 8 equal semi-annual installments commencing eighteen months after the date of disbursement of loan. The loan is secured by way of ranking charge convertible to a first pari-passu charge within ninety days of the disbursement of the facility over all present and future fixed assets of the Company with a margin of 25 percent.
- 10.3** Represents loan obtained from a DFI carrying mark up at the rate of KIBOR plus 4.5%. The loan is repayable in 6 equal semi-annual installments commencing two years after the date of disbursement of loan. The loan is secured by way of first pari-passu charge over all present and future fixed assets of the Company and corporate guarantees provided by certain group companies.
- 10.4** Represents disbursed amount of loan facility amounting to Rs. 320 million obtained from a commercial bank carrying mark up at the rate of KIBOR plus 2.9%. The loan is repayable in 10 equal semi-annual installments commencing thirty months after the date of disbursement of loan. The loan is secured by creating first pari-passu charge by way of hypothecation over the hypothecated assets in the sum of Rs. 426.667 million in favour of the bank, creation of first pari-passu charge by way of mortgage by deposit of title deeds in respect of the mortgaged properties in the sum of Rs. 426.667 million in favour of the bank and execution of a demand promissory note of Rs. 563.200 million in favour of the bank.
- 10.5** Represents disbursed amount of loan facility amounting to Rs. 500 million obtained from a commercial bank carrying mark up at the rate of KIBOR plus 2.5%. The loan is repayable in 10 equal semi-annual installments commencing two years after the date of disbursement of loan. The loan is secured by creating first pari-passu charge by way of hypothecation over the hypothecated assets in the sum of Rs. 666.667 million in favour of the bank and creation of first pari-passu charge by way of mortgage by deposit of title deeds in respect of the mortgaged properties in the sum of Rs. 666.667 million in favour of the bank.
- 10.6** During the period, the Company made early repayment of loans obtained from new sponsors of the Company and interest on subordinated loan, on account of its healthy cash flow position and availability of new financing lines.

	December 31, 2006	June 30, 2006
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11 DEFERRED LIABILITIES

Deferred taxation	604,283	602,829
Gratuity scheme	17,770	17,770
	<u>622,053</u>	<u>620,599</u>



	Note	December 31, 2006 (Unaudited)	June 30, 2006 (Audited)
----- (Rupees in '000) -----			
12	TRADE AND OTHER PAYABLES		
	Creditors	334,118	357,760
	Creditors for capital expenditure	22,649	22,731
	Accrued liabilities	49,318	77,742
	Advance from customers	327,953	41,154
	Security deposits	270	270
	Excise duty and royalty payable	606	1,669
	Compensated absences	19	19
	Tax deducted at source	2,773	2,022
	Workers' profits participation fund	22,932	21,805
	Dividend payable	17,469	-
	Unpaid and unclaimed dividend	1,780	1,780
	Others	1,297	6,186
		<u>781,184</u>	<u>533,138</u>
13	SHORT-TERM REDEEMABLE CAPITAL – unsecured		
	Commercial paper	13.1 <u>460,586</u>	-
13.1	Represents short-term finance raised through issue of commercial papers in terms of a Finance Agreement dated September 29, 2006, in accordance with the "Guidelines for Issue of Commercial Papers" issued by the Securities and Exchange Commission of Pakistan (SECP). The commercial papers have a nominal value of Rs. 500 million denominated by face value of Rs. 1 million each and are redeemable after a period of nine months. These have been discounted at the effective interest rate of 14.22 percent per annum.		
14	SHORT-TERM BORROWINGS		
	Financing against trust receipts	14.1 <u>20,664</u>	-
	Running finance under mark-up arrangement	14.2 <u>24,926</u>	-
		<u>45,590</u>	-
14.1	Represents utilized portion of facility of Rs. 100 million obtained from a commercial bank. The above facility has been obtained to finance imports under sight documentary letters of credit with tenure of 120 days and carries mark-up at the rate of KIBOR plus 3% with a floor of 12 percent per annum. The said facility is secured by way of a sinking fund account maintained by the Company with the commercial bank whereby 33% of each acceptance is deposited at the time of acceptance, another 33% deposited after forty five days and the balance at the time of maturity.		
14.2	Represents utilized portion of facility of Rs. 25 million obtained from a commercial bank. The above facility is secured by way of ranking charge over stocks and book debts of the Company with 25 percent margin to be converted in to first pari-passu charge and lien on import documents and carry mark-up at the rate of KIBOR plus 5 percent with a floor of 15 percent per annum.		
15.	CONTINGENCIES AND COMMITMENTS		
15.1	Contingencies		
(i)	The Company is a party to legal proceedings pending in various courts and agencies in which it appears as defendant and plaintiff aggregating to Rs. 51,989 million (June 30, 2006: Rs. 51,989 million), the outcome of which cannot be established at this stage. The management, based on the strength of its cases and the advice of its lawyers, believes that no additional liability will arise out of these proceedings, hence no provision has been made in these interim condensed financial statements.		



- (ii) Guarantees amounting to Rs. 1.2 million (June 30, 2006: Rs. 1.2 million) have been furnished in favour of the Ministry of Commerce, in respect of import license fee on import of machinery and equipment. The guarantees have expired and the matter is presently pending under dispute with the said ministry. The recovery of an equivalent amount included in "trade deposits and short-term prepayments" as margin against bank guarantees is also dependent on the outcome of the above matter. The management anticipates a favourable outcome of the dispute.
- (iii) The associate Dewan Hattar Cement Limited's (DHCL's) shares owned by the Company have been pledged as security against TFC liability of the said associate amounting to Rs. 620 million (62 million shares). Such security was provided by the Company in the past because of its being principal sponsor of DHCL, holding 43.24 percent of its equity, pursuant to covenant of the previous Scheme of Arrangement which have been continued in the present Scheme of Arrangement.

	Note	December 31, 2006 (Unaudited)	June 30, 2006 (Audited)
— (Rupees in '000) —			
15.2 Commitments			
Capital expenditure contracted for but not incurred		<u>240,595</u>	<u>774</u>
Acceptances and letters of credit		<u>865,539</u>	<u>42,233</u>

	Half year ended		Quarter ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
----- (Rupees in '000) -----				
16 TURNOVER – NET	<u>1,073,975</u>	<u>1,143,628</u>	<u>366,387</u>	<u>530,349</u>

Included herein are (a) local sales, net of trade discounts and rebates, amounting to Rs. 950.947 million (2005: Rs. 1,140.342 million) and export sales, net of trade discounts, amounting to Rs. 123.028 million (2005: Rs. 3.286 million).

17 COST OF SALES

Opening stock-finished goods	34,010	26,956	6,545	32,634
Cost of goods manufactured	<u>895,826</u>	<u>872,528</u>	<u>368,752</u>	<u>387,210</u>
	929,836	899,484	375,297	419,844
Closing stock-finished goods	<u>(16,116)</u>	<u>(21,942)</u>	<u>(16,116)</u>	<u>(21,942)</u>
	<u>913,720</u>	<u>877,542</u>	<u>359,181</u>	<u>397,902</u>

18 OTHER OPERATING INCOME

- 18.1 Includes interest income from associate amounting to Rs. 7.885 million (net off effect of elimination to the extent of equity held).
- 18.2 Includes Rs. 16.818 million being net write back / write off of old outstanding balances of suppliers and contractors. These amounts have been determined pursuant to an exercise carried out by a firm of chartered accountants appointed by the Company in this regard.



	Half year ended		Quarter ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
	(Rupees in '000) -----			
19 EARNINGS / (LOSS) PER SHARE – Basic and diluted				
Net profit / (loss) for the period after tax	13,436	96,379	(22,385)	35,667
	----- (Number of shares) -----			
Weighted average number of ordinary shares in issue during the period	165,000,000	142,566,545	165,000,000	165,000,000
Earnings / (loss) per share - basic and diluted	Re. 0.08	Rs. 0.68	Re. (0.14)	Re. 0.22

There was no dilution effect on the basic earnings / (loss) per share as the Company had no such outstanding commitments during the period.

	Half year ended	
	December 31, 2006	December 31, 2005
	(Unaudited) (In Metric Tonnes)	
20 CAPACITY – Clinker		
Annual Installed capacity	900,000	900,000
Actual production / procurement for the period	299,330	342,061

21 RELATED PARTY DISCLOSURES

Related parties comprise of related group companies, associate, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Material transactions and balances with related parties are given below:

Relationship	Nature of transactions	Half year ended		Quarter ended	
		December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
		----- (Rupees in '000') -----			
Associate	Funds transferred - net	148,344	119,939	135,349	159,733
	Purchases	62,945	-	-	-
	Shared expenses	47,387	3,493	42,412	1,032
	Interest income	13,892	20,164	4,049	16,164
Employee benefit fund	Contribution to staff retirement funds	5,058	4,137	2,475	2,388
Other related parties	Funds received - net	-	-	333,254	-
	Funds transferred - net	107,697	-	-	-
	Loan repayment	-	327,138	-	40,377
	Shared expenses	475	-	373	-
	Interest accrued	-	16,438	-	12,842
	Sales	25,482	7,969	20,379	5,345
	Purchases	609	15,307	-	152
Chief Executive	Remuneration	630	505	67	249
Directors	Remuneration	3,312	2,254	1,728	1,148
Executive	Remuneration	19,160	9,399	10,665	4,718

21.1 The above transactions are at arm's length using admissible valuation methods.



22. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements have been authorised for issue on February 26, 2007 by the Board of Directors of the Company.

23. GENERAL

- 23.1** Figures of the profit and loss account for the quarters ended December 31, 2006 and December 31, 2005 have not been subject to a limited scope review by the external auditors, as the scope of the review covered only the cumulative figures for the half-years ended December 31, 2006 and December 31, 2005.
- 23.2** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.
- 23.3** No material corresponding figures have been rearranged.

Dewan Muhammad Yousuf Farooqi
Chairman / Chief Executive

Khursheed Anwer Jamal
Director