

HALF YEARLY REPORT

December 31 2007



DEWAN CEMENT LIMITED



DEWAN CEMENT LIMITED





CONTENTS

Company Information	5
Directors' Report	6
Auditors' Review Report to the Members	8
Balance Sheet	9
Profit and Loss Account	10
Cash Flow Statement	11
Statement of Changes in Equity	12
Notes to the Financial Statements.....	13



COMPANY INFORMATION

BOARD OF DIRECTORS

Dewan M. Yousuf Farooqui
Dewan Abdullah Ahmed
Dewan Abdul Baqi Farooqui
Muhammad Azimuiddin
Syed Muhammad Ali Khan
Aziz-ul-Haque
Shahab Mahmud Ansari
Wajahat A. Baqai
Basheer Ahmed Chowdry

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

COMPANY SECRETARY

Shahab Mahmud Ansari

AUDIT COMMITTEE MEMBERS

Wajahat A. Baqai
Syed Muhammad Ali Khan
Aziz-ul-Haque
Shahab Mahmud Ansari

Chairman
Member
Member
Member

REGISTERED ADDRESS

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

HEAD OFFICE

Block-A, 2nd Floor, Finance & Trade Centre,
Shahrah-e-Faisal, Karachi, Pakistan.

FACTORY

1. Deh Dhando, Dhabeji
District, Malir Karachi.
2. Kamilpur Near Hattar
District, Haripur N.W.F.P

AUDITORS

Ford Rhodes Sidat Hyder & Co.
Chartered Accountants

Rafaqat Babar & Co.
Chartered Accountants

LEGAL ADVISOR

Sardar M. Ajaz Khan (Advocate)

WEBSITE

www.dewangroup.com.pk



DIRECTORS' REPORT

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

The Directors are pleased to present un-audited financial results for the half-year ended December 31, 2007.

Production

The Company produced 704,932 tons of clinker and 781,256 tons of cement during the period under review, which is 6.57% and 1.18% above corresponding period last year, respectively as detailed below:

	Up to December 2007 (In tons)	Up to December 2006 (In tons)	Variance (% Age)
Clinker	704,932	661,443	6.57%
Cement	781,256	772,164	1.18%

Dispatches

Sales volume of the Company has decreased by 18,575 tons during the first half of the current year as compared to the same period last year, as detailed below:

	Up to December 2007 (In tons)	Up to December 2006 (In tons)	Variance (% Age)
Local sales	752,588	752,593	Nil
Export sales	20,716	39,286	(47.27%)
Total	773,304	791,879	(2.35%)

Export of cement during the period under review remained under pressure and decreased by 47.27% as compared to the same period last year. However, subsequently exports have started increasing and have crossed 59,000 tons in the period January 01, 2008 to March 22, 2008.

Operating Performance

A small decrease in sales quantity coupled with industry-wise decrease in prices has resulted in 4.46% 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. The operating results for half-year ended December 2007 and that of corresponding period prior year are highlighted below:

	Up to December 2007 (Rs. In million)	Up to December 2006 (Rs. In million)	Variance (% Age)
Net sales	2,121	2,220	(4.46%)
Cost of goods sold	1,925	1,999	(3.70%)
Gross profit	196	221	(11.31%)
Expenses and taxes	304	220	38.18%
Net profit / (loss)	(108)	1	(109) times



Financial Obligations

By the grace of Al-mighty Allah, your company has met all the financial obligations matured during the period under review. Subsequent to balance sheet date the Term Finance Certificates amounting to Rs. 4.1 billion have been prepaid.

Future Outlook

High growth in local consumption is expected to continue, as at the demand end major mega infrastructure projects have yet to commence 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 149% 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 in South unit. 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 and support.

In conclusion, we bow, beg and pray to **Al-mighty 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 the Board of Directors

Shahab Mahmud Ansari
Director

Muhammad Azimuddin
Director

Karachi: March 25, 2008

**FORD RHODES SIDAT HYDER & CO.**

Chartered Accountants
 Progressive Plaza
 Beaumont Road
 Karachi.

RAFAQAT BABAR & CO.

Chartered Accountants
 Suite # 113, 3rd Floor, Hafeez Centre
 KCHS Block 7 & 8, Shahrah-e-Faisal
 Karachi.

REVIEW REPORT TO THE MEMBERS**Introduction**

We have reviewed the accompanying interim condensed balance sheet of Dewan Cement Limited (the Company) as at December 31, 2007 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 "interim financial information") for the half year then ended. Company's management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The corresponding figures in the interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity in the accompanying interim condensed financial statements of the Company as at December 31, 2007, include amounts of Dewan Cement Limited and former Dewan Hattar Cement Limited (also see note 19.2 to the interim financial information). The interim financial information of Dewan Cement Limited were reviewed by Ford Rhodes Sidat Hyder & Co., Chartered Accountants whose report dated February 27, 2007 expressed a modified opinion thereon, by adding an emphasis of matter paragraph, to highlight a material matter regarding security on behalf of associated undertaking, while the interim financial information of former Dewan Hattar Cement Limited were reviewed by Rafiqat Babar & Co., Chartered Accountants whose report dated February 26, 2007 expressed a modified opinion thereon, by adding an emphasis of matter paragraph, to highlight a going concern matter.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan.

Ford Rhodes Sidat Hyder & Co.

CHARTERED ACCOUNTANTS

Rafiqat Babar & Co.

CHARTERED ACCOUNTANTS

KARACHI:

March 25th 2008



INTERIM CONDENSED BALANCE SHEET
AS AT DECEMBER 31, 2007

	Note	December 31, 2007 (Unaudited) ---- (Rupees in '000) ----	June 30, 2007 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	19,724,799	19,304,428
Intangible assets		28,992	28,507
		19,753,791	19,332,935
Long-term deposits		59,018	38,972
Long-term loans		436	1,062
		19,813,245	19,372,969
CURRENT ASSETS			
Stores and spare parts		577,193	683,751
Stock-in-trade		357,684	302,825
Trade debts	5	804,075	510,335
Due from related party		515,510	800,000
Loans and advances		161,557	110,071
Trade deposits and short-term prepayments		28,149	95,333
Other receivables		43,333	62,202
Short-term investments		6,600	9,161
Advance income tax		16,355	16,328
Cash and bank balances		165,277	224,537
		2,675,733	2,814,543
TOTAL ASSETS		22,488,978	22,187,512
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorized capital			
500,000,000 (June 30, 2007: 500,000,000)			
Ordinary shares of Rs. 10/- each		5,000,000	5,000,000
Issued, subscribed and paid-up capital		3,573,750	3,573,750
Reserves		1,117,479	1,130,675
		4,691,229	4,704,425
SURPLUS ON REVALUATION OF FIXED ASSETS – NET OF TAX		3,934,274	4,090,668
NON-CURRENT LIABILITIES			
Long-term financing	6	2,963,649	2,430,054
Debentures – Term Finance Certificates		3,712,978	4,110,825
Liabilities against assets subject to finance lease		91,870	120,843
Long-term deposits and payables	7	1,192,268	861,539
Deferred liabilities	8	2,241,084	2,192,143
Mark-up payable	9	167,297	141,252
		10,369,146	9,856,656
CURRENT LIABILITIES			
Trade and other payables		1,500,229	1,305,183
Short-term redeemable capital	10	-	497,695
Short-term borrowings	11	247,271	248,644
Mark-up payable		427,329	345,134
Current portion of long-term borrowings		1,264,519	1,124,364
Sales tax payable		54,981	14,743
		3,494,329	3,535,763
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		22,488,978	22,187,512

The annexed notes from 1 to 19 form an integral part of these interim condensed financial statements.

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

The Chief Executive of the company is presently out of the country, therefore these financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.

Shahab Mahmud Ansari
Director

Muhammad Azimuddin
Director



INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2007

Note	Half Year Ended		Quarter Ended		
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	
	(Rupees in '000)		(Rupees in '000)		
	(Restated)		(Restated)		
Turnover – net	13	2,120,561	2,220,071	966,415	801,184
Cost of sales		<u>(1,924,545)</u>	<u>(1,998,709)</u>	<u>(901,160)</u>	<u>(854,207)</u>
Gross profit		196,016	221,362	65,255	(53,023)
Distribution cost		<u>(5,236)</u>	<u>(9,606)</u>	<u>(776)</u>	<u>(6,013)</u>
Administrative expenses	14	<u>(104,533)</u>	<u>(67,293)</u>	<u>(65,734)</u>	<u>(30,936)</u>
Other operating expenses		<u>(6,227)</u>	<u>(6,158)</u>	<u>(5,100)</u>	<u>(1,757)</u>
Other operating income	15	<u>29,788</u>	<u>175,480</u>	<u>(1,232)</u>	<u>175,110</u>
Operating profit / (loss)		109,808	313,785	(7,587)	83,381
Finance cost		<u>(207,186)</u>	<u>(296,097)</u>	<u>(99,700)</u>	<u>(130,773)</u>
(Loss) / profit before taxation		(97,378)	17,688	(107,287)	(47,392)
Taxation - net		<u>(10,602)</u>	<u>(16,299)</u>	<u>(1,213)</u>	<u>6,708</u>
(Loss) / profit after taxation		(107,980)	1,389	(108,500)	(40,684)
(Loss) / earnings per share – Basic and diluted (Rupee)		<u>(0.30)</u>	<u>0.01</u>	<u>(0.30)</u>	<u>(0.16)</u>

The annexed notes from 1 to 19 form an integral part of these interim condensed financial statements.

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

The Chief Executive of the company is presently out of the country, therefore these financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.

Shahab Mahmud Ansari
Director

Muhammad Azimuddin
Director



INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2007

Note	Half Year Ended		Quarter Ended		
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006	
	(Rupees in '000)		(Rupees in '000)		
	(Restated)		(Restated)		
Turnover – net	13	2,120,561	2,220,071	966,415	801,184
Cost of sales		<u>(1,924,545)</u>	<u>(1,998,709)</u>	<u>(901,160)</u>	<u>(854,207)</u>
Gross profit		196,016	221,362	65,255	(53,023)
Distribution cost		<u>(5,236)</u>	<u>(9,606)</u>	<u>(776)</u>	<u>(6,013)</u>
Administrative expenses	14	<u>(104,533)</u>	<u>(67,293)</u>	<u>(65,734)</u>	<u>(30,936)</u>
Other operating expenses		<u>(6,227)</u>	<u>(6,158)</u>	<u>(5,100)</u>	<u>(1,757)</u>
Other operating income	15	<u>29,788</u>	<u>175,480</u>	<u>(1,232)</u>	<u>175,110</u>
Operating profit / (loss)		109,808	313,785	(7,587)	83,381
Finance cost		<u>(207,186)</u>	<u>(296,097)</u>	<u>(99,700)</u>	<u>(130,773)</u>
(Loss) / profit before taxation		(97,378)	17,688	(107,287)	(47,392)
Taxation - net		<u>(10,602)</u>	<u>(16,299)</u>	<u>(1,213)</u>	<u>6,708</u>
(Loss) / profit after taxation		<u>(107,980)</u>	<u>1,389</u>	<u>(108,500)</u>	<u>(40,684)</u>
(Loss) / earnings per share – Basic and diluted (Rupee)		<u>(0.30)</u>	<u>0.01</u>	<u>(0.30)</u>	<u>(0.16)</u>

The annexed notes from 1 to 19 form an integral part of these interim condensed financial statements.

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

The Chief Executive of the company is presently out of the country, therefore these financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.

Shahab Mahmud Ansari
Director

Muhammad Azimuddin
Director

**INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007**

	December 31, 2007	Half Year Ended December 31, 2006 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	596,915	645,817
Income tax paid	(10,629)	(30,322)
Long-term loans - net	626	142
Long-term deposits - net	(15,982)	(3,392)
Long-term deposits and payables - net	330,729	(136,689)
Net cash generated from operating activities	901,659	475,556
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(398,669)	(778,538)
Net cash used in investing activities	(398,669)	(778,538)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of debentures – Term Finance Certificates	(413,005)	(413,004)
Long-term financing – net	686,057	993,575
Short-term borrowings – net	(1,373)	45,590
Short-term redeemable capital – net	(497,695)	460,586
Finance cost paid	(290,891)	(352,050)
Dividend paid	-	(65,031)
Liabilities against assets subject to finance lease – net	(45,343)	180
Net cash (used in) / generated from financing activities	(562,250)	669,846
Net (decrease) / increase in cash and cash equivalents	(59,260)	366,864
Cash and cash equivalents at the beginning of the period	224,537	234,119
Cash and cash equivalents at the end of the period	165,277	600,983

The annexed notes from 1 to 19 form an integral part of these interim condensed financial statements.

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

The Chief Executive of the company is presently out of the country, therefore these financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.

Shahab Mahmud Ansari
Director

Muhammad Azimuddin
Director



INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Issued, subscribed and paid up capital	RESERVES			Total
		Capital reserve	Revenue reserves	Total reserves	
		Merger reserve	Unappropri- ated profit		
Balance as at July 01, 2006 (restated)	2,700,000	(9,346)	355,709	346,363	3,046,363
Transfer from surplus on revaluation of fixed assets – net of tax	-	-	20,810	20,810	20,810
Final dividend for 2006 (DCL)	-	-	(82,500)	(82,500)	(82,500)
Transfer of former DHCL – pre amalgamation profits / losses to merger reserve	-	(2,460)	2,460	-	-
Net profit for the period after taxation	-	-	1,389	1,389	1,389
Balance as at December 31, 2006	<u>2,700,000</u>	<u>(11,806)</u>	<u>297,868</u>	<u>286,062</u>	<u>2,986,062</u>
Balance as at July 01, 2007	3,573,750	629,444	501,231	1,130,675	4,704,425
Transfer from surplus on revaluation of fixed assets – net of tax	-	-	94,784	94,784	94,784
Net loss for the period after taxation	-	-	(107,980)	(107,980)	(107,980)
Balance as at December 31, 2007	<u>3,573,750</u>	<u>629,444</u>	<u>488,035</u>	<u>1,117,479</u>	<u>4,691,229</u>

The annexed notes from 1 to 19 form an integral part of these interim condensed financial statements.

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

The Chief Executive of the company is presently out of the country, therefore these financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.

Shahab Mahmud Ansari
Director

Muhammad Azimuddin
Director



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007**

1. THE COMPANY AND ITS OPERATIONS

Dewan Cement Limited (the Company / DCL) 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 7th floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The principal activity of the Company is to manufacture and sale of cement. The Company has two production facilities at Deh Dhando, Dhabeji, Karachi, Sindh and Kamilpur, Hattar Industrial Estate, District Haripur, N.W.F.P.

2. BASIS OF PREPARATION

These interim condensed financial statements are un-audited but subject to limited scope review by the auditors. These are required to be presented to the shareholders under Section 245 of the Ordinance and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) – 34 "Interim Financial Reporting". The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2007. The figures of the interim condensed profit and loss account for the quarters ended December 31, 2007 and 2006 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2007 and 2006.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed for the preparation of these interim condensed financial statements are the same as those applied in preparing the annual financial statements for the year ended June 30, 2007.

	Note	December 31, 2007 (Unaudited) ----- (Rupees in '000) -----	June 30, 2007 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	4.1	14,875,778	15,120,116
Assets subject to finance lease		33,212	49,099
Capital work-in-progress	4.2	4,815,809	4,135,213
		19,724,799	19,304,428
4.1 Operating property, plant and equipment			
Additions			
Owned			
Freehold land		521	6,072
Furniture and fixture		2,029	6,654
Equipment		2,640	7,343
Computer		1,001	3,588
Vehicles		9,418	1,839
		15,609	25,496
Leased		20	19,476
		15,629	44,972
4.2 Capital work in progress			
Additions			
Plant and machinery - owned	4.2.1	643,596	2,287,484
Civil works		37,000	60,285
		680,596	2,347,769

4.2.1 Included herein borrowing cost capitalized during the period amounting to Rs. 260.373 million (June 30, 2007: Rs. 377.501 million).



5. TRADE DEBTS

Included herein secured debts amounting to Rs. 758.827 million (June 30, 2007: Rs. 450.335 million) against security deposit from distributors.

6. LONG TERM FINANCING

The principal terms and condition of the outstanding loans have remained the same as disclosed in the financial statements of the Company for the year ended June 30, 2007. Further, included herein, loan from sponsors amounting to Rs. 672.686 million (June 30, 2007: Rs. 80.025 million). These are interest free and repayable after December 31, 2008

7. LONG TERM DEPOSITS AND PAYABLES

Includes deposits from distributors amounting to Rs. 998.137 million (June 30, 2007: Rs. 685.107 million).

8. DEFERRED LIABILITIES

Includes deferred taxation - net amounting to Rs.2,226.049 million (June 30,2007:Rs.2,177.108 million).

9. MARK-UP PAYABLE

Represents the mark-up payable to related parties on the balance of TFCs – Series A held by such related parties. The said amount has been agreed to be repaid to such parties after December 31, 2008.

10. SHORT TERM REDEEMABLE CAPITAL

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 15.16 percent per annum. During the period, the commercial papers have been fully redeemed on maturity.

	Note	December 31, 2007 (Unaudited) ---- (Rupees in '000) ----	June 30, 2007 (Audited) ----
11. SHORT TERM BORROWINGS			
Running finance under mark-up arrangements	11.1	247,271	47,840
Financing against trust receipts – due		-	53,900
– overdue		-	146,904
		<u>247,271</u>	<u>248,644</u>

- 11.1 The principal terms and conditions have remained the same as disclosed in the financial statements of the Company for the year ended June 30, 2007 except for further utilized portion of Rs. 199.946 million (June 30, 2007: Nil) in respect of new facility of Rs.200 million (June 30,2007:Nil) obtained from a commercial bank during the period. The above facility is secured by way of hypothecation/pledge over stocks of the company.

**12. CONTINGENCIES AND COMMITMENTS****12.1 Contingencies**

There has been no significant change in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2007 except as follows:

12.1.1 Excise duty claim from government.

Subsequent to balance sheet date, the Company has filed a refund claim for the period from June 17, 1994 to April 18, 1999, amounting to Rs. 608,015,099/- before Collector of Sales Tax and Federal Excise (the department) in view of Supreme Court judgment regarding the value of goods for the purpose of imposition of excise duty, under section 4(2) of the Central Excise Act, 1944 (the "1944 Act"). In the Supreme Court judgment it has been categorically held that no excise duty could be added to the retail price for levying excise duty under section 4(2) of the 1944 Act.

As the matter is pending with the department due to petition submitted by the Federal Board of Revenue for review of the above Supreme Court judgment, hence, presently the Company has not accounted for the above refund in the books of account of the Company.

12.2 Commitments

Commitments in respect of outstanding letters of credit inclusive of capital commitments amounting to Rs. 132.739 million (June 30, 2007: Rs. 217.524 million)

13. TURNOVER – NET

Includes export sales amounting to Rs. 76.124 million (half year ended December 31, 2006: Rs.127.821 million).

14. ADMINISTRATIVE EXPENSES

Included herein professional charges, fee and subscription aggregating to Rs.38.872 million (half year ended December 31, 2006: Rs. 5.2 million) for certain services acquired for scheme of amalgamation, their implementation, regulatory fee etc.

15. OTHER OPERATING INCOME

Includes liabilities no longer payable written back of Rs. 27.280 million (half year ended December 31, 2006: Rs. 153.436 million).

16. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors, key management employees and employees' fund. The transactions with related parties, other than remuneration under the terms of employment are as follows:



Relationship	Nature of transactions	December 31, 2007 (Unaudited)	December 31, 2006 (Unaudited)
		----- (Rupees in '000) -----	
Employee benefit fund	Contribution to staff retirement funds	6,103	9,869
Other related party	Funds received / repaid – net	677,490	(107,397)
	Received / adjusted against sale of treasury shares	284,490	-
	Shared expenses	5,859	2,467
	Sales	705	25,625
	Purchases	349	2,809

Half Year Ended		Quarter Ended	
December 31, 2007 (Un-Audited)	December 31, 2006	December 31, 2007 (Un-Audited)	December 31, 2006
----- Metric Tons -----			

17. CAPACITY – CLINKER (TONS)

Installed capacity for the period	990,000	990,000	495,000	495,000
Actual production for the period	704,932	731,092	340,809	418,499

The under utilization of capacity was due to technical problems of the plant, which are being addressed.

18. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue on March 25, 2008 by the Board of Directors of the Company.

19. GENERAL

19.1 The quarterly figures of the interim condensed profit and loss account of the current and corresponding period have not been subject to limited scope review by the external auditors.

19.2 Effective January 01, 2007, former Dewan Hattar Cement Limited (DHCL) has been amalgamated with and into Dewan Cement Limited pursuant to the scheme of arrangement as more fully explained in annual financial statements for the year ended June 30, 2007. Accordingly, the corresponding figures of the interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity have been restated and include the amounts of DHCL. Moreover, the figures of the corresponding period have been re-arranged wherever necessary. However, there were no material classifications to report.

19.3 Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

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

The Chief Executive of the company is presently out of the country, therefore these financial statements have been signed by two Directors of the company duly authorized by the Board of Directors.

Shahab Mahmud Ansari
Director

Muhammad Azimuddin
Director