

LAFARGE PAKISTAN CEMENT Ltd.
(FORMERLY PAKISTAN CEMENT COMPANY LIMITED)



Pakistan

Quarterly Report
January to March
2009

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LAFARGE PAKISTAN CEMENT Ltd.

(FORMERLY PAKISTAN CEMENT COMPANY LIMITED)

COMPANY INFORMATION

Board of Directors	Mr. Ahmad Said Heshmat Hassan Chairman Maj. Gen. (R) Rehmat Khan Chief Executive Mr. Jean Desazars Mrs. Amal Tantawi Mr. Ashraf Abouelkheir Mr. Ahmed Shebl Tolba Daabes Mr. Amr Ali Reda Mr. Samy Ahmed Abdelkader Mr. Bilal Hamid Javaid Khawaja Mohammad Naveed Mr. Shahid Anwar (Nominee NIT)
Audit Committee	Mr. Jean Desazars Chairman Mr. Amr Ali Reda Mrs. Amal Tantawi Mr. Ashraf Abouelkheir Mr. Samy Ahmed Abdelkader
Company Secretary	Mr. Muhammad Anwar Sheikh M. Com., FCMA
Chief Financial Officer	Mr. Bilal Hamid Javaid
Auditors	M/s Ford Rhodes Sidat Hyder & Co., Chartered Accountants, Islamabad.
Bankers	MCB Bank Limited Citibank N.A. Habib Bank Limited Allied Bank Limited United Bank Limited NIB Bank Limited Royal Bank of Scotland Askari Bank Limited Soneri Bank Limited Standard Chartered Bank Limited Habib Metropolitan Bank Limited
Legal Advisors	Haidermota & Co. Barristers at Law & Corporate Counsellors, Islamabad.
Share Registrar	Noble Computer Services (Pvt.) Ltd. 2nd Floor, Sohni Centre, BS 5-6, Karimabad, Block 04, Federal-B Area, Karachi - 75950, Pakistan. Phone: +92 (021) 6801880-82, Fax: +92 (021) 6801129
Registered Office	18-B, Kaghan Road, F-8 Markaz, Islamabad. UAN: (051) 111 111 722, Fax: (051) 2817300
Plant Site	Choie Mallot Road, Tehsil Kalar Kahar, Distt. Chakwal-Pakistan

Directors' Review to the Members

Your directors are pleased to present the accounts of the Company for the first quarter ended March 31, 2009 in compliance with Section 245 of the Companies Ordinance, 1984.

The industry was able to attain an overall capacity utilization of 75.5% during the quarter ended March 31, 2009 as against 86.6% for the corresponding period last year. Dispatches of the industry stood at 7.8 million tonnes as against 8.0 million tonnes for the same period last year. The decrease in capacity utilization is primarily due to decline in local sales volume by 14.7% which stood at 4.9 million tonnes in the current period as compared to 5.8 million tonnes for the corresponding period last year, while exports grew by 33.4% as the industry exported 2.9 million tonnes of cement and clinker as against 2.2 million tonnes for the corresponding period of last year.*

The net turnover of the Company stood at Rs. 2,140 million with an increase of 46% as compared to the corresponding period last year. The Company posted operating profit of Rs. 74 million, however, the company was unable to absorb its borrowing cost of Rs. 331 million, thereby suffering net loss after tax of Rs. 261 million during the quarter. Going forward the company expects reduction in cost due to fall in international fuel prices and decrease in interest rates.

The Directors wish to place on record their appreciation for the continued support of its shareholders, members of staff, customers, suppliers, our bankers and government agencies.

For and on behalf of the Board



Maj. Gen. (R) Rehmat Khan
Chief Executive Officer

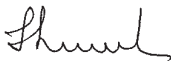
Islamabad:
April 23, 2009

*Industrial data source: APCMA

INTERIM CONDENSED BALANCE SHEET

	Note	March 31, 2009	December 31, 2008
		Un-audited	Audited
		(-----Rupees In Thousand-----)	
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
2,250,000,000 (2008: 2,250,000,000) Ordinary shares of Rs. 10 each		<u>22,500,000</u>	<u>22,500,000</u>
Issued, subscribed and paid up		13,126,445	13,126,445
Reserves			
Capital reserve		190,477	190,477
Accumulated losses		<u>(2,543,773)</u>	<u>(2,282,518)</u>
		<u>(2,353,296)</u>	<u>(2,092,041)</u>
		10,773,149	11,034,404
NON - CURRENT LIABILITIES			
Long term financing		3,732,016	4,388,800
Obligations under finance leases		870	21,316
Other long term liabilities		1,381,349	1,270,820
CURRENT LIABILITIES			
Trade and other payables		1,062,291	1,146,613
Accrued mark-up		134,040	378,636
Short term running finances		2,241,669	2,418,073
Current maturities of:			
long term financing		1,313,569	1,313,568
obligations under finance leases		295	11,974
		4,751,864	5,268,864
CONTINGENCIES AND COMMITMENTS	3	-	-
TOTAL EQUITY AND LIABILITIES		<u>20,639,248</u>	<u>21,984,204</u>

The annexed notes from 1 to 8 form an integral part of these financial statements.



Maj. Gen. (R) Rehmat Khan
Chief Executive Officer

AS AT MARCH 31, 2009 (Un-audited)

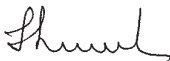
	Note	March 31, 2009 Un-audited	December 31, 2008 Audited
		(-----Rupees In Thousand-----)	
ASSETS			
NON CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	17,116,850	17,247,914
Intangibles	5	3,413	4,103
Long term advance		72,307	82,636
Long term deposits		43,760	43,787
Deferred taxation		749,347	749,347
CURRENT ASSETS			
Stores and spares		1,650,054	2,453,835
Stock-in-trade		628,346	946,934
Trade debts		22,149	33,927
Advances		197,757	149,228
Prepayments		39,938	66,651
Interest accrued		198	1,725
Other receivables		96,704	148,644
Cash and bank balances		18,425	55,473
		2,653,571	3,856,417
TOTAL ASSETS		20,639,248	21,984,204


Bilal Hamid Javaid
 Director

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2009**

	March 31, 2009	March 31, 2008
	(-----Rupees In Thousand-----)	
NET SALES	2,140,002	1,460,779
Cost of sales	(1,916,295)	(1,447,596)
GROSS PROFIT / (LOSS)	223,707	13,183
Selling and administrative expenses	(150,509)	(97,310)
Other operating expenses	(618)	(505)
Other operating income	1,743	1,596
	(149,384)	(96,219)
OPERATING PROFIT / (LOSS)	74,323	(83,036)
Finances costs	(330,754)	(307,081)
LOSS BEFORE TAXATION	(256,431)	(390,117)
Taxation	(4,824)	118,673
NET LOSS FOR THE PERIOD	(261,255)	(271,444)
LOSS PER SHARE - Basic and diluted	(0.20)	(0.24)

The annexed notes from 1 to 8 form an integral part of these financial statements.



Maj. Gen. (R) Rehmat Khan
Chief Executive Officer



Bilal Hamid Javaid
Director

**INTERIM CONDENSED CASH FLOW STATEMENT (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2009**

	March 31, 2009	March 31, 2008
	(-----Rupees In Thousand-----)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(256,430)	(390,117)
Adjustments for non cash items:		
Depreciation	164,937	151,834
Amortization of intangibles	690	690
Finance costs	305,238	307,081
Income on financial assets	(606)	(700)
Gain on disposal of scrap	-	(896)
	470,259	458,009
Operating profit/(loss) before working capital changes	213,829	67,892
Changes in working capital:		
(Increase)in advances	(48,529)	(25,968)
Decrease in stores and spares	803,781	80,707
(Increase)/decrease in stock in trade	318,588	(275,141)
(Increase)/decrease in prepayments	26,713	(80,443)
(Increase)/decrease in other receivables	51,940	(35,149)
Decrease in trade debts	11,778	15,667
Increase in other long term liabilities	110,528	118,436
Increase/(Decrease) in trade and other payables	(84,322)	64,904
	1,190,477	(136,987)
Cash used in operations	1,404,306	(69,095)
Interest received on financial assets	2,133	1,761
Income tax paid	(4,824)	(7,802)
Net cash used in operating activities	1,401,615	(75,136)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Additions)/deletion to property, plant and equipment	(33,872)	32,866
Proceed from scrap sales	-	896
Long term advance received	10,330	10,330
Long term deposits	27	(511)
Net cash used in investing activities	(23,515)	43,581
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loan	(656,784)	(656,784)
Lease rentals paid	(32,123)	(2,499)
Finance costs paid	(549,834)	(491,622)
Net cash from financing activities	(1,238,741)	(1,150,905)
Net (decrease)/increase in cash and cash equivalents	139,359	(1,182,460)
Cash and cash equivalents at the beginning of the period	(2,362,601)	678,425
Cash and cash equivalents at the end of the period	(2,223,242)	(504,035)

The annexed notes from 1 to 8 form an integral part of these financial statements.



Maj. Gen. (R) Rehmat Khan
Chief Executive Officer



Bilal Hamid Javid
Director

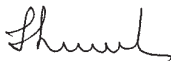
LAFARGE PAKISTAN CEMENT Ltd.

(FORMERLY PAKISTAN CEMENT COMPANY LIMITED)

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2009 (Un-audited)**

	SHARE CAPITAL Issued, subscribed and paid up	CAPITAL RESERVE Share premium	ACCUMULATED LOSSES	Total
	(-----Rupees In Thousand-----)			
Balance as on 01 January 2008	11,345,149	195,821	(1,040,014)	10,500,956
Net Loss for the quarter	-	-	(271,444)	(271,444)
Balance as on 31 March 2008	11,345,149	195,821	(1,311,458)	10,229,512
Balance as on 01 January 2009	13,126,445	190,477	(2,282,518)	11,034,404
Net Loss for the quarter	-	-	(261,255)	(261,255)
Balance as 31 March 2009	13,126,445	190,477	(2,543,773)	10,773,149

The annexed notes from 1 to 8 form an integral part of these financial statements.



Maj. Gen. (R) Rehmat Khan
Chief Executive Officer



Bilal Hamid Javaid
Director

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (Un-audited)
FOR THE QUARTER ENDED MARCH 31, 2009**

1 THE COMPANY AND ITS OPERATIONS

Lafarge Pakistan Cement Limited {formerly Pakistan Cement Company Limited} ("the Company") was incorporated in Pakistan on 23 May 1993 as a private limited company and subsequently converted into a public limited company on 18 October 1994 under the Companies Ordinance, 1984. The shares of the Company are listed on all the three Stock Exchanges of Pakistan. The principal activity of the Company is to manufacture and sale of cement. The company is a subsidiary of "Pakistan Cement Holding Limited" a company incorporated in the British Virgin Island, whereas the ultimate parent company of the entity is Lafarge S.A., France. The registered office of the Company is located at 18-B, Kaghan Road, F-8 Markaz, Islamabad.

2 SIGNIFICANT ACCOUNTING POLICIES

- 2.1 The quarterly un-audited accounts have been prepared in compliance with IAS 34 "Interim Financial Reporting" and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984.
- 2.2 The accounting policies adopted for the preparation of these accounts are the same as applied in the preparation of the annual financial statements for the year ended December 31, 2008.

3 CONTINGENCIES AND COMMITMENTS

Contingencies

The Company has issued post dated cheques, aggregating to Rs. 90.370 million (December 31, 2008: Rs. 92.813 million) in favour of the Collector of Customs against the import duty of polypropylene sacks.

There is no change in the contingent liabilities as reported in the annual financial statements for the year ended December 31, 2008 except reported above.

Commitments

- a Commitments in respect of outstanding letter of credit are Rs. 249.154 million (December 31, 2008 Rs. 845.767 million).
- b Commitments in respect of rent of lease hold land of 1,337 kanals and 58.8 kanals at the balance sheet is Rs. 94.886 million. (December 31, 2008: Rs.95.165 million).

4 PROPERTY, PLANT AND EQUIPMENT

	Note	March 31, 2009 Un-audited	December 31, 2008 Audited
(-----Rupees In Thousand-----)			
Operating Fixed Assets-at written down value	4.1	17,072,609	17,228,627
Capital work in progress at cost	4.2	44,240	19,288
		17,116,849	17,247,914
4.1 Opening written down value		17,228,627	17,157,385
Addition during the period	4.1.1	8,919	1,044,160
Disposal during the period	4.1.2	-	57,672
Depreciation for the period		164,937	915,246
		17,072,609	17,228,627
4.1.1 Additions during the period			
Freehold land		-	463
Buildings		-	919,366
Plant & Machinery		-	93,253
Office equipment		3,997	7,571
Computers & Low Voltage Equipments		-	8,463
Vehicles-Owned		-	7,071
Vehicles-Leased		-	1,336
Laboratory equipment		4,922	1,423
Workshop Equipment		-	5,214
		8,919	1,044,160
4.1.2 Disposals during the period			
Plant & Machinery		-	57,672
		-	57,672
4.2 Capital work in progress			
Opening balance		19,288	804,834
Additions during the period		33,872	209,536
Transfers during the period		8,919	995,082
		44,241	19,288

LAFARGE PAKISTAN CEMENT Ltd.

(FORMERLY PAKISTAN CEMENT COMPANY LIMITED)

March 31, 2009 December 31, 2008
Un-audited Audited
 (-----Rupees In Thousand-----)

5 INTANGIBLES**Licensed computer software Cost**

Opening balance	<u>8,279</u>	<u>8,279</u>
Addition during the period	<u>-</u>	<u>-</u>
	8,279	8,279
Amortization to date		
Opening balance	<u>4,176</u>	<u>1,131</u>
Amortization for the period	<u>690</u>	<u>3,046</u>
	4,866	4,176
Written down value	<u>3,413</u>	<u>4,103</u>

6 TRANSACTIONS WITH RELATED PARTIES

Pakistan Cement Holding Limited (PCH) holds 51.55% and Camden Holding PTE Limited (CHL) holds 21.67% shares of the Company at the end of the period. Lafarge S.A., France is the ultimate parent company ("the Ultimate Parent Company") of the Company by virtue of indirect holding in PCH and CHL, through Lafarge Building Materials Holding. Therefore, all related parties of PCH, CHL and Lafarge S.A., France are related parties of the Company. The related parties also comprise of directors, shareholders, key management personnel and entities over which the directors are able to exercise influence and entities under common directorship. Transactions with related parties during the period are as follows:

March 31, 2009 March 31, 2008
Un-audited Un-Audited
 (-----Rupees In Thousand-----)

Related parties by virtue of group holding

-Technical assistance fee and other expenses	<u>38,849</u>	<u>81,988</u>
-Interest on shareholder loan	<u>-</u>	<u>23,087</u>
-Services provided	<u>627</u>	<u>8,503</u>
-Sales	<u>117,482</u>	<u>55,789</u>
-Receipts against sales	<u>98,764</u>	<u>102,314</u>
-Royalty	<u>-</u>	<u>21,864</u>

March 31, 2009 December 31, 2008
Un-audited Audited
 (-----Rupees In Thousand-----)

-Payable to ultimate parent company at period end	<u>719</u>	<u>762</u>
-Payable to related parties by virtue of group holding at period end	<u>1,110,885</u>	<u>1,296,593</u>

Contributions to Provident Fund Trust

	<u>2,572</u>	<u>11,192</u>
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All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

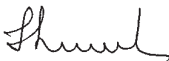
7 DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements have been authorized for issue by the Board of Directors of the Company on April 23, 2009.

8 GENERAL

8.1 Figures have been rounded off to the nearest Rupee.

8.2 Comparative figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison



Maj. Gen. (R) Rehmat Khan
 Chief Executive Officer



Bilal Hamid Javid
 Director