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## Corporate Information

### BOARD OF DIRECTORS

#### Chairman

Mr. Manzoor Hayat Noon

#### Managing Director & CEO

Mr. Javed Ali Khan

#### Non-Executive Directors

Mr. K. Iqbal Talib

Mr. Adnan Hayat Noon

Mr. Salman Hayat Noon

Mr. Wajahat A. Baqai (NBP)

Mr. Rafique Dawood (FDIB)

#### Independent Non-Executive Directors

Mr. Cevdet DAL

Mr. Etrat Hussain Rizvi

Mr. Saleem Shahzada

### AUDIT COMMITTEE

#### Chairman

Mr. Rafique Dawood (FDIB)

#### Members

Mr. Adnan Hayat Noon

Mr. Salman Hayat Noon

Mr. Etrat Hussain Rizvi

Mr. Wajahat A. Baqai (NBP)

### CHIEF FINANCIAL OFFICER

Mr. Muhammed Saleem

### COMPANY SECRETARY

Syed Anwar Ali

### INTERNAL AUDITOR

Mr. Muhammad Zafar Qidwai

### STATUTORY AUDITORS

Ford Rhodes Sidat Hyder & Co.

### COST AUDITORS

Siddiqui & Co.

### LEGAL ADVISORS

Hassan & Hassan

Sayeed & Sayeed

### BANKS

The Bank of Punjab

National Bank of Pakistan

Bank Islami Pakistan Limited

The Hong Kong & Shanghai Banking Corporation Ltd.

ABN Amro Bank

Askari Commercial Bank Limited

Bank Al-Habib Limited

Habib Bank Limited

United Bank Limited

MCB Bank Limited

Habib Metropolitan Bank Limited

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## Directors' Report

### to the Members

I would like to present 3<sup>rd</sup> quarterly financial statements for the period ended March 31, 2008 on behalf of the directors of the Company.

The clinker production has increased by 7% from 340,163 tons to 363,764 tons as compared to the same quarter last year. Cement production during the 3<sup>rd</sup> quarter declined from 365,260 tons to 356,557 tons showing a modest decrease of 2% because the Company exported clinker to Middle East to the tune of 115,573 tons. Sales volume went down by 7% from 350,733 tons to 326,392 tons as against corresponding quarter last year due to political vicissitude after assassination of Benazir Bhutto coupled with general elections in the country. The Company exported 35,000 tons cement and 115,573 tons clinker making a total of 150,573 tons as against 22,520 tons cement exported during 3<sup>rd</sup> quarter of last year registering a whopping growth on the back of the increased construction activities in India, Middle East and Afghanistan. India has emerged as a large potential importer of cement. Its retention price is better than other export markets which will help improve gross margin. We expect further increase in prices of cement in India, and it would be an opportunity for the Company to fetch higher prices for a couple of years.

The Company during the quarter under review has earned a net profit of Rs.45.256 million as compared to Rs.4.121 million earned during the same quarter last year. It is however, encouraging to know that not only prices have started improving, but the demand of cement has also shown remarkable growth during the last few months. Average retention price for the 3<sup>rd</sup> quarter ended March 31, 2008 worked out to Rs.2,639 per ton as against Rs.2,385 per ton prevailed in the same quarter last year registering an improvement of 11%.

Cost of production on the other hand went up on account of significant increase in the prices of inputs. Higher crude oil price do not only trigger prices of petroleum products but these are bolstering pressure on alternative fuel prices such as coal, international coal prices have tremendously gone up. The government has recently announced 9% - 10% increase in electricity tariff which will adversely affect the margin of profit, as fuel and electricity consumption constitute 60% of cost sales. In order to overcome the above problem, the Company is working on gas as an alternate fuel source. In this regard a detail survey has been made and Insha Allah the Company will be able to get gas connection during the next financial year and also immune itself by better load management planning during peak hours of power consumption.

We are grateful to our bankers, contractors, suppliers and distributors for the continued cooperation.

We also acknowledge the management and staff for their dedicated services.



**Manzoor Hayat Noon**  
Chairman

Lahore : April 28, 2008

## Interim Condensed Balance Sheet

as at March 31, 2008 (Un-audited)

	Note	March 31, 2008 Rupees in '000' (Unaudited)	June 30, 2007 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	7,360,077	7,510,640
Long term loans		6,361	7,248
Long term deposits		126,323	126,317
		<u>7,492,761</u>	<u>7,644,205</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		483,783	416,586
Stock-in-trade		63,681	150,294
Assets held for disposal		32,847	32,847
Trade debts - unsecured, considered good	5	210,564	29,717
Loans and advances		77,469	24,629
Trade deposits and short-term prepayments		1,515	1,041
Other receivables		19,940	229
Current portion of long-term deposits		1,950	1,950
Sales tax - net		-	3,507
Taxation - net		4,025	-
Cash and bank balances		49,590	305,492
		<u>945,364</u>	<u>966,292</u>
<b>TOTAL ASSETS</b>		<u><b>8,438,125</b></u>	<u><b>8,610,497</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
250,000,000 (June 30, 2007: 250,000,000) Ordinary shares of Rs. 10/- each		<u>2,500,000</u>	<u>2,500,000</u>
Issued, subscribed and paid-up capital	6	1,995,323	1,698,148
Reserves		316,842	398,076
		<u>2,312,165</u>	<u>2,096,224</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		<b>552,099</b>	<b>574,203</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		18,168	72,603
Liabilities against assets subject to finance lease	7	308,186	486,577
Long-term musharika finance		-	50,000
Long-term deposits		1,003	5,247
Long-term creditor		21,497	21,497
Deferred liabilities		642,638	1,010,587
Long-term loans		1,867,354	2,293,709
		<u>2,858,846</u>	<u>3,940,220</u>
<b>CURRENT LIABILITIES</b>			
Creditors against expansion project	8	25,564	283,428
Trade and other payables		671,068	392,894
Interest / mark up accrued		104,150	72,176
Short-term finance	9	288,880	-
Short-term murabaha finance	10	47,550	99,720
Short-term musharika finance	11	40,000	-
Current portion of long term liabilities	12	1,529,193	1,150,772
Sales tax payable		8,610	-
Taxation - net		-	860
		<u>2,689,451</u>	<u>1,716,422</u>
		<u>2,715,015</u>	<u>1,999,850</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	13	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>8,438,125</b></u>	<u><b>8,610,497</b></u>

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

  
**JAVED ALI KHAN**  
Chief Executive

  
**MANZOOR HAYAT NOON**  
Chairman

## Interim Condensed Profit and Loss Account

**for the quarter and nine months ended March 31, 2008 (Un-audited)**

	Note	Nine months ended		Quarter Ended	
		March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
		(Rupees in '000')			
<b>Gross turnover</b>	14	<b>4,685,011</b>	3,238,054	<b>1,775,971</b>	1,337,398
Excise duty		794,672	608,318	253,511	264,222
Sales tax		485,439	394,732	167,472	168,076
Commission		35,100	30,347	10,501	18,534
		<b>1,315,211</b>	1,033,397	<b>431,484</b>	450,832
<b>Net turnover</b>		<b>3,369,800</b>	2,204,657	<b>1,344,487</b>	886,566
Cost of sales	15	<b>3,011,319</b>	1,988,353	<b>1,154,621</b>	759,216
<b>Gross profit</b>		<b>358,481</b>	216,304	<b>189,866</b>	127,350
Distribution cost	16	305,893	58,064	150,442	15,555
Administrative expenses		63,911	66,293	22,013	19,195
		<b>369,804</b>	124,357	<b>172,455</b>	34,750
Other operating income - net		(29,529)	(4,677)	(27,057)	(2,396)
		<b>18,206</b>	96,624	<b>44,468</b>	94,996
Finance cost	17	310,088	256,568	100,851	90,840
Other charges		123,991	2,204	90,360	72
		<b>434,079</b>	258,772	<b>191,211</b>	90,912
<b>Profit / (Loss) before taxation</b>		<b>(415,873)</b>	(162,148)	<b>(146,743)</b>	4,084
Taxation		<b>253,100</b>	44,612	<b>191,999</b>	(37)
<b>Profit / (Loss) after taxation</b>		<b>(162,773)</b>	(117,536)	<b>45,256</b>	4,121
		----- (Rupees) -----			
		(Restated)		(Restated)	
<b>Basic and diluted earnings per share</b>	20	<b>(0.82)</b>	(0.69)	<b>0.23</b>	0.02

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

  
**JAVED ALI KHAN**  
Chief Executive

  
**MANZOOR HAYAT NOON**  
Chairman

## Interim Condensed Cash Flow Statement

### for the nine months ended March 31, 2008 (Un-audited)

	Note	March 31, 2008 (Rupees in '000')	March 31, 2007
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	18	158,447	479,093
Finance cost paid		(400,013)	(238,971)
Workers profit participation fund		-	-
Income tax paid		(14,414)	(7,918)
Retirement benefits paid		(37,474)	(11,635)
Dividend paid		(263)	(123,717)
		(452,164)	(382,241)
Increase/(decrease) in long term loans		888	(3,050)
Decrease in long term deposits - net		(4,251)	(28,932)
<b>Net cash (used in)/generated from operating activities</b>		(297,080)	64,870
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(143,244)	(210,655)
Proceeds from disposal of fixed assets		3,354	3,858
		(139,890)	(206,797)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceed for right issue		356,610	-
Short term musharika finance obtained		40,000	-
Short term loan (NBP)		288,880	-
Repayments of long-term loans		(240,376)	(106,322)
Repayments of long-term finance		(46,609)	(26,620)
Liabilities against assets subject to finance lease		(165,267)	172,725
Repayment of Morabaha finance (net of receipts)		(52,170)	99,720
<b>Net cash generated from financing activities</b>		181,068	139,503
<b>Net increase / (decrease) in cash and cash equivalents</b>		(255,902)	(2,424)
<b>Cash and cash equivalents at the beginning of the period</b>		305,492	71,905
<b>Cash and cash equivalents at the end of the period</b>		49,590	69,481

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

  
**JAVED ALI KHAN**  
Chief Executive

  
**MANZOOR HAYAT NOON**  
Chairman

## Interim Condensed Statement of Changes in Equity for the period nine months ended March 31, 2008 (Un-audited)

	Issued, subscribed and paid-up capital	Reserves		Total	Total Equity
		Capital reserve share premium	Revenue reserve accumulated profit		
(Rupees in "000')					
Balance as at July 01, 2006	1,624,839	73,309	623,915	697,224	2,322,063
Final dividend for the year ended June 30, 2006 @ Rs. 1/- per share	-	-	(162,484)	(162,484)	(162,484)
Issue of bonus shares @ 22.16: 1	73,309	(73,309)	-	(73,309)	-
Loss for the nine months ended March 31, 2007	-	-	(117,536)	(117,536)	(117,536)
Transfer from surplus on revaluation of fixed assets – net of tax	-	-	21,019	21,019	21,019
<b>Balance as at March 31, 2007</b>	<b>1,698,148</b>	<b>-</b>	<b>364,914</b>	<b>364,914</b>	<b>2,063,062</b>
Balance as at July 01, 2007	1,698,148	-	398,076	398,076	2,096,224
Issue of right shares	297,175	59,435	-	59,435	356,610
Loss for the nine months ended March 31, 2008	-	-	(162,773)	(162,773)	(162,773)
Transfer from surplus on revaluation of fixed assets – net of tax	-	-	22,104	22,104	22,104
<b>Balance as at March 31, 2008</b>	<b>1,995,323</b>	<b>59,435</b>	<b>257,407</b>	<b>316,642</b>	<b>2,312,165</b>

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

  
**JAVED ALI KHAN**  
Chief Executive

  
**MANZOOR HAYAT NOON**  
Chairman

## Notes to the Interim Condensed Financial Statements for the nine months ended March 31, 2008 (Un-audited)

### 1. STATUS AND NATURE OF BUSINESS

1.1 The Company was incorporated in Pakistan as a public company limited by shares on February 09, 1986. Its shares are quoted on all stock exchanges in Pakistan. The registered office of the Company is situated at 1st Floor, Alfalah Building, Shahrah-e-Quaid-e-Azam, Lahore. The principal activity of the Company is manufacturing and sale of cement.

1.2 The Company commenced its operation with an installed capacity of 2,000 tons per day clinker. During 2005, the capacity was optimized to 2,350 tons per day. During the year ended June 30, 2006, another production line of 4,300 tons per day clinker capacity was completed which started commercial operations from April 2006.

### 2. BASIS OF PREPARATION

These interim condensed financial statements are un-audited and are presented to the share holders under Section 245 of the Companies Ordinance 1984 and have been prepared in a condensed form in accordance with the requirements of the International Accounting Standard (IAS)-34 " Interim Financial Reporting" as applicable in Pakistan. These interim condensed financial statements do not include all the information and disclosures required in the annual financial statement, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2007.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed for the preparation of these interim condensed financial statements are the same as those applied in preparing the financial statements for the year ended June 30, 2007 except for the change stated in 4.1.1 to the financial statements.

	March 31, 2008 (Rupees in '000)	June 30, 2007 (Rupees in '000)
Note	(Un-Audited)	(Audited)
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	7,311,857	7,509,855
Capital work-in-progress	48,220	785
	<u>7,360,077</u>	<u>7,510,640</u>

The following additions and deletions were made during the period to operating fixed assets:

	Additions (Rupees in '000)	Deletions (Rupees in '000)
<b>Operating fixed assets</b>		
<b>Additions</b>		
<b>Owned</b>		
Buildings	780	-
Plant and machinery	117,180	-
Furniture and fixture	1,655	2,153
Office equipment	1,535	34
Computer and accissories	1,487	2,191
Vehicles	6,427	2,198
	<u>129,064</u>	<u>6,576</u>



## Notes to the Interim Condensed Financial Statements for the nine months ended March 31, 2008 (Un-audited)

	March 31, 2008 (Rupees in '000)	June 30, 2007 (Rupees in '000)
Note	(Un-Audited)	(Audited)
Capital work in progress		
<b>The following is movement in capital work in progress during the period/year:</b>		
Opening balance	785	607,663
Add: Additions during the year	90,350	209,290
	<u>91,135</u>	<u>816,953</u>
Civil works	(42,915)	(816,168)
	<u>48,220</u>	<u>785</u>

4.1.1 During the period exchange loss amounting to Rs. 33.255 million June 30, 2007: Rs. 35.101 million gain adjusted against the cost of fixed assets. The above exchange loss/gain were capitalized/adjusted up to September 30, 2007 in accordance with the treatment as allowed under Circular no.1 of 2005 dated January 1, 2005, thereafter, all exchange difference are taken to interim condensed profit and loss account.

### 5. TRADE DEBTS - unsecured, considered good

Include debtors in respect of export sales amounting to Rs. 148.254 million (June 30, 2007: Nil).

### 6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

March 31, 2008	June 30, 2007		March 31, 2008	June 30, 2007
Number of Ordinary shares of Rs. 10/- each			(Rupees in '000)	
172,874	143,156	Fully paid in cash	1,728,732	1,431,557
11,590	11,590	Issued as fully paid against outstanding loan liability	115,909	115,909
15,068	15,068	Issued as fully paid bonus shares	150,682	150,682
<u>199,532</u>	<u>169,814</u>		<u>1,995,323</u>	<u>1,698,148</u>

The Company during the period has issued 29,717,575 right ordinary shares @ Rs. 10/- each issued at Rs. 12/- per share i.e. inclusive of premium of Rs. 2.0 per share in the ratio of 17.5 of each 100 shares as approved by the Board of Directors in the meeting held on August 20, 2007. These new shares are listed on all the stock exchanges in Pakistan where the existing shares are listed and they carry same characteristics as existing shares of the Company. The effect of these shares have been taken in the calculation of basic and diluted earning per share of current and prior period.

## Notes to the Interim Condensed Financial Statements for the nine months ended March 31, 2008 (Un-audited)

	March 31, 2008 (Rupees in '000) (Un-Audited)	June 30, 2007 (Audited)
<b>RESERVES</b>		
<b>Capital reserve</b>		
Share premium	59,435	-
<b>Revenue reserve</b>		
Accumulated profit	257,407	398,076
	<b>316,842</b>	<b>398,076</b>
<b>7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>		
Opening balance	712,017	587,654
Assets acquired during the period/year	-	301,144
	712,017	888,798
Payments during the period/year	(165,268)	(176,781)
	546,749	712,017
Current portion of the liability	(238,563)	(225,440)
	<b>308,186</b>	<b>486,577</b>

The minimum lease rental payments under the lease agreements are payable in 36-48 equal monthly/quarterly installments. The present value of minimum lease payments have been discounted at implicit interest rate of 10% to arrive at their present value in case of fixed rate leases. Floating rate leases are based on a rate of 6 month's KIBOR plus 350 to 500 basis points with a floor of 9% to 12% per annum. Overdue rental payments are subject to an additional charge upto 3% per month. Repairs and insurance costs are to be borne by the Company. The Company intends to purchase these assets at the end of the lease term at residual values. The liability is secured by demand promissory note and in few cases by post dated cheques and personal guarantees of sponsoring directors.

### 8. CREDITORS AGAINST EXPANSION PROJECT

Includes payable to a related party amounting to **Rs. NIL** (June 30, 2007: **Rs. 209.774** million).

### 9. SHORT TERM FINANCE

The Company has obtained a short term finance facility from National Bank of Pakistan of Rs. 300.00 million with sub limit of FE-25 of US\$ 4.600 million for utilizing under FE-25 for a period of 180 days on rollover basis at markup rate of 3 months Libor (US\$) + 1.50%. The facility is secured against lien on Export L/cs and first pari passu charge over fixed assets of Rs. 400.00 million with 25% margin.

### 10. SHORT TERM MURABAHAH FINANCE - secured

#### Realted party

Represents murabahah financing facility obtained from First Dawood Investment Bank Ltd and is repayable in 12 monthly installment commencing from Sept 2007. The rate of profit is 6 months KIBOR plus 4.5 bps per annum and secured against the pledge of coal stock.

### 11. SHORT TERM MUSHARIKA FINANCE- secured

#### Realted party

Represents the short term musharika financing obtained from First Dawood Investment Bank Ltd and is repayable through one bullet payments at the time of its maturity. The rate of markup of these facilities are 6 months KIBOR plus 3.0 bps. The facilities are secured through hypothecation charge over fixed & current assets of the Company with 25% margin.

## Notes to the Interim Condensed Financial Statements for the nine months ended March 31, 2008 (Un-audited)

	March 31, 2008 (Rupees in '000) (Un-Audited)	June 30, 2007 (Audited)
<b>12. CURRENT PORTION OF LONG-TERM LIABILITIES</b>		
Long-term financing	113,571	105,745
Long-term loans	895,846	572,086
Liabilities against assets subject to finance lease	238,563	225,440
Deferred liabilities	231,213	247,501
Long-term musharika finance	50,000	-
	<b>1,529,193</b>	<b>1,150,772</b>

### 13. CONTINGENCIES AND COMMITMENTS

13.1 There has been no significant change in the contingencies as given in the financial statements for the year ended June 30, 2007 except as follows:

#### Excise duty due from government

That the issue pertaining to interpretation of sub-section (2) of section 4 of the Central Excise Act, 1944 (the "1944 Act") has been adjudicated by the honorable Supreme Court of Pakistan vide judgment dated 15-02-2007 (the "Supreme Court Judgment") in appeal nos. 1388 and 1389 of 2002, 410 to 418 of 2005, 266, 267 & 395 of 2005 (the "Appeals").

By way of background it is pointed out that the controversy between the revenue and the assesses pertained to whether in view of the words of sub-section (2) of section 4 of the 1944 Act that "duty shall be charged on the retail price fixed by the manufacturer, inclusive of all charges and taxes, other than sales tax.." retail prices would include the excise duty leviable on the goods. The honorable Lahore High Court as well as the Peshawar High Court held that excise duty shall not be included as a component for determination of the value (retail price) for levying excise duty (the "Judgments").

The revenue being aggrieved of the judgments impugned the same before the Supreme Court of Pakistan vide the Appeals, in pursuance whereof leave was granted to determine the aforesaid issue. The honorable Supreme Court of Pakistan vide the Supreme Court Judgment upheld the judgments and the Appeals filed by the revenue were dismissed. In the Supreme Court Judgment it has been categorically held that excise duty is NOT to be included as a component for determination of the value (retail price) for levying excise duty under sub-section (2) of section 4 of the 1944 Act.

In view of the above, during the period the Company has filed a refund claim amounting to a sum of Rs. 734,055,837/- before Collector, sales tax and federal excise duty, government of Pakistan (the Department) which is pending determination by the Department, hence presently the same has not been accounted for in the books of accounts of the Company.

13.2 Commitments in respect of outstanding letters of credit inclusive of capital commitments amount to **Rs. 221.104** million (June 30, 2007: **Rs. 52.002** million).

### 14. GROSS TURNOVER

Includes export sales amounting to **Rs. 938.652** million (June 30, 2007: **Rs. 371.973** million).

**Notes to the Interim Condensed Financial Statements**  
**for the nine months ended March 31, 2008 (Un-audited)**

	Nine months ended		Quarter Ended	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
(Rupees in '000')				
<b>15. COST OF SALES</b>				
<b>Raw material consumed</b>	<b>252,113</b>	<b>186,534</b>	<b>77,300</b>	<b>75,274</b>
Packing material consumed	262,844	167,849	92,776	74,474
Fuel and power	1,817,061	1,059,655	627,867	398,254
Stores and spares consumed	88,650	83,714	34,162	22,328
Salaries, wages and benefits	129,806	145,535	39,749	41,645
Travelling and conveyance	11,155	12,430	4,080	3,468
Insurance	7,772	6,874	2,447	2,321
Repairs and maintenance	33,428	35,364	10,498	9,157
Communication	1,917	1,890	635	701
Fee and subscription	3,521	2,993	977	597
Depreciation	310,481	258,916	100,002	95,949
Other manufacturing expenses	4,280	6,728	1,257	2,051
	<b>2,670,915</b>	<b>1,781,948</b>	<b>914,450</b>	<b>650,945</b>
<b>Work in process</b>				
Opening	110,600	44,196	162,640	54,326
Closing	(7,596)	(38,702)	(7,596)	(38,702)
	<b>103,004</b>	<b>5,494</b>	<b>155,044</b>	<b>15,624</b>
<b>Cost of goods manufactured</b>	<b>3,026,032</b>	<b>1,973,976</b>	<b>1,146,794</b>	<b>741,843</b>
<b>Finished goods</b>				
Opening	9,235	16,495	31,775	19,491
Closing	(23,948)	(2,118)	(23,948)	(2,118)
	<b>(14,713)</b>	<b>14,377</b>	<b>7,827</b>	<b>17,373</b>
	<b>3,011,319</b>	<b>1,988,353</b>	<b>1,154,621</b>	<b>759,216</b>
<b>16. DISTRIBUTION COST</b>				
Salaries, wages and benefits	24,187	19,396	8,559	6,315
Traveling and conveyance	874	946	146	459
Vehicle running expenses	2,229	2,496	818	895
Communication	2,213	1,593	631	590
Printing and stationery	1,034	998	353	453
Rent, rates and taxes	1,250	1,284	402	460
Utilities	958	1,044	242	329
Repairs and maintenance	943	1,436	398	657
Legal and professional charges	2,039	1,059	876	584
Insurance	673	438	211	178
Fee and subscription	806	845	236	273
Advertisement / sales promotion	1,822	2,829	138	1,603
Freight and handling charges	263,747	21,582	136,428	1,822
Entertainment	555	571	160	218
Depreciation	2,563	1,542	844	718
Others	-	5	-	-
	<b>305,893</b>	<b>58,064</b>	<b>150,442</b>	<b>15,554</b>
<b>16.1</b> Represents handling charges against export sales.				
<b>17. OTHER CHARGES</b>				
Exchange loss – net	123,937	1,929	90,347	-
Donations	48	275	13	72
Others	6	-	-	-
	<b>123,991</b>	<b>2,204</b>	<b>90,360</b>	<b>72</b>

## Notes to the Interim Condensed Financial Statements

### for the nine months ended March 31, 2008 (Un-audited)

	March 31, 2008	March 31, 2007
(Rupees in '000)		
<b>18. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	(415,873)	(162,148)
Adjustments for non cash and other items:		
Depreciation	324,764	272,062
Provision for gratuity	11,647	9,228
Finance cost	310,088	256,568
Gain on disposal of fixed assets	(1,058)	(2,547)
Exchange loss / (gain)	131,591	1,764
	777,032	537,075
<b>Cash flows before working capital changes</b>	361,159	374,927
<b>Movement in working capital</b>		
(Increase)/decrease in current assets:		
Stores, spares and loose tools	(67,197)	(2,751)
Stock-in-trade	86,613	39,417
Trade debts	(180,847)	(37,250)
Loans and advances	(52,840)	(6,714)
Deposits and prepayments	(474)	(3,023)
Other receivables	(19,711)	(1,364)
	(234,456)	(11,685)
(Decrease)/increase in current liabilities:		
Creditors against expansion project	(257,864)	(36,553)
Trade and other payable	284,506	142,590
Sales tax payable	5,102	9,814
	31,744	115,851
<b>Cash generated from operations</b>	158,447	479,093

#### 19. 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 Company has a policy whereby all transactions with related parties, are entered into at arm's length prices using the permissible method of pricing. The transactions with related parties, other than remuneration under the terms of employment are as follows:

	Nine months ended	
	March 31, 2008	March 31, 2007
(Rupees in '000)		
<b>Associated companies</b>		
First Dawood Investment Bank		
Repayment of lease financing	17,797	6,460
Repayment of murabaha financing	34,000	-
Finance cost paid	19,120	5,444
BRR International Modaraba		
Repayment of lease financing	7,251	6,308
Finance cost paid	2,417	4,354

**Notes to the Interim Condensed Financial Statements  
for the nine months ended March 31, 2008 (Un-audited)**

	<u>Nine months ended</u>	
	<u>March 31, 2008</u>	<u>March 31, 2007</u>
	(Rupees in '000)	
Guardian Modaraba		
Repayment of lease financing	7,608	6,667
Finance cost paid	3,125	4,066
DAL Teknik, Turkey		
Payment against purchase of plant and machinery	240,000	7,840
<b>Retirement benefit fund:</b>		
- Provident Fund Contribution	3,977	2,909
- Key management personnel compensation	30,932	26,471
- The company has refunded the amount to other related parties during the period against the payment made on behalf of the company.		

Transactions with related parties are carried out at an arm's length prices using admissible valuation method.

<u>Nine months ended</u>		<u>Quarter Ended</u>	
<u>March 31, 2008</u>	<u>March 31, 2007</u>	<u>March 31, 2008</u>	<u>March 31, 2007</u>

(RESTATED)

**20. Basic Earning per share - (Basic and Diluted)**

Profit/(loss) after taxation (Rupees. in "000)	<b>(162,773)</b>	(117,536)	<b>45,256</b>	4,121
Weighted average number of ordinary shares (in "000)	<b>199,532</b>	199,532	<b>199,532</b>	199,532
Basic (loss) earning per share	<b>(0.82)</b>	(0.59)	<b>0.23</b>	0.02

**21. DATE OF AUTHORISATION FOR ISSUE**

These financial statements have been authorized for issue on April 28, 2008 by the Board of Directors of the Company.

**22. GENERAL**

- 21.1** The figures of the corresponding period have been re-arranged wherever necessary. However, there were no material classifications to report.
- 21.2** Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

  
**JAVED ALI KHAN**  
Chief Executive

  
**MANZOOR HAYAT NOON**  
Chairman