



# **PIONEER CEMENT LIMITED**

**FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED  
DECEMBER 31, 2007**

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Chairman**

Mr. Manzoor Hayat Noon

#### **Managing Director & CEO**

Mr. Javed Ali Khan

#### **Non Executive Director**

Mr. K. Iqbal Talib

Mr. Adnan Hayat Noon

Mr. Salman Hayat Noon

Mr. Wajahat A. Baqai (NBP)

Mr. Rafique Dawood (FDIB)

#### **Independent Non Executive Director**

Mr. Cevdet DAL

Mr. Etrat Hussain Rizvi

Mr. Saleem Shahzada

### **AUDIT COMMITTEE**

#### **Chairman**

Mr. Rafique Dawood (FDIB)

#### **Members**

Mr. Salman Hayat Noon

Mr. Adnan Hayat Noon

Mr. Etrat Hussain Rizvi

Mr. Wajahat A. Baqai (NBP)

### **CHIEF FINANCIAL OFFICER**

Mr. Muhammad Saleem

### **COMPANY SECRETARY**

Syed Anwar Ali

### **INTERNAL AUDITOR**

Mr. Muahammad 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  
Hong Kong Shanghai Banking Corporation  
ABN Amro Bank  
Askari Commercial Bank Limited  
Bank Al-Habib Limited  
Habib Bank Limited  
United Bank Limited  
MCB Bank Limited  
Habib Metropolitan Bank Ltd

**HEAD OFFICE**

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Karachi, Pakistan  
Telephone (021) 5685052-55  
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Email: [pioneer@pioneercement.com](mailto:pioneer@pioneercement.com)

**REGISTERED OFFICE / MARKETING OFFICE**

1st Floor, Al-Falah Building,  
Shahrah-e-Quaid-e-Azam,  
Lahore, Pakistan  
Telephone (042) 6284820-22  
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[www.pioneercement.com](http://www.pioneercement.com)

## DIRECTOR'S REPORT TO THE MEMBERS

Dear Members,

The half-yearly financial results for the year ended December 2007 are presented here on behalf of the Directors of the Company.

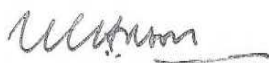
During the period under review, Cement production increased from 514,173 tons in 2007 to 774,420 tons registering an increase of 51%. Clinker production also improved from 494,282 tons in 2007 to 842,765 tons showing a phenomenal growth of 71%. Domestic sales volume registered a sizeable growth of 53% due to the rise in local demand and export of cement / clinker has increased by 161% from 57,674 tons to 150,717 tons comprising 62,750 tons of cement and 87,967 tons of clinker, as compared to the same period of last year. The demand for cement and clinker by neighboring markets promises a bright future for the Company.

However, due to increase in the price of coal, an extended winter season, logistics problem because of the political turmoil in the country affecting production, and transport of goods within the local market, had a negative impact on profitability. The situation was further aggravated by the price of cement remaining highly volatile in the market due to the price war resorted by manufacturers. As a result, the Company had to make adjustments in the price of cement and clinker. Due to this, the Company sustained a loss of Rs. 208.029 million.

The Company is in the process of restructuring its debts by issuing Sukuk worth Rs. 2.5 billion. The re-profiling will enable the Company to liquidate its excessive current liabilities to resolve the current ratio problem, in the short term and in long-term this will prove beneficial to the Company as it will reduce the cost of financing.

The Company's future outlook can be ascertained by the PACRA rating of 'A-' and 'A2' for long-term and short-term awarded in 2008. These ratings denote a low expectation of credit risk arising from a strong capacity for timely payments of financial commitments.

We recognize with appreciation the dedication with which our employees have worked for the Company. We are also appreciative of the support given by our bankers, contractors, suppliers and distributors.



**MANZOOR HAYAT NOON**  
Chairman

**February 26, 2008**  
**Lahore**

## REVIEW REPORT TO THE MEMBERS

We have reviewed the accompanying interim condensed balance sheet of Pioneer 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.

### 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.

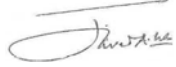
**KARACHI:**  
**February 26, 2008**

**FORD RHODES SIDAT HYDER & CO**  
**CHARTERED ACCOUNTANTS**

PIONEER CEMENT LIMITED  
 INTERIM CONDENSED BALANCE SHEET  
 AS AT DECEMBER 31, 2007

	Note	December 31, 2007 (Rupees in '000') (Un-Audited)	June 30, 2007 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	7,440,158	7,510,640
Long-term loans		7,006	7,248
Long-term deposits		126,306	126,317
		<u>7,573,470</u>	<u>7,644,205</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		407,755	416,586
Stock-in-trade		242,789	150,294
Assets held for disposal		32,847	32,847
Trade debts - unsecured, considered good	5	209,644	29,717
Loans and advances		57,538	24,629
Trade deposits and short-term prepayments		4,385	1,041
Other receivables		278	229
Current portion of long-term deposits		1,950	1,950
Sales tax		-	3,507
Cash and bank balances		473,203	305,492
		<u>1,430,389</u>	<u>966,292</u>
<b>TOTAL ASSETS</b>		<u><u>9,003,859</u></u>	<u><u>8,610,497</u></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	1,995,322	1,698,148
Reserves	7	<u>264,466</u>	<u>398,076</u>
		<u>2,259,788</u>	<u>2,096,224</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS – net of tax</b>		559,219	574,203
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		36,313	72,603
Liabilities against assets subject to finance lease	8	365,865	486,577
Long-term musharika finance		-	50,000
Long-term deposits		1,487	5,247
Long-term creditor		21,497	21,497
Deferred liabilities		860,682	1,010,587
Long-term loans		1,939,617	2,293,709
		<u>3,225,461</u>	<u>3,940,220</u>
<b>CURRENT LIABILITIES</b>			
Creditors against expansion project	9	69,426	283,428
Trade and other payables		838,756	392,894
Interest / mark up accrued		116,232	72,176
Short-term musharika finance	10	341,454	-
Short-term murabaha finance		54,350	99,720
Current portion of long-term liabilities	11	1,521,488	1,150,772
Sales tax payable		14,828	-
Taxation - net		2,857	860
		<u>2,959,391</u>	<u>1,999,850</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>9,003,859</u></u>	<u><u>8,610,497</u></u>

The annexed notes from 1 to 21 form an integral part of these interim condensed financial statements.

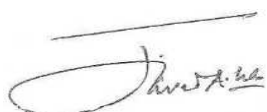
  
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 Javed Ali Khan  
 CHIEF EXECUTIVE

  
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 Manzoor Hayat Noon  
 CHAIRMAN

PIONEER CEMENT LIMITED  
 INTERIM CONDENSED PROFIT AND LOSS ACCOUNT  
 FOR THE HALF YEAR ENDED DECEMBER 31, 2007  
 (UN-AUDITED)

	Note	Half year ended		Quarter ended	
		December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
----- (Rupees in '000') -----					
<b>Gross turnover</b>	13	<b>2,909,040</b>	1,900,656	<b>1,489,347</b>	927,757
Less:					
Excise duty		541,161	344,096	267,757	205,265
Sales tax		317,967	226,656	163,180	116,879
Commission		24,599	11,813	12,241	5,749
		<b>883,727</b>	582,565	<b>443,178</b>	327,893
<b>Net turnover</b>		<b>2,025,313</b>	1,318,091	<b>1,046,169</b>	599,864
Cost of sales	14	<b>1,856,698</b>	1,229,137	<b>925,128</b>	644,459
<b>Gross profit / (loss)</b>		<b>168,615</b>	88,954	<b>121,041</b>	(44,595)
Distribution cost	15	155,451	42,509	81,304	16,089
Administrative expenses		41,898	47,098	20,740	27,138
		<b>197,349</b>	89,607	<b>102,044</b>	43,227
Other operating income		(2,472)	(2,281)	(719)	(1,877)
		<b>(26,262)</b>	1,628	<b>19,716</b>	(85,945)
Finance costs	16	209,237	165,729	101,105	92,781
Other charges		33,631	2,131	33,623	5,074
		<b>242,868</b>	167,860	<b>134,728</b>	97,855
<b>Loss before taxation</b>		<b>(269,130)</b>	(166,232)	<b>(115,012)</b>	(183,800)
Taxation - current		(9,656)	(5,835)	(4,552)	(1,558)
- deferred		70,757	50,410	33,375	50,410
		<b>61,101</b>	44,575	<b>28,823</b>	48,852
<b>Loss after taxation</b>		<b>(208,029)</b>	(121,657)	<b>(86,189)</b>	(134,948)
			(Restated)		(Restated)
<b>Loss per share - Basic and diluted</b>	17	<b>Rs. (1.09)</b>	Re. (0.65)	<b>Re. (0.45)</b>	Re. (0.72)

The annexed notes from 1 to 21 form an integral part of these interim condensed financial statements.



Javed Ali Khan  
 CHIEF EXECUTIVE




Manzoor Hayat Noon  
 CHAIRMAN



PIONEER CEMENT LIMITED  
 INTERIM CONDENSED CASH FLOW STATEMENT  
 FOR THE HALF YEAR ENDED DECEMBER 31, 2007  
 (UN-AUDITED)

	Note	December 31, 2007 (Rupees in '000')	December 31, 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	18	153,009	250,279
Finance cost paid		(219,854)	(173,887)
Income tax paid		(6,026)	(5,555)
Retirement benefits paid		(18,615)	(10,175)
Dividend paid		(269)	(70,774)
		(244,764)	(260,391)
Cash flows before working capital changes		(91,755)	(10,112)
<b>Movement in working capital</b>			
Increase in long-term loans		243	609
Decrease in long-term deposits – net		(3,750)	(29,017)
<b>Net cash used in operating activities</b>		(95,262)	(38,520)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(118,377)	(185,814)
Proceeds from disposal of fixed assets		1,553	1,008
<b>Net cash used in investing activities</b>		(116,824)	(184,806)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceed for right shares issue		356,610	-
(Repayments) / receipt of long-term loans		(142,008)	(94,772)
Repayment of long-term finance		(22,685)	(10,185)
Liabilities against assets subject to finance lease – net of repayments		(108,204)	199,737
Murabaha finance obtained – net of repayment		(45,370)	99,720
Short-term musharika finance obtained		341,454	-
<b>Net cash generated from financing activities</b>		379,797	194,500
<b>Net increase / (decrease) in cash and cash equivalents</b>		167,711	(28,826)
<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>		473,203	43,079

The annexed notes from 1 to 21 form an integral part of these interim condensed financial statements.


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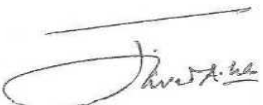

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 Manzoor Hayat Noon  
 CHAIRMAN

PIONEER CEMENT LIMITED  
 INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY  
 FOR THE HALF YEAR ENDED DECEMBER 31, 2007  
 (UN-AUDITED)

	Issued, subscribed and paid-up capital	Reserves		Total	Total Equity
		Capital reserve share premium	Revenue reserve accumulated profit		
	(Rupees in '000')				
<b>Balance as at July 01, 2006</b>	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 after taxation for the half year ended December 31, 2006	-	-	(121,657)	(121,657)	(121,657)
Surplus on revaluation of fixed assets realized through incremental depreciation charged on related assets for the period – net of tax	-	-	13,553	13,553	13,553
<b>Balance as at December 31, 2006</b>	<u>1,698,148</u>	<u>-</u>	<u>353,327</u>	<u>353,327</u>	<u>2,051,475</u>
<b>Balance as at July 01, 2007</b>	<b>1,698,147</b>	<b>-</b>	<b>398,076</b>	<b>398,076</b>	<b>2,096,223</b>
Issue of right shares (see note 6)	<b>297,175</b>	<b>59,435</b>	<b>-</b>	<b>59,435</b>	<b>356,610</b>
Loss after taxation for the half year ended December 31, 2007	-	-	(208,029)	(208,029)	(208,029)
Surplus on revaluation of fixed assets realized through incremental depreciation charged on related assets for the period – net of tax	-	-	14,984	14,984	14,984
<b>Balance as at December 31, 2007</b>	<u><b>1,995,322</b></u>	<u><b>59,435</b></u>	<u><b>205,031</b></u>	<u><b>264,466</b></u>	<u><b>2,259,788</b></u>

The annexed notes from 1 to 21 form an integral part of these interim condensed financial statements.


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 Javed Ali Khan  
 CHIEF EXECUTIVE


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 Manzoor Hayat Noon  
 CHAIRMAN

PIONEER CEMENT LIMITED  
 NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
 FOR THE HALF YEAR ENDED DECEMBER 31, 2007  
 (UN-AUDITED)

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1. The Company was incorporated in Pakistan as a public company limited by shares under the Companies Ordinance, 1984 (the Ordinance) 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 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 except for the change stated in note 4.1.1 to the interim condensed financial statements.

**4. PROPERTY, PLANT AND EQUIPMENT**

		December 31, 2007 (Rupees in '000') (Un-Audited)	June 30, 2007 (Rupees in '000') (Audited)
Operating fixed assets	4.1	7,412,751	7,509,855
Capital work-in-progress	4.2	27,407	785
		7,440,158	7,510,640

		December 31, 2007 (Rupees in '000') (Un-Audited)	December 31, 2006 (Rupees in '000') (Un-Audited)
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**4.1. Operating fixed assets**

**Additions**

**Owned**

Buildings		780	-
Plant and machinery	4.1.1	113,597	1,032
Furniture and fixture		984	4,475
Office equipment		1,432	2,240
Computer and accessories		1,099	2,304
Vehicles		6,333	1,604
		124,225	11,655
<b>Leased</b>		-	277,555
		124,225	289,210

**Deletions**

**Owned**

Plant and machinery		-	268,413
Furniture and fixture		1,142	262

Office equipment	34	144
Computer and accessories	1,399	89
Vehicles	325	875
	<u>2,900</u>	<u>269,783</u>

4.1.1. During the period exchange loss amounting to Rs. 33.255 million (December 31, 2006: Exchange gain of Rs. 12.328 million) has been included in the 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 differences are taken to interim condensed profit and loss account.

<b>December 31, 2007</b>	<b>June 30, 2007</b>
(Rupees in '000')	
(Un-Audited)	(Audited)

#### 4.2. Capital work in progress

Plant and machinery - owned	20,033	-
Civil works	7,374	785
	<u>27,407</u>	<u>785</u>

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

Include debtors in respect of export sales amounting to Rs.112.931 million (June 30, 2007: Nil).

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

December 31, 2007	June 30, 2007		December 31, 2007	June 30, 2007
Number of ordinary shares of Rs.10/- each			(Rupees in '000')	
			(Un-Audited)	(Audited)
143,156	143,156	Fully paid in cash	1,431,557	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
29,718	-	Right share issued during the period / year	297,174	-
<u>199,532</u>	<u>169,814</u>		<u>1,995,322</u>	<u>1,698,148</u>

During the period, the Company issued 29,717,575 ordinary shares of Rs. 10/- each as right shares at a premium of Rs. 2.0 per share in the ratio of 17.5 shares for each 100 shares held as approved by the Board of Directors in their meeting held on August 20, 2007. These shares are also listed on all the stock exchanges of Pakistan where the existing shares are listed and 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.

<b>December 31, 2007</b>	<b>June 30, 2007</b>
(Rupees in '000')	
(Un-Audited)	(Audited)

#### 7. RESERVES

<b>Capital reserve</b>		
Share premium	59,435	-
<b>Revenue reserve</b>		
Accumulated profit	205,031	398,076
	<u>264,466</u>	<u>398,076</u>

#### 8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance	712,017	587,654
Assets acquired during the period / year	-	301,144
	<u>712,017</u>	<u>888,798</u>
Less: Payments during the period / year	(108,254)	(176,781)
	<u>603,763</u>	<u>712,017</u>

Less: Current portion of the liability

(237,898)

(225,440)

365,865

486,577

- 8.1. 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.

## 9. CREDITORS AGAINST EXPANSION PROJECT

Includes payable to a related party amounting to Rs. 41.008 million (June 30, 2007: Rs. 209.8 million).

## 10. SHORT-TERM MUSHARAKA FINANCE

During the period, the Company has obtained musharika finance facilities from First Dawood Investment Bank Limited, a related party, as bridge finance against right shares subscription carrying mark up rate of 6 months KIBOR plus 3% per annum. These are secured by way of hypothecation charge over fixed and current assets of the Company with 25% margin and the total amount of subscription received through right issue of the Company. In case of default, the Company shall be liable to pay as liquidate damages, a sum equivalent to 25% of unpaid part of the principal amount. The same has been repaid subsequently.

December 31, 2007 (Rupees in '000') (Un-Audited)	June 30, 2007 (Audited)
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## 11. CURRENT PORTION OF LONG-TERM LIABILITIES

Long-term financing	119,350	105,745
Long-term loans	840,349	572,086
Liabilities against assets subject to finance lease	237,898	225,440
Deferred liabilities	273,891	247,501
Long-term musharika finance	50,000	-
	<u>1,521,488</u>	<u>1,150,772</u>

## 12. CONTINGENCIES AND COMMITMENTS

- 12.1. 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

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 "Appeal"). By way of background it is pointed out 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 in the aforesaid issue. The Honorable Supreme Court 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 account of the Company.

- 12.2. Commitments in respect of outstanding letters of credit inclusive of capital commitments amount to Rs. 360 million (June 30, 2007: Rs. 52.002 million).

### 13. GROSS TURNOVER

Includes export sales amounting to Rs. 455.348 million (December 31, 2006: Rs.165.170 million).

Note	Half Year Ended		Quarter Ended	
	December 31,	December 31,	December 31,	December 31,
	2007	2006	2007	2006
	(Rupees in '000')			
	----- (Un-Audited) -----		----- (Un-Audited) -----	

### 14. COST OF SALES

<b>Raw material consumed</b>	<b>174,813</b>	111,260	<b>93,217</b>	67,582
Packing material consumed	<b>170,068</b>	93,375	<b>82,330</b>	52,163
Fuel and power	<b>1,189,194</b>	661,401	<b>660,528</b>	327,344
Stores and spares consumed	<b>54,488</b>	61,386	<b>32,830</b>	34,527
Salaries, wages and benefits	<b>90,057</b>	103,890	<b>43,577</b>	54,123
Traveling and conveyance	<b>7,075</b>	8,962	<b>3,774</b>	4,320
Insurance	<b>5,325</b>	4,553	<b>2,675</b>	3,082
Repairs and maintenance	<b>22,930</b>	26,207	<b>9,141</b>	13,630
Communication	<b>1,282</b>	1,189	<b>559</b>	750
Fee and subscription	<b>2,544</b>	2,396	<b>2,101</b>	2,098
Depreciation	<b>210,479</b>	162,967	<b>102,782</b>	82,219
Other manufacturing expenses	<b>3,023</b>	4,677	<b>1,242</b>	2,476
	<b>1,756,465</b>	1,131,003	<b>941,539</b>	576,732
<b>Work in process</b>				
Opening	<b>110,600</b>	44,196	<b>75,285</b>	45,965
Closing	<b>(162,640)</b>	(54,326)	<b>(162,640)</b>	(54,326)
	<b>(52,040)</b>	(10,130)	<b>(87,355)</b>	(8,361)
<b>Cost of goods manufactured</b>	<b>1,879,238</b>	1,232,133	<b>947,401</b>	635,953
<b>Finished goods</b>				
Opening	<b>9,236</b>	16,495	<b>9,503</b>	27,997
Closing	<b>(31,776)</b>	(19,491)	<b>(31,776)</b>	(19,491)
	<b>(22,540)</b>	(2,996)	<b>(22,273)</b>	8,506
	<b>1,856,698</b>	1,229,137	<b>925,128</b>	644,459

### 15. DISTRIBUTION COST

Salaries, wages and benefits	<b>15,628</b>	13,081	<b>7,726</b>	7,213
Traveling and conveyance	<b>728</b>	487	<b>280</b>	313
Vehicle running expenses	<b>1,411</b>	1,601	<b>592</b>	806
Communication	<b>1,582</b>	1,003	<b>1,021</b>	559
Printing and stationery	<b>681</b>	545	<b>406</b>	296
Rent, rates and taxes	<b>848</b>	824	<b>385</b>	407
Utilities	<b>716</b>	715	<b>314</b>	329
Repairs and maintenance	<b>545</b>	779	<b>232</b>	413
Legal and professional charges	<b>1,163</b>	475	<b>686</b>	250
Insurance	<b>462</b>	260	<b>237</b>	172
Fee and subscription	<b>570</b>	572	<b>287</b>	266
Advertisement / sales promotion	<b>1,684</b>	1,226	<b>926</b>	1,078
Freight and handling charges	<b>127,319</b>	19,760	<b>67,075</b>	3,360
Entertainment	<b>395</b>	353	<b>231</b>	162
Depreciation	<b>1,719</b>	824	<b>906</b>	465
Others	-	4	-	-
	<b>155,451</b>	42,509	<b>81,304</b>	16,089

15.1. Represents handling charges against export sales.

### 16. OTHER CHARGES

Exchange loss – net	4.1.1	<b>33,590</b>	1,934	<b>33,590</b>	4,876
Donations		<b>35</b>	174	<b>33</b>	175
Others		<b>6</b>	23	-	23
		<b>33,631</b>	2,131	<b>33,623</b>	5,074

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

### 17. LOSS PER SHARE – Basic and diluted

Loss after taxation (Rupees in '000')	<b>(208,029)</b>	(121,657)	<b>(86,189)</b>	(134,948)
Weighted average number of ordinary shares in issue (in '000')	<b>190,970</b>	188,494	<b>190,970</b>	188,494
Basic loss per share	<b>Rs. (1.09)</b>	Re. (0.65)	<b>Re. (0.45)</b>	Re. (0.72)

December 31, 2007  
December 31, 2006  
(Rupees in '000')  
----- (Un-Audited) -----

### 18. CASH GENERATED FROM OPERATIONS

Loss before taxation		<b>(269,130)</b>	(166,232)
Adjustments for non cash and other items:			
Depreciation		<b>220,032</b>	171,515
Provision for gratuity		<b>7,025</b>	8,975
Finance cost		<b>209,237</b>	165,729
Gain on disposal of fixed assets		<b>(257)</b>	(776)
Exchange loss		<b>33,531</b>	1,764
<b>Cash flows before working capital changes</b>		<b>469,568</b>	347,207
		<b>200,438</b>	180,975
<b>Movement in working capital</b>			
(Increase)/decrease in current assets:			
Stores, spares and loose tools		<b>8,830</b>	19,528
Stock-in-trade		<b>(92,496)</b>	(12,580)
Trade debts		<b>(179,926)</b>	(17,157)
Loans and advances		<b>(32,910)</b>	(3,140)
Deposits and prepayments		<b>(3,344)</b>	(4,107)
Other receivables		<b>(48)</b>	(316)
		<b>(299,894)</b>	(17,772)
(Decrease)/increase in current liabilities:			
Creditors against expansion project		<b>(207,620)</b>	(36,040)
Trade and other payables		<b>448,765</b>	132,566
Sales tax payable		<b>11,320</b>	(9,450)
		<b>252,465</b>	87,076
		<b>(47,429)</b>	69,304
		<b>153,009</b>	250,279

### 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:

Name of the related party and relationship with the Company	Nature of transactions	Half Year Ended		Quarter Ended	
		December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
		----- (Un-Audited) -----		----- (Un-Audited) -----	
		----- (Rupees in '000) -----			
<b>Associated companies</b>					
First Dawood Investment Bank	Repayment of lease financing	<b>11,654</b>	6,786	<b>5,928</b>	1,066


Name of the related party and relationship with the Company	Nature of transactions	Half Year Ended		Quarter Ended	
		December 31, 2007 (Un-Audited)	December 31, 2006	December 31, 2007 (Un-Audited)	December 31, 2006
	Repayment of murabaha financing	27,200	-	27,200	-
	Finance cost paid	10,918	4,537	8,335	45
		(Rupees in '000)			
BRR International Modaraba	Repayment of lease financing	4,747	4,141	2,420	2,092
	Finance cost paid	1,865	3,208	637	964
Guardian Modaraba	Repayment of lease financing	4,980	4,391	2,535	2,232
	Finance cost paid	2,175	2,765	1,043	1,345
DAL Teknik, Turkey	Purchase of plant and machinery	199,212	7,840	199,212	7,840
<b>Provident Fund Contribution</b>		<b>2,557</b>	<b>2,909</b>	<b>1,226</b>	<b>1,494</b>
<b>Key management personnel compensation</b>		<b>21,257</b>	<b>27,284</b>	<b>10,108</b>	<b>12,568</b>

## 20. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue on 26<sup>th</sup> February 2008 by the Board of Directors of the Company.

## 21. GENERAL

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


  
 Javed Ali Khan  
 CHIEF EXECUTIVE


  
 Manzoor Hayat Noon  
 CHAIRMAN