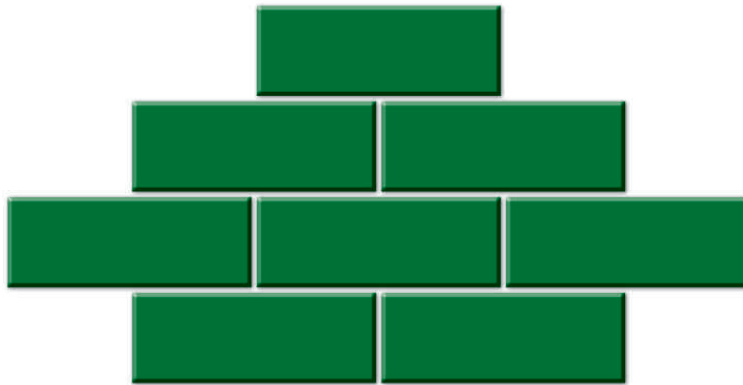




**Pakistan Cement Company Ltd.**



Quarterly Report  
January to March  
2008

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## COMPANY INFORMATION

Board of Directors	Mr. Bernard Le Bras Chairman Mr. Ahmad Said Heshmat Hassan Chief Executive Mr. Jean Desazars Mr. Ahmed Shebl Tolba Daabes Mr. Ashraf Abouelkheir Mrs. Amal Tantawi Mr. Amr Ali Reda Mr. Samy Ahmed Abdelkader Mr. Bilal Hamid Javaid Khawaja Mohammad Naveed Mr. Shahid Anwar (Nominee NIT)
Audit Committee	Mr. Bernard Le Bras Chairman Mr. Ashraf Abouelkheir Mrs. Amal Tantawi Mr. Samy Ahmed Abdelkader
Company Secretary	Mr. Muhammad Anwar Sheikh M. Com., FCMA
Chief Financial Officer	Mr. Amr Ali Reda
Auditors	M/s Ford Rhodes Sidat Hyder & Company Chartered Accountants, Karachi
Bankers	MCB Bank Limited Citibank N.A. Habib Bank Limited Allied Bank Limited United Bank Limited NIB Bank ABN Amro Bank Askari Commercial Bank Limited Soneri Bank Limited Standard Chartered Bank Limited Habib Metropolitan Bank Limited
Legal Advisors	Haidermota & Co. Barristers at Law & Corporate Counsellors, Islamabad.
Registered Office	Plot # 18-B, F-8 Markaz, Islamabad. UAN: (051) 111 111 722, Fax: (051) 2817300
Corporate & Shares Department	House No. 5, Street No. 54, F-8/4, Islamabad. Tel: (051) 2850018-9, 2260507, Fax: (051) 2850913
Plant Site	Chhoie Mallot Road, Tehsil Kalar Kahar, District Chakwal-Pakistan.

**Directors' Review to the Members**

The directors are pleased to submit before you the accounts for the first quarter ended on March 31, 2008 for Pakistan Cement Company Limited.

During the first quarter of current year, industry cement dispatches of 7.949 mn tons were 25% higher than 6.344 mn tons for the same period last year. Domestic dispatches registered a growth of 7% while exports were up by 129% when compared with the same period last year.

The company earned gross profit of Rs. 13.182 million and suffered a net loss after taxation of Rs. 271.443 million during the quarter under review. Primarily the loss was due to low prices as experienced by the cement industry as a whole and higher operating costs due to non availability of gas coupled with higher prices of coal in the international market and increase in power tariff by WAPDA. Company is expecting a positive outlook for future periods by taking the cost reduction initiatives with the support of its ultimate parent company (Lafarge).

The management is pleased to announce that corporate guarantees of Rs. 1,135 million issued by the company in favor of collector of customs Rawalpindi against the liability for custom duties and sales tax on the import of plant and machinery have been released during this quarter.

The directors would like to thank its shareholders, government and financial institutions for their continued guidance and support.

For and on behalf of the Board



**Bilal Hamid Javaid**  
Director



**Samy Ahmed Abdelkader**  
Director

Islamabad  
April 29, 2008

**BALANCE SHEET**

	Note	Unaudited March 31, 2008 (Rupees)	Audited December 31, 2007 (Rupees)
<b>SHARE CAPITAL AND RESERVES</b>			
Share Capital		11,345,149,360	11,345,149,360
Capital reserve		195,820,588	195,820,588
Accumulated loss		<u>(1,311,458,289)</u>	<u>(1,040,014,420)</u>
		<b>10,229,511,659</b>	<b>10,500,955,528</b>
<b>NON - CURRENT LIABILITIES</b>			
Long term financing - secured		5,045,584,462	5,702,368,717
Obligations against assets subject to finance lease		29,825,876	32,812,682
Shareholder's loan		1,567,800,000	1,543,430,000
Other long term liabilities		695,270,026	576,833,950
<b>CURRENT LIABILITIES</b>			
Current portion of long term financing - secured		1,313,568,513	1,313,568,513
Current portion of obligations against assets subject to finance lease		11,371,418	10,883,569
Short term borrowings - secured		712,051,423	-
Trade and other payables		1,602,650,498	1,537,746,095
Interest accrued		51,180,884	260,091,008
		<b>3,690,822,736</b>	<b>3,122,289,185</b>
		<b>21,258,814,759</b>	<b>21,478,690,062</b>

**CONTINGENCIES AND COMMITMENTS 3**

The annexed notes 1 to 6 form an integral part of financial statements.

These accounts were authorized for issue by the Board of Directors of the company in their meeting held on April 29, 2008.

**STATEMENT UNDER SECTION 241 OF THE COMPANIES ORDINANCE , 1984**

These interim financial statements for the period ended March 31, 2008 have been signed by the two directors as the Chief Executive of the company was on foreign business travel at the time of board meeting.

**Bilal Hamid Javaid**

Director

**Quarterly Report Jan - Mar 2008**

**AS AT March 31, 2008**

	Note	Unaudited March 31, 2008 (Rupees)	Audited December 31, 2007 (Rupees)
<b>PROPERTY, PLANT AND EQUIPMENT</b>	4	17,777,518,175	17,962,218,515
<b>INTANGIBLES</b>	4	6,458,592	7,148,514
<b>LONG TERM ADVANCE</b>		82,636,000	92,965,500
<b>LONG TERM DEPOSITS</b>		42,940,753	42,429,872
<b>DEFERRED TAX ASSET</b>		660,830,997	542,157,959
<b>CURRENT ASSETS</b>			
Stores and spares		<b>1,168,610,560</b>	1,249,318,008
Stock in trade		<b>773,926,192</b>	498,784,914
Trade debts - considered good		<b>58,691,423</b>	74,358,911
Advances - considered good		<b>54,429,144</b>	28,461,448
Short term prepayments and balance with statutory authority		<b>272,541,923</b>	192,099,355
Interest accrued		<b>117,054</b>	1,177,958
Other receivables - considered good balance with statutory authority		<b>94,209,512</b>	59,060,803
Advance income tax - net		<b>57,885,845</b>	50,083,625
Cash and bank balances		<b>208,018,589</b>	678,424,680
		<b>2,688,430,242</b>	2,831,769,702
		<b><u>21,258,814,759</u></b>	<b><u>21,478,690,062</u></b>



**Samy Ahmed Abdelkader**  
Director



**PROFIT AND LOSS ACCOUNT (Un-audited)  
FOR THE QUARTER ENDED 31 March, 2008**

	March 31, 2008 (Rupees)	March 31, 2007 (Rupees)
Sales - net	1,460,778,546	745,657,556
Cost of sales	(1,447,595,612)	(990,840,512)
<b>GROSS PROFIT/(LOSS)</b>	<b>13,182,934</b>	<b>(245,182,956)</b>
Selling, general and administrative expenses	(97,814,659)	(61,312,405)
Finance cost	(307,081,395)	(150,275,644)
Other operating income	1,596,212	23,959,091
Fair value adjustment of deferred liabilities for custom duties and sales tax	-	(10,234,385)
<b>LOSS BEFORE TAXATION</b>	<b>(390,116,908)</b>	<b>(443,046,300)</b>
<b>TAXATION - Deferred</b>	<b>118,673,039</b>	-
<b>LOSS AFTER TAXATION</b>	<b>(271,443,869)</b>	<b>(443,046,300)</b>
Loss per share - Basic	<u>(0.24)</u>	<u>(0.65)</u>

The annexed notes 1 to 6 form an integral part of these financial statements.

**Bilal Hamid Javaid**  
Director

**Samy Ahmed Abdelkader**  
Director

Quarterly Report Jan - Mar 2008

**CASH FLOW STATEMENT (Un-audited)  
FOR THE QUARTER ENDED 31 March, 2008**

	Note	March 31, 2008 (Rupees)	March 31, 2007 (Rupees)
<b>Cash flows from operating activities</b>			
Net Loss for the period		(390,116,908)	(443,046,300)
<b>Adjustments for:</b>			
Depreciation		151,833,993	172,572,146
Amortization		689,922	-
Finance cost		307,081,396	150,275,644
Gain of disposal of Scrap		(895,886)	(23,571,740)
Income on financial assets		(700,326)	(387,351)
Fair value adjustment of deferred liabilities for custom duties and sales tax		-	10,234,385
		<u>458,009,099</u>	<u>309,123,084</u>
Operating cash flow before working capital changes		67,892,191	(133,923,216)
Decrease/(Increase) in advances		(25,967,696)	42,964,272
Decrease/(Increase) in parts and supplies		80,707,448	(148,679,422)
Increase in stock in trade		(275,141,279)	(2,832,793)
Increase in short term prepayments and balance with statutory authority		(80,442,569)	(82,110,608)
Increase in other receivables		(35,148,709)	(24,914,483)
Decrease in Trade Debts		15,667,489	-
(Decrease)/Increase in trade and other payables		64,904,404	(136,878,406)
Increase in other long term liabilities		118,436,077	57,499,164
		<u>(136,984,835)</u>	<u>(294,952,276)</u>
Cash generated from /(used in) operations		(69,092,644)	(428,875,492)
Staff retirement benefits paid		-	(145,562)
Advance Tax paid		(7,802,220)	(1,865,735)
Net cash used in operating activities		<u>(76,894,864)</u>	<u>(430,886,789)</u>
<b>Cash flows from investing activities</b>			
(Additions)/Deletions to property, plant and equipment-net		32,176,425	(389,275,599)
Amortization of Intangible Asset		689,922	-
Proceed from sale of scrap		895,886	23,571,740
Long Term Advances		10,329,500	-
Interest received on financial assets		1,761,230	1,162,083
Long term deposits		(510,881)	251,647
Net cash used in investing activities		<u>45,342,082</u>	<u>(364,290,129)</u>
<b>Cash flows from financing activities</b>			
Proceeds/(Repayment) of short term running finance		712,051,422	(197,399,511)
Proceeds/(Repayment) of long term loan		(656,784,255)	1,412,500,000
Revaluation of Share holder's loan		24,370,000	-
Lease Rental Paid		(2,498,957)	-
Finance cost paid		(515,991,519)	(346,182,265)
Net cash from financing activities		<u>(438,853,309)</u>	<u>868,918,224</u>
<b>Net increase in cash and cash equivalents</b>		<u>(470,406,091)</u>	<u>73,741,306</u>
<b>Cash and cash equivalents at beginning of the period</b>		<u>678,424,680</u>	<u>41,909,797</u>
<b>Cash and cash equivalents at end of the period</b>		<u>208,018,589</u>	<u>115,651,104</u>

The annexed notes 1 to 6 form an integral part of these financial statements.



**Bilal Hamid Javaid**  
Director



**Samy Ahmed Abdelkader**  
Director



**STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 MARCH, 2008**

	Share capital	Capital reserve - Share premium	Accumulated loss	Total Equity
	Rupees	Rupees	Rupees	Rupees
<b>Balance as on 01 January 2007</b>	6,768,378,870	214,838,692	(518,917,520)	6,464,300,042
Net Loss for the Period	-	-	(443,046,300)	(443,046,300)
<b>Balance as on 31 March 2007</b>	<b>6,768,378,870</b>	<b>214,838,692</b>	<b>(961,963,820)</b>	<b>6,021,253,742</b>
<b>Balance as on 01 January 2008</b>	11,345,149,360	195,820,588	(1,040,014,420)	10,500,955,528
Net Loss for the Period	-	-	(271,443,869)	(271,443,869)
<b>Balance as 31 March 2008</b>	<b>11,345,149,360</b>	<b>195,820,588</b>	<b>(1,311,458,289)</b>	<b>10,229,511,659</b>

**Bilal Hamid Javaid**  
Director

**Samy Ahmed Abdelkader**  
Director

**SELECTED NOTES TO THE ACCOUNTS (Un-audited)  
FOR THE QUARTER ENDED 31 MARCH, 2008**

**1 THE COMPANY AND ITS OPERATIONS**

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 Company is listed on all the three stock exchanges of Pakistan. The principal activity of the company is to manufacture and sell ordinary portland cement. The registered office of the Company is situated at plot # 18-B, 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, 2007.

**3 CONTINGENCIES AND COMMITMENTS**

**Contingencies**

There is no change in the contingent liabilities as reported in the annual financial statements for the year ended December 31, 2007 except that corporate guarantees of Rs. 1,135 million issued in favor of Collector of Customs, Rawalpindi against the liability for custom duties and sales tax on import of plant and machinery have been released.

**Commitments**

- a Commitments in respect of capital expenditure contracted are Rs. 845.767 million (December 31, 2007 Rs. 414.592 million)
- b Commitments in respect of rent of lease hold land of 1,337 kanals and 58.8 kanals at the balance sheet are Rs. 91.520 million and Rs. 4.495 million respectively. (December 31, 2007: Rs.91.771 million and Rs. 4.506 million).

**4 PROPERTY, PLANT AND EQUIPMENT**

	Note	March 31, 2008 (Rupees)	March 31, 2007 (Rupees)
Opening written down value		17,969,367,029	16,995,907,107
Additions	4.1	75,534,805	389,275,599
Disposals		(31,622,389)	(172,572,146)
Depreciation		(228,786,678)	-
Depreciation on disposed off items		(516,000)	-
Closing written down value		<u>17,783,976,767</u>	<u>17,212,610,560</u>
<b>4.1 Additions</b>			
Freehold land		463,127	-
Buildings		-	1,920,800
Plant & Machinery		46,133,631	-
Computer & low Voltage Equipments		1,472,547	-
Vehicles		3,140,900	742,320
Workshop Equipment		146,747	-
Capital work in progress		24,177,853	386,612,479
		<u>75,534,805</u>	<u>389,275,599</u>

**5 TRANSACTION WITH RELATED PARTIES**

Pakistan Cement Holding Limited (PCH) holds 43.95% and Camden Holding PTE Limited (CHL) holds 25.07% shares of the Company at the period end. Therefore all related parties of PCH and CHL are related Parties of the Company. By virtue of indirect holding in PCH and CHL, Lafarge S.A., France is the ultimate parent company ("the Ultimate Parent Company") of the Company.


	March 31, 2008 (Rupees)	March 31, 2007 (Rupees)
<b>Related parties by virtue of group holding</b>		
-Services purchased during the period	81,988,004	30,526,203
-Services provided during the period	8,503,032	193,554
-Royalty to a related party	21,864,371	11,180,595
-Interest on Shareholder's loan	23,086,733	-
-Sales	55,788,544	-
-Receipts against sales	102,313,820	-
-Balance payable at period end	2,241,254,791	367,266,631

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and condition 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.

**6 GENERAL**

- 6.1 Figures have been rounded off to the nearest Rupee.
- 6.2 Comparative figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison.

  
**Bilal Hamid Javaid**  
Director

  
**Samy Ahmed Abdelkader**  
Director