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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Nasim Baig	Chairman
Asim Ghani	Chief Executive
Ajaz Ahmed	Director
Aves Cochinwala	Director
Ikram-ul-Haq Siddiqui	Director
Kashif A. Habib	Director
Mohammad Ayub	Director
Rafiq Tumbi	Director
Shunaid Qureshi	Director

### COMPANY SECRETARY

Khursheed Anwer

### CHIEF FINANCIAL OFFICER

Zuhair Abbas

### AUDIT COMMITTEE

Kashif A. Habib	Chairman
Shunaid Qureshi	Member
Asim Ghani	Member

### AUDITORS

Haroon Zakaria & Company Chartered Accountant

### COST AUDITORS

Siddiqi & Co. Cost & Management Accountants Karachi.

### BANKERS

Al-Baraka Islamic Bank  
Allied Bank Limited  
Bank Al-Falah Limited  
Habib Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
United Bank Limited

### REGISTERED OFFICE

2nd Floor, Pardesi House, Survey No. 2/1,  
R.Y. 16, Old Queens Road, Karachi - 74000  
Tel : 92-21-111-111-224  
Fax : 92-21-2470090  
Website : www.jcl.com.pk

### SHARE REGISTRAR

Technology Trade (Pvt.) Ltd.  
Dagia House 241-C, PECHS  
Block-2, Off Shahrah-e-Quaideen,  
Karachi.  
Email: junaid.dagia@gmail.com

### FACTORY LOCATIONS

Manghopir, Karachi-75890  
Tel: 6980026-6986913  
Fax: 92-21-6946918

## DIRECTORS' REVIEW REPORT

The Directors of Javedan Cement Limited present herewith the un-audited reviewed financial statements of the Company for the six months ended December 31, 2007.

### PRODUCTION AND SALES

The quantitative figures of Production and Sales for the quarter under review and cumulative figures for the half year ended December 31, 2007 and its comparative figures for the respective period are given as under:-

	For the Quarter Ended		For the Half Year Ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
	In M. Tons			
Clinker Production	90,411	95,084	176,863	195,661
Cement Production	58,422	62,429	173,142	153,219
Cement Sales	57,117	59,337	173,346	154,184

During the period under review, the cement industry witnessed an accelerated growth in demand but your Company was hampered with the lower production of Clinker due to scarce supply of Gas by Sui Southern Gas Company Limited. At one stage, the gas supply remained suspended for 13 days and consequently the production of Clinker also remained suspended and its production decreased by 18,798 M.T in the current period as compared to the corresponding period. The cost of furnace oil being exorbitant, its use as an alternate fuel was not considered economically viable for the Company.

### OPERATING RESULTS

During the period under review, the cement industry no doubt witnessed an overall growth in demand in both domestic and international markets. The international prices have shown rising trend but the local prices remained under pressure because of price war situation among the cement manufacturers. Despite the under utilization of capacity due to intermittent supply of Gas resulting in quantitative loss of production and sales coupled with low prices of cement compared with the same quarter of last period, your Company through judicious control exercised over cost of production has earned gross profit of Rs. 68.513 million. However, despite increase of Rs. 15.961 million in financial charges the overall profit of the Company ended up at Rs. 1.379 million for the period of six months ended December 31, 2007.

### FUTURE PROSPECT

The price war among the cement manufacturers has put lot of pressure to reduce sale price. The current crisis in cement sector due to over supply in the local market with new capacities coming in line would probably settle by the end of the current financial year as it is anticipated that the huge Government spending in the infrastructure development would certainly augment the construction activities in the country resulting in the increase in cement demand. However, the lot depends on the post election political situation of the country.



The demand of cement in local as well as in neighboring countries and in Africa is rising continuously. The high prices of freight due to increase in fuel price has given an added advantage to our country and your Company as well for exporting the cement to these countries due to its proximity. The Management of your Company has already obtained BIS - Certification and has been trying to capture export orders as one of the steps towards achieving maximum advantage under present scenario of high demand.

Pakistan economy is continuously showing upward growth and the construction activity is one of the main driving forces behind overall growth of the economy. It is anticipated that the cement industry would continue to grow faster than the rate at which economy is growing. The Government has already earmarked huge amount for infrastructural projects of mega sizes. The private investors both locals and foreigners have already undertaken and are showing growing interest for further investment in construction of huge residential and commercial projects. There is also growing demand for cement in nearby countries including India, GCC countries and African countries which has created additional export potentialities for our industry.

All these positive factors are likely to increase the demand of cement locally and abroad and will have very significant and pleasant impact on growth of the cement industry as a whole. Your Company would not lag behind and is determined to have its due share from the overall economic growth of the cement industry.

**MERGER UPDATE**

The Company has already filed a petition before the Honorable High Court of Sindh at Karachi for merger of Al-Abbas Holdings (Private) Limited and Ghani Holdings (Private) Limited with and into Javedan Cement Limited. The Court has ordered to call for separate Extra-ordinary General Meetings of the respective merging companies for approval of the Scheme of Merger by their shareholders. Accordingly, the respective companies have called for Extra-ordinary General Meetings of their shareholders and its outcome shall be submitted to the Honorable High Court of Sindh for its order sanctioning the Scheme. The Order, once in our hands, shall be submitted to SECP to effectively complete the merger and cessation of the merging companies without formal winding up.

**ACKNOWLEDGMENT**

The Board of Directors of the Company would like to place on record its appreciation to the financial institutions, customers, dealers, suppliers, workers, staff and officers of the Company for their hard work in improving the performance and financial results and hope that the same spirit will continue in future as well.

For and on behalf of the Board

**Asim Ghani**  
Chief Executive

**Karachi: February 26, 2008**



## **INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **JAVEDAN CEMENT LIMITED** as at December 31, 2007, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the condensed notes forming part thereof (here-in-after referred to as the "Interim financial statements") for the six month period ended December 31, 2007. 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 figures of the condensed profit and loss account for the quarters ended December 31, 2007 and 2006 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2007.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and 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 annexed condensed interim financial statements are not presented fairly, in all materials respects, in accordance with approved accounting standards as applicable in Pakistan.

*Haron Zakaria & Co.*

**Place: Karachi**  
**Dated: February 26, 2008**

**HAROON ZAKARIA & COMPANY**  
**CHARTERED ACCOUNTANTS**


**CONDENSED INTERIM  
BALANCE SHEET (UN-AUDITED)**

AS AT DECEMBER 31, 2007

<b>ASSETS</b>	<b>Note</b>	<b>(Unaudited) December 31, 2007</b>	<b>(Audited) June 30, 2007</b>
		<b>(Rupees in '000)</b>	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipments - operating	4	831,670	833,762
Deferred tax asset		32,792	30,292
Long term security deposits		2,246	2,246
<b>CURRENT ASSETS</b>			
Stores and spares		156,085	152,806
Stock-in-trade		295,116	189,277
Trade debts-unsecured considered good		5,075	10,908
Loans and advances		12,882	7,982
Deposits, prepayments and other receivable		32,225	21,068
Interest accrued		612	430
Tax refunds due from Government		39,702	29,777
Cash and bank balances		8,207	8,152
		<u>549,904</u>	<u>420,400</u>
<b>TOTAL ASSETS</b>		<u><u>1,416,612</u></u>	<u><u>1,286,700</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised Share Capital 70,000,000 Ordinary Shares of Rs. 10 each		<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid-up share capital		560,000	560,000
Reserves		<u>(242,510)</u>	<u>(243,889)</u>
Shareholders' fund		317,490	316,111
<b>NON-CURRENT LIABILITIES</b>			
Redeemable capital		625,000	625,000
<b>CURRENT LIABILITIES</b>			
Short term finance		213,525	150,000
Trade and other payable		227,076	176,566
Mark up accrued		25,207	13,403
Provision for taxation		8,314	5,620
		474,122	345,589
<b>CONTINGENCIES AND COMMITMENTS</b>	5		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,416,612</u></u>	<u><u>1,286,700</u></u>

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

  
**Chief Executive**

  
**Director**



**CONDENSED INTERIM  
PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
FOR THE SIX MONTHS PERIOD 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) →			
<b>SALES - NET</b>		534,932	585,298	167,621	199,611
<b>COST OF GOODS SOLD</b>	6	466,419	672,870	139,475	402,849
<b>GROSS PROFIT/ (LOSS)</b>		68,513	(87,572)	28,146	(203,238)
<b>OPERATING EXPENSES</b>					
Distribution and administrative expenses		27,656	33,511	15,353	26,955
<b>OPERATING PROFIT/ (LOSS)</b>		40,857	(121,083)	12,793	(230,193)
<b>FINANCIAL CHARGES</b>		43,207	27,246	17,655	27,000
<b>OTHER CHARGES</b>		-	-	-	(6,014)
		43,207	27,246	17,655	20,986
		(2,350)	(148,329)	(4,862)	(251,179)
<b>OTHER INCOME</b>		3,923	14,187	3,534	2,756
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		1,573	(134,142)	(1,328)	(248,423)
<b>TAXATION</b>		194	90,368	1,645	128,588
<b>PROFIT/ (LOSS) AFTER TAXATION</b>		<u>1,379</u>	<u>(43,774)</u>	<u>317</u>	<u>(119,835)</u>
<b>BASIC EARNINGS/ (LOSS) PER SHARE - Rupees</b>		<u>0.02</u>	<u>(0.78)</u>	<u>0.01</u>	<u>(2.14)</u>

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

**Chief Executive**


**Director**

**CONDENSED INTERIM  
CASH FLOW STATEMENT (UNAUDITED)**  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2007

	<b>December 31 2007</b>	<b>December 31 2006</b>
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,573	(134,142)
Adjustments for non-cash items and other charges		
Depreciation	8,005	8,157
Financial charges	43,207	27,246
Interest income	(644)	(12,697)
Gain on disposal of fixed assets	(1,999)	-
Cash flow from operating activities before working capital changes	50,142	(111,436)
(Increase)/ Decrease in current assets:		
Stores and spares	(3,279)	(2,580)
Stock in trade	(105,839)	(118,685)
Trade debts	5,832	-
Loans and advances	(4,899)	(10,091)
Deposits, prepayments and other receivables	(9,076)	5,318
Tax due from government - other than income tax	-	(44,492)
Increase/(Decrease) in trade and other payables	50,510	(64,469)
	(66,751)	(234,999)
Net cash used in operation	(16,609)	(346,435)
Income tax paid	(9,925)	(62,710)
Financial charges paid	(31,403)	(15,953)
<b>Net cash used in operating activities</b>	<b>(57,937)</b>	<b>(425,098)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(5,995)	(374,816)
Interest received	462	18,088
Investment encashed	-	114,204
<b>Net cash used in investing activities</b>	<b>(5,533)</b>	<b>(242,524)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term loan	-	625,000
Proceeds from short term loan	63,525	-
Dividends paid	-	(216,196)
<b>Net cash from financing activities</b>	<b>63,525</b>	<b>408,804</b>
<b>Net increase in cash and cash equivalent</b>	<b>55</b>	<b>(258,818)</b>
<b>Cash and cash equivalent at beginning of period</b>	<b>8,152</b>	<b>367,187</b>
<b>Cash and cash equivalent at end of period</b>	<b>8,207</b>	<b>108,369</b>

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

  
Chief Executive

  
Director

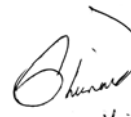
**CONDENSED INTERIM  
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2007**

Description	Share capital	Capital reserve	Reserve			Total	Total
			Revenue				
			General	Accumulated losses	Sub Total		
<b>(Rupees in '000)</b>							
Balance as at July 1, 2006	560,000	11,966	63,500	(135,720)	(72,220)	(60,254)	499,746
Profit for the half year ended December 31, 2006	-	-	-	(43,774)	(43,774)	(43,774)	(43,774)
Final dividend for the year ended June 30, 2006 @ 16.70%	-	-	-	(93,520)	(93,520)	(93,520)	(93,520)
<b>Balance as at December 31, 2006</b>	<b>560,000</b>	<b>11,966</b>	<b>63,500</b>	<b>(273,014)</b>	<b>(209,514)</b>	<b>(197,548)</b>	<b>362,452</b>
Balance as at July 1, 2007	560,000	11,966	63,500	(319,355)	(255,855)	(243,889)	316,111
Profit for the half year ended December 31, 2007	-	-	-	1,379	1,379	1,379	1,379
<b>Balance as at December 31, 2007</b>	<b>560,000</b>	<b>11,966</b>	<b>63,500</b>	<b>(317,976)</b>	<b>(254,476)</b>	<b>(242,510)</b>	<b>317,490</b>

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



**Chief Executive**



**Director**

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2007

### 1. STATUS AND NATURE OF BUSINESS

Javedan Cement Limited was incorporated on June 08, 1961, as a public limited company under the repealed Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Karachi Stock Exchange. Its principal activity is to manufacture and sell Ordinary Portland Cement, Blast Furnace Slag Cement and Sulphate Resisting Cement. The Company is jointly held by Al-Abbas Holding (Private) Limited and Ghani Holding (Private) Limited. Registered office of the company is located at Karachi.

### 2. BASIS OF PREPARATION

These financial statements are un-audited and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange of Pakistan and have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan.

### 3. ACCOUNTING POLICIES

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

### 4. PROPERTY, PLANT AND EQUIPMENTS

The additions during the period are as follows:

	(Unaudited) December 31, 2007		(Unaudited) June 30, 2007	
	Additions	Disposals	Additions	Disposals
	(Rupees in '000)			
Freehold land	-	-	685,787	-
Building and roads	-	-	761	-
Quarry and transport equipments	-	5,478	-	-
Motor vehicles	51	460	11,181	3,427
Furniture, fixtures and equipments	481	-	666	-
	532	5,938	698,395	3,427

### 5. CONTINGENCY AND COMMITMENT

#### Contingency

There were no change in contingencies since the last audited financial statements.

#### Commitment

There were no change in commitments since the last audited financial statements.

	Half-Year Ended		Quarter Ended	
	December 31 2007	December 31 2006	December 31 2007	December 31 2006
	(Rupees in '000')		(Rupees in '000')	
<b>6. COST OF GOODS SOLD</b>				
Raw materials consumed (Note 6.1)	58,168	45,956	26,139	21,110
Packing materials consumed (Note 6.2)	35,275	26,101	11,573	10,262
Stores and spares consumed	21,529	26,244	12,148	8,015
Utilities	106,787	105,968	47,823	47,282
Fuel	252,840	299,054	133,475	146,192
Salaries, wages and other benefits	45,463	258,020	20,723	223,166
Repairs and maintenance	4,355	7,997	841	5,214
Depreciation	7,401	7,516	3,739	3,874
Other expenses	10,135	11,724	4,480	5,868
	<u>541,953</u>	<u>788,580</u>	<u>260,941</u>	<u>470,983</u>
<b>Work-in-process</b>				
Opening balance	119,672	16,223	82,063	73,580
Clinker Purchase	23,497	-	23,497	-
Closing balance	<u>(221,661)</u>	<u>(132,369)</u>	<u>(221,661)</u>	<u>(132,369)</u>
	<u>(78,492)</u>	<u>(116,146)</u>	<u>(116,101)</u>	<u>(58,789)</u>
<b>Cost of goods manufactured</b>	<u>463,462</u>	<u>672,434</u>	<u>144,840</u>	<u>412,194</u>
<b>Finished goods</b>				
Opening balance	41,931	45,119	33,608	35,338
Closing balance	<u>(38,973)</u>	<u>(44,683)</u>	<u>(38,973)</u>	<u>(44,683)</u>
	<u>2,958</u>	<u>436</u>	<u>(5,365)</u>	<u>(9,345)</u>
	<u>466,419</u>	<u>672,870</u>	<u>139,475</u>	<u>402,849</u>

**6.1 Raw Materials Consumed**

Opening stock	27,675	9,262	31,400	8,573
Purchases	42,487	19,076	18,523	9,110
Own excavation	22,489	29,855	10,699	15,664
	<u>92,651</u>	<u>58,193</u>	<u>60,622</u>	<u>33,347</u>
Closing stock	<u>(34,483)</u>	<u>(12,237)</u>	<u>(34,483)</u>	<u>(12,237)</u>
	<u>58,168</u>	<u>45,956</u>	<u>26,139</u>	<u>21,110</u>

**6.2 Packing Materials Consumed**

Opening stock	13,470	8,317	11,756	7,671
Purchases	33,155	23,180	11,167	7,987
	<u>46,625</u>	<u>31,497</u>	<u>22,923</u>	<u>15,658</u>
Closing stock	<u>(11,350)</u>	<u>(5,396)</u>	<u>(11,350)</u>	<u>(5,396)</u>
	<u>35,275</u>	<u>26,101</u>	<u>11,573</u>	<u>10,262</u>

**7. TRANSACTIONS WITH RELATED PARTIES**

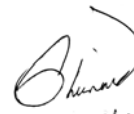
Sales of Clinker	-	15,016	-	8,221
Purchase of Vehicle	-	1,951	-	1,951
Purchase of Clinker	31,826	-	31,826	-

**8. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on February 26, 2008 by the Board of Directors of the Company.

**9. GENERAL**

Figures have been rounded-off to the nearest thousands of rupees.


**Chief Executive**

**Director**