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DIRECTORS' REPORT

The Directors of your Company have pleasure to present before you the performance review together with the financial statements of the Company for the half year ended December 31, 2012 duly reviewed by the Auditors.

OVERVIEW

The period under review was a challenging period as overall economic fundamentals and businesses of the country remained under stress and the recessionary trends persisted throughout, mainly due to energy crises, inflationary trends in commodities, devaluation of rupee and adverse law and order situation. Despite this cement industry achieved a meager growth of 3.9% in volumetric sales of both local and exports during the half year ended Dec 31, 2012 with volumetric sales of 15.95 million tons compared to 15.36 million tons during the same period last year.

The local sales volume of the industry during half year of this financial year registered a growth of 7.6% from 10.90 million tons cement sold last year to 11.73 million tons cement sold during this half year. Whereas exports sales volume of the industry declined by 5.3% from 4.46 million tons cement sold last year to 4.22 million tons cement sold during this half year.

The local sales volume of your Company registered a growth of 5.5% from 1.68 million tons cement sold last year to 1.77 tons cement sold during this half year whereas the export sales volume of your Company declined by 14.6% from 1.19 million tons cement sold last year to 1.01 million tons cement sold during this half year.