

Attock Cement
Pakistan Limited



Third Quarter Report March 31, 2013

CONTENTS

• Company Information	2
• Directors' Review	3
• Condensed Interim Balance Sheet	6
• Condensed Interim Profit and Loss Account	8
• Condensed Interim Statement of Cash Flows	9
• Condensed Interim Statement of Changes in Equity	10
• Notes to the Condensed Interim Financial Information	11

COMPANY INFORMATION

Board of Directors

Dr. Ghaith R. Pharaon (Chairman)
Laith G. Pharaon
Wael G. Pharaon
Shuaib A. Malik
Abdus Sattar
Babar Bashir Nawaz
Fakhrul Islam Baig

Chief Executive

Babar Bashir Nawaz

Alternate Directors

Shuaib A. Malik
Irfan Amanullah

Audit Committee of the Board

Abdus Sattar	Chairman
Shuaib A. Malik	Member
Fakhrul Islam Baig	Member

HR & Remuneration Committee

Shuaib A. Malik	Chairman
Abdus Sattar	Member
Babar Bashir Nawaz	Member

Company Secretary

Irfan Amanullah

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Cost Auditors

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Legal Advisor

Sattar & Sattar
Attorneys at Law

Bankers

Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan Ltd.
Allied Bank Ltd.
Bank Al-Habib
NIB Bank Limited
United Bank Limited
Meezan Bank Limited
Barclays Bank PLC, Pakistan
The Bank of Punjab
Habib Bank Limited
Askari Bank Limited
JS Bank Limited

Registered Office

D-70, Block-4, Kehkashan-5
Clifton, Karachi-75600
Tel: (92-21) 35309773-4
UAN: (92-21) 111 17 17 17
Fax: (92-21) 35309775
Email: acpl@attockcement.com
Website: www.attockcement.com

Plant

Hub Chowki Lasbella
Baluchistan

Share Registrar

Technology Trade (Pvt) Limited
Dagia House, 241-C, Block-2
PECHS, Off: Shahrah-e-Quaideen,
Karachi.
Tel: (92-21) 34391316-17
Fax: (92-21) 34391318

DIRECTORS' REVIEW



The Directors are pleased to announce the results of the Company for the period ended March 31, 2013.

OPERATIONAL & FINANCIAL REVIEW

Production and sales figures for the period ended March 31, 2013 are as follows:

	July - Mar. 2013	Tons	July - Mar. 2012
Clinker Production	1,322,053		1,309,262
Cement Production	1,310,296		1,342,285
Cement Despatch - Local	986,808		972,972
- Export	331,819		372,383
	1,318,627		1,345,355
Clinker Capacity Utilization	103%		102%

During the period under review the Company produced 103% of its clinker capacity. Both lines continued to operate at their original rated capacity.

Sales in terms of volume reduced by 2% due to decrease in export sales by 11%. However, local sales had partially offset the export decline despite adverse local market fundamentals, specially the poor law and order situation being prevailed in Karachi.

Net sales revenue increased by 12% due to better market mix and improvement in overall net retention. The average net retention improved by 14% as compared to same period last year.

The total production cost per ton of cement sold is rising due to continuous decline of PKR against US dollar and higher energy prices. However, effects of the same have been diluted due to significant improvement in net retention. Both gross and operating margins increased from 26% to 31% and from 17% to 23% respectively. As a result, net profit after tax has been improved from Rs. 878 million to Rs.1,479 million, an increase of Rs. 601 million (68%) as compared to same period last year.

FUTURE OUTLOOK

The sustainability of local sales growth is the main challenge for the Company as the prices in local market are better as compared to export markets. However, the stability in local market would be a big challenge as the country is moving towards election in upcoming quarter and the situation may remain uncertain in months to come due to geo political situation of the country. Poor law and order situation in the core market of Karachi has posted a significant threat towards the Company's ability to penetrate further in this lucrative market. With the announcement of Election 2013, all the major investing activities may slow down and market participants may wait till the clear emergence of a new political scenario. The country is also facing serious pressure on currency devaluation and energy prices which may put additional pressure on production costs.

The management is fully aware of the challenges and is actively pursuing towards exports to meet any shortfall in the local market. The product of your Company has received a very good response in the markets of Sri Lanka and South Africa and Company is also exploring the markets of Kenya and Burma in its search for better export prices. Beside this the management is actively monitoring the global coal prices and ensuring that the Company should have enough coal at reasonably good prices in order to ensure stability in its margins.

Beside this in order to reduce the production cost and hedge the inflation risk against coal the Company has installed Alternate Fuel System through which coal will be partially replaced with other cheaper fuel including Tyres, Agri-fuel and municipal waste. The project presently is in cold commissioning phase and is expected to commence operations from May 2013 onwards.

On behalf of the Board



BABAR BASHIR NAWAZ

Director & Chief Executive

April 15, 2013
Islamabad

Condensed Interim Financial Information



Condensed Interim Balance Sheet

As at March 31, 2013

	Note	(Unaudited) Mar. 31, 2013	(Audited) June 30, 2012
		-----Rupees '000-----	
SHARE CAPITAL AND RESERVES			
Authorised capital			
125,000,000 ordinary shares of Rs 10 each		1,250,000	1,250,000
Issued, subscribed and paid-up capital		995,848	865,955
Unappropriated profit		6,293,580	5,762,938
		7,289,428	6,628,893
NON-CURRENT LIABILITIES			
Deferred taxation		951,602	938,078
CURRENT LIABILITIES			
Trade and other payables	3	1,480,548	1,205,215
Taxation		258,649	129,297
		1,739,197	1,334,512
CONTINGENCIES AND COMMITMENTS			
	4	9,980,227	8,901,483



Note	(Unaudited) Mar. 31, 2013	(Audited) June 30, 2012
	-----Rupees '000-----	

NON CURRENT ASSETS

Fixed assets	5	5,967,402	5,471,655
Long-term investments		4,500	4,500
Long-term loans and advances		29,776	24,348
Long-term deposits		42,980	42,980
		6,044,658	5,543,483

CURRENT ASSETS

Stores, spares and loose tools	6	1,266,853	1,419,739
Stock-in-trade		696,398	539,343
Trade debts - considered good		269,383	190,444
Loans and advances		39,788	35,390
Short - term deposits and prepayments		28,683	13,902
Accrued interest		3,761	2,149
Other receivables		38,449	57,909
Investments		1,278,515	879,362
Cash and bank balances		313,739	219,762
		3,935,569	3,358,000
		9,980,227	8,901,483

The annexed notes form an integral part of these condensed interim financial information.


Babar Bashir Nawaz
 Chief Executive


Abdus Sattar
 Director

Condensed Interim Profit and Loss Account

For the nine months period ended March 31, 2013 (Unaudited)

		Quarter ended		Nine months period ended	
	Note	Mar. 31, 2013	Mar. 31, 2012	Mar. 31, 2013	Mar. 31, 2012
-----Rupees in '000-----					
Net sales	7	3,244,034	2,981,998	8,413,052	7,533,578
Cost of goods sold		(2,207,986)	(2,137,367)	(5,763,728)	(5,545,732)
Gross Profit		1,036,048	844,631	2,649,324	1,987,846
Distribution cost	8	(222,453)	(216,698)	(557,760)	(475,226)
Administrative expenses		(62,451)	(54,519)	(188,151)	(162,551)
Other operating expenses		(51,500)	(40,000)	(135,643)	(97,000)
Other operating income		40,946	14,874	178,314	64,159
Operating profit		740,590	548,288	1,946,084	1,317,228
Finance cost		(3,478)	(3,224)	(10,697)	(9,064)
Profit before taxation		737,112	545,064	1,935,387	1,308,164
Taxation					
Current		(216,500)	(11,000)	(571,000)	(264,000)
Prior		-	-	128,000	-
Deferred		-	(163,000)	(13,525)	(166,000)
		(216,500)	(174,000)	(456,525)	(430,000)
Profit after taxation		520,612	371,064	1,478,862	878,164
Earnings per share (diluted)	Rs.	5.23	3.73	14.85	8.82

The annexed notes form an integral part of these condensed interim financial information.


Babar Bashir Nawaz
 Chief Executive


Abdus Sattar
 Director

Condensed Interim Statement of Cash Flows

For the nine months period ended March 31, 2013 (Unaudited)



Note	Mar. 31, 2013	Mar. 31, 2012
	-----Rupees '000-----	

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	9	2,307,246	1,421,740
Finance cost paid		(10,697)	(13,044)
Income tax paid		(313,648)	(109,784)
(Increase) / decrease in long-term loans and advances		(5,428)	2,009
Net cash from operating activities		1,977,473	1,300,921

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditure incurred		(762,268)	(304,104)
Proceeds from disposal of fixed assets		8,868	1,513
Proceeds from sale of open ended mutual fund units		2,584,631	1,317,526
Purchase of open ended mutual fund units		(2,912,931)	(1,580,000)
Interest received		15,111	13,849
Net cash used in investing activities		(1,066,589)	(551,216)

CASH FLOWS FROM FINANCING ACTIVITY

Dividends paid		(816,907)	(605,364)
Net increase in cash and cash equivalents		93,977	144,341
Cash and cash equivalents at the beginning of the period		219,762	210,165
Cash and cash equivalents at the end of the period		313,739	354,506

The annexed notes form an integral part of these condensed interim financial information.


Babar Bashir Nawaz
 Chief Executive


Abdus Sattar
 Director

Condensed Interim Statement of Changes in Equity

For the nine months period ended March 31, 2013 (Unaudited)

Particulars	Share capital	Unappropriated profit	Total
	Rs. '000		
Balance as at July 01, 2011	865,955	4,932,457	5,798,412
Final dividend for the year ended June 30, 2011 @ Rs. 4.50 per share	-	(389,679)	(389,679)
Interim dividend for the year ended June 30, 2012 @ Rs. 2.50 per share	-	(216,489)	(216,489)
Profit after taxation for the nine months period ended March 31, 2012	-	878,164	878,164
Balance as at March 31, 2012	865,955	5,204,453	6,070,408
Profit after taxation for the three months period ended June 30, 2012	-	558,485	558,485
Balance as at June 30, 2012	865,955	5,762,938	6,628,893
Issue of bonus shares @ 15% for the year ended June 30, 2012	129,893	(129,893)	-
Final dividend for the year ended June 30, 2012 @ Rs. 6.00 per share	-	(519,573)	(519,573)
Interim dividend for the year ending June 30, 2013 @ Rs. 3.00 per share	-	(298,754)	(298,754)
Profit after taxation for the nine months period ended March 31, 2013	-	1,478,862	1,478,862
Balance as at March 31, 2013	995,848	6,293,580	7,289,428

The annexed notes form an integral part of these condensed interim financial information.


Babar Bashir Nawaz
 Chief Executive


Abdus Sattar
 Director



1 THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan on October 14, 1981 as a public limited company and is listed on Karachi Stock Exchange. Its main business activity is manufacturing and sale of cement. The company's cement manufacturing plant is located in Tehsil Hub, District Lasbella, Balochistan.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended June 30, 2012.

2.2 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the company for the year ended June 30, 2012.

(Unaudited)	(Audited)
Mar. 31,	June 30,
2013	2012
-----Rs. in '000-----	

3 TRADE AND OTHER PAYABLES

Creditors	113,917	194,622
Accrued liabilities	753,349	449,457
Electricity charges payable	127,697	189,767
Advances from customers	46,499	31,988
Royalty payable	33,440	71,009
Retention money	96,693	74,839
Sales tax payable & excise duty payable	113,210	27,501
Others	195,743	166,032
	<u>1,480,548</u>	<u>1,205,215</u>

Selected Notes to the Condensed Interim Financial Information

For the nine months period ended March 31, 2013 (Unaudited)

4 CONTINGENCIES AND COMMITMENTS

- 4.1** There has been no change in the status of contingency as reported in financial statements for the period ended December 31, 2012.
- 4.2** Commitments in respect of capital expenditure outstanding as at March 31, 2013 amounted to Rs. 164 million (June 30, 2012 : Rs. 416.60 million).

(Unaudited) Mar. 31, 2013	(Audited) June 30, 2012
-----Rs. in '000-----	

5 FIXED ASSETS

Operating assets	4,840,815	4,897,742
Capital work-in-progress	713,434	135,762
Stores held for capital expenditure	413,153	438,151
	<u>5,967,402</u>	<u>5,471,655</u>

- 5.1** Additions to operating assets during the period were as follows:

(Unaudited) Mar. 31, 2013	(Unaudited) Mar. 31, 2012
-----Rs. in '000-----	

Buildings and roads on freehold land	16,543	207,956
Plant and Machinery	181,085	1,280,541
Quarry transport and equipment	-	2,190
Furniture and fittings	891	460
Office equipments	5,672	2,700
Vehicles	22,528	6,590
	<u>226,719</u>	<u>1,500,437</u>
Disposals during the period - Net book value	<u>3,315</u>	<u>605</u>
Transfers to stores during the period - Net book value	<u>17,128</u>	<u>37,074</u>

Selected Notes to the Condensed Interim Financial Information

For the nine months period ended March 31, 2013 (Unaudited)



6 STORES, SPARES AND LOOSE TOOLS

	(Unaudited) Mar. 31, 2013	(Audited) June 30, 2012
	-----Rs. in '000-----	
Bricks	51,174	42,130
Coal (includes in transit Rs. Nil (June 30, 2012 : Rs. 630.4 million)	778,999	1,071,554
Stores & spares (include in transit Rs. 127.9m (June 30, 2012 : Rs.17.6m))	434,353	304,069
Loose tools	2,327	1,986
	<u>1,266,853</u>	<u>1,419,739</u>

7 NET SALES

	(Unaudited) Mar. 31, 2013	(Unaudited) Mar. 31, 2012
	-----Rs. in '000-----	
Gross Sales - Local	8,156,236	7,015,334
- Exports	1,783,016	1,978,403
	<u>9,939,252</u>	<u>8,993,737</u>
Less: Excise duty and sales tax	(1,526,200)	(1,460,159)
	<u>8,413,052</u>	<u>7,533,578</u>

8 DISTRIBUTION COST

Distribution cost includes Rs. 492.8 million (March 31, 2012 : Rs. 418.9 million) in respect of export related and commission expenses.

Selected Notes to the Condensed Interim Financial Information
For the nine months period ended March 31, 2013 (Unaudited)

(Unaudited) (Unaudited)
Mar. 31, Mar. 31,
2013 2012
-----Rs. in '000-----

9 CASH GENERATED FROM OPERATIONS

Profit before taxation	1,935,387	1,308,164
Adjustment for non cash charges and other items:		
Depreciation	263,204	214,523
Gain on disposal of fixed assets	(5,552)	(908)
Gain on re-measurement of fair value of investment in mutual fund units	-	(3,535)
Gain on sale of open ended mutual fund units	(70,853)	(19,226)
Mark up income	(16,723)	(15,461)
Finance cost	10,697	9,064
	180,773	184,457
	2,116,160	1,492,621
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets :		
Stores, spares and loose tools	152,886	262,084
Stock-in-trade	(157,055)	(108,725)
Trade debts - considered good	(78,939)	(91,108)
Loans and advances	(4,398)	(20,904)
Short - term deposits and prepayments	(14,781)	(8,977)
Other receivables	19,460	6,099
	(82,827)	38,469
Increase / (decrease) in current liabilities:		
Trade and other payables	273,913	(109,350)
	191,086	(70,881)
Cash generated from operations	2,307,246	1,421,740



(Unaudited) (Unaudited)
Mar. 31, Mar. 31,
2013 2012
-----Rs. in '000-----

10 SUMMARY OF TRANSACTIONS WITH RELATED PARTIES

Holding Company

Dividend paid	436,773	509,568
Bonus shares issued at par value	109,193	-
Recovery of expenses from holding company	627	535

Associated Companies

Purchase of goods	210,003	156,911
Reimbursement of expenses	3,301	2,043
Recovery of expenses from related parties	3,819	4,705
Reimbursement of staff cost on secondment	-	411
Recovery of staff cost on secondment from related parties	-	608
Payments made to retirement benefit funds	10,330	41,472

10.1 Key management compensation

Salaries and other short-term benefits	51,434	41,219
Post employment benefits	2,950	2,981
	54,384	44,200

11 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 15, 2013 by the Board of Directors of the company.


Babar Bashir Nawaz
Chief Executive


Abdus Sattar
Director



Attock Cement Pakistan Limited

D-70, Block-4, Kehkashan-5 Clifton, Karachi-75600

Tel: (92-21) 35309773-4 UAN: (92-21) 111 17 17 17

Fax: (92-21) 35309775

Email: acpl@attockcement.com

Website: www.attockcement.com