

Attock Cement Pakistan Limited



**BEYOND
BORDERS**

First Quarter Report September 30, 2014

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Company Information

Board of Directors

Dr. Ghaith R. Pharaon (Chairman)
Laith G. Pharaon
Wael G. Pharaon
Shuaib A. Malik
Abdus Sattar
Agha Sher Shah
Babar Bashir Nawaz

Chief Executive

Babar Bashir Nawaz

Alternate Directors

Shuaib A. Malik
Fakhru Islam Baig
Irfan Amanullah

Audit Committee of the Board

Abdus Sattar	Chairman
Shuaib A. Malik	Member
Agha Sher Shah	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
Samba Bank Limited

Registered Office

D-70, Block-4, Kehkashan-5
Clifton, Karachi-75600
Tel: (92-21) 35309773-4
UAN: (92) 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



Directors' Review

The Directors are pleased to announce the results of the Company for the quarter ended September 30, 2014.

Operational Results

Production and sales figures for the quarter ended September 30, 2014 are as follows:

	July-Sep. 2014	July-Sep. 2013
	-----Tones-----	
Clinker Production	451,665	461,349
Cement Production	448,027	457,721
Cement Despatch - Local	254,512	291,441
- Export	202,925	160,064
	457,437	451,505
Clinker Capacity Utilization	104%	106%

The overall capacity utilization remained over 100%. The clinker production is slightly lower as compared to same period last year because of the planned shutdown undertaken during the period.

Industry Review

During the first quarter, the overall cement industry witnessed a growth of 5% as compared to same period last year, which is a very encouraging sign. The south market witnessed an overall growth of 8% in which local despatches increased by 5% and export sales increased by 12% as compared to same period last year.

Sales Review

During the quarter under review, overall cement sales of the Company almost remained same as compared to same period last year. However, sales mix of local and exports sales changed in order to meet the committed export orders of regional markets. During the month of July 2014, due to major BMR in cement mill number 1, the total cement production went down by 2%.

Financial Review

The overall net sales revenue increased by Rs. 254 million (9%) over corresponding period mainly due to increase in net retention which is improved by Rs. 470 per ton (7%) as compared to same period last year. Production cost per ton of cement sold also increased by Rs. 304 (7%) mainly due to higher power tariff rates and increase in plant maintenance costs. However, Fuel cost during the period under review reduced by 8% due to reduction in coal prices in International market. Gross margins slightly improved from 29% to 30% however, operating margins also slightly improved from 19% to 20%. Consequently the company recorded profit after tax of Rs. 470 million higher by 11% as compared to same period last year.

Future Outlook

Though the Pakistan's economy showed signs of improvement however, the growing political impasse created new wave of uncertainty in the minds of investors, both local and international. The political turmoil has put the economy under pressure resulting flight of capital and sliding of PKR against US\$ by almost 3% within three months.

The company's major BMR in cement mill number 1 has been completed successfully and as a result a significant positive change has been witnessed in increase in overall cement production as well as improvement in power consumption which would contribute favorably in the overall margins of the company in months to come.

The first quarter cement growth numbers in terms of local dispatches are encouraging and the management expects that much desired FDI in power and real estate sectors would materialize in months to come which would further improve the local cement dispatches. Any significant change in local cement consumption would benefit the company as the company would shift its sales mix accordingly and it would have a positive impact on the margins.

The management is also pleased to report that the joint venture project of the company with Iraqi partner has been initiated and the formation of the joint venture company in Iraq is at final stages. The project team has been mobilized and ground work relating to designing and planning is being initiated.

On behalf of the Board



BABAR BASHIR NAWAZ


Chief Executive

October 30, 2014
Rawalpindi, Pakistan



Condensed Interim Financial Statements

First Quarter Ended
September 30, 2014




Condensed Interim Balance Sheet

As at September 30, 2014

	Note	Unaudited Sept. 30, 2014	Audited June 30, 2014
-----Rupees '000-----			
ASSETS			
Non-current assets			
Fixed assets - property, plant and equipment	4	6,143,617	6,125,796
Long-term investment		4,500	4,500
Long-term loans and advances		32,968	32,968
Long-term deposits		42,980	42,980
		<u>6,224,065</u>	<u>6,206,244</u>
Current assets			
Stores, spares and loose tools	5	1,700,436	1,160,074
Stock-in-trade		575,522	523,402
Trade debts - considered good		501,016	262,063
Loans and advances		58,440	48,728
Short-term deposits and prepayments		7,607	18,477
Investments		2,468,492	3,165,428
Sales tax refundable		61,685	45,014
Other receivables		24,614	28,737
Cash and bank balances		975,334	467,835
		<u>6,373,146</u>	<u>5,719,758</u>
Total assets		<u>12,597,211</u>	<u>11,926,002</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		1,145,225	1,145,225
Unappropriated profit		6,626,005	7,300,828
		<u>7,771,230</u>	<u>8,446,053</u>
LIABILITIES			
Non-current liabilities			
Liabilities against asset subject to finance lease		11,883	11,883
Deferred taxation		1,003,706	1,003,706
Retirement benefit obligations		245,229	240,493
		<u>1,260,818</u>	<u>1,256,082</u>
Current liabilities			
Trade and other payables	6	3,292,481	2,022,790
Current maturity of liabilities against asset subject to finance lease		3,411	3,927
Taxation - provision less payments		269,271	197,150
		<u>3,565,163</u>	<u>2,223,867</u>
Total liabilities		<u>4,825,981</u>	<u>3,479,949</u>
Contingency and commitments			
Total equity and liabilities	7	<u>12,597,211</u>	<u>11,926,002</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.


Babar Bashir Nawaz
 Chief Executive

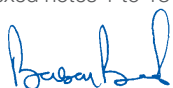

Abdus Sattar
 Director

Condensed Interim Profit and Loss Account

For the First Quarter Ended September 30, 2014 - Unaudited

	Note	Sept. 30, 2014 -----Rupees in '000-----	Sept. 30, 2013
Net sales	8	3,175,736	2,921,977
Cost of goods sold		(2,233,635)	(2,067,416)
Gross Profit		942,101	854,561
Distribution cost	9	(270,858)	(227,838)
Administrative expenses		(87,734)	(75,131)
Other operating expenses		(46,500)	(41,500)
Other operating income		92,849	54,046
Operating profit		629,858	564,138
Finance cost		(8,456)	(4,606)
Profit before taxation		621,402	559,532
Taxation		(151,000)	(137,000)
Profit after taxation		470,402	422,532
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		-	-
Impact of deferred tax		-	-
Items that may be subsequently reclassified to profit or loss			
		-	-
Total comprehensive income for the period		470,402	422,532
Earnings per share	Rs.	4.11	3.69

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

Condensed Interim Cash Flow Statement

For the First Quarter Ended September 30, 2014 - Unaudited

	Note	Sept. 30, 2014	Sept. 30, 2013
		-----Rupees '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	(78,763)	573,809
Finance cost paid		(8,456)	(4,606)
Income tax paid		(78,879)	(77,415)
Retirement benefit obligations		4,737	-
Net cash from operating activities		(161,361)	491,788
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(106,821)	(40,200)
Proceeds from disposal of fixed assets		126	525
Proceeds from sale of open ended mutual fund units		2,180,108	846,858
Purchase of open ended mutual fund units		(1,410,034)	(1,046,988)
Interest received		6,033	7,741
Net cash used in investing activities		669,412	(232,064)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments made under finance lease		(516)	-
Dividend paid		(36)	(96,349)
Net cash used in financing activities		(552)	(96,349)
Net increase in cash and cash equivalents		507,499	163,375
Cash and cash equivalents at the beginning of the period		467,835	389,014
Cash and cash equivalents at the end of the period		975,334	552,389

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

Condensed Interim Statement of Changes in Equity

For the First Quarter Ended September 30, 2014 - Unaudited

	Share capital	Unappropriated profit	Total
	Rs. '000		
Balance as at July 01, 2013	995,848	6,950,803	7,946,651
Effect of change in accounting policy with respect to accounting for retirement benefits obligations - net of tax	-	(97,895)	(97,895)
Balance as at July 01, 2013 (Re-stated)	995,848	6,852,908	7,848,756
Issue of bonus shares @15% for the year ended June 30, 2013	149,377	(149,377)	-
Final dividend for the year ended June 30, 2013	-	(995,848)	(995,848)
Profit after taxation for the quarter ended September 30, 2013	-	422,532	422,532
Balance as at September 30, 2013	1,145,225	6,130,215	7,275,440
Balance as at July 01, 2014	1,145,225	7,300,828	8,446,053
Final dividend for the year ended June 30, 2014 @ Rs. 10.00 per share	-	(1,145,225)	(1,145,225)
Profit after taxation for the quarter ended September 30, 2014	-	470,402	470,402
Balance as at September 30, 2014	1,145,225	6,626,005	7,771,230

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

Selected Notes to the Condensed Interim Financial Statements

For the First Quarter Ended September 30, 2014 - Unaudited

1 THE COMPANY AND ITS OPERATION

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, Baluchistan.

2 BASIS OF PRESENTATION

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, 2014.

3 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this 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, 2014.

4 FIXED ASSETS

	(Unaudited) Sept. 30, 2014	(Audited) June 30, 2014
	-----Rs. in '000-----	
Operating assets	5,449,310	5,452,929
Capital work-in-progress	308,076	311,106
Stores held for capital expenditure	386,231	361,761
	<u>6,143,617</u>	<u>6,125,796</u>

4.1 Additions to property plant and equipment during the period were as follows:

	(Unaudited) Sept. 30, 2014	(Unaudited) Sept. 30, 2013
	-----Rs. in '000-----	
Buildings and roads on freehold land	4,896	803
Plant and Machinery	82,786	1,307
Quarry transport and equipment	-	246
Furniture and fittings	48	-
Office equipment	1,684	720
Vehicles	1,828	3,695
	<u>91,242</u>	<u>6,771</u>
Disposals during the period - Net book value	126	525
Transfers to stores during the period - Net book value	5,735	5,085

Selected Notes to the Condensed Interim Financial Statements

For the First Quarter Ended September 30, 2014 - Unaudited

	(Unaudited) Sept. 30, 2014	(Audited) June 30, 2014
	-----Rs. in '000-----	
5 STORES SPARES AND LOOSE TOOLS		
Bricks	52,542	66,127
Coal	1,075,124	567,083
Stores & spares	569,846	524,655
Loose tools	2,924	2,209
	<u>1,700,436</u>	<u>1,160,074</u>

6 TRADE AND OTHER PAYABLES

Creditors	112,555	210,869
Accrued Liabilities	1,433,408	946,027
Electricity charges payable	184,000	274,863
Advances from customers	135,700	183,665
Sales tax & excise duty payable	50,121	38,960
Dividend payable	1,145,225	-
Others	231,472	368,406
	<u>3,292,481</u>	<u>2,022,790</u>

7 CONTINGENCY AND COMMITMENTS

7.1 There has been no change in the status of contingency as reported in financial statements for the year ended June 30, 2014.

7.2 Commitments in respect of capital expenditure outstanding as at September 30, 2014 amounted to Rs. 97 million (June 30, 2014: Rs. 151.58 million).

	Sept. 30, 2014	Sept. 30, 2013
	-----Rs. in '000-----	
8 NET SALES		
Local sales	2,541,286	2,631,260
Less: Commission	(55,536)	(49,944)
Net sales	<u>2,485,750</u>	<u>2,581,316</u>
Exports sales	1,205,229	877,037
	<u>3,690,979</u>	<u>3,458,353</u>
Less: Excise duty and sales tax	(515,243)	(536,376)
	<u>3,175,736</u>	<u>2,921,977</u>

9 DISTRIBUTION COST

Distribution cost includes Rs. 240.3 million (September 30, 2013: Rs. 196.6 million) in respect of export and commission expenses.

Selected Notes to the Condensed Interim Financial Statements

For the First Quarter Ended September 30, 2014 - Unaudited

	Sept. 30, 2014	Sept. 30, 2013
	-----Rs. in '000-----	
10 CASH GENERATED FROM OPERATIONS		
Profit before taxation	621,402	559,532
Adjustment for non cash charges and other items:		
Depreciation	88,874	88,905
Gain on sale of open ended mutual fund units	(25,848)	(40,496)
Gain on re-measurement of fair value of investment in mutual fund units	(47,291)	-
Interest income	(6,033)	(7,741)
Finance cost	8,456	4,606
	18,158	45,274
	639,560	604,806
10.1 EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets :		
Stores, spares and loose tools	(540,362)	(556,409)
Stock-in-trade	(52,120)	(106,433)
Trade debts - considered good	(238,953)	165,424
Loans and advances	(9,712)	2,223
Short - term deposits and prepayments	10,870	(50,266)
Sales tax refundable	(16,671)	-
Other receivables	4,123	5,730
	(842,825)	(539,731)
Increase in current liabilities:		
Trade and other payables	124,502	508,734
	(718,323)	(30,997)
Cash generated from operations	(78,763)	573,809
11 SUMMARY OF TRANSACTIONS WITH RELATED PARTIES		
Holding Company		
Dividend paid	-	750
Recovery of expenses from holding company	500	-
Other related parties		
Purchase of goods	73,117	79,354
Reimbursement of expenses	936	1,037
Recovery of expenses	2,007	441
11.1 Key management compensation salaries and other benefits	27,436	31,947

Selected Notes to the Condensed Interim Financial Statements

For the First Quarter Ended September 30, 2014 - Unaudited

12 CORRESPONDING FIGURES

Prior period figures have been reclassified wherever necessary for the purpose of appropriate presentation.

13 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 30, 2014 by the Board of Directors of the company.



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director



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