

## DIRECTORS' REVIEW REPORT

The Directors of Kohat Cement Company Limited feel pleasure to present the interim financial statements of your Company for the 3<sup>rd</sup> quarter and nine month period ended on 31<sup>st</sup> March 2012.

### Market Review

During the nine (09) months of FY 2011-12 local dispatches of cement sector have increased by 8.40% while exports have declined by 7.77% compared to the corresponding period last year. Overall growth in sales volume for the period has been recorded at 3.6%. However, Sales volumes of your company during the nine months have increased by 14.9%, which is well above par.

### Production and Sales Volumes

Production and sales volumes for the period are as follows:

	January-March		July-March	
	2012	2011	2012	2011
	(Quantities in M Tonnes)		(Quantities in M Tonnes)	
Clinker Production	398,068	430,874	1,110,856	1,132,545
Cement Dispatches	432,294	399,941	1,216,927	1,058,977

### Financial Performance

During the nine-month period under review the net sales have increased by 58% and the Company has earned a net profit of Rs. one billion after accounting for depreciation of Rs. 258.03 million and provision for taxation of Rs. 247.7 million. This represents an EPS of Rs. 7.77 for the period. Financial results are summarized below:

	January-March		July-March	
	2012	2011	2012	2011
	(Rupees in Thousands)		(Rupees in Thousands)	
Net Sales Revenue	2,462,757	1,621,664	6,536,925	4,137,561
Gross Profit	794,369	241,158	1,843,066	556,046
Net Profit / (Loss) after taxation	445,894	13,595	1,000,617	(61,118)
Earnings / (Loss) per share (Rs.)	3.46	0.11	7.77	(0.47)

### Debt Obligations

The Company is current with its debt obligations. In addition to the scheduled payments of Rs. 606.87 million, Company has also pre-paid long-term debt of Rs. 785.05 million during the nine months period under review.

### On Going Projects

In order to reduce dependence on imported coal, the management is working on alternate fuel project, which will help reduce the energy cost. This project will hopefully be implemented in the next fiscal year.

### Future outlook

Domestic demand for cement is expected to increase in the election year. The management will remain focused on efficient operations, control of costs and expeditious implementation of alternate energy project.

### Acknowledgments

While placing on record our thanks to all the stakeholders, we look forward to their continued support in future. The employees of the Company deserve a special vote of thanks for their hard work, dedication and commitment.

For and on behalf of the Board



Chief Executive

Lahore : April 14, 2012

