

# Directors' Review

The Directors of Kohat Cement Company Limited feel pleasure to present the interim financial statements of your Company for the 3rd quarter and nine month period ended on 31st March 2013.

## Market Review

During the nine (09) months of FY 2012-13 local dispatches of cement sector in Pakistan have increased by 6.05% while exports have declined by 1.19% compared to the corresponding period last year. Overall growth in sales volume for the period has been recorded at 4.13%. However, Sales volumes of your company during the nine months have increased by 9.96%, which is well above par.

## Production and Sales Volumes

Clinker production has shown a growth of 20.29% in the third quarter of FY 2012-13 whereas an overall growth of 22.48% is recorded in clinker production during the nine months of FY 2012-13 as compared with corresponding period last year. Old Grey Cement line has not produced any Clinker as New Grey Cement line alone met the market demand during the nine months period under review.

Similarly, dispatches have increased by 14.74% in the third quarter of FY 2012-13 with an overall growth of 9.96% during the nine months of FY 2012-13.

Production and sales volumes for the period are as follows:

	January-March		July-March	
	2013	2012	2013	2012
	(Quantities in tons)		(Quantities in tons)	
Clinker Production	478,839	398,068	1,360,650	1,110,856
Cement Dispatches	496,044	432,294	1,338,173	1,216,927

## Financial Performance

Improved sales volumes coupled with efficient operations have helped your Company in posting a net profit of Rs.1.910 billion after accounting for depreciation of Rs.289.9 million and provision for taxation of Rs.819.3 million. This represents an EPS of Rs.14.84 for the period. Financial results are summarized below:

	January-March		July-March	
	2013	2012	2013	2012
	(Rupees in thousands)		(Rupees in thousands)	
Net Sales Revenue	3,117,027	2,462,757	8,185,349	6,536,925
Operating Profit	1,156,300	732,411	2,933,511	1,711,447
Finance Cost	47,509	122,587	203,582	463,111
Profit after Taxation	731,602	445,894	1,910,569	1,000,617
Earnings per share (Rs.)	5.68	3.46	14.84	7.77

## Debt Obligations

The Company is current with its debt obligations.

## Future outlook

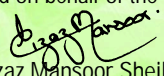
Stable domestic demand for cement is expected in the current year. Management's main focus will remain on efficient and cost effective operations to sustain current profitability of the Company.

## 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.

Lahore: April 24, 2013

For and on behalf of the Board

  
Aizaz Mansoor Sheikh  
Chief Executive