

## DIRECTORS' REVIEW

It gives us great pleasure to present the interim financial information of your company for the 2nd Quarter and half year ended 31st December 2013 duly reviewed by the external auditors.

### Market Review

During the half year ended 31-Dec-13 local dispatches of cement in Pakistan have increased by 2.13% while exports have declined by 1.84% compared to the corresponding period last year. Overall growth in sales volume in the country for the half year ended 31-Dec-13 has been recorded at 1.07%.

### Production and Sales Volumes

By the grace of Almighty Allah, the sales volumes of your company have increased by 5.20% during the half year ended 31-Dec-13, which is well above the industry average. Production and sales volumes of the Company during the period were as follows:

	Oct-Dec		July-Dec	
	2013	2012	2013	2012
Clinker Production	488,866	538,501	817,740	881,811
Cement Dispatches	476,856	487,659	885,976	842,129

Decrease in clinker production is due to availability of stocks at the beginning of the period. Old grey cement line remained non-operational due to overcapacity in the local market.

### Financial Performance

Growth in sales volumes coupled with improved sales prices, stable costs of production and reduced finance costs have helped your Company to earn a net profit of Rs.1.474 billion by registering an increase of 25% over the profits of the corresponding period last year. This translates into an EPS of Rs.9.54 for the period. Financial results are summarized below:

	2nd Quarter (Oct. to Dec)		Half year (July-Dec)	
	2013	2012	2013	2012
Net Sales Revenue	3,209,442	2,964,807	5,853,001	5,068,322
Gross profit	1,376,803	1,199,655	2,383,918	1,926,117
Operating Profit	1,260,084	1,114,484	2,182,216	1,777,210
Finance Cost	36,094	71,274	79,821	156,072
Profit before taxation	1,223,991	1,043,210	2,102,395	1,621,138
Taxation	365,774	340,355	628,398	442,171
Profit after taxation	858,216	702,855	1,473,997	1,178,966
		(Restated)		(Restated)
Earnings per share (Rs.)	5.55	4.55	9.54	7.63

### Debt Obligations

The Company is current with its debt obligations.

### Future outlook

Domestic demand of cement is expected to remain stable. Management will mainly focus on cost effective production methods to improve the 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.

For and on behalf of the Board



**Aizaz Mansoor Sheikh**  
Chief Executive

Lahore: February 17, 2014