

Directors' Review

The Board of Directors of your Company takes pleasure to present the Interim Financial Statements of your company for the 2nd Quarter and half year ended 31st December 2014 duly reviewed by the external auditors.

Market Review

During the half year ended 31-Dec-14, local dispatches of cement in Pakistan were 13.065 million M Tones registering a healthy growth of 9.10% while exports have been reduced to 4.06 million M Tones resulting into a negative impact of 2.07% compared to the corresponding period of last year. Overall growth in sales volume in the country for the half year ended 31-Dec-14 has been recorded at 6.23%

Production and Sales Volumes

The Company dispatched 868,458 metric tons cement during the six months period under review with a slight decrease of 1.98% over the dispatches in comparable period of the last year. Production and sales volumes of the Company during the period were as follows:

M. Tons

	Oct-Dec		July-Dec	
	2014	2013	2014	2013
Clinker Production	305,410	488,866	712,079	817,740
Cement Dispatches	437,774	476,856	868,458	885,976

The main reason for decrease in clinker production and cement dispatches was the unauthorized obstruction in mining operations of the Company by some local mischiefs during December 2014. As explained in Note 6.1.5 of the Interim unaudited Financial Statements for the half year ended 31-Dec-14, there is no legal impediment on excavation of materials, moreover, the Company has also developed an alternate quarry to avoid such situation in future. Old grey cement line remained non-operational due to overcapacity in the local market.

Financial Performance

Financial results are summarized below:

(Rupees in thousands)

	2nd Quarter (Oct. to Dec)		Half Year (July-Dec)	
	2014	2013	2014	2013
Net Sales Revenue	2,980,934	3,209,442	5,906,024	5,853,001
Gross Profit	993,550	1,376,803	2,031,897	2,383,918
Operating Profit	958,173	1,260,084	1,922,308	2,182,216
Finance Cost	15,728	36,094	42,017	79,821
Profit Before Taxation	942,445	1,223,991	1,880,291	2,102,395
Taxation	259,525	365,774	514,504	628,398
Profit After Taxation	682,920	858,216	1,365,787	1,473,997
Earnings Per Share (Rs.)	4.42	5.55	8.84	9.54

Decline in profits of the Company is mainly attributable to increase in cost of electricity over the corresponding period of last year as the electricity tariff was increased by NEPRA in April 2014 by more than 50%. The management is hopeful that after setting up of 15MW Waste Heat Recovery Power Plant (WHRPP) by 30th June, 2015, the company shall be able to nullify the effect of increased electricity tariff.

The Company is current with all its debt obligations.

Future Outlook

Domestic demand of cement is expected to remain increasing due to Developmental projects executed by Government and other construction related activities in the Country. The Management of your Company is striving its best to use cost effective methods for production to maximize the profits of the Company.

Acknowledgments

The Board wishes to thank all its stakeholders for their continuous support and appreciates the efforts, devotion and contribution of all its employees in optimizing the operations of the Company.

For and on behalf of the Board



Aizaz Mansoor Sheikh
Chief Executive