

Directors' Review

The Directors of your Company are pleased to present the Un-Audited Interim Financial Statements of your Company for the 3rd Quarter and nine months ended 31st March 2015.

Market Review

During the period of nine months under review, local dispatches of cement in Pakistan were 20.3 million M Tones registering a healthy growth of 8.4% while exports have been declined to 5.4 million M Tones resulting into a negative impact of 9.6% compared to the corresponding period of last year. Overall growth in sales volume in the country for the nine months ended 31st March 2015 has been recorded at 4.1%.

Production and Sales Volumes

The Company dispatched 1,297,781 metric tons cement during the nine months period under review with a decrease of 5.58% 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

	3rd Quarter (Jan-Mar)		Nine Month (July-Mar)	
	2015	2014	2015	2014
Clinker Production	452,403	299,664	1,164,482	1,117,404
Cement Dispatches	429,323	488,559	1,297,781	1,374,535

The decrease in cement dispatches is mainly due to unauthorized obstruction in mining operations of the Company by some local miscreants during the months of December 2014 and January 2015. However, as of today, there is no legal impediment on excavation of materials and the Company has expanded its resources by developing more quarries to avoid such situation in future. Clinker manufacturing from old grey cement line remained suspended due to overcapacity in the local market.

Financial Performance

Financial results are summarized below:

(Rupees in thousands)

	3rd Quarter (Jan-Mar)		Nine Month (Jul-Mar)	
	2015	2014	2015	2014
Net sales revenue	2,889,284	3,309,458	8,795,308	9,162,459
Gross profit	1,087,487	1,397,791	3,119,383	3,781,710
Operating profit	1,202,049	1,393,068	3,124,357	3,575,284
Finance cost	18,041	46,205	60,058	126,026
Profit before taxation	1,184,008	1,346,863	3,064,299	3,449,258
Taxation	318,386	392,051	832,890	1,020,449
Profit after taxation	865,622	954,812	2,231,409	2,428,809
Earnings per share (Rs.)	5.60	6.18	14.44	15.72

Reduction 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

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: April 09, 2015