

1. The Board of Directors is pleased to present its report along with the condensed interim unaudited financial information of the Company for the third quarter and nine months ended 31 March 2014.

Industry Overview

2. The cement industry achieved a growth of 0.96% during nine months of current financial year with volumetric sales of 24.78 million tons as compared to 24.54 million tons during the same period last year.

3. The local sales volume of the industry during nine months of current financial year registered a growth of 2.11% with volumetric sales of 18.76 million tons as compared to 18.37 million tons in same period last year. Whereas export sales registered a decline of 2.46% with volumetric sales of 6.02 million tons as compared to 6.17 million tons in same period of last year.

Company Overview

4. The overall sales volume of the company decreased by 3.48% during the nine months of current financial year with volumetric sales of 1.78 million tons as compared to 1.84 million tons during the same period last year. Capacity utilization achieved by the company is 69% as compared to 72% in the same period last year.

5. The local sales volume of the company during nine months of current financial year registered a growth of 0.08% with volumetric sales of 1.468 million tons as compared to 1.467 million tons in same period last year. Export sales registered a decline of 17.3% with volumetric sales of 0.312 million tons as compared to 0.377 million tons in same period of last year.

6. A comparison of key financial results of the company for the period ended 31 March 2014 with same period of last year is as under.

Particulars	9 Months	
	2013-14	2012-13
Sales Revenue	12,538,139	11,639,318
Gross Profit	4,277,966	3,766,695
Profit Before tax	3,135,485	2,253,422
Net Profit after tax	1,995,905	1,569,785
Earnings per Share(Basic)	1.499	1.179
Earnings per Share(Diluted)	1.447	1.138

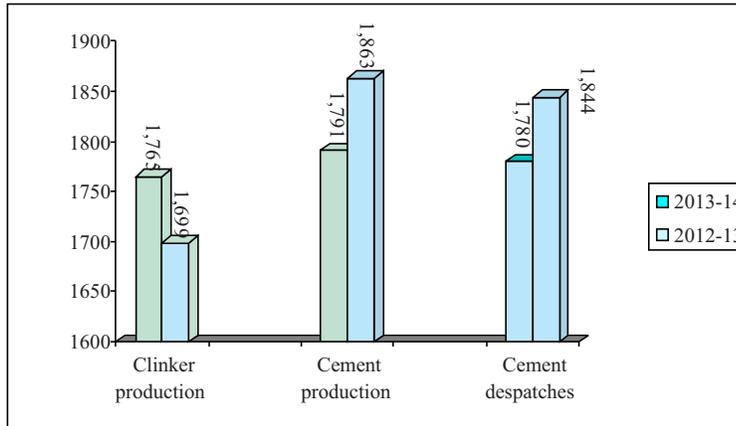
*Rs. in thousand except EPS

Business Performance

7. (a) Production and sales volume performance

The production statistics of the Company for the Nine months ended 31 March 2014 as compared to same period last year is as under.

Particulars	9 Months		
	2013-14(tons)	2012-13(tons)	Change(%)
Clinker production	1,764,923	1,698,639	3.9
Cement production	1,791,953	1,862,913	(3.8)
Cement dispatches	1,780,309	1,844,316	(3.5)

**(b) Financial Performance**

- (1) During the period under review, overall sales revenue of the company increased by 7.72% despite decrease in sales volume because of increase in prices of cement in the domestic market. The prices of cement were mainly increased due to increase in taxes and input cost.
- (2) Resultantly, company achieved a gross profit rate of 34% for the period under review as compared to 32% achieved during same period last year.
- (3) The company achieved a net profit ratio of 16% during the period under review as compared to 13% in the same period last year.
- (4) The earnings per share were Rs 1.499 during the period under review.

Future outlook

8. Based on the volumetric growth of 2.11% achieved in domestic sales during the nine months ended 31 March 2014, it is anticipated that the demand of cement in the domestic market will remain stable during 4th quarter of current financial year especially due to higher off take in summers. However, exports to Afghanistan will remain under pressure.

Acknowledgement

9. The Directors express their appreciation to the bankers and financial institutions that extended assistance in financing to the company and the company workers, staff and executives for their devotion and hardwork.
10. With the blessings of Allah Almighty, the Board is of the opinion that the company will remain on the course to success in the near future.

For and on behalf of the Board

Lt Gen (R) Muhammad Mustafa Khan, HI (M)
Chairman

23 April 2014
Rawalpindi