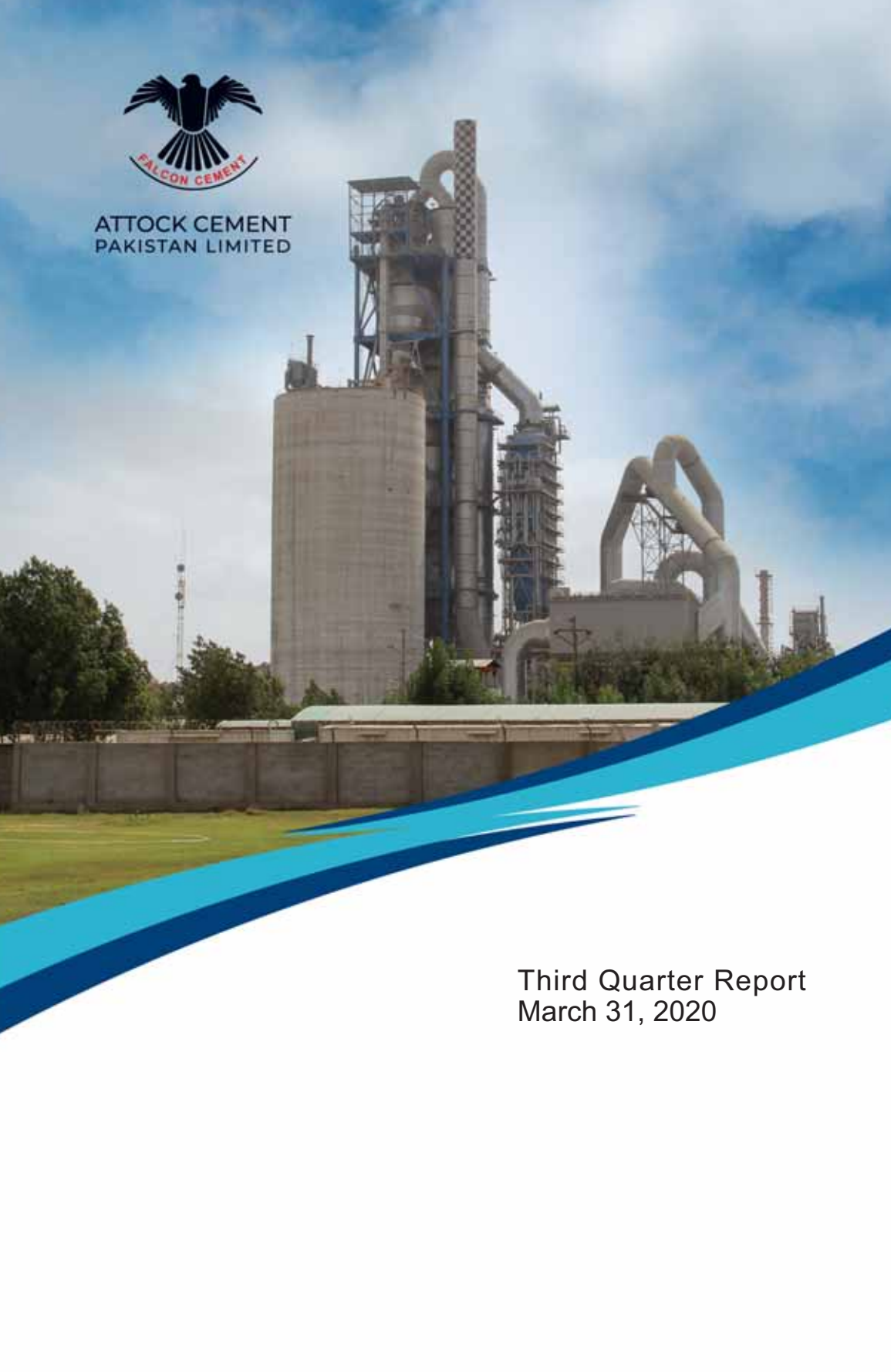




ATTOCK CEMENT  
PAKISTAN LIMITED



Third Quarter Report  
March 31, 2020



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# COMPANY INFORMATION

## Board of Directors

Laith G. Pharaon                      Chairman  
Wael G. Pharaon  
Shuaib A. Malik  
Abdus Sattar  
Agha Sher Shah  
Sajid Nawaz  
Babar Bashir Nawaz

## Chief Executive

Babar Bashir Nawaz

## Alternate Directors

Shuaib A. Malik  
Irfan Amanullah

## Audit Committee of the Board

Agha Sher Shah                      Chairman  
Shuaib A. Malik                      Member  
Abdus Sattar                          Member

## HR & Remuneration Committee

Agha Sher Shah                      Chairman  
Shuaib A. Malik                      Member  
Abdus Sattar                          Member

## Company Secretary

Irfan Amanullah

## Chief Financial Officer

Muhammad Rehan

## Auditors

A.F. Ferguson & Co.  
Chartered Accountants

## Legal Advisors

M/s. HNT & Associates



### **Bankers**

The Bank of Punjab  
Allied Bank Limited  
MCB Bank Limited  
Askari Bank Limited  
United Bank Limited  
Habib Bank Limited  
Bank Al-Habib Limited  
Meezan Bank Limited  
National Bank of Pakistan Limited  
Dubai Islamic Bank Limited  
Faysal Bank Limited

### **Registered Office**

D - 70, Block-4, Kehkashan-5  
Clifton, Karachi-75600  
Tel: (92-21) 35309773-4  
UAN: (92) 111 17 17 17  
Fax: (92-21) 35309775  
Email: [acpl@attockcement.com](mailto:acpl@attockcement.com)  
Website: [www.attockcement.com](http://www.attockcement.com)

### **Plants**

1. Hub Chowki, Lasbella,  
Baluchistan.
2. Cement Grinding Unit  
Industrial Sector, Land No. 1/7, Sector-56,  
Al-Arquli Al Janobi, Khor Al-Zubair,  
Basra, Iraq.

### **Share Registrar**

M/s. FAMCO Associates (Pvt) Limited  
8-F, Near Hotel Faran,  
Nursery, Block-6, PECHS  
Shahra-e-Faisal, Karachi.  
Tel: (92-21) 34380101-5,  
(92-21) 34384621-3  
Fax: (92-21) 34380106



# DIRECTORS' REVIEW

The Directors are pleased to announce the results of the Company for the period ended March 31, 2020.

## OPERATIONAL & FINANCIAL REVIEW

Production and sales figures for the period ended March 31, 2020 are as follows:

	Jul-Mar 2020	Jul-Mar 2019
	----- Tons -----	
Clinker Production	<u>2,294,018</u>	<u>2,380,497</u>
Cement Production	<u>1,472,987</u>	<u>1,896,562</u>
Cement Dispatches - Local	1,017,054	1,473,409
- Export	473,710	427,220
<b>Cement Dispatches - Total</b>	<b>1,490,764</b>	<b>1,900,629</b>
Clinker Dispatches - Export	952,693	616,309
<b>Total Dispatches</b>	<b>2,443,457</b>	<b>2,516,938</b>
Clinker Capacity Utilization	107%	110%

During the period under review the Company achieved 107% of its overall clinker production capacity and all the three lines continued to operate well above their rated capacities.

On March 25, 2020, the company closed its plant operations owing to lock down announced by the Provincial Governments of Sindh and Baluchistan in order to curtail the spread of COVID-19.

## Industry Review

During the first nine months of 2019-20, in the local market of south, where your company is situated, construction activities remained under pressure due to overall economic slowdown, lower construction activities and influx of low priced cement brands from North because of the relatively better price in the market of South. As a result, the overall local demand in South showed a negative volumetric growth of 27%, however, it was, to a large extent compensated through higher export of clinker and cement in regional markets and overall exports increased by 44%. Consequent to that the net reduction in south market was recorded at 3%.

During the period under review the industry has faced tremendous challenges on account of slowdown in construction activities, lower retentions and increase in competition due to enhanced capacities and higher input costs & financial charges. The third quarter ended with the mounting threat of COVID-19 and government steps to lock down the whole country has significantly affected the overall economic activities in the country and cement sector was no exception. Further, the major export markets of the region are also experiencing the similar threat and are also under lock down owing to COVID-19 which has also put a threat to cement / clinker dispatches.

## Sales Review

As mentioned earlier because of influx of low priced cement brands from North, the overall market size of South reduced significantly and as a result the overall local sales of your company reduced by 31% as compared to same period last year.

However, the company maintained its dominant position in its core market of Karachi both in terms of volume share and price due to strong brand loyalty and superior quality. However, gradually, because of influx of north brands and arrival of new capacities in South the company is facing stiff challenges in maintaining its presence and market share in Lower Punjab, Upper and Lower Sindh and part of Baluchistan.

The overall local sales of the company went down by 456,356 tones (31%) as compared to corresponding period. In local sales company shifted its focus on the core market of Karachi which is still the best net retention market across the country and ensured that it continues its dominant position in this market both in terms of quantity and price in order to ensure a reasonable margin / profit.

In order to compensate this massive fall in local sales, your company increased its effort to maintain its presence in regional markets of Indian Ocean Island, Qatar, Bangladesh and Sri Lanka and aggressively exported both cement and clinker. As a result of which overall exports surged by 382,874 tones (37%).

## Financial Review

Net sales revenue for the period under review was Rs. 15.6 billion (2018-19: Rs. 16.2 billion) lowered by Rs. 600 million as compared to same period last year due to lower cement dispatches in volumetric terms. The overall net retention (both cement & clinker) also decreased by Rs 53 per ton (1%) primarily due to higher export dispatches in volumetric terms as compared to same period last year.

Production cost per ton has shown decrease of Rs.117 per ton (2%) mainly due to significant reduction of around 22% in coal prices in the international market, however, said reduction in prices was partially offset against the devaluation of PKR with US \$.

On the other hand, from January 2020, the government also withdrew the fuel subsidy of Rs. 3 / KWH on off peak hours units with retrospective effect from July 2019 which has significantly increased the production cost. Beside this NEPRA also allowed K-Electric to charge pending Fuel Charge Adjustment (FCA) with effect from July 2016. The company is contesting against Federation of Pakistan, NEPRA and K-Electric against the imposition of these charges being time barred and a petition has been filed before Honorable High Court of Sindh. Similarly, all other major input cost elements like paper bags, raw material cost, diesel etc have also shown rising trends.

As a result, the gross margin has shown some decent improvements and has increased from 22% to 24% as compared to the corresponding period. However, due to increase in distribution cost owing to higher export sales, the operating margins reduced from 14% to 11%.

For the period ended March 31, 2020, the company reported Net profit after Tax of Rs. 1,116 million (March 31, 2019: Rs 1,376 million) lowered by 19% as compared to corresponding period.

## Future Outlook

COVID-19 has affected global economies in the hardest possible way and Pakistan's economy is no exception. The Pakistan's fragile economy is already being managed under a very tight plan as approved by the International Monetary Fund. It is anticipated that COVID-19 would have a significant negative impact on the GDP growth during the 4Q 2019-2020. With Large Scale Manufacturing (LSM) growth already showing a negative number of around -7% during the first nine months of 2019-2020 the ongoing shutdown would further dent the LSM growth. It is anticipated that 4Q 2019-2020 would have a significant negative GDP growth and its impact will be so huge that the overall GDP growth for the year 2019-2020 would show a marginal growth of around 1% only as against the target of 3.3%.

With a country wide lock down of 15 days as declared by the provincial governments, the movement of all the goods, except food items, has been severely affected. Most of the industrial units across country are now either in shut down phase or producing well below their capacities and it seems that this period would continue throughout April 2020.

The higher interest rates, turnover taxes, rising utility charges and unfavorable exchange rates will significantly push the cost parameters and on the other side, due to ongoing lockdown situation, there will be additional pressure on corporate turnovers, cash flows, earnings and pricing equilibrium.

On the cost side another important matter which may impact the margins of the company in near future is the withdrawal of Rs. 3/kwh subsidy given by the government under the Industrial Support Package with effect from July 2019. Though so far the payment of this charge has been deferred by K-Electric till April 30, 2020 but with the withdrawal of this subsidy the overall power cost of plants purchasing electricity from National Grid would become highly uncompetitive against captive power plants. This together with devaluation of PKR and higher interest charges will keep the margins under check in foreseeable future.

On export fronts two of the key export markets of Pakistani cements are also facing lock down situation i.e. Sri Lanka and Bangladesh. Both these markets account for almost 80% of total exports of clinker and cement from Pakistan, therefore, parking of additional quantities would pose a bigger threat to the sector.

On positive side, a special incentive package for construction sector has been unveiled by Government and it's a welcome step from the Government. However, the impact of this package on the demand of cement will only be seen once the legislation to cover this package is approved and implemented by the Parliament in letter and spirit.

The immediate target of the company is to survive during this challenging COVID-19 period by ensuring the safety of employees, optimize production and sales operations in the most efficient manner.

Your management is fully alive to the situation and is undertaking all required steps to ensure smooth operations.

On behalf of the Board



**BABAR BASHIR NAWAZ**  
Director & Chief Executive

April 23, 2020  
Karachi







**Unconsolidated  
Condensed Interim  
Financial  
Statements**

# Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2020

	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
-----Rupees '000-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - property, plant and equipment	4	17,194,849	17,685,584
Long-term investments		1,854,666	1,836,541
Long-term loans and advances - considered good		47,517	47,593
Long-term deposits		99,940	99,940
		<u>19,196,972</u>	<u>19,669,658</u>
<b>Current assets</b>			
Inventories	5	4,154,929	3,395,522
Trade receivables - considered good		1,064,413	795,061
Loans and advances - considered good		105,214	87,931
Short-term deposits and prepayments		28,968	45,212
Investments at fair value through profit or loss		40,000	-
Other receivables		325,396	235,807
Taxation - payments less provision		2,439,031	2,602,240
Tax refunds due from Government - Sales tax		-	182,587
Cash and bank balances		84,536	302,586
		<u>8,242,487</u>	<u>7,646,946</u>
<b>Total assets</b>		<u><u>27,439,459</u></u>	<u><u>27,316,604</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital - issued, subscribed and paid-up		1,374,270	1,374,270
Unappropriated profit		15,291,551	14,725,189
		<u>16,665,821</u>	<u>16,099,459</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term loans		-	2,187,500
Long-term lease liabilities		51,515	7,915
Deferred tax liabilities		567,996	351,283
Employee benefit obligations		267,731	266,878
		<u>887,242</u>	<u>2,813,576</u>
<b>Current liabilities</b>			
Trade and other payables	6	4,653,433	3,577,440
Unclaimed dividend		10,437	10,182
Accrued mark-up		97,573	143,867
Short-term borrowings		4,112,259	3,419,202
Current portion of long-term loans		1,000,000	1,250,000
Current portion of long-term lease liabilities		12,694	2,878
		<u>9,886,396</u>	<u>8,403,569</u>
<b>Total liabilities</b>		<u>10,773,638</u>	<u>11,217,145</u>
<b>Contingencies and commitments</b>	7		
<b>Total equity and liabilities</b>		<u><u>27,439,459</u></u>	<u><u>27,316,604</u></u>

The annexed notes 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.



Muhammad Rehan  
Chief Financial Officer



Babar Bashir Nawaz  
Chief Executive



Abdus Sattar  
Director

# Unconsolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the nine months period ended March 31, 2020 - Unaudited

	Note	Quarter ended		Nine months ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
-----Rupees '000-----					
Revenue from contracts with customers	8	4,939,377	5,516,643	15,550,395	16,150,866
Cost of sales		(3,770,868)	(4,154,704)	(11,888,774)	(12,540,657)
Gross Profit		1,168,509	1,361,939	3,661,621	3,610,209
Distribution costs	9	(504,093)	(350,318)	(1,566,659)	(1,099,714)
Administrative expenses		(127,207)	(127,870)	(392,852)	(379,981)
Other expenses		(7,000)	(41,500)	(75,000)	(102,500)
Other income		18,398	28,592	63,076	163,137
Profit from operations		548,607	870,843	1,690,186	2,191,151
Finance cost		(101,269)	(184,736)	(447,616)	(485,277)
Share of net income of associate accounted for using equity method		-	-	2,500	-
Profit before income tax		447,338	686,107	1,245,070	1,705,874
Income tax expense		(94,000)	(126,702)	(129,000)	(329,678)
Profit for the period		353,338	559,405	1,116,070	1,376,196
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>353,338</b>	<b>559,405</b>	<b>1,116,070</b>	<b>1,376,196</b>
Basic and diluted earnings per share (Rs.)		<b>2.57</b>	<b>4.07</b>	<b>8.12</b>	<b>10.01</b>

The annexed notes 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.



**Muhammad Rehan**  
Chief Financial Officer



**Babar Bashir Nawaz**  
Chief Executive



**Abdus Sattar**  
Director

# Unconsolidated Condensed Interim Statement of Changes in Equity

For the nine months period ended March 31, 2020 - Unaudited

	Share capital	Unappropriated profit	Total
	----- Rupees. '000 -----		
<b>Balance as at July 01, 2018</b>	1,145,225	13,727,410	14,872,635
Final dividend for the year ended June 30, 2018 @ Rs. 8 per share	-	(916,180)	(916,180)
Bonus shares issued in the ratio of 20 shares for every 100 shares held	229,045	(229,045)	-
Total comprehensive income for the nine months period ended March 31, 2019	-	1,376,196	1,376,196
<b>Balance as at March 31, 2019</b>	<u>1,374,270</u>	<u>13,958,381</u>	<u>15,332,651</u>
<b>Balance as at July 01, 2019</b>	<b>1,374,270</b>	<b>14,725,189</b>	<b>16,099,459</b>
Final dividend for the year ended June 30, 2019 @ Rs. 4 per share	-	(549,708)	(549,708)
Total comprehensive income for the nine months period ended March 31, 2020	-	1,116,070	1,116,070
<b>Balance as at March 31, 2020</b>	<u>1,374,270</u>	<u>15,291,551</u>	<u>16,665,821</u>

The annexed notes 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.



**Muhammad Rehan**  
Chief Financial Officer



**Babar Bashir Nawaz**  
Chief Executive



**Abdus Sattar**  
Director

# Unconsolidated Condensed Interim Statement of Cash Flows

For the nine months period ended March 31, 2020 - Unaudited

	Note	March 31, 2020	March 31, 2019
-----Rupees '000-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	10	2,485,412	2,472,815
Finance cost paid		(493,910)	(407,725)
Income tax refunds / (paid)		250,922	(426,987)
Decrease in long-term loans and advances		76	919
Employee benefit obligations paid		(63,144)	(107,865)
Net cash generated from operating activities		2,179,356	1,531,157
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure incurred		(59,325)	(505,634)
Investment in subsidiary company		(15,625)	(376,497)
Proceeds from disposal of operating assets		5,584	4,768
Purchase of open ended mutual fund units		(40,000)	-
Profit on PLS accounts		12,315	8,315
Net cash used in investing activities		(97,051)	(869,048)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(549,453)	(914,612)
Current portion of long-term loan repaid		(2,437,500)	(937,500)
Lease rentals paid		(6,459)	(3,191)
Net cash used in financing activities		(2,993,412)	(1,855,303)
Net decrease in cash and cash equivalents		(911,107)	(1,193,194)
<b>Cash and cash equivalents at beginning of the period</b>		<b>(3,116,616)</b>	<b>(1,037,572)</b>
<b>Cash and cash equivalents at end of the period</b>		<b>(4,027,723)</b>	<b>(2,230,766)</b>

The annexed notes 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.



Muhammad Rehan  
Chief Financial Officer



Babar Bashir Nawaz  
Chief Executive



Abdus Sattar  
Director

# Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended March 31, 2020 - Unaudited

## 1 THE COMPANY AND ITS OPERATION

- 1.1 The company was incorporated in Pakistan on October 14, 1981 as a public limited company and is listed on Pakistan Stock Exchange. Its main business activity is manufacturing and sale of cement. The registered office of the company is at D-70, Block-4, Kehkashan-5, Clifton, Karachi. The company's cement manufacturing plant is located in Tehsil Hub, District Lasbella, Balochistan. The company also has a representative / liaison office in Dubai, UAE, to explore business opportunities in the growing markets of Middle East and Africa.

The company is a subsidiary of Pharaon Investment Group Limited Holding S.A.L., Lebanon.

- 1.2 The company has investment in subsidiary company - Saqr Al Keetan for Cement Production Company Limited (SAKCPCL) incorporated in Basra, Iraq. These unconsolidated interim financial statements are the separate financial statements of the company in which investment in subsidiary has been accounted for at cost less accumulated impairment losses, if any.

## 2 BASIS OF PREPARATION

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These unconsolidated condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2019.

	March 31, 2020	(Audited) June 30, 2019
	-----Rupees '000-----	
<b>4 Fixed assets - property plant and equipment</b>		
Operating assets - note 4.1	16,422,651	16,708,856
Capital work-in-progress	3,450	204,459
Stores held for capital expenditures	768,748	772,269
	<u>17,194,849</u>	<u>17,685,584</u>
	March 31, 2020	March 31, 2019
	-----Rupees '000-----	

- 4.1 Additions to operating assets during the period were as follows:

Buildings and roads on freehold land	2,581	3,787
Plant and machinery	327,500	185,751
Vehicles	17,365	21,985
Others	14,162	7,402
	<u>361,608</u>	<u>218,925</u>

# Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended March 31, 2020 - Unaudited

	March 31, 2020	March 31, 2019
	-----Rupees '000-----	
Disposals during the period - Net book value	<u>2,961</u>	<u>1,677</u>
Transfers to stores during the period - Net book value	<u>97,857</u>	<u>47,856</u>
	<b>March 31, 2020</b>	(Audited) June 30, 2019
	-----Rupees '000-----	

## 5 INVENTORIES

Stores, spares and loose tools - note 5.1	3,048,338	1,988,856
Raw materials	154,302	101,350
Packing materials	146,394	161,513
Work-in-process	714,813	975,008
Finished goods	<u>91,082</u>	<u>168,795</u>
	<u>4,154,929</u>	<u>3,395,522</u>

### 5.1 Stores, spares and loose tools

Coal	1,771,615	911,853
Stores and spares	1,135,434	1,045,738
Bricks	192,702	76,326
Loose tools	<u>2,483</u>	<u>2,771</u>
	<u>3,102,234</u>	<u>2,036,688</u>
Less: Provision for slow moving and obsolete items	<u>(53,896)</u>	<u>(47,832)</u>
	<u>3,048,338</u>	<u>1,988,856</u>

## 6 TRADE AND OTHER PAYABLES

Creditors	603,955	497,738
Accrued liabilities	2,681,642	1,914,028
Electricity charges payable	118,591	111,633
Advances from customers	211,490	142,817
Excise duty payable	25,348	9,936
Others	<u>1,012,407</u>	<u>901,288</u>
	<u>4,653,433</u>	<u>3,577,440</u>

## 7 CONTINGENCIES AND COMMITMENTS

- 7.1** There has been no change in the status of contingencies as reported in the financial statements for the half year ended December 31, 2019.
- 7.2** Commitments for capital expenditure outstanding as at March 31, 2020 amounted to Rs. Nil (June 30, 2019: Rs. 3.90 million).

# Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended March 31, 2020 - Unaudited

	March 31, 2020	March 31, 2019
	-----Rupees '000-----	
<b>8 REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Local sale of goods	12,189,999	15,760,399
Sales tax	(2,037,273)	(2,611,104)
Federal excise duty	(2,025,337)	(2,200,361)
	(4,062,610)	(4,811,465)
Rebates, discount and commission	(344,776)	(183,151)
Net local sale of goods	7,782,613	10,765,783
Exports sales	8,468,340	5,842,417
Freight	(700,558)	(457,334)
	7,767,782	5,385,083
	<u>15,550,395</u>	<u>16,150,866</u>

## 9 DISTRIBUTION COSTS

This includes Rs. 1,238 million (March 31, 2019: Rs. 910 million) incurred in respect of export sales.

	March 31, 2020	March 31, 2019
	-----Rupees '000-----	
<b>10 CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	1,245,070	1,705,874
Add/(Less): Adjustments for non cash charges and other items		
Depreciation	606,974	596,920
Gain on disposal of property, plant and equipment	(2,623)	(3,090)
Profit on PLS accounts	(12,315)	(8,315)
Provision for stores, spares and loose tools	6,064	4,034
Employee benefit obligations	63,997	66,678
Finance cost	447,616	485,277
Share of net income of associate accounted for using equity method	(2,500)	-
	1,107,213	1,141,504
Profit before working capital changes	<u>2,352,283</u>	<u>2,847,378</u>

### Effect on cash flow due to working capital changes

#### (Increase)/decrease in current assets

Inventories	(765,471)	554,075
Trade receivables	(269,352)	14,121
Loans and advances	(17,283)	(15,967)
Short - term deposits and prepayments	16,244	(47,208)
Other receivables	(89,589)	(31,041)
Tax refunds due from Government - Sales tax	182,587	289,270
	(942,864)	763,250

#### Increase/(decrease) in current liabilities

Trade and other payables	1,075,993	(1,137,813)
	133,129	(374,563)
Cash generated from operations	<u>2,485,412</u>	<u>2,472,815</u>



# Selected Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Statements

For the nine months period ended March 31, 2020 - Unaudited

## 11 IMPACT OF COVID-19

On March 25, 2020, the company closed its plant operations owing to lock down announced by the Provincial Governments of Sindh and Baluchistan in order to curtail the spread of COVID-19.

Management is assessing the developing situation arising out of COVID-19 pandemic that has resulted in significant decrease in demand of cement both in local and regional markets which may negatively affect Company's financial position and profitability. The impact of this currently evolving situation shall be reflected in the financial statements for the year ending June 30, 2020.

Subsequent to the Balance Sheet date, from April 18, 2020, the plant operations have been resumed partially to cater the local and regional demand.

	March 31, 2020	March 31, 2019
-----Rupees '000-----		

## 12 TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the period are as follows:

### Holding Company

Dividend paid	462,105	770,176
Bonus shares issued	-	192,544
Recovery of expenses	567	2,364

### Subsidiary Company

Investment	15,625	376,497
Expenses incurred on behalf of subsidiary company	12,765	62,499

### Associated Companies

Purchase of goods	436,178	345,863
Reimbursement of expenses	2,366	4,997
Recovery of expenses	7,597	7,385

### Other related parties

Payments made to retirement benefit funds	63,144	107,865
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### Key management personnel

Sales of cement	1,912	-
Salaries and other short-term employee benefits	120,685	116,014
Post-employment benefits	3,504	3,186

## 13 CORRESPONDING FIGURES

Prior period figures have been reclassified wherever necessary for the purpose of appropriate presentation.

## 14 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the company on April 23, 2020.



Muhammad Rehan  
Chief Financial Officer



Babar Bashir Nawaz  
Chief Executive



Abdus Sattar  
Director





**Consolidated  
Condensed Interim  
Financial  
Statements**

# Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2020

	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
-----Rupees '000-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - property, plant and equipment	4	21,869,263	22,269,354
Long-term investment		31,665	29,165
Long-term loans and advances - considered good		47,517	47,593
Long-term deposits		99,940	99,940
		<u>22,048,385</u>	<u>22,446,052</u>
<b>Current assets</b>			
Inventories	5	5,102,700	3,408,050
Trade receivables - considered good		1,089,322	795,061
Loans and advances - considered good		105,214	87,931
Short-term deposits and prepayments		159,251	55,082
Investments at fair value through profit or loss		40,000	-
Other receivables		122,389	48,932
Taxation - payments less provision		2,439,031	2,602,240
Tax refunds due from Government - Sales tax		-	182,587
Cash and bank balances		543,185	450,262
		<u>9,601,092</u>	<u>7,630,145</u>
<b>Total assets</b>		<u><u>31,649,477</u></u>	<u><u>30,076,197</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital - issued, subscribed and paid-up		1,374,270	1,374,270
Unappropriated profit		15,843,608	14,725,189
Exchange revaluation reserve		978,802	855,895
Attributable to owners of Attock Cement Pakistan Limited-Holding Company		18,196,680	16,955,354
Non-controlling interests		2,412,295	1,708,303
		<u>20,608,975</u>	<u>18,663,657</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term loans		-	2,187,500
Long-term lease liabilities		51,515	7,915
Deferred tax liabilities		567,996	351,283
Employee benefit obligations		267,731	266,878
		<u>887,242</u>	<u>2,813,576</u>
<b>Current liabilities</b>			
Trade and other payables	6	4,920,297	3,772,835
Unclaimed dividend		10,437	10,182
Accrued mark-up		97,573	143,867
Short term borrowings		4,112,259	3,419,202
Current portion of long-term loans		1,000,000	1,250,000
Current portion of long-term lease liabilities		12,694	2,878
		<u>10,153,260</u>	<u>8,598,964</u>
<b>Total liabilities</b>		<u>11,040,502</u>	<u>11,412,540</u>
<b>Contingencies and commitments</b>			
<b>Total equity and liabilities</b>	7	<u><u>31,649,477</u></u>	<u><u>30,076,197</u></u>

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.



**Muhammad Rehan**  
Chief Financial Officer



**Babar Bashir Nawaz**  
Chief Executive



**Abdus Sattar**  
Director

# Consolidated Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the nine months period ended March 31, 2020 - Unaudited

	Note	Quarter ended		Nine months ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
-----Rupees in '000-----					
Revenue from contracts with customers	8	6,601,530	5,516,643	19,061,484	16,150,866
Cost of sales		(4,876,260)	(4,154,704)	(14,420,918)	(12,540,657)
Gross Profit		1,725,270	1,361,939	4,640,566	3,610,209
Distribution costs	9	(511,957)	(350,318)	(1,578,704)	(1,099,714)
Administrative expenses		(128,344)	(127,870)	(407,045)	(379,981)
Other expenses		(7,000)	(41,500)	(75,000)	(102,500)
Other income		18,398	28,592	63,076	163,137
Profit from operations		1,096,367	870,843	2,642,893	2,191,151
Finance cost		(120,621)	(184,736)	(480,229)	(485,277)
Share of net income of associate accounted for using equity method		-	-	2,500	-
Profit before income tax		975,746	686,107	2,165,164	1,705,874
Income tax expense		(94,000)	(126,702)	(129,000)	(329,678)
Profit for the period		881,746	559,405	2,036,164	1,376,196
<b>Other comprehensive income:</b>					
<b>Items that will be reclassified to profit or loss</b>					
Exchange revaluation reserve		359,962	279,343	200,976	692,533
<b>Total comprehensive income for the period</b>		<b>1,241,708</b>	<b>838,748</b>	<b>2,237,140</b>	<b>2,068,729</b>
<b>Total comprehensive income attributable to:</b>					
Owners of Attock Cement Pakistan Limited-Holding Company		890,077	789,388	1,791,034	1,864,029
Non-controlling interests		351,631	49,360	446,106	204,700
		<b>1,241,708</b>	<b>838,748</b>	<b>2,237,140</b>	<b>2,068,729</b>
Basic and diluted earnings per share (Rs.)		6.42	4.07	14.82	10.01

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.



Muhammad Rehan  
Chief Financial Officer



Babar Bashir Nawaz  
Chief Executive



Abdus Sattar  
Director

# Consolidated Condensed Interim Statement of Changes in Equity

For the nine months period ended March 31, 2020 - Unaudited

	Attributable to the owners of the Holding Company					
	Share capital	Unappropriated profit	Exchange revaluation reserve	Sub - Total	Non-controlling interests	Total Equity
	Rupees '000					
<b>Balance as at July 01, 2018</b>	1,145,225	13,727,410	217,129	13,944,539	946,558	16,036,322
Final dividend for the year ended June 30, 2018 @ Rs. 8 per share	-	(916,180)	-	(916,180)	-	(916,180)
Bonus shares issued in the ratio of 20 shares for every 100 shares held	229,045	(229,045)	-	(229,045)	-	-
Equity contribution by Non-controlling interests	-	-	-	-	144,396	144,396
Total comprehensive income for the nine months period ended March 31, 2019:						
Profit for the nine months ended March 31, 2019	-	1,376,196	-	1,376,196	-	1,376,196
Other comprehensive income for the nine months period ended March 31, 2019	-	-	487,833	487,833	204,700	692,533
	-	1,376,196	487,833	1,864,029	204,700	2,068,729
<b>Balance as at March 31, 2019</b>	<b>1,374,270</b>	<b>13,958,381</b>	<b>704,962</b>	<b>14,663,343</b>	<b>1,295,654</b>	<b>17,333,267</b>
<b>Balance as at July 01, 2019</b>	<b>1,374,270</b>	<b>14,725,189</b>	<b>855,895</b>	<b>15,581,084</b>	<b>1,708,303</b>	<b>18,663,657</b>
Final dividend for the year period ended June 30, 2019 @ Rs. 4 per share	-	(549,708)	-	(549,708)	-	(549,708)
Equity contribution by Non-controlling interests	-	-	-	-	257,886	257,886
Total comprehensive income for the nine months period ended March 31, 2020:						
Profit for the nine months period ended March 31, 2020	-	1,668,127	-	1,668,127	368,037	2,036,164
Other comprehensive income for the nine months period ended March 31, 2020	-	-	122,907	122,907	78,069	200,976
	-	1,668,127	122,907	1,791,034	446,106	2,237,140
<b>Balance as at March 31, 2020</b>	<b>1,374,270</b>	<b>15,843,608</b>	<b>978,802</b>	<b>16,822,410</b>	<b>2,412,295</b>	<b>20,608,975</b>

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.



Muhammad Rehan  
Chief Financial Officer



Babar Bashir Nawaz  
Chief Executive



Abdus Sattar  
Director

# Consolidated Condensed Interim Statement of Cash Flows

For the nine months period ended March 31, 2020 - Unaudited

	Note	March 31, 2020	March 31, 2019
-----Rupees '000-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	10	2,492,899	2,486,500
Finance cost paid		(526,524)	(407,725)
Income tax refunds / (paid)		250,922	(426,987)
Decrease in long-term loans and advances		76	919
Employee benefit obligations paid		(63,144)	(107,865)
Net cash generated from operating activities		2,154,229	1,544,842
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure incurred		(19,816)	(1,391,107)
Proceeds from disposal of operating assets		5,584	4,768
Purchase of open ended mutual fund units		(40,000)	-
Profit on PLS accounts		12,315	8,315
Net cash used in investing activities		(41,917)	(1,378,024)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(549,453)	(914,612)
Current portion of long-term loan repaid		(2,437,500)	(937,500)
Amount received from non-controlling interests		257,886	144,396
Lease rentals paid		(6,459)	(3,191)
Net cash used in financing activities		(2,735,526)	(1,710,907)
Net decrease in cash and cash equivalents		(623,214)	(1,544,089)
Cash and cash equivalents at beginning of the period		(2,968,940)	(728,113)
Effects of exchange rate changes on cash and cash equivalents		23,080	244,371
Cash and cash equivalents at end of the period		(3,569,074)	(2,027,831)

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.



Muhammad Rehan  
Chief Financial Officer



Babar Bashir Nawaz  
Chief Executive



Abdus Sattar  
Director

# Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements

For the nine months period ended March 31, 2020 - Unaudited

## 1. THE GROUP AND ITS OPERATIONS

### 1.1 The Group consists of:

#### Holding Company - Attock Cement Pakistan Limited ( the "Company")

The Holding Company was incorporated in Pakistan on October 14, 1981 as a public limited company and is listed on Pakistan Stock Exchange. Its main business activity is manufacturing and sale of cement. The registered office of the Company is at D-70, Block-4, Kehkashan-5, Clifton, Karachi. The Company's cement manufacturing plant is located in Tehsil Hub, District Lasbella, Balochistan. The Company also has a representative / liaison office in Dubai, UAE, to explore business opportunities in the growing markets of Middle East and Africa.

Pharaon Investment Group Limited Holding S.A.L., Lebanon is the ultimate holding company as it holds 84.06% of the total paid-up share capital of the company.

#### Subsidiary Company - Saqr Al Keetan for Cement Production Company Limited (SAKCPCL)

SAKCPCL was incorporated under the Iraqi law on November 3, 2014. Its main business activity is manufacturing and sale of cement and the principal place of business is in Iraq. The registered office of the company is at House # 35, Square 29, Near Al Buradia Super Market, Al Rbeea District Al Buradia, Basra. The company's cement manufacturing plant is located in Industrial Sector, Land No. 1/7, Sector 56, Al-Arqui Al-Janobi, Khor Al-Zubair, Basra, Iraq.

In 2019, SAKCPCL had started its trial production with locally available clinker. During the current period, SAKCPCL obtained the license for import of clinker as required by local laws and commenced commercial production from September 1, 2019 after satisfactory completion of performance test.

## 2. BASIS OF PREPARATION

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These consolidated condensed interim financial statements do not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2019.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of thses consolidated condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Group for the year ended June 30, 2019.

	March 31, 2020	(Audited) June 30, 2019
	-----Rupees '000-----	
<b>4 FIXED ASSETS - property, plant and equipment</b>		
Operating assets - note 4.1	20,956,510	16,758,931
Capital work-in-progress	57,203	4,738,154
Stores held for capital expenditures	855,550	772,269
	<b>21,869,263</b>	<b>22,269,354</b>



# Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements

For the nine months period ended March 31, 2020 - Unaudited

March 31,                      March 31,  
2020                                      2019  
-----Rupees '000-----

## 4.1 Additions to operating assets during the period were as follows:

Buildings and roads on freehold land	549,212	3,787
Plant and machinery	4,250,062	185,751
Vehicles	17,365	25,255
Others	49,634	16,060
	<u>4,866,273</u>	<u>230,853</u>

Disposals during the period - Net book value	<u>2,961</u>	<u>1,677</u>
--	--------------	--------------

Transfers to stores during the period - Net book value	<u>97,857</u>	<u>47,856</u>
--	---------------	---------------

March 31,                      (Audited)  
2020                                      June 30,  
-----Rupees '000-----                      2019

## 5 INVENTORIES

Stores, spares and loose tools - note 5.1	3,121,982	1,988,856
Raw materials	949,202	105,580
Packing materials	192,002	169,811
Work-in-process	714,812	975,008
Finished goods	124,702	168,795
	<u>5,102,700</u>	<u>3,408,050</u>

### 5.1 Stores, spares & loose tools

Coal	1,771,615	911,853
Stores and spares	1,209,078	1,045,738
Bricks	192,702	76,326
Loose tools	2,483	2,771
	<u>3,175,878</u>	<u>2,036,688</u>
Less: Provision for slow moving and obsolete items	<u>(53,896)</u>	<u>(47,832)</u>
	<u>3,121,982</u>	<u>1,988,856</u>

## 6 TRADE AND OTHER PAYABLES

Creditors	603,956	497,738
Accrued liabilities	2,681,642	2,003,300
Electricity charges payable	118,591	111,633
Advances from customers	211,490	142,817
Excise duty payable	25,348	9,936
Others	1,279,270	1,007,411
	<u>4,920,297</u>	<u>3,772,835</u>

# Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements

For the nine months period ended March 31, 2020 - Unaudited

## 7 CONTINGENCIES AND COMMITMENTS

- 7.1 There has been no change in the status of contingencies as reported in the financial statements for the half year ended December 31, 2019.
- 7.2 Commitments for capital expenditure outstanding as at March 31, 2020 amounted to Rs. Nil (June 30, 2019: Rs. 3.90 million).

	March 31, 2020	March 31, 2019
-----Rupees '000-----		
<b>8 REVENUE FROM CONTRACTS WITH CUSTOMERS</b>		
Local sale of goods	15,701,088	15,760,399
Sales tax	(2,037,273)	(2,611,104)
Federal excise duty	(2,025,337)	(2,200,361)
	(4,062,610)	(4,811,465)
Rebates, discount and commission	(344,776)	(183,151)
Net local sale of goods	11,293,702	10,765,783
Exports sales	8,468,340	5,842,417
Freight	(700,558)	(457,334)
	7,767,782	5,385,083
	19,061,484	16,150,866

## 9 DISTRIBUTION COSTS

This includes Rs. 1,238 million (March 31, 2019: Rs. 910 million) incurred in respect of export sales.

	March 31, 2020	March 31, 2019
-----Rupees '000-----		
<b>10 CASH GENERATED FROM OPERATIONS</b>		
Profit before income tax	2,165,164	1,705,874
Add/(Less): Adjustments for non cash charges and other items		
Depreciation	652,768	596,920
Gain on disposal of property, plant and equipment	(2,623)	(3,090)
Profit on PLS accounts	(12,315)	(8,315)
Provision for stores, spares and loose tools	6,064	4,034
Employee benefit obligations	63,997	66,678
Finance cost	480,229	485,277
Share of net income of associate accounted for using equity method	(2,500)	-
	1,185,620	1,141,504
Profit before working capital changes	3,350,784	2,847,378

# Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements

For the nine months period ended March 31, 2020 - Unaudited

	March 31, 2020	March 31, 2019
	-----Rupees '000-----	
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase)/decrease in current assets :</b>		
Inventories	(1,682,799)	530,762
Trade receivable	(293,796)	14,121
Loans and advances	(17,283)	(15,967)
Short-term deposits and prepayments	(101,549)	(56,994)
Other receivables	(73,457)	31,458
Tax refunds due from Government - Sales tax	182,587	289,270
	<b>(1,986,297)</b>	<b>792,650</b>
<b>Increase/(decrease) in current liabilities</b>		
Trade and other payables	1,128,412	(1,153,528)
	<b>(857,885)</b>	<b>(360,878)</b>
Cash generated from operations	<b>2,492,899</b>	<b>2,486,500</b>

## 11 IMPACT OF COVID-19

On March 25, 2020, Attock Cement Pakistan Limited closed its plant operations in Pakistan, owing to lock down announced by the Provincial Governments of Sindh and Baluchistan in order to curtail the spread of COVID-19.

Management is assessing the developing situation arising out of COVID-19 pandemic that has resulted in significant decrease in demand of cement both in local and regional markets which may negatively affect Company's financial position and profitability. The impact of this currently evolving situation shall be reflected in the financial statements for the year ending June 30, 2020.

Subsequent to the Balance Sheet date, from April 18, 2020, the plant operations have been resumed partially to cater the local and regional demand.

	March 31, 2020	March 31, 2019
	-----Rupees '000-----	
<b>12 TRANSACTIONS WITH RELATED PARTIES</b>		
Transactions with related parties during the period are as follows:		
<b>Holding Company</b>		
Dividend paid	462,105	770,176
Bonus shares issued	-	192,544
Recovery of expenses	567	2,364
<b>Group Companies</b>		
Purchase of goods	436,178	345,863
Reimbursement of expenses	2,366	4,997
Recovery of expenses	7,597	7,385
<b>Other related parties</b>		
Payments made to retirement benefit funds	63,144	107,865
<b>Key management personnel</b>		
Sales of cement	1,912	-
Salaries and other short-term employee benefits	120,685	116,014
Post-employment benefits	3,504	3,186

# Selected Notes to and Forming Part of the Consolidated Condensed Interim Financial Statements

For the nine months period ended March 31, 2020 - Unaudited

## 13 CORRESPONDING FIGURES

Prior period figures have been reclassified wherever necessary for the purpose of appropriate presentation.

## 14 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of the Holding Company on April 23, 2020.



**Muhammad Rehan**  
Chief Financial Officer



**Babar Bashir Nawaz**  
Chief Executive



**Abdus Sattar**  
Director

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