



**ATTOCK CEMENT PAKISTAN LIMITED**



# Half Yearly Report

**December 31, 2020**





# CONTENTS

02 Company Information

---

04 Directors' Review

---

06 Independent Auditor's Review Report to the Members

---

---

## Unconsolidated Condensed Interim Financial Statements

---

08 Statement of Financial Position

---

09 Statement of Profit or Loss & Other Comprehensive Income

---

10 Statement of Changes in Equity

---

11 Statement of Cash Flows

---

12 Selected Notes to and Forming Part of the Financial Statements

---

---

## Consolidated Condensed Interim Financial Statements

---

22 Statement of Financial Position

---

23 Statement of Profit or Loss & Other Comprehensive Income

---

24 Statement of Changes in Equity

---

25 Statement of Cash Flows

---

26 Selected Notes to and Forming Part of the Financial Statements

---

# COMPANY INFORMATION

## Board of Directors

Laith G. Pharaon	Chairman
Wael G. Pharaon	
Shuaib A. Malik	
Abdus Sattar	
Shamim Ahmad Khan	
Mohammad Haroon	
Babar Bashir Nawaz	

## Chief Executive

Babar Bashir Nawaz

## Alternate Directors

Shuaib A. Malik  
Irfan Amanullah

## Audit Committee of the Board

Shamim Ahmad Khan	Chairman
Shuaib A. Malik	Member
Abdus Sattar	Member

## HR & Remuneration Committee

Shamim Ahmad Khan	Chairman
Shuaib A. Malik	Member
Mohammad Haroon	Member

## Company Secretary

Irfan Amanullah

## Chief Financial Officer

Muhammad Rehan

## Auditors

A.F. Ferguson & Co.  
Chartered Accountants

## Legal Advisor

M/s. HNT & Associates

### **Bankers**

The Bank of Punjab  
Faysal Bank Limited  
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  
Habib Metropolitan 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)

### **Plant**

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 (Private) Ltd.  
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 half year ended December 31, 2020.

## OPERATIONAL & FINANCIAL REVIEW

Production and sales figures for the half year ended December 31, 2020 are as follows:

	July-Dec. 2020	Tons	July-Dec. 2019
Clinker Production	<b>1,604,816</b>		<b>1,496,614</b>
Cement Production	<b>959,023</b>		<b>995,046</b>
Cement Dispatches - Local	674,690		671,442
- Export	301,355		329,633
	<b>976,045</b>		<b>1,001,075</b>
Clinker Dispatches - Export	834,677		663,465
Total Dispatches	<b>1,810,722</b>		<b>1,664,540</b>
Clinker Capacity Utilization	111%		104%

During the half year under review the Company was able to achieve 111% of its overall clinker production capacity and all the three lines continued to operate well above their original rated capacities.

The overall plant operations remained smooth, efficient and stable due to the implementation of comprehensive preventive maintenance plan.

## Industry Review

During the first half of fiscal year 2020-21, the industry, as a whole achieved growth of 16% mainly due to higher clinker exports. The local market showed overall growth of 15% whereas exports picked up by 16%.

In the local market of South, where your company is situated, construction activities gained some momentum after the COVID lock down period and showed growth of 14%, exports also witnessed growth of 29% as regional markets relaxed their lock down policies and accordingly the manufacturers of South started to receive pending orders from the markets of Bangladesh and Sri Lanka. Consequent to that the net positive growth in South market was recorded at 21%.

## Sales Review

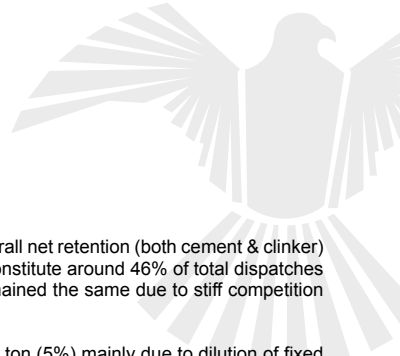
The first quarter 2020-21 was badly affected due to COVID-19 restrictions coupled with unprecedented heavy rainfall in Karachi, however, in the 2QY 2020-21, the overall industrial and commercial activities picked up and demand momentum started to build up. Your company also benefited from this demand pattern and the local dispatches of the company increased by 31% as compared to 1QY 2020-21. During the period under review, the company faced stiff competition in the markets of South mostly derived from influx of low priced cement brands from North. Accordingly, 15% to 20% of market size of South has been taken away by these brands and overall market of South both in terms of volumetric growth and net retention remained under pressure. Despite stiff competition the company was able to sell 674,690 tons of cement in the local market, marginally above the numbers of same period last year.

The cement exports declined by 28,278 tones (9%) as compared to same period last year owing to significant change in foreign exchange regime in the market of Sri Lanka which is a principal cement export destination of company's products as a result the customers imported lesser cement.

On the back of high production, the company continued to export clinker in the markets of Bangladesh, Sri Lanka & China and during the period under review the company exported 834,677 tons of clinker showing a robust growth of 26% as compared to same period last year.

## Financial Review

The net sales revenue of the company increased by Rs. 382 million (4%) over corresponding period because of overall 9%



growth in volumetric terms as compared to same period last year. However, the overall net retention (both cement & clinker) diluted by Rs 304 per ton (5%) primarily due to higher dispatches of clinker as it constitute around 46% of total dispatches as compared to 40% in same period last year. The prices in the local markets remained the same due to stiff competition amongst the local players.

On the other side of equation Production cost per ton has declined by Rs. 264 per ton (5%) mainly due to dilution of fixed cost owing to higher dispatches. However, there is a significant increase in power cost as the K-Electric rates increased by Rs. 2.89 per unit i.e 22% on off peak units and 18% on peak hour's unit w.e.f September 1, 2020. Even though, the government announced package for industry and subsidized the rate by removal of peak hour tariff from November, 2020 till April, 2021 however, still it is affecting the overall power cost significantly.

The gross margins remain at 24% slightly better than 23% achieved in same period last year, however, the operating margin declined from 11% to 9% because of higher distribution cost as transportation cost increased considerably.

Consequently, the company recorded net profit after tax of Rs. 545 million lowered by 29% as compared to same period last year.

### Progress on Projects

As part of Management strategy to reduce the production cost, the Company is installing a 20MW solar power project at its plant site. The tripartite agreement has been signed with M/s PROTECH, Pakistan, M/s Xinjiang TBEA Automatic Equipment Co. Ltd and M/s LONGI Solar Technology Co. Ltd, China along with M/s. Attock Energy (Private) Ltd. as lead consultant for the erection, procurement and commissioning of the project. Letters of Credit have been established and it is anticipated that the plant will be fully operational by the 3Q 2021.

### Future Outlook

Since the last quarter of FY 2019-20, the country is facing serious economic and financial challenges due to pandemic COVID-19 and government is trying its best to arrest the down trend in economy through various fiscal and monetary adjustments and by announcing incentive packages for different segments of economy. Accordingly, the State Bank of Pakistan, besides reduction in bench mark interest rates, has announced various incentives for the business sector of Pakistan. The Central Bank has acted proactively and in the last 6 months has given various incentive based packages in order to stimulate the economy. These initiatives coupled with Prime Minister's construction package and significant progress on China Pakistan Economic Corridor related projects would definitely stimulate the economy and it is anticipated that the cement consumption would increase in months to come.

On the back of incentive schemes, the cement sector has showed commendable growth in both local and export markets and it is anticipated that this growth momentum will continue in coming quarters as well.

The main challenge for the company is to maintain the margins as the cost of production is continuously increasing. The prices of coal in the international markets, due to high demand in China, have increased to US\$ 90 per ton CFR Karachi and it is anticipated that this pattern shall continue till April, 2021. Similarly, with the upward increase in electricity tariff, the production cost has already increased. With the increased fuel and power cost, it would be a daunting challenge for the company to remain competitive in the regional markets for export of clinker and cement. Management is devising strategies to remain competitive in regional markets via cost cutting measures and through pricing adjustments.

The industry is in dire need of government support for subsidy in export sales. The cost of production is mainly dependent on Fuel & power and both these cost elements have been increased by around 30%-40%. In order to secure the international markets, the government should subsidize the power rates by atleast 30% for export sales so that the cement sector may be able to save hard earned export markets.

Your management is taking initiatives to reduce the production cost by installing solar plant and also exploring the higher usage of alternate fuels that would be helpful to arrest the steep rise in production cost.

**BABAR BASHIR NAWAZ**  
Director & Chief Executive

January 26, 2021  
Karachi,  
Pakistan



**INDEPENDENT AUDITOR'S REVIEW REPORT****To the members of Attock Cement Pakistan Limited****Report on review of Interim Financial Statements****Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Attock Cement Pakistan Limited as at December 31, 2020 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to these financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.



Chartered Accountants  
Karachi

Date: February 12, 2021





# UNCONSOLIDATED FINANCIAL STATEMENTS

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# Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2020

	Note	Unaudited Dec. 31, 2020	Audited June 30, 2020
------(Rupees '000)-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - property, plant and equipment	5	16,890,054	17,255,963
Long-term investments	6	1,861,074	1,858,089
Long-term loans and advances - considered good		43,277	38,818
Long-term deposits		99,940	99,940
		<b>18,894,345</b>	<b>19,252,810</b>
<b>Current assets</b>			
Inventories	7	2,922,335	3,465,940
Trade receivables - considered good	8	2,886,957	494,535
Loans and advances - considered good		142,854	162,443
Short-term deposits and prepayments		44,615	13,248
Other receivables	9	378,788	324,522
Taxation - payments less provision		2,766,853	2,866,866
Tax refunds due from Government - Sales tax		-	56,521
Cash and bank balances	10	654,178	785,559
		<b>9,796,580</b>	<b>8,169,634</b>
<b>Total assets</b>		<b>28,690,925</b>	<b>27,422,444</b>
<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		15,242,098	15,178,386
		<b>16,616,368</b>	<b>16,552,656</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term loans	11	516,250	236,250
Long-term lease liabilities		44,532	46,456
Deferred tax liabilities		1,176,132	1,081,132
Employee benefit obligations		344,274	359,643
		<b>2,081,188</b>	<b>1,723,481</b>
<b>Current liabilities</b>			
Trade and other payables		5,416,343	4,185,436
Unclaimed dividend		11,109	10,416
Accrued mark-up		34,743	33,590
Sales tax payable		20,917	-
Short-term borrowings	12	4,497,581	4,902,750
Current portion of long-term lease liabilities		12,676	14,115
		<b>9,993,369</b>	<b>9,146,307</b>
<b>Total liabilities</b>		<b>12,074,557</b>	<b>10,869,788</b>
<b>Contingencies and commitments</b>			
	13		
<b>Total equity and liabilities</b>		<b>28,690,925</b>	<b>27,422,444</b>

The annexed notes 1 to 23 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 half year ended December 31, 2020 - Unaudited

		Quarter ended		Half year ended	
		Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
Note		(Rupees '000)			
Revenue from contracts with customers	14	5,768,927	5,642,935	10,993,225	10,611,018
Cost of sales		(4,098,544)	(4,449,682)	(8,352,449)	(8,117,906)
Gross profit		1,670,383	1,193,253	2,640,776	2,493,112
Distribution costs	15	(763,382)	(574,319)	(1,355,592)	(1,062,566)
Administrative expenses		(142,018)	(134,581)	(275,245)	(265,645)
Other expenses		(37,000)	(32,000)	(52,000)	(68,000)
Other income	16	31,711	24,326	48,015	44,678
Profit from operations		759,694	476,679	1,005,954	1,141,579
Finance cost	17	(131,440)	(187,847)	(177,232)	(346,347)
Share of net income of associate accounted for using equity method		2,985	2,500	2,985	2,500
Profit before income tax		631,239	291,332	831,707	797,732
Income tax expense	18	(206,000)	113,750	(287,000)	(35,000)
Profit for the period		425,239	405,082	544,707	762,732
Other comprehensive income		-	-	-	-
Total comprehensive income		425,239	405,082	544,707	762,732
Basic and diluted earnings per share (Rs.)	19	3.09	2.95	3.96	5.55

The annexed notes 1 to 23 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 half year ended December 31, 2020 - Unaudited

	Share capital	Unappropriated profit	Total
	----- (Rupees '000) -----		
<b>Balance as at July 1, 2019</b>	1,374,270	14,725,189	16,099,459
Final dividend for the year ended June 30, 2019 @ Rs. 4 per share	-	(549,708)	(549,708)
Total comprehensive income for the half year ended December 31, 2019	-	762,732	762,732
	-	213,024	213,024
<b>Balance as at December 31, 2019</b>	<b>1,374,270</b>	<b>14,938,213</b>	<b>16,312,483</b>
<b>Balance as at July 1, 2020</b>	<b>1,374,270</b>	<b>15,178,386</b>	<b>16,552,656</b>
Final dividend for the year ended June 30, 2020 @ Rs. 3.5 per share	-	(480,995)	(480,995)
Total comprehensive income for the half year ended December 31, 2020	-	544,707	544,707
	-	63,712	63,712
<b>Balance as at December 31, 2020</b>	<b>1,374,270</b>	<b>15,242,098</b>	<b>16,616,368</b>

The annexed notes 1 to 23 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 half year ended December 31, 2020 - Unaudited

	Note	Dec. 31, 2020	Dec. 31, 2019
----- (Rupees '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	20	843,647	1,513,276
Finance cost paid		(176,079)	(352,478)
Income tax (paid) / refunds		(91,987)	397,561
(Increase) / decrease in long-term loans and advances		(4,459)	76
Employee benefit obligations paid		(55,300)	(47,562)
Net cash generated from operating activities		515,822	1,510,873
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure incurred		(49,429)	(43,926)
Placement in term deposit receipt		(41,000)	(29,000)
Investment in subsidiary company		-	(15,625)
Proceeds from disposal of operating assets		3,129	3,553
Interest received		7,931	7,269
Net cash used in investing activities		(79,369)	(77,729)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(480,302)	(549,241)
Long-term loans obtained / (repaid)		280,000	(625,000)
Lease rentals paid		(3,363)	(5,738)
Net cash used in financing activities		(203,665)	(1,179,979)
Net increase in cash and cash equivalents		232,788	253,165
Cash and cash equivalents at beginning of the period		(4,112,441)	(3,116,616)
Cash and cash equivalents at end of the period	21	(3,879,653)	(2,863,451)

The annexed notes 1 to 23 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 half year ended December 31, 2020 - Unaudited

## 1. THE COMPANY AND ITS OPERATIONS

- 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** During the period, the Company has finalised suppliers for installation of Captive Solar Power Plant at its existing factory premises and letters of credit have been established in this regard. The estimated cost of the project including the local scope of work would be USD 10.5 million approximately which is financed through State Bank of Pakistan's (SBP) financing program under Alternate Energy Financing.

The project would be of 20 MW as approved by the Board of Directors. The facility amounting to USD 10 million at the rate of 3.25% per annum for a period of 7 years has been principally agreed with a commercial bank. The loan would be secured by way of hypothecation charge on fixed assets of the Company. The Company has also appointed Attock Energy (Private) Limited, a related party, for providing technical support in relation to the project.

## 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 audited financial statements for the year ended June 30, 2020.

### 2.1 Changes in accounting standards, interpretations and pronouncements

#### a) Standards and amendments to approved accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

#### b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2021. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.



### 3. 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 audited financial statements of the Company for the year ended June 30, 2020.

### 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these unconsolidated condensed interim financial statements require management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2020.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.

Dec. 31, 2020	Audited June 30, 2020
----- (Rupees '000) -----	

#### 5. FIXED ASSETS - property, plant and equipment

Operating assets - note 5.1	15,788,234	16,157,457
Capital work-in-progress - note 5.2	13,012	4,195
Right of use assets - note 5.3	79,488	83,132
Less: Depreciation	(25,833)	(18,843)
	53,655	64,289
Stores held for capital expenditures	1,035,153	1,030,022
	16,890,054	17,255,963

Dec. 31, 2020	Dec. 31, 2019
----- (Rupees '000) -----	

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

Buildings and roads on freehold land	1,179	797
Plant and machinery	48,826	284,496
Vehicles	9,225	17,365
Others	1,485	13,217
	60,715	315,875
Disposals during the period - Net book value	1,565	1,895
Transfer to stores during the period - Net book value	35,129	63,401



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

For the half year ended December 31, 2020 - Unaudited

	Dec. 31, 2020	Audited June 30, 2020
	(Rupees '000)	
<b>5.2 Capital work-in-progress</b>		
Plant and machinery	9,859	4,195
Advance to supplier - solar power project	3,153	-
	<b>13,012</b>	<b>4,195</b>

**5.3** The right-of-use assets comprise leasehold buildings used by the Company for its operations.

	Dec. 31, 2020	Audited June 30, 2020
	(Rupees '000)	

## 6. LONG-TERM INVESTMENTS

Investment in subsidiary company Saqr Al-Keetan For Cement Production Company Limited - at cost - note 6.1	1,823,001	1,823,001
Investment in associated company accounted for using equity method Attock Information Technology Services (Private) Limited - 450,000 (June 30, 2020: 450,000) fully paid ordinary shares of Rs. 10 each	38,073	35,088
	<b>1,861,074</b>	<b>1,858,089</b>

**6.1** The Company has a Joint Venture agreement with Al Geetan Commercial Agencies, Iraq, to form a limited liability company in Iraq. The principal activity of the company is manufacturing and sale of cement for which it has built a cement grinding plant having production capacity of approximately 900,000 metric tons per annum. The new limited liability company has been established and registered under the Iraqi law on November 3, 2014 by the name Saqr Al-Keetan for Cement Production Company Limited (SAKCPCL) having share capital of 30,000,000 Iraqi Dinar. Attock Cement Pakistan Limited will hold 60% share in the company. The expected investment of the Company in foreign subsidiary would be USD 24 million. During the period, the company has invested USD Nil (June 30, 2020: USD 0.1 million) making its total investment to USD 16.30 million (June 30, 2020: USD 16.30 million). SAKCPCL had started its commercial operations during the year ended June 30, 2020.

Equity investment in SAKCPCL, Basra Iraq had been approved by the members in its Extra Ordinary General Meeting held on May 12, 2015, as was required under Section 208 of the repealed Companies Ordinance, 1984 (now the Companies Act, 2017).

	Dec. 31, 2020	Audited June 30, 2020
	(Rupees '000)	

## 7. INVENTORIES

Stores, spares and loose tools - note 7.1	2,153,023	2,113,256
Raw materials	122,880	139,810
Packing materials	123,648	124,172
Semi-finished goods	382,734	875,653
Work-in-process	45,504	38,098
Finished goods	94,546	174,951
	<b>2,922,335</b>	<b>3,465,940</b>

Dec. 31,  
2020

Audited  
June 30,  
2020

----- (Rupees '000) -----

## 7.1 Stores, spares and loose tools

Coal - note 7.1.1	1,100,518	1,029,428
Stores and spares - note 7.1.2	1,002,827	929,637
Bricks	106,960	206,215
Loose tools	2,568	2,515
	<b>2,212,873</b>	<b>2,167,795</b>
Less: Provision for slow moving and obsolete items	(59,850)	(54,539)
	<b>2,153,023</b>	<b>2,113,256</b>

7.1.1 This includes coal in transit of Rs. 534.88 million (June 30, 2020: Rs. 145.39 million).

7.1.2 This includes stores and spares in transit amounting to Rs. 146.55 million (June 30, 2020: Rs. 26.58 million).

Dec. 31,  
2020

Audited  
June 30,  
2020

----- (Rupees '000) -----

## 8. TRADE RECEIVABLES – considered good

Secured - note 8.1	2,778,337	337,029
Unsecured	108,620	157,506
	<b>2,886,957</b>	<b>494,535</b>

8.1 This includes receivables against export sales to customers in Sri Lanka. The Company has set a credit period of 180 days for the said customers as Sri Lankan import regulations now require usance letter of credit for 180 days.

## 9. OTHER RECEIVABLES

Other receivables include Rs. 294.71 million (June 30, 2020: Rs. 287.45 million) incurred by the Company for its Iraq project that are recoverable from the subsidiary.

Dec. 31,  
2020

Audited  
June 30,  
2020

----- (Rupees '000) -----

## 10. CASH AND BANK BALANCES

### Cash at bank

#### - On PLS savings accounts

Local currency	152,188	627,324
Foreign currency	666	666

#### - Term deposit receipt (TDR) - note 10.1

	70,000	29,000
--	--------	--------

#### - On current accounts

Local currency	403,814	49,443
Foreign currency	25,789	28,306

#### - Call deposit receipt

	-	50,000
--	---	--------

### Cash in hand

	1,721	820
	<b>654,178</b>	<b>785,559</b>

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

For the half year ended December 31, 2020 - Unaudited

- 10.1** This carries mark up at 7% per annum payable at maturity and is due to mature by December 27, 2021. The TDR is held under lien against the guarantee issued by bank on behalf of the Company.

	Dec. 31, 2020	Audited June 30, 2020
	----- (Rupees '000) -----	

## 11. LONG-TERM LOANS

Long-term loans	550,000	270,000
Less: Current portion of long-term loans	(33,750)	(33,750)
	<b>516,250</b>	<b>236,250</b>

- 11.1** This represents long-term loan agreements with Faysal Bank Limited under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan. The loans are repayable in eight equal quarterly instalments, starting from January, 2021. The loans carry mark-up ranging between 0.5% to 0.75% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. The loans are secured by way of first pari passu hypothecation charge on the fixed assets of the Company.

	Dec. 31, 2020	Audited June 30, 2020
	----- (Rupees '000) -----	

## 12. SHORT-TERM BORROWINGS

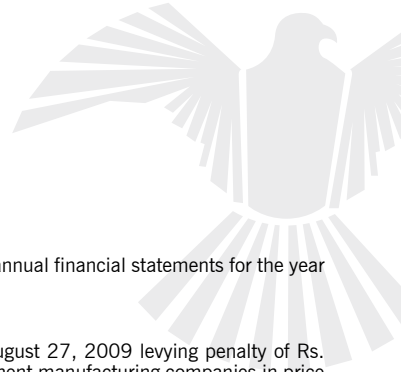
Short term running finance - notes 12.1 & 12.2	568,831	-
Export refinance facility - note 12.1 & 12.3	3,895,000	4,869,000
Current maturity of long-term loans - note 11	33,750	33,750
	<b>4,497,581</b>	<b>4,902,750</b>

- 12.1** The facilities available from various banks amount to Rs. 10.41 billion (June 30, 2020: Rs. 7.41 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's inventories and trade receivables.

- 12.2** The rates of mark-up ranged between one month KIBOR and one month KIBOR plus 1% (June 30, 2020: one month KIBOR minus 0.2% and one month KIBOR plus 0.5%) per annum.

- 12.3** The export refinance facilities available from different banks are secured by way of hypothecation of inventories and trade receivables and carry mark up ranging between State Bank of Pakistan (SBP) export refinance rate plus 0.75% to 1%.

- 12.4** The facilities for opening letters of credit and guarantee as at December 31, 2020 amounted to Rs. 7.5 billion (June 30, 2020: Rs. 5.5 billion) of which unutilised balance at period end amounted to Rs. 6.4 billion (June 30, 2020: Rs. 4.41 billion).



### 13. CONTINGENCIES AND COMMITMENTS

**13.1** There has been no change in the status of contingencies as reported in annual financial statements for the year ended June 30, 2020 except for the following:

**13.1.1** The Competition Commission of Pakistan (CCP) passed an order on August 27, 2009 levying penalty of Rs. 374 million on the Company alleging that it was involved with other cement manufacturing companies in price fixing arrangements. The Company along with other cement manufacturers challenged the vires of CCP order before the Lahore High Court (LHC) which directed the CCP not to take any adverse action against the Company under the aforementioned order passed by CCP.

Consequential upon the decision of the Supreme Court of Pakistan, directing the petitioners to remand back the matter pertaining to Competition Act, 2010. The Company received a notice from CCP on October 18, 2017 calling the Company for further information in order to proceed with the matter. The Company, thereafter, has filed a constitutional petition in Sindh High Court and challenged sections 42, 43 and 44 of Competition Act, 2010 as well as constitution of Competition Appellate Tribunal. The Sindh High Court has granted a stay order in favour of the Company and the matter is pending before the Sindh High Court.

During the period, LHC decided the case against the Company and other cement manufacturers for which the Company has decided to prefer an appeal before the Supreme Court of Pakistan.

Based on the opinion of the Company's legal advisors, the management is hopeful that the ultimate outcome of the appeal will be in favour of the Company and hence no provision has been recognised in these financial statements for the aforementioned amount of penalty.

**13.2** Commitments for capital expenditure outstanding as at December 31, 2020 amounted to Rs. 1,545 million (June 30, 2020: Rs. 5.83 million).

**Dec. 31,  
2020**

**Dec. 31,  
2019**

------(Rupees '000)-----

### 14. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sale of goods	<b>8,062,776</b>	8,098,591
Sales tax	<b>(1,324,781)</b>	(1,340,346)
Federal excise duty	<b>(1,005,637)</b>	(1,337,369)
	<b>(2,330,418)</b>	(2,677,715)
Rebates, discount and commission	<b>(241,908)</b>	(255,084)
Net local sale of goods	<b>5,490,450</b>	5,165,792
Export sales	<b>6,081,527</b>	5,950,431
Freight	<b>(578,752)</b>	(505,205)
	<b>5,502,775</b>	5,445,226
	<b>10,993,225</b>	10,611,018

### 15. DISTRIBUTION COSTS

This includes Rs. 998.97 million (December 31, 2019: Rs. 852.31 million) incurred in respect of export sales.

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

For the half year ended December 31, 2020 - Unaudited

Dec. 31,  
2020                      Dec. 31,  
2019  
----- (Rupees '000) -----

## 16. OTHER INCOME

Interest on PLS savings accounts under interest / markup	7,931	7,269
Export rebate	2,220	-
Scrap sales	33,392	34,060
Gain on disposal of property, plant and equipment	1,564	1,658
Others	2,908	1,691
	<b>48,015</b>	<b>44,678</b>

## 17. FINANCE COST

This includes foreign exchange loss amounting to Rs. 80.72 million.

## 18. INCOME TAX EXPENSE

Current	192,000	182,000
Deferred	95,000	(147,000)
	<b>287,000</b>	<b>35,000</b>

## 19. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the period	544,707	762,732
Weighted average number of outstanding shares at the end of the period (in thousand)	137,427	137,427
Basic and diluted earnings per share (Rupees)	3.96	5.55

Dec. 31,  
2020Dec. 31,  
2019

----- (Rupees '000) -----

**20. CASH GENERATED FROM OPERATIONS**

Profit before income tax	<b>831,707</b>	797,732
<b>Add / (Less): Adjustments for non-cash charges and other items</b>		
Depreciation	<b>413,773</b>	408,222
Gain on disposal of property, plant and equipment	<b>(1,564)</b>	(1,658)
Provision for stores, spares and loose tools	<b>5,311</b>	5,202
Interest income	<b>(7,931)</b>	(7,269)
Finance cost	<b>177,232</b>	346,347
Employee benefit obligations	<b>39,931</b>	40,996
Share of net income of associate accounted for using equity method	<b>(2,985)</b>	(2,500)
Profit before working capital changes	<b>1,455,474</b>	1,587,072
<b>Effect on cash flow due to working capital changes</b>		
<b>(Increase) / decrease in current assets</b>		
Inventories	<b>538,294</b>	268,112
Trade receivables	<b>(2,392,422)</b>	(368,679)
Loans and advances	<b>19,589</b>	(91,095)
Short-term deposits and prepayments	<b>(31,367)</b>	(8,774)
Tax refunds due from Government - Sales tax	<b>77,438</b>	(189,849)
Other receivables	<b>(54,266)</b>	7,919
	<b>(1,842,734)</b>	(382,366)
<b>Increase in current liabilities</b>		
Trade and other payables	<b>1,230,907</b>	308,570
	<b>(611,827)</b>	(73,796)
Cash generated from operations	<b>843,647</b>	1,513,276

**21. CASH AND CASH EQUIVALENTS**

Cash and bank balances excluding TDR having term of more than 3 months	<b>584,178</b>	596,464
Short-term running finance	<b>(568,831)</b>	(1,459,915)
Export refinance facility	<b>(3,895,000)</b>	(2,000,000)
	<b>(3,879,653)</b>	(2,863,451)

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

For the half year ended December 31, 2020 - Unaudited

Dec. 31,  
2020  
Dec. 31,  
2019  
----- (Rupees '000) -----

## 22. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the period are as follows:

### Holding Company

Dividend paid	404,342	462,105
Recovery of expenses	750	10

### Subsidiary company

Investment	-	15,625
Expenses incurred on behalf of subsidiary company	7,263	12,766

### Associated companies

Purchase of goods	234,113	279,362
Reimbursement of expenses	1,459	1,085
Recovery of expenses	2,443	6,703
Sale of goods	139	-

### Other related parties

Payments made to retirement benefit funds	47,311	47,562
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### Key management personnel

Salaries and other short-term employee benefits	78,980	84,498
Post-employment benefits	2,336	2,336
Sale of goods	2,448	-

## 23. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorised for issue by the Board of Directors of Company on January 26, 2021.



**Muhammad Rehan**  
Chief Financial Officer



**Babar Bashir Nawaz**  
Chief Executive



**Abdus Sattar**  
Director





# CONSOLIDATED FINANCIAL STATEMENTS

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# Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2020

	Note	Unaudited Dec. 31, 2020	Audited June 30, 2020
------(Rupees '000)-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets - property, plant and equipment	5	21,216,396	21,847,996
Long-term investment	6	38,073	35,088
Long-term loans and advances - considered good		43,277	38,818
Long-term deposits		99,940	99,940
		<b>21,397,686</b>	<b>22,021,842</b>
<b>Current assets</b>			
Inventories	7	4,226,878	4,785,692
Trade receivables - considered good	8	2,897,169	548,068
Loans and advances - considered good		142,854	221,053
Short-term deposits and prepayments		61,714	43,440
Other receivables		84,076	37,074
Taxation - payments less provision		2,766,853	2,866,866
Tax refunds due from Government - Sales tax		-	56,521
Cash and bank balances	9	2,395,279	1,501,063
		<b>12,574,823</b>	<b>10,059,777</b>
<b>Total assets</b>		<b>33,972,509</b>	<b>32,081,619</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		1,374,270	1,374,270
Unappropriated profit		16,537,746	16,054,152
Exchange revaluation reserve		746,642	936,295
Attributable to owners of Attock Cement Pakistan Limited- Holding company		18,658,658	18,364,717
Non-controlling interests		2,808,090	2,656,490
		<b>21,466,748</b>	<b>21,021,207</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term loans	10	516,250	236,250
Long-term lease liabilities		44,532	46,456
Deferred tax liabilities		1,176,132	1,081,132
Employee benefit obligations		344,274	359,643
		<b>2,081,188</b>	<b>1,723,481</b>
<b>Current liabilities</b>			
Trade and other payables		5,847,547	4,376,060
Unclaimed dividend		11,109	10,416
Accrued mark-up		34,743	33,590
Sales tax payable		20,917	-
Short term borrowings	11	4,497,581	4,902,750
Current portion of long-term lease liabilities		12,676	14,115
		<b>10,424,573</b>	<b>9,336,931</b>
<b>Total liabilities</b>		<b>12,505,761</b>	<b>11,060,412</b>
<b>Contingencies and commitments</b>	12		
<b>Total equity and liabilities</b>		<b>33,972,509</b>	<b>32,081,619</b>

The annexed notes 1 to 22 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 half year ended December 31, 2020 - Unaudited

	Note	Quarter ended		Half year ended	
		Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2020	Dec. 31, 2019
		----- (Rupees '000) -----			
Revenue from contracts with customers	13	7,780,883	7,087,892	15,089,486	12,459,954
Cost of sales		(5,412,352)	(5,539,913)	(11,011,079)	(9,544,658)
Gross profit		2,368,531	1,547,979	4,078,407	2,915,296
Distribution costs	14	(819,315)	(577,492)	(1,455,792)	(1,066,747)
Administrative expenses		(327,047)	(144,781)	(540,209)	(278,701)
Other expenses		(37,000)	(32,000)	(52,000)	(68,000)
Other income	15	33,206	24,326	49,685	44,678
Profit from operations		1,218,375	818,032	2,080,091	1,546,526
Finance cost	16	(462,529)	(201,013)	(551,566)	(359,608)
Share of net income of associate accounted for using equity method		2,985	2,500	2,985	2,500
Profit before income tax		758,831	619,519	1,531,510	1,189,418
Income tax expense	17	(206,000)	113,750	(287,000)	(35,000)
Profit for the period		552,831	733,269	1,244,510	1,154,418
Other comprehensive income:					
Items that will be reclassified to profit or loss					
Exchange revaluation reserve		(317,974)	(49,039)	(317,974)	(158,986)
Total comprehensive income		234,857	684,230	926,536	995,432
Total comprehensive income attributable to:					
Owners of Attock Cement Pakistan Limited - Holding Company		312,141	571,296	774,936	900,957
Non-controlling interests		(77,284)	112,934	151,600	94,475
		234,857	684,230	926,536	995,432
Basic and diluted earnings per share (Rupees)	18	3.65	4.38	7.02	7.26

The annexed notes 1 to 22 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 half year ended December 31, 2020 - Unaudited

	Attributable to the owners of Holding Company				Non-controlling interests	Total Equity
	Share capital	Unappropriated profit	Exchange revaluation reserve	Sub - Total		
	(Rupees '000)					
Balance as at July 01, 2019	1,374,270	14,725,189	855,895	15,581,084	1,708,303	18,663,657
Final dividend for the year ended June 30, 2019 @ Rs. 4 per share	-	(549,708)	-	(549,708)	-	(549,708)
Equity contribution by Non-controlling interests	-	-	-	-	248,876	248,876
Total comprehensive income for the half year ended December 31, 2019						
Profit for the half year ended December 31, 2019	-	997,744	-	997,744	156,674	1,154,418
Other comprehensive income for the half year ended December 31, 2019	-	-	(96,787)	(96,787)	(62,199)	(158,986)
	-	997,744	(96,787)	900,957	94,475	995,432
Balance as at December 31, 2019	1,374,270	15,173,225	759,108	15,932,333	2,051,654	19,358,257
Balance as at July 01, 2020	1,374,270	16,054,152	936,295	16,990,447	2,656,490	21,021,207
Final dividend for the year ended June 30, 2020 @ Rs. 3.5 per share	-	(480,995)	-	(480,995)	-	(480,995)
Equity contribution by Non-controlling interests	-	-	-	-	-	-
Total comprehensive income for the half year ended December 31, 2020						
Profit for the half year ended December 31, 2020	-	964,589	-	964,589	279,921	1,244,510
Other comprehensive income for the half year ended December 31, 2020	-	-	(189,653)	(189,653)	(128,321)	(317,974)
	-	964,589	(189,653)	774,936	151,600	926,536
Balance as at December 31, 2020	1,374,270	16,537,746	746,642	17,284,388	2,808,090	21,466,748

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.



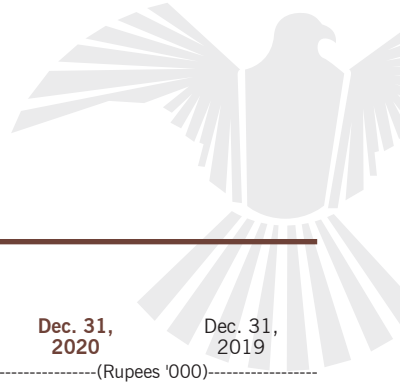
Muhammad Rehan  
Chief Financial Officer



Babar Bashir Nawaz  
Chief Executive



Abdus Sattar  
Director



# Consolidated Condensed Interim Statement of Cash Flows

For the half year ended December 31, 2020 - Unaudited

	Note	Dec. 31, 2020	Dec. 31, 2019
----- (Rupees '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	19	2,350,050	1,428,108
Finance cost paid		(550,413)	(365,739)
Income tax (paid) / refunds		(91,987)	397,561
(Increase) / decrease in long-term loans and advances		(4,459)	76
Employee benefit obligations paid		(55,300)	(47,562)
Net cash generated from operating activities		1,647,891	1,412,444
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure incurred		(84,491)	(123,073)
Proceeds from disposal of operating assets		3,129	3,553
Placement in term deposit receipt		(41,000)	(29,000)
Interest received		7,931	7,269
Net cash used in investing activities		(114,431)	(141,251)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(480,302)	(549,241)
Long-term loans obtained / (repaid)		280,000	(625,000)
Amount received from non-controlling interests		-	248,876
Lease rental paid		(3,363)	(5,738)
Net cash used in financing activities		(203,665)	(931,103)
Net increase in cash and cash equivalents		1,329,795	340,090
Cash and cash equivalents at beginning of the period		(3,396,937)	(2,968,940)
Effects of exchange rate changes on cash and cash equivalents		(71,410)	(14,500)
Cash and cash equivalents at end of the period	20	(2,138,552)	(2,643,350)

The annexed notes 1 to 22 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 half year ended December 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-Arqli Al-Janobi, Khor Al-Zubair, Basra, Iraq.

- 1.2 During the period, the Holding Company has finalised suppliers for installation of Captive Solar Power Plant at its existing factory premises and letters of credit have been established in this regard. The estimated cost of the project including the local scope of work would be USD 10.5 million approximately which is financed through State Bank of Pakistan's (SBP) financing program under Alternate Energy Financing.

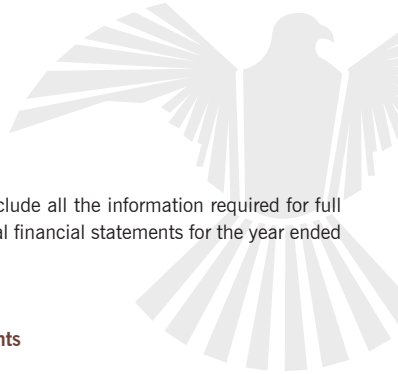
The project would be of 20 MW as approved by the Board of Directors. The facility amounting to USD 10 million at the rate of 3.25% per annum for a period of 7 years has been principally agreed with a commercial bank. The loan would be secured by way of hypothecation charge on fixed assets of the Holding Company. The Holding Company has also appointed Attock Energy (Private) Limited, a related party, for providing technical support in relation to the project.

## 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, 2020.

## **2.1. Changes in accounting standards, interpretations and pronouncements**

### **a) Standards and amendments to approved accounting and reporting standards that are effective**

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Group's financial reporting.

### **b) Standards and amendments to approved accounting and reporting standards that are not yet effective**

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Group's annual accounting periods beginning on or after January 1, 2021. However, these will not have any impact on the Group's financial reporting and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

## **3. ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Group for the year ended June 30, 2020.

## **4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANGEMENT**

The preparation of these consolidated condensed interim financial statements require management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended June 30, 2020.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2020.



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

For the half year ended December 31, 2020 - Unaudited

Dec. 31, 2020	Audited June 30, 2020
----- (Rupees '000) -----	

## 5. FIXED ASSETS - property, plant and equipment

Operating assets - note 5.1	20,043,884	20,692,794
Capital work-in-progress - note 5.2	83,704	60,891
Right of use assets - note 5.3	79,488	83,132
Less: Depreciation	(25,833)	(18,843)
	53,655	64,289
Stores held for capital expenditures	1,035,153	1,030,022
	21,216,396	21,847,996

Dec. 31, 2020	Dec. 31, 2019
----- (Rupees '000) -----	

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

Buildings and roads on freehold land	1,179	521,295
Plant and machinery	49,203	4,118,834
Vehicles	16,130	17,365
Others	12,293	19,374
	78,805	4,676,868
Disposals during the period - Net book value	1,565	1,895
Transfer to stores during the period - Net book value	35,129	63,401

Dec. 31, 2020	Audited June 30, 2020
----- (Rupees '000) -----	

### 5.2 Capital work-in-progress

Plant and machinery	9,859	4,196
Advance to supplier - solar power project	3,153	-
Civil works	70,692	56,695
	83,704	60,891

### 5.3 The right-of-use assets comprise leasehold buildings used by the Group for its operations.

Dec. 31,  
2020

Audited  
June 30,  
2020

----- (Rupees '000) -----

## 6. LONG-TERM INVESTMENT

### Investment in associated company accounted for using equity method

Attock Information Technology Services (Private)  
Limited - 450,000 (June 30, 2020: 450,000)  
fully paid ordinary shares of Rs. 10 each

**38,073**

**35,088**

## 7. INVENTORIES

Stores, spares and loose tools - note 7.1

**2,387,253**

**2,304,036**

Raw materials

**1,114,338**

**1,219,231**

Packing materials

**196,285**

**151,762**

Semi-finished goods

**382,734**

**875,653**

Work-in-process

**45,504**

**38,098**

Finished goods

**100,764**

**196,912**

**4,226,878**

**4,785,692**

### 7.1 Stores, spares and loose tools

Coal - note 7.1.1

**1,100,518**

**1,029,428**

Stores and spares - note 7.1.2

**1,237,057**

**1,120,417**

Bricks

**106,960**

**206,215**

Loose tools

**2,568**

**2,515**

**2,447,103**

**2,358,575**

Less: Provision for slow moving and obsolete items

**(59,850)**

**(54,539)**

**2,387,253**

**2,304,036**

**7.1.1** This includes coal in transit of Rs. 534.88 million (June 30, 2020: Rs. 145.39 million).

**7.1.2** This includes stores and spares in transit amounting to Rs. 146.55 million (June 30, 2020: Rs. 89.55 million).

Dec. 31,  
2020

Audited  
June 30,  
2020

----- (Rupees '000) -----

## 8. TRADE RECEIVABLES – considered good

Secured - note 8.1

**2,778,337**

**337,029**

Unsecured

**118,832**

**211,039**

**2,897,169**

**548,068**

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

For the half year ended December 31, 2020 - Unaudited

- 8.1** This includes receivables against export sales to customers in Sri Lanka. The Holding Company has set a credit period of 180 days for the said customers as Sri Lankan import regulations now require usance letter of credit for 180 days.

	Dec. 31, 2020	Audited June 30, 2020
	------(Rupees '000)-----	
<b>9. CASH AND BANK BALANCES</b>		
<b>Cash at bank</b>		
- On PLS savings accounts		
Local currency	152,188	627,323
Foreign currency	689	690
- Term deposit receipt (TDR) - note 9.1	70,000	29,000
- Call deposit receipt	-	50,000
- On current accounts		
Local currency	403,814	49,442
Foreign currency	1,754,090	703,039
<b>Cash in hand</b>	14,498	41,569
	<b>2,395,279</b>	<b>1,501,063</b>

- 9.1** This carries mark up at 7% per annum payable at maturity and is due to mature by December 27, 2021. The TDR is held under lien against the guarantee issued by bank on behalf of the Holding Company.

	Dec. 31, 2020	Audited June 30, 2020
	------(Rupees '000)-----	
<b>10. LONG-TERM LOANS</b>		
Long-term loans	550,000	270,000
Less: Current portion of long-term loans	(33,750)	(33,750)
	<b>516,250</b>	<b>236,250</b>

- 10.1** This represents long-term loan agreements with Faysal Bank Limited under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan. The loans are repayable in eight equal quarterly instalments, starting from January, 2021. The loans carry mark-up ranging between 0.5% to 0.75% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. The loans are secured by way of first pari passu hypothecation charge on the fixed assets of the Holding Company.

Dec. 31,  
2020

Audited  
June 30,  
2020

----- (Rupees '000) -----

## 11. SHORT-TERM BORROWINGS

Short-term running finance - note 11.1 & 11.2	568,831	-
Export refinance facility - note 11.1 & 11.3	3,895,000	4,869,000
Current maturity of long-term loans - note 10	33,750	33,750
	<b>4,497,581</b>	<b>4,902,750</b>

- 11.1** The facilities available from various banks amount to Rs. 10.41 billion (June 30, 2020: Rs. 7.41 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Holding Company's inventories and trade receivables.
- 11.2** The rates of mark-up ranged between one month KIBOR and one month KIBOR plus 1% (June 30, 2020: one month KIBOR minus 0.2% and one month KIBOR plus 0.5%) per annum.
- 11.3** The export refinance facilities available from different banks are secured by way of hypothecation of inventories and trade receivables and carry mark up ranging between State Bank of Pakistan (SBP) export refinance rate plus 0.75% to 1%.
- 11.4** The facilities for opening letters of credit and guarantee as at December 31, 2020 amounted to Rs. 7.5 billion (June 30, 2020: Rs. 5.5 billion) of which unutilised balance at period end amounted to Rs. 6.4 billion (June 30, 2020: Rs. 4.41 billion).

## 12. CONTINGENCIES AND COMMITMENTS

- 12.1** There has been no change in the status of contingencies as reported in annual financial statements for the year ended June 30, 2020 except for the following:
- 12.1.1** The Competition Commission of Pakistan (CCP) passed an order on August 27, 2009 levying penalty of Rs. 374 million on the Holding Company alleging that it was involved with other cement manufacturing companies in price fixing arrangements. The Holding Company along with other cement manufacturers challenged the vires of CCP order before the Lahore High Court (LHC) which directed the CCP not to take any adverse action against the Holding Company under the aforementioned order passed by CCP.

Consequential upon the decision of the Supreme Court of Pakistan, directing the petitioners to remand back the matter pertaining to Competition Act, 2010. The Company received a notice from CCP on October 18, 2017 calling the Company for further information in order to proceed with the matter. The Holding Company, thereafter, has filed a constitutional petition in Sindh High Court and challenged sections 42, 43 and 44 of Competition Act, 2010 as well as constitution of Competition Appellate Tribunal. The Sindh High Court has granted a stay order in favour of the Holding Company and the matter is pending before the Sindh High Court.

During the period, LHC decided the case against the Holding Company and other cement manufacturers for which the Holding Company has decided to prefer an appeal before the Supreme Court of Pakistan.

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

For the half year ended December 31, 2020 - Unaudited

Based on the opinion of the Holding Company's legal advisors, the management is hopeful that the ultimate outcome of the appeal will be in favour of the Holding Company and hence no provision has been recognised in these financial statements for the aforementioned amount of penalty.

- 12.2** Commitments for capital expenditure outstanding as at December 31, 2020 amounted to Rs. 1,545 million (June 30, 2020: Rs. 5.83 million).

Dec. 31,                      Dec. 31,  
2020                      2019  
------(Rupees '000)-----

## 13. REVENUE FROM CONTRACTS WITH CUSTOMERS

Local sale of goods	12,159,037	9,947,527
Sales tax	(1,324,781)	(1,340,346)
Federal excise duty	(1,005,637)	(1,337,369)
	(2,330,418)	(2,677,715)
Rebates, discount and commission	(241,908)	(255,084)
Net local sales of goods	9,586,711	7,014,728
Export sales	6,081,527	5,950,431
Freight	(578,752)	(505,205)
	5,502,775	5,445,226
	15,089,486	12,459,954

## 14. DISTRIBUTION COSTS

This includes Rs. 998.97 million (December 31, 2019: Rs. 852.31 million) incurred in respect of export sales.

Dec. 31,                      Dec. 31,  
2020                      2019  
------(Rupees '000)-----

## 15. OTHER INCOME

Interest on PLS savings accounts under interest / markup	7,931	7,269
Scrap Sales	33,392	34,060
Others	8,362	3,349
	49,685	44,678

## 16. FINANCE COST

This includes foreign exchange loss amounting to Rs. 403.69 million.

Dec. 31,  
2020Dec. 31,  
2019

(Rupees '000)

**17. INCOME TAX EXPENSE**

Current	192,000	182,000
Deferred	95,000	(147,000)
	<b>287,000</b>	<b>35,000</b>

**18. BASIC AND DILUTED EARNINGS PER SHARE**

Profit attributable to owners of the Holding Company	964,589	997,744
Weighted average number of outstanding shares at the end of the period (in thousand)	137,427	137,427
Basic and diluted earnings per share (Rupees)	7.02	7.26

**19. CASH GENERATED FROM OPERATIONS**

Profit before income tax	1,531,510	1,189,418
Add / (Less): Adjustments for non-cash charges and other items		
Depreciation	505,384	466,222
Gain on disposal of property, plant and equipment	(1,564)	(1,658)
Provision for stores, spares and loose tools	5,311	5,202
Interest income	(7,931)	(7,269)
Finance cost	551,566	359,608
Employee benefit obligations	39,931	40,996
Share of net income of associate accounted for using equity method	(2,985)	(2,500)
Profit before working capital changes	2,621,222	2,050,019
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	491,926	(68,040)
Trade receivables	(2,350,573)	(398,007)
Loans and advances	78,199	(97,966)
Short-term deposits and prepayments	(19,377)	(398,573)
Tax refunds due from Government - Sales tax	77,438	(189,849)
Other receivables	(47,002)	20,685
	(1,769,389)	(1,131,750)
Increase in current liabilities		
Trade and other payables	1,498,217	509,839
	(271,172)	(621,911)
Cash generated from operations	<b>2,350,050</b>	<b>1,428,108</b>

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

For the half year ended December 31, 2020 - Unaudited

Dec. 31,  
2020

Dec. 31,  
2019

----- (Rupees '000) -----

## 20. CASH AND CASH EQUIVALENTS

Cash and bank balances excluding TDR having term of more than 3 months

Short-term running finance

Export refinance facility

2,325,279

(568,831)

(3,895,000)

(2,138,552)

816,565

(1,459,915)

(2,000,000)

(2,643,350)

## 21. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the period are as follows:

### Holding Company

Dividend paid

Recovery of expenses

404,342

750

462,105

10

### Group companies

Purchase of goods

Reimbursement of expenses

Recovery of expenses

Sale of goods

234,113

1,459

2,443

139

279,362

1,085

6,703

-

### Other related parties

Payments made to retirement benefit funds

47,311

47,562

### Key management personnel

Salaries and other short-term employee benefits

Post-employment benefits

Sale of goods

78,980

2,336

2,448

84,498

2,336

-

## 22. 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 January 26, 2021.



Muhammad Rehan  
Chief Financial Officer



Babar Bashir Nawaz  
Chief Executive



Abdus Sattar  
Director



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