



ATTOCK CEMENT PAKISTAN LIMITED

HALF YEARLY REPORT

December 31, 2022



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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

Cost Auditors

UHY Hassan Naeem & Co.
Chartered Accountants

Legal Advisor

M/s. HNT & Associates

Bankers

MCB Bank Limited
The Bank of Punjab
Allied Bank Limited
Faysal 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
BankIslami Pakistan Limited
Industrial & Commercial Bank of China 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

Web site: www.attockcement.com

Plants

1. Hub Chowki, Lasbela, Balochistan
2. **Cement Grinding Unit**
Industrial Sector,
Land No. 1/7, Sector 56,
Al-Arqli 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, 2022.

Operational & Financial Review

Production and sales figures for the half year ended December 31, 2022 are as follows:

	July-Dec. 2022	July-Dec. 2021
	----- Tons -----	
Clinker Production	<u>853,319</u>	<u>1,210,549</u>
Cement Production	<u>736,363</u>	<u>857,452</u>
Cement Dispatches - Local	661,023	747,126
- Export	77,326	114,992
Total Cement Dispatches	<u>738,349</u>	<u>862,118</u>
Clinker Dispatches - Export	88,822	385,191
Total Dispatches	<u>827,171</u>	<u>1,247,309</u>
Clinker Capacity Utilization	59%	84%

Due to lower demand in both local and regional markets, the Company reassessed its production and sales strategy and decided to close Line 1 which is the least efficient line. Further, Line 2 was also close for short duration because of high inventory levels. As a result of this the overall capacity utilization has comedown to 59%, which is significantly lower than the same period last year.

Industry Review

During the first half of the year, the local sale was badly affected due to severe economic challenges being faced by the country. Though as compared to 1Q 2022-23, the 2Q 2022-23 was relatively better, however, overall uncertain political and economic situation is constantly discouraging the investors and markets are not gaining any momentum. The 1Q 2022-23 was completely washed away by unprecedented longer than expected monsoon spell, whereas in 2Q 2022-23 the country was facing serious financial crunch followed by uncertainty over rupee dollar parity, rising interest rates and rising political temperature in the country. As a result overall Industry wide local sales declined by 17% in volumetric terms as compared to same period last year. Regional markets are facing the impacts of global turmoil and higher energy prices and therefore industry wide exports declined by 49% as compared to corresponding period in volumetric terms. Due to recessionary trends and global uncertainties the prices of cement and clinker in the export markets remained under pressure and the importers were not willing to increase the prices in line with increase in commodity prices world-wide.

Sales Review

During the first half under review, the local cement dispatches of your company decreased by 12% as compared to same period last year. As far as export markets are concerned, the company did not push for increased dispatches due to lower prices. As a result exports of both cement and clinker reduced by 33% and 77% respectively. Considering demand in both local & export markets and pricing constraints the company prudently decided to close one of its most inefficient production lines in order to save cash flows.

Financial Review

The net sales revenue of the company increased by Rs 555 million (6%) over corresponding period, even though the overall dispatches reduced by 420,138 tons (34%) as compared to same period last year. The overall net retention (both cement & clinker) increased by Rs. 4,669 per ton (59%) primarily due to high share of local sales in overall sales volume which increased to around 80% as compared to 60% in same period last year.

During the period under review production cost per ton has increased by Rs. 3,654 per ton (60%) mainly due to steep rise in fuel and power prices, followed by increase in diesel and bag prices.

The continuous increase in production cost was partially passed on to local market consumers by way of price increase and accordingly net retention of cement in local market increased by 41% as compared to last year. However, the prices in the international market remained under pressure and did not increase in line with increase in other commodity prices and input costs, therefore, the management prudently restricted the export sales of both cement and clinker to only those customers in export markets who were able to match the threshold of prices set by the company to meet at-least its variable cost of production.

Your company has taken stringent austerity measures to arrest the decline of margins through various cost saving initiatives and during the period under review, company shifted cement packing from Paper Bags to Polypropylene bags which is relatively a cheaper option, optimizing the use of alternate fuels to replace the imported coal and controlling staff costs.

Accordingly the operating margins reduced to 11% from 14%, however, gross margins remain the same at 20% as reported in same period last year. Operating margin is mainly reduced as last year the company received dividend income of Rs 354 million from its subsidiary company Saqr Al Keeten for Cement Production Company Limited and the same was recognized in the books.

PROGRESS ON PROJECTS

Line IV Project


Almost 100% shipments of plant and machineries have been arrived at plant site. All civil, mechanical and electrical contractors have mobilized and the work on the project is in full swing. However, the company is prudently managing the plant construction with its cash flows. It is expected that the plant erection would be completed by December, 2023.

As advised earlier, that for the purpose of expansion through Line IV project the company availed Rs. 4.7 billion under Temporary Economic Refinance Facility (TERF) and Rs. 5.0 billion under Long Term Financing Facility (LTFF). However, during the period under review the State Bank of Pakistan withheld its LTFF resulting a shortfall of Rs. 1.6 billion under LTFF. Though the company is under discussion with both State Bank of Pakistan and its bankers for the release of balance Rs. 1.6 billion, however, chances for the release are minimal and the company is now arranging these funds through its own cash resources. We believe that many companies are now facing similar problems in both cement and other sectors.

Financing Arrangements

The country is facing extra ordinary economic challenges and its impacts are now visible on the industry. Your management is fully alive to the situation and is prudently managing the various risk factors which may create hindrance in the smooth operations of the company. To ensure smooth plant and sales operations, the company has increased its coal, gypsum, iron ore and cement bags storage capacity to around 120-180 days inventory levels. These measures have been taken to not only hedge the price increase but also to ensure that any supply shortages may be addressed effectively during the short term period without compromising the plant operations.

At the moment the company is experiencing severe constraints on its balance sheet due to above mentioned measures. Besides this the company is constantly financing its Line IV project from its own



internal cash generation. In order to ensure sustained financial resources for higher inventory levels and for line IV project, your company has entered into negotiations with its lenders for re-profiling of its financial arrangements in line with current business situation.

Forward Looking Statement

The country is facing unprecedented economic challenges at the moment. The economic challenge has further aggravated due to massive political uncertainty coupled with challenge of rehabilitation of massive population which has affected due to flood disaster. The Government is striving to unlock the IMF tranche along with realization of pledged assistance from friendly countries in order to stabilize rupee dollar parity and to save economy from complete collapse. On top of that the rising bench mark interest rate and rumors of new financial measures under IMF conditionalities would open the flood gate of inflation in short to medium term which may result into depleting margins.

Your management is fully alive to the situation and is adopting strategies to overcome the crisis like situation which the company may face due to reasons mentioned above.

It is high time that the stakeholders, both political and institutional, understand the gravity of the situation and take drastic steps to restore the confidence of the investors and improve the perception of global institutions on the economy of the country. This would help in bringing the much needed Foreign Direct Investment in the country.

Acknowledgment

The Company deeply acknowledges and recognizes the efforts put in by both the management and non-management staff and offers its sincere thanks to the support it is constantly receiving from both Federal and Provincial Governments, regulatory bodies, its customers, bankers and suppliers.

On behalf of the Board,



BABAR BASHIR NAWAZ
Director & Chief Executive



ABDUS SATTAR
Director

February 27, 2023
Dubai, UAE



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, 2022 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, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

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 28, 2023

UDIN: RR202210073sBfLIZRc8



**UNCONSOLIDATED
FINANCIAL
STATEMENTS**

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	Unaudited December 31, 2022	Audited June 30, 2022
----- (Rupees '000) -----			
ASSETS			
Non-current assets			
Fixed assets - property, plant and equipment	5	29,386,601	26,729,628
Long-term investments	6	1,874,503	1,870,552
Long-term loans and advances - considered good		46,757	64,807
Long-term deposits		99,940	99,940
		<u>31,407,801</u>	<u>28,764,927</u>
Current assets			
Inventories	7	7,555,950	5,404,313
Trade receivables - considered good	8	463,478	951,849
Loans and advances - considered good		78,294	105,400
Short-term deposits and prepayments		37,246	20,588
Other receivables	9	447,697	410,470
Taxation - payments less provision		2,443,312	2,555,250
Tax refunds due from Government - Sales tax		39,654	106,686
Short-term investments	10	600,529	-
Cash and bank balances	11	1,080,757	924,798
		<u>12,746,917</u>	<u>10,479,354</u>
Total assets		<u><u>44,154,718</u></u>	<u><u>39,244,281</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital - issued, subscribed and paid-up		1,374,270	1,374,270
Unappropriated profit		16,471,304	16,117,268
		<u>17,845,574</u>	<u>17,491,538</u>
LIABILITIES			
Non-current liabilities			
Long-term loans	12	8,085,441	7,211,855
Deferred income - Government grant		1,258,383	997,239
Long-term lease liabilities		29,385	38,564
Deferred tax liabilities		2,160,986	1,850,049
Employee benefit obligations		271,423	275,126
		<u>11,805,618</u>	<u>10,372,833</u>
Current liabilities			
Trade and other payables		6,223,820	6,620,372
Unclaimed dividend		11,674	11,422
Unpaid dividend	13	173,290	-
Accrued mark-up		135,701	78,375
Short-term borrowings	14	7,936,436	4,647,591
Current portion of long-term lease liabilities		22,605	22,150
		<u>14,503,526</u>	<u>11,379,910</u>
Total liabilities		<u>26,309,144</u>	<u>21,752,743</u>
Contingencies and commitments	15		
Total equity and liabilities		<u><u>44,154,718</u></u>	<u><u>39,244,281</u></u>

The annexed notes 1 to 25 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, 2022 - UNAUDITED

	Note	Quarter ended		Half year ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees '000) -----					
Revenue from contracts with customers	16	6,009,064	5,391,379	10,373,146	9,817,974
Cost of sales		<u>(4,630,680)</u>	<u>(4,308,612)</u>	<u>(8,259,265)</u>	<u>(7,896,236)</u>
Gross profit		1,378,384	1,082,767	2,113,881	1,921,738
Distribution costs	17	(342,816)	(419,610)	(642,758)	(739,603)
Administrative expenses		(158,864)	(175,587)	(358,593)	(324,406)
Other expenses		(58,937)	(45,000)	(69,937)	(68,000)
Other income	18	<u>67,912</u>	<u>576,679</u>	<u>149,696</u>	<u>619,776</u>
Profit from operations		885,679	1,019,249	1,192,289	1,409,505
Finance cost		(78,241)	(68,043)	(214,194)	(106,347)
Share of net income of associate accounted for using equity method		<u>3,951</u>	<u>2,820</u>	<u>3,951</u>	<u>2,820</u>
Profit before income tax		811,389	954,026	982,046	1,305,978
Income tax expense	19	<u>(366,869)</u>	<u>(373,000)</u>	<u>(421,869)</u>	<u>(454,000)</u>
Profit for the period		444,520	581,026	560,177	851,978
Other comprehensive income		-	-	-	-
Total comprehensive income		<u>444,520</u>	<u>581,026</u>	<u>560,177</u>	<u>851,978</u>
Basic and diluted earnings per share (Rs.)	20	<u>3.24</u>	<u>4.23</u>	<u>4.08</u>	<u>6.20</u>

The annexed notes 1 to 25 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, 2022 - UNAUDITED

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	------(Rupees '000)-----		
Balance as at July 1, 2021	1,374,270	15,826,272	17,200,542
Final dividend for the year ended June 30, 2021 @ Rs. 4 per share	-	(549,708)	(549,708)
Total comprehensive income for the half year ended December 31, 2021	-	851,978	851,978
Balance as at December 31, 2021	1,374,270	16,128,542	17,502,812
Balance as at July 1, 2022	1,374,270	16,117,268	17,491,538
Final dividend for the year ended June 30, 2022 @ Rs. 1.5 per share	-	(206,141)	(206,141)
Total comprehensive income for the half year ended December 31, 2022	-	560,177	560,177
Balance as at December 31, 2022	1,374,270	16,471,304	17,845,574

The annexed notes 1 to 25 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, 2022 - UNAUDITED

	Note	December 31, 2022	December 31, 2021
		------(Rupees '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	21	(341,058)	(349,779)
Finance cost paid		(61,693)	(73,939)
Income tax paid		(112,994)	(151,125)
Decrease in long-term loans and advances		18,050	2,323
Retirement benefit obligations paid		(50,043)	(62,533)
Net cash used in operating activities		(547,738)	(635,053)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(3,127,363)	(1,034,698)
Placement in term deposit receipt (TDRs) - net		(272,666)	(10,000)
Proceeds from disposal of property, plant & equipment		8,392	104
Purchase of open ended mutual fund units		(900,231)	(700,000)
Proceeds from sale of open ended mutual fund units		302,864	1,920,939
Profit on PLS accounts		8,480	5,474
Net cash (used in) / generated from investing activities		(3,980,524)	181,819
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(32,599)	(549,226)
Proceeds from long term loans		1,923,660	614,647
Repayment of long term loans		(192,585)	(159,377)
Lease rentals paid		(11,617)	(13,157)
Net cash generated from / (used in) financing activities		1,686,859	(107,113)
Net (decrease) in cash and cash equivalents		(2,841,403)	(560,347)
Cash and cash equivalents at beginning of the period		(3,073,911)	(3,617,440)
Cash and cash equivalents at end of the period	22	(5,915,314)	(4,177,787)

The annexed notes 1 to 25 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, 2022 - 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 The Board of Directors in their meeting held on January 26, 2021 approved installation of an additional Line 4 to their existing site in order to enhance the Company's production capacity by 4,250 tons per day. The estimated cost of completion of the project is expected to be USD 100 million which is being financed through Temporary Economic Refinance Facility and Long Term Finance Facility of the SBP. The project is under construction.
- 1.3 The project of 20 MW Captive Solar Power Plant was commissioned with effect from January 1, 2022. The Board of Directors in their meeting held on October 25, 2022 approved an extension of 1.12 MW. The estimated cost of completion of the project is expected to be Rs. 120 million.

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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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, 2022.

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, 2022. 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 July 1, 2023. 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, 2022.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these unconsolidated condensed interim financial statements requires 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, 2022.

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, 2022.

5. FIXED ASSETS - property, plant and equipment

	December 31, 2022	Audited June 30, 2022
	------(Rupees '000)-----	
Operating assets - notes 5.1 & 5.5	15,992,390	16,427,634
Capital work-in-progress - note 5.2	12,345,253	9,330,456
Right of use assets - note 5.4	59,439	83,255
Less: Depreciation	(12,301)	(23,816)
	47,138	59,439
Stores held for capital expenditures - note 5.5 & 5.6	1,001,820	912,099
	29,386,601	26,729,628

	December 31, 2022	December 31, 2021
	------(Rupees '000)-----	

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

Buildings and roads on freehold land	-	1,127
Plant and machinery	18,282	40,951
Vehicles	15,629	12,018
Others	67	1,817
	33,978	55,913
Transfer to stores during the period - Net book value	22,109	41,094

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - UNAUDITED

December 31,
2022
------(Rupees '000)-----
Audited
June 30,
2022

5.2 Capital work in progress

Captive Solar Power Project - Extension

Plant and machinery	5,255	-
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Installation of Line 4

Civil works	1,771,140	1,051,363
Plant and machinery	9,869,669	7,898,090
Advances to suppliers	176,332	222,564
Others - note 5.3	505,571	140,970
	12,322,712	9,312,987

Others

Civil works	200	21
Plant and machinery	584	8,951
Vehicles	16,502	8,497
	17,286	17,469
	12,345,253	9,330,456

5.3 This includes directly attributable expenditure for the development, construction and operation of Line 4 to their existing site as disclosed in note 1.2. Furthermore, the borrowing cost net of deferred grant amounting to Rs. 109.13 million (June 30, 2022: Rs. 123.91 million) was capitalised at the internal rate of return ranging from 1.50% to 7.40% per annum on specific borrowing obtained for financing of this project.

5.4 The right-of-use assets comprise leasehold buildings and motor vehicle used by the Company for its operations.

5.5 Net book value of disposals during the period is Rs. 0.85 million (December 31, 2021: Rs. 0.10 million) and Rs. 10.98 million (December 31, 2021: Rs. Nil) pertaining to operating assets and stores and spares held for capital expenditures respectively.

5.6 This includes Rs. 93.63 million relating to solar panels purchased for the Captive Solar Power Project - Extension of 1.12 MW as disclosed in note 1.3.

December 31,
2022
------(Rupees '000)-----
Audited
June 30,
2022

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
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Investment in associated company accounted for using equity method

Attock Information Technology Services (Private) Limited - 450,000 (June 30, 2022: 450,000) fully paid ordinary shares of Rs. 10 each	51,502	47,551
	1,874,503	1,870,552

- 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 limited liability company was 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 holds 60% share in the company. The expected investment of the Company in foreign subsidiary would be USD 24 million. The Company has made total investment amounting to USD 16.30 million in SAKCPCL.

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).

December 31, 2022	Audited June 30, 2022
------(Rupees '000)-----	

7 INVENTORIES

Stores, spares and loose tools - note 7.1	5,598,135	4,326,628
Raw materials	235,133	143,884
Packing materials	184,344	134,324
Semi-finished goods at cost - note 7.2	1,210,875	540,425
Work-in-process	44,430	38,742
Finished goods - note 7.3	283,033	220,310
	<u>7,555,950</u>	<u>4,404,313</u>

7.1 Stores, spares and loose tools

Coal	4,399,702	3,143,627
Stores and spares - note 7.1.1	1,183,882	1,120,077
Bricks	104,640	147,171
Loose tools	2,670	2,667
	<u>5,690,894</u>	<u>4,413,542</u>
Less: Provision for slow moving and obsolete items	<u>(92,759)</u>	<u>(86,914)</u>
	<u>5,598,135</u>	<u>4,326,628</u>

- 7.1.1** This includes stores and spares in transit amounting to Rs. 97.94 million (June 30, 2022: Rs. 19.33 million).

- 7.2** This includes clinker held at port for export amounting to Rs. 328.93 million (June 30, 2022: Rs. Nil).

- 7.3** This includes cement held at port for export amounting to Rs. 15.42 million (June 30, 2022: Rs. 31.64 million).

8. TRADE RECEIVABLES – considered good

December 31, 2022	Audited June 30, 2022
------(Rupees '000)-----	

Secured	376,129	855,984
Unsecured	87,349	95,865
	<u>463,478</u>	<u>951,849</u>

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - UNAUDITED

9. OTHER RECEIVABLES

Other receivables include Rs. 397.80 million (June 30, 2022: Rs. 361.02 million) incurred by the Company for its Iraq project that are recoverable from the subsidiary.

10. SHORT TERM INVESTMENTS

December 31, 2022	Audited June 30, 2022
------(Rupees '000)-----	

Investments - Fair value through profit or loss - note 10.1

<u>600,529</u>	<u>-</u>
----------------	----------

10.1 Investments - Fair value through profit or loss

December 31, 2022	Audited June 30, 2022		December 31, 2022		Audited June 30, 2022	
-----Number of Units-----			Cost	Market Value	Cost	Market Value
			------(Rupees '000)-----			
1,000,684	-	Alfalah Islamic Rozana Amdani Fund	100,000	100,068	-	-
3,953,569	-	HBL Islamic Money Market Fund	400,000	400,145	-	-
1,986,039	-	MCB-Pakistan Cash Management Fund	100,231	100,316	-	-
<u>6,940,292</u>	<u>-</u>		<u>600,231</u>	<u>600,529</u>	<u>-</u>	<u>-</u>

11. CASH AND BANK BALANCES

Cash at bank

Conventional

- On savings accounts

Local currency

Foreign currency

374,119	298,644
504	793
<u>374,623</u>	<u>299,437</u>

- On current accounts

Local currency

Foreign currency

184,458	310,125
75,728	44,628
<u>260,186</u>	<u>354,753</u>

- Term deposit receipt (TDR) - note 11.1

<u>375,001</u>	<u>70,000</u>
<u>1,009,810</u>	<u>724,190</u>

	December 31, 2022	Audited June 30, 2022
	------(Rupees '000)-----	
Islamic		
- On savings accounts		
Local currency	383	379
- On current accounts		
Local currency	9,073	33,441
Foreign currency	59,696	135,951
	68,769	169,392
- Term deposit receipt (TDR) - note 11.1	-	30,000
	69,152	199,771
Cash in hand	1,795	837
	1,080,757	924,798

11.1 These carry mark up at 14.00% to 14.90% per annum payable at maturity. The TDRs amount varies from Rs. 10 million to Rs. 250 million that are due to mature at various dates from August 18, 2023 to October 17, 2023. The TDRs are held under lien against the guarantee issued by bank on behalf of the Company.

	December 31, 2022	Audited June 30, 2022
	------(Rupees '000)-----	
12. LONG-TERM LOANS		
Balance at the beginning of the period	7,960,737	2,710,113
Long Term Finance - secured		
- under Temporary Economic Refinance Facility - notes 12.1 & 12.2	1,234,328	2,684,629
- under Long Term Finance Facility - notes 12.1 & 12.3	689,332	3,602,076
- under Renewable Energy Financing Scheme - notes 12.1 & 12.4	-	27,500
	1,923,660	6,314,205
Interest expense including impact of unwinding	335,797	270,378
Less:		
- Deferred government grant	(519,859)	(944,567)
- Repayment made during the period	(299,528)	(389,392)
	(819,387)	(1,333,959)
Less: Current portion of long-term loans - note 14	(1,315,366)	(748,882)
	8,085,441	7,211,855

12.1 The above facilities are secured against first pari passu hypothecation / mortgage charges on the Company's present and future fixed assets excluding land and building to cover the facility amount along with a 20% margin.

12.2 This represents syndicated finance facility loan obtained under the SBP's Temporary Economic Refinance Facility available to the Company at below-market interest rate for setting up of new industrial units.

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - UNAUDITED

- 12.3** This represents syndicated finance facility loan obtained under the SBP's Long Term Finance Facility for purchase of plant and machinery in respect of export-oriented projects.
- 12.4** This represents loan obtained under the SBP's Renewable Energy Financing Scheme available to the Company for installation of Captive Solar Power Plant at below-market interest rate.

13. UNPAID DIVIDEND

This represents unpaid dividend of Pharaon Investment Group Limited (PIGL) for the year ended June 30, 2022, awaiting approval from the State Bank of Pakistan.

	December 31, 2022	Audited June 30, 2022
	------(Rupees '000)-----	
14. SHORT-TERM BORROWINGS		
Conventional		
Short term running finance - notes 14.1 & 14.2	4,118,070	1,395,709
Export refinance facility - notes 14.1 & 14.3	1,653,000	1,653,000
Islamic		
Short term finance under running musharakah - notes 14.4	850,000	850,000
Current maturity of long-term loans - note 12	1,315,366	748,882
	<u>7,936,436</u>	<u>4,647,591</u>

- 14.1** The facilities available from various banks amount to Rs. 17.66 billion (June 30, 2022: Rs. 12.66 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's inventories and trade receivables.
- 14.2** The rates of mark-up ranged between one month KIBOR plus 0% and three months KIBOR plus 1% (June 30, 2022: one-month KIBOR plus 0% to one-month KIBOR plus 1%) per annum.
- 14.3** 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 0.5% to 1% (June 30, 2022: 0.5% to 1%).
- 14.4** The facility for short term finance under running musharakah available from Meezan Bank Limited is secured by way of joint pari-passu charge against hypothecation of stock-in-trade and book debts and carry mark up at SBP export refinance rate plus 1% (June 30, 2022: 1%).
- 14.5** The above facilities are secured by way of joint pari passu charge over current and future moveable assets of the Company having aggregate charge amounting to Rs. 20.82 billion.
- 14.6** The facilities for opening letters of credit and guarantee as at December 31, 2022 amounted to Rs. 10.20 billion (June 30, 2022: Rs. 9.50 billion) of which unutilised balance at period end amounted to Rs. 10.18 billion (June 30, 2022: Rs. 9.35 billion).

15. CONTINGENCIES AND COMMITMENTS

- 15.1** There has been no change in the status of contingencies as reported in annual financial statements for the year ended June 30, 2022.
- 15.2** Commitments for capital expenditure outstanding as at December 31, 2022 amounted to Rs.3.98 billion (June 30, 2022: Rs. 6.83 billion).

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

	December 31, 2022	December 31, 2021
	----- (Rupees '000) -----	
Local sale of goods	11,733,193	9,781,602
Sales tax	(1,873,241)	(1,584,741)
Federal excise duty	(983,195)	(1,120,487)
	(2,856,436)	(2,705,228)
Rebates, discount and commission	(401,228)	(245,824)
Net local sale of goods	<u>8,475,529</u>	<u>6,830,550</u>
Export sales	2,200,565	3,481,693
Freight	(302,948)	(494,269)
	<u>1,897,617</u>	<u>2,987,424</u>
	<u>10,373,146</u>	<u>9,817,974</u>

17. DISTRIBUTION COSTS

This includes Rs. 241.45 million (December 31, 2021: Rs. 470.07 million) incurred in respect of export sales.

18. OTHER INCOME

	December 31, 2022	December 31, 2021
	----- (Rupees '000) -----	
Income from financial assets		
Interest on savings accounts under interest / markup	8,480	5,474
Dividend income from subsidiary company - Saqr Al Keetan for Cement Production Company Limited (SAKCPCL)	-	353,800
Unrealised gain on investments classified as fair value through profit or loss	298	518
Gain on disposal of open ended mutual fund units	2,864	6,052
Income on term deposit receipts	2,335	-
Exchange gain - net	101,491	225,161
Income / (Loss) from non-financial assets		
Loss on disposal of operating assets	(3,434)	-
Others		
Export rebate	1,693	-
Scrap sales	7,997	15,198
Grant income	27,306	13,560
Others	666	13
	<u>149,696</u>	<u>619,776</u>

SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - UNAUDITED

	December 31, 2022	December 31, 2021
	------(Rupees '000)-----	
19. INCOME TAX EXPENSE		
Current note - 19.1	286,191	325,000
Prior	(36,099)	-
Deferred	171,777	129,000
	<u>421,869</u>	<u>454,000</u>
19.1	This includes super tax, as per Finance Act, 2022, companies are liable to pay super tax upto 4% for tax year 2023 and onwards.	
	December 31, 2022	December 31, 2021
	------(Rupees '000)-----	
20. BASIC AND DILUTED EARNINGS PER SHARE		
Profit for the period	<u>560,177</u>	<u>851,978</u>
Weighted average number of outstanding shares at the end of the period (in thousand)	<u>137,427</u>	<u>137,427</u>
Basic and diluted earnings per share (Rupees)	<u>4.08</u>	<u>6.20</u>
	December 31, 2022	December 31, 2021
	------(Rupees '000)-----	
21. CASH USED IN OPERATIONS		
Profit before income tax	982,046	1,305,978
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	458,564	418,378
Loss on disposal of property, plant and equipment	3,434	-
Dividend income	-	(353,800)
Unrealised gain on investments classified as fair value through profit or loss	(298)	(518)
Gain on sale of open ended mutual fund units	(2,864)	(6,052)
Provision for stores, spares and loose tools	5,845	9,797
Income on saving account under interest / markup arrangement	(8,480)	(5,474)
Income on term deposit receipts	(2,335)	-
Finance cost	195,075	106,347
Employee benefit obligations	46,340	41,057
Government grant recognised in income	(27,306)	(13,560)
Share of net income of associate accounted for using equity method	(3,951)	(2,820)
Profit before working capital changes	<u>1,646,070</u>	<u>1,499,333</u>

Effect on cash flow due to working capital changes

(Increase) / decrease in current assets

	December 31, 2022	December 31, 2021
Inventories	(2,157,482)	(1,100,484)
Trade receivables	488,371	(55,384)
Loans and advances	27,106	(114,738)
Short-term deposits and prepayments	(16,658)	(45,983)
Tax refunds due from Government - Sales tax	67,032	3,353
Other receivables	(37,227)	(115,748)
	(1,628,858)	(1,428,984)
Decrease in current liabilities		
Trade and other payables	(358,270)	(420,128)
	(1,987,128)	(1,849,112)
Net cash used in operations	(341,058)	(349,779)

22. CASH AND CASH EQUIVALENTS

Cash and bank balances (excluding TDR having term of more than 3 months)	705,756	830,290
Short-term running finance	(4,118,070)	(1,113,077)
Export refinance facility	(1,653,000)	(2,773,000)
Short-term finance under running musharakah	(850,000)	(1,122,000)
	(5,915,314)	(4,177,787)

23. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the period are as follows:

Holding Company

- Pharaon Investment Group Limited (PIGL)

Dividend paid	-	462,105
Dividend declared	173,290	-
Recovery of expenses	300	84

Subsidiary company

- Saqr Al Keetan for Cement Production Co. Ltd (SAKCPCL)

Dividend income	-	353,800
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SELECTED NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - UNAUDITED

	December 31, 2022	December 31, 2021
	------(Rupees '000)-----	
Associated companies		
- Attock Petroleum Limited (APL)		
Purchase of goods	318,395	236,550
Recovery of expenses	6,505	2,112
Reimbursement of expenses	986	728
- The Attock Oil Company Limited (AOC)		
Recovery of expenses	4,966	1,511
Reimbursement of expenses	235	713
- National Refinery Limited (NRL)		
Sale of goods	396	294
Recovery of expenses	70	-
Reimbursement of expenses	56	-
- Pakistan Oilfields Limited (POL)		
Recovery of expenses	74	-
- Attock Refinery Limited (ARL)		
Recovery of expenses	70	-
Other related parties		
Payments made to retirement benefit funds	50,043	62,406
Key management personnel		
Loans and advances recovered during the period	2,880	2,880
Salaries and other short-term employee benefits	71,163	93,740
Post-employment benefits	2,882	2,882
Sale of goods	-	62

24. NON-ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Company in their meeting held on February 27, 2023 have declared an interim cash dividend of Rs.Nil per share (December 31, 2021: Rs. 2.00 per share) for the year ending June 30, 2023 amounting to Rs.Nil. The unconsolidated condensed interim financial statements do not include the effect of above interim dividend which will be accounted for in the subsequent period.

25. 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 February 27, 2023.



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director



**CONSOLIDATED
FINANCIAL
STATEMENTS**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

	Note	Unaudited December 31, 2022	Audited June 30, 2022
----- (Rupees '000) -----			
ASSETS			
Non-current assets			
Fixed assets - property, plant and equipment	5	36,732,037	32,340,244
Investment in associate	6	51,502	47,551
Long-term loans and advances - considered good		46,757	64,807
Long-term deposits		99,940	99,940
		<u>36,930,236</u>	<u>32,552,542</u>
Current assets			
Inventories	7	9,903,089	8,493,495
Trade receivables - considered good	8	576,696	1,028,524
Loans and advances - considered good		184,061	809,676
Short-term deposits and prepayments		61,449	30,201
Other receivables		49,893	49,452
Taxation - payments less provision		2,443,312	2,555,250
Tax refunds due from Government - Sales tax		39,654	106,686
Short term investment	9	600,529	-
Cash and bank balances	10	2,844,712	1,590,090
		<u>16,703,395</u>	<u>14,663,374</u>
Total assets		<u>53,633,631</u>	<u>47,215,916</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital - issued, subscribed and paid-up		1,374,270	1,374,270
Unappropriated profit		18,342,717	17,754,248
Exchange revaluation reserve		2,683,310	2,107,169
Attributable to owners of Attock Cement Pakistan Ltd. - Holding company		<u>22,400,297</u>	<u>21,235,687</u>
Non-controlling interests		<u>4,251,816</u>	<u>3,711,433</u>
		<u>26,652,113</u>	<u>24,947,120</u>
LIABILITIES			
Non-current liabilities			
Long-term loans	11	8,085,441	7,211,855
Deferred Income - Government grant		1,258,383	997,239
Long-term lease liabilities		29,385	38,564
Deferred tax liabilities		2,160,986	1,850,049
Employee benefit obligations		271,423	275,126
		<u>11,805,618</u>	<u>10,372,833</u>
Current liabilities			
Trade and other payables		6,896,194	7,136,425
Unclaimed dividend		11,674	11,422
Unpaid dividend	12	173,290	-
Accrued mark-up		135,701	78,375
Short-term borrowings	13	7,936,436	4,647,591
Current portion of long-term lease liabilities		22,605	22,150
		<u>15,175,900</u>	<u>11,895,963</u>
Total liabilities		<u>26,981,518</u>	<u>22,268,796</u>
Contingency and commitments	14		
Total equity and liabilities		<u>53,633,631</u>	<u>47,215,916</u>

The annexed notes 1 to 24 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, 2022 - UNAUDITED

	Note	Quarter ended		Half year ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees '000) -----					
Revenue from contracts with customers	15	8,858,979	7,397,428	15,468,927	13,129,809
Cost of sales		(7,047,000)	(6,059,231)	(12,618,306)	(10,753,924)
Gross profit		1,811,979	1,338,197	2,850,621	2,375,885
Distribution costs	16	(439,923)	(472,436)	(811,184)	(843,266)
Administrative expenses		(222,922)	(222,565)	(474,865)	(408,899)
Other expenses		(58,937)	(45,000)	(69,937)	(68,000)
Other income	17	67,892	222,879	149,696	265,976
Profit from operations		1,158,089	821,075	1,644,331	1,321,696
Finance cost	18	(119,580)	(82,065)	(275,514)	(128,366)
Share of net income of associate accounted for using equity method		3,951	2,820	3,951	2,820
Profit before income tax		1,042,460	741,830	1,372,768	1,196,150
Income tax expense	19	(366,869)	(373,000)	(421,869)	(454,000)
Profit for the period		675,591	368,830	950,899	742,150
Other comprehensive income:					
Items that will be reclassified to profit or loss					
Exchange revaluation reserve		960,235	899,831	960,235	899,831
Total comprehensive income		1,635,826	1,268,661	1,911,134	1,641,981
Total comprehensive income attributable to:					
Owners of Attock Cement Pakistan Limited - Holding Company		1,159,303	852,087	1,370,751	1,184,460
Non-controlling interests		476,523	416,574	540,383	457,521
		1,635,826	1,268,661	1,911,134	1,641,981
Basic and diluted earnings per share (Rs.)	20	4.24	2.27	5.78	4.69

The annexed notes 1 to 24 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, 2022 - UNAUDITED

Attributable to the owners of the Holding Company						
<u>Revenue reserve</u>						
	Share capital	Unappropriated profit	Exchange revaluation reserve	Sub - Total	Non-controlling interests	Total Equity
------(Rupees '000)-----						
Balance as at July 01, 2021	1,374,270	17,465,015	704,135	18,169,150	2,996,826	22,540,246
Transaction with owners in their capacity as owners						
Dividend:						
Final dividend for the year ended June 30, 2021 @ Rs. 4 per share	-	(549,708)	-	(549,708)	-	(549,708)
Dividends paid to Non-controlling interests of (SAKCPCL)	-	-	-	-	(240,717)	(240,717)
Total comprehensive income for the half year ended December 31, 2021						
Profit for the half year ended December 31, 2021	-	644,561	-	644,561	97,589	742,150
Other comprehensive income for the half year ended December 31, 2021	-	-	539,899	539,899	359,932	899,831
	-	644,561	539,899	1,184,460	457,521	1,641,981
Balance as at December 31, 2021	<u>1,374,270</u>	<u>17,559,868</u>	<u>1,244,034</u>	<u>18,803,902</u>	<u>3,213,630</u>	<u>23,391,802</u>
Balance as at July 01, 2022	1,374,270	17,754,248	2,107,169	19,861,417	3,711,433	24,947,120
Transaction with owners in their capacity as owners						
Dividend:						
Final dividend for the year ended June 30, 2022 @ Rs. 1.5 per share	-	(206,141)	-	(206,141)	-	(206,141)
Total comprehensive income for the half year ended December 31, 2022						
Profit for the half year ended December 31, 2022	-	794,610	-	794,610	156,289	950,899
Other comprehensive income for the half year ended December 31, 2022	-	-	576,141	576,141	384,094	960,235
	-	794,610	576,141	1,370,751	540,383	1,911,134
Balance as at December 31, 2022	<u>1,374,270</u>	<u>18,342,717</u>	<u>2,683,310</u>	<u>21,026,027</u>	<u>4,251,816</u>	<u>26,652,113</u>

The annexed notes 1 to 24 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, 2022 - UNAUDITED

	Note	December 31, 2022	December 31, 2021
		------(Rupees '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	21	1,936,524	(1,071,425)
Finance cost paid		(123,013)	(100,048)
Income tax paid		(112,994)	(151,125)
Decrease in long-term loans and advances		18,050	2,323
Employee benefit obligations paid		(50,043)	(62,533)
Net cash generated from / (used in) operating activities		<u>1,668,524</u>	<u>(1,382,808)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(4,359,951)	(1,097,500)
Proceeds from disposal of property, plant and equipment		8,392	104
Purchase of open ended mutual fund units		(900,231)	(700,000)
Proceeds from sale of open ended mutual fund units		302,864	1,920,939
Placement in term deposit receipt (TDR) - net		(272,666)	(10,000)
Profit on PLS Account		8,480	5,474
Net cash (used in) / generated from investing activities		<u>(5,213,112)</u>	<u>119,017</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(32,599)	(549,226)
Proceeds from long term loan		1,923,660	614,647
Repayment of long term loan		(192,585)	(159,377)
Lease rentals paid		(11,617)	(13,157)
Net cash generated from / (used in) financing activities		<u>1,686,859</u>	<u>(107,113)</u>
Net decrease in cash and cash equivalents		<u>(1,857,729)</u>	<u>(1,370,904)</u>
Cash and cash equivalents at beginning of the period		(2,408,619)	(1,441,736)
Effects of exchange rate changes on cash and cash equivalents		114,989	(16,555)
Cash and cash equivalents at end of the period	22	<u>(4,151,359)</u>	<u>(2,829,195)</u>

The annexed notes 1 to 24 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, 2022 - UNAUDITED

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of:

Holding Company - Attock Cement Pakistan Limited

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.

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.

The geographical locations and addresses of the Holding Company's business units, including mills / plant are as under:

- The registered office of the Holding Company is at D-70, Block-4, Kehkashan-5, Clifton, Karachi.
- The Holding Company's cement manufacturing plant is located in Tehsil Hub, District Lasbella, Balochistan.
- The Company also has a representative / liaison offices at:
 - Office No. 106, Pharoo Business Centre, Dubai Investment Park, UAE;
 - Plot No. D-69, Block-4, Kehkashan-5, Clifton, Karachi; and
 - Plot No. D-46, Block-4, Kehkashan-5, Clifton, Karachi.

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

SAKCPCL was incorporated under 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 geographical locations and addresses of the Subsidiary's business units, including mills / plant are as under:

- The registered office of SAKCPCL is at House # 35, Square 29, Near Al Buradia Super Market, Al Rbeea District Al Buradia, Basra, Iraq.
- SAKCPCL'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 The Board of Directors in their meeting held on January 26, 2021 approved installation of an additional Line 4 to their existing site in order to enhance the Holding Company's production capacity by 4,250 tons per day. The estimated cost of completion of the project is expected to be USD 100 million which is being financed through Temporary Economic Refinance Facility and Long Term Finance Facility of the SBP. The project is under construction.
- 1.3 The project of 20 MW Captive Solar Power Plant was commissioned with effect from January 1, 2022. The Board of Directors in their meeting held on October 25, 2022 approved an extension of 1.12 MW. The estimated cost of completion of the project is expected to be Rs. 120 million.

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.
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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, 2022.

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, 2022. 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 July 1, 2023. 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, 2022.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these consolidated condensed interim financial statements requires 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, 2022.

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, 2022.

5. FIXED ASSETS - property, plant and equipment

	December 31, 2022	Audited June 30, 2022
	------(Rupees '000)-----	
Operating assets - note 5.1 & 5.5	21,618,738	21,644,682
Capital work-in-progress - note 5.2	14,064,341	9,724,024
Right of use assets - note 5.4	59,439	83,255
Less: Depreciation	(12,301)	(23,816)
	47,138	59,439
Stores held for capital expenditures - note 5.5 & 5.6	1,001,820	912,099
	<u>36,732,037</u>	<u>32,340,244</u>
	December 31, 2022	December 31, 2021
	------(Rupees '000)-----	

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

Buildings and roads on freehold land	3,463	1,127
Plant and machinery	18,282	41,317
Vehicles	15,629	18,715
Others	2,809	12,300
	<u>40,183</u>	<u>73,459</u>
Transfer to stores during the period - Net book value	<u>22,109</u>	<u>41,094</u>

SELECTED NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - UNAUDITED

	December 31, 2022	Audited June 30, 2022
	------(Rupees '000)-----	
5.2 Capital work-in-progress		
Captive Solar Power Project - Extension		
Plant and machinery	5,255	-
Installation of Line 4		
Civil works	1,771,140	1,051,363
Plant and machinery	9,869,669	7,898,090
Advances to suppliers	176,332	222,564
Others - note 5.3	505,571	140,970
	<u>12,322,712</u>	<u>9,312,987</u>
Others		
Civil works	1,719,288	393,589
Plant and machinery	584	8,951
Vehicles	16,502	8,497
	<u>1,736,374</u>	<u>411,037</u>
	<u>14,064,341</u>	<u>9,724,024</u>

5.3 This includes directly attributable expenditure for the development, construction and operation of Line 4 to their existing site as disclosed in note 1.2. Furthermore, the borrowing cost net of deferred grant amounting to Rs. 109.13 million (June 30, 2022: Rs. 123.91 million) was capitalised at the internal rate of return ranging from 1.50% to 7.40% per annum on specific borrowing obtained for financing of this project.

5.4 The right-of-use assets comprise leasehold buildings and motor vehicles used by the Holding Company for its operations.

5.5 Net book value of disposals during the period is Rs. 0.85 million (December 31, 2021: Rs. 0.10 million) and Rs. 10.98 million (December 31, 2021: Rs. Nil) pertaining to operating assets and stores and spares held for capital expenditures respectively.

5.6 This includes Rs. 93.63 million relating to solar panels purchased for the Captive Solar Power Project - Extension of 1.12 MW as disclosed in note 1.3.

	December 31, 2022	Audited June 30, 2022
	------(Rupees '000)-----	
6. INVESTMENT IN ASSOCIATE		
Investment in associated company accounted for using equity method		
Attock Information Technology Services (Private) Limited - 450,000 (June 30, 2022: 450,000) fully paid ordinary shares of Rs. 10 each	<u>51,502</u>	<u>47,551</u>

Audited
June 30,
2022

December 31,
2022

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

7 INVENTORIES

Stores, spares and loose tools - note 7.1	6,073,970	4,352,603
Raw materials	1,967,291	3,020,280
Packing materials	252,347	278,889
Semi-finished goods - note 7.2	1,210,875	540,425
Work-in-process	44,430	38,742
Finished goods - note 7.3	354,176	262,556
	<u>9,903,089</u>	<u>8,493,495</u>

7.1 Stores, spares and loose tools

Coal	4,399,702	3,143,627
Stores and spares - note 7.1.1	1,659,717	1,146,052
Bricks	104,640	147,171
Loose tools	2,670	2,667
	<u>6,166,729</u>	<u>4,439,517</u>
Less: Provision for slow moving and obsolete items	(92,759)	(86,914)
	<u>6,073,970</u>	<u>4,352,603</u>

7.1.1 This includes stores and spares in transit amounting to Rs. 97.94 million (June 30, 2022: Rs. 19.33 million).

7.2 This includes clinker held at port for export amounting to Rs. 328.93 million (June 30, 2022: Rs. Nil).

7.3 This includes cement held at port for export amounting to Rs. 15.42 million (June 30, 2022: Rs. 31.64 million).

8. TRADE RECEIVABLES – considered good

December 31,
2022

Audited
June 30,
2022

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

Secured	376,129	855,984
Unsecured	200,567	172,540
	<u>576,696</u>	<u>1,028,524</u>

9. SHORT TERM INVESTMENTS

Investments - Fair value through profit or loss - note 9.1	<u>600,529</u>	<u>-</u>
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SELECTED NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - UNAUDITED

9.1 Investments - Fair value through profit or loss

December 31, 2022	Audited June 30, 2022		December 31, 2022		Audited June 30, 2022	
			Cost	Market Value	Cost	Market Value
-----Number of Units-----			------(Rupees '000)-----			
1,000,684	-	Alfalah Islamic Rozana Amdani Fund	100,000	100,068	-	-
3,953,569	-	HBL Islamic Money Market Fund	400,000	400,145	-	-
1,986,039	-	MCB-Pakistan Cash Management Fund	100,231	100,316	-	-
<u>6,940,292</u>	<u>-</u>		<u>600,231</u>	<u>600,529</u>	<u>-</u>	<u>-</u>
			December 31, 2022		Audited June 30, 2022	
			------(Rupees '000)-----			

10. CASH AND BANK BALANCES

Cash at bank

Conventional

On savings accounts

- Local currency
- Foreign currency

374,119	298,644
504	793
<u>374,623</u>	<u>299,437</u>

On current accounts

- Local currency
- Foreign currency

184,458	310,125
1,813,250	694,376
<u>1,997,708</u>	<u>1,004,501</u>
375,001	70,000
<u>2,747,332</u>	<u>1,373,938</u>

Term deposit receipt (TDR) - note 10.1

Islamic

On savings accounts

- Local currency

383	379
-----	-----

On current accounts

- Local currency
- Foreign currency

9,073	33,441
59,696	135,951
<u>68,769</u>	<u>169,392</u>
-	30,000
<u>69,152</u>	<u>199,771</u>

Term deposit receipt (TDR) - note 10.1

Cash in hand

28,228	16,381
<u>2,844,712</u>	<u>1,590,090</u>

- 10.1** These carry mark up at 14.00% to 14.90% per annum payable at maturity. The TDRs amount varies from Rs. 10 million to Rs. 250 million that are due to mature at various dates from August 18, 2023 to October 17, 2023. The TDRs are held under lien against the guarantee issued by bank on behalf of the Company.

	December 31, 2022	Audited June 30, 2022
	------(Rupees '000)-----	
11. LONG TERM LOANS		
Balance at the beginning of the period	7,960,737	2,710,113
Long Term Finance - secured		
- under Temporary Economic Refinance Scheme - notes 11.1 & 11.2	1,234,328	2,684,629
- under Long Term Finance Facility - notes 11.1 & 11.3	689,332	3,602,076
- under Renewable Energy Financing Scheme - notes 11.1 & 11.4	-	27,500
	1,923,660	6,314,205
Interest expense including impact of unwinding	335,797	270,378
Less:		
- Deferred government grant	(519,859)	(944,567)
- Repayment made during the period	(299,528)	(389,392)
	(819,387)	(1,333,959)
Less: Current portion of long-term loans - note 13	(1,315,366)	(748,882)
	8,085,441	7,211,855

- 11.1** The above facilities are secured against first pari passu hypothecation / mortgage charges on the Holding Company's present and future fixed assets excluding land and building to cover the facility amount along with a 20% margin.
- 11.2** This represents syndicated finance facility loan obtained under the SBP's Temporary Economic Refinance Scheme available to the Holding Company at below-market interest rate for setting up of new industrial unit.
- 11.3** This represents syndicated finance facility loan obtained under the SBP's Long Term Finance Facility for purchase of plant and machinery in respect of export-oriented projects.
- 11.4** This represents loan obtained under the SBP's Renewable Energy Financing Scheme available to the Holding Company for installation of Captive Solar Power Plant at below-market interest rate.

12. UNPAID DIVIDEND

This represents unpaid dividend of Pharaon Investment Group Limited (PIGL) for the year ended June 30, 2022, awaiting approval from the State Bank of Pakistan.

SELECTED NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - UNAUDITED

	December 31, 2022	Audited June 30, 2022
	------(Rupees '000)-----	
13. SHORT TERM BORROWINGS		
Conventional		
Short term running finance - note 13.1 & 13.2	4,118,070	1,395,709
Export refinance facility - note 13.1 & 13.3	1,653,000	1,653,000
Islamic		
Short term finance under running musharakah - note 13.4	850,000	850,000
Current maturity of long-term loan - note 11	1,315,366	748,882
	7,936,436	4,647,591

- 13.1** The facilities available from various banks amount to Rs. 17.66 billion (June 30, 2022: Rs. 12.66 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's inventories and trade receivables.
- 13.2** The rates of mark-up ranged between one month KIBOR plus 0% and three months KIBOR plus 1% (June 30, 2022: one-month KIBOR plus 0% to one-month KIBOR plus 1%) per annum.
- 13.3** 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 0.5% to 1% (June 30, 2022: 0.5% to 1%).
- 13.4** The facility for short term finance under running musharakah available from Meezan Bank Limited is secured by way joint pari-passu charge against hypothecation of stock-in-trade and book debts and carry mark up at SBP export refinance rate plus 1% (June 30, 2022: 1%).
- 13.5** The above facilities are secured by way of joint pari passu charge over current and future moveable assets of the Company having aggregate charge amounting to Rs. 20.82 billion.
- 13.6** The facilities for opening letters of credit and guarantee as at December 31, 2022 amounted to Rs. 10.20 billion (June 30, 2022: Rs. 9.50 billion) of which unutilised balance at period end amounted to Rs. 10.18 billion (June 30, 2022: Rs. 9.35 billion).

14. CONTINGENCY AND COMMITMENTS

- 14.1** There has been no change in the status of contingencies as reported in annual financial statements for the year ended June 30, 2022.
- 14.2** Commitments for capital expenditure outstanding as at December 31, 2022 amounted to Rs.3.98 billion (June 30, 2022: Rs. 6.83 billion).



15. REVENUE FROM CONTRACTS WITH CUSTOMERS

	December 31, 2022	December 31, 2021
	------(Rupees '000)-----	
Local sale of goods	16,882,751	13,093,437
Sales tax	(1,873,241)	(1,584,741)
Federal excise duty	(983,195)	(1,120,487)
	(2,856,436)	(2,705,228)
Rebates and discount	(455,005)	(245,824)
Net local sales of goods	<u>13,571,310</u>	<u>10,142,385</u>
Export sales	2,200,565	3,481,693
Freight	(302,948)	(494,269)
	1,897,617	2,987,424
	<u>15,468,927</u>	<u>13,129,809</u>

16. DISTRIBUTION COSTS

This includes Rs. 241.45 million (December 31, 2021: Rs. 470.07 million) incurred in respect of export sales.

17. OTHER INCOME

	December 31, 2022	December 31, 2021
	------(Rupees '000)-----	
Income from financial assets		
Interest on PLS savings accounts under interest / markup	8,480	5,474
Unrealised gain on investments classified as fair value through profit or loss	298	518
Gain on sale of open ended mutual fund units	2,864	6,052
Income on term deposit receipts	2,335	-
Exchange gain - net	101,491	225,161
Income / (loss) from non-financial assets		
Loss on disposal of property, plant & equipment	(3,434)	-
Others		
Export rebate	1,693	-
Scrap Sales	7,997	15,198
Grant income	27,306	13,560
Others	666	13
	<u>149,696</u>	<u>265,976</u>

18. FINANCE COST

This includes foreign exchange loss amounting to Rs. 61.32 million (December 31, 2021: Rs. 22.02 million).



SELECTED NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED DECEMBER 31, 2022 - UNAUDITED

	December 31, 2022	December 31, 2021
	------(Rupees '000)-----	
19. INCOME TAX EXPENSE		
Current note - 19.1	286,191	325,000
Prior year	(36,099)	-
Deferred	171,777	129,000
	<u>421,869</u>	<u>454,000</u>

19.1 This includes super tax, as per Finance Act, 2022, Companies are liable to pay super tax upto 4% for tax year 2023 and onwards.

	December 31, 2022	December 31, 2021
20. BASIC AND DILUTED EARNINGS PER SHARE		
Profit attributable to owners of the Holding Company	<u>794,610</u>	<u>644,561</u>
Weighted average number of outstanding shares at the end of the period (in thousands)	<u>137,427</u>	<u>137,427</u>
Basic and diluted earnings per share (Rupees)	<u>5.78</u>	<u>4.69</u>

	December 31, 2022	December 31, 2021
	------(Rupees '000)-----	
21. CASH GENERATED FROM OPERATIONS		
Profit before income tax	1,372,768	1,196,150
Add / (less): Adjustments for non-cash charges and other items		
Depreciation	579,245	515,677
Loss on disposal of property, plant and equipment	3,434	-
Unrealised gain on investments classified as fair value through profit or loss	(298)	(518)
Gain on sale of open ended mutual fund units	(2,864)	(6,052)
Provision for stores, spares and loose tools	5,845	9,797
Interest income	(8,480)	(5,474)
Income on term deposit receipt	(2,335)	-
Finance cost	256,395	128,366
Employee benefit obligations	46,340	41,057
Government grant recognised in income	(27,306)	(13,560)
Share of net income of associate accounted for using equity method	(3,951)	(2,820)
Profit before working capital changes	<u>2,218,793</u>	<u>1,862,623</u>

	December 31, 2022	December 31, 2021
	----- (Rupees '000) -----	
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets		
Inventories	(1,132,242)	(2,284,145)
Trade Receivables	460,932	(20,710)
Loans and advances	666,213	79,793
Short-term deposits and prepayments	(29,645)	(395,422)
Tax refunds due from Government - Sales tax	67,032	3,353
Other receivables	(441)	(82,948)
	31,849	(2,700,079)
Decrease in current liabilities		
Trade and other payables	(314,118)	(233,969)
	(282,269)	(2,934,048)
Cash generated from / (used in) operations	1,936,524	(1,071,425)

22. CASH AND CASH EQUIVALENTS

	December 31, 2022	December 31, 2021
	----- (Rupees '000) -----	
Cash and bank balances (excluding TDR having term of more than 3 months)	2,469,711	2,178,882
Short-term running finance	(4,118,070)	(1,113,077)
Export refinance facility	(1,653,000)	(2,773,000)
Short-term finance under running musharakah	(850,000)	(1,122,000)
	(4,151,359)	(2,829,195)

23. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties during the period are as follows:

Holding Company

- Pharaon Investment Group Limited (PIGL)

Dividend paid	-	462,105
Dividend declared	173,290	-
Recovery of expenses	300	84

Associated companies

- Attock Petroleum Limited (APL)

Purchase of goods	318,395	236,550
Recovery of expenses	6,505	2,112
Reimbursement of expenses	986	728

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	December 31, 2022	December 31, 2021
	------(Rupees '000)-----	
- The Attock Oil Company Limited (AOC)		
Recovery of expenses	4,966	1,511
Reimbursement of expenses	235	713
- National Refinery Limited (NRL)		
Sale of goods	396	294
Recovery of expenses	70	-
Reimbursement of expenses	56	-
- Pakistan Oilfields Limited (POL)		
Recovery of expenses	74	-
- Attock Refinery Limited		
Recovery of expenses	70	-
Other related parties		
Payments made to retirement benefit funds	50,043	62,406
Key management personnel		
Loans and advances recovered during the period	2,880	2,880
Salaries and other short-term employee benefits	71,163	93,740
Post-employment benefits	2,882	2,882
Sale of goods	-	62

24. 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 February 27, 2023.



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director



ATTOCK CEMENT PAKISTAN LIMITED

CORPORATE OFFICE:

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