

First Quarter Report September 30, 2024



ATTOCK CEMENT PAKISTAN LIMITED

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COMPANY INFORMATION

Board of Directors

Laith G. Pharaon

Non-Executive Director

Wael G. Pharaon

Non-Executive Director

Shuaib A. Malik

Chairman &
Non-Executive Director

Abdus Sattar

Non-Executive Director

Shamim Ahmad Khan

Independent Director

Agha Sher Shah

Independent Director

Mohammad Haroon

Independent Director

Chief Executive

Babar Bashir Nawaz

Alternate Directors

Babar Bashir Nawaz
Irfan Amanullah

Audit Committee of the Board

Shamim Ahmad Khan Chairman
Shuaib A. Malik
Abdus Sattar
Agha Sher Shah

HR & Remuneration Committee

Agha Sher Shah Chairman
Shuaib A. Malik
Shamim Ahmad Khan
Mohammad Haroon

Chief Operating Officer & Company Secretary

Irfan Amanullah

Chief Financial Officer

Muhammad Rehan

Auditors

M/s. A.F. Ferguson & Co.
Chartered Accountants

Cost Auditors

M/s. 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
Industrial & Commercial Bank
of China Limited
BankIslami Pakistan Limited
Bank Alfalah 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

Website: www.attockcement.com

Plant

Hub Chowki, Lasbela Balochistan

Share Registrar

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

DIRECTORS' REVIEW

The Directors are pleased to announce the results of the Company for the quarter ended September 30, 2024.

OPERATIONAL REVIEW

Production and sales figures for the quarter ended September 30, 2024 are as follows:

	July-Sep. 2024	July-Sep. 2023
	-----Tons-----	
Clinker Production	516,850	558,017
Cement Production	309,317	347,756
Cement Dispatches - Local	266,562	338,326
- Export	42,933	7,840
Total Cement Dispatches	309,495	346,166
Clinker Dispatches - Export	220,263	177,289
Total Dispatches	529,758	523,455
Clinker Capacity Utilization	50%	77%

INDUSTRY REVIEW

During the first quarter of the financial year 2024-25, local dispatches in the market of South remained under pressure owing to stringent budgetary measures taken by the Government and recorded a negative growth of 30% as compared to same period last year. Even though the prices in the international markets are not encouraging, however due to surplus capacities, the industry players from South kept exporting the surplus clinker / cement and accordingly the exports in volumetric terms increased by 23% as compared to corresponding period. On overall basis, South market registered a negative growth of 7% and capacity utilization stood at around 72% (local: 31% & Exports: 41%).


FINANCIAL REVIEW

Sales & Profitability

During the quarter under review, the local dispatches of your Company decreased by 71,764 tons (21%) as compared to same period last year; whereas the exports witnessed a significant growth of 78,067 tons (42%) as compared to same period last year. Overall dispatches show a meager growth of 1% as compared to same period last year. The net sales revenue of the Company declined by Rs.234 million (4%) over the corresponding period despite the fact that overall volumetric dispatches increased slightly by 6,303 tons (1%) as compared to same period last year due to higher volumetric contribution from exports. Accordingly, overall net retention (both cement & clinker) reduced by Rs.592 per ton (5%) as compared to last year due to higher contribution of export quantities in overall sales mix which increased to 50% as compared to 35% in the corresponding period.

Overall, production cost per ton of total dispatches declined by 5% mainly due to efficient power mix and reduced fuel cost. The average international coal prices in the first quarter have shown reduction of around US\$ 10 per ton.

The reduction in production cost was fully offset by dilution in net retention; therefore, the reported gross margin remained at same level of 17%.



Operating margins reduced from 6% to 3% because of higher distribution cost mainly due to higher export sales.

Profit after tax for the quarter ended September 30, 2024 was recorded at Rs 62 million lowered by Rs 1,482 million as compared to corresponding period. This is mainly due to the recognition of divestment gain (net of taxes) of Rs. 1,337 million in 1st quarter of last year.

PROGRESS ON PROJECT

Wind-mill project

Progress on 4.8MW Wind Power Project is in full swing. This would further strengthen our commitment to manufacturing cement using the most environment friendly methods possible and to reduce the power cost of the Company. It is expected that Wind Mill will be operational by 1QY 2025.

FUTURE OUTLOOK

The Government continues to face a challenging task to revive the economy and achieve the much needed macroeconomic stabilization and critical structural reforms. During the quarter, IMF has approved the Extended Fund Facility of US\$ 7 billion which will support the Government in implementing fiscal discipline. Recently, the SBP has reduced the interest rates by almost 4 percent owing to lower inflation in the first quarter, which will reduce the cost of doing business in the country. However, the additional revenue measures undertaken by the Government in the form of enhancement in excise duty rates for cement would discourage the investments in real estate sector in short to medium term and will have a big impact on the demand side of the equation. It is therefore, anticipated that during the year 2024-25 cement demand may further decline by around 8% - 10%. On export front the prices are still very depressed and markets are facing tough competition.

The Management is assessing the situation very carefully and is striving to minimize the impact of this critical situation on the profitability of the Company.

ACKNOWLEDGMENT

The Company deeply acknowledges and recognizes the efforts put in by both the management and non-management staff and offers its sincere thanks for their continuous support. The company also recognizes the cooperation that it is constantly receiving from both Federal and Provincial Governments, local administration, law enforcing agencies, regulatory bodies, customers, bankers and suppliers.

On behalf of the Board



BABAR BASHIR NAWAZ
Chief Executive

October 18, 2024
Rawalpindi



ABDUS SATTAR
Director



**CONDENSED INTERIM
FINANCIAL STATEMENTS**

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2024

	Note	Unaudited Sep. 30, 2024	Audited June 30, 2024
------(Rupees '000)-----			
ASSETS			
Non-current assets			
Fixed assets - property, plant and equipment	4	37,477,509	37,405,300
Long - term investments		70,574	70,574
Long - term loans and advances - considered good		52,576	52,576
Long - term deposits		99,940	99,940
Employee benefit prepayments		181,311	181,311
		37,881,910	37,809,701
Current assets			
Inventories	5	5,966,673	6,552,573
Trade receivables - considered good		1,066,969	1,665,507
Loans and advances - considered good		144,812	95,834
Short - term deposits and prepayments		311,337	247,787
Other receivables		137,638	139,231
Taxation - payments less provisions		1,491,880	1,957,304
Tax refunds due from Government - Sales tax		288,490	495,161
Short-term investments		301,013	-
Cash and bank balances		979,964	954,821
		10,688,776	12,108,218
Investment held for sale - divestment	6	-	3,256,110
Total assets		48,570,686	53,174,029
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital - issued, subscribed and paid up		1,374,270	1,374,270
Unappropriated profit		20,204,283	20,142,373
		21,578,553	21,516,643
LIABILITIES			
Non - current liabilities			
Long - term loans		5,761,696	5,761,696
Deferred Income - Government grant		836,250	836,250
Lease liabilities		9,671	9,671
Deferred tax liabilities		4,700,647	4,784,919
Employee benefit obligations		48,271	48,271
		11,356,535	11,440,807
Current liabilities			
Trade and other payables	7	10,000,084	10,318,398
Unclaimed dividend		11,953	12,001
Accrued mark - up		150,092	312,921
Short - term borrowings		5,449,836	9,549,626
Current portion of lease liabilities		23,633	23,633
		15,635,598	20,216,579
Total liabilities		26,992,134	31,657,386
Contingencies and commitments	8		
Total equity and liabilities		48,570,686	53,174,029

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



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2024 - UNAUDITED

	Note	Sep. 30, 2024	Sep. 30, 2023
		------(Rupees '000)-----	
Revenue from contracts with customers	9	6,426,429	6,660,121
Cost of sales		(5,331,289)	(5,526,926)
Gross Profit		1,095,140	1,133,195
Distribution costs	10	(731,322)	(545,227)
Administrative expenses		(191,336)	(201,046)
Other expenses		(5,000)	(25,000)
Other income		29,708	27,321
Profit from operations		197,190	389,243
Gain on disposal of subsidiary		-	2,196,744
Finance cost		(131,552)	(37,344)
Profit before income tax and levies		65,638	2,548,643
Levies		(27,884)	(18,006)
Profit before income tax		37,754	2,530,637
Income tax reversal / (expense)		24,156	(986,994)
Profit for the period		61,910	1,543,643
Other comprehensive income		-	-
Total comprehensive income for the period		61,910	1,543,643
Basic and diluted earnings per share (Rs.)		0.45	11.23

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



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2024 - UNAUDITED

	Issued, subscribed and paid up capital	Unappropriated profit	Total
	----- (Rupees '000) -----		
Balance as at July 1, 2023	1,374,270	17,594,244	18,968,514
Total comprehensive income for the quarter ended September 30, 2023			
Profit for the quarter ended September 30, 2023	-	1,543,643	1,543,643
Other comprehensive income for the quarter ended September 30, 2023	-	-	-
	-	1,543,643	1,543,643
Balance as at September 30, 2023	1,374,270	19,137,887	20,512,157
Final cash dividend for the year ended June 30, 2023 @ Rs. 6 per share	-	(824,562)	(824,562)
Interim dividend for the year ended June 30, 2024 @ Rs. 2.50 per share	-	(343,567)	(343,567)
Profit for the three quarters ended June 30, 2024	-	2,022,879	2,022,879
Other comprehensive income for the year ended June 30, 2024	-	149,736	149,736
	-	2,172,615	2,172,615
Balance as at June 30, 2024	1,374,270	20,142,373	21,516,643
Profit for the quarter ended September 30, 2024	-	61,910	61,910
Other comprehensive income for the quarter ended September 30, 2024	-	-	-
	-	61,910	61,910
Balance as at September 30, 2024	1,374,270	20,204,283	21,578,553

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



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED SEPTEMBER 30, 2024 - UNAUDITED

	Note	Sep. 30, 2024	Sep. 30, 2023
------(Rupees '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	11	4,807,155	(1,419,944)
Finance cost paid		(275,823)	(122,335)
Income tax refund / (paid)		377,424	(146,325)
Employee benefit obligations paid		(16,527)	(28,776)
Net cash generated from / (used in) operating activities		<u>4,892,227</u>	<u>(1,717,380)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure incurred		(479,680)	(965,906)
Proceeds from disposal of operating assets		349	223
Purchase of open ended mutual fund units		(300,000)	-
Proceeds from sale of open ended mutual fund units		-	1,824,530
Placement in term deposit receipt - net		212,945	-
Profit received		12,086	7,577
Net cash (used in) / generated from investing activities		<u>(554,300)</u>	<u>866,424</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(48)	(168)
Repayment of long-term loans - net		(315,143)	(459,866)
Net cash used in financing activities		<u>(315,191)</u>	<u>(460,034)</u>
Net increase / (decrease) in cash and cash equivalents		<u>4,022,736</u>	<u>(1,310,990)</u>
Cash and cash equivalents at the beginning of the period		<u>(8,101,455)</u>	<u>(1,812,426)</u>
Cash and cash equivalents at the end of the period		<u><u>(4,078,719)</u></u>	<u><u>(3,123,416)</u></u>

The annexed notes 1 to 14 form an integral part of these 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 CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED SEPTEMBER 30, 2024 - UNAUDITED

1 THE COMPANY AND ITS OPERATIONS

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended June 30, 2024.

3 BASIS OF PRESENTATION

This condensed interim financial information of the Company for the first quarter ended September 30, 2024 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial information has been posted on Company's Website for the information of the members as required by section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2024.

4 FIXED ASSETS

Operating assets - note 4.1
Capital work-in-progress
Stores held for capital expenditure

	Sep. 30, 2024	(Audited) June 30, 2024
		------(Rupees '000)-----
	31,413,804	31,813,552
	4,680,567	4,205,833
	1,383,138	1,385,915
	<u>37,477,509</u>	<u>37,405,300</u>

	Sep. 30, 2024	Sep. 30, 2023
		------(Rupees '000)-----

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

Plant and Machinery
Vehicles
Others

	7,417	17,415
	4,598	18,350
	341	250
	<u>12,356</u>	<u>36,015</u>
Disposals during the period - Net book value	<u>349</u>	<u>223</u>
Transfers to stores during the period - Net book value	<u>11,908</u>	<u>24,084</u>

	Sep. 30, 2024	(Audited) June 30, 2024
	----- (Rupees '000) -----	
5 INVENTORIES		
Stores, spares & loose tools note: 5.1	3,687,962	4,351,880
Raw materials	188,622	204,117
Packing materials	243,535	233,959
Work in process including semi-finished goods	1,586,143	1,512,428
Finished goods	260,411	250,189
	<u>5,966,673</u>	<u>6,552,573</u>
5.1 Stores, spares & loose tools		
Coal	2,687,677	3,095,833
Stores & spares	1,039,511	1,263,268
Bricks	147,622	178,901
Loose tools	3,733	3,230
	<u>3,878,543</u>	<u>4,541,232</u>
Less: Provision for slow moving and obsolete items	(190,581)	(189,352)
	<u>3,687,962</u>	<u>4,351,880</u>

6 INVESTMENT HELD FOR SALE - DIVESTMENT

In continuation to note # 14 of the financial statements for the year ended June 30, 2024, further update of the transaction is as follows:

Sale consideration of last 2 tranches of US\$ 11.7 million against remaining 9,000,000 shares has been received during the quarter under review and accordingly investment has been derecognized.

	Sep. 30, 2024	(Audited) June 30, 2024
	----- (Rupees '000) -----	
7 TRADE AND OTHER PAYABLES		
Creditors	313,002	1,201,467
Accrued Liabilities	6,567,636	3,805,811
Electricity charges payable	75,632	216,651
Contract liability - advances from customers	1,198,690	701,428
Excise duty payable on sales	124,484	100,036
Others	1,720,640	4,293,005
	<u>10,000,084</u>	<u>10,318,398</u>
8 CONTINGENCIES AND COMMITMENTS		

8.1 The status of contingencies as reported in note 25 to the financial statements for the year ended June 30, 2024 is the same.

8.2 Commitments in respect of capital expenditure outstanding as at September 30, 2024 amounted to Rs. 0.95 billion (June 30, 2024: Rs. 0.95 billion).

	Sep. 30 2024	Sep. 30, 2023
	----- (Rupees '000) -----	
9 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Local sale of goods	6,361,619	6,793,742
Sales tax and federal excise duty	(2,121,139)	(1,788,518)
	<u>4,240,480</u>	<u>5,005,224</u>
Rebates and discounts	(182,836)	(145,696)
Net local sale of goods	4,057,644	4,859,528
Exports sales	2,368,785	1,800,593
	<u>6,426,429</u>	<u>6,660,121</u>

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2024 - UNAUDITED

10 DISTRIBUTION COSTS

Distribution cost includes Rs. 504.2 million (September 30, 2023: Rs. 289 million) in respect of export sales.

11 CASH GENERATED FROM OPERATIONS

	Sep. 30, 2024	Sep. 30, 2023
	------(Rupees '000)-----	
Profit before income tax and levies	65,638	2,548,643
Add/(Less): Adjustment for non cash charges and other items:		
Depreciation	400,062	224,221
Gain on sale of open ended mutual fund units	(3,822)	(18,424)
Profit on saving accounts	(3,446)	(7,577)
Provision for stores, spares and loose tools	1,231	(1,693)
Employee benefits obligations	16,527	28,498
Finance cost	112,994	25,472
Gain of divestment of shares in subsidiary	-	(2,196,744)
	523,546	(1,946,247)
Profit before working capital changes	589,184	602,396

EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES

Decrease / (Increase) in current assets

Inventories	585,900	(2,062,609)
Trade receivables - considered good	598,538	(176,293)
Loans and advances - considered good	(48,978)	(458,067)
Short - term deposits and prepayments	(63,550)	(161,441)
other receivables	1,593	249,813
Tax refunds due from Government - Sales tax	206,671	-
Investment held for sale - divestment	3,256,110	-
	4,536,284	(2,608,597)

(Decrease) / Increase in current liabilities

Trade and other payables	(318,313)	586,257
	4,217,971	(2,022,340)
Cash generated from / (used in) operations	4,807,155	(1,419,944)

12 TRANSACTIONS WITH RELATED PARTIES

Holding Company

Recovery of expenses	1,500	-
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Associated Companies

Purchase of goods	47,971	76,235
Sales of goods	261	448
Reimbursement of expenses	2,559	547
Recovery of expenses	11,057	457

Other related parties

Payments made to retirement benefit funds	16,527	28,776
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Key management compensation

Salaries and other short - term employee benefits	47,447	43,396
Post - employment benefits	2,003	1,780

13 CORRESPONDING FIGURES

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

14 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 18, 2024 by the Board of Directors of the company.



Muhammad Rehan
Chief Financial Officer



Babar Bashir Nawaz
Chief Executive



Abdus Sattar
Director



ATTOCK CEMENT PAKISTAN LIMITED

CORPORATE OFFICE:

D-70, Block-4, Kehkashan-5, Clifton, Karachi-75600, Pakistan.
Tel: (92-21) 35309773-4, UAN: (92) 111 17 17 17, Fax: (92-21) 35309775
www.attockcement.com | acpl@attockcement.com

