

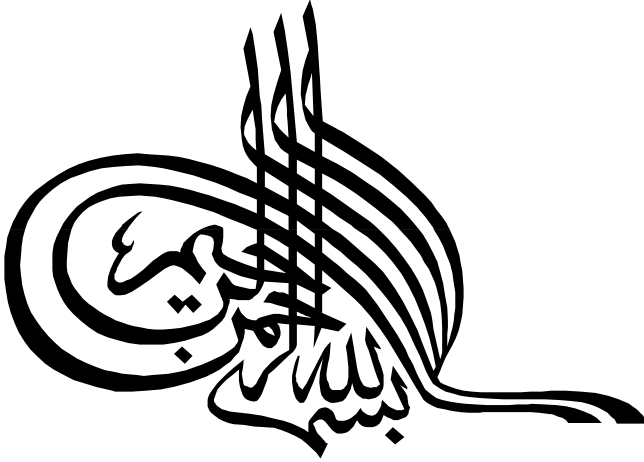
**FIRST QUARTERLY REPORT
(JULY - SEPTEMBER)**

2008



**Fauji Cement
Company Limited**





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FAUJI CEMENT COMPANY LIMITED

COMPANY INFORMATION

at a glance

► **Board of Directors**

Lt Gen Syed Arif Hasan, HI (M) (Retired)	Chairman
Maj Gen Malik Iftikhar Khan, HI (M) (Retired)	Chief Executive / MD
Mr. Qaiser Javed	Director
Mr. Riyaz H. Bokhari, IFU	Director
Brig Arif Rasul Qureshi, SI (M) (Retired)	Director
Brig Rahat Khan, SI (M) (Retired)	Director
Dr. Nadeem Inayat	Director
Brig Liaqat Ali (Retired)	Director
Brig Munawar Ahmed Rana, SI (M) (Retired)	Director

► **Company Secretary:**

Brig Shabbir Ahmed (Retired)
House No. 62, Khayaban-e-Iqbal
(Margalla Road), F-7/2,
Islamabad - Pakistan
Tel: (051) 9221690
Fax: (051) 9221693
E-mail: secretary@fccl.com.pk
Web Site: <http://www.fccl.com.pk>

► **Chief Financial Officer**

Mr. Omer Ashraf
Tel (051) 2651762

► **Registered Office and Marketing and Sales Department:**

1st Floor, Aslam Plaza,
60 Adam Jee Road, Sadar, Rawalpindi – Pakistan
Tel: (051) 5523836, 5528042, 5528960, 5528963-64
Fax: (051) 5528965-66

► **Factory:**

Near Village Jhang, Tehsil Fateh Jang
District: Attock
Tel: 057-2538047-48, 2538138, 2538148 – 49
Fax: 057-2538025

► **Auditors:**

M/s KPMG Taseer Hadi & Co,
Chartered Accountants
Fax No: (051) 2822671

► **Legal Advisors:**

Farooq Law Associates, Advocates & Attorneys
Fax No: (051) 2272643

► **Share Registrar**

M/s CORPLINK (PVT) LIMITED
Wings Arcade, 1-K, Commercial, Model Town,
Lahore
Ph No: 042-5839182, 5887262
Fax No: 042-5869037



FAUJI CEMENT COMPANY LIMITED

DIRECTORS' REVIEW

1. The Board of Directors is pleased to present their review report along with the un-audited accounts of the Company for the quarter ended 30 September 2008.
2. The demand for cement in the country remained mixed during the quarter under review as the exports witnessed a growth of 67%, while local demand scaled down by 15% because of slow construction activities. The overall dispatches for the first quarter stood at 7.33 Million tons as compared to 7.28 Million tons in the same period of the last year. Capacity utilization of the Cement Industry stood at 78.91% of total installed capacity.
3. Comparing with the Industry, FCCL achieved a higher capacity utilization of 95.52% mainly due to the fact that during the quarter under review, the Company exported 86,435 tons as compared to 60,360 tons in the same quarter of the last year depicting an increase of 43.20%. On the other hand, local dispatches stood at 191,893 tons as compared to 250,750 tons during the corresponding quarter of the last year reflecting a decrease of 21.34%.
4. Fauji Cement continued to command premium brand. As a result, the net profit of the Company witnessed an increase from 63 Million to 220 Million owing to higher demand in export, better margins and higher retention price (rupees) for export sales.
5. Our economy is passing through a difficult phase with high inflation, exorbitant increase in the cost of utilities, substantial increase in mark up rates and slow progress in meeting the Government PSDP target. These factors will continue to exert pressure on the domestic dispatches. However, due to continuous rise in export demand, we are hopeful of better performance in the next quarter as compared to the last year.

Rawalpindi
29 October 2008

Lt Gen Syed Arif Hasan, HI (M) (Retd)
Chairman



FAUJI CEMENT COMPANY LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2008

		September 2008 Un-audited Rupees'000	June 2008 Audited Rupees'000
SHARE CAPITAL AND RESERVES			
Share capital	4	7,419,887	7,419,887
Reserves		<u>2,013,121</u>	<u>1,864,094</u>
		9,433,008	9,283,981
NON - CURRENT LIABILITIES			
Long term financing	5	50,000	325,000
Deferred liability - compensated absences		10,710	9,468
Deferred tax liability - net		465,262	363,154
Retention money payable		35,331	18,129
CURRENT LIABILITIES			
Trade and other payables		635,584	493,210
Markup accrued		14,588	33,186
Short term borrowings - secured	6	948,247	1,378,365
Current portion of long term financing		550,000	550,000
		<u>2,148,419</u>	<u>2,454,761</u>
		12,142,730	12,454,493
CONTINGENCIES AND COMMITMENTS	7		

The annexed notes 1 to 13 form an integral part of these financial statements.


Chief Executive



FAUJI CEMENT COMPANY LIMITED

		September 2008 Un-audited Rupees'000	June 2008 Audited Rupees'000
FIXED ASSETS - Tangible			
Property, plant and equipment	8	7,796,870	7,106,599
LONG TERM ADVANCE		7,200	7,200
LONG TERM DEPOSITS		86,601	46,611
CURRENT ASSETS			
Stores, spares and loose tools		999,319	907,591
Stock in trade		257,149	230,089
Trade debts		43,620	26,927
Advances, deposits, prepayments and other receivables		444,407	345,567
Cash and bank balances		2,507,564	3,783,909
		4,252,059	5,294,083
		<u>12,142,730</u>	<u>12,454,493</u>

Director



FAUJI CEMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT (UN - AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2008

	Note	Quarter Ended	
		September	September
		2008	2007
		Rupees'000	Rupees'000
SALES		1,626,362	1,168,580
Less: Government levies		357,573	323,337
NET SALES		1,268,789	845,243
Less: Cost of sales	9	873,150	680,111
GROSS PROFIT		395,639	165,132
Other income		63,161	11,004
		458,800	176,136
Distribution cost		16,719	7,445
Administrative expenses		23,671	22,114
Other operating expenses		23,894	7,367
PROFIT FROM OPERATIONS		394,516	139,210
Finance cost		72,121	43,657
NET PROFIT BEFORE TAXATION		322,395	95,553
Taxation			
- Current	10	-	(4,226)
- Deferred		(102,109)	(28,338)
		(102,109)	(32,564)
NET PROFIT AFTER TAXATION		220,286	62,989
Earnings per share - Basic (Rupees)		0.32	0.17
Earnings per share - Diluted (Rupees)		0.30	0.15

The annexed notes 1 to 13 form an integral part of these financial statements.

Chief Executive

Director




FAUJI CEMENT COMPANY LIMITED

CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2008

	Quarter Ended	
	September 2008	September 2007
	Rupees'000	Rupees'000
Cash flows from operating activities		
Net profit before taxation	322,395	95,553
Adjustments for:		
Depreciation	77,025	75,934
Provision for compensated absences	4,923	2,868
Workers' (Profit) Participation Fund including interest and WWF	23,894	7,367
Finance cost	72,121	43,657
Loss/ (gain) on disposal of property, plant and equipment	1,009	(2,544)
Interest income including interest on long term deposit	(63,345)	(3,974)
	115,627	123,308
Operating cash flows before working capital changes	438,022	218,861
Increase in stores and stocks	(118,788)	(36,816)
Increase in retention money	17,202	-
Increase in long-term deposits	(39,990)	-
(Increase)/decrease in trade debts	(16,693)	858
Increase in advances, deposits, prepayments and other receivables	(138,617)	(312,544)
Increase/(decrease) in trade and other payables	140,395	(38,662)
	(156,491)	(387,164)
Cash generated from operations	281,531	(168,303)
Compensated absences paid	(1,135)	(270)
Payment to Workers' (Profit) Participation Fund	(24,413)	(41,483)
Taxes paid	(25,952)	(4,393)
Net cash from operating activities	230,031	(214,449)
Cash flows from investing activities		
Additions in property, plant and equipment excluding borrowing cost capitalized	(768,277)	(17,675)
Proceeds from disposal of property, plant and equipment	423	2,544
Interest received on bank deposits	57,815	8,588
Net cash used in investing activities	(710,039)	(6,543)
Cash flows from financing activities		
Repayment of long term finances	(275,000)	(275,000)
Dividend paid on ordinary shares	(48)	(3,725)
Dividend paid on preference shares	-	(8,360)
(Payment)/proceeds of short-term borrowings	(430,118)	272,700
Finance cost paid	(91,171)	(91,527)
Net cash used in financing activities	(796,337)	(105,912)
Decrease in cash and cash equivalents	(1,276,345)	(326,904)
Cash and cash equivalents at beginning of the period	3,783,909	423,133
Cash and cash equivalents at end of the period	2,507,564	96,229

The annexed notes 1 to 13 form an integral part of these financial statements.


Chief Executive


Director



FAUJI CEMENT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2008

	Share capital		Capital reserve		Revenue reserve	Total
	Ordinary	Preference	Share premium	Hedging	Accumulated	
				reserve		
	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000
Balance as at June 30, 2007	3,707,430	486,992	-	-	(459,216)	3,735,206
Total recognized income and expense for the period	-	-	-	-	62,989	62,989
Balance as at September 30, 2007	3,707,430	486,992	-	-	(396,227)	3,798,195
Balance as at June 30, 2008	6,932,895	486,992	1,833,709	84,364	(53,979)	9,283,981
Loss arising on marking to market foreign currency forward options	-	-	-	(71,259)	-	(71,259)
Total recognized income and expense for the period	-	-	-	-	220,286	220,286
Balance as at September 30, 2008	6,932,895	486,992	1,833,709	13,105	166,307	9,433,008

The annexed notes 1 to 13 form an integral part of these financial statements.

Chief Executive

Director



FAUJI CEMENT COMPANY LIMITED

NOTES TO THE ACCOUNTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2008

1. Fauji Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan on 23 November 1992 under the Companies Ordinance, 1984 and commenced its business with effect from 22 May 1993. The shares of the Company are quoted on Karachi, Islamabad and Lahore stock exchanges in Pakistan. The principal activity of the Company is manufacturing and sale of ordinary portland cement. The company's registered office is situated at Aslam Plaza, Adamjee Road, Rawalpindi. Fauji Foundation holds 26.86% of the Company's ordinary shares.
2. These financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. These financial statements are presented in condensed form in accordance with the requirements of International Accounting Standard 34: Interim Financial Reporting.
3. The accounting policies and method of calculations adopted for the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the preceding year ended 30 June 2008.

4. SHARE CAPITAL

There is no change in composition of issued, paid up and subscribed share capital of the Company from 30 June, 2008

5. LONG TERM FINANCING

	Note	September 2008 Rupees'000	June 2008 Rupees'000
From banking companies and financial institutions			
Syndicated term finance facility - secured	5.1	600,000	875,000
Less: Amount payable within 12 months shown as current portion		<u>550,000</u>	<u>550,000</u>
		<u>50,000</u>	<u>325,000</u>
5.1 Movement in this account during the period/year is as follows:			
Opening balance		875,000	1,425,000
Repayments during the period/year		<u>(275,000)</u>	<u>(550,000)</u>
Closing balance		<u>600,000</u>	<u>875,000</u>

6. SHORT TERM BORROWINGS - SECURED

The Company has obtained running finance facilities of Rs. 1,500 million (June 2008: Rs. 1,500 million) from banking companies. These facilities are secured against first charge ranking pari passu by way of hypothecation over the present and future assets of the Company (excluding land and building) retaining 25% margin and carry markup ranging from 1 month's KIBOR plus 1 %-1.25% per annum of the utilized amount and payable on a quarterly basis.



FAUJI CEMENT COMPANY LIMITED

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no change in the contingent liabilities as reported in the financial statements for the year ended June 30, 2008.

7.2 Commitments

- a) The company has opened Letters of Credit for the import of machinery and spare parts valuing Rs. 7,646 million (June 2008: Rs. 7,541 million).
- b) Capital commitments of Rs. 9,269 million (June 2008: 9,269 million) in respect of new cement manufacturing line. The Company has entered into agreements with various suppliers for the construction of new line with 7,200 tons per day clinker capacity.

8. PROPERTY, PLANT AND EQUIPMENT

	Note	Quarter Ended	
		September	September
		2008	2007
		Rupees'000	Rupees'000
Opening book value		4,156,694	4,259,643
Additions during the period	8.1	16,623	142,290
Written down value of disposals	8.2	(1,433)	-
Depreciation for the period		(77,025)	(75,934)
Closing written down value		4,094,859	4,325,999
Add: Capital work in progress		3,702,011	15,301
		<u>7,796,870</u>	<u>4,341,300</u>
8.1 Additions			
Building		4,689	121
Plant, machinery and equipment		8,120	133,209
Office equipment		15	-
Computers		86	847
Electrical equipment		329	394
Furniture and fixtures		255	14
Motor vehicles		3,129	7,705
		<u>16,623</u>	<u>142,290</u>
8.2 Disposals			
Cost		1,563	2,454
Accumulated depreciation		(130)	(2,454)
		<u>1,433</u>	<u>-</u>



FAUJI CEMENT COMPANY LIMITED

9. COST OF SALES

	Quarter Ended	
	September 2008	September 2007
	Rupees'000	Rupees'000
Raw material consumed:		
Opening stock	10,696	4,567
Purchases	59,722	54,529
Closing stock	(10,430)	(6,106)
	59,988	52,990
Packing material consumed	82,663	68,132
Stores and spares consumed	4,506	2,020
Salaries, wages and benefits	48,368	29,930
Rent, rates and taxes	1,860	545
Insurance	3,226	3,049
Fuel consumed	430,992	306,911
Power consumed	151,826	92,250
Depreciation	73,540	73,290
Repairs and maintenance	30,771	24,934
Printing and stationery	182	218
Traveling and conveyance	515	673
Vehicle running and maintenance expenses	2,038	1,871
Technical assistance	6,746	992
Communication, establishment and other expenses	915	816
	898,136	658,621
Add: Opening work-in-process	152,529	115,221
Less: Closing work-in-process	(143,296)	(91,853)
Cost of goods manufactured	907,369	681,989
Add: Opening finished goods	46,289	44,157
Less: Closing finished goods	(66,247)	(46,035)
	887,411	680,111
Less: Own consumption capitalized	(14,261)	-
	873,150	680,111

10. TAXATION

Pursuant to amendment through Finance Act, 2008, section 113 of the Income Tax Ordinance, 2001, has been omitted and accordingly provision for minimum tax has not been made.



FAUJI CEMENT COMPANY LIMITED

11. RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Fauji Foundation, therefore all subsidiaries and associated undertakings of Fauji Foundation are related parties of the Company. Other related parties comprise directors, key management personnel, entities over which the directors are able to exercise influence and employees' fund. Transaction with related parties are as follows:

	Quarter Ended	
	September 2008	September 2007
	Rupees'000	Rupees'000
Fauji Foundation		
Sale of Cement	2,659	3,501
Payment on account of clearance of shipments	4,500	-
Payment for use of medical facilities	7	-
Balance payable	47,926	529
Contribution to Employees Provident Fund	1,896	1,555
Remuneration including benefits and perquisites to Chief Executive	1,726	1,258
Remuneration including benefits and perquisites to Executives	12,684	8,803

12. Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 29 October 2008

13. General

Figures have been rounded off to the nearest thousand of Rupees.

Chief Executive

Director

Book Post

Under Postal Certificate

If undelivered please return to:



Company Secretary

Fauji Cement Company Limited

1st Floor, Aslam Plaza, 60 Adam Jee Road,
Saddar, Rawalpindi — Pakistan