

FIRST QUARTERLY REPORT
(JULY - SEPTEMBER)

2010



Fauji Cement
Company Limited





FAUJI CEMENT COMPANY LIMITED

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FAUJI CEMENT COMPANY LIMITED

COMPANY INFORMATION

at a glance

- ▶ Board of Directors
 - Lt Gen Hamid Rab Nawaz, HI (M) (Retired) Chairman
 - Lt Gen Javed Alam Khan, HI (M) (Retired) Chief Executive / MD
 - Mr. Qaiser Javed Director
 - Mr. Riyaz H. Bokhari, IFU Director
 - Brig Rahat Khan, SI (M) (Retired) Director
 - Dr. Nadeem Inayat Director
 - Brig Liaqat Ali, TI (M) (Retired) Director
 - Brig Agha Ali Hassan, SI (M) (Retired) Director
 - Brig Parvez Sarwar Khan, SI (M) (Retired) Director
- ▶ Company Secretary: Brig Sajjad Azam Khan (Retired)
House No. 62, Khayaban-e-Iqbal
(Margalla Road), F-7/2,
Islamabad - Pakistan
Tel: (051) 9102451
Fax: (051) 9102454
E-mail: secretary@fccl.com.pk
- ▶ Chief Financial Officer Mr. Omer Ashraf
Tel (051) 2651762
- ▶ Registered Office and Marketing and Sales Department: Ist 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: M/s ORR Dignam & Co, Advocates
Fax No: (051)2060653
- ▶ Company Website <http://www.fccl.com.pk>
- ▶ 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 un-audited accounts of the Company for the quarter ended 30 September 2010 along with Directors' review thereon.

2. During the quarter under review, the Company's capacity utilization remained at 82% as compared to 83% in the corresponding quarter of the last year. Exports stood at 112,777 tons as compared to 56,320 tons of cement in the same quarter last year depicting an increase of 100%. Local dispatches stood at 126,696 tons as compared to 185,955 tons during the corresponding quarter of last year depicting a decrease of 32 %.

3. As a result of slightly low dispatches and increased cost of production profitability of Company stood at Rs.106 Million compared with last year same quarter's profit of Rs.148 Million. In order to demonstrate our corporate social responsibility towards the flood affected people of the country, FCCL contributed an amount of Rs. 18.2 million in the form of relief goods and donation.

4. The Board is of the opinion that the receipt of aid from multilateral donors and financing from international financial institutions for the reconstruction of flood affected areas will lead to better business environment and profitability in the days to come.

A handwritten signature in black ink, appearing to be 'Hamid Rab Nawaz'.

Lt Gen Hamid Rab Nawaz, HI (M) (Retd)
Chairman



FAUJI CEMENT COMPANY LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT 30 SEPTEMBER 2010

	Note	30 September 2010 Un-audited Rupees'000	30 June 2010 Audited Rupees'000
SHARE CAPITAL AND RESERVES			
Share capital	4	7,419,887	7,419,887
Reserves		<u>2,349,913</u>	<u>2,190,798</u>
		9,769,800	9,610,685
Subordinated loan - unsecured		1,220,000	400,000
NON - CURRENT LIABILITIES			
Long term financing - secured	5	11,976,796	11,909,030
Fair value of derivative		-	72,026
Deferred liability - compensated absences		19,194	14,707
Deferred tax liability - net		808,687	788,636
CURRENT LIABILITIES			
Trade and other payables		1,337,110	1,698,674
Markup accrued		164,727	349,130
Short term borrowings - secured		1,328,626	865,727
Current portion of long term financing		1,082,042	1,071,384
		3,912,505	3,984,915
		<u>27,706,982</u>	<u>26,779,999</u>

CONTINGENCIES AND COMMITMENTS 6

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Tauheed
Chief Executive



FAUJI CEMENT COMPANY LIMITED

	Note	30 September 2010 Un-audited Rupees'000	30 June 2010 Audited Rupees'000
NON - CURRENT ASSETS			
Property, plant and equipment	7	24,549,855	23,819,040
Long term advance		5,400	5,400
Long term deposits and prepayments		853,806	884,841
CURRENT ASSETS			
Stores, spares and loose tools		1,113,893	1,060,533
Stock in trade		299,393	96,684
Trade debts		17,216	24,514
Advances		68,516	46,981
Trade deposits, short term prepayments and balances with statutory authority		658,015	601,364
Interest accrued		1,143	567
Other receivables		30,878	47,858
Cash and bank balances		108,867	192,217
		2,297,921	2,070,718
		<u>27,706,982</u>	<u>26,779,999</u>

Director



FAUJI CEMENT COMPANY LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN - AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010

	Note	Quarter Ended	
		30 September 2010	30 September 2009
		Rupees'000	Rupees'000
SALES		1,188,690	1,259,261
Less: Government levies		194,699	280,868
NET SALES		993,991	978,393
Cost of sales	8	789,912	716,484
GROSS PROFIT		204,079	261,909
Other income		6,377	9,637
		210,456	271,546
Distribution cost		14,207	12,282
Administrative expenses		48,442	25,615
Other operating expenses		10,012	15,192
PROFIT FROM OPERATIONS		137,795	218,457
Finance cost		1,914	12,280
NET PROFIT BEFORE TAXATION		135,881	206,177
Taxation			
- Current		9,940	66,946
- Deferred		20,051	(8,903)
		29,991	58,043
NET PROFIT AFTER TAXATION		105,890	148,134
Earnings per share - Basic (Rupees)		0.15	0.21
Earnings per share - Diluted (Rupees)		0.14	0.20

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director



FAUJI CEMENT COMPANY LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN - AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010

	Quarter Ended	
	30 September 2010 Rupees'000	30 September 2009 Rupees'000
Net profit after tax	105,890	148,134
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedge-net	53,225	(254,730)
Total comprehensive income	<u>159,115</u>	<u>(106,596)</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director



FAUJI CEMENT COMPANY LIMITED

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010

	Quarter Ended	
	30 September 2010 Rupees'000	30 September 2009 Rupees'000
Cash flows from operating activities		
Net profit before taxation	135,881	206,177
Adjustments for:		
Depreciation	97,693	82,571
Provision for compensated absences	7,882	4,641
Workers' (Profit) Participation Fund including interest and WWF	10,077	16,114
Finance cost	1,850	11,357
Gain on disposal of property, plant and equipment	(1,593)	-
Interest income including interest on long term deposit	(2,933)	(2,872)
	112,976	111,811
Operating cash flows before working capital changes	248,857	317,988
(Increase)/decrease in stores and stocks	(256,069)	1,469
Increase in retention money	-	28,089
Decrease/(increase) in trade debts	7,298	(58,076)
Increase in advances	(21,535)	(1,419)
Increase in trade deposits, short term prepayments and balance with statutory authority	(52,884)	(43,657)
Decrease in other receivables	16,980	1,206
Decrease in trade and other payables	(74,603)	(77,516)
	(380,813)	(149,904)
Cash (used in)/generated from operations	(131,956)	168,084
Compensated absences paid	(282)	(800)
Payment to Workers' (Profit) Participation Fund	(17,534)	(74,952)
Taxes paid	(13,707)	(16,978)
Net cash (used in)/ generated from operating activities	(163,479)	75,354
Cash flows from investing activities		
Additions in property, plant and equipment excluding borrowing cost capitalized	(277,446)	(1,098,373)
Proceeds from disposal of property, plant and equipment	1,645	-
Interest received on bank deposits	2,357	2,974
Net cash used in investing activities	(273,444)	(1,095,399)
Cash flows from financing activities		
Repayment of long term finances	-	(275,000)
Proceeds from subordinated loan/ long term finances	820,000	1,700,000
Dividend paid on ordinary shares	-	(3)
Dividend paid on preference shares	-	(16,721)
Import finances and export refinance	(549,090)	(70,000)
Finance cost paid	(929,326)	(428,203)
Net cash (used in)/from financing activities	(658,416)	910,073
Decrease in cash and cash equivalents	(1,095,339)	(109,972)
Cash and cash equivalents at beginning of the period	125,580	(169,831)
Cash and cash equivalents at end of the period	(969,759)	(279,803)

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.


Chief Executive


Director



FAUJI CEMENT COMPANY LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010

	Share capital		Capital reserve		Revenue reserve	Total
	Ordinary	Preference	Share premium	Hedging reserve	Accumulated profit	
	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	
Balance as at 30 June 2009	6,932,895	486,992	1,833,709	(499,830)	936,923	9,690,689
Total comprehensive income						
Profit for the period	-	-	-	-	148,134	148,134
Other comprehensive income	-	-	-	(254,730)	-	(254,730)
Total comprehensive income	-	-	-	(254,730)	148,134	(106,596)
Balance as at 30 September 2009	6,932,895	486,992	1,833,709	(754,560)	1,085,057	9,584,093
Balance as at 30 June 2010	6,932,895	486,992	1,833,709	(796,571)	1,153,660	9,610,685
Total comprehensive income						
Profit for the period	-	-	-	-	105,890	105,890
Other comprehensive income	-	-	-	53,225	-	53,225
Total comprehensive income	-	-	-	53,225	105,890	159,115
Balance as at 30 September 2010	6,932,895	486,992	1,833,709	(743,346)	1,259,550	9,769,800

The annexed notes from 1 to 11 form an integral part of these condensed interim financial statements.

Chief Executive

Director



FAUJI CEMENT COMPANY LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010

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% ordinary and 100% preference shares in the Company.
2. These interim 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". These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2010. Comparative balance sheet is extracted from annual audited financial statements for the year ended 30 June 2010 whereas comparative profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity are stated from un-audited condensed interim financial statements for the first quarter ended 30 September 2009.
3. The accounting policies, related judgments, estimates and assumptions adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual financial statements of the Company for the year ended 30 June 2010.

4. SHARE CAPITAL

There is no change in composition of issued, subscribed and paid up share capital of the Company from 30 June 2010.

5. LONG TERM FINANCING-SECURED

	Note	Un-audited 30 September 2010 Rupees'000	Audited 30 June 2010 Rupees'000
From banking companies			
Term finance facilities - secured	5.1	13,058,838	12,980,414
Less: Amount payable within 12 months shown as current portion		(1,082,042)	(1,071,384)
		<u>11,976,796</u>	<u>11,909,030</u>
5.1 Movement in this account during the period/year is as follows:			
Opening balance		12,980,414	6,224,227
Long-term finance obtained during the period/year		-	6,859,462
Exchange loss on revaluation and unamortized portion of transaction cost		78,424	(103,275)
Closing balance		<u>13,058,838</u>	<u>12,980,414</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no change in the contingent liabilities as reported in the financial statements for the year ended 30 June 2010.

6.2 Commitments

- a) The company has opened Letters of Credit for the import of machinery, coal and spare parts valuing Rs. 201.3 million (June 2010: Rs. 137 million).
- b) Capital commitments of Rs. 121.5 million (June 2010: 202.3 million) in respect of new cement manufacturing line.



FAUJI CEMENT COMPANY LIMITED

	Un-audited 30 September 2010 Rupees'000	Audited 30 June 2010 Rupees'000
7. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	23,819,040	18,777,204
Additions during the period	828,560	5,372,308
Written down value of disposals	(52)	(3,342)
Depreciation for the period	(97,693)	(327,130)
Closing carrying amount	<u>24,549,855</u>	<u>23,819,040</u>
	Quarter Ended	
	Un-audited 30 September 2010 Rupees'000	Un-audited 30 September 2009 Rupees'000
8. COST OF SALES		
Raw material consumed	68,393	61,218
Packing material consumed	75,069	67,226
Stores and spares consumed	6,271	3,946
Salaries, wages and benefits	65,681	53,331
Rent, rates and taxes	1,209	1,203
Insurance	6,125	3,546
Fuel consumed	461,722	368,924
Power consumed	163,475	155,084
Depreciation	94,232	78,303
Repairs and maintenance	32,242	23,682
Printing and stationery	273	200
Traveling and conveyance	872	1,128
Vehicle running and maintenance expenses	3,755	2,054
Communication, establishment and other expenses	1,204	1,948
	<u>980,523</u>	<u>821,793</u>
Add: Opening work-in-process	11,195	41,405
Less: Closing work-in-process	(175,575)	(129,876)
Cost of goods manufactured	<u>816,143</u>	<u>733,322</u>
Add: Opening finished goods	33,411	50,332
Less: Closing finished goods	(55,687)	(54,915)
	<u>793,867</u>	<u>728,739</u>
Less: Own consumption capitalized	(3,955)	(12,255)
	<u>789,912</u>	<u>716,484</u>
9. RELATED PARTY TRANSACTIONS		

Fauji Foundation holds 26.86% ordinary shares and 100% preference shares of the Company, therefore all subsidiaries and associated undertakings of Fauji Foundation are related parties of the Company. Other related parties comprise of directors, key management personnel, entities over which the directors are able to exercise significant influence and employees' fund. Transaction and balances with related parties are as follows:



FAUJI CEMENT COMPANY LIMITED

Quarter Ended

	30 September 2010 Rupees'000	30 September 2009 Rupees'000
Fauji Foundation		
- Sale of Cement	3,963	2,127
-Payment on account of clearance of shipments	8,000	3,100
-Preference dividend paid	-	16,721
Payments made into Employees' Provident Fund	3,126	2,842
Payments made to Workers' (Profit) Participation Fund	16,470	74,951
Remuneration including benefits and perquisites to Chief Executive	5,442	1,347
Remuneration including benefits and perquisites to Executives	23,393	19,617

10. Date of authorization for issue

These interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 25 October 2010.

11. General

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

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