

## CONTENTS

- Company Information.....2
- Directors' Review .....3
- Condensed interim Balance Sheet .....4
- Condensed interim Profit & Loss Account .....6
- Condensed interim Cash Flow Statement .....7
- Condensed interim Statement of Changes in Equity.....8
- Notes to the Condensed Financial Statements .....9



# 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
Ms Tine Bremholm Kokfelt, FLS	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

### ► 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@fcc.com.pk  
Web Site: <http://www.fcc.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) 2260653

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

### ► Shares Registrar

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 31 March 2008.
2. The accelerated demand for cement continued during the third quarter of current fiscal year 2008. Total cement despatches during this quarter reached 7.97 million tons as compared to 6.30 Million tons over the corresponding quarter of last year showing growth of 26.51%. Cement exports registered a growth of 130% and domestic demand 7.41%. Capacity utilization of the cement industry stood at 88.36% of total installed capacity.
3. As in the past, your company performed better than the industry average and maintained its upward trend in the matter of despatches. During the quarter under review, FCCL achieved capacity utilization of 101.56% as compared to 96.20% in the corresponding quarter of the last year with the total despatches of 295,908 tons of cement. FCCL exported 80,789 tons as compared to 50,395 tons in the same quarter last year depicting an increase of 60.31%. However, local despatches are recorded at 215,119 tons as compared to 229,871 tons during the corresponding quarter of last year showing a decrease of 6.42%.
4. Fauji Cement continued to remain premium brand in the market. However, due to fall in domestic price of cement and increase in input costs mainly of coal, power and packing material, the net profit of the Company witnessed a decrease from 102.1 Million to 41.2 Million.
5. In anticipation of further increase in demand for the domestic as well as the international and continued effort by the Company for economizing operation, the Company will Inshallah be in a position to improve its profitability.
- 6.

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




# FAUJI CEMENT COMPANY LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2008

	Note	31 March 2008 Unaudited Rupees ('000)	30 June 2007 Audited Rupees ('000)
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up capital	4	7,419,886	4,194,422
Share premium		1,833,888	-
Accumulated loss		(302,756)	(459,216)
		<u>8,951,018</u>	<u>3,735,206</u>
<b>LONG TERM FINANCING- secured</b>	5	325,000	875,000
<b>DEFERRED LIABILITIES</b>			
Staff retirement benefit		9,634	8,277
Deferred tax liability - net		413,967	339,918
<b>CURRENT LIABILITIES</b>			
Trade and other payables		391,054	468,447
Markup accrued		15,343	48,330
Short term running finances - secured	6	-	375,510
Current portion of long term financing	5	550,000	550,000
		<u>956,397</u>	<u>1,442,287</u>
		<u><u>10,656,016</u></u>	<u><u>6,400,688</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		

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

  
Chief Executive



# FAUJI CEMENT COMPANY LIMITED

	Note	31 March 2008 Unaudited Rupees ('000)	30 June 2007 Audited Rupees ('000)
<b>FIXED ASSETS - Tangible</b>			
Property, plant and equipment	8	6,618,936	4,392,450
<b>LONG TERM ADVANCE- considered good</b>		8,100	8,100
<b>LONG TERM DEPOSITS</b>		46,611	46,611
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		483,733	468,769
Stock in trade		142,366	183,309
Trade debts		25,745	19,558
Advances, deposits, prepayments and other receivables		50,627	858,758
Short term investments	9	400,000	-
Cash and bank balances		2,879,898	423,133
		3,982,369	1,953,527
		<u>10,656,016</u>	<u>6,400,688</u>

  
Director




# FAUJI CEMENT COMPANY LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE THIRD QUARTER ENDED 31 MARCH 2008

	Note	Quarter Ended		Year to date	
		31 March 2008	31 March 2007	31 March 2008	31 March 2007
		Rupees ('000)	Rupees ('000)	Rupees ('000)	Rupees ('000)
<b>SALES</b>	10	1,195,895	1,085,203	3,396,136	3,600,466
Less: Government levies	10	(292,353)	(297,875)	(882,168)	(979,239)
<b>NET SALES</b>		<b>903,542</b>	<b>787,328</b>	<b>2,513,968</b>	<b>2,621,227</b>
Less: Cost of sales	11	(777,964)	(554,408)	(2,076,392)	(1,685,249)
<b>GROSS PROFIT</b>		<b>125,578</b>	<b>232,920</b>	<b>437,576</b>	<b>935,978</b>
Other operating income		2,319	17,852	14,718	57,306
		<b>127,897</b>	<b>250,772</b>	<b>452,294</b>	<b>993,284</b>
Distribution cost		(15,245)	(6,514)	(27,354)	(23,434)
Administrative expenses		(17,033)	(14,051)	(55,038)	(46,926)
Other operating expenses		(4,465)	(12,348)	(18,195)	(52,488)
<b>PROFIT FROM OPERATIONS</b>		<b>91,154</b>	<b>217,859</b>	<b>351,707</b>	<b>870,436</b>
Finance cost		(31,331)	(51,569)	(108,627)	(162,237)
<b>NET PROFIT BEFORE TAXATION</b>		<b>59,823</b>	<b>166,290</b>	<b>243,080</b>	<b>708,199</b>
Taxation					
- Current		(4,518)	(3,900)	(12,570)	(13,100)
- Deferred		(14,140)	(60,339)	(74,050)	(226,636)
		<b>(18,658)</b>	<b>(64,239)</b>	<b>(86,620)</b>	<b>(239,736)</b>
<b>NET PROFIT AFTER TAXATION</b>		<b>41,165</b>	<b>102,051</b>	<b>156,460</b>	<b>468,463</b>
Earnings per share - Basic (Rupees)		<b>0.101</b>	0.280	<b>0.384</b>	1.260
Earnings per share - Diluted (Rupees)		<b>0.090</b>	0.240	<b>0.343</b>	1.120

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

  
Chief Executive

  
Director




# FAUJI CEMENT COMPANY LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD ENDED 31 MARCH 2008

	31 March 2008 Rupees ('000)	31 March 2007 Rupees ('000)
<b>Cash flows from operating activities</b>		
Net Profit before taxation	243,080	708,199
<b>Adjustment for:</b>		
Depreciation	226,496	206,547
Provision for compensated absences	7,484	8,209
Workers' Profit Participation Fund and Workers' Welfare Fund	18,015	52,488
Finance cost	108,627	162,237
Gain on disposal of property, plant and equipment	(2,544)	(100)
Interest income	(6,997)	(52,932)
	<u>351,081</u>	<u>376,449</u>
Operating cash flows before working capital changes	594,161	1,084,648
Decrease/(increase) in stores, spares, loose tools and stocks	25,977	(38,634)
(Increase)/decrease in trade debts	(6,186)	1,179
Decrease in advances, deposits, prepayments and other receivables	3,772	1,372
(Decrease) in trade and other payables	(40,118)	(14,062)
	<u>(16,555)</u>	<u>(50,145)</u>
Cash generated from operations	577,606	1,034,503
Compensated absences paid	(7,810)	(39,955)
Payment to Workers' Profit Participation Fund	(41,483)	(93,562)
Taxes paid	(12,732)	(13,913)
Net cash from operating activities	<u>515,581</u>	<u>887,073</u>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(1,592,503)	(165,281)
Proceeds from disposal of property, plant and equipment	2,544	100
Short-term investments	(400,000)	-
Interest received on bank deposits	8,538	53,959
Net cash used in investing activities	<u>(1,981,421)</u>	<u>(111,222)</u>
<b>Cash flows from financing activities</b>		
Repayment of long term finances	(550,000)	(550,000)
Proceeds from issue of right shares-net of issue cost	5,059,352	-
Dividend paid on ordinary shares	(3,762)	(180,370)
Dividend paid on preference shares	(8,361)	-
Finance costs paid	(199,114)	(217,061)
Net cash used in financing activities	<u>4,298,115</u>	<u>(947,431)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	<u>2,832,275</u>	<u>(171,580)</u>
<b>Cash and cash equivalents at beginning of the period</b>	<u>47,623</u>	<u>611,237</u>
<b>Cash and cash equivalents at end of the period</b>	<u>2,879,898</u>	<u>439,657</u>

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

  
Chief Executive

  
Director




# FAUJI CEMENT COMPANY LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE THIRD QUARTER ENDED 31 MARCH 2008

	Ordinary share capital Rupees ('000)	Preference share capital Rupees ('000)	Share Premium Rupees ('000)	Accumulated loss Rupees ('000)	Total Equity Rupees ('000)
Balance at 30 June 2006	3,707,430	486,992	-	(911,806)	3,282,616
Profit for the period	-	-	-	468,463	468,463
Final dividend: Rs 0.50 per ordinary share	-	-	-	(185,371)	(185,371)
<b>Balance at 31 March 2007</b>	<b>3,707,430</b>	<b>486,992</b>	<b>-</b>	<b>(628,714)</b>	<b>3,565,708</b>
Balance at 30 June 2007	3,707,430	486,992	-	(459,216)	3,735,206
Profit for the period	-	-	-	156,460	156,460
Proceeds from issue of right shares	3,225,464	-	-	-	3,225,464
Proceeds of share premium-net of issue costs	-	-	1,833,888	-	1,833,888
<b>Balance at 31 March 2008</b>	<b>6,932,894</b>	<b>486,992</b>	<b>1,833,888</b>	<b>(302,756)</b>	<b>8,951,018</b>

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

  
Chief Executive

  
Director



**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THIRD QUARTER ENDED 31 MARCH 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 and its associated undertakings hold 49.35% shares in the Company.
2. These interim financial statements are unaudited 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 2007. Comparative balance sheet is extracted from annual audited financial statements for the year ended 30 June 2007 whereas comparative profit and loss account, statement of changes in equity and cash flow statement are extracted from unaudited condensed interim financial statements for the nine months period ended 31 March 2007.
3. 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 2007.

**4. SHARE CAPITAL**

31 March 2008 Number ('000)	30 June 2007 Number ('000)		31 March 2008 Rupees ('000)	30 June 2007 Rupees ('000)
<b>Ordinary shares</b>				
171,310	171,310	Ordinary shares of Rs 10 each fully paid in cash	1,713,105	1,713,105
199,433	199,433	Ordinary shares of Rs 10 each issued at a discount of Rs 3.85 per share - paid in cash	1,994,325	1,994,325
322,546	-	Ordinary shares of Rs 10 each issued at Premium of Rs 6 per share - paid in cash (note 4.1)	3,225,464	-
693,289	370,743		6,932,894	3,707,430
48,699	48,699	<b>Preference shares</b>	486,992	486,992
		Preference shares of Rs 10 each issued at a discount of Rs 3.85 per share - paid in cash		
<u>741,988</u>	<u>419,442</u>		<u>7,419,886</u>	<u>4,194,422</u>

- 4.1 The Company has issued 322.5 million ordinary shares of Rs. 10 each at an issue price of Rs. 16 per share (including a premium of Rs. 6 per share) as right shares.

5. LONG TERM FINANCING – secured	Note	Unaudited 31 March 2008 Rupees ('000)	Audited 30 June 2007 Rupees ('000)
<b>- From banking companies and financial institutions</b>			
Syndicated term finance facility - secured	5.1	875,000	1,425,000
Less: Amount payable within 12 months shown as current portion		(550,000)	(550,000)
		<u>325,000</u>	<u>875,000</u>

- 5.1 Movement in this account during the period/year is as follows:

Opening balance	1,425,000	1,975,000
Repayments during the period/year	(550,000)	(550,000)
Closing balance	<u>875,000</u>	<u>1,425,000</u>

**6. SHORT TERM RUNNING FINANCES- secured**

The Company has obtained running finance facilities of Rs 1,500 million (30 June 2007: Rs.1,500 million) from the 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 and carry mark-up at the rate of one month's KIBOR + 1 % p.a. of the utilized amount payable on a quarterly basis.

**7. CONTINGENCIES AND COMMITMENTS**

**7.1 Contingencies**

There is no change in contingent liabilities as reported in the annual financial statements for the year ended 30 June 2007, except that the Company is contingently liable in respect of guarantees amounting to Rs. 270 million (30 June 2007: Rs. 154 million) issued by the banking companies in ordinary course of business.

**7.2 Commitments**

There is no change in commitments as reported in the annual financial statements for the year ended 30 June 2007, except for the following:

The Company has opened letters of credit for import of machinery, spares and coal valuing Rs. 743.67 million (30 June 2007: Rs. 188.26 million).

Capital commitments of Rs 5,762 million (30 June 2007: Rs. 5,542 million) in respect of new cement manufacturing line. As explained in the annual financial statements of the Company for the year ended 30 June 2007, the Company is in the process of constructing a new production line of 7,200 ton per day clinker capacity and the related financial close is in process.



# FAUJI CEMENT COMPANY LIMITED

	Note	31 March 2008 Rupees ('000)	31 March 2007 Rupees ('000)
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening carrying amount		4,392,450	4,563,115
Additions during the period / year	8.1	2,452,982	165,281
Written down value of disposals	8.2	-	-
Depreciation for the period/ year		(226,496)	(206,546)
Closing carrying amount		<u>6,618,936</u>	<u>4,521,850</u>
Closing carrying amount includes capital work in progress amounting to Rs. 2,411 million (30 June 2007: Rs. 132.8 million)			
<b>8.1 Additions</b>			
Plant, machinery and equipment		140,196	43,643
Building		17,317	937
Office equipment		210	583
Computers		2,616	2,665
Electrical equipment		1,031	958
Furniture and fixtures		68	438
Motor vehicles		13,406	20,691
Tube well		-	774
Capital work in progress-net	8.3	2,278,138	94,592
		<u>2,452,982</u>	<u>165,281</u>
<b>8.2 Disposals</b>			
Cost		2,454	1,126
Accumulated depreciation		(2,454)	(1,126)
		<u>-</u>	<u>-</u>

8.3 This mainly includes advances for new production line of 7,200 ton per day clinker capacity.

## 9. Short term investments

This represents investments in mutual funds by the Company classified as investments at fair value through profit or loss. These are stated at fair values with any resulting gains or losses recognised directly in the profit and loss account.

	Quarter Ended		Year to date	
	31 March 2008 Rupees ('000)	31 March 2007 Rupees ('000)	31 March 2008 Rupees ('000)	31 March 2007 Rupees ('000)
<b>10. SALES-Net</b>				
Sales - Local sales	945,814	957,899	2,794,497	3,270,788
- Export sales	250,081	127,304	601,639	329,678
	<u>1,195,895</u>	<u>1,085,203</u>	<u>3,396,136</u>	<u>3,600,466</u>
Less: - Sales tax	(123,658)	(125,998)	(358,616)	(430,234)
- Excise duty	(168,260)	(171,643)	(522,223)	(548,223)
- Export development surcharge	(435)	(234)	(1,329)	(782)
	<u>(292,353)</u>	<u>(297,875)</u>	<u>(882,168)</u>	<u>(979,239)</u>
	<u>903,542</u>	<u>787,328</u>	<u>2,513,968</u>	<u>2,621,227</u>
<b>11. COST OF SALES</b>				
Raw material consumed:				
Opening stock	9,094	8,581	4,579	8,955
Purchases	55,233	62,628	165,051	172,041
Closing stock	(7,561)	(9,365)	(7,561)	(9,365)
	<u>56,766</u>	<u>61,844</u>	<u>162,069</u>	<u>171,631</u>
Packing material consumed	74,801	56,433	206,817	161,656
Stores and spares consumed	1,988	2,303	8,076	7,624
Salaries, wages and benefits	30,633	26,734	90,018	86,822
Rent, rates and taxes	737	499	2,268	1,216
Insurance	3,052	3,122	9,151	9,260
Fuel consumed	378,071	242,424	941,893	699,656
Power	125,880	112,414	320,888	320,225
Depreciation	71,397	67,553	217,016	201,054
Repairs and maintenance	21,149	27,818	66,306	60,386
Technical assistance	38	-	1,170	-
Printing and stationery	169	183	595	545



# FAUJI CEMENT COMPANY LIMITED

Traveling and entertainment	712	425	1,812	1,934
Vehicle running and maintenance expenses	1,677	1,607	5,170	5,291
Communication and other expenses	685	1,108	2,167	2,604
	<u>767,755</u>	<u>604,467</u>	<u>2,035,416</u>	<u>1,729,904</u>
Opening work-in-process	90,860	68,211	115,221	93,671
Closing work-in-process	(71,097)	(131,461)	(71,097)	(131,461)
	<u>19,763</u>	<u>(63,250)</u>	<u>44,124</u>	<u>(37,790)</u>
Cost of goods manufactured	787,518	541,217	2,079,540	1,692,114
Opening finished goods	37,726	43,464	44,157	23,408
Own consumption capitalized	(6,538)	-	(6,563)	-
Closing finished goods	(40,742)	(30,273)	(40,742)	(30,273)
	<u>(9,554)</u>	<u>13,191</u>	<u>(3,148)</u>	<u>(6,865)</u>
	<u>777,964</u>	<u>554,408</u>	<u>2,076,392</u>	<u>1,685,249</u>

## 12. RELATED PARTY TRANSACTIONS AND BALANCES

Fauji Foundation and its associated undertakings hold 49.35% 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' funds. Transactions and balances with related parties are as follows:

	Year to date	
	31 March	31 March
	2008	2007
	Rupees ('000)	Rupees ('000)
<b>Main sponsor</b>		
- Sale of cement	7,830	11,371
- Dividend paid	-	109,240
- Preference dividend paid	8,361	-
- Payments for use of medical facilities	2	66
- Advance paid on account of clearance of shipments	17,700	18,000
- Payment for expenses	2,228	-
Balance receivable-unsecured	4,870	2,409
<b>Contribution to Employees Provident Fund</b>	4,599	4,396
<b>Remuneration including benefits and perquisites to Chief Executive</b>	3,490	3,128
<b>Remuneration including benefits and perquisites to Executives</b>	26,497	16,059
<b>Fee paid to directors for meetings</b>	23	16

## 13. 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 April 2008.

## 14. GENERAL

Figures have been rounded off to the nearest thousand.

Chief Executive

Director