

9. DEFERRED TAXATION

Deferred tax income arised during the period due to capitalization of new cement manufacturing line but has not been recognized in these interim financial statements.

10. RELATED PARTY TRANSACTIONS

Fauji Foundation holds 61.97% 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:


	Quarter Ended	
	30 September 2011	30 September 2010
	Rupees'000	Rupees'000
Fauji Foundation		
- Sale of Cement	432	3,963
-Payment on account of clearance of shipments	750	8,000
-Preference dividend paid	66,885	-
-Amount received against underwriting of shares	2,327,261	-
-Repayment of subordinated loan	3,189,000	-
Payments made into Employees' Provident Fund	4,450	3,126
Payments made to Workers' (Profit) Participation Fund	26,206	16,470
Remuneration including benefits and perquisites to Chief Executive	1,540	5,442
Remuneration including benefits and perquisites to key management personnel	6,195	6,969

11. 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 20 October 2011.

12. GENERAL

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



Chief Executive



Director

2	Company Information
3	Directors' Report
4	Condensed Interim Balance Sheet
6	Condensed Interim Profit and Loss Account
7	Condensed Interim Statement of Comprehensive Income
8	Condensed Interim Statement of Cash Flows
9	Condensed Interim Statement of Changes in Equity
10	Notes to the Condensed Interim Financial Statements

- **Board of Directors**
- Lt Gen (R) Hamid Rab Nawaz , (Chairman)
 Lt Gen (R) Muhammad Sabir , (CE/MD)
 Mr. Qaiser Javed
 Dr. Nadeem Inayat
 Brig (R) Liaqat Ali , TI (M)
 Brig (R) Agha Ali Hassan, SI(M)
 Brig (R) Parvez Sarwar Khan, SI (M)
 Brig (R) Dr. Gulfam Alam, SI (M)
 Mr. Max Kruse, IFU
- **Company Secretary**
- Brig (R) Sajjad Azam Khan, SI (M) T Bt
 Fauji Tower Block III
 68 Tipu Road Chaklala, Rawalpindi
 Tel: (051) 9280075
 Fax: (051) 9280416
 E - mail: sajjad@fccl.com.pk
 Web Site: <http://www.fccl.com.pk>
- **Chief Financial Officer**
- Mr. Omer Ashraf
 Tel: (051) 5500157
- **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
- **Registered Office**
- Ist Floor, Aslam Plaza, 60 Adamjee Road,
 Sadar, Rawalpindi-Pakistan.
 Tel: (051) 5523836, 5528042, 5528960,
 5528963-64
 Fax: (051) 5528965-66
- **Factory**
- Near Village Jhang Bahtar, Tehsil Fateh Jang
 District: Attock
 Tel: 057-2538047-48, 2538138, 2538148-49
 Fax: 057-2538025
- **Company Website**
- <http://www.fccl.com.pk>

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 2011.

6.2 Commitments

a] The company has opened Letters of Credit for the import of machinery, coal and spare parts valuing Rs. 855.9 million (June 2011: Rs. 564 million).

b] Capital commitments of Rs. 284.8 million (June 2011: 193 million).

	Un-audited 30 September 2011 Rupees'000	Audited 30 June 2011 Rupees'000
7. PROPERTY, PLANT AND EQUIPMENT		
Opening book value	26,658,079	23,819,040
Additions during the period	537,004	3,236,125
Written down value of disposals	(30)	(4,949)
Depreciation for the period	(118,658)	(392,137)
Closing carrying amount	<u>27,076,395</u>	<u>26,658,079</u>

7.1 After completion of trial run the new cement manufacturing line has started commercial operations during the quarter and has been capitalized in these interim financial statements.

	Quarter Ended	
	Un-audited 30 September 2011 Rupees'000	Un-audited 30 September 2010 Rupees'000
8. COST OF SALES		
Raw material consumed	79,556	68,393
Packing material consumed	111,337	75,069
Stores and spares consumed	4,597	6,271
Salaries, wages and benefits	80,218	65,681
Rent, rates and taxes	1,635	1,209
Insurance	8,001	6,125
Fuel consumed	578,421	461,722
Power consumed	320,537	163,475
Depreciation	115,429	94,232
Repairs and maintenance	43,013	32,242
Printing and stationery	197	273
Traveling and conveyance	1,614	872
Vehicle running and maintenance expenses	3,728	3,755
Communication, establishment and other expenses	2,485	1,204
	<u>1,350,768</u>	<u>980,523</u>
Add: Opening work-in-process	210,041	11,195
Work in process transferred after trial run of line-II	260,372	-
Less: Closing work-in-process	(475,451)	(175,575)
Cost of goods manufactured	<u>1,345,730</u>	<u>816,143</u>
Add: Opening finished goods	80,289	33,411
Finished goods transferred after trial run of line-II	135,052	-
Less: Closing finished goods	(194,035)	(55,687)
	<u>1,367,036</u>	<u>793,867</u>
Less: Own consumption capitalized	(2,521)	(3,955)
	<u>1,364,515</u>	<u>789,912</u>

Note	30 September 2011 Un-audited Rupees'000	30 June 2011 Audited Rupees'000
SHARE CAPITAL AND RESERVES		
Share capital	4 13,798,150	7,419,887
Advance against issue of shares	-	861,871
Reserves	(309,170)	2,732,259
	13,488,980	11,014,017
Subordinated loan - unsecured	-	3,189,000
NON - CURRENT LIABILITIES		
Long term financing - secured	5 11,429,073	11,805,480
Deferred liability - compensated absences	22,706	22,674
Deferred tax liability - net	794,918	794,918
CURRENT LIABILITIES		
Trade and other payables	1,361,279	1,290,968
Markup accrued	261,092	444,297
Short term borrowings - secured	2,765,834	1,901,333
Current portion of long term financing	2,260,232	1,748,142
	6,648,437	5,384,740
	32,384,114	32,210,829

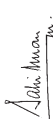
CONTINGENCIES AND COMMITMENTS 6


The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


Chief Executive

	Share capital		Advance against issue of shares	Capital reserve		Revenue reserve		Total
	Ordinary	Preference		Share premium/ (Discount)	Hedging reserve	Accumulated profit		
	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000
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	-	-	-	-	-	105,890	105,890	105,890
Profit for the period	-	-	-	-	-	-	53,225	53,225
Other comprehensive income	-	-	-	-	-	-	53,225	53,225
Total comprehensive income	-	-	-	-	-	-	105,890	105,890
Total transaction with the owners	-	-	-	-	-	-	-	-
Balance as at 30 September 2010	6,932,895	486,992	-	1,833,709	(743,346)	1,259,550	9,769,800	
Balance as at 30 June 2011	6,932,895	486,992	861,871	1,826,452	(606,629)	1,512,436	11,014,017	
Total comprehensive income	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	103,818	103,818	103,818
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-
Transfer during the period	-	-	-	-	-	-	46,159	46,159
Transaction with the owners	-	-	-	-	-	-	-	-
Amount received against issue of right shares	-	-	2,327,261	-	-	-	-	2,327,261
Issuance of right shares at discount	6,378,263	-	(3,189,132)	(3,189,131)	-	-	-	-
Cost incurred in connection with issue of right shares	-	-	-	(2,275)	-	-	-	(2,275)
Total transaction with the owners	6,378,263	-	(861,871)	(3,191,406)	-	-	-	2,324,986
Balance as at 30 September 2011	13,311,158	486,992	-	(1,364,954)	(560,470)	1,616,254	13,488,980	

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


Chief Executive


Director

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 61.97% ordinary and 100% preference shares in the Company.
2. This condensed interim financial information is un-audited and are being submitted to the shareholders' in accordance with the requirements of Section 245 of the Companies Ordinance, 1984. This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2011. Comparative balance sheet is extracted from annual audited financial statements for the year ended 30 June 2011 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from un-audited condensed interim financial statements for the first quarter ended 30 September 2010.
3. The accounting policies, related judgments, estimates and assumptions adopted for the preparation of these condensed interim financial information are the same as those applied in preparation of the annual financial statements of the Company for the year ended 30 June 2011.

4. SHARE CAPITAL

During the period the Company has issued shares to members at a price of Rs. 5 per share (at a discount of Rs. 5 per share) by way of right share in proportion of 92 shares for every 100 shares held by them. The movement in share capital is as follows:

	Number '000	Rupees '000
Balance as at 30 June 2011	741,989	7,419,887
Shares allotted (against cash)	637,826	6,378,263
Balance as at 30 September 2011	1,379,815	13,798,150

5. LONG TERM FINANCING-SECURED

	Note	Un-audited 30 September 2011 Rupees'000	Audited 30 June 2011 Rupees'000
From banking companies			
Term finance facilities - secured	5.1	13,689,305	13,553,622
Less: Amount payable within 12 months shown as current portion		(2,260,232)	(1,748,142)
		11,429,073	11,805,480

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

Opening balance	13,553,622	12,980,414
Long-term finance obtained during the period/year	-	500,000
Exchange loss on revaluation and unamortized portion of transaction cost	135,683	73,208
Closing balance	13,689,305	13,553,622

1. The Board of Directors is pleased to present the un-audited accounts of the Company for the quarter ended 30 September 2011 along with Directors' review thereon.
2. The Shareholders were earlier informed that trial run production of our newly commissioned line-II was started in June 2011 and dispatches commenced in July 2011 but during this period due to the ongoing power shortages in the country we faced many interruptions/shutdowns because of which line-II could not reach its optimum level of production. During the month of August 2011 due to Ramadan the outages reached upto 10 hours as a result of which line-II had to be shutdown completely during this period. Even gas was not available due to which our power plants could not be run. However, after improvement of power supply in September 2011, line-II resumed its trial production and dispatches were also started accordingly and are now operating steadily. Secondly during the month of September 2011 the plant also achieved its optimum capacity and thus has been capitalized on the same date.
3. During the quarter under review, FCCL capacity utilization based on line-I only remained at 104% as compared to 82% in the corresponding quarter of the last year. Local dispatches stood at 233,022 tons as compared to 126,696 tons during the corresponding quarter of last year depicting an increase of 56%. Exports stood at 70,126 tons as compared to 112,777 tons in the same quarter of last year depicting a decrease of 38%. Our total dispatches during this period after taking into account trial run period of line-II were 426,955 tons.
4. The profitability of Company stood at Rs.104 Million as compared with last year same quarter's profit of Rs.106 Million.
5. Going forward a major challenge in the next quarter would be dealing with the power crisis which has been resolved for the time being in October 2011 but we have to see for how long it can be sustained. The domestic prices are stable to a certain extent but with less Government spending on infrastructure projects not much growth is expected in the domestic dispatches, thereby exerting more pressure on exports. The reduction in the KIBOR in line with the discount rate would provide some relief in financial charges.



Rawalpindi
20th October 2011


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

Condensed Interim Profit And Loss Account (Un-Audited) F C C L
 for the first Quarter Ended 30 September 2011 First Quarterly Report 2011 **6**

Note	Quarter Ended	
	30 September 2011	30 September 2010
	Rupees'000	Rupees'000
SALES	1,956,742	1,188,690
Less: Government levies	354,833	194,699
NET SALES	1,601,909	993,991
Cost of sales	8 1,364,515	789,912
GROSS PROFIT	237,394	204,079
Other income	8,392	6,377
	245,786	210,456
Distribution cost	13,237	14,207
Administrative expenses	28,491	48,442
Other operating expenses	9,310	10,012
PROFIT FROM OPERATIONS	194,748	137,795
Finance cost	68,405	1,914
NET PROFIT BEFORE TAXATION	126,343	135,881
Taxation		
- Current	22,525	9,940
- Deferred	9 -	20,051
	22,525	29,991
NET PROFIT AFTER TAXATION	103,818	105,890
Earnings per share - Basic (Rupees)	0.08	0.15
Earnings per share - Diluted (Rupees)	0.07	0.14

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


 Chief Executive


 Director

Condensed Interim Statement of Comprehensive Income(Un - Audited) F C C L
 for the first Quarter Ended 30 September 2011 First Quarterly Report 2011 **7**

	Quarter Ended	
	30 September 2011	30 September 2010
	Rupees'000	Rupees'000
Net profit after tax	103,818	105,890
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedge-net	-	53,225
Total comprehensive income	103,818	159,115

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


 Chief Executive



 Director

Condensed Interim Statement of Cash Flows (Un - Audited) F C C L **8**
for the first Quarter Ended 30 September 2011 First Quarterly Report 2011

	Quarter Ended	
	30 September 2011 Rupees'000	30 September 2010 Rupees'000
Cash flows from operating activities		
Net profit before taxation	126,343	135,881
Adjustments for:		
Depreciation	118,658	97,693
Provision for compensated absences	7,882	7,882
Workers' (Profit) Participation Fund including interest and WWF	9,568	10,077
Finance cost (excluding interest on WPPF)	68,147	1,850
Gain on disposal of property, plant and equipment	(1,555)	(1,593)
Interest income including interest on long term deposit	(4,449)	(2,933)
	198,251	112,976
Operating cash flows before working capital changes	324,594	248,857
Increase in stores and stocks	(653,241)	(256,069)
(Increase)/ decrease in trade debts	(3,048)	7,298
Decrease/ (increase) in advances	21,624	(21,535)
Decrease/ (increase) in trade deposits, short term prepayments and balance with statutory authority	11,876	(52,884)
(Increase)/ decrease in other receivables	(1,473)	16,980
Increase/ (decrease) in trade and other payables	147,140	(74,603)
	(477,122)	(380,813)
Cash used in operations	(152,528)	(131,956)
Compensated absences paid	(898)	(282)
Payment to Workers' (Profit) Participation Fund	(26,463)	(17,534)
Taxes paid	(35,209)	(13,707)
Net cash used in operating activities	(215,098)	(163,479)
Cash flows from investing activities		
Additions in property, plant and equipment excluding borrowing cost capitalized	(52,426)	(277,446)
Proceeds from disposal of property, plant and equipment	1,586	1,645
Interest received on bank deposits	2,822	2,357
Net cash used in investing activities	(48,018)	(273,444)
Cash flows from financing activities		
(Repayment)/ proceeds of subordinated loan	(3,189,000)	820,000
Subscription received against issue of right shares - net	2,324,986	-
Dividend paid on preference shares	(66,885)	-
Repayment of short term borrowings	(18,739)	(549,090)
Finance cost paid	(525,797)	(929,326)
Net cash used in financing activities	(1,475,435)	(658,416)
Decrease in cash and cash equivalents	(1,738,551)	(1,095,339)
Cash and cash equivalents at beginning of the period	483,888	125,580
Cash and cash equivalents at end of the period	(1,254,663)	(969,759)
Cash and cash equivalents comprise of the following		
Cash and bank balances	123,535	108,867
Running finance	(1,378,198)	(1,078,626)
	(1,254,663)	(969,759)

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


Chief Executive


Director

Condensed Interim Balance Sheet as at 30 September 2011 F C C L **5**
First Quarterly Report 2011

Note	30 September 2011	30 June 2011
	Un-audited Rupees'000	Audited Rupees'000
NON - CURRENT ASSETS		
Property, plant and equipment	7 27,076,395	26,658,079
Long term advance	4,500	4,500
Long term deposits and prepayments	727,834	756,124
CURRENT ASSETS		
Stores, spares and loose tools	2,760,811	2,444,173
Stock in trade	830,525	493,922
Trade debts	40,008	36,960
Advances	19,109	40,733
Trade deposits, short term prepayments and balances with statutory authority	770,272	769,467
Interest accrued	2,464	836
Other receivables	28,661	27,188
Cash and bank balances	123,535	978,847
	4,575,385	4,792,126
	32,384,114	32,210,829


Director