

آزادی تہی ہے



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- ▶ **Board of Directors**
 - Lt Gen (R) Muhammad Mustafa Khan, HI (M) , (Chairman)
 - Lt Gen (R) Muhammad Sabir, HI (M), (CE/MD)
 - Mr. Qaiser Javed (Director)
 - Dr. Nadeem Inayat (Director)
 - Maj General (R) Syed Jamal Shahid, HI(M) (Director)
 - Brig (R) Parvez Sarwar Khan, SI (M) (Director)
 - Brig (R) Dr. Gulfam Alam, SI (M) (Director)
 - Brig (R) Muhammad Saeed Khan (Director)
 - Brig (R) Asmat ullah Khan Niazi (Independent Director)
 - Mr. Max Kruse, IFU

- ▶ **Company Secretary**
 - Brig (R) Sajjad Azam Khan, SI (M) T Bt
 - Fauji Towers, Block III
 - 68 Tipu Road, Chaklala, Rawalpindi
 - Tel: (051) 9280075
 - Fax: (051) 9280416
 - E - mail: sajjad@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**
 - Fauji Towers, Block -III, 68 Tipu Road Chaklala
 - Rawalpindi
 - Tel: (051) 9280075
 - Exch: 051-9280081-83, 5763321-24
 - Fax: (051) -9280416

- ▶ **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>

The Board of Directors is pleased to present its review report along with the condensed interim financial information of the Company for the half year ended 31 December 2013.

Industry Overview

The cement industry achieved a growth of 1.07% during six months of current financial year with volumetric sales of 16.12 million tons as compared to 15.95 million tons during the same period last year.

The local sales volume of the industry during six months of current financial year registered a growth of 2.13% with volumetric sales of 11.98 million tons as compared to 11.73 million tons in same period last year. Whereas export sales registered a decline of 1.8% with volumetric sales of 4.15 million tons as compared to 4.22 million tons in same period of last year.

Company Overview

The overall sales volume of the company decreased by 2.82% during the six months of current financial year with volumetric sales of 1.18 million tons as compared to 1.22 million tons during the same period last year. Capacity utilization achieved by the company is 69% as compared to 71% in the same period last year.

The local sales volume of the company during six months of this financial year registered a growth of 0.81% with volumetric sales of 0.948 million tons as compared to 0.940 million tons in same period last year. Export sales registered a decline of 15.1% with volumetric sales of 0.237 million tons as compared to 0.279 million tons in same period of last year.

A comparison of key financial results of the company for the period ended 31 December 2013 with same period of last year is as under.

Particulars	Six Months	
	2013-14	2012-13
Sales Revenue	8,237,267	7,556,629
Gross Profit	2,777,375	2,435,564
Profit Before tax	1,895,183	1,367,583
Net Profit after tax	1,250,979	922,667
Earnings per Share(Basic)	0.940	0.693
Earnings per Share(Diluted)	0.907	0.669

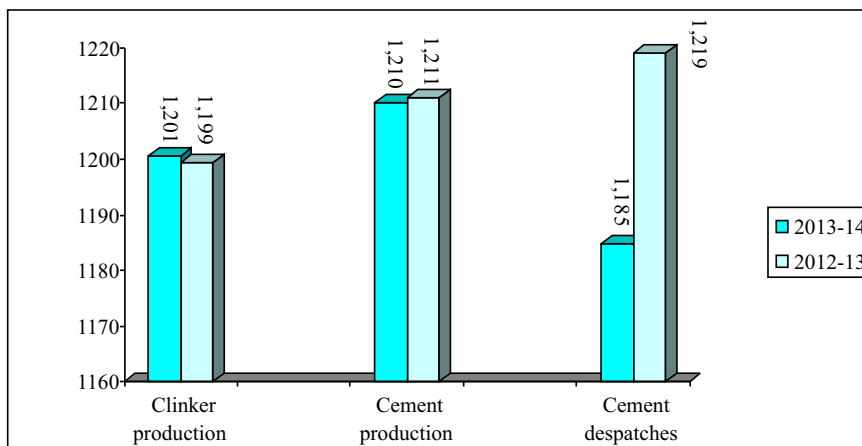
*Rs. in thousand except EPS

Business Performance

(a) Production and sales volume performance

The production statistics of the Company for the six months ended 31 December 2013 as compared to same period last year is as under.

Particulars	Six Months	Six Months	Change
	2013-14(tons)	2012-13(tons)	
Clinker production	1,200,563	1,199,426	0.1%
Cement production	1,210,062	1,210,833	-0.1%
Cement despatches	1,184,680	1,219,042	-2.8%



(b) Financial Performance

During the period under review, overall sales revenue of the company increased by 8.86% despite decrease in sales volume because of increase in prices of cement in the domestic market. The prices of cement were mainly increased due to increase in taxes and input cost.

Resultantly, company achieved a gross profit rate of 34% for the period under review as compared to 32% achieved during same period last year.

The company achieved a net profit margin of 15% during the period under review as compared to 12% in the same period last year.

The earnings per share were Rs 0.940 during the period under review.

Future outlook

Based on the volumetric growth of 2.13% achieved in domestic sales during the six months ended 31 December 2013, it is anticipated that the demand of cement in the domestic market will remain stable during 2nd half of current financial year especially due to higher off take in summers. However exports to Afghanistan continue to remain under pressure.

Acknowledgment

The Directors express their appreciation to the bankers and financial institutions that extended assistance in financing to the company and the company workers, staff and executives for their devotion and hard work.

With the blessings of Allah Almighty, the Board is of the opinion that the company will maintain its good performance in future as well.

For and on behalf of the Board

18 February 2014
Rawalpindi

Lt Gen (R) Muhammad Mustafa Khan, HI (M)
Chairman

Introduction

We have reviewed the accompanying condensed interim balance sheet of Fauji Cement Company Limited ("the Company") as at 31 December 2013, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (the interim financial information).

Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

The figures for the three months period ended 31 December 2013, in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

18 February 2014
Islamabad



KPMG TASEER HADI & Co.
Chartered Accountants
Engagement Partner
Riaz Pesnani

Condensed Interim Balance Sheet as at 31 December 2013 **F C C L** **6**
 Half Yearly Report 2013

		Un-Audited	Audited
		31 December 2013	30 June 2013
	Note	Rupees'000	Rupees'000
SHARE CAPITAL AND RESERVES			
Share capital	4	13,798,150	13,798,150
Reserves		<u>1,786,780</u>	<u>2,138,211</u>
		15,584,930	15,936,361
NON - CURRENT LIABILITIES			
Long term financing - secured	5	6,886,958	7,924,264
Deferred liabilities		2,596,498	2,034,994
CURRENT LIABILITIES			
Trade and other payables		1,794,662	1,483,438
Markup accrued		177,802	206,362
Short term borrowings - secured		6,058	159,685
Current portion of long term financing	5	2,653,563	2,559,945
		4,632,085	4,409,430
		<u>29,700,471</u>	<u>30,305,049</u>
CONTINGENCIES AND COMMITMENTS			
	6		

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


 Chief Executive

Condensed Interim Balance Sheet as at 31 December 2013 **F C C L** **7**
 Half Yearly Report 2013

	Un-Audited 31 December 2013	Audited 30 June 2013
Note	Rupees'000	Rupees'000
NON - CURRENT ASSETS		
Property, plant and equipment	7 24,357,724	24,734,325
Long term advance	2,700	2,700
Long term deposits and prepayments	344,949	528,934
CURRENT ASSETS		
Stores, spares and loose tools	1,646,142	1,869,919
Stock in trade	1,366,634	981,092
Trade debts - considered good	325,299	205,802
Advances	5,242	12,920
Trade deposits, short term prepayments and balance with statutory authority	303,427	179,119
Interest accrued	1,684	10,472
Other receivables	70,537	22,201
Derivative financial instrument	340,158	55,394
Cash and bank balances	935,975	1,702,171
	4,995,098	5,039,090
	29,700,471	30,305,049

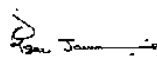

 Director

Condensed Interim Profit And Loss Account (Un-Audited) **F C C L** **8**
For the Six Months Period Ended 31 December 2013 Half Yearly Report 2013

Note	Three Months Ended		Six Months Ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Rupees'000	Rupees'000	Rupees'000	Rupees'000
Turnover	5,296,636	4,856,071	9,962,998	8,929,170
Government levies	(937,582)	(753,535)	(1,725,731)	(1,362,541)
Turnover-net	4,359,054	4,102,536	8,237,267	7,566,629
Cost of sales	(2,850,696)	(2,679,838)	(5,459,892)	(5,131,065)
Gross profit	1,508,358	1,422,698	2,777,375	2,435,564
Administrative expenses	(49,302)	(53,869)	(102,763)	(92,418)
Distribution cost	(27,961)	(38,505)	(54,593)	(77,102)
Other operating expenses	(78,252)	(62,192)	(139,785)	(100,929)
Finance cost	(321,028)	(431,950)	(664,851)	(817,650)
Other income	28,273	5,680	79,800	20,118
Profit before taxation	1,060,088	841,862	1,895,183	1,367,583
Taxation				
- Current	(43,591)	(12,553)	(82,373)	(47,194)
- Deferred	(347,899)	(267,589)	(561,831)	(397,722)
	(391,490)	(280,142)	(644,204)	(444,916)
Profit for the period	668,598	561,720	1,250,979	922,667
Earnings per share - Basic (Rupees)	0.502	0.422	0.940	0.693
Earnings per share - Diluted (Rupees)	0.485	0.407	0.907	0.669

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


 Chief Executive


 Director

Condensed Interim Statement of Comprehensive Income(Un - Audited) F C C L 9
 For the Six Months Period Ended 31 December 2013 Half Yearly Report 2013

	Three Months Ended		Six Months Ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	Rupees'000	Rupees'000	Rupees'000	Rupees'000
Profit for the period	668,598	561,720	1,250,979	922,667
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	668,598	561,720	1,250,979	922,667

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


 Chief Executive


 Director


Condensed Interim Cash Flow Statement (Un - Audited)
For the Six Months Period Ended 31 December 2013

F C C L **10**
 Half Yearly Report 2013

	31 December 2013 Rupees'000	31 December 2012 Rupees'000
Cash flows from operating activities		
Profit for the period before taxation	1,895,183	1,367,583
Adjustments for:		
Depreciation	639,002	639,019
Provision for compensated absences	9,663	22,324
Workers' (Profit) Participation Fund including interest and Workers' Welfare Fund	139,997	101,066
Finance cost (excluding interest on WPPF)	665,203	817,353
Gain on disposal of property, plant and equipment	(307)	(2,511)
Interest income including interest on long term advance	(74,306)	(9,090)
	<u>1,379,252</u>	<u>1,568,161</u>
Operating cash flows before working capital changes	3,274,435	2,935,744
Decrease in stores, spares and loose tools	223,777	108,809
Increase in stock in trade	(385,542)	(121,312)
Increase in trade debts	(119,497)	(151,023)
Decrease in advances	7,678	7,378
Increase in trade deposits, short term prepayments and balance with statutory authority	(37,366)	(5,599)
(Increase)/ decrease in other receivables	(48,336)	141,550
Increase/ (decrease) in trade and other payables	460,099	(171,487)
	<u>100,813</u>	<u>(191,684)</u>
Cash generated from operations	3,375,248	2,744,060
Compensated absences paid	(1,042)	(1,106)
Payment to Workers' (Profit) Participation Fund including interest	(40,996)	(52,169)
Income tax paid	(231,025)	(37,245)
	<u>3,102,185</u>	<u>2,653,540</u>
Net cash generated from operating activities	3,102,185	2,653,540
Cash flows from investing activities		
Additions in property, plant and equipment	(262,630)	(119,441)
Proceeds from disposal of property, plant and equipment	536	2,761
Interest received on bank deposits	83,094	8,082
	<u>(179,000)</u>	<u>(108,598)</u>
Net cash used in investing activities	(179,000)	(108,598)
Cash flows from financing activities		
Repayment of long term financing	(1,338,265)	(1,150,742)
Dividend paid on preference shares	(210,687)	(175,573)
Dividend paid on ordinary shares	(1,640,061)	-
Proceeds from short term borrowings	-	(690,000)
Proceeds from prepaid guarantee fee	127,406	-
Finance cost paid	(474,147)	(528,590)
	<u>(3,535,754)</u>	<u>(2,544,905)</u>
Net cash used in financing activities	(3,535,754)	(2,544,905)
(Decrease)/ increase in cash and cash equivalents	(612,569)	37
Cash and cash equivalents at beginning of the period	1,542,486	169,117
Cash and cash equivalents at end of the period	929,917	169,154
Cash and cash equivalents comprise of the following:		
Cash and bank balances	935,975	224,144
Short term borrowings - secured	(6,058)	(54,990)
	<u>929,917</u>	<u>169,154</u>

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


 Chief Executive

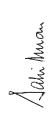

 Director

Condensed Interim Statement of Change in Equity (Un - Audited)
For the Six Months Period Ended 31 December 2013

FCCL **11**
Half Yearly Report 2013

	Share capital		Capital reserve		Revenue reserve		Total
	Ordinary	Preference	Discount on issue of shares	Hedging reserve	Un-appropriated profit		
	Rupees'000						
Balance at 30 June 2012	13,311,158	486,992	(1,364,385)	(418,113)	1,889,453		13,905,105
Total comprehensive income for the period							
Profit for the period	-	-	-	-	922,667		922,667
Other comprehensive income	-	-	-	-	-		-
Total comprehensive income for the period	-	-	-	-	922,667		922,667
Transfer during the period	-	-	-	76,041	-		76,041
Transaction with owners, recorded directly in equity							
Balance at 31 December 2012	13,311,158	486,992	(1,364,385)	(342,072)	2,812,120		14,903,813
Balance at 30 June 2013	13,311,158	486,992	(1,364,385)	(273,237)	3,775,833		15,936,361
Total comprehensive income for the period							
Profit for the period	-	-	-	-	1,250,979		1,250,979
Other comprehensive income	-	-	-	-	-		-
Total comprehensive income for the period	-	-	-	-	1,250,979		1,250,979
Transfer during the period	-	-	-	61,485	-		61,485
Transaction with owners, recorded directly in equity							
Final dividend 2013: Rs 1.25 per share	-	-	-	-	(1,663,895)		(1,663,895)
Balance at 31 December 2013	13,311,158	486,992	(1,364,385)	(211,752)	3,362,917		15,584,930

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


Chief Executive


Director

1. STATUS AND NATURE OF BUSINESS

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 Fauji Towers, Block-III, 68-Tipu Road, Rawalpindi.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the six months period ended 31 December 2013 has been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in the condensed interim financial information do not include the information reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2013. Comparative balance sheet is extracted from audited annual financial statements as of 30 June 2013 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information for the six months period ended 31 December 2012.

This condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Islamabad, Lahore and Karachi Stock Exchanges.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of this condensed interim financial information and financial risk management policy are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2013 except the following:

3.1 IAS 19 (as revised in June 2011) "Employees Benefits" became effective during the period. This revised IAS 19 has no effect on the condensed interim financial information of the Company.

3.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2014 and are not expected to have any significant effect on condensed interim financial information of the Company.

- IFRIC 21 'Levies'	(effective 01 January 2014)
- IAS 32 'Financial Instruments: Presentation'	(effective 01 January 2014)
- IAS 36 'Impairment of Assets'	(effective 01 January 2014)
- IAS 39 'Financial Instruments: Recognition and Measurement'	(effective 01 January 2014)
- IAS 19 'Employee Benefits'	(effective 01 July 2014)
- IAS 27 'Consolidated and Separate Financial Statements'	(effective 01 January 2014)

Notes to the Condensed Interim Financial Information (Un-Audited) F C C L **13**
 For the Six Months Period Ended 31 December 2013 Half Yearly Report 2013

Amendments to following standards as annual improvements cycle of 2010-2012 and 2011-2013. Most amendments will apply prospectively for annual period beginning on or after 1 July 2014

- IFRS 2 'Share-based Payment' - IAS 16 'Property, plant and equipment'
- IFRS 3 'Business Combinations' - IAS 24 'Related Party Disclosure'
- IFRS 8 'Operating Segments' - IAS 40 'Investment Property'

4. Share capital

There is no change in authorised and issued, subscribed and paid up share capital of the Company from 30 June 2013.

5. LONG TERM FINANCING - secured	Note	Un-Audited	Audited
- From banking companies		31 December	30 June
		2013	2013
		Rupees'000	Rupees'000
Term finance facilities including syndicated term finance facilities- secured	5.1	9,540,521	10,484,209
Less: Current portion shown under current liabilities		(2,653,563)	(2,559,945)
		<u>6,886,958</u>	<u>7,924,264</u>

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

Opening balance	10,484,209	12,554,908
Principal repayment during the period/ year	(1,338,265)	(2,423,912)
Exchange loss on revaluation and transaction cost adjustment	394,577	353,213
Closing balance	<u>9,540,521</u>	<u>10,484,209</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no change in the contingent liabilities as disclosed in the audited annual financial statements for the year ended 30 June 2013.

6.2 Commitments

6.2.1 The Company has opened letters of credit for the import of spare parts valuing Rs .1,034 million (30 June 2013: Rs. 82 million).

6.2.2 The Company has capital commitments of Rs. 1,131 million (30 June 2013: Nil) in respect of Waste Heat Recovery project.

7. PROPERTY, PLANT AND EQUIPMENT	Un-Audited	Audited
	31 December	30 June
	2013	2013
	Rupees'000	Rupees'000
Opening book value	24,734,325	25,897,954
Additions during the period / year	262,630	113,253
Book value of disposals	(229)	(2,990)
Depreciation charged for the period / year	(639,002)	(1,273,892)
Closing book value	<u>24,357,724</u>	<u>24,734,325</u>

7.1 During the period, the Company has started Waste Heat Recovery project of 9 MW.

Notes to the Condensed Interim Financial Information (Un-Audited) F C C L **14**
 For the Six Months Period Ended 31 December 2013 Half Yearly Report 2013

	Three Months Ended		Six Months Ended	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Rupees'000	Rupees'000	Rupees'000	Rupees'000
8. COST OF SALES				
Raw material consumed	206,161	198,917	417,970	360,938
Packing material consumed	230,798	212,180	438,602	391,512
Stores and spares consumed	5,160	10,862	16,135	18,745
Salaries, wages and benefits	176,437	166,118	351,827	304,267
Rent, rates and taxes	4,584	4,403	9,003	8,139
Insurance	24,008	22,416	47,960	44,833
Fuel consumed	1,082,910	1,243,808	2,170,115	2,141,453
Power consumed	776,244	637,791	1,479,994	1,188,487
Depreciation	316,665	317,169	633,404	632,986
Repairs and maintenance	91,638	41,892	209,658	148,957
Technical assistance	228	139	254	816
Printing and stationery	555	458	855	696
Traveling and conveyance	2,517	2,173	6,709	6,184
Vehicle running and maintenance expenses	5,545	6,201	11,145	11,589
Communication, establishment and other expences	4,508	2,179	5,770	3,403
	2,927,958	2,866,706	5,799,401	5,263,005
Add: Opening work-in-process	871,726	641,609	638,144	677,001
Less: Closing work-in-process	(865,318)	(838,571)	(865,318)	(838,571)
Cost of goods manufactured	2,934,366	2,669,744	5,572,227	5,101,435
Add: Opening finished goods	169,847	126,602	141,182	146,138
Less: Closing finished goods	(253,517)	(116,508)	(253,517)	(116,508)
	2,850,696	2,679,838	5,459,892	5,131,065

9. RELATED PARTY TRANSACTIONS AND BALANCES

There is no change in relationship with related parties during the period. Significant transactions with related parties are as follows:

	Six Months Ended	
	31 December 2013	31 December 2012
	Rupees'000	Rupees'000
Fauji Foundation		
- Sale of cement	9,872	9,593
- Preference dividend paid	210,687	175,573
- Dividend paid on ordinary shares	618,689	-
- Payment for use of medical facilities	101	98
- Payment on account of clearance of shipments	3,813	2,873
-* Preference dividend payable	-	210,687
- Repayment of amount payable	-	300,000
- Payment of rent and utilities	4,704	3,386
Transactions with other related parties		
- Payments made into Employees' Provident Fund	15,230	12,372
- Payments made to Workers' (Profit) Participation Fund	40,996	52,169
- Remuneration including benefits and perquisites to Chief Executive	10,478	9,901
- Remuneration including benefits and perquisites to key management personnel	24,100	19,685

* Balance of accounts appearing as comparatives are as at 30 June 2013

10. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 18 February 2014.

11. GENERAL

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

11.2 The Board of Directors in their meeting held on 18 February 2014 have proposed an interim dividend of Rs. 0.75 per ordinary share.


 Chief Executive


 Director