

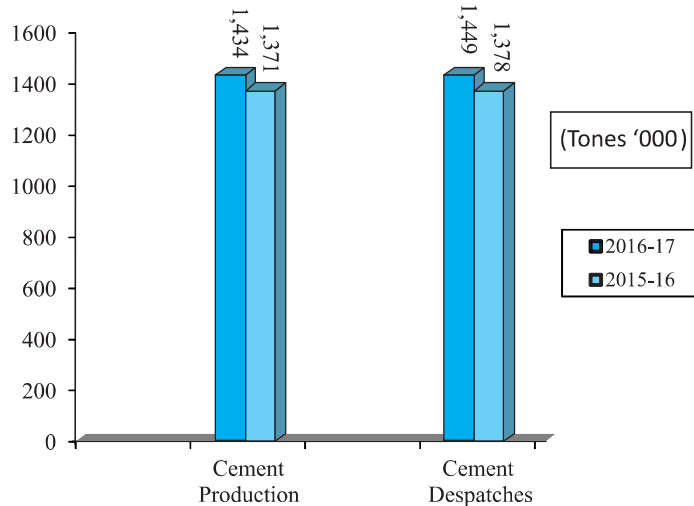
- The Board of Directors is pleased to present its review report along with the Condensed Interim Financial Information of the Company for the Half Year ended 31st December 2016.
- Industry Overview.** Cement industry achieved a growth of 8.7% during six months of current financial year with volumetric sales of 19.81 Million Tons as compared to 18.22 Million Tons during the same period last year. Local sales volume of the industry during six months of current financial year registered a growth of 11% with volumetric sales of 16.89 Million Tons as compared to 15.21 Million Tons in same period last year. Whereas export sales registered a decline of 3.5% with volumetric sales of 2.91 Million Tons as compared to 3.02 Million Tons in same period of last year.
- Company Overview.** Overall sales volume of the Company increased by 5% during the six months of current financial year with volumetric sales of 1.45 Million Tons as compared to 1.38 million tons during the same period last year. Capacity Utilization achieved by the Company is 84% as compared to 80% in the same period last year. Local sales volume of the Company during six months of this financial year registered a growth of 13% with volumetric sales of 1.35 Million Tons as compared to 1.20 million tons in same period last year. Export sales registered a decline of 47% with volumetric sales of 0.096 Million Tons as compared to 0.18 Million Tons in same period of last year.
- Comparison of Key Financial Results.** Key Financial Result for the period ended 31st December 2016 with same period of last year are tabulated below:-

Particulars	Six Month	
	2016-17	2015-16
Sales Revenue	10,187,143	9,950,378
Gross Profit	2,318,274	4,577,210
Profit Before tax	1,856,384	3,861,270
Net Profit after tax	1,302,952	2,776,711
Earnings Per Share(Basic)	0.94	2.09
Earnings Per Share(Diluted)	0.94	2.01

*Rs. in thousand except EPS

- Business Performance.** The production statistics of the Company for the six months ended 31st December 2016 as compared to same period last year are as under:-

Particulars	Six Months	Six Months	Change
	2016-17 (Tons)	2015-16 (Tons)	
Cement Production	1,433,774	1,371,106	4.57%
Cement Dispatches	1,448,690	1,377,805	5.14%



6. **Financial Performance**

- a. During the period under review, overall sales revenue of the Company increased by 2.38%. The increase is mainly attributable to increased dispatches.
 - b. Company achieved a gross profit rate of 23% for the period under review as compared to 46% achieved during same period last year. Sharp decline is due to procurement of costly clinker from other cement manufacturers as the production Line - II is still under Rehabilitation after the incident on May 29th 2016. Therefore, Net Profit ratio of the Company remained at 13% during the period under review as compared to 28% in the same period last year.
7. **Future outlook.** Based on the growth in domestic sales, it is anticipated that the demand of cement in the market will remain stable during 2nd Half of current Financial Year especially due to higher off take in summers. However, exports to Afghanistan will continue to remain under pressure.
 8. The main focus of the Company is on timely completion of Rehabilitation Works and start up of Line - II as soon as possible. It is expected to be fully operational in 1st quarter of FY 2017-18. Further, contracts for set-up of WHRPP on Line - I/ Wartsila Power Plant have been executed and work is progressing satisfactorily.
 9. **Acknowledgement.** Directors appreciate all stakeholders i.e. Company's Workers, Staff and Executives for their devotion and hard work.

Rawalpindi
Dated 15 February 2017

Lt Gen Khalid Nawaz Khan (Retd), HI(M), Sitara-i-Esar
Chairman Board of Directors of FCCL