

DIRECTORS' REVIEW

1. 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 2017**.
2. **Industry Overview**. Cement industry achieved a growth of **12.3%** during six months of current financial year with volumetric sales of **22.24 Million** Tons as compared to **19.81 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 **17.4%** with volumetric sales of **19.84 Million** Tons as compared to **16.89 Million** Tons in same period last year. Whereas export sales registered a decline of **17.3%** with volumetric sales of **2.41 Million** Tons as compared to **2.91 Million** Tons in the same period last year.
3. **Company Overview**. Overall sales volume of the company increased by **12.6%** during the six months of current financial year with volumetric sales of **1.63 Million** Tons as compared to **1.45 Million** Tons during the same period last year. Capacity utilization achieved by the company is **95 %** as compared to **84%** in the same period last year. Local sales volume during six months of this financial year registered a growth of **6.48%** with volumetric sales of **1.44 Million** Tons as compared to **1.35 Million** Tons in the same period last year. Export sales registered growth of **99%** with volumetric sales of **0.19 Million** tons as compared to **0.096 Million** tons in the same period last year.
4. **Comparison of Key Financial Results**. Key Financial results for the period ended 31st December 2017 with same period of last year are tabulated below:-

<u>Particulars</u>	<u>6 Month</u>	
	<u>2017-18</u>	<u>2016-17</u>
a. Sales Revenue *	10,268,488	10,187,143
b. Gross Profit *	2,228,132	2,318,274
c. Profit Before Tax *	1,757,553	1,856,384
d. Net Profit after Tax *	1,267,798	1,302,952
e. Earnings per Share (Basic & Diluted)	0.92	0.94

*** Rs.in Thousands except EPS**

5. **Business Performance.** The production statistics of the Company for the six months ended **31st December 2017** as compared to same period last year are as under:-

<u>Particulars</u>	<u>Six Months</u> <u>2017-18 (Tons)</u>	<u>Six Months</u> <u>2016-17 (Tons)</u>	<u>Change</u>
a. Cement Production	1,629,924	1,433,774	14%
b. Clinker Production	1,045,715	555,547	88%
c. Clinker Purchased	549,191	1,046,433	(48%)

6. **Financial Performance.** Although cement despatches increased by **12.4%** compared to previous period but decline in sale prices and increase in coal prices has resulted in decrease in EPS from **Rs 0.94** to **Rs 0.92**.
7. **Future outlook.** Based on the volumetric growth of **7%** achieved in domestic sales during the six months ended 31st December 2017 by the company, 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. Exports to Afghanistan are expected to show higher growth than the last year.
8. Work on the WHRP Project Line-1 is also nearing completion and expected to start operations last week of February 2018 which will further reduce the production cost.
9. **Acknowledgement.** 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 hardworking.

Rawalpindi
19th February 2018

Lt Gen Syed Tariq Nadeem Gilani (Retd),HI(M)
Chairman Board of Directors of FCCL