

آزادی قیمتی ہے



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- ▶ **Board of Directors**
 - Lt Gen (R) Muhammad Mustafa Khan, HI (M) , (Chairman)
 - Lt Gen (R) Sardar Mahmood Ali Khan, HI (M), (CE/MD)
 - Mr. Qaiser Javed (Director)
 - Dr. Nadeem Inayat (Director)
 - Maj Gen (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>

1. The Board of Directors is pleased to present its report along with the condensed interim unaudited financial information of the Company for the third quarter and nine months ended 31 March 2014.

Industry Overview

2. The cement industry achieved a growth of 0.96% during nine months of current financial year with volumetric sales of 24.78 million tons as compared to 24.54 million tons during the same period last year.

3. The local sales volume of the industry during nine months of current financial year registered a growth of 2.11% with volumetric sales of 18.76 million tons as compared to 18.37 million tons in same period last year. Whereas export sales registered a decline of 2.46% with volumetric sales of 6.02 million tons as compared to 6.17 million tons in same period of last year.

Company Overview

4. The overall sales volume of the company decreased by 3.48% during the nine months of current financial year with volumetric sales of 1.78 million tons as compared to 1.84 million tons during the same period last year. Capacity utilization achieved by the company is 69% as compared to 72% in the same period last year.

5. The local sales volume of the company during nine months of current financial year registered a growth of 0.08% with volumetric sales of 1.468 million tons as compared to 1.467 million tons in same period last year. Export sales registered a decline of 17.3% with volumetric sales of 0.312 million tons as compared to 0.377 million tons in same period of last year.

6. A comparison of key financial results of the company for the period ended 31 March 2014 with same period of last year is as under.

Particulars	9 Months	
	2013-14	2012-13
Sales Revenue	12,538,139	11,639,318
Gross Profit	4,277,966	3,766,695
Profit Before tax	3,135,485	2,253,422
Net Profit after tax	1,995,905	1,569,785
Earnings per Share(Basic)	1.499	1.179
Earnings per Share(Diluted)	1.447	1.138

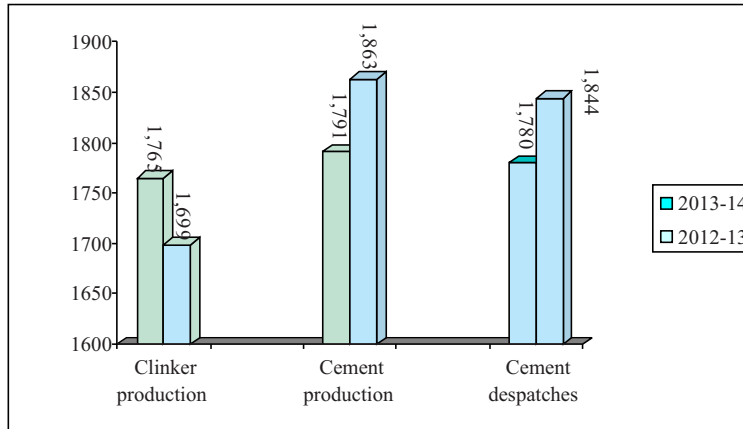
*Rs. in thousand except EPS

Business Performance

7. (a) Production and sales volume performance

The production statistics of the Company for the Nine months ended 31 March 2014 as compared to same period last year is as under.

Particulars	9 Months		
	2013-14(tons)	2012-13(tons)	Change(%)
Clinker production	1,764,923	1,698,639	3.9
Cement production	1,791,953	1,862,913	(3.8)
Cement dispatches	1,780,309	1,844,316	(3.5)

**(b) Financial Performance**

- (1) During the period under review, overall sales revenue of the company increased by 7.72% 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.
- (2) Resultantly, company achieved a gross profit rate of 34% for the period under review as compared to 32% achieved during same period last year.
- (3) The company achieved a net profit ratio of 16% during the period under review as compared to 13% in the same period last year.
- (4) The earnings per share were Rs 1.499 during the period under review.

Future outlook

8. Based on the volumetric growth of 2.11% achieved in domestic sales during the nine months ended 31 March 2014, it is anticipated that the demand of cement in the domestic market will remain stable during 4th quarter of current financial year especially due to higher off take in summers. However, exports to Afghanistan will remain under pressure.

Acknowledgement

9. 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 hardwork.
10. With the blessings of Allah Almighty, the Board is of the opinion that the company will remain on the course to success in the near future.

For and on behalf of the Board

23 April 2014
Rawalpindi

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

Condensed Interim Balance Sheet as at 31 March 2014

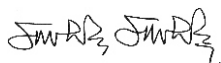
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	Note	Un-audited 31 March 2014 Rupees'000	Audited 30 June 2013 Rupees'000
SHARE CAPITAL AND RESERVES			
Share capital	4	13,798,150	13,798,150
Reserves		1,561,629	2,138,211
		15,359,779	15,936,361
NON - CURRENT LIABILITIES			
Long term financing - secured	5	6,125,581	7,924,264
Deferred liabilities		3,048,198	2,034,994
CURRENT LIABILITIES			
Trade and other payables		2,843,133	1,483,438
Markup accrued		93,871	206,362
Short term borrowings - secured		12,623	159,685
Current portion of long term financing	5	2,540,198	2,559,945
		5,489,825	4,409,430
		30,023,383	30,305,049
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 March 2014

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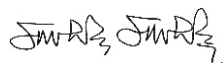
	Note	Un-audited 31 March 2014 Rupees'000	Audited 30 June 2013 Rupees'000
NON - CURRENT ASSETS			
Property, plant and equipment	7	24,113,280	24,734,325
Long term advance		2,700	2,700
Long term deposits and prepayments		316,659	528,934
CURRENT ASSETS			
Stores, spares and loose tools		2,193,117	1,869,919
Stock in trade		1,322,203	981,092
Trade debts - considered good		434,494	205,802
Advances		6,782	12,920
Trade deposits, short term prepayments and balance with statutory authority		292,366	179,119
Interest accrued		158	10,472
Other receivables		21,192	22,201
Derivative financial instrument		-	55,394
Cash and bank balances		1,320,432	1,702,171
		5,590,744	5,039,090
		30,023,383	30,305,049


Director

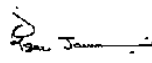
Condensed Interim Profit and Loss Account (Un-Audited) **F C C L** **7**
For the Nine Months Period Ended 31 March 2014 3rd Quarterly Report 2014

	Note	Three Months Ended		Nine Months Ended	
		31 March 2014	31 March 2013	31 March 2014	31 March 2013
		Rupees'000	Rupees'000	Rupees'000	Rupees'000
Turnover		5,259,634	4,869,544	15,222,632	13,798,713
Government levies		(958,762)	(796,854)	(2,684,493)	(2,159,395)
Turnover-net		4,300,872	4,072,690	12,538,139	11,639,318
Cost of sales	8	(2,800,281)	(2,741,558)	(8,260,173)	(7,872,623)
Gross profit		1,500,591	1,331,131	4,277,966	3,766,695
Administrative expenses		(50,515)	(41,826)	(153,278)	(134,244)
Distribution cost		(27,277)	(31,376)	(81,870)	(108,478)
Other operating expenses		(91,391)	(65,210)	(231,176)	(166,139)
Finance cost		(134,088)	(337,319)	(798,939)	(1,154,969)
Other income		42,982	30,439	122,782	50,557
		1,240,302	1,361,570	3,135,485	2,253,422
Taxation					
- Current		(43,008)	(23,615)	(125,381)	(70,809)
- Deferred		(452,368)	(215,106)	(1,014,199)	(612,828)
		(495,376)	(238,721)	(1,139,580)	(683,637)
PROFIT FOR THE PERIOD		744,926	647,118	1,995,905	1,569,785
Earnings per share - Basic (Rupees)		0.560	0.486	1.499	1.179
Earnings per share - Diluted (Rupees)		0.540	0.469	1.447	1.138

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



Chief Executive

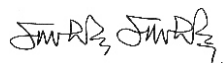


Director

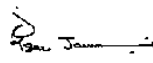
Condensed Interim Statement of Comprehensive Income(Un - Audited) F C C L **8**
 For the Nine Months Period Ended 31 March 2014 3rd Quarterly Report 2014

	Three Months Ended		Nine Months Ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Rupees'000	Rupees'000	Rupees'000	Rupees'000
Profit for the period	744,926	647,118	1,995,905	1,569,785
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	744,926	647,118	1,995,905	1,569,785

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



Chief Executive



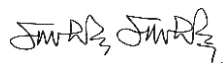
Director

Condensed Interim Cash Flow Statement (Un - Audited)
For the Nine Months Period Ended 31 March 2014

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	31 March 2014 Rupees'000	31 March 2013 Rupees'000
Cash flows from operating activities		
Profit for the period	3,135,485	2,253,422
Adjustments for:		
Depreciation	950,056	957,114
Provision for compensated absences	16,392	27,571
Workers' (Profit) Participation Fund including interest and Workers' Welfare Fund	231,388	166,339
Finance cost (excluding interest on WPPF)	799,292	1,154,672
Gain on disposal of property, plant and equipment	(7,527)	(2,306)
Interest income including interest on long term advance	(105,420)	(22,932)
	1,884,181	2,280,458
Operating cash flows before working capital changes	5,019,666	4,533,880
(Increase)/ decrease in stores, spares and loose tools	(323,198)	417,141
(Increase)/ decrease in stock in trade	(341,111)	128,092
Decrease in long-term deposits and prepayments	127,406	-
Increase in trade debts	(228,692)	(180,022)
Decrease/ (increase) in advances	6,138	(4,532)
Increase in trade deposits, short term prepayments and balance with statutory authority	(25,255)	(47,952)
Decrease in other receivables	1,010	104,714
Increase in trade and other payables	505,152	101,760
	(278,550)	519,201
Cash generated from operations	4,741,116	5,053,081
Compensated absences paid	(20,085)	(17,238)
Payment to Workers' (Profit) Participation Fund including interest	(40,996)	(52,169)
Income tax paid	(275,084)	(63,729)
Net cash generated from operating activities	4,404,951	4,919,945
Cash flows from investing activities		
Additions in property, plant and equipment excluding borrowing cost capitalized	(408,846)	(99,587)
Proceeds from disposal of property, plant and equipment	87,362	3,254
Interest received on bank deposits	115,734	16,966
Net cash used in investing activities	(205,750)	(79,367)
Cash flows from financing activities		
Repayment of long term financing	(1,820,171)	(1,632,648)
Dividend paid on preference shares	(210,687)	(175,573)
Dividend paid on ordinary shares	(1,651,770)	-
Export re-finance and import finance (net)	-	(940,000)
Finance cost paid	(751,250)	(868,276)
Net cash used in financing activities	(4,433,878)	(3,616,497)
(Decrease)/ increase in cash and cash equivalents	(234,677)	1,224,081
Cash and cash equivalents at beginning of the period	1,542,486	169,117
Cash and cash equivalents at end of the period	1,307,809	1,393,198
Cash and cash equivalents comprise of the following:		
Cash and bank balances	1,320,432	1,525,163
Short term borrowings	(12,623)	(131,965)
	1,307,809	1,393,198

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 Nine Months Period Ended 31 March 2014

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	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	-	-	-	-	1,569,785	1,569,785	
Profit for the period	-	-	-	-	-	-	
Other comprehensive income	-	-	-	-	1,569,785	1,569,785	
Total comprehensive income	-	-	-	-	1,569,785	1,569,785	
Transfer during the period	-	-	-	111,675	-	111,675	
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	
Balance at 31 March 2013	13,311,158	486,992	(1,364,385)	(306,438)	3,459,238	15,586,565	
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	-	-	-	-	1,995,905	1,995,905	
Profit for the period	-	-	-	-	-	-	
Other comprehensive income	-	-	-	-	1,995,905	1,995,905	
Total comprehensive income for the period	-	-	-	-	1,995,905	1,995,905	
Transfer during the period	-	-	-	89,745	-	89,745	
Transaction with owners, recorded directly in equity	-	-	-	-	-	-	
Final dividend 2013: Rs 1.25 per share	-	-	-	-	(1,663,895)	(1,663,895)	
Interim dividend 2014: Rs 0.75 per share	-	-	-	-	(998,337)	(998,337)	
Total transactions with owners	-	-	-	-	(2,662,232)	(2,662,232)	
Balance at 31 March 2014	13,311,158	486,992	(1,364,385)	(183,492)	3,109,506	15,359,779	

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 nine months period ended 31 March 2014 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 nine months period ended 31 March 2013.

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)

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Notes to the Condensed Interim Financial Information (Un-Audited) F C C L
For the Nine Months Period Ended 31 March 2014 3rd Quarterly Report 2014

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. ISSUED AND PAID-UP CAPITAL

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

	Note	Un-audited 31 March 2014 Rupees'000	Audited 30 June 2013 Rupees'000
5. LONG TERM FINANCING - secured			
- From banking companies			
Term finance facilities including syndicated term finance facilities-secured	5.1	8,665,779	10,484,209
Less: Current portion shown under current liabilities		(2,540,198)	(2,559,945)
		6,125,581	7,924,264

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	(1,820,171)	(2,423,912)
Exchange loss on revaluation and transaction cost adjustment	1,741	353,213
Closing balance	8,665,779	10,484,209

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/purchase of spare parts and coal valuing Rs. 693 million (30 June 2013: Rs. 82 million).

6.2.2 The Company has capital commitments of Rs 1,066 million including letter of credit (30 June 2013: Nil) in respect of Waste Heat Recovery project.

Notes to the Condensed Interim Financial Information (Un-Audited) F C C L **13**
 For the Nine Months Period Ended 31 March 2014 3rd Quarterly Report 2014

7. PROPERTY, PLANT AND EQUIPMENT	Un-audited	Audited
	31 March 2014	30 June 2013
	Rupees'000	Rupees'000
Opening book value	24,734,325	25,897,954
Additions during the period / year	408,846	113,253
Book value of disposals	(79,835)	(2,990)
Depreciation charged for the period / year	(950,056)	(1,273,892)
Closing book value	24,113,280	24,734,325

8. COST OF SALES	Three Months Ended		Nine Months Ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Rupees'000	Rupees'000	Rupees'000	Rupees'000
Raw material consumed	203,110	161,867	621,080	522,805
Packing material consumed	208,487	210,341	647,089	601,853
Stores and spares consumed	6,392	13,445	22,527	32,190
Salaries, wages and benefits	153,319	156,769	505,146	461,036
Rent, rates and taxes	4,583	4,348	13,586	12,487
Insurance	23,955	22,451	71,915	67,284
Fuel consumed	982,443	911,136	3,152,558	3,052,589
Power consumed	717,908	569,394	2,197,902	1,757,881
Depreciation	308,423	314,942	941,827	947,928
Repairs and maintenance	174,193	80,544	383,851	229,501
Technical assistance	903	354	1,157	1,170
Printing and stationery	966	340	1,821	1,036
Traveling and conveyance	3,515	3,181	10,224	9,365
Vehicle running and maintenance expenses	6,443	6,062	17,588	17,651
Communication, establishment and other manufacturing expenses	4,079	2,231	9,849	5,634
	2,798,719	2,457,405	8,598,120	7,720,410
Add: Opening work-in-process	865,318	838,571	638,144	677,001
Less: Closing work-in-process	(918,152)	(449,667)	(918,152)	(449,667)
Cost of goods manufactured	2,745,885	2,846,309	8,318,112	7,947,744
Add: Opening finished goods	253,517	116,508	141,182	146,138
Less: Closing finished goods	(197,084)	(221,259)	(197,084)	(221,259)
	2,802,318	2,741,558	8,262,210	7,872,623
Less: Own consumption capitalized	(2,037)	-	(2,037)	-
	2,800,281	2,741,558	8,260,173	7,872,623

9. RELATED PARTY TRANSACTIONS

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

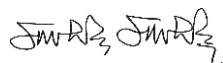
	Nine Months Ended	
	31 March 2014	31 March 2013
	Rupees'000	Rupees'000
Transactions with associated undertakings/ companies due to common directorship		
- Sale of cement	5,255	12,383
- Preference dividend paid	210,687	175,573
- Dividend paid on ordinary shares	782,751	-
- Payment for use of medical facilities	111	98
- Amount paid on account of clearance of shipments	178	160
- Repayment of amount payable	-	300,000
- Payment of rent and utilities	4,912	4,743
- Interest on short term borrowings	-	1,233
Other related parties		
- Payments made into Employees' Provident Fund	23,213	19,553
- Payments made to Workers' (Profit)Participation Fund	40,996	52,169
- Remuneration including benefits and perquisites to Chief Executive	16,771	17,472
- Remuneration including benefits and perquisites to key management personnel	32,830	28,772

10. DATE OF AUTHORIZATION FOR ISSUE

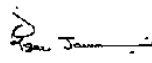
This condensed interim financial information was authorized for issue by the Board of Directors of the Company in their meeting held on 23 April 2014.

11. GENERAL

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



Chief Executive



Director