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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
 - 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>

1. The Board of Directors are pleased to present their review report along with the un-audited accounts of the Company with limited scope review by the auditors for the half year ended 31 December 2011.
2. During the period under review, FCCL capacity utilization remained at 68% (based on the enhanced capacity of line-1 and line-2) as compared to 90% (based on the capacity of line-1 only) in the corresponding period last year. The company is making efforts to enhance its market share post expansion.
3. The cost per ton during the period under review increased by 24% as compared to the same period of last year due to increase in fuel and electricity prices. The average retention price has also improved by 22% as compared to the same period of last year which upto some extent mitigated the impact of increased input cost. During this period the company has sustained a loss after tax of Rs. 102 million as compared to the profit of Rs. 251 million in last period. Due to increase in financial charges post expansion and low capacity utilization the impact could not be fully passed on.
4. Looking forward, the next quarter could also be slow in terms of dispatches due to seasonal factors i.e. snowfall in northern area and severe cold weather. The domestic prices are looking stable but with demand not increasing and another proposed increase in electricity cost the next quarter looks quite challenging and things will start to improve post March.



Rawalpindi
20 February 2012

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Fauji Cement Company Limited ("the Company") as at 31 December 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the six months period then ended. 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

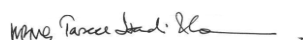
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making inquiries, primarily of persons responsible for 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 as at and for the six months period ended 31 December 2011 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 2011 in the interim financial information have not been reviewed and we do not express a conclusion on them.

**Date: 10 Feb 2012
Islamabad**



KPMG TASEER HADI & Co.
Chartered Accountants
Engagement Partner
Muhammad Rehan Chughtai

	31 December 2011	30 June 2011
	Un-audited	Audited
Note	Rupees'000	Rupees'000
SHARE CAPITAL AND RESERVES		
Share capital	4 13,798,150	7,419,887
Advance against issue of shares	-	861,871
Reserves	(455,652)	2,732,259
	13,342,498	11,014,017
Subordinated loan - unsecured	-	3,189,000
NON - CURRENT LIABILITIES		
Long term financing - secured	5 10,886,251	11,805,480
Deferred liability - compensated absences	22,809	22,674
Deferred tax liability - net	795,547	794,918
CURRENT LIABILITIES		
Trade and other payables	1,401,528	1,290,968
Markup accrued	455,935	444,297
Short term borrowings - secured	2,872,704	1,901,333
Current portion of long term financing	5 2,367,498	1,748,142
	7,097,665	5,384,740
	32,144,770	32,210,829
CONTINGENCIES AND COMMITMENTS	6	

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


 Chief Executive

Condensed Interim Balance Sheet as at 31 December 2011

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	31 December 2011	30 June 2011
	Un-audited	Audited
Note	Rupees'000	Rupees'000
NON - CURRENT ASSETS		
Property, plant and equipment	7 26,774,504	26,658,079
Long term advance	4,500	4,500
Long term deposits and prepayments	698,674	756,124
CURRENT ASSETS		
Stores, spares and loose tools	2,880,385	2,444,173
Stock in trade	853,713	493,922
Trade debts	43,238	36,960
Advances	51,927	40,733
Trade deposits, short term prepayments and balance with statutory authority	667,274	769,467
Interest accrued	448	836
Other receivables	24,660	27,188
Cash and bank balances	145,447	978,847
	4,667,092	4,792,126
	32,144,770	32,210,829



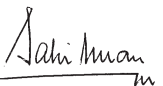
Director

Condensed Interim Profit And Loss Account (Un-Audited)
for the Six Months Ended 31 December 2011


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Note	Quarter Ended		Six Months Ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	Rupees'000	Rupees'000	Rupees'000	Rupees'000
SALES	3,214,119	1,525,813	5,170,861	2,714,503
Less: Government levies	(559,365)	(267,510)	(914,198)	(462,209)
NET SALES	2,654,754	1,258,303	4,256,663	2,252,294
Less: Cost of sales	8 (2,153,307)	(1,041,749)	(3,517,821)	(1,831,661)
GROSS PROFIT	501,447	216,554	738,842	420,633
Other income	5,435	3,125	13,827	9,502
	506,882	219,679	752,669	430,135
Distribution cost	(17,069)	(24,130)	(30,306)	(38,337)
Administrative expenses	(35,124)	(32,446)	(63,615)	(80,888)
Other operating expenses	9,150	(11,034)	(160)	(21,046)
PROFIT FROM OPERATIONS	463,839	152,069	658,588	289,864
Finance cost	(642,967)	(4,356)	(711,372)	(6,270)
NET (LOSS)/ PROFIT BEFORE TAXATION	(179,128)	147,713	(52,784)	283,594
Taxation				
- Current	(26,548)	(12,583)	(49,073)	(22,523)
- Deferred	(629)	10,112	(629)	(9,939)
	(27,177)	(2,471)	(49,702)	(32,462)
NET (LOSS)/ PROFIT AFTER TAXATION	(206,305)	145,242	(102,486)	251,132
(Loss)/ earnings per share - Basic (Rupees)	(0.174)	0.209	(0.081)	0.362
(Loss)/ earnings per share - Diluted (Rupees)	(0.174)	0.144	(0.081)	0.275

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



Chief Executive

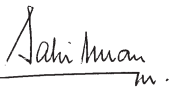


Director

Condensed Interim Statement of Comprehensive Income (Un - Audited) F C C L **9**
 for the Six Months Ended 31 December 2011 Half Yearly Report 2011

	Quarter ended		Six Months Ended	
	31 December 2011 Rupees'000	31 December 2010 Rupees'000	31 December 2011 Rupees'000	31 December 2010 Rupees'000
Net (loss)/ profit after taxation	(206,305)	145,242	(102,486)	251,132
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedge -net	-	30,837	-	84,062
Total comprehensive income	(206,305)	176,079	(102,486)	335,194

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



Chief Executive



Director

Condensed Interim Cash Flow Statement (Un - Audited)
for the Six Months Ended 31 December 2011

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	31 December 2011 Rupees'000	31 December 2010 Rupees'000
Cash flows from operating activities		
Net (loss)/ profit before taxation	(52,784)	283,594
Adjustment for:		
Depreciation	440,940	196,834
Provision for compensated absences	15,763	15,763
Workers' (Profit) Participation Fund including interest and Workers' Welfare Fund	258	20,961
Finance cost	711,114	6,205
Gain on disposal of property, plant and equipment	(3,893)	(1,226)
Interest income including interest on long term advance	(5,020)	(5,140)
	1,159,162	233,397
Operating cash flows before working capital changes	1,106,378	516,991
Increase in stores and stocks	(796,003)	(619,806)
I(ncrease)/decrease in trade debts	(6,278)	1,095
Increase in advances	(11,194)	(12,584)
Decrease /(increase) in trade deposits, short term prepayments and balance with statutory authority	127,144	(93,637)
Decrease in other receivables	2,528	15,412
Increase in trade and other payables	189,762	130,189
	(494,041)	(579,331)
Cash generated from operations	612,337	(62,340)
Compensated absences paid	(1,739)	(1,008)
Payment to Workers' (Profit) Participation Fund including interest	(26,464)	(17,534)
Income tax paid	(74,027)	(28,540)
Net cash generated from/ (used in) operating activities	510,107	(109,422)
Cash flows from investing activities		
Additions in property, plant and equipment excluding borrowing cost capitalized	(68,509)	(675,760)
Proceeds from disposal of property, plant and equipment	4,005	3,236
Interest received on bank deposits	5,409	4,776
Net cash used in investing activities	(59,095)	(667,748)
Cash flows from financing activities		
Repayment of long term financing	(631,775)	-
Repayment of sub-ordinated loan	(3,189,000)	-
Proceeds from long-term financing	-	1,537,000
Proceeds from issue of right shares -net	2,325,555	-
Dividend paid on preference shares	(66,885)	(33,442)
Proceeds from short term borrowings	409,886	(242,090)
Finance cost paid	(693,677)	(1,706,130)
Net cash used in financing activities	(1,845,896)	(444,662)
Decrease in cash and cash equivalents	(1,394,884)	(1,221,832)
Cash and cash equivalents at beginning of the period	483,888	125,580
Cash and cash equivalents at end of the period	(910,996)	(1,096,252)
Cash and cash equivalents comprise of the following:		
Cash and bank balances	145,447	107,102
Short term running finances	(1,056,443)	(1,203,354)
	(910,996)	(1,096,252)

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


Chief Executive


Director

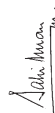
Condensed Interim Statement of Change in Equity (Un - Audited)
for the Six Months Ended 31 December 2011

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	Share capital		Advance against issue of shares	Capital reserve		Revenue reserve		Total
	Ordinary	Preference		Share premium/ (discount on issue of shares)	Hedging reserve	Accumulated profit		
	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	-	-	-	-	-	251,132	251,132	
Profit for the period	-	-	-	-	-	84,062	84,062	
Other comprehensive income	-	-	-	-	-	84,062	84,062	
Total comprehensive income for the period	-	-	-	-	-	251,132	251,132	
Total transaction with owners	-	-	-	-	-	-	-	
Balance as at 31 December 2010	6,932,895	486,992	-	1,833,709	(712,509)	1,404,792	9,945,879	
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 loss	-	-	-	-	-	(102,486)	(102,486)	
Loss for the period	-	-	-	-	-	(102,486)	(102,486)	
Total comprehensive loss for the period	-	-	-	-	-	(102,486)	(102,486)	
Transfer during the period	-	-	-	-	105,412	-	105,412	
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	-	-	-	(1,706)	-	-	(1,706)	
Total transaction with the owners	6,378,263	-	(861,871)	(3,190,837)	-	-	2,325,555	
Balance as at 31 December 2011	13,311,158	486,992	-	(1,364,385)	(501,217)	1,409,950	13,342,498	

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



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 of the Company for the six months period ended 31 December 2011 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 annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2011. Comparative balance sheet is extracted from annual financial statements as of 30 June 2011 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are extracted from unaudited condensed interim financial information for the six months period ended 31 December 2010. 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 Karachi Stock Exchange (Guarantee) Limited.
3. The accounting policies and the methods of computation adopted in preparation of this condensed interim financial information are the same as those applied in preparation of financial statements for the year ended 30 June 2011.

4. SHARE CAPITAL

During the period the Company has issued 637,826 thousand ordinary shares (including 589,013 thousand shares to Fauji Foundation) of face value of Rs 10 each at a discount price of Rs. 5 per share by way of right share in proportion of 92 shares for every 100 shares held. The movement in share capital is as follows:

	Number '000	Rupees '000
Balance as at 30 June 2011	741,988	7,419,887
Shares allotted (against cash)	637,826	6,378,263
Closing balance	1,379,814	13,798,150

5. LONG TERM FINANCING - secured - From banking companies	Un-audited	Audited
	Note 31 December 2011 Rupees'000	30 June 2011 Rupees'000
Term finance facilities including syndicated term finance facilities- secured 5.1	13,253,749	13,553,622
Less: Current portion shown under current liabilities	(2,367,498)	(1,748,142)
	<u>10,886,251</u>	<u>11,805,480</u>
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
Principal repayment during the period	(631,776)	-
Exchange loss on revaluation and transaction cost adjustment	331,903	73,208
Exchange difference on revaluation and unamortized portion of transaction cost	36,955	(103,275)
Closing balance	<u>13,253,749</u>	<u>13,553,622</u>

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

There is no change in the contingent liabilities as reported in the annual financial statements for the year ended 30 June 2011.

6.2 Commitments

- a) The Company has opened letters of credit for the import of spare parts valuing Rs.167 million (30 June 2011: Rs. 564 million).
- b) The Company has capital commitments amounting to Rs. 37 million (30 June 2011: Rs. 193 million).

7. PROPERTY, PLANT AND EQUIPMENT	Un-audited	Audited
	31 December 2011 Rupees'000	30 June 2011 Rupees'000
Opening book value	26,658,079	23,819,040
Additions during the period/year	557,477	3,236,125
Written down value of disposals	(112)	(4,949)
Depreciation for the period/year	(440,940)	(392,137)
Closing carrying amount	<u>26,774,504</u>	<u>26,658,079</u>

- 7.1 During the period, the Company's new cement line has started commercial production and accordingly the related cost has been transferred to operating fixed assets.

Notes to the Condensed Interim Financial Statements (Un-Audited) F C C L

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	31 December 2011	31 December 2010	31 December 2011	31 December 2010
	Rupees'000	Rupees'000	Rupees'000	Rupees'000
8. COST OF SALES				
Raw material consumed	147,269	64,024	226,825	132,417
Packing material consumed	169,993	92,771	281,330	167,840
Stores and spares consumed	6,146	6,506	10,743	12,777
Salaries, wages and benefits	145,663	78,914	225,881	144,595
Rent, rates and taxes	3,341	1,429	4,976	2,638
Insurance	19,045	6,257	27,046	12,382
Fuel consumed	996,339	429,450	1,574,760	891,172
Power consumed	344,565	180,294	665,102	343,769
Depreciation	319,123	96,117	434,552	190,349
Repairs and maintenance	51,680	43,455	94,693	75,697
Technical assistance	432	-	432	-
Printing and stationery	551	494	748	767
Traveling and conveyance	3,576	1,953	5,190	2,825
Vehicle running and maintenance expenses	4,912	3,737	8,640	7,492
Communication, establishment and other expenses	2,438	1,890	4,923	3,094
	<u>2,215,073</u>	<u>1,007,291</u>	<u>3,565,841</u>	<u>1,987,814</u>
Add: Opening work-in-process	475,451	175,575	210,041	11,195
Work in process transferred after trial run of Line-II	-	-	260,372	-
Less: Closing work-in-process	<u>(543,894)</u>	<u>(132,278)</u>	<u>(543,894)</u>	<u>(132,278)</u>
Cost of goods manufactured	<u>2,146,630</u>	<u>1,050,588</u>	<u>3,492,360</u>	<u>1,866,731</u>
Add: Opening finished goods	194,035	55,687	80,288	33,411
Finished goods transferred after trial run of Line-II			135,052	
Less: Closing finished goods	<u>(182,113)</u>	<u>(60,342)</u>	<u>(182,113)</u>	<u>(60,342)</u>
	<u>2,158,552</u>	<u>1,045,933</u>	<u>3,525,587</u>	<u>1,839,800</u>
Less: Own consumption capitalized	<u>(5,245)</u>	<u>(4,184)</u>	<u>(7,766)</u>	<u>(8,139)</u>
	<u><u>2,153,307</u></u>	<u><u>1,041,749</u></u>	<u><u>3,517,821</u></u>	<u><u>1,831,661</u></u>

9. RELATED PARTY TRANSACTIONS AND BALANCES

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:

	Six Months Ended	
	31 December 2011	31 December 2010
	Rupees'000	Rupees'000
Fauji Foundation		
- Sale of cement	623	7,759
- Preference dividend paid	66,885	33,442
- Payment for use of medical facilities	32	121
- Advance paid on account of clearance of shipments	6,750	20,000
- Amount received against underwriting of shares	2,327,261	-
- Subordinated loan obtained during the period - unsecured	-	1,037,000
- Balance of subordinated loan - unsecured	-	3,189,000 *
- Repayment of subordinated loan	3,189,000	-
- Balance receivable on account of clearance of shipments	2,802	6,613 *
- Preference dividend payable	-	66,885 *
- Amount payable - unsecured	350,000	-
- Office rent	990	660
Payments made into Employees' Provident Fund	17,863	14,164
Payments made to Workers' (Profit) Participation Fund	26,206	17,534
Remuneration including benefits and perquisites to Chief Executive	3,406	7,523
Remuneration including benefits and perquisites to key management personnel	13,966	13,051

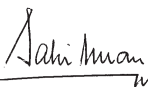
* Comparative figures relate to 30 June 2011 balances

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 20 February 2012.

11. GENERAL

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



Chief Executive



Director