

Half  
Yearly  
Report



2019-20



Re-engineering  
for Sustainable  
Future

**FAUJI CEMENT  
COMPANY LIMITED**



آزادی قیمتی ہے



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**Board of Directors**

Lt Gen Syed Tariq Nadeem Gilani, HI(M), (Retd)  
 Lt Gen Muhammad Ahsan Mahmood, HI(M), (Retd)  
 Maj Gen Abid Rafique, HI(M), (Retd)  
 Maj Gen Wasim Sadiq, HI(M), (Retd)  
 Maj Gen Naseer Ali Khan, HI(M), (Retd)  
 Mr Rehan Laiq  
 Mr Syed Iqtidar Saeed  
 Mr Jawaid Iqbal  
 Mr Zafar Iqbal Sobani  
 Ms Jahanara Sajjad Ahmad

**Chairman**  
**Chief Executive / MD**  
**Director**  
**Director**  
**Director**  
**Director**  
**Director**  
**Independent Director**  
**Independent Director**  
**Independent Director**

**Company Secretary**

Brig Riaz Ahmed Gondal, SI(M), (Retd)  
 Fauji Towers, Block III, 68 Tipu Road  
 Chaklala, Rawalpindi  
 Tel: +92-51-9280075  
 Fax: +92-51-9280416  
 Email: secretary@fccl.com.pk

**Chief Financial Officer**

Mr Omer Ashraf  
 Tel: +92-51-5500157  
 Email: omer@fccl.com.pk

**Auditors**

M/s KPMG Taseer Hadi & Co  
 Chartered Accountants  
 6<sup>th</sup> Floor, State Life Building No. 5  
 Jinnah Avenue, Blue Area, P.O. Box 1323  
 Islamabad, Pakistan  
 Tel: +92-51-2823558  
 Fax: +92-51-2822671

**Legal Advisors**

M/s ORR Dignam & Co, Advocates  
 Marina Height, 2<sup>nd</sup> Floor 109 East  
 Jinnah Avenue, Islamabad  
 Tel: +92-51-2260517-8  
 Fax: +92-51-2260653

**Share Registrar**

M/s Corplink (Pvt) Limited  
 Wings Arcade, 1-K, Commercial  
 Model Town, Lahore  
 Tel: +92-42-35916714-19 & 35869037  
 Fax: +92-42-35869037  
 Email: corplink786@yahoo.com

**Marketing & Sales Department**

Brig Khizar Sultan Raja, SI(M), (Retd)  
 GM (Marketing & Sales)  
 1st Floor, Aslam Plaza, 60 Adamjee Road  
 Saddar, Rawalpindi, Pakistan  
 Tel Exchange: +92-51-5523836  
 +92-51-5528042  
 Office: +92-51-9271491  
 Fax Number : +92-51-5528965-66  
 Email: khizar.sultan@fccl.com.pk

**Procurement & Human Resource Department**

Brig Parvez Iqbal Malik, SI(M), (Retd)  
 GM Procurement & Human Resource  
 Tel: +92-51-9280084  
 Fax Number : +92-51-9280416  
 Email: pervez.iqbal@fccl.com.pk

**Factory**

Mr. Muhammad Tariq,  
 Senior General Manager(Plant)  
 Fauji Cement Company Limited  
 Near Village Jhang Bahtar,  
 Tehsil Fateh Jang, District Attock  
 Tel Exchange : +92-572-538047-48  
 Fax Number : +92-572-538025  
 Email: muhammad.tariq@fccl.com.pk

**Registered Office**

Fauji Cement Company Limited  
 Fauji Towers, Block III, 68 Tipu Road  
 Chaklala, Rawalpindi  
 Tel Exchange : +92-51-9280081-83  
 +92-51-5763321-24  
 Fax Number : +92-51-9280416  
 http://www.fccl.com.pk

**Audit Committee**

(1) Ms Jahanara Sajjad Ahmad	<b>Chairperson</b>
(2) Mr Rehan Laiq	Member
(3) Maj Gen Wasim Sadiq, HI(M), (Retd)	Member
(4) Mr Jawaid Iqbal	Member
(5) Brig Riaz Ahmed Gondal, SI(M), (Retd)	<b>Secretary</b>

**Human Resource & Remuneration Committee**

(1) Mr Zafar Iqbal Sobani	<b>Chairman</b>
(2) Maj Gen Abid Rafique, HI(M), (Retd)	Member
(3) Maj Gen Wasim Sadiq, HI(M), (Retd)	Member
(4) Mr Jawaid Iqbal	Member
(5) Brig Riaz Ahmed Gondal, SI(M), (Retd)	<b>Secretary</b>

**Technical Committee**

(1) Mr Syed Iqtidar Saeed	<b>Chairman</b>
(2) Maj Gen Naseer Ali Khan, HI(M), (Retd)	Member
(3) Mr Rehan Laiq	Member
(4) Mr Muhammad Tariq, Snr GM (Plant)	<b>Secretary</b>

**Investment Committee**

(1) Mr Rehan Laiq	<b>Chairman</b>
(2) Mr Syed Iqtidar Saeed	Member
(3) Mr Zafar Iqbal Sobani	Member
(4) Mr Jawaid Iqbal	Member
(5) Brig Riaz Ahmed Gondal, SI(M), (Retd)	<b>Secretary</b>

**Bankers**

- United Bank Limited
- Allied Bank Limited
- Bank Al-Falah Limited
- Habib Bank Limited
- MCB Bank Limited
- Meezan Bank Limited
- Askari Bank Limited
- Standard Chartered Bank (Pak) Limited
- National Bank Limited
- Silk Bank Limited
- Bank of Punjab
- Faysal Bank Limited
- Bank Al-Habib Limited
- Al-Baraka Pakistan Limited
- Bank Islami Pakistan Limited

1. The Board of Directors are pleased to present its Review Report along with the condensed interim financial information of Company, for the Half Year ended 31<sup>st</sup> December 2019, duly reviewed by the External Auditors.

2. **Overview – Cement Industry.** Pakistan Cement Industry witnessed a growth in despatches, driven by sea exports including clinker, during the current period. Overall industry despatches, during the six months period of the year and corresponding period of last year, are as under:-

S/No	Despatches	2019-20	2018-19	Variance	Variance (%)
		(Million Tons)			
a.	Local	20.37	19.56	0.81	4.14 %
b.	Exports	4.38	3.56	0.82	23.03%
c.	<b>Total</b>	<b>24.75</b>	<b>23.12</b>	<b>1.63</b>	<b>7.05</b>

3. **Overview - The Company.** Capacity utilization achieved by the Company is 92% as compared to 86% in the same period last year. Company's despatches during six month period of this year as well as last year are as under:-

S/No	Despatches	2019-20	2018-19	Variance	Variance (%)
		(Million Tons)			
a.	Local	1.46	1.39	0.07	5.04
b.	Exports	0.18	0.14	0.04	28.57
c.	<b>Total</b>	<b>1.64</b>	<b>1.53</b>	<b>0.11</b>	<b>7.19</b>

4. **Financial Performance.** Key financial results of Company for the six months period ended 31<sup>st</sup> December 2019 and their comparison with the same period of last year are tabulated below:-

S/No	Particulars	2019-20	2018-19
		(Rupees in Thousand)	
a.	Sales Revenue	9,557,063	10,431,142
b.	Gross Profit	983,753	3,047,836
c.	Profit before Tax	555,369	2,574,913
d.	Net Profit after Tax	482,189	1,823,796
e.	Earnings Per Share (In Rupees)	0.35	1.32

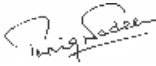
5. **Business Performance.** The production statistics of Company for six months ended 31<sup>st</sup> December 2019, as compared to same period last year, are as under:-

S/No	Particulars	2019-20	2018-19
a.	Cement Production (Tons)	1,651,018	1,548,134
b.	Clinker Production (Tons)	1,512,097	1,579,544

6. **Future Outlook.** Domestic demand has shown increasing trend in the first half of FY 2019-20 and is expected to remain steady with post March start of summer season. Exports to Afghanistan have also shown double-digit growth and are expected to remain consistent in the next quarter. Notwithstanding growth in demand, the prices of cement continue to remain under pressure due to substantial increase in input cost and disproportionate increase in supply due to recent expansions, which will keep the profit margins squeezed in the next quarter as well.

7. **Acknowledgement.** Directors express their appreciation to the Financial Institutions that extended assistance in financing to the Company. Efforts of Company employees, staff and management also merit acknowledgement for their devotion and hard work.

On behalf of the Board of Directors



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



Lt Gen Muhammad Ahsan Mahmood  
HI(M), (Retd)  
Chief Executive & Managing Director

Rawalpindi  
21<sup>st</sup> February 2020

## ڈائریکٹرز کا تجزیہ

### پہلی ششماہی۔ مالی سال 2019/20

۱۔ بورڈ آف ڈائریکٹرز 31 دسمبر 2019 کو ختم ہونے والے نصف سال کے لیے آپ کی کمپنی کے مختصر عبوری مالیاتی نتائج کے ساتھ اپنا جائزہ پیش کرتے ہوئے فخر محسوس کر رہے ہیں جو کہ آڈیٹرز سے باقاعدہ پڑتا لیا گیا ہے۔

۲۔ عمومی جائزہ۔ سینٹ کی صنعت۔ پاکستان کی سینٹ کی صنعت میں معمولی اضافہ دیکھنے میں آیا ہے جس کا باعث اس دورانیے میں بحری راستے سے ہونے والی برآمدات ہیں جس میں کلنگر بھی شامل ہے۔ اس ششماہی میں اور گزشتہ سال اسی مدت کے مقابلے میں ہونے والی سینٹ کی صنعت کی مجموعی فروخت کا موازنہ درج ذیل ہے:-

نمبر شمار	فروخت	2019-20 (ملین ٹن)	2018-19 (ملین ٹن)	فرق	فرق (%)
الف	مقامی	20.37	19.56	0.81	4.14%
ب	برآمدات	4.38	3.56	0.82	23.03%
ج	میزان	24.75	23.12	1.63	7.05

۳۔ عمومی جائزہ۔ فوجی سینٹ کمپنی۔ کمپنی کی پیداواری صلاحیت کے استعمال کی شرح 92 فیصد رہی جو گزشتہ سال اسی مدت کے مقابلے میں 86 فیصد تھی۔ اس ششماہی میں اور گزشتہ سال اسی مدت کے مقابلے میں ہونے والی کمپنی کی سینٹ کی مجموعی فروخت کا موازنہ درج ذیل ہے:-

نمبر شمار	فروخت	2019-20 (ملین ٹن)	2018-19 (ملین ٹن)	فرق	فرق (%)
الف	مقامی	1.46	1.39	0.07	5.04
ب	برآمدات	0.18	0.14	0.04	28.57
ج	میزان	1.64	1.53	0.11	7.19

۴۔ مالی کارکردگی۔ 31 دسمبر 2019 کو مکمل ہونے والی ششماہی میں کمپنی کے مالیاتی حسابات کے کلیدی نتائج اور گزشتہ سال اسی مدت کے مقابلے میں مالیاتی حسابات کا موازنہ درج ذیل ہے:-

نمبر شمار	تفصیل	2019-20	2018-19
		روپے ہزاروں میں	
الف	فروخت سے حاصل شدہ کل آمدنی	9,557,063	10,431,142
ب	کل منافع	983,753	3,047,836
ج	ٹیکس سے پہلے منافع	555,369	2,574,913
د	ٹیکس کے بعد صافی منافع	482,189	1,823,796
ہ	فی حصہ (شیر) آمدنی (روپے میں)	0.35	1.32



۵۔ تجارتی کارکردگی۔ 31 دسمبر 2019 کو مکمل ہونے والی ششماہی میں کمپنی کے پیداواری اعداد و شمار اور گذشتہ سال اسی مدت کے مقابلے میں اعداد و شمار کا موازنہ درج ذیل ہے:-

2018-19	2019-20	تفصیل	نمبر شمار
1,548,134	1,651,018	سینٹ کی پیداوار (ٹن میں)	الف
1,579,544	1,512,097	کلنر کی پیداوار (ٹن میں)	ب

۶۔ مستقبل کا جائزہ۔ مالی سال 2019-20 کی پہلی ششماہی کے دوران سینٹ کی مقامی طلب میں اضافے کا رجحان دیکھنے میں آیا ہے اور اس کے برقرار رہنے کی توقع ہے کیونکہ مارچ کے بعد گرمیوں کا موسم شروع ہو جائے گا۔ افغانستان کو ہونے والی برآمدات میں بھی دوہرے ہندسے (double-digit) کا اضافہ دیکھنے میں آیا ہے اور آئندہ سہ ماہی میں بھی اس کے برقرار رہنے کا امکان ہے۔ سینٹ کی صنعت میں حالیہ توسیع، سینٹ کی پیداواری لاگت میں خاطر خواہ اضافہ اور فراہمی (Supply) میں غیر متناسب اضافہ کی وجہ سے سینٹ کی قیمتیں اگلی سہ ماہی میں بھی دباؤ کا شکار رہیں گی۔

۷۔ اظہار تشکر۔ ڈائریکٹران اُن مالی اداروں کو خراج تحسین پیش کرتے ہیں جنہوں نے مالی معاملات میں کمپنی کی معاونت کی۔ کمپنی کے ملازمین، شاف اور انتظامیہ کی محنت اور خلوص پر مبنی کوششیں بھی سبب طور پر تحسین کی مستحق ہیں۔

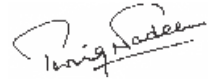
منجانب بورڈ آف ڈائریکٹرز



لیفٹیننٹ جنرل محمد احسن محمود

بلال امتیاز (ملٹری)، (ریٹائرڈ)

چیف ایگزیکٹو اور مینجنگ ڈائریکٹر، فوجی سینٹ کینی لمیٹڈ



لیفٹیننٹ جنرل سید طارق ندیم گیلانی

بلال امتیاز (ملٹری)، (ریٹائرڈ)

چیئرمین بورڈ آف ڈائریکٹرز، فوجی سینٹ کینی لمیٹڈ

راولپنڈی

۲۱ فروری ۲۰۲۰

**To the members of Fauji Cement Company Limited**  
**Report on Review of Interim Financial Statements**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Fauji Cement Company Limited as at 31 December 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements 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 statements 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.

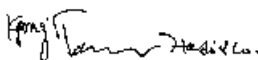
**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

**Other Matter**

The figures for the three months period ended 31 December 2019, in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is Mr. Inam Ullah Kakra.



**KPMG Taseer Hadi & Co.**

**Chartered Accountants**

**Islamabad**

**21 February 2020**

	Note	Un-Audited 31 December 2019 Rupees'000	Audited 30 June 2019 Rupees'000
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	4	12,433,765	12,433,765
Reserves		7,912,125	8,464,797
		<b>20,345,890</b>	<b>20,898,562</b>
<b>NON - CURRENT LIABILITIES</b>			
Long term borrowings	5	425,732	317,835
Provision for compensated absences		80,027	71,216
Deferred taxation		3,862,324	3,925,740
		<b>4,368,083</b>	<b>4,314,791</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,400,819	948,864
Accrued liabilities		859,717	834,816
Security deposits		244,988	219,704
Advances from customers		319,853	324,300
Provision for compensated absences- current portion		37,206	20,399
Payable to employees' provident fund trust		13,126	11,832
Unclaimed dividend		43,330	43,747
Markup accrued		59,867	39,021
Short term running finance	6	2,929,021	990,112
Current portion of long term borrowings	5	211,890	319,034
		<b>6,119,817</b>	<b>3,751,829</b>
		<b>30,833,790</b>	<b>28,965,182</b>

**CONTINGENCIES AND COMMITMENTS** 7

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

	Note	Un-Audited 31 December 2019 Rupees'000	Audited 30 June 2019 Rupees'000
<b>NON - CURRENT ASSETS</b>			
Property, plant and equipment	8	22,951,637	23,202,930
Long term deposits		86,601	86,601
		23,038,238	23,289,531
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		4,165,200	3,055,041
Stock in trade		1,205,738	944,022
Trade debts		1,345,420	947,046
Advances		96,927	36,176
Trade deposits and short term prepayments		62,446	20,463
Advance tax - net		362,446	261,998
Interest accrued		171	398
Other receivables		72,153	7,660
Cash and bank balances	9	485,051	402,847
		7,795,552	5,675,651
		30,833,790	28,965,182



Chief Executive



Director



Chief Financial Officer

Note	Three months ended		Six months ended	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	Rupees'000	Rupees'000	Rupees'000	Rupees'000
<b>Turnover - net</b>	<b>5,314,051</b>	5,088,874	<b>9,557,063</b>	10,431,142
Cost of sales	<b>(4,921,652)</b>	(3,468,938)	<b>(8,573,310)</b>	(7,413,646)
<b>Gross profit</b>	<b>392,399</b>	1,619,936	<b>983,753</b>	3,017,496
Distribution cost	<b>(51,878)</b>	(42,158)	<b>(104,210)</b>	(90,380)
Administrative expenses	<b>(152,788)</b>	(88,262)	<b>(262,708)</b>	(192,388)
Other operating expenses	<b>(5,476)</b>	(105,850)	<b>(35,070)</b>	(189,762)
Finance cost	<b>(52,249)</b>	(23,874)	<b>(80,022)</b>	(53,381)
Other income	<b>23,733</b>	76,315	<b>53,626</b>	83,328
<b>Profit before taxation</b>	<b>153,741</b>	1,436,107	<b>555,369</b>	2,574,913
- Current	<b>10,098</b>	(448,601)	<b>(136,596)</b>	(812,085)
- Deferred	<b>25,530</b>	35,079	<b>63,416</b>	60,968
Income tax expense	<b>35,628</b>	(413,522)	<b>(73,180)</b>	(751,117)
<b>Profit for the period</b>	<b>189,369</b>	1,022,585	<b>482,189</b>	1,823,796
Earnings per share - basic & diluted (Rupees)	<b>0.14</b>	0.74	<b>0.35</b>	1.32

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

	Three months ended		Six months ended	
	31 December 2019 Rupees'000	31 December 2018 Rupees'000	31 December 2019 Rupees'000	31 December 2018 Rupees'000
Profit for the period	189,369	1,022,585	482,189	1,823,796
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>189,369</b>	<b>1,022,585</b>	<b>482,189</b>	<b>1,823,796</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

	31 December 2019 Rupees'000	31 December 2018 Rupees'000
<b>Cash flows from operating activities</b>		
Profit before tax	555,369	2,574,913
<b>Adjustments for:</b>		
Depreciation	825,749	760,350
Provision for compensated absences	28,199	25,991
Workers' (Profit) Participation Fund including interest and Workers' Welfare Fund	35,011	189,662
Finance cost (excluding interest on WPPF)	79,901	45,972
Gain on disposal of property, plant and equipment	(4,413)	(16,966)
Interest income	(24,723)	(25,196)
	<b>939,724</b>	<b>979,813</b>
Operating cash flows before working capital changes	1,495,093	3,554,726
Decrease / (increase) in working capital		
Stores, spares and loose tools	(1,110,159)	629,279
Stock in trade	(261,716)	(638,069)
Trade debts	(398,374)	559,582
Advances	(60,751)	(1,533)
Trade deposits and short term prepayments	(41,983)	18,364
Other receivables	(64,493)	94,317
Trade and other payables	423,904	360,680
Accrued liabilities	24,901	229,129
Security deposits	25,284	25,369
Advances from customers	(4,447)	102,717
Payable to employees' provident fund trust	1,294	1,794
	<b>(1,466,540)</b>	<b>1,381,629</b>
Cash generated from operations	28,553	4,936,355
Compensated absences paid	(2,578)	(2,775)
Payment to Workers' (Profit) Participation Fund	(6,964)	(60,471)
Taxes paid	(237,044)	(285,730)
Net cash (used)/ generated from operating activities	<b>(218,033)</b>	<b>4,587,379</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(574,562)	(686,336)
Advance against capital expenditure	-	(75,000)
Proceeds from disposal of property, plant and equipment	4,519	22,592
Interest received on bank deposits	24,950	24,142
Net cash used in investing activities	<b>(545,093)</b>	<b>(714,602)</b>
<b>Cash flows from financing activities</b>		
Repayment of long term financing	(213,088)	(213,088)
Proceeds against loan	213,841	-
Dividend paid on ordinary shares	(1,035,278)	(1,442,216)
Finance cost paid	(59,054)	(44,947)
Net cash used in financing activities	<b>(1,093,579)</b>	<b>(1,700,251)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(1,856,705)</b>	<b>2,173,580</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>(587,265)</b>	<b>(1,110,644)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(2,443,970)</b>	<b>1,062,936</b>
Cash and cash equivalents comprise of the following:		
Cash and bank balances	485,051	1,354,822
Short term running finance	(2,929,021)	(291,886)
	<b>(2,443,970)</b>	<b>1,062,936</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

	Share capital	Discount on issue of shares	Rupees '000		Total
			Revenue reserve	Un-appropriated profit	
<b>Balance at 01 July 2018</b>	<b>13,798,150</b>	<b>(1,364,385)</b>	<b>8,055,175</b>		<b>20,488,940</b>
Total comprehensive income for the period	-	-	1,823,796	-	1,823,796
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,823,796	-	1,823,796
<b>Transactions with owners of the Company</b>					
<b>Distributions:</b>					
Final dividend 2018 @ Rs 1.00 per share	-	-	(1,379,815)		(1,379,815)
Total transactions with owners of the Company	-	-	(1,379,815)		(1,379,815)
<b>Balance at 31 December 2018</b>	<b>13,798,150</b>	<b>(1,364,385)</b>	<b>8,499,156</b>		<b>20,932,921</b>
<b>Balance at 01 July 2019</b>	<b>13,798,150</b>	<b>(1,364,385)</b>	<b>8,464,797</b>		<b>20,898,562</b>
Total comprehensive income for the period	-	-	482,189	-	482,189
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	482,189	-	482,189
<b>Transactions with owners of the Company</b>					
<b>Distributions:</b>					
Final dividend 2019 @ Rs 0.75 per share	-	-	(1,034,861)		(1,034,861)
Total transactions with owners of the Company	-	-	(1,034,861)		(1,034,861)
<b>Balance at 31 December 2019</b>	<b>13,798,150</b>	<b>(1,364,385)</b>	<b>7,912,125</b>		<b>20,345,890</b>

**Balance at 01 July 2018**  
**Total comprehensive income for the period**

Profit for the period  
Other comprehensive income for the period

Total comprehensive income for the period

**Transactions with owners of the Company**

**Distributions:**

Final dividend 2018 @ Rs 1.00 per share

Total transactions with owners of the Company

**Balance at 31 December 2018**

**Balance at 01 July 2019**

**Total comprehensive income for the period**

Profit for the period

Other comprehensive income for the period

Total comprehensive income for the period

**Transactions with owners of the Company**

**Distributions:**

Final dividend 2019 @ Rs 0.75 per share

Total transactions with owners of the Company

**Balance at 31 December 2019**

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer



## 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 (Repealed with the enactment of the Companies Act, 2017 on 30 May 2017). The Company commenced its business with effect from 22 May 1993. The shares of the Company are quoted on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of different types of cement. The Company's registered office is situated at Fauji Towers, Block-III, 68-Tipu Road, Rawalpindi. The Company's manufacturing facilities are located at village Jhang Bahatar, Tehsil Fateh Jang in district Attock.

## 2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures in the condensed interim financial statements 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 2019. Comparative statement of financial position is extracted from audited annual financial statements as of 30 June 2019 whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are stated from un-audited condensed interim financial statements for the six months period ended 31 December 2018.

These condensed interim financial statements are un-audited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of Pakistan Stock Exchange.

## 3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim financial statements and financial risk management policy are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2019 except for the changes as indicated below:

IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the

underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is to be recognised in unappropriated profit at January 01, 2019 and therefore the comparative information has not been restated and continue to be reported under IAS - 17.

The Company's leased assets primarily comprise of leased office spaces. The adoption of IFRS 16 does not have any material impact on these condensed interim financial information.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, unless the lease term is 1 year or less or the lease contains a low-value asset. For lease term less than 1 year and lease containing low value assets the Company has applied the exemption not to recognise right of use assets and liabilities for leases with less than 12 months of lease term. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- 3.2** The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

Amendment to IFRS 3 '**Business Combinations**' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a

reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retroactively as of 1 January 2020, unless the new guidance contains specific scope outs.

Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Company's financial statements.

#### 4 SHARE CAPITAL

There is no change in authorised and issued, subscribed and paid up share capital of the Company from 30 June 2019.

5 LONG TERM BORROWINGS	Note	Un-audited	Audited
		31 December 2019	30 June 2019
		Rupees'000	Rupees'000
<b>- From banking companies (conventional banks)</b>			
Term finance facilities - secured	5.1	637,622	636,869
Less: Current portion shown under current liabilities		(211,890)	(319,034)
		<b>425,732</b>	<b>317,835</b>
5.1 Movement in this account during the period/year is as follows:			
Opening balance		636,869	1,063,046
Loan received during the period		213,841	-
Principal repayment during the period/ year		(213,088)	(426,177)
Closing balance		<b>637,622</b>	<b>636,869</b>

5.2 The markup rates, facility limits, securities offered for the term finance facilities are the same as disclosed in the annual audited financial statements of the Company for the year ended 30 June 2019 except that Company has availed a new loan for solar power project which is secured against ranking charge by way of hypothecation over the present and future assets of the Company (excluding land and building) and carrying markup rate of 4.25%.

## 6 SHORT TERM RUNNING FINANCE

The Company has short term running finance facility limits to the tune of Rs. 3,070 million (30 June 2019: Rs. 2,580 million) from banking companies. These facilities are secured against first pari passu charge by way of hypothecation over the present and future assets of the Company (excluding land and building) retaining 25% margin. The markup rates are the same as disclosed in the annual audited financial statements of the Company for the year ended 30 June 2019 except that Company has availed Export Re-finance and FE-25 facilities carrying mark-up rate of 3.00% and 4.5%, respectively.

## 7 CONTINGENCIES AND COMMITMENTS

### 7.1 Contingencies

There is no change in the contingent liabilities as reported in the financial statements for the year ended 30 June 2019 except following;

While concluding the sales tax audit of the Company for the period from July 2016 to June 2017, DCIR raised a demand of Rs. 102 million through Order in Original No. 07 of 2019 dated 31 October 2019. Company has filed an appeal before Commissioner (Appeals) against the aforesaid order.

### 7.2 Commitments

7.2.1 The Company has opened letters of credit for the import of spare parts and coal valuing Rs. 126 million (30 June 2019: Rs. 368 million).

	<b>Un-audited 31 December 2019 Rupees'000</b>	<b>Audited 30 June 2019 Rupees'000</b>
<b>8 PROPERTY, PLANT AND EQUIPMENT</b>		
Opening book value	23,202,930	22,624,413
Additions during the period / year	574,562	2,104,621
Written down value of disposals	(106)	(5,647)
Depreciation for the period / year	<b>(825,749)</b>	<b>(1,520,457)</b>
Closing book value	<b>22,951,637</b>	<b>23,202,930</b>
<b>9 CASH AND BANK BALANCES</b>		
Cash at bank		
Deposit accounts - conventional banks	310,148	281,741
Deposit accounts - islamic banks	132	4,412
Current accounts - conventional banks	173,657	116,046
Current accounts - islamic banks	521	438
	<b>484,458</b>	402,637
Cash in hand	593	210
	<b>485,051</b>	<b>402,847</b>

**10 TURNOVER - NET**

The disaggregation of turnover from contracts with customers is as follows:

	Three months ended		Six months ended	
	31 December 2019 Rupees'000	31 December 2018 Rupees'000	31 December 2019 Rupees'000	31 December 2018 Rupees'000
Sales - Local	7,625,175	6,823,475	13,740,823	13,891,331
- Export	574,159	353,018	961,538	833,671
	<b>8,199,334</b>	7,176,493	<b>14,702,361</b>	14,725,002
Less: - Sales tax	1,241,113	1,083,289	2,230,608	2,212,091
- Excise duty	1,642,616	1,003,361	2,912,046	2,079,501
- Export development surcharge	1,554	969	2,644	2,268
	<b>2,885,283</b>	2,087,619	<b>5,145,298</b>	4,293,860
	<b>5,314,051</b>	5,088,874	<b>9,557,063</b>	10,431,142

**10.1** Revenue recognised during the period amounting to Rs. 324 million (2018: Rs. 245 million) was included in the advances from customers balance at the beginning of the period.

	Three months ended		Six months ended	
	31 December 2019 Rupees'000	31 December 2018 Rupees'000	31 December 2019 Rupees'000	31 December 2018 Rupees'000
<b>11 COST OF SALES</b>				
Raw material consumed	503,308	398,348	863,081	731,608
Packing material consumed	379,824	273,128	667,001	562,137
Stores and spares consumed	9,370	14,232	19,043	26,359
Salaries, wages and benefits	343,622	293,892	735,398	656,837
Rent, rates and taxes	6,253	6,126	11,931	12,561
Insurance	37,214	12,002	73,499	24,199
Fuel consumed	2,170,757	1,912,344	3,460,925	3,344,966
Power consumed	890,746	627,873	1,496,928	1,268,260
Depreciation	408,548	376,454	815,106	749,182
Repairs and maintenance	220,672	162,390	310,062	434,922
Technical assistance	449	9,448	1,270	18,188
Printing and stationery	540	1,933	1,519	3,798
Traveling and conveyance	12,157	14,891	25,859	24,558
Vehicle running and maintenance expenses	5,995	5,668	9,982	10,302
Other directly attributable expenses	9,616	13,257	19,210	26,767
Water conservancy charges	78,295	72,790	158,150	72,790
	<b>5,077,366</b>	4,194,776	<b>8,668,964</b>	7,967,434
Add: Opening work-in-process	443,162	609,317	524,636	808,315
Less: Closing work-in-process	(696,949)	(1,310,387)	(696,949)	(1,310,387)
Cost of goods manufactured	<b>4,823,579</b>	3,493,706	<b>8,496,651</b>	7,465,362
Add: Opening finished goods	227,553	230,904	206,537	186,546
Less: Closing finished goods	(269,459)	(263,298)	(269,459)	(263,298)
Less: Own consumption capitalized	(385)	(1,049)	(783)	(5,304)
Freight expenses on cement despatches	140,364	8,675	140,364	30,340
	<b>4,921,652</b>	3,468,938	<b>8,573,310</b>	7,413,646

- 12 This includes an amount of Rs 50 million paid to Fauji Foundation (a related party) on account of contribution for electro medical equipment for their health projects.

13 OTHER INCOME	Three months ended		Six months ended	
	31 December 2019 Rupees'000	31 December 2018 Rupees'000	31 December 2019 Rupees'000	31 December 2018 Rupees'000
<b>Income from financial assets</b>				
Income from deposits				
- Conventional banks	10,781	19,297	24,471	22,214
- Islamic banks	118	2,743	252	2,982
	<b>10,899</b>	<b>22,040</b>	<b>24,723</b>	<b>25,196</b>
<b>Income from non financial assets</b>				
Gain on disposal of property, plant and equipment	-	15,465	4,414	16,966
Other income	12,834	38,810	24,489	41,166
	<b>23,733</b>	<b>76,315</b>	<b>53,626</b>	<b>83,328</b>

#### 14 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 2019 Rupees'000	31 December 2018 Rupees'000
<b>Transactions and balances with related parties</b>		
<b>Fauji Foundation</b>		
Sale of cement	5,771	2,836
Advance against sale of cement	1,595	2,758*
Donation paid through Fauji Foundation	4,700	4,000
Donation paid for medical equipment	50,000	-
Payment of rent and utilities	4,636	7,439
Payment for use of medical facilities	1,040	374
Payment on account of clearance of shipments	-	114
Dividend paid on ordinary shares	407,738	543,650
<b>Transactions with other related parties</b>		
Balance at Askari Bank Limited (AKBL)	27,013	3,182*
Profit received from AKBL	391	104
Dividend paid to Fauji Fertilizer Company Limited	70,312	93,750
Dividend paid to Fauji Fertilizer Bin Qasim Limited	14,062	18,750
Dividend paid to Fauji Oil Terminal and Distribution Company Limited	14,062	18,750
Payment to FFBL Power Company Limited for purchase of coal	91,122	-
Payments made into Employees' Provident Fund	26,612	24,165
Directors' fee	2,700	1,270
Remuneration including benefits and perquisites to Chief Executive	12,809	11,681
Remuneration including benefits and perquisites to key management personnel (other than Chief Executive)	39,540	34,350

\* This represents balance as at 30 June 2019

## 15 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)(level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

15.1

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

On-balance sheet financial instruments	Note	Carrying amount		Fair value				
		Amortized Cost	FVTPL	Total	Level 1	Level 2	Level 3	Total
<b>31 December 2019</b>								
<b>Rs' 000</b>								
<b>Financial assets not measured at fair value</b>								
<b>15.1.1</b>								
Long term deposits		-	86,601	86,601	-	-	86,601	86,601
Trade debts - net of impairment loss		1,345,420	-	1,345,420	-	-	-	-
Trade deposits		-	11,130	11,130	-	-	11,130	11,130
Interest accrued		171	-	171	-	-	-	-
Other receivables		72,153	-	72,153	-	-	-	-
Cash and bank balances		485,051	-	485,051	-	-	-	-
		<b>1,902,795</b>	<b>97,731</b>	<b>2,000,526</b>	-	-	<b>97,731</b>	<b>97,731</b>
<b>Financial liabilities not measured at fair value</b>								
Long term borrowings (including current portion)		637,622	-	637,622	-	-	-	-
Creditors		705,519	-	705,519	-	-	-	-
Accrued liabilities		859,717	-	859,717	-	-	-	-
Retention money		-	-	-	-	-	-	-
Security deposits		244,988	-	244,988	-	-	-	-
Other liabilities		215,938	-	215,938	-	-	-	-
Unclaimed dividend		43,330	-	43,330	-	-	-	-
Short term running finance		2,929,021	-	2,929,021	-	-	-	-
		<b>5,692,826</b>	-	<b>5,692,826</b>	-	-	-	-



On-balance sheet financial instruments	Note	Carrying amount		Fair value				
		Amortized Cost	FVTPL	Total	Level 1	Level 2	Level 3	Total
<b>30 June 2019</b>								
<b>Rs' 000</b>								
<b>Financial assets not measured at fair value</b>								
Long term deposits		-	86,601	86,601	-	-	86,601	86,601
Trade debts - net of impairment loss		947,046	-	947,046	-	-	-	-
Trade deposits		-	13,255	13,255	-	-	13,255	13,255
Interest accrued		398	-	398	-	-	-	-
Other receivables		7,660	-	7,660	-	-	-	-
Cash and bank balances		402,847	-	402,847	-	-	-	-
		<u>1,357,951</u>	<u>99,856</u>	<u>1,457,807</u>	<u>-</u>	<u>-</u>	<u>99,856</u>	<u>99,856</u>
<b>Financial liabilities not measured at fair value</b>								
Long term financing (including current portion)		636,869	-	636,869	-	-	-	-
Creditors		310,154	-	310,154	-	-	-	-
Accrued liabilities		834,816	-	834,816	-	-	-	-
Retention money		318,225	-	318,225	-	-	-	-
Security deposits		219,704	-	219,704	-	-	-	-
Other liabilities		109,289	-	109,289	-	-	-	-
Unclaimed dividend		43,747	-	43,747	-	-	-	-
Short term running finance		990,112	-	990,112	-	-	-	-
		<u>3,462,916</u>	<u>-</u>	<u>3,462,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15.1.1 The Company has not disclosed the fair value for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of their fair values.

**16. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 21 February 2020.

**17. GENERAL**

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



Chief Executive



Director



Chief Financial Officer



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No To Corruption



**Company Secretary**

Fauji Cement Company Limited

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