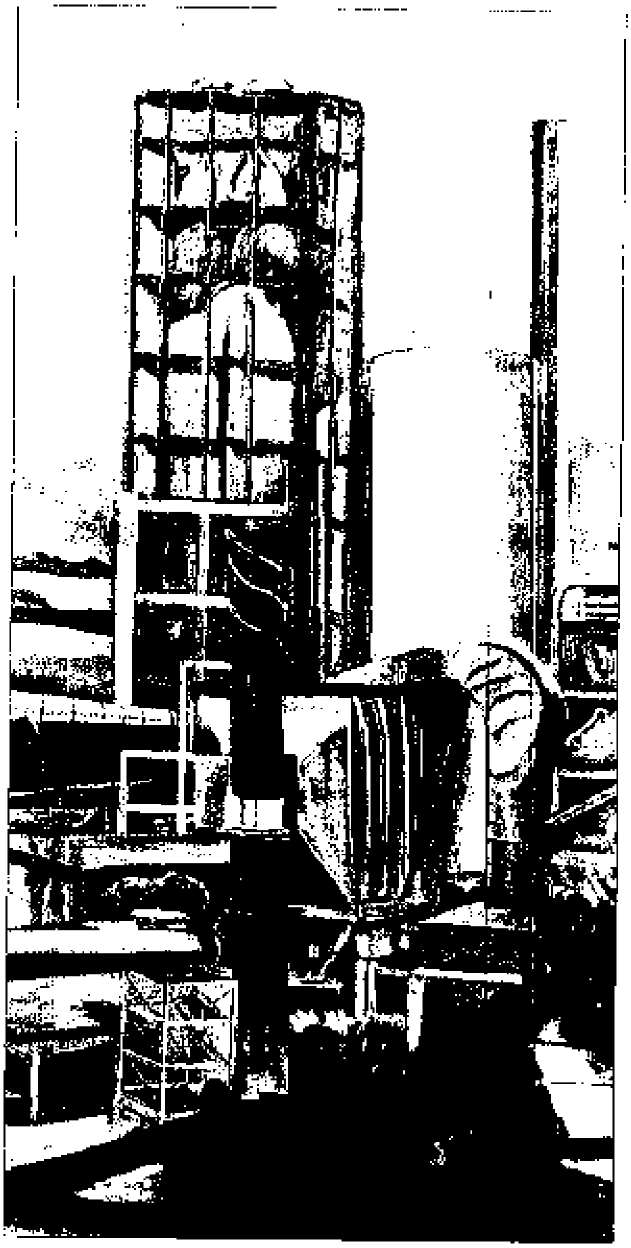
1091

LET'S BUILD *better* PAKISTAN TOGETHER

FAUJI CEMENT COMPANY LIMITED

Annual Report 2014



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

Lt Gen Sardar Mahmood Ali Khan, HI (M) (Retd.)
(Chief Executive/MD)

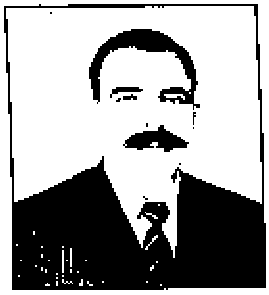
Mr. Qaiser Javed

Dr. Nadeem Inayat

Maj Gen Syed Jamal Shahid HI(M) (Retd.)

Maj Gen. Muhammad Farooq Iqbal (Retd.)

Brig Dr. Gulfam Alam, SI(M) (Retd.)



Brig Muhammad Saeed khan (Retd.)

Mr. Max Kruse, IFU

Brig Asmat Ullah Khan Niazi (Retd.)
Independant Director

Brig Ch. Zafar Iqbal (Retd.)
Company Secretary

Board of Directors

Lt Gen Muhammad Mustafa Khan HI(M)(Retd.) (Chairman)
Lt Gen Sardar Mahmood Ali Khan HI(M)(Retd.) (CEO/MD)
Mr. Qaiser Javed (Director)
Dr. Nadeem Inayat (Director)
Maj Gen Syed Jamal Shahid HI(M)(Retd.)(Director)
Maj Gen. Muhammad Farooq Iqbal (Retd) (Director)
Brig Dr. Gulfam Alam, SI (M)(Retd.) (Director)
Brig Muhammad Saeed Khan (Retd.) (Director)
Mr. Max Kruse, IFU (Director)
Brig Asmat Ullah Khan Niazi (Retd.) (Independent Director)

Company Secretary

Brig Ch. Zafar Iqbal (Retd.)
Fauji Tower Block III
68 Tipu Road Chaklala, Rawalpindi
Tel: (051) 9280075
Fax: (051) 9280416
E-mail: secretary@fccl.com.pk

Chief Financial Officer

Mr. Omer Ashraf
Tel: (051) 5500157

Human Resource Committee

Dr. Nadeem Inayat (President)
Mr. Qaiser Javed (Member)
Brig Muhammad Saeed Khan (Retd.) (Member)
Brig Ch. Zafar Iqbal (Retd.) (Secretary)

Audit Committee

Brig Asmat Ullah Khan Niazi (Retd.) (President)
Mr. Qaiser Javed (Member)
Dr. Nadeem Inayat (Member)
Maj Gen Syed Jamal Shahid HI(M)(Retd.) (Director)
Brig Dr. Gulfam Alam, SI (M)(Retd.) (Director)
Brig Ch. Zafar Iqbal (Retd.) (Secretary)

Technical Committee

Brig Dr. Gulfam Alam SI(M) (Retd.) (President)
Maj Gen. Muhammad Farooq Iqbal (Retd) (Director)
Brig Muhammad Saeed Khan (Retd.) (Member)
Mr Rais Ahmed, Senior GM (Plant) (Secretary)

Auditors

M/s KPMG Taseer Hadi & Co.
Chartered Accountants
Fax : (051) 2822671

Legal Advisors

M/s Orr Dignam & Co, Advocates
Fax : (051) 2260653

Registration & Shares Transfer Officer

M/s CORPLINK (PVT) LIMITED
Wings Arcade, 1- K, Commercial,
Model Town, Lahore
Tel.: 042 -35839182, 35887262
Fax : 042 -35869037

Registered Office/ Head Office

Fauji Tower Block III
68, Tipu Road, Chaklala, Rawalpindi
Tel: 051-9280081-83
051-5763321-24
051-5500159
Fax: 051-9280416

Marketing and Sales Department

1st 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


Mr. Rais Ahmed
Senior GM (Plant)


Mr. Shahid Ghazanfar
GM (Operations)


Mr. Siddiq Khan
GM (Maintenance)


Mr. Omer Ashraf
Chief Financial Officer


Brig Ashfaq Ahmed (Retd.)
GM (PHM)


Brig Muhammad Iqbal, SI(M) (Retd.)
GM (Marketing & Sales)

Vision	To be a role model cement manufacturing Company, benefiting all stake holders and fulfilling corporate social responsibilities, while enjoying public respect and good will.
Mission	FCCL while maintaining its leading position in quality of cement, maximize profitability through reduced cost of production and enhanced share in domestic and International markets.

Our Values

Customers	We listen to our customers and improve our product to meet their present and future needs.
People	Our success depends upon high performing people working together in a safe and healthy work place where diversity, development and team work are valued and recongnized.
Accountability	We expect superior performance and results. Our leaders set clear goals and expectations, are supportive and provide and seek frequent feed back.
Citizenship	We support the communities where we do business, hold ourselves to the highest standards of ethical conduct and environment responsibility and communicate openly with FCCL people and the public.
Financial Responsibility	We are prudent and effective in the use of the resources entrusted to us.

FCCL, located at Jhang Bhatar, District Attock, is a leading producer of Pakistan Cement industry and a major concern of Fauji Foundation. Incorporated as a public limited company, it started its operations in 1997 on commissioning of 3150 TPD F.L. Smidth Plant of DENMARK. Subsequently in 2005, the Plant capacity was enhanced to 3,885 TPD.

To cater for the expanding demand of Fauji Cement a new line of 7560 TPD has been erected and its production started on 30 May 2011. The new Plant is equipped with latest / state of art equipment and is also the first GERMAN plant of Pakistan Cement Industry. The Portland Cement produced at this plant is the finest in the Country. Major Equipment Suppliers were:

a. POLYSIUS AG Germany.

b. LOESCHE GmBH Germany (Vertical Cement Mills).

c. HAVOR & BOECKER Germany (Packing Plant).

d. ABB Switzerland (Electrical Equipment and PLC).

In pursuance of its commitment to ENVIRONMENT, the Company installed in 2009 first ever Refuse Derived Fuel (RDF) Processing Plant at a cost of Rs. 320 Million. It has not only provided economical fuel but demonstrated a better way of disposing Municipal Waste. In addition, this milestone achievement has shown the entire industrial sector the future path to follow.

FCCL management has decided to install 10MW Waste Heat Recovery Plant with a concept to convert waste heat into energy to promote sustainable environment and reduce load on national grid. The contract for engineering and equipment was awarded to M/S SINOMA Engineering, where as, construction, erection and commissioning contract was given to M/S EITEMAAD Engineering. WHR Project is well on its way and is expected to be completed by April 2015 Insha Allah. The plant will generate approx 10MW electricity.

FCCL is an ISO 9001:2008 and ISO 14001 : 2004 Certified Company with a total capacity of 11,445 TPD and a strong and longstanding tradition of service, reliability and quality.

Profit		2014	2013	2012	2011	2010	2009	2008
Gross Profit Margin	%	34.70	31.82	26.63	17.35	13.54	31.75	18.56
Operating Profit Margin	%	31.67	28.79	24.23	12.48	9.61	30.98	16.96
Pre Tax Margin	%	25.72	19.32	8.39	10.29	8.53	26.75	12.82
After Tax Margin	%	14.98	13.13	4.80	8.98	6.57	18.96	11.66
Performance								
Return on total assets	%	8.94	6.92	1.80	1.32	0.93	4.70	3.32
Total assets turnover	Times	0.60	0.53	0.38	0.15	0.14	0.25	0.28
Fixed assets turnover	Times	0.73	0.65	0.44	0.18	0.16	0.28	0.50
Return on paid up share capital	%	19.03	15.2	4.00	5.74	3.37	13.58	5.57
Leverage								
Debt Equity Ratio	Times	0.33	0.40	0.47	0.55	0.57	0.40	0.09
Current Ratio	Times	1.16	1.14	0.76	0.69	0.63	0.81	2.16
Quick Ratio	Times	0.84	0.92	0.58	0.60	0.60	0.74	2.06
Valuation								
Earnings per share (basic)	Rs	1.80	1.42	0.29	0.52	0.31	1.43	0.85
Breakup value per share (basic)	Rs	11.86	11.97	10.44	15.69	13.86	13.97	13.39
Breakup value per share (diluted)	Rs	11.44	11.55	10.08	14.84	12.95	13.06	12.51
Dividend per share (Proposed)	Rs	0.75	1.25	-	-	-	-	-
Dividend payout ratio (Proposed)	%	41.67	88.00	-	-	-	-	-
Market price per share (average)	Rs	15.41	7.9	4.53	4.72	6.67	6.49	16.06
Historical Trends								
Trading Results								
Sales-net	Rs' 000	17,532,277	15,967,900	11,523,050	4,742,593	3,808,455	5,314,538	3,545,902
Gross profit	Rs' 000	6,084,135	5,080,473	3,068,450	823,053	515,584	1,687,428	658,112
Operating profit	Rs' 000	5,551,649	4,597,673	2,791,690	592,075	366,117	1,646,233	601,518
Profit before tax	Rs' 000	4,509,505	3,085,525	966,245	488,153	324,911	1,424,517	454,564
Profit after tax	Rs' 000	2,625,994	2,097,067	552,590	425,661	250,179	1,007,623	413,598
Financial Position								
Shareholders equity	Rs' 000	15,788,187	15,936,361	13,905,105	11,014,017	9,610,685	9,690,689	9,283,981
Property, plant & equipment	Rs' 000	23,881,426	24,734,325	25,857,954	26,658,079	23,819,040	18,777,204	7,106,599
Working capital	Rs' 000	705,851	629,660	(1,334,355)	(592,614)	(1,217,421)	(387,648)	2,839,322
Non current liabilities	Rs' 000	9,110,639	9,959,258	11,304,187	12,623,072	12,784,399	9,131,299	715,751

General

1. The Directors of Fauji Cement Company Limited (FCCL) are pleased to present the 22nd Annual Report together with audited financial statements of the Company for the year ended 30th June 2014 and Auditors' Report thereon.

Market Overview

2. *Industry dispatches for the FY 2013-14 were 34.28 Million MT including 26.14 Million MT* domestic and 8.14 Million MT exports. There is an increase of 2.53 % in total dispatches of the Industry as compared to the previous year, which were 33.42 Million MT including 25.05 Million MT domestic and 8.37 Million MT exports. The increase in the domestic dispatches is 4.33 % and the decrease in exports is 2.83 %.

3. FCCL has dispatched 2,479,178 MT for the FY 2013-14 including 2,062,406 MT domestic and 416,772 MT exports. There is a decline of 0.85 % in total dispatches as compared to the previous year. Capacity utilization of FCCL in FY 2013-14 has been 72.20 % whereas in FY 2012-13 it was 72.82 %.

Production Review

4. Performance of the plant remained satisfactory. Comparative production figures are given as under:-

		2013 – 14	2012 – 13
a.	Clinker (MT)	2,449,380	2,353,668
b.	Cement (MT)	2,490,851	2,497,529

Financial Performance

5. **Profitability**. Gross profit ratio was 35% as compared to 32% during last year. An improvement in cement prices helped the Company in passing on some of its input costs. The Company earned a Profit after Tax of Rs. 2,626 Million as compared to the last year's profit of Rs. 2,097 Million. The cost of production increased by 6 %. The Company successfully managed debt servicing of Rs 3.5 Billion during this financial year from operational cash flows.

6. **Contribution to National Exchequer**. The Company contributed Rs. 4.602 Billion to the national exchequer in the form of taxes and duties during the year under review. Concurrently, Fauji Cement earned USD 29 Million through export of cement.

7. **Going Concern**. There is no doubt that the Company has the ability and strength to operate as a going concern.

8. **Financial Data of Last Six Years.** Key operating and financial data of last six years is given below;-

Description	2014	2013	2012	2011	2010	2009
Operating Results	(Rs. In Million)					
Net Sales	**17,532**	15,968	11,523	4,744	3,808	5,315
Gross Profit	**6,084**	5,080	3,068	823	516	1,687
Operating Profit	**5,552**	4,598	2,792	592	366	1,646
Financial Cost	**1,042**	1,512	1,825	104	41	225
Profit After Taxation	**2,626**	2,097	553	426	250	1,008
Balance Sheet						
Shareholder's Equity	**15,788**	15,936	13,905	11,014	9,611	9,691
Property, Plant & Equipment	**23,881**	24,734	25,898	26,656	23,819	16,777
Long Term Financing (Including Current Portion)	**7,914**	10,484	12,555	13,554	12,980	6,549
EPS (Rs)						
Basic	**1.80**	1.42	0.29	0.52	0.31	1.43
Diluted	**1.80**	1.42	0.29	0.34	0.30	1.36

9. **Dividend.** The Board is pleased to recommend final cash dividend of Rs. 0.75 per ordinary share in addition to the interim dividend of Rs. 0.75 per ordinary share already paid during the year 2013-14.

10. **Outstanding Statutory Dues.** The Company does not have any outstanding statutory dues except as shown in Note number 8 to the Financial Statements.

11. **Provident Fund.** Value as on 30 June 2014 is given below:-

			Rs. in Million
a.	Management Staff	-	202.424
b.	Non-Management Staff	-	119.904

Best Practices of Corporate Governance

12. Best practices of corporate governance as given in the listing regulations are being applied/implemented in true letter and spirit.

13. **Presentation of Financial Statements.** The financial statements prepared by the Management present the Company's state of affairs, the results of its operations, cash flows and changes in equity in a fair and accurate manner.

14. **Books of Account.** Proper books of account are maintained.

15. **Accounting Policies.** Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

16. **Compliance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).** International Accounting Standards and International Financial Reporting Standards (IFRS) as applicable in Pakistan have been followed in preparation of financial statements.

17. **Internal Control System.** The system of internal control is sound in design. Its effective implementation and monitoring is ensured.

18 **Salient Aspects of Company's Control and Reporting Systems.** The Company complies with all the requirements of the Code of Corporate Governance as contained in the listing regulations of the Stock Exchanges. To fulfill this role, the Board is responsible to implement overall corporate governance in the Company including approval of the strategic direction as recommended by the Management, approving and monitoring capital expenditure, appointing, removing and creating successive policies for the senior management, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and Management Information Systems. It is also responsible for approving and monitoring financial and other reporting.

19. **Disclosures.** To the best of our knowledge, the Directors, CEO, CFO, Company Secretary, Company Auditors, their spouses and their minor children have not undertaken any trading in shares of the Company during the FY 2013-14.

20. **Relations with Company Personnel.** Relations between the management and the workers continued to be extremely cordial based on mutual respect and confidence contributing to optimal efficiency. The Company has allocated funds for Provident Fund and Profit Participation Fund for its employees. Considerable investment has been made for welfare of the staff in order to provide Safe and Healthy work environment.

21. **External Auditors.** The present Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants will stand retired at the conclusion of the 22nd Annual General Meeting. However, they have expressed their willingness for re-appointment. They have also been recommended by the Audit Committee as External Auditors till conclusion of 23rd AGM on existing terms and conditions.

Board of Directors / Committees

22. The Board has delegated responsibility for operation and administration of the Company to the Chief Executive / Managing Director. The Board has constituted the following committees which work under the guidance of Board of Directors:-

a. Audit Committee.
b. Technical Committee.
c. Human Resource Committee.

Board of Directors

23 **Attendance of Meetings.** During the year under review, attendance by each director is given below:-

a. **Board of Directors**

		No of Meetings Attended
(1)	Lt Gen Muhammad Mustafa, HI (M) (Retd)	6
(2)	Lt Gen Muhammad Sabir, HI (M) (Retd)	4
(3)	Lt Gen Sardar Mahmood Ali Khan, HI (M) (Retd)	3
(4)	Mr. Qaiser Javed	6
(5)	Dr. Nadeem Inayat	5
(6)	Maj Gen Syed Jamal Shahid, HI (M) (Retd)	3
(7)	Maj Gen Muhammad Farooq Iqbal, (Retd)	1
(8)	Brig Agha Ali Hassan, SI (M) (Retd)	3
(9)	Brig Parvez Sarwar Khan, SI (M) (Retd)	5
(10)	Brig Dr. Gulfam Alam, SI (M) (Retd)	4
(11)	Brig Muhammad Saeed Khan, (Retd)	6
(12)	Brig Asmat Ullah Khan Niazi, (Retd)	6
(13)	Mr. Max Kruse	-

b. **Audit Committee**

(1)	Brig Asmat Ullah Khan Niazi, (Retd)	5
(2)	Mr. Qaiser Javed	5
(3)	Dr. Nadeem Inayat	2
(4)	Maj Gen Syed Jamal Shahid, HI (M) (Retd)	3
(5)	Brig Agha Ali Hassan, SI (M) (Retd)	2
(6)	Brig Dr. Gulfam Alam, (Retd)	3

c. **Human Resource Committee**

(1)	Dr. Nadeem Inayat	1
(2)	Mr. Qaiser Javed	1
(3)	Brig Muhammad Saeed Khan, (Retd)	1

d. **Technical Committee**

(1)	Brig Dr. Gulfam Alam, SI (M) (Retd)	6
(2)	Maj Gen Muhammad Farooq Iqbal, (Retd)	1
(3)	Brig Parvez Sarwar Khan, SI (M) (Retd)	4
(4)	Brig Muhammad Saeed Khan (Retd)	6

Note: Chief Financial Officer (CFO) and Internal Auditor were invariably invited to attend the meetings of Audit Committee. External Auditors were also invited to attend two meetings of Audit Committee, wherein, issues related to annual and half year's financial statements were discussed

24. **Change of Chief Executive / Managing Director**. On retirement of Lt Gen Muhammad Sabir, HI(M) (Retired), Lt Gen Sardar Mahmood Ali Khan, HI(M) (Retired) was appointed as Managing Director and Chief Executive of the Company with effect from 24 February 2014. The Board while welcoming the new CEO, also placed on record its appreciation for the commendable services rendered by Lt Gen Muhammad Sabir , HI(M) (Retired).

25. **Change of Directors**. As a result of resignation tendered by Brig Agha Ali Hassan SI(M) (Retired) and Brig Parvez Sarwar Khan ,SI(M) (Retired) from Directorship, Maj Gen Syed Jamal Shahid, HI(M) (Retired) and Maj Gen Muhammad Farooq Iqbal (Retired) were appointed as Directors of the Company with effect from 20 Dec 2013 and 23 Jun 2014, respectively.

26. **Change of Company Secretary**. On retirement of Brig Sajjad Azam Khan, SI(M), T Bt (Retired), Brig Ch Zafar Iqbal (Retired) has been appointed as Company Secretary with effect from 19 Jul 2014. The Board records its appreciation for the retiring Secretary.

Pattern of Share-holding

27. Pattern of share-holding as on 30 June 2014 is attached as Annex A.

Corporate Social Responsibilities and Sustainable Environment Care

28. **Donation to Thar Affectees and IDPs**. The Company has donated relief goods worth Rs. 1 Million through Headquarters 18 Division for purchase and distribution of relief goods in Thar. Rupees ten million in cash were also donated to PM Relief Fund for IDPs of North Waziristan.

29. **Care for the Social Responsibility** is often portrayed as detrimental to economic growth. At Fauji Cement, we have laid that myth to rest.

a. **Awards, Acknowledgment, Certifications**. Fauji Cement strongly believe in paying back a portion to the community in which it operates. FCCL Management has a pro-active approach towards fulfillment of Corporate Social Responsibilities such as measures for safeguarding sustainable environment, community development programmes and employees welfare initiatives/programmes. The measures taken by Fauji Cement have been acknowledged by the society and concerned authorities through following awards :-

(1) **CSR Award 2014.** As an acknowledgment to the measures taken by Fauji Cement for fulfilling Corporate Social Responsibility, it has been awarded with the award for extraordinary steps.

CSR Award 2014

(2) **Annual Environmental Excellence Award 2013.** Fauji Cement Company is committed to safeguard sustainable environment for the next generations and has pro-active approach in implementing requisite measures. Acquisition of captioned Award by the Company for the last four consecutive years bears testimony to the efforts put in by the management

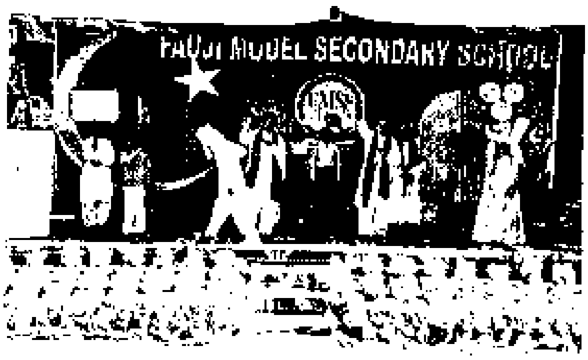
(3) **UNEP Acknowledgment.** United Nations Environment Program has also acknowledged Tree Plantation being done by Fauji Cement in reference to "Billion Tree Campaign". The Company has plans to plant more than 50,000 Trees in next couple of years. This year FCCL has succeeded in Planting more than 6000 trees as well as distribution of plants to local schools and the community farmers.

b. **Technical Education and Skills Development.** Realizing the importance of technically skilled manpower in development of any nation, FCCL has taken initiative to develop Fauji Technical Training Institute. First phase of the institute has become operational with catering learning needs of Apprentices, Trainees and FCCL own employees. Plans are in place to up-grade the institute to further higher levels like DAE. The institute is fully equipped with latest classrooms, hostels, messing and sports facility.

c. **Education. English Medium Secondary School** is being run by Fauji Cement with strength of 553 students from Class Nursery to Class 10. Requisite measures are taken to ensure imparting of quality education.

Managing Director FCCL
Lt. Gen Sardar Mahmood Ali Khan HI(M) (Retd) addressing students of FMSS and the parents on Annual Day occasion.

Fauji Model Secondary School



FMSS Students performing on Annual Parents Day 2014.

d. **Children Park**. Management of FCCL in order to provide recreational facility to the children of local community, decided to create a children playing park. Same has been completed and opened for the community children.

Children at play at Fauji Children Park

e. **Medical Facility** is being provided to the local community through Company Operated Medical Dispensary. The facility is equipped with necessary equipment and MBBS Doctors are available including a lady Doctor.

f. **Road Works.** This year FCCL took initiative to rebuild BHALOT Road connecting adjacent villages and FCCL to the Main Road. Approximately Rs. 47 Million have been spent on the project.

g. **Employees Welfare Activities**

(1) **Canteen for Company Employees** is being up graded with a vision to provide up to the mark dining facility. Moreover, food at the canteen is provided at subsidized rates to minimize impact of inflation on the employees.

(2) **Sports Gala** was conducted for employees of Fauji Cement and as well as for the local community. Volleyball and Cricket Tournaments were organized. Healthy and active participation by FCCL Employees and locals was witnessed.

Sports Gala 2013

(3) **Health and Safety.** Company considers Health and Safety as one of the top priorities and continuous investment on safety and health is part of the annual budgets. All employees have been provided with PPE (Personal Protection Equipment).

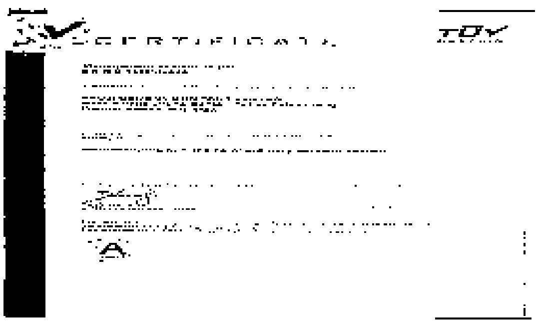
(4) **Fire Safety** is a matter of concern for Machinery as well as for the employees working at Plant. Considerable funds are allocated every year for procurement of safety equipment for the employees. More than Rs. 10 Million has been allocated in 2014-15 budget for the purpose.

Management Systems

30. Fauji Cement management is strongly committed to sustainable Environment and Quality Management. Measures taken have been well recognized by the society and the independent certification authorities. Fauji Cement is **ISO 9001:2008** certified for compliance to the latest Quality Assurance Standards. The certification is audited by Moody International and endorsed by UKAS International. TUV Austria are External Auditors for Integrated Management System, ensuring compliance to Environment and Quality Management System of the Company.

[illegible]
Cement Industry and energy conservation measures are worth mentioning.

(1) **ISO 14001:2004**. Fauji Cement fully complies with national and International regulations pertaining to environment and is always conscious about the impact of industrial development over the environment. Fauji Cement is 14001:2004 certified by TUV Austria



(2) **Environmental Awareness for Public**. Tree Plantation Campaign with involvement of local community was carried out in order to create awareness regarding sustainable environment. Not only local schools but farmers were also given plants (free of cost). Children and staff of the schools also actively participated in tree plantation.

b. **Alternate Fuels**. FCCL is continuously striving to maximize replacement of FOSSIL fuels with alternate / BIOMASS Fuels. Successful usage of MSW and Poultry Waste is helping in reducing use of Coal.

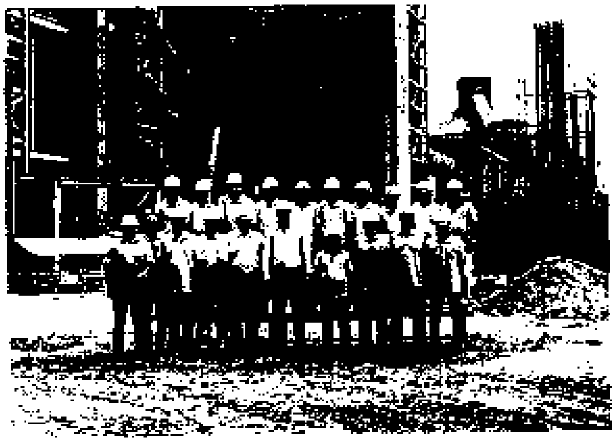
Product Quality

31. FCCL has always endeavored to produce the best quality cement in Pakistan which is amply reflected in the premium price and its high demand, both inside and outside the country. As a company, FCCL is focused on customers' satisfaction, employees morale and fair deal to its partners in the business. The company has a well designed and effectively practiced "Quality Control Policy".

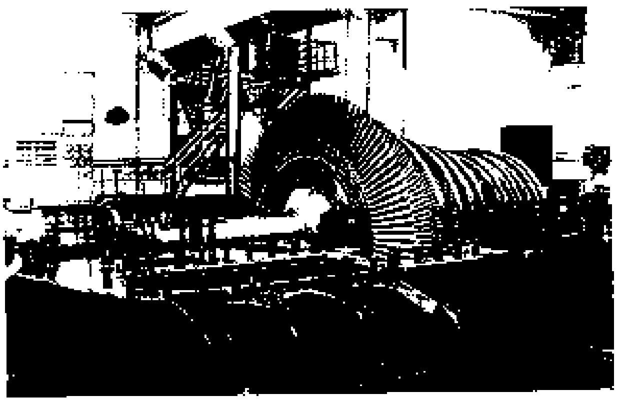
Future Outlook - Waste Heat Recovery Plant

32. With a concept to convert waste heat into energy with a view to reduce load on national electric grid and promote sustainable environment by reducing carbon dioxide gases in the atmosphere, FCCL Management has taken decision to install 10 MW Waste Heat Recovery Plant. The contract for engineering and equipment was awarded to M/S SINOMA Engineering, whereas, construction, erection and commissioning contract was given to M/S EITEMAAD Engineering. Civil and mechanical works are in progress. Concurrently the supply of plant machinery has started. Project is well on its way and is expected to be completed by April 2015

Insha Allah. The Plant will generate approx 10 MW electricity from Waste Heat from Cement Plant which would help in reducing power cost and at the same time ensuring un-interrupted power supply.



Lt Gen Sardar Mahmood Ali Khan, HI(M) (Retd), CEO/MD visiting WHR site with FCCL Management



WHRP turbine

Managing Director Fauji Foundation Lt. Gen. Muhammad Mustafa (Retd) with MD FCCL during his plant visit.

Acknowledgement

33. The Directors express their deep appreciation to valued Shareholders, Customers, Financial Institutions / Government Departments for their cooperation and Company's Employees for their hard work and commitment which enabled the company to achieve good operational results.

34. The Board is of the opinion that with sustained efforts and ALLAH's blessing, the Company will remain on its way to success.

For and on behalf of the Board

Lt Gen Muhammad Mustafa Khan, (Retd)
Chairman

Rawalpindi
20 August 2014

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulation No 35 of Karachi Stock Exchange, listing regulation No 35 of Lahore Stock Exchange and Chapter XI of the Listing Regulation of Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The company has applied the principles contained in the Code of Corporate Governance (CCG) in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Brig Asmat Ullah Khan Niazi (Retd)
Executive Director	Lt Gen Sardar Mahmood Ali Khan, HI(M) (Retd)
Non-Executive Directors	1. Lt Gen Muhammad Mustafa Khan, HI(M) (Retd) (Chairman) 2. Mr. Qaiser Javed 3. Mr. Dr. Nadeem Inayat 4. Maj Gen Syed Jamal Shahid, HI(M) (Retd) 5. Maj Gen Muhammad Farooq Iqbal (Retd) 6. Brig Dr. Gulfam Alam, SI(M) (Retd) 7. Brig Muhammad Saeed Khan (Retd) 8. Mr. Max Kruse

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, Development Finance Institution (DFI) or Non-Banking Finance Institution (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Two casual vacancies occurred during the period under review and filled with in seven days.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors at FCCL Board are adequately trained to perform their duties.

10. The board has already approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of share holding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The company has formed an Audit Committee. It comprises five members, of whom all are non-executive directors and the Chairman of the committee is an Independent Director a non executive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is also a non executive director.

18. The board has set up an effective internal audit department which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan (ICAP) that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with The International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

19. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

20. We confirm that all other material principles enshrined in the CCG have been complied with.

Rawalpindi
20 August 2014

LT GEN MUHAMMAD MUSTAFA KHAN (RETD)
CHAIRMAN BOARD OF DIRECTORS FCCL

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

Telephone + 92 (51) 282 3558
+ 92 (51) 282 5956
Fax + 92 (51) 282 2671
Internet www.kpmg.com.pk

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Fauji Cement Company Limited (the Company) for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No. 35 of Karachi Stock Exchange Limited, Listing Regulation No. 35 of Lahore Stock Exchange Limited and Chapter XI of the Listing Regulations of Islamabad Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

KPMG Taseer Hadi & Co.

Islamabad
20 August 2014

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

Telephone + 92 (51) 282 3558
+ 92 (51) 282 5956
Fax + 92 (51) 282 2671
Internet www.kpmg.com.pk

We have audited the annexed balance sheet of Fauji Cement Company Limited ("the Company") as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion-

 (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting polices consistently applied;
 (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.

Islamabad
20 August 2014

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani

	Note	2014 Rupees'000	2013 Rupees'000
SHARE CAPITAL AND RESERVES			
Share capital	4	**13,798,150**	13,798,150
Reserves	5	**1,990,037**	2,138,211
		15,788,187	15,936,361
NON - CURRENT LIABILITIES			
Long term financing - secured	6	**5,362,998**	7,924,264
Deferred liabilities	7	**3,747,641**	2,034,994
		9,110,639	9,959,258
CURRENT LIABILITIES			
Trade and other payables	8	**1,725,648**	1,483,438
Markup accrued		**163,457**	206,362
Short term borrowings - secured	9	**42,232**	159,685
Current portion of long term financing	6	**2,551,169**	2,559,945
		4,482,506	4,409,430
		29,381,332	30,305,049
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes 1 to 35 form an integral part of these financial statements.

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on 20 August 2014.

Chief Executive

	Note	2014 Rupees'000	2013 Rupees'000
NON - CURRENT ASSETS			
Property, plant and equipment	11	**23,881,426**	24,734,325
Long term advance		**1,800**	2,700
Long term deposits and prepayments	12	**309,749**	528,934
		24,192,975	25,265,959
CURRENT ASSETS			
Stores, spares and loose tools	13	**2,016,336**	1,869,919
Stock in trade	14	**1,409,107**	981,092
Trade debts	15	**580,214**	205,802
Advances	16	**50,414**	12,920
Trade deposits, short term prepayments and balances with statutory authority	17	**268,545**	179,119
Interest accrued		**173**	10,472
Other receivables	18	**20,585**	22,201
Derivative financial instrument		**-**	55,394
Cash and bank balances	19	**842,983**	1,702,171
		5,188,357	5,039,090
		29,381,332	30,305,049

Director

	Note	2014 Rupees'000	2013 Rupees'000
Turnover - net	20	17,532,277	15,967,900
Cost of sales	21	(11,448,142)	(10,887,427)
Gross profit		6,084,135	5,080,473
Distribution cost	22	(125,106)	(143,866)
Administrative expenses	23	(225,957)	(205,074)
Other operating expenses	24	(333,504)	(228,579)
Finance cost	25	(1,042,144)	(1,512,148)
Other income	26	152,081	94,719
Profit before taxation		4,509,505	3,085,525
Taxation	27	(1,883,511)	(988,458)
Profit for the year		2,625,994	2,097,067
Earnings per share - Basic (Rupees)	28.1	1.80	1.42
Earnings per share - Diluted (Rupees)	28.2	1.80	1.42

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Executive

Director

	2014 Rupees'000	2013 Rupees'000
Profit for the year	2,625,994	2,097,067
Other comprehensive income for the year	-	-
Total comprehensive income for the year	2,625,994	2,097,067

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Executive

Director

	Note	2014 Rupees'000	2013 Rupees'000
Cash flows from operating activities			
Net profit before taxation		4,509,505	3,085,525
Adjustments for:			
Depreciation		1,269,247	1,273,892
Provision for compensated absences		23,346	36,757
Provision for slow moving spares		38,828	-
Workers' (Profit) Participation Fund including interest and WWF		332,631	227,651
Finance cost		1,041,792	1,511,851
Gain on disposal of property, plant and equipment		(8,358)	(870)
Interest income including interest on long term advance		(130,755)	(65,885)
		2,566,731	2,983,396
Operating cash flows before working capital changes		7,076,236	6,068,921
(Increase)/ decrease in stores and spares		(185,245)	684,514
Increase in stock in trade		(428,015)	(25,755)
Decrease in long-term deposits and prepayments		127,406	-
Decrease in long-term advance		900	900
Increase in trade debts		(374,412)	(141,561)
(Increase)/ decrease in advances		(37,494)	157
Decrease in trade deposits and short term prepayments		2,081	6,423
Decrease in other receivables		1,616	143,041
Increase/ (decrease) in trade and other payables		260,803	(457,096)
		(632,360)	210,623
Cash generated from operations		6,443,876	6,279,544
Compensated absences paid		(20,433)	(18,178)
Payment to Workers' (Profit) Participation Fund		(240,996)	(177,169)
Taxes paid		(328,540)	(89,957)
Net cash generated from operating activities		5,853,907	5,994,240
Cash flows from investing activities			
Additions in property, plant and equipment		(496,184)	(113,253)
Proceeds from disposal of property, plant and equipment		88,194	3,860
Interest received on bank deposits and long term advance		141,054	55,806
Net cash used in investing activities		(266,936)	(53,587)
Cash flows from financing activities			
Repayment of long term finances		(2,613,483)	(2,423,912)
Dividend paid on preference shares		(210,687)	(175,573)
Dividend paid on ordinary shares		(2,654,711)	-
Payment of short term borrowings		-	(940,000)
Finance cost paid		(849,825)	(1,027,799)
Net cash used in financing activities		(6,328,706)	(4,567,284)
Net (decrease)/ Increase in cash and cash equivalents		(741,735)	1,373,369
Cash and cash equivalents at beginning of the year		1,542,486	169,117
Cash and cash equivalents at end of the year	29	800,751	1,542,486

The annexed notes 1 to 35 form an integral part of these financial statements.

Chief Executive

Director

	Share capital		Capital reserve		Revenue reserve	Total
	Ordinary	Preference	Discount on issue of shares	Hedging reserve	Un-appropriated profit	
			Rupees'000			
Balance at 01 July 2012	13,311,158	486,992	(1,364,385)	(418,113)	1,889,453	13,905,105
Total comprehensive income for the year						
Profit for the year	-	-	-	-	2,097,067	2,097,067
Total comprehensive income for the year	-	-	-	-	2,097,067	2,097,067
Transfer during the year	-	-	-	144,876	-	144,876
Transaction with owners, recorded directly in equity						
Dividend on preference shares @ Rs. 4.33 per share	-	-	-	-	(210,687)	(210,687)
Total transaction with owners, recorded directly in equity	-	-	-	-	(210,687)	(210,687)
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 year						
Profit for the year	-	-	-	-	2,625,994	2,625,994
Total comprehensive income for the year	-	-	-	-	2,625,994	2,625,994
Transfer during the year	-	-	-	115,472	-	115,472
Transaction with owners, recorded directly in equity						
Dividend on preference shares @ Rs. 4.67 per share	-	-	-	-	(227,408)	(227,408)
Final dividend 2013 @ Rs. 1.25 per share	-	-	-	-	(1,663,895)	(1,663,895)
Interim dividend 2014 @ 0.75 per share	-	-	-	-	(998,337)	(998,337)
Total transaction with owners, recorded directly in equity	-	-	-	-	(2,889,640)	(2,889,640)
Balance at 30 June 2014	13,311,158	486,992	(1,364,385)	(157,765)	3,512,187	15,788,187

The annexed notes 1 to 35 form an integral part of these financial statements

Chief Executive

Director

1. LEGAL STATUS AND OPERATIONS

Fauji Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan on 23 November 1992 under the Companies Ordinance, 1984. The Company commenced its business with effect from 22 May 1993. The shares of the Company are quoted on the 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

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that derivative financial instruments which are measured at fair value.

The fair value of derivative hedging instruments are based on bank's valuations. These valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each instrument and using market rates for similar instruments at the measurement date.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupees (PKR) which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4.1 **Property, plant and equipment**

The Company regularly reviews useful life and residual value for the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

2.4.2 **Provision for inventory obsolescence and doubtful receivables**

The Company reviews the net realisable value of stock in trade and stores, spare parts and loose tools to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated cost to complete and estimated cost to make the sales. Further the carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

2.4.3 **Taxation**

In making the estimates for income taxes payable by the Company, the management refers to the applicable law and the decisions of appellate authorities on pertinent issues in the past.

The Company regularly reviews the trend of proportion of incomes under Presumptive Tax Regime and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.4.4 **Derivative financial instruments**

The Company reviews the fair value of derivative financial instruments on regular basis. Fair value is sensitive to changes in interest and exchange rates. If there is any change in interest and exchange rates, fair value is adjusted accordingly.

2.4.5 **Contingencies**

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and legal advisors' judgments, appropriate provision is made.

2.5 **Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

-IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.

-Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32

Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

-Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

-Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria.

-Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria.

-Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

-Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

-Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

-IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

-IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

-IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

-Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

-IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

-IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

3.1 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in statement of comprehensive income or equity, in which case it is recognized in statement of comprehensive income or equity.

Current

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any.

Deferred

Deferred tax liabilities are recognized for all major taxable temporary differences and deferred tax assets are recognized to the extent that is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is accounted for using the balance sheet liability method in respect of all major taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of tax. The amount of deferred tax recognized is based on expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date.

Taxable temporary difference are adjusted by the portion of income expected to fall under presumptive tax regime in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. The effect of the adjustment is charged or credited to income currently.

3.2 Property, plant and equipment

Property, plant and equipment except freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land and capital work in progress are stated at cost less allowance for impairment, if any. Cost of property, plant and equipment includes acquisition cost, borrowing cost during construction phase of relevant asset and other directly attributable costs including trial run production expenses (net of income, if any). Transfers from capital work in progress are made to the relevant category of property, plant and equipment as and when the assets are available for use in the manner intended by the Company's management.

Depreciation is charged to income on the straight line method so as to write off the depreciable amount of the property, plant and equipment over their estimated useful lives at the rates specified in note 11. Depreciation on depreciable assets is commenced from the month the asset is available for use upto the date when the asset is disposed off.

The cost of replacing a major item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced item is derecognized. The cost of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposals with the carrying amount of property, plant and equipment and are recognized on net basis within "other income" in profit or loss.

3.3 Impairment

Non-financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized as expense in the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. For non-financial assets, financial assets measured at amortized cost, available-for-sale financial assets that are debt securities, the reversal is recognised in profit and loss account.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3.4 **Stores, spares and loose tools**

Stores, spares and loose tools are valued at lower of weighted average cost and net realisable value less impairment, if any. Cost is determined using weighted average method except for items in transit which is determined on the basis of cost incurred upto the balance sheet date. For items which are slow moving and/ or identified as surplus to the Company's requirements, adequate impairment is recognised. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.

3.5 **Stock in trade**

Stock of raw material, except for those in transit, work in process and finished goods are valued at the lower of average cost and net realizable value. Stock of packing material is valued at moving average cost less impairment, if any. Cost of work in process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon less impairment, if any.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to be incurred in order to make a sale.

3.6 **Foreign currency transactions**

Transactions in foreign currencies are translated into functional currency at exchange rates at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at balance sheet date are translated to the functional currency at the exchange rates at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at beginning of the year, adjusted for effective interest and payments during the year, and amortised cost in foreign currency translated at the exchange rate at balance sheet date. Exchange differences are included in the profit and loss account.

3.7 **Revenue recognition**

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of commission. Revenue is recognized when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The transfer of risk and rewards occur when the goods are despatched. Scrap sales and miscellaneous receipts are recognised on realised amounts. Profit on deposits and advances is accounted for on a time proportion basis using the applicable rate of interest.

3.8 **Mark-up bearing borrowings**

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition, markup bearing borrowings are stated at originally recognized amount less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the profit and loss account over the period of borrowings on an effective rate basis.

3.9 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost as the case may be. The Company de-recognizes the financial assets and liabilities when it ceases to be a party to such contractual provision of the instrument. The Company recognises the regular way of purchase or sale of financial assets using settlement date of accounting.

Trade and other payables

Liabilities for trade and other amounts payable are initially recognised at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using effective interest method.

Trade debts and other receivables

Trade debts and other receivables are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using effective interest method, less any impairment losses. Known bad debts are written off, when identified.

Off-setting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.10 Borrowing cost

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs relate to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

3.11 Staff retirement benefits

Provident fund

The Company operates a defined contributory provident fund scheme for permanent employees. Monthly contributions are made to the fund @ 10% of the basic salary both by the Company and employees. The Company's contribution is charged to the profit and loss account.

Compensated absences

The Company also provides for compensated absences to its employees on unavailed leaves according to the Company's policy. Charge for the year is included in profit and loss account.

3.12 Derivative financial instruments

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in profit or loss.

3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances at banks, running finances and short term highly liquid investments with maturity of three months or less from the acquisition date that are subject to insignificant risk of changes in their fair value.

3.14 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.15 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by using profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.16 Dividend

Dividend on ordinary shares is recognized as a liability in the period in which it is declared. Dividend on preference shares is recognized as a liability when the conditions as agreed with the preference shareholders are fulfilled.

4 SHARE CAPITAL

AUTHORIZED SHARE CAPITAL

This represents 1,451,300,813 (2013 : 1,451,300,813) ordinary shares of Rs. 10 each and 48,699,187 (2013 : 48,699,187) preference shares of Rs. 10 each.

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014 Number '000	2013 Number '000		2014 Rupees '000	2013 Rupees '000
		Ordinary shares		
171,310	171,310	Ordinary shares of Rs. 10 each fully paid in cash	**1,713,105**	1,713,105
199,433	199,433	Ordinary shares of Rs. 10 each issued at a discount of Rs. 3.85 per share - paid in cash	**1,994,325**	1,994,325
322,546	322,546	Ordinary shares of Rs. 10 each issued at a premium of Rs. 6 per share-paid in cash	**3,225,465**	3,225,465
637,826	637,826	Ordinary shares of Rs. 10 each issued at a discount of Rs. 5 per share paid in cash	**6,378,263**	6,378,263
1,331,115	1,331,115		**13,311,158**	13,311,158
		Preference shares (note 4.1)		
48,699	48,699	Preference shares of Rs. 10 each issued at a discount of Rs. 3.85 per share - paid in cash	**486,992**	486,992
1,379,814	1,379,814		**13,798,150**	13,798,150

4.1 Preference shares are convertible into ordinary shares only, at any time at Rs. 10 each without further payment, such conversion being irreversible once exercised and having the same rights as ordinary shares in the Company including pari passu voting rights with ordinary shares.

4.2 Fauji Foundation holds 494,951,055 (2013: 494,951,055) ordinary shares and 48,699,187 (2013: 48,699,187) preference shares of the Company at the year end. In addition Fauji Fertilizer Company Limited, Fauji Fertilizer Bin Qasim Limited and Fauji Oil Terminal & Distribution Company Limited hold 93,750,000 (2013: 93,750,000), 18,750,000 (2013 : 18,750,000) and 18,750,000 (2013: 18,750,000) ordinary shares respectively of the Company at the year end.

5 RESERVES

	2014 Rupees '000	2013 Rupees '000
Capital		
Discount on issue of shares	**(1,364,385)**	(1,364,385)
Hedging reserve	**(157,765)**	(273,237)
Revenue		
Un-appropriated profit	**3,512,187**	3,775,833
	1,990,037	2,138,211

6 LONG TERM FINANCING-Secured

- Loans from banking companies-under mark up arrangements

Lender	Note	2014	2013	Rate of interest per annum	Outstanding Installment	Interest payable
		Rupees'000				
Syndicate Finance	6.1	2,018,182	2,650,909	6 month's KIBOR + 0.75% (2013: 6 month's KIBOR + 1.5%)	6 semi annual installments ending 15 February, 2017	Semi annual
The Royal Bank of Scotland PLC	6.2	4,333,495	5,813,300	6 month's LIBOR + 0.8% (2013: 6 month's LIBOR +0.8%)	6 semi annual installments ending 7 May, 2017	Semi annual
National Bank of Pakistan		1,178,572	1,392,857	6 months KIBOR +1.35% (2013: 6 month's KIBOR +1.75%)	11 semi annual installments ending 19 July, 2019	Semi annual
Faysal Bank Limited		214,286	357,143	6 month's KIBOR + 1% (2013: 6 month's KIBOR + 1%)	3 semi annual installments ending 7 December, 2015	Semi annual
Habib Bank Limited		192,000	268,800	6 month's KIBOR + 1% (2013: 6 month's KIBOR +1%)	5 semi annual installments ending 20 July, 2016	Semi annual
Less: Unamortized portion of transaction cost		(2,368)	(36,000)			
		7,914,167	10,484,209			
Less: Current portion shown under current liabilities		(2,551,169)	(2,559,945)			
		5,362,998	7,924,264			

6.1 This is a syndicated term finance facility obtained from consortium of banks consisting of Allied Bank Limited, United Bank Limited, Bank Alfalah Limited, Bank of Khyber, Bank Al Habib Limited and Soneri Bank Limited.

6.2 This foreign currency loan facility amounting to USD 43.88 (2013: USD 58.11) million is an Export Credit Agency (Euler Hermes Kreditversicherungs-AG (Hermes)) backed term finance facility obtained through The Royal Bank of Scotland PLC.

6.3 The above facilities are secured by way of creation of 1st pari passu mortgage over the immovable property of the Company and hypothecation charge over all current and future assets of the Company with 25% margin. Allied Bank Limited is the security trustee and inter creditor agent on behalf of all the first pari passu lenders.

	Note	2014 Rupees'000	2013 Rupees'000
7 DEFERRED LIABILITIES			
Provision for compensated absences	7.1	**42,611**	38,152
Deferred taxation	7.2	**3,705,030**	1,996,842
		3,747,641	2,034,994

7.1 Provision for compensated absences

	2014	2013
Balance at beginning of the year	**48,411**	29,832
Add: Charge for the year	**23,346**	36,757
	71,757	66,589
Less: Amount paid during the year	**(20,433)**	(18,178)
	51,324	48,411
Less: Amount transferred to current liabilities	**(8,713)**	(10,259)
	42,611	38,152

As per the rules of compensated absences, unavailed leaves up to 30 days are payable at the time of retirement. Compensated absences over and above the period of 30 days are paid to the employees as per the Company policy. Therefore the balance of unavailed compensated absences over that period has been transferred to current liabilities. Actuarial valuation has not been carried out as the impact is considered immaterial.

		2014 Rupees'000	2013 Rupees'000
7.2	**Deferred taxation**		
	Deductible temporary differences		
	Unused tax losses representing unabsorbed depreciation	**(749,606)**	(1,950,359)
	Unrealised exchange loss on foreign currency loan	**(169,276)**	(212,466)
	Provision for slow moving stores, spares and loose tools	**(11,746)**	-
	Taxable temporary difference		
	Excess of accounting book value of fixed assets over their tax base	**4,635,658**	4,159,667
		3,705,030	1,996,842

8 TRADE AND OTHER PAYABLES

	Note		
Creditors		**170,463**	135,022
Accrued liabilities		**667,952**	381,322
Retention money		***27,948***	*14,891*
Security deposits		***83,497***	*79,661*
Advances from customers		**198,538**	213,343
Workers' (Profit) Participation Fund	8.1	**42,089**	40,644
Workers' Welfare Fund		**118,151**	89,671
Swap fee payable		-	71,214
Federal excise duty payable		**12,623**	67,875
Sales tax payable (net)		**36,260**	69,507
Other liabilities		**122,224**	97,081
Compensated absences	7.1	**8,713**	10,259
Dividend payable on preference shares to a related party		**227,408**	210,687
Unclaimed dividend		**9,782**	2,261
		1,725,648	1,483,438

8.1	**Workers' (Profit) Participation Fund (WPPF)**		
	Balance at beginning of the year	**40,644**	51,872
	Interest on funds utilised in the Company's business	**352**	297
	Allocation for the year	**242,089**	165,644
	Payment to the fund during the year	**(240,996)**	(177,169)
		42,089	40,644
	Allocation for the year is made up as follows:		
	Profit for the year before tax, WPPF and WWF	**4,841,784**	3,312,879
	Charge for the year at the rate of 5%	**242,089**	165,644

9 SHORT TERM BORROWINGS - secured

The Company has short term finance and morahaba facility limits to the tune of Rs. 3,480 million (2013: Rs. 3,480 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. These facilities carry markup ranging from 10.19%-11.38% per annum (2013: 9.4%-11.08% per annum) of the utilized amount and payable on a quarterly basis. Allied Bank Limited is the security trustee and inter creditor agent on behalf of all the first pari passu lenders.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

a) The Custom Authorities allowed release of plant and machinery imported by the Company at concessionary rates of duty in terms of SRO 484(1)/92 dated May 14, 1992 against an undertaking provided by the Company. Subsequent to the release of plant and machinery, the Custom Authorities raised a demand of Rs. 828.343 million in respect of items which are considered by the Federal Board of Revenue (FBR) as not qualifying for the concessionary rate of duty. The status of the cases included in the above amount are as follows:

(i) The custom case of Rs. 337.227 million was decided in the Company's favour by the Honorable Sindh High Court (SHC). On an appeal filed by the custom authorities to Honorable Supreme Court of Pakistan against decision of SHC, the matter was referred back by the Honorable Supreme Court to custom authorities for review. Thereafter, the Deputy Collector, then Collector (Appeals) and finally Custom Appellate Tribunal decided the case against the Company and the Company has filed an appeal before Sindh High Court.

(ii) Case for Rs. 15.797 million was decided by Supreme Court of Pakistan against the Company. Review Petition has been filed in the Supreme Court of Pakistan, after attaching the relevant documents, which is not yet fixed for hearing.

(iii) Case for Rs. 87.442 million is pending before SHC.

(iv) Demand for Rs. 39.285 million is pending with Custom Authorities.

(v) A demand of Rs. 20.257 million has been raised by the Assistant Collector of Customs on September 21, 2004 and the Company has asked for details of this claim.

(vi) Remaining amount of Rs. 328.34 million has been claimed by Custom Authorities by revising the total demand of custom duty as being short levied as per letter No. SI/NISC/IB/191/96-VI dated 31 December 1999.

The Company filed an application before FBR under Section 47A of the Sales Tax Act, 1990 and Section 195C of the Customs Act, 1969 for constitution of an Alternate Dispute Resolution Committee (ADRC) on the above cases. The proceedings of ADRC were concluded and final recommendations were forwarded to FBR, which were in the Company's favour. FBR has informed the Company that recommendations of ADRC are not acceptable and advised the Company to plead the cases in court of law. The management of the Company is confident of a favourable outcome, since the management believes that the goods imported by the Company (against which the purported duties have been assessed) were covered by statutory exemption issued by the Ministry of Finance in 1992, the grant of which was confirmed by the custom authorities through various documents obtained from the appropriate authorities.

b) A claim for damages amounting to Euros 833,120 equivalent Pak Rs. 111.75 (2013: Rs. 108.31) million was in a tribunal of Arbitrators by the supplier of plant and machinery against which the Company had filed a counter claim of Euros 410,914 equivalent Pak Rs. 55.12 (2013: Rs. 53.42) million and Rs. 11.824 million (less the aggregate sum of equivalent Pak Rs. 21.33 million previously recovered/ adjusted by the Company). In the arbitration proceedings between the supplier and the Company, awards were passed by each arbitrator appointed by each party. As a result of the difference in opinion of the two arbitrators, the matter was referred to an umpire, on whose recommendations the supplier filed the award in the Court of Senior Civil Judge Islamabad, for the same to be made a rule of court. The Court dismissed the supplier's case in February 2014. The management believes that the Company has strong grounds to argue the case in the court and accordingly, no liability has been accounted for in these financial statements.

c) The Company is contesting a claim of damages amounting to Rs. 19.75 million filed by a supplier of plant and machinery arising from encashment by the Company of bank guarantee amounting to Rs. 5.32 million which is appearing under payables in these financial statements. Islamabad High Court stayed the case in 2009 for appointment of arbitrators to decide the matter. Under the law, it was the responsibility of the supplier to appoint/ nominate its arbitrator but it has not yet appointed any arbitrator to resolve the matter.

d) Competition Commission of Pakistan (CCP) has issued a show cause notice dated October 28, 2008 to 21 cement manufacturers (including the Company) under section 30 of the Competition Ordinance, 2007 and imposed a penalty of Rs. 266 million on the Company. The cement manufacturers (including the Company) have filed a review petition in Lahore High Court (Court) and also challenged the CCP order in the Court . Based on expert legal advice, the management is confident that the case will be decided in favour of the Company.

e) The Company is contingently liable in respect of guarantees amounting to Rs. 426 million (2013: Rs. 363 million) issued by banks on behalf of the Company in the normal course of business. These guarantees are secured against margin/lien on bank deposits and against first pari passu ranking charge by way of hypothecation over the present and future assets of the Company (excluding land and building) retaining 25% margin.

f) For tax related contingencies refer note 27.1

10.2 Commitments

a) Contracted capital commitments including letter of credit of Rs. 1,045 million (2013: Nil) in respect of Waste Heat Recovery Project.

b) The Company has opened letters of credit for the import of spare parts valuing Rs. 121 million (2013: Rs. 82 million).

11 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Building on freehold land	Plant, and machinery	Store held for capital expenditure	Office equipment	Computers	Electric installation and other equipment	Furniture and fittings	Motor vehicles	Quarry road and development	Capital work in progress (Note:11.2)	Total
	Rupees'000											
Balance as at 01 July 2012	148,452	5,050,460	25,243,513	35,980	9,765	51,794	84,007	21,895	150,590	27,855	14,833	30,839,144
Additions during the year	-	7,053	42,934	-	1,462	6,077	897	928	23,176	-	30,726	113,253
Disposals/written off	-	-	-	(2,292)	(198)	(1,266)	(24)	(41)	(15,481)	-	-	(22,304)
Transfers	-	38,627	-	-	-	-	-	-	-	-	(38,627)	-
Balance as at 30 June 2013	148,452	5,096,140	25,286,447	33,688	11,029	56,603	84,880	22,782	155,285	27,855	6,932	30,930,093
Balance as at 01 July 2013	148,452	5,096,140	25,286,447	33,688	11,029	56,603	84,880	22,782	155,285	27,855	6,932	30,930,093
Additions during the year	-	1,140	94,924	-	794	4,835	1,395	2,533	20,160	-	370,403	496,184
Disposals/written off	-	-	(66,380)	-	(512)	(616)	(358)	(16)	(16,719)	-	-	(104,601)
Transfers	-	16,567	-	-	-	-	-	-	-	-	(16,567)	-
Balance as at 30 June 2014	148,452	5,113,847	25,294,991	33,688	11,311	60,822	85,917	25,299	158,726	27,855	360,768	31,321,676
Depreciation												
Balance as at 01 July 2012	-	992,689	3,666,672	1,431	7,839	45,340	74,416	12,493	112,453	27,855	-	4,941,190
Charge for the year	-	203,538	1,034,736	3,244	696	6,143	2,513	2,325	20,697	-	-	1,273,892
On disposals	-	-	-	(277)	(198)	(1,243)	(24)	(41)	(17,531)	-	-	(19,314)
Balance as at 30 June 2013	-	1,196,227	4,701,408	4,398	8,337	50,240	76,907	14,777	115,619	27,855	-	5,195,768
Balance as at 01 July 2013	-	1,196,227	4,701,408	4,398	8,337	50,240	76,907	14,777	115,619	27,855	-	5,195,768
Charge for the year	-	206,079	1,033,091	3,244	821	4,289	2,534	2,316	16,873	-	-	1,269,247
On disposals/written off	-	-	(7,322)	-	(512)	(616)	(357)	(15)	(15,943)	-	-	(24,765)
Balance as at 30 June 2014	-	1,402,306	5,727,177	7,642	8,646	53,913	79,084	17,078	116,549	27,855	-	7,440,250
Carrying amounts - 2014	148,452	3,711,541	19,567,814	26,046	2,665	6,909	6,833	8,221	42,177	-	360,768	23,881,426
Carrying amounts - 2013	148,452	3,899,913	20,585,039	29,290	2,692	6,363	7,973	8,005	39,666	-	6,932	24,734,325
Rates of depreciation	-	4%	4%	4%	15%	33.33%	10%-15%	15%	20 - 25%	10%		

11.1 Depreciation charge for the year has been allocated as follows:

	Note	2014 Rupees'000	2013 Rupees'000
Cost of sales	21	**1,257,196**	1,261,532
Distribution cost	22	**4,576**	4,242
Administrative expenses	23	**7,475**	8,118
		1,269,247	1,273,892

11.2 Capital wok in progress

Breakup is as follows:

	Note	2014	2013
Waste Heat Recovery Project	11.2.1	**347,146**	-
Others		**13,622**	6,932
		360,768	6,932

11.2.1 During the year the Company has started putting up a 10 MW waste heat recovery power project. The detail of expenditures incurred upto the close of year are as follows:

	2014 Rupees'000	2013 Rupees'000
Advances for civil works	**31,771**	-
Advances for plant and machinery	**199,232**	-
Civil works	**112,363**	-
Directly attributable expenses	**3,780**	-
	347,146	-

11.3 Detail of disposals / write off during the year is as follows:

	Original cost	Book value	Sale proceeds / compensation received	Gain/ (loss)	Mode of disposal
	Rupees'000				
Motor vehicle	1,303	115	160	45	As per Company's policy to Col.(R) Shafaqat Ex-executive
Motor vehicle	1,303	115	186	71	As per Company's policy to Mr. Abul Khaliq an executive
Motor vehicle	2,064	545	202	(343)	As per Company's policy to Lt. Gen (R) Muhammad Sabir Ex-MD
Plant and machinery	61,687	56,752	50,000	(6,752)	Insurance claim
Plant and machinery	24,693	22,306	34,159	1,853	Insurance claim
Aggregate of other assets disposed-off	13,551	3	3,487	3,484	
2014	**104,601**	**79,836**	**88,194**	**8,358**	
2013	22,304	2,990	3,860	870	

12	LONG TERM DEPOSITS AND PREPAYMENTS	Note	2014 Rupees'000	2013 Rupees'000
	Islamabad Electric Supply Company Limited		**61,590**	61,590
	Sui Northern Gas Pipelines Limited		**25,011**	25,011
	Prepaid guarantee fee	12.1	**223,148**	442,333
			309,749	528,934

12.1 This represents premium paid to Euler Hermes Kreditversicherungs-AG (Hermes) for guarantee issued to a lender as a security against long term loan for construction of new cement manufacturing line.

13	STORES, SPARES AND LOOSE TOOLS	2014 Rupees'000	2013 Rupees'000
	Stores	**893,916**	801,266
	Spares (Including items in transit of Rs. 31.1 million (2013: Rs. 25.2 million).	**1,159,787**	1,067,516
	Provision of slow moving spares	**(38,828)**	-
		1,120,959	1,067,516
	Loose tools	**1,461**	1,137
		2,016,336	1,869,919
14	**STOCK IN TRADE**		
	Raw and packing material	**215,990**	201,766
	Work in process	**976,816**	638,144
	Finished goods	**216,301**	141,182
		1,409,107	981,092
15	**TRADE DEBTS**		
	Unsecured		
	Considered good	**533,378**	152,146
	Considered doubtful	**3,281**	3,281
		536,659	155,427
	Secured considered good	**46,836**	53,656
	Less: Provision for doubtful debts	**(3,281)**	(3,281)
		580,214	205,802
16	**ADVANCES**		
	Advances - Considered good		
	To suppliers	**48,967**	11,781
	To employees	**547**	239
	Current portion of long term advance	**900**	900
		50,414	12,920
17	**TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITY**		
	Deposits	**7,940**	9,438
	Prepayments	**2,687**	3,270
	Advance tax-net	**257,918**	166,411
		268,545	179,119

18	OTHER RECEIVABLES	Note	2014 Rupees'000	2013 Rupees'000
	Other receivables- Considered good		1,518	3,134
	Margin on letter of guarantee		19,067	19,067
			20,585	22,201

19	CASH AND BANK BALANCES	Note	2014 Rupees'000	2013 Rupees'000
	Cash at banks			
	Deposit accounts	19.1	758,166	1,618,436
	Current accounts		84,788	83,670
			842,954	1,702,106
	Cash in hand		29	65
			842,983	1,702,171

19.1 -Balances with banks include Rs. 83.5 million (2013 : Rs. 79.7 million) in respect of security deposits received.

-Deposits of Rs. 4 million (2013 : Rs. 4 million) with banks are under lien for letters of guarantee issued on behalf of the Company.

-This includes Term Deposit Receipts (TDRs) amounting to Rs 500 million (2013: Rs 1,974 million) carrying interest @ 10 - 10.5% p.a. (2013: 9.8% p.a.).

20	Turnover - net		2014 Rupees'000	2013 Rupees'000
	Sales	- Local	18,555,629	15,720,886
		- Export	2,750,619	3,246,189
			21,306,248	18,967,075
	Less:	Sales tax	2,941,426	2,192,785
		Excise duty	824,950	797,765
		Export development surcharge	7,595	8,625
			3,773,971	2,999,175
			17,532,277	15,967,900

			2014	2013
21	**COST OF SALES**	**Note**	**Rupees'000**	Rupees'000
	Raw materials consumed		**866,133**	711,425
	Packing material consumed		**890,604**	838,149
	Stores and spares consumed		**35,637**	42,437
	Provision for slow moving spares		**38,828**	-
	Salaries, wages and benefits		**788,964**	715,956
	(including retirement benefits of Rs. 35.9 million (2013 : Rs. 44.4 million)			
	Rent, rates and taxes		**18,964**	17,090
	Insurance		**98,684**	87,407
	Fuel consumed		**4,367,340**	4,230,292
	Power consumed		**2,954,173**	2,506,812
	Depreciation	11.1	**1,257,196**	1,261,532
	Repairs and maintenance		**490,044**	373,115
	Technical assistance		**1,870**	4,700
	Vehicle running and maintenance expenses		**26,534**	25,996
	Printing and stationery		**3,286**	1,663
	Travelling and conveyance		**13,817**	15,779
	Communication, establishment and other expenses		**13,861**	11,261
			11,865,935	10,843,614
	Add: Opening work-in-process		**638,144**	677,001
	Less: Closing work-in-process		**(976,816)**	(638,144)
	Cost of goods manufactured		**11,527,263**	10,882,471
	Add: Opening finished goods		**141,182**	146,138
	Less: Closing finished goods		**(216,301)**	(141,182)
			11,452,144	10,887,427
	Less: Own consumption capitalized		**(4,002)**	-
			11,448,142	10,887,427

22	**DISTRIBUTION COST**			
	Salaries, wages and benefits			
	(including retirement benefits of Rs. 4.5 million (2013 : Rs. 5 million)		**78,068**	70,752
	Export freight and other charges		**20,658**	49,172
	Travelling and entertainment		**1,894**	4,347
	Vehicle running and maintenance expenses		**3,226**	2,561
	Rent, rates and taxes		**4,085**	4,331
	Repairs and maintenance		**936**	449
	Printing and stationery		**1,703**	1,123
	Depreciation	11.1	**4,576**	4,242
	Communication, establishment and other expenses		**5,257**	3,856
	Advertisement and sale promotion expenses		**4,443**	2,784
	Insurance		**260**	249
			125,106	143,866

23	ADMINISTRATIVE EXPENSES	Note	2014 Rupees'000	2013 Rupees'000
	Salaries, wages and benefits (including retirement benefits of Rs. 9.7 million (2013: Rs. 11.4 million)		**175,639**	159,336
	Travelling and entertainment		**2,719**	4,089
	Vehicle running and maintenance expenses		**10,382**	8,689
	Insurance		**757**	725
	Rent, rates and taxes		**3,193**	5,934
	Repairs and maintenance		**542**	813
	Printing and stationery		**2,467**	2,737
	Communication, establishment and other expenses		**13,040**	8,477
	Legal and professional charges		**5,371**	5,456
	Depreciation	11.1	**7,475**	8,118
	Donations	23.1	**4,372**	700
			225,957	205,074

23.1 This includes Rs. 0.5 million (2013: Rs. 0.5 million) donated to Foundation University Phase - I DHA Islamabad. The following directors' interest in the university is limited to the extent of their involvement as directors/ key management personnel:

2014	2013
Lt Gen (R) Muhammad Mustafa Khan, HI(M)	Lt Gen (R) Muhammad Mustafa Khan, HI(M)
Mr. Qaiser Javed	Mr. Qaiser Javed
Dr. Nadeem Inayat	Dr. Nadeem Inayat

24	OTHER OPERATING EXPENSES	Note	2014 Rupees'000	2013 Rupees'000
	Auditors' remuneration:			
	Annual audit		**1,000**	1,000
	Half yearly review		**140**	140
	Out of pocket expenses		**25**	25
	Other certifications		**60**	60
			1,225	1,225
	Workers' (Profit) Participation Fund	8.1	**242,089**	165,644
	Workers' Welfare Fund		**90,190**	61,710
			333,504	228,579

25	FINANCE COST		2014 Rupees'000	2013 Rupees'000
	Interest and other charges on long and short term borrowings		**827,495**	1,067,057
	Proceeds on realisation of derivative/ changes in fair value of derivative		**(135,798)**	(58,458)
	Swap fee		**307,368**	155,857
	Interest on Workers' Profit Participation Fund		**352**	297
	Exchange loss on revaluation of loan		**27,208**	333,149
	Bank charges and commission		**15,519**	14,246
			1,042,144	1,512,148

		2014 Rupees'000	2013 Rupees'000
26	**OTHER INCOME**		
	Income from financial assets		
	Profit on deposit accounts	**130,704**	65,821
	Interest on long term advance	**51**	64
		130,755	65,885
	Income from assets other than financial assets		
	Gain on disposal of property, plant and equipment	**8,358**	870
	Others	**12,968**	27,964
		152,081	94,719
27	**TAXATION**		
	Current		
	For the year	**175,323**	96,027
	Prior	**-**	412
		175,323	96,439
	Deferred	**1,708,188**	892,019
		1,883,511	988,458
	Accounting profit for the year (Rupees '000)	**4,509,505**	3,085,525
	Applicable tax rate	**34%**	35%
	Income tax at applicable rate (Rupees '000)	**1,533,232**	1,079,934
	Tax effect of change in proportion of export sales to local sales (Rupees '000)	**317,750**	(104,852)
	Minimum tax (Rupees '000)	**147,892**	63,652
	Tax effect of income taxable under final tax regime (Rupees '000)	**(210,640)**	(32,376)
	Prior year	**-**	412
	Tax effect on permanent differences (Rupees '000)	**95,277**	(16,312)
		1,883,511	988,458

27.1 Assessments of the Company upto Assessment Year 2002-2003 were finalized by the taxation officer mainly by treating advances received from customers as deemed income and curtailing administrative expenses claimed by the Company. The appeals filed by the Company have been decided by the Appellate authorities for the most part in the Company's favour up to and including Assessment Years 2001-2002. For Assessment Year 2002-2003 appeal filed by the Company was rejected by the Commissioner Inland Revenue (Appeals) accordingly additions amounting to Rs. 19.27 million were upheld. Company's appeal against the appellate order of the Commissioner Inland Revenue (Appeals) is pending before the Appellate Tribunal.

For the Tax Year 2005, expenses amounting to Rs. 65.49 million claimed on account of transportation charges were disallowed by the Assistant Commissioner Inland Revenue for non withholding of income tax from payments made to the vendors. The Commissioner Inland Revenue (Appeals) upheld the order of the Assistant Commissioner Inland Revenue. The Company being aggrieved has now filed appeal with the Appellate Tribunal against the appellate order of the Commissioner Inland Revenue (Appeals).

Tax returns filed by the Company for Tax Years 2008, 2009 and 2013 stand assessed in terms of Section 120 of the Ordinance. However, tax authorities are empowered to amend the assessment at any time within 5 years from the end of the financial year in which the return was filed.

Further, the assessment for the Tax Year 2010 has been rectified by the Commissioner Inland Revenue under Section 221 of the Income Tax Ordinance 2001. For the Tax Year 2011, the Deputy Commissioner Inland Revenue [DCIR] charged income tax and default surcharge amounting to Rs. 2.49 million on alleged non withholding of income tax on various payments made by the Company. The Commissioner Inland Revenue (Appeals) upheld the order of the DCIR and Company's appeal is now pending disposal with the Appellate Tribunal.

For the Tax Year 2011 and 2012 DCIR computed alleged sales on the basis of formula issued by PCSIR and levied additional tax amounting to Rs. 14.96 million and Rs. 62.64 million respectively. The Company filed an appeal before Commissioner Inland Revenue (Appeals) who remanded back the case to DCIR to pass a speaking order after going through the facts of the case. The Company has filed appeals with the Appellate Tribunal where the proceedings are underway for both tax years.

The Company has filed appeal before Commissioner Inland Revenue (Appeals) against the order in original of DCIR for the recovery of Sales Tax, Federal Excise Duty and Special Excise Duty amounting to Rs 312 million for the period from 01 July 2010 to 30 June 2012. Commissioner Inland Revenue (Appeals) remanded the case back to DCIR to pass a speaking order after going through the facts of the case. The order in original issued by Revenue Authorities on the same grounds was dismissed by Honourable Appellate Tribunal in the past. The Company is confident of favourable outcome being already settled matter on the same issue.

No provision has been made in these financial statements other than those mentioned above in respect of outstanding issues as management is confident of a favourable outcome.

27.2 Company is subject to charge of Alternative Corporate Tax "ACT" introduced through Finance Act, 2014 amounting to Rs. 647 million. No liability is recognized as ACT as management expects that ACT will be adjustable within 10 year as allowed under the tax law.

27.3 Change in applicable income tax rate from 35% to 34% is due to change in relevant Income Tax laws.

28	EARNINGS PER SHARE	2014	2013
28.1	**Basic**		
	Profit after taxation (Rupees '000)	**2,625,994**	2,097,067
	Less: Dividend on preference shares (Rupees '000)	**(227,408)**	(210,687)
	Profit attributable to ordinary shareholders (Rupees '000)	**2,398,586**	1,886,380
	Weighted average number of ordinary shares outstanding during the year (Numbers '000)	**1,331,115**	1,331,115
	Earnings per share (EPS) - basic (Rupees)	**1.80**	1.42
28.2	**Diluted**		
	Profit attributable to ordinary shareholders (Rupees '000)	**2,398,586**	1,886,380
	Weighted average number of ordinary shares outstanding during the year (Numbers '000)	**1,331,115**	1,331,115
	Earnings per share - diluted (Rupees)	**1.80**	1.42

Effect of convertible preference shares is not included in diluted EPS calculation since the effect is anti-dilutive.

		2014 Rupees'000	2013 Rupees'000
26	**OTHER INCOME**		
	Income from financial assets		
	Profit on deposit accounts	130,704	65,821
	Interest on long term advance	51	64
		130,755	65,885
	Income from assets other than financial assets		
	Gain on disposal of property, plant and equipment	8,358	870
	Others	12,968	27,964
		152,081	94,719
27	**TAXATION**		
	Current		
	For the year	175,323	96,027
	Prior	-	412
		175,323	96,439
	Deferred	1,708,188	892,019
		1,883,511	988,458
	Accounting profit for the year (Rupees '000)	4,509,505	3,085,525
	Applicable tax rate	34%	35%
	Income tax at applicable rate (Rupees '000)	1,533,232	1,079,934
	Tax effect of change in proportion of export sales to local sales (Rupees '000)	317,750	(104,852)
	Minimum tax (Rupees '000)	147,892	63,652
	Tax effect of income taxable under final tax regime (Rupees '000)	(210,640)	(32,376)
	Prior year	-	412
	Tax effect on permanent differences (Rupees '000)	95,277	(18,312)
		1,883,511	988,458

27.1 Assessments of the Company upto Assessment Year 2002-2003 were finalized by the taxation officer mainly by treating advances received from customers as deemed income and curtailing administrative expenses claimed by the Company. The appeals filed by the Company have been decided by the Appellate authorities for the most part in the Company's favour up to and including Assessment Years 2001-2002. For Assessment Year 2002-2003 appeal filed by the Company was rejected by the Commissioner Inland Revenue (Appeals) accordingly additions amounting to Rs. 19.27 million were upheld. Company's appeal against the appellate order of the Commissioner Inland Revenue (Appeals) is pending before the Appellate Tribunal.

For the Tax Year 2005, expenses amounting to Rs. 65.49 million claimed on account of transportation charges were disallowed by the Assistant Commissioner Inland Revenue for non withholding of income tax from payments made to the vendors. The Commissioner Inland Revenue (Appeals) upheld the order of the Assistant Commissioner Inland Revenue. The Company being aggrieved has now filed appeal with the Appellate Tribunal against the appellate order of the Commissioner Inland Revenue (Appeals).

Tax returns filed by the Company for Tax Years 2008, 2009 and 2013 stand assessed in terms of Section 120 of the Ordinance. However, tax authorities are empowered to amend the assessment at any time within 5 years from the end of the financial year in which the return was filed.

Further, the assessment for the Tax Year 2010 has been rectified by the Commissioner Inland Revenue under Section 221 of the Income Tax Ordinance 2001. For the Tax Year 2011, the Deputy Commissioner Inland Revenue [DCIR] charged income tax and default surcharge amounting to Rs. 2.49 million on alleged non withholding of income tax on various payments made by the Company. The Commissioner Inland Revenue (Appeals) upheld the order of the DCIR and Company's appeal is now pending disposal with the Appellate Tribunal.

For the Tax Year 2011 and 2012 DCIR computed alleged sales on the basis of formula issued by PCSIR and levied additional tax amounting to Rs. 14.96 million and Rs. 62.64 million respectively. The Company filed an appeal before Commissioner Inland Revenue (Appeals) who remanded back the case to DCIR to pass a speaking order after going through the facts of the case. The Company has filed appeals with the Appellate Tribunal where the proceedings are underway for both tax years.

The Company has filed appeal before Commissioner Inland Revenue (Appeals) against the order in original of DCIR for the recovery of Sales Tax, Federal Excise Duty and Special Excise Duty amounting to Rs 312 million for the period from 01 July 2010 to 30 June 2012. Commissioner Inland Revenue (Appeals) remanded the case back to DCIR to pass a speaking order after going through the facts of the case. The order in original issued by Revenue Authorities on the same grounds was dismissed by Honourable Appellate Tribunal in the past. The Company is confident of favourable outcome being already settled matter on the same issue.

No provision has been made in these financial statements other than those mentioned above in respect of outstanding issues as management is confident of a favourable outcome.

27.2 Company is subject to charge of Alternative Corporate Tax "ACT" introduced through Finance Act, 2014 amounting to Rs. 647 million. No liability is recognized as ACT as management expects that ACT will be adjustable within 10 year as allowed under the tax law.

27.3 Change in applicable income tax rate from 35% to 34% is due to change in relevant Income Tax laws.

28 EARNINGS PER SHARE

	2014	2013
28.1 Basic		
Profit after taxation (Rupees '000)	**2,625,994**	2,097,067
Less: Dividend on preference shares (Rupees '000)	**(227,408)**	(210,687)
Profit attributable to ordinary shareholders (Rupees '000)	**2,398,586**	1,886,380
Weighted average number of ordinary shares outstanding during the year (Numbers '000)	**1,331,115**	1,331,115
Earnings per share (EPS) - basic (Rupees)	**1.80**	1.42
28.2 Diluted		
Profit attributable to ordinary shareholders (Rupees '000)	**2,398,586**	1,886,380
Weighted average number of ordinary shares outstanding during the year (Numbers '000)	**1,331,115**	1,331,115
Earnings per share - diluted (Rupees)	**1.80**	1.42

Effect of convertible preference shares is not included in diluted EPS calculation since the effect is anti-dilutive.

29 CASH AND CASH EQUIVALENTS

	2014 Rupees'000	2013 Rupees'000
Cash and bank balances	**842,983**	1,702,171
Short term running finances	**(42,232)**	(159,685)
	800,751	1,542,486

30 REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the year for remuneration, including benefits and perquisites, are as follows:

	Managing Director		Executives	
	2014 Rupees'000	2013 Rupees'000	**2014 Rupees'000**	2013 Rupees'000
Managerial remuneration	**19,455**	19,022	**238,896**	245,981
Provident fund	**602**	584	**10,956**	8,986
Compensated absences	**722**	977	**6,778**	5,929
Utilities and upkeep	**830**	964	**29,516**	17,458
	21,609	21,547	**286,146**	278,354
No of persons	**1**	1	**130**	103

30.1 In addition, the above were provided with free medical facilities in panel hospitals only. The Managing Director and certain executives were also provided Company's maintained cars and household equipment in accordance with the Company's policy.

30.2 Meeting fee of non-executive directors charged during the year was Rs. 3.1 million (2013: Rs. 0.280 million), number of non-executive directors 8 (2013: 8).

30.3 Remuneration of Managing Director includes remuneration of both existing Managing Director and previous Managing Director, who retired in February 2014.

31 Financial Instruments

The Company has exposure to the following risks arising from financial instruments:

Credit risk
Liquidity risk
Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

31.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade debts, advances and deposits, interest accrued, other receivables, margin on letter of guarantee, derivative financial instrument and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2014 Rupees '000	2013 Rupees '000
Long term advance	**2,700**	3,600
Long term deposit	**86,601**	86,601
Trade debts - net of provision	**580,214**	205,802
Deposits	**7,940**	9,438
Interest accrued	**173**	10,472
Other receivables	**20,585**	22,201
Derivative financial instrument	**-**	55,394
Bank balances	**842,954**	1,702,106
	1,541,167	2,095,614

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date are with end - user customers and represents debtors within the country.

The Company's most significant customer is an end user (Mega construction project) from whom Rs. 132 million (2013: Rs. 45 million (a dealer)) was outstanding and which is included in total carrying amount of trade debtors as at 30 June 2014.

Certain trade debts are secured against letter of guarantee and security deposits. The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets other than trade debts.

Impairment losses

The aging of trade debts at the reporting date was:

	Gross 2014	**Impairment 2014**	Gross 2013	Impairment 2013
	Rupees '000		Rupees '000	
Past due 1-30 days	**384,483**	**-**	118,434	-
Past due 31-60 days	**129,182**	**-**	41,241	-
Past due 61-90 days	**44,861**	**-**	23,663	-
Over 90 days	**24,969**	**3,281**	25,745	3,281
	583,495	**3,281**	209,083	3,281

The movement in allowance for impairment in respect of trade debts during the year was as follows:

	2014 Rupees '000	2013 Rupees '000
Balance at 1 July	**3,281**	3,281
Impairment loss adjustment	-	-
Balance at 30 June	**3,281**	3,281

Based on past experience, the management believes that no further impairment allowance is necessary in respect of carrying amount of trade debts.

The allowance account in respect of trade debts is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

31.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the Company maintains lines of credit as mentioned in note 9 to the financial statements.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months Rupees '000	One to two years	Two to five years	Five years onwards
2014							
Long term loans and mark-up accrued	8,077,490	(8,644,489)	(1,465,691)	(1,431,003)	(2,690,504)	(2,950,148)	(107,143)
Trade and other payables	1,309,274	(1,309,274)	(1,309,274)	-	-	-	-
Short term borrowings and markup accrued	42,366	(42,366)	(42,366)	-	-	-	-
	9,429,130	(9,996,129)	(2,817,331)	(1,431,003)	(2,690,504)	(2,950,148)	(107,143)
2013							
Long term loans and mark-up accrued	10,689,038	(11,911,351)	(1,743,239)	(1,503,848)	(2,904,014)	(5,420,982)	(339,268)
Trade and other payables	992,139	(992,139)	(992,139)	-	-	-	-
Short term borrowings and markup accrued	161,218	(162,734)	(162,734)	-	-	-	-
	11,842,395	(13,066,224)	(2,898,112)	(1,503,848)	(2,904,014)	(5,420,982)	(339,268)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

31.2.1 The contractual cash flow relating to long and short term borrowings have been determined on the basis of expected mark up rates. The mark-up rates have been disclosed in note 6 and 9 to these financial statements.

31.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rates only.

31.3.1 Currency risk

Exposure to Currency Risk

The Company is exposed to currency risk on long term loan which is denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2014		2013	
	Rupees '000	**US Dollar '000**	Rupees '000	US Dollar '000
Long term loan	**4,333,495**	**43,883**	5,813,100	58,511

The following significant exchange rate applied during the year:

	Average rates		**Balance sheet date rate**	
	2014	2013	**2014**	2013
US Dollars	**99.05**	96.88	**98.75**	99.35

Sensitivity

An increase of 3% in exchange rate at the reporting date would have decreased profit or loss by the amounts shown below.

	2014		2013	
	Profit or loss		Profit or loss	
	Gross exposure	**Net of tax exposure**	Gross exposure	Net of tax exposure
	Rupees '000		Rupees '000	
Long term loan	**130,003**	**85,802**	174,392	113,355

A 3% decrease in exchange rate would have had an equal but opposite effect to the amount shown above. The above mentioned risk is mitigated through derivative financial instrument.

31.3.2 Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of interest rate exposure arises from short and long term borrowings from banks and deposits with banks. At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments is:

	Carrying Amount	
	2014	2013
	Rupees '000	Rupees '000
<u>Fixed rate instruments</u>		
Financial assets	**760,866**	1,622,036
<u>Variable rate instruments</u>		
Financial liabilities	**7,978,767**	10,682,494

Fair value sensitivity analysis for variable rate instruments

The Company does not hold any financial asset or liability at fair value through profit and loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Profit or loss	
	100 basis points increase	**100 basis points decrease**
	Rupees '000	Rupees '000
Cash flow sensitivity (net)		
Variable rate instruments	**(20,481)**	**20,481**
30 June 2014	**(20,481)**	**20,481**
Variable rate instruments	(25,974)	25,974
30 June 2013	(25,974)	25,974

31.4 Fair value of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Note	2014 Rupees '000 Carrying amount	2014 Rupees '000 Fair value	2013 Rupees '000 Carrying amount	2013 Rupees '000 Fair value
Assets carried at amortized cost					
Long term advance		2,700	2,700	3,600	3,600
Long term deposit	12	86,601	86,601	86,601	86,601
Trade debts - net of provision	15	580,214	580,214	205,802	205,802
Deposits	17	7,940	7,940	9,438	9,438
Interest accrued		173	173	10,472	10,472
Other receivables	18	20,585	20,585	22,201	22,201
Cash and bank balances	19	842,983	842,983	1,702,171	1,702,171
		1,541,196	1,541,196	2,040,285	2,040,285
Assets carried at fair value					
Cross currency swap		-	-	55,394	55,394
Liabilities carried at amortized cost					
Long term financing - secured	6	7,936,535	7,936,535	10,522,809	10,522,809
Creditors	8	170,463	170,463	135,022	135,022
Accrued liabilities	8	641,716	641,716	355,086	355,086
Retention money	8	27,948	27,948	14,891	14,891
Security deposits	8	83,497	83,497	79,661	79,661
Other liabilities	8	122,224	122,224	97,081	97,081
Dividend payable	8	237,190	237,190	212,948	212,948
Markup accrued		163,457	163,457	206,362	206,362
Short term borrowings - secured	9	42,232	42,232	159,685	159,685
		9,425,262	9,425,262	11,783,545	11,783,545

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
		Rupees '000	
2014			
Assets carried at fair value			
Derivative financial instrument	-	-	-
2013			
Derivative financial instrument	-	-	55,394

31.5 **Determination of fair values**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/ or disclosure purposes based on the following methods.

Non - derivative financial assets

The fair value of non - derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

Derivative financial assets

The fair value of derivative is based on bank's valuation. These valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract. Interest rates used to discount estimated future cash flows are based on the respective currency's yield curve.

Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

31.6 **Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity and monitors that the Company has appropriate mix of capital and debt. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratios under the financing agreements.

32 RELATED PARTY TRANSACTIONS

Fauji Foundation holds 37.18 % ordinary shares and 100% preference shares of the Company at the year-end. 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 influence and employees' funds. Balances with related parties are disclosed elsewhere in the financial statements. Transactions with related parties are as follows:

	2014 Rupees'000	2013 Rupees'000
Transactions with associated undertakings/companies due to common directorship		
- Sale of cement	**6,297**	15,321
- Payment for use of medical facilities	**198**	98
- Payment on account of clearance of shipments	**246**	214
- Preference dividend paid	**210,687**	175,572
- Dividend paid on ordinary shares	**1,252,402**	-
- Payment of rent and utilities	**7,334**	5,934
- Repayment of amount payable	**-**	300,000
Employees Funds		
- Payments made into the fund	**34,165**	26,667
Others		
- Remuneration to key management personnel (including retirement benefits)	**41,017**	42,344

33 **PLANT CAPACITY AND ACTUAL PRODUCTION**

	2014 Metric Tons	2013 Metric Tons
Current installed capacity	**3,433,500**	3,433,500
Actual production	**2,490,851**	2,497,529

Difference is due to supply demand situation of the market.

34 **EMPLOYEES PROVIDENT FUND TRUST**

	2014	2013
Size of the Fund (Rupees'000)	**320,928**	254,894
Cost of investments made (Rupees'000)	**286,923**	218,698
Percentage of investments made (%)	**89.40**	85.80
Fair value of investments (Rupees'000)	**299,980**	231,096

	2014		2013	
	Rupees'000	**% of full**	Rupees'000	% of full
Defense Saving Certificates	**17,893**	**6**	17,893	8
Term deposits in different banks	**231,579**	**80**	149,563	68
Term finance certificates	**35,951**	**13**	49,425	23
Listed securities	**1,500**	**1**	1,817	1
	286,923	**100**	218,698	100

All the investments out of provident fund trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

35 GENERAL

35.1 Facilities of letters of guarantee and letters of credit

Facilities of letters of guarantee and letters of credit amounting to Rs. 315 million and Rs. 3,650 million (2013: Rs. 315 million and Rs. 3,500 million) respectively are available to the Company. Letters of guarantees are secured by way of hypothecation charge on present and future assets of the Company (excluding land and building) and lien on bank deposits/ margin.

35.2 Number of persons employed

	2014	2013
Employees on year end (Number)	**1,146**	1,061
Average employees during the year (Number)	**1,104**	1,077

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

35.4 The Board of Directors of the Company in its meeting held on 20 August 2014, proposed a final dividend of Rs.0.75 per share.

Chief Executive

Director

Annex-A

No. of Shareholders	From	To	Total Shares Held
268	1	100	8,286
1223	101	500	579,935
1577	501	1,000	1,558,906
3120	1,001	5,000	9,762,681
1265	5,001	10,000	10,642,932
418	10,001	15,000	5,548,804
377	15,001	20,000	7,191,911
244	20,001	25,000	5,872,275
151	25,001	30,000	4,348,475
85	30,001	35,000	2,847,253
98	35,001	40,000	3,821,675
58	40,001	45,000	2,518,850
174	45,001	50,000	8,637,221
35	50,001	55,000	1,871,507
50	55,001	60,000	2,961,515
35	60,001	65,000	2,221,969
38	65,001	70,000	2,618,265
39	70,001	75,000	2,902,501
19	75,001	80,000	1,498,000
24	80,001	85,000	2,010,850
18	85,001	90,000	1,595,070
13	90,001	95,000	1,211,609
112	95,001	100,000	11,188,000
17	100,001	105,000	1,752,689
8	105,001	110,000	874,500
10	110,001	115,000	1,131,225
6	115,001	120,000	707,500
16	120,001	125,000	1,999,000
5	125,001	130,000	638,030
8	130,001	135,000	1,064,258
13	135,001	140,000	1,809,500
7	140,001	145,000	995,289
38	145,001	150,000	5,689,892
5	150,001	155,000	764,800
4	155,001	160,000	638,500
5	160,001	165,000	811,490
2	165,001	170,000	339,368
5	170,001	175,000	875,000
5	175,001	180,000	888,549
4	180,001	185,000	740,000
3	185,001	190,000	565,249
3	190,001	195,000	579,000
39	195,001	200,000	7,796,000
8	200,001	205,000	1,625,307
3	205,001	210,000	621,209
2	210,001	215,000	427,500
4	215,001	220,000	875,100
6	220,001	225,000	1,350,000

3	225,001	230,000	687,500
4	230,001	235,000	938,120
1	235,001	240,000	240,000
2	240,001	245,000	490,000
15	245,001	250,000	3,745,500
6	250,001	255,000	1,526,000
7	260,001	265,000	1,845,500
1	265,001	270,000	270,000
2	270,001	275,000	549,405
4	275,001	280,000	1,113,000
1	280,001	285,000	284,500
1	285,001	290,000	287,000
25	295,001	300,000	7,494,000
2	310,001	315,000	626,500
3	315,001	320,000	952,200
5	320,001	325,000	1,621,000
2	325,001	330,000	655,500
1	330,001	335,000	334,000
1	335,001	340,000	339,000
1	340,001	345,000	345,000
6	345,001	350,000	2,096,000
2	350,001	355,000	704,000
2	355,001	360,000	720,000
1	365,001	370,000	369,000
2	370,001	375,000	749,000
1	380,001	385,000	380,500
2	385,001	390,000	777,500
1	390,001	395,000	392,000
13	395,001	400,000	5,197,500
1	400,001	405,000	405,000
2	405,001	410,000	817,000
2	410,001	415,000	827,000
4	415,001	420,000	1,671,440
1	420,001	425,000	425,000
4	430,001	435,000	1,738,000
2	435,001	440,000	877,000
1	440,001	445,000	445,000
2	445,001	450,000	896,350
2	450,001	455,000	908,000
1	455,001	460,000	460,000
1	460,001	465,000	461,464
1	475,001	480,000	480,000
11	495,001	500,000	5,500,000
4	500,001	505,000	2,015,000
2	505,001	510,000	1,016,000
3	520,001	525,000	1,575,000
2	525,001	530,000	1,057,500
1	540,001	545,000	543,500
5	545,001	550,000	2,746,000
1	560,001	565,000	561,500
1	575,001	580,000	580,000
1	580,001	585,000	582,000
1	585,001	590,000	590,000

1	590,001	595,000	590,500
6	595,001	600,000	3,600,000
2	600,001	605,000	1,203,783
1	605,001	610,000	607,500
1	625,001	630,000	626,500
1	630,001	635,000	631,000
1	640,001	645,000	642,367
1	670,001	675,000	674,500
5	695,001	700,000	3,500,000
1	710,001	715,000	715,000
1	715,001	720,000	715,500
1	720,001	725,000	721,500
2	725,001	730,000	1,460,000
1	735,001	740,000	737,000
2	745,001	750,000	1,500,000
1	750,001	755,000	755,000
2	770,001	775,000	1,545,500
1	785,001	790,000	790,000
10	795,001	800,000	8,000,000
1	815,001	820,000	820,000
1	865,001	870,000	870,000
1	870,001	875,000	875,000
1	880,001	885,000	881,500
1	895,001	900,000	896,500
1	910,001	915,000	910,100
1	970,001	975,000	975,000
1	975,001	980,000	979,694
1	990,001	995,000	994,000
7	995,001	1,000,000	7,000,000
1	1,000,001	1,005,000	1,000,661
1	1,070,001	1,075,000	1,075,000
1	1,080,001	1,085,000	1,082,500
1	1,120,001	1,125,000	1,125,000
1	1,125,001	1,130,000	1,125,500
1	1,145,001	1,150,000	1,150,000
2	1,195,001	1,200,000	2,400,000
1	1,200,001	1,205,000	1,201,000
1	1,210,001	1,215,000	1,211,300
1	1,295,001	1,300,000	1,300,000
1	1,305,001	1,310,000	1,310,000
1	1,445,001	1,450,000	1,450,000
1	1,475,001	1,480,000	1,480,000
6	1,495,001	1,500,000	9,000,000
1	1,660,001	1,665,000	1,662,560
1	1,670,001	1,675,000	1,674,500
1	1,735,001	1,740,000	1,739,500
1	1,745,001	1,750,000	1,750,000
1	1,760,001	1,765,000	1,760,562
1	1,785,001	1,790,000	1,790,000
1	1,795,001	1,800,000	1,800,000
1	1,835,001	1,840,000	1,837,000
1	1,840,001	1,845,000	1,845,000
1	1,895,001	1,900,000	1,900,000

2	1,930,001	1,935,000	3,867,435
1	2,000,001	2,005,000	2,003,000
1	2,095,001	2,100,000	2,100,000
1	2,110,001	2,115,000	2,115,000
1	2,150,001	2,155,000	2,155,000
1	2,160,001	2,165,000	2,165,000
1	2,165,001	2,170,000	2,166,000
1	2,205,001	2,210,000	2,208,080
1	2,215,001	2,220,000	2,217,502
1	2,330,001	2,335,000	2,335,000
1	2,395,001	2,400,000	2,400,000
1	2,440,001	2,445,000	2,443,000
1	2,495,001	2,500,000	2,500,000
1	2,650,001	2,655,000	2,650,500
1	2,685,001	2,690,000	2,690,000
1	2,865,001	2,870,000	2,866,000
2	3,000,001	3,005,000	6,008,750
1	3,065,001	3,070,000	3,069,500
1	3,595,001	3,600,000	3,600,000
1	3,610,001	3,615,000	3,610,365
1	3,855,001	3,860,000	3,856,500
1	3,880,001	3,885,000	3,884,500
1	4,625,001	4,630,000	4,630,000
1	4,915,001	4,920,000	4,920,000
1	4,965,001	4,970,000	4,969,750
1	5,050,001	5,055,000	5,051,000
1	5,295,001	5,300,000	5,300,000
1	6,345,001	6,350,000	6,350,000
1	6,470,001	6,475,000	6,470,600
1	6,510,001	6,515,000	6,514,600
1	6,530,001	6,535,000	6,532,750
1	6,885,001	6,890,000	6,886,500
1	6,975,001	6,980,000	6,976,000
1	8,435,001	8,440,000	8,440,000
1	9,395,001	9,400,000	9,399,500
1	9,785,001	9,790,000	9,790,000
1	10,795,001	10,800,000	10,800,000
1	12,580,001	12,585,000	12,584,500
1	12,975,001	12,980,000	12,975,500
1	14,995,001	15,000,000	15,000,000
1	15,145,001	15,150,000	15,150,000
1	18,195,001	18,200,000	18,197,500
2	18,500,001	18,505,000	37,500,000
1	18,660,001	18,665,000	18,662,500
1	23,940,001	23,945,000	23,941,000
1	24,995,001	25,000,000	25,000,000
1	25,975,001	25,980,000	25,976,000
1	35,400,001	35,405,000	35,405,000
1	48,500,001	48,505,000	48,699,187
1	56,305,001	56,310,000	56,309,000
1	93,745,001	93,750,000	93,750,000
1	494,950,001	494,955,000	494,951,055
9,982			**1,379,815,025**

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor childern	7	0.0000%
5.2 Associated Companies, undertakings and related parties. (Parent Company)	674,900,242	48.9124%
5.3 NIT and ICP	0	0.0000%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	67,669,900	4.9043%
5.5 Insurance Companies	21,168,172	1.5341%
5.6 Modarabas and Mutual Funds	65,574,541	4.7524%
5.7 Share holders holding 10%	543,650,242	39.4002%
5.8 General Public		
a. Local	375,896,740	27.2425%
b. Foreign	0	0.0000%
5.9 Others (to be specified)		
1- Investment Companies	1,337,000	0.0969%
2- Joint Stock Companies	72,212,414	5.2335%
3- Foreign Companies	40,419,060	2.9293%
4- Others	60,636,949	4.3946%

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2014

Sr. No.	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties (Name Wise Detail):		
1	COMMITTEE OF ADMIN. FAUJI FOUNDATION (CDC)	494,951,055	35.8708
2	FAUJI FOUNDATION (Preference Shares)	48,699,187	3.5294
3	FAUJI FERTILIZER BIN QASIM LIMITED	18,750,000	1.3589
4	FAUJI OIL TERMINAL & DISTRIBUTION	18,750,000	1.3589
5	FAUJI FERTILIZER COMPANY LTD (CDC)	93,750,000	6.7944
	Mutual Funds (Name Wise Detail)		
1	BMA FUNDS LIMITED (CDC)	425,000	0.0308
2	CDC - TRUSTEE ABL STOCK FUND (CDC)	392,000	0.0284
3	PRUDENTIAL STOCK FUND LTD. (CDC)	500	0.0000
4	PRUDENTIAL STOCKS FUND LTD. (03360) (CDC)	15,000	0.0011
5	CDC - TRUSTEE AKD INDEX TRAKER FUND (CDC)	178,000	0.0129
6	CDC - TRUSTEE AL MEEZANMUTUAL FUND (CDC)	3,005,000	0.2178
7	CDC -TRUSTEE AL-AMEEN ISLAMIC ASSETALLOCATION FUND (CDC)	250,000	0.0181
8	CDC -TRUSTEE ALFALAH GHP ALPHA FUND (CDC)	125,000	0.0091
9	CDC -TRUSTEE ALFALAH GHP ISLAMIC FUND (CDC)	200,000	0.0145
10	CDC - TRUSTEE APIF - EQUITY SUB FUND (CDC)	100,000	0.0072
11	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND (CDC)	100,000	0.0072
12	CDC - TRUSTEE ASKARI EQUITY FUND (CDC)	100,000	0.0072
13	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	500,000	0.0362
14	CDC - TRUSTEE ATLAS STOCK MARKET FUND (CDC)	500,000	0.0362
15	CDC - TRUSTEE FAYSAL INCOME & GROWTH FUND - MT (CDC)	14,500	0.0011
16	CDC - TRUSTEE FAYSAL SAVING GROWTH FUND - MT (CDC)	896,500	0.0650
17	CDC - TRUSTEE FRIST CAPITAL MUTUAL FUND (CDC)	297,000	0.0215
18	CDC - TRUSTEE FIRST HABIB STOCK FUND (CDC)	150,000	0.0109
19	CDC - TRUSTEE IGI INCOME FUND - MT (CDC)	82,000	0.0059
20	CDC - TRUSTEE IGI STOCK FUND (CDC)	175,000	0.0127
21	CDC - TRUSTEE KASB ASSET ALLOCATION FUND (CDC)	212,500	0.0154
22	CDC - TRUSTEE KASB INCOME OPPORTUNITY FUND- MT (CDC)	287,000	0.0208
23	CDC - TRUSTEE KSE MEEZAN INDEX FUND (CDC)	979,694	0.0710
24	CDC - TRUSTEE MCB DYNAMIC ALLOCATION FUND (CDC)	1,500	0.0001
25	CDC - TRUSTEE MEEZAN BALANCED FUND (CDC)	771,000	0.0559
26	CDC - TRUSTEE MEEZAN ISLAMIC FUND (CDC)	25,976,000	1.8826
27	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND (CDC)	2,165,000	0.1569
28	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND (CDC)	1,000	0.0001
29	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	642,367	0.0466

30	CDC - TRUSTEE NIT INCOME FUND - MT (CDC)	369,000	0.0267
31	CDC - TRUSTEE NIT-EQUITY MARKET OPPRTUNITY FUND (CDC)	994,000	0.0720
32	CDC - TRUSTEE PAKISTAN STOCK MARKET FUND (CDC)	1,933,500	0.1401
33	CDC - TRUSTEE PICIC GROWTH FUND (CDC)	12,975,500	0.9404
34	CDC - TRUSTEE PICIC INCOME FUND - MT (CDC)	774,500	0.0561
35	CDC - TRUSTEE PICICI INVESTMENT FUND (CDC)	6,886,500	0.4991
36	CDC - TRUSTEE PICICI ISLAMIC STOCK FUND (CDC)	250,000	0.0181
37	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND (CDC)	200,000	0.0145
38	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND (CDC)	250,000	0.0181
39	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND(CDC)	415,000	0.0301
40	CDC - TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND (CDC)	150,000	0.0109
41	CDC - TRUSTEE MEEZAN CAPITAL PROTECTED FUND-II (CDC)	196,000	0.0142
42	CDC - TRUSTEE NAFA SAVING PLUS FUND -MT (CDC)	715,500	0.0519
43	CDC - TRUSTEE PAK INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND (CDC)	75,000	0.0054
44	MC FSL - TRUSTEE JS KSE-30 INDEX FUND (CDC)	32,980	0.0024
45	TRUSTEE - BMACHUNDRIGAR ROAD SAVINGS FUND - MT (CDC)	62,000	0.0045
46	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED AGGRERESSIVE FUND (CDC)	100,000	0.0072
47	TRUSTEE PAK QATAR FAMILY TAKAFUL LIMITED BALANCED FUND (CDC)	100,000	0.0072

Directors and their Spouse and Minor Children (Name Wise Detail):

1	DR. NADEEM INAYAT	1	0.0000
2	MR. QAISER JAVED	1	0.0000
3	BRIG DR. GULFAM ALAM SI(M) (RETD)	1	0.0000
4	LT GEN MUHAMMAD MUSTAFA KHAN HI(M) (RETD)	1	0.0000
5	BRIG MUHAMMAD SAEED KHAN (RETD)	1	0.0000
6	LT GEN SARDAR MAHMOOD ALI KHAN HI(M) (RETD)	1	0.0000
7	MAJ GEN MUHAMMAD FAROOQ IQBAL (RETD)	1	0.0000

Executives:	-	-
Public Sector Companies & Corporations:	-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	89,391,572	6.4785%

Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)

1	FAUJI FOUNDATION (ORDINARY + PREFERENCE SHARES)	543,650,242	39.4002
2	FAUJI FERTILIZER COMPANY LTD (CDC)	93,750,000	6.7944

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	LT GEN SARDAR MAHMOOD ALI KHAN HI(M) (RETD)	0	1
2	MAJ GEN MUHAMMAD FAROOQ IQBAL (RETD)	0	1

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held at 1030 hours 23rd September 2014 (Tuesday) at Hotel Pearl Continental The Mall, Rawalpindi, to transact the following business:-

1. To confirm the Minutes of 21st Annual General Meeting held on 24th September 2013.

2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and the Auditors' Reports for the Year ended 30th June 2014.

3. To appoint Statutory Auditors of the Company and fix their remuneration.

4. To approve payment of Final Dividend of Rs.0.75 per share for the year ended 30th June 2014 as recommended by the Board of Directors to those who are share holders as at close of business on 16th September 2014.

5. Any other business with the permission by the Chairman.

By order of the Board

Place: Rawalpindi
Date: 21st August 2014

Brig Ch Zafar Iqbal (Retd)
Company Secretary

NOTES

1. The Share Transfer Books of the Company will remain closed from 17th September 2014 to 23rd September 2014 (both days inclusive). Transfers received in order at the Share Registrar office M/s Corplink (Pvt) Ltd, Wings Arcade, 1 K Commercial, Model Town Lahore, at close of business on 16th September 2014 will be treated in time for the entitlement of cash dividend and to attend the Annual General Meeting.

2. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in place of the member. Proxies, in order to be effective, must be received at the Registered Office located at Fauji Towers, Block III, 68 Tipu Road, Chaklala, Rawalpindi, Pakistan duly stamped and signed, not less than 48 hours before the Meeting. A member may not appoint more than one proxy. A copy of shareholder's attested CNIC must be attached with the proxy form.

3. CDC Account Holders are required to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:-

   (a) For Attending the Meeting

      i. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his/her original computerized national identity card or original passport at the time of attending the Meeting.

ii. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signatures of the nominee shall be produced at the Meeting.

(b) <u>For Appointing Proxies</u>

i. In case of individuals, the account holder or sub-account holder shall submit the proxy form as per the above requirement.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

iv. The Proxy shall produce his/her original CNIC or original passport at the time of Meeting.

v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signatures shall be submitted along with proxy form to the Company.

4. Members are requested to promptly notify any change in their address.

5. As per SECP directives, the future dividend warrants of the share holders whose CNICs are not available with the Share Registrar could be withheld. All share holders having physical share holding are advised to submit copies of their valid Computerised National Identity Cards (CNIC) to the Share Registrar at the above address.

6. Under the law, Share holders are entitled to receive their cash dividends directly in their bank accounts instead of receiving the same physically. Share holders having physical holding and desiring to use the option may submit their request to the Company's Share Registrar. The share holders having CDC account may approach CDC for the same.

7. For any other information, please contact Ph: 051-9280081-83, Fax No: 051 – 9280416.

E-mail: secretary@fccl.com.pk
Web Site: www.fccl.com.pk

I/We ____

of ____

being Member (s) of Fauji Cement Company Limited hold ____________________

Ordinary Shares hereby appoint Mr./Mrs./Miss of ____________________

____________________ or failing him/her ____________________

of ____________________ as my / our proxy in my / our absence to attend and vote for me/us and on my/our behalf at the **22nd Annual General Meeting** of the Company to be held on Tuesday, **23rd September 2014** and at any adjournment thereof.

As witness my/our hand/seal this ____________________ day __________ 2014.

Signed by ____

said in the presence of :-

(1) Name ____________________ Address: ____________________

____________________ C.N.I.C No: ____________________

(2) Name ____________________ Address: ____________________

____________________ C.N.I.C. No: ____________________

Folio No	CDC Account #	
	Participant I.D.	Account #

Signature on
Five Rupees
Revenue Stamp

The signature should agree with the specimen registered with the Company

IMPORTANT:

1. This Form of proxy, duly completed and signed, must be received at the registered office of the Company, at Fauji Tower, Block III, Tipu Road, Rawalpindi Pakistan, not less than 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Fauji Cement Company Limited
Fauji Towers Block III, 68 Tipu Road, Chaklala
Rawalpindi - Pakistan

آزادی قیمتی ہے

www.fccl.com.pk

If Undelivered please return to:
Company Secretary
Fauji Cement Company Limited
Fauji Towers Block III, 68 Tipu Road Chaklala
Rawalpindi — Pakistan