HALF YEARLY REPORT

2018-19

FAUJI CEMENT COMPANY LIMITED

CEMENTING THE NATION

Contents

آزادی قیمتی ہے

www.fccl.com.pk

Board of Directors

Lt Gen Syed Tariq Nadeem Gilani, HI(M),(Retd)	Chairman
Lt Gen Muhammad Ahsan Mahmood, HI(M),(Retd)	Chief Executive / MD,
Dr Nadeem Inayat	Director
Maj Gen Tahir Ashraf Khan, HI(M),(Retd)	Director
Maj Gen Wasim Sadiq, HI(M), (Retd)	Director
Brig Raashid Wali Janjua, SI(M), (Retd)	Director
Mr Rehan Laiq	Director
Mr Jawaid Iqbal	Independent Director
Mr Zafar Iqbal Sobani	Independent Director
Ms Jahanara Sajjad Ahmed	Independent Director

Company Secretary
Brig Riaz Ahmed Gondal, SI(M), (Retd)
Fauji Towers, Block III, 68 Tipu Road,
Chaklala, Rawalpindi
Tel: +092-051 9280075
Fax: +092-051 9280416
Email: secretary@fccl.com.pk

Chief Financial Officer
Mr Omer Ashraf
Tel: +092-051 5500157
Email: omer@fccl.com.pk

Auditors
M/s KPMG Taseer Hadi & Co,
Chartered Accountants
6th Floor, State Life Building No. 5
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Islamabad, Pakistan
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Marina Height, 2nd Floor 109 East
Jinnah Avenue, Islamabad
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M/s Corplink (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel: +092-042-35916714-19 & 35869037
Email: corplink786@yahoo.com
Fax: +092-042-35869037

Marketing & Sales Department
Brig Khizar Sultan Raja ,SI(M),(Retd)
GM (Marketing & Sales)
Ist Floor, Aslam Plaza, 60 Adamjee Road,
Saddar, Rawalpindi, Pakistan
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+092-051-5528042
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Procurement & Human Resource Department
Brig Parvez Iqbal Malik ,SI(M),(Retd)
GM Procurement & Human Resource
Tel: +92-051-9280084
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Email: Pervez.iqbal@fccl.com.pk

Senior General Manager (Plant)
Mr Muhammad Tariq
Tel: 092+0572-538148, 538046
Email: muhammad.tariq@fccl.com.pk

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District Attock
Tel Exchange : +092-0572-538047-48,
+092-0572- 2538138
Fax Number : +092-0572-538025

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Fax Number : +092-051-9280416

Company Website http://www.fccl.com.pk

Audit Committee

Ms Jahanara Sajjad Ahmed	**Chairperson**
Dr Nadeem Inayat	Member
Maj Gen Wasim Sadiq,HI(M),(Retd)	Member
Mr Rehan Laiq	Member
Brig Riaz Ahmed Gondal,SI(M),(Retd)	Secretary

Human Resource & Remuneration Committee

Mr Zafar Iqbal Sobani	**Chairman**
Dr Nadeem Inayat	Member
Maj Gen Tahir Ashraf Khan,HI(M), (Retd)	Member
Mr Rehan Laiq	Member
Brig Riaz Ahmed Gondal,SI(M),(Retd)	Secretary

Technical Committee

Brig Raashid Wali Janjua, SI(M), (Retd)	**Chairman**
Maj Gen Tahir Ashraf Khan,HI(M), (Retd)	Member
Maj Gen Wasim Sadiq,HI(M),(Retd)	Member
Mr Muhammad Tariq ,SGM (Plant)	Secretary

Bankers

- United Bank Limited
- Allied Bank Limited
- Bank Al-Falah Limited
- Habib Bank Limited
- MCB Bank Limited
- Meezan Bank Limited
- Askari Bank Limited
- Standard Chartered Bank Limited
- National Bank Limited
- Silk Bank Limited
- Bank of Punjab
- Faysal Bank Limited
- Bank Al-Habib Limited

1. The Board of Directors is pleased to present its Review Report alongwith the condensed interim financial statements of Company, for the Half Year ended 31st December 2018, duly reviewed by the external auditors.

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

S/No	Despatches	2018-19	2017-18	Variance	
		(Million Tons)		(Million Tons)	(%)
a.	Local	19.56	19.84	(0.28)	(1.4)
b.	Exports	3.56	2.41	1.15	47.7
c.	**Total**	**23.12**	**22.25**	**0.87**	**3.9**

3. **Overview - FCCL** Capacity utilization achieved by the Company is **86%** as compared to **95%** in the same period last year. Company's dispatches during six-month period of this year as well as last year are as under:-

S/No	Despatches	2018-19	2017-18	Variance	
		(Million Tons)		(Million Tons)	(%)
a.	Local	1.39	1.44	(0.05)	(3.5)
b.	Exports	0.14	0.19	(0.05)	(26.3)
c.	**Total**	**1.53**	**1.63**	**(0.10)**	**(6.1)**

4. **Financial Performance.** Key financial results of Company for the six months period ended 31st December 2018 and their comparison with the same period of last year are tabulated below:-

S/No	Particulars	2018-19	2017-18
a.	Sales Revenue *	10,431,142	10,268,488
b.	Gross Profit *	3,047,836	2,228,132
c.	Profit before Tax *	2,574,913	1,757,553
d.	Net Profit after Tax *	1,823,796	1,267,798
e.	Earnings Per Share (EPS) *	1.32	0.92

*** Rs. in thousands except EPS**

5. **Business Performance**. The production statistics of Company for six months ended 31st December 2018, as compared to same period last year, are as under:-

S/No	Particulars	2018-19	2017-18
a.	Cement Production **(Tons)**	1,548,134	1,629,924
b.	Clinker Production **(Tons)**	1,579,544	1,045,715
c.	Clinker Purchased **(Tons)**	-	549,191

Note:- In corresponding period last year, Line II of the Company was not fully operational for the whole period and clinker was purchased from the market.

6. **Future Outlook.** Domestic demand has shown a decline in the six months period especially due to slowdown in Government funded projects, as they focus on improving financial indicators. Generally, dispatches are likely to improve with start of summer from March onwards. Government's drive to build houses and grant of incentive to banks for financing housing sector might also positively affect the sales of cement. Exports to Afghanistan will remain steady. On the cost side, the drastic Rupee devaluation along with the increase in the international coal prices and a continuous increase in price of cement bags will affect the cost of production.

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

On behalf of the Board of Directors

Rawalpindi
18th February 2019

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

ڈائریکٹرز کا تجزیہ
پہلی ششماہی - مالی سال 2018/19

۱۔ بورڈ آف ڈائریکٹرز 31 دسمبر 2018ء کو ختم ہونے والے نصف سال کیلئے آپ کی کمپنی کے مختصر عبوری مالیاتی نتائج کے ساتھ اپنا تجزیہ پیش کرتے ہوئے فخر محسوس کر رہے ہیں جو کہ آڈیٹرز سے باقاعدہ پڑتال شدہ ہیں۔

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

نمبر شمار	ترسیلات	2018-19 (ملین ٹن)	2017-18 (ملین ٹن)	فرق	فرق (%)
الف	مقامی	19.56	19.84	(0.28)	(1.4)
ب	برآمدات	3.56	2.41	1.15	47.7
ج	**میزان**	**23.12**	**22.25**	**0.87**	**3.9**

۳۔ عمومی جائزہ - فوجی سیمنٹ کمپنی:۔ کمپنی کی پیداواری صلاحیت کے استعمال کی شرح **86** فیصد رہی جو گذشتہ سال اسی مدت کے مقابلے میں **95** فیصد تھی۔ اس ششماہی میں اور گذشتہ سال اسی مدت کے مقابلے میں ہونے والی کمپنی کی سیمنٹ کی مجموعی ترسیلات کا موازنہ درج ذیل ہے:

نمبر شمار	ترسیلات	2018-19 (ملین ٹن)	2017-18 (ملین ٹن)	فرق	فرق (%)
الف	مقامی	**1.39**	1.44	**(0.05)**	**(3.5)**
ب	برآمدات	**0.14**	0.19	**(0.05)**	**(26.3)**
ج	میزان	**1.53**	**1.63**	**(0.10)**	**(6.1)**

۴۔ مالیاتی کارکردگی:۔ 31 دسمبر 2018ء کو مکمل ہونے والی ششماہی میں کمپنی کے مالی حسابات کے کلیدی نتائج اور گذشتہ سال اسی مدت کے مقابلے میں مالی حسابات کا موازنہ درج ذیل ہے:۔

نمبر شمار	تفصیل	مالی سال 2018-19	مالی سال 2017-18
الف۔	فروخت سے حاصل شدہ کل آمدنی*	10,431,142	10,268,488
ب۔	کل منافع*	3,047,836	2,228,132
ج۔	ٹیکس سے پہلے منافع*	2,,574,913	1,757,553
د۔	ٹیکس کے بعد صافی منافع*	1,823,796	1,267,798
ہ۔	فی حصہ (شیئر) آمدنی*	1.32	0.92

*روپے ہزاروں میں ماسوائے فی حصہ آمدنی

۵۔ تجارتی کارکردگی:۔ 31 دسمبر 2018ء کو مکمل ہونے والی ششماہی میں کمپنی کے پیداواری اعدادوشمار اور گذشتہ سال اسی مدت کے مقابلے میں اعدادوشمار کا موازنہ درج ذیل ہے:

نمبر شمار	تفصیل	2018-19	2017-18
الف۔	سیمنٹ کی پیداوار (ٹن میں)	1,548,134	1,629,924
ب۔	کلنکر کی پیداوار (ٹن میں)	1,579,544	1,045,715
ج۔	کلنکر کی خریداری (ٹن میں)	-	549,191

نوٹ: گذشتہ سال اسی مدت میں کمپنی کی لائن II نے مکمل طور پر کام کرنا شروع نہیں کیا تھا اور اس دورانیے کے لیے کلنکر مارکیٹ سے خریدنا پڑا۔

۶۔ مستقبل کے امکانات:۔ سیمنٹ کی مقامی طلب میں اس ششماہی میں کمی دیکھنے میں آئی ہے جس کی وجہ حکومت کی مالی معاونت سے چلنے والے پراجیکٹس میں سُست روی ہے چونکہ وہ مالی اعدادوشمار کو بہتر بنانے پر توجہ مرکوز کیے ہوئے ہے۔ گرمیوں کے آغاز پر مارچ کے بعد سے سیمنٹ کی ترسیلات میں اضافے کی توقع ہے۔ حکومت کی طرف سے مکانات کی تعمیر اور بینکوں کو تعمیر مکانات کے شعبے میں مراعات دیے جانے کا اقدام بھی سیمنٹ کی فروخت پر مثبت نتائج مرتب کرسکتا ہے۔ افغانستان کو برآمدات میں بھی استحکام رہے گا۔ اخراجات کی طرف دیکھا جائے تو روپے کی قدر میں شدید کمی کے ساتھ بین الاقوامی مارکیٹ میں کوئلے کی قیمت میں اضافہ اور سیمنٹ بیگ کی مسلسل بڑھتی ہوئی قیمت پیدواری اخراجات کو متاثر کرے گی۔

۷۔ اظہار تشکر:۔ ڈائریکٹرز اُن مالی اداروں کو خراجِ تحسین پیش کرتے ہیں جنھوں نے مالی معاملات میں کمپنی کی معاونت کی۔ کمپنی کے ملازمین، سٹاف اور انتظامیہ کی محنت اور خلوص پر مبنی کوششیں بھی بجا طور پر تحسین کی مستحق ہیں۔

منجانب بورڈ آف ڈائریکٹرز

لیفٹیننٹ جنرل سید طارق ندیم گیلانی، ہلال امتیاز (ملٹری)، (ریٹائرڈ)
چیئرمین بورڈ آف ڈائریکٹرز، فوجی سیمنٹ کمپنی لمیٹڈ

راولپنڈی
18 فروری 2019

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Fauji Cement Company Limited as at 31 December 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other Matters

The figures for the three months period ended 31 December 2018, in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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

Islamabad
18 February 2019

KPMG Taseer Hadi & Co.
Chartered Accountants

Condensed Interim Statement of Financial Position
As At 31 December 2018

	Note	Un-Audited 31 December 2018 Rupees'000	Audited 30 June 2018 Rupees'000
SHARE CAPITAL AND RESERVES			
Share capital	4	**12,433,765**	12,433,765
Reserves		**8,499,156**	8,055,175
		20,932,921	20,488,940
NON - CURRENT LIABILITIES			
Long term borrowings	5	**423,780**	638,193
Provision for compensated absences		**73,773**	64,178
Deferred taxation		**3,539,670**	3,600,638
		4,037,223	4,303,009
CURRENT LIABILITIES			
Trade and other payables		**1,514,629**	1,024,758
Accrued liabilities		**802,476**	573,347
Security deposits		**201,708**	176,339
Advances from customers		**347,850**	245,133
Provision for compensated absences current portion		**30,726**	17,107
Payable to employees' provident fund trust		**11,328**	9,534
Unclaimed dividend		**49,160**	111,561
Short term running finance	6	**291,886**	1,643,434
Current portion of long term borrowings	5	**458,635**	456,284
Provision for taxation - net		**410,806**	-
		4,119,204	4,257,497
		29,089,348	29,049,446

CONTINGENCIES AND COMMITMENTS 7

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

Chief Executive | Director | Chief Financial Officer

	Note	Un-Audited 31 December 2018 Rupees'000	Audited 30 June 2018 Rupees'000
NON - CURRENT ASSETS			
Property, plant and equipment	8	**22,544,773**	22,624,413
Long term deposits		**86,601**	86,601
Advance for capital expenditure		**75,000**	-
		22,706,374	22,711,014
CURRENT ASSETS			
Stores, spares and loose tools		**2,438,405**	3,067,684
Stock in trade		**1,882,874**	1,244,805
Trade debts		**608,761**	1,168,343
Advances		**39,460**	37,927
Trade deposits, short term prepayments and balances with statutory authority		**48,305**	66,669
Advance tax - net		**-**	115,550
Other receivables		**10,347**	104,664
Cash and bank balances	9	**1,354,822**	532,790
		6,382,974	6,338,432
		29,089,348	29,049,446

Chief Executive

Director

Chief Financial Officer

Condensed Interim Statement of Profit or Loss Account (Un-Audited)
For the Six Months Ended 31 December 2018

	Note	Three months ended		Six months ended	
		31 December 2018 Rupees'000	31 December 2017 Rupees'000	31 December 2018 Rupees'000	31 December 2017 Rupees'000
Turnover - net	10	**5,088,874**	5,474,546	**10,431,142**	10,268,488
Cost of sales	11	**(3,460,263)**	(4,039,188)	**(7,383,306)**	(8,040,356)
Gross profit		**1,628,611**	1,435,358	**3,047,836**	2,228,132
Distribution cost		**(50,833)**	(79,636)	**(120,720)**	(119,991)
Administrative expenses		**(88,262)**	(100,240)	**(192,388)**	(174,401)
Other operating expenses		**(105,850)**	(92,215)	**(189,762)**	(137,398)
Finance cost		**(23,874)**	(42,082)	**(53,381)**	(73,938)
Other income	12	**76,315**	23,176	**83,328**	35,149
Profit before taxation		**1,436,107**	1,144,361	**2,574,913**	1,757,553
- Current		**(448,601)**	(318,598)	**(812,085)**	(604,754)
- Deferred		**35,079**	(2,091)	**60,968**	114,999
Income tax expense		**(413,522)**	(320,689)	**(751,117)**	(489,755)
Profit for the period		**1,022,585**	823,672	**1,823,796**	1,267,798
Earnings per share-basic & diluted (Rupees)		**0.74**	0.60	**1.32**	0.92

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

Chief Executive

Director

Chief Financial Officer

	Three months ended		Six months ended	
	31 December 2018 Rupees'000	31 December 2017 Rupees'000	31 December 2018 Rupees'000	31 December 2017 Rupees'000
Profit for the period	**1,022,585**	823,672	**1,823,796**	1,267,798
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	**1,022,585**	823,672	**1,823,796**	1,267,798

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

Chief Executive

Director

Chief Financial Officer

	31 December 2018 Rupees'000	31 December 2017 Rupees'000
Cash flows from operating activities		
Profit before tax	**2,574,913**	1,757,553
Adjustments for:		
Depreciation	**760,350**	680,444
Provision for compensated absences	**25,991**	18,843
Workers' (Profit) Participation Fund including interest and Workers' Welfare Fund	**189,662**	51,807
Finance cost (excluding interest on WPPF)	**45,972**	73,560
Gain on disposal of property, plant and equipment	**(16,966)**	(10,332)
Interest income	**-**	(5,720)
	1,005,009	808,602
Operating cash flows before working capital changes	**3,579,922**	2,566,155
Decrease / (increase) in working capital		
Stores, spares and loose tools	**629,279**	(445,618)
Stock in trade	**638,069)**	(116,258)
Trade debts	**559,582**	(316,746)
Advances	**(1,533)**	54,853
Trade deposits, short term prepayments and balance with statutory authority	**18,364**	(132,334)
Other receivables	**94,317**	(45,665)
Trade and other payables	**360,680**	353,072
Accrued liabilities	**229,129**	97,482
Security deposits	**25,369**	40,212
Advances from customers	**102,717**	(59,685)
Payable to employees' provident fund trust	**1,794**	885
	1,381,629	(569,802)
Cash generated from operations	**4,961,551**	1,996,353
Compensated absences paid	**(2,775)**	(1,299)
Payment to Workers' (Profit) Participation Fund	**(60,471)**	(21,369)
Taxes paid	**(285,730)**	(1,208,137)
Net cash from operating activities	**4,612,575**	765,548
Cash flows from investing activities		
Additions to property, plant and equipment	**(686,336)**	(1,412,848)
Advance against capital expenditure	**(75,000)**	-
Proceeds from disposal of property, plant and equipment	22,592	10,481
Insurance claim received	**-**	585,346
Interest received on bank deposits	**-**	7,844
Net cash used in investing activities	**(738,744)**	(809,177)
Cash flows from financing activities		
Repayment of long term financing	**(213,088)**	(213,088)
Dividend paid on ordinary shares	**(1,442,216)**	(1,172,304)
Finance cost paid	**(44,947)**	(66,682)
Net cash used in financing activities	**(1,700,251)**	(1,452,074)
Net increase / (decrease) in cash and cash equivalents	**2,173,580**	(1,495,703)
Cash and cash equivalents at beginning of the period	**(1,110,644)**	205,396
Cash and cash equivalents at end of the period	**1,062,936**	(1,290,307)
Cash and cash equivalents comprise of the following:		
Cash and bank balances	**1,354,822**	365,947
Short term running finance	**(291,886)**	(1,656,254)
	1,062,936	(1,290,307)

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

Chief Executive	Director	Chief Financial Officer

	Share capital	Discount on issue of shares	Revenue reserve Un-appropriated profit	Total
		Rupees'000		
Balance at 01 July 2017	**13,798,150**	**(1,364,385)**	**7,247,360**	**19,681,125**
Total comprehensive income for the period				
Profit for the period	-	-	1,267,798	1,267,798
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,267,798	1,267,798
Transactions with owners of the Company Distributions:				
Final dividend 2017 @ Rs 0.90 per share	-	-	(1,241,833)	(1,241,833)
Total transactions with owners of the Company	-	-	(1,241,833)	(1,241,833)
Balance at 31 December 2017	13,798,150	(1,364,385)	7,273,325	19,707,090
Balance at 01 July 2018	**13,798,150**	**(1,364,385)**	**8,055,175**	**20,488,940**
Total comprehensive income for the period				
Profit for the period	-	-	1,823,796	1,823,796
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	1,823,796	1,823,796
Transactions with owners of the Company Distributions:				
Final dividend 2018 @ Rs 1.00 per share	-	-	(1,379,815)	(1,379,815)
Total transactions with owners of the Company	-	-	(1,379,815)	(1,379,815)
Balance at 31 December 2018	**13,798,150**	**(1,364,385)**	**8,499,156**	**20,932,921**

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

Chief Executive　　　　Director　　　　Chief Financial Officer

1 STATUS AND NATURE OF BUSINESS

Fauji Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan on 23 November 1992 under the Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on 30 May 2017). The Company commenced its business with effect from 22 May 1993. The shares of the Company are quoted on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of different types of cement. The Company's registered office is situated at Fauji Towers, Block-III, 68-Tipu Road, Rawalpindi. The Company's manufacturing facilities are located at village Jhang Bahtar, Tehsil Fateh Jang in district Attock.

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

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

The disclosures in the condensed interim financial statements do not include the information reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 2018. Comparative statement of financial position is extracted from audited annual financial statements as of 30 June 2018 whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are stated from un-audited condensed interim financial statements for the six months period ended 31 December 2017.

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these condensed interim financial statements and financial risk management policy are the same as those applied in preparation of audited annual financial statements for the year ended 30 June 2018 except for the changes as indicated below:

3.1.1 IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") in May 2014. This IFRS replaces IAS 18 Revenue, IAS 11 Construction Contracts and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. IFRS 15 became applicable to the Company on 01 July 2018 and the Company used the modified retrospective approach to adopt the standard. Under this transitional provision, the cumulative effect of initially applying IFRS 15 is recognized on the date of initial application as an adjustment to retained earnings. No adjustment to retained earnings was required upon adoption of IFRS 15. The Company has reviewed its revenue stream i.e. sale of cement and clinker and underlying contracts with customers and, as result of this review, the adoption of IFRS 15 did not have a material impact on the Company’s statement of profit or loss, statement of comprehensive income and financial position. However, the Company has expanded the disclosures in the notes to its condensed interim financial statements as prescribed by IFRS 15, including disclosing the Company’s disaggregated revenue streams in Note 10.

Revenue associated with the sale of cement and clinker is measured based on the consideration specified in customer order forms. Revenue from contracts with customers is recognized when or as the Company satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when the customer obtains control of that good or service. The transfer of control of cement and clinker coincides with title passing to the customer and the customer taking physical possession. The Company principally satisfies its performance obligations at a point in time and the amounts of revenue recognized relating to performance. For sale of cement, the transfer of control usually occurs on delivery of goods to the customer, however, for some international shipments the transfer occurs on the loading of goods onto the relevant carrier at the port.

Generally for such sales, the customer has no right of return. The Company does not have any obligations for return of cement and clinker.

For credit sales collection of revenue associated with the sale of cement and clinker is due on average of 30 days following sale while for other sales advance receipts from customers are obtained prior to satisfaction of performance obligation i.e. transfer of promised good or service.

3.1.2 IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments ("IFRS 9") that replaces IAS 39 Financial Instruments: recognition and measurement ("IAS 39") and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments: classification & measurement, impairment and hedge accounting. IFRS 9 introduces a single approach to determining whether a financial asset is measured at amortized cost or fair value and replaces the multiple rules in IAS 39. The three principal classification categories under the new standard for financial instruments are: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and loss (“FVTPL”). The classification of financial instruments under IFRS 9 is generally based on the business model in which a financial instrument is managed and its contractual cash flow characteristics. The previous categories under IAS 39 of held to maturity, loans and receivables and available for sale have been removed. For financial liabilities, IFRS 9 retains most of the requirements of IAS 39; however, where the fair value option is applied to financial liabilities, any change in fair value resulting from an entity’s own credit risk is recorded in other comprehensive income.

The Securities and Exchange Commission of Pakistan vide S.R.O 229 (I) / 2019 dated 14 February 2019 has modified effective date of IFRS 9 "Financial Instruments" as reporting period / year ending on or after 30 June 2019. However, as permitted, the Company has early adopted IFRS 9.

Long term deposits, cash and bank balances, trade debts, trade deposits, other receivables, creditors, accrued liabilities, retention money, security deposits, other liabilities, unclaimed dividend, provision for compensated absences, short term running finance and long term borrowings (including current portion) continue to be measured at amortized cost and are now classified as “amortized cost”.

Following presentation changes have been made upon adoption of IFRS 9, the balances are now classified as "amortized cost":

Interest accrued has been represented as "cash and bank balances".

Markup accrued has been represented as "current portion of long term borrowings" and "short term running finance".

None of the Company’s financial instruments have been classified as FVOCI and FVTPL.

The Company does not have any financial instruments eligible for hedge accounting, accordingly there was no impact to the Company as a result of adopting IFRS 9.

Further IFRS 9 replaces the “incurred loss” model in IAS 39 with an “expected loss” model. The new impairment model applies to financial instruments measured at amortized cost, and contract assets and debt investments measured at FVOCI. Under IFRS 9, credit losses will be recognized earlier than under IAS 39. The standard also provides a simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The adoption of IFRS 9 did not result in a material impact to the Company's condensed interim financial statements.

3.2 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2019:

- IFRS 16 Leases	(effective 01 January 2019)
- IFRIC 23 'Uncertainty over Income Tax Treatments'	(effective 01 January 2019)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation	(effective 01 January 2019)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	(effective 01 January 2019)
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures	(effective 01 January 2019)
- Amendments to IFRS 3 Business Combinations	(effective 01 January 2020)
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	(effective 01 January 2020)
Annual improvements to IFRS Standards 2015 - 2017 cycle:	
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement	(effective 01 January 2019)
- Amendments to IAS 12 Income Taxes	(effective 01 January 2019)
- Amendments to IAS 23 Borrowing Costs	(effective 01 January 2019)

The above amendments are not likely to have an impact on Company's financial statements except for IFRS 16 Leases for which the Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard and IFRIC 23 'Uncertainty over Income Tax Treatments'.

4 SHARE CAPITAL

There is no change in authorised and issued, subscribed and paid up share capital of the Company from 30 June 2018.

5 LONG TERM BORROWINGS	Note	Un-audited 31 December 2018 Rupees'000	Audited 30 June 2018 Rupees'000
- From banking companies (conventional banks)			
Term finance facilities - secured		**1,094,477**	1,532,868
Finance cost for the period / year		**36,338**	79,650
Less: finance cost paid during the period / year		**(35,312)**	(91,864)
Less: repayments during the period / year		**(213,088)**	(426,177)
		882,415	1,094,477
Net balance			
At period / year end		**882,415**	1,094,477
Less: current portion of long term loan		**(458,635)**	(456,284)
	5.1	**423,780**	638,193

5.1 The markup rates, facility limits, securities offered for the term finance facilities are the same as disclosed in the annual audited financial statements of the Company for the year ended 30 June 2018.

6 SHORT TERM RUNNING FINANCE

The Company has short term running finance facility limits to the tune of Rs. 2,400 million (30 June 2018: Rs. 2,650 million) from banking companies. These facilities are secured against first pari passu charge by way of hypothecation over the present and future assets of the Company (excluding land and building) retaining 25% margin. The markup rates are the same as disclosed in the annual audited financial statements of the Company for the year ended 30 June 2018.

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There is no change in the contingent liabilities as reported in the financial statements for the year ended 30 June 2018 except for the case for Rs. 15.80 million for payment of custom duty. During the period, the case has been disposed off in the Company's favour by the Sindh High Court. However, the Custom Authorities have filed an appeal in the Supreme Court of Pakistan.

7.2 Commitments

7.2.1 The Company has opened letters of credit for the import of spare parts and coal valuing Rs. 884 million (30 June 2018: Rs. 711 million).

7.2.2 The Company has capital commitments of Rs 892 million (30 June 2018: Rs. 286 million).

	Un-audited 31 December 2018 Rupees'000	Audited 30 June 2018 Rupees'000
8 PROPERTY, PLANT AND EQUIPMENT		
Opening book value	**22,624,413**	22,003,943
Additions during the period / year	**686,336**	2,038,195
Written down value of disposals	**(5,626)**	(451)
Depreciation for the period / year	**(760,350)**	(1,417,274)
Closing book value	**22,544,773**	22,624,413
9 CASH AND BANK BALANCES		
Cash at bank		
Deposit accounts - conventional banks	**380,234**	202,385
Deposit accounts - islamic banks	**408,551**	102,092
Current accounts - conventional banks	**565,344**	228,102
Current accounts - islamic banks	**378**	1
	1,354,507	532,580
Cash in hand	**315**	210
	1,354,822	532,790

10 TURNOVER- NET

	Three months ended		Six months ended	
	31 December 2018 Rupees'000	31 December 2017 Rupees'000	31 December 2018 Rupees'000	31 December 2017 Rupees'000
The disaggregation of turnover from contracts with customers is as follows:				
Sales - Local	**6,823,475**	7,130,426	**13,891,331**	13,300,844
- Export	**353,018**	496,906	**833,671**	903,094
	7,176,493	7,627,332	**14,725,002**	14,203,938
Less: - Sales tax	**1,083,289**	1,153,869	**2,212,091**	2,132,775
- Excise duty	**1,003,361**	997,670	**2,079,501**	1,800,378
- Export development surcharge	**969**	1,247	**2,268**	2,297
	2,087,619	2,152,786	**4,293,860**	3,935,450
	5,088,874	5,474,546	**10,431,142**	10,268,488

10.1 Revenue recognised during the period amounting to Rs. 245.1 million (2017: Rs. 234.6 million) was included in the advances from customers balance at the beginning of the period.

11 COST OF SALES

	Three months ended 31 December 2018 Rupees'000	Three months ended 31 December 2017 Rupees'000	Six months ended 31 December 2018 Rupees'000	Six months ended 31 December 2017 Rupees'000
Raw material consumed	**398,348**	362,667	**731,608**	487,880
Packing material consumed	**273,128**	246,461	**562,137**	445,321
Stores and spares consumed	**14,232**	13,895	**26,359**	27,322
Salaries, wages and benefits	**293,892**	356,563	**656,837**	594,700
Rent, rates and taxes	**6,126**	6,317	**12,561**	12,069
Insurance	**12,002**	32,272	**24,199**	64,638
Fuel consumed	**1,912,344**	1,475,536	**3,344,966**	1,875,261
Power consumed	**627,873**	742,019	**1,268,260**	1,200,863
Depreciation	**376,454**	342,225	**749,182**	670,607
Repairs and maintenance	**162,390**	123,328	**434,922**	269,661
Technical assistance	**9,448**	1,131	**18,188**	1,554
Printing and stationery	**1,933**	722	**3,798**	2,058
Traveling and conveyance	**14,891**	5,716	**24,558**	15,268
Vehicle running and maintenance expenses	**5,668**	3,723	**10,302**	8,501
Other directly attributable expenses	**13,257**	17,802	**26,767**	24,139
Water conservancy charges	**72,790**	-	**72,790**	-
Clinker purchased	**-**	450,108	**-**	2,462,662
	4,194,776	4,180,485	**7,967,434**	8,162,504
Add: Opening work-in-process	**609,317**	619,947	**808,315**	693,604
Less: Closing work-in-process	**(1,310,387)**	(846,858)	**(1,310,387)**	(846,858)
Cost of goods manufactured	**3,493,706**	3,953,574	**7,465,362**	8,009,250
Add: Opening finished goods	**230,904**	280,700	**186,546**	232,036
Less: Closing finished goods	**(263,298)**	(189,977)	**(263,298)**	(189,977)
Less: Own consumption capitalized	**(1,049)**	(5,109)	**(5,304)**	(10,953)
	3,460,263	4,039,188	**7,383,306**	8,040,356

During the period raw material consumed and fuel consumed increased substantially due to own production of clinker. In corresponding period last year, Line II of the company was not fully operational for the whole period and clinker was purchased from the market.

12 OTHER INCOME

	Three months ended 31 December 2018 Rupees'000	Three months ended 31 December 2017 Rupees'000	Six months ended 31 December 2018 Rupees'000	Six months ended 31 December 2017 Rupees'000
Income from financial assets				
Income from deposits				
- Conventional banks	**19,297**	2,571	**22,214**	5,276
- Islamic banks	**2,743**	17	**2,982**	443
	22,040	2,588	**25,196**	5,719
Income from non financial assets				
Gain on disposal of property, plant and equipment	**15,465**	7,254	**16,966**	10,332
Other income	**38,810**	13,334	**41,166**	19,098
	76,315	23,176	**83,328**	35,149

13 RELATED PARTY TRANSACTIONS AND BALANCES

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

	Six months ended		
	31 December 2018 Rupees'000	31 December 2017 Rupees'000	
Transactions and balances with related parties			
Fauji Foundation			
Sale of cement	**2,836**	2,740	
Advance against sale of cement	**2,599**	655	*
Donation paid through Fauji Foundation	**4,000**	1,000	
Payment of rent and utilities	**7,439**	6,998	
Payment for use of medical facilities	**374**	632	
Payable against use of medical facilities	**-**	102	*
Payment on account of clearance of shipments	**114**	79	
Dividend paid on ordinary shares	**543,650**	489,285	
Transactions with other related parties			
Balance at Askari Bank Limited (AKBL)	**288**	73	*
Profit received from AKBL	**104**	8	
Dividend paid to Fauji Fertilizer Company Limited	**93,750**	84,375	
Dividend paid to Fauji Fertilizer Bin Qasim Limited	**18,750**	16,875	
Training fee paid to Fauji Fertilizer Bin Qasim Limited	**-**	17	
Dividend paid to Fauji Oil Terminal and Distribution Company Limited	**18,750**	16,875	
Payments to Askari Cement Limited on account of purchase of clinker	**-**	14,304	
Payments made into Employees' Provident Fund	**24,165**	22,027	
Directors' fee	**1,270**	1,350	
Remuneration including benefits and perquisites to Chief Executive	**11,681**	10,346	
Remuneration including benefits and perquisites to key management personnel (other than Chief Executive)	**33,165**	29,974	

* This represents balance as at 30 June 2018

14 FAIR VALUE OF FINANCIAL INSTRUMENTS

14.1 Classification and fair values

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carraying amount is a reasonable approximation of fair value.

On-balance sheet financial instruments	Note	Carrying amount				Fair value			
		Fair value through profit and loss	Amortised cost	Fair value through other comprehensive income	Total	Level 1	Level 2	Level 3	Total
31 December 2018		Rupees'000							
Financial assets not measured at fair value	14.1.1								
Long term deposits		-	86,601	-	86,601	-	-	-	-
Trade debts		-	608,761	-	608,761	-	-	-	-
Trade deposits		-	11,742	-	11,742	-	-	-	-
Other receivables		-	10,347	-	10,347	-	-	-	-
Cash and bank balances		-	1,354,822	-	1,354,822	-	-	-	-
		-	2,072,273	-	2,072,273	-	-	-	-
Financial liabilities not measured at fair value	14.1.1								
Long term borrowings (including current portion)			882,415	-	882,415	-	-	-	-
Creditors		-	598,944	-	598,944	-	-	-	-
Accrued liabilities		-	802,476	-	802,476	-	-	-	-
Retention money		-	115,879	-	115,879	-	-	-	-
Security deposits		-	201,708	-	201,708	-	-	-	-
Other liabilities		-	114,598	-	114,598	-	-	-	-
Unclaimed dividend		-	49,160	-	49,160	-	-	-	-
Provision for compensated absences		-	104,499	-	104,499	-	-	-	-
Short term running finance		-	291,886	-	291,886	-	-	-	-
		-	3,161,565	-	3,161,565	-	-	-	-

On-balance sheet financial instruments	Note	Carrying Amount: Fair value through profit and loss	Carrying Amount: Loans and receivables	Carrying Amount: Other financial liabilities	Carrying Amount: Total	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
30 June 2018				Rupees'000					
Financial assets not measured at fair value	14.1.1								
Long term deposits		-	86,601	-	86,601	-	-	-	-
Trade debts		-	1,168,343	-	1,168,343	-	-	-	-
Deposits		-	12,062	-	12,062	-	-	-	-
Other receivables		-	104,664	-	104,664	-	-	-	-
Cash and bank balances		-	532,790	-	532,790	-	-	-	-
		-	1,904,460	-	1,904,460	-	-	-	-
Financial liabilities not measured at fair value	14.1.1								
Long term borrowings (including current portion)			-	1,094,477	1,094,477	-	-	-	-
Creditors		-	-	532,310	532,310	-	-	-	-
Accrued liabilities		-	-	573,347	573,347	-	-	-	-
Retention money		-	-	170,721	170,721	-	-	-	-
Security deposits		-	-	176,339	176,339	-	-	-	-
Other liabilities		-	-	118,843	118,843	-	-	-	-
Unclaimed dividend		-	-	111,561	111,561	-	-	-	-
Provision for compensated absences		-	-	81,285	81,285	-	-	-	-
Short term running finance		-	-	1,643,434	1,643,434	-	-	-	-
		-	-	4,502,317	4,502,317	-	-	-	-

14.1.1 Since these financial assets and financial liabilities are either short term in nature or repriced periodically therefore fair value and carrying value of these financial assets and financial liabilities is same.

15 CORRESPONDING FIGURES

Certain corresponding figures have been changed on account of presentation changes of comparative figures as referred in note 3.1.2.

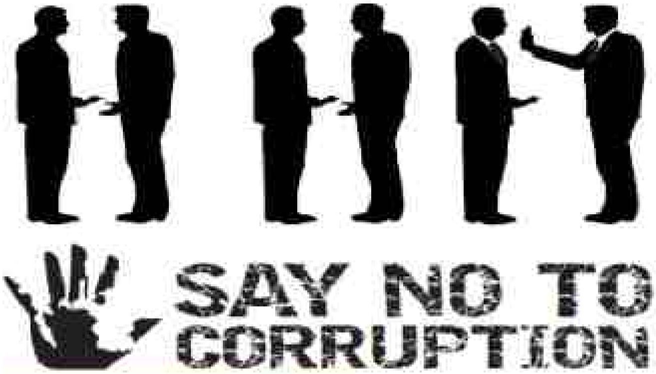
16 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 18 February 2019.

17 GENERAL

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

Chief Executive	Director	Chief Financial Officer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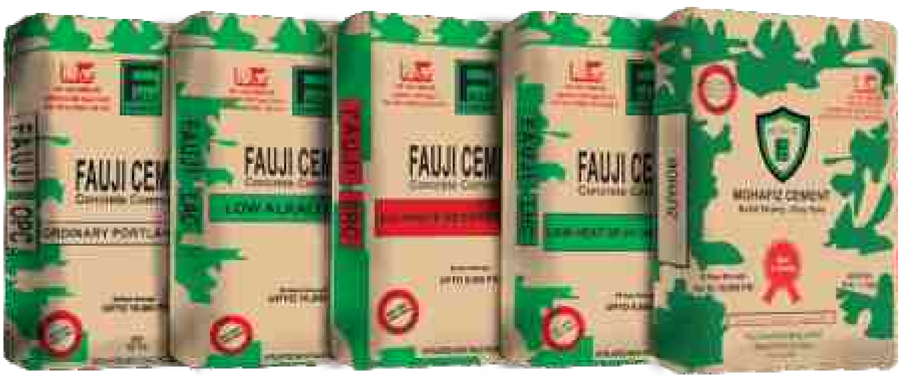

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