



**HALF YEARLY REPORT
DECEMBER 2017**

PECTO CEMENT LIMITED



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Aamir Ghani Chairman
Mr. Mohammed Yasin Fecto Chief Executive
Mr. Khalid Yacoob
Mr. Ijaz Ali
Mr. Safdar Abbas Morawala
Mr. Altaf A Hussain
Mr. Mohammed Anwar Habib
Mr. Jamil Ahmed Khan
Mr. Rohail Ajmal (Nominee of Saudi Pak Industrial & Agricultural Investment Co. Ltd.)

SECRETARY

Mr. Abdul Samad, FCA

LEGAL ADVISOR

Mian Nisar Ahmed & Co. (MNACO)
11-E/II, Main Gulberg
Lahore

REGISTERED OFFICE

35-Darul Aman Housing Society
Block 7/8, Shahrah-e-Faisal
Karachi
Website: www.fectogroup.com

MARKETING OFFICE

House # 13, Najam Shaheed Street
Atta ul Haq Road, Westridge-1
Rawalpindi

AUDIT COMMITTEE

Mr. Mohammed Anwar Habib Chairman
Mr. Safdar Abbas Morawala
Mr. Altaf A. Hussain

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Jamil Ahmed Khan Chairman
Mr. Aamir Ghani
Mr. Mohammed Anwar Habib

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq,
Chartered Accountants

SHARE REGISTERAR

F. D. Registrar Services (SMC-Pvt) Ltd.
1705, 17th Floor, Saima Trade Tower-A
I. I. Chundrigar Road
Karachi-74000

FACTORY

Sangjani, Islamabad

DIRECTORS' REVIEW

Your Directors are pleased to present before you their report together with Condensed Interim Financial Information and Auditors' Review Report thereon for the half year ended December 31, 2017.

OVERVIEW OF THE INDUSTRY

During the half year under review, overall cement dispatches witnessed growth of 12.30% as compared to same period last year. Industry achieved total sales volume of 22.24 Million tons as against the total sales volume of 19.81 Million tons of same period last year. Local sales volume registered a healthy growth of 17.40% with sales volume of 19.84 Million tons as against sales volume of 16.90 Million tons of same period of last year. Exports, however, reduced by 17.31% with sales volume of 2.41 Million tons as against the export volume of 2.91 Million tons of same period last year.

OPERATING PERFORMANCE

The production and dispatches of the Company for the period under review with a comparison of same period last year are as follows:

	Tons			
	Quarter ended		Half year ended	
	Dec 31, 2017	Dec 31, 2016	Dec 31, 2017	Dec 31, 2016
Production:				
Clinker	207,300	189,911	327,840	395,051
Cement	205,819	217,795	398,169	415,587
Dispatches:				
Local	188,619	184,246	352,561	342,854
Export	18,016	34,356	44,331	71,837
Total	<u>206,635</u>	<u>218,602</u>	<u>396,892</u>	<u>414,691</u>

During half year under review Production of clinker decreased by 17.01% whereas in quarter under review clinker production increased by 9.16%. Production of cement for the half year and quarter under review decreased by 4.19% and 5.50% respectively.

Local dispatches for half year and quarter increased by 2.83% and 2.37% respectively, exports, however, reduced for the same periods by 38.28% and 47.56% respectively.



FINANCIAL PERFORMANCE

During the period under review, overall net sales revenue of the Company decreased to Rs. 2,470 Million as against the revenue of Rs. 2,766 Million of same period last year thus depicting decrease of Rs. 296.00 Million which is 10.70%. Local sales revenue of the Company decreased by 5.84% and reduced to Rs. 2,256 Million as against Rs. 2,396 Million of same period last year. Retention price in local market reduced during the half year under review. Export revenue reduced to Rs. 214 Million as against Rs. 370 Million of same period last year which is 42.16% less. Prices in export market especially Afghanistan remained under pressure during the period under review.

Cost of sales of the Company during period under review increased by 3.89% and reached to Rs. 1,948 Million as against Rs. 1,875 Million of same period last year. This increase was mainly due to increase in coal prices in international market. Company during the period under review earned gross profit of Rs. 523 Million as against Rs. 891 Million of same period last year.

Other expenses remained same as compared to same periods last year, hence the Company achieved net profit before tax of Rs. 294 Million as against Rs. 628 Million of same period last year.

Tax provision for the period under review reduced to Rs. 66 Million as against Rs. 178 Million of last year. The Company earned profit after taxation of Rs. 228 Million as against Rs. 450 Million of same period last year.

Company achieved EPS of Rs. 4.54 per share and Rs.1.99 per share for the half year and quarter respectively as against EPS of Rs. 8.96 and Rs. 5.00 per share for the same periods last year.

FUTURE PROSPECTS

Local cement demand is expected to continue its upward momentum during second half of the year mainly backed on projects initiated by the Government under Public Sector Development program and CPEC. Exports, however, would remain subdued with low retention. Higher prices of coal may put pressure on cost.

FUTURE PLANS

The Company has received exploration license for lime stone mining lease from Provincial Government of KPK and considering the growth in cement demand, the Board of Directors have taken decision to establish a green field cement having capacity of 6,000 MT clinker per day with 9 MW Waste Heat Recovery Power Plant at Palai, Malakand, KPK and accordingly have advised the management to take steps in this regard.

ACKNOWLEDGMENT

The Board would like to place on record their appreciation to all the financial institutions, banks, customers and employees of the Company for their continued support, co-operation and dedicated work.

For and on behalf of the Board.



MOHAMMED YASIN FACTO
CHIEF EXECUTIVE

Karachi: February 22, 2018



Auditors' Report to Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Fecto Cement Limited** ("the Company") as at **31 December 2017** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of review

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

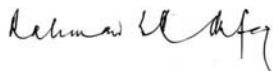
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at 31 December, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended 31 December, 2017 and 31 December, 2016 in the condensed interim financial information have not been reviewed by us and we do not express a conclusion on them.


Karachi
Dated: February 22, 2018


Rahman Sarfaraz Rahim Iqbal Rafiq,
Chartered Accountants
Engagement Partner: Muhammad Waseem

**CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2017**

	Un-audited 31 December 2017	Audited 30 June 2017
Note	— Rupees in thousand —	
EQUITY AND LIABILITIES		
Share capital and reserves		
Authorized Capital		
75,000,000 (June 2017: 75,000,000) ordinary shares of Rs. 10/- each	750,000	750,000
Issued, subscribed and paid up capital		
50,160,000 (June 2017: 50,160,000) ordinary shares of Rs. 10/- each	501,600	501,600
General reserve	550,000	550,000
Accumulated profit	2,944,553	2,842,223
	3,996,153	3,893,823
Non-current liabilities		
Liability against assets subject to finance lease	6 16,597	-
Deferred taxation	7 350,173	377,960
	366,770	377,960
Current liabilities		
Trade and other payables	8 696,972	549,275
Current maturity of liabilities against assets subject to finance lease	9 3,541	-
Contingencies and commitments	-	-
Total equity and liabilities	5,063,436	4,821,058
ASSETS		
Non-current assets		
Property, plant and equipment	10 1,830,461	1,825,092
Long term deposits	6,681	6,535
Long term loans and advances	24,783	18,198
	1,861,925	1,849,825
Current assets		
Stores, spares and loose tools	979,480	948,290
Stock-in-trade	11 1,149,646	1,277,174
Trade debtors - considered good	70,196	16,087
Short term investments	12 204,480	102,390
Loans, advances, deposits, prepayments and other receivables	13 44,106	31,181
Taxation - net	14 152,892	138,743
Cash and bank balances	600,711	457,368
	3,201,511	2,971,233
Total assets	5,063,436	4,821,058

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


(MOHAMMED YASIN FECTO)
Chief Executive


(ROHAIL AJMAL)
Director


(ABDUL SAMAD)
Chief Financial Officer



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
(UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2017**

Note	Six months ended		Quarter ended		
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	
Rupees in thousand					
Sales - net	15	2,470,322	2,765,583	1,247,480	1,467,216
Cost of sales	16	<u>(1,947,516)</u>	<u>(1,874,625)</u>	<u>(1,003,079)</u>	<u>(985,992)</u>
Gross profit		522,806	890,958	244,401	481,224
Administrative expenses		<u>(132,951)</u>	<u>(133,610)</u>	<u>(66,907)</u>	<u>(73,104)</u>
Distribution cost		<u>(97,966)</u>	<u>(95,209)</u>	<u>(61,818)</u>	<u>(54,518)</u>
Finance cost		<u>(1,653)</u>	<u>(1,614)</u>	<u>(932)</u>	<u>(211)</u>
Other income		<u>25,534</u>	<u>13,931</u>	<u>16,646</u>	<u>8,716</u>
		<u>(207,036)</u>	<u>(216,502)</u>	<u>(113,011)</u>	<u>(119,117)</u>
		315,770	674,456	131,390	362,107
Worker's funds		<u>(21,789)</u>	<u>(46,538)</u>	<u>(9,067)</u>	<u>(24,986)</u>
Profit before taxation		<u>293,981</u>	<u>627,918</u>	<u>122,323</u>	<u>337,121</u>
Provision for taxation	17				
- Current		<u>(94,038)</u>	<u>(200,395)</u>	<u>(43,356)</u>	<u>(101,894)</u>
- Deferred		<u>27,787</u>	<u>22,096</u>	<u>21,020</u>	<u>15,582</u>
		<u>(66,251)</u>	<u>(178,299)</u>	<u>(22,336)</u>	<u>(86,312)</u>
Profit after taxation		<u>227,730</u>	<u>449,619</u>	<u>99,987</u>	<u>250,809</u>
Rupees					
Earnings per share - basic and diluted		<u>4.54</u>	<u>8.96</u>	<u>1.99</u>	<u>5.00</u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


(MOHAMMED YASIN FECTO)
Chief Executive


(ROHAIL AJMAL)
Director


(ABDUL SAMAD)
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2017**

	Six months ended		Quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	— Rupees in thousand —			
Profit after taxation	227,730	449,619	99,987	250,809
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>227,730</u>	<u>449,619</u>	<u>99,987</u>	<u>250,809</u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


(MOHAMMED YASIN FECTO)
Chief Executive


(ROHAIL AJMAL)
Director


(ABDUL SAMAD)
Chief Financial Officer

**'CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2017**

	Six months ended	
	31 December 2017	31 December 2016
	Rupees in thousand	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	293,981	627,918
Adjustments for:		
- Depreciation	55,854	55,167
- Gain on disposal of operating fixed assets	(996)	(2)
- Unrealized gain on remeasurement of investments	(2,089)	(828)
- Finance costs	1,653	1,614
	<u>54,422</u>	<u>55,951</u>
Operating profit before working capital changes	348,403	683,869
Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	(31,190)	91,956
- Stock-in-trade	127,528	(80,455)
- Trade debtors - considered good	(54,109)	(39,564)
- Loans, advances, deposits, prepayments and accrued markup	(12,925)	(10,641)
Increase / (decrease) in current liabilities		
- Trade and other payables	134,942	84,905
Cash generated from operations	<u>512,649</u>	<u>730,070</u>
Finance cost paid	(1,540)	(1,612)
Taxes paid	(108,189)	(144,532)
Long term deposits	(146)	2
Long term loans and advances	(6,585)	3,009
Net cash generated from operating activities	<u>396,189</u>	<u>586,937</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(41,054)	(41,158)
Short term investments made	(100,000)	(100,000)
Proceeds from sale of operating fixed assets	1,527	6
Net cash used in investing activities	<u>(139,527)</u>	<u>(141,152)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayment of finance lease	(562)	-
Dividend paid	(112,757)	(148,166)
Net cash used in financing activities	<u>(113,319)</u>	<u>(148,166)</u>
Net increase in cash and cash equivalents	143,343	297,619
Cash and cash equivalents at the beginning of the period	457,368	328,942
Cash and cash equivalents at the end of the period	<u>600,711</u>	<u>626,561</u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


(MOHAMMED YASIN FECTO)
Chief Executive


(ROHAIL AJMAL)
Director


(ABDUL SAMAD)
Chief Financial Officer



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2017

	Share Capital	General reserve	Accumulated profit	Total
	Rupees in thousand			
Balance as at June 30, 2016	501,600	550,000	2,181,850	3,233,450
Total comprehensive income for the six-month period ended December 31, 2016	-	-	449,619	449,619
Transaction with owners				
Final cash dividend @ 20% for the year ended June 30, 2016	-	-	(100,320)	(100,320)
Balance as at December 31, 2016	<u>501,600</u>	<u>550,000</u>	<u>2,531,149</u>	<u>3,582,749</u>
Total comprehensive income for the six-month period ended June 30, 2017	-	-	311,074	311,074
Balance as at June 30, 2017	<u>501,600</u>	<u>550,000</u>	<u>2,842,223</u>	<u>3,893,823</u>
Total comprehensive income for the six-month period ended December 31, 2017	-	-	227,730	227,730
Transaction with owners				
Final cash dividend @ 25% for the year ended June 30, 2017	-	-	(125,400)	(125,400)
Balance as at December 31, 2017	<u>501,600</u>	<u>550,000</u>	<u>2,944,553</u>	<u>3,996,153</u>

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


(MOHAMMED YASIN FECTO)
Chief Executive


(ROHAIL AJMAL)
Director


(ABDUL SAMAD)
Chief Financial Officer



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2017

1. STATUS AND NATURE OF BUSINESS

Fecto Cement Limited ('the Company') was incorporated in Pakistan on February 28, 1981 as a public limited company with its registered office situated at 35-Darulaman Housing Society, Block 7/8, Shahr-e-Faisal, Karachi. Its equity shares are quoted on Pakistan Stock Exchange Limited. The principal activity of the Company is the production and sale of portland cement.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information has 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 Standard Board as are notified under the Companies Ordinance, 1984 (including, in particular, IAS 34 'Interim Financial Reporting'), provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of the approved accounting standards, the requirements of the Companies Ordinance, 1984 and said directives shall prevail.

In May 2017, the Companies Act, 2017 ('the Act') was promulgated. However, the SECP vide its Circular no. 23 / 2017 dated October 04, 2017 communicated its decision that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provision of the repealed Companies Ordinance, 1984. Further, Circular no. 17 / 2017 issued by the Institute of Chartered Accountants of Pakistan (ICAP) clarifies that those companies whose financial year closes on or after December 31, 2017 shall prepare their interim financial statements for the period ended December 31, 2017 in accordance with the requirements of the repealed Companies Ordinance, 1984.

This condensed interim financial information is unaudited and is being submitted to the members of the Company as required under section 237 of the Companies Act, 2017 and the listing regulations of Pakistan Stock Exchange Limited. The figures in the condensed interim financial information for the quarters ended 31 December 2017 and 31 December 2016 have not been reviewed by the auditors.

This condensed interim financial information does not include all the information as required to be reported in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2017.

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Company's functional currency and rounded off to the nearest rupee.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information is the same as those adopted in preparation of the annual audited

financial statements of the Company as at and for the year ended 30 June 2017.

During the period, certain amendments to approved accounting standards and new interpretations issued thereon became effective which were either not relevant to the Company's operations or did not have any significant impact on this condensed interim financial information. Hence, the same have not been reported.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the accounting policies and the reported amounts of assets and liabilities, income and expenses. However, actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended June 30, 2017.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2017.

	31 December 2017	30 June 2017
	Rupees in thousand	
6. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Opening balance	-	-
Leases obtained during the period / year	20,700	-
Payments made during the period / year	(562)	-
	20,138	-
Less: Current maturity shown under current liabilities	(3,541)	-
Closing balance	16,597	-

6.1 Reconciliation of minimum lease payments to their present value

	31 December 2017		30 June 2017	
	Minimum lease payments	Present value	Minimum lease payments	Present value
Upto one year	5,056	3,541	-	-
More than one year but less than five years	19,380	16,597	-	-
	24,436	20,138	-	-
Finance charges to be incurred in future	(4,298)	-	-	-
Present value of minimum lease payments	20,138	20,138	-	-



- 6.2 During the period, the Company entered into a finance lease arrangement with M/s. Askari Bank Limited for the acquisition of a Vehicle. The interest rate used for discounting the minimum lease payments to their present value is the interest rate implicit in the lease (i.e. 6-Month KIBOR + 2% per annum).

31 December
2017

Rupees in thousand

30 June
2017

7. DEFERRED TAXATION

Taxable temporary differences arising in respect of :

- Accelerated tax depreciation	355,247	383,620
- Short term investments	522	-

Deductible temporary difference arising in respect of :

- Unrealized gain on short term investment	-	(181)
- Provision against slow moving and obsolete spares	(4,111)	(3,994)
- Provision for doubtful trade debts	(1,485)	(1,485)
	<u>350,173</u>	<u>377,960</u>

8. TRADE AND OTHER PAYABLES

Trade creditors:

- Suppliers other than associated concerns	255,327	168,596
- Associated company	-	213

	<u>255,327</u>	168,809
Accrued liabilities	109,542	50,692
Leave encashment payable	39,399	51,461
Workers' Profit Participation Fund	74,408	58,620
Workers' Welfare Fund	108,334	102,333
Advances from customers	43,859	52,672
Deposits from dealers, contractors and suppliers	10,115	10,080
Withholding income tax	5,421	1,421
Federal excise duty payable	2,179	15,118
Sales tax payable	76	1,303
Unclaimed dividend	30,856	17,851
Unpaid dividend	-	362
Other liabilities	17,456	18,553
	<u>696,972</u>	<u>549,275</u>

9. CONTINGENCIES AND COMMITMENTS

Contingencies

- 9.1 There were no change in the status of contingencies at the period end as disclosed in the annual audited financial statements for the year ended 30 June , 2017.

Commitments

9.2 Commitments in respect of outstanding letters of credit for the import of coal and bearings as at 31 December 2017 amounted to Rs. 138.369 million (30 June 2017: Rs. 177.603 million)

	Note	31 December 2017	30 June 2017
		Rupees in thousand	
10. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	10.1	1,763,424	1,793,514
Capital work in progress		67,037	31,578
		<u>1,830,461</u>	<u>1,825,092</u>

10.1 During the six-month period ended 31 December 2017, the Company acquired property, plant and equipment aggregating Rs. 26.295 million (30 June 2017: Rs. 37.026 million).

	Note	31 December 2017	30 June 2017
		Rupees in thousand	
11. STOCK IN TRADE			
Finished goods		40,946	32,657
Work in process		269,639	452,115
Raw material		794,417	763,238
Packing material		44,644	29,164
		<u>1,149,646</u>	<u>1,277,174</u>

12. SHORT TERM INVESTMENTS - At fair value through profit or loss

Investment in Term Finance Certificates (TFC's)	12.1	100,000	-
Investment in units of mutual funds	12.2	104,480	102,390
		<u>204,480</u>	<u>102,390</u>

12.1 This represents the cost of investment in 20,000 Term Finance Certificates (having face value of Rs. 5,000 each) issued by M/s. Silk Bank Limited. These carry markup at the rate of 6-Month KIBOR + 1.85% per annum payable on a semi annual basis.

12.2 Investment in units of mutual funds

31 December 2017	30 June 2017	Fund name	31 December 2017	30 June 2017
----- Number of units -----			----- Rupees in thousand -----	
4,811,843	4,811,843	NAFA Income Opportunity Fund	52,750	51,469
509,532	509,532	UBL Al-ameen Islamic Aggressive Income Fund	51,730	50,921
		Total fair value of the investment	104,480	102,390

31 December
2017

30 June
2017

----- Rupees in thousand -----

13. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES

Current portion of long term loans - unsecured, considered good	8,516	6,211
Advances to suppliers and contractors - unsecured, considered good	11,888	6,872
Margin against bank guarantee	11,000	11,000
Deposits	15	113
Prepayments	12,267	6,565
Accrued markup	420	420
	<u>44,106</u>	<u>31,181</u>

14. TAXATION - NET

Advance income tax net of provision	96,745	98,683
Advance sales tax and Federal Excise Duty	56,147	40,060
	<u>152,892</u>	<u>138,743</u>

	Six months ended		Second Quarter ended	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
15. SALES - NET				
Sales - Local	3,229,245	3,264,929	1,677,619	1,753,723
Less: Excise duty	(440,701)	(342,854)	(235,774)	(184,246)
Sales tax	(532,500)	(526,327)	(280,133)	(282,798)
	<u>(973,201)</u>	<u>(869,181)</u>	<u>(515,907)</u>	<u>(467,044)</u>
	2,256,044	2,395,748	1,161,712	1,286,679
Sales - Export	213,523	368,561	85,584	180,206
Export rebate	755	1,274	184	331
	<u>214,278</u>	<u>369,835</u>	<u>85,768</u>	<u>180,537</u>
	<u>2,470,322</u>	<u>2,765,583</u>	<u>1,247,480</u>	<u>1,467,216</u>

	Six months ended		Second Quarter ended	
	31 Decembr 2017	31 December 2016	31 December 2017	31 December 2016
16 COST OF SALES				
Raw and packing material consumed:				
Opening stock	792,402	668,285	838,453	683,755
Purchases / excavation costs	370,342	416,791	209,518	220,828
	<u>1,162,744</u>	<u>1,085,076</u>	<u>1,047,971</u>	<u>904,583</u>
Closing stock	(839,061)	(743,732)	(839,061)	(743,732)
	<u>323,683</u>	<u>341,344</u>	<u>208,910</u>	<u>160,851</u>
Fuel and power	1,077,459	1,156,647	655,661	581,231
Stores and spares consumed	77,566	63,107	38,258	25,730
Salaries, wages and benefits	209,216	227,753	108,535	108,529
Insurance	13,155	13,094	6,547	6,547
Repairs and maintenance	1,154	9,041	421	4,322
Depreciation	39,871	39,218	20,056	19,650
Other manufacturing overhead	31,225	29,428	15,336	14,594
	<u>1,773,329</u>	<u>1,879,632</u>	<u>1,053,724</u>	<u>921,454</u>
Opening work-in-process	452,115	227,849	215,200	291,468
Closing work-in-process	(269,639)	(229,212)	(269,639)	(229,212)
Cost of goods manufactured	<u>1,955,805</u>	<u>1,878,269</u>	<u>999,285</u>	<u>983,710</u>
Opening stock of finished goods	32,657	25,910	44,740	31,836
Closing stock of finished goods	(40,946)	(29,554)	(40,946)	(29,554)
	<u>1,947,516</u>	<u>1,874,625</u>	<u>1,003,079</u>	<u>985,992</u>

17. TAXATION

The Finance Act, 2017 amended Section 5A of the Income Tax Ordinance, 2001 whereby taxation of undistributed reserves has been replaced by taxation of undistributed profits. Following this amendment, every public company is required to pay tax at the rate of 7.5% of its accounting profit before tax for the year. However, this tax shall not apply in case of a public company which distributes at least 40% of its after tax profits within six (6) months of the end of the tax year either in the form of cash dividend or bonus shares.

In respect of the year ended 30 June 2017, the Company paid a final cash dividend of 25% amounting to Rs. 125.4 million (16.5% of after tax profit for the year ended 30 June 2017) which is lower than the minimum prescribed distribution rate of 40% as referred to above. Accordingly, in view of the requirements of the said section, the Company becomes liable to pay tax on undistributed profits amounting to Rs. 81.86 million.

In September 2017, the Company filed a Constitutional Petition (CP) before the Honourable High Court of Sindh (SHC) challenging the vires of Section 5A of the Income Tax Ordinance, 2001 and seeking the declaration of the said section to be ultra vires the provisions of the Constitution of Pakistan and therefore illegal, void and of no legal effect. Prior to the institution of the said petition by the Company, similar petitions were also filed by other aggrieved parties in respect of which the SHC had issued stay orders. Accordingly, on the same legal grounds stay was granted by the High Court on 27 September



2017 to the Company as well as to the other petitioners. The respondent has been restrained from taking any coercive action against the petitioners pursuant to the impugned amendment.

The Company's petition before the SHC is currently pending for adjudication. However, in view of the professional opinion obtained from the legal advisor of the Company, the case is likely to be decided in favour of the Company. Hence, management deems it appropriate not to recognize the corresponding provision in this condensed interim financial information.

18. TRANSACTIONS / BALANCES WITH RELATED PARTIES

The related parties of the Company comprise of group companies (associated companies), directors, key management personnel, major shareholders and their close family members and the staff provident fund. Remuneration and benefits to executives of the Company are in accordance with the terms of their employment while contribution to the provident fund is in accordance with the staff service rule. Transactions with related parties during the period, other than those disclosed elsewhere in this condensed interim financial information, are as follows:

	31 December 2017	30 June 2017
	<u>Rupees in thousand</u>	
Associated company - M/s. Frontier Paper Products (Private) Limited		
Balance as at the beginning of the period / year	213	2,412
Purchases during the period / year	168,290	305,107
Payments during the period / year	<u>(168,503)</u>	<u>(307,306)</u>
Balance at the end of the period / year	<u>-</u>	<u>213</u>
	Six months ended	
	31 December 2017	31 December 2016
	<u>Rupees in thousand</u>	
Key Management Personnel		
Transactions during the period		
Remuneration of the Chief Executive	10,606	9,028
Remuneration of Directors	-	9,063
Directors' meeting fee	75	55
Remuneration of executives	121,261	127,876
Loans given	-	1,000
Loans settled	952	863
	31 December 2017	30 June 2017
	<u>Rupees in thousand</u>	
Outstanding balance at period / year end		
Loan receivable	2,059	2,968

FECTO CEMENT LIMITED

	31 December 2017	31 December 2016
	Rupees in thousand	
Others		
Transactions during the period		
Contribution to employees' provident fund	<u>10,073</u>	<u>10,254</u>
	31 December 2017	30 June 2017
	Rupees in thousand	
Outstanding balance at period / year end		
Contribution payable to employees' provident fund	<u>3,756</u>	<u>3,289</u>

19. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. Material items have been reclassified as follows:

Reclassification from component	Reclassification to component	Rupees in thousand
Long term loans and deposits (Long term loans and deposits)	Long term deposits (Long term deposits)	<u>6,535</u>
Taxation - net (Taxation - net)	Withholding income tax (Trade and other payables)	<u>1,421</u>
Excavation cost/transportation cost (Cost of sales)	Purchases / excavation costs (Cost of sales)	<u>75,211</u>
Sales tax refundable (Loans, advances, deposits, prepayments and other receivables)	Advance sales tax and Federal Excise Duty (Taxation - Net)	<u>40,060</u>

20. GENERAL

20.1 This condensed interim financial information was authorised for issue by the Board of Directors in their meeting held on 22 February 2018.

20.2 Figures have been rounded off to the nearest thousand rupees.


(MOHAMMED YASIN FECTO)
Chief Executive


(ROHAIL AJMAL)
Director


(ABDUL SAMAD)
Chief Financial Officer



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شش ماہی میں آمدن فی حصص 4.54 روپے جبکہ سہ ماہی میں آمدن فی حصص 1.99 روپے رہی۔ جبکہ گزشتہ سال اسی عرصے کے دوران آمدن فی حصص بالترتیب 8.96 روپے اور 5 روپے تھی۔

مستقبل پہ نظر

یہ توقع ہے کہ مقامی سطح پر سیمنٹ کی مانگ میں موجودہ مالی سال کی دوسری شش ماہی میں اضافے کا رجحان رہے گا۔ خاص یہ اضافہ حکومت کی طرف سے عوامی فلاح و بہبود کے پروگرام اور سی بیک کے تحت ہونے والے ترقیاتی کام کی وجہ سے ہوگا۔ جبکہ برآمدات کی مدد میں سیمنٹ کی فروختگی میں حجم اور قیمتوں میں مزید کمی کا امکان ہے۔ اسی طرح سیمنٹ کی لاگت میں اضافہ بین الاقوامی منڈیوں میں کونکے کی قیمتوں میں اضافے کی وجہ سے مزید ہو سکتا ہے۔

مستقبل کا لائحہ عمل

آپ کی کمپنی کو صوبائی حکومت خیبر پختونخواہ کی جانب سے لائٹ اسٹون کی تلاش کا لائسنس جاری کر دیا گیا ہے۔ بورڈ آف ڈائریکٹرز نے سیمنٹ کی بڑھتی ہوئی مانگ کو دیکھتے ہوئے فیصلہ کیا کہ ایک نیا سیمنٹ پلانٹ 6,000 میٹرک ٹن کلنکر کی پیداواری صلاحیت بمعہ 9 میگا واٹ ویٹ ہیٹ ریکوری پاور پلانٹ پلائی مالکنڈ کے پی کے میں لگایا جائے۔ اور لہذا کمپنی انتظامیہ کو اس بات کی ہدایت کی گئی ہے کہ اس سلسلے میں ضروری اقدامات کرے۔

اظہار تشکر

ڈائریکٹرز کمپنی تمام بینکوں، صارفین اور کمپنی کے ملازمین کا کمپنی کے لیے ان کی مسلسل حمایت، تعاون اور خلوص نیت سے کام کرنے پر تہہ دل سے

مشکور ہیں۔

منجانب بورڈ



محمد یاسین فیاض

چیف ایگزیکٹو

بمقام کراچی: 22 فروری 2018



زیر نظر دورانیے میں گزشتہ سال اسی عرصے کے مد مقابل شش ماہی میں کلنکر کی پیداوار میں %17.01 کی کمی اور سہ ماہی میں %9.16 فیصد کا اضافہ ہوا ہے جبکہ سیمنٹ کی پیداوار میں شش ماہی میں %4.19 اور سہ ماہی میں %5.50 فیصد کی کمی ریکارڈ کی گئی۔

کمپنی کی مقامی فروختگی کے مجموعی حجم میں زیر نظر دورانیے کے دوران شش ماہی میں %2.83 اور سہ ماہی میں %2.37 فیصد کا اضافہ جبکہ برآمدات میں شش ماہی میں %38.28 اور سہ ماہی میں %47.56 فیصد کی کمی دیکھی گئی۔

مالیاتی نتائج

زیر نظر دورانیے کے دوران کمپنی کی مجموعی فروختگی کم ہو کر 2,470 ملین روپے ہو گئی۔ جبکہ گزشتہ سال اسی عرصے کے دوران مجموعی فروختگی سے حاصل ہونے والی آمدن 2,766 ملین روپے تھی۔ اس لحاظ سے آمدن میں 296 ملین کی کمی دیکھی گئی۔ جو کہ %10.70 ہے۔ مقامی سطح پر مجموعی فروختگی سے حاصل ہونے والی آمدن %5.84 فیصد کمی کے ساتھ 2,256 ملین روپے رہی۔ جبکہ یہی آمدن گزشتہ سال اسی عرصے کے دوران 2,396 ملین روپے تھی۔ برآمدات سے حاصل ہونے والی آمدن اس عرصے کے دوران %42.16 فیصد کمی کے ساتھ 214 ملین روپے رہی جبکہ یہی آمدن گزشتہ سال اسی عرصے کے دوران 370 ملین روپے تھی۔

زیر نظر دورانیے میں لاگت برائے فروختگی میں %3.89 فیصد اضافہ ہوا جس کی وجہ سے لاگت برائے شش ماہی 1,948 ملین روپے رہی جو کہ گزشتہ سال اسی عرصے کے دوران 1,875 ملین روپے تھی۔ یہ اضافہ اس عرصے میں کوئلے کی قیمتیں بین الاقوامی منڈی میں بڑھنے کی وجہ سے ہوا ہے۔ اس شش ماہی کے دوران کمپنی کا خام منافع 523 ملین روپے رہا جو کہ گزشتہ سال اسی عرصے کے دوران 891 ملین روپے تھا۔

اس شش ماہی کے دوران بقایا اخراجات کی لاگت میں کوئی خاص اضافہ نہیں دیکھا گیا چنانچہ کمپنی نے اس عرصے میں 294 ملین روپے کا خالص منافع ٹیکس کی ادائیگی سے پہلے حاصل کیا۔ جو کہ گزشتہ سال اسی عرصے کے دوران 674 ملین تھی۔ ٹیکس کی پروویژن کم ہو کر 66 ملین رہی۔ جو کہ گزشتہ سال اسی عرصے کے دوران 178 ملین روپے تھی۔ لہذا کمپنی کا خالص منافع ٹیکس ادا کرنے کے بعد 228 ملین ریکارڈ کیا گیا جو کہ گزشتہ سال اسی عرصے کے دوران 450 ملین روپے تھا۔



کارکردگی بر مبنی کاروباری افعال

زیر نظر دورانی کے دوران کمپنی کی جانب سے پیداوار اور مال کی روانگی کا جائزہ ذیل میں پیش خدمت ہے۔

ٹنوں میں

شش ماہی (دسمبر 31)		سہ ماہی (دسمبر 31)		تفصیلات
2017	2016	2017	2016	
				پیداوار
327,840	395,051	207,300	189,911	کلنگر
398,169	415,587	205,819	217,795	سیمنٹ
				ترسیل
352,561	342,854	188,619	184,246	مقامی
44,331	71,837	18,016	34,356	برآمدات
396,892	414,691	206,635	218,602	مجموعی

فیکٹو سیمنٹ لمیٹڈ

ڈائریکٹرز جائزہ

آپ کی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ کمپنی کی کارکردگی کا جائزہ بمعہ غیر آڈٹ شدہ مالیاتی دستاویزات بابت شش ماہی 31 دسمبر 2017 آپ کی خدمت میں پیش کر رہے ہیں۔

جائزہ

دوران شش ماہی سیمنٹ کی صنعت میں مجموعی فروختگی 22.24 ملین ٹن کے اعتبار سے مجموعی طور پر مال کی رواںگی میں 12.30% فیصد کی شرح نمونہ ریکارڈ کی گئی جبکہ گزشتہ سال اسی عرصے کے دوران مجموعی فروختگی کا حجم 19.81 ملین ٹن تھا۔ مقامی سطح پر صنعت میں فروختگی کا حجم 19.84 ملین ٹن رہا اور اس اعتبار سے 17.40% کا اضافہ ریکارڈ کیا گیا جبکہ گزشتہ سال اسی عرصے کے دوران مقامی فروختگی کا حجم 16.90 ملین ٹن تھا، اس کے برعکس برآمدات کی مد میں صنعت کی سطح پر فروختگی کا مجموعی حجم 2.41 ملین ٹن رہا جس کے اعتبار سے 17.31% کی کمی دیکھی گئی۔ جبکہ گزشتہ سال اسی عرصے کے دوران برآمدات کی مد میں فروختگی کا یہ حجم 2.91 ملین ٹن تھا۔



FECTO CEMENT LIMITED

35, Darul Aman Housing Society, Block 7 & 8
Shahrah-e-Faisal, Karachi-75350

Phones: (+9221) 34530120-2, (+9221) 34530124

Website: www.fectogroup.com