

FAUJI CEMENT COMPANY LIMITED

Fauji Towers, Block-III, 68 Tipu Road, Chaklala, Rawalpindi, Pakistan

Fax No : 051-9280416
E-mail : secretary@fccl.com.pk
Website : <http://www.fccl.com.pk>
Case No : SECY/FCCL/2037/73

Office : 051-9280075
Exchange : 051-9280081-83
5763321-24
Dated 29 April 2019

To: The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Subject: Transmission of 3rd Quarterly Report for the Period Ended 31st March 2019

Dear Sir,

1. 3rd Quarterly Report for the period ended 31st March 2019 has been transmitted through PUCARs on 29th April 2019 and is also available on Company's website at <http://fccl.com.pk/company-profile/about-us/financial-information/quarterly-reports/>.
2. You may inform the TRE Certificate Holders of the Pakistan Stock Exchange accordingly, please.

With regards,



Yours sincerely,

Brig Riaz Ahmed Gondal, SI(M), (Retd)
Company Secretary

Copy to: The Director
Company Law Division / Corporatization & Compliance Department
Securities and Exchange Commission of Pakistan
NIC Building, 63-Jinnah Avenue, Blue Area, Islamabad

Additional Registrar
Securities & Exchange Commission of Pakistan
Company Registration Office (CRO)
State Life Building No. 7, Blue Area, Islamabad

Mr Badiuddin Akbar
Chief Compliance & Risk Officer
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block B, S.M.C.H.S
Main Shahrah-e-Faisal, Karachi-74400

Share Registrar & Corporate Consultant
M/s Corplink (Pvt) Ltd, Wing Arcade
1-K, Commercial, Model Town, Lahore



3RD
QUARTERLY
REPORT
2018-19

**FAUJI CEMENT
COMPANY LIMITED**

CEMENTING THE NATION

آزادی قیمتی ہے



www.fccl.com.pk

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Director

Lt Gen Syed Tariq Nadeem Gilani, HI(M), (Retd)
 Lt Gen Muhammad Ahsan Mahmood, HI(M), (Retd)
 Maj Gen Tahir Ashraf Khan, HI(M), (Retd)
 Maj Gen Kaleem Saber Taseer, HI(M), (Retd)
 Brig Raashid Wali Janjua, SI(M), (Retd)
 Mr Rehan Laiq
 Mr Muhammad Amir Khan
 Mr Jawaid Iqbal
 Mr Zafar Iqbal Sobani
 Ms Jahanara Sajjad Ahmad

Designation

Chairman
 CEO/MD
 Director
 Director
 Director
 Director
 Director
 Independent Director
 Independent Director
 Independent Director

Company Secretary

Brig Riaz Ahmed Gondal, SI(M), (Retd)
 Fauji Towers, Block III, 68 Tipu Road,
 Chaklala, Rawalpindi
 Tel: +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
 Jinnah Avenue, Blue Area,
 P.O. Box 1323 Islamabad, Pakistan
 Tel: +092-051-282-3558
 Fax: +092-051-2822671

Legal Advisors

M/s ORR Dignam & Co, Advocates
 Marina Height, 2nd Floor 109 East
 Jinnah Avenue, Islamabad
 Tel: +092-051-2260517-8
 Fax: +092-051-2260653

Share Registrar

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)
 1st Floor, Aslam Plaza, 60 Adamjee Road,
 Saddar, Rawalpindi, Pakistan
 Exchange: +092-051-5523836,
 +092-051-5528042
 Office: +092-051-9271491
 Fax Number: +092-051-5528965-66
 Email: khizar.sultan@fccl.com.pk

Procurement & Human Resource Department

Brig Parvez Iqbal Malik, SI(M), (Retd)
 GM Procurement & Human Resource
 Tel: +92-051-9280084
 Fax Number: +092-051-9280416
 Email: parvez.iqbal@fccl.com.pk

Senior General Manager (Plant)

Mr Muhammad Tariq
 Tel: +092-0572-538148, 538046
 Email: muhammad.tariq@fccl.com.pk

Factory

Fauji Cement Company Limited
 Near Village Jhang Bahtar, Tehsil Fateh Jang,
 District Attock
 Tel Exchange: +092-0572-538047-48,
 +092-0572- 2538138
 Fax Number: +092-0572-538025

Registered Office

Fauji Cement Company Limited
 Fauji Towers, Block III, 68 Tipu Road,
 Chaklala, Rawalpindi
 Tel Exchange: +092-051-9280081-83,
 +092-051-5763321-24
 Fax Number: +092-051-9280416

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

Audit Committee

Ms Jahanara Sajjad Ahmad

Mr Rehan Laiq

Mr Muhammad Amir Khan

Mr Jawaid Iqbal

Brig Riaz Ahmed Gondal, SI(M), (Retd)

Chairperson

Member

Member

Member

Secretary**Human Resource & Remuneration (HR&R) Committee**

Mr Zafar Iqbal Sobani

Maj Gen Tahir Ashraf Khan, HI(M), (Retd)

Mr Jawaid Iqbal

Mr Muhammad Amir Khan

Brig Riaz Ahmed Gondal, SI(M), (Retd)

Chairman

Member

Member

Member

Secretary**Technical Committee**

Brig Raashid Wali Janjua, SI(M), (Retd)

Maj Gen Kaleem Saber Taseer, HI(M), (Retd)

Mr Rehan Laiq

Mr Muhammad Tariq, SGM (Plant)

Chairman

Member

Member

Secretary**Investment Committee**

Mr Rehan Laiq

Brig Raashid Wali Janjua, SI(M), (Retd)

Mr Zafar Iqbal Sobani

Mr Jawaid Iqbal

Brig Riaz Ahmed Gondal, SI(M), (Retd)

Chairman

Member

Member

Member

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
- Al-Baraka Pakistan Limited
- Bank Islami Pakistan Limited

1. The Board of Directors is pleased to present its Review Report along with the condensed interim financial statement of Company for nine months period which ended on 31st March 2019.
2. **Overview – Cement Industry.** Overall industry dispatches during the nine months period of the year and corresponding period of last year are as under:-

S/No	Despatches	2018-19	2017-18	Variance (Million Tons)	Variance (%)
		(Million Tons)			
a.	Local	29.45	31.31	(1.86)	(6)
b.	Exports	5.13	3.44	1.69	49
c.	Total	34.58	34.75	(0.17)	(0.5)

Note:- Higher dispatches of South Region helped the industry to maintain its overall dispatches.

3. **Overview - FCCL.** Capacity utilization achieved by Company during the period is **84%** as compared to **98%** in the same period last year. Company's dispatches during the period in comparison to the corresponding period of last year are as under:-

S/No	Despatches	2018-19	2017-18	Variance (Million Tons)	Variance (%)
		(Million Tons)			
a.	Local	2.08	2.33	(0.25)	(11)
b.	Exports	0.17	0.23	(0.06)	(26)
c.	Total	2.25	2.56	(0.31)	(12)

4. **Financial Performance.** Key financial results of Company, for this period in comparison to the corresponding period of last year, are tabulated below:-

S/No	Particulars	2018-19	2017-18
a.	Turnover – net *	15,644,101	15,814,059
b.	Gross profit *	4,146,017	3,728,336
c.	Profit before taxation*	3,458,842	2,986,513
d.	Net profit for the period*	2,440,274	2,122,166
e.	Earnings Per Share (EPS) *	1.77	1.54

* Rs. in thousands except EPS

5. **Business Performance.** The production statistics of Company, for this period as compared to the corresponding period last year, are as under:-

S/No	Particulars	2018-19	2017-18
a.	Cement Production (Tons)	2,244,581	2,555,491
b.	Clinker Production (Tons)	2,107,360	1,942,675
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.** As a result of overall economic slowdown and reduced Public Sector Development Programme (PSDP) spending, the current trend in domestic dispatches is expected to continue in the last quarter of current year with further dip in the month of Ramadan. Exports are expected to remain steady in the last quarter of this year. Continuous Pak Rupee devaluation will have a marginally positive impact on exports revenue. A positive news, on the cost side, is reduction in international coal prices towards the end of this quarter. As witnessed during the current nine months, the drastic Pak Rupee devaluation and increased inflation will have a negative effect on the profitability of the cement sector. Recent capacity expansions by the industry would also put pressure on the profitability of the sector in view of the slowdown in domestic dispatches.

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

On behalf of the Board of Directors



Lt Gen Syed Tariq Nadeem Gilani
HI(M), (Retd)
Chairman BODs FCCL



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

ڈائریکٹرز کا تجزیہ نومایہ - مالی سال 2018/19

۱۔ بورڈ آف ڈائریکٹرز 31 مارچ 2019ء کو ختم ہونے والے نومایہ دورانیے کیلئے آپ کی کمپنی کے مختصر عبوری مالیاتی نتائج کے ساتھ اپنا تجزیہ پیش کرتے ہوئے فخر محسوس کر رہے ہیں۔

۲۔ عمومی جائزہ - سینٹ کی صنعت - اس نومایہ دورانیے میں اور گزشتہ برس اسی دورانیے میں ہونے والی سینٹ کی صنعت کی مجموعی ترسیلات کا موازنہ درج ذیل ہے:-

نمبر شمار	ترسیلات	2018-19 (ملین ٹن)	2017-18 (ملین ٹن)	فرق (ملین ٹن)	فرق (%)
الف	مقامی	29.45	31.31	(1.86)	(6)
ب	برآمدات	5.13	3.44	1.69	49
ج	میزان	34.58	34.75	(0.17)	(0.5)

نوٹ:- جنوبی علاقے کی بڑی ترسیلات نے صنعت کی عمومی توجہات کا برقرار رکھنے میں مدد دی۔

۳۔ عمومی جائزہ - فوجی سینٹ کمپنی - کمپنی کی پیداواری صلاحیت کے استعمال کی شرح 84 فیصد رہی جو گزشتہ برس اسی دورانیے میں 98 فیصد تھی۔ اس نومایہ میں اور گزشتہ برس اسی دورانیے میں ہونے والی کمپنی کی سینٹ کی مجموعی ترسیلات کا موازنہ درج ذیل ہے:-

نمبر شمار	ترسیلات	2018-19 (ملین ٹن)	2017-18 (ملین ٹن)	فرق (ملین ٹن)	فرق (%)
الف	مقامی	2.08	2.33	(0.25)	(11)
ب	برآمدات	0.17	0.23	(0.06)	(26)
ج	میزان	2.25	2.56	(0.31)	(12)

۴۔ مالی کارکردگی - 31 مارچ 2019 کو مکمل ہونے والی نومایہ میں کمپنی کے مالی حسابات کے کلیدی نتائج اور گزشتہ برس کے اسی دورانیے کے حسابات کا موازنہ نیچے دیا گیا ہے:-

نمبر شمار	تفصیل	مالی سال 2018-19	مالی سال 2017-18
الف	فروخت سے حاصل شدہ کل آمدنی*	15,644,101	15,814,059
ب	کل منافع*	4,146,017	3,728,336
ج	قبل از ٹیکس منافع*	3,458,842	2,986,513
د	بعد از ٹیکس صافی منافع*	2,440,274	2,122,166
ه	فی حصہ (شیر) آمدنی*	1.77	1.54

* روپے ہزاروں میں ماسوائے فی حصہ آمدنی

۵۔ تجارتی کارکردگی۔ اس دورانیے میں کمپنی کے پیداواری اعداد و شمار اور گزشتہ برس کے اسی دورانیے کے اعداد و شمار کا موازنہ نیچے دیا گیا ہے:-

نمبر شمار	تفصیل	2018-19	2017-18
الف	سینٹ کی پیداوار (ٹن میں)	2,244,581	2,555,491
ب	کلنکر کی پیداوار (ٹن میں)	2,107,360	1,942,675
ج	کلنکر کی خریداری (ٹن میں)	-	549,191

نوٹ:- گزشتہ برس کے اس دورانیے 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 کا جائزہ۔ مجموعی معاشی سرگرمی کی سست روی اور حکومتی ترقیاتی پروگرام (Public Sector Development Programme) کے اخراجات میں کمی کے باعث سال رواں کی آخری سہ ماہی میں مقامی ترسیلات میں موجودہ رجحان کے جاری رہنے کی توقع ہے جس میں رمضان کے مہینے میں مزید کمی ہو سکتی ہے۔ سال رواں کی آخری سہ ماہی میں برآمدات کی شرح مستحکم رہنے کی توقع ہے۔ پاکستانی روپے کی قدر میں مسلسل کمی برآمدات سے حاصل ہونے والی آمدنی پر ذرا مثبت اثر ڈالے گی۔ اخراجات کی طرف دیکھا جائے تو ایک اچھی خبر یہ ہے کہ اس سہ ماہی کے آخر تک آتے آتے بین الاقوامی مارکیٹ میں کونکے کی قیمت میں کمی ہوئی ہے۔ جیسا کہ موجودہ نو ماہ میں مشاہدہ کیا گیا ہے، روپے کی قدر میں اس شدت کی کمی اور مہنگائی کی شرح بڑھنے سے سینٹ کی صنعت کی شرح منافع پر منفی اثر ڈالے گی۔ مقامی ترسیلات کے سست رہنے کے تناظر میں دیکھا جائے تو سینٹ کی صنعت کی طرف سے صلاحیت میں حالیہ اضافہ اس صنعت کی شرح منافع پر دماؤ ڈال سکتا ہے

۷۔ اظہار تشکر۔ ڈائریکٹر ان مالی اداروں کو خراج تحسین پیش کرتے ہیں جنہوں 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۔

مخانب بورڈ آف ڈائریکٹرز



لیفٹیننٹ جنرل محمد احسن محمود
ہلال امتیاز (ملٹری)، (ریٹائرڈ)
چیف ایگزیکٹو و فینچنگ ڈائریکٹر



لیفٹیننٹ جنرل سید طارق ندیم گیلانی
ہلال امتیاز (ملٹری)، (ریٹائرڈ)
چیئر مین بورڈ آف ڈائریکٹرز، فوجی سینٹ کمپنی لمیٹڈ

راولپنڈی

18 اپریل 2019

	Note	Un-Audited 31 March 2019 Rupees'000	Audited 30 June 2018 Rupees'000
SHARE CAPITAL AND RESERVES			
Share capital	4	12,433,765	12,433,765
Reserves		8,080,773	8,055,175
		20,514,538	20,488,940
NON - CURRENT LIABILITIES			
Long term borrowings	5	317,835	638,193
Provision for compensated absences		72,992	64,178
Deferred taxation		3,496,716	3,600,638
		3,887,543	4,303,009
CURRENT LIABILITIES			
Trade and other payables		1,631,184	1,024,758
Accrued liabilities		648,985	573,347
Security deposits		219,352	176,339
Advances from customers		320,692	245,133
Provision for compensated absences - current portion		10,069	17,107
Payable to employees' provident fund trust		11,603	9,534
Dividend payable		1,034,861	-
Unclaimed dividend		43,383	111,561
Short term running finance	6	183,730	1,643,434
Current portion of long term borrowings	5	332,665	456,284
		4,436,524	4,257,497
		28,838,605	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 March 2019 Rupees'000	Audited 30 June 2018 Rupees'000
NON - CURRENT ASSETS			
Property, plant and equipment	8	23,010,656	22,624,413
Long term deposits		86,601	86,601
		23,097,257	22,711,014
CURRENT ASSETS			
Stores, spares and loose tools		3,040,067	3,067,684
Stock in trade		1,355,467	1,244,805
Trade debts		625,124	1,168,343
Advances		38,466	37,927
Trade deposits, short term prepayments and balances with statutory authority		35,040	66,669
Advance tax - net		37,266	115,550
Other receivables		9,435	104,664
Cash and bank balances	9	600,483	532,790
		5,741,348	6,338,432
		28,838,605	29,049,446



Chief Executive



Director



Chief Financial Officer

	Note	Three months ended		Nine months ended	
		31 March 2019 Rupees'000	31 March 2018 Rupees'000	31 March 2019 Rupees'000	31 March 2018 Rupees'000
Turnover - net	10	5,212,959	5,545,571	15,644,101	15,814,059
Cost of sales	11	(4,114,778)	(4,045,367)	(11,498,084)	(12,085,723)
Gross profit		1,098,181	1,500,204	4,146,017	3,728,336
Distribution cost		(62,762)	(72,064)	(183,482)	(192,055)
Administrative expenses		(102,446)	(98,582)	(294,834)	(272,983)
Other operating expenses		(65,132)	(90,556)	(254,894)	(227,954)
Finance cost		(21,867)	(46,583)	(75,248)	(120,521)
Other income	12	37,955	36,541	121,283	71,690
Profit before taxation		883,929	1,228,960	3,458,842	2,986,513
- Current		(310,405)	(287,814)	(1,122,490)	(892,568)
- Deferred		42,954	(86,778)	103,922	28,221
Income tax expense		(267,451)	(374,592)	(1,018,568)	(864,347)
Profit for the period		616,478	854,368	2,440,274	2,122,166
Earnings per share - basic & diluted (Rupees)		0.45	0.62	1.77	1.54

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		Nine months ended	
	31 March 2019 Rupees'000	31 March 2018 Rupees'000	31 March 2019 Rupees'000	31 March 2018 Rupees'000
Profit for the period	616,478	854,368	2,440,274	2,122,166
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	616,478	854,368	2,440,274	2,122,166

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



Chief Executive



Director



Chief Financial Officer

	31 March 2019 Rupees'000	31 March 2018 Rupees'000
Cash flows from operating activities		
Profit before tax	3,458,842	2,986,513
Adjustments for:		
Depreciation	1,135,548	1,032,721
Provision for compensated absences	36,639	28,291
Workers' (Profit) Participation Fund including interest and Workers' Welfare Fund	254,793	228,152
Finance cost (excluding interest on WPPF)	75,169	120,143
Gain on disposal of property, plant and equipment	(16,966)	(10,331)
Interest income	-	(8,544)
	1,485,183	1,390,432
Operating cash flows before working capital changes	4,944,025	4,376,945
Decrease / (increase) in working capital		
Stores, spares and loose tools	27,617	(348,229)
Stock in trade	(110,662)	(195,621)
Trade debts	543,219	(240,644)
Advances	(539)	48,039
Trade deposits, short term prepayments and balance with statutory authority	31,629	(163,393)
Other receivables	95,229	(1,301)
Trade and other payables	412,100	544,870
Accrued liabilities	75,638	(8,165)
Security deposits	43,013	46,041
Advances from customers	75,559	14,127
Payable to employees' provident fund trust	2,069	886
	1,194,872	(303,390)
Cash generated from operations	6,138,897	4,073,555
Compensated absences paid	(34,861)	(28,728)
Payment to Workers' (Profit) Participation Fund	(60,471)	(21,369)
Taxes paid	(1,044,206)	(1,317,351)
Net cash from operating activities	4,999,359	2,706,107
Cash flows from investing activities		
Additions to property, plant and equipment	(1,527,417)	(1,788,358)
Proceeds from disposal of property, plant and equipment	22,592	10,481
Insurance claim received	-	585,346
Interest received on bank deposits	-	9,638
Net cash used in investing activities	(1,504,825)	(1,182,893)
Cash flows from financing activities		
Repayment of long term financing	(426,177)	(426,177)
Dividend paid on ordinary shares	(1,447,993)	(1,239,418)
Finance cost paid	(92,967)	(136,075)
Net cash used in financing activities	(1,967,137)	(1,801,670)
Net increase / (decrease) in cash and cash equivalents	1,527,397	(278,456)
Cash and cash equivalents at beginning of the period	(1,110,644)	205,396
Cash and cash equivalents at end of the period	416,753	(73,060)
Cash and cash equivalents comprise of the following:		
Cash and bank balances	600,483	429,073
Short term running finance	(183,730)	(502,133)
	416,753	(73,060)

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



Chief Executive



Director



Chief Financial Officer

	Share capital	Discount on issue of shares	Rupees'000		Total
			Revenue reserve	Un-appropriated profit	
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	-	-	2,122,166		2,122,166
Other comprehensive income for the period	-	-	-		-
Total comprehensive income for the period	-	-	2,122,166		2,122,166
Transactions with owners of the Company					
Distributions:					
Final dividend 2017 @ Rs 0.90 per share	-	-	(1,241,834)		(1,241,834)
Total transactions with owners of the Company	-	-	(1,241,834)		(1,241,834)
Balance at 31 March 2018	13,798,150	(1,364,385)	8,127,692		20,561,457
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	-	-	2,440,274		2,440,274
Other comprehensive income for the period	-	-	-		-
Total comprehensive income for the period	-	-	2,440,274		2,440,274
Transactions with owners of the Company					
Distributions:					
Final dividend 2018 @ Rs 1.00 per share	-	-	(1,379,815)		(1,379,815)
Interim Dividend 2019 @ Rs 0.75 per share	-	-	(1,034,861)		(1,034,861)
Total transactions with owners of the Company	-	-	(2,414,676)		(2,414,676)
Balance at 31 March 2019	13,798,150	(1,364,385)	8,080,773		20,514,538

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 geographical location and address of the Company's business units, including plant is as under:

- 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 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 nine months period ended 31 March 2018.

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

3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

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

	Un-audited 31 March 2019	Audited 30 June 2018
	Rupees'000	Rupees'000
- From banking companies (conventional banks)		
Term finance facilities - secured	1,094,477	1,532,868
Finance cost for the period / year	53,926	79,650
Less: finance cost paid during the period / year	(71,726)	(91,864)
Less: repayments during the period / year	(426,177)	(426,177)
	650,500	1,094,477
Net balance		
At period / year end	650,500	1,094,477
Less: current portion of long term loan	(332,665)	(456,284)
	317,835	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 valuing Rs. 422 million (30 June 2018: Rs. 711 million).

7.2.2 The Company has capital commitments of Rs. 363 million (30 June 2018: Rs. 286 million).

8 PROPERTY, PLANT AND EQUIPMENT

	Un-audited 31 March 2019 Rupees'000	Audited 30 June 2018 Rupees'000
Opening book value	22,624,413	22,003,943
Additions during the period / year	1,527,417	2,038,195
Written down value of disposals	(5,626)	(451)
Depreciation for the period / year	(1,135,548)	(1,417,274)
Closing book value	23,010,656	22,624,413

9 CASH AND BANK BALANCES

Cash at bank		
Deposit accounts - conventional banks	268,435	202,385
Deposit accounts - islamic banks	210,378	102,092
Current accounts - conventional banks	120,769	228,102
Current accounts - islamic banks	338	1
	599,920	532,580
Cash in hand	563	210
	600,483	532,790

10 TURNOVER - NET	Three months ended		Nine months ended	
	31 March 2019 Rupees'000	31 March 2018 Rupees'000	31 March 2019 Rupees'000	31 March 2018 Rupees'000
The disaggregation of turnover from contracts with customers is as follows:				
Sales - Local	7,245,437	7,705,062	21,136,768	21,005,906
- Export	148,850	201,468	982,521	1,104,561
	7,394,287	7,906,530	22,119,289	22,110,467
Less: - Sales tax	1,140,912	1,249,965	3,353,003	3,382,740
- Excise duty	1,039,923	1,110,495	3,119,424	2,910,872
- Export development surcharge	493	499	2,761	2,796
	2,181,328	2,360,959	6,475,188	6,296,408
	5,212,959	5,545,571	15,644,101	15,814,059

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		Nine months ended	
	31 March 2019 Rupees'000	31 March 2018 Rupees'000	31 March 2019 Rupees'000	31 March 2018 Rupees'000
Raw material consumed	242,393	389,252	974,001	877,132
Packing material consumed	289,586	271,328	851,723	716,649
Stores and spares consumed	22,056	12,375	48,415	39,697
Salaries, wages and benefits	398,609	365,047	1,055,446	959,747
Rent, rates and taxes	6,419	6,537	18,980	18,606
Insurance	12,522	32,261	36,721	96,899
Fuel consumed	1,241,282	1,766,287	4,586,248	3,641,548
Power consumed	520,797	680,337	1,789,057	1,881,200
Depreciation	369,837	347,200	1,119,019	1,017,807
Repairs and maintenance	295,803	178,317	730,725	447,978
Technical assistance	22,398	217	40,586	1,771
Printing and stationery	1,056	648	4,854	2,706
Traveling and conveyance	12,240	10,296	36,798	25,564
Vehicle running and maintenance expenses	5,261	3,529	15,563	12,030
Other directly attributable expenses	10,633	11,011	37,400	35,150
Water conservancy charges	146,972	-	219,762	-
Clinker purchased	-	-	-	2,462,662
	3,597,864	4,074,642	11,565,298	12,237,146
Add: Opening work-in-process	1,310,387	846,858	808,315	693,604
Less: Closing work-in-process	(883,675)	(889,814)	(883,675)	(889,814)
Cost of goods manufactured	4,024,576	4,031,686	11,489,938	12,040,936
Add: Opening finished goods	263,298	189,977	186,546	232,036
Less: Closing finished goods	(171,922)	(173,124)	(171,922)	(173,124)
Less: Own consumption capitalized	(1,174)	(3,172)	(6,478)	(14,125)
	4,114,778	4,045,367	11,498,084	12,085,723

During the period raw material consumed and fuel consumed increased 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		Nine months ended	
	31 March 2019 Rupees'000	31 March 2018 Rupees'000	31 March 2019 Rupees'000	31 March 2018 Rupees'000
Income from financial assets				
Income from deposits				
- Conventional banks	14,937	2,818	37,151	8,094
- Islamic banks	5,550	7	8,532	450
	20,487	2,825	45,683	8,544
Income from non-financial assets				
Gain on disposal of property, plant and equipment	-	-	16,966	10,332
Other income	17,468	33,716	58,634	52,814
	37,955	36,541	121,283	71,690

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:

	Nine months ended	
	31 March 2019 Rupees'000	31 March 2018 Rupees'000
Transactions and balances with related parties		
Fauji Foundation		
Sale of cement	6,186	4,083
Advance against sale of cement	1,989	655 *
Donation paid through Fauji Foundation	4,000	1,000
Payment of rent and utilities	11,920	11,037
Payment for use of medical facilities	817	900
Payable against use of medical facilities	-	102 *
Payment on account of clearance of shipments	114	140
Dividend paid on ordinary shares	543,650	489,285
Dividend payable on ordinary shares	407,738	- *
Askari Bank Limited		
Balance held at bank accounts	859	73 *
Profit received on bank accounts	182	89
Fauji Fertilizer Company Limited		
Dividend paid on ordinary shares	93,750	84,375
Dividend payable on ordinary shares	70,312	- *
Fauji Fertilizer Bin Qasim Limited		
Dividend paid on ordinary shares	18,750	16,875
Dividend payable on ordinary shares	14,062	- *
Training fee paid	-	17
Fauji Oil Terminal and Distribution Company Limited		
Dividend paid on ordinary shares	18,750	16,875
Dividend payable on ordinary shares	14,062	- *
Foundation University		
Donation paid	-	500
Payment for use of medical facilities	32	32
Askari Cement Limited		
Payments on account of purchase of clinker	-	14,304
Payments made into Employees' Provident Fund	36,520	33,184
Directors' fee	1,790	1,870
Remuneration including benefits and perquisites to Chief Executive	17,969	16,384
Remuneration including benefits and perquisites to key management personnel (other than Chief Executive)	46,149	38,924

* 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 carrying 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 March 2019									
Financial assets not measured at fair value									
14.1.1									
Long term deposits		-	86,601	-	86,601	-	-	-	-
Trade debts		-	625,124	-	-	-	-	-	-
Trade deposits		-	12,020	-	12,020	-	-	-	-
Other receivables		-	9,435	-	9,435	-	-	-	-
Cash and bank balances		-	600,483	-	600,483	-	-	-	-
		-	1,333,663	-	1,333,663	-	-	-	-
Financial liabilities not measured at fair value									
14.1.1									
Long term borrowings (including current portion)		-	650,500	-	650,500	-	-	-	-
Creditors		-	647,412	-	647,412	-	-	-	-
Accrued liabilities		-	648,985	-	648,985	-	-	-	-
Retention money		-	74,512	-	74,512	-	-	-	-
Security deposits		-	219,352	-	219,352	-	-	-	-
Dividend payable		-	1,034,861	-	1,034,861	-	-	-	-
Unclaimed dividend		-	43,383	-	43,383	-	-	-	-
Other liabilities		-	127,428	-	127,428	-	-	-	-
Provision for compensated absences		-	83,061	-	83,061	-	-	-	-
Short term running finance		-	183,730	-	183,730	-	-	-	-
		-	3,713,224	-	3,713,224	-	-	-	-

[illegible]

	2019	2018
Long term borrowings (including current portion)	-	-
- Creditors	1,094,477	1,094,477
- Accrued liabilities	532,310	532,310
- Retention money	573,347	573,347
- Security deposits	170,721	170,721
- Other liabilities	176,339	176,339
- Unclaimed dividend	118,843	118,843
- Provision for compensated absences	111,561	111,561
- Short term running finance	81,285	81,285
	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 April 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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