

FAUJI CEMENT COMPANY LIMITED
Fauji Towers, Block-III, 68 Tipu Road, Chaklala, Rawalpindi, Pakistan

Fax No	: 051-9280416	Office	: 051-9280075
E-mail	: secretaryoffice@fccl.com.pk	Exchange	: 051-9280081-83
Website	: http://www.fccl.com.pk		: 5763321-24
Case No	: SECY/FCCL/2037/30	Dated	: 28 February 2022

To: Manager, Companies & Securities Compliance - RAD
Pakistan Stock Exchange Limited (PSX)
Stock Exchange Building
Stock Exchange Road Karachi-74000

Subject: **Transmission of Half Yearly Accounts for the Period Ended 31st Dec 2021**

Reference: Section 237 of Companies Act 2017, PSX Notice no PSX/N-4403 dated 26th July 2018 and PSX Notice no PSX/N-4952 dated 29th August 2018.

Dear Sir,

1. In compliance with above referred regulations, Half Yearly Report of Company for the period ended 31st December 2021 has been transmitted to PSX through **PUCARS** on 28th February 2022 and is also available on Company's website. 15 x Hard copies of this Report will be submitted to PSX as per timeline indicated in above referred Notice of Pakistan Stock Exchange.
2. You may inform the TRE Certificate Holders of the Pakistan Stock Exchange accordingly, please.

With regards,

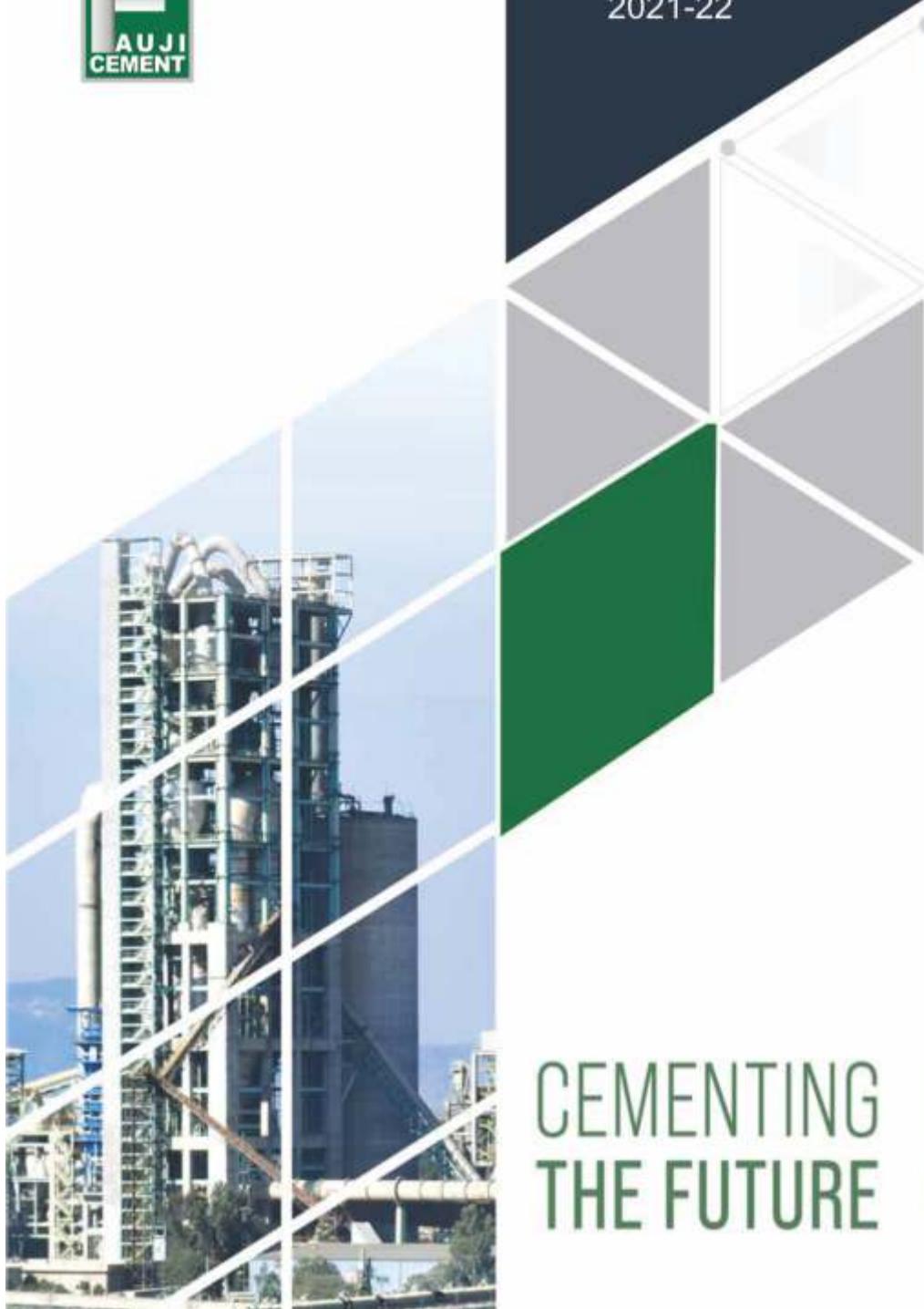



Your's sincerely,
Brig Abid Hussain Bhatti, SI(M), (Retd)
Company Secretary

- Copy to:
- Company Law Division
Corporatization & Compliance Department
Securities and Exchange Commission of Pakistan
NIC Building, 63-Jinnah Avenue, Blue Area, Islamabad
 - Additional Registrar
Company Registration Office, SECP
State Life Building, 7 Blue Area, Islamabad
 - Mr. Hafiz Maqsood Munshi
Manager, Companies & Securities Compliance - RAD
Pakistan Stock Exchange Limited (PSX)
Stock Exchange Building
Stock Exchange Road Karachi-74000
 - Mr. Badiuddin Akbar
Chief Compliance & Risk Officer
Central Depository Company of Pakistan Limited
CDC House, 99 B-B, Block B.S.M.C.H.S
Main Shahrah-e-Faisal, Karachi -74400
 - Share Registrar, M/s Corplink (Pvt) Ltd, Wing Arcade,
1-K, Commercial, Model Town, Lahore



Half Yearly Report
2021-22



CEMENTING
THE FUTURE

آزادی قیمتی ہے



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SAVING TO CORRUPTION

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Board of Directors

Mr. Waqar Ahmed Malik	- Chairman
Mr. Qamar Haris Manzoor	- CEO/MD
Dr. Nadeem Inayat	- Director
Maj Gen Naseer Ali Khan, HI(M), (Retd)	- Director
Syed Bakhtiyar Kazmi	- Director
Mr. Sami ul Haq Khilji	- Independent Director
Mr. Tariq Ahmad Khan	- Independent Director
Ms. Naila Kassim	- Independent Director

Company Secretary

Brig Abid Hussain Bhatti, SI(M), (Retd)
 Fauji Towers, Block-III, 68 Tipu Road,
 Chaklala, Rawalpindi
 Tel No. +92-51-9280075
 Fax: +92-51-9280416
 Email: abid.hussain@fccl.com.pk

Chief Financial Officer

Mr. Omer Ashraf
 Tel No. +92-51-5500157
 Email: omer@fccl.com.pk

Marketing & Sales Department

Brig Aziz ul Hassan Usmani, SI(M), (Retd)
 GM (Marketing & Sales)
 4th Floor, AWT Plaza, The Mall, Rawalpindi-Pakistan
 Tel No. +92-51-5523836.
 +092-051-5528963-64,
 Fax No. +92-51-5528965-66
 Email: adminmkt@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 No. +92-51-282-3558
 Fax No. +92-51-2822671

Legal Advisors

M/s ORR Dignam & Co Advocate
 Marina Height, 2nd Floor,
 109 East Jinnah Avenue,
 Islamabad
 Tel No. +92-51-2260517-8
 Fax No. +92-51-2260653

Shares Registrar

M/s CorpLink (Pvt) Limited
 Wings Arcade, 1-K, Commercial,
 Model Town, Lahore
 Tel No. +92-42-35916714-19 &
 +92-42-35869037
 Fax No. +92-42-35869037
 Email: corpLink786@yahoo.com

Supply Chain Management Department

Syed Kamran Hassan
 GM (Supply Chain Management)
 Tel No. +92-51-9281549
 Fax No. +92-51-9280416
 Email: kamran.hassan@fccl.com.pk

Human Resource Department

Brig Abdul Jabbar, SI(M), (Retd)
 GM (Human Resource & Admin)
 Tel No. +92-51-9280084
 Fax No. +92-51-9280416
 Email: abdul.jabbar@fccl.com.pk

Email for E-Filing & E-Services

Email: secretaryoffice@fccl.com.pk

Factory

Fauji Cement Company Limited
 Near Village Jhang Bahtar,
 Tehsil Fateh Jang, District Attock
 Tel Exchange: +92-572-538047-48,
 +92-572-2538138
 Fax No. +92-572-538025
 Website <http://www.fccl.com.pk>

Registered Office

Fauji Cement Company Limited
 Fauji Towers, Block III, 68 Tipu Road,
 Chaklala, Rawalpindi
 Tel No. +92-51-9280081-83,
 +92-51-5763321-24
 Fax No. +92-51-9280416
 Website <http://www.fccl.com.pk>

Audit Committee

Mr. Tariq Ahmad Khan	-	Chairman
Dr. Nadeem Inayat	-	Member
Syed Bakhtiyar Kazmi	-	Member
Maj Gen Naseer Ali Khan HI(M), (Retd)	-	Member
Ms. Naila Kassim	-	Member
Brig Abid Hussain Bhatti, SI(M), (Retd)	-	Secretary

Human Resource & Remuneration (HR&R) Committee

Ms. Naila Kassim	-	Chairperson
Dr. Nadeem Inayat	-	Member
Mr. Sami ul Haq Khilji	-	Member
Brig Abid Hussain Bhatti, SI(M), (Retd)	-	Secretary

Investment Committee

Dr. Nadeem Inayat	-	Chairman
Mr. Qamar Haris Manzoor	-	Member
Maj Gen Naseer Ali Khan HI(M), (Retd)	-	Member
Mr. Sami ul Haq Khilji	-	Member
Brig Abid Hussain Bhatti, SI(M), (Retd)	-	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 (Pak) Limited
- National Bank of Pakistan
- Silk Bank Limited
- Bank of Punjab
- Faysal Bank Limited
- Bank Al-Habib Limited
- Al-Baraka Bank Pakistan Limited
- Bank Islami Pakistan Limited
- Habib Metropolitan Bank Limited

Directors' Review

1. The Board of Directors are pleased to present their Review Report along with the condensed interim financial statements of the Company, for the Half Year ended 31st December 2021, duly reviewed by the external auditors.

2. **Overview – Cement Industry.**

Domestic dispatches have shown a stable growth in 1st half of FY 22, although a lot slower than the close of FY 21. Exports on the other hand have been adversely impacted due to a phenomenal rise in International Coal prices and sea freights. Afghanistan exports have also been much slower due to the ongoing political uncertainty. Thus exports have contributed to the Industry witnessing an overall decline of 4% in dispatches as shown in the table below. The capacity utilization was recorded at 79% during the period as compared to 83% in corresponding period last year.

S/No	Dispatches	FY 22	FY 21	Variance	Variance (%)
		(Million Tons)			
a.	Local	24.06	23.61	0.45	2
b.	Exports	3.39	5.02	(1.63)	(32)
c.	Total	27.45	28.63	(1.18)	(4)

3. **Overview - The Company.** During the review period, the Company's capacity utilization was recorded at 97% compared to last year's 100%. The Company's continuous efforts on cost optimization and better retention prices resulted in improved profitability.

The Breakup of dispatches during the review period and corresponding period of last year are as under:-

S/No	Dispatches	FY 22	FY 21	Variance (Million Tons)	Variance (%)
		(Million Tons)			
a.	Local	1.65	1.65	Nil	Nil
b.	Exports	0.07	0.13	(0.06)	(46)
c.	Total	1.72	1.78	(0.06)	(3.4)

Production statistics are as under:-

S/No	Particulars	FY 22	FY 21
a.	Cement Production (Tons)	1,714,235	1,789,309
b.	Clinker Production (Tons)	1,712,274	1,654,986

4. **Financial Performance.** Key financial results of Company for the review period and their comparison with the same period of last year are tabulated below:-

S/No	Particulars	FY 22	FY 21
		Rs.000	Rs.000
a.	Sales Revenue	15,244,548	11,610,729
b.	Gross Profit	4,467,484	2,717,687
c.	EBIT	3,743,300	2,216,249
d.	PAT	2,828,284	1,600,829
e.	Earnings Per Share -Rs.	2.05	1.16

5. **Future Outlook.** Going forward, the Local cement demand is expected to remain stable with the start of summer season. Exports to Afghanistan are dependent on the improvement in the overall economic and political situation and the inflow of funds. On the cost side, increasing fuel and power prices would keep the pressure on the margins of the company.

6. **Acknowledgement.** The Board of Directors would like to express their appreciation to all the employees and management of the Company for their hard work resulting in a positive outcome during 1st half of FY 22. The Board would also like to extend their gratitude to all the stakeholders in their ongoing support to the Company.

On behalf of the Board of Directors

Waqar Ahmed Malik
Chairman Board of Directors, FCCL
Rawalpindi
21st February 2022

Qamar Haris Manzoor
Chief Executive & Managing Director

4۔ مالی کارکرگی: زیرِ چاہزہ دورانے میں کمپنی کے مالی حسابات کے کلیدی نتائج اور گذشتہ برس کے اسی دورانے کے حسابات

کاموواز نہ پیچہ دیا گیا ہے:

نمبر شمار تفصیل

مالی سال 2021 (Rs.000)	مالی سال 2022 (Rs.000)	
11,610,729	15,244,548	الف۔ فوخت سے حاصل شدہ کل آمدنی
2,717,687	4,467,484	ب۔ کل منافع
2,216,249	3,743,300	ج۔ قبل از ٹکس منافع
1,600,829	2,828,284	د۔ بعد از ٹکس صافی منافع
1.16	2.05	ہ۔ فی حصہ (شیئر) آمدی (روپے میں)

6۔ مسقبل کا حافظہ آنے والے دنوں میں گریبوں کے آغاز کے ساتھ تو قع ہے کہ سینٹ کی مقامی طلب میں استحکام برقرار رہے گا۔ افغانستان کو برآمدات کا اختصار جمیع اقتصادی اور سیاسی صورت حال کی بہتری اور فیڈز کی دستیابی پر ہے۔ لاغت کے حوالے سے ایندھن اور بھلی کی بڑھتی ہوئی قیمتیں کمپنی کی شرح منافع کو باہمیں کھھیں گی۔

7۔ اظہار تنگر ڈائرکٹران کا یہ بورڈ کمپنی کے ملازمین اور انتظامیہ کو خراج تحسین پیش کرتا ہے جن کی محنت کے باعث مالی سال 2022 کی پہلی شش ماہی میں ثابت نتائج سامنے آئے ہیں۔ بورڈ کمپنی کے تمام متعلقین کے لیے بھی تنگر کا اظہار کرتا ہے جن کا مسلسل تعاوین کمپنی کو حاصل ہے۔

بورڈ آف ڈائرکٹرز کی نیابت سے

قریار احمد ملک

چیف ایگزیکٹو وینچرچ ڈائرکٹر

چیئرمین بورڈ آف ڈائرکٹرز فوجی سینٹ کمپنی لمبیڈ

راولپنڈی
21 فوری 2022

ڈاائزریکٹرز کی جائزہ رپورٹ

1۔ بورڈ آف ڈاائزریکٹرز پر جائزہ رپورٹ پیش کرنے میں مسrt محسوس کرتے ہیں جس میں 31 دسمبر 2021 کو مکمل ہونے والی شش ماہی تک کمپنی کے مالی حسابات کی مختصر عبوری معلومات شامل ہیں جو یہ دونی آڈیٹریز سے باقاعدہ پڑتاں شدہ ہیں۔

2۔ **عمومی جائزہ - سینٹ کی صنعت:** مالی سال 2022 کی پہلی شش ماہی میں مقامی فروخت میں ایک مسلسل اضافہ لیکھنے میں آیا ہے اگرچہ اس سے بہت کم ہے جیسا مالی سال 2021 کے اختتام پر تھا۔ دوسری جانب کوئی قیمتیں اور بحری نقش و حمل کے کرایوں میں غیر معمولی اضافے کے باعث برآمدات پر منفی اثرات مرتب ہوئے ہیں۔ افغانستان کی برآمدات میں بھی کمی دکھنی گئی ہے جس کی وجہ والی کی غیر تلقینی سیاسی صورت حال ہے۔ اس بنا پر برآمدات کی وجہ سے سینٹ کی صنعت کو جمیع طور پر 4 فیصد کی کاسامنا کرنا پڑا ہے جیسا کہ نیچے دیے گئے جدول میں دکھایا گیا ہے۔ پیداواری صلاحیت کے استعمال کی شرح 79 فیصد ری ہجور گذشتہ سال کے اسی دورانیے میں 83 فیصد تھی۔

سینٹ کی صنعت کی جمیع فروخت کی تفصیل درج ذیل ہے:

نمبر شمار	فروخت	مالی سال 2021 (میں ٹن)	مالی سال 2022 (میں ٹن)	فرق (%)
الف	مقامی	24.06	23.61	2
ب	برآمدات	3.39	5.02	(32)
ج	میزان	27.45	28.63	(4)

3۔ **عمومی جائزہ - فوجی سینٹ کمپنی:** کمپنی کی پیداواری صلاحیت کے استعمال کی شرح 97 فیصد ری ہجور گذشتہ بر س اسی دورانیے میں 100 فیصد تھی۔ لگات میں کی اور بہتر شرح منافع کمپنی کے بہتر منافع کی صورت میں سامنے آیا ہے۔ اس شش ماہی میں اور گذشتہ بر س اسی دورانیے میں ہونے والی کمپنی کی سینٹ کی جمیع تر سیلات کا متوسط درج ذیل ہے:

نمبر شمار	فروخت	مالی سال 2021 (میں ٹن)	مالی سال 2022 (میں ٹن)	فرق (%)
الف	مقامی	1.65	1.65	Nil
ب	برآمدات	0.07	0.13	(46)
ج	میزان	1.72	1.78	(3.4)

پیداوار کے اعداد و شمار درج ذیل ہیں:

نمبر شمار	تفصیل	مالی سال 2021	مالی سال 2022
الف۔	سینٹ کی پیداوار (ٹن میں)	1,789,309	1,714,235
ب۔	کلنکر کی پیداوار (ٹن میں)	1,654,986	1,712,274

INDEPENDENT AUDITORS' REVIEW REPORT

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 2021 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 months' period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

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

Conclusion

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

Other matter

The figures for the quarter ended 31 December 2021 and 31 December 2020 in the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is Riaz Pesnani.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
Date: 23 February 2022

UDIN: RR202110115LH7OTzjsY

	Note	Un-audited 31 December 2021 Rupees'000	Audited 30 June 2021 Rupees'000
EQUITY			
Share capital and reserves			
Share capital	4	13,798,150	13,798,150
Discount on issue of shares		(1,364,385)	(1,364,385)
Hedging reserve		134,482	-
Unappropriated profits		13,670,190	10,841,906
Total equity		26,238,437	23,275,671
LIABILITIES			
Non-current liabilities			
Long term loans - secured	5	323,377	491,502
Employee benefits		89,451	82,380
Lease liability		57,018	73,593
Deferred government grant		12,341	22,261
Deferred tax liabilities - net		3,900,039	3,960,489
		4,382,226	4,630,225
Current liabilities			
Trade and other payables		2,153,754	1,822,642
Accrued liabilities		1,799,893	1,554,895
Security deposits payable		267,992	260,652
Contract liabilities		340,082	435,097
Employee benefits - current portion		38,553	20,862
Payable to employees' provident fund trust		16,184	10,714
Unclaimed dividend		37,158	38,479
Short term borrowings	6	1,888,447	1,616,787
Current portion of lease liability		42,516	24,686
Current portion of long term loans	5	370,551	361,521
Provision for taxation - net		214,792	-
		7,169,922	6,146,335
TOTAL EQUITY AND LIABILITIES		37,790,585	34,052,231

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Statement of Financial Position
As At 31 December 2021

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	Note	Un-audited 31 December 2021 Rupees'000	Audited 30 June 2021 Rupees'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	21,392,071	21,422,215
Right of use asset		75,711	89,334
Long term deposits		102,574	86,601
Long term investment	9	61,720	15,349
		21,632,076	21,613,499
Current assets			
Stores, spares and loose tools		4,428,358	4,250,754
Stock in trade		2,131,264	1,189,198
Trade debts		1,466,170	1,449,600
Advances		69,752	45,593
Trade deposits and short term prepayments		325,425	26,147
Advance tax - net		-	90,073
Other receivables		33,876	88,890
Derivative financial instrument	10	134,482	-
Short term investments	11	5,330,394	4,397,699
Cash and bank balances	12	2,238,788	900,778
		16,158,509	12,438,732
TOTAL ASSETS		37,790,585	34,052,231


Chief Executive Officer


Director


Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Un-Audited)
For the Six Months Period Ended 31 December 2021

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Half Yearly Report 2021-22

	Note	Three months ended		Six months ended	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		Rupees'000	Rupees'000	Rupees'000	Rupees'000
Revenue - net	13	8,308,819	6,109,741	15,244,548	11,610,729
Cost of sales	14	(5,951,293)	(4,580,460)	(10,777,064)	(8,893,042)
Gross profit		2,357,526	1,529,281	4,467,484	2,717,687
Other income		34,983	8,587	43,690	7,725
Selling and distribution expenses		(58,861)	(45,904)	(109,418)	(93,440)
Administrative expenses		(217,502)	(150,821)	(367,119)	(253,887)
Other expenses		(154,363)	(91,385)	(291,337)	(161,836)
Operating profit		1,961,783	1,249,758	3,743,300	2,216,249
Finance cost		(31,267)	(33,007)	(58,010)	(62,666)
Finance income		126,406	20,427	230,570	39,710
Net finance income/ (cost)		95,139	(12,580)	172,560	(22,956)
Share of loss of associate		(3,629)	-	(3,629)	-
Profit before taxation		2,053,293	1,237,178	3,912,231	2,193,293
Income tax expense		(583,634)	(331,933)	(1,083,947)	(592,464)
Profit for the period		1,469,659	905,245	2,828,284	1,600,829
Earnings per share - basic & diluted (Rupees)		1.07	0.66	2.05	1.16

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Six Months Period Ended 31 December 2021

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	Three months ended		Six months ended	
	31 December 2021 Rupees'000	31 December 2020 Rupees'000	31 December 2021 Rupees'000	31 December 2020 Rupees'000
Profit for the period	1,469,659	905,245	2,828,284	1,600,829
Other comprehensive income for the period	-	-	-	-
Equity accounted investee - share of other comprehensive income	-	-	-	-
Effective portion of fair value of cash flow hedge	134,482	-	134,482	-
Total comprehensive income for the period	1,604,141	905,245	2,962,766	1,600,829

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

Condensed Interim Statement of Cash Flows (Un-Audited)
For the Six Months Period Ended 31 December 2021

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	31 December 2021 Rupees'000	31 December 2020 Rupees'000
Cash flows from operating activities		
Profit before tax	3,912,231	2,193,293
Adjustments for:		
Depreciation	715,808	707,068
Depreciation on right of use asset	13,623	12,007
Provision for compensated absences	33,198	22,274
Workers' (Profit) Participation Fund including interest	210,506	117,745
Workers' Welfare Fund	78,317	43,866
Finance cost (excluding interest on WPPF)	57,724	62,666
Loss on disposal of property, plant and equipment	826	15,949
Share of loss of equity accounted investee-net of tax	3,629	-
Finance income	(244,792)	(52,977)
	868,839	928,598
Operating cash flows before working capital changes	4,781,070	3,121,891
Changes in		
Stores, spares and loose tools	(177,604)	421,370
Stock in trade	(942,066)	(44,886)
Trade debts	(16,570)	196,331
Advances	(24,159)	3,457
Trade deposits and short term prepayments	(299,278)	(5,145)
Other receivables	55,014	(44,565)
Trade and other payables	159,832	(313,484)
Accrued liabilities	244,998	144,502
Security deposits payable	7,340	(10,291)
Contract liabilities	(95,015)	65,661
Payable to employees' provident fund trust	5,470	1,308
	(1,082,038)	414,258
Cash generated from operations	3,699,032	3,536,149
Compensated absences paid	(8,436)	(10,060)
Payment to Workers' (Profit) Participation Fund	(24,335)	-
Taxes paid	(932,743)	(454,332)
Net cash generated from operating activities	2,733,518	3,071,757
Cash flows from investing activities		
Additions in property, plant and equipment	(687,843)	(468,388)
Long term deposits	(15,973)	-
Advance against issue of shares	(50,000)	-
Short term investments - net	(714,778)	(1,299,368)
Proceeds from disposal of property, plant and equipment	1,354	51,674
Interest received on bank deposits	9,673	21,404
	(1,457,567)	(1,694,678)
Net cash used in investing activities		
Cash flows from financing activities		
Repayment of long term loans	(166,401)	(105,945)
Disbursements from new long term loans	-	573,392
Lease payment	(4,012)	(22,308)
Dividend paid on ordinary shares	(1,321)	(910)
Finance cost paid	(37,867)	(42,000)
Net cash (used in) / generated from financing activities	(209,601)	402,229
Net increase in cash and cash equivalents	1,066,350	1,779,308
Cash and cash equivalents at beginning of the period	(716,009)	(1,307,993)
Cash and cash equivalents at end of the period	350,341	471,315
Cash and cash equivalents comprise of the following:		
Cash and bank balances	2,238,788	933,907
Short term borrowings	(1,888,447)	(462,592)
	350,341	471,315

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

	Share capital Ordinary shares	Discount on issue of shares	Capital reserve Hedging reserve	Revenue reserve Unappropriated profit	Total
Rupees'000					
Balance at 01 July 2020	13,798,150	(1,364,385)	-	7,370,555	19,804,320
Total comprehensive income for the period					
Profit for the period	-	-	-	1,600,829	1,600,829
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,600,829	1,600,829
Balance at 31 December 2020	13,798,150	(1,364,385)	-	8,971,384	21,405,149
Balance at 01 July 2021	13,798,150	(1,364,385)	-	10,841,906	23,275,671
Total comprehensive income for the period					
Profit for the period	-	-	-	2,828,284	2,828,284
Other comprehensive income for the period	-	-	134,482	-	134,482
Total comprehensive income for the period	-	-	134,482	2,828,284	2,962,766
Balance at 31 December 2021	13,798,150	(1,364,385)	134,482	13,670,190	26,238,437

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

1 STATUS AND NATURE OF BUSINESS

1.1 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.

1.2 The Company is in the process of setting up a Greenfield Cement Manufacturing Plant with the production capacity of 2.05 million tons per annum at Dera Ghazi Khan. For this purpose, the Company has entered into agreements with M/s Hefei Cement Research & Design Institute Corporation Limited for supply of offshore equipment and M/s Sinoma Handan Engineering Company Private Limited for construction related services. Refer Note 7.2 for detail of commitments in this regard.

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 2021. Comparative statement of financial position is extracted from audited annual financial statements as of 30 June 2021 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 unaudited condensed interim financial statements for the six months period ended 31 December 2020. These condensed interim financial statements are unaudited and are being submitted to the members as required under Section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.

3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the financial statements for the year ended 30 June 2021, except as disclosed in 3.1.1.

3.1.1 **Derivative financial instruments and hedging activities**

The Company holds derivative financial instruments to hedge its foreign currency risk exposures. On initial designation of the hedge, the Company formally documents the risk management objectives and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedging instrument(s) and the hedged item(s), including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

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

Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised and presented in the hedging reserve in equity. The amount recognised in equity is removed and included in profit or loss in the same period as the hedged items affect profit or loss. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when the asset is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

3.2 Significant accounting judgments and estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements of the Company for the year ended 30 June 2021.

3.3 Standards, interpretations and amendments to approved accounting and reporting standards that are not yet effective

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 2022:

- Amendments to IAS 37 Onerous Contracts - Cost of fulfilling a contract (effective 01 January 2022)
- Amendments to IFRS 9, IFRS 16 and IAS 41 Annual Improvements to IFRS Standards 2018-2020 (effective 01 January 2022)
- Amendments to IAS 16 Proceeds before intended use (effective 01 January 2022)
- Amendments to IFRS 03: Reference to the Conceptual Framework (effective 01 January 2022)

-Amendments to IAS 1 Classification of liabilities as current or non-current and disclosure of accounting policies	(effective 01 January 2022)
-Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies	(effective 01 January 2022)
-Amendments to IAS 8 Definition of accounting estimates	(effective 01 January 2022)
-Amendments to IAS 12 Deferred tax related to Assets and Liabilities arising from a Single Transaction	(effective 01 January 2022)
-Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its Associate or Joint Venture	(effective 01 January 2022)

The above amendments are not likely to have an impact on the Company's condensed interim financial statements.

4 SHARE CAPITAL

There is no change in authorised and issued, subscribed and paid up share capital of the Company from 30 June 2021.

5	LONG TERM LOANS- secured	Note	Un-audited		Audited 30 June 2021 Rupees'000
			31 December 2021	Rupees'000	
- From banking companies (conventional banks)					
	Term finance facilities - secured	5.1	704,150		870,551
	Less: Current portion shown under current liabilities	5.2	(368,432)		(356,788)
	Deferred government grant		(12,341)		(22,261)
			323,377		491,502
5.1	Movement in this account during the period/ year is as follows:				
	Opening balance		870,551		729,180
	Loans received during the period / year		-		625,610
	Principal repayment during the period / year		(166,401)		(484,239)
	Closing balance		704,150		870,551
5.2	Current Portion				
	Current portion of long term loans		368,432		356,788
	Markup accrued		2,119		4,733
			370,551		361,521

5.3 The markup rates and securities offered are the same as disclosed in the annual audited financial statements of the Company for the year ended 30 June 2021.

6 SHORT TERM BORROWINGS

The markup rates, facility limits, securities offered are the same as disclosed in the annual audited financial statements of the Company for the year ended 30 June 2021.

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 2021 except as follows:

a) For the period from 01 July 2014 to 30 June 2016, DCIR raised demand of sales tax amounting to Rs. 400 million through order dated 11 August 2021 by disallowing the rightfully claimed input sales tax during aforesaid period. The Company has filed an appeal before CIR

(Appeals) against the order of DCIR where the case is pending for adjudication. Based on expert opinion, management is confident of favorable outcome.

b) For tax year 2015, DCIR raised a demand of income tax amounting to Rs. 535 million through order dated 30 June 2021 by alleging the Company that it has suppressed its production. The DCIR's decision is based on an assumed ratio of lime stone consumption per unit of cement produced without considering the actual norms of production. The Company has filed an appeal before the CIR (Appeals) where the case is pending for adjudication. Based on expert opinion, management is confident of favorable outcome.

7.2 Commitments

7.2.1 The Company has opened Letters of Credit for the import of plant and machinery and spare parts amounting to Rs. 20,062 million (30 June 2021: Rs. 18,812 million).

7.2.2 The Company has capital commitments of Rs. 23,421 million (30 June 2021: Rs 19,400 million) related to expansion project.

	Note	Un-audited		Audited 30 June 2021 Rupees'000
		31 December 2021	Rupees'000	
8 PROPERTY, PLANT AND EQUIPMENT				
Opening book value		21,422,215		22,065,172
Additions during the period / year		687,843		1,007,205
Written down value of disposals		(2,179)		(49,814)
Written down value of write off		-		(26,316)
Depreciation for the period / year		(715,808)		(1,574,032)
Closing book value		21,392,071		21,422,215
9 LONG TERM INVESTMENT				
Equity accounted investment		9,879		15,349
Advance against issue of shares	9.1	50,000		-
		59,879		15,349

9.1 This represents advance for further issue of shares to Foundation Solar Energy (Pvt) Limited.

10 DERIVATIVE FINANCIAL INSTRUMENT

This represents foreign exchange forward contracts entered into by the Company to hedge its foreign currency exposure related to payments of expansion project and are stated at fair value. Fair value of these instruments is determined by using mark to market exchange rates prevailing on the statement of financial position date and represents the present value of expected cashflows on settlement date.

11 SHORT TERM INVESTMENTS

These represent investments in open ended mutual funds and are measured at fair value through profit or loss. Fair value of these investments are determined using quoted repurchase price.

12 CASH AND BANK BALANCES

Cash at bank

	Un-audited 31 December 2021 Rupees'000	Audited 30 June 2021 Rupees'000
Deposit accounts	215,081	196,796
Current accounts	63,507	703,772
Term deposit receipts	1,960,000	-
	2,238,588	900,568
Cash in hand	200	210
	2,238,788	900,778

13 REVENUE - NET

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

	Three months ended		Six months ended	
	31 December 2021 Rupees'000	31 December 2020 Rupees'000	31 December 2021 Rupees'000	31 December 2020 Rupees'000
Sales - Local	11,244,279	8,356,782	20,578,482	15,886,729
- Export	113,319	341,930	360,911	691,445
	11,357,598	8,698,712	20,939,393	16,578,174
Less: - Sales tax	1,749,816	1,310,005	3,213,983	2,491,776
- Excise duty	1,298,599	1,278,029	2,479,745	2,473,801
- Export development surcharge	364	937	1,117	1,868
	3,048,779	2,588,971	5,694,845	4,967,445
	8,308,819	6,109,741	15,244,548	11,610,729

	Three months ended		Six months ended	
	31 December 2021 Rupees'000	31 December 2020 Rupees'000	31 December 2021 Rupees'000	31 December 2020 Rupees'000
14 COST OF SALES				
Raw material consumed	513,851	512,424	993,482	949,860
Packing material consumed	385,713	329,014	756,978	649,839
Stores and spares consumed	12,508	13,068	21,944	23,760
Salaries, wages and benefits	449,637	391,351	841,112	765,789
Rent, rates and taxes	9,423	7,106	17,906	13,755
Insurance	34,135	34,672	67,656	69,283
Fuel consumed	2,995,073	1,876,847	5,421,213	3,489,372
Power consumed	968,635	834,560	1,841,993	1,459,008
Depreciation	352,452	349,042	704,280	698,255
Repairs and maintenance	171,715	159,529	346,337	365,554
Technical assistance	469	404	2,334	628
Printing and stationery	933	768	1,526	1,139
Traveling and conveyance	9,205	8,085	18,357	17,136
Vehicle running and maintenance expenses	4,290	3,395	8,633	9,149
Communication, establishment and other expenses	18,521	7,146	37,686	15,178
Water conservancy charges	56,870	66,024	133,787	135,300
	5,983,430	4,593,435	11,215,224	8,663,005
Add: Opening work-in-process	1,082,818	684,753	629,288	779,940
Less: Closing work-in-process	(1,476,554)	(811,954)	(1,476,554)	(811,954)
Cost of goods manufactured	5,589,694	4,466,234	10,367,958	8,630,991
Add: Opening finished goods	254,660	142,104	146,340	138,345
Less: Closing finished goods	(141,241)	(188,168)	(141,241)	(188,168)
	5,703,113	4,420,170	10,373,057	8,581,168
Less: Own consumption capitalized	-	(368)	-	(376)
Cost to complete the contract - Freight charges	248,180	160,658	404,007	312,250
	5,951,293	4,580,460	10,777,064	8,893,042

15 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 2021 Rupees'000	31 December 2020 Rupees'000
Transactions and balances with related parties		
Fauji Foundation		
Sale of cement	23,539	2,620
Advance against sale of cement	4,493	- *
Donation paid through Fauji Foundation	1,520	-
Payment of rent and utilities	3,246	23,849
Payable against utilities	1,796	- *
Payment against cost re-charged	55,425	18,751
Payable against cost re-charged	-	15,224 *
Payment for use of medical facilities	1,063	1,308
Payable against use of medical facilities	161	326 *
Transactions with other related parties		
Amount charged to Askari Cement Limited against shared services/materials	715,701	54,262
Payable to Askari Cement Limited against expenses incurred	-	18,003 *
Payment to Foundation Solar Energy (Pvt) Limited against issue of shares	50,000	-
Payment to Foundation Solar Energy (Pvt) Limited against solar power plant	-	167,401
Balance at Askari Bank Limited (AKBL)	1,200,178	204,732 *
Profit earned from AKBL	2,656	266
Profit receivable from AKBL	2,221	- *
Payable against supply of crude oil to Mari Petroleum Company Limited	106,126	106,126 *
Refund against security money to Mari Petroleum Company Limited	1,000	-
Payments made into Employees' Provident Fund	31,240	29,279
Directors' fee	4,850	1,800
Remuneration paid including benefits and perquisites to Chief Executive	15,523	9,109
Remuneration paid including benefits and perquisites to key management personnel (other than Chief Executive)	50,751	39,080

* This represents balance as at 30 June 2021

16 FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT

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

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The

quoted market prices used for financial assets held by the Company is current bid price. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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

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

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

On-balance sheet financial instruments 31 December 2021	Carrying amount			Fair value				
	Amortized Cost	FVTPL	FVOCI	Total	Level 1	Level 2	Level 3	Total
Rupees '000								
Financial assets not measured at fair value								
Trade debts - net of impairment loss	1,466,170	-	-	1,466,170	-	-	-	-
Other receivables	33,876	-	-	33,876	-	-	-	-
Cash and bank balances	2,238,788	-	-	2,238,788	-	-	-	-
	3,738,834	=	=	3,738,834	=	=	=	=
Financial assets measured at fair value								
Long term deposits	-	102,574	-	102,574	-	-	102,574	102,574
Trade deposits	-	11,465	-	11,465	-	-	11,465	11,465
Derivative financial instrument	-	134,482	-	134,482	-	134,482	-	134,482
Short term investments	-	5,330,394	-	5,330,394	5,330,394	-	-	5,330,394
	5,444,433	134,482	=	5,578,915	5,330,394	134,482	=	5,578,915
Financial liabilities not measured at fair value								
Long term loans (including current portion)	693,928	-	-	693,928	-	-	-	-
Lease liability (including current portion)	99,534	-	-	99,534	-	-	-	-
Creditors	1,040,587	-	-	1,040,587	-	-	-	-
Retention money	22,751	-	-	22,751	-	-	-	-
Other liabilities	203,965	-	-	203,965	-	-	-	-
Payable to employees; provident fund trust	16,184	-	-	16,184	-	-	-	-
Accrued liabilities	1,799,893	-	-	1,799,893	-	-	-	-
Security deposits payable	267,992	-	-	267,992	-	-	-	-
Undrawn dividend	37,158	-	-	37,158	-	-	-	-
Short term borrowings	1,888,447	-	-	1,888,447	-	-	-	-
	6,070,439	=	=	6,070,439	=	=	=	=

On-balance sheet financial instruments	Amortized Cost	Carrying amount FVTPL	FVOCI	Total	Fair value		
					Level 1	Level 2	Level 3
<u>30 June 2021</u>							
					Rupees '000		
Financial assets not measured at fair value							
Trade debts - net of impairment loss	1,449,600	-	-	1,449,600	-	-	-
Other receivables	88,890	-	-	88,890	-	-	-
Cash and bank balances	900,778	-	-	900,778	-	-	-
	<u>2,439,268</u>	<u>=</u>	<u>=</u>	<u>2,439,268</u>	<u>=</u>	<u>=</u>	<u>=</u>
Financial assets measured at fair value							
Long term deposits	-	86,601	-	86,601	-	-	-
Trade deposits	-	19,335	-	13,265	-	86,601	86,601
Derivative financial instrument	-	-	-	-	-	13,265	13,265
Short term investments	-	4,397,699	-	4,397,699	-	-	-
	<u>4,503,635</u>	<u>=</u>	<u>=</u>	<u>4,497,555</u>	<u>=</u>	<u>=</u>	<u>=</u>
	<u>4,502,240</u>	<u>=</u>	<u>=</u>	<u>4,397,699</u>	<u>=</u>	<u>=</u>	<u>=</u>
					<u>99,856</u>	<u>=</u>	<u>=</u>
					<u>4,497,555</u>	<u>=</u>	<u>=</u>
Financial liabilities not measured at fair value							
Long term loans (including current portion)	853,023	-	-	853,023	-	-	-
Lease liability (including current portion)	98,279	-	-	98,279	-	-	-
Creditors	863,038	-	-	863,038	-	-	-
Retention money	32,691	-	-	32,691	-	-	-
Other liabilities	173,682	-	-	173,682	-	-	-
Accrued liabilities	10,714	-	-	10,714	-	-	-
Payable to employees' provident fund trust	1,554,895	-	-	1,554,895	-	-	-
Security deposits payable	260,652	-	-	260,652	-	-	-
Unclaimed dividend	38,479	-	-	38,479	-	-	-
Short term borrowings	1,616,787	-	-	1,616,787	-	-	-
	<u>1,616,787</u>	<u>=</u>	<u>=</u>	<u>5,502,240</u>	<u>=</u>	<u>=</u>	<u>=</u>

17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 21 February 2022.

18 GENERAL

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



Chief Executive Officer



Director



Chief Financial Officer



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