FECTO CEMENT LIMITED

Half Yearly Report
December 2013

Contents

Corporate Information

BOARD OF DIRECTORS	**CHAIRPERSON** Mrs. Zubeda Bai CHIEF EXECUTIVE Mr. Mohammed Yasin Fecto DIRECTORS Mr. Mohammed Asad Fecto Mr. Ijaz Ali Mr. Safdar Abbas Morawala Mr. Altaf A Hussain Mr. Aamir Ghani Mr. Mohammed Anwar Habib Mr. Rohail Ajmal { Nominee of Saudi Pak Industrial & Agricultural Invest. Co. Ltd.}
AUDIT COMMITTEE	**Chairman:** Mr. Mohammed Anwar Habib **Members:** Mr. Mohammed Asad Fecto Mr. Safdar Abbas Morawala Mr. Altaf A. Hussain
HUMAN RESOURCE & REMUNERATION COMMITTEE	**Chairman:** Mr. Mohammed Asad Fecto **Members:** Mr. Aamir Ghani Mr. Mohammed Anwar Habib
SECRETARY	Mr. Abdul Samad, FCA
AUDITORS	KPMG Taseer Hadi & Co. Chartered Accountants
LEGAL ADVISOR	Nisar Law Associates 51, Mozang Road Lahore
REGISTERED OFFICE	35-Darulaman Housing Society Block 7/8, Shahra-e-Faisal Karachi-75350 Website http://www.fectogroup.com
FACTORY	Sangjani, Islamabad
MARKETING OFFICE	House No. 13, Najam Shaheed Street Atta ul Haq Road, Westrige-1 Rawalpindi
SHARE REGISTRAR	Technology Trade (Private) Limited 241-C, Block 2, P.E.C.H.S. Karachi

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, 2013.

OVERVIEW

During the half year under review, overall cement dispatches witnessed growth of 1.07 % as compared to same period last year. Local sales volume of the industry was 11.09 Million tons witnessing an increase of 2.13 % as compared to same period last year. Exports of the industry, however, reduced by 1.84 % with sales volume of 4.15 Million tons as against the export volume of 4.22 Million tons of same period last year. Overall dispatches of plants located in North part of the Country reduced by 0.62 % during half year under review mainly due to lesser exports which reduced by 13.18 % whereas local dispatches increased by 3.63% as compared to 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:

	Tonnes			
	Quarter ended		Half year ended	
Production:	**Dec 31, 2013**	**Dec 31, 2012**	**Dec 31, 2013**	**Dec 31, 2012**
Clinker	160,360	154,755	325,390	316,905
Cement	179,209	185,940	339,177	357,816
Dispatches:				
Local	119,573	121,614	225,062	225,562
Export	60,916	64,459	114,502	135,962
Total	180,489	186,073	339,564	361,524

During the period under review Production of clinker increased by 2.68 % however, production of cement reduced by 5.21 %.

Overall dispatches of your Company were decreased by 6.07 % as against 1.07 % growth of the industry. Local sales volume of the Company remained same whereas exports of the Company reduced by 15.78 % as compared to same period last year. Main reason for reduction in exports was depressed prices and lesser demand in Afghanistan due to winter and influx of cheap Iranian cement.

FINANCIAL PERFORMANCE

During the period under review, overall net sales revenue of the Company increased to Rs. 2327 Million as against the revenue of Rs. 2284 Million of same period last year thus depicting an increase of Rs. 43 Million which is 1.88 % despite reduction is sales volume by 6.07 %. This increase was achieved mainly because of improved prices in local market however; this increase was mitigated by reduced export prices and change in sales tax structure during the period under review whereby cement industry now require paying sales tax on retail price basis.

DIRECTORS' REVIEW

Cost of sales of the Company during period under review remained almost same despite reduction in production and sales volume. Cost per ton of both clinker and cement also increased as compared to same period last year mainly due to abnormal increase in electricity rates by the Government which resulted increase of around Rs. 400 per ton cost of cement. Coal prices in international market remained stable during the period under review.

Company during the period under review earned gross profit of Rs. 647 Million as against Rs. 598 Million of same period last year.

Distribution cost of the Company reduced due to lesser export volume resulting reduction in export expenses and commission to dealers of Afghanistan.

Finance cost was also reduced due to lesser utilization of short term facilities and principal repayment of loans.

Company during the period under review earned net profit before taxation of Rs. 381 Million as against Rs. 297 Million of same period last year. Deferred tax provision during the period resulted reduction in profit after taxation and accordingly Company achieved EPS of Rs. 6.32 per share and Rs.3.27 per share for the half year and quarter respectively as against EPS of Rs. 6.46 and Rs. 3.51 per share for the same periods last year.

DIVIDEND

The Board of Directors has approved an interim cash dividend @ 10% i.e. Re 1.00 per share.

FUTURE PROSPECTS

Local cement demand is expected to witness a growth of 5-6 % based on the dispatches of first 7 months of the current financial year with stable prices. Exports to Afghanistan are also expected to improve in second half of the year after finishing of winter season. Availability of power at affordable price, however, would continue to pose challenges for the plants connected to national grid. Company is taking energy efficiency measures to mitigate power issue and in this regard is in the process to have captive power plant to meet its energy requirements subject to arrangements of financing and completion of all required formalities.

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 FECTO
CHIEF EXECUTIVE

Karachi: February 26, 2014

Independent Auditors' Report to the 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 2013 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 and for the six months period ended 31 December 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended 31 December 2013 and 31 December 2012 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co.

Date: February 26, 2014

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amir Jamil Abbasi

Condensed Interim
as at

	Note	(Un-audited) 31 December 2013	(Audited) 30 June 2013
		(Rupees in '000)	
SHARE CAPITAL			
Authorised			
75,000,000 (30 June 2013: 75,000,000) ordinary shares of Rs. 10/- each		**750,000**	750,000
Issued, subscribed and paid-up			
50,160,000 (30 June 2013: 50,160,000) ordinary shares of Rs. 10/- each		**501,600**	501,600
GENERAL RESERVE		**550,000**	550,000
ACCUMULATED PROFIT		**1,099,247**	857,454
		2,150,847	1,909,054
NON-CURRENT LIABILITIES			
Long term financing - secured	6	**262,500**	125,000
Deferred taxation	7	**166,778**	117,979
		429,278	242,979
CURRENT LIABILITIES			
Short term borrowings - secured	8	**467,316**	463,847
Current maturity of long term liabilities		**125,000**	125,000
Trade and other payables	9	**555,445**	618,142
		1147,761	1,206,989
CONTINGENCIES AND COMMITMENTS	10		
		3,727,886	3,359,022

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Balance Sheet
31 December 2013

	Note	(Un-audited) 31 December 2013	(Audited) 30 June 2013
		(Rupees in '000)	
PROPERTY, PLANT AND EQUIPMENT			
Operating assets	11	**2,005,255**	2,051,702
Capital work in progress		**348**	-
		2,005,603	2,051,702
LONG TERM LOANS AND DEPOSITS		**25,826**	19,730
CURRENT ASSETS			
Stores and spares		**913,591**	874,058
Stock-in-trade	12	**552,590**	308,566
Trade debts - considered good		**16,365**	15,125
Loans, advances, deposits, prepayments and accrued mark-up	13	**95,805**	41,460
Cash and bank balances		**118,106**	48,381
		1,696,457	1,287,590
		3,727,886	3,359,022

(MOHAMMED YASIN FECTO)
Chief Executive

(MOHAMMED ASAD FECTO)
Director

Condensed Interim Profit & Loss Account (Un-Audited)
For the six months period ended 31 December 2013

	Note	Six months ended 31 December		Quarter ended31 December	
		2013	2012	2013	2012
		(Rupees in '000)			
Sales - net	14	**2,326,921**	2,284,146	**1,255,173**	1,202,785
Cost of sales	15	**(1,680,202)**	(1,686,618)	**(919,293)**	(895,202)
Gross profit		**646,719**	597,528	**335,880**	307,583
Administrative expenses		**(85,468)**	(76,614)	**(47,077)**	(36,202)
Distribution cost		**(107,237)**	(131,860)	**(56,330)**	(64,996)
Finance cost		**(51,449)**	(80,550)	**(24,987)**	(38,598)
Other income		**6,824**	10,894	**1,547**	1,144
		(237,330)	(278,130)	**(126,847)**	(138,652)
		409,389	319,398	**209,033**	168,931
Workers' funds		**(28,247)**	(22,039)	**(14,422)**	(11,657)
Profit before taxation		**381,142**	297,359	**194,611**	157,274
Provision for taxation					
- Current		**(15,310)**	(15,824)	**(8,223)**	(8,124)
- Deferred		**(48,799)**	42,277	**(22,153)**	27,115
		(64,109)	26,453	**(30,376)**	18,991
Profit after taxation		**317,033**	323,812	**164,235**	176,265
		(Rupees)			
Earnings per share - basic and diluted		**6.32**	6.46	**3.27**	3.51

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

(MOHAMMED YASIN FECTO)
Chief Executive

(MOHAMMED ASAD FECTO)
Director

Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the six months period ended 31 December 2013

	Six months ended 31 December		Quarter ended 31 December	
	2013	2012	2013	2012
	(Rupees in '000)			
Profit after taxation	**317,033**	323,812	**164,235**	176,265
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income for the period	**317,033**	323,812	**164,235**	176,265

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

(MOHAMMED YASIN FECTO)
Chief Executive

(MOHAMMED ASAD FECTO)
Director

Condensed Interim Cash Flow Statement (Un-Audited)
For the six months period ended 31 December 2013

	Note	2013	2012
		(Rupees in '000)	
Cash flows from operating activities			
Profit before taxation		**381,142**	297,359
Adjustments for:			
- Depreciation		**53,090**	54,347
- Gain on disposal of operating assets		**-**	(1,058)
- Finance cost		**51,449**	80,550
Operating profit before working capital changes		**485,681**	431,198
Working capital changes			
(Increase) in stores and spares		**(39,533)**	(64,593)
(Increase) / decrease in stock-in-trade		**(244,024)**	78,120
(Increase) / decrease in trade debts		**(1,240)**	10,858
Decrease in loans, advances, deposits, prepayments and accrued mark-up		**2,551**	27,564
(Decrease) in trade and other payables		**(106,225)**	(70,165)
Cash generated from operations		**97,210**	412,982
Income tax paid / deducted at source		**(72,206)**	(23,513)
Long term loans and deposits		**(6,096)**	4,125
Net cash generated from operating activities		**18,908**	393,594
Cash flows from investing activities			
Fixed capital expenditure		**(6,991)**	(12,629)
Sale proceeds of operating assets		**-**	1,700
Net cash used in investing activities		**(6,991)**	(10,929)
Cash flows from financing activities			
Finance cost paid		**(48,997)**	(115,568)
Repayment of long term financing		**(62,500)**	(100,000)
Disbursement of long term loan		**200,000**	-
Repayment of lease finance		**-**	(1,081)
Dividend paid		**(34,164)**	(23,080)
Net cash Generated from / (used in) financing activities		**54,339**	(239,729)
Net increase in cash and cash equivalents		**66,256**	142,936
Cash and cash equivalents at beginning of the period		**(15,466)**	(253,267)
Cash and cash equivalents at end of the period		**50,790**	(110,331)
Cash and cash equivalents:			
Cash and bank balances		**118,106**	84,681
Short term borrowings	8	**(67,316)**	(195,012)
		50,790	(110,331)

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

(MOHAMMED YASIN FECTO)
Chief Executive

(MOHAMMAD ASAD FECTO)
Director

Condensed Interim Statement of Changes in Equity (Un-Audited)
For the six months period ended 31 December 2013

	Share Capital	General Reserve	Accumulated Profit	Total
	(Rupees in '000)			
Balance as at 30 June 2012	501,600	50,000	824,464	1,376,064
Total comprehensive income for the six months period ended 31 December 2012	-	-	323,812	323,812
Transferred to General Reserve	-	500,000	(500,000)	-
Transactions with owners recorded directly in equity - Final cash dividend for the year ended 30 June 2012	-	-	(50,160)	(50,160)
Balance as at 31 December 2012	501,600	550,000	598,116	1,649,716
Total comprehensive income for the six months period ended 30 June 2013	-	-	259,338	259,338
Balance as at 30 June 2013	501,600	550,000	857,454	1,909,054
Total comprehensive income for the six months period ended 31 December 2013	-	-	317,033	317,033
Transactions with owners recorded directly in equity - Final cash dividend for the year ended 30 June 2013	-	-	(75,240)	(75,240)
Balance as at 31 December 2013	**501,600**	**550,000**	**1,099,247**	**2,150,847**

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

(MOHAMMED YASIN FECTO)
Chief Executive

(MOHAMMED ASAD FECTO)
Director

Notes to the Condensed Interim Financial Information (Un-Audited)
For the six months period ended 31 December 2013

1. STATUS AND NATURE OF BUSINESS

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, Shahrah-e-Faisal, Karachi, Sindh. Its shares are quoted on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in production and sale of cement.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

This Condensed interim financial information of the Company for the six months period ended 31 December 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and the provisions of and directives issued under Companies Ordinance, 1984. In case where requirements differ, the provisions and directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulation of Karachi, Lahore and Islamabad Stock Exchanges. However, a limited scope review has been carried out by the auditors. Further, the figures in the condensed interim financial information for the quarter ended 31 December 2013 and 31 December 2012 have not been reviewed by the auditors.

This condensed interim financial information does not include all the information required for full 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 30 June 2013.

The comparative balance sheet presented in this condensed interim financial information as at 31 December 2013 has been extracted from the audited financial statements of the Company for the year ended 30 June 2013, whereas the comparative profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement are extracted from the unaudited condensed interim financial information for the six months period ended 31 December 2012.

2.2 Functional and presentation currency

This condensed interim financial information is presented in Pakistani Rupees which is the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in preparation of the annual audited financial statements as at and for the year ended 30 June 2013 except as described below:

3.1 Change in accounting policies

3.1.1 Property, plant and equipment

Annual Improvements to IFRS 2009-2011 amended International Accounting Standard (IAS) 16 'Property, Plant and Equipment' to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of property, plant and equipment as in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, they are accounted for as consumable spares under IAS 2 'Inventories'. The change is effective for reporting periods starting on or after 1 January 2013.

As per the revised policy spare parts, stand-by equipment and servicing equipment which qualify as property, plant and equipment when an entity expects to use them during more than one year are classified as property, plant and equipment under category of capital spares.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim financial information 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 expenses. However, actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2013.

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 2013.

6. LONG TERM FINANCING - SECURED

		(Un-audited) 31 December 2013	(Audited) 30 June 2013
		(Rupees in '000)	
Pak Brunei Investment Company Limited	6.1	**200,000**	-
Diminishing Musharaka	6.2	**187,500**	250,000
		387,500	250,000
Less: Current Maturity of term loans		**(125,000)**	(125,000)
		262,500	125,000

6.1 Company has obtained a Term Finance facility of Rs. 200 million on December 31, 2013 from Pak Brunei Investment Company Limited to meet the requirement of coal fired power plant. Initially this will be a Bridge Finance facility for a period of two years with one year grace period with equal quarterly principal repayment in the second year. This will automatically be converted into seven years facility including two years grace period with equal quarterly principal repayment starting from the third year from the date of disbursement if and when the financial close of Syndicate led by National Bank of Pakistan and Askari Bank Limited is achieved. Mark up is payable quarterly at 3 months KIBOR plus 2.5% at the date of disbursement and will subsequently be revised on each installment date. The facility is secured by a registered first pari passu charge on all present and future fixed assets of the company up to Rs. 267 million.

6.2 Company has obtained Rs. 500 million under the diminishing musharaka basis from a syndicate led by Standard Chartered Bank (Pakistan) Limited to finance imported plant and machineries of Waste Heat Recovery Power Plant. Principal Amount is repayable in eight equal semi annual installments commenced from Aug 23, 2011. Mark up is payable semi annually at 6 months KIBOR plus 3% at the date of disbursement and will subsequently be revised on each installment date. The facility is secured by a registered first pari passu charge on all present and future fixed assets of the company up to Rs. 666.667 million.

7. DEFERRED TAXATION - net

	(Un-audited) 31 December 2013	(Audited) 30 June 2013
	(Rupees in '000)	
Deferred tax (asset) / liability comprises of (deductible) / taxable temporary differences in respect of the following:		
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation	**430,494**	448,400
	430,494	448,400
Deductible temporary difference arising in respect of:		
- Provision against slow moving and obsolete spares	**(3,570)**	(3,570)
- Available tax losses	**(260,146)**	(326,851)
	166,778	117,979

8. SHORT TERM BORROWINGS - secured

The Company has a total finance facility of Rs. 1,470 million (30 June 2013: Rs. 1,470 million) which includes Running Finance of Rs. 520 million, Export Refinance of Rs. 400 million and Finance Against imported Material of Rs. 550 million from various banks. These arrangements are secured by way of first pari passu charge over all the Company's movable and immovable properties and hypothecation of Company's stock-in-trade, stores and spares, book debts, machinery, pledge of coal and personal guarantee of sponsoring directors of the Company. The rate of mark-up ranges from 3 months KIBOR plus 1.75% - 3% (30 June 2013: 3 months KIBOR plus 1.75% - 3%) per annum except Export Re-Finance on which mark-up rate is 9.4% (30 June 2013: 9.4%) per annum. The facilities are available for various periods expiring upto 31 December 2014.

9. TRADE AND OTHER PAYABLES

	(Un-audited) 31 December 2013	(Audited) 30 June 2013
	(Rupees in '000)	
Creditors for Goods:		
- Other creditors	**48,309**	22,662
- Associated company	**46,413**	26,470
Bills payable	**103,281**	206,104
Accrued expenses	**65,607**	171,808
Workers' funds	**88,498**	60,252
Accrued mark-up - secured	**28,104**	25,652
Advances from customers	**45,221**	27,768
Deposits from dealers, contractors and suppliers	**10,457**	10,582
Royalty payable	**3,807**	1,206
Excise duty payable	**17,223**	16,058
Sales tax payable	**24,779**	26,594
Income tax Payable	**4,202**	1,770
Unclaimed dividend	**43,984**	3,225
Unpaid dividend	**581**	264
Other liabilities	**24,979**	17,727
	555,445	618,142

10. CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

The Competition Commission of Pakistan (the CCP) took Suo Moto action under Competition Commission Ordinance, 2007 and issued a Show Cause Notice on 28 October 2008 for increase in prices of cement across the country. Similar notices were also issued to All Pakistan Cement manufacturers Association (APCMA) and its member cement manufacturers. The Company filed a writ petition before the Honourable Lahore High Court (LHC), the LHC wide its order dated 24 August 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on 27 August 2009 and imposed a penalty of Rs. 174.063 million on the company. The Lahore High Court vide its order dated 31 August 2009 restrained the CCP from enforcing its order against the Company for the time being.

During the financial year ended 30 June 2010, the company has filed an appeal before the Honourable Supreme Court of Pakistan and Lahore High Court against the Order of the CCP dated 27 August 2009. The petition filed by the company and other cement manufacturers before the Lahore High Court are also pending for adjudication meanwhile order passed by the Lahore High Court on 31 August 2009 is still operative.

10.2 Commitments	(Un-audited) 31 December 2013	(Audited) 30 June 2013
	(Rupees in '000)	
Outstanding letters of credit	**174,659**	121,412

11. PROPERTY, PLANT AND EQUIPMENT

Opening written down value	**2,051,702**	2,136,402
Additions during the period / year - at cost		
- Buildings	**-**	10,102
- Furniture, fixture and equipments	**2,602**	2,062
- Motor vehicles	**4,041**	12,372
	6,643	24,536
Written down value of deletions during the period / year	**-**	(2,029)
Depreciation for the period / year	**(53,090)**	(107,207)
	(53,090)	(109,236)
Closing written down value	**2,005,255**	2,051,702

12. STOCK-IN-TRADE

Finished goods	**36,564**	35,338
Work-in-process	**255,563**	212,319
Raw material	**214,615**	36,461
Packing material	**45,848**	24,448
	552,590	308,566

13. LOANS, ADVANCES, DEPOSITS PREPAYMENTS AND ACCRUED MARK-UP

Current portion of long term loans and deposits-unsecured, considered good		**6,733**	6,581
Advances to Suppliers and contractors - unsecured, considered good		**10,398**	9,308
Margin against bank guarantee	13.1	**11,000**	11,000
Income Tax payments less provisions		**64,143**	7,247
Deposits		**-**	60
Prepayments		**3,518**	7,114
Accrued mark-up		**13**	150
		95,805	41,460

13.1 This represents Rs. 11 million (June 2013: Rs. 11 million) margin given to Silk bank Limited against the bank guarantee of Rs. 110 million (June 2013: Rs. 110 million) issued in favour of Sui Northern Gas Pipeline Ltd. as security for the payment of gas bill.

14. SALES - net

	Six months period ended	
	31 December 2013	31 December 2012
	(Un-audited) (Rupees in '000)	
Sales - Local	**2,005,784**	1,737,233
- Export	**731,070**	874,130
	2,736,854	2,611,363
Less:		
- Excise duty	**90,025**	90,225
- Sales tax	**322,624**	240,194
- Export rebate	**(2,716)**	(3,202)
	409,933	327,217
	2,326,921	2,284,146

15. COST OF SALES

	Six months ended 31 December		Quarter ended 31 December	
	2013	**2012**	**2013**	**2012**
	(Rupees in '000)			
Raw and packing material consumed:				
Opening stock	**60,910**	36,467	**137,185**	61,652
Purchases	**217,363**	178,520	**115,481**	103,719
Excavation cost	**233,965**	122,787	**131,432**	63,435
	512,238	337,774	**384,098**	228,806
Closing stock	**(260,463)**	(61,479)	**(260,463)**	(61,479)
	251,775	276,295	**123,635**	167,327
Fuel and power	**1,196,260**	1,041,718	**609,824**	511,930
Stores and spares consumed	**44,429**	67,655	**18,087**	26,603
Salaries, wages and benefits	**149,769**	120,397	**87,985**	60,550
Insurance	**13,101**	13,050	**6,551**	6,525
Repairs and maintenance	**3,147**	1,161	**1,500**	355
Depreciation	**38,764**	38,995	**19,370**	19,618
Other manufacturing overheads	**27,427**	24,215	**12,562**	12,348
	1,724,672	1,583,486	**879,514**	805,256
Opening work-in-process	**212,319**	154,007	**290,584**	153,247
Closing work-in-process	**(255,563)**	(63,535)	**(255,563)**	(63,535)
Cost of goods manufactured	**1,681,428**	1,673,958	**914,535**	894,968
Opening finished goods	**35,338**	37,025	**41,322**	24,599
Closing finished goods	**(36,564)**	(24,365)	**(36,564)**	(24,365)
	1,680,202	1,686,618	**919,293**	895,202

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of parties related to group companies (associated companies), directors, and their close family members, staff provident fund, executives and major shareholders of the Company. 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 the financial statements are as follows:

	(Un-audited) 31 December 2013	(Audited) 30 June 2013
	(Rupees in '000)	
Associated company (Frontier Paper Products (Private) Limited)		
Balance	**26,470**	54,479
Purchases during the period / year	**71,565**	155,277
Payments during the period / year	**(51,622)**	(183,286)
Balance at the end of the period / year	**46,413**	26,470
Outstanding Loan to Key Management personnel	**1,370**	1,010
Provident fund	**2,260**	1,167

Others	Six months ended 31 December 2013	Six months ended 31 December 2012	Quarter ended 31 December 2013	Quarter ended 31 December 2012
	(Rupees in '000)			
Contribution to employees' provident fund	**6,136**	6,385	**3,017**	3,156
Chief Executive's remuneration	**5,211**	3,606	**3,408**	1,803
Directors' fee and remuneration	**5,256**	3,646	**3,433**	1,818
Key management personnel remuneration (excluding Chief Executive and Directors)	**59,681**	49,981	**35,109**	25,199
Disbursement of advances to key management personnel	**1,000**	525	**1,000**	-
Repayment of advances by key management personnel	**705**	425	**550**	115

17. GENERAL

17.1 The Board of Directors in its meeting held on February 26, 2014 has approved an interim Cash Dividend of 10% i.e. Re. 1.00 Per Share (December 2012: Nil).

17.2 This condensed interim financial information was authorised for issue in the Board of Directors meeting held on February 26, 2014.

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

(MOHAMMED YASIN FECTO)
Chief Executive

(MOHAMMED ASAD FECTO)
Director

FECTO

فیکٹو

A NAME OF FAITH

BOOK POST

UNDER POSTAL CERTIFICATE

FECTO CEMENT LIMITED

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