Half Yearly Report
December 2014

FECTO CEMENT LIMITED

FECTO

A NAME OF FAITH

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 Investment 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 # 13, Najam Shaheed Street Atta ul Haq Road, Westridge-1 Rawalpindi	
SHARE REGISTRAR	Technology Trade (Private) Limited 241-C, Block 2, P.E.C.H.S. Karachi	

DIRECTORS' REVIEW

Your Directors are pleased to present before you their report together with Condensed Interim Financial Information and Auditors Review Report thereon for the half year ended December 31, 2014.

OVERVIEW OF THE INDUSTRY

During the half year under review, overall cement dispatches witnessed growth of 6.23% as compared to same period last year. Industry achieved total sales volume of 17.124 Million tons as against the total sales volume of 16.120 Million tons of same period last year. Local sales volume registered a healthy growth of 9.10% with sales volume of 13.065 Million tons as against sales volume of 11.975 Million tons of same period of last year. Exports however, reduced by 2.07% with sales volume of 4.06 Million tons as against the export volume of 4.15 Million tons of same period last year. Overall dispatches of plants located in North part of the Country increased by 6.05% during half year under review mainly due to lesser exports which reduced by 9.65% whereas local dispatches increased by 10.49% 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:

	Tones			
	Quarter ended		Half year ended	
	Dec 31, 2014	Dec 31, 2013	Dec 31, 2014	Dec 31, 2013
Production:				
Clinker	**183,655**	160,360	**344,785**	325,390
Cement	**187,954**	179,209	**351,993**	339,177
Dispatches:				
Local	**134,306**	119,573	**245,433**	225,062
Export	**52,412**	60,916	**103,925**	114,502
Total	**186,718**	180,489	**349,358**	339,564

During half year under review Production of clinker increased by 5.96% whereas, production of cement increased by 3.78% respectively.

Overall dispatches of your Company increased by 2.88% as against 6.23% growth of the industry mainly due to reduction in export volume by 9.23%, local sales volume of the Company, however, increased by 9.05% in line with industry.

FINANCIAL PERFORMANCE

During the period under review, overall net sales revenue of the Company increased to Rs. 2,394 Million as against the revenue of Rs. 2,327 Million of same period last year thus depicting an increase of Rs. 67.00 Million which is 2.88%. Local sales revenue of the Company increased by 10.37% and reached to Rs. 1,785 Million as against Rs. 1,593 Million of same period last year. This increase was result of 9.23% volumetric growth whereas 1.14% was due to improved retention prices. Increase in local sales was however, mitigated by reduced export volume and prices.

Cost of sales of the Company during period under review increased by 3.28% in line with increase in volume. Prices of coal in international markets reduced whereas per unit electricity cost increased due to imposition of surcharges by the Government. Salaries and wages cost increased due to annual increments.

Company during the period under review earned gross profit of Rs. 659 Million as against Rs. 647 Million of same period last year.

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

Finance cost was also reduced due to lesser utilization of short term facilities and reduction in mark up rates.

Deferred tax provision for the period under review increased to Rs. 77 Million as against Rs. 49 Million of same period last year.

Company during the period under review earned net profit before taxation of Rs. 285 Million as against Rs. 317 Million of same period last year. Deferred tax provision during the period under review resulted reduction in profit after taxation and accordingly Company achieved EPS of Rs. 5.67 per share and Rs. 2.42 per share for the half year and quarter respectively as against EPS of Rs. 6.32 and Rs. 3.27 per share for the same periods last years.

FUTURE PROSPECTS

Local cement demand is expected to further improve as historically in second half of the year off take of cement are always higher. Exports to Afghanistan are also expected to improve in second half of the year after finishing of winter season. Export prices are, however, expected to remain under pressure resulting reduction in retention prices. Prices of coal have seen some improvement in line with increase in oil price in the international markets.

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: 25 February 2015

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 2014 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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended 31 December 2014, have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co.

Date: 25 February 2015

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amir Jamil Abbasi

	Note	(Un-audited) 31 December 2014	(Audited) 30 June 2014
		(Rupees in '000)	
SHARE CAPITAL			
Authorised			
75,000,000 (30 June 2014: 75,000,000) ordinary shares of Rs. 10/- each		**750,000**	750,000
Issued, subscribed and paid-up			
50,160,000 (30 June 2014: 50,160,000) ordinary shares of Rs. 10/- each		**501,600**	501,600
GENERAL RESERVE		**550,000**	550,000
ACCUMULATED PROFIT		**1,536,780**	1,327,395
		2,588,380	2,378,995
NON-CURRENT LIABILITIES			
Long term financing	6	**120,000**	260,000
Deferred taxation	7	**322,143**	245,133
		442,143	505,133
CURRENT LIABILITIES			
Trade and other payables	8	**542,214**	461,480
Current maturity of long term liabilities		**280,000**	140,000
Short term borrowings	9	**417,423**	407,643
		1,239,637	1,009,123
CONTINGENCIES AND COMMITMENTS	10		
		4,270,160	3,893,251

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

Balance Sheet
31 December 2014

	Note	(Un-audited) 31 December 2014	(Audited) 30 June 2014
		(Rupees in '000)	
PROPERTY, PLANT AND EQUIPMENTS			
Operating assets	11	**1,993,245**	1,964,768
Capital work in progress		**348**	348
		1,993,593	1,965,116
LONG TERM LOANS AND DEPOSITS		**52,286**	25,720
CURRENT ASSETS			
Stores and spares		**938,548**	955,915
Stock-in-trade	12	**901,360**	637,343
Trade debts - considered good		**8,234**	16,527
Loans, advances, deposits, prepayments and accrued mark-up	13	**183,245**	137,278
Cash and bank balances		**192,894**	155,352
		2,224,281	1,902,415
		4,270,160	3,893,251

(MOHAMMED YASIN FECTO)
Chief Executive

(ROHAIL AJMAL)
Director

Condensed Interim Profit & Loss Account (Un-audited) for the six months period ended 31 December 2014

	Note	Six months ended 31 December 2014	Six months ended 31 December 2013	Quarter ended 31 December 2014	Quarter ended 31 December 2013
		(Rupees in '000)			
Sales - net	14	**2,394,141**	2,326,921	**1,278,188**	1,255,173
Cost of sales	15	**(1,735,374)**	(1,680,202)	**(971,928)**	(919,293)
Gross profit		**658,767**	646,719	**306,260**	335,880
Administrative expenses		**(105,707)**	(85,468)	**(52,996)**	(47,077)
Distribution cost		**(99,539)**	(107,237)	**(50,425)**	(56,330)
Finance cost		**(44,429)**	(51,449)	**(26,393)**	(24,987)
Other income		**5,098**	6,824	**2,120**	1,547
		(244,577)	(237,330)	**(127,694)**	(126,847)
		414,190	409,389	**178,566**	209,033
Workers' funds		**(28,579)**	(28,247)	**(12,321)**	(14,422)
Profit before taxation		**385,611**	381,142	**166,245**	194,611
Provision for taxation					
- Current		**(23,976)**	(15,310)	**(12,802)**	(8,223)
- Deferred		**(77,010)**	(48,799)	**(31,903)**	(22,153)
		(100,986)	(64,109)	**(44,705)**	(30,376)
Profit after taxation		**284,625**	317,033	**121,540**	164,235
Earnings per share - basic & diluted		**5.67**	6.32	**2.42**	3.27

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

(MOHAMMED YASIN FECTO)
Chief Executive

(ROHAIL AJMAL)
Director

Condensed Interim Statement of Comprehensive Income (un-audited)
for the six months period ended 31 December 2014

	Six months ended 31 December		Quarter ended 31 December	
	2014	2013	**2014**	2013
	(Rupees in '000)			
Profit after taxation	**284,625**	317,033	**121,540**	164,235
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**284,625**	317,033	**121,540**	164,235

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

(MOHAMMED YASIN FECTO)
Chief Executive

(ROHAIL AJMAL)
Director

Condensed Interim Cash Flow Statement (Un-audited)
for the six months period ended 31 December 2014

	2014	2013
	(Rupees in '000)	
Profit before taxation	**385,611**	381,142
Adjustments for:		
- Depreciation	**54,108**	53,090
- Gain on disposal of operating assets	**(45)**	-
- Finance cost	**44,429**	51,449
Operating profit before working capital changes	**484,103**	485,681
Decrease / (increase) in stores and spares	**17,367**	(39,533)
(Increase) in stock-in-trade	**(264,017)**	(244,024)
Decrease / (increase) in trade debts	**8,293**	(1,240)
(Increase) / Decrease in loans, advances, deposits, prepayments and accrued mark-up	**(34,121)**	2,551
Increase / (Decrease) in trade and other payables	**94,061**	(106,225)
Cash generated from operations	**305,686**	97,210
Income tax paid / deducted at source	**(35,821)**	(72,206)
Long term loans and deposits	**(26,566)**	(6,096)
Net cash generated from operating activities	**243,299**	18,908
Cash flows from investing activities		
Fixed capital expenditure	**(82,899)**	(6,991)
Sale proceeds of operating assets	**359**	-
Net cash used in investing activities	**(82,540)**	(6,991)
Cash flows from financing activities		
Finance cost paid	**(41,691)**	(48,997)
Repayment of long term financing	**-**	(62,500)
Disbursement of long term loan	**-**	200,000
Dividend paid	**(91,306)**	(34,164)
Net cash (used in) / Generated from financing activities	**(132,997)**	54,339
Net increase in cash and cash equivalents	**27,762**	66,256
Cash and cash equivalents at beginning of the period	**147,709**	(15,466)
Cash and cash equivalents at end of the period	**175,471**	50,790
Cash and cash equivalents:		
Cash and bank balances	**192,894**	118,106
Short term borrowings	**(17,423)**	(67,316)
	175,471	50,790

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

(MOHAMMED YASIN FECTO)
Chief Executive

(ROHAIL AJMAL)
Director

Condensed Interim Statement of Changes in Equity (Un-audited) for the six months period ended 31 December 2014

	Share capital	General reserve	Accumu-lated profit	Total
	(Rupees in '000)			
Balance as at 30 June 2013	501,600	550,000	857,454	1,909,054
Total comprehensive income for the six months 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
Total comprehensive income for the six months ended 30 June 2014	-	-	278,308	278,308
Transactions with owners recorded directly in equity Interim Cash dividend for the year ended 30 June 2014	-	-	(50,160)	(50,160)
Balance as at 30 June 2014	501,600	550,000	1,327,395	2,378,995
Total comprehensive income for the six months ended 31 December 2014	-	-	284,625	284,625
Transactions with owners recorded directly in equity Final Cash dividend for the year ended 30 June 2014	-	-	(75,240)	(75,240)
Balance as at 31 December 2014	**501,600**	**550,000**	**1,536,780**	**2,588,380**

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

(MOHAMMED YASIN FECTO)
Chief Executive

(ROHAIL AJMAL)
Director

Notes to the Condensed Interim Financial Information (Un-audited)
for the six months period ended 31 December 2014

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 2014 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 2014 and 31 December 2013 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 2014.

The comparative balance sheet presented in this condensed interim financial information as at 31 December 2014 has been extracted from the audited financial statements of the Company for the year ended 30 June 2014, 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 2013.

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 this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company as at and for the year ended 30 June 2014.

Amendments to certain existing accounting standards and new interpretations on approved accounting standards effective during the period were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company.

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 2014.

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 2014.

6. LONG TERM FINANCING - SECURED

		(Un-audited) 31 December 2014	(Audited) 30 June 2014
		(Rupees in '000)	
Pak Brunei Investment Company Limited	6.1	**200,000**	200,000
Saudi Pak Industrial and Agricultural Investment Company Limited	6.2	**200,000**	200,000
		400,000	400,000
Less: Current maturity of term loans		**(280,000)**	(140,000)
		120,000	260,000

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 15 MW 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 a Term Finance facility of Rs. 200 million on February 15, 2014 from Saudi Pak Industrial and Agricultural Investment Company Limited to re-profile the Waste Heat Recovery Power Plant dimishing Musharaka loan. This loan is repayable in three years including a grace period of six months in 5 equal semi-annual installments. 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.

7. DEFERRED TAXATION - net

	(Un-audited) 31 December 2014	(Audited) 30 June 2014
	(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	**406,860**	418,909
Deductible temporary differences arising in respect of:		
- Provision against slow moving and obsolete spares	**(3,570)**	(3,570)
- Available tax losses	**(81,147)**	(170,206)
	322,143	245,133

8. TRADE AND OTHER PAYABLES

Creditors for Goods:		
- Other creditors	**33,531**	32,231
- Associated company	**31,811**	40,457
Accrued expenses	**113,328**	97,218
Workers' funds	**107,975**	79,397
Accrued mark-up - secured	**12,963**	10,224
Advances from customers	**51,440**	26,199
Deposits from dealers, contractors and suppliers	**9,957**	9,932
Royalty payable	**4,441**	3,428
Excise duty payable	**20,440**	19,603
Income tax provision	**51,932**	34,412
Sales tax payable	**48,851**	30,981
Income tax Payable	**1,984**	2,201
Unclaimed dividend	**32,495**	48,571
Unpaid dividend	**290**	280
Other liabilities	**20,776**	26,346
	542,214	461,480

9. SHORT TERM BORROWINGS - secured

The Company has a total finance facility of Rs. 2,120 million (30 June 2014: Rs. 1,770 million) which includes Running Finance of Rs. 570 million, Export Refinance of Rs. 500 million and Finance Against imported Material and Murahbah /Istisna cum Wakala of Rs. 1,050 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 2014: 3 months KIBOR plus 1.75% - 3%) per annum except Export Re-Finance on which mark-up rate is 7.5% (30 June 2014: 9.4%) per annum. The facilities are available for various periods expiring upto 31 December 2015.

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 is 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 2014**	(Audited) 30 June 2014
	(Rupees in '000)	
Outstanding letters of credit	**64,211**	12,632

		(Un-audited) 31 December 2014	(Audited) 30 June 2014
		(Rupees in '000)	

11. PROPERTY, PLANT AND EQUIPMENT

Opening written down value		**1,964,768**	2,051,702
Additions during the period / year - at cost			
- Land		**63,730**	-
- Plant, machinery and equipments		**-**	1,155
- Quarry transport equipments		**-**	6,183
- Furniture, fixture and equipments		**-**	2,763
- Motor vehicles		**19,169**	9,494
		82,899	19,595
Written down value of deletions during the period / year		**(314)**	-
Depreciation for the period / year		**(54,108)**	(106,529)
		(54,422)	(106,529)
Closing written down value		**1,993,245**	1,964,768

12. STOCK-IN-TRADE

Finished goods		**44,634**	32,878
Work-in-process		**265,125**	219,874
Raw material		**552,734**	347,240
Packing material		**38,867**	37,351
		901,360	637,343

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

Current portion of long term loans and deposits-unsecured, considered good		**6,196**	7,051
Advances to Suppliers and contractors - unsecured, considered good		**17,701**	5,706
Margin against bank guarantee	13.1	**11,000**	11,000
Income Tax payments less provisions		**137,707**	108,342
Advance sales tax		**6,641**	3,468
Deposits		**35**	-
Prepayments		**3,956**	1,599
Accrued mark-up		**9**	112
		183,245	137,278

13.1 This represents Rs. 11 million (June 2014: Rs. 11 million) margin given to Silk Bank Limited against the bank guarantee of Rs. 110 million (June 2014: 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 2014	31 December 2013
		(Un-audited) (Rupees in '000)	
Sales - Local		**2,244,046**	2,005,784
Less:	Excise duty	**(104,318)**	(90,025)
	Sales tax	**(354,469)**	(322,624)
		(458,787)	(412,649)
		1,785,259	1,593,135
Sales - Export		**607,289**	731,070
	Export Rebate	**1,593**	2,716
		2,394,141	2,326,921

15. COST OF SALES

	Six months ended 31 December		Quarter ended 31 December	
	2014	2013	**2014**	2013
	(Rupees in '000)			
Raw and packing material consumed:				
Opening stock	**384,591**	60,910	**504,476**	137,185
Purchases	**187,680**	217,363	**106,921**	115,481
Excavation cost	**281,000**	233,965	**151,427**	131,432
	853,271	512,238	**762,824**	384,098
Closing stock	**(591,601)**	(260,463)	**(591,601)**	(260,463)
	261,670	251,775	**171,223**	123,635
Fuel and power	**1,218,953**	1,196,260	**653,560**	609,824
Stores and spares consumed	**51,186**	44,429	**35,823**	18,087
Salaries, wages and benefits	**172,322**	149,769	**89,674**	87,985
Insurance	**13,104**	13,101	**6,155**	6,551
Repairs and maintenance	**5,977**	3,147	**4,429**	1,500
Depreciation	**38,937**	38,764	**19,531**	19,370
Other manufacturing overheads	**30,233**	27,427	**14,744**	12,562
	1,792,382	1,724,672	**995,139**	879,514
Opening work-in-process	**219,874**	212,319	**247,129**	290,584
Closing work-in-process	**(265,126)**	(255,563)	**(265,126)**	(255,563)
Cost of goods manufactured	**1,747,130**	1,681,428	**977,142**	914,535
Opening finished goods	**32,878**	35,338	**39,420**	41,322
Closing finished goods	**(44,634)**	(36,564)	**(44,634)**	(36,564)
	1,735,374	1,680,202	**971,928**	919,293

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 2014	(Audited) 30 June 2014
Associated company (Frontier Paper Products (Private) Ltd.)	**(Rupees in '000)**	
Balance at the beginning of the period / year	**40,457**	26,470
Purchases during the period / year	**77,326**	159,206
Payments during the period / year	**(85,972)**	(145,219)
Balance at the end of the period / year	**31,811**	40,457
Outstanding Loan to Key Management personnel	**360**	1,049
Provident fund		
Provident Fund contribution payable	**2,536**	1,324

	Six months ended 31 December		Quarter ended 31 December	
	2014	2013	**2014**	2013
	(Rupees in '000)			
Others				
Contribution to employees' provident fund	**8,101**	6,136	**4,603**	3,017
Chief Executive's remuneration	**8,423**	5,211	**4,212**	3,408
Director's fee and remuneration	**8,463**	5,256	**4,252**	3,433
Key management personnel remuneration (excluding Chief Executive and Directors)	**81,680**	59,681	**47,700**	35,109
Disbursement of advances to key management personnel	**-**	1,000	**-**	1,000
Repayment of advances by key management personnel	**689**	705	**411**	550

17. GENERAL

17.1 This condensed interim financial information was authorised for issue in the Board of Directors meeting held on 25 February 2015

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

(MOHAMMED YASIN FECTO)
Chief Executive

(ROHAIL AJMAL)
Director

BOOK POST
UNDER POSTAL CERTIFICATE

FECTO CEMENT LIMITED
35, Darulaman Housing Society, Block 7 & 8
Shahra-e-Faisal, Karachi-75350
Phones : 34530120-2, 34530124