



Interim Report March 2016
FECTO CEMENT LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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. Khalid Yacoob
 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, Shakra-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 Un Audited Condensed Interim Financial information of the Company for the Quarter and Nine Months ended March 31, 2016.

OVERVIEW

During the first nine months of current financial year ending June 30, 2016, overall dispatches of the industry witnessed a growth of 9.97% as compared to same period last year with total sales volume of 28.35 million tons as against 25.78 million tons of same period last year. Local sales volume of the industry was of 23.95 million tons as against 20.34 million tons of same period last year witnessing an increase of 17.71%. On export side industry achieved sales volume of 4.40 million tons as against sales volume of 5.44 million tons of same period last year witnessing a negative growth of 19.02%. Plants located in North achieved overall volumetric growth of 11.26% mainly due to 16.40% growth in local sales volume whereas their exports reduced by 15.01%.

OPERATING PERFORMANCE

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

	Tons			
	Quarter ended		Nine months ended	
	31 March,		31 March,	
	2016	2015	2016	2015
Production:				
Clinker	182,110	138,972	497,136	483,757
Cement	182,257	156,002	543,552	507,995
Dispatches:				
Local	143,336	122,265	426,633	367,698
Export	42,868	33,589	118,876	137,514
Total	<u>186,204</u>	<u>155,854</u>	<u>545,509</u>	<u>505,212</u>

During the quarter production of clinker and cement increased by 31.04% and 16.83% respectively. Whereas, on nine months basis production of both clinker and cement increased by 2.76% and 7.00% respectively in comparison to same period last year.



Overall sales volume of the Company for the nine months increased by 7.98% as against growth of 9.97% of the industry, local sales volume of the Company increased by 16.03% whereas exports of the Company reduced by 13.55%. On quarter to quarter basis local sales volume increased by 17.23% whereas exports increased by 27.68%.

FINANCIAL PERFORMANCE

During the nine months period, net sales revenue of the Company increased to Rs. 3,731 Million as against the net sales revenue of Rs. 3,464 Million of same period last year thus registering an increase of Rs. 267 Million which is 7.71%. Net local sales revenue for the nine months period increased to Rs. 3,037 Million as against Rs. 2,664 Million of same period last year witnessing a growth of 14.00%. This growth was achieved mainly due to improved local sales volume which increased by 16.03%, however, prices reduced by 2.03%. Export revenue for the nine months period reduced by 13.20% as against reduction in volume by 13.55%. Export prices to Afghanistan during first half of the year remained better than same period last year, however, during the quarter under review prices remained under pressure resulting reduction in retention price.

Net sales revenue of the Company for the quarter increased to Rs. 1,240 Million as against the net sales revenue of Rs. 1,070 Million of same period last year with an increase of 170 Million which is 15.89% as against increase in volume by 19.47%. Local sales for the quarter increased to Rs. 1,011 Million as against Rs. 879 Million thus depicting an increase of 15.02% whereas export sales of the Company increased to Rs. 229 Million as against Rs. 190 Million of same period last year showing an increase of 20.53%.

Overall Cost of sales for the nine months remained same despite increase in volume; however it increased during the quarter. Fuel and power cost reduced to Rs. 1,440 Million as against Rs. 1,721 Million of same period last year, showing reduction of Rs. 281 Million which is 16.32% though production of clinker and cement both increased during the period.

Gross profit of the Company for the nine months and quarter increased to Rs. 1,204 Million and Rs. 416 Million respectively as against the gross profit of Rs. 936 Million and Rs. 277 Million for the same periods last year.

Administrative and distribution costs remained same, however, finance cost reduced substantially due to prepayment of term loans and lesser utilization of short term borrowings due to better liquidity.

Company earned profit before taxation of Rs. 845 Million and Rs. 307 Million during nine months and quarter respectively as against the profit before taxation of Rs. 528



Million and Rs. 143 Million of same periods last year.

Provision for current taxation increased to Rs. 240 Million during nine months periods as against Rs. 35 Million of same period last year. Company earned profit after taxation of Rs. 642 Million and Rs. 230 Million during nine months and quarter as against Rs. 386 Million and Rs. 101 Million of same periods last year.

Earning per share for the nine months and quarter was Rs. 12.79 and Rs. 4.58 as against the earning per share of Rs. 7.70 and Rs. 2.02 of same periods last year.

FUTURE PROSPECT

Local demand of cement is expected to continue its upward journey in last quarter of current financial year on the back of improved economic and construction activities coupled with initiation of projects under China Pakistan Economic Corridor (CPEC). Exports to Afghanistan may improve post winter but prices would remain depressed.

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: April 27, 2016



Condensed Interim as at

		Un-audited 31 March 2016 (Rupees in '000)	Audited 30 June 2015
	Note		
SHARE CAPITAL			
Authorised			
75,000,000 (30 June 2015: 75,000,000) ordinary shares of Rs. 10/- each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up			
50,160,000 (30 June 2015: 50,160,000) ordinary shares of Rs. 10/- each		501,600	501,600
GENERAL RESERVE		550,000	550,000
ACCUMULATED PROFIT		<u>2,009,576</u>	1,869,625
		3,061,176	<u>2,921,225</u>
NON-CURRENT LIABILITIES			
Long term financing	6	-	80,000
Deferred taxation	7	400,096	436,830
		400,096	516,830
CURRENT LIABILITIES			
Short term borrowings	8	-	200,000
Current maturity of long term liabilities		-	180,000
Trade and other payables	9	844,578	435,068
		844,578	815,068
CONTINGENCIES AND COMMITMENTS	10	<u>4,305,850</u>	<u>4,253,123</u>

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



Balance Sheet

31 March 2016

	Un-audited 31 March 2016	Audited 30 June 2015
Note	(Rupees in '000)	
PROPERTY, PLANT AND EQUIPMENT		
Operating assets	11 1,885,441	1,957,505
Capital work in progress	5,288	3,640
	1,890,729	1,961,145
LONG TERM LOANS AND DEPOSITS	9,395	11,857
CURRENT ASSETS		
Stores and spares	12 940,346	824,561
Stock-in-trade	981,283	1,062,162
Trade debts - considered good	131,776	13,549
Loans, advances, deposits, prepayments and accrued markup	13 57,505	159,399
Cash and bank balances	294,816	220,450
	2,405,726	2,280,121
	4,305,850	4,253,123



(MOHAMMED YASIN FECTO)
Chief Executive



(MOHAMMED ANWAR HABIB)
Director



Condensed Interim Profit & Loss Account (Un-audited) For the nine months period ended 31 March 2016

	Note	Nine months ended 31 March,		Quarter ended 31 March,	
		2016	2015	2016	2015
----- (Rupees in '000) -----					
Sales - net	14	3,731,126	3,463,677	1,239,563	1,069,536
Cost of sales	15	(2,526,664)	(2,527,583)	(823,465)	(792,208)
Gross profit		1,204,462	936,094	416,098	277,328
Administrative expenses		(182,998)	(180,534)	(55,098)	(74,827)
Distribution cost		(112,513)	(130,946)	(32,040)	(31,407)
Finance cost		(11,911)	(68,978)	(2,665)	(24,549)
Other income		10,662	11,804	3,459	6,706
		(296,760)	(368,654)	(86,344)	(124,077)
		907,702	567,440	329,754	153,251
Workers' funds		(62,632)	(39,153)	(22,754)	(10,574)
Profit before taxation		845,070	528,287	307,000	142,677
Provision for taxation					
- Current		(240,253)	(34,690)	(86,495)	(10,714)
- Deferred		36,734	(107,510)	9,332	(30,499)
		(203,519)	(142,200)	(77,163)	(41,213)
Profit after taxation		641,551	386,087	229,837	101,464
----- (Rupees) -----					
Earnings per share					
- basic & diluted		12.79	7.70	4.58	2.02

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




(MOHAMMED YASIN FECTO)
Chief Executive


(MOHAMMED ANWAR HABIB)
Director

Condensed Interim Statement of Comprehensive
Income (un-audited)
For the nine months period ended 31 March 2016

	Nine months ended 31 March,		Quarter ended 31 March,	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Profit after taxation	641,551	386,087	229,837	101,464
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>641,551</u>	<u>386,087</u>	<u>229,837</u>	<u>101,464</u>

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



(MOHAMMED YASIN FECTO)
Chief Executive



(MOHAMMED ANWAR HABIB)
Director



Condensed Interim Cash Flow Statement (Un-audited) For the nine months period ended 31 March 2016

	Nine months ended 31 March,	
	2016	2015
	(Rupees in '000)	
Profit before taxation	845,070	528,287
Adjustments for:		
- Depreciation	84,738	81,290
- Provision for bad debts	3,484	-
- Gain on disposal of operating assets	(200)	(4,098)
- Finance cost	11,911	68,978
Operating profit before working capital changes	945,003	674,457
(Increase) / decrease in stores and spares	(115,785)	92,626
Decrease / (Increase) in stock-in-trade	80,879	(307,395)
(Increase) / Decrease in trade debts	(121,712)	2,824
Decrease / (Increase) in loans, advances, deposits, prepayments and accrued mark-up	8,453	(33,852)
Increase in trade and other payables	131,519	23,802
Cash generated from operating activities	928,357	452,462
Income tax paid / deducted at source	(146,813)	(77,973)
Long term loans and deposits	2,463	4,034
Net cash generated from operating activities	784,007	378,523
Cash flows from investing activities		
Fixed capital expenditure	(15,444)	(89,073)
Sale proceeds of operating assets	1,320	5,248
Net cash used in investing activities	(14,124)	(83,825)
Cash flows from financing activities		
Repayment of long term financing	(260,000)	(140,000)
Repayment of short term financing	(200,000)	-
Finance cost paid	(19,706)	(76,306)
Dividend paid	(215,811)	(91,549)
Net cash used in financing activities	(695,517)	(307,855)
Net increase in cash and cash equivalents	74,366	(13,157)
Cash and cash equivalents at beginning of the period	220,450	147,709
Cash and cash equivalents at end of the period	<u>294,816</u>	<u>134,552</u>
Cash and cash equivalents:		
Cash and bank balances	294,816	134,552
Short term borrowings	-	-
	<u>294,816</u>	<u>134,552</u>

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



(MOHAMMED YASIN FECTO)
Chief Executive



(MOHAMMED ANWAR HABIB)
Director



Condensed Interim Statement Changes in Equity (Un-audited)

For the nine months period ended 31 March 2016

	Share Capital	General Reserve	Accumulated Profit	Total
	----- (Rupees in '000) -----			
Balance as at 30 June 2014	501,600	550,000	1,327,395	2,378,995
Total comprehensive income for the nine months ended 31 March, 2015	-	-	386,087	386,087
Transactions with owners recorded directly in equity:				
Final Cash dividend @ 15% for the year ended 30 June 2014	-	-	(75,240)	(75,240)
Balance as at 31 March, 2015	<u>501,600</u>	<u>550,000</u>	<u>1,638,242</u>	<u>2,689,842</u>
Total comprehensive income for the three months ended 30 June, 2015	-	-	231,383	231,383
Balance as at 30 June 2015	<u>501,600</u>	<u>550,000</u>	<u>1,869,625</u>	<u>2,921,225</u>
Total comprehensive income for the nine months ended 31 March, 2016	-	-	641,551	641,551
Transactions with owners recorded directly in equity:				
Final Cash dividend @ 50% for the year ended 30 June 2015	-	-	(250,800)	(250,800)
Interim Cash dividend @ 50% for the year ending 30 June 2016	-	-	(250,800)	(250,800)
Balance as at 31 March, 2016	<u>501,600</u>	<u>550,000</u>	<u>2,009,576</u>	<u>3,061,176</u>

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



(MOHAMMED YASIN FECTO)
Chief Executive



(MOHAMMED ANWAR HABIB)
Director



Notes to the Condensed Interim Financial Information (Un-audited)

For the nine months period ended 31 March 2016

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, Shakra-e-Faisal, Karachi, Sindh. Its shares are quoted on Pakistan Stock Exchange. 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 nine months period ended 31 March 2016 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 Rule Book of Pakistan Stock Exchange as required by the Code of Corporate Governance.

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 2015.

The comparative balance sheet presented in this condensed interim financial information as at 31 March 2016 has been extracted from the audited financial statements of the Company for the year ended 30 June 2015, 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 nine months period ended 31 March 2015.

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 2015.

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 2015.

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 2015.

6. LONG TERM FINANCING - SECURED

		(Un-audited) 31 March 2016	(Audited) 30 June 2015
(Rupees in '000)			
Pak Brunei Investment Company Limited	6.1	-	100,000
Saudi Pak Industrial and Agricultural Investment Company Limited	6.2	-	160,000
		-	260,000
Less: Current maturity of long term loans		-	(180,000)
		-	80,000



- 6.1 The company had obtained finance facility of Rs. 200 million from Pak Brunei Investment Company Limited. on December 2013. This was a bridge finance facility for a period of two years with one year grace period with equal quarterly principal repayments in the second year. Mark up was payable quarterly at 3 months KIBOR plus 2.5% at the date of disbursement and would subsequently be revised on each installment date. The facility was secured by a registered first pari passu charge on all present and future fixed assets of the Company up to Rs. 267 million. The company prepaid the facility on 07 July 2015.
- 6.2 This represents finance facility of Rs. 200 million (30 June 2015: Rs. 200 million) obtained on 15 February 2014 from Saudi Pak Industrial and Agricultural Investment Company Limited to re-profile the Waste Heat Recovery Power Plant diminishing Musharaka loan. This loan was repayable in three years including a grace period of six months in 5 equal semi-annual instalments. Mark up was payable quarterly at 3 months KIBOR plus 2.5% at the date of disbursement and would subsequently be revised on each installment date. The facility was secured by a registered first pari passu charge on all present and future fixed assets of the Company up to Rs. 267 million. The Company prepaid the facility on March 09, 2016.

7. **DEFERRED TAXATION - net**

(Un-audited)	(Audited)
31 March	30 June
2016	2015
(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	<u>405,147</u>	<u>440,889</u>
	405,147	440,889

Deductible temporary differences arising in respect of:

- Provision against slow moving and obsolete spares	(3,936)	(4,059)
- Provision for bad debts	<u>(1,115)</u>	-
	<u>400,096</u>	<u>436,830</u>

8 **SHORT TERM BORROWINGS - secured**

The Company has a total finance facility of Rs. 2,120 million as of 31 March 2016 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% - 3% per annum except Export Re-Finance on which mark-up rate is 4.5% per annum.



9	TRADE AND OTHER PAYABLES	(Un-audited) 31 March 2016	(Audited) 30 June 2015
		(Rupees in '000)	
	Creditors for Goods:		
	Other creditors	139,078	56,835
	Associated company	89	10,797
	Accrued expenses	68,956	45,496
	Leave encashment payable	41,227	40,360
	Workers' funds	119,040	104,724
	Accrued markup - secured	-	7,795
	Advances from customers	59,700	45,716
	Deposits from dealers, contractors and suppliers	9,512	9,832
	Royalty payable	7	5
	Excise duty payable	18,906	21,371
	Income tax less provision	31,311	-
	Sales tax payable	25,964	44,897
	Unclaimed dividend	312,075	26,350
	Unpaid dividend	351	288
	Other liabilities	18,362	20,602
		<u>844,578</u>	<u>435,068</u>

9.1 WORKERS' FUNDS

Workers' Profit Participation Fund

Opening balance	48,316	41,348
Charge for the period / year	45,385	48,316
	<u>93,702</u>	<u>89,664</u>
Payments made during the period	(48,316)	(41,348)
	<u>45,385</u>	<u>48,316</u>

Workers' Welfare Fund

Opening balance	56,408	38,049
Charge for the period / year	17,246	18,359
	<u>73,654</u>	<u>56,408</u>
	<u>119,040</u>	<u>104,724</u>



10. CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

- 10.1.1 On 17 March 2015, the Company received a letter from Director Minerals, Industries and Labour Welfare Islamabad Capital Territory (ICT) informing the Company that the lease issued to it for mining had been cancelled in pursuance of the orders of the Honourable Supreme Court of Pakistan dated 16 March 2015. The said order was passed in a petition filed, dated 10 February 2015, seeking contempt proceedings to implement the order passed by the Honourable Supreme Court of Pakistan on 25 October 2013, whereby, the Honourable Supreme Court of Pakistan ordered Chairman CDA, Chairman National Highway Authority and other executing agencies to cease any activities towards construction of tunnel in the Margalla Hills enroute to the province of Khyber Pakhtunkhwa(KPK), moreover, CDA was also instructed not to grant further licenses for crushing of stones and immediately stop any such activities carried on. The Company also received a letter from Capital Development Authority (CDA), informing them that CDA had withdrawn its NOC issued in favour of the Company. The Company has for the time being ceased excavation of raw materials however it has significant stocks of raw material to continue its operations and has also access to alternative sources of raw material.

The Company had not received any notice from the Honourable Supreme Court of Pakistan or any other party to the proceedings that any matter was pending against the Company before the Honourable Supreme Court of Pakistan. Thus, the Company had no knowledge of earlier hearings on this matter. Upon receipt of the above mentioned letters, the Company, represented by its legal counsel Messrs. Aitzaz Ahsan and Associates, has contested that the activities conducted by it were not in violation of the order of the Honourable Supreme Court of Pakistan.

As mentioned above, the Company has ceased the excavation of minerals, however management based on legal opinion of its legal counsel believes that the outcome of the pending litigation in the Honourable Supreme Court of Pakistan would be in favor of the Company.

- 10.1.2 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 vide 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.

- 10.1.3** Income tax returns upto tax year 2015 have been submitted with the tax authorities. For tax years 2009 to 2013, notices under section 122(9) of the Income Tax Ordinance, 2001 were issued whereby the basis of allocation of expenses were changed from gross sales to net sales basis. The company is contesting the matter and a stay has been obtained from the High Court of Sindh.

Certain sales tax proceedings were started during the year 2015 and were also resolved including the matter wherein the Additional Commissioner Inland Revenue (ACIR) - Karachi issued an order creating sales tax demand of Rs. 581.788 million. The Company instituted an appeal and Commissioner Inland Revenue (Appeals) passed an order whereby the order against the Company was annulled as being defective on legal as well as factual grounds including the fact that such order was time barred.

10.2 Commitments

	(Un-audited)	(Audited)
	31 March	30 June
	2016	2015
	(Rupees in '000)	
Outstanding letters of credit	90,591	44,450



(Un-audited) (Audited)
 31 March 30 June
 2016 2015
 (Rupees in '000)

11. PROPERTY, PLANT AND EQUIPMENT - OPERATING ASSETS

Opening written down value	1,957,505	1,964,768
Additions during the period / year - at cost		
- Land	13	65,567
- Non-Factory Building on Freehold Land	83	-
- Motor vehicles	13,698	38,456
	13,794	104,023
Written down value of deletions during the period / year	(1,120)	(2,245)
Depreciation for the period / year	(84,738)	(109,041)
	(85,858)	(111,286)
Closing written down value	1,885,441	1,957,505

12. STOCK-IN-TRADE

Finished goods	22,659	32,769
Work-in-process	291,376	394,190
Raw material	631,682	600,222
Packing material	35,566	34,981
	981,283	1,062,162



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

	(Un-audited) 31 March 2016	(Audited) 30 June 2015
	(Rupees in '000)	
Current portion of long term loans and deposits- unsecured, considered good	6,155	6,155
Advances to Suppliers and contractors - unsecured, considered good	5,909	18,306
Margin against bank guarantee	13.1 11,000	11,000
Income Tax payments less provisions	26,599	116,724
Advance sales tax	4,037	4,803
Deposits	115	538
Prepayments	3,669	1,798
Accrued mark-up	21	75
	<u>57,505</u>	<u>159,399</u>

- 13.1** This represents Rs. 11 million (June 2015: Rs. 11 million) margin given to Silk Bank Limited against the bank guarantee of Rs. 110 million (June 2015: Rs. 110 million) issued in favour of Sui Northern Gas Pipeline Ltd. as security for the payment of gas bill.

14. SALES - net

	Nine months period ended 31 March		Quarter ended 31 March	
	2016	2015	2016	2015
	----- (Rupees in '000) -----			
Sales - Local	3,834,696	3,351,341	1,277,544	1,107,295
Less: Excise duty	181,346	156,171	60,638	51,853
Sales tax	615,931	530,696	205,992	176,227
	<u>797,277</u>	<u>686,867</u>	<u>266,630</u>	<u>228,080</u>
	<u>3,037,419</u>	<u>2,664,474</u>	<u>1,010,914</u>	<u>879,215</u>
Sales - Export	691,820	796,863	228,517	189,574
Export Rebate	1,887	2,340	132	747
	<u>693,707</u>	<u>799,203</u>	<u>228,649</u>	<u>190,321</u>
	<u>3,731,126</u>	<u>3,463,677</u>	<u>1,239,563</u>	<u>1,069,536</u>



	Nine months ended 31 March		Quarter ended 31 March	
	2016	2015	2016	2015
	(Un-audited)		(Un-audited)	
	----- (Rupees in '000) -----			

15. COST OF SALES

Raw and packing material consumed:

Opening stock	635,203	384,591	628,202	591,601
Purchases	299,592	269,567	116,815	81,887
Excavation cost	204,515	361,713	88,455	80,713
	1,139,340	1,015,871	833,472	754,200
Closing stock	(667,248)	(671,026)	(667,248)	(671,026)
	472,062	344,845	166,224	83,174
Fuel and power	1,439,609	1,721,009	519,866	502,057
Stores and spares consumed	82,656	100,490	26,726	49,304
Salaries, wages and benefits	281,418	241,306	78,081	68,984
Insurance	19,581	20,231	6,527	7,127
Repairs and maintenance	13,374	17,095	4,699	11,118
Depreciation	59,276	58,431	19,739	19,494
Other manufacturing overheads	45,764	45,136	14,658	14,901
	2,413,740	2,548,543	836,520	756,160
Opening work-in-process	394,190	219,874	261,926	265,126
Closing work-in-process	(291,376)	(228,328)	(291,376)	(228,328)
Cost of goods manufactured	2,516,554	2,540,089	807,070	792,958
Opening finished goods	32,769	32,878	39,054	44,634
Closing finished goods	(22,659)	(45,384)	(22,659)	(45,384)
	2,526,664	2,527,583	823,465	792,208



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. The transactions with related parties are conducted at commercial / agreed terms. 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 March 2016	(Audited) 30 June 2015
Associated company (Frontier Paper Products (Private) Ltd.)	(Rupees in '000)	
Balance at the beginning of the period / year	10,797	40,457
Purchases during the period / year	123,821	157,904
Payments during the period / year	(134,529)	(187,564)
Balance at the end of the period / year	<u>89</u>	<u>10,797</u>
Outstanding Loan to Key Management personnel	<u>3,269</u>	<u>923</u>
Provident fund		
Provident Fund contribution payable	<u>1,760</u>	<u>2,361</u>



	Nine months ended 31 March		Quarter ended 31 March	
	2016 (Un-audited)	2015	2016 (Un-audited)	2015
----- (Rupees in '000) -----				

Others

Contribution to employees' provident fund	13,673	12,190	4,504	4,089
Chief Executive's remuneration	12,028	11,423	3,000	3,000
Director's remuneration and director's fee	12,078	11,488	3,015	3,025
Key management personnel remuneration (excluding Chief Executive and Directors)	140,712	113,827	36,953	32,147
Disbursement of advances to key management personnel	3,527	1,698	2,250	1,698
Repayment of advances by key management personnel	1,181	1,652	772	963

17. GENERAL

17.1 This condensed interim financial information was authorised for issue in the Board of Directors meeting held on April 27, 2016.

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



(MOHAMMED YASIN FECTO)
Chief Executive



(MOHAMMED ANWAR HABIB)
Director



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UNDER POSTAL CERTIFICATE



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