FECTO CEMENT LIMITED

Interim Report
March 2014

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 11-E/2, Main Gulberg 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, 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, 2014.

OVERVIEW

During the first nine months of current financial year ending June 30, 2014, overall dispatches of the industry witnessed a growth of 0.96% as compared to same period last year with total sales volume of 24.78 million tons as against 24.54 million tons of same period last year. Local sales volume of the industry was 18.76 million tons as against 18.37 million tons of same period last year witnessing increase of 2.11%. On export side industry achieved sales volume of 6.02 million tons as against sales volume of 6.17 million tons of same period last year witnessing negative growth of 2.45%.

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:

	Tonnes			
	Quarter ended		Nine Months ended	
Production:	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Clinker	155,390	203,625	480,780	520,530
Cement	158,635	175,787	497,812	533,603
Dispatches:				
Local	123,762	122,668	348,824	348,230
Export	33,689	48,087	148,191	184,049
Total	157,451	170,755	497,015	532,279

During the quarter production of clinker and cement reduced by 23.69% and 9.76% respectively. Whereas, on nine months basis production of both clinker and cement reduced by 7.64% and 6.71% respectively in comparison to same period last year.

Overall sales volume of the Company for the nine months reduced by 6.63% as against growth of 0.96% of the industry, this reduction, however, is due to lesser volume of exports which reduced by 19.49% whereas local sales volume of the Company increased by 0.17%. On quarter to quarter basis local sales volume increased by 0.90% whereas exports of your company reduced by 29.94% as against the reduction of 19.49% in export volume of nine months.

DIRECTORS' REVIEW

FINANCIAL RESULTS

During the nine months period, net sales revenue of the Company increased to Rs. 3,434 Million as against the net sales revenue of Rs. 3,409 Million of same period last year thus registering an increase of Rs. 25 Million. Net sales revenue of the Company for the quarter reduced to Rs. 1,107 Million as against the net sales revenue of Rs. 1,125 Million of same period last year. This reduction in revenue was due to reduced export sales volume coupled with lower prices which mitigated the impact of improved selling prices in local market.

Overall Cost of sales for the nine months and quarter increased by 1.07% and 4.29% respectively as compared to same periods of last year despite reduction in production and sales volume. Cost per ton of cement for the nine months period increased by 8.22% whereas for the quarter same was increased by 13.11%. Main reason for such increase was increase in electricity rates and diesel prices. Prices of coal remained stable during the nine months period but increase in inland transportation cost negated it.

Gross profit of the Company for the nine months and quarter reduced to Rs. 961 Million and Rs. 314 Million respectively as against the gross profit of Rs. 962 Million and Rs. 364 Million for the same periods last year.

Administrative expenses increased due to increase in salaries and wages, distribution cost reduced due to lesser export volume whereas finance cost also reduced due to reduction in mark up rates and principal repayment of loans.

Company earned profit before taxation of Rs. 570 Million and Rs. 189 Million during nine months and quarter respectively as against the profit before taxation of Rs. 530 Million and Rs. 233 Million of same periods last year.

Provision for deferred taxation increased during the current periods resulting reduced profit after taxation.Earning per share for the nine months and quarter was Rs. 9.13 and Rs. 2.81 as against the earning per share of Rs. 10.13 and Rs. 3.67 of same periods last year.

FUTURE PROSPECTS

Local demand of cement is expected to improve as historically post winter demand of cement picks up. Exports to Afghanistan are also expected to improve post winter but prices would remain depressed and appreciation of Pak Rupee against US$ will also affect retention price. Cost of power and its consistent availability is still a serious issue despite the fact that present Government has taken steps to improve the situation in power sector. As we informed you in our last report that your Company is considering to install captive power plant to meet its energy requirements, work in this direction is underway and will update you with any development in this regard.

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 25, 2014

	Note	(Un-audited) 31 March 2014	(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		**1,190,239**	857,454
		2,241,839	1,909,054
NON-CURRENT LIABILITIES			
Long term financing - secured	6	**360,000**	125,000
Deferred taxation	7	**207,810**	117,979
		567,810	242,979
CURRENT LIABILITIES			
Short term borrowings - secured	8	**404,226**	463,847
Current maturity of long term liabilities		**40,000**	125,000
Trade and other payables	9	**463,435**	618,142
		907,661	1,206,989
CONTINGENCIES AND COMMITMENTS	10		
		3,717,310	3,359,022

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

Balance Sheet
31 March 2014

	Note	(Un-audited) 31 March 2014	(Audited) 30 June 2013
		(Rupees in '000)	
PROPERTY, PLANT AND EQUIPMENT			
Operating assets	11	**1,985,400**	2,051,702
Capital work in progress		**348**	-
		1,985,748	2,051,702
LONG TERM LOANS AND DEPOSITS		**25,886**	19,730
CURRENT ASSETS			
Stores and spares		**836,777**	874,058
Stock-in-trade	12	**666,240**	308,566
Trade debts - considered good		**18,233**	15,125
Loans, advances, deposits, prepayments and accrued mark-up	13	**98,055**	41,460
Cash and bank balances		**86,371**	48,381
		1,705,676	1,287,590
		3,717,310	3,359,022

(MOHAMMED YASIN FECTO)
Chief Executive

(ROHAIL AJMAL)
Director

Condensed Interim Profit & Loss Account (Un-Audited)
For the nine months period ended 31 March 2014

	Note	Nine months ended 31 March		Quarter ended 31 March	
		2014	2013	2014	2013
		(Rupees in '000)			
Sales - net	14	**3,434,305**	3,408,757	**1,107,384**	1,124,611
Cost of sales	15	**(2,473,433)**	(2,447,183)	**(793,229)**	(760,565)
Gross profit		**960,872**	961,574	**314,155**	364,046
Administrative expenses		**(129,899)**	(112,621)	**(44,431)**	(36,007)
Distribution cost		**(145,896)**	(180,214)	**(38,658)**	(48,354)
Finance cost		**(80,773)**	(113,429)	**(29,324)**	(32,879)
Other income		**7,839**	14,405	**1,015**	3,511
		(348,729)	(391,859)	**(111,398)**	(113,729)
		612,143	569,715	**202,757**	250,317
Workers' funds		**(42,238)**	(39,310)	**(13,990)**	(17,272)
Profit before taxation		**569,905**	530,405	**188,767**	233,045
Provision for taxation					
- Current		**(21,889)**	(23,068)	**(6,579)**	(7,243)
- Deferred		**(89,831)**	708	**(41,032)**	(41,567)
		(111,720)	(22,360)	**(47,611)**	(48,810)
Profit after taxation		**458,185**	508,045	**141,156**	184,235
		(Rupees)			
Earnings per share - basic and diluted		**9.13**	10.13	**2.81**	3.67

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 nine months period ended 31 March 2014

	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	(Rupees in '000)			
Profit after taxation	**458,185**	508,045	**141,156**	184,235
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income for the period	**458,185**	508,045	**141,156**	184,235

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 nine months period ended 31 March 2014

	Note	2014	2013
Cash flows from operating activities		(Rupees in '000)	
Profit before taxation		**569,905**	530,405
Adjustments for:			
- Depreciation		**79,714**	80,714
- Gain on disposal of operating assets		**-**	(3,497)
- Finance cost		**80,773**	113,429
Operating profit before working capital changes		**730,392**	721,051
Working capital changes			
Decrease / (Increase) in stores and spares		**37,281**	(127,727)
(Increase) in stock-in-trade		**(357,674)**	(64,527)
(Increase) / Decrease in trade debts		**(3,108)**	2,338
Decrease in loans, advances, deposits, prepayments and accrued mark-up		**9,866**	18,227
(Decrease) in trade and other payables		**(216,781)**	(28,785)
Cash generated from operations		**199,976**	520,577
Income tax paid / deducted at source		**(88,350)**	(34,074)
Long term loans and deposits		**(6,156)**	3,910
Net cash generated from operating activities		**105,470**	490,413
Cash flows from investing activities			
Fixed capital expenditure		**(13,760)**	(12,801)
Sale proceeds of operating assets		**-**	4,830
Net cash used in investing activities		**(13,760)**	(7,971)
Cash flows from financing activities			
Finance cost paid		**(91,389)**	(168,115)
Repayment of long term financing		**(250,000)**	(175,000)
Disbursement of long term loan		**400,000**	-
Repayment of lease finance		**-**	(1,720)
Dividend paid		**(52,710)**	(23,165)
Net cash generated from / (used in) financing activities		**5,901**	(368,000)
Net increase in cash and cash equivalents		**97,611**	114,442
Cash and cash equivalents at beginning of the period		**(15,466)**	(253,267)
Cash and cash equivalents at end of the period		**82,145**	(138,825)
Cash and cash equivalents:			
Cash and bank balances		**86,371**	110,707
Short term borrowings	8	**(4,226)**	(249,532)
		82,145	(138,825)

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 nine months period ended 31 March 2014

	Share Capital	General Reserve	Accumulated Profit	Total
	(Rupees in '000)			
Balance as at 01 July 2012	501,600	50,000	824,464	1,376,064
Total comprehensive income for the nine months ended 31 March, 2013	-	-	508,045	508,045
Transfered 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 March, 2013	501,600	550,000	782,349	1,833,949
Total comprehensive income for the three months ended 30 June, 2013	-	-	75,105	75,105
Balance as at 30 June, 2013	501,600	550,000	857,454	1,909,054
Total comprehensive income for the nine months ended 31 March, 2014	-	-	458,185	458,185
Transactions with owners recorded directly in equity - Final Cash dividend for the year ended 30 June, 2013	-	-	(75,240)	(75,240)
Interim Cash dividend for the year ending 30 June, 2014	-	-	(50,160)	(50,160)
Balance as at 31 March, 2014	**501,600**	**550,000**	**1,190,239**	**2,241,839**

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 nine months period ended 31 March 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 nine months period ended 31 March 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.

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 March 2014 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 nine months period ended 31 March 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 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 March 2014	(Audited) 30 June 2013
		(Rupees in '000)	
Pak Brunei Investment Company Limited	6.1	**200,000**	-
Saudi Pak Ind. & Agricultural Inv. Co. Ltd	6.2	**200,000**	-
Diminishing Musharaka	6.3	**-**	250,000
		400,000	250,000
Less: Current Maturity of term loans		**(40,000)**	(125,000)
		360,000	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 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 WHRPP 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.

6.3 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 was repayable in eight equal semi annual installments commenced from August 23, 2011. Mark up was payable semi annually at 6 months KIBOR plus 3% at the date of disbursement and 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. 666.667 Million. Company has prepaid the outstanding amount before maturity.

	(Un-audited) 31 March 2014	(Audited) 30 June 2013
7. DEFERRED TAXATION - net	**(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	**424,549**	448,400
	424,549	448,400
Deductible temporary difference arising in respect of:		
- Provision against slow moving and obsolete spares	**(3,570)**	(3,570)
- Available tax losses	**(213,169)**	(326,851)
	207,810	117,979

8. SHORT TERM BORROWINGS - secured

The Company has a total finance facility of Rs. 1,870 Million (30 June 2013: Rs. 1,470 Million) which includes Running Finance of Rs. 520 Million, Murabaha facility of Rs. 300 Million, Istasna facility of Rs. 100 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 March 2014	(Audited) 30 June 2013
	(Rupees in '000)	
Creditors for Goods:		
- Other creditors	**22,693**	22,662
- Associated company	**44,741**	26,470
Bills payable	**-**	206,104
Accrued expenses	**90,225**	171,808
Workers' funds	**64,574**	60,252
Accrued mark-up - secured	**15,036**	25,652
Advances from customers	**39,413**	27,768
Deposits from dealers, contractors and suppliers	**10,957**	10,582
Royalty payable	**3,641**	1,206
Excise duty payable	**17,580**	16,058
Sales tax payable	**51,917**	26,594
Income tax Payable	**6,821**	1,770
Unclaimed dividend	**75,598**	3,225
Unpaid dividend	**581**	264
Other liabilities	**19,658**	17,727
	463,435	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.

		(Un-audited) 31 March 2014	(Audited) 30 June 2013
		(Rupees in '000)	
10.2	**Commitments**		
	Outstanding letters of credit	**158,684**	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
	- Plant, Machinery and Equipment	**1,155**	-
	- Furniture, fixture and equipments	**2,763**	2,062
	- Motor vehicles	**9,494**	12,372
		13,412	24,536
	Written down value of deletions during the period / year	**-**	(2,029)
	Depreciation for the period / year	**(79,714)**	(107,207)
		(79,714)	(109,236)
	Closing written down value	**1,985,400**	2,051,702
12.	**STOCK-IN-TRADE**		
	Finished goods	**41,761**	35,338
	Work-in-process	**278,481**	212,319
	Raw material	**308,225**	36,461
	Packing material	**37,773**	24,448
		666,240	308,566

13. LOANS, ADVANCES, DEPOSITS PREPAYMENTS AND ACCRUED MARK-UP		(Un-audited) 31 March 2014	(Audited) 30 June 2013
		(Rupees in '000)	
Current portion of long term loans and deposits-unsecured, considered good		**6,776**	6,581
Advances to Suppliers and contractors - unsecured, considered good		**3,950**	9,308
Margin against bank guarantee	13.1	**11,000**	11,000
Income Tax payments less provisions		**73,708**	7,247
Deposits		**-**	60
Prepayments		**2,558**	7,114
Accrued mark-up		**63**	150
		98,055	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	Nine months period ended	
	31 March 2014	31 March 2013
	(Un-audited) (Rupees in '000)	
Sales - Local	**3,133,143**	2,723,845
Less:		
- Excise duty	**139,530**	139,292
- Sales tax	**502,064**	377,046
	641,594	516,338
	2,491,549	2,207,507
Sales - Export	**939,209**	1,197,639
- Export rebate	**3,547**	3,611
	942,756	1,201,250
	3,434,305	3,408,757

15. COST OF SALES

	Nine months ended 31 March		Quarter ended 31 March	
	2014	2013	2014	2013
	(Rupees in '000)			
Raw and packing material consumed:				
Opening stock	**60,910**	36,467	**260,462**	61,479
Purchases	**296,389**	251,678	**79,027**	73,158
Excavation cost	**361,519**	192,482	**127,555**	69,695
	718,818	480,627	**467,044**	204,332
Closing stock	**(345,998)**	(48,182)	**(345,998)**	(48,182)
	372,820	432,445	**121,046**	156,150
Fuel and power	**1,760,723**	1,686,081	**564,463**	644,363
Stores and spares consumed	**76,234**	84,949	**31,805**	17,294
Salaries, wages and benefits	**210,645**	180,403	**60,876**	60,006
Insurance	**19,651**	19,575	**6,550**	6,525
Repairs and maintenance	**6,857**	1,923	**3,710**	762
Depreciation	**58,169**	58,331	**19,405**	19,336
Other manufacturing overheads	**40,919**	36,288	**13,489**	12,073
	2,546,018	2,499,995	**821,344**	916,509
Opening work-in-process	**212,319**	154,007	**255,563**	63,535
Closing work-in-process	**(278,481)**	(198,959)	**(278,481)**	(198,959)
Cost of goods manufactured	**2,479,856**	2,455,043	**798,426**	781,085
Opening finished goods	**35,338**	37,025	**36,564**	24,365
Closing finished goods	**(41,761)**	(44,885)	**(41,761)**	(44,885)
	2,473,433	2,447,183	**793,229**	760,565

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:

Associated company (Frontier Paper Products (Private) Limited)	(Un-audited) 31 March 2014	(Audited) 30 June 2013
	(Rupees in '000)	
Balance at the beginning of the period / year	**26,470**	54,479
Purchases during the period / year	**114,594**	155,277
Payments during the period / year	**(96,322)**	(183,286)
Balance at the end of the period / year	**44,742**	26,470
Outstanding Loan to Key Management personnel	**1,223**	1,010
Provident fund	**1,199**	1,167

Others	Nine months ended 31 March 2014	Nine months ended 31 March 2013	Quarter ended 31 March 2014	Quarter ended 31 March 2013
	(Rupees in '000)			
Contribution to employees' provident fund	**9,191**	9,531	**3,055**	3,146
Chief Executive's remuneration	**8,211**	5,408	**3,000**	1,802
Director's fee and remuneration	**8,285**	5,468	**3,000**	1,822
Key management personnel remuneration (excluding Chief Executive and Directors)	**88,918**	72,931	**23,237**	22,950
Disbursement of advances to key management personnel	**1,050**	625	**50**	100
Repayment of advances by key management personnel	**902**	608	**197**	183

17. GENERAL

17.1 This condensed interim financial information was authorised for issue in the Board of Directors meeting held on 25 April 2014.

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

(MOHAMMED YASIN FECTO)
Chief Executive

(ROHAIL AJMAL)
Director

FECTO

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A NAME OF FAITH

BOOK POST
UNDER POSTAL CERTIFICATE

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