

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Kamran Khan	Chairman & Chief Executive
Mr. Imran Qamar	Director
Mr. Momin Qamar	Director
Mr. Yousaf Kamran Khan	Director
Mrs. Shaista Imran	Director
Mrs. Samina Kamran	Director
Mrs. Misbah Momin	Director

### AUDIT COMMITTEE

Mrs. Misbah Momin	Chairperson
Mr. Momin Qamar	Member
Mr. Yousaf Kamran Khan	Member

### STATUTORY AUDITORS

M/S. Tahir Siddqi & Co.  
Chartered Accountants  
(A member firm of TIAG Int'l)

### COST AUDITORS

M/S. Mumtaz Balouch & Co.  
Chartered Accountants

### INTERNAL AUDITOR

Mr. Imran Matloob Khan

### COMPANY SECRETARY

Mr. Mubashir Asif

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Basharat Jamil

### LEGAL ADVISOR

Mr. Muhammad Atif Amin  
Advocate High Court

### BANKERS

Askari Bank Limited  
The Bank of Punjab  
United Bank Limited  
Al-Baraka Islamic Bank  
Faysal Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Bank Al-Habib Limited  
Bank Alfiah Limited  
Habib Bank Limited

### REGISTERED & HEAD OFFICE

103-Fazal Road, Lahore Cantt. Lahore.  
Tel: 042-36674301-05  
Fax: 042-36660693  
[www.flyingcement.com](http://www.flyingcement.com)

### PRODUCTION FACILITIES

25Km, Lilla Interchange  
Lahore-Islamabad Motorway,  
Mangowal, Distt. Khushab.

### SHARE REGISTRAR

THK Associates (Pvt) Limited  
Ground Floor, State Life Building-III  
Dr. Zia Uddin Ahmed Road,  
P.O.Box 8533  
Karachi 75530  
Tel: 021-111-000-322  
Fax:021-35655595

### WEBSITE

[www.flyingcement.com](http://www.flyingcement.com)

### E-MAIL

[info@flyingcement.com](mailto:info@flyingcement.com)  
[info@flyinggroup.com.pk](mailto:info@flyinggroup.com.pk)



## DIRECTOR'S REVIEW

1. The Board of Directors present herewith their review along with un-audited accounts of the Company for the third quarter ended 31 March 2011.
2. During the period under review, your company suffered after tax loss of Rs. 99,232,155 as compared to the loss of Rs. 79,303,830 in the third quarter ending 31st March 2010 whereas sale increased by 251.44 % as compared to third quarter ending 31<sup>st</sup> March 2010 which is a healthy sign. The domestic cement prices gained some strength and consolidated during the period under review. However, steep increase in input cost is more than offsetting improvement in prices. Inflation in the country has bolstered all input cost including raw material, packing material and transportation cost. Increasing trend in electricity prices and coal prices are also the cause of losses.
3. Domestic cement demand is likely to consolidate in next two quarter due to reconstruction and rehabilitation of houses, bridges, roads and related infrastructure which was ruined by the flood water. Energy efficiency, labour efficiency & productivity and right financial modeling, smooth plant operations are the key factors to success of any plant. The management is committed for a balanced delivery of long term values to all stake holders including financiers, employees and shareholders.
4. We are grateful to our bankers, contractors, suppliers and distributors for their cooperation.
5. We also acknowledge the dedication of our employees for putting in their best towards economization plan in the cost of production.

For and on behalf of the Board



**KAMRAN KHAN**

Chairman

Lahore : April 30, 2011

**Condensed Interim Balance Sheet (Un-audited)  
As at March 31, 2011**

	Note	March 2011 Rupees	June 2010 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized capital 200,000,000 ordinary shares of Rs 10/- each.		<u>2,000,000,000</u>	<u>2,000,000,000</u>
Issued, subscribed and paid up capital 176,000,000, ordinary shares of Rs. 10/- each.		1,760,000,000	1,760,000,000
Capital Reserve		126,978,994	126,978,994
Un appropriated profit / (loss)		<u>(375,340,734)</u>	<u>(288,454,916)</u>
Total Equity		1,511,638,260	1,598,524,078
Surplus on revaluation of fixed assets		1,708,101,774	1,720,448,111
<b>NON-CURRENT LIABILITIES</b>			
Long term finance	4	559,374,008	567,759,233
Liabilities against assets subject to finance lease		16,424,627	21,157,759
Long term deposits		11,700,000	11,800,000
Deferred liabilities	5	818,523,450	882,755,013
		<u>1,406,022,085</u>	<u>1,483,472,005</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		594,035,518	563,957,431
Accrued interest / mark-up		33,103,392	2,967,294
Short term finance	6	271,978,455	164,093,943
Current portion of liabilities against assets subject to finance lease		7,331,563	4,230,309
Current portion of long term finance	4	18,593,325	10,208,100
Provision for taxation		2,868,093	403,084
		<u>927,910,346</u>	<u>745,860,161</u>
<b>TOTAL LIABILITIES</b>		<u>2,333,932,431</u>	<u>2,229,332,166</u>
Contingencies and commitments	7	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>5,553,672,465</u>	<u>5,548,304,355</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	8	4,472,118,745	4,519,933,332
Capital work in progress	9	418,051,109	336,070,697
		<u>4,890,169,854</u>	<u>4,856,004,029</u>
<b>CURRENT ASSETS</b>			
Stores, spares & loose tools		37,687,882	39,320,838
Stock in trade		432,328,952	423,596,305
Trade debts		7,391,529	448,881
Advances, deposits, prepayments & other receivables		177,671,926	227,989,928
Cash and bank balances	10	8,422,322	944,374
		<u>663,502,611</u>	<u>692,300,326</u>
<b>TOTAL ASSETS</b>		<u>5,553,672,465</u>	<u>5,548,304,355</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

*Momin Qamar*

**Momin Qamar**  
Director

*Kamran Khan*

**Kamran Khan**  
Chief Executive



**Condensed Interim Profit And Loss Account (Un-audited)**  
**For the Period ended March 31, 2011**

	For the nine months ended		For the quarter ended	
	Jul-Mar 2011	Jul-Mar 2011	Jan-Mar 2010	Jan-Mar 2010
Sales	286,809,296	81,609,058	83,502,254	-
Cost of sales	392,801,469	169,253,114	118,566,450	2,365,382
<b>Gross Profit / (Loss)</b>	<b>(105,992,173)</b>	<b>(87,644,056)</b>	<b>(35,064,196)</b>	<b>(2,365,382)</b>
<b>Operating Expenses</b>				
Distribution cost	1,881,751	2,542,096	1,056,303	437,394
Administrative expenses	7,914,223	8,423,649	2,806,862	2,168,672
	9,795,974	10,965,745	3,863,165	2,606,066
<b>Operating Profit / (Loss)</b>	<b>(115,788,147)</b>	<b>(98,609,801)</b>	<b>(38,927,361)</b>	<b>(4,971,448)</b>
Financial cost	(45,303,879)	(22,466,194)	(25,118,188)	(2,217,053)
<b>Profit/(Loss) Before Taxation</b>	<b>(161,092,026)</b>	<b>(121,075,995)</b>	<b>(64,045,549)</b>	<b>(7,188,501)</b>
Taxation	61,859,871	41,772,165	29,932,579	2,541,770
<b>Profit / (Loss) After Taxation</b>	<b>(99,232,155)</b>	<b>(79,303,830)</b>	<b>(34,112,970)</b>	<b>(4,646,731)</b>
<b>Earning Per Share- Basic</b>	<b>(0.56)</b>	<b>(0.45)</b>	<b>(0.19)</b>	<b>(0.03)</b>

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 13 form an integral part of these financial statements.

  
**Momin Qamar**  
 Director

  
**Kamran Khan**  
 Chief Executive

**Condensed Interim Cash Flow Statement (Un-audited)  
For the Period ended March 31, 2011**

	March 2011 Rupees	March 2010 Rupees
<b>Cash Flow From Operating Activities</b>		
<b>Loss for the period - before taxation</b>	<b>(161,092,026)</b>	<b>(121,075,995)</b>
Adjustment for non cash charges and other items		
Depreciation	36,164,034	37,214,268
Provision for Gratuity	496,400	196,459
Loss on sale of vehicles	498,385	-
Financial cost	45,303,879	22,466,194
	<u>82,462,698</u>	<u>59,876,921</u>
Cash Inflow from operating activities before working capital changes	<b>(78,629,328)</b>	<b>(61,199,074)</b>
Changes In Working Capital		
(Increase) / Decrease in current assets		
Stores, spares & loose tools	1,632,956	(6,768,896)
Stock-in-trade	(8,732,647)	(20,945,570)
Trade debts	(6,942,648)	8,958,531
Advances, deposits, and other receivables	49,914,918	3,584,188
	<u>35,872,579</u>	<u>(15,171,747)</u>
Increase / (Decrease) in current liabilities		
Trade & other payables	30,078,088	167,825,058
<b>Cash Inflow/(Outflow) from Operating Activities</b>	<b>(12,678,661)</b>	<b>91,454,237</b>
<b>Cash Inflow/(Outflow) From Investing Activities</b>		
Fixed Capital Expenditures	(99,928,244)	(76,114,819)
Sale proceeds of assets	29,100,000	-
	<u>(70,828,244)</u>	<u>(76,114,819)</u>
<b>Cash Inflow/(Outflow) From Financing Activities</b>		
Financial charges paid	(15,167,781)	(18,633,863)
Proceeds from directors, shareholders & associates loan	51,217,330	93,098,896
Repayment of liabilities against assets subject to finance lease	(1,631,878)	(6,169,190)
Repayment of long term finance	-	(39,416,600)
Repayment of long term deposits	(100,000)	-
<b>Net Cash Inflow/(Outflow) From Financing Activities</b>	<b>34,317,671</b>	<b>28,879,243</b>
Net Increase / (decrease) in Cash and Cash Equivalents	<b>(49,189,234)</b>	<b>44,218,661</b>
Cash and Cash Equivalents - at the beginning of the year	<b>(163,149,569)</b>	<b>(210,023,894)</b>
<b>Cash and Cash Equivalents - at the end of nine months</b>	<b>(212,338,803)</b>	<b>(165,805,233)</b>

The annexed notes 1 to 13 form an integral part of these financial statements.



**Momin Qamar**  
Director



**Kamran Khan**  
Chief Executive



**Condensed Interim Statement of Changes in Equity (Un-audited)  
For the Period ended March 31, 2011**

	Issued, subscribed & paid up capital Rupees	Accumulated Profit / (Loss) Rupees	Capital Reserve Rupees	Total Rupees
<b>Balance as at June 30, 2009</b>	1,760,000,000	(149,876,846)	126,978,994	1,737,102,148
Total Comprehensive Income/(Loss) for the year	-	(172,173,546)	-	(172,173,546)
Incremental depreciation	-	33,595,476	-	33,595,476
<b>Balance as at June 30, 2010</b>	1,760,000,000	(288,454,916)	126,978,994	1,598,524,078
Loss upto 3rd quarter ended March 31, 2011	-	(99,232,155)	-	(99,232,155)
Incremental depreciation	-	12,346,337	-	12,346,337
<b>Balance as at March 31, 2011</b>	<u>1,760,000,000</u>	<u>(375,340,734)</u>	<u>126,978,994</u>	<u>1,511,638,260</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

  
**Momin Qamar**  
Director

  
**Kamran Khan**  
Chief Executive

## **Notes to the Condensed Interim Accounts (Un-audited) For the Period ended March 31, 2011**

### **1 STATUS AND OPERATIONS**

Flying Cement Company Limited was incorporated on December 24, 1992 as a public limited company under the Companies Ordinance, 1984. The shares of the company are quoted on Karachi, Lahore and Islamabad stock exchanges in Pakistan. The main objective of the company is to manufacture and sale of cement. The registered office of the company is situated at Lahore and factory is in Khushab.

### **2 BASIS OF PREPARATION**

These condensed interim financial information is un-audited and has been prepared and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan and the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2010.

### **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2010, except adoption of revised IAS as noted below:

The Company has adopted the following amended IFRS and related interpretations which become effective during the period:

IAS 32 - Financial Instruments: Presentation - Classification of Rights issued (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity instruments

In April 2009, International Accounting Standards Board issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are made in the following standards:

- IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations
- IFRS 8 - Operating Segments
- IAS 1 - Presentation of Financial Statements
- IAS 7 - Statement of Cash Flows
- IAS 17 - Leases
- IAS 36 - Impairment of Assets
- IAS 39 - Financial instruments: Recognitions and measurement





The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the condensed interim financial statements of the company.

	Note	March 2011 Rupees	June 2010 Rupees
<b>4. LONG TERM FINANCES</b>			
Askari Bank Limited	4.1	24,791,100	24,791,100
National Bank of Pakistan	4.2	149,850,000	149,850,000
Loans from related Parties	4.3	403,326,233	403,326,233
		<u>577,967,333</u>	<u>577,967,333</u>
Less: Current Portion of long term finance		18,593,325	10,208,100
		<u>559,374,008</u>	<u>567,759,233</u>

**4.1** Initially Term Finance facility of Rs. 50 million was availed from Askari Bank Limited payable in quarterly installments. The said facility was restructured in August 2008 and then on May 31, 2010, repayable in seventeen quarterly installments with a grace period of 3 months starting from March 2009. The rate of mark-up being 3 months KIBOR + 3% payable quarterly. The finance is secured against 1st charge on present and future current assets of company, personal guarantees of sponsors / directors and additional collaterals along with group inter corporate guarantees.

**4.2** Demand Finance of Rs. 150 million is availed from National Bank of Pakistan as pre disbursement out of NBP sanction share of Rs 450 million in syndicate financing prior to financial close. The finance is secured against first parri passu charge on fixed assets of Flying Board & Paper Products Ltd., personal guarantees of sponsors directors and cross corporate guarantee of Flying Board & Paper Products Ltd. The rate of mark up is 3 months (Ask Side KIBOR) + 3.5 %.

**4.3** The related parties have financed the company for the expansion project and the loan is interest free. The repayment of the loan will be made after the completion of the expansion project subject to availability of funds.

	March 2011 Rupees	June 2010 Rupees
<b>5 DEFERRED LIABILITIES</b>		
Deferred Taxation	817,098,361	881,826,324
Staff Gratuity	1,425,089	928,689
	<u>818,523,450</u>	<u>882,755,013</u>
Deferred tax liability - difference in tax and accounting bases of Property, plant and equipment	1,344,829,519	1,338,261,785
Deferred tax assets		
- Unabsorbed tax losses	(527,731,158)	(456,435,461)
	<u>817,098,361</u>	<u>881,826,324</u>



	Note	March 2011 Rupees	June 2010 Rupees
<b>6 Short Term Finance</b>			
<b>Loan from Banking Companies</b>			
Askari Bank Ltd.	6.1	157,898,463	88,019,781
Albaraka Islamic Bank	6.2	4,656,572	5,024,072
The Bank of Punjab	6.3	58,206,090	71,050,090
		<b>220,761,125</b>	164,093,943
Loans from related parties	6.4	51,217,330	-
		<b>271,978,455</b>	<b>164,093,943</b>

**6.1** A letter of credit (S/U 180 days) of Rs. 160.54 million was obtained from Askari Bank Limited. The facility is secured against 1st charge on current assets of the company and fifth charge on all present and future current assets of the company, mark-up is charged as per bank's schedule of charges, the acceptances against this facility on 31-03-11 is Rs. 158.898 million.

**6.2** A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million was obtained from Askari Bank Limited with a sub limit of letter of guarantee of Rs. 13.20 million to meet the contractual and import requirements of the company. The facility is secured against 2nd charge on current assets of the company. Mark-up is charged as per bank's schedule of charges.

**6.3** Forced Demand Finance Facility of Rs. 85.084 million was availed from The Bank of Punjab payable in twelve equal monthly installments. Finance is secured against 1st charge on both present & future fixed assets of M/s Poly Paper & Board Mills (Pvt) Ltd. Mark-up is charged at average 3 months KIBOR + 300 BPS without floor and cap.

**6.4** The related parties have financed the company for the expansion project and the loan is interest free. The repayment of the loan will be made after the completion of the expansion project subject to availability of funds.

## 7 CONTINGENCIES AND COMMITMENTS

**7.1** Letters of Credit other than capital expenditure outstanding amounted to Rs. nil million. (June 2010: nil million).



**7.2** The Competition Commission of Pakistan (CCP) imposed a penalty on the Company via an order dated August 27, 2009 amounting to Rs. 12 million, which is 7.5% of the turnover as reported in the last published financial statements. CCP has also imposed penalties on 19 other cement manufacturing companies against cartelization by cement manufacturers under the platform of All Pakistan Cement Manufacturers Association (APCMA) to increase the cement prices by artificially restricting production. The amount of penalty has been challenged in the Court of Law. The Company's legal counsel is confident that the Company has a good case and there are reasonable chances of success to avoid the penalty, hence no provision for the above has been made in the interim condensed financial statements.

	<b>March 2011</b>	June 2010
	<b>Rupees</b>	Rupees
<b>8 PROPERTY, PLANT &amp; EQUIPMENT</b>		
Opening book value	4,519,933,332	3,614,777,204
Add: Additions during the period	<u>17,947,832</u>	<u>981,649,410</u>
	<b>4,537,881,164</b>	4,596,426,614
Less Deletion during the year - net off depreciation	<u>29,598,385</u>	<u>401,204</u>
	<b>4,508,282,779</b>	4,596,025,410
Less: Depreciation charged during the period	<u>36,164,034</u>	<u>76,092,078</u>
Closing book value	<u><b>4,472,118,745</b></u>	<u><b>4,519,933,332</b></u>
<b>Additions during the period</b>		
Building	-	106,646,458
Plant & machinery	<u>12,228,332</u>	<u>874,439,852</u>
Vehicles	<u>5,719,500</u>	<u>563,100</u>
	<u><b>17,947,832</b></u>	<u><b>981,649,410</b></u>
<b>9 CAPITAL WORK IN PROGRESS</b>		
Building	75,388,439	71,047,639
Plant & machinery	<u>342,662,670</u>	<u>265,023,058</u>
	<u><b>418,051,109</b></u>	<u><b>336,070,697</b></u>

	<b>March 2011</b> <b>Rupees</b>	June 2010 Rupees
<b>10 CASH AND BANK BALANCES</b>		
In hand	746,112	401,678
At Banks- current accounts	7,676,210	542,696
	<u>8,422,322</u>	<u>944,374</u>

#### **11 RELATED PARTIES TRANSACTIONS**

Related parties of the company comprise associated undertakings, directors, key employees and management personnel. Detail of transactions with related parties except remuneration and benefits to directors and management personnel under their terms of employment, are as under:

Sales to Associated Companies	<u>69,881</u>	<u>22,160,752</u>
Purchases from Associated Companies	<u>-</u>	<u>60,410,851</u>

Transactions with related parties were made at arm's length prices determined in accordance with the comparable uncontrolled method.

#### **12 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on April 30, 2011 by the board of directors of the company.

#### **13 GENERAL**

- Figures in the financial statements have been rounded off to the nearest rupee.

- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.

  
**Momin Qamar**  
Director

  
**Kamran Khan**  
Chief Executive

