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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

Bank Al-Habib Ltd.  
Bank Al Flah Limited  
Habib Bank Limited

### AUDIT COMMITTEE

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

### REGISTERED & HEAD OFFICE

103-Fazal Road, Lahore Cantt. Lahore  
Tel: 042-6674301-5 Fax: 042-6660693  
[www.flyingcement.com](http://www.flyingcement.com)

### STATUTORY AUDITORS

M/s. Tahir Siddiqi & Co.  
Chartered Accountants  
A member firm of TIAG Internatinal

### PRODUCTION FACILITIES

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

### COST AUDITORS

M/s. Mumtaz Bloach & Co.,  
Chartered Accountants

### SHARES REGISTRAR

THK Associates (Pvt) Limited.  
Ground Floor, State Life Building-3  
Dr. Zia Uddin Ahmed Road, P.O.Box 8533  
Karachi-75530  
Tel: 021-111-000-322, Fax: 021-5655595

### INTERNAL AUDITOR

Mr. Imran Matloob Khan

### WEB SITE

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

### COMPANY SECRETARY

Mr. Mubashir Asif

### E-MAIL

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

### CHIEF FINANCIAL OFFICER

Agha Hamayun Khan

### LEGAL ADVISOR OF COMPANY

Mr. Muhammad Atif Amin,  
Advocate High Court,

### BANKERS

Askari Commercial Bank Ltd.  
The Bank of Punjab  
United Bank Ltd.  
Al Baraka Islamic Bank  
Faysal Bank Ltd.  
MCB Bank Ltd.  
National Bank of Pakistan



## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present herewith their review alongwith un-audited accounts of the Company for the 1<sup>st</sup> Quarter ended September 30, 2011.

### OPERATIONAL AND FINANCIAL RESULTS

	<b>Sep- 2011</b>	<b>Sep-2010</b>
	<b>Rs</b>	<b>Rs</b>
Sales - Net	262,022,642	54,264,064
Gross (Loss)	(18,049,753)	(30,763,784)
Profit (Loss) After Tax	485,165	(28,864,143)
Earning (Loss) Per Share	0.0028	(0.16)

The Company Sales has been increased by five times as compared to corresponding period's sales. The production of the mills has been regularized and quality of the products has been acknowledged by the customers and availability of our products in the market has been streamlined. The company posted a net profit of Rs 485,165/- after tax as against the loss after tax of Rs 28,864,143/- in the corresponding period of last year.

The management had geared up its efforts to make the unit economical, compatible with any best unit in the country and viability of the unit is secured by implementation of BMR program on priority basis according to the operational requirement(s) of Plant in order to reduce energy cost.

### ACKNOWLEDGEMENT

We extend our thanks and appreciation to shareholders, customers and employees of Flying Cement Company for their persistent support and trust and we do hope to maintain the cordial relations with our patronage.

For and on behalf of the Board

**Kamran Khan**

Chairman


Lahore: **October 31, 2011**



**FLYING CEMENT COMPANY LTD  
BALANCE SHEET (un-audited)  
AS AT SEPTEMBER 30, 2011**

	Note	Sep 30, 2011 Rupees	Jun 30, 2011 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>(396,954,469)</u>	<u>(401,472,771)</u>
Total Equity		<u>1,490,024,525</u>	<u>1,485,506,223</u>
Surplus on revaluation of fixed assets		1,683,491,408	1,687,524,545
<b>NON-CURRENT LIABILITIES</b>			
Long term finance	4	<u>566,231,233</u>	651,524,133
Liabilities against assets subject to finance lease		14,024,401	14,024,401
Long term deposits		12,405,340	12,405,340
Deferred liabilities		<u>760,026,067</u>	<u>795,453,934</u>
		<u>1,352,687,041</u>	<u>1,473,407,808</u>
<b>CURRENT LIABILITIES</b>			
Current portion of liabilities against assets subject to finance lease		<u>8,698,217</u>	9,099,656
Current portion of long term finance	4	17,499,600	16,041,300
Short term finance	5	236,751,259	236,751,259
Trade and other payables		516,392,461	506,872,934
Accrued interest / mark-up		42,362,585	32,318,949
Provision for taxation		<u>2,620,226</u>	<u>7,239,487</u>
		<u>824,324,348</u>	<u>808,323,585</u>
<b>TOTAL LIABILITIES</b>		<u>2,177,011,390</u>	<u>2,281,731,393</u>
Contingencies and commitments	6	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>5,350,527,323</u>	<u>5,454,762,161</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	7	<u>4,483,496,595</u>	4,495,019,109
Capital work in progress	8	<u>406,073,025</u>	406,073,025
		4,889,569,620	4,901,092,134
<b>CURRENT ASSETS</b>			
Stores & spares		<u>13,176,925</u>	14,443,881
Stock in trade		267,118,623	368,283,760
Trade debts		3,658,211	6,260,889
Advances, deposits, prepayments & other receivables		171,629,081	154,942,841
Cash and bank balances	9	<u>5,374,864</u>	<u>9,738,656</u>
		<u>460,957,704</u>	<u>553,670,027</u>
<b>TOTAL ASSETS</b>		<u>5,350,527,323</u>	<u>5,454,762,161</u>

The annexed notes 1 to 12 form an integral part of these financial statements.

  
**Momin Qamar**  
Director


  
**Kamran Khan**  
Chief Executive



**FLYING CEMENT COMPANY LTD  
PROFIT AND LOSS ACCOUNT (un-audited)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	<b>Sep 30, 2011 Rupees</b>	<b>Sep 30, 2010 Rupees</b>
Sales	262,022,642	54,264,064
Cost of sales	<u>280,072,395</u>	<u>85,027,848</u>
<b>Gross Profit / (Loss)</b>	<b>(18,049,753)</b>	<b>(30,763,784)</b>
Distribution cost	<u>418,788</u>	<u>375,944</u>
Administrative expenses	<u>3,259,528</u>	<u>2,732,952</u>
	<b>3,678,316</b>	<b>3,108,896</b>
<b>Operating Profit / (Loss)</b>	<b>(21,728,069)</b>	<b>(33,872,680)</b>
Financial cost	<u>(10,594,406)</u>	<u>(9,712,129)</u>
<b>Profit / (Loss) Before Taxation</b>	<b>(32,322,475)</b>	<b>(43,584,809)</b>
Taxation	<u>32,807,640</u>	<u>14,720,666</u>
<b>Profit / (Loss) After Taxation</b>	<b>485,165</b>	<b>(28,864,143)</b>
<b>Loss Per Share- Basic</b>	<b>0.0028</b>	<b>(0.16)</b>

- The annexed notes 1 to 12 form an integral part of these financial statements.

  
**Momin Qamar**  
Director

  
**Kamran Khan**  
Chief Executive



**FLYING CEMENT COMPANY LTD  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	<b>Sep 30, 2011 Rupees</b>	<b>Sep 30, 2010 Rupees</b>
<b>Profit / (Loss) for the year</b>	<b>485,165</b>	<b>(28,864,143)</b>
Other Comprehensive income	-	-
<b>Total Comprehensive income for the year</b>	<b>485,165</b>	<b>(28,864,143)</b>

- The annexed notes 1 to 12 form an integral part of these financial statements.

*Momin Qamar*  
**Momin Qamar**  
Director


*Kamran Khan*  
**Kamran Khan**  
Chief Executive



**FLYING CEMENT COMPANY LTD  
CASH FLOW STATEMENT (un-audited)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	Sep 30, 2011 Rupees	Sep 30, 2010 Rupees
<b>Cash Flow From Operating Activities</b>		
<b>Profit / (Loss) for the period - before taxation</b>	(32,322,475)	(43,584,809)
Adjustment for non cash charges and other items		
Depreciation	11,522,514	12,140,755
Financial cost	10,594,406	9,712,129
	22,116,920	21,852,884
Cash Inflow from operating activities before working capital changes	(10,205,555)	(21,731,925)
Changes In Working Capital		
(Increase) / Decrease in current assets		
Stores & spares	1,266,956	467,697
Stock-in-trade	101,165,137	(56,178,557)
Trade debtors	2,602,678	(8,316,781)
Advances, deposits, prepayments and other receivables	(23,925,727)	(36,633,446)
	81,109,044	(100,661,087)
Increase / (Decrease) in current liabilities		
Creditors and other payables	9,519,527	(40,162,231)
Cash Inflow/(Outflow) from Operating Activities-Before Taxation	80,423,017	(162,555,243)
Taxes Paid	-	-
<b>Cash Inflow/(Outflow) From Operating Activities - After Taxation</b>	80,423,017	(162,555,243)
<b>Cash Inflow/(Outflow) From Investing Activities</b>		
Fixed Capital Expenditures	-	(686,400)
<b>Cash Flow From Financing Activities</b>		
Financial charges paid	(550,770)	(3,445,928)
Directors, shareholders & associates loan	-	-
Liabilities against assets subject to finance lease paid	(401,439)	(230,076)
Long term finance	(83,834,600)	116,110,722
Long term deposits	-	300,000
<b>Net Cash Inflow/(Outflow) From Financing Activities</b>	(84,786,809)	112,734,718
Net Increase / (decrease) in Cash and Cash Equivalents	(4,363,792)	(50,506,925)
Cash and Cash Equivalents - at the beginning of the year	(227,012,603)	(163,149,569)
<b>Cash and Cash Equivalents - at the end of the quarter</b>	(231,376,395)	(213,656,494)

The annexed notes 1 to 12 form an integral part of these financial statements.

  
**Momin Qamar**  
Director

  
**Kamran Khan**  
Chief Executive



**FLYING CEMENT COMPANY LTD  
STATEMENT OF CHANGES IN EQUITY (un-audited)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

	<b>Ordinary Share Capital (Rs.)</b>	<b>Accumulated Profit / (Loss) (Rs.)</b>	<b>Capital Reserve (Rs.)</b>	<b>Total (Rs.)</b>
<b>Balance as at June 30, 2010</b>	<b>1,760,000,000</b>	<b>(288,454,917)</b>	<b>126,978,994</b>	<b>1,598,524,077</b>
Total Comprehensive Income/(Loss) for the year	-	(145,941,420)	-	(145,941,420)
Incremental depreciation	-	32,923,566	-	32,923,566
<b>Balance as at June 30, 2011</b>	<b>1,760,000,000</b>	<b>(401,472,771)</b>	<b>126,978,994</b>	<b>1,485,506,223</b>
Total Comprehensive Income/(Loss) for the period	-	485,165	-	485,165
Incremental depreciation	-	4,033,137	-	4,033,137
<b>Balance as at September 30, 2011</b>	<b>1,760,000,000</b>	<b>(396,954,469)</b>	<b>126,978,994</b>	<b>1,490,024,525</b>

- The annexed notes 1 to 12 form an integral part of these financial statements.

*Momin Qamar*  
**Momin Qamar**  
Director

*Kamran Khan*  
**Kamran Khan**  
Chief Executive





**FLYING CEMENT COMPANY LTD**  
**NOTES TO THE ACCOUNTS (un-audited)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2011**

**1 LEGAL STATUS & OPERATIONS**

The Company was incorporated as Public Limited Company on December 24, 1992 under the Companies Ordinance, 1984. The company is listed on Karachi, Lahore and Islamabad Stock Exchanges in Pakistan. The main objective of the company is to manufacture and sale the cement. The registered office of the company is situated in Lahore and the factory in Khushab.

**2 BASIS OF PREPARATION**

These financial statements are un-audited and have been prepared in accordance with the requirements of International Accounting Standard (IAS-34) "Interim Financial Reporting". These financial statements are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

The Interim condensed financial statements do not include all the information and disclosures as required in the annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended

**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, 2011.

**4 LONG TERM FINANCE**

		Sep 30, 2011	June 30, 2011
		Rupees	
Loans from banking companies	<b>4.1</b>	<b>157,141,500</b>	158,599,800
Loan from Directors & Shareholders		<b>409,089,733</b>	492,924,333
		<u><b>566,231,233</b></u>	<u>651,524,133</u>

**4.1 Loans from banking companies**

Askari Bank Ltd.	<b>4.1.1</b>	<b>24,791,100</b>	24,791,100
National Bank of Pakistan	<b>4.1.1</b>	<b>149,850,000</b>	149,850,000
		<b>174,641,100</b>	174,641,100
Less: Current Portion		<b>17,499,600</b>	11,666,400
		<u><b>157,141,500</b></u>	<u>162,974,700</u>

**4.1.1** Initially Term Finance facility of Rs. 50 million was availed from Askari Bank Limited payable in equal quarterly installments. The said facility was restructured in August 2008 and than on May 31, 2010, repayable in seventeen quarterly. 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 directors and additional collaterals along with group inter corporate guarantees.

**4.1.1** Demand Finance of Rs. 150 million is availed from National Bank of Pakistan as pre disbursement out of NBP sanction share of Rs 353.810 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 %.

**Sep 30, 2011****June 30, 2011**

Rupees

**5 SHORT TERM FINANCE**

Askari Bank Ltd.	<b>5.1</b>	<b>138,345,204</b>	155,782,646
Albaraka Islamic	<b>5.2</b>	<b>19,974,187</b>	22,762,523
Bank of Punjab	<b>5.3</b>	<b>65,128,090</b>	58,206,090
		<u><b>223,447,481</b></u>	<u>236,751,259</u>

- 5.1** A letter of credit (S/U 180 days ) of Rs. 60 million is 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.
- 5.2** A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million is obtained from Albaraka Islamic Bank with a sub limit of letter of guarantee of Rs. 13.20 million ( 2010 Rs. 13.20 million) to meet the contractual and import requirements of the company. The finance is secured against 2nd charge over current assets of the company. Mark-up is charged as per bank's Schedule of charges.
- 5.3** Demand Finance Facility is obtained from The Bank of Punjab payable in twelve equal monthly installments. The demand finance attracts mark-up at average 3 months kibor + 300 BPS without floor and cap. The finance is secured against charge over current assets of the company and charge on fixed assets of M/s Poly Paper & Board Mills (Pvt) Ltd. and personal guarantees of directors of the both companies.

**6 CONTINGENCIES AND COMMITMENTS**

The Competition Commission of Pakistan (CCP) has issued a show cause notice to the company for an increase in prices of cement across the country. The case is currently before the the Honorable High Court. The Court granted the stay order restricting the CCP to pass any adverse order(s) against the show cause notice issued to the company.

**Sep 30, 2011****June 30, 2011**

Rupees

**7 Property, Plant & Equipment**

Opening book value	<b>4,495,019,109</b>	4,519,933,332
Add: Additions during the period	-	119,196,525
	<u><b>4,495,019,109</b></u>	<u>4,639,129,857</u>
Less Deletion during the period - net off depreciation	-	52,635,886
	<u><b>4,495,019,109</b></u>	<u>4,586,493,971</u>
Less: Depreciation charged during the period	<b>11,522,514</b>	91,474,862
Closing book value	<u><b>4,483,496,595</b></u>	<u>4,495,019,109</u>
<b>Additions during the period</b>		
Building on freehold land	-	-
Plant & machinery	-	119,196,525
Vehicles	-	-
	<u>-</u>	<u>119,196,525</u>



**Sep 30, 2011**

**June 30, 2011**

Rupees

**8 CAPITAL WORK IN PROGRESS**

Building	74,055,527	74,055,527
Plant & machinery	<u>332,017,498</u>	<u>332,017,498</u>
	<u><u>406,073,025</u></u>	<u><u>406,073,025</u></u>

**9 CASH AND BANK BALANCES**

In hand	1,675,255	1,850,812
At Banks- current accounts	<u>3,699,609</u>	<u>7,887,844</u>
	<u><u>5,374,864</u></u>	<u><u>9,738,656</u></u>

**10 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>-</u>	<u>-</u>
Purchases from Associated Companies	<u>-</u>	<u><b>105,595,393</b></u>

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

**11 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorised for issue on October 31, 2011 by the board of directors of the company.

**12 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*  
**Momin Qamar**  
 Director

*Kamran Khan*  
**Kamran Khan**  
 Chief Executive

