

# 1<sup>ST</sup> QUARTER REPORT

(UN-AUDITED)

*September 30, 2013*



**FLYING CEMENT  
COMPANY LTD.**

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**COMPANY INFORMATION****BOARD OF DIRECTORS**

Mr. Kamran Khan	Chairman
Mr. Momin Qamar	Member
Mr. Yousaf Kamran Khan	Member
Mr. Qasim Khan	Member
Mr. Asim Qamar	Member
Mrs. Shaista Imran	Member
Mrs. Samina Kamran	Member
Mr. M. Tawassal Majid	Member

**CHIEF EXECUTIVE**

Agha Hamayun Khan

**AUDIT COMMITTEE**

Mr. M. Tawassal Majid	Chairman
Mr. Qasim Khan	Member
Mr. Yousaf Kamran Khan	Member

**HUMAN RESOURCE AND  
REMUNERATION COMMITTEE**

Mr. Qasim Khan	Chairman
Mr. Yousaf Kamran Khan	Member
Agha Hamayun Khan	Member

**STATUTORY AUDITORS**

M/s. Tahir Siddiqi & Co.  
Chartered Accountants  
A member firm of TIAG Int'l

**COST AUDITORS**

M/s. Mumtaz Bloach & Co.  
Chartered Accountants

**INTERNAL AUDITOR**

Mr. Imran Matloob Khan

**COMPANY SECRETARY**

Mr. Mubashir Asif  
cosecretary@flyingcement.com

**CHIEF FINANCIAL OFFICER**

Mr. Muhammad Jamil

**LEGAL ADVISOR OF COMPANY**

Mr. Muhammad Atif Amin, Advocate High Court

**BANKERS**

Askari Bank Limited  
The Bank of Punjab  
United Bank Limited  
Al Baraka Bank (Pakistan) Limited  
Faysal Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Bank Al-Habib Limited  
Bank Al Falah Limited  
Habib Bank Limited  
Allied Bank Limited  
Summit Bank Limited

**REGISTERED & HEAD OFFICE**

103-Fazal Road, Lahore Cantt. Lahore  
Tel: 042-6674301-5 Fax: 042-6660693  
www.flyingcement.com

**PLANT**

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

**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

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## DIRECTOR'S REVIEW

The Board of Directors present the un-audited financial accounts of the company for the 1<sup>st</sup> Quarter ended September 30, 2013.

### Financial Performance

The operating results of the company for the current quarter and that of the corresponding period last year are as under:

	<b>Upto September 2013 (Rs)</b>	Upto September 2012 (Rs)
Net Sales	<b>462,916,516</b>	208,021,742
Cost of goods sold	<b>459,824,009</b>	239,338,570
Net Profit / (Loss)	<b>26,002,805</b>	(16,179,894)

The Sales figures increased as compared to the last year's quarter based on the increase in quantity and price resulting in the net profit of Rs 26 (M) as against the loss of Rs 16(M) in the corresponding period last year. Earning per share comes at 0.15 as against the 0.09 loss per share in the quarter last year.

### Future Outlook

Based on the demand of cement, sales volumes are likely to increase significantly. Prevailing Cement Prices will also help the management to achieve their targeted goals. Measures taken by the management are being proved fruitful in improving the efficiency of plant and good operational results. The announced development programs by the present Government are also the key factor for enhancement in production figures.

For and on behalf of the Board



**Agha Hamayun Khan**

Chief Executive

Lahore : October 31, 2013

**Condensed Interim Balance Sheet (Un-audited)  
As at September 30, 2013**

	Note	Sep 30, 2013 Rupees	June 30, 2013 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>(264,233,243)</u>	<u>(297,982,897)</u>
Total Equity		1,622,745,751	1,588,996,097
Surplus on revaluation of fixed assets		1,615,892,808	1,623,639,657
<b>NON-CURRENT LIABILITIES</b>			
Long term finance	4	692,663,343	704,071,474
Long term deposits		13,405,340	13,405,340
Deferred liabilities		494,967,132	527,895,324
		<u>1,201,035,815</u>	<u>1,245,372,138</u>
<b>CURRENT LIABILITIES</b>			
Current portion of liabilities against assets subject to finance lease		18,492,575	19,492,575
Short term finance	5	72,955,646	72,955,646
Trade and other payables		1,073,012,147	1,224,521,814
Accrued interest / mark-up		85,029,386	78,714,652
		<u>1,249,489,754</u>	<u>1,395,684,687</u>
<b>TOTAL LIABILITIES</b>		<u>2,450,525,569</u>	<u>2,641,056,825</u>
Contingencies and commitments	6	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>5,689,164,128</u>	<u>5,853,692,579</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	7	4,776,137,384	4,799,292,919
Capital work in progress	8	234,132,718	234,132,718
		<u>5,010,270,102</u>	<u>5,033,425,637</u>
Long Term Security Deposits		41,793,160	41,793,160
<b>CURRENT ASSETS</b>			
Stores & spares & loose tools		297,529,464	360,763,306
Stock in trade		197,623,524	252,631,093
Trade debts		6,354,470	8,558,614
Advances, deposits, prepayments & other receivables		126,329,275	148,110,598
Cash and bank balances	9	9,264,133	8,410,171
		<u>637,100,866</u>	<u>778,473,782</u>
<b>TOTAL ASSETS</b>		<u>5,689,164,128</u>	<u>5,853,692,579</u>

The annexed notes 1 to 11 form an integral part of these financial statements.

*Momin Qamar*

Momin Qamar  
Director

*Agha Hamayun Khan*

Agha Hamayun Khan  
Chief Executive

**Condensed Interim Profit And Loss Account (Un-audited)  
For the Quarter ended September 30, 2013**

	Sep 30, 2013 Rupees	Sep 30, 2012 Rupees
Sales	462,916,516	208,021,742
Cost of sales	<u>(459,824,009)</u>	<u>(239,338,570)</u>
<b>Gross Profit / (Loss)</b>	<b>3,092,507</b>	<b>(31,316,828)</b>
Distribution cost	<u>(949,821)</u>	<u>(1,288,220)</u>
Administrative expenses	<u>(2,544,701)</u>	<u>(4,761,216)</u>
	<b>(3,494,522)</b>	<b>(6,049,436)</b>
<b>Operating Profit / (Loss)</b>	<b>(402,015)</b>	<b>(37,366,264)</b>
Financial cost	<u>(6,672,974)</u>	<u>(8,451,330)</u>
<b>Profit / (Loss) Before Taxation</b>	<b>(7,074,989)</b>	<b>(45,817,594)</b>
Taxation	<u>33,077,794</u>	<u>29,637,700</u>
<b>Profit / (Loss) After Taxation</b>	<b>26,002,805</b>	<b>(16,179,894)</b>
<b>Profit (Loss) Per Share- Basic</b>	<b>0.15</b>	<b>(0.09)</b>

The annexed notes 1 to 11 form an integral part of these financial statements.

*Momin Qamar*

**Momin Qamar**  
Director

*Agha Hamayun Khan*

**Agha Hamayun Khan**  
Chief Executive

**Condensed Interim Statement of Comprehensive Income (Un-audited)  
For the Quarter ended September 30, 2013**

	Sep 30, 2013 Rupees	Sep 30, 2012 Rupees
Profit for the year	26,002,805	(16,179,894)
Total Comprehensive income for the year	<u>26,002,805</u>	<u>(16,179,894)</u>

The annexed notes 1 to 11 form an integral part of these financial statements.



**Momin Qamar**  
Director



**Agha Hamayun Khan**  
Chief Executive

**Condensed Interim Cash Flow Statement (Un-audited)  
For the Quarter ended September 30, 2013**

	Sep 30, 2013 Rupees	Sep 30, 2012 Rupees
<b>Cash Flow From Operating Activities</b>		
<b>Profit / (Loss) for the period - before taxation</b>	<b>(7,074,989)</b>	<b>(45,817,594)</b>
Adjustment for non cash charges and other items		
Depreciation	<b>23,785,536</b>	22,715,258
Financial cost	<b>6,672,974</b>	8,451,330
	<b>30,458,510</b>	31,166,588
Cash Inflow from operating activities before working capital changes	<b>23,383,521</b>	(14,651,006)
<b>Changes In Working Capital</b>		
(Increase) / Decrease in current assets		
Coal, Furnace oil ,Stores & spares	<b>63,233,842</b>	(55,352,593)
Stock-in-trade	<b>55,007,569</b>	4,817,237
Trade debtors	<b>2,204,144</b>	(1,966,860)
Advances, deposits, prepayments and other receivables	<b>26,077,833</b>	48,806,233
	<b>146,523,388</b>	(3,695,983)
Increase / (Decrease) in current liabilities		
Creditors and other payables	<b>(151,509,667)</b>	100,549,627
Cash Inflow/(Outflow) from Operating Activities-Before Taxation	<b>18,397,242</b>	82,202,638
Taxes Paid	<b>(4,296,510)</b>	(21,662,823)
<b>Cash Inflow/(Outflow) From Operating Activities - After Taxation</b>	<b>14,100,732</b>	60,539,815
<b>Cash Inflow/(Outflow) From Investing Activities</b>		
Fixed Capital Expenditures	<b>(630,000)</b>	(41,410,649)
<b>Cash Flow From Financing Activities</b>		
Financial charges paid	<b>(358,240)</b>	(6,203,353)
Liabilities against assets subject to finance lease	<b>(1,000,000)</b>	-
Long term finance	<b>(11,408,131)</b>	(16,750,000)
<b>Net Cash Inflow/(Outflow) From Financing Activities</b>	<b>(12,766,371)</b>	(23,354,792)
Net Increase / (decrease) in Cash and Cash Equivalents	<b>704,361</b>	(3,827,187)
Cash and Cash Equivalents - at the beginning of the year	<b>(64,545,476)</b>	(66,128,974)
<b>Cash and Cash Equivalents - at the end of the quarter</b>	<b>(63,841,115)</b>	(69,956,161)

The annexed notes 1 to 11 form an integral part of these financial statements.

*Momin Qamar*

**Momin Qamar**  
Director

*Agha Hamayun Khan*

**Agha Hamayun Khan**  
Chief Executive



**Condensed Interim Statement of Changes in Equity (Un-audited)  
For the Quarter ended September 30, 2013**

	Ordinary Share Capital Rupees	Accumulated Profit / (Loss) Rupees	Capital Reserve Rupees	Total Rupees
<b>Balance as at June 30, 2012</b>	1,760,000,000	(340,720,423)	126,978,994	1,546,258,571
Total Comprehensive Income/(Loss) for the year	-	11,117,733	-	11,117,733
Incremental depreciation	-	31,619,793	-	31,619,793
<b>Balance as at June 30, 2013</b>	<u>1,760,000,000</u>	<u>(297,982,897)</u>	<u>126,978,994</u>	<u>1,588,996,097</u>
Total Comprehensive Income/(Loss) for the period	-	26,002,805	-	26,002,805
Incremental depreciation	-	7,746,849	-	7,746,849
<b>Balance as at September 30, 2013</b>	<u><u>1,760,000,000</u></u>	<u><u>(264,233,243)</u></u>	<u><u>126,978,994</u></u>	<u><u>1,622,745,751</u></u>

The annexed notes 1 to 11 form an integral part of these financial statements.

*Momin Qamar*

**Momin Qamar**  
Director

*Agha Hamayun Khan*

**Agha Hamayun Khan**  
Chief Executive

## Notes to the Condensed Interim Accounts (Un-audited) For the Quarter ended September 30, 2013

### 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 June 30, 2013.

### 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, 2013.

	Note	Sep 30, 2013 Rupees	June 30, 2012 Rupees
<b>4. LONG TERM FINANCES</b>			
Loans from banking companies	4.2	149,850,000	149,850,000
Loan from Directors & Shareholders		542,813,343	554,221,474
		692,663,343	704,071,474
<b>4.1 Loans from banking companies</b>			
Askari Bank Ltd. - Term Finance I	4.1	-	-
National Bank of Pakistan	4.2	149,850,000	149,850,000
		149,850,000	149,850,000

- 4.1.1** Term Finance facility of 50 million was availed from Askari Bank Limited that was secured against 1st charge on present and future assets of the company, personal guarantees of directors and additional collaterals along with group inter corporate guarantees. The loan has been paid during the year 2012 and release of charge is under arrangements.
- 4.1.2** Demand Finance of Rs.150 million (2012: Rs. 150 million) was availed from National Bank of Pakistan payable in quarterly installments. The finance is secured against 1st joint pari pasu charge on entire present and future fixed assets of the company with 40% of margin, personal guarantees of sponsoring directors of the company and pledge of directors' shares of the company.

	Note	Sep 30, 2013 Rupees	June 30, 2012 Rupees
<b>5 SHORT TERM FINANCE</b>			
Askari Bank Ltd.	5.1	-	-
Albaraka Islamic Bank	5.2	<b>17,398,756</b>	17,398,756
Bank of Punjab	5.3	<b>55,556,890</b>	55,556,890
		<b><u>72,955,646</u></b>	<b><u>72,955,646</u></b>

- 5.1** A letter of credit (S/U 180 days) of Rs. 60 million was obtained from Askari Bank Limited that was secured against 1st charge on current assets of the company and 5th charge on all present and future assets of the company. During the year 2012, the company has paid all its liabilities regarding above said borrowing and release of charge is under arrangements.
- 5.2** A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million (2012: Rs. 22.50 million) is obtained from Albaraka Islamic Bank with a sub limit of letter of guarantee of Rs. 0.20 million ( 2012 Rs. 0.20 million) to meet the contractual and import requirements of the company. The finance is secured against charge over current assets of the company. Mark-up is charged as per bank's Schedule of charges.
- 5.3** Forced Demand Finance Facility of Rs. 60.904 million (2012: Rs. 60.904 million) obtained from The Bank of Punjab payable in twelve equal monthly installments. The demand finance attracts mark-up at average 1 months KIBOR + 300 BPS without floor and cap. The finance is secured against charge over current and future 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.

The Bank of Punjab has restructure / reschedule demand finance by extending the repayment period till May 31, 2011. The outstanding markup till June 04, 2010 has converted in to another demand finance facility repayable in twelve equal monthly installment of Rs 0.846 million. No markup is applicable on this demand finance II facility.

## 6 CONTINGENCIES AND COMMITMENTS

The Albaraka Islamic Bank has issued letter of guarantees on behalf of the company for the following:

- Excise Collection Office, Sindh Development & Maintenance amounting to Rs. 00.20 million.

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 Honorable High Court. The Court granted the stay order restricting the CCP to pass any adverse order(s) against the show cause notices issued to the cement manufacturers.

The company is in litigation with Bank of Punjab on markup charged by the bank on demand finance facility. Management has not accounted for markup during the year of Rs. 5.9 million because management and legal advisor are confident that the case will be decided in favour of the company.

	Sep 30, 2013 Rupees	June 30, 2012 Rupees
<b>7 PROPERTY, PLANT &amp; EQUIPMENT</b>		
Opening book value	4,799,292,919	4,530,823,424
Add: Additions during the period	630,000	359,076,004
	<u>4,799,922,919</u>	<u>4,889,899,428</u>
	4,799,922,919	4,889,899,428
Less: Depreciation charged during the period	23,785,535	90,606,509
Closing book value	<u>4,776,137,384</u>	<u>4,799,292,919</u>
<b>Additions during the period</b>		
Plant & machinery	630,000	359,076,004
	<u>630,000</u>	<u>359,076,004</u>
<b>8 CAPITAL WORK IN PROGRESS</b>		
Building	91,033,763	91,033,763
Plant & machinery	143,098,955	143,098,955
	<u>234,132,718</u>	<u>234,132,718</u>

**9 CASH AND BANK BALANCES**

In hand	<b>2,235,759</b>	1,288,294
At Banks- current accounts	<b>7,028,374</b>	7,121,877
	<b><u>9,264,133</u></b>	<b><u>8,410,171</u></b>

**10 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorised for issue on October 31, 2013 by the board of directors of the company.

**11 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

*Agha Hamayun Khan*

**Agha Hamayun Khan**  
Chief Executive