

3RD QUARTER REPORT

(UN-AUDITED)

March 31, 2014



**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

CHIEF FINANCIAL OFFICER

Mr. Muhammad Jamil

LEGAL ADVISOR

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
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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 3rd Quarter ended March 31, 2014.

In terms of volumes your company performed better as compared to the corresponding period which is mainly due to better production management and efficient marketing of cement resulting increase in production and sales as well. Company earned profit after tax Rs 3.787 million as against loss after tax of Rs 36.546 million in corresponding period last year.

Comparative study of financial of the company for the period under review is summarized hereunder:

	Amounts in Rupees			
	For the nine month ended		For the quarter ended	
	Jul. - Mar. 2014	Jul. - Mar. 2013	Jan. - Mar. 2014	Jan. - Mar. 2013
Sales	1,565,826,025	437,208,473	539,867,142	186,879,417
Gross Profit /(Loss)	35,326,299	(121,861,353)	14,381,026	(68,691,556)
Net Profit / (Loss) after Tax	31,685,132	(86,5987,019)	3,787,318	(36,545,811)
Earning / (Loss) per share	0.18	(0.49)	0.02	(0.21)

Most of the economic prospects and expectations are attaining finality, being financial year is ending in the ensuing quarter. Vivid scenario of economy could be foreseen as the policies of present Government would be materialized and implemented within the true spirit. We expect that the war on terrorism is going to an end which will provide the solid base for country's economy lead to prosperous GDP Growth in all sectors subject to prompt elimination of Energy and Gas Shortage.

We wish to record our appreciation of continued support and cooperation of our employees and patronage of our customers.

For and on behalf of the Board



Kamran Khan
Chairman
Lahore: April 30, 2014

**Condensed Interim Balance Sheet (Un-audited)
As at March 31, 2014**

	Note	March 31, 2014 Rupees	June 30, 2013 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share 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 (loss)		<u>(243,057,217)</u>	<u>(297,982,897)</u>
Total Equity		1,643,921,777	1,588,996,097
Surplus on revaluation of fixed assets		1,600,399,109	1,623,639,657
NON-CURRENT LIABILITIES			
Long term finance	4	556,568,343	704,071,474
Liabilities against assets subject to finance lease		-	-
Long term deposits		13,005,340	13,405,340
Deferred liabilities	5	521,646,347	527,895,324
		<u>1,091,220,030</u>	<u>1,245,372,138</u>
CURRENT LIABILITIES			
Trade and other payables		1,250,771,283	1,224,521,814
Accrued Interest / mark-up		98,290,151	78,714,652
Short term finance	6	55,556,890	72,955,646
Current portion of liabilities against assets subject to finance lease		18,490,140	19,492,575
		<u>1,423,108,464</u>	<u>1,395,684,687</u>
TOTAL LIABILITIES		<u>2,514,328,494</u>	<u>2,641,056,825</u>
Contingencies and commitments	7	-	-
TOTAL EQUITY AND LIABILITIES		<u>5,758,649,380</u>	<u>5,853,692,579</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	8	4,826,202,647	4,799,292,919
Capital work in progress	9	237,372,718	234,132,718
		<u>5,063,575,365</u>	<u>5,033,425,637</u>
Long Term Security Deposits		41,793,160	41,793,160
CURRENT ASSETS			
Stores, spares & loose tools		167,323,420	360,763,306
Stock in trade		309,662,963	252,631,093
Trade debts		9,085,369	8,558,614
Advances, deposits, prepayments & other receivables		146,927,324	148,110,598
Cash and bank balances	10	20,281,779	8,410,171
		<u>653,280,855</u>	<u>778,473,782</u>
TOTAL ASSETS		<u>5,758,649,380</u>	<u>5,853,692,579</u>

The annexed notes from 1 to 13 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 Period ended March 31, 2014**

	For the nine months ended		For the quarter ended	
	Jul-Mar 2014	Jul-Mar 2013	Jan-Mar 2014	Jan-Mar 2013
Sales	1,565,826,025	437,208,473	539,867,142	186,879,417
Cost of sales	(1,530,499,726)	(559,069,826)	(525,486,116)	(255,570,973)
Gross Profit / (Loss)	35,326,299	(121,861,353)	14,381,026	(68,691,556)
Operating Expenses				
Distribution cost	(3,785,477)	(3,104,618)	(436,047)	(394,378)
Administrative expenses	(8,027,271)	(6,080,422)	(1,520,437)	(773,497)
	(11,812,748)	(9,185,040)	(1,956,484)	(1,167,875)
Operating Profit / (Loss)	23,513,551	(131,046,393)	12,424,542	(69,859,431)
Finance cost	(20,222,627)	(22,895,964)	(6,681,029)	(7,117,846)
Operating Profit / (Loss)	3,290,924	(153,942,357)	5,743,513	(76,977,277)
Other Income	22,145,231	-	-	-
Profit / (Loss) Before taxation	25,436,155	(153,942,357)	5,743,513	(76,977,277)
Taxation	6,248,977	67,345,338	(1,956,195)	40,431,466
Profit / (Loss) After Taxation	31,685,132	(86,597,019)	3,787,318	(36,545,811)
Earning / (Loss) Per Share- Basic	0.18	(0.49)	0.02	(0.21)

The annexed notes from 1 to 13 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 Period ended March 31, 2014**

	For the nine months ended		For the quarter ended	
	Jul-Mar 2014	Jul-Mar 2013	Jan-Mar 2014	Jan-Mar 2013
Profit / (Loss) for the period	31,685,132	(86,597,039)	3,787,318	(36,545,811)
Other Comprehensive income	-	-	-	-
Total Comprehensive income / (loss) for the period	<u>31,685,132</u>	<u>(86,597,039)</u>	<u>3,787,318</u>	<u>(36,545,811)</u>

The annexed notes from 1 to 13 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 Period ended March 31, 2014**

	March 31, 2014 Rupees	March 31, 2013 Rupees
Cash Flow From Operating Activities		
Profit / (Loss) for the period - before taxation	25,436,155	(153,942,377)
Adjustment for:		
Depreciation	71,066,733	33,540,357
Finance cost	20,222,627	22,895,964
	91,289,360	56,436,321
	116,725,515	(97,506,056)
(Increase) / Decrease in Stores, spares & loose tools	193,439,886	(78,769,887)
(Increase) in Stock-in-trade	(57,031,870)	(52,465,052)
Decrease in Trade debts	(526,755)	(418,338)
Decrease in Advances, deposits, prepayments and other receivables	52,694,866	68,464,228
	188,576,127	(63,189,049)
Increase in Trade and other Payables	26,249,469	176,528,638
Cash generated from operations	331,551,111	15,833,533
Taxes Paid	(51,511,592)	(4,452,160)
Net Cash from Operating Activities	280,039,519	11,381,373
Cash flows From Investing Activities		
Fixed Capital Expenditures	(101,216,460)	(61,761,648)
Net Cash (used in) Investing Activities	(101,216,460)	(61,761,648)
Cash Flows From Financing Activities		
Finance cost paid	(647,128)	(6,725,795)
Repayment of liabilities against assets subject to finance lease	(1,002,435)	(2,000,000)
Proceeds from long term finance	-	54,337,834
Long Term Finance	(147,503,131)	-
Long term deposits	(400,000)	-
Net Cash (used in) Financing Activities	(149,552,694)	45,612,039
Net Increase in Cash and Cash Equivalents	29,270,365	(4,768,236)
Cash and Cash Equivalents - at the beginning of the year	(64,545,476)	(66,128,374)
Cash and Cash Equivalents - at the end of the period	(35,275,111)	(70,896,610)

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


Momin Qamar
Director


Agha Hamayun Khan
Chief Executive

**Condensed Interim Statement of Changes in Equity (Un-audited)
For the Period ended March 31, 2014**

	Issued Subscribed & Paid up Capital Rupees	Accumulated (Loss) Rupees	Capital Reserve Rupees	Total Rupees
Balance as at June 30, 2012	1,760,000,000	(340,720,423)	126,978,994	1,546,258,571
Total comprehensive income for the year	-	11,117,733	-	11,117,733
Incremental depreciation	-	31,619,793	-	31,619,793
Balance as at June 30, 2013	1,760,000,000	(297,982,897)	126,978,994	1,588,996,097
Total comprehensive income for the period ended March 31, 2014	-	31,685,132	-	31,685,132
Incremental depreciation	-	23,240,548	-	23,240,548
Balance as at March 31, 2014	1,760,000,000	(243,057,217)	126,978,994	1,643,921,777

The annexed notes from 1 to 13 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 Period ended March 31, 2014

1 Legal Status and 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 at 103 Fazil Road, Lahore Cantt and the factory 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, 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, except as follows:

Standards, Interpretations and amendments to approved accounting standards which became effective during the year

IFRS 7 - Financial Instruments: Disclosure
IAS 1 - Presentation of Financial Statements
IAS 24 - Related Party Disclosures
IAS 34 - Interim Financial Reporting

New accounting standards, amendments to approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company.

- IFRS 9 - Financial Instruments
- IFRS 13 - Fair Value Measurement
- IAS 19 - Employee Benefits
- IAS 32 - Financial instruments: Presentation

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

	Note	March 31, 2014 Rupees	June 30, 2013 Rupees
4. LONG TERM FINANCES			
National Bank of Pakistan - secured	4.1	149,850,000	149,850,000
Loans from related Parties - unsecured	4.2	406,718,343	554,221,474
		-	-
		<u>556,568,343</u>	<u>704,071,474</u>
4.1 Loans from banking companies - secured			
National Bank of Pakistan	4.1.1	149,850,000	149,850,000
		<u>149,850,000</u>	<u>149,850,000</u>

4.1.1 Demand Finance of Rs. 150 million (June 30, 2013: 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.

4.2 The directors have personally financed a portion of 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 31, 2014 Rupees	June 30, 2013 Rupees
5 DEFERRED LIABILITIES		
Deferred Taxation	521,218,912	527,467,889
Gratuity	427,435	427,435
	<u>521,646,347</u>	<u>527,895,324</u>
Deferred Taxation - Net		
Taxable temporary differences - effect thereof		
Excess of accounting book value of fixed assets over their tax base	1,297,951,196	1,311,071,451
Deductible temporary differences - effect thereof		
Gratuity	-	(149,602)
Unused tax losses	(776,732,284)	(783,453,960)
	<u>521,218,912</u>	<u>527,467,889</u>

	Note	March 31, 2014 Rupees	June 30, 2013 Rupees
6 SHORT TERM FINANCE			
Loan from Banking Companies-Secured			
Askari Bank Limited	6.1	-	-
Albaraka Islamic Bank	6.2	-	17,398,756
The Bank of Punjab			
Demand Finance I	6.2.1	47,102,600	47,102,600
Demand Finance II	6.2.2	8,454,290	8,454,290
		55,556,890	72,955,646

6.1 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 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.

6.2 A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million (June 30, 2013: Rs. 22.50 million) is obtained from Albaraka Islamic Bank with a sub limit of letter of guarantee of Rs. 0.20 million (June 30, 2013 Rs. 0.20 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.

6.2.1 Forced Demand Finance Facility of Rs. 60.904 million (June 30,2013: 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.

6.2.2 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.

7 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES:

7.1 The Albaraka Islamic Bank has issued letter of guarantees on behalf of company for the following:
- Excise Collection Office, Sindh Development & Maintenance amounting to Rs.0.20 million.

7.2 The company has issued guarantees on behalf of their associated undertaking to various banks.

7.3 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 notices issued to the cement manufacturers.

7.4 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 is confident that the case will be in favour of the company.

	March 31, 2014 Rupees	June 30, 2013 Rupees
8 PROPERTY, PLANT & EQUIPMENT		
Opening book value	4,799,292,919	4,530,823,424
Add: Additions during the period	97,976,460	359,076,004
	<u>4,897,269,379</u>	<u>4,889,899,428</u>
Less Deletion during the year - net off depreciation	-	-
	<u>4,897,269,380</u>	<u>4,889,899,428</u>
Less: Depreciation charged during the period	(71,066,733)	(90,606,509)
Closing book value	<u>4,826,202,647</u>	<u>4,799,292,919</u>
Additions during the period		
Plant & machinery	97,976,460	359,076,004
Electric Installation	-	-
	<u>97,976,460</u>	<u>359,076,004</u>
9 CAPITAL WORK IN PROGRESS		
Building	91,033,763	91,033,763
Plant & machinery	146,338,955	143,098,955
	<u>237,372,718</u>	<u>234,132,718</u>
10 CASH AND BANK BALANCES		
In hand	9,296,407	1,288,294
At Banks- current accounts	10,985,372	7,121,877
	<u>20,281,779</u>	<u>8,410,171</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	-	22,752,012
Purchases from Associated Companies	<u>51,338,552</u>	<u>70,468,589</u>

12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 30, 2014 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

Momin Qamar
Director

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive