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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  
Tel: 042-6674301-5 Fax: 042-6660693  
[www.flyingcement.com](http://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

**WEB SITE**

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

**E-MAIL**

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

## DIRECTOR'S REVIEW

Your Directors are pleased to present the un-audited financial accounts of the company duly reviewed by the Auditors for the Half Year ended December 31, 2013.

During the period under review company performed better as compared to the corresponding period which is mainly due to increase in production and sales volume, improvement in sales prices and continued efforts of the management to control cost. All these factors supported the company which successfully enabled to increase its sales. Company earned profit after tax Rs 27.897 million as against loss after tax of Rs 50.051 million in corresponding period.

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

	<b>Dec. 31, 2013</b>	Dec. 31, 2012
	<b>Rupees</b>	Rupees
Net Sales	<b>1,025,958,883</b>	250,329,056
Net Profit / (Loss)	<b>27,897,814</b>	(50,051,228)
Earning / (Loss) Per Share	<b>0.16</b>	(0.28)

Despite of the fact that the production and sales volumes has been increased in manifold comparing to the corresponding period. The management is striving hard to achieve maximum utilization of capacity under the given resources / capabilities available.

Keeping in view the continuous growth of cement dispatches, better retention prices and various measures taken by the management, we expect company will perform better in coming periods.

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 : February 28, 2014

## AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **FLYING CEMENT COMPANY LIMITED** as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the interim financial information for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended December 31, 2013.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for six months period ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**Date: February 28, 2014**  
Lahore



**Tahir Siddiqi & Co.**  
Chartered Accountants.

**Engagement Partner:** Mohammad Tahir Siddiqi

**Condensed Interim Balance Sheet (Un-audited)  
As at December 31, 2013**

	Note	Dec. 31, 2013 Rupees	June 30, 2013 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
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>(239,097,686)</u>	<u>(297,982,897)</u>
Total Equity		1,647,881,308	1,588,996,097
Surplus on revaluation of fixed assets		1,592,652,260	1,623,639,657
<b>NON-CURRENT LIABILITIES</b>			
Long term finance	4	681,968,343	704,071,474
Long term deposits		13,005,340	13,405,340
Deferred liabilities	5	519,690,152	527,895,324
		<u>1,214,663,835</u>	<u>1,245,372,138</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,134,436,910	1,224,521,814
Accrued Interest / mark-up		91,718,525	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>1,300,202,465</u>	<u>1,395,684,687</u>
<b>TOTAL LIABILITIES</b>		<u>2,514,866,300</u>	<u>2,641,056,825</u>
Contingencies and commitments	7	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>5,755,399,868</u>	<u>5,853,692,579</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	8	4,743,303,874	4,799,292,919
Capital work in progress	9	234,132,718	234,132,718
		4,977,436,592	5,033,425,637
Long Term Security Deposits		41,793,160	41,793,160
<b>CURRENT ASSETS</b>			
Stores, spares & loose tools		186,153,785	360,763,306
Stock in trade		329,529,114	252,631,093
Trade debts		7,575,208	8,558,614
Advances, deposits, prepayments & other receivables		198,984,826	148,110,598
Cash and bank balances	10	13,927,183	8,410,171
		736,170,116	778,473,782
<b>TOTAL ASSETS</b>		<u>5,755,399,868</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 Half Year ended December 31, 2013**

	For the half year ended		For the quarter ended	
	Jul - Dec 2013	Jul - Dec 2012	Oct-Dec 2013	Oct-Dec 2012
Sales	1,025,958,883	250,329,056	563,042,367	42,307,314
Cost of sales	(1,005,013,610)	(303,498,853)	(545,189,601)	(64,160,283)
<b>Gross Profit / (Loss)</b>	<b>20,945,273</b>	<b>(53,169,797)</b>	<b>17,852,766</b>	<b>(21,852,969)</b>
<b>Operating Expenses</b>				
Distribution cost	(3,349,430)	(2,710,240)	(2,399,609)	(1,422,020)
Administrative expenses	(6,506,834)	(5,306,945)	(3,962,133)	(545,729)
	(9,856,264)	(8,017,185)	(6,361,742)	(1,967,749)
<b>Operating Profit / (Loss)</b>	<b>11,089,009</b>	<b>(61,186,982)</b>	<b>11,491,024</b>	<b>(23,820,718)</b>
Finance cost	(13,541,598)	(15,778,118)	(6,868,624)	(7,326,788)
<b>Operating Profit / (Loss)</b>	<b>(2,452,589)</b>	<b>(76,965,100)</b>	<b>4,622,400</b>	<b>(31,147,506)</b>
Other Income	22,145,231	-	-	-
<b>Profit / (Loss) Before Taxation</b>	<b>19,692,642</b>	<b>(76,965,100)</b>	<b>4,622,400</b>	<b>(31,147,506)</b>
Taxation	8,205,172	26,913,872	(24,872,622)	(2,723,828)
<b>Profit / (Loss) After Taxation</b>	<b>27,897,814</b>	<b>(50,051,228)</b>	<b>(20,250,222)</b>	<b>(33,871,334)</b>
<b>Earning / (Loss) Per Share- Basic</b>	<b>0.16</b>	<b>(0.28)</b>	<b>(0.12)</b>	<b>(0.19)</b>

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 Half Year ended December 31, 2013**

	<b>Dec. 31, 2013</b>	<b>Dec. 31, 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Cash Flows From Operating Activities</b>		
<b>Profit / (Loss) for the period - before taxation</b>	<b>19,692,642</b>	(76,965,100)
Adjustment for:		
Depreciation	93,990,277	22,271,934
Finance cost	13,541,598	15,778,118
	<b>107,531,875</b>	38,050,052
	<b>127,224,517</b>	(38,915,048)
(Increase) / Decrease in Stores, spares & loose tools	174,609,521	8,320,834
(Increase) in Stock-in-trade	(76,898,021)	(41,673,409)
Decrease in Trade debts	983,406	576,310
Decrease in Advances, deposits, prepayments and other receivables	(24,886,525)	69,434,384
	<b>73,808,381</b>	36,658,119
Increase in Trade and other Payables	(90,084,904)	121,403,079
<b>Cash generated from operations</b>	<b>110,947,994</b>	119,146,150
Taxes Paid	(25,987,703)	(6,636,477)
<b>Net Cash from Operating Activities</b>	<b>84,960,291</b>	112,509,673
<b>Cash flows From Investing Activities</b>		
Fixed Capital Expenditures	(38,001,231)	(47,317,365)
<b>Net Cash (used in) Investing Activities</b>	<b>(38,001,231)</b>	(47,317,365)
<b>Cash Flows From Financing Activities</b>		
Finance cost paid	(537,725)	(6,269,524)
Repayment of liabilities against assets subject to finance lease	(1,002,435)	-
Proceeds from long term finance	(22,103,131)	(49,804,000)
Long term deposits	(400,000)	-
<b>Net Cash (used in) Financing Activities</b>	<b>(24,043,291)</b>	(56,073,524)
Net Increase in Cash and Cash Equivalents	<b>22,915,769</b>	9,118,784
Cash and Cash Equivalents - at the beginning of the year	<b>(64,545,476)</b>	(66,128,374)
<b>Cash and Cash Equivalents - at the end of the half year</b>	<b>(41,629,707)</b>	(57,009,590)

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 Changes in Equity (Un-audited)  
For the Half Year ended December 31, 2013**

	Issued, Subscribed & Paid up Capital Rupees	Accumulated Profit / (Loss) Rupees	Capital Reserve Rupees	Total Rupees
<b>Balance as at June 30, 2012</b>	<b>1,760,000,000</b>	<b>(340,720,423)</b>	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
<b>Balance as at June 30, 2013</b>	<b>1,760,000,000</b>	<b>(297,982,897)</b>	<b>126,978,994</b>	<b>1,588,996,097</b>
Total comprehensive Income for the half year ended December 31, 2013	-	27,897,814	-	27,897,814
Incremental depreciation	-	30,987,397	-	30,987,397
<b>Balance as at December 31, 2013</b>	<b>1,760,000,000</b>	<b>(239,097,686)</b>	<b>126,978,994</b>	<b>1,647,881,308</b>

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 Comprehensive Income (Un-audited)**  
**For the Half Year ended December 31, 2013**

	For the half year ended		For the quarter ended	
	Jul - Dec 2013	Jul - Dec 2012	Oct-Dec 2013	Oct-Dec 2012
Profit / (Loss) for the period	27,897,814	(50,051,228)	(20,250,222)	(33,871,334)
Other Comprehensive income	-	-	-	-
Total Comprehensive income / (loss) for the period	<u>27,897,814</u>	<u>(50,051,228)</u>	<u>(20,250,222)</u>	<u>(33,871,334)</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

## Notes to the Condensed Interim Accounts (Un-audited) For the Half Year ended December 31, 2013

### 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 Statement of Compliance

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors. These condensed interim financial statements of the company for the six months period ended December 31, 2013 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and provisions of or directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The figures of the condensed interim profit and loss account for the quarter ended December 31, 2012 and 2013 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2012 and 2013. These condensed interim 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, except as follows:

IAS 19 - Employees benefits  
IAS 1 - Presentation of financial statements  
ISA 32 - Financial instruments presentation  
IFRS 7 - Financial instruments

	Note	Dec. 31, 2013 Rupees	June 30, 2012 Rupees
<b>4. LONG TERM FINANCES</b>			
National Bank of Pakistan - secured	4.1	149,850,000	149,850,000
Loans from related Parties - unsecured	4.2	<u>532,118,343</u>	<u>554,221,474</u>
		<b>681,968,343</b>	<b>704,071,474</b>
<b>4.1 Loans from banking companies - secured</b>			
National Bank of Pakistan	4.1.1	<u>149,850,000</u>	<u>149,850,000</u>
		<b>149,850,000</b>	<b>149,850,000</b>

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.

	Note	Dec. 31, 2013 Rupees	June 30, 2012 Rupees
<b>5 DEFERRED LIABILITIES</b>			
Deferred Taxation		519,262,717	527,467,889
Gratuity		427,435	427,435
		<u>519,690,152</u>	<u>527,895,324</u>
<b>Deferred Taxation - Net</b>			
Taxable temporary differences - effect there of			
Excess of accounting book value of fixed assets over their tax base		1,268,281,292	1,311,071,451
Deductible temporary differences - effect there of		-	(149,602)
Unused tax losses		(749,018,575)	(783,453,960)
		<u>519,262,717</u>	<u>527,467,889</u>
<b>6 SHORT TERM FINANCE</b>			
<b>Loan from Banking Companies-Secured</b>			
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
		<u>55,556,890</u>	<u>72,955,646</u>

**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.

	Dec. 31, 2013 Rupees	June 30, 2012 Rupees
<b>8 PROPERTY, PLANT &amp; EQUIPMENT</b>		
Opening book value	4,799,292,919	4,530,823,424
Add: Additions during the period	<u>38,001,232</u>	<u>359,076,004</u>
	4,837,294,151	4,889,899,428
Less Deletion during the year - net off depreciation	-	-
	<u>4,837,294,151</u>	<u>4,889,899,428</u>
Less: Depreciation charged during the period	<u>93,990,277</u>	<u>90,606,509</u>
Closing book value	<u><u>4,743,303,874</u></u>	<u><u>4,799,292,919</u></u>
<b>Additions during the period</b>		
Plant & machinery	37,896,232	356,801,404
Electric Installation	<u>105,000</u>	<u>2,274,600</u>
	<u><u>38,001,232</u></u>	<u><u>359,076,004</u></u>
<b>9 CAPITAL WORK IN PROGRESS</b>		
Building	91,033,763	91,033,763
Plant & machinery	<u>143,098,955</u>	<u>143,098,955</u>
	<u><u>234,132,718</u></u>	<u><u>234,132,718</u></u>
<b>10 CASH AND BANK BALANCES</b>		
In hand	355,025	1,288,294
At Banks- current accounts	<u>13,572,158</u>	<u>7,121,877</u>
	<u><u>13,927,183</u></u>	<u><u>8,410,171</u></u>
<b>11 RELATED PARTIES TRANSACTIONS</b>		
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>22,752,012</u>
Purchases from Associated Companies	-	<u>70,468,589</u>

## 12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 28, 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**  
Director



**Agha Hamayun Khan**  
Chief Executive