

1ST QUARTER REPORT
(Un-Audited)
September 30, 2017



**FLYING CEMENT
COMPANY LTD.**

CONTENTS

Company Information	2
Directors' Review	3
Condensed Interim Balance Sheet (Un-Audited)	4
Condensed Interim Profit and Loss Account (Un-Audited)	5
Condensed Interim Statement of Comprehensive Income (Un-Audited)	6
Condensed Interim Cash Flow Statement (Un-Audited)	7
Condensed Interim Statement of Changes in Equity (Un-Audited)	8
Notes to the Condensed Interim Accounts (Un-Audited)	9

COMPANY INFORMATION

BOARD OF DIRECTORS

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

STATUTORY AUDITORS

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

INTERNAL AUDITOR

Mr. Imran Matloob Khan

COMPANY SECRETARY

Mr. Muhammad Azeem
cosecretary@flyingcement.com

CHIEF FINANCIAL OFFICER

Mr. Muhammad Jamil

LEGAL ADVISOR

Mr. Waqar Hasan, 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-Fazil Road, Lahore Cantt. Lahore
Tel: 042-36674301-5 Fax: 042-36660693
www.flyingcement.com

PLANT

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

SHARES REGISTRAR

THK Associates (Pvt) Limited.
1st Floor, 40-C, Block-6,
P.E.C.H.S.
Karachi-75530
Tel: 021-111-000-322, Fax: 021-34168271

WEB SITE

www.flyingcement.com

E-MAIL

info@flyinggroup.com.pk
info@flyingcement.com

DIRECTORS' REVIEW

The Board of Directors present the un-audited financial statements of the company for the first Quarter ended September 30, 2017.

Financial Performance

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

	Upto September 2017 Rupees	Upto September 2016 Rupees
Net Sales	543,009,323	486,001,968
Cost of goods sold	491,711,051	458,368,194
Net Profit	21,203,821	20,101,284

The Sales figures increased as compared to the last year's quarter based on the increase in dispatches of cement, resulting profit after tax of Rs 21.20(M) as against the profit of Rs. 20.1(M) in the corresponding period last year. Earning per share comes at 0.12 as against 0.11 per share in the quarter last year.

Future Outlook

Based on the demand of Cement, sales volume are likely to increase significantly. Measures taken by the management are being proved fruitful in improving the efficiency of plant and good operational results. The development programs announced by the present government are also the key factor for enhancement in production figures. 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



Agha Hamayun Khan

Chief Executive

Lahore; October 30, 2017

**Condensed Interim Balance Sheet (Un-Audited)
As at September 30, 2017**

	Note	Sep 30,2017 Rupees	June 30,2017 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
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		<u>381,687,081</u>	<u>352,788,165</u>
Total Equity		<u>2,268,666,075</u>	<u>2,239,767,159</u>
Surplus on revaluation of fixed assets		1,489,720,289	1,497,415,385
NON-CURRENT LIABILITIES			
Long term finance	4	<u>1,320,175,488</u>	<u>1,063,501,913</u>
Long term deposits		13,505,340	13,505,340
Deferred liabilities		<u>592,888,644</u>	<u>593,395,965</u>
		1,926,569,472	1,670,403,218
CURRENT LIABILITIES			
Short term finance	5	<u>247,102,413</u>	<u>81,052,367</u>
Trade and other payables		1,689,820,165	1,699,856,315
Accrued interest / mark-up		9,408,616	6,600,628
Provision for taxation		<u>6,787,617</u>	<u>33,809,723</u>
		<u>1,953,118,811</u>	<u>1,821,319,033</u>
TOTAL LIABILITIES		<u>3,879,688,283</u>	<u>3,491,722,251</u>
Contingencies and commitments	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>7,638,074,647</u>	<u>7,228,904,794</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	7	<u>4,620,465,997</u>	<u>4,641,202,214</u>
Capital work in progress	8	<u>995,691,251</u>	<u>995,691,251</u>
		5,616,157,248	5,636,893,465
Long Term Security Deposits		31,275,343	18,593,160
CURRENT ASSETS			
Stores & spares & loose tools		<u>568,000,965</u>	<u>438,035,187</u>
Stock in trade		<u>237,010,882</u>	<u>210,155,475</u>
Trade debts		2,991,219	3,429,583
Advances, deposits, prepayments & other receivables		1,152,739,267	906,698,199
Cash and bank balances	9	<u>29,899,723</u>	<u>15,099,725</u>
		<u>1,990,642,056</u>	<u>1,573,418,169</u>
TOTAL ASSETS		<u>7,638,074,647</u>	<u>7,228,904,794</u>

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



Momin Qamar
Director




Agha Hamayun Khan
Chief Executive

**Condensed Interim Statement of Comprehensive Income
For the Quarter ended September 30, 2017**

	Sep-17 (Rupees)	Sep-16 (Rupees)
Profit for the period	21,203,821	20,101,284
Other Comprehensive income	-	-
Total Comprehensive income for the period	<u>21,203,821</u>	<u>20,101,284</u>

The annexed notes from 1 to 12 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 30,2017**

	Sep 30 ,2017 Rupees	Sep 30 2016 Rupees
Cash Flow From Operating Activities		
Profit for the period - before taxation	27,484,117	25,749,622
Adjustment for non cash charges and other items		
Depreciation	23,032,218	23,543,600
Financial cost	9,737,023	130,482
	32,769,241	23,674,082
Cash Inflow from operating activities before working capital changes	60,253,358	49,423,704
Changes In Working Capital		
(Increase) in Stores, spares & loose tools	(129,965,778)	(136,678,144)
(Increase) / Decrease in Stock-in-trade	(26,855,407)	(33,244,239)
(Increase) / Decrease in Trade debts	438,364	(14,398,918)
(Increase) / Decrease in Advances, deposits, prepayments and other receivables	(257,135,933)	(39,523,055)
	(413,518,754)	(223,844,356)
Increase / (Decrease) in current liabilities		
Creditors and other payables	(10,036,150)	(100,143,912)
Cash Inflow/(Outflow) from Operating Activities-Before Taxation	(363,301,546)	(274,564,564)
Taxes Paid	(22,714,859)	(9,242,941)
Cash Inflow/(Outflow) From Operating Activities - After Taxation	(386,016,405)	(283,807,505)
Cash Inflow/(Outflow) From Investing Activities		
Fixed Capital Expenditures	(14,978,183)	(1,924,003)
Cash Flow From Financing Activities		
Financial charges paid	(6,929,035)	(130,482)
Liabilities against assets subject to finance lease	-	-
Long term finance	256,673,575	240,070,216
Net Cash Inflow/(Outflow) From Financing Activities	249,744,540	239,939,734
Net Increase / (decrease) in Cash and Cash Equivalents	(151,250,048)	(45,791,774)
Cash and Cash Equivalents - at the beginning of the year	(65,952,642)	(64,003,932)
Cash and Cash Equivalents - at the end of the quarter	(217,202,690)	(109,795,706)

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



Momin Qamar
Director




Agha Hamayun Khan
Chief Executive

**Statement of Changes in Equity (Un-Audited)
For the Quarter ended September 30,2017**

	Ordinary Share Capital	Accumulated Profit / (Loss)	Capital Reserve	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2016	1,760,000,000	160,047,791	126,978,994	2,047,026,785
Total Comprehensive Income for the year	-	161,331,815	-	161,331,815
Incremental depreciation	-	31,408,558	-	31,408,558
Balance as at June 30, 2017	1,760,000,000	352,788,165	126,978,994	2,239,767,159
Total Comprehensive Income for the period	-	21,203,821	-	21,203,821
Incremental depreciation	-	7,695,096	-	7,695,096
Balance as at September 30, 2017	1,760,000,000	381,687,081	126,978,994	2,268,666,075

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



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive

Notes to the Condensed Interim Account (Un-Audited) For the Quarter ended September 30, 2017

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, 2017.

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, 2017.

		Sep 30 ,2017	June 30,2017
		Rupees	Rupees
4 LONG TERM FINANCE			
Loans from banking companies	4.2	497,481,247	484,112,250
Loan from Directors & Shareholders		725,482,542	516,729,322
Long Term Creditors		97,211,699	62,660,341
		1,320,175,488	1,063,501,913

4.2 Loans from banking companies

National Bank of Pakistan Demand Finance	4.1	397,731,247	384,362,250
National Bank of Pakistan Demand Finance (WHR)		99,750,000	99,750,000
		497,481,247	484,112,250

- 4.1** The Company has availed facility of Demand finance of Rs.1,500 million with sub-limit of Import LC-Sight from National Bank of Pakistan at 25% Margin over Fixed Assets secured against 1st charge of Rs.2,000 million over all present and future fixed assets (Hypothecation/Mortgage) of the company and personal guarantees of all directors to finance up gradation of production capacity to 4000 tons per day (TPD) from 2000 TPD.

The facility includes a grace period of one year and principal to be repaid in 16 quarterly installments of Rs.93.75 million each. The first installment falls due at the end of 15th month from lodgment of Import documents. Markup shall be charged at 3 Months KIBOR plus 1.5% p.a.

Sub-limit of LC-Sight includes facility of Rs.1,450 million against nil Cash Margin to finance import requirement for up-gradation of production capacity to 4000 TPD from 2000 TDP secured against lien on documents of title to Goods and same security packages and sponsor commitment as for Demand finance facility. The facility will expire on sight and repayment against the facility will be through disbursement of demand finance / own source of company.

The Company has availed facility of letter of credit-sight limit of Rs. 100 million with nil cash margin and markup payable as per schedule of charges of the bank to import Heat Exchanger.

The Company has availed facility of demand finance as a sub-limit of LC-Sight at nil cash margin with as markup of 3 month KIBOR plus 1.5% P.A to finance import of Heat Exchanger. The facility will expire on 31-12-2018 including 6 months grace period and principal is to be repaid in 6 quarterly installments of Rs.16.67 million. The facility of LC-Sight and its sub limit of demand finance are secured against 1st charge of Rs.134 million over all present and future fixed assets (hypothecation/Mortgage) of the company, lien of import documents and personal guarantees of all Directors.

All these facilities also include commitment of sponsoring directors through pledge of shares.

		Sep 30, 2017 Rupees	June 30, 2017 Rupees
5 SHORT TERM FINANCE			
Albaraka Islamic Bank	5.1	59,048,998	4,323,909
National Bank of Pakistan	5.2	188,053,415	76,728,458
		<u>247,102,413</u>	<u>81,052,367</u>

5.1 A letter of credit facility usance / acceptance 180 days of Rs. 42.50 million (2016: Rs. 22.50 million) is obtained from Albaraka Islamic Bank with a sub limit of letter of guarantee of Rs. 0.20 million (2016: Rs. 0.20 million) to meet the contractual and import requirements of the company. The finance is secured against 2nd ranking charge over current assets of the company valuing Rs. 75 million, 4th ranking charge over current assets of the company for Rs.69 million, lien over import documents valuing Rs. 22.5 million and personal guarantee of all Directors of the company. Mark-up is charged as per bank's Schedule of charges.

5.2 During the year Company has enhanced financing from National Bank of Pakistan through letter of credit facility of usance (180 Days) to Rs. 700 million from 300 million at 20% Cash Margin with expiry of 31-03-2017 for the purpose of importing coal, packing material and machinery parts to be repaid through internal Cash Flows routed through Sinking Fund created for the purpose. The facility is secured against 1st charge of Rs.934 million over all present and future fixed assets of the Company, personal guarantees of all Directors, Accepted Bills of Exchange and Trust Receipt.

The Company has availed facility of letter of credit-sight limited of Rs.100 million with nil cash margin and markup payable as per schedule of charges of the bank to import Heat Exchanger.

The Company has availed facility of demand finance as a sub-limit to LC-Sight at nil cash margin with as markup of 3 month KIBOR plus 1.5% p.a to finance import of Heat Exchanger. The facility will expire on 31-12-2018 including 6 months grace period and principal is to be repaid in 6 quarterly installments of Rs.16.67 million. The facility of LC-Sight and its sub limit of demand finance are secured against 1st charge of Rs.134 million over all present and future fixed assets (hypothecation/Mortgage) of the company, lien of import documents and personal guarantees of all Directors.

All these facilities also include commitment of sponsoring directors through pledge of shares.

The Company has availed facility of Demand finance of Rs.1,500 million with sub-limit of Import LC-Sight from National Bank of Pakistan at 25% Margin over Fixed Assets secured against 1st charges of Rs.2,000 million over all present and future fixed assets (Hypothecation/Mortgage) of the company and personal guarantees of all directors to finance up gradation of production capacity to 4000 tons per day (TPD) from 2000 TPD.

The facility includes a grace period of one year and principal to be repaid in 16 quarterly installments of Rs.93.75 million each.. The first installment falls due at the end of 15th month from lodgment of Import documents. Markup shall be charge at 3 Months KIBOR plus 1.5% p.a

Sub-limit of LC-Sight includes facility of Rs.1,450 million against nil Cash Margin to finance import requirement for up-gradation of production capacity to 4000 TPD from 2000 TDP secured against lien on documents of title to Goods and same security packages and sponsor commitment as for Demand finance facility. The facility will expire on sight and repayment against the facility will be through disbursement of demand finance / own source of company.

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. As a result of it an amount of Rs. 12 million was imposed as a penalty. 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.

Sales tax audit was conducted in 2015 and an impugned liability of Rs. 40.9 million was determined out of which Rs. 20 million has been deposited by the company under protest. The company feeling aggrieved filed an appeal before appellate tribunal which is pending yet and is likely to be decided in favour of the company.

	Sep 30, 2017 Rupees	June 30, 2017 Rupees
7 Property, Plant & Equipment		
Opening book value	4,641,202,214	4,732,417,418
Add: Additions during the period	<u>2,296,000</u>	<u>2,859,500</u>
	<u>4,643,498,214</u>	<u>4,735,276,918</u>
	<u>4,643,498,214</u>	<u>4,735,276,918</u>
Less: Depreciation charged during the period	<u>23,032,218</u>	<u>94,074,704</u>
Closing book value	<u>4,620,465,997</u>	<u>4,641,202,214</u>
Additions during the period		
Plant & machinery	<u>2,296,000</u>	<u>2,859,500</u>
	<u>2,296,000</u>	<u>2,859,500</u>

	Sep 30,2017 Rupees	June 30,2017 Rupees
8 CAPITAL WORK IN PROGRESS		
Building	113,132,700	113,132,700
Plant & machinery	882,558,551	882,558,551
	995,691,251	995,691,251
9 CASH AND BANK BALANCES		
In hand	2,316,619	4,662,383
At Banks- current accounts	27,583,104	10,437,342
	29,899,723	15,099,725

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	-	12,768,053
Purchases from Associated Companies	-	170,073,773

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 30, 2017 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

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 30 ستمبر 2017 کی پہلی سہ ماہی کی غیر تفتیح شدہ مالی حسابات کی رپورٹ پیش کی جا رہی ہے۔

مالی کارکردگی

کمپنی کہ سہ ماہی نتائج کا تقابلی جائزہ درج ذیل ہے۔

2017 ستمبر روپے	2016 ستمبر روپے	
543,009,323	486,001,968	فروخت کا حجم خالص
491,711,051	458,368,194	پیداواری لاگت
21,203,821	20,101,284	خالص منافع

فروخت میں اضافہ پچھلے سال کی پہلی سہ ماہی کے اختتام کی نسبت سیمنٹ کی زیادہ فروخت ہے۔ جس کے نتیجے میں خالص منافع جو کہ پچھلی سہ ماہی 2016 میں 20.1 ملین روپے تھا۔ جو کہ اب بڑھ کر 21.20 ملین روپے ہو گیا ہے۔ پچھلی سہ ماہی 2016 میں کمپنی کی آمدن فی حصص 0.11 پیسہ تھی جو کہ پہلی سہ ماہی 2017 میں بڑھ کر 0.12 پیسہ فی حصص ہو گئی ہے۔

مستقبل کا نقطہ نظر

سیمنٹ کی مانگ بڑھنے کی وجہ سے فروخت بتدریج بڑھ رہی ہے۔ انتظامیہ کی طرف سے پلانٹ کی صلاحیت بڑھانے کے لئے مختلف اقدامات کئے گئے ہیں۔ جس کی وجہ پلانٹ کی صلاحیت بڑھ گئی ہے۔ حکومت کے اعلان کردہ ترقیاتی پروگرام بھی سیمنٹ کی پیداوار کو بڑھانے میں معاون ثابت ہوگا۔ ہم امید کرتے ہیں کہ ہماری کمپنی آنے والے وقت میں بہتر نتائج دے گی۔ ہم اپنے ملازمین کی کام میں لگن اور ان کی سخت محنت اور اپنے حصص داران کا بھی شکریہ ادا کرتے ہیں۔

منجانب بورڈ

آغا ہمایوں خان

چیف ایگزیکٹو آفیسر

لاہور 30 اکتوبر 2017



FLYING CEMENT COMPANY LIMITED



103-Fazil Road,
Saint John Park,
Lahore Cantt-Pakistan



+92-42-36674301-5 Lines



+92-42-36660693



info@flyingcement.com



www.flyingcement.com