

ANNUAL REPORT 2014



**FLYING CEMENT
COMPANY LTD.**



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CORE VALUES

At Flying Cement, core values are always given importance. These values are not only theoretical but in actual **fact delve** deep in the hearts of entire team.

These values are reflected within the name of **FLYING** itself.

F = Focus- We believe in **focusing** on reducing cost and improving quality thereby offering profit to our shareholders.

L = Leadership- Our objective is to **lead** as a cost effective competitor. We understand the demand of cement industry at a global level as well as the needs of people within Pakistan.

Y = You- Flying Cement always maintains '**You first**' approach, not only to please our customer but also to satisfy our shareholders.

I = Initiatives- Taking **Initiative** in incorporating modern technology to reduce cost and to improve quality.

N = New- We are pioneer in using **new** ideas and strategies for the cost effective and quality cement manufacturing.

G = Global- We strive to be reckoned with dignity in **global** market.

BUSINESS ETHICS

- ◆ Transparency in transactions
- ◆ Sound business policies
- ◆ Judicious use of Company's resources
- ◆ Avoidance of conflict of interests
- ◆ Justice to all
- ◆ Integrity at all levels
- ◆ Compliance with laws of the land

STRATEGIC GOALS

- ◆ Lead cement business
- ◆ Manufacturer prime quality products
- ◆ Maintain operational, technological and managerial excellence
- ◆ Create new opportunities for business growth and diversification
- ◆ Eliminate duplication of resources to economize cost
- ◆ Maximize productivity and expand sales

THE VISION

To be a premier quality cement manufacturing unit engaged in nation building through the most efficient utilization of resources.

THE MISSION

Successfully deliver quality cement by using innovative practices with the ultimate goal of increasing the satisfaction of our customers.

To minimize the cost of production by using state of the art technology and utilizing our experience in increasing profits for our shareholders.

Quality Policy

The quality policy of the cement is monitored through the chemical laboratories located at the site installed with latest instrumental analysis techniques directly linked through PLC to control the process of manufacturing automatically keeping lowest variation brand from the required values/parameters laid by the British Standards BS-12-1991.

Flying Cement Company is committed to produce high quality ordinary portland cement (OPC) as per International and British Standards to achieve customer's satisfaction.

The company is committed to abide by all applicable legal and regulatory requirements and shall strive for continual improvement including prevention of pollution by establishing and monitoring of its Quality and Environmental objectives.

The Chairman and Management are committed to communicate and maintain this policy at all levels of the company, and achieve continual improvement through teamwork.

Environmental Protection

Management of the company is committed towards environmental protection and prevention of pollution. Flying Cement has been playing its role towards the development of a better society and a better future through continual improvement in the Environmental Management System.

Cement Industry is normally considered to be highly un-friendly to the environment because of its inherent process difficulties. The management with the efforts of trees plantation succeeded in meeting the environmental objectives and targets after evaluating legal requirements, organizational aspects, technological options and other requirements.

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. 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

COST AUDITORS

M/s. Mumtaz Bloach & Co.
Chartered Accountants

INTERNAL AUDITOR

Mr. Imran Matloob Khan

COMPANY SECRETARY

Mr. Muhammad Azeem
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-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.
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

E-MAIL

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

NOTICE OF 21st ANNUAL GENERAL MEETING

Notice is hereby given that 21st Annual General Meeting of the shareholders of Flying Cement Company Limited will be held on Friday the October 31st 2014 at 10:00 A.M. at Hotel One, 40 A/2, Mian Mehmood Ali Kasuri Road, Gulberg III, Lahore to transact the following business:

- o To confirm minutes of 20th Annual General Meeting held on 31st of October 2013.
- o To receive, consider and adopt the audited accounts of the company for the year ended June 30th, 2014 together with the Directors' and Auditors' reports thereon.
- o To appoint the Auditors and fix their remuneration for the next financial year 2015.
- o To transact any other business with the permission of Chairman.

(By Order of the Board)



(Muhammad Azeem)
COMPANY SECRETARY
Lahore: October 09, 2014

Notes:

1. The Share Transfer Books of the company will be closed from October 24th, 2014 to October 31st, 2014 (inclusive of both days)
2. A shareholder eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by attorney in case of corporate entity. In this case the instrument of proxy complete in every respect, must reach to the Registered Office of the Company not later than 48 hours before the time of the meeting.
3. The Original Computerized Identity Card of the shareholder is required to prove his/her identity along with account details etc at the time of meeting. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be submitted (unless it has been provided earlier) along with proxy form of the company.
4. The shareholders are requested to notify immediately the change in their addresses, if any.

Directors' Report

GENERAL

The Directors of your company have the pleasure to present before you the 21st Annual Report of your company along with duly audited Financial Statements for the year ended June 30th 2014.

Financial Overview

1. We are pleased to report that with the blessing of Almighty Allah, the company was able to earn after tax profit of Rs. 100.36(M) whereas sales volume has been increased to Rs. 2064.57(M) as against preceding years sales of Rs. 841.23(M). The increase in sales volume caused on account of the plant worked properly due to major overhauling of the plant.

Cost of sales increased at, Rs.1958.59 (M) during the year as compared to Rs. 846.38(M) in the preceding year. Gross profit declared at Rs.105.98 (M) as against Gross loss Rs.5.15 (M) in the previous Year. Effective control in the production cost better efficiency of the plant and increase in sales prices contributed towards positive effects on Gross profit. The price of electricity has been increased tremendously during the year but we are taking other rectifying measures, to make our plant more efficient and economical to offset the effects of regular increasing behavior of electricity price.

In the year under review the revenues of Cement Industry improved due to better volumes and prices in the local market. The rising trend in demand of local market is likely to continue as the massive demand of Cement is envisaged in the Housing sector and sufficient allocation of funds by the new Government in Public Sector Development Program.

Future outlook

2. It is envisaged that domestic consumption of cement would grow due to initiation of mega projects like Karachi - Lahore Motorway, Metro bus projects in various cities of the country launching mega projects of electricity generation, construction of Diamer-Bhasha Dam & other water reservoirs, privatization of public sector enterprises and projects related to low cost housing schemes in different parts of the country. Energy being the life line is vital to economic growth of a country. Government efforts to consolidate the current state are expected to result in reduction in power crises. High increase in electricity tariffs would increase the cost of business. Middle East, specifically Syria unrest may cast frustrating impacts on global economy including Pakistan. This unrest may result in Oil price hikes, which would be translated into high inflation. World trade may also get affected by probable struck of war which would ultimately worsen many sectors in Pakistan as well. On the positive side, the prices of coal have declined in the international market. The reduction in the coal prices will help to reduce our fuel cost in the future.

Compliance with the Code of Corporate Governance**The Directors hereby confirm that:**

- (a) The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- (b) Proper books of accounts have been maintained by the company.
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no significant doubts upon the company's ability to continue as a going concern.
- (g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- (h) Key operating and financial data for the last six years is annexed.
- (i) No trade in shares of Flying Cement Company Ltd. was carried out by the directors, CEO, Head of Internal Audit, CFO, Company Secretary and their spouses and minor children except of those as reported to the regulatory authorities and disclosed in the annexed Pattern of Shareholding.
- (j) Reasons for significant deviations from last year's operating results have been explained in the relevant section of the Directors' report.
- (k) Information about outstanding taxes and levies is given in the Notes to the Financial Statements.
- (l) The company has no significant plans and decisions regarding corporate restructuring, business expansion and discontinuing of operations.
- (m) Details of number of Board and Committees meetings held during the year and attendance by each director has been disclosed below.

NO.	Name of Director	Board Meetings	Audit Committee Meetings	HR&R Committee Meetings
1	Mr. Muhammad Tawassal Majid	7	3	2
2	Mr. Kamran Khan	6	N/A	N/A
3	Mr. Yousaf Kamran Khan	8	4	1
4	Mr. Qasim Khan	7	2	N/A
5	Mr. Asim Qamar	4	N/A	N/A
6	Mrs. Shaista Imran	7	N/A	N/A
7	Mrs. Samina Kamran	8	N/A	2
8	Mrs. Misbah Momin	6	N/A	N/A
9	Mr. Momin Qamar	7	N/A	N/A
10	Agha Hamayun Khan	8	N/A	N/A
	Total Number of Meetings Held	8	5	3

- (n) The board has been provided with detailed in house briefings and information package to acquaint them with the code, applicable laws, their duties and responsibilities enable them to effectively manage the affairs of the company for and on behalf of the shareholders.

Staff Retirement Benefits

An unfunded gratuity scheme has been maintained. Provision has been made in the financial statements accordingly for permanent employees of the company.

Auditors

The Auditors M/s. Tahir Siddiqi & Co; Chartered Accountants, are the retiring auditors of the company and offer their services for re-appointment. They confirm that they have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP. The Audit Committee and the Board recommended their re-appointment by the shareholders at the Annual General Meeting of Company as Auditors for the year ended June 30, 2015.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2014 along with disclosures as required by the Code of Corporate Governance is annexed.

Appreciation

The Directors acknowledge the devotion to duty and are appreciative of the support of employees and customers. We wish to thank every employee of the company who has been part of the activity during this year. Their dedication and consistent hard work made it possible for the company to earn a good name and be a premier organization for all stakeholders.

We also wish to acknowledge the contribution of our valued customers, Government of Pakistan, respected shareholders in achieving company's success and looking forward for their continued assistance in the future as well.

For and on behalf of the Board



Agha Hamayun Khan
Chief Executive
Lahore October 09, 2014

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the board includes:

Independent Director

Mr. Muhammad Tawassal Majid

Non-Executive Directors

Mr. Kamran Khan

Mr. Yousaf Kamran Khan

Mr. Qasim Khan

Mr. Asim Qamar

Mrs. Shaista Imran

Mrs. Samina Kamran

Executive Directors

Mr. Momin Qamar

Mr. Agha Hamayun Khan (CEO)

The independent director meets the criteria of independence under clause i (b) of the Code of Corporate Governance.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms

and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

7. The meetings of the Board were presided by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along-with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The board has been provided with detailed in house briefings and information package to acquaint them with the code, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the company for and on behalf of the shareholders. All members on the board are graduates and have sufficient knowledge and expertise to run the affairs of the company supported with highly skilled team of the professionals. Two directors of the company have been registered with the institution approved by the SECP to get the certification under Directors' Training Program. The company will ensure the certification of all board members under the directors training program within the timeframe specified in the Code.
9. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of Independent Directors(s) / CEO have been taken by the Shareholders/Board.
10. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
11. The Financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
12. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the CCG.
14. The Board has formed an Audit Committee. It comprises of three members, all of them are non- Executive Directors.
15. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed by the Board and advised to the committee for compliance.
16. The board has formed an HR and Remuneration Committee. It comprises three members. All the members are non-executive directors including one independent director who is chairman of the committee.

17. The Board has setup an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is conversant with policies and procedures of the company.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that neither the firm nor any of the partners of the firm, their spouses and minor children at any time since the last Annual General Meeting held, purchased, sold or took any position in the shares of the company or any of its associated companies or undertakings and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The "closed period" prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
22. The related party transactions have been placed before the audit committee and approved by the Board of Directors along with pricing methods. The transactions were carried out on terms equivalent to those that prevail in the arm's length transaction.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors



AGHA HAMAYUN KHAN
Chief Executive
Lahore October 09, 2014

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

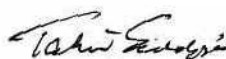
We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2014, prepared by the Board of Directors of Flying Cement Company Limited (the Company) to comply with the requirements of Listing Regulations No. 35 of Karachi, Lahore and Islamabad Stock Exchanges, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.



Tahir Siddiqi & Co.
Chartered Accountants
Engagement Partner: Mohammad Tahir Siddiqi

Lahore:
October 09, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FLYING CEMENT COMPANY LIMITED** as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change as stated in note 4.19 to the financial statements, with which we concur;
 - ii) the expenditure incurred during the year was for the purposes of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and the statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, the comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



Tahir Siddiqi & Co.
Chartered Accountants
Engagement Partner: Mohammad Tahir Siddiqi

Lahore:
October 09, 2014

BALANCE SHEET AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
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	5	1,760,000,000	1,760,000,000
Reserves	6	<u>(39,175,722)</u>	<u>(171,135,204)</u>
		1,720,824,278	1,588,864,796
Surplus on revaluation of fixed assets	7	1,592,175,531	1,623,639,657
NON-CURRENT LIABILITIES			
Long term liabilities	8	620,863,558	704,071,474
Liabilities against assets subject to finance lease	9	-	-
Long term deposits	10	13,005,340	13,405,340
Deferred liabilities	11	<u>562,941,879</u>	<u>528,026,625</u>
		1,196,810,777	1,245,503,439
CURRENT LIABILITIES			
Trade and other payables	12	1,299,404,204	1,224,521,814
Accrued interest / mark-up	13	100,687,376	78,714,652
Short term finances	14	73,595,504	72,955,646
Current portion of			
- Liabilities against assets subject to finance lease	9	18,522,008	19,492,575
Provision for taxation	30	<u>10,322,849</u>	<u>-</u>
		1,502,531,941	1,395,684,687
TOTAL LIABILITIES		<u>2,699,342,718</u>	<u>2,641,188,126</u>
Contingencies and commitments	15	-	-
TOTAL EQUITY AND LIABILITIES		<u>6,012,342,527</u>	<u>5,853,692,579</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	16	5,234,261,754	5,033,425,637
Long Term Security Deposits	17	41,793,160	41,793,160
CURRENT ASSETS			
Stores, spares & loose tools	18	164,335,375	360,763,306
Stock in trade	19	360,094,547	252,631,093
Trade debts	20	5,121,993	8,558,614
Advances, deposits, prepayments & other receivables	21	203,102,628	148,110,598
Cash and bank balances	22	<u>3,633,070</u>	<u>8,410,171</u>
		736,287,613	778,473,782
TOTAL ASSETS		<u>6,012,342,527</u>	<u>5,853,692,579</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.

Momin Qamar

Momin Qamar
Director

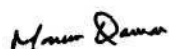
Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive

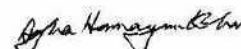
**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees (Restated)
Sales	23	2,064,569,791	841,229,501
Cost of Sales	24	(1,958,591,535)	(846,380,883)
Gross Profit / (Loss)		105,978,256	(5,151,382)
Operating Expenses			
Distribution Cost	25	(3,577,763)	(2,799,631)
Administrative Expenses	26	(18,705,521)	(11,665,218)
Other Expenses	27	(12,079,497)	(540,000)
		(34,362,781)	(15,004,849)
Operating Profit / (Loss)		71,615,475	(20,156,231)
Finance Cost	28	(22,870,285)	(23,791,338)
Operating Profit / (Loss)		48,745,190	(43,947,569)
Other Income	29	102,596,695	73,697,968
Profit Before Taxation		151,341,885	29,750,399
Taxation	30	(50,983,546)	(18,632,666)
Profit After Taxation		100,358,339	11,117,733
Earning Per Share (before tax) - Basic	31	0.86	0.17
Earning Per Share (after tax) - Basic	31	0.57	0.06

The annexed notes from 1 to 40 form an integral part of these financial statements.



Momin Qamar
Director

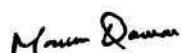


Agha Hamayun Khan
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees (Restated)
Profit for the year	100,358,339	11,117,733
Other Comprehensive income	-	-
Remeasurements chargeable in other comprehensive income	137,017	(131,301)
Total Comprehensive income for the year	<u>100,495,356</u>	<u>10,986,432</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Momin Qamar
Director

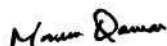


Agha Hamayun Khan
Chief Executive

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

	2014 Rupees	2013 Rupees (Restated)
Cash Flows From Operating Activities		
Profit before taxation	151,341,885	29,750,399
Adjustment for:		
Depreciation	95,441,391	90,606,511
Provision for gratuity	269,174	245,356
Finance cost	22,870,285	23,791,338
	118,580,850	114,643,203
	<u>269,922,735</u>	<u>144,393,602</u>
(Increase) / Decrease in Stores, spares & loose tools	196,427,931	(27,295,082)
(Increase) in Stock-in-trade	(107,463,454)	(125,452,134)
(Increase)/ Decrease in Trade debts	3,436,621	(2,637,420)
Decrease in Advances, deposits, prepayments and other receivables	13,653,148	3,266,606
Increase in Trade and other Payables	74,882,390	287,955,113
Cash generated from operations	<u>450,859,371</u>	<u>280,230,685</u>
Gratuity Paid	(289,300)	
Taxes paid	(74,233,478)	(14,067,849)
Net Cash from Operating Activities	<u>376,336,593</u>	<u>266,162,836</u>
Cash Flows From Investing Activities		
Fixed Capital Expenditures	(296,277,508)	(183,662,186)
Net Cash (used in) Investing Activities	<u>(296,277,508)</u>	<u>(183,662,186)</u>
Cash Flows From Financing Activities		
Finance cost paid	(897,561)	(7,371,739)
Liabilities against assets subject to finance lease Paid	(970,567)	(2,000,000)
Long term finance	(83,207,916)	(71,546,013)
Long term deposits	(400,000)	-
Net Cash from Financing Activities	<u>(85,476,044)</u>	<u>(80,917,752)</u>
Net Increase / (Decrease) in Cash and Cash Equivalents	(5,416,959)	1,582,898
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 year	<u>(69,962,435)</u>	<u>(64,545,476)</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014**

	Ordinary Share Capital (Rs.)	Accumulated (Loss) (Rs.)	Capital Reserve (Rs.)	Total (Rs.)
Balance as at June 30, 2012- as previously reported	1,760,000,000	(340,720,423)	126,978,994	1,546,258,571
Total Comprehensive Income for the Year-as restated	-	10,986,432	-	10,986,432
Incremental depreciation	-	31,619,793	-	31,619,793
Balance as at June 30, 2013-as restated	1,760,000,000	(298,114,198)	126,978,994	1,588,864,796
Total Comprehensive Income for the Year	-	100,495,356	-	100,495,356
Incremental depreciation	-	31,464,126	-	31,464,126
Balance as at June 30, 2014	1,760,000,000	(166,154,716)	126,978,994	1,720,824,278

The annexed notes from 1 to 40 form an integral part of these financial statements.


Momin Qamar
Director


Agha Hamayun Khan
Chief Executive

CORE VALUES

At Flying Cement, core values are always given importance. These values are not only theoretical but in actual **fact delve** deep in the hearts of entire team.

These values are reflected within the name of **FLYING** itself.

F = Focus- We believe in **focusing** on reducing cost and improving quality thereby offering profit to our shareholders.

L = Leadership- Our objective is to **lead** as a cost effective competitor. We understand the demand of cement industry at a global level as well as the needs of people within Pakistan.

Y = You- Flying Cement always maintains '**You first**' approach, not only to please our customer but also to satisfy our shareholders.

I = Initiatives- Taking **initiative** in incorporating modern technology to reduce cost and to improve quality.

N = New- We are pioneer in using **new** ideas and strategies for the cost effective and quality cement manufacturing.

G = Global- We strive to be reckoned with dignity in **global** market.

BUSINESS ETHICS

- ❖ Transparency in transactions
- ❖ Sound business policies
- ❖ Judicious use of Company's resources
- ❖ Avoidance of conflict of interests
- ❖ Justice to all
- ❖ Integrity at all levels
- ❖ Compliance with laws of the land

STRATEGIC GOALS

- ❖ Lead cement business
- ❖ Manufacturer prime quality products
- ❖ Maintain operational, technological and managerial excellence
- ❖ Create new opportunities for business growth and diversification
- ❖ Eliminate duplication of resources to economize cost
- ❖ Maximize productivity and expand sales

THE VISION

To be a premier quality cement manufacturing unit engaged in nation building through the most efficient utilization of resources.

THE MISSION

Successfully deliver quality cement by using innovative practices with the ultimate goal of increasing the satisfaction of our customers.

To minimize the cost of production by using state of the art technology and utilizing our experience in increasing profits for our shareholders.

Quality Policy

The quality policy of the cement is monitored through the chemical laboratories located at the site installed with latest instrumental analysis techniques directly linked through PLC to control the process of manufacturing automatically keeping lowest variation brand from the required values/parameters laid by the British Standards BS-12-1991.

Flying Cement Company is committed to produce high quality ordinary portland cement (OPC) as per International and British Standards to achieve customer's satisfaction.

The company is committed to abide by all applicable legal and regulatory requirements and shall strive for continual improvement including prevention of pollution by establishing and monitoring of its Quality and Environmental objectives.

The Chairman and Management are committed to communicate and maintain this policy at all levels of the company, and achieve continual improvement through teamwork.

Environmental Protection

Management of the company is committed towards environmental protection and prevention of pollution. Flying Cement has been playing its role towards the development of a better society and a better future through continual improvement in the Environmental Management System.

Cement Industry is normally considered to be highly un-friendly to the environment because of its inherent process difficulties. The management with the efforts of trees plantation succeeded in meeting the environmental objectives and targets after evaluating legal requirements, organizational aspects, technological options and other requirements.

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. 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

COST AUDITORS

M/s. Mumtaz Bloach & Co.
Chartered Accountants

INTERNAL AUDITOR

Mr. Imran Matloob Khan

COMPANY SECRETARY

Mr. Muhammad Azeem
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-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.
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

E-MAIL

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

NOTICE OF 21st ANNUAL GENERAL MEETING

Notice is hereby given that 21st Annual General Meeting of the shareholders of Flying Cement Company Limited will be held on Friday the October 31st 2014 at 10:00 A.M. at Hotel One, 40 A/2, Mian Mehmood Ali Kasuri Road, Gulberg III, Lahore to transact the following business:

- o To confirm minutes of 20th Annual General Meeting held on 31st of October 2013.
- o To receive, consider and adopt the audited accounts of the company for the year ended June 30th, 2014 together with the Directors' and Auditors' reports thereon.
- o To appoint the Auditors and fix their remuneration for the next financial year 2015.
- o To transact any other business with the permission of Chairman.

(By Order of the Board)



(Muhammad Azeem)
COMPANY SECRETARY
Lahore: October 09, 2014

Notes:

1. The Share Transfer Books of the company will be closed from October 24th, 2014 to October 31st, 2014 (inclusive of both days)
2. A shareholder eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by attorney in case of corporate entity. In this case the instrument of proxy complete in every respect, must reach to the Registered Office of the Company not later than 48 hours before the time of the meeting.
3. The Original Computerized Identity Card of the shareholder is required to prove his/her identity along with account details etc at the time of meeting. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be submitted (unless it has been provided earlier) along with proxy form of the company.
4. The shareholders are requested to notify immediately the change in their addresses, if any.

Directors' Report

GENERAL

The Directors of your company have the pleasure to present before you the 21st Annual Report of your company along with duly audited Financial Statements for the year ended June 30th, 2014.

Financial Overview

1. We are pleased to report that with the blessing of Almighty Allah, the company was able to earn after tax profit of Rs. 100.36(M) whereas sales volume has been increased to Rs. 2064.57(M) as against preceding years sales of Rs. 841.23(M). The increase in sales volume caused on account of the plant worked properly due to major overhauling of the plant.

Cost of sales increased at, Rs.1958.59 (M) during the year as compared to Rs. 846.38(M) in the preceding year. Gross profit declared at Rs.105.98 (M) as against Gross loss Rs.5.15 (M) in the previous Year. Effective control in the production cost better efficiency of the plant and increase in sales prices contributed towards positive effects on Gross profit. The price of electricity has been increased tremendously during the year but we are taking other rectifying measures, to make our plant more efficient and economical to offset the effects of regular increasing behavior of electricity price.

In the year under review the revenues of Cement Industry improved due to better volumes and prices in the local market. The rising trend in demand of local market is likely to continue as the massive demand of Cement is envisaged in the Housing sector and sufficient allocation of funds by the new Government in Public Sector Development Program.

Future outlook

2. It is envisaged that domestic consumption of cement would grow due to initiation of mega projects like Karachi - Lahore Motorway, Metro bus projects in various cities of the country launching mega projects of electricity generation, construction of Diamer-Bhasha Dam & other water reservoirs, privatization of public sector enterprises and projects related to low cost housing schemes in different parts of the country. Energy being the life line is vital to economic growth of a country. Government efforts to consolidate the current state are expected to result in reduction in power crises. High increase in electricity tariffs would increase the cost of business. Middle East, specifically Syria unrest may cast frustrating impacts on global economy including Pakistan. This unrest may result in Oil price hikes, which would be translated into high inflation. World trade may also get affected by probable struck of war which would ultimately worsen many sectors in Pakistan as well. On the positive side, the prices of coal have declined in the international market. The reduction in the coal prices will help to reduce our fuel cost in the future.

Compliance with the Code of Corporate Governance**The Directors hereby confirm that:**

- (a) The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- (b) Proper books of accounts have been maintained by the company.
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.
- (e) The system of internal control is sound in design and has been effectively implemented and monitored.
- (f) There are no significant doubts upon the company's ability to continue as a going concern.
- (g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.
- (h) Key operating and financial data for the last six years is annexed.
- (i) No trade in shares of Flying Cement Company Ltd. was carried out by the directors, CEO, Head of Internal Audit, CFO, Company Secretary and their spouses and minor children except of those as reported to the regulatory authorities and disclosed in the annexed Pattern of Shareholding.
- (j) Reasons for significant deviations from last year's operating results have been explained in the relevant section of the Directors' report.
- (k) Information about outstanding taxes and levies is given in the Notes to the Financial Statements.
- (l) The company has no significant plans and decisions regarding corporate restructuring, business expansion and discontinuing of operations.
- (m) Details of number of Board and Committees meetings held during the year and attendance by each director has been disclosed below.

NO.	Name of Director	Board Meetings	Audit Committee Meetings	HR&R Committee Meetings
1	Mr. Muhammad Tawassal Majid	7	3	2
2	Mr. Kamran Khan	6	N/A	N/A
3	Mr. Yousaf Kamran Khan	8	4	1
4	Mr. Qasim Khan	7	2	N/A
5	Mr. Asim Qamar	4	N/A	N/A
6	Mrs. Shaista Imran	7	N/A	N/A
7	Mrs. Samina Kamran	8	N/A	2
8	Mrs. Misbah Momin	6	N/A	N/A
9	Mr. Momin Qamar	7	N/A	N/A
10	Agha Hamayun Khan	8	N/A	N/A
	Total Number of Meetings Held	8	5	3

- (n) The board has been provided with detailed in house briefings and information package to acquaint them with the code, applicable laws, their duties and responsibilities enable them to effectively manage the affairs of the company for and on behalf of the shareholders.

Staff Retirement Benefits

An unfunded gratuity scheme has been maintained. Provision has been made in the financial statements accordingly for permanent employees of the company.

Auditors

The Auditors M/s. Tahir Siddiqi & Co; Chartered Accountants, are the retiring auditors of the company and offer their services for re-appointment. They confirm that they have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP. The Audit Committee and the Board recommended their re-appointment by the shareholders at the Annual General Meeting of Company as Auditors for the year ended June 30, 2015.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2014 along with disclosures as required by the Code of Corporate Governance is annexed.

Appreciation

The Directors acknowledge the devotion to duty and are appreciative of the support of employees and customers. We wish to thank every employee of the company who has been part of the activity during this year. Their dedication and consistent hard work made it possible for the company to earn a good name and be a premier organization for all stakeholders.

We also wish to acknowledge the contribution of our valued customers, Government of Pakistan, respected shareholders in achieving company's success and looking forward for their continued assistance in the future as well.

For and on behalf of the Board



Agha Hamayun Khan

Chief Executive

Lahore October 09, 2014

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the board includes:

Independent Director

Mr. Muhammad Tawassal Majid

Non-Executive Directors

Mr. Kamran Khan

Mr. Yousaf Kamran Khan

Mr. Qasim Khan

Mr. Asim Qamar

Mrs. Shaista Imran

Mrs. Samina Kamran

Executive Directors

Mr. Momin Qamar

Mr. Agha Hamayun Khan (CEO)

The independent director meets the criteria of independence under clause i (b) of the Code of Corporate Governance.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms

and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

7. The meetings of the Board were presided by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along-with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The board has been provided with detailed in house briefings and information package to acquaint them with the code, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the company for and on behalf of the shareholders. All members on the board are graduates and have sufficient knowledge and expertise to run the affairs of the company supported with highly skilled team of the professionals. Two directors of the company have been registered with the institution approved by the SECP to get the certification under Directors' Training Program. The company will ensure the certification of all board members under the directors training program within the timeframe specified in the Code.
9. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of Independent Directors(s) / CEO have been taken by the Shareholders/Board.
10. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
11. The Financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
12. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the CCG.
14. The Board has formed an Audit Committee. It comprises of three members, all of them are non- Executive Directors.
15. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed by the Board and advised to the committee for compliance.
16. The board has formed an HR and Remuneration Committee. It comprises three members. All the members are non-executive directors including one independent director who is chairman of the committee.

17. The Board has setup an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is conversant with policies and procedures of the company.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that neither the firm nor any of the partners of the firm, their spouses and minor children at any time since the last Annual General Meeting held, purchased, sold or took any position in the shares of the company or any of its associated companies or undertakings and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The "closed period" prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
22. The related party transactions have been placed before the audit committee and approved by the Board of Directors along with pricing methods. The transactions were carried out on terms equivalent to those that prevail in the arm's length transaction.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors



AGHA HAMAYUN KHAN
Chief Executive
Lahore October 09, 2014

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2014, prepared by the Board of Directors of Flying Cement Company Limited (the Company) to comply with the requirements of Listing Regulations No. 35 of Karachi, Lahore and Islamabad Stock Exchanges, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.



Tahir Siddiqi & Co.
Chartered Accountants
Engagement Partner: Mohammad Tahir Siddiqi

Lahore:
October 09, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FLYING CEMENT COMPANY LIMITED** as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change as stated in note 4.19 to the financial statements, with which we concur;
 - ii) the expenditure incurred during the year was for the purposes of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and the statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, the comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



Tahir Siddiqi & Co.

Chartered Accountants

Engagement Partner: Mohammad Tahir Siddiqi

Lahore:
October 09, 2014

BALANCE SHEET AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
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	5	1,760,000,000	1,760,000,000
Reserves	6	<u>(39,175,722)</u>	<u>(171,135,204)</u>
		1,720,824,278	1,588,864,796
Surplus on revaluation of fixed assets	7	1,592,175,531	1,623,639,657
NON-CURRENT LIABILITIES			
Long term liabilities	8	620,863,558	704,071,474
Liabilities against assets subject to finance lease	9	-	-
Long term deposits	10	13,005,340	13,405,340
Deferred liabilities	11	<u>562,941,879</u>	<u>528,026,625</u>
		1,196,810,777	1,245,503,439
CURRENT LIABILITIES			
Trade and other payables	12	1,299,404,204	1,224,521,814
Accrued interest / mark-up	13	100,687,376	78,714,652
Short term finances	14	73,595,504	72,955,646
Current portion of			
- Liabilities against assets subject to finance lease	9	18,522,008	19,492,575
Provision for taxation	30	<u>10,322,849</u>	<u>-</u>
		1,502,531,941	1,395,684,687
TOTAL LIABILITIES		<u>2,699,342,718</u>	<u>2,641,188,126</u>
Contingencies and commitments	15	-	-
TOTAL EQUITY AND LIABILITIES		<u>6,012,342,527</u>	<u>5,853,692,579</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	16	5,234,261,754	5,033,425,637
Long Term Security Deposits	17	41,793,160	41,793,160
CURRENT ASSETS			
Stores, spares & loose tools	18	164,335,375	360,763,306
Stock in trade	19	360,094,547	252,631,093
Trade debts	20	5,121,993	8,558,614
Advances, deposits, prepayments & other receivables	21	203,102,628	148,110,598
Cash and bank balances	22	<u>3,633,070</u>	<u>8,410,171</u>
		736,287,613	778,473,782
TOTAL ASSETS		<u>6,012,342,527</u>	<u>5,853,692,579</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014**

	Note	2014 Rupees	2013 Rupees (Restated)
Sales	23	2,064,569,791	841,229,501
Cost of Sales	24	(1,958,591,535)	(846,380,883)
Gross Profit / (Loss)		105,978,256	(5,151,382)
Operating Expenses			
Distribution Cost	25	(3,577,763)	(2,799,631)
Administrative Expenses	26	(18,705,521)	(11,665,218)
Other Expenses	27	(12,079,497)	(540,000)
		(34,362,781)	(15,004,849)
Operating Profit / (Loss)		71,615,475	(20,156,231)
Finance Cost	28	(22,870,285)	(23,791,338)
Operating Profit / (Loss)		48,745,190	(43,947,569)
Other Income	29	102,596,695	73,697,968
Profit Before Taxation		151,341,885	29,750,399
Taxation	30	(50,983,546)	(18,632,666)
Profit After Taxation		100,358,339	11,117,733
Earning Per Share (before tax) - Basic	31	0.86	0.17
Earning Per Share (after tax) - Basic	31	0.57	0.06

The annexed notes from 1 to 40 form an integral part of these financial statements.



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees (Restated)
Profit for the year	100,358,339	11,117,733
Other Comprehensive income	-	-
Remeasurements chargeable in other comprehensive income	137,017	(131,301)
Total Comprehensive income for the year	<u>100,495,356</u>	<u>10,986,432</u>

The annexed notes from 1 to 40 form an integral part of these financial statements.



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014**

	2014 Rupees	2013 Rupees (Restated)
Cash Flows From Operating Activities		
Profit before taxation	151,341,885	29,750,399
Adjustment for:		
Depreciation	95,441,391	90,606,511
Provision for gratuity	269,174	245,356
Finance cost	22,870,285	23,791,338
	118,580,850	114,643,203
	269,922,735	144,393,602
(Increase) / Decrease in Stores, spares & loose tools	196,427,931	(27,295,082)
(Increase) in Stock-in-trade	(107,463,454)	(125,452,134)
(Increase)/ Decrease in Trade debts	3,436,621	(2,637,420)
Decrease in Advances, deposits, prepayments and other receivables	13,653,148	3,266,606
Increase in Trade and other Payables	74,882,390	287,955,113
Cash generated from operations	450,859,371	280,230,685
Gratuity Paid	(289,300)	(14,067,849)
Taxes paid	(74,233,478)	(14,067,849)
Net Cash from Operating Activities	376,336,593	266,162,836
Cash Flows From Investing Activities		
Fixed Capital Expenditures	(296,277,508)	(183,662,186)
Net Cash (used in) Investing Activities	(296,277,508)	(183,662,186)
Cash Flows From Financing Activities		
Finance cost paid	(897,561)	(7,371,739)
Liabilities against assets subject to finance lease Paid	(970,567)	(2,000,000)
Long term finance	(83,207,916)	(71,546,013)
Long term deposits	(400,000)	-
Net Cash from Financing Activities	(85,476,044)	(80,917,752)
Net Increase / (Decrease) in Cash and Cash Equivalents	(5,416,959)	1,582,898
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 year	(69,962,435)	(64,545,476)

The annexed notes from 1 to 40 form an integral part of these financial statements.



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014**

	Ordinary Share Capital (Rs.)	Accumulated (Loss) (Rs.)	Capital Reserve (Rs.)	Total (Rs.)
Balance as at June 30, 2012- as previously reported	1,760,000,000	(340,720,423)	126,978,994	1,546,258,571
Total Comprehensive Income for the Year-as restated	-	10,986,432	-	10,986,432
Incremental depreciation	-	31,619,793	-	31,619,793
Balance as at June 30, 2013-as restated	1,760,000,000	(298,114,198)	126,978,994	1,588,864,796
Total Comprehensive Income for the Year	-	100,495,356	-	100,495,356
Incremental depreciation	-	31,464,126	-	31,464,126
Balance as at June 30, 2014	1,760,000,000	(166,154,716)	126,978,994	1,720,824,278

The annexed notes from 1 to 40 form an integral part of these financial statements.


Momin Qamar
Director


Agha Hamayun Khan
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 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 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimate and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- (a) recognition of taxation and deferred tax;
- (b) determining the residual value and useful lives of property, plant and equipment;
- (c) accounting for post employment benefits;
- (d) impairment of inventories / adjustment of their net realizable value.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for those as stated in the respective policies and notes given here under.

4.2 New Accounting Standards, amendments to approved accounting standards and new interpretations, that are not yet effective

The following approved accounting standards, interpretations and amendments to approved accounting standards are effective for accounting periods beginning from the dates specified below:-

- (a) Presentation of items of Other Comprehensive Income (Amendments to IAS 1) – (Effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in the other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the company.
- (b) Offsetting financial assets and financial liabilities (Amendments to IAS 32) – (Effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of, "currently has a legally enforceable right of set-off"; and that some gross settlement system may be considered equivalent to net settlement.
- (c) Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (Effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

Annual Improvements 2009-2011 (Effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contain amendments to the following standards, with consequential amendments to other standards and interpretations.

- (a) IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period which is the preceding period is required for a complete set of financial statement. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the third statements of financial position, when required are only required if the effect of restatement is material to statement of financial position.
- (b) IAS 16 Property plant and equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of property, plant and equipment in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If those items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendments in IAS 16 have no impact on financial statement of the company.
- (c) IAS 32 Financial Instruments presentation is amended to clarify that IAS 12 Income taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction cost of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
- (d) IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

- (e) IFRIC 21- Levies an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.
- (f) IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities of a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for the reportable segment.
- (g) IAS 39 Financial Instrument: Recognition and measurement Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (Effective for annual periods beginning on or after 1 January 2014).The narrow scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).
- (h) Amendments to IAS 36 Impairment of Assets. Recoverable Amount Disclosure for Non-Financial Assets (Effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments to IAS 36 impairment of assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.

Other than the aforesaid standards, interpretations and amendments, that International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

Standard	IASB Effective date(annual period beginning on or after)
IFRS 9- Financial Instruments	01 January 2018
IFRS 10- Consolidated Financial Statements	01 January 2013
IFRS 11-Joint Arrangements	01 January 2013
IFRS 12-Disclosure of Interests in other Entities	01 January 2013
IFRS 13-Fair Value Measurement	01 January 2013
IFRS 14-Regulatory Deferral Accounts	01 January 2016
IFRS 15-Revenue from Contracts with Customers	01 January 2017

4.3 Property, Plant and Equipment

4.3.1 Owned

Property, plant and equipment, except freehold land and capital work-in progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount less accumulated impairment losses, if any. Capital work-in-progress is stated at cost less accumulated impairment losses, if any and is transferred to the respective item of property, plant and equipment when available for intended use.

Maintenance and normal repairs are charged to profit and loss account, as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

An item of property, plant & equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) included in the Profit & Loss Account in the year the asset is derecognized.

The carrying values of the Property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exists and where the carrying values exceeds the recoverable amount, the assets are written down to the recoverable amounts.

Depreciation on all property, plant and equipment is charged to Profit and Loss Account on the reducing balance method, over its estimated useful life at annual rates mentioned in note 16 after taking into account their residual values. Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is acquired or capitalized while no depreciation is charged for the month in which property, plant and equipment is disposed off.

Assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each financial year end.

**CATEGORIES OF SHAREHOLDERS
AS AT 30TH JUNE 2014**

Particulars	Shareholders	Shares held	Percentage
Directors, CEO, Spouse & Children	12	112,071,933	63.6772
Associated Companies	1	7,674,500	4.3605
Banks, DFI, NBFIs	2	6,477,500	3.6804
Modarabas, Mutual Funds	1	5	0.0000
General Public (Local)	3878	48,542,887	27.5812
General Public (Foreign)	20	222,800	0.1266
Others	25	1,010,375	0.5741
Total	3939	176,000,000	100

**PATTERN OF SHAREHOLDING
ADDITIONAL INFORMATION AS AT 30th JUNE 2014**

SHAREHOLDERS CATEGORY	No. of Shareholding
ASSOCIATED COMPANIES	
M/S.Flying Kraft Paper Mills (Pvt) Ltd	7674500
MUTUAL FUNDS	
First Equity Modaraba	
N.H.Capital Fund Limited	5
DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN	
Mr. Muhammad Tawassal Majid	1500
Mr. Kamran Khan	14834314
Mr. Momin Qamar	29070435
Mr. Yousaf Kamran Khan	9832007
Mr. Qasim Khan	647050
Mrs. Shaista Imran	5039280
Mrs.Samina Kamran	15622798
Mr. Asim Qamar	2160050
Mrs. Misbah Momin (W/O Mr. Momin Qamar)	7009400
Mr. Imran Qamar (Father of Mr. Asim Qamar)	16799549
Mr. Bilal Qamar (Brother of Mr. Asim Qamar)	11055550
EXECUTIVES	-
PUBLIC SECTOR COMPANIES AND CORPORATIONS	-
	6477500
BANKS, DEVELOPMENT FINANCILA INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES.	
OTHERS	1010375
SHAREHOLDERS HOLDING 5% OR MORE (other than those reported in Directors)	-
INDIVIDUALS	
Local	48542887
(other than directors and their spouses) Foreign	222800

The CEO, Directors, CFO, Head of Internal Auditors, Company Secretary and their spouses and minor children have made no Sale/Purchase in the shares of company during the financial year ended June 30, 2014.

FLYING CEMENT COMPANY LIMITED
21st Annual General Meeting

Registered Folio /
Participant ID No. &
A/c No.
No. of Shares Held

PROXY FORM

IMPORTANT

Instruments of Proxy will not be considered as valid unless deposited or received at the Company's Registered Office at 103-Fazil Road, Lahore Cantt Not later than 48 hours before the time of holding the meeting.

I /We _____
of _____ being a member of
FlyingCement Company Limited and holder of _____ Shares do hereby authorize _____
of _____ another member of the company as my /our proxy to attend and vote
for me /us and on my /our behalf at the 21st Annual General Meeting of the Company to be held on
Thursday, 31st October, 2014 at 10:00 hours at and any adjournment thereof.

Signature

Please affix
Rupees Five
revenue stamp

Witnesses:

1. Signature: _____

Name _____

Address: _____

NIC or
Passport # _____

2. Signature: _____

Name _____

Address: _____

NIC or
Passport # _____

Dated _____ 2014

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AFFIX
CORRECT
POSTAGE

The Company Secretary,

Flying Cement Company Limited

103-Fazil Road, St. Jhon Park,

Lahore Cantt. Pakistan

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FLYING CEMENT COMPANY LIMITED



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Saint John Park,
Lahore Cantt-Pakistan



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+92-42-36660693



Info@flyingcement.com



www.flyingcement.com