

1ST QUARTER REPORT

1ST QUARTER REPORT

(Un-Audited)
September 30, 2014



**FLYING CEMENT
COMPANY LTD.**

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

CHIEF EXECUTIVE

Agha Hamayun Khan

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. 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

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info@flyingcement.com

DIRECTOR'S REVIEW

The Board of Directors present the un-audited financial accounts of the company for the 1st Quarter ended September 30, 2014.

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 2014(Rs)	Upto September 2013(Rs)
Net Sales	497,262,898	462,916,516
Cost of goods sold	467,908,833	459,824,009
Net Profit / (Loss)	32,698,202	26,002,805

The Sales figures increased as compared to the last year's quarter based on the increase in quantity and price resulting in the net profit of Rs 32.7(M) as against the profit of Rs.26(M) in the corresponding period last year. Earning per share comes at 0.19 as against 0.15 per share in the quarter last year.

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

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

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

For and on behalf of the board

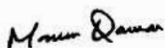


Agha Hamayun Khan
Chief Executive
Lahore: October 31,2014

**Condensed Interim Balance Sheet (Un-Audited)
As at September 30, 2014**

	Note	Sep 30 ,2014 Rupees	June 30,2014 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 / (Loss)		<u>(125,747,803)</u>	<u>(166,154,716)</u>
Total Equity		1,761,231,191	1,720,824,278
Surplus on revaluation of fixed assets		1,584,466,820	1,592,175,531
NON-CURRENT LIABILITIES			
Long term finance	4	542,959,361	620,863,558
Long term deposits		13,005,340	13,005,340
Deferred liabilities		<u>546,100,146</u>	<u>562,941,879</u>
		1,102,064,847	1,196,810,777
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		18,522,008	18,522,008
Short term finance	5	73,595,504	73,595,504
Trade and other payables		1,449,262,234	1,299,404,204
Accrued interest / mark-up		105,840,251	100,687,376
Provision for taxation		<u>10,322,849</u>	<u>10,322,849</u>
		1,657,542,846	1,502,531,941
TOTAL LIABILITIES		<u>2,759,607,693</u>	<u>2,699,342,718</u>
Contingencies and commitments	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>6,105,305,704</u>	<u>6,012,342,527</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	7	4,690,892,498	4,714,339,709
Capital work in progress	8	556,045,490	519,922,045
		5,246,937,988	5,234,261,754
Long Term Security Deposits		41,793,160	41,793,160
CURRENT ASSETS			
Stores & spares & loose tools		214,259,630	164,335,375
Stock in trade		382,292,326	360,094,547
Trade debts		5,612,725	5,121,993
Advances, deposits, prepayments & other receivables	9	202,907,778	203,102,628
Cash and bank balances		<u>11,502,097</u>	<u>3,633,070</u>
		816,574,556	736,287,613
TOTAL ASSETS		<u>6,105,305,704</u>	<u>6,012,342,527</u>

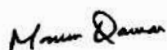
The annexed notes 1 to 11 form an integral part of these financial statements.

**Momin Qamar**
Director**Agha Hamayun Khan**
Chief Executive


Condensed Interim Profit and Loss Account (Un-Audited)
For the Quarter ended September 30, 2014

	Sep 30 ,2014	Sep 30 2013
	Rupees	Rupees
Sales	497,262,898	462,916,516
Cost of sales	<u>(467,908,833)</u>	<u>(459,824,009)</u>
Gross Profit	29,354,065	3,092,507
Distribution cost	<u>(1,779,368)</u>	<u>(949,821)</u>
Administrative expenses	<u>(6,301,760)</u>	<u>(2,544,701)</u>
	(8,081,128)	(3,494,522)
Operating Profit / (Loss)	21,272,937	(402,015)
Financial cost	<u>(5,422,184)</u>	<u>(6,672,974)</u>
Profit / (Loss) Before Taxation	15,850,753	(7,074,989)
Taxation	16,847,449	33,077,794
Profit After Taxation	<u>32,698,202</u>	<u>26,002,805</u>
 Profit Per Share- Basic	 <u>0.19</u>	 <u>0.15</u>

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



Momin Qamar
Director

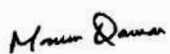


Agha Hamayun Khan
Chief Executive

**Condensed Interim Statement of Comprehensive Income
For the Quarter ended September 30, 2014**

	Sep-14 (Rupees)	Sep-13 (Rupees)
Profit for the period	32,698,202	26,002,805
Other Comprehensive income	-	-
Total Comprehensive income for the period	<u>32,698,202</u>	<u>26,002,805</u>

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



Momin Qamar
Director

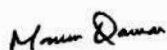


Agha Hamayun Khan
Chief Executive

**Condensed Interim Cash Flow Statement (Un-Audited)
For the Quarter ended September 30, 2014**

	Sep 30 ,2014 Rupees	Sep 30 2013 Rupees
Cash Flow From Operating Activities		
Profit / (Loss) for the period - before taxation	15,850,753	(7,074,989)
Adjustment for non cash charges and other items		
Depreciation	23,447,211	23,785,536
Financial cost	5,422,184	6,672,974
	28,869,395	30,458,510
Cash Inflow from operating activities before working capital changes	44,720,148	23,383,521
Changes In Working Capital		
(Increase) / Decrease in Stores, spares & loose tools	(49,924,255)	63,233,842
(Increase) / Decrease in Stock-in-trade	(22,197,779)	55,007,569
(Increase) / Decrease in Trade debts	(490,732)	2,204,144
(Increase) / Decrease in Advances, deposits, prepayments and other receivables	(2,278,703)	26,077,833
	(74,891,469)	146,523,388
Increase / (Decrease) in current liabilities		
Creditors and other payables	149,863,747	(151,509,667)
Cash Inflow/(Outflow) from Operating Activities-Before Taxation	119,692,426	18,397,242
Taxes Paid	2,473,553	(4,296,510)
Cash Inflow/(Outflow) From Operating Activities - After Taxation	122,165,979	14,100,732
Cash Inflow/(Outflow) From Investing Activities		
Fixed Capital Expenditures	(36,123,445)	(630,000)
Cash Flow From Financing Activities		
Financial charges paid	(269,309)	(358,240)
Liabilities against assets subject to finance lease	-	(1,000,000)
Long term finance	(77,904,197)	(11,408,131)
	(78,173,506)	(12,766,371)
Net Cash Inflow/(Outflow) From Financing Activities	7,869,028	704,361
Net Increase / (decrease) in Cash and Cash Equivalents	(69,962,435)	(64,545,476)
Cash and Cash Equivalents - at the beginning of the year	(62,093,407)	(63,841,115)
Cash and Cash Equivalents - at the end of the quarter		

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



Momin Qamar
Director

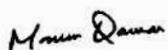


Agha Hamayun Khan
Chief Executive

**Statement of Changes in Equity (un-audited)
For the Quarter ended September 30, 2014**

	Ordinary Share Capital	Accumulated Profit / (Loss)	Capital Reserve	Total
	Rupees	Rupees	Rupees	Rupees
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
.				
Total Comprehensive Income for the period	-	32,698,202	-	32,698,202
Incremental depreciation	-	7,708,711	-	7,708,711
Balance as at September 30, 2014	1,760,000,000	(125,747,803)	126,978,994	1,761,231,191

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



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive

Notes to the Condensed Interim Accounts (Un-Audited) For the Quarter ended September 30, 2014

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, 2014.

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, 2014.

		Sep 30 ,2014	June 30,2014
		Rupees	Rupees
4 LONG TERM FINANCE			
Loans from banking companies	4.2	149,850,000	149,850,000
Loan from Directors & Shareholders		261,820,841	331,755,841
Associate Companies.		131,288,520	139,257,717
		<u>542,959,361</u>	<u>620,863,558</u>
4.2 Loans from banking companies			
Askari Bank Ltd. - Term Finance I	4.1	-	-
National Bank of Pakistan	4.2	149,850,000	149,850,000
		<u>149,850,000</u>	<u>149,850,000</u>

4.1 Term Finance facility of Rs. 50 million was availed from Askari Bank Limited that was secured against 1st charge on present and future assets of the company, personal guarantees of directors and additional collaterals along with group inter corporate guarantees. The loan has been paid in year 2012 and release of charge is under arrangements.

4.2 Demand Finance of Rs.150 million (2013: Rs. 150 million) was availed from National Bank of Pakistan payable in quarterly installments. The finance is secured against 1st joint pari pasu charge on entire present and future fixed assets of the sister concern Flying Board & Paper Products Limited company with 40% of margin, personal guarantees of sponsoring directors of the company and pledge of directors' shares of the company. Cross corporate guarantee of Flying Board Paper Products Limited.

5 SHORT TERM FINANCE**Sep 30 ,2014** **June 30,2014**

Askari Bank Ltd.	5.1	-	-
Albaraka Islamic	5.2	18,038,614	18,038,614
Bank of Punjab	5.3	55,556,890	55,556,890
		73,595,504	73,595,504

5.1 A letter of credit (S/U 180 days) of Rs. 60 million was obtained from Askari Bank Limited that was secured against 1st charge on current assets of the company and 5th charge on all present and future assets of the company. During the year 2012, the company has paid all its liabilities regarding above said borrowing and release of charge is under arrangements.

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

5.3 Forced Demand Finance Facility of Rs. 60.904 million (2013: Rs. 60.904 million) obtained from The Bank of Punjab payable in twelve equal monthly installments. The demand finance attracts mark-up at average 1 months KIBOR + 300 BPS without floor and cap. The finance is secured against charge over current and future assets of the company and charge on fixed assets of M/s Poly Paper & Board Mills (Pvt) Ltd. and personal guarantees of directors of the both companies.

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

6 CONTINGENCIES AND COMMITMENTS

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

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

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

The Competition Commission of Pakistan (CCP) has issued a show cause notice to the company for an increase in prices of cement across the country. The case is currently before the Honorable High Court. The Court granted the stay order restricting the CCP to pass any adverse order(s) against the show cause notices issued to the cement manufacturers.

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

7 Property, Plant & Equipment

	Sep 30 ,2014 Rupees	June 30,2014 Rupees
Opening book value	4,714,339,709	4,799,292,919
Add: Additions during the period	-	10,488,181
	4,714,339,709	4,809,781,100
Less: Depreciation charged during the period	4,714,339,709	4,809,781,100
Closing book value	23,447,211	95,441,391
	4,690,892,498	4,714,339,709
Additions during the period		
Plant & machinery	-	10,488,181
	-	10,488,181

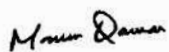
	Sep 30 ,2014 Rupees	June 30,2014 Rupees
8 CAPITAL WORK IN PROGRESS		
Building	104,609,087	104,609,087
Plant & machinery	451,436,403	415,312,958
	<u>556,045,490</u>	<u>519,922,045</u>
9 CASH AND BANK BALANCES		
In hand	5,602,922	1,540,558
At Banks- current accounts	5,899,175	2,092,512
	<u>11,502,097</u>	<u>3,633,070</u>

10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on October 31, 2014
by the board of directors of the company.

11 GENERAL

- Figures in the financial statements have been rounded off to the nearest rupee.
- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive



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