

3rd QUARTER REPORT

(Un-Audited)
March 31, 2015



**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 Sidciqi & 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-Fazi Road, Lahore Cantt. Lahore
Tel: 042-36674301-5 Fax: 042-3660693
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

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Directors' Review

Your directors are pleased to present herewith their report along with un-audited financial accounts of the company for the 3rd Quarter ended 31st March , 2015.

Financial Performance

The comparative study of financial of the company for the period under review is summarized below.

	Amount in Rupees			
	For the nine month ended		For the quarter ended	
	Jul-Mar. 2015	Jul-Mar 2014	Jan- Mar 2015	Jan-Mar 2014
Net Sales	1,573,004,112	1,565,826,025	554,619,563	539,867,142
Gross Profit	93,898,305	35,326,299	37,548,640	14,381,026
Net Profit after Tax	58,647,848	31,685,132	7,672,589	3,787,318
Earning Per Share	0.33	0.18	0.04	0.02

The Sales volumes of the Company as compared to corresponding period was increased from Rs.1565 (M) to 1573 (M) and the net profit increase Rs 58.6.(M) as compared to the profit of Rs.31.7 (M) in the corresponding period last year. Earning per share for nine months comes at 0.33 as against 0.18 per share in the last year.

The comparative results of the company show better financial results due to financial technical measures taken by the management and it is expected that the company will perform better in coming periods.

While placing on record our thanks to all the stakeholders, customers, suppliers and bankers we look forward to their continued support in future and our appreciation of continued support and cooperation of our employees and patronage of our customers.

For and on behalf of the board

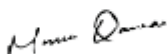


Agha Hamayun Khan
 Chief Executive
 Lahore; April 30, 2015

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2015 (un-audited)**

	Note	March 31, 2015 Rupees	June 30, 2014 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital 200,000,000 ordinary shares of Rs. 10/- each.		<u>2,000,000,000</u>	<u>2,000,000,000</u>
Issued, subscribed and paid up capital 176,000,000, ordinary shares of Rs. 10/- each.		1,760,000,000	1,760,000,000
Capital Reserve		126,978,994	126,978,994
Un appropriated (loss)		<u>(84,380,735)</u>	<u>(166,154,716)</u>
Total Equity		1,802,598,259	1,720,824,278
Surplus on revaluation of fixed assets		1,569,049,398	1,592,175,531
NON-CURRENT LIABILITIES			
Long term finance	4	421,605,163	620,863,558
Liabilities against assets subject to finance lease		-	-
Long term deposits		13,005,340	13,005,340
Deffered liabilities	5	587,416,660	562,941,879
		1,022,027,363	1,196,810,777
CURRENT LIABILITIES			
Trade and other payables		1,438,189,584	1,299,404,204
Accrued Interest / mark-up		115,019,833	100,687,376
Short term finance	6	55,556,890	73,595,504
Current portion of liabilities against assets subject to finance lease		18,522,008	18,522,008
Provision for taxation	4	14,307,914	10,322,949
		1,641,596,229	1,502,531,941
TOTAL LIABILITIES		<u>2,663,623,592</u>	<u>2,699,342,718</u>
Contingencies and commitments	7	-	-
TOTAL EQUITY AND LIABILITIES		<u>6,035,271,249</u>	<u>6,012,342,527</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	8	4,687,163,826	4,714,339,709
Capital work in progress	9	502,422,045	519,922,045
		5,189,585,871	5,234,261,754
Long Term Security Deposits		41,793,160	41,793,160
CURRENT ASSETS			
Stores, spares & loose tools		171,814,442	164,335,375
Stock in trade		383,169,884	360,094,547
Trade debts		7,597,349	5,121,993
Advances, deposits, prepayments & other receivables		220,522,018	203,102,628
Cash and bank balances	10	20,788,525	3,633,070
		803,892,218	736,287,613
TOTAL ASSETS		<u>6,035,271,249</u>	<u>6,012,342,527</u>

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



Momin Qamar
Director

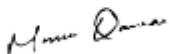


Agha Hamayun Khan
Chief Executive

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED MARCH 31, 2015 (un-audited)**

	For the nine month ended		For the quarter ended	
	July - March 2015	July - March 2014	Jan - March 2015	Jan - March 2014
	(Rupees)			
Sales	1,573,004,112	1,555,826,025	554,619,563	539,867,142
Cost of sales	<u>(1,479,105,807)</u>	<u>(1,530,499,726)</u>	<u>(517,070,923)</u>	<u>(525,486,116)</u>
Gross Profit	93,898,305	35,326,299	37,548,640	14,381,026
Operating Expenses				
Distribution cost	<u>(3,814,051)</u>	<u>(3,795,477)</u>	<u>(993,257)</u>	<u>(436,047)</u>
Administrative expenses	<u>(17,983,233)</u>	<u>(8,027,271)</u>	<u>[8,871,187]</u>	<u>(1,520,437)</u>
	<u>(21,797,284)</u>	<u>(11,812,748)</u>	<u>[9,864,444]</u>	<u>(1,956,484)</u>
Operating Profit	72,101,021	23,513,551	27,684,196	12,424,542
Finance cost	<u>(15,293,806)</u>	<u>(20,222,627)</u>	<u>[4,865,286]</u>	<u>(6,681,029)</u>
Operating Profit	56,807,215	3,290,924	22,818,910	5,743,513
Other Income	<u>27,356,983</u>	<u>22,145,231</u>	<u>-</u>	<u>-</u>
Profit Before taxation	84,164,198	25,436,155	22,818,910	5,743,513
Taxation	<u>(25,516,350)</u>	<u>6,248,977</u>	<u>(15,146,321)</u>	<u>(1,956,195)</u>
Profit After Taxation	<u>58,647,848</u>	<u>31,685,132</u>	<u>7,672,589</u>	<u>3,787,318</u>
Earning / (Loss) Per Share- Basic	<u>0.33</u>	<u>0.18</u>	<u>0.04</u>	<u>0.02</u>

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Momin Qamar
Director

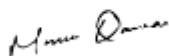


Agha Hamayun Khan
Chief Executive

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED MARCH 31, 2015 (un-audited)**

	For the nine months ended		For the quarter ended	
	Jul - March 2015	Jul - March 2014	Jan-March 2015	Jan-March 2014
	(Rupees)			
Profit for the period	58,647,848	31,635,132	7,672,589	3,787,318
Other Comprehensive income	-	-	-	-
Total Comprehensive income for the period	<u>58,647,848</u>	<u>31,635,132</u>	<u>7,672,589</u>	<u>3,787,318</u>

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



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD ENDED MARCH 31, 2015 (un-audited)**

	March 31, 2015 Rupees	March 31, 2014 Rupees
Cash Flows From Operating Activities		
Profit / (Loss) for the period - before taxation	84,164,198	25,436,155
Adjustment for:		
Depreciation	70,395,259	71,066,733
Provision for Gratuity	-	-
Finance cost	15,293,806	20,222,627
	85,689,065	91,289,360
	169,853,263	116,725,515
(Increase) / Decrease in Stores, spares & loose tools	(7,479,067)	193,439,886
(Increase) in Stock-in-trade	(23,075,337)	(57,031,870)
(Increase) in Trade debts	(2,475,356)	(526,755)
(Increase) / Decrease in Advances, deposits, prepayments and other receivables	(12,219,403)	52,694,866
	(45,249,163)	188,576,127
Increase in Trade and other Payables	157,875,025	26,249,469
Cash generated from operations	282,479,125	331,551,111
Taxes Paid	(21,345,936)	(51,511,592)
Net Cash from Operating Activities	261,133,189	280,039,519
Cash flows From Investing Activities		
Fixed Capital Expenditures	(25,719,375)	(101,216,460)
Net Cash (used in) Investing Activities	(25,719,375)	(101,216,460)
Cash Flows From Financing Activities		
Finance cost paid	(961,349)	(647,128)
Repayment of liabilities against assets subject to finance lease	-	(1,002,435)
Long Term Finance	(199,258,395)	(147,503,131)
Long term deposits	-	(400,000)
Net Cash (used in) Financing Activities	(200,219,744)	(149,552,694)
Net Increase in Cash and Cash Equivalents	36,194,070	29,270,366
Cash and Cash Equivalents - at the beginning of the period	(69,962,435)	(64,545,476)
Cash and Cash Equivalents - at the end of the period	(34,768,365)	(35,275,111)

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Momin Qamar
Director

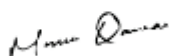


Agha Hamayun Khan
Chief Executive


**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2015 (un-audited)**

	Issued, subscribed & paid up capital (Rs.)	Accumulated (Loss) (Rs.)	Capital Reserve (Rs.)	Total (Rs.)
Balance as at June 30, 2013	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 profit for the period ended March 31, 2015	-	58,647,848	-	-
Incremental depreciation	-	23,126,133	-	23,126,133
Balance as at March 31, 2015	1,760,000,000	(84,380,735)	126,978,994	1,743,950,411

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



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2015 (un-audited)**

1 Legal Status and Operations

The Company was incorporated as Public Limited Company on December 24, 1982 under the Companies Ordinance, 1984. The company is listed on Karachi, Lahore and Islamabad Stock Exchanges in Pakistan. The main objective of the company is to manufacture and sale the cement. The registered office of the company is situated at 103 Fazil Road, Lahore Cantt and the factory in Khushab.

2 Basis of Preparation

This condensed interim financial information of the Company for the nine months period ended 31 March 2015 has been prepared in accordance with the requirements of International Accounting Standard 34 - "Interim Financial Reporting" and provisions or directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions or directives issued under the Companies Ordinance, 1984 have been followed. The disclosures in the condensed interim financial information do not include the information reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended 30 June 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.

The company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2014. The Adoption of these new and amended standard did not have any impact on the company.

Accounting Estimates and Judgments

The preparation of condensed interim financial information the significant judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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

	March 31, 2015	June 30, 2014
	Rupees	Rupees

4 LONG TERM FINANCE

National Bank of Pakistan - secured	4.1	149,850,000	149,850,000
Loans from related Parties - unsecured	4.2	85,839,079	331,755,841
Long Term Creditors		<u>185,916,084</u>	<u>139,257,717</u>
		<u>421,605,163</u>	620,863,558

4.1 Loans from banking companies - secured

National Bank of Pakistan	4.1.1	149,850,000	149,850,000
		<u>149,850,000</u>	<u>149,850,000</u>

4.1.1 Demand Finance of Rs.150 million (June 30, 2014: Rs. 150 million) was availed from National Bank of Pakistan payable in quarterly installments. The finance is secured against 1st joint pari passu charge on entire present and future fixed assets of the company with 40% of margin, personal guarantees of sponsoring directors of the company and pledge of directors' shares of the company.

4.2 The directors have personally financed a portion of the expansion project and the loan is interest free. The repayment of the loan will be made after the completion of the expansion project subject to availability of funds.

	March 31, 2015	June 30, 2014
	Rupees	Rupees

5 DEFERRED LIABILITIES

Deferred Taxation		587,009,551	562,540,286
Gratuity		407,309	401,593
		<u>587,416,860</u>	<u>562,941,879</u>

Deferred Taxation - Net

Taxable temporary differences - effect thereof			
Excess of accounting book value of fixed assets over their tax base		1,297,455,332	1,287,614,514
Deductible temporary differences - effect thereof			
Gratuity		(136,542)	(136,542)
Minimum Tax			(10,322,849)
Unused tax losses		<u>(710,309,239)</u>	<u>(714,614,837)</u>
		<u>537,009,551</u>	562,540,286

6 SHORT TERM FINANCE**Loan from Banking Companies-Secured**

Askari Bank Limited	6.1	-	-
Albaraka Islamic Bank	6.2	-	18,038,614
The Bank of Punjab			
Demand Finance I	6.2.1	47,102,600	47,102,600
Demand Finance II	6.2.2	8,454,290	8,454,290
		<u>55,556,890</u>	<u>73,595,504</u>

- 6.1** A letter of credit (S/U 180 days) of Rs. 60 million was obtained from Askari Bank Limited that was secured against 1st charge on current assets 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.
- 6.2** A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million (June 30, 2014: Rs. 22.50 million) is obtained from Albaraka Islamic Bank with a sub limit of letter of guarantee of Rs. 0.20 million (June 30, 2014 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. Mark-up is charged as per bank's Schedule of charges.
- 6.2.1** Forced Demand Finance Facility of Rs. 60.904 million (June 30, 2014: 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 month's KIBOR + 300 BPS without floor and cap. The finance is secured against charge over current and future assets of the company and charge on fixed assets of M/s Poly Paper & Board Mills (Pvt) Ltd. and personal guarantees of directors of the both companies.
- 6.2.2** The Bank of Punjab has restructure / reschedule demand finance by extending the repayment period till May 31, 2011. The outstanding markup till June 04, 2010 has converted in to another demand finance facility repayable in twelve equal monthly installment of Rs 0.046 million. No markup is applicable on this demand finance II facility.

7 CONTINGENCIES AND COMMITMENTS

CONTINGENCIES:

- 7.1** The Albaraka Islamic Bank has issued letter of guarantees on behalf of the company for the following:
- Excise Collection Office, Sindh Development & Maintenance amounting to Rs. 00.20 million
- 7.2** The Company has issued guarantees on behalf of their associated undertaking to various banks.
- 7.3** The Competition Commission of Pakistan (CCP) has issued a show cause notice to the company for an increase in prices of cement across the country. The case is currently before the Honorable High Court. The Court granted the stay order restricting the CCP to pass any adverse order(s) against the show cause notices issued to the cement manufacturers.
- 7.4** The company is in litigation with Bank of Punjab on markup charged by the bank on demand finance facility. Management has ceased to account for markup because management is confident that the case will be in decided favour of the company

8 PROPERTY, PLANT & EQUIPMENT

	March 31, 2015 Rupees	June 30, 2014 Rupees
Opening book value	4,714,339,709	4,799,292,319
Add: Additions during the period	<u>43,219,375</u>	<u>10,488,181</u>
	4,757,559,084	4,809,781,100
Less Deletion during the year - net off depreciation	<u>-</u>	<u>-</u>
	4,757,559,084	4,809,781,100
Less: Depreciation charged during the period	<u>70,395,259</u>	<u>95,441,391</u>
Closing book value	<u>4,687,163,825</u>	<u>4,714,339,709</u>

	March 31, 2015	June 30, 2014
	Rupees	Rupees
Additions during the period		
Plant & machinery	43,219,375	10,488,181
	<u>43,219,375</u>	<u>10,488,181</u>
9 CAPITAL WORK IN PROGRESS		
Building	104,609,087	104,609,087
Plant & machinery	<u>397,812,958</u>	<u>415,312,958</u>
	<u>502,422,045</u>	<u>519,922,045</u>
10 CASH AND BANK BALANCES		
In hand	8,721,070	1,540,558
At Banks- current accounts	<u>12,067,455</u>	<u>2,092,512</u>
	<u>20,788,525</u>	<u>3,633,070</u>
11 RELATED PARTIES TRANSACTIONS		
Related parties of the company comprise associated undertakings, directors, key employees and management personnel. Detail of transactions with related parties except remuneration and benefits to directors and management personnel under their terms of employment, are as under:		
Sales to Associated Companies	-	
Purchases from Associated Companies	<u>155,101,146</u>	<u>83,515,835</u>
Gratuity (See note No. 5)		

12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 30, 2015 by the board of directors of the company.

13 GENERAL

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



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive



FLYING CEMENT COMPANY LIMITED



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