



FLYING CEMENT

COMPANY LTD.

HALF YEARLY REPORT
(Un-Audited)
December 31, 2018



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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
Mrs. Samina Kamran	Member
Mr. Nadeem Tufail	Member
Mr. Waqar Zahid	Member

CHIEF EXECUTIVE

Agha Hamayun Khan

AUDIT COMMITTEE

Mr. Nadeem Tufail	Chairman
Mr. Qasim Khan	Member
Mr. Yousaf Kamran Khan	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Nadeem Tufail	Chairman
Mrs. Samina Kamran	Member
Mr. Yousaf Kamran Khan	Member

STATUTORY AUDITORS

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

INTERNAL AUDITOR

Mr. Imran Matloob Khan

COMPANY SECRETARY

Mr. Muhammad Azeem
cosecretary@flyingcement.com

CHIEF FINANCIAL OFFICER

Mr. Muhammad Jamil

LEGAL ADVISOR

Mr. Waqar Hasan, Advocate High Court

BANKERS

Askari Bank Limited
The Bank of Punjab
United Bank Limited.
Al Baraka Bank (Pakistan) Limited
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Bank Al-Habib Limited
Bank Al Falah Limited
Habib Bank Limited
Allied Bank Limited
Summit Bank Limited
Meezan Bank Limited

REGISTERED HEAD OFFICE

1-Sarwar Colony, Sarwar Road, Lahore Cantt.
Tel: 042-36674301-5 Fax: 042-36660693
www.flyingcement.com

PLANT

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

SHARES REGISTRAR

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

WEB SITE

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DIRECTOR'S REPORT

The Board of Directors pleased to present the un-audited financial accounts of Flying Cement Company Limited duly reviewed by the Auditors for the Half Year ended 31st December, 2018.

Financial Performance

The financial results of the company for the half year ended December 31, 2018 and that of the corresponding period last year are as under;

	Dec 31, 2018	Dec 31, 2017
	Rupees	Rupees
Net Sales	1,791,316,399	1,259,664,276
Gross Profit	198,952,221	126,568,316
Profit after Taxation	77,748,454	62,824,390
Earning Per Share	0.44	0.36

The Net Sales of the Company as compared to corresponding period increased from Rs.1260(M) to Rs 1791(M) due to better operational and financial management measures taken by the Company. Net profit increased to Rs78(M) as compared to the profit of Rs. 63 (M) in the last corresponding period. Earning per share comes upto 0.44 as against 0.36 per share in the last year.

Cement industry in Pakistan grew by 3.9% to 23.12 million tons during the half year ended December 31, 2018 as compared to 22.24 million tons during the same period last year. Local sales volume registered a decline of 1.4% to 19.56 million tons during the half year in comparison to 19.84 million tons during the same period last year.

Future outlook

The future outlook of cement industry remain promising and demanding. Company is quite hopeful for improvement in domestic sales on account of Government spending on mega projects, multipurpose water reservoirs / Dams and 5 million housing schemes including CPEC which will help the company to maintain its growth in the current financial year. We expect better performance in future.

Acknowledgement

On behalf of the board of Directors we are thankful our shareholders and look forward to their continued support in future. We also appreciate the continued support and cooperation of our employees and great patronage of our valuable customers.

For and on behalf of the board



Agha Hamayun Khan
Chief Executive
Lahore; February 28, 2019



Momin Qamar
Director

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **FLYING CEMENT COMPANY LIMITED** as at December 31, 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity together with the notes forming part thereof for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's report is Sarah Tahir Siddiqui, ACA.



Tahir Siddiqui & Co.

Chartered Accountants

LAHORE: February 28, 2019

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2018 (un-audited)**

	Note	Dec-18 Rupees Un-audited	Jun-18 Rupees Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
200,000,000 ordinary shares of Rs 10/- each.		2,000,000,000	2,000,000,000
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)		658,162,516	565,116,210
Total Equity		2,545,141,510	2,452,095,204
Surplus on revaluation of fixed assets		1,451,337,146	1,466,634,998
NON-CURRENT LIABILITIES			
Long term finance	4	2,902,193,025	2,572,520,644
Long term deposits		14,005,340	14,005,340
Deferred liabilities	5	605,278,151	592,413,717
		3,521,476,516	3,178,939,701
CURRENT LIABILITIES			
Trade and other payables		1,781,614,475	1,681,337,685
Unclaimed Dividend		47,454	47,454
Short term finance	6	675,207,583	705,597,637
Current portion of long term finance	4	42,208,000	237,249,000
Provision for taxation		22,391,455	39,632,839
		2,521,468,967	2,663,864,615
TOTAL LIABILITIES		6,042,945,483	5,842,804,316
Contingencies and commitments	7	-	-
TOTAL EQUITY AND LIABILITIES		10,039,424,139	9,761,534,518
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	8	4,512,067,173	4,556,392,342
Capital work in progress	9	2,428,369,345	2,083,369,344
		6,940,436,518	6,639,761,686
Long Term Security Deposits		31,416,883	31,416,883
CURRENT ASSETS			
Store and Spares		747,843,610	727,988,564
Stock in trade		396,563,126	316,862,420
Trade Debts		8,399,550	8,590,135
Advances, deposits, prepayments & other receivables		1,856,754,243	1,922,032,767
Cash and bank balances	10	58,010,209	114,882,063
		3,067,570,738	3,090,355,949
TOTAL ASSETS		10,039,424,139	9,761,534,518

The annexed notes from 1 to 14 form an integral part of these financial statements.



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive



Muhammad Jamil
Chief Financial Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (un-audited)**

	For the half year ended		For the quarter ended	
	Jul - Dec 2018	Jul - Dec 2017	Oct-Dec 2018	Oct-Dec 2017
	(Rupees)			
Gross sales	2,659,249,602	1,866,052,017	1,381,897,869	1,076,030,862
Less : Sales Tax & Excise Duty	867,933,203	606,387,741	441,220,008	359,375,909
Net Sales	1,791,316,399	1,259,664,276	940,677,861	716,654,953
Cost of Sales	(1,592,364,178)	(1,133,095,960)	(832,695,443)	(641,384,909)
Gross Profit	198,952,221	126,568,316	107,982,418	75,270,044
Operating Expenses				
Distribution Cost	(5,133,784)	(5,738,019)	(2,400,315)	(3,895,317)
Administrative Expenses	(27,908,075)	(24,029,551)	(17,130,102)	(11,795,121)
	(33,041,859)	(29,767,570)	(19,530,417)	(15,690,438)
Operating Profit	165,910,362	96,800,746	88,452,001	59,579,606
Finance Cost	(98,031,019)	(21,264,917)	(64,056,806)	(11,527,894)
Other Income	45,125,000	36,725,400	45,125,000	36,725,400
Profit before Taxation	113,004,343	112,261,229	69,520,195	84,777,112
Taxation	(35,255,889)	(49,436,839)	(22,012,243)	(43,156,543)
Profit after Taxation	77,748,454	62,824,390	47,507,952	41,620,569
Other Comprehensive income	-	-	-	-
Total Comprehensive income / (loss) for the period	<u>77,748,454</u>	<u>62,824,390</u>	<u>47,507,952</u>	<u>41,620,569</u>
Earnings Per Share- Basic	0.44	0.36	0.27	0.24

The annexed notes from 1 to 14 form an integral part of these financial statements.



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive



Muhammad Jamil
Chief Financial Officer

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (un-audited)**

		Dec-18	Dec-17
		Rupees	Rupees
Cash Flow from Operating Activities			
Cash generated from operations	11	351,365,268	(288,179,986)
Taxes Paid		(68,536,129)	(70,365,132)
Net Cash from Operating Activities		282,829,139	(358,545,118)
Cash Flows from Investing Activities			
Fixed Capital Expenditures		(345,911,301)	(479,977,338)
Long Term Security Deposit		-	(12,823,723)
Net Cash (used in) Investing Activities		(345,911,301)	(492,801,061)
Cash Flows From Financing Activities			
Finance cost paid		(98,031,019)	(16,992,498)
Short Term Finance		(195,041,000)	83,083,000
Long term finance		329,672,381	469,392,586
Long term deposits		-	500,000
Net Cash from / (used in) Financing Activities		36,600,362	535,983,088
Net Increase in Cash and Cash Equivalents		(26,481,800)	(315,363,091)
Cash and Cash Equivalents at the beginning of the period		(590,715,574)	(65,952,642)
Cash and Cash Equivalents at the end of the half year	11.1	(617,197,374)	(381,315,733)

The annexed notes from 1 to 14 form an integral part of these financial statements.

Momin Qamar

Momin Qamar
Director

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive

Muhammad Jamil

Muhammad Jamil
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (un-audited)**

	Issued, subscribed & paid up capital (Rs.)	Accumulated Profit / (Loss) (Rs.)	Capital Reserve (Rs.)	Total (Rs.)
Balance as at July 01, 2017	1,760,000,000	352,788,164	126,978,994	2,239,767,158
Total comprehensive income for the half year ended 31-12-2017	-	62,824,390	-	62,824,390
Incremental depreciation	-	15,390,194	-	15,390,194
Balance as at December 31, 2017	1,760,000,000	431,002,748	126,978,994	2,317,981,742
Balance as at July 01, 2018	1,760,000,000	565,116,210	126,978,994	2,452,095,204
Total comprehensive Income for the half year ended December 31, 2018	-	77,748,454	-	77,748,454
Incremental depreciation	-	15,297,852	-	15,297,852
Balance as at December 31, 2018	1,760,000,000	658,162,516	126,978,994	2,545,141,510

The annexed notes from 1 to 14 form an integral part of these financial statements.



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive



Muhammad Jamil
Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2018 (un-audited)

1 Legal Status and Operations

The Company was incorporated as Public Limited Company on December 24, 1992 under the Companies Ordinance, 1984 [now Companies Act, 2017]. The company is listed on Pakistan stock exchange formerly 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 at 1-Sarwar Colony, Sarwar Road, Lahore Cantt and the factory in Khushab. Registered address has been changed from 15-Jan-2019 vide letter No.ARL/0029341/7500 Dated 21.01.2019 after reporting date.

2 Statement of Compliance

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
 - Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2018.
- 2.3 The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2018 and 2017.

3 Significant Accounting Policies

- 3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements for the year ended June 30, 2018 except those stated in note 3.2 (a) below.

3.2 Change in accounting standards, interpretations and amendments to published approved accounting standards

a New standards, amendments and interpretation to published approved accounting and reporting standards which are effective during the half year ended December 31, 2018

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in these condensed interim financial statements.

In addition to that two new standards (i.e. IFRS 9 and IFRS 15) have become applicable to the Company effective July 1, 2018. Because of these new standards certain changes to the Company's accounting policies have been made in light of the following paragraphs:

- IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- IFRS 15 'Revenue from contracts with customers'

- IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognize revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Changes laid down by these standards do not have any significant impact on these condensed interim financial statements of the Company.

b New standards and amendments to published approved accounting and reporting standards that are not yet effective

There is a new standard, certain amendments and an interpretation to the approved accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, the management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in these condensed interim financial statements.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended June 30, 2018. The Company's financial risk management objectives and policies are consistent with those disclosed in the Company's annual audited financial statements for the year ended June 30, 2018.

		Dec-2018 Rupees	Jun-2018 Rupees
4 LONG TERM FINANCE			
National Bank of Pakistan - secured	4.1	1,337,796,580	972,976,153
Loans from related Parties - unsecured	4.2	1,515,674,892	1,515,674,892
Long Term Creditors		48,721,553	83,869,599
		2,902,193,025	2,572,520,644
4.1 Loans from banking companies - secured			
National Bank of Pakistan Demand Finance	4.1.1	1,274,048,580	1,160,476,153
National Bank of Pakistan Demand Finance (WHR)	4.1.2	33,082,000	49,749,000
National Bank of Pakistan Demand Finance -3	4.1.3	72,874,000	-
		1,380,004,580	1,210,225,153
Less: current portion shown under current liabilities		42,208,000	237,249,000
		1,337,796,580	972,976,153

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

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

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

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

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

- 4.1.3** The Company has availed facility of demand finance facility III fresh facility of Rs.73 million for cost over runs of plant expansion to finance for retirement of import documents including bills of exchange arising due to upward fluctuations in currency appreciation of Euro / Dollar parity with Pak Rupees with a markup of 3 month KIBOR plus 2% p.a. The facility will expire on 31-03-2022 and principal is to be repaid in 16 quarterly installments of Rs.4.563 million. The facility of demand finance are secured against 1st charge of Rs.98 million over all present and future fixed assets (hypothecation/Mortgage) of the company, lien of import documents and personal guarantees of all Directors.

LC-Sight OTT includes facility for import of additional machinery / upgrading production capacity to 4000 TPD from 2000 TPD fresh facility PKR equivalent of up to USD 8.882 Million calculated at conversion rate on the date of issuance of LC or PKR 133 USD which ever is lower i.e. maximum up to Rs.1,400 million (enhancement from 1,181.306 Million) against nil Cash Margin to retire import documents / to finance additional machinery arising due to modification in previous CAPEX in order to assure reliability of plant at 4000 TPD from 2000 TPD secured against lien on documents of title to Goods and same security packages and sponsor commitment as for Demand finance facility. Upon retirement of each bill of exchange, customer shall deposit prorata amount of exchange difference over and above the DF limit of Rs 1,181.306 Million ensuring that NBP funded exposure remains within DF limit of Rs 1,181.306 Million. The facility will expire on sight and repayment against the facility will be through disbursement of demand finance / own source of company.

The Company has availed facility of Demand finance of Rs.1,181.306 million with sub-limit of Import LC-Sight from National Bank of Pakistan at 25% Margin over Fixed Assets secured against 1st charges of Rs.1,576 million over all present and future fixed assets (Hypothecation/Mortgage) of the company and personal guarantees of all directors to finance up gradation of production capacity to 4000 tons per day (TPD) from 2000 TPD.

The Company has availed facility of Demand finance facility-V of Rs 400 million from National Bank of Pakistan secured against 1st Pari Passo charge of Rs 533.6 million over all present and future fixed assets (Hypothecation/Mortgage) of the company, Mortgage of two leased residential properties of Sponsors of 5 & 5A, Bridge Colony, Abid Majeed Road, Lahore having forced sale value Rs 190.153 M and personal guarantees of all directors

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

4.2 LOANS FROM RELATED PARTIES -UNSECURED

		Dec-2018 Rupees	Jun-2018 Rupees
Directors & Shareholders loan	4.2.1	1,515,674,892	1,515,674,892

- 4.2.1** 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 completion of the expansion project subject to availability of funds.

		Dec-2018 Rupees	Jun-2018 Rupees
5 DEFERRED LIABILITIES			
Deferred Taxation	5.1	604,314,416	591,449,982
Gratuity		963,735	963,735
		605,278,151	592,413,717
5.1 Deferred Taxation - Net			
Taxable temporary differences - effect thereof			
Excess of accounting book value of fixed assets over their tax base		1,129,975,555	1,171,096,295
Deductible temporary differences - effect thereof			
- Gratuity		(279,483)	(289,121)
- Excess Tax / Minimum Tax		(22,391,455)	(39,632,839)
- WPPF & WWF		(9,204,253)	(9,521,641)
- Unused tax losses		(493,785,948)	(530,202,712)
		604,314,416	591,449,982
6 SHORT TERM FINANCE			
Loan from Banking Companies-Secured			
Albaraka Islamic Bank	6.1	349,311,991	163,034,936
National Bank of Pakistan	6.2	225,895,592	442,562,701
National Bank of Pakistan (Cash Finance)	6.3	100,000,000	100,000,000
		675,207,583	705,597,637

- 6.1** A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million (2017: Rs. 42.50 million) is obtained from Albaraka Islamic Bank (Pakistan) Limited with a sub limit of letter of guarantee of Rs. 0.20 million (2017: Rs. 0.20 million), Rs 20 Million LC Usance / Acceptance facility against 100% Cash Margin, Rs 50 Million LC Sight/Usance clubbed with similar credit limit of Flying Paper Industries Limited, Rs 235 Million LC Usance/Acceptance (OTT) to meet the contractual and import requirements of the company. The finance is secured against Ranking charge over current assets of the company valuing Rs. 144 million, Ranking charge over Fixed assets of the company valuing Rs.300 million, lien over import documents valuing Rs. 277.5 million and personal guarantee of all Directors of the company. Mark-up is charged as per bank's Schedule of charges.

6.2 During the year Company has enhanced financing from National Bank of Pakistan through letter of credit facility of usance (180 Days) to Rs. 700 million (wherein Rs 400 Million and Rs 300 Million are regular limits) from 300 million at 20% Cash Margin with expiry of 31-03-2019 and Rs 400 Million at 20 % cash Margin with expiry 31-12-2019 for the purpose of importing coal, packing material and machinery parts to be repaid through internal Cash Flows routed through Sinking Fund created for the purpose. The facility is secured against 1st charge of Rs.934 million over all present and future fixed assets of the Company, personal guarantees of all Directors, Accepted Bills of Exchange and Trust Receipt.

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

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

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

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

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

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

6.3 Fresh Cash Finance - Hypo Facility for Rs 100 M to Finance working capital requirement of the company against First Pari Passu charge of the company amounting to Rs 133.50 Million, First Charge over fixed assets of the company amounting to Rs 133.50 Million and personal guarantees of all Directors.

7 CONTINGENCIES AND COMMITMENTS

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

- Excise Collection Office, Sindh Development & Maintenance amounting to Rs.0.20 million

7.2 The Competition Commission of Pakistan (CCP) has issued a show cause notice to the company for an increase in prices of cement across the country. As a result of it an amount of Rs. 12 million was imposed as a penalty. The case is currently before the the Honorable High Court. The Court granted the stay order restricting the CCP to pass any adverse order's against the show cause notices issued to the cement manufacturers.

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

	Dec-2018 Rupees	Jun-2018 Rupees
8 PROPERTY, PLANT & EQUIPMENT		
Opening book value	4,556,392,342	4,641,202,215
Add: Additions during the period	911,300	7,319,000
	<u>4,557,303,642</u>	<u>4,648,521,215</u>
Less: Deletion during the period - net off depreciation	-	-
	<u>4,557,303,642</u>	<u>4,648,521,215</u>
Less: Depreciation charged during the period	45,236,469	92,128,873
Closing book value	<u>4,512,067,173</u>	<u>4,556,392,342</u>
Additions during the period		
Electrical installations	911,300	7,319,000
	<u>911,300</u>	<u>7,319,000</u>
9 CAPITAL WORK IN PROGRESS		
Building	167,274,390	167,274,390
Plant & machinery	2,261,094,955	1,916,094,954
	<u>2,428,369,345</u>	<u>2,083,369,344</u>
10 CASH AND BANK BALANCES		
In hand	1,875,140	2,847,150
At Banks- current accounts	56,135,069	112,034,913
	<u>58,010,209</u>	<u>114,882,063</u>
	Dec-18 Rupees	Dec-17 Rupees
11 Cash Generated from Operations		
Profit / (Loss) for the period - before taxation	113,004,343	112,261,229
Adjustment for:		
Depreciation	45,236,469	46,064,437
Finance cost	98,031,019	21,264,917
	<u>143,267,488</u>	<u>67,329,354</u>
	256,271,831	179,590,583
(Increase) / decrease in current assets		
(Increase) / decrease in Stores, spares & loose tools	(19,855,046)	(275,004,763)
(Increase) / decrease in Stock-in-trade	(79,700,706)	(29,190,396)
(Increase) / decrease in Trade debts	190,585	(1,503,404)
(Increase) / decrease in Advances, deposits, prepayments and other receivables	94,181,814	(261,056,305)
	(5,183,353)	(566,754,868)
(Increase) / decrease in current liabilities		
Increase / (decrease) in Trade and other Payables	100,276,790	98,984,299
Cash generated from operations	<u>351,365,268</u>	<u>(288,179,986)</u>
11.1 CASH AND CASH EQUIVALENTS		
Cash and bank balances	58,010,209	96,019,488
Short term Finances	(675,207,583)	(477,335,222)
	<u>(617,197,374)</u>	<u>(381,315,734)</u>

12 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:

	Dec-2018 Rupees	Dec-2017 Rupees
Transactions with associated companies		
Sales to Associated Companies	9,700,500	-
Purchases from Associated Companies	99,478,818	117,429,515
Transaction with other key management personnel		
Salaries & Benefits	11,400,000	11,400,000

13 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 28, 2019 by the board of directors of the company.

14 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



Muhammad Jamil
Chief Financial Officer

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر 2018 تک کے فلائنگ سیمنٹ کے غیر آڈٹ شدہ (آڈیٹرز کی جانب سے نظر ثانی شدہ) ششماہی مالیاتی گوشوارے پیش کرنے پر خوشی محسوس کر رہے ہیں۔

مالیاتی کارکردگی

کمپنی کے 31 دسمبر 2018 کو ختم ہونے والی ششماہی اور گزشتہ سال کے اسی دورانیے کے مالیاتی نتائج حسب ذیل ہیں:

31 دسمبر 2017	31 دسمبر 2018	
روپے	روپے	سیلز
1,259,664,276	1,791,316,399	مجموعی منافع
126,568,316	198,952,221	ٹیکس کے بعد منافع
62,824,390	77,748,454	فی حصص منافع
0.36	0.44	

کمپنی کی طرف سے بہتر آپریشنل اور مالیاتی انتظام کے اقدامات کی وجہ سے گزشتہ سال کے اسی دورانیے کے مقابلے میں کمپنی کی سیلز میں مبلغ 1260 ملین سے مبلغ 1791 ملین اضافہ ہوا۔ گزشتہ سال کے اسی دورانیے کے منافع مبلغ 63 ملین روپے مقابلے میں اس دورانیے کے منافع میں مبلغ 78 ملین روپے کا اضافہ ہوا۔ گزشتہ سال کے فی شیئر منافع 0.36 کے مقابلے میں اس دفعہ منافع 0.44 فی شیئر رہا۔

31 دسمبر 2018 کو مکمل ہونے والی ششماہی میں پاکستان کی سیمنٹ انڈسٹری 3.9 فیصد سے بڑھ کر 23.12 ملین ٹن تک پہنچ گئی۔ جب کہ گزشتہ سال کے اسی دورانیے میں یہ شرح 22.24 ملین ٹن تھی۔ اس ششماہی میں مقامی سیلز کا حجم 1.4 کی کمی سے 19.56 ملین ٹن ریکارڈ کیا گیا ہے جب کہ گزشتہ سال کے اسی دورانیے میں یہ شرح 19.84 ملین ٹن تھی۔

مستقبل کا منظر نامہ

سیمنٹ انڈسٹری کا مستقبل امید افزاء اور محنت طلب رہے گا۔ حکومت کے پانی کے ذخائر / ڈیموں اور 5 ملین ہاؤسنگ اسکیم بشمول CPEC جیسے بڑے پراجیکٹس سے مقامی سیلز میں بہتری کی امید ہے۔ جس سے کمپنی کو رواں مالیاتی سال میں اپنی ترقی کو برقرار رکھنے میں مدد ملے گی۔ ہم مستقبل میں بہتر کارکردگی کی توقع رکھتے ہیں۔

اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے ہم اپنے شیئر ہولڈرز کے شکر گزار ہیں اور مستقبل میں ان کی مسلسل مدد کے خواہاں ہیں۔ اسی طرح ہم اپنے ملازمین کے مسلسل تعاون و مدد اور اپنے معزز صارفین کی سرپرستی کے بھی مشکور ہیں۔

برائے و منجانب بورڈ آف ڈائریکٹرز
آغا ہمایوں خان
چیف ایگزیکٹو

مومن قمر
ڈائریکٹر



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