



FLYING CEMENT
COMPANY LTD.

HALF YEARLY REPORT
(Un-Audited)
December 31, 2019



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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

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

National Bank of Pakistan
Al Baraka Bank (Pakistan) Limited
United Bank Limited.
The Bank of Punjab
Habib Bank Limited
Allied Bank Limited
Faysal 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 is pleased to present the un-audited financial accounts of Flying Cement Company Limited for the half year ended December 31, 2019.

Financial Performance

The financial results of the company for the half year ended December 31, 2019 and that of the corresponding period last year are as under:

	Dec 31, 2019	Dec 31, 2018
	(Rupees)	(Rupees)
Net Sales	928,983,188	1,791,316,399
Profit/ (Loss) after Taxation	(293,472,267)	77,748,454
Earnings Per Share	(1.67)	0.44

The net sales of the company as compared to corresponding period decreased from Rs. 1,791 (M) to Rs. 929 (M) is mainly due to low cement prices, increase in energy prices, high financial charges and curtailment in public sector development projects by the Government. Earning per share comes upto (1.67) as against 0.44 per share in the last year.

The Board of Directors has also approved prudent steps to maintain minimum level of cost of production and administrative expenses.

Future Outlook

The future outlook of cement industry will continue to be challenging. The input costs may also rise in the future due to higher electricity and other input costs.

Acknowledgement

The board acknowledges the assistance and cooperation of all stakeholders including financial institutions, customers, creditors and government departments. We also appreciate and admire the continued support and cooperation of employees of the company.

For and on behalf of the board.



Kamran Khan
Director



Agha Hamayun Khan
Chief Executive

Dated: 28th February, 2020.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FLYING CEMENT COMPANY LIMITED REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENT

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **FLYING CEMENT COMPANY LIMITED** as at December 31, 2019, the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flow, condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial statement"). Management is responsible for the preparation and presentation of this condensed interim financial statement in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial statement based on our review.

The figures of the condensed interim statement of profit and loss account and other comprehensive income for the quarter ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

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 statement 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 statement as of and for the half year ended December 31, 2019 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The engagement on the review resulting this independent auditor's report is Sarah Tahir Siddiqi.



Tahir Siddiqi & Co.

Chartered Accountants

Lahore

Date: February 28, 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019 (un-audited)

	Note	Dec-19 Rupees Un-audited	Jun-19 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
Reserve		603,319,075	865,156,309
		2,363,319,075	2,625,156,309
Directors & shareholders loan	4	1,970,674,892	1,515,674,892
Surplus on revaluation of fixed assets	5	4,059,301,449	4,090,936,482
NON-CURRENT LIABILITIES			
Long term finance	6	2,333,011,070	2,056,851,940
Long term deposits		14,005,340	14,005,340
Deferred liabilities	7	578,479,782	582,401,138
		2,925,496,192	2,653,258,418
CURRENT LIABILITIES			
Trade and other payables		2,140,269,469	1,977,309,742
Unclaimed Dividend		53,148	53,148
Short term finance	8	1,571,710,476	506,777,638
Current portion of long term finance	6	78,252,000	58,252,000
Provision for taxation		14,166,649	42,122,946
		3,804,451,742	2,584,515,474
TOTAL LIABILITIES		6,729,947,934	5,237,773,892
Contingencies and commitments	9	-	-
TOTAL EQUITY AND LIABILITIES		15,123,243,350	13,469,541,575
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	10	6,843,728,329	6,912,441,827
Capital work in progress	11	5,493,177,782	4,304,011,890
		12,336,906,111	11,216,453,717
Long Term Security Deposits		32,880,151	32,880,151
CURRENT ASSETS			
Store and Spares		1,084,272,655	751,322,337
Stock in trade		567,252,707	457,639,437
Trade Debts		6,639,972	10,031,693
Advances, deposits, prepayments & other receivables		1,075,897,945	942,526,644
Cash and bank balances	12	19,393,809	58,687,596
		2,753,457,088	2,220,207,707
TOTAL ASSETS		15,123,243,350	13,469,541,575

The annexed notes from 1 to 16 form an integral part of these financial statements.


Kamran Khan
Director


Agha Hamayun Khan
Chief Executive


Muhammad Jamil
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHERS COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (un-audited)**

	For the half year ended		For the quarter ended	
	Jul - Dec 2019	Jul - Dec 2018	Oct-Dec 2019	Oct-Dec 2018
	(Rupees)			
Gross sales	1,180,569,815	2,659,249,602	590,329,094	1,381,897,869
Less : Sales Tax & Excise Duty	251,586,627	867,933,203	83,287,654	441,220,008
Rebate Incentive and commission etc	251,586,627	867,933,203	83,287,654	441,220,008
Net Sales	928,983,188	1,791,316,399	507,041,440	940,677,861
Cost of Sales	(1,151,455,710)	(1,592,364,178)	(773,816,772)	(832,695,443)
Gross Profit / (Loss)	(222,472,522)	198,952,221	(266,775,332)	107,982,418
Distribution Cost	(3,391,463)	(5,133,784)	(1,997,222)	(2,400,315)
Administrative Expenses	(34,494,643)	(27,908,075)	(21,751,158)	(17,130,102)
	(37,886,106)	(33,041,859)	(23,748,380)	(19,530,417)
Operating Profit / (Loss)	(260,358,628)	165,910,362	(290,523,712)	88,452,001
Finance Cost	(38,328,446)	(98,031,019)	(19,715,296)	(64,056,806)
Other Income	15,460,100	45,125,000	-	45,125,000
Profit before Taxation	(283,226,974)	113,004,343	(310,239,008)	69,520,195
Taxation	(10,245,293)	(35,255,889)	(5,202,961)	(22,012,243)
Profit / (Loss) after Taxation	(293,472,267)	77,748,454	(315,441,969)	47,507,952
Other Comprehensive income	-	-	-	-
Total Comprehensive income / (loss) for the period	(293,472,267)	77,748,454	(315,441,969)	47,507,952
Earnings Per Share- Basic	(1.67)	0.44	(1.79)	0.27

The annexed notes from 1 to 16 form an integral part of these financial statements.


Kamran Khan
Director

Agha Hamayun Khan
Chief Executive

Muhammad Jamil
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE HALF YEAR ENDED DECEMBER 31, 2019 (un-audited)**

CASH FLOW FROM OPERATING ACTIVITIES

		Dec-19 Rupees	Dec-18 Rupees
Cash generated from operations	13	(585,176,178)	351,365,268
Taxes Paid		(42,720,933)	(68,536,129)
Net Cash from Operating Activities		(627,897,111)	282,829,139
Cash Flows from Investing Activities			
Fixed Capital Expenditures		(1,189,165,892)	(345,911,301)
Long Term Security Deposit		-	-
Net Cash (used in) Investing Activities		(1,189,165,892)	(345,911,301)
Cash Flows From Financing Activities			
Finance cost paid		(38,322,752)	(98,031,019)
Short Term Finance		20,000,000	(195,041,000)
Long term finance		276,159,130	329,672,381
Director shareholder loan		455,000,000	-
Net Cash from / (used in) Financing Activities		712,836,378	36,600,362
Net Increase in Cash and Cash Equivalents		(1,104,226,625)	(26,481,800)
Cash and Cash Equivalents at the beginning of the period		(448,090,042)	(590,715,574)
Cash and Cash Equivalents at the end of the half year	13.1	(1,552,316,667)	(617,197,374)

The annexed notes from 1 to 16 form an integral part of these financial statements.


Kamran Khan
Director


Agha Hamayun Khan
Chief Executive


Muhammad Jamil
Chief Financial Officer

**Statement of Changes in Equity (Un-Audited)
For the Half Year Ended December 31, 2019**

	Ordinary Share Capital	Accumulated Profit / (Loss)	Directors & Shareholders Loan	Capital Reserves		Total
				Revaluation Surplus	Gain on Disposal of Shares	
	(Rs.)	(Rs.)	(Rs.)	(RS.)	(Rs.)	(Rs.)
Balance as at June 30, 2018	1,760,000,000	565,116,210	1,515,674,892	1,466,634,998	126,978,994	5,434,405,094
Revaluation surplus on Property, Plant & Equipment	-	-	-	-	-	-
Total Comprehensive Income for the year	-	77,748,454	-	-	-	77,748,454
Incremental depreciation	-	15,297,516	-	(15,297,516)	-	-
Balance as at December 31, 2018	1,760,000,000	658,162,180	1,515,674,892	1,451,337,482	126,978,994	5,512,153,548
Balance as at July 01, 2019	1,760,000,000	738,177,315	1,515,674,892	4,090,936,482	126,978,994	8,231,767,683
Revaluation surplus on Property, Plant & Equipment						-
Total Comprehensive Income for the period		(293,472,267)		-		(293,472,267)
Directors & Shareholders loan			455,000,000			455,000,000
Incremental depreciation		31,635,033	-	(31,635,033)		-
Balance as at December 31, 2019	1,760,000,000	476,340,081	1,970,674,892	4,059,301,449	126,978,994	8,393,295,416

- The annexed notes 1 to 16 form an integral part of these financial statements.



Kamran Khan
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, 2019 (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.

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, 2019.

2.3 The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 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, 2019 and 2018.

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, 2019 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 and amendments and interpretation to published approved accounting and reporting tenders which are effective during the half year ended December 31, 2019.

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17: Leases. As the distinction between operating and finance lease is eliminated, it has resulted in leases being recognised on the statement of financial position except for short term and low value leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised.

- However, the application of IFRS 16 does not have any material impact on the company's books of accounts.
- The amendments that were for the half year ended December 31, 2019 are considered not to be relevant for the company's financial reporting process and hence have not been disclosed here.

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, 2020. 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, 2019. 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, 2019.

4 LOANS FROM RELATED PARTIES - UNSECURED

	Dec-2019 Rupees	Jun-2019 Rupees
Directors & shareholders loan	1,970,674,892	1,515,674,892
	1,970,674,892	1,515,674,892

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.

5 SURPLUS ON REVALUATION OF FIXED ASSETS

Opening Balance of Revaluation Surplus	4,090,936,482	1,466,634,998
Add Revaluation Surplus	-	2,654,897,189
	4,090,936,482	4,121,532,187
Less: Surplus transferred to retained earnings (accumulated loss)		
Incremental depreciation	44,556,384	43,092,542
Deferred Tax effect	(12,921,351)	(12,496,837)
	31,635,033	30,595,705
	4,059,301,449	4,090,936,482

The company got its assets i.e. land, building, plant & machinery revalued on June 30, 2006 on the basis of current market prices by M/s Hasib Associates (Pvt.) Limited, an independent and approved valuers from Pakistan Banks Association. This amount was credited to Surplus on Revaluation of Fixed Assets account to comply with the requirements of section 235 of the Companies Ordinance, 1984 [now Companies Act, 2017]. Subsequently the company got its assets revalued in June 2013 by an independent valuer. However, no material differences were identified. Subsequently, as per principles and guidelines issued by IFRS, the company got its assets i.e. land, building, plant & machinery revalued on June 30, 2019 on the basis of current market prices by M/s Hasib Associates (Pvt.) Limited, an independent and approved valuers from Pakistan Banks Association. This amount was credited to Surplus on Revaluation of Fixed Assets account to comply with the requirements of fourth schedule of the Companies Act, 2017 and IAS 16. It includes surplus on revaluation of freehold land amounting to Rs.111.594 million (2019 Rs. 111.594 million).

		Dec-2019 Rupees	Jun-2019 Rupees
6 LONG TERM FINANCE			
National Bank of Pakistan - secured	6.1	1,874,918,463	1,684,107,580
Long Term Creditors	6.2	458,092,607	372,744,360
		2,333,011,070	2,056,851,940
6.1 Loans from banking companies - secured			
National Bank of Pakistan Demand Finance - 2	6.1.1	1,274,048,580	1,274,048,580
National Bank of Pakistan Demand Finance -3	6.1.2	59,185,000	68,311,000
National Bank of Pakistan Demand Finance -4	6.1.3	219,936,883	
National Bank of Pakistan Demand Finance -5	6.1.4	400,000,000	400,000,000
		1,953,170,463	1,742,359,580
Less: current portion shown under current liabilities		78,252,000	58,252,000
		1,874,918,463	1,684,107,580

- 6.1.1** 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 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.

The facility includes a grace period of 2.25 years and principal to be repaid in 14 quarterly installments of Rs.93.75 million each. The first installment falls due at the end of 27th month from lodgment of Import documents. Markup shall be charged at 3 Months KIBOR plus 1.5% p.a.

Sub-limit of LC-Sight includes facility of Rs.1,450 million against nil Cash Margin to finance import requirement for up-gradation of production capacity to 4000 TPD from 2000 TDP secured against lien on documents of title of 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.

- 6.1.2** 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 TDP 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.

- 6.1.3** 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.

6.1.4 The Company has availed facility of Demand finance facility-V of Rs 400 million from National Bank of Pakistan secured against 1st Pari Passu 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. The first instalment due at the end of 12th month from 06-02-2020. Markup shall be charged 3 month KIBOR plus 1.75% per annum.

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

6.2 This includes markup free loan from associated companies i.e. Poly Paper & Board Mills (Pvt.) Limited of Rs. 34.3 million, Zaman Paper & Board Mills (Pvt.) Limited of Rs.10.153 million, Flying Paper Industries Limited Rs.200.295 million and Flying Board & Paper Products Limited 209.075 million.

		Dec-2019 Rupees	Jun-2019 Rupees
7 DEFERRED LIABILITIES			
Deferred Taxation	7.1	577,239,122	581,160,478
Gratuity		1,240,660	1,240,660
		578,479,782	582,401,138
7.1 Deferred Taxation - Net			
Taxable temporary differences - effect thereof			
Excess of accounting book value of fixed assets over their tax base		1,809,348,370	1,138,583,749
Deductible temporary differences - effect thereof			
- Gratuity		(359,791)	(359,791)
- Excess Tax / Minimum Tax		(14,166,649)	(42,122,946)
- WPPF & WWF		(9,381,262)	(9,381,262)
- Unused tax losses		(1,208,201,546)	(505,559,272)
		577,239,122	581,160,478
8 SHORT TERM FINANCE			
Loan from Banking Companies-Secured			
Albaraka Bank Pakistan Limited	8.1	231,276,589	351,280,892
Albaraka Bank Pakistan Limited (Istasna)		92,771,000	-
National Bank of Pakistan	8.2	1,147,662,887	55,496,746
National Bank of Pakistan (Cash Finance)	8.3	100,000,000	100,000,000
		1,571,710,476	506,777,638

- 8.1** A letter of credit facility usance / acceptance 180 days of Rs. 277.50 million (2019: Rs. 25..50 million) is obtained from Albaraka Bank Pakistan Limited with a sub limit of letter of guarantee of Rs. 0.20 million (2019: Rs. 0.20 million) and a sub limit of Istisna of Rs 200 Million to meet the contractual and import requirements of the company. The finance is secured against 1st Pari Passu charge over current assets of the company valuing Rs. 144 million, 1st Pari Passu 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.
- 8.2** 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 31-03-2020 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. Fresh Import / Inland-limit of LC-(Usance-180 days) includes facility of Rs.1,000 million against 20% Cash Margin to finance to procure coal, packing material, Grinding Media, Castable, Refractory Bricks, Paper Bags and Spares / Parts of Cement Plant requirement, secured against 1st Pari Passu Charge of Rs 1,334 Million over all present and future fixed assets (Hypothecation / Mortgage) of the company. Personal Guarantees of all Directors including Sponsor Directors Mr. Kamran Khan and Mr. Momin Qamar. The facility will expire on 31-03-2020.
- All these facilities also include commitment of sponsoring directors through pledge of shares.
- 8.3** 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.

9 CONTINGENCIES AND COMMITMENTS

- 9.1** The Albaraka Bank Pakistan Limited has issued letter of guarantees on behalf of company for the following:
- Excise Collection Office, Sindh Development & Maintenance amounting to Rs.0.20 million
- 9.2** 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.
- 9.3** 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 feeling aggrieved filed an appeal before appellate tribunal which is pending yet and is likely to be decided in favour of the company.

Commitments

Commitments in respect of outstanding letter of credit amount to Rs.1404.740(M) (2019 Rs.2012.588(M). It includes letter of credit facilities for procurement of new cement production plant and parts of machinery

	Dec-2019 Rupees	Jun-2019 Rupees
10 PROPERTY, PLANT & EQUIPMENT		
Opening book value	6,912,441,827	4,556,392,341
Add: Revaluation Surplus		2,341,436,277
Add: Additions during the period	-	105,120,847
	<u>6,912,441,827</u>	<u>7,002,949,465</u>
Less Deletion during the year - net off depreciation	-	-
	<u>6,912,441,827</u>	<u>7,002,949,465</u>
Less: Depreciation charged during the period	68,713,498	90,507,638
Closing book value	<u>6,843,728,329</u>	<u>6,912,441,827</u>
Additions during the period		
Electrical installations	-	105,120,847
	<u>-</u>	<u>105,120,847</u>
11 CAPITAL WORK IN PROGRESS		
Building	356,349,590	330,261,890
Plant & machinery	5,136,828,192	3,973,750,000
	<u>5,493,177,782</u>	<u>4,304,011,890</u>
12 CASH AND BANK BALANCES		
In hand	4,311,694	8,090,882
At Banks- current accounts	15,082,115	50,596,714
	<u>19,393,809</u>	<u>58,687,596</u>
	Dec-19 Rupees	Dec-18 Rupees
13 Cash Flows from Operating Activities		
Profit / (Loss) for the period - before taxation	(283,226,974)	113,004,343
Adjustment for:		
Depreciation	68,713,498	45,236,469
Finance cost	38,328,446	98,031,019
	<u>107,041,944</u>	<u>143,267,488</u>
	(176,185,030)	256,271,831
(Increase) / decrease in current assets		
(Increase) in Stores, spares & loose tools	(332,950,318)	(19,855,046)
(Increase) / Decrease in Stock-in-trade	(109,613,270)	(79,700,706)
(Increase) / decrease in Trade debts	3,391,721	190,585
(Increase) / Decrease in Advances, deposits, prepayments and other receivables	(132,773,314)	94,181,814
	<u>(571,945,181)</u>	<u>(5,183,353)</u>
(Increase) / decrease in current liabilities		
Increase (Decrease) in Trade and other Payables	162,954,033	100,276,790
Cash generated from operations	<u>(585,176,178)</u>	<u>351,365,268</u>

13.1 CASH AND CASH EQUIVALENTS

Cash and bank balances	19,393,809	58,010,209
Short term Finances	(1,571,710,476)	(675,207,583)
	<u>(1,552,316,667)</u>	<u>(617,197,374)</u>

14 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-2019 Rupees	Dec-2018 Rupees
Transactions with associated companies		
Sales to Associated Companies	25,194,000	9,700,500
Purchases from Associated Companies	159,434,077	99,478,818
Transaction with other key management personnel		
Salaries & Benefits	11,400,000	11,400,000
Transaction with directors & shareholders		
Directors & shareholders loan	455,000,000	-

15 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 28, 2020 by the board of directors of the company.

16 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.



Kamran Khan
Director



Agha Hamayun Khan
Chief Executive



Muhammad Jamil
Chief Financial Officer

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر 2019ء کو اختتام پذیر نصف سال کے لئے ازراہ مسرت فلائنگ سیمنٹ کمپنی لمیٹڈ کے غیر پڑتال شدہ مالیاتی اکاؤنٹس پیش کرتے ہیں۔

مالیاتی کارکردگی

31 دسمبر 2019ء کو اختتام پذیر نصف سال اور گزشتہ برس کی اسی مدت کے لئے کمپنی کے مالیاتی نتائج حسب ذیل ہیں:

31 دسمبر 2019ء	31 دسمبر 2018ء
(روپے)	(روپے)
خالص سیلز	928,983,188
نفع/(نقصان) علاوہ ٹیکسیشن	77,748,454
فی حصص آمدنی	0.44
	(1.67)

کمپنی کی خالص سیلز گزشتہ برس میں 1,791 ملین روپے کے مقابلہ میں 929 ملین روپے تک کم ہو گئی ہے۔ سیمنٹ کی قیمتوں میں کمی، انرجی پرائس میں اضافہ، مالیاتی اخراجات میں اضافہ اور حکومت کی جانب سے سرکاری ترقیاتی کاموں کی بندش کی وجہ سے یہ کمی دیکھنے میں آئی ہے رواں ششماہی کے دوران فی حصص آمدنی (1.67) روپے رہی جو کہ گزشتہ برس میں 0.44 روپے فی حصص تھی

بورڈ آف ڈائریکٹرز نے پیداواری لاگت اور انتظامی اخراجات کی کم از کم سطح کو برقرار رکھنے کے لئے دانشمندانہ اقدامات کی منظوری دی ہے۔

مستقبل کا نقطہ نظر

آئندہ سیمنٹ انڈسٹری کی صورت حال بدستور مشکلات سے دوچار رہے گی۔ ان پٹ لاگت میں اضافہ کی وجہ بجلی اور دیگر ان پٹ لاگت ہوگی۔

اعتراف

بورڈ تمام سٹیک ہولڈرز بشمول مالیاتی اداروں، صارفین، قرض خواہان اور حکومتی اداروں کی رہنمائی اور تعاون کا مشکور و ممنون ہے۔ ہم کمپنی کے ملازمین کی مسلسل حمایت اور تعاون کو بھی قدر کی نگاہ سے دیکھتے ہیں۔

برائے/منجانب بورڈ آف ڈائریکٹرز

آغا ہمایوں خان

کامران خان

چیف ایگزیکٹو

ڈائریکٹر

مورخہ: 28 فروری 2020ء



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