



FLYING CEMENT
COMPANY LTD.

HALF YEARLY REPORT
(Un-Audited)
December 31, 2020



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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. Omar Naeem	Member
Mr. Pervaiz Ahmad Khan	Member

CHIEF EXECUTIVE

Agha Hamayun Khan

AUDIT COMMITTEE

Mr. Omar Naeem	Chairman
Mr. Qasim Khan	Member
Mr. Yousaf Kamran Khan	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Pervaiz Ahmad Khan	Chairman
Mr. Momin Qamar	Member
Mr. Yousaf Kamran Khan	Member

STATUTORY AUDITORS

M/s. Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

INTERNAL AUDITOR

Mr. Imran Matloob Khan

COMPANY SECRETARY

Shahid Ahmad Awan
cosecretary@flyingcement.com

CHIEF FINANCIAL OFFICER

Mr. Hamid Ur Rehman

LEGAL ADVISOR

Mr. Waqar Hasan, Advocate High Court

BANKERS

National Bank of Pakistan
Al Baraka Bank (Pakistan) Limited
United Bank Limited
Habib 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.
Plot No. 32-C, Jami Commercial Street 2, D.H.A,
Phase VII, Karachi-75500
Tel: 021 -111-000-322, Fax: 021 -35310190

WEB SITE

www.flyingcement.com

E-MAIL

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

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, 2020.

Financial Performance

The financial results of the company for the half year ended December 31, 2020 and that of the corresponding period last year are as under:

	Dec 31, 2020 (Rupees)	Dec 31, 2019 (Rupees)
Gross Sales	1,467,458,459	1,180,569,815
Net Sales	1,019,595,209	928,983,188
Profit/ (Loss) after Taxation	89,224,590	(293,472,267)
Earnings Per Share	0.51	(1.67)

The Gross sales of the company as compared to corresponding period increased from Rs. 1,181 (M) to Rs. 1,467 (M) whereas the Net sales of the company increased from Rs. 929 (M) to Rs. 1,020 (M) due to better operational and financial management measure taken by the Company. Net profit increased to Rs. 89 (M) as compared to the loss of Rs. 293 (M) in the corresponding period. Earnings per share come to 0.51 as against (1.67) per share in the last year.

The Board is taking prudent steps to maintain minimum level of cost of production and administrative expenses. The Company has recently successfully completed the installation and commissioning of 7.5MW Waste Heat Recovery Power Plant (WHRPP) at its site in Mangowal, District Khushab". The employment of this technology will augment our ability to process waste heat absorbed in boilers to produce steam at suitable pressure to power turbines for the generation of electricity. Adoption of Waste Heat Recovery Power Plant (WHRPP) technology will result in significant cost saving in power consumption for the Company. It also affirms Flying Cement's commitment to reducing carbon footprint and contributes towards a Greener Pakistan.

Future Outlook

The future outlook of cement industry remains promising and demanding. The 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

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
Lahore: February 24, 2021.



Agha Hamayun Khan
Chief Executive

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FLYING CEMENT COMPANY LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Flying Cement Company Limited as at December 31, 2020 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this 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 financial statements based on our review.

Scope of Review

We conducted our review in accordance with the 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 interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended December 31, 2020 and December 31, 2019 in the condensed interim statement of profit or loss and other comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is *Shahid Mohsin Shaikh*, FCA



Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
Lahore: February 24, 2021.

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020 (UN-AUDITED)**

	Note	Dec-20 Rupees Un-audited	Jun-20 Rupees Audited
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.		<u>1,760,000,000</u>	<u>1,760,000,000</u>
Reserve		<u>517,948,490</u>	<u>397,721,568</u>
		<u>2,277,948,490</u>	<u>2,157,721,568</u>
Directors & shareholders loan	5	<u>1,970,674,892</u>	<u>1,970,674,892</u>
Surplus on revaluation of fixed assets	6	<u>3,996,664,085</u>	<u>4,027,666,417</u>
		<u>8,245,287,467</u>	<u>8,156,062,877</u>
NON-CURRENT LIABILITIES			
Long term finance	7	<u>5,459,560,771</u>	<u>3,440,947,104</u>
Loan from associated undertaking		<u>330,766,928</u>	<u>328,726,928</u>
Long term deposits		<u>14,005,340</u>	<u>14,005,340</u>
Deferred liabilities	8	<u>585,870,920</u>	<u>582,753,672</u>
		<u>6,390,203,959</u>	<u>4,366,433,044</u>
CURRENT LIABILITIES			
Trade and other payables		<u>1,190,431,936</u>	<u>1,455,593,421</u>
Directors & shareholders loan		<u>833,120,965</u>	<u>744,442,920</u>
Unclaimed dividend		<u>59,526</u>	<u>59,526</u>
Short term finance	9	<u>238,434,532</u>	<u>1,582,311,299</u>
Current portion of long term finance	7	<u>18,252,000</u>	<u>18,252,000</u>
		<u>2,280,298,959</u>	<u>3,800,659,166</u>
TOTAL LIABILITIES		<u>8,670,502,918</u>	<u>8,167,092,210</u>
Contingencies and commitments	10	-	-
TOTAL EQUITY AND LIABILITIES		<u>16,915,790,385</u>	<u>16,323,155,087</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	11	<u>6,707,801,980</u>	<u>6,775,059,833</u>
Capital work in progress	12	<u>7,245,058,122</u>	<u>6,511,813,860</u>
		<u>13,952,860,102</u>	<u>13,286,873,693</u>
Long term security deposits		<u>32,880,151</u>	<u>32,880,151</u>
CURRENT ASSETS			
Store and spares		<u>779,640,675</u>	<u>799,103,679</u>
Stock in trade		<u>1,347,633,842</u>	<u>1,307,317,011</u>
Trade debts		<u>7,797,177</u>	<u>3,488,783</u>
Advances, deposits, prepayments & other receivables		<u>750,518,031</u>	<u>870,098,845</u>
Cash and bank balances	13	<u>44,460,407</u>	<u>23,392,925</u>
		<u>2,930,050,132</u>	<u>3,003,401,243</u>
TOTAL ASSETS		<u>16,915,790,385</u>	<u>16,323,155,087</u>

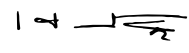
The annexed notes from 1 to 17 form an integral part of these financial statements.



Kamran Khan
Director



Agha Hamayun Khan
Chief Executive



Hamid-Ur-Rehman
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)**

	For the half year ended		For the quarter ended	
	Jul - Dec 2020	Jul - Dec 2019	Oct-Dec 2020	Oct-Dec 2019
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
	(Rupees)			
Gross sales	1,467,458,459	1,180,569,815	1,364,031,016	590,329,094
Less : Sales tax & excise duty	(447,863,250)	(251,586,627)	(412,852,694)	(83,287,654)
Net sales	1,019,595,209	928,983,188	951,178,322	507,041,440
Cost of sales	(937,223,988)	(1,151,455,710)	(835,267,437)	(773,816,772)
Gross Profit / (Loss)	82,371,221	(222,472,522)	115,910,885	(266,775,332)
Distribution cost	(4,869,405)	(3,391,463)	(3,051,171)	(1,997,222)
Administrative expenses	(27,780,452)	(34,494,643)	(16,155,695)	(21,751,158)
	(32,649,857)	(37,886,106)	(19,206,866)	(23,748,380)
Operating Profit / (Loss)	49,721,364	(260,358,628)	96,704,019	(290,523,712)
Finance cost	(99,172)	(38,328,446)	(85,419)	(19,715,296)
Other income	61,633,034	15,460,100	51,236,589	-
Profit / (Loss) before taxation	111,255,226	(283,226,974)	147,855,189	(310,239,008)
Taxation	(22,030,636)	(10,245,293)	(17,938,006)	(5,202,961)
Profit / (Loss) after taxation	89,224,590	(293,472,267)	129,917,183	(315,441,969)
Other Comprehensive income	-	-	-	-
Total Comprehensive income / (loss) for the period	89,224,590	(293,472,267)	129,917,183	(315,441,969)
Earnings / (Loss) per share- basic	0.51	(1.67)	0.74	(1.79)

The annexed notes from 1 to 17 form an integral part of these financial statements.



Kamran Khan
Director



Agha Hamayun Khan
Chief Executive



Hamid-Ur-Rehman
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)**

		Dec-20 Rupees Un-audited	Dec-19 Rupees Un-audited
Cash generated from operations	14	8,257,325	(585,176,178)
Finance cost paid		(99,172)	(38,322,752)
Income tax (paid) / refund received		69,376,691	(42,720,933)
Net Cash from Operating Activities		77,534,844	(666,219,863)
Cash Flows from Investing Activities			
Fixed capital expenditures		(733,244,262)	(1,189,165,892)
Net Cash (used in) Investing Activities		(733,244,262)	(1,189,165,892)
Cash Flows From Financing Activities			
Short term finance		238,434,532	1,571,710,476
Long term finance		2,018,613,667	20,000,000
Associated undertaking		2,040,000	276,159,130
Director & Shareholders Loan		-	455,000,000
Net Cash from / (used in) Financing Activities		2,259,088,199	2,322,869,606
Net Increase in Cash and Cash Equivalents		1,603,378,781	467,483,851
Cash and Cash Equivalents at the beginning of the period		(1,558,918,374)	(448,090,042)
Cash and Cash Equivalents at the end of the half year		44,460,407	19,393,809

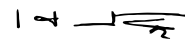
The annexed notes from 1 to 17 form an integral part of these financial statements.



Kamran Khan
Director



Agha Hamayun Khan
Chief Executive



Hamid-Ur-Rehman
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (UN-AUDITED)

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, 2019 - Audited	1,760,000,000	738,177,315	1,515,674,892	4,090,936,482	126,978,994	8,231,767,683
Total Comprehensive income for the period	-	(293,472,267)	-	-	-	(293,472,267)
Directors & shareholders loan	-	-	455,000,000	-	-	455,000,000
Incremental depreciation	-	31,653,033	-	(31,653,033)	-	-
Balance as at December 31, 2019 - Un-audited	1,760,000,000	476,358,081	1,970,674,892	4,059,283,449	126,978,994	8,393,295,416
Balance as at July 01, 2020 - Audited	1,760,000,000	270,742,574	1,970,674,892	4,027,666,417	126,978,994	8,156,062,877
Total Comprehensive income for the period	-	89,224,590	-	-	-	89,224,590
Directors & shareholders loan	-	-	-	-	-	-
Incremental depreciation-net of deferred tax	-	31,002,332	-	(31,002,332)	-	-
Balance as at December 31, 2020 - Un-audited	1,760,000,000	390,969,496	1,970,674,892	3,996,664,085	126,978,994	8,245,287,467

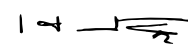
- The annexed notes 1 to 17 form an integral part of these financial statements.



Kamran Khan
Director



Agha Hamayun Khan
Chief Executive



Hamid-Ur-Rehman
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2020 (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 of 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, 2020.
- 2.3** The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2020 and 2019 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, 2020 and 2019.

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, 2020 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 standards which are effective during the half year ended December 31, 2020.

The amendments that were for the half year ended December 31, 2020 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

IFRS - 17 Insurance Contract

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.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements require 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, 2020. 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, 2020.

5 LOAN FROM RELATED PARTIES - UNSECURED

	Dec-2020 Rupees Un-audited	Jun-2020 Rupees Audited
Directors & shareholders loan	1,970,674,892	1,970,674,892
	1,970,674,892	1,970,674,892

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.

6 SURPLUS ON REVALUATION OF FIXED ASSETS

Opening Balance of Revaluation Surplus	4,027,666,417	4,090,936,482
Add Revaluation Surplus	-	-
	4,027,666,417	4,090,936,482
Less: Surplus transferred to retained earnings (accumulated loss)		
Incremental depreciation	43,665,256	89,112,767
Deferred Tax effect	(12,662,924)	(25,842,702)
	31,002,332	63,270,065
	3,996,664,085	4,027,666,417

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. 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 (2020 Rs. 111.594 million).

7 LONG TERM FINANCE

National Bank of Pakistan - secured	7.1	5,459,560,771	3,440,947,104
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7.1 Loans from banking companies - secured

National Bank of Pakistan Demand Finance - II	7.1.1	1,274,048,580	1,274,048,580
National Bank of Pakistan Demand Finance - III	7.1.2	40,933,000	50,059,000
National Bank of Pakistan Demand Finance - IV	7.1.3	1,124,548,433	1,258,548,433
National Bank of Pakistan Demand Finance - V	7.1.4	400,000,000	400,000,000
National Bank of Pakistan Demand Finance - VI	7.1.5	134,000,000	-
National Bank of Pakistan Demand Finance - VII	7.1.6	1,349,369,125	-
National Bank of Pakistan Demand Finance - VIII (Forzen Markup)	7.1.7	608,382,580	-
Al Baraka Bank Diminishing Musharika	7.1.8	546,531,053	476,543,091
		5,477,812,771	3,459,199,104
Less: current portion shown under current liabilities		(18,252,000)	(18,252,000)
		5,459,560,771	3,440,947,104

7.1.1 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 to 4000 tons per day (TPD) from 2000 TPD. The facility rescheduled Rs.1274.049 million on 01-09-2020.

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 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.

7.1.2 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.

7.1.3 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 facility rescheduled Rs.1,181.306 million on 01-09-2020.

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.

7.1.4 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. The facility rescheduled Rs.400 million on 01-09-2020.

- 7.1.4** All these facilities also include commitment of sponsoring directors through pledge of shares.
- 7.1.5** Fresh Demand Finance - Facility for Rs 134 M to Finance foreign exchange differential amount / finance cost overrun requirement of the company against First Pari Passu charge of the company amounting to Rs 179 Million and personal guarantees of all Directors. It will be charged with 3 Months KIBOR plus 2 %. It will be paid of in 57 months including grace period of 9 months from first draw down in limit. tentatively up 31-03-2025.
- 7.1.6** Fresh Demand Finance Facility Rs 1,400 M- we have requested for Demand Finance Facility for Rs 1,400 Million against our current facilities of LC 300 M, and 1,000 M and Cash Finance Rs 100 M against 1st Pari Passu charge of the company amounting to Rs 1,867 Million, First Charge over all present & Future fixed assets of the company. Hypothecation charge over Plant & Machinery and mortgage charge on land and personal guarantees of all Directors. Mark shall be charged at 3 Months KIBOR plus 2 %. It will be paid of in 78 months including grace period of 18 months from first draw down in limit. tentatively up 31-12-2026.
- 7.1.7** Frozen Mark up Fresh Demand Finance Facility Rs 610 M- we have requested for our frozen mark up fresh Demand Finance Facility for Rs 610 Million against our current mark up on CF, DF and LC facilities against 1st Pari Passu charge of the company amounting to Rs 814 Million, First Charge over all present & Future fixed assets of the company. Hypothecation charge over Plant & Machinery and mortgage charge on land and personal guarantees of all Directors. It will be paid of in 36 monthly instalments starting from 31-03-2021 to 29-02-2024.
- 7.1.8** A Diminishing Musharika Facility of Rs 600 (Million) is obtained from Albaraka Bank Pakistan Limited, as per Islamic mode of financing tenor is 5 years with one half years grace period for principal repayment only and afterward, the due amount installment shall be paid by 7 equal half yearly installments over the remaining years of 3.5 years. The finance is secured against 1st PP charge over current assets of the company valuing Rs. 144 million, 1st PP charge over Fixed assets of the company valuing Rs 882 million, and personal guarantee of all Directors of the company. Mark-up is charged 6 month KIBOR + 3%.

8 DEFERRED LIABILITIES

		Dec-2020 Rupees Un-audited	Jun-2020 Rupees Audited
Deferred Taxation	8.1	584,595,614	581,478,366
Gratuity		1,275,306	1,275,306
		585,870,920	582,753,672

8.1 Deferred Taxation - Net

Taxable temporary differences - effect thereof			
Excess of accounting book value of fixed assets over their tax base		1,091,106,952	1,129,198,533
Deductible temporary differences - effect thereof			
- Gratuity		(369,839)	(369,839)
- Excess Tax / Minimum Tax		(18,913,388)	(17,624,996)
- WPPF & WWF		(6,520,640)	(6,520,640)
Remeasurement of defined benefits		-	18,376
- Unused tax losses		(480,707,471)	(523,223,068)
		584,595,614	581,478,366

9 SHORT TERM FINANCE

Loan from Banking Companies-Secured

Albaraka Islamic Bank	9.1	164,527,199	298,221,165
Albaraka Islamic Bank (Istasna)	9.2	73,907,333	1,184,090,134
National Bank of Pakistan	9.3	-	100,000,000
		238,434,532	1,582,311,299

- 9.1** A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million (2020: Rs. 257.50 million) is obtained from Albaraka Islamic Bank (Pakistan) Limited with a sub limit of letter of guarantee of Rs. 0.20 million (2020: 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. This facility is converted into Diminishing Musharika Facility of Rs 600 (Million).
- 9.2** 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.
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 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.
- 9.3** 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.

10 CONTINGENCIES AND COMMITMENTS

- 10.1** The Albaraka Islamic Bank has issued letter of guarantees on behalf of company for the
- Excise Collection Office, Sindh Development & Maintenance amounting to Rs.0.20 million
- 10.2** 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.
- 10.3** 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. 338.349(M) (2020: Rs.1411.789(M). It includes letter of credit facilities for procurement of new cement production

	Dec-2020 Rupees Un-audited	Jun-2020 Rupees Audited
11 PROPERTY, PLANT & EQUIPMENT		
Opening book value	6,775,059,833	6,912,441,827
Add: Revaluation Surplus	-	-
Add: Additions during the period	-	50,000
	<u>6,775,059,833</u>	<u>6,912,491,827</u>
Less Deletion during the year - net off depreciation	-	-
	<u>6,775,059,833</u>	<u>6,912,491,827</u>
Less: Depreciation charged during the period	67,257,853	137,431,994
Closing book value	<u>6,707,801,980</u>	<u>6,775,059,833</u>
Additions during the period		
Electrical installations	-	50,000
	<u>-</u>	<u>50,000</u>
12 CAPITAL WORK IN PROGRESS		
Building	361,405,911	356,349,590
Plant & machinery	6,883,652,211	6,155,464,270
	<u>7,245,058,122</u>	<u>6,511,813,860</u>
13 CASH AND BANK BALANCES		
Cash in hand	3,435,538	838,641
Cash at Banks- current accounts	41,024,869	22,554,284
	<u>44,460,407</u>	<u>23,392,925</u>
14 Cash Flows from Operating Activities		
Profit / (Loss) for the period - before taxation	111,255,226	(283,226,974)
Adjustment for:		
Depreciation	67,257,853	68,713,498
Finance cost	99,172	38,328,446
	<u>67,357,025</u>	<u>107,041,944</u>
	178,612,251	(176,185,030)
(Increase) / decrease in current assets		
(Increase) / Decrease in Stores, spares & loose tools	19,463,004	(332,950,318)
(Increase) / Decrease in Stock-in-trade	(40,316,831)	(109,613,270)
(Increase) / Decrease in Trade debts	(4,308,394)	3,391,721
(Increase) / Decrease in Advances, deposits, prepayments and other receivables	31,290,735	(132,773,314)
	<u>6,128,514</u>	<u>(571,945,181)</u>
Increase / (Decrease) in current liabilities		
Increase / (Decrease) in Trade and other Payables	(265,161,485)	162,954,033
Increase / (Decrease) in director and shareholder loan	88,678,045	-
	<u>(176,483,440)</u>	<u>162,954,033</u>
Cash generated from operations	<u>8,257,325</u>	<u>(585,176,178)</u>

15 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-2020 Rupees Un-audited	Dec-2019 Rupees Un-audited
Transactions with associated companies		
Sales to Associated Companies	-	25,194,000
Purchases from Associated Companies	-	159,434,077
Transaction with other key management personnel		
Salaries & Benefits	11,400,000	11,400,000
Transaction with directors & shareholders		
Directors & shareholders loan	-	455,000,000

16 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 24, 2021 by the board of directors of the company.

17 GENERAL

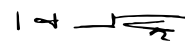
- Figures in the financial statements have been rounded off to the nearest rupee.
- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.



Kamran Khan
Director



Agha Hamayun Khan
Chief Executive



Hamid-Ur-Rehman
Chief Financial Officer

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز 31 دسمبر 2020ء کو اختتام پذیر ششماہی کے لئے فلائنگ سیمنٹ کمپنی لمیٹڈ کے غیر پڑتال شدہ کھاتے/ اکاؤنٹس ازراہ مسرت پیش کرتے ہیں۔

مالیاتی کارکردگی

31 دسمبر 2020ء کو اختتام پذیر ششماہی اور گزشتہ برس کی اسی مدت کے لئے کمپنی کے مالیاتی نتائج حسب ذیل ہیں:

31 دسمبر 2020ء 31 دسمبر 2019ء
روپے

1,180,569,815	1,467,458,459	مجموعی سیلز (فروخت)
928,983,188	1,019,595,209	خالص سیلز (فروخت)
(293,472,267)	89,224,590	نفع / (نقصان) علاوہ ٹیکسیشن
(1.67)	0.51	فی حصص آمدنی

گزشتہ برس کی اسی مدت کی مجموعی سیلز میں 1,181 ملین روپے سے بڑھ کر 1,467 ملین روپے ہو گئی ہے۔ جب کہ آپریشنل اور مالیاتی مینجمنٹ کے سلسلہ میں کمپنی کے بہتر اقدامات کے باعث خالص سیلز میں 929 ملین روپے سے بڑھ کر 1,020 ملین روپے ہو گئی ہے۔ گزشتہ برس میں 293 ملین روپے خسارہ کے مقابلہ میں 31 دسمبر 2020ء کو اختتام پذیر ششماہی کے دوران 89 ملین روپے منافع ہوا۔ گزشتہ برس میں (1.67) روپے فی حصص خسارہ کے مقابلہ میں امسال 0.51 روپے فی حصص آمدنی ہوئی۔

انتظامیہ بورڈ پیدوار لاگت اور انتظامی اخراجات کو کم ترین سطح پر لانے کے لئے احسن اقدامات کر رہی ہے۔ کمپنی نے حال ہی میں منگووال ضلع خوشاب میں 7.5 میگا واٹ کے ویسٹ ہیٹ ریکوری پاور پلانٹ (WHRPP) کی تنصیب اور کمیشننگ کو کامیابی سے مکمل کر لیا ہے۔ اس ٹیکنالوجی کے اطلاق سے بجلی پیدا کرنے کے لئے بوائمر میں جذب/ضائع ہونے والی حرارت کو مناسب دباؤ کے ذریعے بھاپ میں تبدیل کر کے پاور ٹربائنز کو چلایا جائے گا۔ ویسٹ ہیٹ ریکوری پاور پلانٹ (WHRPP) ٹیکنالوجی کے استعمال سے کمپنی کی بجلی کی کھپت پر اخراجات میں نمایاں کمی واقع ہوگی۔ اس طرح ماحول میں کاربن کے اخراج میں کمی اور سرسبز پاکستان میں مثبت کردار کے فلائنگ سیمنٹ کے عزم کو تقویت ملے گی۔

مستقبل کا منظر نامہ

سیمنٹ انڈسٹری کا مستقبل تابناک ہے اور اس کی طلب میں بھی اضافہ ہو رہا ہے۔ سرکاری منصوبوں، کثیر المقاصد پانی کے ذخائر/ ڈیموں اور 5 ملین گھروں کی سکیم بالخصوص CPEC پر کل وقتی اخراجات کی وجہ سے کمپنی ملکی سطح پر فروخت میں اضافہ اور رواں مالیاتی سال کے دوران نموکو برقرار رکھنے کے لئے پرامید ہے۔ ہم مستقبل بہتر کارکردگی کی توقع رکھتے ہیں۔

اعتراف

بورڈ تمام سٹیک ہولڈرز بشمول مالیاتی اداروں، صارفین، قرض خواہان اور سرکاری محکموں کی معاونت اور تعاون کو سراہتا ہے۔ ہم کمپنی کے ملازمین کی مسلسل سپورٹ اور کاوشوں کی قدر کرتے ہیں۔

منجانب/ برائے بورڈ آف ڈائریکٹرز

آغا ہمایوں خان

چیف ایگزیکٹو

کامران خان

ڈائریکٹر

لاہور، 24 فروری 2021ء



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