Annual Report 2012

FLYING CEMENT COMPANY LIMITED

بسم الله الرحمن الرحيم

FLYING CEMENT COMPANY LIMITED

FLYING CEMENT COMPANY LIMITED

LIME STONE QUARRY

POWER PLANT

CONTENTS

COMPANY INFORMATION

Board Of Directors

Mr. Kamran Khan	Chairman
Mr. Momin Qamar	Director
Mr. Yousaf Kamran Khan	Director
Mr. Qasim Khan	Director
Mrs. Shaista Imran	Director
Mrs. Samina Kamran	Director
Mrs. Misbah Momin	Director

Chief Executive
Agha Hamayun Khan

Audit Committee

Mrs. Misbah Momin	Chairperson
Mr. Qasim Khan	Member
Mr. Yousaf Kamran Khan	Member

Humam Resource And Remuneration Committee

Mrs. Samina Kamran	Chairperson
Mr. Qasim Khan	Member
Mr. Yousaf Kamran Khan	Member

Statutory Auditors
M/s. Tahir Siddiqi & Co.
Chartered Accountants
A member firm of TIAG Limited

Internal Auditor
Mr. Imran Matloob Khan

Cost Auditors
M/s. Mumtaz Bloach & Co.,
Chartered Accountants

Company Secretary
Mr. Mubashir Asif

Chief Financial Officer
Mr. Muhammad Jamil

Legal Advisor
Mr. Muhammad Atif Amin, Advocate High Court

Bankers
Askari Commercial Bank Ltd.
The Bank of Punjab
United Bank Ltd.
Al Baraka Islamic Bank
Faysal Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Bank Al-Habib Ltd.
Bank Al Flah Limited
Habib Bank Limited

Registered & Head Office
103-Fazal Road, Lahore Cantt. Lahore
Tel: 042-6674301-5 Fax: 042-6660693
www.flyingcement.com

Production Facilities
25Km, Lilla Interchange
Lahore-Islamabad Motorway,
Mangowal, Distt. Khoshab

Shares Registrar
THK Associates (Pvt) Limited.
Ground Floor, State Life Building-3
Dr. Zia Uddin Ahmed Road, P.O.Box 8533
Karachi-75530
Tel: 021-111-000-322, Fax: 021-5655595

Web Site
www.flyingcement.com

E-Mail
info@flyinggroup.com.pk
info@flyingcement.com

A Message From The Chairman

To ensure quality, cost reduction and effective marketing of our product, we have prepared a team of highly skilled technical engineers, professional accountants and MBA's. The team of professionals is focusing for state of the art technology, quality product, human resource development, cost effectiveness of the product and to co-op with the marketing of increasing demand of our products.

We are also focusing environmental friendly site of our project by installing highly sophisticated Electrostatic Precipitator Equipment, Growing Trees, Plantations and awareness programs for cleanliness etc resulting dust free environment.

Since we have introduced the above basis in our company, therefore we are confident that we will achieve the highest standards in production, quality, cost reduction and effective marketing of the products.

To ensure moral and social responsibility of prospering our people, we believe in helping our partners and local community in which we work around to prosper along with us. We look forward to working with you as we continue to build tomorrow.

KAMRAN KHAN
CHAIRMAN

Core Values

At Flying Cement, core values are always given great importance. These values are not only theoretical but in actual **fact delve** deep in the hearts of entire team.
These values are reflected within the name of **FLYING** itself:

F = Focus – We believe on **focusing** on reducing cost and improving quality thereby offering profit to our shareholders.

L = Leadership – Our objective is to **lead** as a cost effective competitor. We understand the demand of cement industry at a global level as well as the needs of people within Pakistan.

Y = You – Flying Cement always maintains **'You first'** approach, not only to please our customers but also to satisfy our shareholder.

I = Initiatives – Taking **initiative** in incorporating modern technology to reduce cost and to improve quality.

N = New - We are pioneer in using **new** ideas and strategies for the cost effective and quality cement manufacturing.

G = Global - We strive to be reckoned with dignity in **global** market.

Business Ethics

- Transparency in transactions
- Sound business policies
- Judicious use of Company's resources
- Avoidance of conflicts of interest
- Justice to all
- Integrity at all levels
- Compliance of laws of the land

The **Vision**

"To be a premier quality cement manufacturing unit engaged in nation building through the most efficient utilization of resources".

The **Mission**

"Successfully deliver quality cement by using innovative practices with the ultimate goal of increasing the satisfaction of our customers".

"To minimize the cost of production by using state of the art technology and utilizing our experience in increasing profits for our shareholders".

Notice of 19th Annual General Meeting

Notice is hereby given that 19th Annual General Meeting of the shareholders of Flying Cement Company Limited will be held on Wednesday the October 31, 2012 at 10:00 A.M at Smart Hotel, 36-Commercial Zone, Liberty Market, Gulberg III, Lahore to transact the following business:

- To confirm minutes of 18th Annual General Meeting held on 31st of October 2011.
- To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2012 together with the Directors' and Auditors reports thereon.
- To elect seven Directors of the Company as fixed by the Board of Directors U/S 178(1) of the Companies Ordinance, 1984. The names of retiring directors are:
  - Mr. Kamran Khan
  - Mr. Yousaf Kamran Khan
  - Mrs. Shaista Imran
  - Mrs. Misbah Momin
  - Mr. Momin Qamar
  - Mr. Qasim Khan
  - Mrs. Samina Kamran
- To appoint the Auditors and fix their remuneration for the next financial year.
- To transact any other business with the permission of Chairman.

By Order of the Board

--Sd--
Mubashir Asif
COMPANY SECRETARY
Lahore: October 09, 2012

Notes:

1. The Share Transfer Books of the company will be closed from October 22, 2012 to October 31, 2012 (inclusive of both days)
2. A shareholder eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by attorney in case of corporate entity. In this case the instrument of proxy complete in every respect, must reach to the Registered Office of the Company not later than 48 hours before the time of the meeting.
3. Any person being eligible, who intends to contest the election of Directors or otherwise file with the company at its Registered Office not later than fourteen days before the date of Annual General Meeting, a notice of his/her intention to offer himself/herself for election as Director.
4. The shareholders are requested to bring Original Computerized Identity Card to prove their identity along with account details etc at the time of meeting. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be submitted (unless it has been provided earlier) along with proxy form of the company.
5. The shareholders are requested to notify immediately the change in their addresses, if any.

Directors' Review to the Members

On behalf of the Board of Directors, I am pleased to present the Annual Report of Flying Cement Company Limited ("the company") along with the audited financial statements, and Auditors' Report thereon for year ended June 30, 2012.

Financial Performance
The turnover for the year was Rs 1,666 Million (2011: Rs 1,013 Million) and the cost of sales were Rs 1,477 Million (2011: Rs 887 Million). Profit after taxation was Rs. 28.487 Million (2011: Loss Rs 145.941 Million), cumulating earning per share (EPS) of Rs 0.16 (2011: Loss Rs 0.83).

During the year under review your company produced 239,452 M.Tons of Clinker (2011: 192,616 M.Tons) and sold 248,859 M.Tons of Cement (2011: 180,000 M.Tons). Despite of increase in production of Clinker/Cement, the company could not achieve the desired results due to increase in cost of production which mainly attributes to energy cost. However, operational expenses have been maintained at lowest level and comparable with any other competitive industry.

Staff Retirement Benefits
An unfunded gratuity scheme has been maintained. Provision has been made in the financial statements accordingly for permanent employees of the company.

Reporting
The Board has ensured completeness, true and fair presentation and timely issuance of its financial statements in accordance with the provisions of the Companies Ordinance 1984, the listing regulations of Stock Exchanges and International Financial Reporting Standards.

Corporate and Financial Reporting
The company is committed to gain highest standards of corporate governance. The Board is pleased to give following specific statements to comply with the requirements of the Code of Corporate Governance:

a) The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of accounts have been maintained by the company.

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.

e) The system of internal control is sound in design and has been effectively implemented and monitored.

f) There are no significant doubts upon the company's ability to continue as a going concern.

g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.

h) Key operating and financial data for the last six years is annexed.

i) No trade in shares of Flying Cement Company Ltd. was carried out by the directors, CEO, Head of Internal Audit, CFO, Company Secretary and their spouses and minor children except of those as reported to the regulatory authorities and disclosed in the annexed Pattern of Shareholding.

j) Reasons for significant deviations from last year's operating results have been explained in the relevant section of the Directors' report.

k) Information about outstanding taxes and levies is given in the Notes to the Financial Statements.

l) The company has no significant plans and decisions regarding corporate restructuring, business expansion and discontinuing of operations

m) Details of number of Board and Committees meetings held during the year and attendance by each director has been disclosed below.

n) The board has been provided with detailed in house briefings and information package to acquaint them with the code, applicable laws, their duties and responsibilities enable them to effectively manage the affairs of the company for and on behalf of the shareholders.

Attendance of Board and Committee Meetings

During the year seven board meetings, four audit committee and four human resource & remuneration committee meetings were held. The attendance is as follows:

S. No.	Directors	Number of Attendence		
		Board of Director	Audit Committee	HR & R Committee
1	Mr. Kamran Khan	7	N/A	N/A
2	Mr. Imran Qamar*	3	N/A	N/A
3	Mr. Momin Qamar	7	2	N/A
4	Mr. Yousaf Kamran Khan	7	4	4
5	Mr. Qasim Khan*	4	2	4
6	Mrs. Shaista Imran	5	N/A	N/A
7	Mrs. Samina Kamran	7	N/A	4
8	Mrs. Misbah Momin	7	4	N/A

* Meetings held during appointment tenure.
Leave of Absence was granted to those directors who could not attend the Board Meeting.

Compliance with the Code of Corporate Governance
The Statement of Compliance with Code of Corporate Governance is annexed with the Report.

Outlook for the year 2013
The increase in demand of cement is being envisaged due to massive construction of houses in the Country. The foreign remittances are increasing and the people are focusing these remittances for construction of houses. Keeping in view the above stated factors, the increase in demand of cement will in turn push the prices of cement high.

Future of cement industry seems very promising due to high demand of cement in our neighboring countries like India, Afghanistan and in African Countries as well. Our company has an edge as against our competitors for export of cement to India due to the nearest approach through land route.

In the budget 2013, the government reduced the excise duty on cement from Rs 500 per ton to Rs 400 per ton which of course will help to increase the demand of cement. Effect of the reduction has been passed to the consumers which will give positive sign in increase in sale of cement.

Further, we envisage climate friendly site of our project as we are installing the latest technology of Electrostatic on plant.

Auditors
The Auditors M/s. Tahir Siddiqi & Co; Chartered Accountants, are the retiring auditors of the company and offer their services for re-appointment. They confirm that they have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP. The Audit Committee and the Board recommended their re-appointment by the shareholders at the Annual General Meeting of Company as Auditors for the year ended June 30, 2013.

Pattern of Shareholding
The pattern of shareholding as at June 30, 2012 along with disclosures as required by the Code of Corporate Governance is annexed.

Appreciation
The Directors acknowledge the devotion to duty and are appreciative of the support of employees and customers.

For and on behalf of the Board

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive

Lahore: **October 09, 2012**

Statement Of Compliance With Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non executive directors and directors representing minority interest on its Board of Directors. At present the board includes:

Non Executive Directors	Mr. Yousaf Kamran Khan
	Mr. Qasim Khan
	Mrs. Shaista Imran
	Mrs. Samina Kamran
	Mrs. Misbah Momin
Executive Directors	Mr. Kamran Khan
	Mr. Momin Qamar
	Agha Hamayun Khan (CEO)

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurred in the Board on 31^{st} of October, 2011 and was filled on the same day during the year ended June 30, 2012.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along-with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board has been provided with detailed in house briefings and information package to acquaint them with the code, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the company for and on behalf of the shareholders. Majority of the Directors on the Board are having more than 14 years of education and more than 15 years of experience therefore they are exempted from the Directors Training Program. The company is making arrangements for Directors training program with "The Institute of Corporate Governance and The Institute of Business Management".

10. The Board of Directors has approved the appointment of CFO and his remuneration and terms and conditions of employment, as determined by CEO. Any change to the remuneration terms and conditions of the employment of CFO, Company Secretary, Head of Internal Audit have been determined by CEO with the approval of Board of Directors.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

12. The Financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises of three members, all of them are non-Executive Directors.

16. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed by the Board and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom all are non-executive directors including chairman of the committee.

18. The Board has setup an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is conversant with policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that neither the firm nor any of the partners of the firm, their spouses and minor children at any time since the last Annual General Meeting held, purchased, sold or took any position in the shares of the company or any of its associated companies or undertakings and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other

services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

AGHA HAMAYUN KHAN
Chief Executive

Lahore: October 09, 2012

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Flying Cement Company Limited (the Company) to comply with the Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our Responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges require the company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the company for the year ended June 30, 2012.

--Sd--
Tahir Siddiqi & Co.
Chartered Accountants
Engagement Partner: Imran Saeed

Lahore:
October 9, 2012

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of FLYING CEMENT COMPANY LIMITED as at June 30, 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a. in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b. in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and the statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2012 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

d. in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

--Sd--

Tahir Siddiqi & Co.
Chartered Accountants
(A member firm of TIAG Int'l)
Engagement Partner: Imran Saeed

Lahore: October 09, 2012

FLYING CEMENT COMPANY LIMITED

BALANCE SHEET
AS AT JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
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.	5	**1,760,000,000**	1,760,000,000
Reserves	6	**(213,741,429)**	(274,493,777)
		1,546,258,571	1,485,506,223
Surplus on revaluation of fixed assets	7	**1,655,259,450**	1,687,524,545
NON-CURRENT LIABILITIES			
Long term liabilities	8	**775,617,487**	651,524,133
Liabilities against assets subject to finance lease	9	**3,851,668**	14,024,401
Long term deposits	10	**13,405,340**	12,405,340
Deferred liabilities	11	**517,151,250**	795,453,934
		1,310,025,745	1,473,407,808
CURRENT LIABILITIES			
Trade and other payables	12	**936,566,701**	506,872,934
Accrued interest / mark-up	13	**62,295,053**	32,318,949
Short term finances	14	**72,219,824**	236,751,259
Current portion of			
Liabilities against assets subject to finance lease	9	**17,640,907**	9,099,656
Long term finance	8	**-**	16,041,300
Provision for taxation	28	**-**	7,239,487
		1,088,722,485	808,323,585
TOTAL LIABILITIES		**2,398,748,230**	2,281,731,393
Contingencies and commitments	15	**-**	-
TOTAL EQUITY AND LIABILITIES		**5,600,266,251**	5,454,762,161
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	16	**4,940,369,960**	4,901,092,134
Long Term Security Deposits		**23,200,000**	24,110,050
CURRENT ASSETS			
Stores, spares & loose tools	17	**350,465,195**	266,010,253
Stock in trade	18	**110,181,988**	116,717,388
Trade debts	19	**5,921,194**	6,260,889
Advances, deposits, prepayments & other receivables	20	**164,036,464**	130,832,791
Cash and bank balances	21	**6,091,450**	9,738,656
		636,696,291	529,559,977
TOTAL ASSETS		**5,600,266,251**	5,454,762,161

The annexed notes from 1 to 38 form an integral part of these financial statements.

Momin Qamar
Director

Agha Hamayun Khan
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 Rupees	2011 Rupees
Sales	22	**1,307,903,515**	723,948,685
Cost of Sales	23	**(1,477,297,999)**	(886,966,148)
Gross (Loss)		**(169,394,484)**	(163,017,463)
Operating Expenses			
Distribution Cost	24	**(4,634,666)**	(3,999,096)
Administrative Expenses	25	**(9,223,472)**	(10,247,210)
Other Operating Expenses	27	**-**	(77,693)
		(13,858,138)	(14,323,999)
Operating (Loss)		**(183,252,622)**	(177,341,462)
Finance Cost	26	**(73,321,272)**	(45,066,748)
(Loss) Before Taxation		**(256,573,894)**	(222,408,210)
Taxation	28	**285,061,147**	76,466,790
Profit/(Loss) After Taxation		**28,487,253**	(145,941,419)
Loss Per Share (before tax) - Basic	29	**(1.46)**	(1.26)
Earning / (Loss) Per Share (after tax) - Basic	29	**0.16**	(0.83)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Momin Qamar
Director

Agha Hamayun Khan
Chief Executive

FLYING CEMENT
COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rupees	2011 Rupees
Profit / (Loss) for the year	**28,487,253**	(145,941,419)
Other Comprehensive income	-	-
Total Comprehensive income / (loss) for the year	**28,487,253**	(145,941,419)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Momin Qamar
Director

Agha Hamayun Khan
Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	2012 Rupees	2011 Rupees
Cash Flows From Operating Activities		
Loss before taxation	**(256,573,894)**	(222,408,210)
Adjustment for:		
Depreciation	**89,351,259**	91,474,862
Provision for gratuity	**182,079**	-
Loss on sale of assets	**-**	77,693
Finance cost	**73,321,272**	45,066,748
	162,854,610	136,619,303
	(93,719,284)	(85,788,907)
(Increase) / Decrease in Stores, spares & loose tools	**(84,454,942)**	24,876,957
Decrease in Stock-in-trade	**6,535,400**	55,312,545
Decrease / (Increase) inTrade debts	**339,695**	(5,812,008)
(Increase) / Decrease in Advances, deposits, prepayments and other receivables	**(28,157,158)**	71,166,227
Increase / (Decrease) in Trade and other Payables	**540,371,593**	(193,859,054)
Cash generated from / (used in) operations	**340,915,304**	(134,104,240)
Gratuity Paid	**-**	(928,689)
Taxes paid	**(83,773,395)**	135,586,219
Net Cash from Operating Activities	**257,141,909**	553,290
Cash Flows From Investing Activities		
Fixed Capital Expenditures	**(128,629,084)**	(165,740,660)
Proceeds from sale of fixed assets	**-**	29,100,000
Net Cash (used in) Investing Activities	**(128,629,084)**	(136,640,660)
Cash Flows From Financing Activities		
Finance cost paid	**(43,345,168)**	(15,715,093)
Liabilities against assets subject to finance lease	**(1,631,482)**	(2,264,011)
Long term finance	**76,348,054**	89,598,100
Long term deposits	**1,000,000**	605,340
Net Cash from Financing Activities	**32,371,404**	72,224,336
Net Increase / (decrease) in Cash and Cash Equivalents	**160,884,229**	(63,863,034)
Cash and Cash Equivalents - at the beginning of the year	**(227,012,603)**	(163,149,569)
Cash and Cash Equivalents - at the end of the year	**(66,128,374)**	(227,012,603)

The annexed notes from 1 to 38 form an integral part of these financial statements.

Momin Qamar

Momin Qamar
Director

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive

FLYING CEMENT COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Ordinary Share Capital (Rs.)	Accumulated (Loss) (Rs.)	Capital Reserve (Rs.)	Total (Rs.)
Balance as at June 30, 2010	**1,760,000,000**	**(288,454,917)**	**126,978,994**	**1,598,524,077**
Total Comprehensive (Loss) for the Year	-	(145,941,419)	-	**(145,941,419)**
Incremental depreciation	-	32,923,566	-	**32,923,566**
Balance as at June 30, 2011	**1,760,000,000**	**(401,472,771)**	**126,978,994**	**1,485,506,223**
Total Comprehensive Income for the Year	-	28,487,253	-	28,487,253
Incremental depreciation	-	32,265,095	-	32,265,095
Balance as at June 30, 2012	**1,760,000,000**	**(340,720,423)**	**126,978,994**	**1,546,258,571**

The annexed notes from 1 to 38 form an integral part of these financial statements.

Momin Qamar
Director

Agha Hamayun Khan
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1 LEGAL STATUS AND OPERATIONS

The Company was incorporated as Public Limited Company on December 24, 1992 under the Companies Ordinance, 1984. The company is listed on Karachi, Lahore and Islamabad Stock Exchanges in Pakistan. The main objective of the company is to manufacture and sale the cement. The registered office of the company is situated at 103 Fazil Road, Lahore Cantt and the factory in Khushab.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimate and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

(a) recognition of taxation and deferred tax;

(b) determining the residual value and useful lives of property, plant and equipment;

(c) accounting for post employment benefits;

(d) impairment of inventories / adjustment of their net realizable value.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for those as stated in the respective polices and notes given here under.

4.2 Standards, Interpretations and amendments to approved accounting standards which became effective during the year

The following standards, interpretations and amendments to approved accounting standards have been published and are mandatory for the companys accounting period beginning on or after July 1, 2011.

(a) IFRS 7 (Amendment), Financial Instruments: Disclosure ;The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with the financial instruments .The amendment has only resulted in additional disclosures with respect to financial instruments which have been duly incorporated in these financial statements.

(b) IFRS 7, 'financial instruments: Disclosures' (effective July 1, 2011). This amendment aims to promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. The amendment does not have any impact on the Company's financial statements during the current year.

(c) IAS 1, 'Presentation of financial statements' (effective January 1, 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements which have been made in these financial statements.

(d) IAS 24 (revised), 'Related party disclosures', issued in November 2009. It superseded IAS 24, 'Related Party Disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company complies with the requirements of revised IAS.

(e) IAS 34 (Amendment),Interim Financial Reporting. This amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and add disclosure requirements around (a) the circumstances likely to affect fair values of financial instruments and their classification, (b) transfers of financial instruments between different levels of the fair value hierarchy, (c) changes in classification of financial assets and (d) changes in contingent liabilities and assets. The amendment pertains to interim reporting and was duly incorporated in the Companys quarterly condensed interim financial information(s) previously presented during the financial year.

4.2.1 New accounting standards, amendments to approved accounting standards and interpretations that are issued but not yet effective and have not been early adopted by the Company.

The following new standards, amendments to approved accounting standard and interpretations are not effective and have not been early adopted by the Company:

(a) IFRS 7(Amendments),Financial Instruments: Disclosures (Effective for the periods beginning on or before January 1, 2013).The amendments contain new disclosures requirements for financial assets and liabilities that are offset in the Statement Of financial position or subject to master netting agreement or similar arrangement. This amendment is only expected to result in additional disclosures and will not impact the Companys financial results.

(b) IFRS 9,Finanacial Instruments (effective for the periods beginning on or after January 1,2015).This is first standard issued as part of a wider project to replace IAS39,Financial Instruments: Recognition and Measurement.IFRS9 remains but simplifies and the mixed measurement mode land establishes two primary measurement categories for financial assets at (a) amortized cost and (b) fair value. The basis of classification depends on entitys business model and the contractual cash flow characteristics of the financial assets. The company is yet to assess the full impact of IFRS9; however, initial indications are that it may not significantly affect the Companys financial assets.

(c) IFRS13,Fair Value Measurement (effective for the periods beginning on or after January 1, 2013).This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosures requirements for use across IFRSs.It is unlikely that this standard will have a significant effect on the Companys financial Statements.

(d) IAS1 (Amendments),Presentation of Financial Statements(effective for the periods beginning on or after July 1,2012).The main change resulting from these amendments is a requirements for the entities to group items presented in other comprehensive income; on the basis of whether they can be potentially reclassified to profit and loss subsequently (reclassification adjustments).Since ,the company currently does not have any items of other comprehensive income, the amendment are not expected to have an effect on the Companys financial statements.

(e) IAS 19 (Revised), 'Employee benefits' (effective for periods beginning on or after January 1, 2013). The amendments will make significant changes to the recognition and measurement of defined benefit pension expense and termination expense. The amendment requires actuarial gains and losses to be recognized immediately in other comprehensive income. This change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19, and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company is in process of reviewing the implications of the revised standard on its financial statements.

(f) IAS 32, 'Financial instruments: Presentation', (effective on or before January 1, 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The management of the Company is in the process of assessing the impact of this amendment on the Company's financial statements.

4.2.2 There are other new accounting standards, amendments to approved accounting standards and interpretation that are not yet effective, therefore they are currently not considered to be relevant to the Company and therefore have not been detailed in these financial statements.

4.3 Property, Plant, and Equipment

4.3.1 Owned

Property, plant and equipment except land, building, plant and machinery and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any. Capital work in progress is stated at cost less impairment loss, if any, whereas land is stated at revalued amount less impairment loss (if any). Building and plant and machinery are stated at revalued amount less accumulated depreciation less impairment loss (if any).

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements which increase the assets remaining useful economic life or the performance beyond current estimated levels are capitalized and the assets so replaced, if any are retired.

Gains or losses on disposal of Property, plant and equipment, if any, are recognized in the profit and loss account.

The carrying values of the Property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exists and where the carrying values exceeds the recoverable amount, the assets are written down to the recoverable amounts.

Depreciation is calculated on systematic basis over the useful lives of assets and charged to Profit and Loss Account on the reducing balance method at annual rates mentioned in note 16 after taking into account their residual values.

Asset's residual values and useful lives are reviewed and adjusted, if appropriated at each balance sheet date.

4.3.2 Leased

Leases wherein the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease as referred to in note 9. The liabilities are classified as current and non-current depending upon the timing of the payment.

Minimum lease payments made under finance leases are apportioned between the finance cost and principal liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to Profit & Loss Account over the lease term.

Assets acquired under a finance lease are depreciated on systematic basis over the estimated useful life of the assets on reducing balance method at the rates mentioned in note 16. Depreciation of leased assets is charged to Profit & Loss Account.

Residual values and the useful lives of the assets are reviewed at least at each financial year-end and adjusted if impact of depreciation is significant.

4.4 Capital Work in Progress

Capital work in progress is stated at cost less any identified impairment loss.

4.5 Stock - in - trade

Stock of raw materials, work in process and finished goods are valued at lower of the weighted average cost and the net realizable value. The cost is determined as follows:-

Raw Materials & Work in Process	weighted average cost
Finished Goods	weighted average cost

Stock in transit is valued at cost comprising invoice value and other charges incurred thereon accumulated to the balance sheet date.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

4.6 Stores, spares & loose tools

These are valued at lower of cost and estimated net realizable value. The cost is determined on weighted average cost basis. Items in transit are valued at cost comprising invoice value and other charges thereon accumulated at the balance sheet date.

4.7 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of tax. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent to which it is probable that taxable profits will be available against which the deductible temporary difference, unused tax loss, and tax credits can be utilized. Deferred tax is charged or credited to profit & loss account.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantially enacted at the balance sheet date.

4.8 Trade Debts

Debtors originated by the company are recognized and carried at the original invoice. Bad debts are written off, when identified.

4.9 Cash and Cash Equivalents

Cash and Cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprises cash in hand, with banks on current , saving and deposit accounts, short term borrowings under mark-up arrangements.

4.10 Trade and other payables

Trade and other payables are carried at the cost which is the fair value of the consideration to be paid in future for the goods and services received.

4.11 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at amortized cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost less subsequent repayments.

The company accounts for lease obligations by recording the asset and corresponding liability there against determined on the basis of discounted value of minimum lease payments. Financial Charges are recognized in the profit & loss account using the effective mark-up rate method.

4.12 Borrowing costs

Mark-up, interest and other direct charges on borrowings are capitalized to the related qualifying asset till substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. All other mark-up, interest and related charges are charged to the profit & loss account in the year in which they are incurred.

4.13 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past event, and it is probable that outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

4.14 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistan rupees at monthly average rates. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date. Exchange gains or losses are charged to Profit & Loss Account.

4.15 Financial Instruments

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are considered in individual policy statement associated with each item.

4.16 Offsetting of Financial Assets and Liabilities

A financial asset and financial liability is offset and net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets value and settle the liability simultaneously.

4.17 Impairments

The carrying amount of Companys assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized.

4.18 Related Party Transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.19 Staff Retirement Benefits

The company operates an unfunded gratuity scheme for all its permanent employees which provides for the graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees last drawn salary.

Provisions are made to overcome the obligations under the scheme on the basis of actuarial valuation and are charged to Profit & Loss Account. The most recent valuation was carried out as on June 30, 2012 using the Projected Unit Credit Method.

Actuarial gains or losses are recognized as income or expense when the cumulative unrecognized actuarial gains or a loss for each individual plan exceeds 10% of higher of (a) the defined obligation and (b) the fair value of plan assets. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for the unrecognized actuarial gain and losses and unrecognized past service costs, if any, and as reduced by the fair value of plan assets (if any).

4.20 Dividend and appropriations

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.21 Surplus on Revaluation of Fixed Assets

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Fixed Assets account" shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated January 13, 2003.

(a) Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

(b) An amount equal to incremental depreciation for the year net off deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to accumulated profit / (loss) through Statement of Changes in Equity to record realization of Surplus to the extent of the incremental depreciation charge for the year.

4.22 Revenue Recognition

- Revenue from sale is recognized on dispatch of goods to the customers.
- Gain on sale of property, plant and equipment is recorded when title is transferred in favour of transferee.
- Income from Banks is recognized when earned.

			2012 Rupees	2011 Rupees
5	**SHARE CAPITAL**			
	a) Authorized			
	200,000,000 (2011: 200,000,000) ordinary shares of Rs.10/- each.		**2,000,000,000**	2,000,000,000
	b) Issued, Subscribed and Paid Up.			
	- 137,419,189 (2011: 137,419,189) ordinary shares of Rs.10/- each fully paid up in cash		**1,374,191,890**	1,374,191,890
	- 22,580,811 (2011: 22,580,811) ordinary shares of Rs. 10/- each fully paid up for consideration other than cash.		**225,808,110**	225,808,110
	- 16,000,000 (2011: 16,000,000) bonus shares of Rs.10/- each fully issued as bonus shares		**160,000,000**	160,000,000
			1,760,000,000	1,760,000,000
6	**RESERVES**			
	Capital Reserve	6.1	**126,978,994**	126,978,994
	Revenue Reserve			
	Un-appropriated (Loss)		**(340,720,423)**	(401,472,771)
			(213,741,429)	(274,493,777)

6.1 Capital reserve consists of gain on disposal of 21,296,200 shares by director / beneficial owners of the company in open market since 2008. This gain is tendered to the company as required by the Companies Ordinance 1984.

		2012 Rupees	2011 Rupees
7	**SURPLUS ON REVALUATION OF FIXED ASSETS**		
	Opening Balance of Revaluation Surplus	**1,687,524,545**	1,720,448,111
	Surplus transferred to retained earning (accumulated loss)		
	Incremental depreciation	**49,638,607**	50,651,640
	Deferred Tax effect	**(17,373,512)**	(17,728,074)
		32,265,095	32,923,566
		1,655,259,450	1,687,524,545

7.1 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. It includes surplus on revaluation of freehold land amounting to Rs.114.261 million (2011 Rs. 114.261 million).

			2012 Rupees	2011 Rupees
8	**LONG TERM LIABILITIES**			
	Loans from banking companies - secured	**8.1**	**149,850,000**	158,599,800
	Loans from related parties - unsecured	**8.2**	**594,063,487**	492,924,333
	Excise duty payable		**31,704,000**	-
			775,617,487	651,524,133

8.1	**LOANS FROM BANKING COMPANIES - SECURED**			
	Askari Bank Ltd. - Term Finance I	**8.1.1**	**-**	24,791,100
	National Bank of Pakistan	**8.1.2**	**149,850,000**	149,850,000
			149,850,000	174,641,100
	Less: current portion shown under current liabilities		**-**	16,041,300
			149,850,000	158,599,800

8.2	**LOANS FROM RELATED PARTIES - UNSECURED**			
	Directors & shareholders loan	**8.2.1**	**594,063,487**	492,924,333
			594,063,487	492,924,333

8.1.1 Initially Term Finance facility of Rs. 50 million (2011: Rs. 50 million) was availed from Askari Bank Limited payable in equal quarterly installments. The said facility was restructured in August 2008 and then on May 31, 2010, repayable in seventeen quarterly installments. The rate of mark-up being 3 months KIBOR + 3 % payable quarterly. The finance was secured against 1st charge on present and future current assets of company, personal guarantees of directors and additional collaterals along with group inter corporate guarantees.During the year the Company has paid the loan.

8.1.2 Demand Finance of Rs. 150 million (2011: Rs. 150 million) was availed from National Bank of Pakistan payable in quarterly installments. The finance is secured against first parri passu charge on fixed assets of Flying Board & Paper Products Ltd., personal guarantees of sponsors, directors and cross corporate guarantee of Flying Board & Paper Products Ltd. The rate of mark up is 3 months (Ask Side KIBOR) + 3.5 %.

8.2.1 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 the completion of the expansion project subject to availability of funds.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represent finance leases arrangement with Meezan Bank Ltd., Saudi Pak Leasing Company Ltd. for leasing of vehicles and machinery. Lease rentals are payable on monthly basis in advance and include finance charges. The rate of mark-up used as discount factor (implicit in the lease) ranges from 15% to 18.6% per annum. Taxes, repairs, replacements and insurance costs are to be borne by the company. In the case of termination of agreement, the lessee has to pay the entire rent for un-expired period subject to certain credits. Purchase option can be exercised by the company.

	2012			2011		
Years	Minimum lease payments	Finance charges	Present value of minimum Lease Payments	Minimum lease payments	Finance charges	Present value of minimum Lease Payments
	Rupees			Rupees		
Not later than one year	**25,850,546**	**8,209,639**	**17,640,907**	12,621,963	3,522,307	9,099,656
Later than one year but not later five years	**4,009,740**	**158,072**	**3,851,668**	16,038,781	2,014,380	14,024,401
	29,860,286	**8,367,711**	**21,492,575**	28,660,744	5,536,687	23,124,057

			2012 Rupees	2011 Rupees
10	**LONG TERM DEPOSITS- unsecured**			
	Dealers	**10.1**	**3,205,000**	**3,205,000**
	Transporters	**10.2**	**10,200,340**	**9,200,340**
			13,405,340	12,405,340

10.1 These represents interest free security deposits from stockiest and are repayable on cancellation of dealership or cessation of business. These are being utilized by the company in accordance with agreed terms.

10.2 These represents interest free security deposits from transporters and are repayable on cancellation of dealership or cessation of business. These are being utilized by the company in accordance with agreed terms.

			2012 Rupees	2011 Rupees
11	**DEFERRED LIABILITIES**			
	Deferred Taxation	**11.1**	**516,969,171**	795,453,934
	Gratuity	**11.2**	**182,079**	-
			517,151,250	795,453,934
11.1	**Deferred Taxation - Net**			
	Taxable temporary differences - effect thereof			
	Excess of accounting book value of fixed assets over their tax base		**1,225,687,456**	1,350,409,877
	Deductible temporary differences - effect thereof			
	Gratuity		**(63,728)**	-
	Unused tax losses		**(708,654,557)**	(554,955,943)
			516,969,171	795,453,934

11.2 The scheme provides for terminal benefits for all its permanent employees who attains the minimum qualifying period. Annual charge is made using the actuarial techniques of Projected Unit Credit Method.

			2012 Rupees	2011 Rupees
11.2.1	**Movement in Net liability recognized**			
	Net Liability at the beginning of the year		**-**	928,689
	Charge for the year	**11.2.3**	**182,079**	-
	Benefits paid during the year		**-**	(928,689)
			182,079	**-**
11.2.2	**Movement in Present value of defined benefit obligation**			
	Present value of defined benefit obligation		**-**	986,162
	Current service cost		**182,079**	-
	Interest Costs		**-**	-
	Actuarial (gain) / loss		**-**	-
	Benefits paid			(928,689)
			182,079	57,473
11.2.3	**Expenses recognized in Profit & loss account**			
	Current service cost		**182,079**	-
	Interest Costs		**-**	-
	Actuarial (gain) / loss		**-**	-
	Total amount chargeable to profit and loss account		**182,079**	-

11.2.4 Change in Actuarial Gains/ (Losses)

	2012 Rupees	2011 Rupees
Unrecognised actuarial gains/(Losses) as at 30 June 2011	-	(57,473)
Actuarial gains/(Losses) arising during the year	-	-
Actuarial (gains)/Losses charged to profit and loss during the year	-	-
Unrecognised actuarial gains/(Losses) as at 30 June 2012	-	(57,473)

11.2.5 Reconciliation of Payable to defined benefit obligation

	2012 Rupees	2011 Rupees
Present value of defined benefit obligation	**182,079**	57,473
Unrecognized actuarial gain / (loss)	-	(57,473)
Net liability at the end of the year	**182,079**	-

11.2.6 Principal actuarial assumptions

	2012	2011
Discount rate	**13%**	-
Expected rate of increase in salaries per annum	**12%**	-
Average expected remaining working life time of Employees	**12 Years**	-

Expected charge to profit& loss Account for the year ended June 30, 2013 amounts to Rs.245,356 in respect of gratuity.

12 TRADE AND OTHER PAYABLES

	2012 Rupees	2011 Rupees
Trade Payables	**740,158,944**	187,595,275
Accrued liabilities	**2,679,845**	5,220,651
Taxes and Other Govt. Levies payable	**190,331,959**	300,099,735
Other liabilities	**3,395,953**	13,957,273
	936,566,701	506,872,934

13 ACCRUED INTEREST / MARK-UP

	2012 Rupees	2011 Rupees
Mark-up on long term financing - secured	**41,176,000**	21,924,532
Mark-up on short term financing - secured	**15,327,118**	7,527,025
Finance lease	**5,791,935**	2,867,392
	62,295,053	32,318,949

14 SHORT TERM FINANCES

	Note	2012 Rupees	2011 Rupees
Loans from banking companies-secured	**14.1**	**72,219,824**	236,751,259
		72,219,824	236,751,259

14.1 LOANS FROM BANKING COMPANIES-SECURED

	Note	2012 Rupees	2011 Rupees
Banks - secured			
Askari Bank Ltd.	**14.1.1**	-	155,782,646
Albaraka Islamic Bank	**14.1.2**	**16,662,934**	22,762,523
Bank of Punjab			
Demand Finance I	**14.1.3**	**47,102,600**	49,751,800
Demand Finance II	**14.1.4**	**8,454,290**	8,454,290
		72,219,824	236,751,259

14.1.1 A letter of credit (S/U 180 days) of Rs. 60 million (2011: Rs. 60 million) is obtained from Askari Bank Limited. The facility is secured against Ist charge on current assets of the company and fifth charge on all present and future current assets of the company. Mark-up is charged as per bank's Schedule of charges. The acceptances against this facility on 30-06-2012 is Nil (2011 Rs. 155.782 million). During the year, the Company has paid all its liability regarding the above said borrowing.

14.1.2 A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million (2011: Rs. 22.50 million) is obtained from Albaraka Islamic Bank with a sub limit of letter of guarantee of Rs. 0.20 million (2011 Rs. 0.20 million) to meet the contractual and import requirements of the company. The finance is secured against 2nd charge over current assets of the company. Mark-up is charged as per bank's Schedule of charges.

14.1.3 Forced Demand Finance Facility of Rs. 49.752 million (2011: Rs. 49.752 million) obtained from The Bank of Punjab payable in twelve equal monthly installments. The demand finance attracts mark-up at average 3 months KIBOR + 300 BPS without floor and cap. The finance is secured against charge over current assets of the company and charge on fixed assets of M/s Poly Paper & Board Mills (Pvt) Ltd. and personal guarantees of directors of the both companies.

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

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

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

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

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

15.1.3 The Competition Commission of Pakistan (CCP) has issued a show cause notice to the company for an increase in prices of cement across the country. The case is currently before the 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.

15.1.4 The Company has dispute with Saudi Pak Leasing Company Limited regarding penalty on rentals overdue. The amount of penalty is Rs. 4.07 million and the Company is in negotiation with Saudi Pak Leasing Company Limited to settle this matter.

15.2 Commitments

15.2.1 The Albaraka Islamic Bank has issued letter of credit on behalf of the company amounting to Rs. 5.31 million.

16 PROPERTY, PLANT & EQUIPMENT

		2012 Rupees	2011 Rupees
Operating assets - tangible	16.1	4,530,823,424	4,495,019,109
Capital Work in progress - at cost	16.4	409,546,536	406,073,025
		4,940,369,960	4,901,092,134

FLYING CEMENT COMPANY LIMITED

16.1 PROPERTY, PLANT & EQUIPMENT

	Land - free hold			Building			Plant & Machinery			Roads	Electric Installation	Tools & Equipments	Furniture Fixture & Equipments	Motor Vehicles	Leased Vehicle	Leased Machinery	Total Amount in Rupees
	Cost	Revaluation	Total	Cost	Revaluation	Total	cost	revaluation	Total								
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at July 1, 2011																	
Net Carrying Value(NBV)	6,276,246	114,261,254	120,537,500	292,730,850	287,101,651	579,832,501	1,809,713,876	2,458,637,095	4,268,350,971	5,514,865	12,264,085	1,137,202	1,384,309	20,124,535	1,036,350	28,800,000	5,038,982,318
Revaluation																	
Accumulated Depreciation	-	-	-	50,467,818	27,584,498	78,052,316	213,598,214	236,223,892	449,822,106	1,013,168	4,171,415	423,850	691,851	6,849,056	703,649	2,235,797	543,963,208
Net Book Value	6,276,246	114,261,254	120,537,500	242,263,032	259,517,153	501,780,185	1,596,115,662	2,222,413,203	3,818,528,865	4,501,697	8,092,670	713,352	692,458	13,275,479	332,701	26,564,203	4,495,019,110
Year ended June 30, 2012																	
Opening Net Book Value	6,276,246	114,261,254	120,537,500	242,263,032	259,517,153	501,780,185	1,596,115,662	2,222,413,203	3,818,528,865	4,501,697	8,092,670	713,352	692,458	13,275,479	332,701	26,564,203	4,495,019,110
Addition	-	-	-	-	-		124,510,373	-	124,510,373	-	645,200	-	-	-	-	-	125,155,573
Adjustments / Re-classifications	-	-	-	-	-	-	-	-	-	-	-	-	-	332,701	(332,701)	-	-
	6,276,246	114,261,254	120,537,500	242,263,032	259,517,153	501,780,185	1,720,626,035	2,222,413,203	3,943,039,238	4,501,697	8,737,870	713,352	692,458	13,608,180	-	26,564,203	4,620,174,683
Disposal (NBV)																	
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-			-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Charge	-	-	-	4,845,261	5,190,343	10,035,604	31,922,313	44,448,264	76,370,577	90,034	822,361	71,335	69,246	1,360,818	-	531,284	89,351,259
Closing Net Book Value	6,276,246	114,261,254	120,537,500	237,417,771	254,326,810	491,744,581	1,688,703,722	2,177,964,939	3,866,668,661	4,411,663	7,915,509	642,017	623,212	12,247,362	-	26,032,919	4,530,823,424
As at June 30, 2012	6,276,246	114,261,254	120,537,500	237,417,771	254,326,810	491,744,581	1,688,703,722	2,177,964,939	3,866,668,661	4,411,663	7,915,509	642,017	623,212	12,247,362	-	26,032,919	4,530,823,424
As at June 30, 2011	6,276,246	114,261,254	120,537,500	242,263,032	259,517,153	501,780,185	1,596,115,662	2,222,413,203	3,818,528,865	4,501,697	8,092,670	713,352	692,458	13,275,479	332,701	26,564,203	4,495,019,110
Annual Rate of Depreciation	0%	0%		2%	2%		2%	2%		2%	10%	10%	10%	10%	10%	2%	

16.2 Deprecication for the year has been allocated as under

	Allocation	
	2012	2011
	Rs.	Rs.
Cost of goods sold	87,921,195	88,210,331
Administrative Expenses	1,430,064	3,264,531
	89,351,259	91,474,862

16.1 PROPERTY, PLANT & EQUIPMENT

	Land - free hold			Building			Plant & Machinery			Roads	Electric Installation	Tools & Equipments	Furniture Fixture & Equipments	Motor Vehicles	Leased Vehicle	Leased Machinery	Total Amount in Rupees
	Cost	Revaluation	Total	Cost	Revaluation	Total	cost	revaluation	Total								
	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at July 1, 2010																	
Net Carrying Value(NBV)	6,276,246	114,261,254	120,537,500	292,730,850	287,101,651	579,832,501	1,719,735,544	2,458,637,095	4,178,372,639	5,514,865	12,264,085	1,137,202	1,343,809	20,124,535	38,308,850	28,800,000	4,986,235,986
Revaluation																	
Accumulated Depreciation	-	-	-	45,523,674	22,288,230	67,811,904	182,596,111	190,868,521	373,464,632	921,297	3,272,229	344,589	614,911	5,374,003	12,805,418	1,693,670	466,302,653
Net Book Value	6,276,246	114,261,254	120,537,500	247,207,176	264,813,421	512,020,597	1,537,139,433	2,267,768,574	3,804,908,007	4,593,568	8,991,856	792,613	728,898	14,750,532	25,503,432	27,106,330	4,519,933,333
Year ended June 30, 2011																	
Opening Net Book Value	6,276,246	114,261,254	120,537,500	247,207,176	264,813,421	512,020,597	1,537,139,433	2,267,768,574	3,804,908,007	4,593,568	8,991,856	792,613	728,898	14,750,532	25,503,432	27,106,330	4,519,933,333
Addition	-	-	-		-	-	89,978,332	-	89,978,332	-	-	-	40,500	29,177,693	-	-	119,196,525
	6,276,246	114,261,254	120,537,500	247,207,176	264,813,421	512,020,597	1,627,117,765	2,267,768,574	3,894,886,339	4,593,568	8,991,856	792,613	769,398	43,928,225	25,503,432	27,106,330	4,639,129,858
Disposal (NBV)																	
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	29,177,693	37,272,500	-	66,450,193
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-		13,814,307	-	13,814,307
	-	-	-	-	-	-	-	-	-	-	-	-	-	29,177,693	23,458,193	-	52,635,886
Depreciation Charge	-	-	-	4,944,144	5,296,268	10,240,412	31,002,103	45,355,371	76,357,474	91,871	899,186	79,261	76,940	1,475,053	1,712,538	542,127	91,474,862
Closing Net Book Value	6,276,246	114,261,254	120,537,500	242,263,032	259,517,153	501,780,185	1,596,115,662	2,222,413,203	3,818,528,865	4,501,697	8,092,670	713,352	692,458	13,275,479	332,701	26,564,203	4,495,019,110
As at June 30, 2011	6,276,246	114,261,254	120,537,500	242,263,032	259,517,153	501,780,185	1,596,115,662	2,222,413,203	3,818,528,865	4,501,697	8,092,670	713,352	692,458	13,275,479	332,701	26,564,203	4,495,019,110
As at June 30, 2010	6,276,246	114,261,254	120,537,500	247,207,176	264,813,421	512,020,597	1,537,139,433	2,267,768,574	3,804,908,007	4,593,568	8,991,856	792,613	728,898	14,750,532	25,503,432	27,106,330	4,519,933,333
Annual Rate of Depreciation	0%	0%		2%	2%		2%	2%		2%	10%	10%	10%	10%	10%	2%	

16.2 Deprecication for the year has been allocated as under

	Allocation	
	2011	2010
	Rs.	Rs.
Cost of goods sold	88,210,331	71,513,189
Administrative Expenses	3,264,531	4,578,889
	91,474,862	76,092,078

FLYING CEMENT COMPANY LIMITED

		Note	2012 Rupees	2011 Rupees
16.3	Had there been no revaluation the carrying amount of the assets would be:			
	Land		**6,276,246**	6,276,246
	Building		**237,417,771**	242,263,032
	Plant & Machinery		**1,688,703,722**	1,596,115,662
			1,932,397,739	1,844,654,940
16.4	**CAPITAL WORK IN PROGRESS**			
	Building		**80,720,239**	74,055,527
	Plant & machinery		**328,826,297**	332,017,498
			409,546,536	406,073,025
17	**STORES, SPARES AND LOOSE TOOLS**			
	Stores & Spares		**9,759,389**	14,443,881
	Furnace oil, coal & lubricants		**323,708,835**	246,651,486
	Packing material stock		**16,996,971**	4,914,886
			350,465,195	**266,010,253**
18	**STOCK IN TRADE**			
	Raw material		**9,502,789**	11,053,876
	Work in process	**23**	**98,330,015**	102,995,445
	Finished goods	**23**	**2,349,184**	2,668,067
			110,181,988	116,717,388
19	**TRADE DEBTS- considered good though unsecured**		**5,921,194**	6,260,889
20	**ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES**			
	Advances to suppliers - Unsecured, considered good		**76,318,207**	38,262,609
	Advances to staff - Unsecured, considered good		**237,400**	237,400
	Security deposits		**18,593,160**	18,593,160
	Margin held by banks		**4,664,155**	8,340,000
	Advance Income Tax		**47,277,626**	23,846,112
	Letter of credit		**16,807,916**	22,762,523
	Sales tax refundable		**-**	18,384,999
	Other advances		**138,000**	405,988
			164,036,464	130,832,791
21	**CASH AND BANK BALANCES**			
	In Hand		**4,396,451**	1,850,812
	At Banks- current accounts		**1,694,999**	7,887,844
			6,091,450	9,738,656

			2012 Rupees	2011 Rupees
22	**SALES**			
	Gross Sales			
	Local		**1,665,550,093**	1,013,428,052
				-
			1,665,550,093	1,013,428,052
	Less :			
	Sales Tax		**230,219,228**	147,431,016
	Excise Duty		**124,427,500**	126,410,200
	Sp.Excise Duty		**-**	14,181,131
	Rebate/Commission on Sales		**2,999,850**	1,457,020
			357,646,578	289,479,367
	NET SALES		**1,307,903,515**	723,948,685
23	**COST OF SALES**			
	Raw Material Consumed		**35,803,750**	13,594,266
	Furnace Oil, Diesel, Coal and Lubricants consumed		**707,088,635**	432,860,837
	Atmospheric Loss		**35,825,094**	-
	Packing Material consumed		**89,854,565**	58,051,008
	Stores and Spares consumed		**7,789,476**	5,635,928
	Material Transfer to Associate		**18,779,357**	-
	Salaries , Wages and Benefits		**39,039,750**	35,464,532
	Water Charges		**2,367,883**	2,219,495
	Electricity		**428,708,198**	260,923,831
	Extraction Charges		**11,060,400**	5,929,592
	Repair and Maintenance		**1,914,906**	387,989
	Vehicle Running Expenses		**3,481,222**	2,745,354
	Communication		**220,475**	206,326
	Entertainment		**105,620**	137,889
	Rent Rates and Taxes		**36,000**	1,214,190
	Printing and Stationery		**28,442**	77,083
	Traveling and Conveyance		**299,779**	516,024
	Other manufacturing Expenses		**1,988,939**	2,083,377
	Depreciation	**16.2**	**87,921,195**	88,210,331
			1,472,313,686	910,258,052
	Work In Process			
	Opening stock		**102,995,445**	80,730,457
	Closing stock		**(98,330,015)**	(102,995,445)
			4,665,430	(22,264,988)
	Cost of Goods Manufactured		**1,476,979,116**	887,993,064
	Finished Goods			
	Opening stock		**2,668,067**	1,641,150
	Closing stock		**(2,349,184)**	(2,668,067)
			318,883	(1,026,917)
	Cost of Sales		**1,477,297,999**	886,966,148
24	**DISTRIBUTION COST**			
	Salaries , Wages and Benefits		**3,121,845**	2,432,610
	Rent Rates and Taxes		**261,195**	180,000
	Traveling, Conveyance and Vehicle Running		**21,395**	265,170
	Printing and Stationery		**295,183**	181,864
	Communication		**401,860**	360,114
	Electricity, Water & Sui Gas		**72,159**	29,111
	Advertisement		**142,206**	293,954
	Entertainment & Miscellaneous		**318,823**	256,273
			4,634,666	3,999,096

		2012 Rupees	2011 Rupees
25 ADMINISTRATIVE EXPENSES			
Salaries , Wages and Benefits	**25.1**	**2,810,668**	1,693,719
Traveling, Conveyance and Vehicle Running		**2,086,480**	1,594,919
Printing and Stationery		**140,300**	331,023
Legal and Professional		**337,250**	487,200
Communication		**708,021**	516,570
Rent, Rates, Taxes and Other Charges		**95,845**	44,600
Charity and Donation	**25.2**	**99,300**	65,510
Fee and Subscription		**666,424**	670,075
Auditor's Remuneration	**25.3**	**450,000**	392,000
Insurance		**181,742**	1,096,000
Entertainment & Miscellaneous		**217,378**	91,063
Depreciation	**16.2**	**1,430,064**	3,264,531
		9,223,472	10,247,210

25.1 Salaries , Wages and Benefits includes Rs. 182,079 (2011: Rs. Nil) in respect of gratuity.

25.2 The company had paid the charity and donation of Rs.99,300/-(2011: Rs. 65,510) and directors or their spouses were not interested in the donee.

25.3 Auditor's remuneration

	2012 Rupees	2011 Rupees
Tahir Siddiqi & Co.		
-statutory audit	**410,000**	**362,000**
Mumtaz Balouch & Co		
-cost audit	**40,000**	**30,000**
	450,000	392,000

26 FINANCE COST

	2012 Rupees	2011 Rupees
Lease Finance Charges	**3,529,698**	6,221,011
Mark Up on Letter of Credit	**-**	206,156
Mark up on Long Term Loan	**68,441,739**	37,044,097
Mark up on Short Term Finance	**-**	594,053
Bank Charges and Commission	**1,349,835**	1,001,431
	73,321,272	45,066,748

27 OTHER OPERATING EXPENSES

	2012 Rupees	2011 Rupees
Loss on disposal of assets	**-**	77,693
	-	**77,693**

		2012 Rupees	2011 Rupees
28	**TAXATION**		
	Prior	**(6,576,385)**	2,666,113
	Current	**-**	7,239,487
		(6,576,385)	9,905,600
	Deferred (income)	**(278,484,762)**	(86,372,390)
		(285,061,147)	(76,466,790)

29 EARNING / (LOSS) PER SHARE-BASIC

There is no dilutive effect on the earning per share, and basic earning per share is based on:

		2012	2011
	(Loss) before taxation	**(256,573,894)**	(222,408,210)
	Profit / (Loss) after taxation	**28,487,253**	(145,941,419)
		(No. of shares)	
	Weighted average number of ordinary shares	**176,000,000**	176,000,000
		(Rupees)	
29.1	Loss per share (before tax) - Basic	**(1.46)**	(1.26)
29.2	Earning / (Loss) per share (after tax) - Basic	**0.16**	(0.83)

30 NUMBER OF EMPLOYEES

	2012	2011
Total number of employees at the end of year.	**290**	273

31 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:

	2012	2011
Sales to Associated Companies	**18,779,357**	-
Purchases from Associated Companies	**63,851,822**	105,595,393

Gratuity (See note # 11.2)

32 FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company 's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

32.1 Credit risk

The company's Credit risk exposures are categorized under the following heads:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:

	2012 Rupees	2011 Rupees
Trade debtors	**5,921,194**	6,260,889
Advances, deposits, prepayments and other receivables	**23,632,715**	27,576,548
Cash at banks	**1,694,999**	7,887,844
	31,248,908	41,725,281

The trade debts at the balance sheet date are all domestic debts.

The aging of trade receivables at the reporting date:

Not past due	**1,184,239**	1,252,178
Past due 1-30 days	**2,072,418**	2,191,311
Past due 31-60 days	**1,421,087**	1,502,613
Past due 61-90 days	**473,696**	500,871
Over 90 days	**769,754**	813,916
	5,921,194	6,260,889

Based on historic records, the company believes that no impairment allowance in respect of loans and receivables is required.

32.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

At June 30 , 2012	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Long term finances	743,913,487	743,913,487				743,913,487
Trade and other payable	746,234,742	746,234,742	746,234,742			
Accured Markup	62,295,053	62,295,053	62,295,053			
Short term borrowings	72,219,824	72,219,824	72,219,824			
Liabilities against assets subject to finance lease	21,492,575	21,492,575	12,310,527	5,330,380	3,851,668	
	1,646,155,681	1,646,155,681	893,060,146	5,330,380	3,851,668	743,913,487

At June 30 , 2011	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
Long term finances	667,565,433	667,565,433	15,494,438	546,862	8,749,800	642,774,333
Trade and other payable	206,773,199	206,773,199	206,773,199			
Accured Markup	32,318,949	32,318,949	32,318,949			
Short term borrowings	236,751,259	236,751,259	236,751,259			
Liabilities against assets subject to finance lease	23,124,057	23,124,057	7,131,693	1,967,963	10,172,733	3,851,668
	1,166,532,897	1,166,532,897	498,469,538	2,514,825	18,922,533	646,626,001

32.3 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rates only.

33 Capital Risk Management

The Company's prime objective when managing capital is to safe guard its ability to continue as going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital employed.Total capital employed is calculated as equity as shown in the balance sheet plus debt.

	2012 Rupees	2011 Rupees
Total Borrowings	**837,625,886**	927,440,749
Total Equity	**1,546,258,571**	1,485,506,223
Total Capital Employed	**2,383,884,457**	2,412,946,972
Gearing Ratio	**35.14%**	**38.44%**

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

	Chief Executive		Director		Executives	
	2012 Rupees	2011 **Rupees**	**2012 Rupees**	2011 **Rupees**	**2012 Rupees**	2011 **Rupees**
Managerial remuneration	-	-	-	-	**744,000**	3,595,200
Medical allowance	-	-	-		**74,400**	359,520
	-	-	-	-	**818,400**	3,954,720
	-	-			**1**	**5**

34.1 The Chief Executive of the company forgo his right to receive the salary.

35 PRODUCTION CAPACITY

	Installed Capacity		Actual production	
	2012 Tons	2011 Tons	**2012** Tons	2011 Tons
Clinker	**1,200,000**	1,200,000	**239,452**	192,616
Cement	**1,260,000**	1,260,000	**248,702**	179,688

Reason for shortfall

Under utilized capacity due to Inefficient and old machinery / equipments of the plant is under replacement, which caused long shutdowns frequently resultantly hampering production.

36 CASH AND CASH EQUIVALENTS

Cash & Bank Balances	**6,091,450**	9,738,656
Short term finances	**(72,219,824)**	(236,751,259)
	(66,128,374)	(227,012,603)

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 09, 2012 by the board of directors of the company.

38 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

Momin Qamar
Director

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive

33 Capital Risk Management

The Company's prime objective when managing capital is to safe guard its ability to continue as going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital employed.Total capital employed is calculated as equity as shown in the balance sheet plus debt.

	2012 Rupees	2011 Rupees
Total Borrowings	**837,625,886**	927,440,749
Total Equity	**1,546,258,571**	1,485,506,223
Total Capital Employed	**2,383,884,457**	2,412,946,972
Gearing Ratio	**35.14%**	**38.44%**

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

	Chief Executive		Director		Executives	
	2012 Rupees	2011 Rupees	**2012 Rupees**	2011 Rupees	**2012 Rupees**	2011 Rupees
Managerial remuneration	-	-	-	-	**744,000**	3,595,200
Medical allowance	-	-	-		**74,400**	359,520
	-	-	-	-	**818,400**	3,954,720
	-	-			**1**	**5**

34.1 The Chief Executive of the company forgo his right to receive the salary.

35 PRODUCTION CAPACITY

	Installed Capacity		Actual production	
	2012 Tons	2011 Tons	**2012** Tons	2011 Tons
Clinker	**1,200,000**	1,200,000	**239,452**	192,616
Cement	**1,260,000**	1,260,000	**248,702**	179,688

Reason for shortfall

Under utilized capacity due to Inefficient and old machinery / equipments of the plant is under replacement, which caused long shutdowns frequently resultantly hampering production.

36 CASH AND CASH EQUIVALENTS

	2012	2011
Cash & Bank Balances	**6,091,450**	9,738,656
Short term finances	**(72,219,824)**	(236,751,259)
	(66,128,374)	(227,012,603)

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 09, 2012 by the board of directors of the company.

38 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
Momin Qamar
Director

Agha Hamayun Khan
Agha Hamayun Khan
Chief Executive

Operating and Financial Data

Particulars	2012	2011	2010	2009	2008	2007
Operating Results (Rs.)						
Net Sales	1,307,903,515	723,948,685	80,616,760	666,072,160	158,298,146	1,178,787,297
Gross Profit / (Loss)	(169,394,484)	(163,017,463)	(159,072,514)	(148,958,014)	(277,118,832)	118,129,457
Pre tax profit / (loss)	(256,573,894)	(222,408,210)	(201,969,892)	(239,449,822)	(331,339,139)	79,595,906
After tax profit / (loss)	28,487,253	(145,941,419)	(172,173,547)	161,746,756	(272,587,247)	16,645,595
Financial Position (Rs.)						
Current Assets	636,696,291	529,559,977	692,300,326	673,708,476	659,210,727	689,992,129
Current Liabilities	1,088,722,485	808,323,585	745,860,161	673,113,384	637,789,931	473,590,167
Property, Plant & Equipment	4,940,369,960	4,901,092,134	4,856,004,029	4,754,732,832	4,696,595,213	4,716,694,669
Total Assets	5,600,266,251	5,454,762,161	5,548,304,355	5,428,441,308	5,355,805,940	5,406,686,798
Long Term Liabilities	792,874,495	677,953,874	600,716,992	340,609,791	63,850,168	72,408,095
Share Holser's Equity	1,546,258,571	1,485,506,223	1,598,524,077	1,737,102,148	1,864,567,807	1,975,195,347
Ratios (%)						
Current Ratio	0.58	0.66	0.93	1.00	1.03	1.46
Debt to Equity Ratio	35.14%	38.44%	0.38	0.20	0.03	0.04
Gross Profit to Sale Ratio	-12.95%	-22.52%	-197.32%	-22.36%	-175.06%	10.02%
Net Profit to Sales Ratio (before tax)	-19.62%	-30.72%	-250.53%	-35.95%	-209.31%	6.75%
Earning / (Loss) Per Share (Rs.)						
Basic (before tax)	(1.46)	(1.26)	(1.15)	(1.36)	(1.88)	0.45
Basic (after tax)	0.16	(0.83)	(0.98)	(0.92)	(1.55)	0.09

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2012

No of Shareholders	Having Shares		Total Shares Held
	From	To	
514	1	100	27350
388	101	500	162693
1767	501	1000	1156205
1390	1001	5000	3698647
455	5001	10000	3644999
155	10001	15000	1961144
119	15001	20000	2200235
89	20001	25000	2046462
41	25001	30000	1170684
23	30001	35000	758720
28	35001	40000	1075863
21	40001	45000	912639
38	45001	50000	1887503
13	50001	55000	677865
6	55001	60000	348573
9	60001	65000	571939
8	65001	70000	549550
5	70001	75000	367040
10	75001	80000	780473
4	80001	85000	330900
3	85001	90000	261000
3	90001	95000	281969
18	95001	100000	1794941
2	100001	105000	207000
3	105001	110000	323000
3	110001	115000	341474
1	115001	120000	120000
3	120001	125000	374000
2	125001	130000	257798
2	130001	135000	265050
2	135001	140000	275074
1	140001	145000	141010
1	150001	155000	152200
1	155001	160000	157000
2	165001	170000	339242
1	180001	185000	182000
2	195001	200000	400000
2	200001	205000	403751
1	205001	210000	210000
1	225001	230000	227980
1	230001	235000	231000
2	235001	240000	475499
1	245001	250000	246601
1	255001	260000	260000
1	260001	265000	265000
1	290001	295000	292999
2	295001	300000	598015
2	300001	305000	606094
1	320001	325000	320265
1	345001	350000	346624
1	355001	360000	355050
1	440001	445000	445000
1	645001	650000	647050
1	785001	790000	787511
1	795001	800000	800000
1	900001	905000	901851
1	1020001	1025000	1025000
1	1645001	1650000	1649822
1	1710001	1715000	1714763
1	1905001	1910000	1910000
1	2160001	2165000	2160050
1	3995001	4000000	4000000
1	5035001	5040000	5039280
1	7005001	7010000	7009400
1	7670001	7675000	7674500
1	9830001	9835000	9832007
1	11055001	11060000	11055550
1	14830001	14835000	14834314
1	15620001	15625000	15622798
1	24775001	24780000	24779549
1	29070001	29071000	29070435
5171		**Total**	**176000000**

CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2012

PARTICULARS	SHAREHOLDERS	SHARES HELD	PERCENTAGE
Directors, CEO, Spouce & Childern	10	120,050,433	68.2105
Associated Companies	1	7,674,500	4.3605
Banks, DFI, NBFI	1	8,000	0.0045
Insurance Companies	1	3,000	0.0017
Modarabas, Mutual Funds	4	3,564,590	2.0253
General Public (Local)	5102	43,020,444	24.4434
General Public (Foreign)	23	293,598	0.1668
Others	29	1,385,435	0.7872
Total	**5171**	**176,000,000**	**100**

PATTERN OF SHAREHOLDING
ADDITIONAL INFORMATION AS AT 30TH JUNE 2012

SHAREHOLDERS CATEGORY	No. of Shares Held
ASSOCIATED COMPANIES	
M/S.Flying Kraft Paper Mills (Pvt) Ltd	7674500
MUTUAL FUNDS	
First Equity Modaraba	200000
N.H.Capital Fund Limited	5
CDC-Trustee Alflah GHP Value Fund	1714763
CDC-Trustee Alflah GHP Alpha Fund	1649822
DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN	
Mr. Kamran Khan	14834314
Mr. Momin Qamar	29070435
Mr. Yousaf Kamran Khan	9832007
Mr. Qasim Khan	647050
Mrs. Shaista Imran	5039280
Mrs.Samina Kamran	15622798
Mrs. Misbah Momin	7009400
Mr. Imran Qamar (Husband of Mrs. Shaista Imran)	24779549
Mr. Bilal Qamar (S/O Mrs. Shaista Imran)	11055550
Mr. Asim Qamar (S/O Mrs. Shaista Imran)	2160050
EXECUTIVES	-
PUBLIC SECTOR COMPANIES AND CORPORATIONS	-
BANKS, DEVELOPMENT FINANCILA INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS.	11000
OTHERS	1385435
SHAREHOLDERS HOLDING 5% OR MORE (other than those reported in Directors)	-
INDIVIDUALS (other than directors and their spouses)	43314042

The CEO, Directors, CFO, Head of Internal Auditors, Company Secretary and their spouses and minor children have made no Sale/Purchase in the shares of company during the financial year ended June 30, 2012 other than below:

Name	No. Shares	
	Sold	Giftted
Mr. Momin Qamar	1222800	5000000
Mrs. Samina Kamran	-	5800000
Mr. Imran Qamar	2691796	-

FLYING CEMENT COMPANY LIMITED
19th Annual General Meeting

Registered Folio / Participant ID No. _______________

Account No. _______________

No. of Shares Held _______________

PROXY FORM

IMPORTANT

Instrument of Proxy will not be considered as valid unless deposited or received at the Company's Registered Office at 103-Fazil Road, Lahore Cantt not later than 48 hours ago before the time of holding the meeting.

I /We ____ of ____ being a member of **Flying Cement Company Limited** hereby appoint __________________________ as my / our proxy to vote for me / us and on my / our behalf at the 19th Annual General Meeting of the Company to be held on the 31st day of October, 2012 and at any adjournment thereof.

Signature

Please affix Rupees
Five revenue stamp

Witnesses:

1.

Signature: ______________________________
Name ______________________________
Address ______________________________
____
NIC or Passport # __________________________

2.

Signature: ______________________________
Name ______________________________
Address ______________________________
____
NIC or Passport # __________________________

Date ------------------------- 2012

FLYING CEMENT
COMPANY LIMITED

AFFIX
CORRECT
POSTAGE

The Company Secretary,

Flying Cement Company Limited
103-Fazil Road, St. Jhon Park,
Lahore Cantt.
Pakistan.

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