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## COMPANY INFORMATION

### BOARD OF DIRECTORS

|                    |                               |
|--------------------|-------------------------------|
| Mr. Kamran Khan    | Chairman<br>& Chief Executive |
| Mr. Imran Qamar    | Director                      |
| Mr. Momin Qamar    | Director                      |
| Mr. Bilal Qamar    | Director                      |
| Mrs. Shaista Imran | Director                      |
| Mrs. Samina Kamran | Director                      |
| Mrs. Misbah Momin  | Director                      |

### AUDIT COMMITTEE

|                   |             |
|-------------------|-------------|
| Mrs. Misbah Momin | Chairperson |
| Mr. Momin Qamar   | Member      |
| Mr. Bilal Qamar   | Member      |

### STATUTORY AUDITORS

M/S. Tahir Siddqi & Co  
Chartered Accountants  
A member firm of TIAG

### COST AUDITORS

M/S. Mumtaz Balouch & Co.  
Chartered Accountants

### INTERNAL AUDITOR

Mr. Imran Matloob Khan

### COMPANY SECRETARY

Mr. Mubashir Asif

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Basharat Jamil

### LEGAL ADVISOR

Mr. Muhammad Atif Amin  
Advocate High Court

### BANKERS

Askari Bank Limited  
The Bank of Punjab  
United Bank Limited  
AlBaraka Islamic Bank  
Faysal Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Bank Al-Habib Limited  
Bank Alfiah Limited  
Habib Bank Limited

### REGISTERED & HEAD OFFICE

103-Fazal Road, Lahore Cantt. Lahore.  
Tel: 042-6674301-05  
Fax: 042-6660693  
[www.flyingcement.com](http://www.flyingcement.com)

### PRODUCTION FACILITIES

25Km, Lilla Interchange  
Lahore-Islamabad Motorway,  
Mangowal, Distt. Khushab.

### SHARE REGISTRAR

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

### WEBSITE

[www.flyingcement.com](http://www.flyingcement.com)

### E-MAIL

[info@flyingcement.com](mailto:info@flyingcement.com)  
[Info@flyinggroup.com.pk](mailto:Info@flyinggroup.com.pk)



## DIRECTOR'S REVIEW

1. The Board of Directors is pleased to present their review along with un-audited accounts of the Company for the first quarter ended 30 September 2009.
2. During the first quarter, the company suffered before tax loss of Rs. 73.646 million and after tax loss of Rs. 48.226 million as compared to the loss of Rs. 98.640 million in the quarter ending 30<sup>th</sup> September 2008. Due to decrease in demand of cement in the local market, the sale revenue decreased by about 33.80 % as compared to the quarter ending 30<sup>th</sup> September 2008.
3. During the quarter under review, demand of cement in domestic market witnessed a dismal negative growth due to worsening law and order situation in the country, sever shortage of electricity, liquidity crunch, law and order situation and slow spending in public and private sector of the country.
4. Our company has also stepped in export of cement and importers are in contact with their expected substantial demand.
5. The BMR of the Plant and Machinery for up gradation and better performance of the plant is in progress. Installation of the Grid Station is in advance stage. After installation of the Grid station, electricity unit cost will be reduced by 50%. In addition to the above, existing three Raw Mills (type ball) to feed kiln are also being replaced with Single Raw Mill (Vertical Type), which will reduce electricity cost considerably. Sui Gas connection is also being arranged for Kiln. For the execution of BMR program, the financial arrangements with the banks are at finalization stage.
6. The company applied to Securities and Exchange Commission of Pakistan for one month extension of annual general meeting to approve the accounts for the ended 30<sup>th</sup> June 2009, which has been allowed. However we are confident that the figures for the year ended 30<sup>th</sup> June 2009 for comparison purpose will be the same as disclosed in the accounts.
7. We are grateful to our bankers, contractors, suppliers and distributors for their cooperation.
8. We also acknowledge the dedication of our employees for putting in their best towards economization plan in the cost of production.

For and on behalf of the board

**Kamran Khan**  
Chief Executive

Lahore: 31 October 2009



## BALANCE SHEET (un-audited) AS AT 30<sup>th</sup> SEPTEMBER 2009

06 | 1<sup>ST</sup> QUARTER REPORT SEP. 30 | 2009

|  | Note | Sep. 2009<br>(Rupees)       | June 2009<br>(Rupees)       |
|--|------|-----------------------------|-----------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                             |                             |
| <b>SHARE CAPITAL &amp; RESERVES</b>  |      |                             |                             |
| Authorized capital<br>200,000,000 ordinary shares of Rs 10/- each.                       |      | <u>2,000,000,000</u>        | <u>2,000,000,000</u>        |
| Issued, subscribed and paid up capital<br>176,000,000, ordinary shares of Rs. 10/- each. |      | 1,760,000,000               | 1,760,000,000               |
| Capital Reserve  |      | 126,978,994                 | 126,978,994                 |
| Un appropriated Profit / (Loss)  |      | <u>(189,704,445)</u>        | <u>(149,876,846)</u>        |
| Total Equity   |      | <u>1,697,274,549</u>        | <u>1,737,102,148</u>        |
| Surplus on revaluation of fixed assets   |      | 1,745,644,717               | 1,754,043,586               |
| <b>NON-CURRENT LIABILITIES</b>   |      |                             |                             |
| Long term finance  | 4    | 18,957,900                  | 20,416,200                  |
| Liabilities against assets subject to finance lease                                      |      | 15,084,605                  | 17,277,466                  |
| Directors, shareholders & associates loan  |      | 270,209,890                 | 291,116,125                 |
| Long term deposits   |      | 11,800,000                  | 11,800,000                  |
| Deferred liabilities   |      | <u>897,804,466</u>          | <u>923,572,398</u>          |
|  |      | <u>1,213,856,861</u>        | <u>1,264,182,189</u>        |
| <b>CURRENT LIABILITIES</b>   |      |                             |                             |
| Current portion of liabilities against assets subject to finance lease                   |      | 14,381,561                  | 16,609,665                  |
| Current portion of long term finance   | 4    | 8,749,800                   | 43,791,500                  |
| Short term finance   | 5    | 251,000,838                 | 216,389,560                 |
| Directors, shareholders & associates loan  |      | 39,160,774                  | 35,797,106                  |
| Trade and other payables   |      | 504,865,097                 | 349,128,710                 |
| Accrued interest / mark-up   |      | 12,154,429                  | 11,396,843                  |
| Provision for taxation   |      | <u>348,037</u>              | <u>-</u>                    |
|  |      | <u>830,660,536</u>          | <u>673,113,384</u>          |
| <b>TOTAL LIABILITIES</b>   |      | <u>2,044,517,397</u>        | <u>1,937,295,573</u>        |
| Contingencies and commitments  | 6    | <u>-</u>                    | <u>-</u>                    |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <u><u>5,487,436,663</u></u> | <u><u>5,428,441,307</u></u> |
| <b>ASSETS</b>  |      |                             |                             |
| <b>NON-CURRENT ASSETS</b>  |      |                             |                             |
| Property, plant & equipment  | 7    | 3,596,180,576               | 3,614,777,204               |
| Capital work in progress   | 8    | 1,175,501,659               | 1,139,955,628               |
|  |      | <u>4,771,682,235</u>        | <u>4,754,732,832</u>        |
| <b>CURRENT ASSETS</b>  |      |                             |                             |
| Stores, spares & loose tools   |      | 34,246,110                  | 29,174,560                  |
| Stock in trade   |      | 426,398,894                 | 425,981,533                 |
| Trade debts  |      | 15,807,855                  | 10,792,073                  |
| Advances, deposits, prepayments & other receivables                                      |      | 235,970,603                 | 201,394,643                 |
| Cash and bank balances   | 9    | 3,330,966                   | 6,365,666                   |
|  |      | <u>715,754,428</u>          | <u>673,708,475</u>          |
| <b>TOTAL ASSETS</b>  |      | <u><u>5,487,436,663</u></u> | <u><u>5,428,441,307</u></u> |

The annexed notes 1 to 12 form an integral part of these financial statements.

  
**Momin Qamar**  
Director

  
**Kamran Khan**  
Chief Executive



## PROFIT AND LOSS ACCOUNT (un-audited) FOR THE QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2009

|  | Sep. 2009<br>(Rupees) | Sep. 2008<br>(Rupees) |
|--|-----------------------|-----------------------|
| Sales                                  | 69,607,365            | 105,159,099           |
| Cost of sales                          | <u>131,918,494</u>    | <u>194,386,418</u>    |
| <b>Gross Profit / (Loss)</b>           | <b>(62,311,129)</b>   | <b>(89,227,319)</b>   |
| Distribution cost                      | <u>1,069,908</u>      | <u>923,755</u>        |
| Administrative expenses                | <u>3,354,250</u>      | <u>4,038,200</u>      |
|  | <u>4,424,158</u>      | <u>4,961,955</u>      |
| <b>Operating Profit / (Loss)</b>       | <b>(66,735,287)</b>   | <b>(94,189,274)</b>   |
| Financial cost                         | 6,911,077             | 4,451,261             |
| <b>Profit / (Loss) Before Taxation</b> | <b>(73,646,364)</b>   | <b>(98,640,535)</b>   |
| Deferred & Current Taxation            | 25,419,896            | -                     |
| <b>Profit / (Loss) After Taxation</b>  | <b>(48,226,468)</b>   | <b>(98,640,535)</b>   |
| <b>Loss Per Share- Basic</b>           | <b>(0.27)</b>         | <b>(0.56)</b>         |

The annexed notes 1 to 12 form an integral part of these financial statements.

*Momin Qamar*

**Momin Qamar**  
Director

**Kamran Khan**  
Chief Executive



## CASH FLOW STATEMENT (un-audited) FOR THE QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2009

|   | Sep. 2009<br>(Rupees)   | Sep. 2008<br>(Rupees)    |
|---|-------------------------|--------------------------|
| <b>Cash Flow From Operating Activities</b>                              |                         |                          |
| <b>Profit / (Loss) for the period - before taxation</b>                 | (73,646,364)            | (98,640,535)             |
| Adjustment for non cash charges and other items                         |                         |                          |
| Depreciation  | 18,596,628              | 18,571,044               |
| Financial cost  | 6,911,077               | 4,451,261                |
|   | <u>25,507,705</u>       | <u>23,022,305</u>        |
| Cash Inflow from operating activities before working capital changes    | (48,138,659)            | (75,618,230)             |
| <b>Changes In Working Capital</b>                                       |                         |                          |
| (Increase) / Decrease in current assets                                 |                         |                          |
| Stores, spares & loose tools  | (5,071,550)             | (2,704,367)              |
| Stock-in-trade  | (417,361)               | 54,471,411               |
| Trade debtors   | (5,015,782)             | (5,125,948)              |
| Advances, deposits, and other receivables                               | (34,575,959)            | (456,237)                |
|   | <u>(45,080,652)</u>     | <u>46,184,859</u>        |
| Increase / (Decrease) in current liabilities                            |                         |                          |
| Creditors, accruals and other liabilities                               | 155,736,387             | 41,526,106               |
| Cash Inflow/(Outflow) from Operating Activities-Before Taxation         | <u>62,517,076</u>       | <u>12,092,735</u>        |
| Taxes Paid  | -                       | -                        |
| <b>Cash Inflow/(Outflow) From Operating Activities - After Taxation</b> | <u>62,517,076</u>       | <u>12,092,735</u>        |
| <b>Cash Inflow/(Outflow) From Investing Activities</b>                  |                         |                          |
| Fixed Capital Expenditures  | (35,546,031)            | (23,911,275)             |
| <b>Cash Flow From Financing Activities</b>                              |                         |                          |
| Financial charges paid  | (6,153,491)             | (4,243,622)              |
| Directors, shareholders & associates loan                               | (17,542,567)            | (27,968,328)             |
| Short term finance  | 34,611,278              | (62,287,448)             |
| Liabilities against assets subject to finance lease paid                | (4,420,965)             | (4,733,441)              |
| Long term finance   | (36,500,000)            | 120,666,666              |
| Long term deposits  | -                       | (600,000)                |
| <b>Net Cash Inflow/(Outflow) From Financing Activities</b>              | <u>(30,005,745)</u>     | <u>20,833,827</u>        |
| Net Increase / (decrease) in Cash and Cash Equivalents                  | (3,034,700)             | 9,015,287                |
| Cash and Cash Equivalents - at the beginning of the year                | 6,365,666               | 14,611,976               |
| <b>Cash and Cash Equivalents - at the end of the quarter</b>            | <u><u>3,330,966</u></u> | <u><u>23,627,263</u></u> |

The annexed notes 1 to 12 form an integral part of these financial statements.

*Momin Qamar*

**Momin Qamar**  
Director

*Kamran Khan*

**Kamran Khan**  
Chief Executive





## STATEMENT OF CHANGES IN EQUITY (un-audited) FOR THE QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2009

|   | Ordinary<br>Share Capital<br>(Rs.) | Accumulated<br>Profit/(Loss)<br>(Rs.) | Capital<br>Reserve<br>(Rs.) | Total<br>(Rs.)       |
|---|------------------------------------|---------------------------------------|-----------------------------|----------------------|
| Balance as at June 30, 2008             | 1,760,000,000                      | (22,411,187)                          | 126,978,994                 | 1,864,567,807        |
| Loss for the year                       | -                                  | (161,746,757)                         | -                           | (161,746,757)        |
| Incremental depreciation                | -                                  | 34,281,098                            | -                           | 34,281,098           |
| <b>Balance as at June 30, 2009</b>      | <b>1,760,000,000</b>               | <b>(149,876,846)</b>                  | <b>126,978,994</b>          | <b>1,737,102,148</b> |
| Loss for the quarter ended Sep. 2009    | -                                  | (48,226,468)                          | -                           | (48,226,468)         |
| Incremental depreciation                | -                                  | 8,398,869                             | -                           | 8,398,869            |
| <b>Balance as at September 30, 2009</b> | <b>1,760,000,000</b>               | <b>(189,704,445)</b>                  | <b>126,978,994</b>          | <b>1,697,274,549</b> |

The annexed notes 1 to 12 form an integral part of these financial statements.

  
**Momin Qamar**  
Director

  
**Kamran Khan**  
Chief Executive



# NOTES TO THE ACCOUNTS (un-audited) FOR THE QUARTER ENDED 30<sup>th</sup> SEPTEMBER 2009

## 1 LEGAL STATUS & 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 in Lahore and the factory in Khushab.

## 2 BASIS OF PREPARATION

These financial statements are un-audited and have been prepared in accordance with the requirements of International Accounting Standard (IAS-34) "Interim Financial Reporting". These financial statements are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

The Interim condensed financial statements do not include all the information and disclosures as required in the annual financial statements, and should be read in conjunction with the company's annual financial statements.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2009.

### NOTE

The company applied to Securities and Exchange Commission of Pakistan for one month extension of annual general meeting which has been allowed. However we are confident that the figures for the year ended 30th June 2009 will be the same as disclosed in the accounts.

## 4 LONG TERM FINANCE

|                       | Note | Sep. 2009<br>(Rupees) | June 2009<br>(Rupees) |
|-----------------------|------|-----------------------|-----------------------|
| Term Finance          | 4.1  | 27,707,700            | 64,207,700            |
| Less: Current Portion |      | 8,749,800             | 43,791,500            |
|                       |      | <u>18,957,900</u>     | <u>20,416,200</u>     |

4.1 Term finance of Rs. 29.166 million was availed from Askari Bank Ltd. payable in equal quarterly installments. The rate of mark-up is 3 month (ask side KIBOR + 3%) payable quarterly. The finance is secured against 1st charge on present and future current assets of the company, personal guarantees of directors along with group inter corporate guarantees.

|                             | Note | Sep. 2009<br>(Rupees) | June 2009<br>(Rupees) |
|-----------------------------|------|-----------------------|-----------------------|
| <b>5 Short Term Finance</b> |      |                       |                       |
| Askari Bank Ltd.            | 5.1  | 154,974,000           | 106,105,000           |
| Albaraka Islamic Bank       | 5.2  | 25,123,038            | 25,200,000            |
| The Bank of Punjab          | 5.3  | 70,903,800            | 85,084,560            |
|                             |      | <u>251,000,838</u>    | <u>216,389,560</u>    |

5.1 A letter of credit (S/U 180 days ) of Rs. 60 million was obtained from Askari Bank Limited. The facility is secured against 1st charge on current assets and ranking charge on current assets of the company.

5.2 A letter of credit facility usance / acceptance 180 days of Rs. 60 million was obtained from Albaraka Islamic Bank with a small sub limit of letter of guarantee of Rs. 200,000 to meet the contractual and import requirements of the company. The finance is secured against charge over current assets of the company.

5.3 Forced Demand Finance Facility of Rs. 85.084 million is obtained from The Bank of Punjab payable in twelve equal monthly installments. The demand finance attracts mark-up at average 3 months kibar + 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.

## 6 CONTINGENCIES AND COMMITMENTS

Letters of Credit other than capital expenditure outstanding amounting to Rs. 6.35 million. (June 2009: 6.35 million).

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 notice issued to the company.

## 7 Property, Plant & Equipment

|  |                      |                      |
|--|----------------------|----------------------|
| Opening book value                                     | 3,614,777,204        | 3,617,627,472        |
| Add: Additions during the period                       | -                    | 77,282,761           |
|  | <u>3,614,777,204</u> | <u>3,694,910,233</u> |
| Less Deletion during the period - net off depreciation | -                    | 4,730,583            |
|  | <u>3,614,777,204</u> | <u>3,690,179,650</u> |
| Less: Depreciation charged during the period           | 18,596,628           | 75,402,446           |
| Closing book value                                     | <u>3,596,180,576</u> | <u>3,614,777,204</u> |

### Additions during the period

|                       |   |                   |
|-----------------------|---|-------------------|
| Plant & machinery     | - | 64,800,872        |
| Electric Installation | - | 7,618,000         |
| Tools & Equipments    | - | 579,289           |
| Vehicles              | - | 4,284,600         |
|                       | - | <u>77,282,761</u> |

|                                   | Sep. 2009<br>(Rupees) | June 2009<br>(Rupees) |
|-----------------------------------|-----------------------|-----------------------|
| <b>8 CAPITAL WORK IN PROGRESS</b> |                       |                       |
| Building                          | 177,662,354           | 177,644,096           |
| Plant & machinery                 | 997,839,305           | 962,311,532           |
|                                   | <u>1,175,501,659</u>  | <u>1,139,955,628</u>  |
| <b>9 CASH AND BANK BALANCES</b>   |                       |                       |
| In hand                           | 430,720               | 485,842               |
| At Banks- current accounts        | 2,900,246             | 5,879,824             |
|                                   | <u>3,330,966</u>      | <u>6,365,666</u>      |

#### 10 RELATED PARTIES TRANSACTIONS

Related parties of the company comprise associated undertakings, directors, key employees and management personnel. Detail of transactions with related parties except remuneration and benefits to directors and management personnel under their terms of employment, are as under:

|                                     |                   |                   |
|-------------------------------------|-------------------|-------------------|
| Sales to Associated Companies       | <u>51,110</u>     | <u>36,407,828</u> |
| Purchases from Associated Companies | <u>38,087,513</u> | <u>55,239,467</u> |

Transactions with related parties were made at arm's length prices determined in accordance with the comparable uncontrolled method.

#### 11 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 31st October 2009 by the board of directors of the company.

#### 12 GENERAL

- Figures in the financial statements have been rounded off to the nearest rupee.

- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.

  
Momin Qamar  
Director

  
Kamran Khan  
Chief Executive