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## COMPANY INFORMATION

### Board of Directors

Mr. Kamran Khan (Chairman/CEO)  
Mr. Imran Qamar  
Mr. Momin Qamar  
Mrs. Samina Kamran  
Mr. Bilal Qamar  
Mr. Yousaf Kamran Khan  
Mr. Qasim Khan

### Bankers

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

### Audit Committee

Mr. Momin Qamar  
Mr. Yousaf Kamran Khan  
Mr. Bilal Qamar

### Registered & Head Office

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

### Statutory Auditors

M/s. Tahir Siddiqi & Co.  
Chartered Accountants

### Production Facilities

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

### Cost Auditors

M/s. Mumtaz Bolach & Co.  
Chartered Accountants

### Shares Registrar

THK Associates (Pvt) Limited.  
Ground Floor, State Life Building-3  
Dr. Zia Uddin Ahmad Road, Karachi  
Tel: 021-111-000-322, Fax: 021-5655595

### Chief Financial Officer

Mr. Muhammad Irfan Aslam

### Web Site

www.flyingcement.com

### Internal Auditor

Mr. Imran Mahboob Khan

### E-mail

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

### Company Secretary

Mr. Agha Hamayun Khan

### Legal Advisor

Mr. Muhammad Atif Amin  
Advocate High Court



## DIRECTOR'S REVIEW

The Board of Director's of the company is pleased to announce the un-audited financial statements for the third quarter ended March 31, 2008.

During the nine month's period, the company produced 50,228 Metric Tons of Ordinary Portland Cement and sold 50,937 Metric Tons of cement.

The company suffered loss of Rs. 99,745,869/- after tax for the nine months and Rs.36,617,540 for the third quarter of the year against the corresponding period's profit of Rs. 125,733,078/- and Rs.70,956,063/-respectively.

The major cause of decline in the revenues is due to increasing trend of input cost, specially, Furnace Oil and Coal, which ultimately increased the cost of production. The plant was operated at bare minimum production capacity just to minimize the operational loss.

### Ongoing Projects

The civil and installation work of Vertical Pulverizing Raw Mill is under progress ultimately this Vertical Pulverizing Raw Mill will replace existing 3 Ball Mills.The installation will be completed before the year end.

The installation of 24 MW Grid Station for the supply of WAPDA electric power to its cement plant is under process. The company is in the final stage of financing arrangement with a financial institution for the Grid Station. With the completion of the Grid Station low tariff of WAPDA would result in annual saving of Rs 250.00(M) in the head of power cost.

The erection of Vertical Pulverizing Raw Mill to replace the existing 3 Ball-Mills would enable the company to save 4 MW of Electricity per month. Resultantly there is a saving of Rs 100.00 (M) to 120.00(M) annually approximately.

The Commissioning of Waste Heat Turbine is going on. With the operation of Waste Heat Turbine, there would be energy cost reduction of Rs 100 (M) per annum.

This cost saving would have a positive impact on the profitability of the company and consequent benefit to the shareholders.

### Future Outlook

Several challenges exist in 2008. Cost inflation remains at a record high level and is aggravated by shortage of coal and power in some emerging markets. As a consequence, the main challenge for the world of cement industry remains the ability to deliver the growth as supply constraints exist. We believe cement prices are likely to be significantly high in 2008 and onwards, driven by;

- (i) Emerging market growth
- (ii) Tight supply situation
- (iii) Freight

on behalf of the Board of Directors

Chairman & CEO  
Lahore  
April 30, 2008



## BALANCE SHEET (un-audited) AS AT MARCH 31, 2008

	Note	Mar-08 Rupees	Jun-07 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL &amp; RESERVES</b>			
Authorized capital 200,000,000 ordinary shares of Rs 10/- each.		<u>2,000,000,000</u>	<u>2,000,000,000</u>
Issued, subscribed and paid up capital 176,000,000, ordinary shares of Rs. 10/- each.		<u>1,760,000,000</u>	1,600,000,000
Un appropriated profit		<u>116,501,659</u>	375,195,347
Total Equity		<u>1,876,501,659</u>	1,975,195,347
Surplus on revaluation of fixed assets		<u>1,822,255,974</u>	1,823,305,396
<b>NON-CURRENT LIABILITIES</b>			
Long term finance	4	<u>24,999,998</u>	34,722,222
Directors, shareholders & associates loan		<u>403,013,397</u>	32,105,210
Liabilities against assets subject to finance lease		<u>21,768,684</u>	20,157,794
Long term deposits		<u>17,505,000</u>	17,528,079
Deferred taxation		<u>1,062,187,793</u>	1,062,187,793
		<u>1,529,474,872</u>	1,166,701,098
<b>CURRENT LIABILITIES</b>			
Current portion of liabilities against assets subject to finance lease		<u>8,209,424</u>	16,907,280
Current portion of long term finance		<u>20,833,335</u>	15,277,778
Short term finance	5	<u>9,990,400</u>	9,990,400
Trade and other payables		<u>192,893,239</u>	393,415,563
Provision for taxation		<u>6,502,748</u>	5,893,936
		<u>238,429,146</u>	441,484,957
<b>TOTAL LIABILITIES</b>		<u>1,767,904,018</u>	1,608,186,055
Contingencies and commitments	6	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>5,466,661,651</u>	<u>5,406,686,798</u>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	7	<u>3,692,351,479</u>	3,689,157,310
Capital work in progress	8	<u>1,030,782,247</u>	1,027,537,358
		<u>4,723,133,726</u>	4,716,694,668
<b>CURRENT ASSETS</b>			
Stores, spares & loose tools		<u>26,842,770</u>	23,188,349
Stock in trade		<u>490,432,979</u>	428,511,397
Trade debts		<u>12,135,276</u>	8,693,245
Advances, deposits, prepayments & other receivables		<u>180,301,805</u>	200,509,977
Cash and bank balances	9	<u>33,815,095</u>	29,089,162
		<u>743,527,925</u>	689,992,130
<b>TOTAL ASSETS</b>		<u>5,466,661,651</u>	<u>5,406,686,798</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 PERIOD ENDED MARCH 31, 2008**

	For the quarter		For nine months	
	Jan-Mar 2008	Jan-Mar 2007	Jul - March 2008	Jul - March 2007
	(Rupees)			
Sales	26,726,081	233,878,926	121,762,245	896,309,205
Cost of sales	56,165,267	158,751,294	196,513,804	743,376,509
<b>Gross Profit/(Loss)</b>	<b>(29,439,186)</b>	75,127,632	<b>(74,751,559)</b>	152,932,696
<b>Operating Expenses</b>				
Distribution cost	842,496	1,212,622	3,112,126	3,004,803
Administrative expenses	2,833,675	144,394	9,596,137	14,444,871
	3,676,171	1,357,016	12,708,263	17,449,674
<b>Operating Profit/(Loss)</b>	<b>(33,115,357)</b>	73,770,616	<b>(87,459,822)</b>	135,483,022
Finance cost	3,365,794	1,645,158	11,674,477	5,268,398
<b>Profit/(Loss) Before Taxation</b>	<b>(36,481,151)</b>	72,125,458	<b>(99,134,299)</b>	130,214,624
Taxation	(133,630)	(1,169,395)	(608,811)	(4,481,546)
<b>Profit/(Loss) After Taxation</b>	<b>(36,614,781)</b>	70,956,063	<b>(99,743,110)</b>	125,733,078
<b>Earning Per Share- Basic</b>	<b>(0.21)</b>	0.40	<b>(0.57)</b>	0.71

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

**Momin Qamar**  
Director

**Kamran Khan**  
Chief Executive



## STATEMENT OF CHANGES IN EQUITY (un-audited) FOR THE PERIOD ENDED MARCH 31, 2008

	Ordinary Share Capital (Rs.)	Accumulated Profit/(Loss) (Rs.)	Surplus on Revaluation of Fixed Assets (Rs.)	Total (Rs.)
Balance as at March 31, 2007	1,600,000,000	475,705,473	1,810,812,285	3,886,517,758
Balance as at June 30, 2007	1,600,000,000	375,195,348	1,823,305,396	3,798,500,744
Bonus Shares Issue	160,000,000	(160,000,000)	-	-
Loss for 3 quarter ended March 31, 2008	-	(99,743,111)	-	(99,743,111)
Incremental depreciation	-	1,049,422	(1,049,422)	-
Balance as at March 31, 2008	1,760,000,000	116,501,659	1,822,255,974	3,698,757,633

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

**Momin Qamar**  
Director

**Kamran Khan**  
Chief Executive



## CASH FLOW STATEMENT (Un-audited) FOR THE PERIOD ENDED MARCH 31, 2008

	Mar-08 Rupees	Mar-07 Rupees
<b>Cash Flow From Operating Activities</b>		
<b>Profit for the period - before taxation</b>	<b>(99,134,299)</b>	130,214,624
Adjustment for non cash charges and other items		
Depreciation	<b>2,242,298</b>	99,656,507
Financial charges	<b>11,674,477</b>	5,268,398
	<b>13,916,775</b>	104,924,905
Cash Inflow from operating activities before working capital changes	<b>(85,217,524)</b>	235,139,529
Changes In Working Capital		
(Increase) / Decrease in current assets		
Stores, spares & loose tools	<b>(3,654,421)</b>	(4,575,868)
Stock-in-trade	<b>(61,921,582)</b>	(168,387,958)
Trade debtors	<b>(3,442,031)</b>	(24,821,405)
Advances, deposits, and other receivables	<b>20,208,172</b>	(135,561,986)
	<b>(48,809,862)</b>	(333,347,217)
Increase / (Decrease) in current liabilities		
Creditors, accrued and other liabilities	<b>(200,788,178)</b>	273,005,641
Cash Inflow/(Outflow)from Operating Activities-Before Taxation	<b>(334,815,564)</b>	174,797,953
Financial charges paid	<b>(7,873,360)</b>	(7,771,873)
<b>Cash Inflow/(Outflow) From Operating Activities - After Taxation</b>	<b>(342,688,924)</b>	167,026,080
<b>Cash Inflow/(Outflow) From Investing Activities</b>		
Fixed Capital Expenditures	<b>(6,439,058)</b>	(178,551,568)
<b>Cash Flow From Financing Activities</b>		
Long term finance	<b>(4,166,667)</b>	-
Short term finance	-	9,990,400
Directors, shareholders & associates loan	<b>370,908,187</b>	-
Liabilities against assets subject to finance lease	<b>(8,697,856)</b>	(20,263,255)
Long term deposits	<b>(23,079)</b>	(700,000)
<b>Net Cash Inflow/(Outflow) From Financing Activities</b>	<b>353,853,918</b>	(10,972,855)
Net Increase in Cash and Cash Equivalents	<b>4,725,936</b>	(22,498,343)
Cash and Cash Equivalents - at the beginning of the year	<b>29,089,162</b>	51,264,621
<b>Cash and Cash Equivalents - at the end of the year</b>	<b>33,815,098</b>	28,766,278

- 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 PERIOD ENDED MARCH 31, 2008

### 1 Status and Operations

Flying Cement Company Limited was incorporated on December 24, 1992 as a Public Limited Company under the Companies Ordinance, 1984. The shares of the company are quoted on Karachi and Lahore stock exchange in Pakistan. The main objective of the company is to manufacture and sale of cement. The registered office of the company is situated at Lahore and the factory is 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 for the year ended June 30, 2007.

### 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, 2007.

### 4 LONG TERM FINANCE

	Mar-08	Jun- 2007
	Rupees	
Term Finance - unsecured	45,833,333	50,000,000
Less: Current Portion	20,833,335	15,277,778
	24,999,998	34,722,222

Term Finance of Rs. 50 million is availed from Askari Bank Limited. The rate of mark-up is 3 months average (Ask side) KIBOR + 3.5 % payable quarterly. The finance is secured against 1st charge on current assets of company, personal guarantees of directors and property owners alongwith group inter corporate guarantees.

### 5 Short Term Finance

Running Finance	9,990,400	9,990,400
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Short term running finance is available from The Bank of Punjab under mark-up arrangement amount to Rs.10 million. The rate of mark-up is 6 month KIBOR +300 BPS. The finance is secured against the hypothecation of current assets of the company.

### 6 CONTINGENCIES AND COMMITMENTS

Letter of credit other than capital expenditure outstanding amounted to Rs. 80.37 million. (June 2007: 88.98 million).

### 7 Property, Plant & Equipment

Opening book value		3,689,157,310	3,738,298,185
Add: Additions during the period	7.1	5,436,467	26,893,470
		3,694,593,777	3,765,191,655
Less: Depreciation charged during the period		2,242,298	76,034,345
Closing book value		3,692,351,479	3,689,157,310





Mar-08	Jun-2007
Rupees	

#### 7.1 Additions during the period

Building - factory	-	72,577
Roads	-	2,018,862
Plant & machinery		422,031
Electric installation	<b>220,018</b>	-
Power house	-	47,100
Vehicles	<b>5,216,449</b>	24,332,900
	<b>5,436,467</b>	26,893,470

#### 8 CAPITAL WORK IN PROGRESS

Building	<b>155,794,305</b>	154,118,774
Plant & machinery	<b>874,987,942</b>	873,418,584
	<b>1,030,782,247</b>	1,027,537,358

#### 9 CASH AND BANK BALANCES

In Hand	<b>21,477,636</b>	19,241,307
At Banks- current accounts	<b>12,337,459</b>	9,847,855
	<b>33,815,095</b>	29,089,162

#### 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	<b>491,650</b>	374,580
Purchases from Associated Companies	<b>10,496,098</b>	187,167,127

Transactions with related parties were made at arm's length prices determined in accordance with the comparable uncontrolled method. During the year the company was involved in the transactions with the associated concerns i.e. M/s Flying Board & Paper Products Ltd., Flying Kraft Paper Mills (Pvt.) Ltd. and Zaman Paper & Board Mills (Pvt.) Ltd.

#### 11 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on April 30, 2008 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