DIRECTOR'S REVIEW

Your Directors are pleased to present the un-audited financial results of the company for the half year ended December 31, 2007 , together with auditor's review report thereon.

During the period under review, the company produced 40,415 metric tons of ordinary Portland Cement and sold 41,217 metric tons of cement.
The company suffered loss of Rs 63,128,329/- after tax under the period under review against corresponding period profit of Rs 54,777,015/-.

The main cause of decline in the revenues is robust upward trend in the prices of Raw Materials. The increasing trend in prices of Furnace Oil badly affected the production cost and similarly prices of Coal are recorded at double at a level of $ 135/- per metric ton which ultimately increased the cost of production.

Decrease in production and sale is on account of stoppage of plant during this period due to the civil and installation work of Vertical Raw Mill. This Vertical Raw Mill will replace existing 3 Raw Mills (Ball Type).

Progress on ongoing projects

Your company is working on the strategy to reduce the cost of production to maximize the shareholders profits. In the present competitive phase of era no company can grow without cost reduction. The management of company is fully aware of this fact and has already taken following several measures to reduce the cost.

- The company is installing a state of art **24 MW** Grid Station under an agreement with Siemens Pakistan Limited to supply electric power to its cement plant in Khushab. In this regard an amount of Rs **57.70 (M)** has been paid to Faisalabad Electric Supply Company (FESCO) and Rs **10.00(M)** has been paid to Siemens Pakistan Limited. With the completion of the grid station low tariff of WAPDA would result in annual saving of Rs **250.00(M).**
- The company is erecting a Vertical Raw Mill to replace the existing 3 Ball-Mills which 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.
- Commissioning of Waste Heat Turbine is under way. Necessary arrangements have been made. With the operation of Waste Heat Turbine, there would be energy cost reduction of **Rs 100 (M)** per annum**.**

WAPDA Connection and Vertical Raw Mill are likely to be completed by July 2008 and results of energy cost saving would be materialized in the manufacturing cost. With the start of Waste Heat Turbine the input cost of energy would further curtail and then a total net saving in energy cost comes to Rs **470.00 (M)**. This cost saving would have a positive impact on the profitability of the company and consequent benefit to the shareholders.

Future Outlook

Your company is working on to capture the export market in Middle East and South Africa as there is a huge demand of cement. India is also a charming market for the export of cement. Agreement with Metals and Minerals Trading Corporation of India has been executed and in near future exports will be started to India . Flying Cement Company has a competitive edge over other cement plants due to the nearest location from Wahgha Border.

Besides of Export Marketing options, there is also heavy demand of cement in local market. Insertion of REITS LAWS in Pakistan by the Government will cause a meaningful rising trend of cement in the local market, whereas the various water storage projects are also under consideration in Pakistan so it is hoped that a rising trend in the demand of cement is likely to be seen in future with an increasing trend of cement prices.

on behalf of the Board
KAMRAN KHAN
Chairman & CEO

Lahore
February 27, 2008

REVIEW REPORT TO THE MEMBERS

We have reviewed the accompanying balance sheet of Flying Cement Company Ltd as at December 31, 2007, and the related profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, (herein after referred to as financial statements) for the half year then ended. These financial statements are the responsibility of Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standards on Auditing applicable to review engagements. This statement requires that we plan and perform the review to obtain moderate assurance as whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance then an audit. We have not performed and audit, and accordingly, we do not express an audit opinion.

Management has informed us that the depreciation have been charged on the basis of usage of plant during the period. However, as per requirements of International Accounting Standards, the fixed assets, if depreciated on written down value method would have been decreased by Rs. 35,129,287, and net income and shareholders equity would have also been decreased by Rs. 35,129,287.

Based on our review, except for the effects of the matter described in previous paragraphs, nothing has come to our attention that causes us to that the accompanying financial statements do not give a true and fair view in accordance with International and Financial Reporting Standards.

Lahore:
February 27, 2008

Tahir Siddiqi & Co.
Chartered Accountants

FLYING CEMENT COMPANY LIMITED
BALANCE SHEET (un-audited)
AS AT DECEMBER 31, 2007

	Note	Dec-07 Rupees	Jun-07 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized capital			
200,000,000 ordinary shares of Rs 10/- each.		**2,000,000,000**	2,000,000,000
Issued, subscribed and paid up capital			
160,000,000, ordinary shares of Rs. 10/- each.		**1,760,000,000**	1,600,000,000
Un appropriated profit		**153,116,441**	375,195,347
Total Equity		**1,913,116,441**	1,975,195,347
Surplus on revaluation of fixed assets		**1,822,255,974**	1,823,305,396
NON-CURRENT LIABILITIES			
Long term finance	**4**	**24,999,998**	34,722,222
Directors, shareholders & associates loan		**336,022,867**	32,105,210
Liabilities against assets subject to finance lease		**21,768,684**	20,157,794
Long term deposits		**17,505,000**	17,528,079
Deferred taxation		**1,062,187,793**	1,062,187,793
		1,462,484,342	1,166,701,098

	Note		
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		**12,488,141**	16,907,280
Current portion of long term finance	**4**	**20,833,335**	15,277,778
Short term finance	**5**	**9,990,400**	9,990,400
Trade and other payables		**184,828,913**	393,415,563
Provision for taxation		**6,369,117**	5,893,936
		234,509,906	441,484,957
TOTAL LIABILITIES		**1,696,994,248**	1,608,186,055
Contingencies and commitments	**6**	**-**	-
TOTAL EQUITY AND LIABILITIES		**5,432,366,663**	5,406,686,798
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	**7**	**3,692,351,479**	3,689,157,310
Capital work in progress	**8**	**1,043,034,658**	1,027,537,358
		4,735,386,137	4,716,694,668
CURRENT ASSETS			
Stores, spares & loose tools		**25,783,557**	23,188,349
Stock in trade		**481,039,287**	428,511,397
Trade debts		**9,045,983**	8,693,245
Advances,deposits, prepayments & other receivables		**157,125,802**	200,509,977
Cash and bank balances	**9**	**23,985,897**	29,089,162
		696,980,526	689,992,130
TOTAL ASSETS		**5,432,366,663**	5,406,686,798

Momin Qamar
Director

Kamran Khan
Chief Executive

FLYING CEMENT COMPANY LIMITED
PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	For the quarter		For the half year	
	Oct-Dec 2007	Oct-Dec 2006	Jul - Dec 2007	Jul - Dec 2006
	(Rupees)			
Sales	**15,694,366**	252,902,062	**95,036,164**	662,430,279
Cost of sales	**46,068,289**	189,457,294	**140,348,537**	584,625,215
Gross Profit	**(30,373,923)**	63,444,768	**(45,312,373)**	77,805,064
Distribution cost	**993,853**	124,252	**2,269,630**	1,792,181
Administrative expenses	**4,111,555**	8,653,560	**6,762,462**	14,300,477
	5,105,408	8,777,812	**9,032,092**	16,092,658
Operating Profit	**(35,479,331)**	54,666,956	**(54,344,465)**	61,712,406
Finance cost	**3,559,174**	2,440,025	**8,308,683**	3,623,240
Profit/(Loss) Before Taxation	**(39,038,505)**	52,226,931	**(62,653,148)**	58,089,166
Taxation	**(78,472)**	(1,264,510)	**(475,181)**	(3,312,151)
Profit After Taxation	**(39,116,977)**	50,962,421	**(63,128,329)**	54,777,015
Earning Per Share- Basic	**(0.22)**	0.29	**(0.36)**	0.31

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

Momin Qamar
Director

Kamran Khan
Chief Executive

FLYING CEMENT COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY (un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Ordinary Share Capital (Rs.)	Accumulated Profit (Rs.)	Surplus on Revaluation of Fixed Assets (Rs.)	Total (Rs.)
Balance as at December 31, 2006	**1,600,000,000**	**432,546,939**	**1,804,085,225**	**3,836,632,164**
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 the half year ended December 31, 2007	**-**	**(63,128,329)**	**-**	**(63,128,329)**
Incremental depreciation	**-**	**1,049,422**	**(1,049,422)**	**-**
Balance as at December 31, 2007	**1,760,000,000**	**153,116,441**	**1,822,255,974**	**3,735,372,415**

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

Momin Qamar
Director

Kamran Khan
Chief Executive

FLYING CEMENT COMPANY LIMITED
CASH FLOW STATEMENT (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

	Dec-2007 Rupees	Dec-2006 Rupees
Cash Flow From Operating Activities		
Profit for the year - before taxation	**(62,653,148)**	58,089,167
Adjustment for non cash charges and other items		
Depreciation	**2,242,298**	73,165,068
Financial charges	**8,308,683**	3,623,240
	10,550,981	76,788,308
Cash Inflow from operating activities before working capital changes	**(52,102,167)**	134,877,475
Changes In Working Capital		
(Increase) / Decrease in current assets		
Stores, spares & loose tools	**(2,595,208)**	(6,869,916)
Stock-in-trade	**(52,527,890)**	(67,856,151)
Trade Debtors	**(352,738)**	2,632,354
Advances, deposits, and other receivables	**43,384,175**	(62,345,971)
	(12,091,661)	(134,439,684)
Increase / (Decrease) in current liabilities		
Creditors, Accruals and other liabilities	**(208,586,654)**	31,930,609
Cash Inflow/(Outflow)from Operating Activites	**(272,780,482)**	32,368,400
Financial charges paid	**(6,363,150)**	(3,623,240)
Cash Inflow/(Outflow) From Operating Activities	**(279,143,632)**	28,745,160
Cash Inflow/(Outflow) From Investing Activities		
Fixed Capital Expenditures	**(18,712,628)**	(137,886,811)
Cash Flow From Financing Activities		
Long term finance	**(4,166,667)**	-
Short term finance	**-**	9,990,400
Directors and Associates Loan	**303,917,657**	20,842,851
Liabilities Against Assets Subject to Finance Lease	**(2,808,249)**	40,751,704
Long Term Deposits	**(23,079)**	(1,300,000)
Net Cash Inflow/(Outflow) From Financing Activities	**292,752,995**	70,284,955
Net Increase in Cash and Cash Equivalents	**(5,103,265)**	(38,856,696)
Cash and Cash Equivalents - at the beginning of the year	**29,089,162**	51,264,621
Cash and Cash Equivalents - at the end of the year	**23,985,897**	12,407,925

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

Momin Qamar
Director

Kamran Khan
Chief Executive

FLYING CEMENT COMPANY LIMITED
NOTES TO THE ACCOUNTS (Un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2007

1 Status and Operations

Flying Cement Comopany Limited was incorporated on December 24, 1992 as a public limited company under the Companies Ordinanace, 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

	Dec- 2007	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 gurantees.

5 Short Term Finance

	Dec- 2007	Jun- 2007
Running Finance	**9,990,400**	9,990,400

Short term running finance is available from The Bank of Punjab under mark-up arrangment 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.82.09 million.. (June 2007: 88.98 million).

7 Property, Plant & Equipment

Opening book value	**3,689,157,310**	3,738,298,183
Add: Additions during the period	**5,436,467**	26,893,470
	3,694,593,777	3,765,191,653
Less: Depreciation charged during the period	**2,242,298**	76,034,343
Closing book value	**3,692,351,479**	3,689,157,310

	Dec- 2007	Jun- 2007
	Rupees	
Additions during the period		
Building - factory	-	72,577
Roads	-	2,018,862
Plant & machinery		422,031
Electric installation	**220,018**	-
Power house	-	47,100
Vehicles	**5,216,449**	24,332,900
	5,436,467	26,893,470

7.1 During the period the company operated at its neg;igible production level. Therefore, no depreciation have been charged during the quarter from October to December, 2007. However, during the quarter from July to September, 2007 depreciation was charged according to the usage of plant, which amounts to Rs.2,242,298/-.

8 CAPITAL WORK IN PROGRESS

Building	**155,423,640**	154,118,775
Plant & machinery	**887,611,018**	873,418,584
	1,043,034,658	1,027,537,359

9 CASH AND BANK BALANCES

In hand	**10,733,972**	19,241,307
At Banks- current accounts	**13,251,925**	9,847,855
	23,985,897	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	**316,960**	374,580
Purchases from Associated Companies	**10,460,941**	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 associted 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 February 27, 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