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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Kamran Khan	Chairman & Chief Executive
Mr. Imran Qamar	Director
Mr. Momin Qamar	Director
Mr. Bilal Qamar	Director
Mr. Yousaf Kamran Khan	Director
Mrs. Samina Kamran	Director
Mr. Qasim Khan	Director

AUDIT COMMITTEE

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

STATUTORY AUDITORS

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

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

REGISTERED & HEAD OFFICE

103-Fazil Road, Lahore Cantt. Lahore.
Tel: 042-6674301-05
Fax: 042-6660693
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

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DIRECTOR'S REVIEW

Directors are pleased to present the un-audited financial results of the company for the half year ended December 31, 2008, together with auditor's review report thereon.

During the period under review the company produced 42,671 metric tons of Ordinary Portland Cement and sold 42,431 metric tons of cement. Following are the operating results for the period under review compared with the operating results with the corresponding period.

	Current Period Rs.	Corresponding Period Rs.
Sales for the half year	217,392,728	95,036.164
Loss after tax for the half year	153,840,177	63,128,329

During the first half of the year, the world's financial crisis coupled with local political scenario put pressure on liquidity in the country which resulted in exorbitant increase in the rates of inputs and slow progress in meeting the Government targets. This pressure also affected our half yearly results as compared with previous half year due to escalated prices of furnace oil etc. Steep fall in value of Pak Rupee relevant to the major currencies also adversely hit the profitability of the company.

However, we look promising on the score of decreasing trend of furnace oil which will reduce the energy generation cost. Commissioning of Grid Station is at advanced stage and is expected to be completed within the financial year which in turn will improve the profitability of the company considerably. We are forecasting better results in the subsequent periods.

We are grateful to our bankers, contractors, suppliers and distributors for their continued cooperation. We also acknowledge the dedication of our employees for putting in their best to achieve optimum results.

For and on behalf of the Board



Kamran Khan
Chairman

Lahore: February 28, 2009

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Flying Cement Company Limited** as at December 31, 2008, and the related condensed interim profit & loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof, (herein after referred to as the "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan relating to the interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2008 and 2007 have not been reviewed, as we are required to review only the accumulative figures for the half year ended December, 31, 2008.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consist of making inquires primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements as of and for the half year ended December 31, 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan relating to interim financial reporting.

Lahore
February 28, 2009




Tahir Saddiqui & Co.
Chartered Accountants
(A member firm of TIAG Int'l)

**BALANCE SHEET (un-audited)
AS AT DECEMBER 31, 2008**

	Note	Dec. 2008 (Rupees)	June 2008 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
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.		1,760,000,000	1,760,000,000
Capital Reserve		126,978,994	126,978,994
Un appropriated profit / (loss)		(159,110,815)	(22,411,187)
Total Equity		<u>1,727,868,179</u>	<u>1,864,567,807</u>
Surplus on revaluation of fixed assets		1,771,184,135	1,788,324,684
NON-CURRENT LIABILITIES			
Long term finance	4	126,533,465	18,055,550
Liabilities against assets subject to finance lease		27,221,402	28,289,618
Long term deposits		16,905,000	17,505,000
Long term creditors		94,538,400	-
Deferred liabilities		985,039,764	1,001,273,350
		<u>1,250,238,031</u>	<u>1,065,123,518</u>
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease	4	13,201,349	24,413,490
Current portion of long term finance		31,633,200	20,833,338
Short term finance	5	49,700,137	72,138,682
Directors, shareholders & associates loan		402,778,037	381,186,430
Trade and other payables		180,014,372	138,426,500
Provision for taxation		-	791,491
		<u>677,327,095</u>	<u>637,789,931</u>
TOTAL LIABILITIES		<u>1,927,565,126</u>	<u>1,702,913,449</u>
Contingencies and commitments	6	-	-
TOTAL EQUITY AND LIABILITIES		<u>5,426,617,440</u>	<u>5,355,805,940</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	7	3,577,773,513	3,617,627,472
Capital work in progress	8	1,138,548,900	1,078,967,741
		<u>4,716,322,413</u>	<u>4,696,595,213</u>
CURRENT ASSETS			
Stores, spares & loose tools		7,795,326	6,513,412
Stock in trade		425,631,529	404,629,135
Trade debts		35,970,640	11,508,033
Advances, deposits, prepayments & other receivables		213,706,181	221,948,171
Cash and bank balances	9	27,191,351	14,611,976
		<u>710,295,027</u>	<u>659,210,727</u>
TOTAL ASSETS		<u>5,426,617,440</u>	<u>5,355,805,940</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 HALF YEAR ENDED DECEMBER 31, 2008**

	For the quarter		For the half year	
	Oct - Dec 2008	Oct - Dec 2007	Jul - Dec 2008	Jul - Dec 2007
	Rupees			
Sales	112,233,629	15,694,366	217,392,728	95,036,164
Cost of sales	168,514,256	46,068,289	362,900,674	140,348,537
Gross Profit / (Loss)	(56,280,627)	(30,373,923)	(145,507,946)	(45,312,373)
Operating Expenses				
Distribution cost	811,254	993,853	1,735,009	2,269,630
Administrative expenses	2,661,950	4,111,555	6,700,150	6,762,462
	3,473,204	5,105,408	8,435,159	9,032,092
Operating Profit / (Loss)	(59,753,831)	(35,479,331)	(153,943,105)	(54,344,465)
Financial cost	(11,679,397)	(3,559,174)	(16,130,658)	(8,308,683)
Profit/(Loss) Before Taxation	(71,433,228)	(39,038,505)	(170,073,763)	(62,653,148)
Taxation	16,233,586	(78,472)	16,233,586	(475,181)
Profit / (Loss) After Taxation	(55,199,642)	(39,116,977)	(153,840,177)	(63,128,329)
Earning Per Share- Basic	(0.31)	(0.22)	(0.87)	(0.36)

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 HALF YEAR ENDED DECEMBER 31, 2008**

	Dec. 2008 (Rupees)	Dec. 2007 (Rupees)
Cash Flow From Operating Activities		
Loss for the period - before taxation	(170,073,763)	(62,653,148)
Adjustment for non cash charges and other items		
Depreciation	36,999,358	2,242,298
Financial cost	16,130,658	8,308,683
	<u>53,130,016</u>	<u>10,550,981</u>
Cash Outflow from operating activities before working capital changes	(116,943,747)	(52,102,167)
Changes In Working Capital		
(Increase) / Decrease in current assets		
Stores, spares & loose tools	(1,281,913)	(2,595,208)
Stock-in-trade	(21,002,395)	(52,527,890)
Trade debtors	(24,462,607)	(352,738)
Advances, deposits, and other receivables	7,450,500	43,384,175
	<u>(39,296,415)</u>	<u>(12,091,661)</u>
Increase / (Decrease) in current liabilities		
Creditors, accruals and other liabilities	41,642,763	(210,532,183)
Cash Inflow/(Outflow) from Operating Activities	(114,597,399)	(274,726,011)
Cash Inflow/(Outflow) From Investing Activities		
Fixed Capital Expenditures	(60,568,559)	(20,933,766)
Sale proceeds of assets	4,700,000	-
	<u>(55,868,559)</u>	<u>(20,933,766)</u>
Cash Inflow/(Outflow) From Financing Activities		
Financial charges paid	(16,185,548)	(6,363,150)
Proceeds from directors, shareholders & associates loan	21,591,607	303,917,657
Repayments of short term finance	(22,438,545)	-
Repayment of liabilities against assets subject to finance lease	(13,138,358)	(2,808,249)
Proceeds from / (Repayment of) long term finance	119,277,777	(4,166,667)
Proceeds from long term creditors	94,538,400	-
Repayment of long term deposits	(600,000)	(23,079)
Net Cash Inflow/(Outflow) From Financing Activities	183,045,333	290,556,512
Net Increase / (decrease) in Cash and Cash Equivalents	12,579,375	(5,103,265)
Cash and Cash Equivalents - at the beginning of the year	14,611,976	29,089,162
Cash and Cash Equivalents - at the end of the half year	27,191,351	23,985,897

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


Momin Qamar
Director


Kamran Khan
Chief Executive

**STATEMENT IN CHANGES IN EQUITY (un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

	Ordinary Share Capital	Accumulated Profit/(Loss)	Capital Reserve	Total
	Rupees			
Balance as at June 30, 2007	1,600,000,000	375,195,348	-	1,975,195,348
Bonus shares issue	160,000,000	(160,000,000)	-	-
Loss for the year ended June 30, 2008	-	(272,587,247)	-	(272,587,247)
Capital reserve	-	-	126,978,994	126,978,994
Incremental depreciation	-	34,980,712	-	34,980,712
Balance as at June 30, 2008	1,760,000,000	(22,411,187)	126,978,994	1,864,567,807
Loss for the half year ended December 31, 2008	-	(153,840,177)	-	(153,840,177)
Incremental depreciation	-	17,140,549	-	17,140,549
Balance as at December 31, 2008	1,760,000,000	(159,110,815)	126,978,994	1,727,868,179

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 HALF YEAR ENDED DECEMBER 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 exchanges 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 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 Jun 30, 2008.

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, 2008.

4 LONG TERM FINANCE

	Dec. 2008 (Rupees)	June 2008 (Rupees)
Term Finance	158,166,665	38,888,888
Less: Current Portion of long term finance	31,633,200	20,833,338
	<u>126,533,465</u>	<u>18,055,550</u>

Term Finance of Rs. 158.166 million is availed from Askari Bank Limited. The rate of mark-up is 3 months average (Ask side KIBOR + 3. %) payable in quarterly installments. The finance is secured against 1st charge on present and future current assets of company, personal guarantees of sponsors / directors along with group inter corporate guarantees.

	Note	Dec. 2008 (Rupees)	June 2008 (Rupees)
5 Short Term Finance			
Askari Bank Ltd.	5.1	42,668,688	59,282,646
Albaraka Islamic Bank	5.2	7,031,449	12,856,036
		<u>49,700,137</u>	<u>72,138,682</u>

5.1 Short term running finance of Rs. 60 million for opening sight / usance documentary letter of credit is available from Askari Bank Ltd.

5.2 Short term running finance of Rs. 60 million for letter of credit - usance / acceptance and letter of guarantee from Albaraka Islamic Bank. The finance is secured against charge over current assets of the company.

6 CONTINGENCIES AND COMMITMENTS

Letters of Credit other than capital expenditure outstanding amounted to Rs. 1.94 million. (June 2008: 47.27 million).

7 Property, Plant & Equipment

Opening book value	3,617,627,471	3,689,157,310
Add: Additions during the period	987,400	56,762,674
	<u>3,618,614,871</u>	<u>3,745,919,984</u>
Less Deletion during the year - net off depreciation	3,842,000	52,000,000
	<u>3,614,772,871</u>	<u>3,693,919,984</u>
Less: Depreciation charged during the period	36,999,358	76,292,513
Closing book value	<u>3,577,773,513</u>	<u>3,617,627,472</u>
Additions during the period		
Building	-	4,296
Roads	-	2,830
Plant & machinery	-	31,783,940
Electric Installation	-	176,723
Vehicles	987,400	24,794,885
	<u>987,400</u>	<u>56,762,674</u>

	Dec. 2008 (Rupees)	June 2008 (Rupees)
8 CAPITAL WORK IN PROGRESS		
Building	163,354,099	162,094,450
Plant & machinery	975,194,801	916,873,291
	<u>1,138,548,900</u>	<u>1,078,967,741</u>
9 CASH AND BANK BALANCES		
In hand	16,275,569	3,243,193
At Banks- current accounts	10,915,782	11,368,783
	<u>27,191,351</u>	<u>14,611,976</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>36,000,000</u>	<u>917,525</u>
Purchases from Associated Companies	<u>21,503,860</u>	<u>10,494,520</u>

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

11 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 28, 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