DIRECTORS' REVIEW

The Board of Directors presents the un-audited financial results of the Company for the half year ended December 31 2009, together with auditors' review report thereon.

OPERATIONAL AND FINANCIAL RESULTS

During the period under review the company produced 24,322 metric tons of cement and sold 24,223 metric tons of cement. A brief summary of the financial results for the period under report are as under:

	Dec-09 Rs. (Million)	**Dec-08** Rs. (Million)
Sales- Net for the half year	81.609	217.392
Loss after tax for the half year	74.657	153.84

The operational loss was due to low retention price, high cost of production, overall economic slow down, tense security situation and decline in Government spending on public development projects. The company has also slowed down its production activities because company is switching over electricity supply from un-economical captive power unit to WAPDA supply. At present, power generation cost on captive power unit is about Rs. 16 per KWH whereas WAPDA supply of electricity would be around Rs. 6.00 per KWH therefore such a huge difference of electricity cost has made our plant uneconomical on captive power.

FUTURE OUTLOOK OF THE COMPANY

Erection of single Raw Mill (Vertical Type) for replacement of three Raw Mills (Ball Type) is in process which will reduce the electricity consumption.

Installation of Grid Station for WAPDA supply is at its final stage and we are hopeful that it will be operational by the end of March 2010. With the installation of Grid Station, electricity cost would reduce substantially as compared to our own electricity generation cost.

ACKNOWLEDGEMENT

The Directors of the Company would like to thank all the financial institutions, officers and staff / workers who have been associated with the Company for their support and cooperation.

For and on behalf of the Board

Kamran Khan
Chairman

Lahore: February 26, 2010

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed balance sheet of Flying Cement Company Limited as at December 31, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this 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 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, 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 interim financial information as of and for the half year ended December 31, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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

Date: 26 February 2010
Lahore

FLYING CEMENT COMPANY LIMITED
CONDENSED INTERIM BALANCE SHEET (un-audited)
AS AT DECEMBER 31, 2009

	Note	Dec-09 Rupees	Jun-09 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			
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)		**(207,736,207)**	(149,876,846)
Total Equity		**1,679,242,787**	1,737,102,148
Surplus on revaluation of fixed assets		**1,737,245,848**	1,754,043,587
NON-CURRENT LIABILITIES			
Long term finance	4	**333,774,025**	311,532,325
Liabilities against assets subject to finance lease		**12,848,773**	17,277,466
Long term deposits		**11,800,000**	11,800,000
Deferred liabilities	5	**884,130,418**	923,572,398
		1,242,553,216	1,264,182,189
CURRENT LIABILITIES			
Trade and other payables		**534,749,630**	349,128,710
Accrued Interest / mark-up		**16,806,129**	11,396,843
Short term finance	6	**272,504,299**	252,186,666
Current portion of liabilities against assets subject to finance lease		**15,079,889**	16,609,665
Current portion of long term finance	4	**6,749,800**	43,791,500
Provision for taxation		**408,045**	-
		846,297,792	673,113,384
TOTAL LIABILITIES		**2,088,851,008**	1,937,295,573
Contingencies and commitments	7	**-**	-
TOTAL EQUITY AND LIABILITIES		**5,505,339,643**	5,428,441,308
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	8	**3,579,664,119**	3,614,777,204
Capital work in progress	9	**1,238,969,264**	1,139,955,628
		4,818,633,383	4,754,732,832
CURRENT ASSETS			
Stores, spares & loose tools		**34,678,160**	29,174,560
Stock in trade		**445,440,210**	425,981,534
Trade debts		**1,833,542**	10,792,073
Advances, deposits, prepayments & other receivables		**198,245,816**	201,394,643
Cash and bank balances	10	**6,508,532**	6,365,666
		686,706,260	673,708,476
TOTAL ASSETS		**5,505,339,643**	5,428,441,308

The annexed notes 1 to 13 form an integral part of these financial statements.

Momin Qamar
Director

Kamran Khan
Chief Executive

FLYING CEMENT COMPANY LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	For the half year ended		For the quarter ended	
	Jul - Dec 2009	Jul - Dec 2008	Oct-Dec 2009	Oct-Dec 2008
	(Rupees)			
Sales	**81,609,058**	217,392,728	**12,001,693**	112,233,629
Cost of sales	**166,887,732**	362,900,674	**34,969,238**	168,514,256
Gross Profit / (Loss)	**(85,278,674)**	(145,507,946)	**(22,967,545)**	(56,280,627)
Operating Expenses				
Distribution cost	**2,104,702**	1,735,009	**1,034,794**	811,254
Administrative expenses	**6,254,977**	6,700,150	**2,900,727**	2,661,950
	8,359,679	8,435,159	**3,935,521**	3,473,204
Operating Profit / (Loss)	**(93,638,353)**	(153,943,105)	**(26,903,066)**	(59,753,831)
Financial cost	**(20,249,141)**	(16,130,658)	**(13,338,064)**	(11,679,397)
Profit/(Loss) Before Taxation	**(113,887,494)**	(170,073,763)	**(40,241,130)**	(71,433,228)
Taxation	**39,230,395**	16,233,586	**13,810,499**	16,233,586
Profit / (Loss) After Taxation	**(74,657,099)**	(153,840,177)	**(26,430,631)**	(55,199,642)
Earning Per Share- Basic	**(0.42)**	(0.87)	**(0.15)**	(0.31)

Appropriations have been reflected in the statement of changes in equity.

The annexed notes 1 to 13 form an integral part of these financial statements.

Momin Qamar
Director

Kamran Khan
Chief Executive

FLYING CEMENT COMPANY LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	Dec-09 Rupees	Dec-08 Rupees
Cash Flow From Operating Activities		
Loss for the period - before taxation	**(113,887,494)**	(170,073,763)
Adjustment for non cash charges and other items		
Depreciation	**37,214,268**	36,999,358
Provision for Gratuity	**196,459**	
Financial cost	**20,249,141**	16,130,658
	57,659,868	53,130,016
Cash Inflow from operating activities before working capital changes	**(56,227,626)**	(116,943,747)
Changes In Working Capital		
(Increase) / Decrease in current assets		
Stores, spares & loose tools	**(5,503,600)**	(1,281,913)
Stock-in-trade	**(19,458,676)**	(21,002,395)
Trade debtors	**8,958,531**	(24,462,607)
Advances, deposits, and other receivables	**3,148,827**	7,450,500
	(12,854,918)	(39,296,415)
Increase / (Decrease) in current liabilities		
Creditors, accruals and other liabilities	**185,620,920**	136,181,163
Cash Inflow/(Outflow) from Operating Activities	**116,538,376**	(20,058,999)
Cash Inflow/(Outflow) From Investing Activities		
Fixed Capital Expenditures	**(101,114,819)**	(60,568,559)
Sale proceeds of assets	**-**	4,700,000
	(101,114,819)	(55,868,559)
Cash Inflow/(Outflow) From Financing Activities		
Financial charges paid	**(14,839,855)**	(16,185,548)
Proceeds from directors, shareholders & associates loan	**83,592,340**	21,591,607
Repayments of short term finance	**(39,574,707)**	(22,438,545)
Repayment of liabilities against assets subject to finance lease	**(5,958,469)**	(13,138,358)
Proceeds from / (Repayment to) long term finance	**(38,500,000)**	119,277,777
Repayment of long term deposits	**-**	(600,000)
Net Cash Inflow/(Outflow) From Financing Activities	**(15,280,691)**	88,506,933
Net Increase / (decrease) in Cash and Cash Equivalents	**142,866**	12,579,375
Cash and Cash Equivalents - at the beginning of the year	**6,365,666**	14,611,976
Cash and Cash Equivalents - at the end of the half year	**6,508,532**	27,191,351

The annexed notes 1 to 13 form an integral part of these financial statements.

Momin Qamar
Director

Kamran Khan
Chief Executive

FLYING CEMENT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

	Issued, subscribed & paid up capital (Rs.)	Accumulated Profit / (Loss) (Rs.)	Capital Reserve (Rs.)	Total (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 ended June 30, 2009	-	(161,746,756)	-	**(161,746,756)**
Incremental depreciation	-	34,281,097	-	**34,281,097**
Balance as at June 30, 2009	**1,760,000,000**	**(149,876,846)**	**126,978,994**	**1,737,102,148**
Loss for the half year ended December 31, 2009	**-**	(74,657,099)	-	(74,657,099)
Incremental depreciation	**-**	16,797,738	-	16,797,738
Balance as at December 31, 2009	**1,760,000,000**	**(207,736,207)**	**126,978,994**	**1,679,242,787**

The annexed notes 1 to 13 form an integral part of these financial statements.

Momin Qamar
Director

Kamran Khan
Chief Executive

FLYING CEMENT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMETNS (un-audited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2009

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 and Islamabad 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 condensed interim financial information is un-audited and has been prepared and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) - 34 "Interim Financial Reporting" as applicable in Pakistan and the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges. The figures of the half year ended December 31, 2009 have, however been subject to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2009.

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, except adoption of revised IAS 1 as noted below:

IAS 1 (Revised), 'Presentation of financial statements' (effective from January 1, 2009), was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is , 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income).

The Company has chosen to present all non-owner changes in equity in one performance statement - statement of comprehensive income (profit and loss account). The Company does not have any items of income and expenses representing other comprehensive income. Accordingly, the adoption of the above standard does not have any significant impact on the presentation of the Company's financial statements and does not require the restatement or reclassification of comparative information.

Other amendments relating to other accounting standards

In addition to the above, following new accounting standards and amendments to the accounting standards are mandatory for the first time for the financial year beginning on or after 01 July 2009, however, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the company.

- IFRS 2 (amendment)- Sahre based
- IFRS 3 (amendment)- Business Combinations
- IFRS 8 (amendment)- Operating segments
- IAS 23 (revised)- Borrowing costs
- IAS 27 (revised) Consolidated and separate financial statements
- IAS 32 (amendment)- Financial Instruments: Presentation and consequential amendment to IAS 1 Presentation of financial statements
- IFRIC 15- Agreements for the construction of
- IFRIC 16- Hedges of a Net Investment in a Foreign Operation

			Dec-2009	Jun-2009
			Rupees	Rupees
4	**LONG TERM FINANCE**			
	Loan from Banking Companies	4.1	**25,707,700**	64,207,700
	Loans from related Parties	4.2	**314,816,125**	291,116,125
			340,523,825	355,323,825
	Less: Current Portion of long term finance		**6,749,800**	43,791,500
			333,774,025	311,532,325

4.1 Initially Term Finance facility of Rs. 50 million was availed from Askari Bank Limited payable in quarterly installments. The said facility was restructured in August 2008, repayable in quarterly installments with a grace period of 3 months starting from March 2009. The rate of mark-up being 3 months KIBOR + 3% payable quarterly. The finance is secured against 1st charge on present and future current assets of company, personal guarantees of sponsors / directors and additional colleterals along with group inter corporate guarantees.

4.2 The related parties have financed the company for 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

			Dec-2009	Jun-2009
5	**DEFERRED LIABILITIES**			
	Deferred Taxation		**882,002,068**	921,640,507
	Staff Gratuity		**2,128,350**	1,931,891
			884,130,418	923,572,398
	Deferred tax liability - difference in tax and accounting bases of Property, plant and equipment		**1,145,418,585**	1,148,659,540
	Deferred tax assets			
	- Unabsorbed tax losses		**(263,416,517)**	(227,019,033)
			882,002,068	921,640,507

			Dec-2009	Jun-2009
6	**Short Term Finance**			
	Loan from Banking Companies			
	Askari Bank Ltd.	6.1	**98,102,938**	106,105,000
	Albaraka Islamic Bank	6.2	**7,808,115**	25,200,000
	The Bank of Punjab	6.3	**70,903,800**	85,084,560
			176,814,853	216,389,560
	Loans from related parties	6.4	**95,689,446**	35,797,106
			272,504,299	252,186,666

6.1 A letter of credit (S/U 180 days) of Rs. 160.54 million was obtained from Askari Bank Limited. The facility is secured against 1st charge on current assets of the company, mark-up is charged as per bank's schedule of charges, the acceptances against this facility on 31-12-09 is Rs. 98.102 million.

6.2 A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million was obtained from Askari Bank Limited with a sub limit of letter of guarantee of Rs. 0.2 million to meet the contractual and import requirements of the company. The facility is secured against 2nd charge on current assets of the company. Mark-up is charged as per bank's schedule of charges.

6.3 Forced Demand Finance Facility of Rs. 85.084 million was availed from The Bank of Punjab. Finance is secured against Ist charge on both present & future fixed assets of M/s Poly Paper & Board Mills (Pvt) Ltd. Mark-up is charged at average 3 months KIBOR + 300 BPS.

6.4 The related parties have financed the company for 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

7 CONTINGENCIES AND COMMITMENTS

7.1 Letters of Credit other than capital expenditure outstanding amounted to Rs. nil million. (June 2008: 6.35 million).

7.2 The Competition Commission of Pakistan (CCP) imposed a penalty on the Company via an order dated August 27, 2009 amounting to Rs. 12 million, which is 7.5% of the turnover as reported in the last published financial statements. CCP has also imposed penalties on 19 other cement manufacturing companies against cartelization by cement manufacturers under the platform of All Pakistan Cement Manufacturers Association (APCMA) to increase the cement prices by artificially restricting production. The amount of penalty has been challenged in the Court of Law. The Company's legal counsel is confident that the Comapny has a good case and there are reasonable chances of success to avoid the penalty, hence no provision for the above has been made in the interim condensed financial statements.

7.3 The Company has issued several cross corporate guarantees to banks on behalf of its associated undertakings totalling Rs. 572.106 (2009 Rs. 486.55) million.

	Dec-2009 Rupees	Jun-2009 Rupees
8 PROPERT, PLANT & EQUIPMENT		
Opening book value	**3,614,777,204**	3,617,627,473
Add: Additions during the period	**2,101,183**	77,282,759
	3,616,878,387	3,694,910,232
Less Deletion during the year - net off depreciation	**-**	4,730,583
	3,616,878,387	3,690,179,649
Less: Depreciation charged during the period	**37,214,268**	75,402,445
Closing book value	**3,579,664,119**	3,614,777,204
Additions during the period		
Plant & machinery	**2,101,183**	64,800,870
Electric Installation	**-**	7,618,000
Tools & Equipments	**-**	579,289
Vehicles	**-**	4,284,600
	2,101,183	77,282,759
9 CAPITAL WORK IN PROGRESS		
Building	**177,644,097**	177,644,096
Plant & machinery	**1,061,325,167**	962,311,532
	1,238,969,264	1,139,955,628
10 CASH AND BANK BALANCES		
In hand	**353,059**	485,842
At Banks- current accounts	**6,155,473**	5,879,824
	6,508,532	6,365,666

11 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	**12,335,301**	36,407,828
Purchases from Associated Companies	**58,421,580**	55,239,467

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

12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 26, 2010 by the board of directors of the company.

13 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	**Kamran Khan**
Director	Chief Executive