

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Kamran Khan	Chairman & Chief Executive
Mr. Momin Qamar	Director
Mr. Bilal Qamar	Director
Mr. Asim 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 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
Al-Baraka 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.
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Fax: 042-36660693
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
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DIRECTOR'S REVIEW

1. The Board of Directors present herewith their review along with un-audited accounts of the Company for the first quarter ended 30 September 2010.
2. During the period under review, your company suffered after tax loss of Rs. 28.864 million as compared to the loss of Rs. 48.226 million in the quarter ending 30th September 2009 which shows a slight recovery as compared to last quarter. Pakistan's economy has been facing severe economic crisis since early 2008. Some improvements started appearing in economic indicators last year but heavy flood completely changed the scenario. However on the other hand, the demand of cement is being increased due to reconstruction of houses, bridges, roads and related infrastructure which was ruined by the flood water. The price trend of the cement is positive. The modest increase in prices of cement is being envisaged.
3. Directors would like to apprise that the installation of grid station has been completed fulfilling its commitment to accomplish BMR agenda. WAPDA has already energized our unit. Remaining MBR program for replacement of existing three Raw Mills (Type Ball) with Single Raw Mill (Vertical Type), building of sheds for coal, stacker and re-claimer are in progress.
4. The increasing demand of cement in neighbouring countries like India and Afghanistan is a great sign for the healthy growth of cement industry in the country. As you know our plant is situated very near to India and Afghanistan borders, therefore we have an edge against other units to export the cement at very competitive prices. We are looking for substantial orders from the both countries and hope to export cement very soon.
5. We are grateful to our bankers, contractors, suppliers and distributors for their cooperation.
6. We also acknowledge the dedication of our employees for putting in their best towards economization plan in the cost of production.

On behalf of the Board of Directors



KAMRAN KHAN
Chairman

Lahore : October 30, 2010

**Condensed Interim Balance Sheet (Un-audited)
As at September 30, 2010**

	Note	Sep 30, 2010 Rupees	June 30, 2010 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.		<u>1,760,000,000</u>	<u>1,760,000,000</u>
Capital Reserve		<u>126,978,994</u>	<u>126,978,994</u>
Un appropriated Profit / (Loss)		<u>(313,203,613)</u>	<u>(288,454,916)</u>
Total Equity		<u>1,573,775,381</u>	<u>1,598,524,078</u>
Surplus on revaluation of fixed assets		<u>1,716,332,665</u>	<u>1,720,448,111</u>
NON-CURRENT LIABILITIES			
Long term finance	4	<u>682,411,656</u>	<u>567,759,233</u>
Liabilities against assets subject to finance lease		<u>19,248,427</u>	<u>21,157,759</u>
Long term deposits		<u>12,100,000</u>	<u>11,800,000</u>
Deferred liabilities		<u>867,491,706</u>	<u>882,755,013</u>
		<u>1,581,251,789</u>	<u>1,483,472,005</u>
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		<u>5,909,565</u>	<u>4,230,309</u>
Current portion of long term finance	4	<u>11,666,400</u>	<u>10,208,100</u>
Short term finance	5	<u>223,447,481</u>	<u>164,093,943</u>
Trade and other payables		<u>523,795,198</u>	<u>563,957,431</u>
Accrued interest / mark-up		<u>9,233,495</u>	<u>2,967,294</u>
Provision for taxation		<u>542,641</u>	<u>403,084</u>
		<u>774,594,780</u>	<u>745,860,161</u>
TOTAL LIABILITIES		<u>2,355,846,569</u>	<u>2,229,332,166</u>
Contingencies and commitments	6	<u>-</u>	<u>-</u>
TOTAL EQUITY AND LIABILITIES		<u>5,645,954,615</u>	<u>5,548,304,355</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	7	<u>4,507,792,577</u>	<u>4,519,933,332</u>
Capital work in progress	8	<u>336,757,097</u>	<u>336,070,697</u>
		<u>4,844,549,674</u>	<u>4,856,004,029</u>
CURRENT ASSETS			
Stores & spares		<u>38,853,141</u>	<u>39,320,838</u>
Stock in trade		<u>479,774,861</u>	<u>423,596,305</u>
Trade debts		<u>8,765,662</u>	<u>448,881</u>
Advances, deposits, prepayments & other receivables		<u>264,220,290</u>	<u>227,989,928</u>
Cash and bank balances	9	<u>9,790,987</u>	<u>944,374</u>
		<u>801,404,941</u>	<u>692,300,326</u>
TOTAL ASSETS		<u>5,645,954,615</u>	<u>5,548,304,355</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



**Condensed Interim Profit And Loss Account (Un-audited)
For the Quarter ended September 30, 2010**

	Sep 30, 2010 Rupees	Sep 30, 2009 Rupees
Sales	54,264,064	69,607,365
Cost of sales	<u>85,027,848</u>	<u>131,918,494</u>
Gross Profit / (Loss)	(30,763,784)	(62,311,129)
Distribution cost	<u>375,944</u>	<u>1,069,908</u>
Administrative expenses	<u>2,732,952</u>	<u>3,354,250</u>
	3,108,896	4,424,158
Operating Profit / (Loss)	(33,872,680)	(66,735,287)
Financial cost	<u>(9,712,129)</u>	<u>(6,911,077)</u>
Profit / (Loss) Before Taxation	(43,584,809)	(73,646,364)
Taxation	<u>14,720,666</u>	<u>25,419,896</u>
Profit / (Loss) After Taxation	(28,864,143)	(48,226,468)
Loss Per Share- Basic	(0.16)	(0.27)

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


Momin Qamar
Director


Kamran Khan
Chief Executive

Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Quarter ended September 30, 2010

	Sep 30, 2010 Rupees	Sep 30, 2009 Rupees
Profit / (Loss) for the year	(28,864,143)	(48,226,468)
Other Comprehensive income	-	-
Total Comprehensive income for the year	<u><u>(28,864,143)</u></u>	<u><u>(48,226,468)</u></u>

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


Momin Qamar
Director


Kamran Khan
Chief Executive



**Condensed Interim Cash Flow Statement (Un-audited)
For the Quarter ended September 30, 2010**

	Sep 30, 2010 Rupees	Sep 30, 2009 Rupees
Cash Flow From Operating Activities		
Profit / (Loss) for the period - before taxation	(43,584,809)	(73,646,364)
Adjustment for non cash charges and other items		
Depreciation	12,140,755	18,596,628
Financial cost	9,712,129	6,911,077
	21,852,884	25,507,705
Cash Inflow from operating activities before working capital changes	(21,731,925)	(48,138,659)
Changes In Working Capital		
(Increase) / Decrease in current assets		
Stores & spares	467,697	(5,071,550)
Stock-in-trade	(56,178,557)	(417,361)
Trade debtors	(8,316,781)	(5,015,782)
Advances, deposits, prepayments and other receivables	(36,633,446)	(34,575,959)
	(100,661,087)	(45,080,652)
Increase / (Decrease) in current liabilities		
Creditors and other payables	(40,162,231)	155,736,387
	(40,162,231)	155,736,387
Cash Inflow/(Outflow) from Operating Activities-Before Taxation	(162,555,243)	62,517,076
Taxes Paid	-	-
Cash Inflow/(Outflow) From Operating Activities - After Taxation	(162,555,243)	62,517,076
Cash Inflow/(Outflow) From Investing Activities		
Fixed Capital Expenditures	(686,400)	(35,546,031)
Cash Flow From Financing Activities		
Financial charges paid	(3,445,928)	(6,153,491)
Directors, shareholders & associates loan	-	(17,542,567)
Liabilities against assets subject to finance lease paid	(230,076)	(4,420,965)
Long term finance	116,110,722	(36,500,000)
Long term deposits	300,000	-
Net Cash Inflow/(Outflow) From Financing Activities	112,734,718	(64,617,023)
Net Increase / (decrease) in Cash and Cash Equivalents	(50,506,925)	(37,645,978)
Cash and Cash Equivalents - at the beginning of the year	(163,149,569)	(210,023,894)
Cash and Cash Equivalents - at the end of the quarter	(213,656,494)	(247,669,872)

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

**Condensed Interim Statement of Changes in Equity (Un-audited)
For the Quarter ended September 30, 2010**

	Ordinary Share Capital Rupees	Accumulated Profit / (Loss) Rupees	Capital Reserve Rupees	Total Rupees
Balance as at June 30, 2009	1,760,000,000	(149,876,846)	126,978,994	1,737,102,148
Total Comprehensive Income/(Loss) for the year	-	(172,173,546)	-	(172,173,546)
Incremental depreciation	-	33,595,476	-	33,595,476
Balance as at June 30, 2010	1,760,000,000	(288,454,916)	126,978,994	1,598,524,078
Total Comprehensive Income/(Loss) for the period	-	(28,864,143)	-	(28,864,143)
Incremental depreciation	-	4,115,446	-	4,115,446
Balance as at September 30, 2010	1,760,000,000	(313,203,613)	126,978,994	1,573,775,381

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



Notes to the Condensed Interim Accounts (Un-audited) For the Quarter ended September 30, 2010

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 for the year ended June 30, 2010.

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, 2010.

	Note	Sep 30, 2010 Rupees	June 30, 2010 Rupees
4. LONG TERM FINANCES			
Loans from banking companies	4.1	162,974,700	164,433,000
Loan from Directors & Shareholders		519,436,956	403,326,233
		<u>682,411,656</u>	<u>567,759,233</u>
4.1 Loans from banking companies			
Askari Bank Ltd.	4.1.1	24,791,100	24,791,100
National Bank of Pakistan	4.1.2	149,850,000	149,850,000
		174,641,100	174,641,100
Less: Current Portion		11,666,400	10,208,100
		<u>162,974,700</u>	<u>164,433,000</u>



4.1.1 Initially Term Finance facility of Rs. 50 million was availed from Askari Bank Limited payable in equal quarterly installments. The said facility was restructured in August 2008 and than on May 31, 2010, repayable in seventeen quarterly instalments. 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 directors and additional collaterals along with group inter corporate guarantees.

4.1.2 Demand Finance of Rs. 150 million was availed from National Bank of Pakistan as pre disbursement out of NBP sanction share of Rs 353.810 million in syndicate financing prior to financial close. The finance is secured against first parri passu charge on fixed assets of Flying Board & Paper Products Ltd., personal guarantees of sponsors directors and cross corporate guarantee of Flying Board & Paper Products Ltd. The rate of mark up is 3 months (Ask Side KIBOR) + 3.5 %.

	Note	Sep 30, 2010 Rupees	June 30, 2010 Rupees
5 SHORT TERM FINANCE			
Askari Bank Ltd.	5.1	138,345,204	88,019,781
Albaraka Islamic Bank	5.2	19,974,187	5,024,072
Bank of Punjab	5.3	65,128,090	71,050,090
		<u>223,447,481</u>	<u>164,093,943</u>

5.1 A letter of credit (S/U 180 days) facility was obtained from Askari Bank Limited. The facility is secured against 1st charge on current assets of the company and fifth charge on all present and future current assets of the company, mark-up is charged as per bank's Schedule of charges.

5.2 A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million was obtained from Albaraka Islamic Bank with a sub limit of letter of guarantee of Rs. 13.20 million (2009 Rs. 13.20 million) to meet the contractual and import requirements of the company. The finance is secured against 2nd charge over current assets of the company. Mark-up is charged as per bank's Schedule of charges.

5.3 Demand Finance Facility 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.26.62 million. (June 2010: Nil).

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.



	Sep 30, 2010 Rupees	June 30, 2010 Rupees
7 Property, Plant & Equipment		
Opening book value	4,519,933,332	3,614,777,204
Add: Additions during the period	-	981,649,411
	<u>4,519,933,332</u>	<u>4,596,426,615</u>
Less Deletion during the period - net off depreciation	-	401,204
	<u>4,519,933,332</u>	<u>4,596,025,411</u>
Less: Depreciation charged during the period	12,140,755	76,092,079
Closing book value	<u>4,507,792,577</u>	<u>4,519,933,332</u>
Additions during the period		
Building on freehold land	-	106,646,458
Plant & machinery	-	874,439,853
Vehicles	-	563,100
	<u>-</u>	<u>981,649,411</u>
8 CAPITAL WORK IN PROGRESS		
Building	71,047,639	71,047,639
Plant & machinery	265,709,458	265,023,058
	<u>336,757,097</u>	<u>336,070,697</u>
9 CASH AND BANK BALANCES		
In hand	4,390,336	401,678
At Banks- current accounts	5,400,651	542,696
	<u>9,790,987</u>	<u>944,374</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:

	Sep 30, 2010 Rupees	June 30, 2010 Rupees
Sales to Associated Companies	<u>69,881</u>	<u>51,110</u>
Purchases from Associated Companies	<u>-</u>	<u>38,087,513</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 October 30, 2010 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

