بِسۡمِ اللّٰہِ الرَّحۡمٰنِ الرَّحِیۡمِ

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Kamran Khan	Chairman & Chief Executive
Mr. Momin Qamar	Director
Mr. Imran Qamar	Director
Mr. Yousaf Kamran Khan	Director
Mrs. Shaista Imran	Director
Mrs. Samina Kamran	Director
Mrs. Misbah Momin	Director

AUDIT COMMITTEE

Mrs. Misbah Momin	Chairperson
Mr. Momin 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
Al-Baraka Islamic Bank
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Bank Al-Habib Limited
Bank Alflah Limited
Habib Bank Limited

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

SHARE REGISTRAR
THK Associates (Pvt) Limited
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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 half year ended 31 December 2010 together with auditors' review report thereon.

2. During the period under review, your company suffered after tax loss of Rs. 65.119 million as compared to the loss of Rs. 74.657 million in the half year ending 31st December 2009 which shows a slight recovery as compared to previous results. Main causes of loss are rising prices of coal in international market, increase in electricity tariff and high inflation in the country also hit the other manufacturing cost. During the period under review, demand of cement got negative growth due to unprecedented flood effected the millions of citizen of the country, badly destroyed the infrastructure and damaged almost everything that came in its way. Government of Pakistan has stopped its development programs and spending in private sector was also negligible. However there are encouraging signs that prices are likely to consolidate and stabilize to the current levels. The industry is foreseeing the increase in demand of the cement in the country because of reconstruction of houses, bridges, roads and related infrastructure which was ruined by the flood water.

3. By the grace of Al-Mighty Allah the installation of grid station has been completed and now the company is running with WAPDA electricity supply. 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 which are likely to complete by the end of this financial year.

4. We are grateful to our bankers, contractors, suppliers and distributors for their cooperation.

5. We also acknowledge the dedication of our employees for putting in their best towards economization plan in the cost of production.

For and on behalf of the Board

KAMRAN KHAN
Chairman

Lahore : February 28, 2011

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, 2010 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, 2009 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2010.

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, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Date: February 28, 2011
Lahore

Tahir Siddiqi & Co.
Chartered Accountants.

Engagement Partner: Imran Saeed

Condensed Interim Balance Sheet (Un-audited)
As at December 31, 2010

	Note	Dec. 31, 2010 Rupees	June 30, 2010 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)		**(345,343,210)**	(288,454,916)
Total Equity		**1,541,635,784**	1,598,524,078
Surplus on revaluation of fixed assets		**1,712,217,220**	1,720,448,111
NON-CURRENT LIABILITIES			
Long term finance	4	**562,472,898**	567,759,233
Liabilities against assets subject to finance lease		**19,149,214**	21,157,759
Long term deposits		**11,700,000**	11,800,000
Deferred liabilities	5	**849,291,051**	882,755,013
		1,442,613,163	1,483,472,005
CURRENT LIABILITIES			
Trade and other payables		**536,766,202**	563,957,431
Accrued Interest / mark-up		**12,086,380**	2,967,294
Short term finance	6	**302,326,722**	164,093,943
Current portion of liabilities against assets subject to finance lease		**5,339,776**	4,230,309
Current portion of long term finance	4	**15,494,435**	10,208,100
Provision for taxation		**2,033,070**	403,084
		874,046,585	745,860,161
TOTAL LIABILITIES		**2,316,659,748**	2,229,332,166
Contingencies and commitments	7	**-**	-
TOTAL EQUITY AND LIABILITIES		**5,570,512,752**	5,548,304,355
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	8	**4,496,732,691**	4,519,933,332
Capital work in progress	9	**407,490,199**	336,070,697
		4,904,222,890	4,856,004,029
CURRENT ASSETS			
Stores & spares		**41,003,787**	39,320,838
Stock in trade		**433,895,087**	423,596,305
Trade debts		**3,679,717**	448,881
Advances, deposits, prepayments & other receivables		**185,351,747**	227,989,928
Cash and bank balances	10	**2,359,524**	944,374
		666,289,862	692,300,326
TOTAL ASSETS		**5,570,512,752**	5,548,304,355

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

Momin Qamar

Momin Qamar
Director

Kamran Khan
Chief Executive

Condensed Interim Profit And Loss Account (Un-audited)
For the Half Year ended December 31, 2010

	For the half year ended		For the quarter ended	
	Jul. - Dec. 2010 (Rupees)	Jul. to Dec. 2009 (Rupees)	**Oct. to Dec. 2010 (Rupees)**	Oct. to Dec. 2009 (Rupees)
Sales	**203,307,042**	81,609,058	**149,042,978**	12,001,693
Cost of sales	**274,235,019**	166,887,732	**189,207,171**	34,969,238
Gross Profit / (Loss)	**(70,927,977)**	(85,278,674)	**(40,164,193)**	(22,967,545)
Operating Expenses				
Distribution cost	**825,448**	2,104,702	**449,504**	1,034,794
Administrative expenses	**5,107,361**	6,254,977	**2,374,409**	2,900,727
	5,932,809	8,359,679	**2,823,913**	3,935,521
Operating Profit / (Loss)	**(76,860,786)**	(93,638,353)	**(42,988,106)**	(26,903,066)
Financial cost	**(20,185,691)**	(20,249,141)	**(10,473,562)**	(13,338,064)
Profit/(Loss) Before Taxation	**(97,046,477)**	(113,887,494)	**(53,461,668)**	(40,241,130)
Taxation	**31,927,292**	39,230,395	**17,206,626**	13,810,499
Profit / (Loss) After Taxation	**(65,119,185)**	(74,657,099)	**(36,255,042)**	(26,430,631)
Earning Per Share- Basic	**(0.37)**	(0.42)	**(0.21)**	(0.15)

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

Momin Qamar

Momin Qamar
Director

Kamran Khan
Chief Executive

Condensed Interim Cash Flow Statement (Un-audited)
For the Half Year ended December 31, 2010

	Dec. 31, 2010 Rupees	Dec. 31, 2009 Rupees
Cash Flow From Operating Activities		
Loss for the period - before taxation	**(97,046,477)**	(113,887,494)
Adjustment for non cash charges and other items		
Depreciation	**24,286,941**	37,214,268
Provision for Gratuity	**496,400**	196,459
Financial cost	**20,185,691**	20,249,141
	44,969,032	57,659,868
Cash Inflow from operating activities before working capital changes	**(52,077,445)**	(56,227,626)
Changes In Working Capital		
(Increase) / Decrease in current assets		
Stores & spares	**(1,682,949)**	(5,503,600)
Stock-in-trade	**(10,298,782)**	(19,458,676)
Trade debtors	**(3,230,836)**	8,958,531
Advances, deposits, and other receivables	**42,235,096**	3,148,827
	27,022,529	(12,854,918)
Increase / (Decrease) in current liabilities		
Creditors, accruals and other liabilities	**(27,191,228)**	185,620,920
Cash Inflow/(Outflow) from Operating Activities	**(52,246,144)**	116,538,376
Cash Inflow/(Outflow) From Investing Activities		
Fixed Capital Expenditures	**(72,505,802)**	(101,114,819)
Cash Inflow/(Outflow) From Financing Activities		
Financial charges paid	**(11,066,605)**	(14,839,855)
Proceeds / (Repayments) of short term finance	**68,656,722**	(39,574,707)
Repayment of liabilities against assets subject to finance lease	**(899,078)**	(5,958,469)
Proceeds from long term finance	**-**	45,092,340
Repayment of long term deposits	**(100,000)**	-
Net Cash Inflow/(Outflow) From Financing Activities	**56,591,039**	(15,280,691)
Net Increase / (decrease) in Cash and Cash Equivalents	**(68,160,907)**	142,866
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 half year	**(231,310,476)**	(209,881,028)

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

Momin Qamar

Momin Qamar
Director

Kamran Khan
Chief Executive

Condensed Interim Statement of Changes in Equity (Un-audited)
For the Half Year ended December 31, 2010

	Issued, subscribed & paid up capital	Accumulated Profit / (Loss)	Capital Reserve	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2009	**1,760,000,000**	**(149,876,846)**	**126,978,994**	**1,737,102,148**
Loss for the year ended June 30, 2009	-	(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**
Loss for the half year ended December 31, 2010	**-**	(65,119,185)	-	(65,119,185)
Incremental depreciation	**-**	8,230,891	-	8,230,891
Balance as at December 31, 2010	**1,760,000,000**	**(345,343,210)**	**126,978,994**	**1,541,635,784**

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

Momin Qamar
Director

Kamran Khan
Chief Executive

Notes to the Condensed Interim Accounts (Un-audited)
For the Half Year ended December 31, 2010

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, 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 statements are un-audited but subject to limited scope review by the auditors. These condensed interim financial statements of the company for the six months period ended December 31, 2010 has been prepared in accordance with the requirements of the International Accounting Standards (IAS) - 34 "Interim Financial Reporting" and provisions of the directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The figures of the condensed interim profit and loss account for the quarter ended December 31, 2009 and 2010 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2009 and 2010. These condensed interim financial statements do not include all the information and disclosures 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, except as follows:

The Company has adopted the following amended IFRS and related interpretations which become effective during the period:

IAS 32 - Financial Instruments: Presentation - Classification of Rights issued (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity instruments

In April 2009, International Accounting Standards Board issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are made in the following standards:

- IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations
- IFRS 8 - Operating Segments
- IAS 1 - Presentation of Financial Statements
- IAS 7 - Statement of Cash Flows
- IAS 17 - Leases
- IAS 36 - Impairment of Assets
- IAS 39 - Financial instruments: Recognitions and measurement

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the condensed interim financial statements of the company.

	Note	Dec. 31, 2010 Rupees	June 31, 2010 Rupees
4. LONG TERM FINANCES			
Loan from Banking Companies			
Askari Bank Ltd.	**4.1**	**24,791,100**	24,791,100
National Bank of Pakistan	**4.2**	**149,850,000**	149,850,000
Loans from related Parties	**4.3**	**403,326,233**	403,326,233
		577,967,333	577,967,333
Less: Current Portion of long term finance		**15,494,435**	10,208,100
		562,472,898	567,759,233

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 and than on May 31, 2010, repayable in seventeen 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 Demand Finance of Rs. 150 million is availed from National Bank of Pakistan as pre disbursement out of NBP sanction share of Rs 450 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 %.

4.3 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. 31, 2010 Rupees	June 31, 2010 Rupees
5 DEFERRED LIABILITIES		
Deferred Taxation	**847,865,962**	881,826,324
Staff Gratuity	**1,425,089**	928,689
	849,291,051	882,755,013
Deferred tax liability - difference in tax and accounting bases of Property, plant and equipment	**1,346,881,950**	1,338,261,785
Deferred tax assets		
- Unabsorbed tax losses	**(499,015,988)**	(456,435,461)
	847,865,962	881,826,324

	Note	Dec. 31, 2010 Rupees	June 31, 2010 Rupees
6 Short Term Finance			
Loan from Banking Companies			
Askari Bank Ltd.	**6.1**	**157,850,907**	88,019,781
Albaraka Islamic Bank	**6.2**	**17,613,003**	5,024,072
The Bank of Punjab	**6.3**	**58,206,090**	71,050,090
		233,670,000	164,093,943
Loans from related parties	**6.4**	**68,656,722**	-
		302,326,722	164,093,943

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 and fifth charge on all present and future current assets of the company, mark-up is charged as per bank's schedule of charges, the acceptances against this facility on 31-12-10 is Rs. 157.851 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. 13.20 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 payable in twelve equal monthly istallments. 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 without floor and cap.

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 2010: nil 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 guarantees to banks on behalf of its associated undertakings to various banks.

8 PROPERTY, PLANT & EQUIPMENT

	Note	**Dec. 31, 2010 Rupees**	June 31, 2010 Rupees
Opening book value		**4,519,933,332**	3,614,777,204
Add: Additions during the period		**1,086,300**	981,649,410
		4,521,019,632	4,596,426,614
Less Deletion during the year - net off depreciation		**-**	401,204
		4,521,019,632	4,596,025,410
Less: Depreciation charged during the period		**24,286,941**	76,092,078
Closing book value		**4,496,732,691**	4,519,933,332
Additions during the period			
Building		**-**	106,646,458
Plant & machinery		**1,086,300**	874,439,852
Vehicles		**-**	563,100
		1,086,300	981,649,410

9 CAPITAL WORK IN PROGRESS

Building	**73,769,781**	71,047,639
Plant & machinery	**333,720,418**	265,023,058
	407,490,199	336,070,697

10 CASH AND BANK BALANCES

In hand	**693,631**	401,678
At Banks- current accounts	**1,665,893**	542,696
	2,359,524	944,374

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:

	Note	**Dec. 31, 2010 Rupees**	June 31, 2010 Rupees
Sales to Associated Companies		**69,881**	22,160,752
Purchases from Associated Companies		**-**	60,410,851

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 28, 2011 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

Momin Qamar
Director

Kamran Khan
Chief Executive