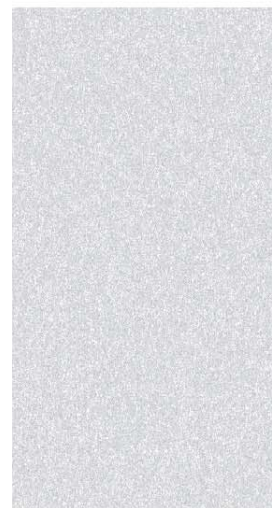


HALF YEARLY REPORT

(Un-Audited)
December 31, 2015



FLYING CEMENT COMPANY LIMITED



CONTENTS

Company Information	2
Directors' Review	3
Auditors' Report to the Members on Review of Interim Financial Information	4
Condensed Interim Balance Sheet (Un-Audited)	5
Condensed Interim Profit and Loss Account (Un-Audited)	6
Condensed Interim Cash Flow Statement (Un-Audited)	7
Condensed Interim Statement of Changes in Equity (Un-Audited)	8
Condensed Interim Statement of Comprehensive Income (Un-Audited)	9
Notes to the Condensed Interim Accounts (Un-Audited)	10

COMPANY INFORMATION**BOARD OF DIRECTORS**

Mr. Kamran Khan	Chairman
Mr. Momin Qamar	Member
Mr. Yousaf Kamran Khan	Member
Mr. Qasim Khan	Member
Mr. Asim Qamar	Member
Mrs. Samina Kamran	Member
Mr. M. Tawassal Majid	Member

CHIEF EXECUTIVE

Agha Hamayun Khan

AUDIT COMMITTEE

Mr. M. Tawassal Majid	Chairman
Mr. Qasim Khan	Member
Mr. Yousaf Kamran Khan	Member

**HUMAN RESOURCE AND
REMUNERATION COMMITTEE**

Mr. M. Tawassal Majid	Chairman
Mrs. Samina Kamran	Member
Mr. Yousaf Kamran Khan	Member

STATUTORY AUDITORS

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

COST AUDITORS

M/s. Mumtaz Bloach & Co.
Chartered Accountants

INTERNAL AUDITOR

Mr. Imran Matloob Khan

COMPANY SECRETARY

Mr. Muhammad Azeem
cosecretary@flyingcement.com

CHIEF FINANCIAL OFFICER

Mr. Muhammad Jamil

LEGAL ADVISOR

Mr. Waqar Hasan, Advocate High Court

BANKERS

Askari Bank Limited
The Bank of Punjab
United Bank Limited.
Al Baraka Bank (Pakistan) Limited
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Bank Al-Habib Limited
Bank Al Falah Limited
Habib Bank Limited
Allied Bank Limited
Summit Bank Limited

REGISTERED HEAD OFFICE

103-Fazil Road, Lahore Cantt. Lahore
Tel: 042-36674301-5 Fax: 042-36660693
www.flyingcement.com

PLANT

25-K.m. Lilla Interchange
Lahore - Islamabad Motorway,
Mangowal, Distt. Khoshab

SHARES REGISTRAR

THK Associates (Pvt) Limited.
Ground Floor, State Life Building -3
Dr. Zia Uddin Ahmed Road, P.O.Box 8533
Karachi-75530
Tel: 021-111-000-322, Fax: 021-5655595

WEB SITE

www.flyingcement.com

E-MAIL

info@flyinggroup.com.pk
info@flyingcement.com

DIRECTOR'S REVIEW

The Board of Directors present the un-audited financial accounts of the company duly reviewed by the external auditors for the Half Year ended 31st December , 2015.

Financial Performance

The operating results of the company for the half year December 31, 2015 and that of the corresponding period last year are as under;

	Dec 31, 2015 Rupees	Dec. 31, 2014 Rupees
Net Sales	1,222,816,237	1,018,384,549
Gross Profit	96,481,922	56,349,665
Net Profit	87,584,077	50,975,259
Earning Per Share	0.50	0.29

The Sales figure of the Company as compared to corresponding period was increased from Rs. 1018(M) to Rs 1223(M) due to demand rise. Consequent to better operational and financial management net profit increased to Rs 87.58 (M) as compared to the profit of Rs. 50.97 (M) in the corresponding period last year. Earning per share comes to 0.50 as against 0.29 per share in the last year.

Sales volumes have increased as compared to the last years' half yearly accounts due to increase in demand of cement domestically, coupled with allocation of funds towards Public Sector Development Program (PSDP) by the Government. Lower prices of Coal and continued adjustment in Electricity Cost by Government on the account of Fuel Price Adjustment helped the company in raising its profit margins. Finance Cost during the period has significantly reduced as the company made successful arrangements servicing of its debt obligations with Banks.

Ensuring enhanced allocation of funds towards PSDP by the Government and rise in private spending's are likely to increase, resultantly the rise in sale volume of cement countrywide. Parallel to this China Pakistan Economic Corridor is also developing positive impacts on the Cement Industry which will result in speedy growth of economy in all sectors specially the infrastructure sector. Lower oil prices worldwide are fruitful to the industry and the country as well. Cost reduction strategy of the management of the company in all operational areas also envisaged better financial performance during the period and also expected to be continued.

We thanks to all of our stakeholders and look forward to their continued support in future and our appreciation of continued support and cooperation of our employees and great patronage of our valuable customers.

For and on behalf of the board



Agha Hamayun Khan
Chief Executive
Lahore; February 29, 2016

AUDITORS' 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, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the interim financial information for the six -months period then ended (here -in-after referred to as the "interim financial information"). 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 and condensed interim statement of comprehensive income for quarters ended December 31, 2015 and 2014 have not been reviewed , as we are required to review only the cumulative figures for the six months period ended December 31, 2015.

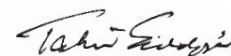
Scope of Review

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 six months period ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Lahore
February 29, 2016



Tahir Siddiqi & Co.
Chartered Accountants
Engagement Partner: Mohammad Tahir Siddiqi

**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2015 (un-audited)**

	Note	Dec-15 Rupees Un-audited	Jun-15 Rupees Audited
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share 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)		<u>85,390,807</u>	<u>(17,760,194)</u>
Total Equity		1,972,369,801	1,869,218,800
Surplus on revaluation of fixed assets		1,545,306,569	1,560,873,493
NON-CURRENT LIABILITIES			
Long term finance	4	435,542,424	265,384,346
Long term deposits		13,505,340	13,005,340
Deferred liabilities	5	<u>593,575,076</u>	<u>587,306,875</u>
		1,042,622,840	865,696,561
CURRENT LIABILITIES			
Trade and other payables		1,536,521,205	1,576,765,243
Accrued Interest / mark-up		77,500,600	100,687,376
Short term finance	6	5,406,327	77,746,825
Current portion of liabilities against assets subject to finance lease		-	18,522,008
Provision for taxation		<u>19,222,756</u>	<u>32,023,798</u>
		1,638,650,888	1,805,745,250
TOTAL LIABILITIES		<u>2,681,273,728</u>	<u>2,671,441,811</u>
Contingencies and commitments	7	-	-
TOTAL EQUITY AND LIABILITIES		<u>6,198,950,098</u>	<u>6,101,534,104</u>
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	8	4,579,022,726	4,625,006,232
Capital work in progress	9	<u>621,865,021</u>	<u>538,974,406</u>
		5,200,887,747	5,163,980,638
Long Term Security Deposits		18,593,160	41,793,160
CURRENT ASSETS			
Stores, spares & loose tools		267,112,736	180,080,442
Stock in trade		392,393,076	396,878,718
Trade debts		7,306,474	6,360,421
Advances, deposits, prepayments & other receivables		282,830,151	288,109,305
Cash and bank balances	10	<u>29,826,754</u>	<u>24,331,420</u>
		979,469,191	895,760,306
TOTAL ASSETS		<u>6,198,950,098</u>	<u>6,101,534,104</u>

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

Momin Qamar

Momin Qamar
Director

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (un-audited)**

	For the half year ended		For the quarter ended	
	Jul - Dec 2015	Jul - Dec 2014	Oct-Dec 2015	Oct-Dec 2014
	(Rupees)			
Sales	1,222,816,237	1,018,384,549	633,699,310	521,121,651
Cost of Sales	<u>(1,126,334,315)</u>	<u>(962,034,884)</u>	<u>(573,641,704)</u>	<u>(494,126,051)</u>
Gross Profit	96,481,922	56,349,665	60,057,606	26,995,600
Operating Expenses				
Distribution Cost	<u>(3,356,580)</u>	<u>(2,820,794)</u>	<u>(2,172,112)</u>	<u>(1,041,426)</u>
Administrative expenses	<u>(13,636,341)</u>	<u>(9,112,046)</u>	<u>(6,545,580)</u>	<u>(2,810,286)</u>
	<u>(16,992,921)</u>	<u>(11,932,840)</u>	<u>(8,717,692)</u>	<u>(3,851,712)</u>
Operating Profit	79,489,001	44,416,825	51,339,914	23,143,888
Finance Cost	<u>(605,954)</u>	<u>(10,428,520)</u>	<u>(464,151)</u>	<u>(5,006,336)</u>
Other Income	<u>34,191,987</u>	<u>27,356,983</u>	<u>11,937,979</u>	<u>27,356,983</u>
Profit before Taxation	113,075,034	61,345,288	62,813,742	45,494,535
Taxation	<u>(25,490,957)</u>	<u>(10,370,029)</u>	<u>(38,310,254)</u>	<u>(27,217,478)</u>
Profit after Taxation	87,584,077	50,975,259	24,503,488	18,277,057
Earnings Per Share- Basic	0.50	0.29	0.14	0.10

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



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (un-audited)**

	Dec-15 Rupees	Dec-14 Rupees
Cash Flows from Operating Activities		
Profit / (Loss) for the period - before taxation	113,075,034	61,345,288
Adjustment for:		
Depreciation	45,983,506	46,894,424
Finance cost	605,954	10,428,520
	46,589,460	57,322,944
	159,664,494	118,668,232
(Increase) in Stores, spares & loose tools	(87,032,294)	(27,158,700)
(Increase) / Decrease in Stock-in-trade	4,485,642	(28,313,744)
(Increase) in Trade debts	(946,053)	(3,436,470)
Decrease in Advances, deposits, prepayments and other receivables	14,621,094	8,063,929
	(68,871,611)	(50,844,985)
Increase (Decrease) in Trade and other Payables	(72,267,836)	234,122,944
Cash generated from operations	18,525,047	301,946,191
Taxes Paid	(9,341,940)	(9,456,131)
Net Cash from Operating Activities	9,183,107	292,490,060
Cash Flows from Investing Activities		
Fixed Capital Expenditures	(82,890,615)	(157,528,593)
Long Term Security Deposit	23,200,000	-
Net Cash (used in) Investing Activities	(59,690,615)	(157,528,593)
Cash Flows From Financing Activities		
Finance cost paid	(23,792,730)	(329,940)
Repayment of liabilities against assets subject to finance lease	(18,522,008)	-
Long term finance	170,158,078	(120,104,184)
Long term deposits	500,000	-
Net Cash from / (used in) Financing Activities	128,343,340	(120,434,124)
Net Increase in Cash and Cash Equivalents	77,835,832	14,527,343
Cash and Cash Equivalents - at the beginning of the year	(53,415,405)	(69,962,434)
Cash and Cash Equivalents - at the end of the half year	24,420,427	(55,435,091)

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



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (un-audited)**

	Issued, subscribed & paid up capital (Rs.)	Accumulated Profit / (Loss) (Rs.)	Capital Reserve (Rs.)	Total (Rs.)
Balance as at July 01, 2014	1,760,000,000	(166,154,716)	126,978,994	1,720,824,278
Total comprehensive income for the year	-	117,092,484	-	117,092,484
Incremental depreciation	-	31,302,038	-	31,302,038
Balance as at June 30, 2015	1,760,000,000	(17,760,194)	126,978,994	1,869,218,800
Total comprehensive Income for the half year ended December 31, 2015	-	87,584,077	-	87,584,077
Incremental depreciation	-	15,566,924	-	15,566,924
Balance as at December 31, 2015	1,760,000,000	85,390,807	126,978,994	1,972,369,801

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



Momin Qamar
Director



Agha Hamayun Khan
Chief Executive

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
 FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (un-audited)**

	For the half year ended		For the quarter ended	
	Jul - Dec	Jul - Dec	Oct-Dec	Oct-Dec
	2015	2014	2015	2014
	(Rupees)			
Profit / (Loss) for the period	87,584,077	50,975,259	24,503,488	18,277,057
Other Comprehensive income	-	-	-	-
Total Comprehensive income / (loss) for the period	<u>87,584,077</u>	<u>50,975,259</u>	<u>24,503,488</u>	<u>18,277,057</u>

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

Momin Qamar

Momin Qamar
 Director

Agha Hamayun Khan

Agha Hamayun Khan
 Chief Executive

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (un-audited)

1 Legal Status and 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 at 103 Fazil Road, Lahore Cantt. and the factory in Khushab.

2 Statement of Compliance

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, 2015 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and provisions of or 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, 2014 and 2015 have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half year ended December 31, 2014 and 2015. These condensed interim 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 audited annual financial statements for the year ended June 30, 2015.

3 Significant Accounting Policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2015 except as described below.

The company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1,2015. The adoption of these new and amended standards did not have any impact on the company.

Accounting Estimates and Judgments

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2015

		Dec-2015 Rupees	Jun-2015 Rupees
4 LONG TERM FINANCE			
National Bank of Pakistan - secured	4.1	149,850,000	149,850,000
Loans from related Parties - unsecured	4.2	165,448,479	51,823,479
Long Term Creditors		<u>120,243,945</u>	<u>63,710,867</u>
		<u>435,542,424</u>	265,384,346
4.1 Loans from banking companies - secured			
National Bank of Pakistan	4.1.1	<u>149,850,000</u>	149,850,000
		<u>149,850,000</u>	<u>149,850,000</u>

4.1.1 Demand Finance of Rs.150 million (June 30, 2015: Rs. 150 million) was availed from National Bank of Pakistan payable in quarterly installments. The finance is secured against 1st joint pari pasu charge on entire present and future fixed assets of the company with 40% of margin, personal guarantees of sponsoring directors of the company and pledge of directors' shares of the company.

4.2 The directors have personally financed a portion of 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-2015 Rupees	Jun-2015 Rupees
5 DEFERRED LIABILITIES			
Deferred Taxation	5.1	592,901,597	586,633,396
Gratuity		673,479	673,479
		593,575,076	587,306,875
5.1 Deferred Taxation - Net			
Taxable temporary differences - effect thereof			
Excess of accounting book value of fixed assets over their tax base		1,201,388,071	1,256,685,549
Deductible temporary differences - effect thereof			
Gratuity		(215,513)	(222,248)
Excess Tax / Minimum Tax		(19,222,756)	(32,023,798)
Other provisions		-	(5,685,783)
Unused tax losses		(589,048,205)	(632,120,324)
		592,901,597	586,633,396
6 SHORT TERM FINANCE			
Loan from Banking Companies-Secured			
Askari Bank Limited	6.1	-	-
Albaraka Islamic Bank	6.2	5,406,327	22,189,935
The Bank of Punjab			
Demand Finance I		-	47,102,600
Demand Finance II		-	8,454,290
		5,406,327	77,746,825

6.1 A letter of credit (S/U 180 days) of Rs. 60 million was obtained from Askari Bank Limited that was secured against 1st charge on current assets of the company and 5th charge on all present and future assets of the company. During the year 2012, the company has paid all its liabilities regarding above said borrowing and release of charge is under arrangements.

6.2 A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million (2015: Rs. 22.50 million) is obtained from Albaraka Islamic Bank with a sub limit of letter of guarantee of Rs. 0.20 million (2015: Rs. 0.20 million) to meet the contractual and import requirements of the company. The finance is secured against 2nd ranking charge over current assets of the company valuing Rs. 75 million, 4th ranking charge over current assets of the company for Rs.69 million, lien over import documents valuing Rs. 22.5 million and personal guarantee of all Directors of the company. Mark-up is charged as per bank's Schedule of charges.

7 CONTINGENCIES AND COMMITMENTS

7.1 The Albaraka Islamic Bank has issued letter of guarantees on behalf of company for the following:
- Excise Collection Office, Sindh Development & Maintenance amounting to Rs.0.20 million

7.2 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. As a result of it an amount of Rs. 12 Million was imposed as a penalty. 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 notices issued to the cement manufacturers.

	Dec-2015 Rupees	Jun-2015 Rupees
8 PROPERTY, PLANT & EQUIPMENT		
Opening book value	4,625,006,232	4,714,339,710
Add: Additions during the period	-	4,506,257
	<u>4,625,006,232</u>	<u>4,718,845,967</u>
Less Deletion during the year - net of depreciation	-	-
	<u>4,625,006,232</u>	<u>4,718,845,967</u>
Less: Depreciation charged during the period	<u>(45,983,506)</u>	<u>(93,839,735)</u>
Closing book value	<u><u>4,579,022,726</u></u>	<u><u>4,625,006,232</u></u>
Additions during the period		
Plant and machinery	-	-
	<u>-</u>	<u>-</u>
9 CAPITAL WORK IN PROGRESS		
Building	104,609,086	104,609,086
Plant & machinery	517,255,935	434,365,320
	<u>621,865,021</u>	<u>538,974,406</u>
10 CASH AND BANK BALANCES		
In hand	5,252,019	5,666,921
At Banks- current accounts	24,574,735	18,664,499
	<u>29,826,754</u>	<u>24,331,420</u>
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	-	-
Purchases from Associated Companies	<u>72,368,917</u>	<u>172,864,737</u>

12 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 29, 2016 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

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive



FLYING CEMENT COMPANY LIMITED



103-Fazil Road,
Saint John Park,
Lahore Cantt-Pakistan



+92-42-36674301-5 Lines



+92-42-36660693



info@flyingcement.com



www.flyingcement.com