بِسۡمِ ٱللَّهِ ٱلرَّحۡمَٰنِ ٱلرَّحِيمِ

CONTENTS

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Kamran Khan	Chairman & Chief Executive
Mr. Imran Qamar	Director
Mr. Momin Qamar	Director
Mr. Bilal 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 Alflah 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
Fax:021-35655595

WEBSITE
Www.flyingcement.com

E-MAIL
info@flyingcement.com
info@flyinggroup.com.pk

VISION

"To be a premier quality cement manufacturing unit engaged in nation building through the most efficient utilization of resources".

MISSION

"Successfully deliver quality cement by using innovative practices with the ultimate goal of increasing the satisfaction of our customers".

"To minimize the cost of production by using state of the art technology and utilizing our experience in increasing profits for our shareholders".

Operating and Financial Data

Particulars	2010	2009	2008	2007	2006
Operating Results (Rs.)					
Net Sales	80,616,760	666,072,160	158,298,146	1,178,787,297	1,554,374,647
Gross Profit / (Loss)	(159,072,513)	(148,958,014)	(277,118,832)	118,129,457	328,753,806
Pre tax profit / (loss)	(201,969,891)	(239,449,822)	(331,339,139)	79,595,906	282,788,737
After tax profit / (loss)	(172,173,546)	(161,746,756)	(272,587,247)	16,645,595	284,333,065
Financial Position (Rs.)					
Current Assets	692,300,326	673,708,476	659,210,727	689,992,129	433,902,231
Current Liabilities	745,860,161	673,113,384	637,789,931	473,590,167	164,929,861
Property, Plant & Equipments	4,856,004,029	4,754,732,832	4,696,595,213	4,716,694,669	4,543,468,026
Total Assets	5,548,304,355	5,428,441,308	5,355,805,940	5,406,686,798	4,977,370,257
Long Term Liabilities	600,716,992	340,609,791	63,850,168	72,408,095	25,453,829
Share Holser's Equity	1,598,524,078	1,737,102,148	1,864,567,807	1,975,195,347	1,922,855,149
Ratios (%)					
Current Ratio	0.93	1.00	1.03	1.46	2.63
Debt to Equity Ratio	0.38	0.20	0.03	0.04	0.01
Gross Profit to Sale Ratio	-197.32%	-22.36%	-175.06%	10.02%	21.15%
Net Profit to Sales Ratio (before tax)	-250.53%	-35.95%	-209.31%	6.75%	18.19%
Earning Per Share (Rs.)					
Basic (before tax)	(1.15)	(1.36)	(1.88)	0.45	3.44
Basic (after tax)	(0.98)	(0.92)	(1.55)	0.09	3.46

NOTICE OF 17th ANNUAL GENERAL MEETING

Notice is hereby given that 17th Annual General Meeting of the shareholders of Flying Cement Company Limited will be held on 30th of October, 2010 at 12:00 hours at Sunfort Hotel, Liberty Market, Commercial Zone Gulberg, Lahore to transact the following business:

- To confirm minutes of 16th Annual General Meeting of shareholders.
- To approve and adopt the audited accounts of the company for the year ended on June 30, 2010.
- To appoint the Auditors and fix their remuneration.
- To transact any other business with the permission of Chairman.

(By Order of the Board)

(Mubasshir Asif)
COMPANY SECRETARY

Lahore: October 09, 2010

Notes:

1. The Share Transfer Books of the company will be closed from October 22, 2010 to October 29, 2010 (inclusive of both days)
2. A shareholder entitled to attend and vote may appoint another member as his/her proxy to attend and vote in his/her place. In this case proxies must reach to the company not later than 48 hours of the start of meeting.
3. The shareholders are requested to notify the company of the change in their address, if any.

DIRECTORS' REPORT

The Board of Directors of Flying Cement Company Limited present herewith the 17th annual report, together with the Company's audited financial statements for the year ended June 30, 2010.

OPERATIONAL AND FINANCIAL RESULTS

	2010 Rupees	2009 Rupees
Sales - Net	80,616,760	666,072,160
Gross (Loss)	(159,072,513)	(148,958,014)
(Loss) after tax	(172,173,546)	(161,746,756)

During the year under review, the prices of cement started recovering but on the other hand input cost was also increased therefore net effect remains negative as before. Cost for generation of electricity from captive power unit remains as usual extraordinarily high as against subsidized supply of electricity from WAPDA. To avoid operational losses, the management was forced to drop the production of cement at its lowest ebb and the volume of cement sale was contained to keep the cement brand just alive in the market.

During the year, the management focused their efforts for installation of Grid Station, Electric Towers, procedural formalities and financial requirements to energize the unit on WAPDA supply at the shortest possible time.

By the grace of All Mighty Allah, the management has accomplished the first top priority BMR agenda item i.e. switching over of electricity supply to WAPDA. WAPDA has energized our unit with effect from August 2010.

The BMR program remained on the top of the Agenda. The BMR included installation of single raw mill (Vertical Type) in replacement of three raw mills (Ball Type), Building of sheds for coal, stacker and re-claimer. The management has envisaged to achieve the targets according to plans.

The management had geared up its efforts to make the unit economical, compatible with any best unit in the country, so that, operational losses could be avoided and viability of the unit is secured by implementation of BMR program.

The Company has posted Loss per share of Rs 0.98 after tax for the year ended June 2010, as against Loss per Share of Rs 0.92 for the year ended June 2009

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The board reviews the company's strategic direction on regular basis. The business plans and budgetary targets, set by the Board are also reviewed regularly. The Board is committed to maintain a standard of corporate governance and ensures the compliance of the Code of Corporate Governance enforced by the Securities & Exchange Commission of Pakistan through Listing Rules of Stock Exchanges of the country.

Your directors are pleased to report that:

- The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flow and changes in equity.

- Proper books of account have been maintained by the company.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements.

- The existing internal control system and procedures are continuously reviewed by the internal auditor. The process of review will continue and weaknesses in control will be removed.

- There are no significant doubts upon the company's ability to continue as a going concern.

- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of stock exchanges.

- Key operating and financial data from the start of commercial production is annexed.

- No trade in share of Flying Cement Company Ltd. was carried out by the directors, CEO, CFO, company secretary and their spouses and minor children except of those as were reported to the regulatory authorities and disclosed in the annexed Pattern of Shareholding.

- The Board held 12 meetings during the year and attendance by each Director was as follows:

Name of Director	**Total No. of Board Meetings***	**No. of Board Meetings Attended**
1. Mr. Kamran Khan	12	12
2. Mr. Imran Qamar	12	12
3. Mr. Momin Qamar	12	12
4. Mr. Bilal Qamar	12	12
5. Mrs. Shaista Imran	10	10
6. Mrs. Samina Kamran	12	12
7. Mrs. Misbah Momin	10	10
8. Mr. Qasim Khan	2	2
9. Mr. Yousaf Kamran Khan	2	2

* Held during the period concerned director was on the board.

FUTURE OUTLOOK

Our country is facing hazardous disaster due to heavy floods. Major part of the country has been affected badly. Government and Non-Government Organizations have come out in the field for the reconstruction in flood affected areas. We are foreseeing very positive upward trend in the cement consumption mainly for the reconstruction of houses and infrastructure in the flood affected areas. Besides demand of cement seems very promising due to high demand of cement in our neighboring countries like India, Afghanistan and African Countries as well. Our company has an edge as against our competitors for export of cement to India due to nearest approach through land route.

PATTERN OF SHAREHOLDINGS

Statement showing pattern of shareholding of the company is annexed.

AUDITORS

The present auditors M/s. Tahir Siddiqi & Co; Chartered Accountants, retire and being eligible have offered themselves for their reappointment. Audit committee has recommended the appointment of M/s Tahir Siddiqi & Co., Chartered Accountants.

ACKNOWLEDGEMENT

In conclusion, we extend our thanks and appreciation to shareholders, customers and employees of Flying Cement Company for their persistent support and trust and we do hope to maintain the cordial relations with our patronage.

On behalf of the Board of Directors

Lahore: October 09, 2010

KAMRAN KHAN
Chairman

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations No. 37 of the Karachi and Chapter XII of the Listing Regulations of the Lahore and Islamabad Stock Exchanges for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company had applied the principles contained in the code in the following manner:

1. The company encourages representation of independent non executive directors and directors representing minority interest on its Board of Directors at present. The board comprises seven Directors, including the CEO. The number of executive directors on the board is three including CEO. Remaining are non executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board.

5. The company has prepared a “Statement of Ethics and Business Practices”, which has been signed by all the directors and employees of the Company.

6. The Board of Directors has adopted a vision / mission statement of the company and has also formulated significant policies as mentioned in the Code. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along-with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In-house orientations for the directors were made, as and when required, to apprise them of their duties and responsibilities and to brief them regarding amendments in the Companies Ordinance/Corporate Laws.

10. The Directors of the Company have given a declaration that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulations of the Stock Exchanges. The directors have also attended talks, workshops and seminars on the subject of Corporate Governance.

11. The Board of Directors has approved the appointment of CFO, Company Secretary and their remuneration and terms and conditions of employment, as determined by CEO.

12. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The Financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

14. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

15. The company has complied with all the corporate and financial reporting requirements of the code.

16. The related party transactions have been placed before the audit committee and approved by the board of directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those that prevail in the arm's length transaction only if such terms can be substantiated.

17. The Board has formed an Audit Committee. It comprises of 3 members, two (2) of whom are non- Executive Directors.

18. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.

19. The Board has setup an efficient internal audit function for the company. The officials conducting internal audit are considered suitably qualified and experienced for the purpose; and are conversant with policies and procedures of the company and they are involved in internal audit function of full time bases.

20. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

22. The Management of the company is committed to good corporate governance, and appropriate steps are taken to comply with the best practices.

23. We confirm that all other material principles contained in the code have been complied.

On behalf of the Board of Directors

Lahore: October 09, 2010

KAMRAN KHAN
Chairman

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Flying Cement Company Limited (the Company) to comply with the Listing Regulation No. 33, 35 and 36 of the Karachi, Lahore and Islamabad Stock Exchanges respectively where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our Responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such controls, the Company's corporate governance procedures and risks.

Further, sub-regulation (xiii a) of the Listing Regulation 35, notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee.

We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the company for the year ended June 30, 2010.

Tahir Siddiqi

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

Lahore:
October 09, 2010

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Flying Cement Company Limited** as at **June 30, 2010** and the related profit & loss account, statement of comprehensive statement, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that: -

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion: -

   i) the balance sheet and the profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change referred in note 4.1.2.4 with which we concur;

   ii) the expenditure incurred during the year was for the purposes of the Company's business; and

   iii) the business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit & loss account, statement of comprehensive income, statement of changes in equity and statement of cash flow together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2010 and of the loss, total comprehensive loss, changes in equity and its cash flows for the year then ended; and

d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Tahir Siddiqi

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

Lahore:
October 09, 2010

BALANCE SHEET
AS AT JUNE 30, 2010

	Note	2010 Rupees	2009 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.	5	**1,760,000,000**	1,760,000,000
Reserves	6	**(161,475,922)**	(22,897,852)
		1,598,524,078	1,737,102,148
Surplus on revaluation of fixed assets	7	**1,720,448,111**	1,754,043,587
NON-CURRENT LIABILITIES			
Long term finance	8	**567,759,233**	311,532,325
Liabilities against assets subject to finance lease	9	**21,157,759**	17,277,466
Long term deposits	10	**11,800,000**	11,800,000
Deferred liabilities	11	**882,755,013**	923,572,398
		1,483,472,005	1,264,182,189
CURRENT LIABILITIES			
Trade and other payables	12	**563,957,431**	349,128,710
Accrued interest / Mark-up	13	**2,967,294**	11,396,843
Short term finance	14	**164,093,943**	252,186,666
Current portion of:			
Liabilities against assets subject to finance lease	9	**4,230,309**	16,609,665
Long term finance	8	**10,208,100**	43,791,500
Provision for taxation	28	**403,084**	-
		745,860,161	673,113,384
TOTAL LIABILITIES		**2,229,332,166**	1,937,295,573
Contingencies and commitments	15	**-**	-
TOTAL EQUITY AND LIABILITIES		**5,548,304,355**	5,428,441,308
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	16	**4,856,004,029**	4,754,732,832
CURRENT ASSETS			
Stores & Spares	17	**39,320,838**	29,174,560
Stock in trade	18	**423,596,305**	425,981,534
Trade debts	19	**448,881**	10,792,073
Advances, deposits, prepayments & other receivables	20	**227,989,928**	201,394,643
Cash and bank balances	21	**944,374**	6,365,666
		692,300,326	673,708,476
TOTAL ASSETS		**5,548,304,355**	5,428,441,308

The annexed notes form 1 to 37 form an integral part of these financial statements.

Momin Qamar
Director

Kamran Khan
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010

	Note	**2010 Rupees**	2009 Rupees
Sales	22	**80,616,760**	666,072,160
Cost of Sales	23	**239,689,273**	815,030,174
Gross Profit/(Loss)		**(159,072,513)**	(148,958,014)
Operating Expenses			
Distribution Cost	24	**2,982,274**	7,021,029
Administrative Expenses	25	**11,796,194**	17,725,117
Other operating expenses	26	**-**	30,583
		14,778,468	24,776,729
Operating Profit/(Loss)		**(173,850,981)**	(173,734,743)
Financial Cost	27	**(28,118,910)**	(65,715,079)
Profit/(Loss) Before Taxation		**(201,969,891)**	(239,449,822)
Taxation	28	**29,796,345**	77,703,066
Profit/(Loss) After Taxation		**(172,173,546)**	(161,746,756)
Earning Per Share (before tax) - Basic		**(1.15)**	(1.36)
Earning Per Share (after tax) - Basic		**(0.98)**	(0.92)

The annexed notes form 1 to 37 form an integral part of these financial statements.

Momin Qamar

Momin Qamar
Director

Kamran Khan
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2010

	2010 Rupees	2009 Rupees
Profit / (Loss) for the year	**(172,173,546)**	(161,746,756)
Other Comprehensive income	-	-
Total Comprehensive income/(loss) for the year	**(172,173,546)**	(161,746,756)

The annexed notes form 1 to 37 form an integral part of these financial statements.

Momin Qamar
Director

Kamran Khan
Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010

	2010 Rupees	2009 Rupees
Cash Flow From Operating Activities		
Profit for the period - before taxation	**(201,969,891)**	(239,449,822)
Adjustment for non cash charges and other items		
Depreciation	**76,092,078**	75,402,445
Provision for gratuity	**993,627**	392,917
Loss on sale of assets	**-**	30,583
Financial cost	**28,118,910**	65,715,079
	105,204,615	141,541,024
Cash Inflow from operating activities before working capital changes	**(96,765,276)**	(97,908,798)
Changes In Working Capital		
(Increase) / Decrease in current assets		
Stores & Spares	**(10,146,278)**	(22,661,148)
Stock-in-trade	**2,385,229**	(21,352,399)
Trade debtors	**10,343,192**	715,960
Advances, deposits, and other receivables	**(26,595,285)**	19,762,037
	(24,013,142)	(23,535,550)
Increase / (Decrease) in current liabilities		
Creditors, accruals and other liabilities	**205,213,967**	217,788,538
Cash Inflow/(Outflow) from Operating Activities-Before Taxation	**84,435,549**	96,344,190
Payment of Gratuity	**(1,996,829)**	-
Taxes Paid	-	(390,804)
Cash Inflow/(Outflow) From Operating Activities - After Taxation	**82,438,720**	95,953,386
Cash Inflow/(Outflow) From Investing Activities		
Fixed Capital Expenditures	**(177,764,479)**	(138,270,646)
Sale Proceed of assets	**401,204**	4,700,000
	(177,363,275)	(133,570,646)
Cash Flow From Financing Activities		
Financial charges paid	**(36,548,459)**	(61,404,564)
Short term finance	**(35,797,106)**	(345,389,324)
Liabilities against assets subject to finance lease	**(8,499,063)**	(18,815,977)
Long term finance	**222,643,508**	316,434,937
Long term deposits	**-**	(5,705,000)
Net Cash Inflow/(Outflow) From Financing Activities	**141,798,880**	(114,879,928)
Net Increase / (decrease) in Cash and Cash Equivalents	**46,874,325**	(152,497,188)
Cash and Cash Equivalents - at the beginning of the year	**(210,023,894)**	(57,526,706)
Cash and Cash Equivalents - at the end of the period	**(163,149,569)**	(210,023,894)

The annexed notes form 1 to 37 form an integral part of these financial statements.

Momin Qamar

Momin Qamar
Director

Kamran Khan
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2010

	Ordinary Share 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**
Total Comprehensive Income/(loss) For the year	-	(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**
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**

The annexed notes form 1 to 37 form an integral part of these financial statements.

Momin Qamar

Momin Qamar
Director

Kamran Khan
Chief Executive

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 Fazal Road, Lahore Cantt. Lahore and the factory in Khushab.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved International Accounting Standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved Accounting Standards comprise of such International Financial Reporting Standards IFRS's issued by International Standard Board as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 are or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimate and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

(a) recognition of taxation and deferred tax (note 28);

(b) determining the residual value and useful lives of property, plant and equipment (note 16);

(c) accounting for post employment benefits (Note 11);

(d) impairment of inventories / adjustment of their net realizable value (note 4.8, 17 and 18) and

(e) provision for doubtful debts / other receivables (note 4.13 and 19)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of Preparation

4.1.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for certain fixed assets which are stated at revalued amount as referred in note 4.2 & 16.1

4.1.2 Standards, Interpretations and Amendments

4.1.2.1 The following standards, interpertations and amendments of approved accounting standards are effective for accounting periods beginning on or after 01 January 2010.

- Improvements to IFRSs 2009- Amendments to IFRS5 Non-Current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the required disclosures for non-current assets (or disposal groups) classified as held for sale or discontinued operations are specified in IFRS 5. These amendments are unlikely to have an impact on the Company's financial statements.

- Improvements to IFRSs 2009- Amendments to IFRS 8 Operating Segments (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that segment information with respect to total assets is required only if such information is regularly reported to the chief operating decision maker. The amendment is not relevant to the Company's operations.

- Improvements to IFRSs 2009- Amendments to IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the classification of the liability component of a convertible instrument as current or non-current is not affected by terms that could, at the option of the holder of the instrument, result in settlement of the liability by the issue of equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

- Improvements to IFRSs 2009- Amendments to IAS 7 Statement of Cash Flows (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that only expenditures that result in recognition of an asset can be classified as a cash flow from investing activities. These amendments are unlikely to have a significant an impact on the Company's financial statements other than increase in disclosures.

- Improvements to IFRSs 2009- Amendments to IAS 17 Leases (effective for annual periods beginning on or after 1 January 2010). The IASB deleted guidance stating that a lease of land with an indefinite economic life normally is classified as an operating lease, unless at the end of the lease term title is expected to pass to the lessee. The amendments clarify that when a lease includes both the land and building elements, an entity should determine the classification of each element based on paragraph 7-13 of IAS-17, taking account of the fact that land normally has an indefinite economic life. The amendment is not relevant to the Company's operations.

- Improvements to IFRSs 2009- Amendments to IAS 36 Impairment of Assets (effective for annual periods beginning on or after 1 January 2010). The amendments clarify that the largest unit to which goodwill should be allocated is the operating segment level as defined in IFRS 8 before applying the aggregation criteria of IFRS 8. The amendments apply prospectively. The amendment is not relevant to the Company's operations.

- Improvements to IFRSs 2009- Amendments to IAS 39 Financial Instruments: Recognition and Measurement (effective for annual periods beginning on or after 1 January 2010). The amendment provide additional guidance on determining whether loan prepayment penalties result in an embedded derivative that needs to be separated; clarify that the scope exemption in IAS 39 paragraph 2(g) is restricted to forward contracts, i.e. not options, between an acquirer and a selling shareholder to but or sell an acquiree that will result in a business combination at a future acquisition date within a reasonable period normally necessary to obtain any required approvals and to complete the transaction; and clarifty that the gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows impact profit or loss. The amendments apply prospectively to all unexpired contracts from the date of adoption. These amendments are unlikely to have an impact on the Company's financial statements.

-Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Additional Exemptions for First-time Adopters (effective for annual periods beginning on or after 1 January 2010). The IASB provided additional optional exemptions for first-time adopters contains a lease if the same assessment as that required by IFRIC 4 was made under previous GAAP; and allow entities in the oil and gas industry to use their previous GAAP carrying amounts as deemed cost at the date of transition for oil and gas assets. The amendment is not relevant to the company's operations.

- Amendments to IFRS 2 Share-based Payment - Group Cash-settled Share-based payment Transactions (effective for annual periods beginning on or after 1 January 2010). The IASB amended IFRS 2 to require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash settled share-based payment transaction to account for the transaction in its separate or individual financial statements. This principle even applies if another group entity or shareholder settles the transaction (setting entity) and the receiving entity has no obligation to settle the payment. Retrospective application is subject to the transitional requirements in IFRS2.

- Amendment to IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (effective for annual periods beginning on or after 1 January 2010). The IASB amended IAS 32 to allow rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency to be classified as equity instruments provided the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. These amendments are unlikely to have an impact on the Company's financial statements.

4.1.2.2 The following standards, interpretations and amendments of approved accounting standards are not yet effective.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective for accounting periods beginning on or after 1 July 2010). This interpretation provides guidance on the account for debt for equity swaps. The amendment is not relevant to the Company's operations.

-Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (effective for accounting periods beginning on or after 1 July 2010). The amendment provides the same relief to first-time adopters as was given to current users of IFRSs upon adoption of the Amendments to IFRS 7. The amendment also clarifies the transitional provisions of the Amendments to IFRS 7. The amendment is not relevant to the Company's operations.

4.1.2.3 Improvements to IFRSs 2010 (effective for annual periods beginning on or after 1 July 2010). The IASB issued amendments to various standards effective. Below is a summary of the amendments that are effective for either annual periods beginning on or after 1 July 2010 or annual periods beginning on or after 1 January 2011:

- Improvements to IFRSs 2010 - Amendments to IFRS 3 Business Combinations (effective for accounting periods beginning on or after 1 July 2010). The amendments calrify that contingent consideraton arising in a business combination previously accounted for in accordance with IFRS 3 (2004) that remains outstanding at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004); limit the accounting polity choice to measure non-controlling interests upon initial recognition at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and that currently entitle the holder to a share of net assets in the event of liquidation; and expand the current guidance on the attribution of the market-based measure of an acquirers' share based payments awards issued in exchange for acquiree awards between consideration transferred and post-combination compensation cost when an acquirer is obliged to replace the acquiree's existing awards to encompass voluntarily replaced unexpired acquiree awards. These amendments are unlikely to have an impanct on the Company's Financial statements.

- Improvements to IFRSs 2010 - Amendments to IAS 27 Consolidated and Separated Financial Statements (effective for annual periods beginning on or after 1 July 2010). The amendments clarify that the consequential amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 28 and IAS 31 resulting from IAS 27 (2008) should be applied prospectively, with the exception of amendments resulting from renumbering. These amendments are unlikely to have an impact on Company's financial statements.

- IAS 24 Related Party Disclosures (revised 2009) (effective for annual periods beginning on or after 1 July 2011). The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. These amendments are unlikely to have an impact on Company's financial statements other than increase in disclosures.

- Amendments to IFRIC 14 IAS 19- The limit on a Defined Benefit Assets, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is am minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognized as an asset rather than an expense. These amendments are unlikely to have an impact on the Company's financial statements.

- Improvements to IFRSs 2010 - IFRS 1 First-time Adoption of IFRSs (effective for accounting periods beginning on or after 1 January 2011).The amendments clarify that IAS 8 is not first IFRS finanacial statements; introduce guidance for entities that publish interim financial information under IAS 34 interim Financial Reporting and change either their accounting policies or use of the IFRS 1 exemptions during the period covered by their first IFRS financial statements; extend the scope of paragraph D8 of IFRS 1 so that an entity is permitted to use an event-driven fair value measurement as deemed cost for some or all of its assets when such revaluation occurred during the reporting periods covered by its first IFRS financial statements; and introduce an additional optional deemed cost exemption for entities to use the carrying amounts under previous GAAP as deemed cost at the date of transition to IFRSs for items of property, plant and equipment or intangible assts used in certain rate-regulate activities. The amendment is not relevant to the Company's operations.

- Improvements to IFRSs 2010 - IFRS 7 Financial Instruments; Disclosures (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that desegregation of changes in each component of equity arising from transactions recognized in other comprehensive income also is required to be presented, but may be presented either in the statement of changes in equity or in the notes.

- Improvements to IFRSs 2010 - IAS 34 Interim Financial Reporting (effective for accounting periods beginning on or after 1 January 2011). The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures.

- Improvements to IFRSs 2010 - IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 January 2011). The amendments clarify that the fair value of award credits takes into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits.

- IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2013). IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets : amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply.

4.1.2.4 Changes in accounting policies

The company has applied Revised IAS 1- Presentations of Financial Statements (2007) which became effective as of January 01, 2009. The Company has opted two statement approach to present its comprehensive income for the year ended 30 June 2010 and comparative period.

4.2 Property, Plant & Equipment

4.2.1 Owned

Property, plant and equipments except land and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any. Land and capital work in progress are stated at cost less impairment, if any. Depreciation is charged to income applying reducing balance method at the rates specified in Note 16.3.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements which increase the assets remaining useful economic life or the performance beyond current estimated levels are capitalized and the assets so replaced, if any are retired.

Gains or losses on disposal of Property, plant and equipment, if any, are recognized in the profit and loss account.

The carrying values of the Property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exists and where the carrying values exceeds the recoverable amount, the assets are written down to the recoverable amounts.

Depreciation is charged from the month of the year in which addition / capitalization occurs, while no depreciation is charged in the month in which the asset is disposed off.

Asset's residual values and useful lives are reviewed and adjusted, if appropriated at each balance sheet date.

4.2.2 Leased

Leases where the company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance leases referred in note 9. The liabilities are classified as current and non-current depending upon the timing of the payment.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to income over the lease term.

Assets acquired under the finance lease are depreciated over the estimated useful life of assets on reducing balance method at the rates mentioned in note 16.1. Depreciation of leased assets is charged to profit.

Residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact of depreciation is significant.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

4.2.3 Intangible

Intangible asset, if any, is stated at cost less accumulated amortization and any impairment loss . Intangible asset is amortized from the year when this asset is available for use on the straight line method whereby the cost of an intangible asset is written off over the period, which reflects the pattern in which the economic benefits associated with the asset are likely to be consumed by the company.

Amortization is charged from the month of the year in which addition / capitalization occurs, while no depreciation is charged in the month in which the asset is disposed off.

4.3 Capital Work-in-Progress

Capital work-in-progress is stated at cost less any identified impairment loss, if any. This represents expenditure incurred on property, plant & equipment during their construction and installation. Transfers are made to relevant property plant & equipment category as and when assets are available for use.

4.4 Cash & Cash Equivalents

Cash & cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statement and cash & cash equivalents comprises cash in hand, with banks on current, saving and deposit accounts, running finance under mark-up arrangements, if any.

4.5 Stores and Spares

These are valued at weighted average cost except for items in transit, which are stated at cost, incurred upto the balance sheet date. Cost comprising invoice value plus other charges paid thereon. Obsolete and used items are recorded at nil value. Value of items is reviewed at each balance sheet date to record provision for any slow moving items. Adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if any.

4.6 Stock-in-Trade

Stock of raw material, work-in-process and finished goods are valued at lower of weighted average cost and net realizable value. Cost of work-in-process and finished goods represents direct cost of materials, labour and appropriate portion of production overheads.

Stock in transit is stated at cost comprising invoice value plus other charges paid thereon accumulated to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

4.7 Trade Debts

Trade debts originated by the company are recognized and carried at the original invoice amount less an allowance for any impairment, if any, at the year end. Known bad debts are written off, when identified.

4.8 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the assets recoverable amount is estimated in order to determine the extent of impairment loss. Impairment losses are recognized as expense in profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.9 Surplus on Revaluation of Fixed Assets

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Fixed Assets account" shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated January 13, 2003

(a) Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

(B) An amount equal to incremental depreciation for the year net off deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to accumulated profit through Statement of Changes in Equity to record realization of Surplus to the extent of the incremental depreciation charge for the year.

4.10 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments.

The company accounts for lease obligations by recording the assets and corresponding liability there against determined on the basis of discounted value of minimum lease payments. Financial charges are recognized in the profit & loss account using the effective mark-up rate method.

The borrowing cost, if any, on qualifying asset is included in the cost of related asset as explained in note 4.21

4.11 Trade and Other Payables

Liability for trade and other amounts payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received.

4.12 Taxation

4.12.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law of taxation on income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for the current tax also includes adjustments, where considered necessary, to provision for tax when made in the previous years arising from assessments framed during the year for such years.

4.12.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of tax. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent to which it is probable that taxable profits will be available against which the deductible temporary difference, unused tax loss, and tax credits can be utilized. Deferred tax is charged or credited to profit & loss account.

4.13 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past event, and it is possible that outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

4.14 Staff Retirement Benefits

The company operates an unfunded gratuity scheme for all its permanent employees which provides for the graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees last drawn salary.

Provisions are made to overcome the obligations under the scheme on the basis of actuarial valuation and are charged to income. The most recent valuation was carried out as of June 30, 2010 using the " Project Unit Credit Method"

Actuarial gains or losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses for each individual plan exceeds 10% of higher of (a) the defined obligation and (b) the fair value of plan assets. These gain or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for the unrecognized actuarial gain and losses and unrecognized past service costs, if any, and as reduced by the fair value of plan assets.

4.15 Dividend & Appropriations to Reserves

Dividend and appropriations to reserves are recognized in the financial statements in the period in which these are approved.

4.16 Contingencies and Commitments

These are accounted for as and when these become due.

4.17 Related Party Transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.18 Financial Instruments

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. The particular measurement method adopted are considered in individual policy statement associated with each item.

4.19 Offsetting of Financial Assets and Liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet, if the company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset's value and settle the liability simultaneously.

4.20 Revenue Recognition

- Revenue from sales is recognized on dispatch of cement to customers

- Profit on bank deposits is recognized when earned.

- Gain on sale of property plant & equipment is recorded when title is transferred in favour of transferee.

- Scrap sales are recognized on physical delivery to customers.

- Rebate on export is recognized after finalization of export documents.

4.21 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.22 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistan rupees at monthly average rates. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date. Exchange gains or losses are charged to income.

	Note	2010 Rupees	2009 Rupees
5 SHARE CAPITAL			
a) Authorized			
200,000,000 (2009: 200,000,000) ordinary shares of Rs.10/- each		**2,000,000,000**	2,000,000,000
b) Issued, Subscribed and Paid Up.			
- 137,419,189 (2009: 137,419,189) ordinary shares of Rs.10/- each fully paid up in cash		**1,374,191,890**	1,374,191,890
- 22,580,811 (2009: 22,580,811) ordinary shares of Rs. 10/- each fully paid up for consideration other than cash.		**225,808,110**	225,808,110
- 16,000,000 (2009: 16,000,000) bonus shares of Rs.10/- each fully issued as bonus shares		**160,000,000**	160,000,000
		1,760,000,000	1,760,000,000
6 RESERVES			
Capital Reserve	6.1	**126,978,994**	126,978,994
Revenue Reserve			
Un appropriated profit / (Loss)		**(288,454,916)**	(149,876,846)
		(161,475,922)	(22,897,852)

6.1 Capital reserve consists of gain on disposal of 21,296,200 shares by director / beneficial owners of the company in open market in 2008. This gain was tendered to the company as required by the Companies Ordinance 1984.

	2010 Rupees	2009 Rupees
7 SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening Balance of Revaluation Surplus	**1,754,043,587**	1,788,324,684
Surplus transferred to retained earnings / (accumulated loss)		
Incremental depreciation	**51,685,347**	52,740,149
Deferred Tax effect	**(18,089,871)**	(18,459,052)
	33,595,476	34,281,097
	1,720,448,111	1,754,043,587

7.1 The company got its assets i.e. land, building, plant & machinery revalued on June 30, 2006 on the basis of current market prices by M/s Hasib Associates (Pvt.) Limited, an independent and approved valuators from Pakistan Banks Association. This amount was credited to Surplus on Revaluation of Fixed Assets account to comply with the requirements of section 235 of the Companies Ordinance, 1984. It includes surplus on revaluation of freehold land amounting to Rs.114.261 (2009 Rs. 114.261) million.

		Note	2010 Rupees	2009 Rupees
8	**LONG TERM FINANCES**			
	Loans from banking companies	8.1	**164,433,000**	20,416,200
	Loans from related parties	8.2	**403,326,233**	291,116,125
			567,759,233	311,532,325

8.1 LONG TERM FINANCE - Secured

	Note	2010 Rupees	2009 Rupees
Askari Bank Ltd. - Term Finance I	8.1.1	**24,791,100**	27,707,700
Askari Bank Ltd. - Term Finance II		**-**	36,500,000
National Bank of Pakistan	8.1.2	**149,850,000**	-
		174,641,100	64,207,700
Less: current portion shown under current liabilities		**10,208,100**	43,791,500
		164,433,000	20,416,200

8.2 DIRECTORS, SHAREHOLDER'S & ASSOCIATES LOAN - unsecured

	Note	2010 Rupees	2009 Rupees
Directors & shareholders loan	8.2.1	**403,326,233**	54,116,125
Associates loan			
Zaman Paper & Board Mills (Pvt) Ltd.		**-**	55,000,000
Flying Kraft Paper Mills (pvt) Ltd.		**-**	182,000,000
		-	237,000,000
		403,326,233	291,116,125

8.1.1 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 installments. 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 collectrals alongwith group inter corporate guarantees.

8.1.2 Demand Finance of Rs. 150 million is 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 %.

8.2.1 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.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represent finance leases arrangement with Meezan Bank Ltd., ORIX Leasing Pakistan Ltd., and Saudi Pak Leasing Company Ltd. for leasing of vehicles and machinery. Lease rentals are payable on monthly basis in advance and include finance charges. The rate of mark-up used as discount factor (implicit in the lease) ranges from 13% to 16% per annum. Taxes, repairs, replacements and insurance costs are to be borne by the company. In the case of termination of agreement, the lessee has to pay the entire rent for un-expired period subject to certain credits. Purchase option can be exercised by the company.

Years	2010			2009		
	Minimum Lease Payments	Finance charges	Present value of minimum Lease Payments	Minimum lease Payments	Finance charges	Present value of minimum Lease Payments
		Rupees			Rupees	
Not later than one year	**8,758,174**	**4,527,865**	**4,230,309**	22,456,515	5,846,850	16,609,665
Later than one year but not later five year	**26,673,615**	**5,515,856**	**21,157,759**	20,051,722	2,774,256	17,277,466
	35,431,789	**10,043,721**	**25,388,068**	42,508,237	8,621,106	33,887,131

	Note	2010 Rupees	2009 Rupees
10 LONG TERM DEPOSITS- unsecured			
Dealers	10.1	**4,800,000**	4,800,000
Transporters	10.2	**7,000,000**	7,000,000
		11,800,000	11,800,000

10.1 These represents interest free security deposits from stockist and are repayable on cancellation of dealership or cessation of business. These are being utilized by the company in accordance with agreed terms.

10.2 These represents interest free security deposits from transporters and are repayable on cancellation of dealership or cessation of business. These are being utilized by the company in accordance with agreed terms.

11 DEFERRED LIABILITIES

	Note	2010 Rupees	2009 Rupees
Deferred Taxation	11.1	**881,826,324**	921,640,507
Gratuity	11.2	**928,689**	1,931,891
		882,755,013	923,572,398

11.1 Deferred Taxation - Net

	2010	2009
Taxable temporary differences		
Excess of accounting book value of fixed assets over their tax base	**1,338,261,785**	1,148,659,540
Deductible temporary differences		
Unused tax losses	**(456,435,461)**	(227,019,033)
	881,826,324	921,640,507

11.2 The scheme provides for terminal benefits for all its permanent employees who attains the minimum qualifying period. Annual charge is made using the actuarial techniques of Projected Unit Credit Method.

11.2.1 Movement in Net liability recognized

	2010 Rupees	2009 Rupees
Net Liability at the beginning of the year	**1,931,891**	1,538,974
Charge for the year	**993,627**	392,917
Benefits paid during the year	**(1,996,829)**	-
	928,689	1,931,891

11.2.2 Movement in Present value of defined benefit plan

	2010 Rupees	2009 Rupees
Present value of defined benefit obligation	**1,931,388**	764,202
Current service cost	**761,860**	1,075,985
Interest Costs	**231,767**	91,705
Actuarial (gain) / loss	**57,976**	(503)
Benefits paid	**(1,996,829)**	-
	986,162	1,931,389

11.2.3 Expenses recognized in Profit & loss account

	2010 Rupees	2009 Rupees
Current service cost	**761,860**	1,075,985
Interest Costs	**231,767**	91,704
Additional liability / (Asset) charge for the year	**-**	(774,772)
	993,627	392,917

	Note	2010 Rupees	2009 Rupees
11.2.4 Reconciliation of Payable to defined benefit plan			
Present value of defined benefit obligation		**986,162**	1,931,388
Unrecognized actuarial gain / (loss)		**(57,473)**	503
Net liability / asset at the end of the year		**928,689**	1,931,891
11.2.5 Principal actuarial assumption			
Expected rate of increase in salaries per annum		**11%**	11%
Discount rate		**12%**	12%
Average expected remaining working life of employees		**14 years**	13 years

12 TRADE AND OTHER PAYABLES

		2010 Rupees	2009 Rupees
Trade Payables		**394,719,256**	206,110,406
Accrued liabilities		**9,197,809**	10,858,642
Taxes and Other Govt. Levies payable		**157,605,678**	129,203,038
Other liabilities		**2,434,688**	2,956,624
		563,957,431	349,128,710

13 ACCRUED MARK-UP

		2010 Rupees	2009 Rupees
Mark-up long term financing - secured		**1,918,613**	7,087,340
Mark-up short term borrowings - secured		**669,387**	4,309,503
Finance leases		**379,294**	-
		2,967,294	11,396,843

14 SHORT TERM FINANCES

	Note	2010 Rupees	2009 Rupees
Loans from banking companies	14.1	**164,093,943**	216,389,560
Loans from related parties	14.2	**-**	35,797,106
		164,093,943	252,186,666

14.1 SHORT TERM BORROWINGS - Secured

	Note	2010 Rupees	2009 Rupees
Askari Bank Ltd.	14.1.1	**88,019,781**	106,105,000
Albaraka Islamic Bank	14.1.2	**5,024,072**	25,200,000
Bank of Punjab			
Demand Finance I	14.1.3	**60,903,800**	85,084,560
Demand Finance II	14.1.4	**10,146,290**	-
		164,093,943	216,389,560

ASSOCIATES LOAN - Unsecured

		2010 Rupees	2009 Rupees
Flying Board & Paper Products Ltd		**-**	17,564,996
Zaman Paper & Board Mills (Pvt) Ltd.		**-**	10,135,429
Flying Kraft Paper Mills (Pvt) Ltd.		**-**	8,096,681
		-	35,797,106

14.1.1 A letter of credit (S/U 180 days) of Rs. 60 million is obtained from Askari Bank Limited. The facility is secured against Ist 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 30-06-2010 is Rs. 88.019 million (2009 Rs. 106.105 million)

14.1.2 A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million is 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.

14.1.3 Forced Demand Finance Facility of Rs. 85.084 million obtained from The Bank of Punjab payable in twelve equal monthly installments. The demand finance attracts mark-up at average 3 months KIBOR + 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.

14.1.4 The Bank of Punjab has restructure / reschedule demand finance by extending the repayment period till May 31, 2011. The outstanding markup till June 04, 2010 is converted in to another demand finance facility repayable in twelve equal monthly installment of Rs 0.846 million. No markup is applicable on this demand finance II facility.

15 CONTINGENCIES AND COMMITMENTS

15.1 Letters of Credit other than capital expenditure outstanding amounted to Rs. Nil. (June 2009: 6.35 million).

15.2 The Albaraka Islamic Bank has issued letter of guarantees on behalf of the company for the followings:

- Sui Notnern Gas Pipeline Ltd., amounting to Rs. 13.00 million

- Excise Collection Office, Sindh Development & Maintenance amounting to Rs. 00.20 million

15.3 The Company has issued guarantees on behalf of their associated undertaking to various banks.

15.4 Subsequent to the year ended on August 31, 2009, 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.

16 PROPERTY, PLANT & EQUIPMENT

	Note	**2010 Rupees**	2009 Rupees
Operating assets - Tangible	16.1	**4,519,933,332**	3,614,777,204
Capital work in progress - at cost	16.7	**336,070,697**	1,139,955,628
		4,856,004,029	4,754,732,832

16.1

Particular	Land - Free hold Cost	Land - Free hold Revaluation	Land - Free hold Total	Building Cost	Building Revaluation	Building Total	Plant & Machinery Cost	Plant & Machinery Revaluation	Plant & Machinery Total	Roads	Electric Installation	Tools & Equipments	Furniture Fixture & Equipments	Motor Vehicles	Leased Vehicles	Leased Machinery	Total Amount
	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at July 1, 2009																	
Net Carrying Value(NBV)	6,276,246	114,261,254	120,537,500	186,084,392	287,101,651	473,186,043	845,295,691	2,458,637,095	3,303,932,786	5,514,865	12,264,085	1,137,202	1,343,809	20,156,435	38,308,850	28,800,000	4,005,181,575
Accumulated Depreciation	-	-	-	42,473,716	16,883,874	59,357,590	167,552,326	144,587,530	312,139,856	827,551	2,273,134	256,521	533,922	3,903,614	9,971,703	1,140,480	390,404,371
Net Book Value	**6,276,246**	**114,261,254**	**120,537,500**	**143,610,676**	**270,217,777**	**413,828,453**	**677,743,365**	**2,314,049,565**	**2,991,792,930**	**4,687,314**	**9,990,951**	**880,681**	**809,887**	**16,252,821**	**28,337,147**	**27,659,520**	**3,614,777,204**
Year ended June 30, 2010																	
Opening Net Book Value	6,276,246	114,261,254	120,537,500	143,610,676	270,217,777	413,828,453	677,743,365	2,314,049,565	2,991,792,930	4,687,314	9,990,951	880,681	809,887	16,252,821	28,337,147	27,659,520	3,614,777,204
Addition	-	-	-	106,646,458	-	106,646,458	874,439,852	-	874,439,852	-	-	-	-	563,100	-	-	981,649,411
	6,276,246	**114,261,254**	**120,537,500**	**250,257,134**	**270,217,777**	**520,474,911**	**1,552,183,217**	**2,314,049,565**	**3,866,232,782**	**4,687,314**	**9,990,951**	**880,681**	**809,887**	**16,815,921**	**28,337,147**	**27,659,520**	**4,596,426,615**
Disposal (NBV)																	
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	595,000	-	-	595,000
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	193,796	-	-	193,796
	-	-	-	-	-	-	-	-	-	-	-	-	-	401,204	-	-	401,204
Depreciation Charge	-	-	-	3,049,958	5,404,356	8,454,314	15,043,785	46,280,991	61,324,776	93,746	999,095	88,068	80,989	1,664,185	2,833,715	553,190	76,092,078
Closing Net Book Value	**6,276,246**	**114,261,254**	**120,537,500**	**247,207,176**	**264,813,421**	**512,020,597**	**1,537,139,432**	**2,267,768,574**	**3,804,908,006**	**4,593,568**	**8,991,856**	**792,613**	**728,898**	**14,750,532**	**25,503,432**	**27,106,330**	**4,519,933,332**
As at June 30, 2010	**6,276,246**	**114,261,254**	**120,537,500**	**247,207,176**	**264,813,421**	**512,020,597**	**1,537,139,432**	**2,267,768,574**	**3,804,908,006**	**4,593,568**	**8,991,856**	**792,613**	**728,898**	**14,750,532**	**25,503,432**	**27,106,330**	**4,519,933,332**
As at June 30, 2009	6,276,246	114,261,254	120,537,500	143,610,676	270,217,777	413,828,453	677,743,365	2,314,049,565	2,991,792,930	4,687,314	9,990,951	880,681	809,887	16,252,821	28,337,147	27,659,520	3,614,777,204
Annual Rate of Depreciation	0%	0%		2%	2%		2%	2%		2%	10%	10%	10%	10%	10%	2%	

16.2 Depreciation for the year has been allocated as under

	Allocation 2010	Allocation 2009
	Rs.	Rs.
Cost of goods sold	71,513,189	70,541,360
Administrative Expenses	4,578,889	4,861,085
	76,092,078	**75,402,445**

16.3 PROPERTY, PLANT & EQUIPMENT

Particular	Land - Free hold Cost	Land - Free hold Revaluation	Land - Free hold Total	Building Cost	Building Revaluation	Building Total	Plant & Machinery Cost	Plant & Machinery Revaluation	Plant & Machinery Total	Roads	Electric Installation	Tools & Equipments	Furniture Fixture & Equipments	Motor Vehicles	Leased Vehicles	Leased Machinery	Total Amount
	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Net Carrying Value(NBV)	6,276,246	114,261,254	120,537,500	186,084,392	287,101,651	473,186,043	845,295,691	2,458,637,095	3,303,932,786	5,514,865	12,264,085	1,137,202	1,343,809	20,156,435	38,308,850	28,800,000	4,005,181,575
As at July 1, 2008																	
Net Carrying Value(NBV)	6,276,246	114,261,254	120,537,500	186,084,392	287,101,651	473,186,043	780,494,821	2,458,637,095	3,239,131,916	5,514,865	4,646,085	557,913	1,343,809	24,423,435	35,477,250	28,800,000	3,933,618,816
Accumulated Depreciation	-	-	-	39,542,886	11,369,225	50,912,111	154,240,528	97,362,029	251,602,557	731,892	1,440,362	190,850	443,935	2,974,112	7,119,524	576,000	315,991,343
Net Book Value	**6,276,246**	**114,261,254**	**120,537,500**	**146,541,506**	**275,732,426**	**422,273,932**	**626,254,293**	**2,361,275,066**	**2,987,529,359**	**4,782,973**	**3,205,723**	**367,063**	**899,874**	**21,449,323**	**28,357,726**	**28,224,000**	**3,617,627,473**
Year ended June 30, 2009																	
Opening Net Book Value	6,276,246	114,261,254	120,537,500	146,541,506	275,732,426	422,273,932	626,254,293	2,361,275,066	2,987,529,359	4,782,973	3,205,723	367,063	899,874	21,449,323	28,357,726	28,224,000	3,617,627,473
Addition	-	-	-	-	-	-	64,800,870	-	64,800,870	-	7,618,000	579,289	-	858,000	3,426,600	-	77,282,759
	6,276,246	**114,261,254**	**120,537,500**	**146,541,506**	**275,732,426**	**422,273,932**	**691,055,163**	**2,361,275,066**	**3,052,330,229**	**4,782,973**	**10,823,723**	**946,352**	**899,874**	**22,307,323**	**31,784,326**	**28,224,000**	**3,694,910,232**
Disposal (NBV)																	
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	5,720,000	-	-	5,720,000
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	989,417	-	-	989,417
	-	-	-	-	-	-	-	-	-	-	-	-	-	4,730,583	-	-	4,730,583
Depreciation Charge	-	-	-	2,930,830	5,514,649	8,445,479	13,311,798	47,225,501	60,537,299	95,659	832,772	65,671	89,987	1,757,674	3,013,424	564,480	75,402,445
Closing Net Book Value	**6,276,246**	**114,261,254**	**120,537,500**	**143,610,676**	**270,217,777**	**413,828,453**	**677,743,365**	**2,314,049,565**	**2,991,792,930**	**4,687,314**	**9,990,951**	**880,681**	**809,887**	**15,819,066**	**28,770,902**	**27,659,520**	3,614,777,204
As at June 30, 2009	**6,276,246**	**114,261,254**	**120,537,500**	**143,610,676**	**270,217,777**	**413,828,453**	**677,743,365**	**2,314,049,565**	**2,991,792,930**	**4,687,314**	**9,990,951**	**880,681**	**809,887**	**15,819,066**	**28,770,902**	**27,659,520**	**3,614,777,204**
As at June 30, 2008	6,276,246	114,261,254	120,537,500	146,541,506	275,732,426	422,273,932	626,254,293	2,361,275,066	2,987,529,359	4,782,973	3,205,723	367,063	899,874	21,449,323	28,357,726	28,224,000	3,617,627,473
Annual Rate of Depreciation	0%	0%		2%	2%		2%	2%		2%	10%	10%	10%	10%	10%	2%	

16.4 Depreciation for the year has been allocated as under

	Allocation 2010	Allocation 2009
	Rs.	Rs.
Cost of goods sold	70,541,360	70,658,410
Administrative Expenses	4,861,085	5,634,103
	75,402,445	**76,292,513**

16.5 The following fixed assets were disposed off during the year.

Particulars of assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(loss)	Mode of disposal
	(------------------	------------------Rupees	------------------	------------------)		
Vehicles						
Suzuki Cultus	595,000	193,796	401,204	401,204	-	Negotiation
	595,000	**193,796**	**401,204**	**401,204**	**-**	

		2010 Rupees	2009 Rupees
16.6	Had there been no revaluation the carrying amount of the assets would be,		
	Land	**6,276,246**	6,276,246
	Building	**247,207,176**	143,610,676
	Plant & Machinery	**1,537,139,433**	677,743,368
		1,790,622,855	827,630,290
16.7	**CAPITAL WORK IN PROGRESS**		
	Building	**71,047,639**	177,644,096
	Plant & machinery	**265,023,058**	962,311,532
		336,070,697	1,139,955,628

16.8 Capital work in progress includes borrowing cost capitalized Rs. 10.579 million (2009: Rs. NIL)

		2010 Rupees	2009 Rupees
17	**STORES & SPARES**		
	Stores	**37,299,489**	27,663,609
	Spares	**2,021,349**	1,510,951
		39,320,838	29,174,560
18	**STOCK IN TRADE**		
	Raw material	**2,571,160**	1,884,230
	Furnace oil, coal & lubricants	**319,347,269**	327,982,178
	Packing material	**19,306,269**	14,239,227
	Work in process	**80,730,457**	80,470,123
	Finished goods	**1,641,150**	1,405,776
		423,596,305	425,981,534
19	**TRADE DEBTS-** considered good though unsecured	**448,881**	10,792,073

		2010 Rupees	2009 Rupees
20	**ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES**		
	Advances to suppliers - Unsecured, considered good	**86,545,837**	45,660,494
	Advances to staff - Unsecured, considered good	**242,400**	339,900
	Security deposits	**58,049,283**	58,049,283
	Margin held by banks	**8,040,000**	45,178,800
	Advance Income Tax	**7,359,865**	5,314,075
	Letter of credit	**6,396,573**	31,528
	Sales tax refundable	**31,032,606**	14,807,599
	Lease key money	**29,829,550**	30,392,650
	Other advances	**405,988**	405,988
	Prepaid Expenses	**87,826**	1,214,326
		227,989,928	201,394,643
21	**CASH AND BANK BALANCES**		
	In Hand	**401,678**	485,842
	At Banks- current accounts	**542,696**	5,879,824
		944,374	6,365,666
22	**SALES**		
	Gross Sales		
	Local	**116,142,796**	932,515,542
	Export	**-**	11,242,610
		116,142,796	943,758,152
	Less :		
	Sales Tax	**17,506,464**	129,440,727
	Excise Duty	**17,006,100**	140,951,974
	Special Excise Duty	**824,552**	6,259,461
	Rebate/Commission on Sales	**188,920**	1,033,830
		35,526,036	277,685,992
	NET SALES	**80,616,760**	**666,072,160**

23 COST OF SALES

	Note	2010 Rupees	2009 Rupees
Raw Material Consumed		**2,172,605**	10,776,263
Furnace Oil, Diesel, Coal and Lubricants consumed		**121,533,835**	534,531,842
Packing Material consumed		**8,115,483**	36,778,319
Stores and Spares consumed		**4,024,240**	6,057,251
Salaries , Wages and Benefits	23.1	**22,476,024**	46,677,944
Water Charges		**268,928**	1,000,077
Electricity		**5,346,530**	5,310,763
Extraction Charges		**1,432,284**	1,992,507
Repair and Maintenance		**494,955**	4,376,221
Vehicle Running Expenses		**1,343,630**	6,786,539
Communication		**184,882**	297,532
Entertainment		**45,059**	181,337
Rent Rates and Taxes		**150,000**	260,800
Printing and Stationery		**60,142**	86,241
Traveling and Conveyance		**79,748**	134,130
Other manufacturing Expenses		**689,029**	514,218
Carriage and Freight		**254,418**	1,516,382
Depreciation	16.2	**71,513,189**	70,541,360
		240,184,981	727,819,726
Work In Process			
Opening balance		**80,470,123**	165,167,272
Closing balance		**(80,730,457)**	(80,470,123)
		(260,334)	84,697,149
Cost of Goods Manufactured		**239,924,647**	812,516,875
Finished Goods			
Opening balance		**1,405,776**	3,919,075
Closing balance		**(1,641,150)**	(1,405,776)
		(235,374)	2,513,299
Cost of Sales		**239,689,273**	815,030,174

23.1 It includes staff retirements benefits amounting to Rs. 756,756 (June 2009 Rs 299,249)

24 DISTRIBUTION COST

	Note	**2010 Rupees**	2009 Rupees
Salaries , Wages and Benefits	24.1	**2,674,321**	3,490,253
Export Charges		**-**	3,252,750
Rent Rates and Taxes		**145,000**	120,000
Traveling, Conveyance and Vehicle Running		**11,905**	16,865
Printing and Stationery		**15,750**	1,345
Communication		**27,495**	47,368
Electricity, Water & Sui Gas		**18,776**	17,898
Advertisement		**71,500**	52,425
Entertainment & Miscellaneous		**17,527**	22,125
		2,982,274	7,021,029

24.1 It includes staff retirements benefits amounting to Rs. 185,991 (June 2009 Rs 258,680)

25 ADMINISTRATIVE EXPENSES

	Note	**2010 Rupees**	2009 Rupees
Directors Remuneration		**-**	1,000,000
Salaries , Wages and Benefits	25.1	**1,657,625**	2,420,900
Traveling, Conveyance and Vehicle Running		**535,416**	3,006,522
Printing and Stationery		**245,150**	395,783
Legal and Professional		**2,270,901**	2,077,316
Communication		**409,833**	485,749
Rent, Rates Taxes and Other Charges		**75,000**	323,074
Charity and Donation	25.2	**50,000**	131,680
Fee and Subscription		**469,038**	396,204
Auditor's Remuneration	25.3	**400,000**	205,000
Insurance		**1,085,302**	2,413,221
Entertainment & Miscellaneous		**19,040**	8,583
Depreciation	16.2	**4,578,889**	4,861,085
		11,796,194	17,725,117

25.1 It includes staff retirements benefits amounting to Rs. 50,880 (June 2009 Rs 73,548)

25.2 The company had paid the charity and donation of Rs. 50,000 (June 2009 Rs. 131,680) and directors or their spouses were not interested in the donee

	Note	2010 Rupees	2009 Rupees
25.3 Auditors' remuneration			
Tahir Siddiqi & Co.			
-statutory audit		**370,000**	175,000
Mumtaz Balouch & Co			
-cost audit		**30,000**	30,000
		400,000	205,000

26 OTHER OPERATING EXPENSES

Loss on disposal of assets		**-**	30,583
		-	30,583

27 FINANCE COST

Lease Finance Charges		**7,333,798**	5,769,833
Financial Charges Associated Co		**-**	15,008,149
Mark Up on Letter of Credit		**2,357,951**	9,032,013
Mark up on Long Term Loan		**5,463,769**	21,296,958
Mark up on Short Term Finance		**10,815,677**	13,351,555
Bank Charges and Commission		**2,147,715**	1,256,571
		28,118,910	65,715,079

28 TAXATION

Prior		**9,614,754**	390,804
Current	28.1	**403,084**	-
		10,017,838	390,804
Deferred (income)/expense		**(39,814,183)**	(78,093,870)
		(29,796,345)	(77,703,066)

28.1 This represents minimum tax on local turnover and on income chargeable under Final Tax Regime (FTR) therefore, no numerical tax reconciliation is given.

28.2 The tax assessment of the company have been finalized upto and including the tax year 2009.

	2010 Rupees	2009 Rupees

29 EARNING PER SHARE-BASIC

There is no dilutive effect on the basic earning per share, which is based on:

	2010	2009
Profit / (Loss) before taxation	**(201,969,891)**	(239,449,822)
Profit / (Loss) after taxation	**(172,173,546)**	(161,746,756)
	(No. of shares)	
Weighted average number of ordinary shares	**176,000,000**	176,000,000
	(Rupees)	
29.1 Earning per share (before tax) - Basic & Diluted	**(1.15)**	(1.36)
29.2 Earning per share (after tax) - Basic & Diluted	**(0.98)**	(0.92)

30 NUMBER OF EMPLOYEES

	2010	2009
Total number of employees at the end of year.	**156**	367

31 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:

	2010 Rupees	2009 Rupees
Sales to Associated Companies	**22,160,752**	36,407,828
Purchases from Associated Companies	**60,410,851**	55,239,467

32 FINANCIAL RISK MANAGEMENT

The Company has exposures to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risk faced by the Company. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

32.1 Credit risk

The company's Credit risk exposures are categorized under the following heads:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at reporting date was:

	2010 Rupees	2009 Rupees
Trade debtors	**448,881**	10,792,073
Advances, deposits prepayments and other receivables	**227,989,928**	201,394,643
Cash and bank	**944,374**	6,365,666
	229,383,183	218,552,382

The trade debts as the balance sheet date are all domestic debts.

The aging of trade receivables at the reporting dates:

Not past due	**-**	2,365,965
Past due 1-30 days	**-**	3,735,968
Past due 31-60 days	**-**	2,627,665
Past due 61-90 days	**-**	1,067,728
Over 90 days	**448,881**	994,747
	448,881	10,792,073

Based on historic records, the company believes that no impairment allowance in respect of loans and receivables is required.

32.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments. The following are the contractual maturities of financial liabilities including estimated interest payments:

At June 30, 2010	Less than 1 Year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
Long term finances	10,208,100	61,616,400	77,841,600	24,975,000
Trade and other payables	563,957,431	-	-	-
Accrued Markup	2,967,294	-	-	-
Short term borrowings	164,093,943	-	-	-
Liabilities against assets subject to finance lease	4,230,309	7,133,179	14,024,580	-
	745,457,079	**68,749,579**	**91,866,180**	**24,975,000**

At June 30, 2009	Less than 1 Year	Between 1 and 2 years	Between 2 and 5 years	Over 5 Years
Long term finances	43,791,500	5,833,200	14,583,000	-
Trade and other payables	349,128,710	-	-	-
Accrued Markup	11,396,843	-	-	-
Short term borrowings	216,389,560	-	-	-
Liabilities against assets subject to finance lease	16,609,665	9,334,904	7,942,562	-
	637,316,278	**15,168,104**	**22,525,562**	**-**

32.3 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rates only.

32.3.1 Currency Risk

Foreign currency is the risk that the value of financial assets or liabilities will fluctuate due to change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company is not exposed to currency risk at the balance sheet date.

32.3.2 Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were:

	Effective rate In %		Carrying Amount (Rupees)	
	2010	2009	**2010**	2009
Financial Liabilities				
Variable Rate instruments:				
Short term borrowings	15.00 to 15.09	17.05 to 18.05	**164,093,943**	233,954,556
Long term borrowings	14.96 to 15.29	17.49 to 18.49	**174,641,100**	64,207,700
Lease financing	13 to 16	13 to 16	**25,388,068**	33,887,131

Fair value of sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rate at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for various rate instruments

A change of 100 basis points in interest rate at the reporting date would have increased / (decreased) profit or loss by amount shown below. This analysis assumes that all other variables, in a particular foreign currency rate (if any), remains constant. The analysis is performed on the same basis as for the previous year:-

	Rupees Increase	Rupees Decrease
As at June 30, 2010	(3,387,350)	3,387,350
As at June 30, 2009	(2,981,623)	2,981,623

The sensitivity analysis prepared is not necessarily indicative of the effect on loss for the year and assets / liabilities of the company.

32.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

32.5 Fair values of the financial instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

32.6 Capital Risk Management

The Company's prime objective when managing capital is to safe guard its ability to continue as going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debts.

	2010 Rupees	2009 Rupees
Total Borrowings	**767,449,344**	641,397,622
Less: Cash and Bank Balances	**944,374**	6,365,666
Net Debt	**766,504,970**	635,031,956
Total Equity	**1,598,524,078**	1,737,102,148
Total Capital	**2,365,029,048**	2,372,134,104
Gearing Ratio	**32.41%**	26.77%

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

	Chief Executive		Directors		Executive	
	2010	2009	**2010**	2009	**2010**	2009
	Rupees	Rupees	**Rupees**	Rupees	**Rupees**	Rupees
Managerial remuneration	**-**	-	-	910,000	**5,492,200**	4,930,500
Medical allowance	**-**	-	-	90,000	**549,220**	493,000
	-	**-**	**-**	1,000,000	**6,041,420**	5,423,500
	-	-	-	**2**	**7**	**6**

33.1 The Chief Executive of the company forgo his right to receive the salary.

34 PRODUCTION CAPACITY

	Installed Capacity		Actual production	
	2010	2009	**2010**	2009
	Tons	Tons	**Tons**	Tons
Clinker	**1,200,000**	1,200,000	**23,177**	90,694
Cement	**1,260,000**	1,260,000	**24,322**	155,214

Reason for shortfall

Under utilized capacity due to uneconomical generation of electricity from captive power unit caused due to furnace oil prices. Inefficient and old machinery / equipments of the plant is under replacement which caused long shutdowns frequently resultantly hampering production.

35 CASH AND CASH EQUIVALENTS

Cash & Bank Balances	**944,374**	6,365,666
Short term finances	**(164,093,943)**	(216,389,560)
	(163,149,569)	(210,023,894)

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 09, 2010 by the board of directors of the company.

37 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

PATTERN OF SHAREHOLDING AS AT 30th JUNE 2010

No. of Shareholders	Shareholdings		No. of Shares Held	Percentage
	From	To		
476	1	100	27274	0.0155
409	101	500	176353	0.1002
1876	501	1000	1215234	0.6905
1444	1001	5000	3784431	2.1502
460	5001	10000	3625286	2.0598
142	10001	15000	1763512	1.0020
112	15001	20000	2022911	1.1494
77	20001	25000	1789912	1.0170
40	25001	30000	1126084	0.6398
23	30001	35000	745011	0.4233
15	35001	40000	581949	0.3307
12	40001	45000	521800	0.2965
24	45001	50000	1174944	0.6676
15	50001	55000	784168	0.4456
7	55001	60000	411000	0.2335
8	60001	65000	502033	0.2852
5	65001	70000	341000	0.1938
1	70001	75000	71000	0.0403
4	75001	80000	307203	0.1745
2	80001	85000	167000	0.0949
2	85001	90000	173500	0.0986
2	90001	95000	184651	0.1049
11	95001	100000	1099500	0.6247
1	100001	105000	104500	0.0594
3	105001	110000	327000	0.1858
1	110001	115000	111000	0.0631
2	120001	125000	250000	0.1420
3	125001	130000	385001	0.2188
2	130001	135000	265150	0.1507
1	140001	145000	140500	0.0798
2	145001	150000	295426	0.1679
1	155001	160000	160000	0.0909
1	160001	165000	163094	0.0927
1	175001	180000	177544	0.1009
3	195001	200000	599000	0.3403
1	230001	235000	231000	0.1312
1	595001	600000	600000	0.3409
1	645001	650000	647050	0.3676
1	750001	755000	753400	0.4281
1	1430001	1435000	1431000	0.8131
1	2160001	2165000	2160050	1.2273
1	3985001	3990000	3986500	2.2651
1	5035001	5040000	5039280	2.8632
1	7005001	7010000	7009400	3.9826
1	7670001	7675000	7674500	4.3605
1	9830001	9835000	9832007	5.5864
1	11055001	11060000	11055550	6.2816
1	14830001	14835000	14834314	8.4286
1	21420001	21425000	21422798	12.1720
1	27470001	27475000	27471345	15.6087
1	36275001	36280000	36277835	20.6124
5204	Company Total		**176000000**	**100.0000**

CATEGORIES OF SHAREHOLDERS AS AT 30TH JUNE 2010

Particulars	Shareholders	Shares held	Percentage
Directors, CEO, Children	10	135,749,629	77.1307
Associated Companies	1	7,674,500	4.3605
Banks, DFI, NBFI	1	8,000	0.00455
Insurance Companies	1	16,500	0.0093
Modarabas, Mutual Funds	1	5	0
General Public (Local)	5139	27,264,224	15.4910
General Public (Foreign)	10	61,700	0.0306
Others	41	5,225,442	2.9690
Total	**5204**	**176,000,000**	**100.0000**

PATTERN OF SHAREHOLDING
ADDITIONAL INFORMATION AS AT 30TH JUNE 2010

	Net Shareholdings
ASSOCIATED COMPANIES	
M/S.Flying Kraft Paper Mills (Pvt) Ltd.	7,674,500
NIT AND ICP	NIL
DIRECTORS, CEO AND CHILDREN	
Mr. Kamran Khan	14,834,314
Mr. Imran Qamar	27,471,345
Mr. Momin Qamar	36,277,835
Mr. Bilal Qamar	11,055,550
Mrs. Shaista Imran	5,039,280
Mrs. Samina Kamran	21,422,798
Mrs. Misbah Momin	7,009,400
	123,110,522
Children of Directors	
Mr. Yousaf Kamran Khan	9,832,007
Mr. Qasim Khan	647,050
Mr. Asim Qamar	2,160,050
	12,639,107
EXECUTIVES	NIL
PUBLIC SECTOR COMPANIES AND CORPORATIONS	NIL
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS.	24,505
OTHERS	5,225,442
SHAREHOLDERS HOLDING 10% OR MORE (other than those reported in Directors)	NIL
INDIVIDUALS (other than directors and their spouses)	27,325,924
TOTAL	**176,000,000**

(No Shares were purchased or sold by directors their spouses or any executive of the Company).

FLYINGT CEMENT COMPANY LIMITED
17th Annual General Meeting

Registered Folio/
Participant ID No. &
A/C No.
No. of Shares Held.

PROXY FORM

IMPORTANT
Instruments of Proxy will not be considered as valid unless deposited or received at the Company's Registered Office at 103-Fazal Road, Lahore Cantt. Not later than 48 hours before the time of holding the meeting.

I/We____

of ____ being a member of

Flying Cement Company Limited and holder of ____

of____another member of the company

as my/our proxy to attend and vote for me/us and on my/our behalf at the 17th Annual General Meeting of the Company to be held on **Saturday, 30 October 2010 at 12:00 hours** and at any adjournment thereof.

Signature:

Please affix
Rupees five
revenue stamp

Witnesses:

1.	Signature:	____________	2.	Signature:	____________
	Name	____________		Name	____________
	Address:	____________		Address:	____________
		____________			____________
	NIC or			NIC or	
	Passport No.	____________		Passport No.	____________

Date 2010

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AFFIX
CORRECT
POSTAGE

The Company Secretary,

Flying Cement Company Limited,
Registered Office: 103-Fazil Road,
St. Jhon Park,
Lahore. Cantt. Pakistan.

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