بسم الله الرحمن الرحيم

Contents

Company Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mrs. Misbah Momin	Chairperson
Mr. Momin Qamar	Member
Mr. Yousaf Kamran Khan	Member

STATUTORY AUDITORS
M/s. Tahir Siddiqi & Co.
Chartered Accountants
A member firm of TIAG Limited

COST AUDITORS
M/s. Mumtaz Bloach & Co.,
Chartered Accountants

INTERNAL AUDITOR
Mr. Imran Matloob Khan

COMPANY SECRETARY
Mr. Mubashir Asif

CHIEF FINANCIAL OFFICER
Agha Hamayun Khan

LEGAL ADVISOR OF COMPANY
Mr. Muhammad Atif Amin,
Advocate High Court,

BANKERS
Askari Commercial Bank Ltd.
The Bank of Punjab
United Bank Ltd.
Al Baraka Islamic Bank
Faysal Bank Ltd.
MCB Bank Ltd.
National Bank of Pakistan
Bank Al-Habib Ltd.
Bank Al Flah Limited
Habib Bank Limited

REGISTERED & HEAD OFFICE
103-Fazal Road, Lahore Cantt. Lahore
Tel: 042-6674301-5 Fax: 042-6660693
www.flyingcement.com

PRODUCTION FACILITIES
25Km, Lilla Interchange
Lahore-Islamabad Motorway,
Mangowal, Distt. Khoshab

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

WEB SITE
www.flyingcement.com

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

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	2011	2010	2009	2008	2007
Operating Results (Rs.)					
Net Sales	723,948,685	80,616,760	666,072,160	158,298,146	1,178,787,297
Gross Profit / (Loss)	(163,017,463)	(159,072,514)	(148,958,014)	(277,118,832)	118,129,457
Pre tax profit / (loss)	(222,408,210)	(201,969,892)	(239,449,822)	(331,339,139)	79,595,906
After tax profit / (loss)	(145,941,419)	(172,173,547)	161,746,756	(272,587,247)	16,645,595
Financial Position (Rs.)					
Current Assets	553,670,027	692,300,326	673,708,476	659,210,727	689,992,129
Current Liabilities	808,323,585	745,860,161	673,113,384	637,789,931	473,590,167
Property, Plant & Equipments	4,901,092,134	4,856,004,029	4,754,732,832	4,696,595,213	4,716,694,669
Total Assets	5,454,762,161	5,548,304,355	5,428,441,308	5,355,805,940	5,406,686,798
Long Term Liabilities	677,953,874	600,716,992	340,609,791	63,850,168	72,408,095
Share Holser's Equity	1,485,506,223	1,598,524,077	1,737,102,148	1,864,567,807	1,975,195,347
Ratios (%)					
Current Ratio	0.68	0.93	1.00	1.03	1.46
Debt to Equity Ratio	0.46	0.38	0.20	0.03	0.04
Gross Profit to Sale Ratio	-22.52%	-197.32%	-22.36%	-175.06%	10.02%
Net Profit to Sales Ratio (before tax)	-30.72%	-250.53%	-35.95%	-209.31%	6.75%
Earning Per Share (Ts.)					
Basic (before tax)	(1.26)	(1.15)	(1.36)	(1.88)	0.45
Basic (after tax)	(0.83)	(0.98)	(0.92)	(1.55)	0.09

NOTICE OF 18th ANNUAL GENERAL MEETING

Notice is hereby given that 18th Annual General Meeting of the shareholders of Flying Cement Company Limited will be held on 31st of October, 2011 at 10:00 hours at Hotel One, Shaukat Ali Road, Akbar Chowk, Faisal Town, Lahore to transact the following business:

- To confirm minutes of Extra Ordinary General Meeting held on 17th of May 2011.
- To approve and adopt the audited accounts of the company for the year ended on June 30, 2011.
- To appoint the Auditors and fix their remuneration. The Board of Directors have approved the appointment of M/s. Tahir Siddiqi & Co, "Chartered Accountants" the retiring auditors as auditors of the Company for the next year ending June 30, 2012 on the recommendations of the Audit Committee.
- To transact any other business with the permission of Chairman.

By Order of the Board

Mubashir Asif
COMPANY SECRETARY
Lahore: October 09, 2011

Notes:

1. The Share Transfer Books of the company will be closed from October 24, 2011 to October 31, 2011 (inclusive of both days)
2. A shareholder eligible 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 bring Original Computerized Identity Card to prove their identity alongwith account details etc at the time of meeting. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier).
4. The shareholders are requested to notify the company of the change in their address, if any.

Directors' Report

Directors of Flying Cement Company Limited ("the company") are pleased to present the 18th annual report of the company for year ended June 30, 2011 alongwith the financial statements and auditors' report thereon.

Operating Financial Results

Your directors report with satisfaction that your company has successfully switched over to newly installed WAPDA Grid Station and has started the production regularly.
The Financial Highlights as depicted below indicates favourable trend of sales and reduction in losses comparing last year.

Financial Highlights	**2011 Rs**	**2010 Rs**
Gross Sales	1,013,428,052	116,142,796
Gross (Loss)	(163,017,463)	(159,072,513)
Loss (After Tax)	(145,941,419)	(172,173,546)
Earning Per Sahre (After Tax – Basic)	(0.83)	(0.98)

Cement prices in the country have increased slightly due to increase in the prices of Oil and as your company has started its operations on WAPDA therefore we are focusing to achieve the target of sale growth by widening the area of sales in the region as well as in the country.
BMR program is going on parallel basis. The cost saving strategy undertaken, like installation of single raw mill (Vertical Type) in replacement of existing three raw mills, building of sheds for coal, stacker and re-claimer. All the BMR programs are being considered on merits.

After completion of BMR jobs during -2011 2012, Inshallah it will increase the profitability of company to a great extent.

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.

During the year under review, nine meetings of the Board of Directors of the company were held and the attendance position was as under:-

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

* meetings held during appointment tenure.

FUTURE OUTLOOK

We are foreseeing 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 Afghanistan and African Countries.

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, I extend my thanks and appreciation to shareholders, customers and employees of Flying Cement Company for their persistent support and trust and we hope to continue delivering exceptional results.

For and on behalf of the Board

Kamran Khan
Chairman

Lahore: **October 09, 2011**

STATEMENT OF COMPLIANCE WITH 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. A casual vacancy occurred in the Board during the year and was filled.

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. 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.

10. 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.

11. 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.

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

13. 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.

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

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

16. 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.

17. 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.
18. 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.

19. 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.

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

On behalf of the Board of Directors

KAMRAN KHAN
Chairman

Lahore: October 09, 2011

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 determi ne 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, 2011.

Lahore:
October 09, 2011

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

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FLYING CEMENT COMPANY LIMITED** as at June 30, 2011 and the related profit and loss account, statement of comprehensive income, 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, and 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 conduct 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 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 accounts and are further in accordance with accounting policies consistently applied;

 (ii) the expenditure incurred during the year was for the purpose of the company's business; and

 (iii) the business conducted, investments made and the 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 and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement 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, 2011 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 (XVIII of 1980)

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

Lahore
October 09, 2011

BALANCE SHEET
AS AT JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized capital			
200,000,000 ordinary shares of Rs 10/- each.		**2,000,000,000**	2,000,000,000
Issued, subscribed and paid up capital			
176,000,000, ordinary shares of Rs. 10/- each.	5	**1,760,000,000**	1,760,000,000
Reserves	6	**(274,493,777)**	(161,475,923)
		1,485,506,223	1,598,524,077
Surplus on revaluation of fixed assets	7	**1,687,524,545**	1,720,448,111
NON-CURRENT LIABILITIES			
Long term finance	8	**651,524,133**	567,759,233
Liabilities against assets subject to finance lease	9	**14,024,401**	21,157,759
Long term deposits	10	**12,405,340**	11,800,000
Deferred liabilities	11	**795,453,934**	882,755,013
		1,473,407,808	1,483,472,005
CURRENT LIABILITIES			
Trade and other payables	12	**506,872,934**	563,957,431
Accrued interest / Mark-up	13	**32,318,949**	2,967,294
Short term finance	14	**236,751,259**	164,093,943
Current portion of			
Current portion of liabilities against assets subject to finance lease	9	**9,099,656**	4,230,309
Current portion of long term finance	8	**16,041,300**	10,208,100
Provision for taxation	28	**7,239,487**	403,084
		808,323,585	745,860,161
TOTAL LIABILITIES		**2,281,731,393**	2,229,332,166
Contingencies and commitments	15	**-**	-
TOTAL EQUITY AND LIABILITIES		**5,454,762,161**	5,548,304,354
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	16	**4,901,092,134**	4,856,004,029
CURRENT ASSETS			
Stores, spares & loose tools	17	**14,443,881**	39,320,838
Stock in trade	18	**368,283,760**	423,596,305
Trade debts	19	**6,260,889**	448,881
Advances, deposits, prepayments & other receivables	20	**154,942,841**	227,989,928
Cash and bank balances	21	**9,738,656**	944,374
		553,670,027	692,300,326
TOTAL ASSETS		**5,454,762,161**	5,548,304,355

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

Momin Qamar
Director

Kamran Khan
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
Sales	22	**723,948,685**	80,616,760
Cost of Sales	23	**886,966,148**	239,689,273
Gross Profit/(Loss)		**(163,017,463)**	(159,072,514)
Operating Expenses			
Distribution Cost	24	**3,999,096**	2,982,274
Administrative Expenses	25	**10,247,210**	11,796,194
Other Operating Expenses	27	**77,693**	-
		14,323,999	14,778,468
Operating Profit/(Loss)		**(177,341,462)**	(173,850,982)
Financial Cost	26	**(45,066,748)**	(28,118,910)
Profit/(Loss) Before Taxation		**(222,408,210)**	(201,969,892)
Taxation	28	**76,466,790**	29,796,345
Profit/(Loss) After Taxation		**(145,941,419)**	(172,173,547)
Earning Per Share (before tax) - Basic		**(1.26)**	(1.15)
Earning Per Share (after tax) - Basic		**(0.83)**	(0.98)

The annexed notes from 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 PERIOD ENDED JUNE 30, 2011

	2011 Rupees	2010 Rupees
Profit / (Loss) for the year	**(145,941,419)**	(172,173,547)
Other Comprehensive income	-	-
Total Comprehensive income for the year	**(145,941,419)**	(172,173,547)

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

Momin Qamar
Momin Qamar
Director

Kamran Khan
Chief Executive

CASH FLOW STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2011

	2011 Rupees	2010 Rupees
Cash Flow From Operating Activities		
Profit for the period - before taxation	(222,408,210)	(201,969,891)
Adjustment for non cash charges and other items		
Depreciation	91,474,862	76,092,078
Provision for gratuity	-	993,627
Loss on sale of assets	77,693	-
Financial cost	45,066,748	28,118,910
	136,619,303	105,204,615
Cash Inflow from operating activities before working capital changes	(85,788,907)	(96,765,276)
Changes In Working Capital		
(Increase) / Decrease in current assets		
Stores, spares & loose tools	24,876,957	(10,146,278)
Stock-in-trade	55,312,545	2,385,229
Trade debtors	(5,812,008)	10,343,192
Advances, deposits, and other receivables	72,644,003	(26,595,285)
	147,021,497	(24,013,142)
Increase / (Decrease) in current liabilities		
Creditors, accruals and other liabilities	(59,750,610)	205,213,967
Cash Inflow/(Outflow) from Operating Activities-Before Taxation	1,481,980	84,435,549
Payment of Gratuity	(928,689)	(1,996,829)
Cash Inflow/(Outflow) From Operating Activities - After Taxation	553,291	82,438,720
Cash Inflow/(Outflow) From Investing Activities		
Fixed Capital Expenditures	(165,740,660)	(177,764,479)
Sale Proceed of assets	29,100,000	401,204
Fixed Capital Expenditures	(136,640,660)	(177,363,275)
Cash Flow From Financing Activities		
Financial charges paid	(15,715,093)	(36,548,459)
#######	-	(35,797,106)
Liabilities against assets subject to finance lease	(2,264,011)	(8,499,063)
Long term finance	89,598,100	222,643,508
Long term deposits	605,340	-
Net Cash Inflow/(Outflow) From Financing Activities	72,224,336	141,798,880
Net Increase / (decrease) in Cash and Cash Equivalents	(63,863,033)	46,874,325
Cash and Cash Equivalents - at the beginning of the year	(163,149,569)	(210,023,894)
Cash and Cash Equivalents - at the end of the period	(227,012,602)	(163,149,569)

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

Momin Qamar
Director

Kamran Khan
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2011

	Ordinary Share Capital (Rs.)	Accumulated Profit / (Loss) (Rs.)	Capital Reserve (Rs.)	Total (Rs.)
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	-	(172,173,547)	-	**(172,173,547)**
Incremental depreciation	-	33,595,476	-	**33,595,476**
Balance as at June 30, 2010	**1,760,000,000**	**(288,454,917)**	**126,978,994**	**1,598,524,077**
Total Comprehensive Income / (Loss) for the Year	**-**	(145,941,419)	-	(145,941,419)
Incremental depreciation	**-**	32,923,566	-	32,923,566
Balance as at June 30, 2011	**1,760,000,000**	**(401,472,771)**	**126,978,994**	**1,485,506,223**

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

Momin Qamar

Momin Qamar
Director

Kamran Khan
Chief Executive

NOTES TO THE ACCOUNTS
FOR THE PERIOD ENDED JUNE 30, 2011

1 LEGAL STATUS AND OPERATIONS

The Company was incorporated as Public Limited Company on December 24, 1992 under the Companies Ordinance, 1984. The company is listed on Karachi, Lahore and Islamabad Stock Exchanges in Pakistan. The main objective of the company is to manufacture and sale the cement. The registered office of the company is situated at 103 Fazil Road, Lahore Cantt and the factory in Khushab.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved International Financial Reporting 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 as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 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 to published approved accounting standards

The following amendments to existing standards have been published that are applicable to company's financial statements covering annual periods beginning on after the following dates:-

4.1.2.1 The following standards, interpretations and amendments of approved accounting standard are effective for accounting periods from January 1,2010

- IAS 1 (amendments) presentation of financial statements" The Amendments provide clarification that the potential settlement of liability by the issue of equity is not relevent to its classification as current or non current. By amending the definition of liability amendment permits a liability to be classified as non current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other for at least twelve months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. It does not have a material impact on the company's financial statements.

- IAS 7 'statement of cash flow' the guidance has been amended to clarify that only expenditure that result in a recongized asset in the statement of financial position can be classified as a cash flow from investing activities. This amendment result in an improvement in the alignment of the classification of cash flows fom investing activties in the statement of cash flows and presentation of recognized assets in the statement of financial position. It does not have a material impact on the company's financial statement.
- IFRS 8, 'Operating Segments', The amendment provides that the requirment for disclosing a measure of segment assets is only required when the Chief Operating Decision Maker (CODM) reviews that information. It does not have a material impact on the company's financial statements.
- IAS 17 'Leases' , The amendment provides that when a lease includes both land and building classification as a finance or operating lease is performed separately in accordance with IAS 17's general principle. Prior to the amendment IAS 17generaly required a lease of the land with an indefinite useful life to be classified as an iperating lease. unless title passes at the end of the lease term. However the IASB has included that this is inconsistent with the general principales of lease classification so the relevent guidance has been deleted. A lease newly classified as a finance should be recognized retrospectively. This amendment does not have a material impact on the company's financial statements.
- IFRS 5 (amendment) Non-current assets held for sale and discontinued operations' The amendment provides classicfaction that IFRS 5 specifices the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation and paragraph 125 (source of estimation uncertainty) of IAS 1. This amendment does not have a material impact on the company's financial statements.

Following are the amendments that are applicable for accounting periods beginning on or after July 01, 2010.

- IFRS 3 (amendments), business Combinations' These amendments clarify that amendments to IFRS 7 Financial Disclosures IAS 32 Financial Instruments: Presentation and IAS 39 Financial instruments: Recognition and Measurement that eliminate the exemption for contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008) Moreover, these amendments limit the scope of the measurement choices that only the components of NCI that are present ownership instruments proportionate share of the entity's net assets, in the event of liquidation shall be measured either at fair value or at the present ownership instruments proportionate share of the acquirer's identifiable net assets. These amendments require an entity (in a business)combination,
to account for the replacement of the acquirer's share based payment transactions (whether by obligation or voluntary)i.e. split replaces the acquirer's award that expire as a consequene of the business combination these are recognized as post combination expenses. These amendments do not have a material impact on the company's financial statements.
- IAS 27 (amendment) consolidated and separate financial statements' The amendment clarifies that the consequential amendments from IAS 27 made to IAS 27 made to IAS 21. The effect of changes in foreign exchange rates, IAS 28 Investment in Associates and IAS 31 interests in Joint ventures apply prospectively for annual periods beginning on or after 1 July 2009 or earlier when IAS 27 is applied earlier.
- IAS 19 (amendment) Extinguishing financial liabilities with equity instruments', IFRIC 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability are consideration paid in accordance with paragraph 41 of IAS 39 Financial Instruments : Recognition and measurenent . The equity instruments issued are measured, in which case they are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss. This interpretation does not have a material impact on the company's financial statements.

4.1.2.2 Standards, interpretations and amendments to published standards that is effective but not relevant to the company. The other new standards, amendments and interpretations that are mandatory for accounting period beginning on or after July 01, 2010 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations

4.1.2.3 Standards, interpretations and amendments to existing standards that are applicable to the company but are not yet effective. The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods begining on or after the respective effective dates:

- IAS 1 (Amendment), presentation of financial statements is effective for annual periods beginning on after and or after January 01, 2011 The amendment clarifies that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The amendment is not expected to have a material impact on company's financial statements.

- IAS 24 (Revised), 'Related party disclosures, is effective for annual periods beginning on or after January 01, 2011. The definition of related party has been clarified to simplify the identification of related party relationship, particularly in relation to significant influence and joint control. This is not expected to have a material impact on the company's financial statements.

- IAS 34 (Amendment), "Interim financial reporting" is effective for annual periods beginning on or after January 01, 2011. The amendment provides guidance to illustrate how to apply disclosure priciples in IAS 34 and add disclosure requirements around the circumstances likely to affect fair value of financial instruments and their classification, transfer of inancial instruments betewen different levels of the fair value hierarchy, changes in classification of financial assets and changes in contingent liablities and assets. The ammendment is not expected to have a material impact on the company's financial statements.

- IFRS 7 (Amendment), "Financial instruments" disclosures is effective from annual period beginning on or after January 01, 2011. The amendment emphasizes the interaction between quantitative and qualitative disclosure and the nature and extent of risks associated with financial instruments. The amendment is not expected to have material impact on the company's financial statements

- IFRS 7 (Amendment), "Financial Instrument disclosure" is effective for annual period beginning on or after January 01, 2011. The amendment emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risk associated with financial instruments, where the entity has a continuing involvement in them (i.e. options or guarantees on the transferred assets) or where financial assets or not derecognize in their entity. This amendment is not expected to have any material impact on the company's financial statements.

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 unto 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 4.22.

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, or minimum tax on turnover, whichever is higher. 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 Derivative financial instruments

Derivatives, if any, are initially recognized at cost on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivative instruments are recognized immediately in the profit & loss account.

4.21 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.

4.22 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.

4.23 Foreign currency translation

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	2011 Rupees	2010 Rupees
5 SHARE CAPITAL			
a) Authorized			
200,000,000 (2010: 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 (2010: 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 (2010: 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 (2010: 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)		**(401,472,771)**	(288,454,917)
		(274,493,777)	(161,475,923)

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

	2011 Rupees	2010 Rupees
7 SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening Balance of Revaluation Surplus	**1,720,448,111**	1,754,043,587
Surplus transferred to retained earning (accumulated loss)		
Incremental depreciation	**50,651,640**	51,685,347
Deferred Tax effect	**(17,728,074)**	(18,089,871)
	32,923,566	33,595,476
	1,687,524,545	1,720,448,111

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 (2010 Rs. 114.261) million.

			2011 Rupees	2010 Rupees
8	**LONG TERM FINANCES**			
	Loans from banking companies	**8.1**	**158,599,800**	164,433,000
	Loans from related parties	**8.2**	**492,924,333**	403,326,233
			651,524,133	567,759,233
8.1	**LONG TERM FINANCE - Secured**			
	Askari Bank Ltd. - Term Finance I	**8.1.1**	**24,791,100**	24,791,100
	National Bank of Pakistan	**8.1.2**	**149,850,000**	149,850,000
			174,641,100	174,641,100
	Less: current portion shown under current liabilities		**16,041,300**	10,208,100
			158,599,800	164,433,000
8.2	**DIRECTORS, SHAREHOLDER'S & ASSOCIATES LOAN - unsecured**			
	Directors & shareholders loan	**8.2.1**	**492,924,333**	403,326,233
			492,924,333	403,326,233

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 then on May 31, 2010, repayable in seventeen quarterly. The rate of mark-up being 3 months KIBOR + 3 % payable quarterly. The finance is secured against 1st charge on present and future current assets of company, personal guarantees of directors and additional collaterals along with group inter corporate guarantees.

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., 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.

	2011			2010		
Years	Minimum lease payments	Finance charges	Present value of minimum Lease Payments	Minimum lease payments	Finance charges	Present value of minimum Lease Payments
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Not later than one year	**12,621,963**	**3,522,307**	**9,099,656**	8,758,174	4,527,865	4,230,309
Later than one year but not later five year	**16,038,781**	**2,014,380**	**14,024,401**	26,673,615	5,515,856	21,157,759
	28,660,744	**5,536,687**	**23,124,057**	35,431,789	10,043,721	25,388,068

		2011 Rupees	2010 Rupees
10 LONG TERM DEPOSITS- unsecured			
Dealers	**10.1**	**3,205,000**	4,800,000
Transporters	**10.2**	**9,200,340**	7,000,000
		12,405,340	11,800,000

10.1 These represents interest free security deposits from stockiest 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

		2011 Rupees	2010 Rupees
Deferred Taxation	**11.1**	**795,453,934**	881,826,324
Gratuity	**11.2**	**-**	928,689
		795,453,934	882,755,013

11.1 Deferred Taxation - Net

	2011	2010
Taxable temporary differences - effect thereof		
Excess of accounting book value of fixed assets over their tax base	**1,350,409,877**	1,338,261,785
Deductible temporary differences - effect thereof		
Unused tax losses	**(554,955,943)**	(456,435,461)
	795,453,934	881,826,324

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.

	2011 Rupees	2010 Rupees
11.2.1 Movement in Net liability		
Net Liability at the beginning of the year	**928,689**	1,931,891
Charge for the year	**-**	993,627
Benefits paid during the year	**(928,689)**	(1,996,829)
	-	928,689
11.2.2 Movement in Present value of defined benefit plan		
Present value of defined benefit obligation	**928,689**	1,931,388
Current service cost	**-**	761,860
Interest Costs	**-**	231,767
Actuarial (gain) / loss	**-**	57,976
Benefits paid	**(928,689)**	(1,996,829)
	-	986,162
11.2.3 Expenses recognized in Profit & loss account		
Current service cost	**-**	761,860
Interest Costs	**-**	231,767
Additional liability / (Asset) charge for the year	**-**	-
	-	993,627
11.2.4 Reconciliation of Payable to defined benefit plan		
Present value of defined benefit obligation	**-**	986,162
Unrecognized actuarial gain / (loss)	**-**	(57,473)
Net liability / asset at the end of the year	**-**	928,689

11.3 Gratuity has been paid to whole staff due to closure of the factory

	2011 Rupees	2010 Rupees
12 TRADE AND OTHER PAYABLES		
Trade Payables	**187,595,275**	394,719,256
Accrued liabilities	**5,220,651**	9,197,809
Taxes and Other Govt. Levies payable	**300,099,735**	157,605,678
Other liabilities	**13,957,273**	2,434,688
	506,872,934	563,957,431
13 ACCRUED		
Mark-up long term financing - secured	**21,924,532**	1,918,613
Mark-up short term borrowings - secured	**7,527,025**	669,387
Finances leases	**2,867,392**	379,294
	32,318,949	2,967,294

14 SHORT TERM FINANCES

Loans from banking companies	**14.1**	**236,751,259**	164,093,943
		236,751,259	164,093,943

14.1 SHORT TERM BORROWINGS

Banks -			
Askari	**14.1.1**	**155,782,646**	88,019,781
Albaraka Islamic Bank	**14.1.2**	**22,762,523**	5,024,072
Bank of Punjab			
Demand Finance I	**14.1.3**	**49,751,800**	60,903,800
Demand Finance II	**14.1.4**	**8,454,290**	10,146,290
		236,751,259	164,093,943

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 30-06-2011 is Rs. 155.782 million (2010 Rs. 88.019 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. 22.762 million (2010 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. 49.752 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

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

- 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 The Competition Commission of Pakistan (CCP) has issued a show cause notice to the company for an increase in prices of cement across the country. The case is currently before the the Honorable High Court. The Court granted the stay order restricting the CCP to pass any adverse order(s) against the show cause notices issued to the cement manufacturers.

		2011 Rupees	**2010 Rupees**
16 PROPERTY, PLANT & EQUIPMENT			
Operating assets - tangible	**16.1**	4,495,019,109	4,519,933,332
Capital Work in prograss - at cost	**16.7**	406,073,025	336,070,697
		4,901,092,134	4,856,004,029

16.1 PROPERTY, PLANT & EQUIPMENT

	Land - free hold			Building			Plant & Machinery			Roads	Electric Installation	Tools & Equipments	Furniture Fixture & Equipments	Motor Vehicles	Leased Vehicle	Leased Machinery	Total Amount in Rupees
	Cost	Revaluation	Total	Cost	Revaluation	Total	cost	revaluation	Total								
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at July 1, 2010																	
Net Carrying Value(NBV)	6,276,246	114,261,254	120,537,500	292,730,850	287,101,651	579,832,501	1,719,735,544	2,458,637,095	4,178,372,639	5,514,865	12,264,085	1,137,202	1,343,809	20,124,535	38,308,850	28,800,000	4,986,235,986
Revaluation																	
Accumulated Depreciation	-	-	-	45,523,674	22,288,230	67,811,904	182,596,111	190,868,521	373,464,632	921,297	3,272,229	344,589	614,911	5,374,003	12,805,418	1,693,670	466,302,653
Net Book Value	6,276,246	114,261,254	120,537,500	247,207,176	264,813,421	512,020,597	1,537,139,433	2,267,768,574	3,804,908,007	4,593,568	8,991,856	792,613	728,898	14,750,532	25,503,432	27,106,330	4,519,933,333
Year ended June 30, 2011																	
Opening Net Book Value	6,276,246	114,261,254	120,537,500	247,207,176	264,813,421	512,020,597	1,537,139,433	2,267,768,574	3,804,908,007	4,593,568	8,991,856	792,613	728,898	14,750,532	25,503,432	27,106,330	4,519,933,333
Addition	-	-	-	-	-		89,978,332	-	89,978,332	-			40,500	29,177,693		-	119,196,525
	6,276,246	114,261,254	120,537,500	247,207,176	264,813,421	512,020,597	1,627,117,765	2,267,768,574	3,894,886,339	4,593,568	8,991,856	792,613	769,398	43,928,225	25,503,432	27,106,330	4,639,129,858
Disposal (NBV)																	
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	29,177,693	37,272,500	-	66,450,193
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-		13,814,307	-	13,814,307
	-	-	-	-	-	-	-	-	-	-	-	-	-	29,177,693	23,458,193	-	52,635,886
Depreciation Charge	-	-	-	4,944,144	5,296,268	10,240,412	31,002,103	45,355,371	76,357,474	91,871	899,186	79,261	76,940	1,475,053	1,712,538	542,127	91,474,862
Closing Net Book Value	6,276,246	114,261,254	120,537,500	242,263,032	259,517,153	501,780,185	1,596,115,662	2,222,413,203	3,818,528,865	4,501,697	8,092,670	713,352	692,458	13,275,479	332,701	26,564,203	4,495,019,110
As at June 30, 2011	6,276,246	114,261,254	120,537,500	242,263,032	259,517,153	501,780,185	1,596,115,662	2,222,413,203	3,818,528,865	4,501,697	8,092,670	713,352	692,458	13,275,479	332,701	26,564,203	4,495,019,110
As at June 30, 2010	6,276,246	114,261,254	120,537,500	247,207,176	264,813,421	512,020,597	1,537,139,433	2,267,768,574	3,804,908,007	4,593,568	8,991,856	792,613	728,898	14,750,532	25,503,432	27,106,330	4,519,933,333
Annual Rate of Depreciation	0%	0%		2%	2%		2%	2%		2%	10%	10%	10%	10%	10%	2%	

16.2 Deprecication for the year has been allocated as under

	Allocation	
	2011	2010
	Rs.	Rs.
Cost of goods sold	88,210,331	71,513,189
Administrative Expenses	3,264,531	4,578,889
	91,474,862	76,092,078

	Land - free hold			Building			Plant & Machinery			Roads	Electric Installation	Tools & Equipments	Furniture Fixture & Equipments	Motor Vehicles	Leased Vehicle	Leased Machinery	Total Amount in Rupees
	Cost	Revaluation	Total	Cost	Revaluation	Total	cost	revaluation	Total								
	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
Revaluation																	
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	3,903,615	9,971,703	1,140,480	390,404,372
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	16,252,820	28,337,147	27,659,520	3,614,777,203
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	16,252,820	28,337,147	27,659,520	3,614,777,203
Addition	-	-	-	106,646,458	-	106,646,458	874,439,853	-	874,439,853	-	-	-	-	563,100	-	-	981,649,411
	6,276,246	114,261,254	120,537,500	250,257,134	270,217,777	520,474,911	1,552,183,218	2,314,049,565	3,866,232,783	4,687,314	9,990,951	880,681	809,887	16,815,920	28,337,147	27,659,520	4,596,426,614
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	1,537,139,433	2,267,768,574	3,804,908,007	4,593,568	8,991,856	792,613	728,898	14,750,531	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	1,537,139,433	2,267,768,574	3,804,908,007	4,593,568	8,991,856	792,613	728,898	14,750,531	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	16,252,820	28,337,147	27,659,520	3,614,777,203
Annual Rate of Depreciation	0%	0%		2%	2%		2%	2%	2%	2%	10%	10%	10%	10%	10%	2%	

16.4 Deprecication for the year has been allocated as under

	Allocation 2010	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

16.5 The following fixed assets were deposed off during the year

Particulars of assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal
Vehicles	Rs.	Rs.	Rs.	Rs.	Rs.	
Trallas	29,177,693	-	29,177,693	29,100,000	(77,693)	Nagotiation
	29,177,693	-	29,177,693	29,100,000	(77,693)	-

		2011 Rupees	2010 Rupees
16.6 Had there been no revaluation the carrying amount of the assets would be,			
Land		**6,276,246**	6,276,246
Building		**242,263,032**	247,207,176
Plant & Machinery		**1,596,115,662**	1,537,139,433
		1,844,654,940	1,790,622,855
16.7 CAPITAL WORK IN PROGRESS			
Building		**74,055,527**	71,047,639
Plant & machinery		**332,017,498**	265,023,058
		406,073,025	336,070,697
17 STORES & SPARES			
Stores & Spares		**14,443,881**	39,320,838
		14,443,881	39,320,838
18 STOCK IN TRADE			
Raw material		**11,053,876**	2,571,160
Furnace oil, coal & lubricants		**246,651,486**	319,347,269
Packing material stock		**4,914,886**	19,306,269
Work in process	**23**	**102,995,445**	80,730,457
Finished goods	**23**	**2,668,067**	1,641,150
		368,283,760	423,596,305
19 TRADE DEBTS- considered good though unsecured		**6,260,889**	448,881

		2011 Rupees	2010 Rupees
20	**ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES**		
	Advances to suppliers - Unsecured, considered good	**38,262,609**	86,545,837
	Advances to staff - Unsecured, considered good	**237,400**	242,400
	Security deposits	**18,593,160**	58,049,283
	Margin held by banks	**8,340,000**	8,040,000
	Advance Income Tax	**23,846,112**	7,359,865
	Letter of credit	**22,762,523**	6,396,573
	Sales tax refundable	**18,384,999**	31,032,606
	Lease key money	**24,110,050**	29,829,550
	Other advances	**405,988**	405,988
	Prepaid Expenses	**-**	87,826
		154,942,841	227,989,928
21	**CASH AND BANK BALANCES**		
	In Hand	**1,850,812**	401,678
	At Banks- current accounts	**7,887,844**	542,696
		9,738,656	944,374
22	**SALES**		
	Gross Sales		
	Local	**1,013,428,052**	116,142,796
			-
		1,013,428,052	116,142,796
	Less :		
	Sales Tax	**147,431,016**	17,506,464
	Excise Duty	**126,410,200**	17,006,100
	Sp.Excise Duty	**14,181,131**	824,552
	Rebate/Commission on Sales	**1,457,020**	188,920
		289,479,367	35,526,036
	NET SALES	**723,948,685**	80,616,760

		2011 Rupees	2010 Rupees
23 COST OF SALES			
Raw Material Consumed		**13,594,266**	2,172,604
Furnace Oil, Diesel, Coal and Lubricants consumed		**432,860,837**	121,533,835
Packing Material consumed		**58,051,008**	8,115,483
Stores and Spares consumed		**5,635,928**	4,024,240
Salaries , Wages and Benefits		**35,464,532**	22,476,024
Water Charges		**2,219,495**	268,928
Electricity		**260,923,831**	5,043,303
Electricity Duty		**-**	303,227
Extraction Charges		**5,929,592**	1,432,284
Repair and Maintenance		**387,989**	494,955
Vehicle Running Expenses		**2,745,354**	1,343,630
Communication		**206,326**	184,882
Entertainment		**137,889**	45,059
Rent Rates and Taxes		**1,214,190**	150,000
Printing and Stationery		**77,083**	60,142
Traveling and Conveyance		**516,024**	79,748
Other manufacturing Expenses		**2,083,377**	689,029
Carriage and Freight		**-**	254,418
Depreciation	**16.2**	**88,210,331**	71,513,190
		910,258,052	240,184,981
Work In Process			
Opening balance		**80,730,457**	80,470,123
Closing balance		**(102,995,445)**	(80,730,457)
		(22,264,988)	(260,334)
Cost of Goods Manufactured		**887,993,064**	239,924,647
Finished Goods			
Opening balance		**1,641,150**	1,405,776
Closing balance		**(2,668,067)**	(1,641,150)
		(1,026,917)	(235,374)
Cost of Sales		**886,966,148**	239,689,273

		2011 Rupees	2010 Rupees
24 DISTRIBUTION COST			
Salaries , Wages and Benefits		**2,432,610**	2,674,321
Rent Rates and Taxes		**180,000**	145,000
Traveling, Conveyance and Vehicle Running		**265,170**	11,905
Printing and Stationery		**181,864**	15,750
Communication		**360,114**	27,495
Electricity, Water & Sui Gas		**29,111**	18,776
Advertisement		**293,954**	71,500
Entertainment & Miscellaneous		**256,273**	17,527
		3,999,096	2,982,274

			2011 Rupees	2010 Rupees
25	**ADMINISTRATIVE EXPENSES**			
	Salaries , Wages and Benefits		**1,693,719**	1,657,625
	Traveling, Conveyance and Vehicle Running		**1,594,919**	535,416
	Printing and Stationery		**331,023**	245,150
	Legal and Professional		**487,200**	2,270,901
	Communication		**516,570**	409,833
	Rent, Rates Taxes and Other Charges		**44,600**	75,000
	Charity and Donation		**65,510**	50,000
	Fee and Subscription		**670,075**	469,038
	Auditor's Remuneration	**25.1**	**392,000**	400,000
	Insurance		**1,096,000**	1,085,302
	Entertainment & Miscellaneous		**91,063**	19,040
	Depreciation	**16.2**	**3,264,531**	4,578,889
			10,247,210	11,796,194

25.1 The company had paid the charity and donation of Rs.65,510/-(June 2010 Rs.50,000) and directors or their spouses were not interested in the donee.

25.2 Auditor's remuneration

Tahir Siddiqi & Co. -statutory audit	**362,000**	370,000
Mumtaz Balouch & Co -cost audit	**30,000**	30,000
	392,000	400,000

26	**FINANCE COST**		
	Lease Finance Charges	**6,221,011**	7,333,798
	Mark Up on Letter of Credit	**206,156**	2,357,951
	Mark up on Long Term Loan	**37,044,097**	5,463,769
	Mark up on Short Term Finance	**594,053**	10,815,677
	Bank Charges and Commission	**1,001,431**	2,147,715
		45,066,748	28,118,910
27	**OTHER OPERATING EXPENSES**		
	Loss on disposal of assets	**77,693**	-
		77,693	

28	**TAXATION**			
	Prior		**2,666,113**	9,614,754
	Current	**28.1**	**7,239,487**	403,084
			9,905,600	10,017,838
	Deferred (income)/expense		**(86,372,390)**	(39,814,183)
			(76,466,790)	(29,796,345)

28.1 This represents minimum tax on local turnover and no 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 2010

29 EARNING PER SHARE-BASIC

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

		2011	2010
		Rupees	Rupees
	Profit / (Loss) before taxation	**(222,408,210)**	(201,969,892)
	Profit / (Loss) after taxation	**(145,941,419)**	(172,173,547)
		(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	**-1.26**	-1.15
29.2	Earning per share (after tax) - Basic & Diluted	**-0.83**	-0.98

30 NUMBER OF EMPLOYEES

Total number of employees at the end of year.	**273**	156

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:

Sales to Associated Companies	**-**	22,160,752
Purchases from Associated Companies	**105,595,393**	60,410,851

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:

	2011	2010
	Rupees	Rupees
Trade debtors	**6,260,889**	448,881
Advances, deposits	**154,942,841**	227,989,928
Cash and bank	**9,738,656**	944,374
	170,942,386	229,383,183

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

The aging of trade receivables at the reporting dates:

	2011	2010
Not past due	**1,252,178**	-
Past due 1-30 days	**2,191,311**	-
Past due 31-60 days	**1,502,613**	-
Past due 61-90 days	**500,871**	-
Over 90 days	**813,916**	448,881
	6,260,889	448,881

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.

At June 30 , 2011	**Less than 1 Year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**over 5 Years**
Long term finances	16,041,300	33,802,693	67,320,916	57,476,791
Trade and other payable	506,872,934			
Accured Markup	32,318,949			
Short term borrowings	236,751,259			
Liabilities against assets subject to finance Lease	9,099,656	10,166,499	3,849,902	
	801,084,098	43,969,192	71,170,818	57,476,791

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 payable	563,957,431	-	-	-
Accured 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	-
	745,457,077	68,749,579	91,866,180	24,975,000

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 receivable and payable exist due to transactions entered into foregn currencies. The company is not exposed to currency 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)	
	2011	2010	**2011**	2010
Financial Liabilities				
Variable Rate instruments:				
Short term borrowings	15.30 to 16.5	15.00 to 15.09	**236,751,259**	164,093,943
Long term borrowings	15.29 to 17.02	14.96 to 15.29	**174,641,100**	174,641,100
Lease financing	13 to 16	13 to 16	**23,124,057**	25,388,068

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, 2011	(4,113,924)	4,113,924
As at June 30, 2010	(3,387,350)	3,387,350

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.

	2011 Rupees	2010 Rupees
Total Borrowings	**927,440,749**	**767,449,344**
Less: Cash and Bank Balances	**9,738,656**	**944,374**
Net Debt	**917,702,093**	766,504,970
Total Equity	**1,485,506,223**	**1,598,524,077**
Total Capital	**2,403,208,317**	2,365,029,046
Gearing Ratio	**38.59%**	32.41%

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

	Chief Executive		Director		Executives	
	2011	2010	**2011**	2010	**2011**	2010
	Rupees	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Managerial remuneration	**-**	-	-	-	**3,595,200**	5,492,200
Medical allowance	**-**	-	-		**359,520**	549,220
	-	**-**	**-**	-	**3,954,720**	6,041,420
	-	-			**5**	**7**

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

34 PRODUCTION CAPACITY

	Installed Capacity		Actual production	
	2011	2010	**2011**	2010
	Tons	Tons	Tons	Tons
Clinker	**1,200,000**	1,200,000	**192,616**	23,177
Cement	**1,260,000**	1,260,000	**179,688**	24,322

Reason for shortfall

Under utilized capacity due to Inefficient and old machinery / equipments of the plant is under replacement which caused long shutdowns frequently resultantly hampering production.

35 CASH AND CASH EQUIVALENTS

	2011 Rupees	2010 Rupees
Cash & Bank Balances	**9,738,656**	944,374
Short term finances	**(236,751,259)**	(164,093,943)
	(227,012,603)	(163,149,569)

36 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 09, 2011 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
Momin Qamar
Director

Kamran Khan
Chief Executive

Pattern of Shareholding

As On 30/06/2011

No. of Shareholders	<---- HAVING SHARES ----> From	To	SHARES HELD	PERCENTAGE
496	1	100	27649	0.0157
391	101	500	169042	0.0960
1819	501	1000	1181425	0.6713
1407	1001	5000	3730199	2.1194
447	5001	10000	3595980	2.0432
160	10001	15000	2003696	1.1385
113	15001	20000	2061936	1.1716
85	20001	25000	1973025	1.1210
46	25001	30000	1300386	0.7389
24	30001	35000	782062	0.4444
20	35001	40000	776338	0.4411
18	40001	45000	775225	0.4405
28	45001	50000	1377598	0.7827
13	50001	55000	687958	0.3909
13	55001	60000	760237	0.4320
11	60001	65000	692140	0.3933
7	65001	70000	475900	0.2704
3	70001	75000	216515	0.1230
6	75001	80000	465229	0.2643
4	80001	85000	331440	0.1883
2	85001	90000	173500	0.0986
1	90001	95000	92859	0.0528
12	95001	100000	1198291	0.6808
1	100001	105000	104500	0.0594
3	105001	110000	330000	0.1875
1	110001	115000	111000	0.0631

Pattern of Shareholding

As On 30/06/2011

No. of Shareholders	<---- HAVING SHARES ----> From	To	SHARES HELD	PERCENTAGE
1	115001	120000	117765	0.0669
3	120001	125000	375000	0.2131
1	125001	130000	130000	0.0739
1	130001	135000	133650	0.0759
2	135001	140000	274648	0.1560
2	140001	145000	288417	0.1639
2	145001	150000	294981	0.1676
1	155001	160000	157000	0.0892
1	165001	170000	169405	0.0963
1	180001	185000	181294	0.1030
1	195001	200000	200000	0.1136
1	205001	210000	210000	0.1193
1	230001	235000	231000	0.1312
2	245001	250000	496601	0.2822
1	260001	265000	260340	0.1479
1	315001	320000	315594	0.1793
1	345001	350000	349918	0.1988
1	355001	360000	360000	0.2045
1	405001	410000	405923	0.2306
2	445001	450000	899800	0.5112
1	470001	475000	475000	0.2699
1	500001	505000	500005	0.2841
1	535001	540000	540000	0.3068
1	645001	650000	647050	0.3676
1	795001	800000	800000	0.4545
1	2160001	2165000	2160050	1.2273

Pattern of Shareholding

As On 30/06/2011

No. of Shareholders	<---- HAVING SHARES ----> From	To	SHARES HELD	PERCENTAGE
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	35275001	35295000	35293235	20.0530
5172		**Total**	176000000	100.0000

CATEGORIES OF SHAREHOLDERS

AS AT JUNE 30, 2011

Particulars	Shareholders	Shareholding	Percentage
Directors, CEO, Childern	10	134,765,579	76.5714
Associated Companies	1	7,674,500	4.3605
Banks, DFI, NBFI	1	8,000	0.0045
Insurance Companies	1	3,500	0.0017
Modarabas, Mutual Funds	1	5	0
General Public (Local)	5115	32,548,959	18.4937
General Public (Foreign)	12	119,150	0.0677
Others	31	881,357	0.5008
Total	**5172**	**176,000,000**	**100.0000**

PATTERN OF SHAREHOLDING

ADDITIONAL INFORMATION AS AT 30 TH JUNE 2011

	Shares Purchased	Shares Sold	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	15,400	1,000,000	35,293,235
Mr. Yousaf Kamran Khan			9,832,007
Mrs. Shaista Imran			5,039,280
Mrs.Samina Kamran			21,422,798
Mrs. Misbah Momin			7,009,400
			120,902,379
Children of Directors			
Mr. Bilal Qamar			11,055,550
Mr. Qasim Khan			647,050
Mr. Asim Qamar			.2,160,050
			13,862,650
EXECUTIVES			NIL
PUBLIC SECTOR COMPANIES AND CORPORATIONS			NIL
BANKS, DEVELOPMENT FINANCILA INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS.			11,005
OTHERS			881,357
SHAREHOLDERS HOLDING 10% OR MORE (other than those reported in Directors)			NIL
INDIVIDUALS (other than directors and their spouses)			32,668,109
TOTAL			**176,000,000**
			==========

FLYING CEMENT COMPANY LIMITED
18^{th} Annual General Meeting

Registered Folio / Participant ID No. _______________

Account No. _______________

No. of Shares Held _______________

PROXY FORM

IMPORTANT

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

I /We ____ of ____ being a member of **Flying Cement Company Limited** hereby appoint ________________________ as my / our proxy to vote for me / us and on my / our behalf at the 18^{th} Annual General Meeting of the Company to be held on the 31^{st} day of October, 2011 and at any adjournment thereof.

Signature

Please affix Rupees
Five revenue stamp

Witnesses:

1.

Signature: ____________________________
Name ____________________________
Address ____________________________
____
NIC or Passport # ________________________

2.

Signature: ____________________________
Name ____________________________
Address ____________________________
____
NIC or Passport # ________________________

Date -------------------------2011

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AFFIX
CORRECT
POSTAGE

The Company Secretary,

Flying Cement Company Limited

103-Fazil Road, St. Jhon Park,

Lahore Cantt.

Pakistan.

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