Annual Report 2007

MAPLE LEAF CEMENT FACTORY LIMITED

Kohinoor Maple Leaf Group

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Mission Statement

"The Maple Leaf Cement Factory Limited stated mission is to achieve and then remain as the most progressive and profitable company in Pakistan in terms of industry standards and stakeholders interests.

The company shall achieve its mission through a continuous process of having sourced and implemented the best leading edge technology, industry best practice, human resource and by conducting its business professionally and efficiently with responsibility to all its stakeholders and community."

Corporate Strategy

We at Maple Leaf Cement Factory Limited manufacture and market different types of consistently high quality cement, according to the demanding requirements of the construction industry. Our strategy is to be competitive in the market through quality and efficient operations.

As a responsible member of the community, we are committed to serve the interest of all our stakeholders and contribute towards the prosperity of the country.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The following principles constitute the code of conduct which all Directors and employees of Maple Leaf Cement Factory Limited are required to apply in their daily work and observe in the conduct of Company's business. While the Company will ensure that all employees are fully aware of these principles, it is the responsibility of each employee to implement the Company's policies. Contravention is viewed as misconduct.

The code emphasizes the need for a high standard of honesty and integrity which are vital for the success of any business.

PRINCIPLES

1. Directors and employees are expected not to engage in any activity which can cause conflict between their personal interest and the interest of the Company such as interest in an organization supplying goods/services to the company or purchasing its products. In case a relationship with such an organization exists the same must be disclosed to the Management.

2. Dealings with third parties which include Government officials, suppliers, buyers agents and consultants must always ensure that the integrity and reputation of the Company is not in any way compromised.

3. Directors and employees are not allowed to accept any favours, gifts or kickbacks from any organization dealing with the Company.

4. Directors and employees are not permitted to divulge any confidential information relating to the Company to any unauthorized person. Nor should they issue any misleading statements pertaining to the affairs of the Company.

5. The Company has strong commitment to the health and safety of its employees and preservation of environment and the Company will preserve towards achieving continuous improvement of its HSE performance by reducing potential hazards preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.

6. Commitment and team work are key elements to ensure that the Company's work is carried out effectively and efficiently. Also all employees will be equally respected and actions such as sexual harassment and disparaging remarks based on gender, religion, race or ethnicity will be avoided.

COMPANY PROFILE

Maple Leaf Cement is a part of Kohinoor Maple Leaf Group (KMLG). The Group comprises of companies, which are ranked amongst the top companies in the cement and textile sector. Maple Leaf Cement Factory Limited (MLCFL) is one of the pioneers of cement industry in Pakistan. MLCFL owns and operates three production lines for grey and three production lines for white cement. The plants are located at Daudkhel District Mianwali. Total annual clinker capacity of Grey Cement is 1.50 million tons while capacity of white cement is 180,000 tons.

- *MLCFL was established by the West Pakistan Industrial Development Corporation (WPIDC) in 1956 and was incorporated as "Maple Leaf Cement Factory Limited" in April, 1960. The capacity of the plant was 300,000 tons clinker per annum.*
- *In 1967, a company with the name of "White Cement Industries Limited" (WCIL) was established with the clinker capacity of 15,000 tons per annum.*
- *In 1974, under the WPIDC Transfer of Projects and Companies Ordinance, the management of two companies, namely MLCFL and WCIL were transferred to the newly established State Cement Corporation of Pakistan (SCCP).*
- *In 1983, SCCP expanded WCIL's white cement plant by adding another unit of the same capacity parallel to the existing one, increasing total capacity to 30,000 tons clinker per annum.*
- *In 1986, SCCP set up another production unit of grey cement under the name of Pak Cement Company Limited (PCCL) with a capacity of 180,000 tons per annum.*
- *In 1992, MLCFL, WCIL and PCCL were privatised and transferred to the KMLG. All three companies were merged into Maple Leaf Cement Factory Limited on July 01, 1992.*
- *In 1994, the company was listed on all Stock Exchanges in Pakistan.*
- *In 1998, separate production line for grey Portland cement of 990,000 tons per annum clinker capacity based on most modern dry process technology was installed.*
- *In 2000, Maple Leaf Electric Company Ltd. (MLEC) a power generation unit was merged into the company.*
- *In 2004, the coal conversion project at new dry process plant was completed.*
- *In 2005, dry process plant capacity was increased from 3,300 tpd to 4,000 tpd through debottlenecking and up-gradation of equipment and necessary adjustments in operational parameters.*
- *In 2006, a project to convert the existing wet process line to a fuel efficient dry process white cement line commenced its commercial production.*
- *Currently, Company has undertaken an expansion project of 6,700 tpd clinker capacity which has commenced trial run production on March 15, 2007 and started its commercial production as per schedule. It will increase the total annual grey clinker capacity from 1.50 million tons to 3.51 million tons.*

Board of Directors

Mr. Tariq Sayeed Saigol
Chairman
Mr. Sayeed Tariq Saigol
Chief Executive
Mr. Waleed Tariq Saigol
Miss Jahanara Saigol
Mr. Usman Said
Mr. S. M. Imran
Mr. Zamiruddin Azar
Mr. Per Mejnert Kristensen
(Representing FLS & IFU, Denmark)

Audit Committee

Mr. Zamiruddin Azar
Chairman
Mr. Usman Said
Mr. S. M. Imran

Chief Financial Officer

Miss Bushra Naz Malik

Company Secretary

Mr. Muhammad Ashraf

Internal Auditor

Miss Sadaf Latif

Bankers of the Company

Allied Bank Limited
Askari Commercial Bank Limited
Faysal Bank Limited
First National Bank Modaraba
First Women Bank Limited
Habib Bank Limited
Islamic Corporation for the Development
of the Private Sector, Jeddah
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak-Libya Holding Company (Pvt.) Limited
PICIC Commercial Bank Limited
Saudi Pak Commercial Bank Limited
Saudi Pak Industrial & Agricultural
Investment Co. (Pvt.) Ltd.
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
The Hongkong & Shanghai Banking
Corporation Limited
United Bank Limited

Auditors

Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors

Mr. Nomaan Akram Raja
Barrister-At-Law
Raja Mohammad Akram & Co.
Advocates and Legal Consultants,
Lahore.

Registered Office

42 - Lawrence Road, Lahore.
Phone: (042) 6278904-5
Fax: (042) 6363184
E-mail: mlcfl@kmlg.com
Website: www.kmlg.com

Factory

Iskanderabad Distt. Mianwali.
Phone: (0459) 392237-8

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 47th Annual General Meeting of the Members of Maple Leaf Cement Factory Limited will be held at its Registered Office, 42-Lawrence Road, Lahore on October 29, 2007, Monday, at 11.00 a.m. to transact the following business:

1) To confirm the minutes of last annual general meeting held on October 31, 2006.

2) To receive and adopt Audited Accounts of the Company for the year ended June 30, 2007 together with Auditors' and Directors' Reports thereon.

3) To appoint Auditors for the financial year 2007-2008 and fix their remuneration.

4) To transact any other business with the permission of the Chair.

By order of the Board

(Muhammad Ashraf)
Company Secretary

Lahore: October 06, 2007

Notes:

1. BOOK CLOSURE FOR ORDINARY SHARES

The Share Transfer Books of the Company will remain closed from October 20, 2007 to October 29, 2007 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Shares Department, 42 - Lawrence Road, Lahore, at the close of business on October 19, 2007 will be considered in time.

2. BOOK CLOSURE FOR THE ENTITLEMENT OF 9.75% DIVIDEND ON PREFERENCE SHARES FOR THE YEAR ENDED JUNE 30, 2007

The Share Transfer Books of preference shares (non-voting) of the Company will remain closed from October 20, 2007 to October 29, 2007 (both days inclusive) for entitlement of preference dividend @9.75% per annum. Physical transfers / CDS Transaction IDs received at Company's Shares Department, 42-Lawrence Road, Lahore, at the close of business on October 19, 2007 will be treated in time for entitlement purpose of preferred dividend. The preference shareholders are not entitled to attend the meeting.

3. A member, in respect of ordinary shares held, eligible to attend and vote at this meeting may appoint another member, in respect of ordinary shares held, as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

4. CDC shareholders for ordinary shares, entitled to attend and vote at this meeting, must bring with them their Computerised National Identity Cards / Passport in original along with Participants' ID Numbers and their Account Numbers to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

5. Shareholders are requested to immediately notify any change in their addresses to the Company, if any.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors take pleasure in presenting the 47th Annual Report together with audited accounts of the Company and Auditors' Report thereon for the financial year ended June 30, 2007.

Industry Overview

Pakistan's economy continues to gain traction as it experiences the longest spell of strong growth in years. Positive outcomes of the last fiscal year indicate that Pakistan's upbeat economic momentum should remain on track. Economic growth accelerated to over 7.0 percent of GDP in 2006-07 on the back of robust growth in agriculture, manufacturing and services. Pakistan's growth performance over the last five years has been striking. Average real GDP growth during 2003-07 was the best recorded performance since many decades and it now seems that Pakistan has decisively broken out of the low growth trap.

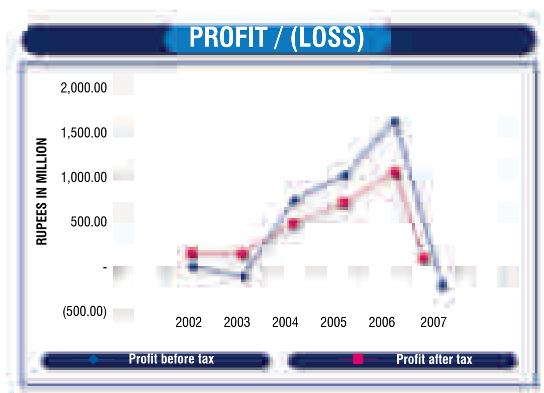
The financial year 2006-07 was a great milestone for the cement industry. The sector achieved a new level of dispatches of 24.22 million tons against last year's dispatches of 18.34 million tons and registered an overall robust growth of 32% which is the highest in the history of Pakistan's cement industry, both in terms of percentage and volumetric growth.

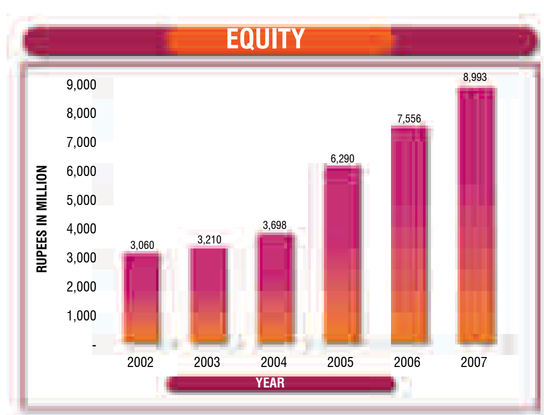
The industry has now entered into a new phase where the scale of production and plant location will play a major role in determining the profitability of the Company. In the past, the difference between the larger and smaller players was slim which has widened dramatically and may have a significant impact with respect to future performance of the industry. Scale and market share are now significant elements in determining performance.

Performance of the Company

The drastic reduction in profitability during the year is mainly due to increasing pressure on cement prices with a perception of over supply due to new capacities coming on line, increased production from wet process kilns due to stoppage of dry process kiln for routine maintenance resulting in sale of a large volume of low margin goods, sharp increase in mark up rates which raised the financial cost and a 40 day unfortunate breakdown of the cement grinding mill.

The Company achieved cement production of 1,353,432 metric tons and sales volume of 1,349,978 metric tons. After tax profitability of the Company is Rs. 42.047 million which is 96% lower compared than the last financial year adjusting the deferred tax amount Rs. 172.589 million. Sales volume during the year under review was 1,307,163 metric tons grey cement and 42,815 metric tons white cement as compared to the corresponding year of 1,470,051 metric tons grey and 34,740 metric tons white cement.





The cement production during the year was registered at 1,305,201 metric tons grey and 48,231 metric tons white as compared to corresponding figures of 1,469,717 metric tons grey and 34,780 metric tons white cement.

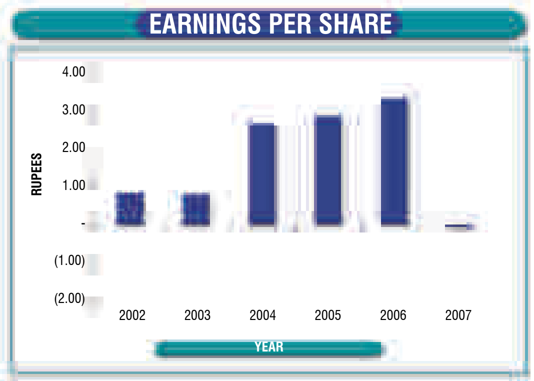
Overall capacity utilization attained by the Company during the year under review was 75% for grey and 34% for white cement as compared to corresponding period 93% grey and 48% white cement. The percentage decrease in capacity utilization is due to major breakdown of the cement mill for a period of more than a month which restricted sales volume. The Company was unable to get the full benefit of relatively improved cement prices in March and April due to this reason.

Financial Results

The Company achieved gross sales volume of Rs. 5,514 million during the year with net sales amounting to Rs. 3,711 million after payment of Rs. 1,730 million towards Central Excise Duty and General Sales Tax and Rs. 73 million as commission to distributors.

The Company suffered pre-tax loss of Rs. 140.019 million after accounting for all charges including depreciation of Rs. 439.254 million and financial charge of Rs. 338.453 million against preceding year's pre-tax profit of Rs. 1.635 billion. The basic earnings per share (EPS) Rs. 0.03 in negative for the year ended June 30, 2007 as compared to Rs. 3.16 last year.

Rs. 930 million were injected as capital from 25% Right Shares at a price of Rs. 12.50 per share including premium of Rs. 2.50 per share.



Appropriation of Profit

There being loss from operations for the year and nil Earnings Per Share, the Directors express inability to pay any dividend for the year. However, management of the Company is committed to ensure the efficient operation of the Company to deliver value to the consumers and watch interest of the stakeholders. Your Directors propose to appropriate for the financial year under review as under:

	(Rupees in Thousand)
(Loss) before taxation	(140,019)
Provision for taxation	182,066
Profit after taxation	42,047
Un-appropriated profit brought forward	972,594
Profit available for appropriation	1,014,641
Appropriations:	
Transfer to general reserve	600,000
Transfer to preference shares redemption reserve	90,246
Dividend on preference shares	52,794
Un-appropriated profit carried forward	**271,601**

As per issue terms of the Preference Shares, Rs. 90.246 million has been transferred to "Preference Shares Redemption Reserve" and dividend @ 9.75% per annum is declared for this year.

Fuel Prices

Unsettled global conditions particularly in the Middle East, continued to create panic in the world markets and prices of oil continued to rise. Consequently, global demand for coal also increased and China curtailed supply of coal to the export markets. Coal prices remained high in the international and domestic markets. The Company mostly relies on coal being a much cheaper source of energy than furnace oil for calcining process. Price of natural gas also increased during the current year whereas furnace oil has become a prohibitively expensive fuel having direct impact on cost of power generation. This has impacted negatively on profitability and margins as there is no option but to use furnace oil for power generation. However by May 2007 the new Wartsila engine came on line.

Export Market

As additional capacity has become available, your Company has also started exporting cement. Along with Lucky Cement, your Company is amongst the first two companies to obtain BIS Certification from India and we intend to take maximum benefit out of it. Efforts are afoot to commence export sales to India in particular and also to other markets in the Middle East and Afghanistan.

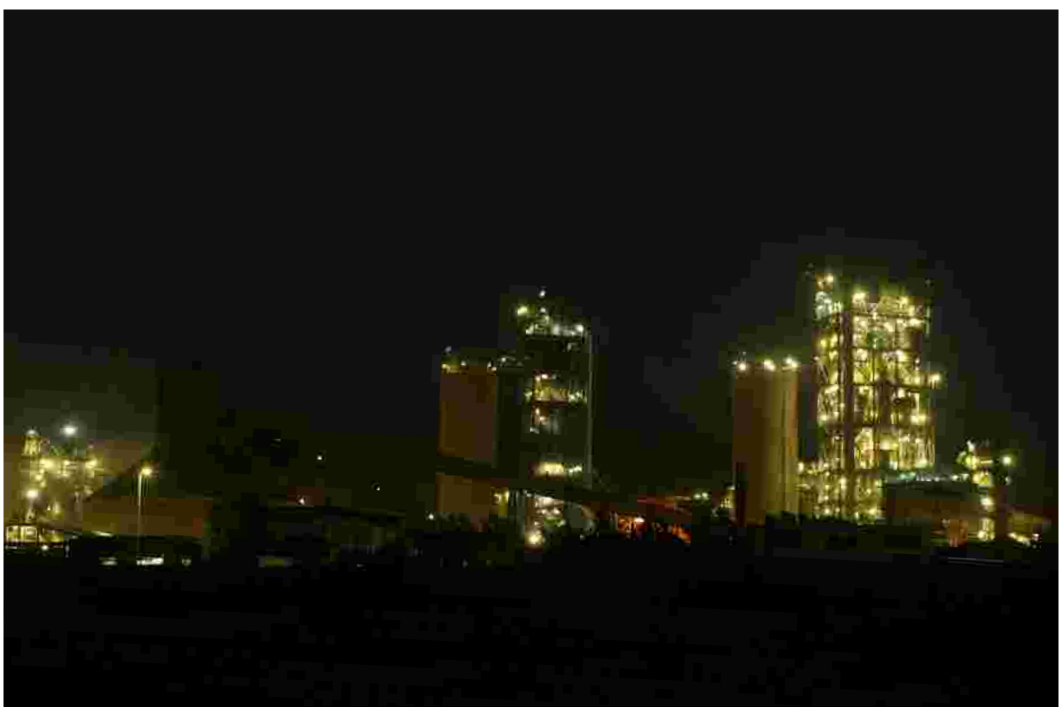
Progress of ongoing Projects

- The expansion project of grey cement 6,700 tpd clinker capacity based on most modern dry process technology has by the Grace of God reached fruition. The 6700 tpd kiln was fired on March 01, 2007 and trial clinker production started on March 15, 2007. The Company has started trial production of cement and dispatches in July, 2007. In the current year, total annual grey clinker capacity of the Company will increase from 1.50 million tons to 3.51 million tons.

- The work on augmentation of power generation plant, which is part of the above expansion project has been completed and started production.

Future Prospects

The Federal and Provincial governments have allocated increased outlays for the Public Sector Development Program (PSDP) from Rs. 435 billion to Rs. 520 billion in the budget for the financial year 2007-2008. This significant jump in expenditure allocation for PSDP will have positive impact on the cement sector. Considerable growth in local cement consumption during the next fiscal year can be expected.



With correlation of 0.99 between PSDP expenditure and local cement consumption, the total allocation of Rs. 520 billion may result in local consumption of cement to the extent of 24.85 million tons. Consistency in government policies and favorable economic conditions have resulted in robust demand for locally produced cement. Demand for cement continues to increase in the local market as also for export to Afghanistan, India and the Middle East.

Credit Rating

You would be pleased to know that your Company has been assigned long term rating of 'A' (single A) and short term rating of 'A1' (A one) by Pakistan Credit Rating Agency (Pvt) Ltd (PACRA). These ratings denote a low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

Social Sector Projects

Your Company remains committed to play a role in development of social sector projects and has already contributed in construction of Sayeed Saigol Cardiac Complex at the Gulab Devi Hospital, Lahore by donating a sum of Rs. 11.30 million. This project is near completion.

Research & Development

Research & Development is an integral part of the Company's policy of development of new products and improving efficiency of the plant to reduce cost. After development, trial production of oil well cement was carried out which has a positive feed back from potential customers. The Company is now in the process of certification from the appropriate organization, American Petroleum Institute (API). The old wet kilns have been earmarked for production of special products.

Compliance of Code of Corporate Governance

The Board reviews the Company's strategic direction and business plans on regular basis. The Audit Committee is empowered for effective compliance of Code of Corporate Governance. The Board is committed to maintain a high standard of good corporate governance.

Your Directors are pleased to report that:

a) the financial statements, prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity

b) proper books of account have been maintained by the Company

c) appropriate accounting policies have been consistently applied, except for change as detailed in note 25.2, in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment

d) international accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements

e) the existing internal control system and procedures are continuously reviewed by the internal auditor. The process of review will continue by the audit committee to monitor the effective implementation

f) there are no significant doubts upon the Company's ability to continue as a going concern

g) there has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of stock exchanges

h) key operating and financial data of last six years is annexed

i) the value of investment of provident fund and gratuity trust, based on their respective audited accounts of June 30, 2007 is given hereunder:

	Rupees in thousand
Provident Fund	300,351
Gratuity Fund	46,026

j) a total number of six board of directors' meetings were held during the year

The attendance by each Director is given as follows:

Name of Directors	No. of Meetings Attended
Mr. Tariq Sayeed Saigol	5
Mr. Sayeed Tariq Saigol	4
Mr. Waleed Tariq Saigol	2
Miss Jahanara Saigol	1
Mr. Usman Said	6
Mr. S. M. Imran	6
Mr. Zamiruddin Azar	5
Mr. Per Mejnert Kristensen – (Rep. FLS & IFU, Denmark)	-

The Directors who could not attend the Board Meeting were duly granted leave of absence.
Mr. Per Mejnert Kristensen was co-opted as Director on March 21, 2007, in place of outgoing Director Mr. Soren Iversen.

k) The Company allotted additional 25% right shares during the year to the members including the directors' and impact of this is reflected in the annexed pattern of shareholding. However, Mr. Zamiruddin Azar, Director, sold 2,000 ordinary shares of the Company during the year.

Pattern of Shareholding

The shareholding pattern of the Company as on June 30, 2007 is annexed.

Auditors

The present auditors M/s Hameed Chaudhri & Co., Chartered Accountants, Lahore, retire and being eligible, have offered themselves for re-appointment.

Acknowledgements

The Directors take the opportunity to thank its plant suppliers, consultants and contractors engaged in completion of the project. We are also thankful to foreign and local financial institutions for the support and appreciate the efforts put in by the staff / workers and officers of the Company for their dedication and hard work who contributed towards completion of the project.

For and on behalf of the Board

(Sayeed Tariq Saigol)
Chief Executive

Lahore: September 26, 2007

SIX YEARS SUMMARY

	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002
Quantitative Data (M. Tonnes)						
Grey Cement:						
Production	**1,342,021**	1,469,717	1,328,742	1,118,187	1,007,059	963,117
Sales	**1,313,113**	1,470,051	1,325,041	1,127,261	1,008,484	961,867
White Cement:						
Production	**48,231**	34,780	35,647	36,759	39,183	37,040
Sales	**46,049**	34,739	36,057	36,217	40,160	35,985
Sales (Rs. 000)						
Gross Sales	**5,514,208**	7,954,901	6,193,443	4,967,465	4,025,267	4,230,526
Less: Excise Duty	**1,024,041**	1,128,106	1,020,618	872,608	1,028,664	997,852
Sales Tax	**705,845**	1,036,977	807,589	656,019	534,239	561,393
Commission	**73,241**	80,026	74,502	63,039	57,557	54,124
Net Sales	**3,711,081**	5,709,792	4,290,734	3,375,799	2,404,807	2,617,157
Profitability (Rs. 000)						
Gross Profit / (Loss)	**309,893**	2,148,580	1,327,932	1,148,228	361,550	665,123
Profit / (Loss) Before Tax	**(140,019)**	1,634,814	1,027,378	751,507	(92,916)	170,649
Provision for Income Tax	**182,066**	(575,574)	(299,928)	(264,035)	243,019	(13,356)
Profit / (Loss) After Tax	**42,047**	1,059,240	727,450	487,472	150,103	157,293
Financial Position (Rs. 000)						
Tangible Fixed Assets-Net	**19,330,866**	16,088,505	8,462,382	5,562,682	5,497,285	5,597,769
Investment & Other Assets	**54,151**	391,931	110,953	25,660	272,809	15,860
	19,385,017	16,480,436	8,573,335	5,588,342	5,770,094	5,613,629
Current Assets	**4,051,957**	2,664,462	1,940,059	1,499,266	1,551,334	1,029,875
Current Liabilities	**(3,756,487)**	(2,649,519)	(1,595,499)	(1,188,435)	(1,156,620)	(889,117)
Net Working Capital	**295,470**	14,943	344,560	310,831	394,714	140,758
Capital Employed	**19,680,487**	16,495,379	8,917,895	5,899,173	6,164,808	5,754,387
Less Long Term Loan & Other Liab.	**(10,687,450)**	(8,939,675)	(2,543,012)	(2,201,629)	(2,954,736)	(2,694,418)
Share holders Equity	**8,993,037**	7,555,704	6,374,883	3,697,544	3,210,072	3,059,969
Represented By:						
Share Capital	**4,264,108**	3,519,581	3,248,844	1,804,913	1,804,913	1,804,913
Reserves & Un-app. Profit	**4,728,929**	4,036,123	3,126,039	1,892,631	1,405,159	1,255,056
	8,993,037	7,555,704	6,374,883	3,697,544	3,210,072	3,059,969
Ratios:						
Gross Profit / (Loss) to Sales (%age)	**8.35**	37.63	30.95	34.01	15.03	25.41
Net Profit / (Loss) to Sales (%age)	**1.13**	18.55	16.95	14.44	6.24	6.01
Debt Equity Ratio	**55:45**	51:49	26:74	37:63	48:52	47:53
Current Ratio	**1.08**	1.01	1.22	1.26	1.34	1.16
Break Up Value per share of Rs. 10 each	**21.09**	21.47	19.62	20.49	17.79	16.95

PATTERN OF SHAREHOLDING (ORDINARY SHARES)

1. Incorporation Number KAR No. 820 of 1959-60

2. Name of Company Maple Leaf Cement Factory Limited

3. Pattern of holding of the shares held by the shareholders as at 30-06-2007

4.

No. of Shareholders	Size of Holding From	Size of Holding To	Total shares held
1,844	1	100	85,177
3,495	101	500	1,047,077
2,056	501	1,000	1,631,251
3,669	1,001	5,000	8,718,841
729	5,001	10,000	5,468,128
273	10,001	15,000	3,415,845
142	15,001	20,000	2,569,164
114	20,001	25,000	2,650,970
63	25,001	30,000	1,768,561
43	30,001	35,000	1,392,048
24	35,001	40,000	901,758
19	40,001	45,000	814,586
52	45,001	50,000	2,552,202
19	50,001	55,000	999,627
16	55,001	60,000	934,396
16	60,001	65,000	992,401
6	65,001	70,000	411,400
12	70,001	75,000	876,714
8	75,001	80,000	623,320
5	85,001	90,000	440,937
7	90,001	95,000	644,615
11	95,001	100,000	1,096,300
5	100,001	105,000	507,949
4	105,001	110,000	427,957
4	110,001	115,000	451,559
3	115,001	120,000	357,069
5	120,001	125,000	623,982
1	125,001	130,000	125,445
2	130,001	135,000	266,772
3	135,001	140,000	411,186
3	140,001	145,000	429,812
10	145,001	150,000	1,493,254
2	150,001	155,000	302,981
1	155,001	160,000	156,250
3	160,001	165,000	488,500
3	170,001	175,000	516,987
2	185,001	190,000	373,190
2	190,001	195,000	386,325
6	195,001	200,000	1,197,500
3	200,001	205,000	604,685
1	205,001	210,000	207,829
1	210,001	215,000	211,372
2	215,001	220,000	432,979
2	220,001	225,000	442,696
1	225,001	230,000	226,212
3	245,001	250,000	750,000
1	250,001	255,000	250,125
2	255,001	260,000	516,522
1	260,001	265,000	262,500
3	275,001	280,000	835,000
1	280,001	285,000	281,250
2	285,001	290,000	576,000

No. of Shareholders	Size of Holding From	To	Total shares held
1	295,001	300,000	300,000
1	300,001	305,000	300,312
1	310,001	315,000	312,500
3	315,001	320,000	956,500
1	325,001	330,000	327,000
1	360,001	365,000	361,500
1	365,001	370,000	368,000
1	390,001	395,000	393,500
1	395,001	400,000	400,000
2	425,001	430,000	855,500
1	430,001	435,000	434,942
1	435,001	440,000	436,800
1	455,001	460,000	460,000
1	460,001	465,000	464,000
1	470,001	475,000	472,030
1	495,001	500,000	500,000
1	510,001	515,000	513,500
2	535,001	540,000	1,076,000
1	560,001	565,000	560,500
1	590,001	595,000	592,593
1	600,001	605,000	603,306
1	630,001	635,000	632,562
1	735,001	740,000	740,000
1	780,001	785,000	780,500
1	790,001	795,000	795,000
1	905,001	910,000	906,250
1	915,001	920,000	917,500
1	925,001	930,000	928,500
1	950,001	955,000	954,000
1	990,001	995,000	995,000
1	1,030,001	1,035,000	1,031,250
1	1,150,001	1,155,000	1,155,000
1	1,165,001	1,170,000	1,169,500
1	1,225,001	1,230,000	1,225,500
1	1,225,001	1,230,000	1,228,495
1	1,365,001	1,370,000	1,367,300
1	1,480,001	1,485,000	1,484,500
1	1,565,001	1,570,000	1,565,500
1	1,585,001	1,590,000	1,589,681
1	1,725,001	1,730,000	1,728,500
1	1,850,001	1,855,000	1,854,487
1	1,880,001	1,885,000	1,884,000
1	1,950,001	1,955,000	1,950,125
1	1,980,001	1,985,000	1,982,875
1	2,105,001	2,110,000	2,107,442
1	2,110,001	2,115,000	2,112,500
1	2,365,001	2,370,000	2,368,887
1	3,090,001	3,095,000	3,091,500
1	3,985,001	3,990,000	3,987,500
1	3,995,001	4,000,000	4,000,000
1	4,090,001	4,095,000	4,094,200
1	5,930,001	5,935,000	5,933,840
1	8,000,001	8,005,000	8,000,187
1	9,550,001	9,555,000	9,553,000
1	14,140,001	14,145,000	14,140,156
1	14,305,001	14,310,000	14,306,622
1	18,250,001	18,255,000	18,255,000
1	186,605,001	186,610,000	186,608,808
12,767			**372,263,356**

5. CATEGORIES OF SHAREHOLDERS

		No. of Shareholders	Shares Held	Percentage of Capital
5.1	**Directors, CEO and their spouses & minor**			
	Mr. Tariq Sayeed Saigol - Chairman		5,156	0.0014
	Mr. Sayeed Tariq Saigol - Chief Executive		5,156	0.0014
	Mr. Waleed Tariq Saigol - Director		5,156	0.0014
	Miss Jahanara Saigol - Director		3,125	0.0008
	Mr. S. M. Imran - Director		21,213	0.0057
	Mr. Usman Said - Director		94,461	0.0254
	Mr. Zamiruddin Azar - Director		10,573	0.0028
	Mr. Per Mejnert Kristensen - Nominee Director (Rep. FLS & IFU, Denmark)		22,306,809	5.9922
		8	**22,456,805**	**6.0325**
5.2	**Associated Companies, undertakings and related parties**			
	Kohinoor Textile Mills Ltd.		186,608,808	50.1282
	Zimpex (Pvt) Ltd.		1,706	0.0005
		2	**186,610,514**	**50.1286**
5.3	**NIT and ICP**			
	National Bank of Pakistan, Trustee Deptt.		5,933,840	1.5940
	Investment Corporation of Pakistan		13,200	0.0035
		2	**5,947,040**	**1.5975**
5.4	**Executives**	**-**	**-**	**-**
5.5	**Public Sector Companies and Corporations**	**3**	**1,239,802**	**0.3330**
5.6	**Banks, Development Financial Institutions, Non-banking Financial Institutions**	**49**	**29,077,632**	**7.8110**
5.7	**Insurance Companies**	**6**	**311,115**	**0.0836**
5.8	**Modarabas, Leasing and Mutual Funds**	**38**	**8,294,172**	**2.2280**
5.9	**Shareholders holding Ten Percent or more voting interest in the Company** Refer to 5.2	**-**	**-**	**-**
5.10	**General Public**			
	Individuals	**12,404**	**67,984,917**	**18.2626**
	Foreign Shareholders	**27**	**2,829,570**	**0.7601**
5.11	**Joint Stock Companies**	**216**	**47,320,698**	**12.7116**
	Trustees Wah Nobel P. Ltd. Mang. Staff P. F.		20,000	
	PWR-1057 Sarhad Rural Support Programme		6,500	
	Stock Link (Khr)		871	
	Lahore Stock Exchange (Guarantee) Ltd.		70,800	
	Trustees Al-Abbas Sugar Mills Ltd. Emp. G. F.		11,750	
	Trustees Artal Restaurants Int'l Emp. P. F.		8,000	
	Trustee-Army Welfare Trust		46,750	
	Managing Committee Ghazali Education Trust		440	
	Trustees Fancy Foundation		25,000	
	Manag Commtt of Tameer-e-Millat Found		355	
	1295 Trustee Avari Hotel Lahore Staff Provident Fund		625	
		11	**191,091**	**0.0513**
	Grand Total:	**12,767**	**372,263,356**	**100**

PATTERN OF PREFERENCE SHAREHOLDING (Non-voting)

1. Incorporation Number — KAR No. 820 of 1959-60

2. Name of Company — Maple Leaf Cement Factory Limited

3. Pattern of holding of the shares held by the shareholders as at 30-06-2007

4.

No. of Shareholders	Size of Holding From	Size of Holding To	Total shares held
632	1	100	32,456
908	101	500	232,871
205	501	1,000	141,405
212	1,001	5,000	422,042
18	5,001	10,000	125,826
14	10,001	15,000	166,020
5	15,001	20,000	85,947
4	20,001	25,000	94,076
5	25,001	30,000	133,000
1	30,001	35,000	34,500
1	50,001	55,000	52,500
1	55,001	60,000	58,500
1	65,001	70,000	68,500
2	95,001	100,000	195,599
1	115,001	120,000	117,500
1	180,001	185,000	183,600
3	195,001	200,000	597,550
1	225,001	230,000	227,500
1	265,001	270,000	268,034
1	315,001	320,000	318,500
1	495,001	500,000	500,000
1	545,001	550,000	548,250
1	755,001	760,000	759,000
2	24,390,001	24,395,000	48,784,222
2,022			**54,147,398**

5. CATEGORIES OF SHAREHOLDERS

5.1 Directors, CEO and their spouses & minor children

	No. of Shareholders	Shares Held	Percentage of Capital
Mr. Tariq Sayeed Saigol - Chairman		750	0.0014
Mr. Sayeed Tariq Saigol - Chief Executive		750	0.0014
Mr. Waleed Tariq Saigol - Director		750	0.0014
Mr. S. M. Imran - Director		3,085	0.0057
Mr. Usman Said - Director		15,194	0.0281
Mr. Zamiruddin Azar - Director		2,589	0.0048
	6	**23,868**	**0.0441**

5.2	**Associated Companies, undertakings and related parties**			
	Kohinoor Textile Mills Ltd - Provident Fund Trust		500,000	
	Maple Leaf Cement Factory Ltd - Employees Provident Fund Trust		200,000	
		2	**700,000**	**1.2928**
5.3	**NIT and ICP**	**-**	**-**	**-**
5.4	**Executives**	**-**	**-**	**-**
5.5	**Public Sector Companies and Corporations**	**1**	**268,034**	**0.4950**
5.6	**Banks, Development Financial Institutions, Non-banking Financial Institutions**	**3**	**49,224**	**0.0909**
5.7	**Insurance Companies**	**2**	**15,000**	**0.0277**
5.8	**Modarabas, Leasing and Mutual Funds**	**1**	**7,500**	**0.0139**
5.9	**Shareholders holding Ten Percent or more voting interest in the Company**	**2**	**48,784,222**	**90.0952**
5.10	**General Public**			
	Individuals	1,956	3,523,602	6.5074
	Foreign Shareholders	-	-	-
5.11	**Joint Stock Companies**	**46**	**348,448**	**0.6435**
5.12	**Others**			
	Kohinoor Weaving Mills Ltd. - Staff Provident Fund Trust		200,000	
	Trustees DGKC Emp P.F. Trust		227,500	
		2	**427,500**	**0.7895**
	Grand Total:	**2,022**	**54,147,398**	**100**

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2007

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of stock exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of non-executive directors on its Board of Directors. At present the Board of Directors includes six independent 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. One casual vacancy occurred in the Board during the period, was filled in within 30 days thereof.

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 has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. 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 CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and 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 Board arranged Orientation Course for its Directors during the year to apprise them of their duties and responsibilities.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the 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 CEO and CFO before approval of the Board.

13. The directors, CEO 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 three members, of whom two are non-executive directors including the chairman of the committee.

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 framed and advised to the committee for compliance.

17. The Board has set up an effective internal audit function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.

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 with.

For and on behalf of the Board

(Sayeed Tariq Saigol)
Chief Executive

Lahore: September 26, 2007

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH 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 MAPLE LEAF CEMENT FACTORY LIMITED to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited, Chapter XIII of the Listing Regulations of the Lahore Stock Exchange (Guarantee) Limited and Chapter XI of the Listing Regulations of the Islamabad Stock Exchange (Guarantee) Limited 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 status of 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 30 June, 2007.

Hameed Chaudhri & Co.
Chartered Accountants

Lahore: September 26, 2007

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of MAPLE LEAF CEMENT FACTORY LIMITED as at 30 June, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity 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 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 account 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 account and are further in accordance with accounting policies consistently applied, except for the change as stated in note 25.2 to the financial statements, with which we concur;

  (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, profit and loss account, cash flow statement and statement of changes in equity 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 30 June, 2007 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Hameed Chaudhri & Co.
Chartered Accountants

Lahore: September 26, 2007

	Note	2007	2006
		(Rupees in thousand)	
			Restated
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital	7.1	**5,000,000**	5,000,000
Issued, subscribed and paid- up capital	7.2	**4,264,108**	3,519,581
Reserves	8	**4,457,328**	3,063,529
Unappropriated profit		**271,601**	972,594
		8,993,037	7,555,704
Non-current liabilities			
Loans from related parties	9	**250,000**	-
Long term loans and finances	10	**8,576,657**	7,868,948
Liabilities against assets subject to finance lease	11	**268,040**	12,226
Lease finance advances and accrued interest thereon	12	**679,676**	74,146
Long term deposits	13	**2,702**	2,977
Deferred taxation	14	**897,183**	971,128
Employees' compensated absences	15	**13,192**	10,250
		10,687,450	8,939,675
Current liabilities			
Current portion of :			
- redeemable capital	16	**-**	41,650
- long term loans and finances	10	**1,792,519**	538,530
- liabilities against assets subject to finance lease	11	**13,858**	4,481
Short term finances	17	**797,585**	947,160
Trade and other payables	18	**719,311**	752,172
Accrued profit and interest / mark-up	19	**378,675**	279,112
Taxation - net	20	**-**	31,828
Dividends	21	**54,539**	54,586
		3,756,487	2,649,519
Contingencies and commitments	22		
		23,436,974	19,144,898

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

Usman Said
Director

AS AT JUNE 30, 2007

	Note	2007	2006
		(Rupees in thousand)	Restated
ASSETS			
Non-Current Assets			
Property, plant and equipment	23	**19,330,866**	16,088,505
Intangible assets	24	**4,578**	-
Investments	25	**-**	368,881
Loans to employees	26	**6,373**	7,127
Deposits and prepayments	27	**43,200**	15,923
		19,385,017	16,480,436
Current assets			
Stores, spares and loose tools	28	**2,014,580**	1,847,926
Stock-in-trade	29	**369,709**	200,946
Trade debts - unsecured considered good		**194,587**	163,459
Fair value derivative financial instruments	8.2	**242,226**	-
Loans and advances	30	**85,544**	299,257
Investments	25	**944,669**	-
Deposits and short term prepayments	31	**15,373**	7,314
Accrued profit	32	**402**	559
Sales tax, customs and excise duty	33	**37,742**	34,611
Due from gratuity fund trust	45	**8,539**	-
Other receivables	34	**1,198**	9,452
Taxation - net	20	**14,029**	-
Cash and bank balances	35	**123,359**	100,938
		4,051,957	2,664,462
		23,436,974	19,144,898

Sayeed Tariq Saigol
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2007

	Note	**2007**	2006
		(Rupees in thousand)	
Sales	36	**3,711,081**	5,709,792
Cost of sales	37	**3,401,188**	3,561,212
Gross profit		**309,893**	2,148,580
Administrative expenses	38	**67,291**	60,474
Distribution cost	39	**69,021**	20,961
Other operating expenses	40	**18,371**	118,024
		154,683	199,459
		155,210	1,949,121
Other operating income	41	**43,224**	26,671
		198,434	1,975,792
Finance cost	42	**338,453**	340,978
(Loss) / profit before taxation		**(140,019)**	1,634,814
Taxation			
Current	20	**(9,477)**	28,536
Deferred	14	**(172,589)**	547,038
		(182,066)	575,574
Profit after taxation		**42,047**	1,059,240
		.... Rupees	
(Loss) / earnings per share - basic	43.1	**(0.03)**	3.16
Earnings per share - diluted	43.2	**N/A**	3.29

- The annexed notes form an integral part of these financial statements.
- Appropriations have been reflected in the statement of changes in equity.

Usman Said
Director

Sayeed Tariq Saigol
Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2007

	2007	2006
Cash flow from operating activities	**(Rupees in thousand)**	
(Loss) / profit for the year - before taxation	**(140,019)**	1,634,814
Adjustments for:		
Depreciation	**439,254**	372,734
Amortisation	**2,191**	-
Gain on disposal of operating fixed assets	**(5,905)**	(690)
Employees' compensated absences	**6,979**	3,437
Finance cost	**338,453**	340,978
Provision for obsolete stores and spares	**2,273**	697
Property, plant and equipment written-off	**-**	12,019
Unclaimed balances written-back	**-**	(220)
Profit on bank deposits	**(1,294)**	(6,163)
Dividend income	**(6,094)**	(1,625)
Cash inflow from operating activities before working capital changes	**635,838**	2,355,981
(Increase) / decrease in current assets		
Stores, spares and loose tools	**(168,927)**	(743,758)
Stock-in-trade	**(168,763)**	(17,729)
Trade debts	**(31,128)**	(70,862)
Loans and advances	**213,626**	(270,714)
Deposits and short term prepayments	**(8,059)**	10,837
Sales tax, customs and excise duty	**(3,131)**	30,273
Due from gratuity fund trust	**(8,539)**	69,670
Other receivables	**8,254**	(846)
(Decrease) / increase in trade and other payables	**(32,861)**	320,344
	(199,528)	(672,785)
Cash inflow from operating activities - before taxation	**436,310**	1,683,196
Taxes paid	**(36,380)**	(713)
Compensated absences paid	**(4,037)**	(1,700)
Net cash inflow from operating activities - after taxation	**395,893**	1,680,783
Cash flow from investing activities		
Fixed capital expenditure	**(3,690,937)**	(8,015,133)
Sale proceeds of operating fixed assets	**8,458**	1,049
Loans to employees	**841**	(1,559)
Investments (available-for-sale)	**(200,000)**	-
Deposits and prepayments	**(27,277)**	(9,781)
Profit on bank deposits received	**1,451**	9,482
Dividend income	**6,094**	1,625
Net cash outflow from investing activities	**(3,901,370)**	(8,014,317)
Cash flow from financing activities		
Proceeds from issue of ordinary shares	**744,527**	-
Share premium on issue of ordinary shares - net	**184,183**	-
Term finance certificates redeemed	**(41,650)**	(83,300)
Loans from related parties	**250,000**	-
Long term loans and finances less repayments	**1,961,698**	5,815,742
Long term deposits from stockists - net	**(275)**	(3,595)
Lease finances - net	**265,191**	16,707
Lease finance advances	**605,530**	74,146
Short term finances - net	**(149,575)**	357,317
Finance cost paid	**(238,890)**	(100,512)
Ordinary dividend paid	**(128)**	(132)
Preference dividend paid	**(52,713)**	(11,703)
Net cash inflow from financing activities	**3,527,898**	6,064,670
Net increase / (decrease) in cash and cash equivalents	**22,421**	(268,864)
Cash and cash equivalents - at the beginning of the year	**100,938**	369,802
Cash and cash equivalents - at the end of the year	**123,359**	100,938

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

Usman Said
Director

Sayeed Tariq Saigol
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2007

		Capital Reserves					Revenue Reserves		
	Share Capital	Share Premium	Fair value reserve on measurement of available-for-sale investments	Capital Redemption Reserve	Hedging Reserve	Reserve for Issue of Bonus Shares	General reserve	Unappropriated profit	Total
	......................(Rupees	in thousand)							....
Balance as at 30 June, 2005	3,248,844	2,154,890	9,566	20,769	-	-	100,000	756,393	6,290,462
Effect of change in an accounting policy - note 25.2	-	-	84,421	-	-	-	-	-	84,421
Balance as at 30 June, 2005 - restated	3,248,844	2,154,890	93,987	20,769	-	-	100,000	756,393	6,374,883
Transfer to reserve for issue of bonus shares	-	(270,737)	-	-	-	270,737	-	-	-
Transfer to general reserve	-	-	-	-	-	-	700,000	(700,000)	-
Nominal value of bonus shares issued	270,737	-	-	-	-	(270,737)	-	-	-
Fair value gain on measurement of available-for-sale investments	-	-	174,375	-	-	-	-	-	174,375
Profit for the year ended 30 June, 2006	-	-	-	-	-	-	-	1,059,240	1,059,240
Transfer to capital redemption reserve	-	-	-	90,245	-	-	-	(90,245)	-
Dividend on preference shares for the year ended 30 June, 2006	-	-	-	-	-	-	-	(52,794)	(52,794)
Balance as at 30 June, 2006 - restated	3,519,581	1,884,153	268,362	111,014	-	-	800,000	972,594	7,555,704
Transfer to general reserve	-	-	-	-	-	-	600,000	(600,000)	-
Nominal value of right ordinary shares issued	744,527	-	-	-	-	-	-	-	744,527
Premium received on issue of right ordinary shares	-	186,131	-	-	-	-	-	-	186,131
Write-off of expenses incurred on issue of right ordinary shares	-	(1,948)	-	-	-	-	-	-	(1,948)
Fair value gain on measurement of available-for-sale investments	-	-	277,144	-	-	-	-	-	277,144
Gain arising on derivative cross currency interest rate swap agreements - note 8.2	-	-	-	-	242,226	-	-	-	242,226
Profit for the year ended 30 June, 2007	-	-	-	-	-	-	-	42,047	42,047
Transfer to capital redemption reserve	-	-	-	90,246	-	-	-	(90,246)	-
Dividend on preference shares for the year ended 30 June, 2007	-	-	-	-	-	-	-	(52,794)	(52,794)
Balance as at 30 June, 2007	**4,264,108**	**2,068,336**	**545,506**	**201,260**	**242,226**	**-**	**1,400,000**	**271,601**	**8,993,037**

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

Usman Said
Director

Sayeed Tariq Saigol
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2006

1. LEGAL STATUS AND OPERATIONS

Maple Leaf Cement Factory Limited was incorporated in Pakistan on 13 April, 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a public company limited by shares and was listed on stock exchanges in Pakistan on 17 August, 1994. The registered office of the Company is situated at 42-Lawrance Road, Lahore, Pakistan. The Company is a subsidiary of Kohinoor Textile Mills Limited and is engaged in production and sale of cement.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except for the following:

- modification of foreign currency translation adjustments;
- recognition of employee retirement benefits at present value;
- measurement at fair value of certain financial assets; and
- recognition of derivative financial instruments at fair value.

The method used to measure fair values are discussed in respective notes.

3.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) staff retirement benefits;
b) taxation;

c) useful life of depreciable assets and provision for impairment there against;
d) classification of investments; and
e) valuation at fair value of derivative financial instruments.

5. NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 01 July, 2007 and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures in certain cases:

- IAS 1 - Presentation of Financial Statements - Amendments relating to Capital Disclosures;
- IAS 41 - Agriculture;
- IFRS 2 - Share-based Payment;
- IFRS 3 - Business Combinations;
- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations;
- IFRS 6 - Exploration for and Evaluation of Mineral Resources;
- IFRIC 8 - Scope of IFRS 2 Share-based Payment;
- IFRIC 9 - Reassessment of Embedded Derivatives;
- IFRIC 10 - Interim Financial Reporting and Impairment;
- IFRIC 11 - Group and Treasury Share Transactions;
- IFRIC 12 - Service Concession Arrangements;
- IFRIC 13 - Customer Loyalty Programmes; and
- IFRIC 14 - The Limit on a Defined Benefit Asset Minimum Funding Requirements and their Interaction.

6. SIGNIFICANT ACCOUNTING POLICIES

6.1 Equity instruments

These are recorded at their face value.

6.2 Borrowings

Loans and borrowings are initially recognised at the proceeds received; subsequent to initial recognition, these are stated at amortised cost.

6.3 Staff retirement benefits

(a) Defined contribution plan

The Company operates a defined contributory approved provident fund for all its employees. Equal monthly contributions are made both by the Company and employees at the rate of 10% of the basic salary to the fund.

(b) Defined benefit plan

The Company also maintains an approved gratuity fund under which the gratuity is payable on cessation of employment, subject to a minimum qualifying period of service. The contributions are made to the fund in accordance with the actuary's recommendations based on the actuarial valuation of the fund using projected unit credit method. Actuarial gains / losses are recognised in accordance within the limits set-out by IAS 19 [(Employee Benefits); refer contents of note 45].

(c) Liability for employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees.

6.4 Trade and other payables

Creditors relating to trade and other payables are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

6.5 Taxation

(a) Current

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, or minimum tax at the rate of 0.5% of turnover, whichever is higher.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method in respect of all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. The carrying amount of all deferred tax assets is reviewed at each balance sheet date and adjusted to the appropriate extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised. Deferred tax liability is based on the expected tax rates applicable at the time of reversal.

6.6 Dividend distribution

Dividend distribution to shareholders is recognised as liability in the financial statements in the period in which the dividend is approved.

6.7 Property, plant and equipment

Property, plant and equipment, except freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses (if any). Freehold land and capital work-in-progress are stated at cost. Cost in relation to certain plant & machinery represents historical cost, exchange differences capitalised upto 30 June, 2004 and the cost of borrowings during the construction period in respect of loans and finances taken for the specific projects.

Transactions relating to jointly owned assets with Pak American Fertilizers Limited (PAFL), as stated in note 23.5, are recorded on the basis of advices received from the housing colony.

Depreciation is calculated at the rates specified in note 23.1 on reducing balance method except that straight-line method is used for the plant & machinery and buildings relating to dry process plant after deducting residual value. Depreciation on additions is charged from the month in which the asset is put to use and on disposals upto the month of disposal. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The carrying values of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written-down to their recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which these are incurred.

Gains / losses on disposal or retirement of property, plant and equipment, if any, are taken to profit & loss account.

6.8 Intangible assets

Expenditure incurred to acquire computer softwares are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight-line method over a period of three years.

Amortisation on additions to intangible assets is charged from the month in which an asset is put to use and on disposal upto the month of disposal.

The Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

6.9 Assets subject to finance lease

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability. Depreciation on leased assets is charged applying the reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of the certainty of ownership of the assets at the end of the lease term.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

6.10 Un-allocated capital expenditure

All cost or expenditure attributable to work-in-progress are capitalised and apportioned to buildings and plant & machinery at the time of commencement of commercial operations.

6.11 Investments (Available-for-sale)

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available-for-sale.

Subsequent to initial recognition at cost, these are remeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement). Also refer contents of note 25.2.

6.12 Stores, spares and loose tools

These are valued at moving average cost while items considered obsolete are carried at nil value. Items-in-transit are valued at cost comprising invoice value plus other charges incurred thereon.

6.13 Stock-in-trade

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

Net realisable value signifies the ex-factory sale price less expenses and taxes necessary to be incurred to make the sale.

6.14 Trade debts

Trade debts originated by the Company are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written-off when identified.

6.15 Loans and advances

These are stated at cost.

6.16 Cash and cash equivalents

Cash-in-hand and at banks and short term deposits which are held to maturity are carried at cost. For the purposes of cash flow statement, cash equivalents are short term highly liquid instruments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

6.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

6.18 Impairment losses

The carrying amount 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 recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account.

6.19 Revenue recognition

- Sales are recognised on dispatch of goods to customers.
- Return on bank deposits is accounted for on 'accrual basis'.
- Dividend income is accounted for when the right of receipt is established.

6.20 Borrowing costs

Borrowing costs incurred on finances obtained for acquisition of fixed assets are capitalised upto the date of commissioning of the respective assets. All other borrowing costs are taken to profit and loss account.

6.21 Foreign currency translations

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing at the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevailing at the balance sheet date. Foreign exchange differences are recognised in the profit and loss account.

6.22 Financial assets and liabilities

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

6.23 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

6.24 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are recognised in profit and loss account in the periods when the hedged item will effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

6.25 Related party transactions

Transactions in relation to sales, purchases and technical services with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses such as electricity, gas, water, repair and maintenance relating to the head office, shared with the holding company / associates, which are on the actual basis.

7. SHARE CAPITAL

7.1 Authorised:

		2007	2006
		(Rupees in thousand)	
400,000,000	ordinary shares of Rs. 10 each	**4,000,000**	4,000,000
100,000,000	9.75% redeemable cumulative preference shares of Rs. 10 each	**1,000,000**	1,000,000
500,000,000		**5,000,000**	5,000,000

7.2 Issued, subscribed and paid-up:

		2007	2006
Ordinary:			
290,359,856	(2006: 215,907,185) ordinary shares of Rs. 10 each fully paid in cash	**2,903,599**	2,159,072
35,834,100	ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	**358,341**	358,341
46,069,400	ordinary shares of Rs. 10 each issued as fully paid bonus shares	**460,694**	460,694
372,263,356		**3,722,634**	2,978,107
Preference:			
54,147,398	9.75% redeemable cumulative preference right shares (non-voting) of Rs. 10 each fully paid in cash	**541,474**	541,474
426,410,754		**4,264,108**	3,519,581

7.2.1 The Company, during the financial year ended 30 June, 2005, had offered to the shareholders of the Company 54,147,398 preference shares - Series "A" of Rs.10 each at par value. This preference shares right issue was made in the ratio of 30 preference shares (non-voting) for every 100 ordinary shares held by the Company's shareholders as on 15 December, 2004. These shares are listed on all Stock Exchanges of Pakistan. The salient terms of this issue are as follows:

(a) The preference shareholders are not entitled to:

- receive notice, attend general meetings of the Company and vote at meetings of the shareholders of the Company, except as otherwise provided by the Companies Ordinance, 1984 (the Ordinance), whereby the holders of such shares would be entitled to vote separately as a class i.e. with respect to voting entitlement of preference shareholders on matters/issues affecting substantive rights or liabilities of preference shareholders.

- bonus or right shares, in case the Company / Directors decide to increase the capital of the Company by issue of further ordinary shares.

- participate in any further profit or assets of the Company, except the right of dividend attached to the preference shares - Series "A".

(b) Preference shares - Series "A" will be convertible at the option of the preference shareholders into ordinary shares of the Company at the expiry of the period of six years and thereafter of the date falling on the end of each semi annual period commencing thereafter. Conversion ratio is to be determined by dividing the aggregate face value of the preference shares - Series "A" plus any accumulated dividends and/or accrued dividend by the conversion price, which is higher of face value of ordinary share or 80% of the average price of the ordinary share quoted in the daily quotation of the Karachi Stock Exchange (Guarantee) Limited during the three months immediately prior to the relevant conversion date.

(c) The Company may at its option call the issue in whole or in minimum tranches of 20% of the outstanding face value at the redemption price within 90 days of the end of each semi annual period commencing from the expiry of a period of three years of the issue.

(d) Preference shareholders - Series "A" shall be paid preferred dividend @ 9.75% per annum on cumulative basis. If the Company does not pay dividend in any year, the unpaid dividend for the relevant year will be paid in the immediately following year along with the dividend payment for such year.

(e) The Company has created a redemption reserve and appropriates the required amount each month from the profit and loss appropriation account to ensure that reserve balance at the redemption date is equal to the principal amount of preference shares.

7.2.2 The Company, during the current financial year, has issued 74,452,671 right ordinary shares of Rs.10 each issued at Rs.12.50 per share i.e. inclusive of premium of Rs. 2.50 per share. These right shares have been offered in the ratio of 25 ordinary shares for every 100 ordinary shares registered in the name of the shareholders as on 24 February, 2007. These right shares rank pari passu with the existing ordinary shares of the Company in all respects.

7.2.3 Kohinoor Textile Mills Limited (the holding company) holds 186,608,808 (2006: 149,287,047) ordinary shares, which represents 50.13% (2006: 50.13%) of the total ordinary issued, subscribed and paid-up capital.

7.2.4 Zimpex (Pvt.) Ltd. (an associate) held 1,706 (2006: 1,085) ordinary shares at the year-end.

8. RESERVES

	Note	2007	2006
		(Rupees in thousand)	
			Restated
Capital:			
- share premium reserve	8.1	**2,068,336**	1,884,153
- capital redemption reserve	7.2.1 (e)	**201,260**	111,014
- fair value reserve on measurement of available-for-sale investments			
- net of deferred taxation	25 & 14	**545,506**	268,362
- hedging reserve	8.2	**242,226**	-
		3,057,328	2,263,529
General reserve		**1,400,000**	800,000
		4,457,328	3,063,529

8.1 Share premium reserve

	2007	2006
Opening balance	**1,884,153**	2,154,890
Add: premium received during the current year on issue of 74,452,671 right ordinary shares @ Rs. 2.50 per share	**186,131**	-
Less: write-off of expenses incurred during the current year on issue of right ordinary shares	**(1,948)**	-
Less: issue of bonus shares @ 10% during the preceding year	**-**	(270,737)
	2,068,336	1,884,153

8.2 Hedging reserve

The Company, during the current year, has entered into derivative cross currency interest rate swap agreements with Standard Chartered Bank (Pakistan) Limited to hedge for the possible adverse interest rate movements on 50% of National Bank of Pakistan led consortium financing of Rs. 4.800 billion (i.e. Rs. 2.400 billion) and 100% of Allied Bank Limited led consortium financing of Rs.950 million as referred to in notes 10.7 and 10.9 respectively. As these hedging relationships are effective and meet the criteria of cash flow hedge, these arrangements qualify for hedge accounting as specified in IAS 39 (Financial Instruments: Recognition and Measurement).

The derivative cross currency interest rate swaps that are outstanding as at 30 June, 2007 have been marked to market and the effective unrealised gain aggregating Rs. 242.226 million has been recognised in the statement of changes in equity.

9. LOANS FROM RELATED PARTIES - Secured

	Note	2007	2006
		(Rupees in thousand)	
Loans from directors	9.1	**160,000**	-
Loan from Zimpex Pakistan (Pvt.) Ltd.	9.2	**90,000**	-
		250,000	-

9.1 The Company, during the year, has obtained loans from two of its directors, Rs. 80 million each, for completion of the ongoing expansion project of 6,700 tpd clinker capacity. These loans carry mark-up at the rate of 1-month KIBOR + 1.5%; the effective mark-up rate charged during the year ranged between 10.73% to 10.94% per annum. These loans are secured against demand promissory notes and are repayable in lump sum after five years or earlier with mutual consent of the parties.

9.2 This loan has also been obtained for completion of the ongoing expansion project of 6,700 tpd clinker capacity. It carries mark-up at the rate of 6-months KIBOR + 3.5% with floor of 14%; the effective mark-up rate charged during the year ranged between 12.27% to 14% per annum. The loan is secured against demand promissory note and is repayable in lump sum after five years or earlier with mutual consent of the parties.

10. LONG TERM LOANS AND FINANCES - Secured

	Note	2007	2006
		(Rupees in thousand)	
MCB Bank Limited (MCB)	10.1	-	34,900
MCB	10.2	266,838	355,784
Habib Bank Limited (HBL)	10.2	266,838	355,784
		533,676	711,568
MCB	10.3	100,000	128,572
Faysal Bank Limited (FBL)	10.3	175,000	225,000
The Bank of Punjab (BOP)	10.3	40,000	60,000
Askari Commercial Bank Limited (ACBL)	10.3	20,000	30,000
First Women Bank Limited (FWB)	10.3	14,000	21,000
		349,000	464,572
National Bank of Pakistan (NBP)	10.4	312,500	416,667
Standard Chartered Bank (Pakistan) Limited [SCB]; Union Bank Limited was merged into SCB during the current year	10.5	200,000	250,000
NBP	10.5	120,000	150,000
PICIC Commercial Bank Limited (PCBL)	10.5	104,000	130,000
		424,000	530,000
Allied Bank Limited (ABL)	10.6	475,000	475,000
MCB	10.6	150,000	150,000
The Hongkong & Shanghai Banking Corporation Limited (HSBC)	10.6	115,000	115,000
BOP	10.6	100,000	100,000
Soneri Bank Limited (SBL)	10.6	75,000	75,000
Pak Libya Holding Co. (Pvt.) Limited (PLHC)	10.6	50,000	50,000
FWB	10.6	35,000	35,000
		1,000,000	1,000,000
NBP	10.7	960,000	859,954
HBL	10.7	960,000	859,954
ABL	10.7	850,000	761,490
FBL	10.7	705,000	631,637
PCBL	10.7	700,000	626,908
BOP	10.7	475,000	425,678
Saudi Pak Industrial & Agriculture Investment Company (Pvt.) Limited (Saudi Pak)	10.7	150,000	134,150
		4,800,000	4,299,771
Balance carried forward		**7,419,176**	7,457,478

	Note	2007	2006
		(Rupees in thousand)	
Balance brought forward		**7,419,176**	7,457,478
ABL	10.8	**-**	950,000
ABL	10.9	**270,000**	-
MCB	10.9	**250,000**	-
Saudi Pak Commercial Bank Limited (SPCB)	10.9	**200,000**	-
PLHC	10.9	**100,000**	-
SBL	10.9	**50,000**	-
Saudi Pak	10.9	**50,000**	-
FWB	10.9	**30,000**	-
		950,000	-
ABL	10.11	**1,350,000**	-
PLHC	10.11	**300,000**	-
Saudi Pak	10.11	**100,000**	-
KASB Bank Limited (KASB)	10.11	**100,000**	-
Pak Oman Investment Company Limited (Pak Oman)	10.11	**100,000**	-
The Bank of Khyber (BOK)	10.11	**50,000**	-
		2,000,000	-
		10,369,176	8,407,478
Less: current portion grouped under current liabilities		**1,792,519**	538,530
		8,576,657	7,868,948

10.1 The opening balance of this loan was repayable in two half-yearly instalments, which have been fully repaid during the current year. The loan carried mark-up at the rate of 6-months Karachi Inter Bank Offered Rate (KIBOR) + 2.29% with no floor or cap. The effective mark-up rate charged during the year ranged between 11.30% to 12.92% per annum.

10.2 These loans have been obtained from a consortium comprising of MCB and HBL and are repayable in 14 half-yearly equal instalments commenced from December, 2003. These loans carry mark-up at the rate of 6-months KIBOR + 2.29%. Mark-up on these loans is payable on quarterly basis. The effective mark-up rate charged during the year ranged between 11.90% to 12.94% per annum.

10.3 These loans have been obtained from a consortium comprising of MCB, FBL, BOP, ACBL and FWB in two tranches. First tranche of Rs. 550 million was disbursed in December, 2003 by FBL and MCB, which carries mark-up at the rate of 6-months treasury bills rate + 2.75%, with no floor or cap. The effective mark-up rate charged during the year ranged between 11.21% to 11.56% per annum. These loans are repayable in fourteen half-yearly equal instalments commenced from June, 2004.

Second and final tranche was disbursed by BOP, ACBL and FWB in April, 2004 at a mark-up rate of 6-months KIBOR + 2.21%. The effective mark-up rate charged during the year ranged between 11.67% to 12.77% per annum. These loans are repayable in ten half-yearly equal instalments commenced from October, 2004. Mark-up on these loans is payable on quarterly basis.

10.4 This loan carries mark-up at the rate of 6-months KIBOR + 2.25% with no floor or cap and is repayable in twelve equal half-yearly instalments commenced from October, 2004. The effective mark-up rate charged during the year ranged between 11.80% to 12.83% per annum. Mark-up on this loan is payable on half-yearly basis.

10.5 These loans aggregating Rs. 530 million have been obtained from a Syndicate of commercial banks (i.e. SCB, NBP and PCBL) to fund the conversion of one of the existing wet process lines of grey cement to 500 tpd dry process line of white cement. These loans are repayable in 20 equal quarterly instalments commenced from September, 2006 and carry mark-up at the rate of 6-months KIBOR + 2.25% with no floor or cap. Mark-up on these loans is payable on quarterly basis. The effective mark-up rate charged during the year ranged between 11.86% to 12.90% per annum.

10.6 The Company, during the preceding year, has raised a syndicated term finance facility of Rs. 1.000 billion for financing its capital expenditure requirements. The Syndicate comprises of ABL, MCB, HSBC, BOP, SBL, PLHC and FWB. The finance facility is repayable in 9 equal half-yearly instalments commencing 30 November, 2007 and carries mark-up at the rate of 6-months KIBOR + 2%. Mark-up on these loans is payable on half-yearly basis. The effective mark-up rate charged during the year ranged between 11.66% to 12.56% per annum.

10.7 This finance facility of Rs. 4.800 billion is available from a Syndicate of commercial banks and development finance institution (i.e. NBP, HBL, ABL, FBL, PCBL, BOP and Saudi Pak) for financing the ongoing expansion project of 6,700 tpd clinker capacity. This finance facility is repayable in 9 equal half-yearly instalments commencing August, 2007 and carries mark-up at the rate of 6-months KIBOR +2%. Mark-up on these loans is payable on half-yearly basis. The effective mark-up rate charged during the year ranged between 11.69% to 12.64% per annum.

The Company, during the current year, has entered into a derivative cross currency interest rate swap agreement with Standard Chartered Bank (Pakistan) Limited to hedge for the possible adverse interest rate movements on 50% of NBP led consortium financing of Rs. 4.800 billion (i.e. Rs. 2.400 billion). As per the swap agreement, the interest liability has been converted into U.S. Dollars and the Company is liable to pay interest based on 6-months U.S.$ LIBOR + 1%.

10.8 This finance facility was obtained to finance the ongoing expansion project and has been converted into a syndicated term finance facility as detailed in note 10.9. The finance facility during the year carried mark-up at the rate of 11.94% per annum.

10.9 ABL, during the current year, has converted its finance facility of Rs. 950 million into a syndicated term finance facility of the equivalent amount. The facility is being utilised to finance the ongoing capital expenditure requirements i.e. conversion from wet process plant of 650 tpd clinker capacity of grey cement to 500 tpd clinker capacity of dry process plant of white cement. The Syndicate comprises of ABL, MCB, SPCB, PLHC, SBL, Saudi Pak and FWB. The finance facility is repayable in 9 equal half-yearly instalments commencing October, 2008 and carries mark-up at the rate of 6-months KIBOR + 2.25%. Mark-up on these loans is payable on half-yearly basis. The effective mark-up rate charged during the year ranged between 12.46% to 12.81% per annum.

The Company, during the current year, has entered into a derivative cross currency interest rate swap agreement with Standard Chartered Bank (Pakistan) Limited to hedge for the possible adverse interest rate movements on ABL led consortium financing of Rs. 950 million. As per the swap agreement, the interest liability has been converted into Euros and the Company is liable to pay interest based on 6-months EURIBOR+ 0.98%.

10.10 The loans, as detailed in notes 10.1 to 10.9 above, are secured by first pari passu charge over present and future fixed assets of the Company, demand promissory notes and personal guarantee of some of the directors.

10.11 The Company, during the current year, has raised this syndicated term finance facility of Rupees two billion for financing its capital expenditure requirements of grey cement project. The Syndicate comprises of ABL, PLHC, Saudi Pak, KASB, Pak Oman and BOK. The finance facility is repayable in 9 equal half-yearly instalments commencing March, 2009 and carries mark-up at the rate of 6-months KIBOR + 2.50%. Mark-up on these loans is payable on half-yearly basis. The effective mark-up rate charged during the year ranged between 11.54% to 12.51% per annum. The finance facility is secured against a ranking fixed charge by way of hypothecation over all of the Company's present and future fixed assets (excluding land and buildings), ranking mortgage charge over Company's land and buildings by deposit of title deeds and personal guarantees of two of the Company's directors.

11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

	Upto one year	From one year to five year	Total	
			2007	2006
	..............Rupees in thousand..............			
Minimum lease payments	49,272	400,455	**449,727**	21,862
Less: financial charges allocated to future periods	35,414	97,685	**133,099**	3,299
	13,858	302,770	**316,628**	18,563
Less: security deposits adjustable on expiry of lease term	-	34,730	**34,730**	1,856
Present value of minimum lease payments	13,858	268,040	**281,898**	16,707
Less: current portion grouped under current liabilities			**13,858**	4,481
			268,040	12,226

11.1 The Company, during the preceding year, has entered into a lease agreement with First National Bank Modaraba (FNBM) to acquire two units of imported Volvo Wheel Loaders. The liabilities under the lease agreements are payable in 36 equal monthly instalments commenced from August, 2006 and are subject to finance charge at base rate plus a spread of 250 bps; base rate is defined as six months KIBOR prevailing at the base rate setting date. The effective interest rate charged during the year was 13.08% per annum. The Company intends to exercise its option to purchase the leased assets upon completion of the lease term. This lease finance facility is secured against title of the leased assets in the name of FNBM and a demand promissory note in favour of FNBM for the amount of the lease rentals payable during the lease term.

11.2 The Company, during the current year, has entered into another lease agreement having lease amount of Rs. 28.740 million with FNBM to acquire one Volvo Dump Truck. The liabilities under this agreement are payable in 36 equal monthly instalments commenced from September, 20 06. The effective interest rate charged during the year was 12.94% per annum. The Company intends to exercise its option to purchase the leased asset upon completion of the lease term. The lease finance facility is secured against a demand promissory note in favor of FNBM for the amount of lease rentals payable during the lease term.

11.3 The Company, on 17 February, 2007, has entered into a lease agreement amounting Rs. 280 million with Meezan Bank Ltd. (MBL) to acquire eight units of Preheater Cyclones. The facility tenor is six years with a grace period of 18 months on principal component. Rentals, in respect of principal component, are payable in 9 equal half-yearly instalments commencing from 24th month from the date of draw down i.e. 23 November, 2006. Rentals, in respect of profit component, are payable in arrears on half-yearly basis commencing after 6 months from the date of draw down. The facility carries profit at the rate of 6-months KIBOR + 225 bps with a floor of 2.25% and cap of 28%. The facility is secured against exclusive ownership of leased assets in the name of MBL and personal guarantees of two of the Company's directors.

12. LEASE FINANCE ADVANCES AND ACCRUED INTEREST THEREON - Secured

	Note	**2007**	2006
		(Rupees in thousand)	
First National Bank Modaraba (FNBM)	12.1	**-**	25,866
Islamic Corporation for the Development of the Private Sector, Jeddah (ICD - a Subsidiary of Islamic Development Bank) - including accrued interest aggregating Rs. 35.761 million	12.2	**679,676**	48,280
		679,676	74,146

12.1 FNBM, during the preceding year, had disbursed these amounts against a sanctioned lease finance facility of Rs. 32.051 million by making payments to a commercial bank for retirement of shipping documents of a letter of credit. The unavailed amount of this lease finance facility as at 30 June, 2006 has been disbursed during the current year; accordingly, these finances have been grouped under liabilities against assets subject to finance lease (note 11).

12.2 The Company, during the preceding year, has entered into a forward lease agreement with ICD to finance power generation equipment of the expansion project of 6,700 tpd. The lease agreement is for a period of 8 years including a grace period of 24 months. The first rentals will be due on 01 December, 2008 whereas the final lease rentals will be due on 04 May, 2014. The lease finance facility carries interest at the rate of 6 months U.S.$ LIBOR plus a spread of 2.5% per annum and is secured against the first exclusive charge on power generation plant. ICD, against the total commitment of U.S.$ 14,500,000, has disbursed U.S.$10,625,666 upto 30 June, 2007 (2006: U.S.$ 800,000).

13. LONG TERM DEPOSITS

These represent interest-free security deposits from stockists and are repayable on cancellation or withdrawal of the dealerships. These are being utilised by the Company in accordance with the terms of dealership agreements.

14. DEFERRED TAXATION

	2007	2006
	(Rupees in thousand)	
		Restated
Deferred taxation liability comprises of temporary differences arising due to:		
Credit balances arising in respect of :		
- accelerated tax depreciation allowances	**1,404,800**	1,360,297
- lease finances	**-**	546
- fair value surplus on available-for-sale investments	**194,163**	95,519
	1,598,963	1,456,362
Debit balances arising in respect of:		
- unused tax losses	**(580,043)**	(426,182)
- lease finances	**(47,167)**	-
- provision for obsolete stores and spares	**-**	(4,934)
- employees' compensated absences	**(4,617)**	(3,588)
- minimum tax recoverable against normal tax charge in future years	**(69,953)**	(50,530)
	(701,780)	(485,234)
	897,183	971,128

15. EMPLOYEES' COMPENSATED ABSENCES

These represent amounts payable against un-availed leaves of employees.

16. REDEEMABLE CAPITAL - Secured

Non participatory

Term finance certificates (TFCs) - balance as at 30 June,	**-**	41,650

The Company had raised Rs. 250 million by issuing 50,000 TFCs as fully paid scrips of Rs. 5,000 denomination. These TFCs were listed on the Karachi Stock Exchange and the market value of one TFC was Rs. 5,400 at 30 June, 2006.

Redemption of capital

The final instalment of these TFCs outstanding at 30 June, 2006 was redeemed on 19 July, 2006.

Rate of return

The return on TFCs was payable half-yearly and was calculated at the 5 years' Pakistan Investment Bonds rate plus 2.50% with the floor and cap rate of 15.25% and 17.75% per annum respectively.

Security

The TFCs were secured by way of first charge ranking pari passu on the present and future fixed assets of the Company, excluding freehold land and buildings, and personal guarantee of the Company's Chief Executive.

Trustee

To protect the TFC holders, Faysal Bank Ltd. was appointed as trustee under the Trust Deed dated 27 June, 2002. The bank was paid fees at the rate of 0.05% per annum of the outstanding balance of TFCs.

17. SHORT TERM FINANCES

	Note	**2007**	2006
		(Rupees in thousand)	
Cash and running finances - secured	17.1	**797,421**	943,692
Temporary bank overdrafts - unsecured	17.2	**164**	3,468
		797,585	947,160

17.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs. 2.305 billion (2006: Rs. 1.740 billion). These facilities, during the year, carried mark-up at the rates ranging from 9.87% to 12.42% per annum; payable on quarterly basis.

Facilities available for opening letters of credit / guarantee aggregate Rs. 2.305 billion (2006: Rs. 1.871 billion) of which the amount aggregating Rs. 1.663 billion (2006: Rs. 0.686 billion) remained unutilised at the year-end.

The aggregate facilities are secured against charge on all present and future current assets of the Company, personal guarantees of some of the directors, lien over import documents and title of ownership of goods imported under letters of credit. These facilities are expiring on various dates by 31 January, 2008.

17.2 These have arisen due to issuance of cheques for amounts in excess of the balance in bank accounts.

18. TRADE AND OTHER PAYABLES

	Note	**2007**	2006
		(Rupees in thousand)	
Creditors		**193,179**	385,313
Bills payable - secured	18.1	**265,869**	-
Due to Kohinoor Textile Mills Ltd. (the holding company)		**700**	5,824
Accrued liabilities		**109,139**	144,404
Advances from customers		**14,291**	15,418
Security deposits - interest free, repayable on demand	18.2	**32,159**	27,159
Contractors' retention money		**26,677**	31,207
Royalty and excise duty payable		**4,251**	3,499
Workers' (profit) participation fund	18.3	**-**	86,043
Provident fund payable		**1,837**	1,482
Due to gratuity fund trust		**-**	2,040
Other taxes payable		**3,260**	1,464
Sales tax payable		**58,392**	41,955
Other payables		**9,557**	6,364
		719,311	752,172

18.1 These are secured against the securities as detailed in note 17.1.

18.2 The distributors and contractors give the Company a right to utilise these deposits in the normal course of business.

18.3 Workers' (profit) participation fund (the Fund)

	Note	2007	2006
		(Rupees in thousand)	
Balance as at 01 July,		**86,043**	56,084
Add: allocation for the year		**-**	86,043
		86,043	142,127
Less:			
- deposited with the Government Treasury		**83,055**	56,084
- paid to the trustees of the Fund		**2,988**	-
		86,043	56,084
Balance as at 30 June,		**-**	86,043

19. ACCRUED PROFIT AND INTEREST / MARK-UP

Profit payable on redeemable capital	**-**	2,819
Mark-up / interest accrued on secured loans and finances	**378,675**	276,293
	378,675	279,112

20. TAXATION - Net

	Note	2007	2006
Opening balance		**31,828**	4,005
Add: provision / (write-back) made for:			
- current year	20.2	**20,450**	31,249
- prior years' - net		**(29,927)**	(2,713)
		(9,477)	28,536
		22,351	32,541
Less: tax deducted at source / advance tax		**36,380**	713
Tax (refundable) / payable		**(14,029)**	31,828

20.1 Income tax assessments of the Company, except for the Tax Years 2003 and 2006 which have been selected for tax audit, are complete upto the Tax Year 2005.

20.2 In view of available tax losses, the current tax provision represents the minimum tax on turnover for the year due under section 113 and tax deducted at source under sections 5, 15 and 154 of the Income Tax Ordinance, 2001.

20.3 The Income Tax Department has filed an appeal for the Assessment Year 1993-94 before the Income Tax Appellate Tribunal against the order of the Commissioner of Income Tax (Appeals), who vide his order dated 20 June, 2005 had allowed the Company adjustment of losses of Pak Cement Company Limited (which was merged into the Company during the financial year ended 30 June, 1992) amounting Rs. 37.670 million and deleted additional tax amounting Rs. 1.666 million.

20.4 No numeric tax rate reconciliation is given as the Company is liable for minimum tax.

20.5 Tax losses available for carry forward at 30 June, 2007 aggregated Rs. 1.657 billion (2006: Rs. 1.684 billion), of which Rs. 1.262 billion (2006: Rs. 1.637 billion) are assessed losses.

21. DIVIDENDS

	2007	2006
	(Rupees in thousand)	
Unclaimed ordinary dividend	**1,608**	1,736
Preference dividend	**52,931**	52,850
	54,539	54,586

22. CONTINGENCIES AND COMMITMENTS

Contingencies

22.1 The Company has filed writ petitions before the Lahore High Court (LHC) against the legality of judgment passed by the Customs, Excise & Sales Tax Appellate Tribunal whereby the Company was held liable on account of wrongful adjustment of input sales tax on raw materials and electricity bills; the amount involved pending adjudication before the LHC aggregate Rs. 13.252 million.

22.2 The Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Company amounting to Rs. 12.350 million was rejected and the Company was held liable to pay an amount of Rs. 37.051 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I) / 95 and 585(I) / 95 dated 01 July, 1995. The impugned demand was raised by the Department on the alleged ground that the Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I) / 94 dated 02 April, 1994.

The LHC, upon the Company's appeal, vide its order dated 06 November, 2001 has decided the matter in favour of the Company; however, the Collector of Customs has preferred a petition before the Supreme Court of Pakistan, which is pending adjudication.

22.3 The Additional Collector of Sales Tax, Faisalabad had preferred a petition before the Supreme Court of Pakistan against the judgment dated 07 December, 1999 delivered by the LHC in favour of the Company in a Customs Appeal. The Company, through the said appeal, had challenged the finding given by the Tribunal that the Company had wrongly adjusted input tax amounting Rs. 88.490 million for the period from July, 1996 to June, 1997 involved in import of cement plant for the purpose of Phase-II of the Company against the supply of cement manufactured by Phase-I of the Company. Levy of penalty of Rs. 10 million along with additional tax as well as rejection of the refund claim of Rs. 2.245 million were also challenged. The Supreme Court of Pakistan, vide its order dated 07 January, 2000, had directed that status quo be maintained.

The Company has filed an application with the Central Board of Revenue (CBR) under section 47A of the Sales Tax Act, 1990 for appointment of an Alternate Dispute Resolution Committee (ADRC), which decided the case in favour of the Company. The Department has issued the refund cheque amounting Rs. 19 million on 31 January, 2006 and is also in the process of withdrawing its appeal filed before the Supreme Court of Pakistan.

22.4 The CBR has filed an appeal before the Supreme Court of Pakistan against the judgment delivered by the LHC in favour of the Company in a writ petition. The Company, through the said writ petition, had challenged the demand raised by the CBR for payment of duties and taxes on the plant & machinery imported by the Company pursuant to the exemption granted in terms of SRO 484 (I) / 92 dated 14 May, 1992. The CBR, however, alleged that the said plant & machinery could be locally manufactured and duties and taxes were therefore not exempt. A total demand of Rs.1.387 billion was raised by the CBR out of which an amount of Rs.269.328 million was deposited by the Company as undisputed liability.

As regards the balance disputed amount, the matter was decided in favour of the Company as per the judgment of the LHC. After preferring the appeal before the Supreme Court of Pakistan, the matter has been referred to ADRC, Islamabad. No provision has been made in these financial statements in respect of the aforementioned disputed demands aggregating Rs. 1.118 billion as the management is confident that the ultimate outcome of this case will be in favour of the Company.

22.5 The Company is negotiating with the Customs Authorities for refund of excess customs duty amounting Rs. 7.347 million paid on the import of two units of Volvo dump trucks. The Customs, Central Excise & Sales Tax Appellate Tribunal, Karachi has allowed the Company's appeal filed in this regard.

22.6 Claims

Claims against the Company not acknowledged as debt aggregated Rs. 3.750 million as at 30 June, 2007 (2006: Rs. 3.750 million).

22.7 Commitments

(i) Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate Rs. 261.061 million as at 30 June, 2007 (2006: Rs. 241.475 million).

(ii) Commitments against capital expenditure as at 30 June, 2007 were for Rs. 268.200 million (2006: Rs. 857.294 million).

(iii) Commitments against irrevocable letters of credit outstanding as at 30 June were for:

	2007	2006
	(Rupees in thousand)	
- capital expenditure	**257.730**	944.000
- others	**122.841**	0.000
	380.571	944.000

23. PROPERTY, PLANT AND EQUIPMENT

	Note	**2007**	2006
		(Rupees in thousand)	
Operating fixed assets	23.1	**7,711,462**	6,885,915
Capital work-in-progress - at cost	23.8	**11,541,516**	9,030,403
Stores and spares held for capital expenditure		**77,888**	172,187
		19,330,866	16,088,505

23.1 Operating fixed assets

PARTICULARS	COST				Rate	DEPRECIATION				Book value as at 30 June, 2007
	As at 30 June, 2006	Additions/ (disposals)	Transfers / write offs	As at 30 June, 2007	%	Upto 30 June, 2006	For the year / (on disposals)	on transfers / write offs	As at 30 June, 2007	
	......................(R u p e e s				i n	t h o u s a n d).....................				
OWNED										
Land - freehold	53,710	-	-	**53,710**	-	-	**-**	-	-	**53,710**
Buildings on freehold land	1,114,363	141,190	-	**1,255,553**	5-10	407,563	**42,253**	-	449,818	**805,735**
Roads, bridges and railway sidings	75,466	-	-	**75,466**	5-10	44,693	**3,020**	-	47,713	**27,753**
Plant and machinery	9,740,589	95,500	-	**9,836,089**	5-20	3,769,149	**357,378**	-	4,126,527	**5,709,562**
Furniture, fixtures and equipment	90,231	36,841 (2,040)	(492)	**124,540**	10-30	48,021	**12,139** **(612)**	(57)	59,491	**65,049**
Quarry equipment	136,426	- (4,902)	-	**131,524**	20	116,891	**3,900** **(4,862)**	-	115,929	**15,595**
Vehicles	81,935	5,563 (6,757)	-	**80,741**	20	39,569	**8,423** **(5,672)**	-	42,320	**38,421**
Share of joint assets - note 23.5	3,842	278	-	**4,120**	10	3,025	**99**	-	3,124	**996**
2007:	11,296,562	279,372 (13,699)	(492)	**11,561,743**		4,428,913	**427,212** **(11,146)**	(57)	4,844,922	**6,716,821**
LEASED										
Plant and machinery	-	959,677	-	**959,677**	20	-	**3,599**	-	3,599	**956,078**
Quarry equipment	18,575	28,740	-	**47,315**	20	309	**8,443**	-	8,752	**38,563**
	18,575	988,417	-	**1,006,992**		309	**12,042**	-	12,351	**994,641**
2007:	**11,315,137**	**1,267,789** **(13,699)**	**(492)**	**12,568,735**		**4,429,222**	**439,254** **(11,146)**	**(57)**	**4,857,273**	**7,711,462**
2006:	9,263,598	2,175,628 (1,407)	(122,682)	11,315,137		4,164,301	372,734 (1,048)	(106,765)	4,429,222	6,885,915

23.2 The Company has given on lease, land measuring 6 Kanals and 18 Marlas to Sui Northern Gas Pipelines Ltd. in the year 1991 at an annual rent of Rs. 2,500.

23.3 Additions to plant & machinery include borrowing cost aggregating Rs. 38.234 million (2006: 73.276 million); the borrowing cost rates have been disclosed in notes 10 and 17.1.

23.4 Depreciation charge for the year has been allocated as follows:

	2007	2006
	(Rupees in thousand)	
- cost of goods sold	**415,841**	359,987
- administrative expenses	**3,182**	3,301
- other manufacturing expenses	**99**	9 1
- unallocated capital expenditure	**14,273**	9,355
- trial run operations	**5,859**	-
	439,254	372,734

23.5 Ownership of the housing colony assets included in the operating fixed assets is shared by the Company jointly with Pak American Fertilizer Limited in the ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation (PIDC). These assets are in possession of the housing colony establishment for mutual benefits. The cost of these assets at the year-end were as follows:

	2007	2006
	(Rupees in thousand)	
- buildings	**2,389**	2,138
- roads and bridge	**202**	202
- air strip	**16**	16
- plant and machinery	**271**	257
- furniture, fixtures and equipment	**1,078**	1,065
- vehicles	**164**	164
	4,120	3,842

23.6 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Book Value	Sale proceeds / insurance claim	Gain	Mode of disposal	Sold to / insurance claim received from:
	..............Rupees in thousand.............						
Furniture, fixtures and equipment							
V-SAT equipment	2,040	612	1,428	1,612	184	Insurance claim	EFU General Insurance Company Ltd.
Quarry equipment							
Items of net book value below Rs. 50,000 each	4,902	4,862	40	2,905	2,865	Negotiation	Various parties.
Vehicles							
Toyota Corolla	967	722	245	364	119	-do-	Mr. Arshad Mahmood Qureshi - employee.
Toyota Corolla	967	722	245	364	119	-do-	Mr. Rab Nawaz Khan - employee.
Toyota Corolla	1,029	768	261	381	120	-do-	Muhammad Razzaq Khan - employee.
Suzuki Margalla	538	469	69	401	332	-do-	Abdul Latif Khan, Iskanderabad.
Toyota Corolla	864	814	50	475	425	-do-	Raja Zafar Hussain, Iskanderabad.
Toyota Corolla	625	536	89	467	378	-do-	Mr. Said Aamir, Mianwali.
Items of net book value below Rs. 50,000 each	1,767	1,641	126	1,489	1,363	-do-	Various parties.
	6,757	5,672	1,085	3,941	2,856		
	13,699	11,146	2,553	8,458	5,905		

23.7 Mechanical items, dismantled from Pak Cement Plant on conversion to white cement Plant of 500 tpd, having book value of Rs. 12.019 million were written-off during the preceding year whereas electrical items of the dismantled Plant, having book value of Rs. 3.898 million, were transferred to Stores during the preceding year.

23.8 Capital work-in-progress

	Note	2007	2006
		(Rupees in thousand)	
Civil works		**59,488**	84,233
Plant & machinery		**7,995,748**	7,697,695
Mechanical works		**1,320,122**	490,711
Electrical works		**480,318**	83,007
Un-allocated capital expenditure	23.9	**1,569,449**	492,073
Advances to suppliers against:			
- civil works		**636**	280
- plant and machinery		**111,432**	78,968
- furniture, fixtures & equipment		**332**	1,616
- electrical works		**2,454**	101,820
- vehicles		**1,537**	-
		11,541,516	9,030,403

23.9 Un-allocated capital expenditure - net

	Note	2007	2006
- salaries and wages		**85,249**	35,172
- travelling		**9,155**	6,622
- vehicles' running and maintenance		**6,372**	2,777
- training		**431**	410
- finance cost		**1,020,151**	427,488
- printing & stationery		**4,124**	1,960
- postage, telegram and telephone		**2,706**	983
- legal and professional		**28,501**	1,185
- consultancy		**6,632**	1,113
- depreciation		**18,011**	3,737
- insurance		**4,972**	8,523
- rent, rates and taxes		**1,321**	1,292
- repair and maintenance		**990**	302
- electricity and power		**13,285**	-
- loss on trial run operations	23.10	**351,576**	-
- others		**20,013**	4,549
		1,573,489	496,113
Less: mark-up on deposits		**4,040**	4,040
		1,569,449	492,073

23.10 Trial run operations

		01 March, 2007 to 30 June, 2007 (Rupees in thousand)
Gross sales		123,024
Less:		
- excise duty		18,468
- sales tax		9,739
- commission		233
		28,440
Sales - net	A	94,584
Cost of sales		
Raw materials consumed		35,845
Fuel and power		396,464
Stores and spares consumed		15,612
Salaries, wages and amenities		23,295
Rent, rates and taxes		934
Repair and maintenance		1,317
Depreciation		5,859
Other expenses		4,925
		484,251
Work-in-process transferred to normal operations during trial run operations for further processing		(198,618)
Closing work-in-process		(141,702)
		(340,320)
Finished goods transferred to normal operations during trial run operations for further processing		(26,313)
Closing finished goods		(29,799)
		(56,112)
	B	87,819
Trial run gross profit (A - B)		6,765
Less:		
- Distribution cost		13,949
- Finance cost		358,605
		372,554
		(365,789)
Other income		14,213
Trial run net loss		(351,576)

23.11 Operations of the expansion project for new production line of 6,700 tpd clinker capacity of grey cement plant (the project) for the period from 01 March, 2007 to 30 June, 2007 have been treated as trial run operations due to intermittent plant and machinery shut downs and the fact that cement mills and packing plant of the project were still not fully complete by the year-end.

24. INTANGIBLE ASSETS

Particulars	Additions during the year and cost as at 30 June, 2007	Amortisation charge for the year and balance as at 30 June, 2007	Book value as at 30 June, 2007	Amortisation rate %
	..............Rupees	in	thousand..............	
Computer softwares	**6,769**	**2,191**	**4,578**	**33.33**

25. INVESTMENTS (Available-for-sale)

	Note	**2007**	2006
		(Rupees in thousand)	
Security General Insurance Company Ltd. (SGIC) un-quoted 1,218,771 (2006: 812,514) fully paid ordinary shares of Rs.10 each - cost Equity held: 6.71% (2006: 6.71%)	25.1	**5,000**	5,000
Add: adjustment arising from measurement to fair value	25.2	**739,669**	363,881
		744,669	368,881
KASB Liquid Fund	25.3	**200,000**	-
		944,669	368,881

25.1 As the management intends to sell these investments during the financial year 2007- 08, these have been classified under current assets as at 30 June, 2007.

25.2 Fair value of available-for-sale un-quoted investments, effective from the current year, is being determined by using appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement). The fair value of these investments, upto 30 June, 2006, was determined by reference to the net assets of the investee on the basis of latest available audited financial statements.

The fair value of investments, as per the changed policy, has been determined based on the valuation reports prepared by independent Valuers M/s Maqbool Haroon & Co., Chartered Accountants 47-C-3, Gulberg III, Lahore.

The change in accounting policy has been effected for better and accurate presentation and has been accounted for retrospectively in accordance with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors); accordingly, the comparative figures have been restated. The effects of change in accounting policy on current and preceding year financial statements have been summarised below:

	2007	2006
	(Rupees in thousand)	
- increase in investments	**720,854**	351,486
- increase in deferred tax liability	**194,163**	95,519
- increase in net equity (fair value reserve on measurement of available-for-sale investments)	**531,630**	255,967

25.3 This represents 1,802,289 Units of KASB Liquid Fund purchased at a price of Rs. 110.97 per Unit; this investment has been fully redeemed on 11 July, 2007.

26. LOANS TO EMPLOYEES - Secured

	2007	2006
	(Rupees in thousand)	
House building	**6,749**	8,245
Vehicles	**2,709**	2,086
Others	**378**	346
	9,836	10,677
Less: recoverable within one year grouped under current assets	**3,463**	3,550
	6,373	7,127

26.1 These loans are secured against charge / lien on employees' retirement benefits and carry interest at the rates ranging from 6% to 12% per annum. These loans are recoverable in monthly instalments ranging from 30 to 120.

26.2 No amount was due from directors and chief executive at the year-end (2006: Rs. Nil).

26.3 Out of the opening receivable balance of Rs.47 thousand from an executive, an amount of Rs. 21 thousand was received during the year; balance of Rs.26 thousand was receivable as at 30 June, 2007. No other loans were advanced to executives during the current year.

27. DEPOSITS AND PREPAYMENTS

	2007	2006
	(Rupees in thousand)	
Security deposits	**40,700**	13,090
Prepayments	**2,500**	2,833
	43,200	15,923

28. STORES, SPARES AND LOOSE TOOLS

Stores [including in transit valuing Rs. 42.038 million (2006: Rs. 26.467 million)]	**938,513**	1,007,858
Spares [including in transit valuing Rs. 165.283 million (2006: Rs. 117.025 million)]	**1,052,416**	838,275
Loose tools	**23,651**	15,890
	2,014,580	1,862,023
Less: provision for obsolescence	**-**	14,097
	2,014,580	1,847,926

28.1 Out of the year-end inventory, inventory valuing Rs. 208.713 million and Rs. 210.479 million are in possession of Descon Engineering Ltd. and Heavy Mechanical Complex (Pvt.) Ltd. respectively.

29. STOCK-IN-TRADE

	2007	2006
	(Rupees in thousand)	
Raw materials	**18,647**	13,501
Packing materials	**18,146**	20,521
Work-in-process	**232,550**	130,426
Finished goods	**100,366**	36,498
	369,709	200,946

30. LOANS AND ADVANCES

	Note	2007	2006
		(Rupees in thousand)	
Current portion of loans to employees	26	**3,463**	3,550
Due from a related party (DG Khan Cement Company Ltd.) - considered good	30.1	**1,158**	-
Advances - considered good			
- executives		**373**	330
- employees		**2,483**	3,460
- suppliers		**78,067**	179,417
Earnest money deposit	30.2	**-**	112,500
		85,544	299,257

30.1 This is in the normal course of business and is interest free.

30.2 Balance as at 30 June, 2006 represented the Company's share of earnest money deposited with the Privatisation Commission, Government of Pakistan for participating in the bidding of 100% shareholding of Pak American Fertilizer Ltd. As the Company's bid could not succeed, this balance was fully received-back during the current year.

31. DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2007	2006
		(Rupees in thousand)	
Security deposits		**-**	2,784
Margin against letters of credit		**2,050**	316
Prepayments		**13,323**	4,214
		15,373	7,314

32. ACCRUED PROFIT

This represents profit accrued on deposit / PLS bank accounts.

33. SALES TAX, CUSTOMS AND EXCISE DUTY

	Note	2007	2006
Sales tax and customs duty	33.1	**16,797**	16,797
Excise duty		**20,945**	17,814
		37,742	34,611

33.1 The balance represents amounts paid against various cases as detailed in the contingencies note. The Company is still in litigation to get refund of these amounts.

34. OTHER RECEIVABLES

	2007	2006
Letters of credit	**772**	5,118
Other receivables	**426**	4,334
	1,198	9,452

35. CASH AND BANK BALANCES

	Note	2007	2006
Cash-in:			
- hand		**212**	120
- transit		**262**	1,183
Cash at commercial banks on:			
- PLS accounts	35.1	**80,530**	52,466
- current accounts	35.2	**42,355**	47,169
		122,885	99,635
		123,359	100,938

35.1 Profit and loss sharing accounts bear mark-up at the rates ranging from 1% to 3% (2006: 1% to 3%) per annum.

35.2 Current accounts include a sum of Rs. 14.733 million (2006: Rs. 14.774 million) held by various banks as margin against guarantees issued by them.

36. SALES - Net Note

	Note	**2007**	2006
		(Rupees in thousand)	
Gross sales		**5,514,208**	7,954,901
Less:			
- excise duty		**1,024,041**	1,128,106
- sales tax		**705,845**	1,036,977
- commission		**73,241**	80,026
		1,803,127	2,245,109
		3,711,081	5,709,792

37. COST OF SALES

	Note	**2007**	2006
Raw materials consumed	37.1	**139,472**	166,157
Packing materials consumed		**265,566**	263,011
Fuel and power		**1,795,408**	2,195,762
Stores and spares consumed		**239,930**	239,285
Salaries, wages and amenities	33.2	**170,540**	200,459
Rent, rates and taxes		**4,435**	3,202
Insurance		**16,284**	12,965
Repair and maintenance		**28,582**	41,019
Depreciation and amortisation		**418,032**	359,987
Other expenses	37.3	**92,499**	73,180
		3,170,748	3,555,027
Work-in-process			
Opening		**130,426**	128,288
Transfer from trial run operations		**198,618**	11,842
Closing		**(90,848)**	(130,426)
		238,196	9,704
Cost of goods manufactured		**3,408,944**	3,564,731
Finished goods stock			
Opening		**36,498**	25,870
Transfer from trial run operations		**26,313**	7,109
Closing		**(70,567)**	(36,498)
		(7,756)	(3,519)
		3,401,188	3,561,212

37.1 Raw materials consumed

	2007	2006
Opening	**13,501**	2,448
Purchases	**138,309**	177,210
	151,810	179,658
Less: Closing stock	**12,338**	13,501
	139,472	166,157

37.2 Salaries, wages and amenities expense includes contribution to provident fund aggregating Rs. 6,990 thousand (2006: Rs. 5,849 thousand).

Salaries, wages and amenities expense for the current year has been reduced by Rs.7,303 thousand as a result of actuarial valuation of the gratuity scheme (2006: salaries, wages and amenities expense included staff retirement benefits (gratuity) amounting Rs.1,723 thousand).

37.3 Other expenses include housing colony expenses aggregating Rs. 48.569 million (2006: Rs. 39.636 million) and vehicles' running expenses aggregating Rs. 22.713 million (2006: Rs. 21.254 million).

38. ADMINISTRATIVE EXPENSES

	Note	**2007**	2006
		(Rupees in thousand)	
Salaries and amenities	38.1	**36,837**	30,066
Travelling		**5,097**	3,403
Vehicles' running and maintenance		**4,434**	4,919
Postage, telephone and fax		**2,340**	3,066
Printing and stationery		**1,442**	3,583
Entertainment		**1,177**	939
Repair and maintenance		**1,257**	1,411
Legal and professional	38.2	**1,698**	4,152
Provision for obsolete stores and spares		**2,273**	697
Depreciation		**3,182**	3,301
Rent, rates and taxes		**115**	12
Other expenses		**7,439**	4,925
		67,291	60,474

38.1 Salaries and amenities expense includes contribution to provident fund aggregating Rs. 444 thousand (2006: Rs. 933 thousand).

Salaries and amenities expense for the current year has been reduced by Rs. 210 thousand as a result of actuarial valuation of the gratuity scheme (2006: salaries and amenities expense included staff retirement benefits (gratuity) amounting Rs. 226 thousand).

38.2 Legal and professional charges include the following in respect of Auditors' services for:

	Note	**2007**	2006
		(Rupees in thousand)	
- statutory audit		**350**	300
- half yearly review		**120**	100
- certification charges		**55**	110
- out-of-pocket expenses		**75**	-
		600	510
Less: grouped under unallocated capital expenditure		**196**	-
		404	510

39. DISTRIBUTION COST

	Note	**2007**	2006
Salaries and amenities	39.1	**17,147**	12,070
Travelling		**1,952**	251
Vehicles' running and maintenance		**1,847**	1,518
Postage, telephone and fax		**540**	303
Printing and stationery		**230**	361
Entertainment		**597**	168
Repair and maintenance		**99**	112
Advertisement and sampling		**13,324**	5,049
Freight and forwarding		**32,657**	-
Other expenses		**628**	1,129
		69,021	20,961

39.1 Salaries and amenities expense includes contribution to provident fund aggregating Rs. 226 thousand (2006: Rs. 189 thousand).

Salaries and amenities expense for the current year has been reduced by Rs. 286 thousand as a result of actuarial valuation of the gratuity scheme (2006: salaries and amenities expense included staff retirement benefits (gratuity) amounting Rs. 91 thousand).

40. OTHER OPERATING EXPENSES

	Note	**2007**	2006
		(Rupees in thousand)	
Donations	40.1	**11,300**	19,962
Workers' (profit) participation fund	18.3	**-**	86,043
Property, plant and equipment written-off	23.7	**-**	12,019
Sales tax on sale of scrap goods deposited in compliance with the judgment of the Supreme Court of Pakistan		**7,071**	-
		18,371	118,024

40.1 Donations for the year have been given to:

	2007	2006
- President's Relief Fund for Earthquake Victims-2005	**-**	10,000
- Gulab Devi Hospital, Lahore	**11,300**	9,450
- Lt. Gen. Ghulam Ahmed Memorial Scholarship Trust Fund	**-**	500
- Welfare Fund, District Mianwali	**-**	12
	11,300	19,962

None of the directors or their spouses have any interest in any of the donees.

41. OTHER OPERATING INCOME

	Note	**2007**	2006
		(Rupees in thousand)	
Income from financial assets			
Profit on bank deposits		**1,294**	6,163
Dividend		**6,094**	1,625
Unclaimed balances written back - net		**-**	220
Income from non-financial assets			
Sale of scrap		**25,599**	12,366
Gain on disposal of operating fixed assets	23.6	**5,905**	690
Miscellaneous		**4,332**	5,607
		43,224	26,671

42. FINANCE COST

	2007	2006
Mark-up / interest / profit on:		
- long term loans and finances	**240,149**	225,741
- redeemable capital	**-**	10,241
- short term finances	**87,140**	92,563
Bank guarantees' commission	**2,652**	3,482
Exchange fluctuation loss	**5,465**	6,417
Bank charges	**3,047**	2,534
	338,453	340,978

43. (LOSS) / EARNINGS PER SHARE

43.1 Basic:

	2007	2006
	(Rupees in thousand)	
(Loss) / Profit after taxation attributable to ordinary shareholders	**(10,747)**	1,006,004
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	**324,920,106**	318,597,871
	Rupees	
(Loss) / earnings per share	**(0.03)**	3.16

43.2 Diluted:

	2007	2006
	(Rupees in thousand)	
(Loss) / profit after taxation attributable to ordinary shareholders	**(10,747)**	1,006,004
Increase in net profit due to option	**52,794**	53,236
	42,047	1,059,240
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	**324,920,106**	297,810,685
Incremental shares due to option	**33,544,295**	24,366,329
	358,464,401	322,177,014
	Rupees	
Earnings per share	**N/A**	3.29

Number of weighted average ordinary shares outstanding as at 30 June, 2006 has been increased to reflect the bonus element in right shares issued during the year.

44. REMUNERATION OF CHAIRMAN, CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year for remuneration, including certain benefits to the Chairman, Chief Executive, Working Directors and other Executives of the Company are as follows:

Particulars	Chairman		Chief Executive		Directors		Executives	
	2007	2006	2007	2006	2007	2006	2007	2006
	...............Rupees in thousand...............							
Managerial remuneration	**4,038**	2,709	**2,437**	1,520	**2,895**	1,811	**20,175**	14,486
Contribution to provident fund trust	**-**	-	**320**	152	**178**	132	**1,216**	696
Perquisites and benefits:								
- house rent	**524**	1,220	**192**	180	**510**	331	**6,485**	4,202
- medical	**-**	-	**320**	152	**5**	-	**288**	165
- conveyance/petrol	**-**	-	**155**	89	**268**	265	**3,242**	2,428
- leave passage	**-**	-	**-**	126	**-**	123	**-**	546
- utilities	**280**	271	**60**	152	**204**	132	**1,746**	1,088
	804	1,491	**727**	699	**987**	851	**11,761**	8,429
	4,842	4,200	**3,484**	2,371	**4,060**	2,794	**33,152**	23,611
No. of persons	**1**	1	**1**	1	**1**	1	**19**	12

44.1 The Chairman, Chief Executive, Directors and some of the Executives are also provided with Company maintained cars in accordance with their terms of employment. Aggregate amount charged in these financial statements in respect of Directors' fees aggregated Rs. 105 thousand (2006: Rs. 114 thousand).

45. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation of this plan:

	2007	2006
- discount rate	**10%**	9%
- expected return on plan assets	**14%**	14%
- expected rate of growth per annum in future salaries	**9%**	8%
- average expected remaining working life time of employees	**11 years**	11 years

	2007	2006
	(Rupees in thousand)	
The amounts recognised in the balance sheet are as follows:		
Fair value of plan assets	**60,785**	100,830
Present value of defined benefit obligation	**(46,512)**	(45,937)
Benefits payable to Supervisors and Officers [note (45.1)]	**-**	(57,306)
Benefits payable to outgoing Members	**(603)**	(925)
Surplus / (deficit)	**13,670**	(3,338)
Unrecognised actuarial gain / (loss)	**5,131**	(1,298)
Net asset / (liability) as at 30 June,	**8,539**	(2,040)
Net (liability) / asset as at 01 July,	**(2,040)**	69,670
Credit / (charge) to profit and loss account	**7,799**	(2,040)
Payments to fund during the year	**2,780**	5,013
Funds transferred from gratuity trust	**-**	(74,009)
Other miscellaneous adjustments	**-**	(674)
Net asset / (liability) as at 30 June,	**8,539**	(2,040)
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation	**45,937**	74,066
Current service cost	**2,725**	7,632
Interest cost	**4,134**	6,666
Benefits paid	**(1,856)**	(5,013)
Benefits payable to Supervisors and Officers [note (45.1)]	**-**	(57,306)
Loss on present value of defined benefit obligation due to settlements to Supervisors and Officers [note (45.1)]	**-**	8,436
Benefits payable to outgoing Members	**(603)**	(925)
Actuarial (gain) / loss	**(3,825)**	12,381
Present value of defined benefit obligation	**46,512**	45,937

The movement in the fair value of plan assets is as follows:

	2007	2006
	(Rupees in thousand)	
Fair value of plan assets as at 01 July,	**100,830**	147,812
Expected return on plan assets	**14,116**	20,694
Contributions	**2,781**	-
Benefits paid	**(59,545)**	(5,013)
Funds transferred to the Company	**-**	(69,670)
Actuarial gain	**2,603**	7,007
Fair value of plan assets as at 30 June,	**60,785**	100,830

Plan assets comprise of:

Defence Saving Certificates (including accrued interest less zakat)	**17,606**	65,547
National Investment Trust Units	**39,339**	30,852
Cash at bank	**3,840**	4,431
	60,785	100,830

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund for five years is as follows:

	2007	**2006**	**2005**	**2004**	**2003**
	............**Rupees in thousand**............				
Present value of defined benefit obligation	**(46,512)**	(45,937)	(74,066)	(64,803)	(53,036)
Fair value of plan assets	**60,785**	100,830	147,812	125,714	109,331
Surplus	**14,273**	54,893	73,746	60,911	56,295
	.... **Percentage**				
Experience adjustment on obligation	**-8.22%**	26.95%	2.05%	10.41%	N/A
Experience adjustment on plan assets	**4.28%**	6.95%	3.47%	0.86%	N/A

45.1 The Company had withdrawn gratuity benefits for its Officers and Supervisors with effect from 01 July, 2006; therefore, their accrued benefits were calculated on termination basis as at 30 June, 2006.

45.2 The Company's policy with regard to actuarial gains / losses is to follow the minimum recommended approach under IAS 19 (Employee Benefits).

45.3 The latest actuarial valuation of the gratuity scheme has been carried-out on 30 June, 2007.

46. FINANCIAL ASSETS AND LIABILITIES

Particulars	Interest / mark-up bearing: Maturity upto one year	Interest / mark-up bearing: Maturity after one year	Interest / mark-up bearing: **Sub-total 2007**	Interest / mark-up bearing: Sub-total 2006	Non-interest / mark-up bearing: Maturity upto one year	Non-interest / mark-up bearing: Maturity after one year	Non-interest / mark-up bearing: **Sub-total 2007**	Non-interest / mark-up bearing: Sub-total 2006	Total: **2007**	Total: 2006	Credit risk: **2007**	Credit risk: 2006
	(Rupees in thousand)											
Financial assets:												
On balance sheet												
Investments	-	-	-	-	944,669	-	944,669	368,881	944,669	368,881	944,669	368,881
Loans to employees	3,463	6,373	9,836	10,677	-	-	-	-	9,836	10,677	-	-
Deposits	-	-	-	-	-	40,700	40,700	13,090	40,700	13,090	40,700	13,090
Trade debts	-	-	-	-	194,587	-	194,587	163,459	194,587	163,459	194,587	163,459
Fair value derivative financial instruments	-	-	-	-	242,226	-	242,226	-	242,226	-	242,226	-
Loans and advances	-	-	-	-	2,856	-	2,856	116,290	2,856	116,290	2,856	116,290
Security deposits	-	-	-	-	-	-	-	2,784	-	2,784	-	2,784
Accrued profit	-	-	-	-	402	-	402	559	402	559	402	559
Due from gratuity fund trust	-	-	-	-	8,539	-	8,539	-	8,539	-	8,539	-
Other receivables	-	-	-	-	426	-	426	3,892	426	3,892	426	3,892
Cash and bank balances	80,530	-	80,530	52,466	42,829	-	42,829	48,472	123,359	100,938	122,885	99,635
	83,993	6,373	90,366	63,143	1,436,534	40,700	1,477,234	717,427	1,567,600	780,570	1,557,290	768,590
Off balance sheet	-	-	-	-	-	-	-	-	-	-	-	-
Total	83,993	6,373	90,366	63,143	1,436,534	40,700	1,477,234	717,427	1,567,600	780,570	1,557,290	768,590
Financial liabilities:												
On balance sheet												
Redeemable capital	-	-	-	41,650	-	-	-	-	-	41,650		
Loans from related parties	-	250,000	250,000	-	-	-	-	-	250,000	-		
Long term loans and finances	1,792,519	8,576,657	10,369,176	8,407,478	-	-	-	-	10,369,176	8,407,478		
Liabilities against assets subject to finance lease	13,858	268,040	281,898	16,707	-	-	-	-	281,898	16,707		
Lease finance advances and interest accrued thereon	-	679,676	679,676	74,146	-	-	-	-	679,676	74,146		
Long term deposits	-	-	-	-	-	2,702	2,702	2,977	2,702	2,977		
Short term finances	797,421	-	797,421	943,692	164	-	164	3,468	797,585	947,160		
Trade and other payables	-	-	-	-	638,417	-	638,417	605,810	638,417	605,810		
Accrued profit and interest / mark-up	-	-	-	-	378,675	-	378,675	279,112	378,675	279,112		
Preference dividend	-	-	-	-	52,931	-	52,931	52,850	52,931	52,850		
Unclaimed ordinary dividend	-	-	-	-	1,608	-	1,608	1,736	1,608	1,736		
	2,603,798	9,774,373	12,378,171	9,483,673	1,071,795	2,702	1,074,497	945,953	13,452,668	10,429,626		
Off balance sheet												
Letters of credit	-	-	-	-	380,571	-	380,571	944,000	380,571	944,000		
Contracts for capital expenditure	-	-	-	-	268,200	-	268,200	857,294	268,200	857,294		
	-	-	-	-	648,771	-	648,771	1,801,294	648,771	1,801,294		
Total	2,603,798	9,774,373	12,378,171	9,483,673	1,720,566	2,702	1,723,268	2,747,247	14,101,439	12,230,920		
On balance sheet gap	(2,519,805)	(9,768,000)	(12,287,805)	(9,420,530)	364,739	37,998	402,737	(228,526)	(11,885,068)	(9,649,056)		
Off balance sheet gap	-	-	-	-	(648,771)	-	(648,771)	(1,801,294)	(648,771)	(1,801,294)		

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

46.1 Financial risk management objectives

The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign exchange rates, market interest rates such as Karachi Inter-bank Offered Rate and Treasury Bills Rate, credit and liquidity risk associated with various financial assets and liabilities and cash flow risk associated with accrued interest in respect of borrowings.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimise risk.

46.2 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company's credit risk is primarily attributable to its trade debts and its balances at banks. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company has no significant concentration of credit risk as exposure is spread over a large number of counter parties in the case of trade debts. To manage exposure to credit risk, the Company applies credit limits to its customers and also obtains collaterals, where considered necessary.

46.3 Foreign exchange risk

Foreign currency risk arises where receivables and payables exist due to transactions with foreign undertakings. Payables exposed to foreign currency risks are monitored by the management and, if necessary, are covered through forward foreign exchange contracts. However, no forward foreign exchange contracts were outstanding at the year-end.

46.4 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company usually borrows funds at fixed and market based rates and as such the risk is minimised. However, accrued interest on borrowings exposed to interest rate risk is covered partially through cross currency interest rate swap agreements.

46.5 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

46.6 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

47. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2007	2006	**2007**	2006
	..............Metric Tons..............			
Clinker				
Grey	**1,500,000**	1,500,00	**1,125,833**	1,400,803
White	**180,000**	67,500	**60,820**	32,129

- Shortfall in production of grey cement was mainly due to break-down in cement mills and market constraints.
- Shortfall in production of white cement was mainly due to market constraints.
- The capacity of the plants has been determined on the basis of 300 days.

48. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of the holding company, related group companies, associates, key management personnel and staff retirement funds. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of key management personnel is disclosed in note 44. Other significant transactions with related parties are as follows:

	2007	2006
	(Rupees in thousand)	
- purchase of goods and services	**377**	1,178
- purchase of fixed assets	**1,060**	-
- sale of goods and services	**620**	7,913

49. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 26 September, 2007 by the board of directors of the Company.

50. FIGURES

Figures in the financial statements have been rounded-off to the nearest thousand Rupees except stated otherwise.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison; however, no material re-arrangements have been made in these financial statements.

Usman Said
Director

Sayeed Tariq Saigol
Chief Executive

PROXY FORM
MAPLE LEAF CEMENT FACTORY LIMITED

I/We ____

of ____

being a member of MAPLE LEAF CEMENT FACTORY LIMITED hereby appoint

____
(Name)

of ______________________________ another member of the Company

or failing him/her ____
(Name)

of ______________________________ another member of the Company

(being a member of the Company) as my/our proxy to attend and vote for and on my/our behalf, at the Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore on Monday, October 29, 2007 at 11:00 A. M. and any adjournment thereof.

As witnessed given under my/our hand(s) ____________ day of ____________ , 2007.

1) Witness:

Signature ____________________

Name ____________________

Address ____________________

____

Affix Revenue Stamp of Rs. 5/-

____
Signature of Member

2) Witness:

Signature ____________________

Name ____________________

Address ____________________

____

Shares Held ____________________

Shareholder's Folio No. ____________________

CDC A/c No. ____________________

CNIC No. | | | | | | | | | | | | | | | |

Note :

1) Proxies, in order to be effective, must be reached at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2) CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their Computerised National Identity Cards / Passport in original to prove his / her identity, and in case of Proxy, must enclose an attested copy of his / her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

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AFFIX
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The Company Secretary
MAPLE LEAF CEMENT FACTORY LIMITED
42-Lawrence Road, Lahore.
Phone Nos: (042) 6278904 - 05

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