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MAPLE LEAF CEMENT

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Annual Report 2010

MAPLE LEAF CEMENT FACTORY LIMITED

Kohinoor Maple Leaf Group

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Mission Statement

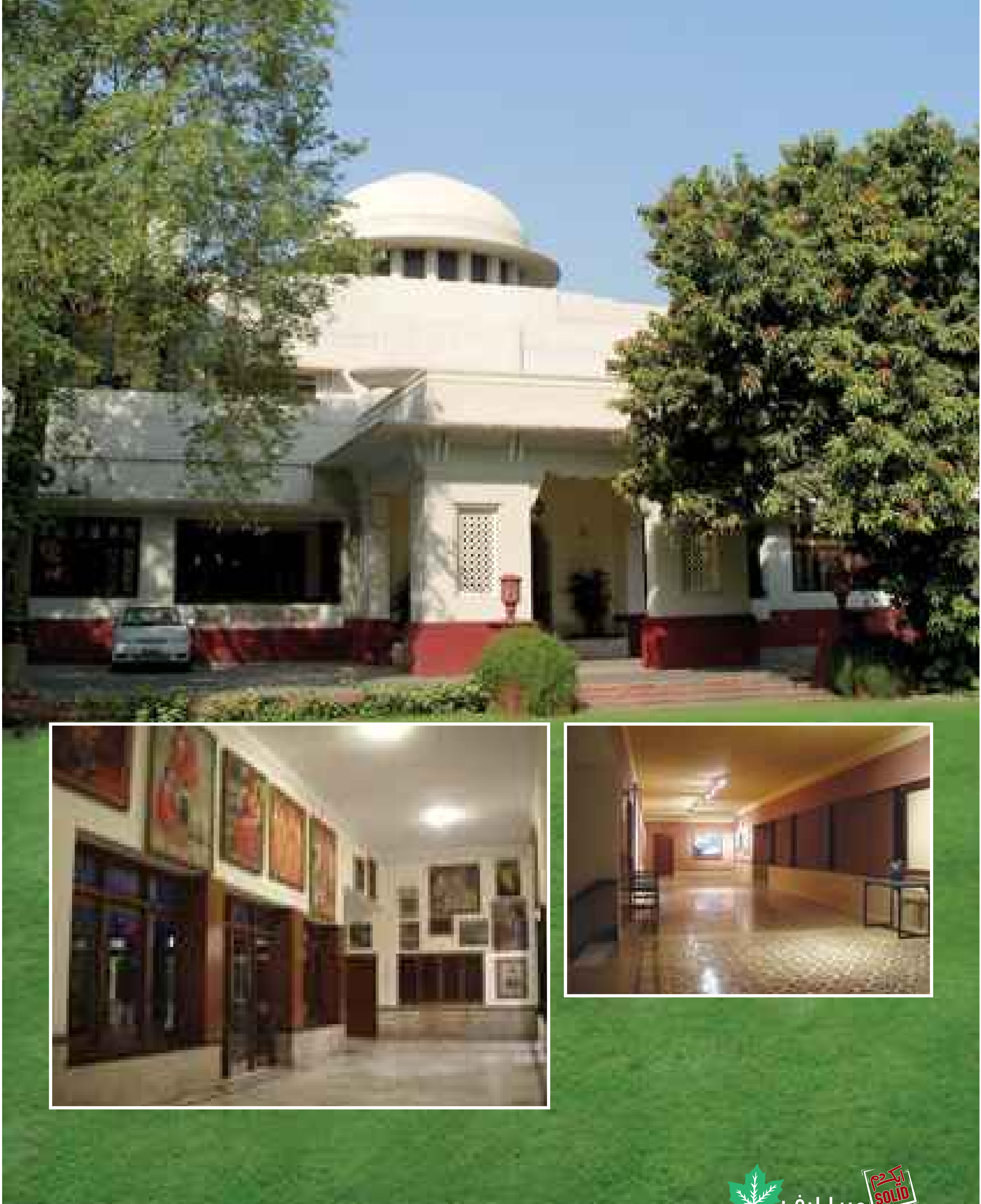
"The Maple Leaf Cement Factory Limited stated mission is to achieve and then remain as the most progressive and profitable company in Pakistan in terms of industry standards and stakeholders interests.

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

For the Year 2010 - 2011

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 the Company is recorded at 3,690,000 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 Limited (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 which commenced its commercial production.
- In 2007, the Company undertook another expansion project of 6,700 tpd grey clinker capacity which commenced its commercial production on November 01, 2007.
- In 2008, two existing lines of white cement 50 tpd each clinker capacity converted into oil well cement plant which started its commercial production.

COMPANY INFORMATION

Board of Directors
Mr. Tariq Sayeed Saigol
Chairman
Mr. Sayeed Tariq Saigol
Chief Executive
Mr. Taufique Sayeed Saigol
Mr. Waleed Tariq Saigol
Mr. Kamil Taufique Saigol
Ms. Bushra Naz Malik
Mr. Zamiruddin Azar
Mr. Per Mejnert Kristensen
(Representing FLS & IFU, Denmark)

Audit Committee
Mr. Zamiruddin Azar
Chairman
Mr. Waleed Tariq Saigol
Member
Mr. Kamil Taufique Saigol
Member

Chief Financial Officer
Ms. Bushra Naz Malik

Company Secretary
Mr. Muhammad Ashraf

Internal Auditor
Mr. Zeeshan Ahmad

Bankers of the Company
Allied Bank Limited
Arif Habib Bank Limited
Askari Bank Limited
Atlas Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Dawood Islamic Bank Limited
Deutsche Bank Limited
Faysal Bank Limited
First Dawood Islamic Bank Limited
First Women Bank Limited
Habib Bank Limited
IGI Investment Bank Limited
Islamic Corporation for the Development of the Private Sector, Jeddah
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
Mybank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Company Limited
Pak-Libya Holding Company (Pvt.) Limited
Pak Oman Investment Company Limited
Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Khyber
The Bank of Punjab
HSBC Bank Middle East Limited
United Bank Limited

Auditors
M. Yousuf Adil Saleem & 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) 36278904-5
Fax : (042) 36363184
E-mail : mlcfl@kmlg.com
Website : www.kmlg.com

Share Registrar
Vision Consulting Limited
Head Office: 3-C, LDA Flats,
Lawrence Road, Lahore
Phone : (042) 36375531 & 36375339
Fax : (042) 36374839
E-mail : vcl.shares@gmail.com
Website : www.vcl.com.pk

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 50th Annual General Meeting of the members of **Maple Leaf Cement Factory Limited** (the "Company") will be held on Saturday, October 30, 2010 at 11:30 a.m. at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business:-

1) To confirm the minutes of the last Extraordinary General Meeting held on May 03, 2010.

2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2010 together with the Directors' and Auditors' Reports thereon.

3) To appoint Auditors for the ensuing year and fix their remuneration. The present auditors M/s M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

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

BY ORDER OF THE BOARD

(MUHAMMAD ASHRAF)
Company Secretary

Lahore: October 09, 2010

Notes:

1. Share Transfer Books of the Company will remain closed from October 23, 2010 to October 30, 2010 (both days inclusive). Physical transfers / CDS Transaction IDs received in order at Share Registrar M/s Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore upto the close of business on October 22, 2010 will be considered in time.

2. 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, 42-Lawrence Road, Lahore, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

3. CDC shareholders, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Card / 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.

4. Shareholders are requested to immediately notify the change in their addresses, if any, to our Share Registrar.

5. Members, who have not yet submitted photocopies of their Computerized National Identity Cards to our Share Registrar, are requested to send the same at the earliest.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present the 50th Annual Report together with audited financial accounts and Auditors' Report for the financial year ended on June 30, 2010.

Overview

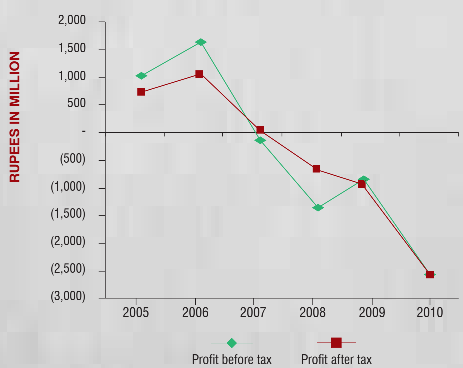
During the fiscal year under review, the economy somewhat recovered its growth momentum on the back of improved performance by the large scale manufacturing sector. Real GDP growth improved but still remained well below the 6% plus figure which has been achieved regularly after 2002. The rapidly rising inflation levels also stalled but major disruptions caused by political uncertainty, fall out from the war on terror, energy shortages, crowding out of the private sector from credit availability owing to very large borrowing from the financial sector by the Government to finance its deficit and continued adjustment of energy prices, continued to have ill effects on the manufacturing economy. Large gaps in the budget meant that the axe continued to fall on the development budget and this adversely affected capacity utilization of the cement sector which although did show some growth over the previous year, still fell far short of achieving optimum utilization.

Domestic prices of cement remained extremely depressed as several manufacturers with deep pockets opted to adopt predatory pricing policies with a view to blowing away some of the competition. Export markets did provide a safety valve but prices continued to recede as the ill effects of the financial melt down marred economic growth in the Middle East. Sales to Afghanistan have reached a plateau and until political issues are resolved there, the expected off take for reconstruction may not be realized.

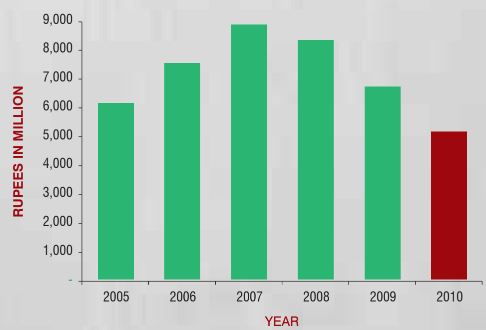
Performance of the Company

Production of grey, white and oil well cement by the Company at 3,343,706 metric tons compared favourably with 3,174,512 metric tons during the last year, showing an increase of 5.32%. Cement sales registered an increase of 6.26% at 3,364,025 metric tons (inclusive export sales of 1,148,823 metric tons) during the year under review against last year's sales of 3,165,770 metric tons in both local and export markets. Net sales revenue was recorded at Rs. 13,630.511 million against the corresponding period last year of Rs. 15,251.374 million recording a decrease of 10.63% despite volume increase of 6.26%. This reflects the extremely poor pricing that prevailed during the year owing to intense competition in the market. Over all capacity utilization amounted to 85% during the year under review.

PROFIT / (LOSS)



EQUITY



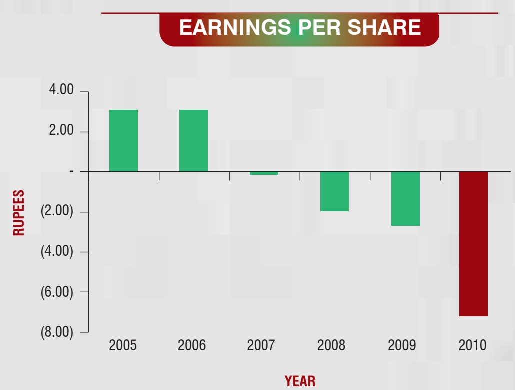
Financial Results

Despite increased sales volume, net sales revenue per ton considerably reduced due to reduction in net retention which resulted in increased loss per ton. Your Company suffered pre tax loss of Rs. 2,569.508 million after accounting for financial charges of Rs. 2,059.476 million and massive distribution charges of Rs. 3,152.889 million (inclusive Rs. 968.174 million inland freight, Rs. 1,480.554 million sea freight and Rs. 337.103 million customs clearance and stevedoring) owing to increased export sales, against pre tax loss last year of Rs. 917.651 million.

Owing to poor financial performance during the period under review, the Company was unable to service its long term debts and had to resort to restructuring of its liabilities. Several meetings were held with the SUKUK and Syndicate lenders and a restructuring agreement was arrived at in March 2010, the terms of which are discussed in detail in note 8 attached to the financial accounts.

Appropriation

Owing to the Company having incurred huge loss and due to negative earning per share, the Directors are unable to announce any dividend for the year ending 30th June, 2010. The proposed appropriation for the financial year under review is as under:



	(Rupees in Thousand)
(Loss) before taxation	(2,569,508)
Provision for taxation	14,447
(Loss) after taxation	(2,583,955)
Un-appropriated loss brought forward	(1,673,584)
Accumulated loss	(4,257,539)
Appropriations:	
Provision for dividend on preference shares	52,794
Un-appropriated loss carried forward	(4,310,333)

As per terms of the already issued preference shares, dividend @ 9.75% per annum is accumulated for the year.

Increase in share capital of the Company

As per the covenants of the Restructuring Agreement agreed with the SUKUK and Syndicate lenders, the sponsors were required to inject fresh funds into the Company equivalent to Rs. 1 billion in order to strengthen the cash flow, as a condition precedent for achieving closure. This was done within the allotted time before 31st March, 2010 and the subordinated loan since provided, has now been converted to equity after permission from the Securities & Exchange Commission of Pakistan for issue of further 153,846,153 ordinary shares of Rs. 10/- each at Rs. 6.50 per share i.e. at a discount of Rs. 3.50 per share to Kohinoor Textile Mills Limited, the holding company. In accordance with covenants forming part of share subscription

arrangement, the Company has dispatched consent letters to the registered members as on April 26, 2010 for subscription of these shares at the agreed discount value as approved by the shareholders through special resolution in Extraordinary General Meeting held on May 03, 2010. Any shares thus taken up by the registered members whose names appear on the books of the Company on 26th April, 2010 will not be taken up by the holding company and information in this regard will be provided in future reports to the shareholders.

Sayeed Saigol Cardiac Complex at the Gulab Devi Chest Hospital, Lahore

Social Sector Projects & 4th CSR Award

By the grace of God, the management of your Company is pleased to inform that the construction of Sayeed Saigol Cardiac Complex at the Gulab Devi Chest Hospital, Lahore has now been completed and handed over to the administration of Gulab Devi Chest Hospital, Lahore.

Kohinoor Maple Leaf Group has also received an award on account of its performance of various social obligations during the year 2008-09 at the 4th Corporate Social Responsibility (CSR) Award Ceremony held on 21st January, 2010 at Karachi.

Future Prospects

The devastating floods during the monsoon have considerably dampened hopes of early revival of the economy. However, rebuilding of damaged infrastructure and reconstruction of dwellings lost due to the floods will possibly create renewed demand for cement within the country and it may prove to be beneficial to the Company's prospects. In addition, the All Pakistan Cement Manufacturers Association has approached the Government of Pakistan for rationalization of the taxation structure on cement which is currently subjected to heavy taxation making cement prices expensive with ill effects on the construction industry. It is hoped that as General Sales Tax is levied across the board without exemptions, Federal Excise Duty levied on cement will be abolished as this essential item should hardly be subjected to excise duties which are imposed the world over on items those consumption is to be discouraged, like tobacco or which are of a luxury nature.

Research and Development

Engineering staff of the Company are constantly working to improve the efficiency and effectiveness of the automated plant. With the increase of furnace oil prices, the Company adopted coal as a more cost efficient and environmentally friendly fuel for kiln firing and is exploring possibilities of alternative and cheaper fuel such as waste firing to reduce cost.

Progress of ongoing Projects

The Waste Heat Recovery Plant which was expected to come into operation in February 2010 was unfortunately delayed due to financial constraints and subsequently owing to the floods which affected the plant site. Directors have to report that the plant is currently going through start up tests and is expected to come into commercial operation by end October 2010.

Competition Commission of Pakistan

The orders passed by the Competition Commission of Pakistan on 27-8-2009 against the entire cement industry of Pakistan on alleged charges of cartelization is currently subjudice before the Honourable Lahore High Court and we are unable to report any further progress on the developments in this regard.

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 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, 2010 is given hereunder:

	Rupees in thousand
Provident Fund	248,710
Gratuity Fund	45,936

j) Since the previous year's Annual Report, there is no change in the Board of Directors. During the year five (5) meetings of the Board of Directors were held. Attendance by each Director was as follows:

Name of Directors	No. of Meetings Attended
Mr. Tariq Sayeed Saigol	5
Mr. Sayeed Tariq Saigol	4
Mr. Taufique Sayeed Saigol	1
Mr. Waleed Tariq Saigol	5
Mr. Kamil Taufique Saigol	2
Ms. Bushra Naz Malik	5
Mr. Zamiruddin Azar	5
Mr. Per Mejnert Kristensen - (Representing FLS & IFU, Denmark)	-

k) Leave of absence was granted to Directors who could not attend the meetings due to their pre-occupations. However, Mr. Taufique Sayeed Saigol and Mr. Kamil Taufique Saigol participated in the proceedings of Board of Directors' Meeting held on April 27, 2010 through teleconference.

l) During the financial year, no transaction in Company's share was carried out by its Directors, CEO, CFO and Company Secretary including their spouses and minor children.

Incorporation of wholly owned subsidiary company

The Company has set up a wholly owned subsidiary company namely, Vital Trading (Private) Limited during the year, incorporated on March 11, 2010, having authorized share capital of Rs. 500,000/- divided into 50,000 ordinary shares of Rs. 10/- each with issued, subscribed and paid up capital of Rs. 200,000/- divided into 20,000 ordinary shares of Rs. 10/- each. Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol are Directors of subsidiary company.

Pattern of Shareholding

The statement of shareholding of the Company in accordance with Code of Corporate Governance and Companies Ordinance, 1984 as at June 30, 2010 is annexed.

Auditors

The present auditors of the Company M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants (Member of Deloitte Touche Tohmatsu) audited the financial statements of the Company and have issued report to the members. The auditors will retire at the conclusion of the Annual General Meeting. Being eligible, they have offered themselves for re-appointment.

The Board has recommended the appointment of M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants as auditors for the ensuing year as suggested by the Audit Committee subject to approval of the members in the forthcoming Annual General Meeting.

Acknowledgements

The Board is thankful to all the executives and workers for the continuing efforts put in by them to keep the plant operational in such tough times and particularly wishes to thank the lenders for their agreement to restructure the Company's debts.

For and on behalf of the Board

(Sayeed Tariq Saigol)
Chief Executive

Lahore: September 28, 2010

SIX YEARS SUMMARY

	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005
Quantitative Data (M. Tons)						
Cement:						
Production	**3,343,706**	3,174,512	2,431,352	1,390,252	1,504,497	1,364,389
Sales	**3,364,025**	3,165,770	2,534,220	1,359,162	1,504,790	1,361,098
Sales (Rs. 000)						
Gross Sales	**16,715,223**	18,969,598	10,552,398	5,514,208	7,954,901	6,193,443
Less: Excise Duty	**1,618,793**	1,901,663	1,564,801	1,024,041	1,128,106	1,020,618
Sales Tax	**1,349,218**	1,708,158	1,061,681	705,845	1,036,977	807,589
Commission	**116,701**	108,403	110,087	73,241	80,026	74,502
Net Sales	**13,630,511**	15,251,374	7,815,829	3,711,081	5,709,792	4,290,734
Profitability (Rs. 000)						
Gross Profit/(Loss)	**2,938,628**	4,954,509	1,323,830	309,893	2,148,580	1,327,932
Profit/(Loss) Before Tax	**(2,569,508)**	(917,651)	(1,364,244)	(140,019)	1,634,814	1,027,378
Provision for Income Tax	**(14,447)**	(65,319)	688,109	182,066	(575,574)	(299,928)
Profit/(Loss) After Tax	**(2,583,955)**	(982,970)	(676,135)	42,047	1,059,240	727,450
Financial Position (Rs. 000)						
Tangible Fixed Assts-Net	**21,035,368**	20,381,478	20,081,448	19,330,866	16,088,505	8,462,382
Other Non-Current Assets	**56,840**	64,483	75,217	54,151	391,931	110,953
	21,092,208	20,445,961	20,156,665	19,385,017	16,480,436	8,573,335
Current Assets	**5,002,734**	5,214,877	5,994,896	4,051,957	2,664,462	1,940,059
Current Liabilities	**(9,341,951)**	(9,962,884)	(7,382,464)	(3,756,487)	(2,649,519)	(1,595,499)
Net Working Capital	**(4,339,217)**	(4,748,007)	(1,387,568)	295,470	14,943	344,560
Capital Employed	**16,752,991**	15,697,954	18,769,097	19,680,487	16,495,379	8,917,895
Less Long Term Loan & Other Liab.	**(11,618,783)**	(8,980,153)	(10,408,208)	(10,687,450)	(8,939,675)	(2,543,012)
Share holders Equity	**5,134,208**	6,717,801	8,360,889	8,993,037	7,555,704	6,374,883
Represented By:						
Share Capital	**4,264,108**	4,264,108	4,264,108	4,264,108	3,519,581	3,248,844
Reserves & Un-app. Profit	**(129,900)**	2,453,693	4,096,781	4,728,929	4,036,123	3,126,039
	4,134,208	6,717,801	8,360,889	8,993,037	7,555,704	6,374,883
Ratios:						
Gross Profit/(Loss) to Sales (%age)	**21.56**	32.49	16.94	8.35	37.63	30.95
Net Profit/(Loss) to Sales (%age)	**(18.96)**	(6.45)	(8.65)	1.13	18.55	16.95
Debt Equity Ratio	**69:31**	57:43	55:45	55:45	51:49	26:74
Current Ratio	**0.54**	0.52	0.81	1.08	1.01	1.22
Break Up Value per share of Rs. 10 each	**9.70**	15.75	19.61	21.09	21.47	19.62

PATTERN OF SHAREHOLDING - ORDINARY SHARES

1. CUIN (Incorporation Number) 0001107

2. Name of Company Maple Leaf Cement Factory Limited

3. Pattern of holding of the shares held by the shareholders as at 30-06-2010

4.

No. of Shareholders	Size of Holding From	Size of Holding To	Total shares held
1,723	1	100	74,522
2,879	101	500	906,043
2,071	501	1000	1,756,977
3,827	1001	5000	9,955,405
969	5001	10000	7,555,593
384	10001	15000	4,859,368
231	15001	20000	4,238,813
176	20001	25000	4,126,377
92	25001	30000	2,609,240
54	30001	35000	1,769,554
60	35001	40000	2,306,494
31	40001	45000	1,356,992
94	45001	50000	4,634,670
17	50001	55000	905,326
24	55001	60000	1,413,603
21	60001	65000	1,313,356
12	65001	70000	821,127
20	70001	75000	1,467,719
12	75001	80000	936,488
8	80001	85000	666,759
8	85001	90000	717,390
4	90001	95000	366,211
39	95001	100000	3,897,575
7	100001	105000	720,003
7	105001	110000	758,457
7	110001	115000	782,089
5	115001	120000	589,692
8	120001	125000	995,862
5	125001	130000	638,945
1	130001	135000	133,000
3	135001	140000	417,330
1	140001	145000	141,500
7	145001	150000	1,045,250
4	150001	155000	602,774
4	155001	160000	636,802
4	160001	165000	656,450
5	165001	170000	839,452
1	170001	175000	172,500
1	175001	180000	175,500
2	180001	185000	366,754
1	185001	190000	186,533
2	190001	195000	388,100
16	195001	200000	3,200,000
3	200001	205000	606,279
1	210001	215000	211,132
1	225001	230000	229,500
1	230001	235000	230,990
1	235001	240000	238,299
1	240001	245000	243,093
2	245001	250000	500,000
1	250001	255000	252,280

No. of Shareholders	Size of Holding From	To	Total shares held
1	265001	270000	268,569
2	285001	290000	573,500
3	295001	300000	900,000
2	300001	305000	604,861
2	310001	315000	626,285
1	315001	320000	318,000
1	320001	325000	324,781
3	325001	330000	984,431
1	330001	335000	332,646
2	345001	350000	699,752
1	350001	355000	355,000
1	355001	360000	360,000
1	360001	365000	363,210
1	390001	395000	390,100
4	395001	400000	1,600,000
1	400001	405000	405,000
1	410001	415000	412,036
1	420001	425000	425,000
1	445001	450000	450,000
1	470001	475000	472,405
2	495001	500000	1,000,000
1	510001	515000	515,000
1	630001	635000	635,000
1	645001	650000	649,372
1	685001	690000	689,698
1	705001	710000	709,068
1	720001	725000	724,786
1	750001	755000	752,000
1	770001	775000	770,812
1	775001	780000	780,000
1	850001	855000	850,464
1	890001	895000	893,592
1	935001	940000	940,000
1	985001	990000	987,500
1	995001	1000000	1,000,000
1	1095001	1100000	1,100,000
1	1185001	1190000	1,190,000
1	1225001	1230000	1,228,495
1	1345001	1350000	1,350,000
1	1795001	1800000	1,798,000
1	2045001	2050000	2,050,000
1	2870001	2875000	2,871,301
1	3100001	3105000	3,100,479
1	3500001	3505000	3,504,625
1	3830001	3835000	3,833,500
1	4015001	4020000	4,019,458
1	4540001	4545000	4,540,358
1	5965001	5970000	5,970,000
1	8000001	8005000	8,000,187
1	8160001	8165000	8,163,000
1	10000001	10005000	10,000,487
1	11250001	11255000	11,251,000
1	14305001	14310000	14,306,622
1	186605001	186610000	186,608,808
12,924			**372,263,356**

Note: The Slabs not applicable above have not been shown.

5. CATEGORIES OF SHAREHOLDERS

	No. of Shareholders	Shares Held	Percentage of Capital
5.1 Directors, CEO and their spouses & minor children			
Mr. Tariq Sayeed Saigol - Chairman / Director		5,156	0.0014
Mr. Sayeed Tariq Saigol - Chief Executive / Director		5,156	0.0014
Mr. Taufique Sayeed Saigol - Director		5,156	0.0014
Mr. Waleed Tariq Saigol - Director		5,156	0.0014
Mr. Kamil Taufique Saigol - Director		2,500	0.0007
Ms. Bushra Naz Malik - Director		5,000	0.0013
Mr. Zamiruddin Azar - Director		10,573	0.0028
Ms. Jahanara Saigol - Daughter of Mr. Tariq Sayeed Saigol		3,125	0.0008
Mrs. Shehla Tariq Saigol - Spouse of Mr. Tariq Sayeed Saigol		2,500	0.0007
	9	**44,322**	**0.0119**
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**	**50.1287**
5.3 NIT and ICP			
National Bank of Pakistan, Trustee Deptt.		4,019,458	1.0797
IDBP (ICP Unit)		23,905	0.0064
	2	**4,043,363**	**1.0861**
5.4 Banks, Development Financial Institutions, Non-banking Financial Institutions	**19**	**14,800,114**	**3.9757**
5.5 Insurance Companies	**4**	**353,240**	**0.0949**
5.6 Modarabas, Leasing and Mutual Funds	**14**	**561,070**	**0.1507**
5.7 Shareholders holding Ten Percent or more voting interest in the Company	**-**	**-**	**-**
Refer to 5.2 above			
5.8 General Public			
Individuals	**12,690**	**119,891,047**	**32.2060**
Foreign Investors	**27**	**23,855,983**	**6.4084**
5.9 Executives	**-**	**-**	**-**
5.10 Public Sector Companies and Corporations	**2**	**1,230,505**	**0.3305**
5.11 Joint Stock Companies	**143**	**20,633,239**	**5.5426**
5.12 Others			
1295 Trustee Avari Hotel Lahore Staff Provident Fund		625	
Lahore Stock Exchange (Guarantee) Ltd.		62,700	
Managing Committee of Tameer-e-Millat Foundation		441	
Managing Committee Ghazali Education Trust		440	
Pakistan Memon Educational & Welfare Society		10,500	
PWR-1057 Sarhad Rural Support Programme		50,000	
Trustee Cherat Cement Co. Ltd. Employees Provident Fund		24,500	
Trustee Lever Brothers Employees		50,000	
Trustee Overseas Pakistanis Pension Trust		1,003	
Trustees Al-Abbas Sugar Mills Ltd. Employees Gratuity Fund		11,750	
Trustees Artal Restaurants Int'l Employees Provident Fund		8,000	
Trustees Wah Nobel P. Ltd. Mang. Staff Provident Fund		20,000	
	12	**239,959**	**0.0645**
Grand Total:	**12,924**	**372,263,356**	**100.00**

PATTERN OF SHAREHOLDING - PREFERENCE SHARES (Non-voting)

1. CUIN (Incorporation Number) 0001107

2. Name of Company Maple Leaf Cement Factory Limited

3. Pattern of holding of the shares held by the shareholders as at 30-06-2010

4.

No. of Shareholders	Size of Holding From	To	Total shares held
577	1	100	29,329
827	101	500	212,639
179	501	1000	123,599
189	1001	5000	380,996
21	5001	10000	148,117
14	10001	15000	169,398
4	15001	20000	69,447
3	20001	25000	70,016
3	25001	30000	82,450
1	30001	35000	31,700
1	45001	50000	49,775
1	50001	55000	51,000
1	60001	65000	60,500
3	95001	100000	294,374
2	105001	110000	217,476
1	115001	120000	117,500
2	175001	180000	355,500
1	180001	185000	183,600
2	195001	200000	400,000
1	225001	230000	227,500
1	265001	270000	268,034
1	305001	310000	306,651
1	335001	340000	337,500
1	495001	500000	500,000
1	675001	680000	676,000
1	2430001	2435000	2,433,333
1	21955001	21960000	21,956,778
1	24390001	24395000	24,394,186
1,841			**54,147,398**

Note: The Slabs not applicable above have not been shown.

5. CATEGORIES OF SHAREHOLDERS

	No. of Shareholders	Shares Held	Percentage of Capital
5.1 Directors, CEO and their spouses & minor children			
Mr. Tariq Sayeed Saigol - Chairman / Director		750	0.0014
Mr. Sayeed Tariq Saigol - Chief Executive / Director		750	0.0014
Mr. Taufique Sayeed Saigol - Director		750	0.0014
Mr. Waleed Tariq Saigol - Director		750	0.0014
Mr. Zamiruddin Azar - Director		2,589	0.0048
	5	**5,589**	**0.0104**

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	**Banks, Development Financial Institutions, Non-banking Financial Institutions**	**3**	**41,656**	**0.0769**
5.5	**Insurance Companies**	**3**	**64,284**	**0.1187**
5.6	**Modarabas, Leasing and Mutual Funds**	**2**	**8,700**	**0.0160**
5.7	**Shareholders holding Ten Percent or more voting interest in the Company**			
	Faysal Bank Limited		24,394,186	45.0514
	Aqeel Karim Dhedhi Securities (Pvt) Limited		21,956,778	40.5500
		2	**46,350,964**	**85.6014**
5.8	**General Public**			
	Individuals	**1,775**	**3,288,456**	**6.0732**
	Foreign Investor(s)	**1**	**8,424**	**0.0156**
5.9	**Executives**	-	-	-
5.10	**Public Sector Companies and Corporations**	**1**	**268,034**	**0.4950**
5.11	**Joint Stock Companies**	**44**	**550,458**	**1.0166**
5.12	**Others**			
	Kohinoor Mills Ltd. - Staff Provident Fund Trust		200,000	
	Trustees D. G. Khan Cement Co. Ltd. Employees Provident Fund		227,500	
	Aqeel Karim Dhedhi Securities (Pvt) Limited Staff Provident Fund		2,433,333	
		3	**2,860,833**	**5.2834**
Grand Total:		**1,841**	**54,147,398**	**100.00**

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2010

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 includes five 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. No casual vacancy occurred in the Board of Directors of the Company during the year ended June 30, 2010.

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 had arranged Orientation Courses for its Directors during the preceding years to make them aware of their duties and responsibilities. The Directors have also provided declarations that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulations of the Stock Exchanges.

   There was no need felt by the Directors for any further Orientation Courses in this regard.

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 related party transactions have been placed befor the Audit Committee and approved by the Board of Directors.

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

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

14. 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.

15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. The Board has formed an audit committee. It comprises three members, all of three are non-executive directors including the chairman of the committee.

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

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

19. 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.

20. 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.

21. 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 28, 2010

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 ("the Company") to comply with the relevant Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges in Pakistan where the Company is listed.

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

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

Further, Sub - Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

M. Yousuf Adil Saleem & Co

M. Yousuf Adil Saleem & Co.
(Chartered Accountants)

Lahore: September 28, 2010

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MAPLE LEAF CEMENT FACTORY LIMITED** ("the Company") as at June 30, 2010 and the related profit and loss account, statement of other comprehensive income, 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.

The financial statements as at June 30, 2009 were audited by M/S Hameed Chaudhri & Co., Chartered Accountants. Auditor's report dated September 25, 2009 expressed unqualified opinion on those financial statements.

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 change in accounting policy as stated in note 2.2.1 to these 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, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2010 and of the loss, 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.

M Yousuf Adil Saleem & Co

M. Yousuf Adil Saleem & Co.
(Chartered Accountants)

Hafiz Mohammad Yousaf
(Engagement Partner)

Lahore: September 28, 2010

BALANCE SHEET

	Note	2010	2009
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	4.1	**7,000,000**	7,000,000
Issued, subscribed and paid up capital	4.2	**4,264,108**	4,264,108
Reserves	5	**4,180,433**	4,127,277
Accumulated loss		**(4,310,333)**	(1,673,584)
		4,134,208	6,717,801
SHARE DEPOSIT MONEY	6	**1,000,000**	-
NON - CURRENT LIABILITIES			
Long term loans from banking company - secured	7	**1,100,808**	826,614
Redeemable capital - secured	8	**8,289,800**	7,200,000
Syndicated term finances - secured	9	**1,498,200**	-
Liabilities against assets subject to finance lease	10	**700,743**	862,214
Long term deposits	11	**2,739**	2,580
Deferred liabilities			
- employee benefits	31	**6,864**	-
- deferred taxation	12	**-**	69,755
- employees' compensated absences	13	**19,629**	18,990
		11,618,783	8,980,153
CURRENT LIABILITIES			
Trade and other payables	14	**3,491,872**	2,407,870
Accrued profit / interest / mark up	15	**921,812**	441,194
Short term borrowings	16	**4,060,838**	4,382,322
Current portion of:			
- long term loans from banking company - secured	7	**480,231**	128,889
- redeemable capital - secured	8	**6,800**	800,000
- syndicated term finances - secured	9	**1,200**	1,500,000
- liabilities against assets subject to finance lease	10	**379,198**	302,609
		9,341,951	9,962,884
CONTINGENCIES AND COMMITMENTS	17	**-**	-
		26,094,942	25,660,838

The annexed notes from 1 to 51 form an integral part of these financial statements.

Sayeed Tariq Saigol
Chief Executive

Zamiruddin Azar
Director

AS AT JUNE 30, 2010

	Note	2010	2009
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	18	**21,035,368**	20,381,478
Intangible assets	19	**1,774**	7,332
Long term investment	20	**200**	-
Long term loans to employees - secured	21	**3,293**	5,666
Deposits and prepayments	22	**51,573**	51,485
		21,092,208	20,445,961
CURRENT ASSETS			
Stores, spare parts and loose tools	23	**2,407,410**	2,936,194
Stock-in-trade	24	**504,718**	650,914
Trade debts	25	**751,400**	682,244
Loans and advances	26	**266,642**	78,254
Investments	27	**472,338**	406,563
Deposits and short term prepayments	28	**121,824**	143,306
Accrued profit	29	**656**	983
Sales tax, customs and excise duty	30	**16,797**	16,797
Due from gratuity fund trust	31	**-**	8,184
Other receivables	32	**91,178**	29,448
Income tax (net of provisions)	33	**296,506**	162,058
Cash and bank balances	34	**73,265**	99,932
		5,002,734	5,214,877
		26,094,942	25,660,838

Sayeed Tariq Saigol
Chief Executive

Zamiruddin Azar
Director

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

	Note	**2010**	2009
		(Rupees in thousand)	
Sales - net	35	**13,630,511**	15,251,374
Cost of sales	36	**10,691,883**	10,296,865
Gross profit		**2,938,628**	4,954,509
Distribution cost	37	**3,152,889**	2,339,704
Administrative expenses	38	**194,161**	151,713
Other operating expenses	39	**158,641**	42,251
		3,505,691	2,533,668
		(567,063)	2,420,841
Other operating income	40	**57,031**	61,749
		(510,032)	2,482,590
Finance cost	41	**2,059,476**	3,400,241
Loss before taxation		**(2,569,508)**	(917,651)
Taxation			
- current	33	**103,122**	64,321
- deferred		**(88,675)**	998
		14,447	65,319
Loss after taxation		**(2,583,955)**	(982,970)
		.... Rupees	
Loss per share			
- basic and diluted	42	**(7.08)**	(2.78)

The annexed notes from 1 to 51 form an integral part of these financial statements.

Sayeed Tariq Saigol
Chief Executive

Zamiruddin Azar
Director

MAPLE LEAF CEMENT

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

	2010	2009
	(Rupees in thousand)	
Loss after taxation	**(2,583,955)**	(982,970)
Other comprehensive income / (loss) for the year		
Surplus/(deficit) on remeasurement of investments available for sale on fair value	**72,076**	(327,559)
Loss arising on derivatives cross currency interest rate swap agreements	**-**	(365,748)
Deferred tax relating to component of other comprehensive income / (loss)	**(18,920)**	85,983
	53,156	(607,324)
Total comprehensive loss for the year	**(2,530,799)**	(1,590,294)

The annexed notes from 1 to 51 form an integral part of these financial statements.

Sayeed Tariq Saigol
Chief Executive

Zamiruddin Azar
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES		**(Rupees in thousand)**	
Cash generated from operations before working capital changes	47	**637,645**	3,525,664
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**523,784**	389,550
Stock-in-trade		**146,196**	(216,962)
Trade debts		**(95,465)**	61,122
Loans and advances		**(188,388)**	4,560
Deposits and short term prepayments		**21,482**	(74,014)
Sales tax, customs and excise duty		**-**	40,972
Other receivables		**(61,730)**	(7,668)
Increase / (decrease) in current liabilities			
Trade and other payables		**1,060,089**	(142,532)
		1,405,968	55,028
Cash generated from operations		**2,043,613**	3,580,692
Compensated absences paid		**(10,021)**	(3,744)
Funds received from / (paid) to gratuity fund trust		**8,184**	(458)
Taxes paid		**(237,570)**	(181,472)
		(239,407)	(185,674)
Net cash from operating activities		**1,804,206**	3,395,018
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(1,701,590)**	(1,350,122)
Sale proceeds of operating fixed assets		**8,067**	5,409
Long term investment		**(200)**	-
Loans to employees		**2,373**	455
Deposits and prepayments		**(88)**	2,529
Profit on bank deposits received		**5,655**	9,849
Dividend received		**9,431**	11,717
Investments		**(65,775)**	736
Proceeds from sale of investment - net		**3,664**	(4,339)
Net cash used in investing activities		**(1,738,463)**	(1,323,766)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans obtained		**625,536**	713,964
Loan from related parties repaid		**-**	(35,224)
Share deposit money received		**1,000,000**	-
Redeemable capital obtained		**300,000**	-
Redeemable capital repaid		**(3,400)**	-
Syndicated term finance repaid		**(600)**	(580,000)
Long term deposits		**159**	(2)
Liabilities against assets subject to finance lease		**(84,882)**	19,378
Short term borrowings		**(321,484)**	1,012,584
Finance cost paid		**(1,578,858)**	(3,153,615)
Ordinary dividend paid		**-**	(61)
Preference dividend paid		**(28,881)**	(52,478)
Net cash used in financing activities		**(92,410)**	(2,075,454)
Net decrease in cash and cash equivalents		**(26,667)**	(4,202)
Cash and cash equivalents at beginning of the year		**99,932**	104,134
Cash and cash equivalents at end of the year	34	**73,265**	99,932

The annexed notes from 1 to 51 form an integral part of these financial statements.

Sayeed Tariq Saigol
Chief Executive

Zamiruddin Azar
Director

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

	Share Capital	Capital Reserves					Revenue Reserves			Total Equity
		Share Premium	Reserve on remeasurement of available-for-sale investments	Capital Redemption Reserve	Hedging Reserve	Sub Total	General Reserve	Accum-ulated loss	Sub Total	
	................(Rupees				in	thousand)................				
Balance as at June 30, 2008	4,264,108	2,068,336	518,765	291,506	365,748	3,244,355	1,400,000	(547,574)	852,426	8,360,889
Total comprehensive loss										
Loss for the year ended June 30, 2009	-	-	-	-	-	-	-	(982,970)	(982,970)	(982,970)
Deficit on remeasurement of investments available for sale on fair value	-	-	(327,559)	-	-	(327,559)	-	-	-	(327,559)
Loss arising on derivatives cross currency interest rate swap agreements	-	-	-	-	(365,748)	(365,748)	-	-	-	(365,748)
Deferred tax relating to component of other comprehensive income	-	-	85,983	-	-	85,983	-	-	-	85,983
	-	-	(241,576)	-	(365,748)	(607,324)	-	(982,970)	(982,970)	(1,590,294)
Transferred to capital redemption reserve	-	-	-	90,246	-	90,246	-	(90,246)	(90,246)	-
Distribution to owners										
Dividend on preference shares for the year ended June 30, 2009	-	-	-	-	-	-	-	(52,794)	(52,794)	(52,794)
Balance as at June 30, 2009	4,264,108	2,068,336	277,189	381,752	-	2,727,277	1,400,000	(1,673,584)	(273,584)	6,717,801
Total comprehensive loss										
Loss for the year ended June 30, 2010	-	-	-	-	-	-	-	(2,583,955)	(2,583,955)	(2,583,955)
Surplus on remeasurement of investments available for sale on fair value	-	-	72,076	-	-	72,076	-	-	-	72,076
Deferred tax relating to component of other comprehensive income	-	-	(18,920)	-	-	(18,920)	-	-	-	(18,920)
	-	-	53,156	-	-	53,156	-	(2,583,955)	(2,583,955)	(2,530,799)
Distribution to owners										
Dividend on preference shares for the year ended June 30, 2010	-	-	-	-	-	-	-	(52,794)	(52,794)	(52,794)
Balance as at June 30, 2010	**4,264,108**	**2,068,336**	**330,345**	**381,752**	**-**	**2,780,433**	**1,400,000**	**(4,310,333)**	**(2,910,333)**	**4,134,208**

The annexed notes from 1 to 51 form an integral part of these financial statements.

Sayeed Tariq Saigol
Chief Executive

Zamiruddin Azar
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

1. GENERAL INFORMATION

1.1 Maple Leaf Cement Factory Limited ("the Company") was incorporated in Pakistan on April 13, 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a public company limited by shares. The Company is currently listed on all three Stock Exchanges of Pakistan. The registered office of the Company is situated at 42-Lawrence Road, Lahore, Pakistan. The cement factory is located at Iskanderabad District Mianwali in the province of Punjab. The principal activity of the Company is production and sale of cement. The Company is a subsidiary of Kohinoor Textile Mills Limited.

1.2 These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

2.2 ADOPTION OF REVISED AND NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.2.1 International Accounting Standard - 1 "Presentation of financial Statements".

The Company has applied revised IAS-1; "Presentation of financial Statements", which became effective for annual period beginning on or after January 01, 2009. Accordingly all changes in owners equity are presented in the statement of changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied in these financial statements as of and for the year ended June 30, 2010. Comparative information has been re-presented in conformity with the revised standard. The change in accounting policy impacts presentation only without any impact on earnings per share.

2.2.2 Amendments to IFRS-7 Improving disclosures about financial instruments

The amendment to IFRS-7 expanded the disclosures requirements more closely in line with US standards. The amendments introduce a three level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurement. Adoption of this amendment to IFRS-7 has not any effect on these financial statements as the carrying values of the financial assets and financial liabilities approximate to their fair values.

2.2.3 International Financial Reporting Standard - 8 " Operating Segments".

The Company has applied IFRS - 8 "Operating Segments", which replaces IAS -14 " Segment Reporting" and became effective from January 01, 2009. IFRS - 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the key decision maker in order to allocate resources to the segments and to assess their performance. The adoption of this standard have no significant impact except disclosure of geographical segment as disclosed in note 46 to these financial statements. This presentation has been applied as of and for the year ended on June 30, 2010 and comparative is presented accordingly.

2.2.4 International Accounting Standard-23 " Borrowing Cost".

The Company has applied the IAS-23 "Borrowing Cost", which became effective for annual period beginning on or after January 01, 2009. The revised IAS removes the option to expense borrowing costs and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of qualifying asset as part of the cost of that asset. Adoption of this revised IAS has no impact on theses financial statements.

2.3 NEW ACCOUNTING STANDARDS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following International Financial Reporting Standards and Interpretations as notified by the Securities and Exchange Commission of Pakistan are only effective for accounting periods, beginning on or after the date mentioned against each of them:

	Effective date
Amendments to IAS-7 Statement of Cash Flows	January 01, 2010
Amendments to IAS-17 Leases	January 01, 2010
Amendments to IAS-24 Related Party Disclosures	January 01, 2010
Amendments to IFRS-5 Non-current Assets Held for Sale and Discontinued Operations	January 01, 2010
IFRIC-19 Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010
Amendments to IFRIC-14 Prepayments of a Minimum Funding Requirement	January 01, 2011
IFRS-9 Financial Instruments	January 01, 2013

The management believes that these accounting standards and interpretations do not have any impact on the present transactions of the Company. The Company would comply with these standards, interpretations and amendments when applicable.

2.4 ACCOUNTING STANDARDS, IFRS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE EFFECTIVE AND NOT APPLICABLE TO THE COMPANY

The following accounting standards and interpretation to existing standards has been published and is mandatory for the Company's accounting year beginning on or after January 01, 2009 but is not relevant for the Company's operations:

2.4.1 Amendments to IAS-39 and IFRIC-9: Embedded derivatives - January 01, 2009

The amendments clarify the accounting for embedded derivatives in the case of a reclassification of a financial assets out of the "fair value through profit and loss" category as permitted by the October 2008 amendments to IAS - 39 Financial Instruments: Recognition and Measurement. The Company has not reclassified any financial assets out of the "fair value through profit and loss" and therefore, the adoption of this interpretation is unlikely to affect its financial statements.

2.4.2 IFRS-2 Share based payment - January 01, 2009

The amendments clarify the scope of IFRS-2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving when another group entity or shareholder has the obligation to settle the award. The Company has not entered in to any such transaction, therefore the adoption of this interpretation is unlikely to effect its financial statements.

2.4.3 IFRIC-15 Agreements for the construction of real estate - January 01, 2009

IFRIC-15 is applicable for accounting for revenue and associated expenses by entities undertaking the construction of real estate directly or through sub-contractors. The Interpretation clarifies situations in which the relevant contract is to be treated either as a contract for providing goods, providing services or construction contract under IAS-11. Since the Company is not engaged in providing real estate services, the initial adoption of this Interpretation is unlikely to affect its financial statements.

2.4.4 IFRIC-16 Hedge of net investment in a foreign operation - October 01, 2008

This Interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS-39. The adoption of this standard is not expected to affect the financial statements of the Company as it has no foreign investments.

2.4.5 IFRIC-17 Distribution of non-cash assets to owners - July 01, 2009

This Interpretation deals with the situations when transfer of non-cash assets qualify for as dividends and the accounting treatment of distribution of such assets. This Interpretation is likely to affect the financial statements in case the entity decides to declare specie dividend to its shareholders.

2.4.6 IFRIC-18 Transfer of assets from customers - July 01, 2009

IFRIC-18 is applied in situations where the customer transfers an item of property, plant and equipment or provides cash to acquire or construct such item and the entity must then use the item either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. The Company does not have any such assets and therefore, the adoption of this interpretation is unlikely to affect its financial statements.

2.5 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with IFRS as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

a) - recognition of certain employee benefits;
b) - recognition and measurement of deferred tax assets and liabilities;
c) - provisions and contingencies;
d) - useful life of property, plant and equipment and intangible assets;
e) - provision for impairment of trade debts and other receivables;
f) - provision against slow moving inventories;
g) - classification of investments;
h) - valuation at fair value of derivative financial instruments; and
i) - taxation

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 ACCOUNTING CONVENTION

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

- financial instruments at fair value;

- recognition of certain employee benefits at present value.

3.2 THE SUMMARY OF PRINCIPAL ACCOUNTING POLICIES ADOPTED IS SET OUT BELOW:

3.2.1 Equity instruments

These are recorded at the face value.

3.2.2 Borrowings

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

3.2.3 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the company's general policy on borrowing costs.

Rentals payable under operating leases are charged to profit and loss account on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

3.2.4 Employee 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 operates un-funded gratuity scheme for all workers of the Company who have completed minimum qualifying period of service as defined under the respective scheme. Provisions are made to cover the obligations under the schemes on the basis of actuarial valuation and are charged to income.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses.

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceeds 10% of the present value of the Company's gratuity is amortized over the average expected remaining working lives of the employees.

Details of the scheme are given in relevant note to the financial statements.

(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.

3.2.5 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.

3.2.6 Taxation

(a) Current

Provision for current year's taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

(b) Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognized for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax liabilities are recognized for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity, in which case it is included in equity.

3.2.7 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which such dividends are declared by the Company and approved by the shareholders. For dividend on preference shares please refer note 4.3 to these financial statements.

3.2.8 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. Subsequent costs are included in the asset's carrying amount or recognized 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 cost of the item can be measured reliably.

Freehold land and capital work-in-progress are stated at cost less impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use.

Cost in relation to certain plant and machinery represents historical cost, exchange differences capitalized upto June 30, 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 18.4, are recorded on the basis of advices received from the housing colony.

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 and loss account.

Depreciation is calculated at the rates specified in note 18.1 on reducing balance method except that straight-line method is used for the plant and 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.

3.2.9 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. Depreciation on leased assets is charged applying 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 certainty of ownership of assets at the end of lease term.

3.2.10 Intangible assets

Expenditure incurred to acquire computer software's is capitalized as intangible asset and stated at cost less accumulated amortization and any identified impairment loss. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortized using straight-line method over a period of three years. Amortization 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.

3.2.11 Un-allocated capital expenditure

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

3.2.12 Investments

(a) 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). Gains or losses on available-for-sale investments are recognized directly in equity until the investments are sold or disposed-off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

(b) At fair value through profit or loss

Investments at fair value through profit and loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognized at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognized in income.

(c) Investment in subsidiary

Investment in subsidiary is stated at cost and adjusted for impairment, if any, in the recoverable amounts of such investment.

Subsidiary is an enterprise in which the Company directly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and / or appoint more than 50% of its directors. The existence and effect of potential voting right that are currently exercisable or convertible when assessing whether the group controls another entity.

3.2.13 Stores, spares and loose tools

These are valued at moving average cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

3.2.14 Stock-in-trade

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

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

3.2.15 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

3.2.16 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.

3.2.17 Provisions

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

3.2.18 Impairment

The Company assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts 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 recognized in profit and loss account.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized for that asset. Reversal of impairment loss is recognized as income.

3.2.19 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recorded when significant risks and rewards of ownership of the goods have passed to the customers which coincides with dispatch of goods to customers.

- Dividend income is recognized when the Company's right to receive the dividend is established.

- Return on bank deposits is accounted for on 'accrual basis'.

3.2.20 Foreign currency translations

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date. All exchange differences are charged to profit and loss account.

3.2.21 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of the contractual rights that comprise the financial asset and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and liabilities are included in profit and loss for the year.

Derivatives are initially recorded at cost which is the fair value of consideration given or received respectively on the date a derivative contract is entered into and are remeasured to fair value, amortized cost or cost as the case may be at subsequent reporting dates. The method of recognizing 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 derivates that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the profit and loss account.

Amounts accumulated in equity are recognized 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 assets 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.

3.2.22 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 offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.2.23 Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the balance sheet and transferred to profit and loss account on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Where the Company receives non-monetary grants, the asset and that grant are recorded at nominal amounts and released to the profit and loss account over the expected useful life of the relevant asset by equal annual instalments.

3.2.24 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 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.

4 SHARE CAPITAL

4.1 Authorised capital

Number of shares		2010 (Rupees in thousand)	2009 (Rupees in thousand)
600,000,000	(2009: 600,000,000) ordinary shares of Rs. 10 each	**6,000,000**	6,000,000
100,000,000	(2009: 100,000,000) 9.75% redeemable cumulative preference shares of Rs. 10 each	**1,000,000**	1,000,000
700,000,000		**7,000,000**	7,000,000

4.2 Issued, subscribed and paid up capital

		2010	2009
Ordinary shares:			
290,359,856	(2009: 290,359,856) ordinary shares of Rs. 10 each fully paid in cash	**2,903,599**	2,903,599
35,834,100	(2009: 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	(2009: 40,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares	**460,694**	460,694
372,263,356		**3,722,634**	3,722,634
Preference shares:			
54,147,398	(2009: 54,147,398) 9.75% redeemable cumulative preference right shares of Rs. 10 each fully paid in cash	**541,474**	541,474
426,410,754		**4,264,108**	4,264,108

4.2.1 There was no movement in issued subscribed and paid up capital during the year.

4.3 The Company, during the financial year ended June 30, 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 December 15, 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:

i) 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.

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

iii) 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, if available, to ensure that reserve balance at the redemption date is equal to the principal amount of preference shares.

4.4 Kohinoor Textile Mills Limited (the Holding Company) holds 186,608,808 (2009: 186,608,808) ordinary shares, which represents 50.13% (2009: 50.13%) of the total ordinary issued, subscribed and paid-up capital.

4.5 Zimpex (Pvt.) Ltd. (an Associated Company) held 1,706 (2009: 1,706) ordinary shares at the year-end.

5. RESERVES

	Note	**2010**	2009
		(Rupees in thousand)	
Capital reserves:			
Capital redemption reserve	4.3 (e)	**381,752**	381,752
Share premium reserve		**2,068,336**	2,068,336
Fair value reserve on remeasurement of available-for-sale investments (net of deferred taxation)		**330,345**	277,189
		2,780,433	2,727,277
Revenue reserves:			
General reserve		**1,400,000**	1,400,000
		4,180,433	4,127,277

6. SHARE DEPOSIT MONEY

	Note	2010	2009
		(Rupees in thousand)	
	6.1	**1,000,000**	-

6.1 This represents amount received from sponsors against future issue of shares, as per conditions of restructuring agreements as disclosed in note 8.2 and 9.2 to these financial statements. Security and Exchange Commission of Pakistan through its letter June 30, 2010 has allowed the Company to issue 153,846,153 shares at Rs. 6.50 per share at a discount of Rs. 3.50 per share otherwise than right upto extent of Rs. 1.00 billion to Kohinoor Textile Mills Limited, (a holding company). The Company is in the process of complying with other procedural requirements for the purpose of issue of shares against this share deposit money.

7. LONG TERM LOANS FROM BANKING COMPANY - SECURED

	Note	2010	2009
		(Rupees in thousand)	
Habib Bank Limited (HBL)- Loan - I	7.1	**386,667**	826,614
Habib Bank Limited (HBL)- Loan - II	7.2	**163,737**	-
Long Term Finance Facility (LTFF)	7.3	**550,404**	-
		1,100,808	826,614

7.1 Habib Bank Limited (HBL)- Loan - I

	Note	2010	2009
Opening balance		**955,503**	241,539
Add: disbursement during the year		**204,497**	713,964
		1,160,000	955,503
Less: transferred to LTFF	7.3	**580,000**	-
Less: current portion		**193,333**	128,889
		386,667	826,614

7.1.1 Original term finance facility amounting to Rs. 1.160 billion (equivalent to Japanese Yens 1.974 billion approximately) was obtained from HBL, in different tranches as per agreement entered into February 11, 2008, to finance the Waste Heat Recovery Plant.

During the current financial year the Company, under the Long Term Finance Facility -Export Oriented Project (LTFF-EOP) Scheme of State Bank of Pakistan, has entered into restructuring agreement with HBL dated February 18, 2010. As per terms of restructuring agreement HBL has transferred amounting Rs. 580.000 million to new Long Term Finance Facility (LTFF) as disclosed in note 7.3 to these financial statements. The remaining principal balance amounting Rs. 580.000 million is repayable in nine semi annual installments commencing from June 2010. This facility carries mark-up at the rate of 6-months KIBOR plus 1.00%, effective mark up rate ranging from 13.43% to 14.26% (2009: 15.69% to 18.20%) per annum payable on quarterly basis in arrears. The finance facility is secured against first pari passu equitable mortgage/ hypothecation charge of Rs. 2.250 billion on all present and future fixed assets of the Company (including land measuring 2,097 Kanals and 5 Marlas situated at Dadu Khel Pakka Sharki, Mianwali) and personal guarantees of directors of the Company.

7.1.2 The Company has not paid the installment amounting Rs. 64.440 million due on June 12, 2010 and this overdue installment is grouped under current liabilities.

7.2 Habib Bank Limited (HBL)- Loan - II

	Note	**2010**	2009
		(Rupees in thousand)	
Opening balance		**-**	-
Add: disbursement during the year		**421,039**	-
		421,039	-
Less: transferred to LTFF	7.3	**210,520**	-
Less: current portion		**46,782**	-
		163,737	-

7.2.1 During current financial year, the Company has obtained this term finance facility having sanctioned limit amounting Rs. 500.000 million from HBL for financing the Waste Heat Recovery Plant. The tenor of this term finance facility is six years including a grace period of one year.

The Company, under the Long Term Finance Facility - Export Oriented Project (LTFF-EOP) Scheme of State Bank of Pakistan, has entered into restructuring agreement with HBL dated February 18, 2010. As per terms of restructuring agreement HBL has transferred amounting to Rs. 210.519 million to new Long Term Finance Facility (LTFF) as disclosed in note 7.3 to these financial statements. The remaining principal balance of this term finance facility amounting to Rs. 210.519 million is repayable in nine semi annually installments commencing from July 2010. This facility carries mark-up at the rate of 6-months KIBOR plus 1.00% (effective mark-up rate ranging from 12.88% to 20.00%) per annum payable on quarterly basis in arrears. This finance facility is secured against first pari passu hypothecation/mortgage charge of Rs. 2.250 billion on all present and future assets of the Company (including land measuring 2,097 Kanals and 5 Marlas situated at Dadu Khel Pakka Sharki, Mianwali) and personal guarantees of directors of the Company.

7.3 Long Term Finance Facility (LTFF)

	Note	**2010**	2009
		(Rupees in thousand)	
Opening balance		**-**	-
Add: transferred from HBL Loan			
Loan I	7.1	**580,000**	-
Loan II	7.2	**210,520**	-
		790,520	-
Less: current portion		**240,116**	-
		550,404	-

7.3.1 This facility has been created under the terms of restructuring agreement with HBL as disclosed in note 7.1.1 and 7.2.1 to these financial statements. Tenor of this LTFF is four and a half years. The principal amount of this LTFF is repayable in nine semi annual installments commencing from June 2010. The facility carries mark-up at the rate of 9.7% per annum payable on quarterly basis in arrears. This finance facility is secured against first pari passu equitable hypothecation/ mortgage charge of Rs. 2.250 billion on all present and future fixed assets of the Company (including land measuring 2,097 Kanals and 5 Marlas situated at Dadu Khel Pakka Sharki, Mianwali) and personal guarantees of the directors of the Company.

7.3.2 The Company has not paid the installment amounting Rs. 64.440 million due in June 12, 2010 and this overdue installment is grouped under current liabilities.

8. REDEEMABLE CAPITAL - SECURED

	2010	2009
	(Rupees in thousand)	
Islamic Sukuk Certificates under Musharaka agreement		
Opening balance	**8,000,000**	8,000,000
Add: Sukuk Certificates issued during the year	**300,000**	-
Less: Sukuk Certificates paid during the year	**3,400**	-
	8,296,600	8,000,000
Less: current portion	**6,800**	800,000
	8,289,800	7,200,000

8.1 The Company has issued Islamic Sukuk Certificates under Musharaka agreement amounting to Rs. 8.000 billion during the year ended June 30, 2008. During the current financial year the Company has arranged restructuring of issued Sukuk Certificates and entered into First Addendum with Investment Agent Allied Bank Limited (ABL). During the year, the Company has issued new Sukuk Certficates (as Bridge Finance) to existing Sukuk lenders amounting to Rs. 300.000 million.

8.2 The salient terms and conditions of secured Sukuk issue of Rs. 8.300 billion made by the Company are detailed below:

Lead Arranger
Allied Bank Limited (ABL)

Shariah Advisor
Meezan Bank Limited

Purpose
Balance sheet re-profiling and replacement of conventional debt with Shariah Compliant Financing.

Investor
Banks, DFIs, NBFI, and any other person

Tenor of Sukuk issue of:
Rs. 8.000 billion
9 Years including grace period of 2.75 years and repayment is to be made in 6.25 years.
Rs. 300.000 million
2 years

Mark-up rate
For half year ended December 2009 at the rate 15.4%
From December 2009 onwards: 3 months KIBOR plus 100 basis point per cent (bps)

Mark up to increase to 3 months KIBOR plus 170 bps after 5 years or complete settlement of deferred mark-up, whichever is later.

Restructuring conditions:

(a) Mark up due in December 2009 has been paid by the Company on completion of the restructuring agreement.

(b) Accrued mark up from December 2009 to March 2011 will be converted into interest free debt and will be paid in 24 equal quarterly installments starting March 2012 ending December 2017. Token mark up payment of 0.5% of the deferred mark up amount will be paid on the installment amount.

Accrued mark up from March 2011 to June 2011 will be paid in September 2011.

Regular mark up payments will commence from September 2011 and will be payable on due dates.

Base rate
Base rate is average 3 months KIBOR prevailing on the base rate setting date.

Musharaka Investment repurchase
36 quarterly installments will be paid as per following schedule. 1st 10 quarterly installments are just token payments.

Period	Rupees in million
March 2010 - June 2012	1.70
September 2012 - June 2015	200.00
September 2015 - June 2016	237.50
September 2016 - June 2017	300.00
September 2017 - June 2018	375.00
September 2018 - December 2018	966.50

Rental payments
Rentals are payable quarterly in arrears calculated on a 365 days year basis on the outstanding Musharaka Investment of the investors. The first such rental payment will fell due of six months from the date of first contribution and after rescheduling , after every 3 months. Rentals, during the year, have been calculated at mark-up rates ranging from 13.20% to 15.44% (2009: 14.85% to 17.37%) per annum.

Form & delivery of Sukuk
The Sukuk have been issued under section 120 "issue of securities and redeemable capital not based on interest" of the Companies Ordinance 1984. The Sukuk Certificates have been registered and inducted into the Central Depository System ("CDS") of the Central Depository Company of Pakistan("CDC").

Security
First Pari passu charge over all present and future fixed assets of the Company amounting to Rs. 10.667 billion and pledge of investment in shares of Security General Insurance Company Limited.

Trustee / investors' agent
Allied Bank Limited

Transaction structure

The facility as approved by Meezan Bank Limited, shariah advisor of the issue, is as follows:

(a) Investors (as Investor Co-owners) and the Company (as managing Co-owner) have entered into a Musharaka Agreement as partners for the purpose of acquiring Musharaka assets from the Company (acting as Seller) and jointly own these Musharaka assets.

(b) Investors have appointed ABL to act as Investor Agent for the Sukuk Issue.

(c) Investor co-owners have contributed their share in the Musharaka in cash that has been utilised by managing co-owner for acquiring Musharaka assets. Managing co-owner has contributed its Musharaka share in kind.

(d) Upon acquisition of Musharaka assets, Investor Agent and managing co-owner have executed Assets Purchase Agreement with the Company (acting as Seller).

(e) The Company (as Issuer) has issued Sukuk Certificates to Investors that represent latter's undivided share in the Musharaka assets.

(f) Investors have made the usufruct of their undivided share in the Musharaka assets available to the Company against rental payments linked to the rental bench marked.

(g) The Company will purchase Musharaka share of investors on quarterly basis after expiry of 2.75 years from the rescheduling date.

Sell Down / Transferability

As Sukuks have been induced into Central Depository Company (CDC), transfers are made in accordance with Central Depository Act, 1997 and other applicable CDC regulations.

Further conditions as per rescheduling

(a) PKR 1.000 billion to be injected at the completion of restructuring agreement as sponsor's loan which may be converted into Equity / Preference Shares following regulatory approvals. Preference dividend to be capped at 10% per annum. Please refer note 6 to these financial statements.

(b) To cover partial cash deficit projected in half year ended June 2010, existing Sukuk lenders to disburse 2 years bridging of PKR 300.000 million (as Bridge Finance) simultaneously with the payment of December 2009 mark up. This would be repaid in bullet in 2 years at the rate of 3 months KIBOR plus 100 bps, however, mark up payment would be current and on quarterly basis. It will be secured against ranking charge on fixed assets and specific properties comprising of 393 kanals at Kala Shah Kaku and additional piece of land at Faisalabad. The security outside the Company will have a minimum value of PKR 400.000 million.

(c) Redeemable Capital Sukuk / Syndicate members would be represented on board by one seat. The process would be initiated right after completion of restructuring agreement and depending upon regulatory formalities the process would be competed as soon as possible but not later than the next elections due in December 2010. The representative shall have a minimum of 10 years of professional experience to add depth to the board. The representative would be the member of the audit committee of the board and would be considered to be its Chairman at the discretion of the board.

9. SYNDICATED TERM FINANCES - SECURED

	Note	2010	2009
		(Rupees in thousand)	
Faysal Bank Limited		**359,856**	360,000
Pak Libya Holding Co. (Pvt.) Limited		**239,904**	240,000
MCB Bank Limited		**149,940**	150,000
Askari Bank limited		**104,958**	105,000
Arif Habib Bank Limited		**-**	105,000
Pak Brunei Investment Co. Limited		**89,964**	90,000
Soneri Bank Limited		**89,964**	90,000
HSBC Middle East Limited (formerly the Hong Kong & Shanghi Banking Corporation Limited)		**-**	90,000
The Bank of Khyber		**59,976**	60,000
Saudi Pak Industrial & Agriculture Investment Co. (Pvt.) Limited		**59,976**	60,000
The Bank of Punjab		**59,976**	60,000
First Women Bank Limited		**59,976**	60,000
Atlas Bank Limited		**29,988**	30,000
Allied Bank Limited		**194,922**	-
		1,499,400	1,500,000
Less: current portion		**1,200**	1,500,000
		1,498,200	-

9.1 The Company has obtained syndicated term finance facility during the year ended June 30, 2008. During the current financial year the Company has arranged restructuring of syndicated term finance facility and entered into Second Addendum dated March 30, 2010 through lead arranger and investment agent Allied Bank Limited (ABL).

9.2 The salient terms of this syndicated term finance facility, as per Second addendum, are as follows:

Lead arranger & agent bank
Allied Bank Ltd. (ABL)

Lenders
Banks and DFIs

Facility amount
Rs. 1.500 billion

Tenor
9 Years including Grace period
Grace period 2.75 years ; Repayment- 6.25 years

Mark-up rate
For half year ended December 2009 @ 15.4%
From December 2009 onwards: 3 months KIBOR plus 100 bps

Mark up to increase to 3 months KIBOR plus 170 bps after 5 years or complete settlement of deferred mark up, whichever is later.

Restructuring conditions:

(a) Mark up due in December 2009 to be paid by the Company on completion of the restructuring agreement.

(b) Accrued mark up from December 2009 to March 2011 will be converted into interest free debt and will be paid in 24 equal quarterly installments starting March 2012 and ending in December 2017. Token mark up payment of 0.5% of the deferred mark up amount will be paid on installment amount.

Accrued mark up from March 2011 to June 2011 will be paid in September 2011.

Regular mark up payments will commence from September 2011 and will be payable on due dates.

Principal repayment

36 quarterly installments will be paid as per following schedule. 1st 10 quarterly installments are just token payments.

Period	**Rupees in million**
March 2010 - June 2012	0.30
September 2012 - June 2015	37.50
September 2015 - June 2016	44.50
September 2016 - June 2017	56.00
September 2017 - June 2018	70.00
September 2018 - December 2018	181.00

Final maturity
December 2018

Security
First pari passu charge over all present and future fixed assets of the Company amounting to Rs. 3.333 billion and pledge of investment in shares of Security General Insurance Company Limited.

Further conditions as per rescheduling:

(a) PKR 1.000 billion to be injected at the completion of restructuring agreement as sponsor's loan which may be converted into Equity / Preference Shares following regulatory approvals. Preference dividend to be capped at 10% per annum. Please refer to note 6 to these financial statements.

(b) Redeemable Capital Sukuk / Syndicate members would be represented on board by one seat. The process would be initiated right after completion of restructuring agreement and depending upon regulatory formalities the process would be completed as soon as possible but not later than the next elections due in December 2010. The representative shall have a minimum of 10 years of professional experience to add depth to the board. The representative would be the member of the audit committee of the board and would be considered to be its Chairman at the discretion of the board.

10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2010	2009
		(Rupees in thousand)	
Present value of minimum lease payments	10.1.1	**1,079,941**	1,164,823
Less: current portion		**379,198**	302,609
		700,743	862,214

Taxes, repair and insurance costs are born by the Company. The Company intends to exercise its option to purchase the above assets upon completion of the lease period.

10.1 The amounts of future payments and period in which these will be due are as follows:

	2010	2009
	(Rupees in thousand)	
Minimum lease payments:		
Not later than one year	**455,568**	395,051
Later than one year but not later than five years	**796,055**	998,850
	1,251,623	1,393,901
Less: finance cost allocated to future period	**141,682**	194,348
	1,109,941	1,199,553
Less: security deposits adjustable on expiry of lease term	**30,000**	34,730
	1,079,941	1,164,823
Less: current portion	**379,198**	302,609
	700,743	862,214

10.1.1 Present value of minimum lease payments

	2010	2009
Not later than one year	**379,198**	302,609
Later than one year but not later than five years	**700,743**	862,214
	1,079,941	1,164,823

10.2 The Company, during the financial year ended June 30, 2006, had entered into a lease agreement amounting Rs. 1.856 million with First National Bank Modaraba (FNBM) to acquire two units of imported Volvo Wheel Loaders. The liabilities under the lease agreements were payable in 36 equal monthly installments commencing from August, 2006. The effective interest rate charged during the year was 18.18% per annum (2009: 12.47% to 18.18%). This lease liability has been repaid during the year and the Company exercised its option to purchase the leased assets.

10.3 The Company, during the financial year ended June 30, 2006, had entered into lease agreement having lease amount of Rs. 28.740 million with FNBM to acquire one Volvo Dump Truck. The liabilities under this agreement were payable 36 equal monthly installments commencing from September, 2006. The effective interest rate charged by FNBM during the year was 16.53% per annum (2009: 12.76% to 16.53%). The Company exercised its option to purchase the leased asset after payment of final installment in August 2009.

10.4 The Company had entered into original lease agreement dated February 17, 2007 amounting Rs. 280 million with Meezan Bank Limited (MBL) to acquire eight units of Preheater Cyclones. As per terms of original lease agreement the facility tenor was six years with a grace period of 18 months on principal component.

During the current financial year the Company has entered into restructuring agreement with MBL dated May 11, 2010. As per terms of restructuring agreement remaining tenor of lease facility is 3.75 years with grace period of 12 months from 1st post restructuring profit payment dated May 17, 2010. Principal amount is payable in 12 equal quarterly installments commencing from May 17, 2011. Profit is payable quarterly in arrears starting from May 17, 2010. Lease facility carries profit at the rate of 3 months KIBOR + 2.25% per annum with floor of 2.25% per annum and cap of 28% per annum. Effective profit rates, during the current financial year, ranged between 14.35% to 16.51% (2009: 12.50% to 16.51%) per annum. Facility is secured through exclusive ownership of leased assets in the name of MBL and personal guarantees of the Company's directors.

10.5 The Company, during the financial year ended June 30, 2006, had entered into a forward lease agreement with Islamic Corporation for Development of the Private Sector, Jeddah (ICD - a Subsidiary of Islamic Development Bank) 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 2 years. The first rental had become due on December 15, 2008 whereas the final lease rentals will be due on June 15, 2014. The lease finance facility carries interest at the rate of 6 months U.S.$ LIBOR plus a spread of 2.5% per annum; the effective interest rate charged by ICD, during the current year, ranged between 2.96% to 3.72%(2009: 4.72% to 5.75%) per annum. The facility is secured against the first exclusive charge on power generation plant.

The Company, during the current financial year, has not paid installments amounting U.S.$ 1,268,202 and U.S. $ 1,210,199, which became due on December 15, 2009 and June 15, 2010 respectively; these installments were overdue at the year-end and have been grouped under current liabilities.

10.5.1 The Company has entered into an interest rate swapping agreement with Standard Chartered Bank in respect of this lease finance facility. The agreement is effective from February 2, 2009 and has following significant terms:

Notional amount	As per amortization schedule starting from USD 11.54 million in accordance with repayment schedule of the facility.
Maturity	June 16, 2014
Mark-up to be paid by the Company on notional amount	2.45% per annum.
Mark-up (to be received)	USD-LIBOR-BBA 6 months except for the initial calculation period which shall be the linear interpolation the 4 months and 5 months floating rate option.

11. LONG TERM DEPOSITS

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

12. DEFERRED TAXATION

	2010	2009
	(Rupees in thousand)	
This is composed of the following:		
Deferred tax liability on taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowance	**(2,515,141)**	(2,637,877)
- fair value on investments - available for sale	**(117,581)**	(98,661)
	(2,632,722)	(2,736,538)
Deferred tax asset on deductible temporary differences arising in respect of:		
- unused tax losses	**2,446,711**	2,507,604
- lease finances	**56,154**	63,826
- employees' compensated absences	**4,459**	4,547
- minimum tax recoverable against normal tax charge in future years	**125,398**	90,806
	2,632,722	2,666,783
	-	(69,755)

12.1 Deferred tax asset amounting to Rs. 1,202 million, on unused tax losses, has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be re-assessed as at June 30, 2011.

13. EMPLOYEES' COMPENSATED ABSENCES

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

14. TRADE AND OTHER PAYABLES

	Note	2010	2009
		(Rupees in thousand)	
Creditors		**947,638**	572,423
Bills payable - secured	14.1	**785,705**	837,321
Due to Kohinoor Textile Mills Limited (the holding company)		**14,987**	10,657
Accrued liabilities		**496,665**	211,556
Advances from customers		**221,220**	137,553
Security deposits, repayable on demand	14.2	**41,705**	33,153
Contractors' retention money		**45,813**	10,376
Royalty and excise duty payable		**69,688**	11,345
Provident fund payable		**2,831**	2,718
Other taxes payable		**10,046**	2,775
Sales taxes payable		**48,846**	71,512
Excise duty payable		**717,549**	442,106
Unclaimed dividend		**1,533**	1,533
Preference dividend payable		**77,223**	53,310
Other payables		**10,423**	9,532
		3,491,872	2,407,870

14.1 These are secured against the securities as detailed in note 16.1 to these financial statements.

14.2 This represents interest free security deposits received from distributors and contractors of the Company. Distributors and contractors have given the Company a right to utilize deposits in ordinary course of business.

15. ACCRUED PROFIT / INTEREST / MARK-UP

	Note	2010	2009
		(Rupees in thousand)	
Profit / interest / mark-up accrued on:			
Long term loans		**45,587**	22,291
Redeemable capital		**622,378**	237,007
Syndicated term finances		**111,572**	19,533
Liabilities against assets subject to finance lease		**48,781**	42,207
Short term borrowings		**93,494**	120,156
		921,812	441,194

16. SHORT TERM BORROWINGS

	Note	2010	2009
From banking companies			
Cash and running finances - secured	16.1	**3,761,721**	3,990,684
Temporary bank overdrafts - unsecured	16.2	**299,117**	391,638
		4,060,838	4,382,322

16.1 These facilities have been obtained from various commercial banks for working capital requirements, under mark-up arrangements having aggregate sanctioned limit amounting to Rs. 4.306 billion (2009: Rs. 4.458 billion). These facilities carry mark-up at the rates ranging from 7.50 % to 24.00 % (2009: 7.50% to 18.50%) per annum payable quarterly.

Facilities available for opening letters of credit / guarantee aggregate amounting to Rs. 3.700 billion (2009: Rs. 3.630 billion) of which the amount aggregating Rs. 1.850 billion (2009: Rs. 1.695 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 March 31, 2011.

16.2 This represents booked overdraft due to cheques issued by the Company in excess of balance with banks which will be presented for payment in subsequent period.

17. CONTINGENCIES AND COMMITMENTS

Contingencies

17.1 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 amounting to Rs. 13.252 million. No provision has been made in these financial statements in respect of the aforementioned matter as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.2 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 July 01, 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 April 02, 1994.

The LHC, upon the Company's appeal, vide its order dated November 06, 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. No provision has been made in these financial statements in respect of the above stated amount as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.3 The Federal Board of Revenue (FBR) 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 FBR for payment of duties and taxes on the plant and machinery imported by the Company pursuant to the exemption granted in terms of SRO 484 (I) / 92 dated May 14, 1992. The FBR, 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 FBR 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 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.

17.4 The Customs Department has filed an appeal before the Supreme Court of Pakistan against the judgment of Sindh High Court, which held that dump trucks were part of plant and machinery and the Tribunal had rightly subjected them to concessionary rate of duty. The Company had paid excess customs duties amounting Rs. 7.347 million on these trucks. The appeal is pending adjudication before the Supreme Court of Pakistan. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.5 The Company has filed an appeal before the Supreme Court of Pakistan against the judgment of the Division Bench of the High Court of Sindh at Karachi. The Division Bench, by judgment dated September 15, 2008, has partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to December 28, 2006 was illegal and ultra vires and after December 28, 2006, it was legal and the same was collected by the Excise Department in accordance with law. The appeal has been filed against the declaration that after December 28, 2006, the Excise Department has collected the infrastructure cess / fee in accordance with law. The Province of Sindh and Excise and Taxation Department has also preferred appeal against the judgment decided against them. The Supreme Court has consolidated both the appeals.

The total financial exposure of the Company involved in the case amounts to Rs. 144.378 million. In the event of an adverse decision in appeal, the guarantees aggregating Rs. 145.700 million furnished by the Company will be encashed by the Government of Sindh. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.6 Competition Commission of Pakistan (the Commission), vide order dated August 27, 2009, has imposed penalty on 20 cement factories of Pakistan at the rate of 7.5% of the turnover value as disclosed in the last annual financial statements. The Commission has imposed penalty amounting Rs. 586.187 million on the Company. The Commission has alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Islamabad High Court pursuant to the judgment of Hon'ble Supreme Court of Pakistan dated July 31, 2009, the titled petition has become in fructuous and the Company has filed a writ petition no. 15618/2009 before the Lahore High Court and the next date of hearing is September 16, 2010. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.7 The Additional Collector, Karachi has issued show cause notice alleging therein that the Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated June 05, 2006 on the import of pre-fabricated buildings structure. Consequently, the Company is liable to pay Government dues amounting Rs. 5.552 million. The Company has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.8 The custom department has filed an appeal against the judgment dated 19/05/2009 passed in favour of the Company pursuant to which the Company is not liable to pay custom duty amount of Rs. 589,998/- relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14/05/1992 and SRO 978(1)/95 dated 04/10/1995. The appeal is pending before the Honourable Lahore High Court.

17.9 The Company has preferred an appeal against the order in original No. 576/99 dated 18/09/1999 whereby the company was denied the benefit of SRO 484(1)/92 dated 14/05/1992 and SRO 978(1)/95 dated 04-10-1995. Accordingly the demand of Rs. 806,558/- was raised against the Company. Appeal was dismissed by Central Excise and Sales Tax Tribunal on 19/05/2009. The Company has filed petition before the Honourable Lahore High Court, which is pending adjudication. A rectification application under section 194 is also pending before the Customs Federal Excise and Sales Tax, Appellate Tribunal beside the customs reference. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.10 Through order in original No. 18/2009 dated December 24, 2009 ('ONO'), the Additional Commissioner Inland Revenue, (Legal), Large Taxpayers Unit, Lahore ('ACIR - Legal') finalized the adjudication proceedings in respect of audit conducted by departmental auditors and raised a demand of principal Sales Tax and Federal Excise duty ('FED') aggregating to Rs. 336.738 million along with default surcharge and penalties. The company has preferred appeals against this exparte order under the applicable provisions of Sales Tax Act and Federal Excise Act before Commissioner Inland Revenue, Appeals CIR(A). Such appeals have not yet been taken up for hearing by Commissioner Inland Revenue, Appeals [CIR(A)]. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

17.11 The Company had challenged the levy of Neelum-Jhelum Hydro Power Development Fund for the alleged construction of Neelum-Jhelum Hydro Power Project. The titled petition was disposed off by the Hon'ble Lahore High Court in view of its earlier order, whereby it has been held that the Respondents shall forthwith grant refund/adjustment of the amount charged without authority from the Company for the period of February 2008 to June 2008. The Company is in the process of filling writ petition before High Court for the remaining period.

17.12 Also refer note 33 to these financial statements for contingencies relating to tax matters.

17.13 Claims against the Company not acknowledged as debt aggregated Rs. 3.750 million as at June 30, 2010 (2009: Rs. 3.750 million).

17.14 Commitments

	Note	2010	2009
		(Rupees in thousand)	
17.14.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies.		**343,179**	332,363
17.14.2 Commitments against capital expenditure		**178,127**	340,973
17.14.3 Commitments against bills discounted		**40,143**	177,854
17.14.4 Commitments against irrevocable letters of credit:			
- spare parts for capital expenditures		**629,831**	634,350
- other spare parts		**115,184**	131,801
		745,015	766,151
		1,306,464	1,617,341

18. PROPERTY, PLANT AND EQUIPMENT

	Note	2010	2009
Operating fixed assets	18.1	**17,837,028**	18,827,414
Capital work in progress-at cost	18.6	**3,140,444**	1,554,064
Stores and spare parts held for capital expenditure		**57,896**	-
		21,035,368	20,381,478

18.1 Operating fixed assets

	OWNED ASSETS								LEASED ASSETS		
	Freehold Land	Buildings on freehold land	Roads, bridges and railway sidings	Plant & machinery	Furniture, fixtures & equipment	Quarry equipment	Vehicles	Share of joint assets	Plant & machinery	Quarry equipment	Total
	(Rupees in thousand)										
As at June 30, 2008											
Cost	53,710	3,933,768	87,614	20,042,544	140,706	143,337	84,797	4,395	959,677	47,315	25,497,863
Accumulated depreciation	-	575,032	51,285	4,784,182	74,634	120,562	48,905	3,226	46,623	16,464	5,720,913
Book value	53,710	3,358,736	36,329	15,258,362	66,072	22,775	35,892	1,169	913,054	30,851	19,776,950
Year ended June 30, 2009											
Additions at cost	-	5,188	-	34,130	19,931	33,387	7,382	1,471	-	-	101,489
Transfers:											
Cost	-	-	-	(451)	(669)	-	-	-	-	-	(1,120)
Accumulated depreciation	-	-	-	7	180	-	-	-	-	-	187
	-	-	-	(444)	(489)	-	-	-	-	-	(933)
Disposals:											
Cost	-	-	-	-	(158)	-	(9,460)	-	-	-	(9,618)
Accumulated depreciation	-	-	-	-	91	-	7,120	-	-	-	7,211
	-	-	-	-	(67)	-	(2,340)	-	-	-	(2,407)
Depreciation for the year	-	164,691	3,558	802,866	14,559	7,158	7,467	129	41,087	6,170	1,047,685
Book value as at June 30, 2009	53,710	3,199,233	32,771	14,489,182	70,888	49,004	33,467	2,511	871,967	24,681	18,827,414
Year ended June 30, 2010											
Additions at cost	-	5,016	-	41,597	4,432	-	6,136	133	-	-	57,314
Transfers:											
Cost	-	-	-	-	-	47,315	-	-	-	(47,315)	-
Depreciation	-	-	-	-	-	(22,891)	-	-	-	22,891	-
	-	-	-	-	-	24,424	-	-	-	(24,424)	-
Disposals:											
Cost	-	-	-	-	(216)	(5,951)	(8,449)	-	-	-	(14,616)
Depreciation	-	-	-	-	127	5,904	4,861	-	-	-	10,892
	-	-	-	-	(89)	(47)	(3,588)	-	-	-	(3,724)
Depreciation for the year	-	164,067	3,228	800,955	14,432	14,472	7,073	252	39,239	257	1,043,975
Book value as at June 30, 2010	53,710	3,040,182	29,543	13,729,824	60,799	58,909	28,941	2,392	832,728	-	17,837,028
As at June 30, 2009											
Cost	53,710	3,938,956	87,614	20,076,223	159,810	176,724	82,719	5,866	959,677	47,315	25,588,614
Accumulated depreciation	-	739,723	54,843	5,587,041	88,922	127,720	49,252	3,355	87,710	22,634	6,761,200
Book value	53,710	3,199,233	32,771	14,489,182	70,888	49,004	33,467	2,511	871,967	24,681	18,827,414
As at June 30, 2010											
Cost	53,710	3,943,972	87,614	20,117,820	164,026	218,088	80,406	5,999	959,677	-	25,631,312
Accumulated depreciation	-	903,790	58,071	6,387,996	103,227	159,179	51,465	3,607	126,949	-	7,794,284
Book value	53,710	3,040,182	29,543	13,729,824	60,799	58,909	28,941	2,392	832,728	-	17,837,028
Depreciation rate (%)	-	5-10	5-10	5-20	10-30	20	20	10	20	20	

18.2 The Company has given on lease, land measuring 8 Kanals and 16 Marlas (2009: 8 Kanals and 16 Marlas) to Sui Northern Gas Pipelines Ltd. at an annual rent of Rs. 4,267 (2009: Rs. 4,267).

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

	Note	**2010**	2009
		(Rupees in thousand)	
Cost of goods sold		**1,029,060**	1,034,868
Administrative expenses	38	**14,915**	12,817
		1,043,975	1,047,685

18.4 Ownership of the housing colony assets included in the operating fixed assets is shared by the Company jointly with Pak American Fertilizer Limited in 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:	**2010**	2009
	(Rupees in thousand)	
Buildings	**4,105**	3,990
Roads and bridge	**202**	202
Air strip	**16**	16
Plant and machinery	**273**	273
Furniture, fixtures and equipment	**1,233**	1,219
Vehicles	**170**	166
	5,999	5,866

18.5 Disposal of operating fixed assets

Particulars	**Cost**	**Accumulated depreciation**	**Book Value**	**Sale proceeds**	**Gain / (loss)**	**Mode of disposal**	**Sold to**
	..............Rupees in thousand.............						
Equipment & Motorcycles							
Items of net book value below Rs. 50,000 each	1,716	1,242	474	542	68	Negotiation	Employees of the Company
Querry Equipment							
Air compressors	302	302	-	300	300	Auctions	Muhammad Siddique & Co.
Showel caterpillar	5,650	5,602	48	2,050	2,002	Auctions	Maqsood Brothers
	5,952	5,904	48	2,350	2,302		
Vehicle							
Suzuki cultus	568	228	340	530	190	Negotiation	Sadaf Latif
Honda city	898	505	393	393	-	Negotiation	KTML (Holding Co.)
Suzuki baleno	774	478	296	580	284	Auctions	Zeeshan Ashraf
Honda civic	1,774	398	1,376	1376	-	Negotiation	KTML (Holding Co.)
Toyota corolla	1,084	895	189	800	611	Insurance claim	EFU Insurance Co.
Daihatsu cuore	411	302	109	470	361	Auctions	Dr. Khalid
Toyota corolla	1,236	813	423	950	527	Auctions	Saifullah contractor
	6,745	3,619	3,126	5,099	1,973		
Computers							
Laptop computer	99	58	41	41	-	Negotiation	Employee of the company
Thinkpad Zseries	104	69	35	35	-	Negotiation	Employee of the company
	203	127	76	76	-		
Total	**14,616**	**10,892**	**3,724**	**8,067**	**4,343**		

18.6 Capital work-in-progress - at cost

	Note	2010	2009
		(Rupees in thousand)	
Tangible assets			
Plant and machinery		**2,626,022**	1,173,570
Un-allocated capital expenditure	18.7	**274,540**	59,581
Advance to supplier against:			
- purchase of land		**2,000**	2,000
- civil works		**3,505**	3,505
- plant and machinery		**206,579**	286,080
- vehicles		**1,414**	2,944
		3,114,060	1,527,680
Intangible assets			
Computer software and consultancy cost		**26,384**	26,384
		3,140,444	1,554,064

18.7 Un-allocated capital expenditure

	Note	2010	2009
Opening balance		**59,581**	3,367
Add: expenditure incurred during the year:			
- Salaries and wages		**5,619**	2,899
- Travelling		**1,328**	1,615
- Vehicles' running and maintenance		**115**	16
- Finance cost	18.7.1	**201,620**	51,639
- Communication		**160**	45
- Legal and professional		**50**	-
- Insurance expense		**5,797**	-
- Miscellaneous expenses		**270**	-
		274,540	59,581

18.7.1 The borrowing rate have been disclosed in note 7 to these financial statements.

19 INTANGIBLE ASSETS

(Computer software)

	2010	2009
	(Rupees in thousand)	
Book value as at beginning of the year	**7,332**	15,082
Amortization for the year	**(5,558)**	(7,750)
Book value as at end of the year	**1,774**	7,332
Gross carrying value as at end of the year		
Cost	**23,250**	23,250
Accumulated amortization	**21,476**	15,918
Book value	**1,774**	7,332
Amortization rate - % per annum	**33.33**	33.33

20 LONG TERM INVESTMENT

Investment in Subsidiary - Unquoted

	Note	2010	2009
		(Rupees in thousand)	
Vital Trading Company (Pvt.) Limited 19,998 (2009: Nil) Ordinary shares of Rs. 10 each fully paid.			
Equity held 99.99 % (2009: Nil) at cost	20.1	**200**	-
		200	-

20.1 Vital Trading (Private) Limited (subsidiary company) was incorporated on March 11, 2010 with authorized share capital (50,000 shares of Rs. 10 each) amounting Rs. 500,000. Issued, subscribed and paid up capital of the Company (20,000 shares of Rs. 10 each) is amounting to Rs. 200,000. Maple Leaf Cement Factory Limited, parent company, is holding 99.99% (19,998 shares of Rs. 10 each) of paid up share capital of the Vital Trading (Private) Limited as at June 30, 2010. Vital Trading (Private) Limited has not commenced business till June 30, 2010.

As the effect of investment in subsidiary is clearly insignificant to the Maple Leaf Cement Factory Limited, parent company, management decided not to present consolidated financial statements for the year ended June 30, 2010.

21 LONG TERM LOANS TO EMPLOYEES - SECURED

	2010	2009
	(Rupees in thousand)	
House building	**3,566**	5,926
Vehicles	**1,863**	2,860
Others	**287**	301
	5,716	9,087
Less: current portion	**2,423**	3,421
	3,293	5,666

21.1 These loans are secured against charge / lien on employees' retirement benefits and carry interest at the rates ranging from 6.00% to 12.00% per annum (2009: 6.00% to 12.00% per annum). These loans are recoverable in 30 to 120 monthly installments.

21.2 No amount was due from directors and chief executive at the year-end (2009: Rs. Nil).

22 DEPOSITS AND PREPAYMENTS

	Note	2010	2009
		(Rupees in thousand)	
Security deposits	22.1	**51,240**	50,152
Prepayments		**333**	1,333
		51,573	51,485

22.1 These include interest free refundable security deposits amounting to Rs. 50.303 million given to various Government Agencies and suppliers of services.

23 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2010	2009
		(Rupees in thousand)	
Stores	23.1	**615,899**	1,294,356
Spare parts	23.2	**1,758,057**	1,609,262
Loose tools		**38,454**	32,576
		2,412,410	2,936,194
Less: provision for slow-moving and obsolete items		**5,000**	-
		2,407,410	2,936,194

23.1 Stores include in transit valuing Rs. 114.910 million (2009 : Rs. 226.400 million)

23.2 Spare parts include in transit valuing Rs. 80.540 million (2009 : Rs. 22.045 million)

23.3 Stores having carrying value amounting to Rs. 62.423 million (2009: Nil) pledged as security against borrowings.

24 STOCK IN TRADE

	Note	2010	2009
		(Rupees in thousand)	
Raw material		**19,046**	23,312
Packing material		**65,302**	70,614
Work-in-process		**92,102**	368,576
Finished goods		**328,268**	188,412
		504,718	650,914

25 TRADE DEBTS

	Note	2010	2009
Considered good			
Export - secured	25.1	**504,458**	393,479
Local - unsecured		**273,251**	288,765
		777,709	682,244
Less : provision for doubtful debts		**26,309**	-
		751,400	682,244

25.1 These are secured through letters of credit.

26 LOANS AND ADVANCES

	Note	2010	2009
Current portion of loans to employees	21	**2,423**	3,421
Advances - unsecured, considered good:			
Employees		**6,804**	5,695
Suppliers		**257,415**	69,138
		266,642	78,254

27 INVESTMENTS

	Note	2010	2009
		(Rupees in thousand)	
Available for sale - Unquoted			
Associated company			
Security General Insurance Company Limited 4,570,389 i.e. 6.71% (2009 : 4,570,389) i.e. 6.71% ordinary shares of Rs. 10 each - at cost	27.1	**5,000**	5,000
Add: adjustment arising from measurement on fair value	27.2	**447,926**	375,850
		452,926	380,850
At fair value through profit and loss - Quoted			
Mutual funds:			
United Composite Islamic Fund Nil units (2009: 135,097.27 units)		**-**	15,000
Faysal Saving Growth Fund Nil units (2009: 49,990.4911 units)		**-**	5,000
NAFA Government Securities Liquid Fund Nil units (2009: 500,000 units)		**-**	5,000
Noman Abid Reliance Income Fund Fixed fund (2009: Nil)		**14,000**	-
Alfalah GHP cash fund 4,000 unit (2009: Nil)		**2,000**	-
		16,000	25,000
Add / (less): adjustments arising from measurement on fair value.		**60**	(3,666)
		16,060	21,334
Cement:			
Fauji Cement Company Limited 121,800 (2009 : 121,800) ordinary shares of Rs. 10 each		**1,949**	1,949
Chemicals:			
Highnoon Laboratories Limited 116,270 (2009: 116,270) ordinary shares of Rs. 10 each		**9,916**	9,916
Fertilizer:			
Shakarganj Mills Limited 6,000 (2009: 6,000) ordinary shares of Rs. 10 each		**250**	250
		12,115	12,115
Less: adjustments arising from measurement on fair value		**8,763**	7,736
		3,352	4,379
		472,338	406,563

27.1 The management has further extended the period to sell these investments upto June 30, 2011.

27.2 Fair value of the investment as at June 30, 2010 on assets based valuation method was determined as per the valuation report prepared by the firm M/s Maqbool Haroon & Co., Chartered Accountants.

27.3 These shares are pledged with Allied Bank Limited as collateral against existing long term facilities.

28 DEPOSITS AND SHORT TERM PREPAYMENTS

	2010	2009
	(Rupees in thousand)	
Margin against:		
letters of credit	**25,120**	68,163
bank guarantees	**31,458**	27,376
Prepayments	**63,517**	46,481
Security deposits	**1,729**	1,286
	121,824	143,306

29 ACCRUED PROFIT

This represents profit accrued on deposits / PLS bank accounts at the rate ranging from 1.00% to 5.00% (2009: 1.00% to 5.00%) per annum.

30 SALES TAX, CUSTOMS AND EXCISE DUTY

	Note	2010	2009
		(Rupees in thousand)	
Sales tax and customs duty	30.1	**16,797**	16,797

30.1 This represents amounts paid against various cases as detailed in the contingencies note 17 to these financial statements. The Company is still in litigation to get refund of these amounts.

31 EMPLOYEE BENEFITS

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:

	2010	2009
- discount rate	**12%**	12%
- expected return on plan assets	**12%**	12%
- expected rate of growth per annum in future salaries	**11%**	11%
- average expected remaining working life time of employees	**10 years**	10 years

The amounts recognised in the balance sheet are as follows:

	2010	2009
	(Rupees in thousand)	
Fair value of plan assets	**43,201**	47,997
Present value of defined benefit obligation	**(77,070)**	(60,082)
Benefits payable to outgoing Members	**-**	-
Deficit	**(33,869)**	(12,085)
Unrecognised actuarial gain	**27,005**	20,269
Net (liability) / asset as at end of year	**(6,864)**	8,184
Net asset as at beginning of year	**8,184**	9,768
Charge to profit and loss account	**(6,864)**	(2,042)
Payments to fund during the year	**1,929**	458
Amount paid to the Company	**(10,113)**	-
Net (liability) / asset as at end of year	**(6,864)**	8,184

	2010	2009
	(Rupees in thousand)	
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation as at beginning of year	**60,082**	50,663
Current service cost	**3,987**	3,328
Interest cost	**7,210**	6,080
Benefits paid	**(1,959)**	(3,205)
Actuarial loss	**7,750**	3,216
Present value of defined benefit obligation as at end of year	**77,070**	60,082
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets as at beginning of year	**47,997**	61,382
Expected return on plan assets	**5,759**	7,366
Contributions	**1,929**	458
Benefits paid	**(1,959)**	(4,069)
Payments made to outgoing members	**(10,113)**	-
Actuarial loss	**(412)**	(17,140)
Fair value of plan assets as at end of year	**43,201**	47,997
Actual return / (loss)on plan assets at end of year	**5,348**	(9,774)
Plan assets comprise of:		
Defence Saving Certificates (including accrued interest less zakat)	**-**	24,778
National Investment Trust Units	**17,886**	20,777
Cash at bank	**1,914**	2,442
Term deposit receipts - KASB Bank	**23,431**	-
Benefits payments due, but not paid	**(30)**	-
	43,201	47,997
Charge to profit and loss for the year		
Current service cost	**3,987**	3,328
Interest cost	**7,210**	6,080
Expected return on plan assets	**(5,759)**	**(7,366)**
Actuarial losses charge	**1,426**	-
	6,864	2,042

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

	2010	2009	2008	2007	2006
Present value of defined benefit obligation	**(77,070)**	(60,082)	(50,663)	(46,512)	(45,937)
Fair Value of plan assets	**43,201**	47,997	61,382	60,785	100,830
(Deficit) / surplus	**(33,869)**	(12,085)	10,719	14,273	54,893
Experience adjustment on obligation	**7,750**	3,216	(1,653)	(3,825)	12,381
Experience adjustment on plan assets	**(412)**	(17,140)	(6,697)	2,603	7,007

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

31.2 The latest actuarial valuation of the gratuity scheme has been carried-out on June 30, 2010.

32 OTHER RECEIVABLES

	Note	**2010**	2009
		(Rupees in thousand)	
Letter of credit		**-**	16,542
Receivable from stock brokers		**360**	361
Inland freight subsidy receivable	32.1	**62,060**	-
Others		**28,758**	12,545
		91,178	29,448

32.1 This represents inland freight subsidy receivable subject to State Bank of Pakistan circular letter no. 6 regarding public notice by Trade Development Authority of Pakistan announcing 35% of the total inland freight cost as freight subsidy where dispatch location is more than 100 Km from sea port.

33 INCOME TAX (NET OF PROVISIONS)

	2010	2009
	(Rupees in thousand)	
Balance at beginning of year	**162,058**	44,907
Add: tax deducted at source	**237,570**	181,472
Less: provision for taxation:		
- current year	**102,237**	64,809
- prior year	**885**	(488)
	103,122	64,321
Balance at end of year	**296,506**	162,058

33.1 Income tax assessments of the Company up till tax year 2009, except for the tax years 2003 and 2006 which have been selected for tax audit, are deemed assessments in terms of section 120 (1) of the Income Tax Ordinance 2001. The tax audit for the tax year 2003 and 2006 have not yet been finalised.

33.2 Provision for current year, in view of available tax losses, represents minimum tax due on turnover under section 113 and tax deducted at source under section 5,15 and 154 of the income tax ordinance, 2001.

33.3 In consequence of tax audit conducted by income tax department (the Department) for tax year 2003, the Department, vide order dated December 31, 2008, has amended the deemed assessment in respect of tax year 2003 under section 122(5) of the ordinance and the company's taxable income has been enhanced by Rs. 177.750 million. The Company has preferred an appeal against aforesaid amendment order before the commissioner of Inland Revenue (Appeals), which was disposed off through order dated November 1, 2009.

Through such order, while CIR(A) upheld the departmental contentions on certain issues, a substantial relief was extended, reducing the taxable income for the year by an amount of Rs. 107 million as against the additions towards taxable income aggregating to Rs. 173 million contested by the Company. The Company has preferred further appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A) against the disallowances confirmed by him through order. Company's appeal is pending for hearing by ATIR.

33.4 Additional Commissioner Inland Revenue passed an order u/s 122(5A) and made additions of Rs. 21.600 million in Company's taxable income and raised a tax demand Rs. 1.900 million against the Company. The Company has preferred an appeal before Commissioner Inland Revenue (Appeals) against the above addition in taxable income which relates to the admissibility of initial allowance on exchange loss capitalized u/s 76(5) of the Ordinance. The Company has also challenged the inclusion of 'scrap sales' and 'profit on sale of fixed assets' in turnover for the purpose of computing minimum tax liability u/s 113 of the Ordinance.

33.5 The Deputy Commissioner (Adjudication) has passed an order in original no. 42/2009 dated August 08, 2008 for late filing of return and delayed deposit of dues for the tax period October 2009 against the Company, raising demand Rs. 34,420 being default surcharge u/s 34 and Rs. 1,500 being penalty u/s 33(5) of Sales Tax Act 1990 and Rs. 148,894 being default surcharge u/s 8 and Rs. 7,444,666 being penalty u/s 19(1) of Federal Excise Act 2005.

The Deputy Commissioner (Adjudication) has passed an order in original no. 51/2009 dated October 10, 2009 for late filing return and delayed deposit of dues for the tax period November 2008 against the Company, raising demand Rs. 158,675 being default surcharge u/s 34 and Rs. 3,500 being penalty u/s 33(5) of Sales Tax Act 1990 and Rs. 453,427 being default surcharge u/s 8 and Rs. 7,809,004 being penalty u/s 19(1) of Federal Excise Act 2005.

In reference to above both orders appeals are pending before the Appellate Tribunal of Inland Revenue.

33.6 The Department has initiated proceedings under section 161 and 205 of the Ordinance against the Company in respect of tax tears 2003 to 2007.The Company has challenged initiation of the aforementioned proceedings by filing a writ petition before the Lahore High Court, which, vide order dated 30 December, 2008 has granted stay of proceedings in respect of tax year 2003. The main petition is pending adjudication before the court.

33.7 Numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements as the Company is chargeable to minimum tax under section 113 of the Income Tax Ordinance, 2001.

33.8 Tax losses available for carry forward as at June 30, 2010 aggregated Rs. 10.424 billion (2009: Rs. 7.959 billion).

34 CASH AND BANK BALANCES

	2010	2009
	(Rupees in thousand)	
Cash:		
in hand	**1,180**	228
in transit	**-**	4,761
	1,180	4,989
Cash at banks in:		
PLS accounts	**44,629**	65,366
current accounts	**27,456**	29,577
	72,085	94,943
	73,265	99,932

34.1 These accounts bear profit at the rates ranging from 1.00% to 5.00 % (2009: 1.00% to 5.00%) per annum.

34.2 Cash at banks include an account, which is under a bank's lien as security of guarantee amounting Rs. Nil (2009: Rs. 30 million) issued in favour of Excise & Taxation Department, Karachi.

35 SALES - NET

	Note	2010	2009
		(Rupees in thousand)	
Local Sales:			
Gross		**9,886,405**	12,484,334
Less:			
Excise duty		**1,618,793**	1,901,663
Sales tax		**1,349,218**	1,708,158
Commission		**116,701**	108,403
		3,084,712	3,718,224
Net local sales		**6,801,693**	8,766,110
Export Sales:		**6,828,818**	6,485,264
		13,630,511	15,251,374

36 COST OF SALES

	Note	2010	2009
Raw materials consumed	36.1	**575,591**	465,107
Packing materials consumed		**1,085,179**	1,042,435
Fuel and power		**6,732,228**	6,948,392
Stores and spares consumed		**511,634**	468,022
Salaries, wages and amenities	36.2	**316,790**	301,549
Rent, rates and taxes		**13,917**	14,382
Insurance		**44,517**	38,180
Repair and maintenance		**44,669**	45,453
Depreciation and amortization		**1,034,618**	1,042,618
Vehicles, running and maintenance		**47,652**	42,302
Other expenses	36.3	**148,470**	106,641
		10,555,265	10,515,081
Work in process:			
opening		**368,576**	215,740
closing		**(92,102)**	(368,576)
		276,474	(152,836)
		10,831,739	10,362,245
Finished goods stock:			
opening		**188,412**	123,032
closing		**(328,268)**	(188,412)
		(139,856)	(65,380)
		10,691,883	10,296,865

36.1 Raw materials consumed

	2010	2009
At beginning of the year	**23,312**	13,926
Purchases	**571,325**	474,493
	594,637	488,419
Less: at end of the year	**19,046**	23,312
	575,591	465,107

36.2 Salaries, wages and amenities expense includes contribution to provident fund aggregating Rs. 11.412 million (2009: Rs. 8.458 million) and employee benefits (gratuity) amounting Rs. 5.386 million (2009: Rs. 1.536 million).

36.3 Other expenses include housing colony expenses aggregating Rs. 89.344 million (2009: Rs. 63.063 million).

37 DISTRIBUTION COST

	Note	**2010**	2009
		(Rupees in thousand)	
Salaries and amenities	37.1	**34,626**	28,689
Travelling		**8,774**	5,809
Vehicle running and maintenance		**4,805**	4,096
Postage, telephone and fax		**3,415**	2,066
Printing and stationery		**749**	916
Entertainment		**1,194**	1,115
Repair and maintenance		**303**	972
Advertisement and sampling		**7,006**	6,938
Freight and forwarding		**3,087,609**	2,270,909
Other expenses		**4,408**	18,194
		3,152,889	2,339,704

37.1 Salaries and amenities expense includes contribution to provident fund aggregating Rs. 0.892 million (2009: Rs. 1.044 million) and employee benefits (gratuity) amounting Rs. 0.230 million (2009: Rs. 0.085 million).

38 ADMINISTRATIVE EXPENSES

	Note	**2010**	2009
		(Rupees in thousand)	
Salaries and amenities	38.1	**70,375**	70,414
Travelling		**10,647**	12,235
Vehicle running and maintenance		**10,683**	10,117
Postage, telephone and fax		**5,893**	6,837
Printing and Stationery		**8,820**	6,708
Entertainment		**3,326**	3,805
Repair and maintenance		**4,465**	3,991
Legal and professional charges	38.2	**12,951**	10,247
Depreciation		**14,915**	12,817
Rent, rates and taxes		**89**	141
Provision for doubtful debts		**26,309**	-
Provision for slow moving stores		**5,000**	-
Other expenses		**20,688**	14,401
		194,161	151,713

38.1 Salaries and amenities expense includes contribution to provident fund aggregating Rs. 2.170 million (2009: Rs. 2.325 million) and employee benefits (gratuity) amounting Rs. 1.276 million (2009: Rs. 0.421 million).

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

	2010	2009
	(Rupees in thousand)	
Statutory audit	**1,000**	550
Other certifications and reviews	**250**	150
Out-of-pocket expenses	**35**	50
	1,285	750

38.3 The Company has shared expenses aggregating Rs. 11.017 million (2009: Rs. 17.303 million) on account of the Combined Offices with its Associated Companies. These expenses have been booked in respective heads of account.

39 OTHER OPERATING EXPENSES

	Note	2010	2009
		(Rupees in thousand)	
Donation	39.1	**6,402**	22,543
Loss on investments-net		**-**	4,339
Delay payments surcharge	39.2	**152,239**	15,369
		158,641	42,251

39.1 Donations for the year have been given to:

	2010	2009
Gulab Devi Hospital, Lahore	**6,000**	21,500
Misc. donations in form of cement	**280**	-
National Counsel for Rehabilitation of Disabled Persons	**100**	72
General Hospital, Lahore	**22**	74
Internally Dislocated People (IDP), Swat	**-**	801
Union Council 26, Daudkhel	**-**	96
	6,402	22,543

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

39.2 This represents surcharge against delayed payments of electricity, sui gas, royalty, sales tax and excise duty.

40 OTHER OPERATING INCOME

	Note	2010	2009
		(Rupees in thousand)	
Income from financial assets			
Profit on bank deposits		**5,328**	10,069
Dividend income		**9,431**	11,717
Investment income-net		**3,664**	-
Income from non financial assets			
Sale of scrap		**28,685**	11,044
Gain on disposal of operating fixed assets	18.5	**4,343**	3,002
Insurance claims received		**2,942**	21,402
Miscellaneous		**2,638**	4,515
		57,031	61,749

41 FINANCE COST

	Note	2010	2009
		(Rupees in thousand)	
Profit / interest / mark-up on:			
Loans from related parties		**-**	2,445
Redeemable capital		**1,151,738**	1,311,908
Syndicated term finances		**210,587**	268,357
Liabilities against assets subject to finance lease		**66,008**	94,603
Short term borrowings		**487,630**	559,270
Bank guarantees' commission		**3,702**	7,630
Exchange loss - net		**34,908**	438,376
Realised loss on derivative cross currency interest rate swap agreement	41.1	**13,970**	634,690
Bank and other charges		**90,933**	82,962
		2,059,476	3,400,241

41.1 This includes a loss amounting Rs. Nil (2009: 227.192 million) upon premature winding-up of the cross currency interest rate swap agreements.

42 LOSS PER SHARE - BASIC AND DILUTED

	2010	2009
	(Rupees in thousand)	
The calculation of loss per share - basic is based on the following data:		
Loss after taxation	**(2,636,749)**	(1,035,764)
	Number of shares (in thousand)	
Weighted average number of ordinary shares outstanding during the year	**372,263**	372,263
Loss per share - Basic (Rupees)	**(7.08)**	(2.78)

42.1 There is no dilutive effect on loss per share as the effect of conversion of preference shares into ordinary shares is anti-dilutive.

43 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 Director and other Executives of the Company are as follows:

Particulars	Chairman		Chief Executive		Directors		Executives	
	2010	2009	2010	2009	2010	2009	2010	2009
	..............Rupees in thousand..............							
Managerial remuneration	**3,396**	3,396	**4,537**	4,537	**2,859**	2,098	**27,673**	31,398
Contribution to provident fund trust	**-**	-	**383**	383	**223**	163	**2,320**	2,198
Perquisites and benefits:								
- house rent	**524**	524	**192**	192	**557**	407	**9,773**	10,183
- medical	**-**	-	**383**	383	**116**	12	**500**	592
- conveyance/petrol	**-**	-	**252**	214	**321**	240	**5,330**	5,830
- utilities	**280**	280	**60**	60	**223**	163	**2,451**	2,699
	804	804	**887**	849	**1,217**	822	**18,054**	19,304
	4,200	4,200	**5,807**	5,769	**4,299**	3,083	**48,047**	52,900
No. of persons	**1**	1	**1**	1	**1**	1	**30**	32

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.135 thousand (2009: Rs. 130 thousand).

44 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the holding company, associated companies, directors, key management personnel and employee benefits funds. The Company in the normal course of business carries-out transactions with various related parties. Amounts due to holding company is shown under trade and other payables. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transaction	2010	2009
		(Rupees in thousand)	
Holding company	Purchase of goods and services	**147**	1,485
	Sale of goods and services	**419**	4,523
	Purchase of fixed assets	**484**	-
	Sale of fixed assets	**1,770**	-
Subsidiary company	Purchase of shares	**200**	-
Associated company	Dividend received	**9,141**	11,426
	Share deposit money received	**1,000,000**	-
Key management personnel	Remuneration and other benefits	**62,352**	65,952
Employee benefits plan	Funds received	**15,048**	1,584

45 CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2010	2009	**2010**	2009
	...............(Metric ton)...............			
Clinker	**3,690,000**	3,690,000	**3,130,308**	3,137,065

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

46 SEGMENT REPORTING

46.1 Information about operating segment

Based on internal reporting and decision making structure, the Company has only one operating segment offering different types of cement, mainly grey cement which covers more than 90% (2009: 96%). Results based on this operating segment are regularly reviewed by the Company's chief operating decision maker in order to allocate resources and to assess the performance of the Company. Operating segment's results, assets and liabilities are same as disclosed throughout in these financial statements.

46.2 Geographical information

The Company operates in two principal geographical areas, Asia and Africa.

The Company's revenue (given in %) from continuing operations from external customers and are detailed below.

Geographical area	2010	2009
	% of total revenue	
Asia	**74**	69
Africa	**26**	31

47 CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES

	2010	2009
	(Rupees in thousand)	
Loss before taxation	**(2,569,508)**	(917,651)
Adjustments for:		
Depreciation on operating fixed assets	**1,043,975**	1,047,685
Amortization of intangible assets	**5,558**	7,750
Provision for doubtful debts	**26,309**	-
Provision for slow moving stores	**5,000**	-
Gain on disposal of operating fixed assets	**(4,343)**	(3,002)
Loss on investment-through profit and loss	**72,076**	-
Employees' compensated absences	**10,661**	6,046
Provision for employee benefits - gratuity	**6,864**	2,042
Finance cost	**2,059,476**	3,400,241
Profit on bank deposits	**(5,328)**	(10,069)
Investment income / (loss)- net	**(3,664)**	4,339
Dividend income	**(9,431)**	(11,717)
	3,207,153	4,443,315
	637,645	3,525,664

48 FINANCIAL RISK MANAGEMENT

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

Credit risk
Liquidity risk
Market risk

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital. Further quantitative disclosures are included throughout these financial statements.

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

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company’s policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

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

48.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed.

The Company is exposed to credit risk from its operating activities primarily for local trade debts, sundry receivables and other financial assets.

The Company does not hold collateral as security.

The Company's credit risk exposures are categorized under the following headings:

Counterparties

The Company conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from local customers and foreign customers against sale of cement and the Company does not expect these counterparties to fail to meet their obligations. Sales to the Company's customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and shipments to the customers are generally covered by letters of credit or other form of credit insurance.

Bank and investments

The Company limits its exposure to credit risk by only investing in highly liquid securities and conduct transactions only with counterparties that have a credit rating of at least A1 and A. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk

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

	2010	2009
	(Rupees in thousand)	
Non current assets		
Security deposits	**51,240**	50,152
Current assets		
Trade debts	**273,251**	288,765
Loans and advances	**264,219**	74,833
Investments	**472,338**	406,563
Deposits	**33,187**	28,662
Accrued profit	**656**	983
Due from gratuity fund trust	**-**	8,184
Other receivables	**29,118**	12,906
Bank balances	**72,085**	94,943
	1,196,094	965,991

The management does not expect any losses from non-performance by these counter parties.

The trade debts at the balance sheet date by geographic region is as follows:

	2010	2009
	(Rupees in thousand)	
Export - secured	**504,458**	393,479
Local - unsecured, considered good	**273,251**	288,765
	777,709	682,244

Export debts of the Company are secured through letter of credit, majority of export debts are situated in Asia and Africa.

The aging of trade debts at the balance sheet date is as follows:

	2010	2009
	(Rupees in thousand)	
Not past due	**526,273**	254,202
Past due 1 to 30 days	**159,430**	340,923
Past due 30 to 150 days	**39,444**	13,368
Past due 150 days	**52,562**	73,751
	777,709	682,244

Provision for trade debts

Based on age analysis, relationship with customers and past experience the management believes that provision for doubtful debts amounting Rs. 26.309 million is sufficient for the year ended June 30, 2010 and does not expect any other party to fail to meet their obligation.

Investments have been made in the following:

- Shares of an insurance company;
- Mutual Funds; and
- Shares of listed companies.

The analysis below summarises the credit quality of the Company's major investments:

	2010	2009
Security General Insurance Company Limited	**A**	A
United Composite Islamic Fund	**N/A**	AM - 2
Faysal Savings Growth Fund	**N/A**	A
NAFA Government Securities Liquid Fund	**N/A**	AA+
Noman Abid Reliance Income Fund	**AM 3-**	N/A
Alfalah GHP cash fund	**AM 3**	N/A
Fauji Cement Company Limited	**N/A**	N/A
Highnoon Laboratories Limited	**N/A**	N/A

Cash at bank

Total bank balance of Rs. 72.085 million (2009:Rs. 94.943 million) placed with banks have a short term credit rating of at least A1+ (2009: A1+).

48.2 Liquidity risk management

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 16.1 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

48.2.1 Liquidity and interest risk table

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities under long term financing agreements based on the earliest date on which the Company can be required to pay. For effective mark up rate please see note 7, 8, 9, 10 and 16 to these financial statements.

Financial liabilities in accordance with their contractual maturities are presented below:

	2010				
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**	**5 years and above**
	...............(Rupees in thousand)...............				
Long term loans from banking company - secured	1,581,039	1,913,059	665,238	1,247,821	-
Redeemable capital - secured	8,296,600	13,959,857	283,820	6,231,669	7,444,368
Syndicated term finances - secured	1,499,400	2,614,303	52,993	1,166,037	1,395,273
Liabilities against assets subject to finance lease	1,079,941	1,203,843	429,186	774,657	-
Long term deposits	2,739	2,739	-	2,739	-
Trade and other payables	2,642,912	2,642,912	2,642,912	-	-
Accrued profit / interest / mark up	921,812	921,812	921,812	-	-
Short term borrowings	4,060,838	4,060,838	4,060,838	-	-
	20,085,281	27,319,363	9,056,799	9,422,923	8,839,641

	2009				
	Carrying amount	**Contractual cash flows**	**Less than 1 year**	**Between 1 to 5 years**	**5 years and above**
	...............(Rupees in thousand)...............				
Long term loans from banking company - secured	955,503	1,501,293	195,593	1,305,700	-
Redeemable capital - secured	8,000,000	11,646,716	2,035,200	9,611,516	-
Syndicated term finances - secured	1,500,000	1,863,929	466,419	1,397,510	-
Liabilities against assets subject to finance lease	1,164,823	1,359,171	390,321	968,850	-
Long term deposits	2,580	2,580	-	2,580	-
Trade and other payables	1,877,414	1,877,414	1,877,414	-	-
Accrued profit / interest / mark up	441,194	441,194	441,194	-	-
Short term borrowings	4,382,322	4,382,322	4,382,322	-	-
	18,323,836	23,074,619	9,788,463	13,286,156	-

48.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

48.3.1 Foreign currency risk management

Pak Rupee (PKR) is the functional currency of the Company and as a result currency exposure arise from transactions and balances in currencies other than PKR. The Company's potential currency exposure comprise;

- Transactional exposure in respect of non functional currency monetary items.

- Transactional exposure in respect of non functional currency expenditure and revenues.

The potential currency exposures are discussed below;

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the profit and loss account. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Transactional exposure in respect of non functional currency expenditure and revenues

Certain operating and capital expenditure is incurred by the Company in currencies other than the functional currency. Certain sales revenue is earned in currencies other than the functional currency of the Company. These currency risks are managed as a part of overall risk management strategy. The Company does not enter into forward exchange contracts.

Exposure to currency risk

The Company is exposed to currency risk on import of raw materials, stores and spares and export of goods mainly denominated in US Dollar, Euro and Japanese Yen. The Company's exposure to foreign currency risk for US Dollar, Euro and Japanese Yen is as follows based on notional amounts:

	2010			
	Rupees	**US$**	**Euros**	**Yens**
	...............(Rupees in thousand)...............			
Liabilities against assets subject to finance lease	913,274	10,667	-	-
Creditors and bills payables	882,777	9,089	1,003	-
	1,796,051	19,756	1,003	-
Trade debts	(504,458)	(5,906)	-	-
Gross balance sheet exposure	1,291,593	13,850	1,003	-
Outstanding letters of credit	743,696	7,341	1,056	4,884
Net exposure	2,035,289	21,191	2,059	4,884

	2009			
	Rupees	**US$**	**Euros**	**Yens**
	...............(Rupees in thousand)...............			
Liabilities against assets subject to finance lease	968,267	11,879	-	-
Creditors and bills payables	1,059,482	11,137	1,168	17,200
	2,027,749	23,016	1,168	17,200
Trade debts	(393,479)	(4,915)	-	-
Gross balance sheet exposure	1,634,270	18,101	1,168	17,200
Outstanding letters of credit	766,151	80	1,226	725,520
Net exposure	2,400,421	18,181	2,394	742,720

The following significant exchange rates have been applied:

	Average rate		Reporting date mid spot rate	
	2010	2009	**2010**	2009
	........(Rupees)........		........(Rupees)........	
Rupee US $ to	**84.02**	78.89	**85.4 / 85.6**	81.31 / 81.51
EURO to Rupee	**116.28**	107.99	**104.58**	114.82
Yen to Rupee	**0.9241**	0.7867	**0.9662**	0.8475

Sensitivity analysis

A 10 percent strengthening of the Pak Rupee against the US dollar, Euro and Yen, at June 30, 2010 would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2009.

Effect on loss for the year:

	2010	2009
	(Rupees in thousand)	
U.S.$ to Rupee	**181,392**	147,561
EURO to Rupee	**21,525**	13,402
Yen to Rupee	**472**	1,419
Decrease in profit and loss account	**203,389**	162,382

A 10 percent weakening of the Pak Rupee against the US dollar, Euro and Yen, at June 30, 2010 would have had the equal but opposite effect on US $ to the amounts shown above, on the basis that all other variables remain constant.

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

48.3.2 Interest rate risk

The interest rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market interest rates. Sensitivity to interest rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

At the reporting date, the profit, interest and mark-up rate profile of the Company's significant financial assets and liabilities is as follows:

	2010	2009	2010	2009
	Effective rate		**Carrying amount (Rupees in thousand)**	
Fixed rate financial instruments				
Financial liabilities				
Short term borrowings (export running finances)	**9.0%**	7.5%	**1,646,896**	1,362,000
Financial assets				
Loans to employees	**6% to 12%**	6% to 15%	**5,429**	8,786
Bank balances at PLS accounts	**1% to 5%**	1% to 5%	**44,629**	65,366
			50,058	74,152
			1,596,838	1,287,848

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

Variable rate financial instruments
Financial liabilities

Long term loans	**9.70% to 14.38%**	15.69% to 18.20%	**1,581,039**	955,503
Redeemable capital	**13.20% to 15.44%**	14.85% to 17.37%	**8,296,600**	8,000,000
Syndicated term finances	**13.16% to 15.72%**	13.89% to 17.97%	**1,499,400**	1,500,000
Liabilities against assets subject to finance lease	**2.96% to 16.51%**	4.72% to 18.18%	**1,079,941**	1,164,823
Short term borrowings	**7.5% to 24%**	7.5% to 18.50%	**2,413,942**	2,628,684
			14,870,922	14,249,010

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in profit / mark-up / interest rates at the balance sheet date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the year 2009.

	Increase	Decrease
	(Rupees in thousand)	
As at June 30, 2010		
Cash flow sensitivity Variable rate financial liabilities	**(148,709)**	148,709
As at June 30, 2009		
Cash flow sensitivity Variable rate financial liabilities	**(142,490)**	142,490

The sensitivity analysis prepared is not necessarily indicative of the effects on loss for the year and liabilities of the Company.

48.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in units of mutual funds and ordinary shares of listed companies.

A 10% increase / decrease in redemption value of investments in Mutual Funds and share prices of listed companies at the balance sheet date would have decreased / increased the Company's loss in case of investments through profit and loss as follows:

	2010	2009
	(Rupees in thousand)	
Effect on loss	**1,941**	2,571
Effect on investments	**1,941**	2,571

The sensitivity analysis prepared is not necessarily indicative of the effects on loss / investments of the Company.

48.3.4 Fair value of financial instruments

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

48.4 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure which comprises capital and reserves by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, appropriation of amounts to capital reserves or/and issue new shares.

	2010	2009
	(Rupees in thousand)	
Total borrowings	**12,456,980**	15,611,010
Less: Cash and bank balance	**73,265**	99,932
Net debt	**12,383,715**	15,511,078
Total Equity	**4,134,208**	6,717,801
Total capital	**16,517,923**	22,228,879
Gearing ratio	**75%**	70%

For the purpose of calculating the gearing ratio, the amount of total borrowings has been determined by including the abilities against assets subject to finance lease and short term borrowings under mark-up arrangement.

49 RE-CLASSIFICATION AND RE-ARRANGEMENTS

Corresponding figures have been re-classified and re-arranged wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. Significant re-arrangements are as follows:

From	To	Reason	Rupees in thousand
Other expenses - distribution cost	Depreciation - administrative expenses	For better presentation	129

50 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on September 28, 2010 by the board of directors of the Company.

51 GENERAL

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

Sayeed Tariq Saigol
Chief Executive

Zamiruddin Azar
Director

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 Saturday, October 30, 2010 at 11:30 a.m. and any adjournment thereof.

As witnessed given under my/our hand(s) ____________ day of ____________ , 2010.

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 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.

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
CORRECT
POSTAGE

The Company Secretary
MAPLE LEAF CEMENT FACTORY LIMITED
42-Lawrence Road, Lahore.
Phone Nos: (042) 36278904 - 05

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PUMA: 042-36283475, 36373701