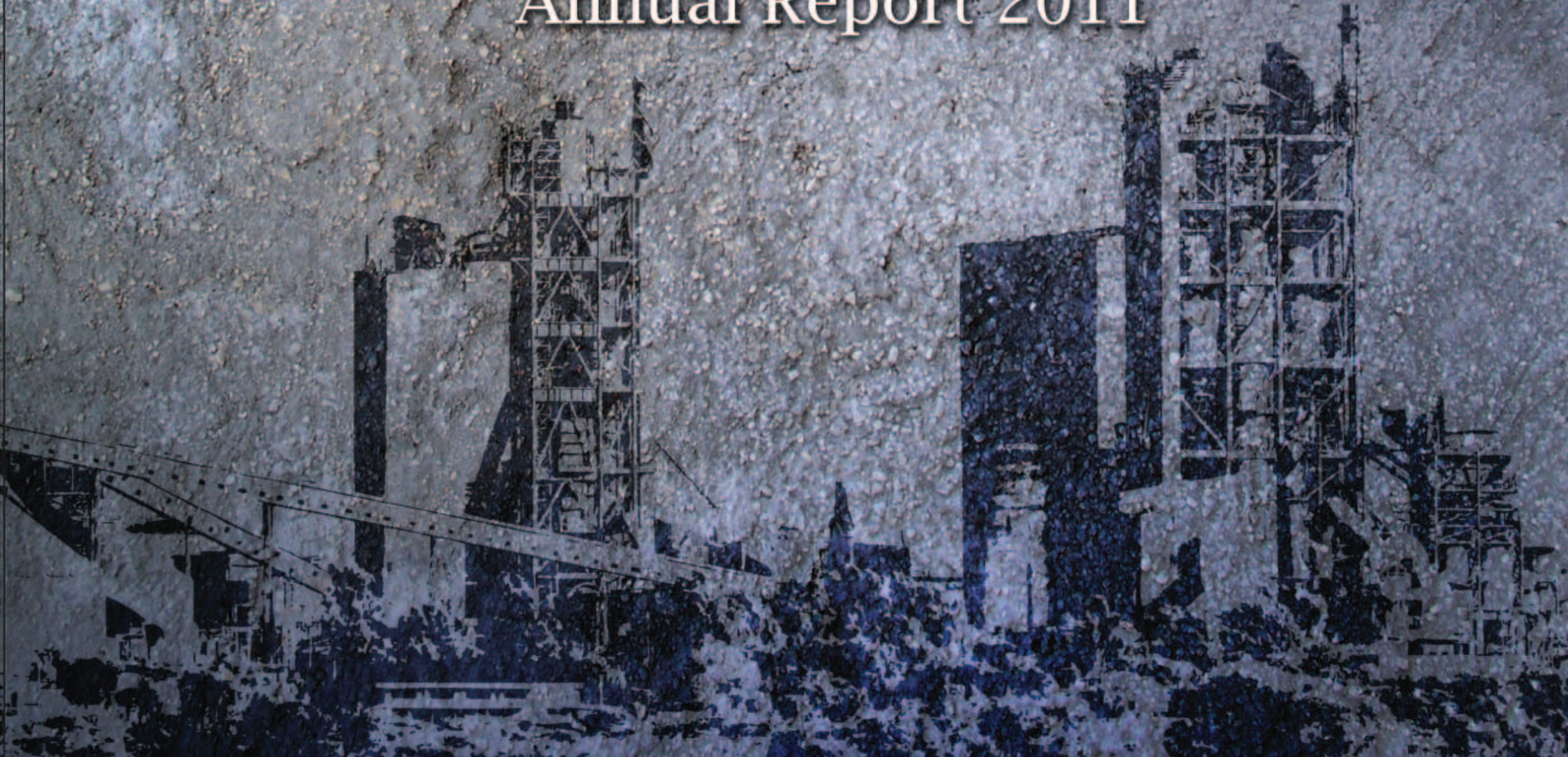
MAPLE LEAF CEMENT

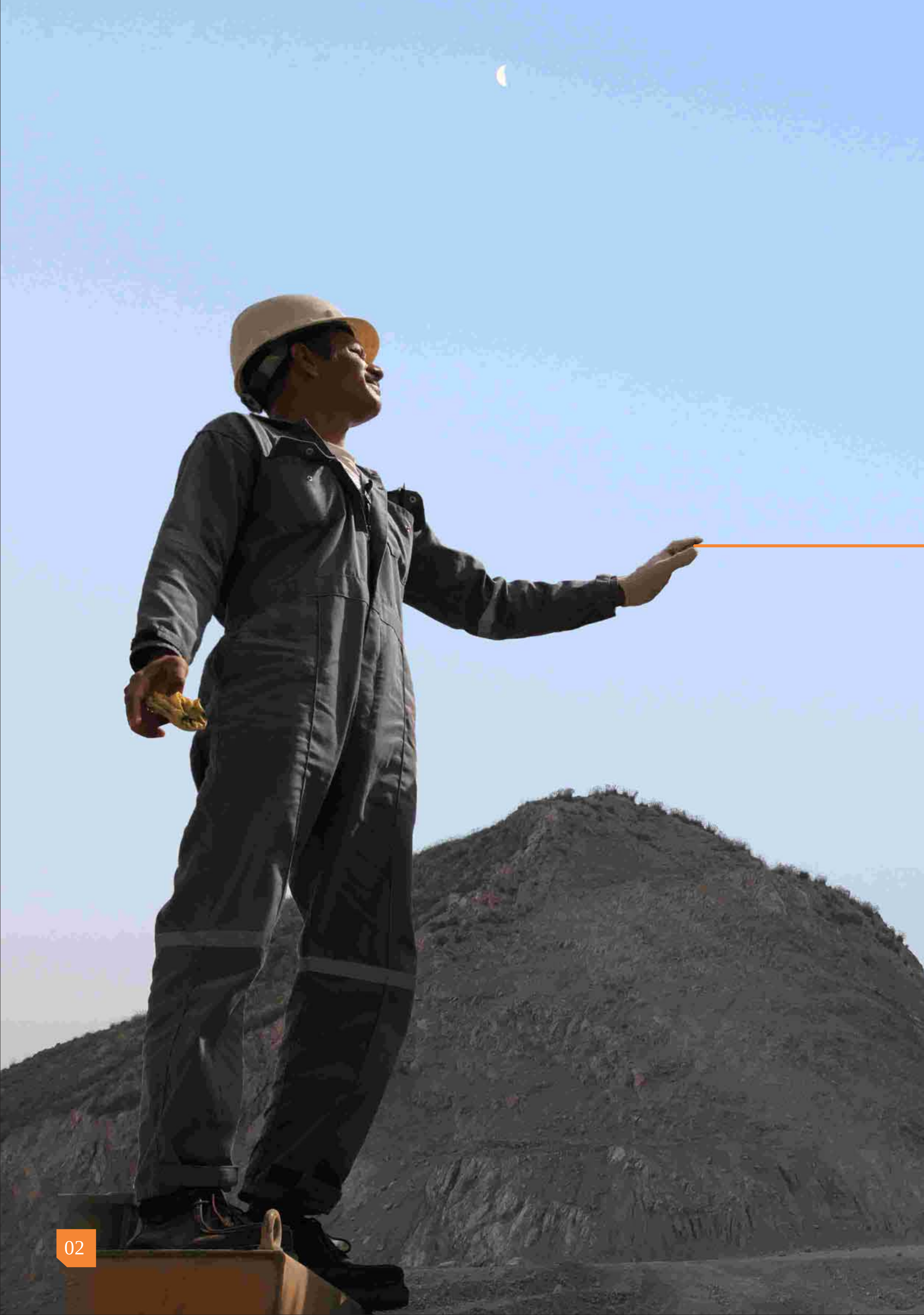
Building Dreams....

Annual Report 2011




CF SILO

Table of Contents



Vision Statement

The Maple Leaf Cement stated vision is to achieve and then remain as the most progressive and profitable Company in Pakistan in terms of industry standards and stakeholders interest.

Mission Statement

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 professionaly and efficiently with responsibility to all its stakeholders and community.

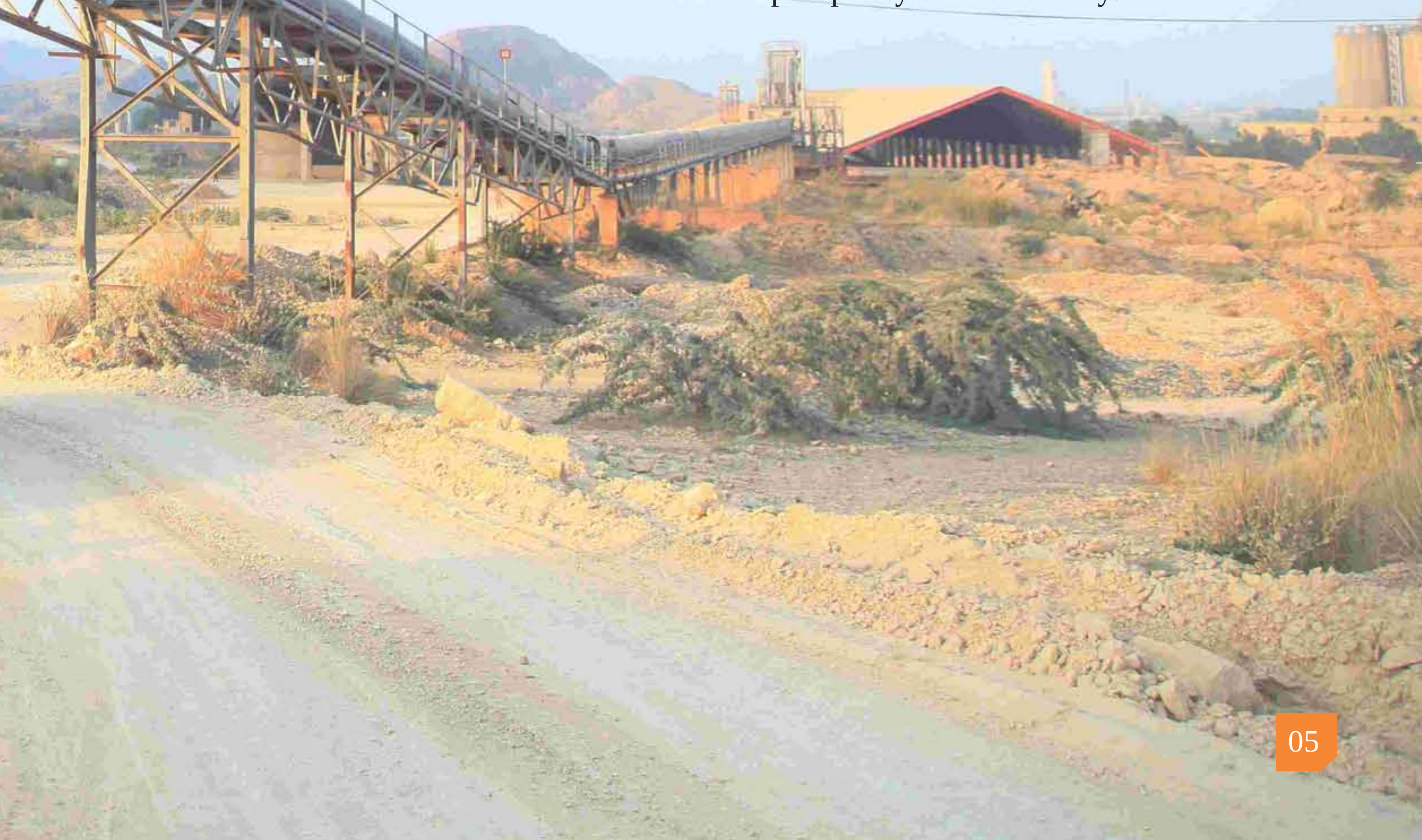
Value Statement

Maple Leaf Cement is committed to being an ethical and responsible member of the business communities in which it operates. The Company always endeavors to ensure that highest standards of honesty, integrity and ethics are maintained.

Corporate Strategy

We at Maple Leaf Cement 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 2011 - 2012

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 persevere 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.

- In 2011, Company has started Waste Heat Recovery Boiler Plant and in trial run phase during the financial year 2010-11

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	
Syed Mohsin Raza Naqvi	
Mr. Zamiruddin Azar	
Mr. Masood Karim Shaikh	

Audit Committee

Mr. Zamiruddin Azar	Chairman
Mr. Waleed Tariq Saigol	Member
Mr. Masood Karim Shaikh	Member

Chief Financial Officer
Syed Mohsin Raza Naqvi

Company Secretary
Mr. Muhammad Ashraf

Chief Internal Auditor
Mr. Bilal Hussain

Bankers of the Company
Allied Bank Limited
Summit Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Burj Bank Limited
Deutsche Bank Limited
Faysal Bank Limited
First Dawood Islamic Bank Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan 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
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. Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Khyber
The Bank of Punjab
Trust Investment Bank Limited
HSBC Bank Middle East Limited
United Bank Limited

Auditors
M. Yousuf Adil Saleem & Co. Chartered Accountants

Legal Advisor
Raja Mohammad Akram & Co.
Advocates and Legal Consultants, Lahore.

Registered Office
42 - Lawrence Road, Lahore.
Phone: (042) 36278904-5
Fax: (042) 36368721
E-mail: mlcfl@kmlg.com
Website: www.kmlg.com

Share Registrar
Vision Consulting Ltd
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 51st Annual General Meeting of the members of Maple Leaf Cement Factory Limited (the "Company") will be held on Monday, October 31, 2011 at 11:30 AM at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business:-

31st
October
11:30 AM

Ordinary Business:-

1) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2011 together with the Directors' and Auditors' reports thereon.

2) 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.

Special Business:-

3) To consider and if deemed fit, to pass the following resolution as a special resolution with or without modification, addition or deletion in terms of Section 208 of the Companies Ordinance, 1984:-

Resolved by way of special resolution that consent and approval of the Company be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 for investment in the form of loan / advances from time to time to Kohinoor Textile Mills Limited, the holding company, upto an aggregate sum of Rs. 300 Million (Rupees Three Hundred Million only) for a period of two years commencing from November 01, 2011 to October 31, 2013 (both days inclusive) at a mark-up rate of one percent above the average borrowing cost of the Company. Vide special resolution passed in general meeting held on October 29, 2009 by the shareholders, the Company is authorized to extend a facility of similar nature to the extent of Rs. 200 Million which is valid till October 31, 2011.

Resolved further that Mr. Sayeed Tariq Saigol, Chief Executive and/or Mr. Muhammad Ashraf, Secretary of the Company be and is / are hereby singly authorized on behalf of the Company to take all actions necessary in relation to the investment in the holding company and to sign and execute such documents for the purpose of giving effect to the spirit and intent of this special resolution.

BY ORDER OF THE BOARD

(Muhammad Ashraf)
Company Secretary

Lahore: October 10, 2011

NOTES:

1. Share Transfer Books for ordinary shares of the Company will remain closed from October 24, 2011 to October 31, 2011 (both days inclusive). Physical transfers/CDS Transaction IDs received in order at Share Registrar of the Company i.e. M/s. Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore upto the close of business on October 23, 2011 will be considered in time for attending of the meeting.

2. A member, in respect of ordinary shares held, eligible to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her. Proxies in order to be effective must reach 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, speak 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 change in their addresses, if any, to the Company's Share Registrar.

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

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984 (THE "ORDINANCE")

This statement sets out the material facts pertaining to the special business proposed to be transacted at the Annual General Meeting of the Company to be held on October 31, 2011.

(i)	Name of the investee company	Kohinoor Textile Mills Limited (KTML)
(ii)	Amount of loan / advances	Rs. 300 Million (Rupees Three Hundred Million only).
(iii)	Purpose of loan / advances	To earn income on the loan and / or advances to be provided to the holding company.
(iv)	In case any loan had already been provided or loan has been written off to the said investee company, the complete details of the said loan;	As of June 30, 2011, no loan is outstanding against KTML. Further, the Company has not written off any loan to the said investee company.
(v)	A brief about the financial position of the investee company on the basis of last published financial statements;	Based on the audited financial statements for the financial year ended 30 June 2011, the financial position of KTML is as under:-

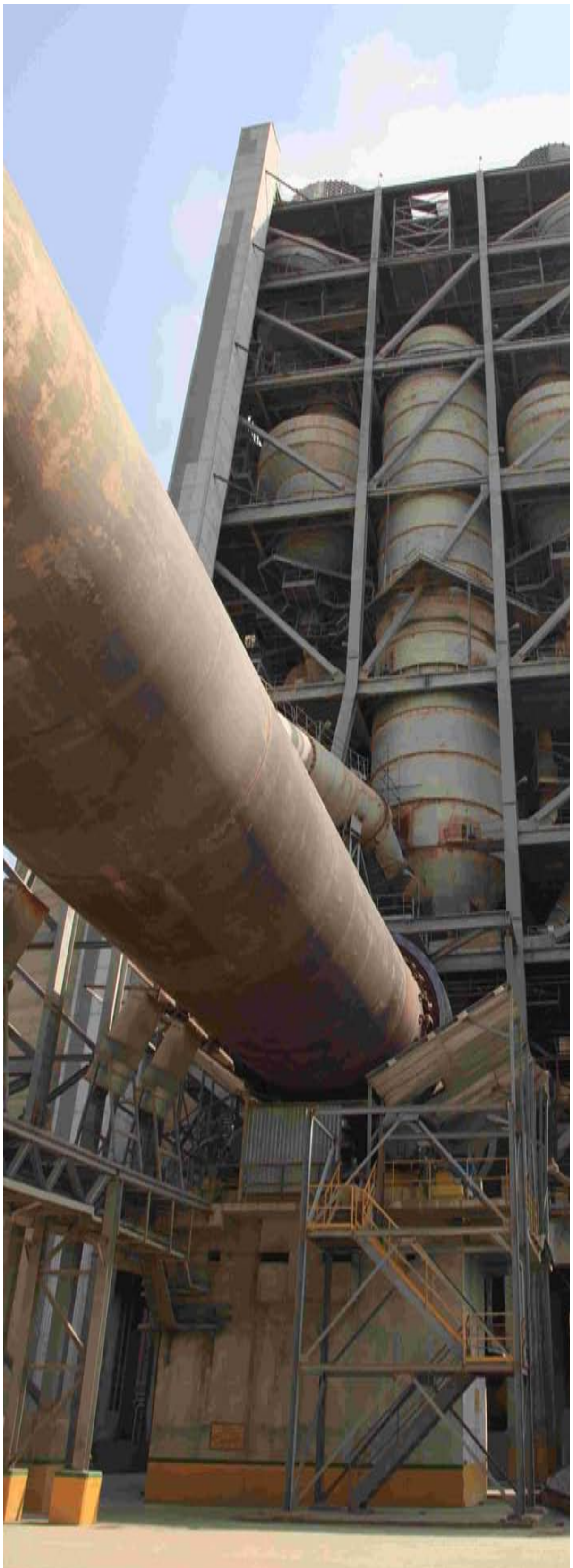
Particulars	Amount Rupees (000)
Paid up capital	2,455,262
General reserves	1,931,374
Long term loans / leases and other liabilities	1,361,553
Sponsors loans	Nil
Long term deposits	35,758
Turnover	12,037,253
Unappropriated profit	335,964
Surplus on revaluation of land and investment properties	3,685,497
Net current assets	(2,267,779)
Profit after tax	487,851
Current ratio	0.67
Earning per share	Rs. 2.20
Break up value of share	Rs. 17.87

(vi) Rate of mark-up to be charged;	Mark-up will be charged at one percent above the average borrowing cost of the Company.
(vii) Particulars of collateral security to be obtained from borrower and; if not needed, justification thereof;	No collateral is considered necessary since KTML is a holding company of the Company.
(viii) Source of funds from where loan or advance will be given;	Loan and / or advance will be given out of the funds of the Company.
(ix) Repayment schedule;	The loan / advances would be for a period of two years from November 01, 2011 to October 31, 2013 (both days inclusive). KTML will make payment from time to time subject to availability of funds within the stipulated period.
(x) Benefits likely to accrue to the Company and the shareholders from loan and advances;	The Company will receive mark up at a rate of one percent above the average borrowing cost of the Company as a result the Company will be benefited.
(xi) Interest of Directors and their relatives in the investee company.	The Directors and the Chief Executive of the Company have no vested interest, directly or indirectly, in the proposed investment except to the extent of their shareholdings in the investee company and that some of the Directors are also Directors of the investee company.


MAPLE

Directors' Report to the Shareholders

The Directors of the Company are pleased to present the 51st Annual Report of the Company along with audited financial statements and Auditors' Report thereon for the year ended June 30, 2011.

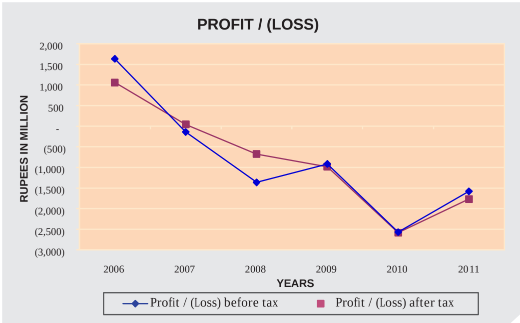


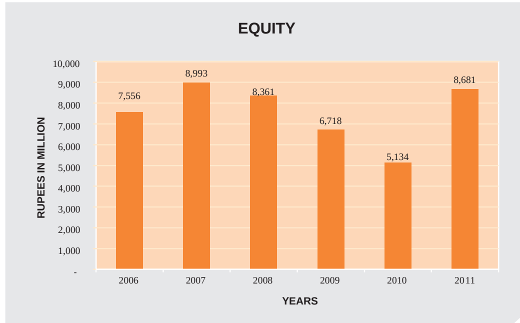
Overview

In the year 2010-11, heavy floods adversely affected cement demand in the local market and also impacted the transport infrastructure. Decline in utilization of clinker capacity was mainly caused by a supply overhang in the industry and slack demand in export markets. Capacity utilization for the period declined due to prolonged sluggish economic conditions in local and international markets during the current period. Sales revenue declined due to reduction in exports on account of price pressures arising out of opening of new capacities in the regional markets, thus making exports less attractive. Rising cost of coal, fuels and packing materials raised production costs. Coal prices in international markets rose to around US$ 145/ ton against US$ 82/ ton in the corresponding period. Increased local freight cost has adversely affected operating margins. The continuing power and gas shortages, increase in cost of electricity and other input costs also adversely affected margins. Series of increases in the discount rate by the State Bank of Pakistan has escalated the financial charge which was already at exorbitant levels. Increased sales prices were unable to absorb the complete affect of rise in input costs.

Performance of the Company

During the current year, the Company produced 2,844,229 metric tons cement as compared to 3,343,706 metric tons during the corresponding period. Capacity utilization decreased during the year to 75% as compared to 85% in the corresponding period. Company has recorded net sales of Rs. 13,073.218 million against net sales of Rs. 13,630.511 million in the corresponding period. Gross profit decreased to Rs. 2,175.159 million in current year as compared to gross profit of Rs. 2,938.628 million in the corresponding year. Operating profit for the year was Rs. 585.498 million as compared to operating loss of Rs. 510.032 million in corresponding period. Operating profit improved because the Company has recorded a sum of Rs. 378.913 million as capital gain on sales of its equity investment.





The Company suffered post tax loss of Rs. 1,769.036 million during the year after accounting for distribution cost and financial charges of Rs. 1,646.632 million and Rs. 2,166.409 million respectively, against the corresponding last year, when the post tax loss amounted to Rs. 2,583.955 million after accounting for distribution cost and financial charges of Rs. 3,152.889 million and Rs. 2,059.476 million respectively. The basic and diluted loss per share is Rs. 3.72 for the year ended June 30, 2011 as compared to Rs.7.08 in negative last year.

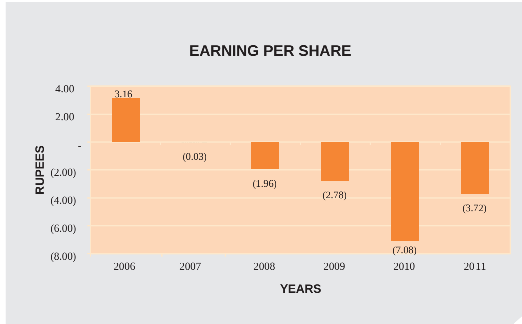
Appropriation

Due to losses suffered by the Company your Directors do not consider it feasible to pay dividend to the shareholders and propose to appropriate for the financial year under review as under:

	Rupees in Thousand
(Loss) before taxation	(1,580,911)
Provision for taxation	(188,125)
(Loss) after taxation	(1,769,036)
Un-appropriated loss brought forward	(4,310,333)
Surplus on revaluation of property, plant and equipment realized through incremental depreciation (Net of tax)	138,702
Reversal of revaluation surplus on disposal of fixed assets (net of tax)	11,548
Accumulated Loss	(5,929,119)
Appropriations:	
Transfer from capital redemption reserve	5,146
Provision for dividend on preference shares	(52,678)
Un-appropriated loss carried forward	(5,976,651)

As the Company is unable to redeem its capital against preference shares due to liquidity problems and in accordance with the terms and conditions of the issue of preference shares, the Board of Directors decided to offer to the preference shareholders conversion option of their preference shares into ordinary shares during the year and resultantly the Company has allotted 603,420 ordinary shares by way of partial conversion of 514,593 preference shares out of existing total 54,147,398 Preference Shares-Series “A” (Non-voting) whose names appeared on the Members' Register as on April 18, 2011.

Preference shareholders who do not opt for conversion, their preference shares shall continue having preferential right of dividend @9.75% p.a. on cumulative basis and shall remain listed on the Stock Exchanges till the conversion option is exercised by all the remaining preference shareholders. The preference shareholders may opt for conversion at the relevant point of time on the date(s) falling at the end of each semi-annual period commencing April 08, 2011.



Progress of Ongoing Projects

Your Company is struggling to cut down on costs that have considerably and adversely affected its profits. To reduce electricity cost, your Company has started Waste Heat Recovery Boiler Plant and it was in trial run phase during the financial year 2011. At present, WHRP is running efficiently to generate substantially cheap electricity without using any fuel. This would help to cut down the cost of production.

Information Technology

The Company assorted teams of professionals with enormous expertise in latest technologies are hired who proficiently design the ways for improving and upgrading networking and systems timely and cost effectively. The Company is currently using highly advanced ERP solution (Oracle e-Business suite). Electronic business methods enable us to link our internal and external data processing systems more efficiently and flexibly, to work more closely with suppliers and partners, and to better satisfy the needs and expectations of our customers. Oracle's E-Business Suite 12 is a comprehensive business system solution that provides customers flexible deployment scenarios to allow for unlimited scale and reduced administration. We can quickly and easily model our infrastructure according to the needs. With the advancement in technology, we have recently achieved successful Implementation of Oracle E-Business for better veracity and reliability of the data.

SOCIAL COMPLIANCE AND HUMAN RESOURCE

Social Sector Projects

Kohinoor Maple Leaf Group has again received 5th Corporate Social Responsibility (CSR) Award on account of its performance of various social obligations.

Social Compliance

The Company has contributed towards medical social services and in this regard Company has donated a state of the art Cardiac facility to the Gulab Devi Chest Hospital in Lahore by building Sayeed Saigol Cardiac Complex (SSCC). At present, SSCC is serving needy patients and providing the valuable services to the community.

Human Resource

The Company is devoted to promoting the social and ethical accountability and taking a human-oriented approach towards its employees, consumers and all stakeholders, which is an intrinsic requirement for achieving sustainable development and growth of the Company. The Company believes that our people are our asset. Your Company facilitates employee growth which does not only include providing training facilities but we create a culture where people are really encouraged to learn, grow and advance. Everyone is committed to have contribution in achievements and processes of the Company. The Company strictly abides by the law, Workplace (Health, Safety and Welfare) Regulations which states that employers must provide 'suitable and sufficient' welfare facilities for the well-being of their employees while at work.

Quality Management Systems

The Company is ISO-9001:2008 certified and truly implements Quality Management System. The Company manufactures cement through the plant based on state of the art technology of world renowned FL Smidth Automation Denmark.

Quality is assured through systematic and effective adoption, implementation, monitoring and continuous enhancement of quality control systems using latest methods of analyses. All stages of the production process right from the selection of raw materials, processing of materials and the finished product are subjected to rigorous testing to ensure that each bag of cement is of the highest quality.

CERTIFICATE OF APPROVAL

This is to certify that the Quality Management System of:

Maple Leaf Cement Factory Limited
Head Office: 42 Lawrence Road, Lahore
Factory: Iskanderabad, Daudkhel
District Mianwali,
Pakistan

has been approved by Lloyd's Register Quality Assurance to the following Quality Management System Standards:

ISO 9001:2008

The Quality Management System is applicable to:

Manufacture of Ordinary Portland Cement, White Cement, Oil Well Cement, Sulphate Resistant Cement & Low Alkali Cement

Approval Certificate No: MEA4105053

Original Approval: 17th June 1999

Current Certificate: 04th July 2011

Certificate Expiry: 30th June 2014

Issued by: Lloyd's Register EMEA - Karachi for and on behalf of Lloyd's Register Quality Assurance Limited

The quality check parameters during each level of the process are monitored and controlled by the latest version of technology & equipments connected on-line with Central Control Room through PLC system. The frequency of sampling and testing along with control parameters is defined.

Apart from the usual quality control equipment, MAPLE LEAF's QC Deptts are equipped with state-of-the-art technologies such as:

- X-ray Fluorescent Analyzers and Diffractometer to analyze chemical components
- Sample preparation tools such as a jaw crusher, Sample dividers, disk grinding mill and mixer mill
- Precision Electronic Balances.
- Drying Ovens & Furnaces.
- Lab glassware,
- PC Based Automatic Calorimeter and Sulfur Determinator to analyze fuels

All the Lab equipments are calibrated to ensure accurate & precise test results. That is why; each brand of The Company is internationally certified.

Safety, Health and Environment

The Company is committed to achieve excellence in Safety, Health and Environmental protection. Your Company encourages awareness in these areas amongst our employees, customers, suppliers and all those who are associated with us in our activities. Our goal is to minimize all adverse environmental and health impacts arising out of our operations, conserve all kinds of resources and adhere to all legal regulations.

Maintenance of health and safety standards at our plants and offices is our top priority. We are committed to actively managing health and safety risks associated with our business and are actively working

towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors. We also ensure that our products are shipped in a safe manner complying with safety standards and legal requirements.

The Company takes care and applies appropriate procedures to design /manufacture cement products so as to ensure that no harmful substances are present in its products.

Security

Security encompasses areas such as security of the property itself, Company assets, employees' and customers' personal belongings and valuables. The Company is committed to providing a workplace that is free from acts of violence or threats of violence.

The Company actively strives to provide a safe and healthy workplace for its employees and to act responsibly towards the communities and environment, in which it operates. It realizes this through the commitment of its leadership, the dedication of its staff, and application of the highest professional standards of work. Our management takes all possible measures to prevent unsafe activities by its hiring practices and through the implementation of effective management, human resources and operational policies.

Liquidity Management

The management of the Company has breadth of experience and knowledge of best practices in liquidity management pertaining to policies and processes, regulatory constraints, tax considerations and liquidity management systems. The Company forecasts the liquidity reserves and cash equivalents on the basis of expected cash flows as we understand that liquidity is essential to compensate for expected and unexpected balance sheet fluctuations and provide funds for growth.

Future Prospects

In order to cope with the adverse conditions prevailing in cement industry and to overcome the challenges thrown up by the economic recession, your Company has already taken several measures which include:

1. Commencement of Power Generation Equipment based on Waste Heat Recovery to generate cheaper electricity reducing the conversion costs.
2. Exploring new export markets for maximum capacity utilization.
3. Other efforts are being made to reduce the input costs wherever possible through the adoption of various cost efficient measures, including the use of alternative cost effective fuels.
4. The Company is also looking forward for the infrastructure redevelopment of flood affected areas, which is also a potential area for cement demand and the Company is hopeful that cement demand will rise following the commencement of rebuilding activities in flood affected areas.
5. Recent reduction in the excise duty and General Sales Tax along with abolishment of Special Excise Duty will also benefit the cement industry.

The Company anticipates that above factors would contribute towards improvement in its performance during Financial Year 2011-12. Going forward, steady cement prices should benefit on the local side and improving demand in Afghanistan may support export growth. We expect Financial Year 2011-12 to reveal moderate gains for the local cement sector presuming existing prices prevail and post flood reconstruction continues.

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 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 un-audited accounts of June 30, 2011 is as under:

	Rupees in thousand
Provident Fund	274,980
Gratuity Fund	49,008

Directors and Board Meetings

During the year four (4) 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	4
Mr. Sayeed Tariq Saigol	4
Mr. Taufique Sayeed Saigol	2
Mr. Waleed Tariq Saigol	3
Mr. Kamil Taufique Saigol	2
Syed Mohsin Raza Naqvi	2
Mr. Zamiruddin Azar	4
Mr. Masood Karim Shaikh	2
Ms. Bushra Naz Malik	2
Mr. Per Mejnert Kristensen Representing FLS & IFU, Denmark	-

Leave of absence was granted to Directors who could not attend the meetings. During the year, Ms. Bushra Naz Malik resigned as Director and Syed Mohsin Raza Naqvi was appointed as a full time working Director and Chief Financial Officer in her place on November 11, 2010. However, election of Directors was held under the provisions of Section 178 of the Companies Ordinance, 1984 for next term of three years commencing December 31, 2010. The following Eight Directors were elected:-

Sr. No.	Name of Elected Directors	Designation
1	Mr. Tariq Sayeed Saigol	Chairman / Director
2	Mr. Sayeed Tariq Saigol	Chief Executive / Director
3	Mr. Taufique Sayeed Saigol	Director
4	Mr. Waleed Tariq Saigol	-do-
5	Mr. Kamil Taufique Saigol	-do-
6	Mr. Zamiruddin Azar	-do-
7	Syed Mohsin Raza Naqvi	-do-
8	Mr. Masood Karim Shaikh	-do-

Evaluation Criteria of Board Performance

Following are main criteria:

1. Financial policies reviewed and updated;
2. Capital and operating budgets approved annually;
3. Board receives regular financial reports;
4. Procedure for annual audit;
5. Board approves annual business plan;
6. Board focuses on goals and results;
7. Availability of board's guideline to management;
8. Regular follow up to measure the impact of board's decisions;
9. Assessment to ensure compliance with code of ethics and corporate governance.

Audit Committee

By virtue of election of Directors, the Board has reconstituted the composition of Audit Committee as under:-

Name	Designation	
Mr. Zamiruddin Azar	Chairman	(Independent Non-Executive Director)
Mr. Waleed Tariq Saigol	Member	(Non-Executive Director)
Mr. Masood Karim Shaikh	Member	(Independent Non-Executive Director)

The Main terms of reference of the Audit Committee of the Company include the following:

a. Determination of appropriate measures to safeguard the Company's assets;
b. Review of preliminary announcements of results prior to publication;
c. Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
   - Major judgemental areas;
   - Significant adjustments resulting from the audit;
   - The going-concern assumption;
   - Any changes in accounting policies and practices;
   - Compliance with applicable accounting standards; and
   - Compliance with listing regulations and other statutory and regulatory requirements.
d. Ensuring coordination between the internal and external auditors of the Company;
e. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
f. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
g. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors;
h. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
i. Consideration of any other issue or matter as may be assigned by the Board of Directors.

Trade of Company's Shares

During the financial year, following ordinary shares in Company's share capital were acquired by the Directors of the Company from the stock market:-

Mr. Tariq Sayeed Saigol	1,508,557 shares to date including 1,200,000 shares purchased upto June 30, 2011
Mr. Waleed Tariq Saigol	208,087 shares

Other Directors, CEO, CFO and Company Secretary including their spouses and minor children did not make any transaction in Company's share.

Pattern of Shareholding

The statement of shareholding of the Company in accordance with the Code of Corporate Governance and Companies Ordinance, 1984 as at June 30, 2011 is annexed.

Auditors

The present auditors of the Company M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants 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 its members, executives, workers and financial institutions for their efforts put by them to keep the plant operational in such tough time.

For and on behalf of the Board

(Sayeed Tariq Saigol)
Chief Executive

Lahore: September 27, 2011

Brief Profile of Directors

MR. TARIQ SAYEED SAIGOL (CHAIRMAN / DIRECTOR)

OTHER ENGAGEMENTS

CHAIRMAN / DIRECTOR
Kohinoor Textile Mills Limited

CHAIRMAN / CHIEF EXECUTIVE / DIRECTOR
Kohinoor Maple Leaf Industries Limited
Zimpex (Private) Limited

Mr. Tariq Sayeed Saigol is the Chairman of Kohinoor Maple Leaf Group (KMLG). He is a member of the reputed Saigol Family who pioneered in textile manufacturing after partition and later ventured into the financial sector, chemicals, synthetic fibres, sugar, edible oil refining, civil engineering, construction, cement and energy.

Mr. Saigol was schooled at Aitchison College, Lahore and graduated from Government College, Lahore following which, he studied Law at University Law College, Lahore.

He started his career in 1968 at Kohinoor's Chemical Complex at Kala Shah Kaku. Upon trifurcation of the Group in 1976, he became Chief Executive of Kohinoor Textile Mills Limited, Rawalpindi. Since 1984, he has been Chairman of Kohinoor Maple Leaf Group which has interests in textiles, energy and cement manufacturing.

He has been Chairman All Pakistan Textile Mills Association in 1992-94, President of Lahore Chamber of Commerce and Industry for 1995-97 and Chairman, All Pakistan Cement Manufacturers Association from 2003-2006.

Mr. Saigol has been a member of the Federal Export Promotion Board and Central Board of State Bank of Pakistan. He has also served on several Government Commissions and Committees on a number of subjects, including Export Promotion, reorganization of WAPDA and EPB, Right Sizing of State owned Corporations and Resource Mobilization. He is the author of Textile Vision 2005 which was adopted by the Government in 2000 and its critique prepared in 2006. He joined the Central Board of State Bank of Pakistan for a second term in 2007 and was a member of the Prime Minister’s Economic Advisory Council established in 2008.

He takes keen interest in the development of education in Pakistan. He has been a member of the Board of Governors of Lahore University of Management Sciences, Founding Chairman of the Board of Governors of Chandbagh School, Founder Trustee of Textile University of Pakistan, member of the Syndicate of University of Health Sciences and presently serves on the Board of Governors of Aitchison College and State Bank of Pakistan. He is conferred with Sitara-e-Isaar by President of Pakistan in 2006.

He is a keen golfer and has represented Pakistan at Golf in Sri Lanka and Pakistan in 1967.

MR. TAUFIQUE SAYEED SAIGOL (DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited
Kohinoor Maple Leaf Industries Limited
Zimpex (Private Limited)

Mr. Taufique Sayeed Saigol is Chief Executive of Kohinoor Textile Mills Limited and director in all KMLG companies. He is a leading and experienced industrialist of Pakistan. He graduated as an Industrial Engineer from Cornell University, USA in 1974. He is widely traveled and his special forte is in the export business.

He is a business man of impeccable credibility and vision and has substantial experience of working in different environments.

MR. SAYEED TARIQ SAIGOL (CHIEF EXECUTIVE / DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited

DIRECTOR
Kohinoor Maple Leaf Industries Limited

Mr. Sayeed Tariq Saigol is the Chief Executive of Maple Leaf Cement. He graduated from McGill University with a degree in management. Mr. Sayeed Saigol also has several years of work experience in the textile industry. Prior to joining Maple Leaf Cement he was involved in setting up and managing an apparel dyeing company. He is a member of the Board of Governors of the Lahore University of Management Sciences.

MR. WALEED TARIQ SAIGOL (DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited

Mr. Waleed Tariq Saigol is the Managing Director of Kohinoor Textile Mills Limited (Raiwind Division). He holds a Bachelor's Degree in Political Science from the London School of Economics & Political Science. Apart from his responsibilities in textiles he is also involved in identifying and developing new areas of business for KMLG. He is a keen golfer and has won several tournaments in Pakistan.

MR. KAMIL TAUFIQUE SIAGOL (DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited

Mr. Kamil Taufique Saigol is the elder son of Mr. Taufique Sayeed Saigol, CEO KTML. Mr. Kamil began his career with KMLG in November 2008 as Director. He holds a Bachelor's Degree in Accounting from Concordia University in Montreal. He has been intensively involved in the development of the textile business at KTML Pindi.

MR. ZAMIRUDDIN AZAR (DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Kohinoor Textile Mills Limited

Mr. Zamiruddin Azar has been actively involved in various corporate activities of the Kohinoor Maple Leaf Group. As a non-executive director, he heads the Internal Audit Committees of the KMLG companies. With 35 years of experience at Glaxo Pakistan, Mr. Azar provides invaluable insight into project management, human resource development and administration.

SYED MOHSIN RAZA NAQVI (GROUP DIRECTOR FINANCE / CHIEF FINANCIAL OFFICER)

OTHER ENGAGEMENTS
DIRECTOR / CHIEF ACCOUNTANT/ CFO
Kohinoor Textile Mills Limited

DIRECTOR
Trust Investment Bank limited

Mr. Mohsin Naqvi, Fellow member of Institute of Chartered Accountants of Pakistan (FCA), with over 22 years of Financial Management experience.

Areas of expertise include: financial projections, forecasting- short term and long-term cash flows, business strategy development, acquisitions and evaluations of business units, establishing company's reporting structure, implementing budgetary control procedures, implementing financial software, organizing finance and treasury functions of the Company.

He is former board member of Kohinoor Mills Limited, Saic Velcorex, France and Al-Wazan Group, Kuwait and serving board member of Trust Investment Bank limited.

He has experience of working in several countries which include Saudi Arabia, Kuwait, France, Philippines, Morocco, Jordan and Pakistan.

MR. MASOOD KARIM SHAIKH (DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Fauji Oil Terminal & Distribution Co. Ltd.
KASB Funds Limited

Mr. Masood Karim Shaikh is a Fellow member of the Institute of Chartered Accountants. He is a seasoned banker with over 25 years of experience with leading financial institutions like, Emirates Bank International, Mashreq Bank, Muslim Commercial Bank, National Bank of Pakistan (NBP) & KASB Bank.

Earlier, he has worked as Chief Operating Officer of KASB Bank where he was taking care of Operations, Finance, Human Resource, Information Technology, FI/Treasury & Risk Management. At NBP, the largest public sector bank of Pakistan, he worked as SEVP & Group Chief Corporate & Investment Banking. At NBP, he also worked as SEVP & CFO and was also member of Operations / Credit Committee responsible for the Bank's global financial control and accounting function.

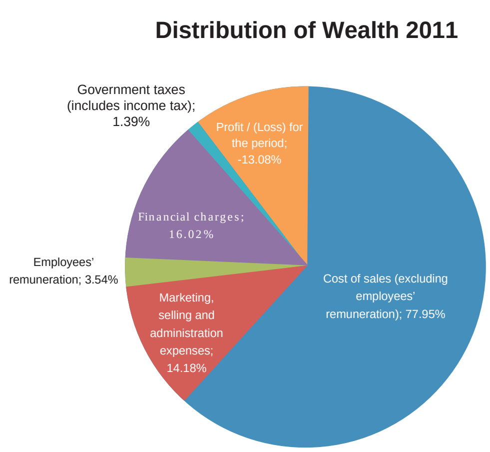
Prior to NBP, he was with Muslim Commercial Bank as EVP & Head of Finance - Consumer Banking Group. Earlier in his career, he has also worked in the capacity of Chief Financial Officer & Treasury Manager with Mashreq Bank & Emirates Bank International.

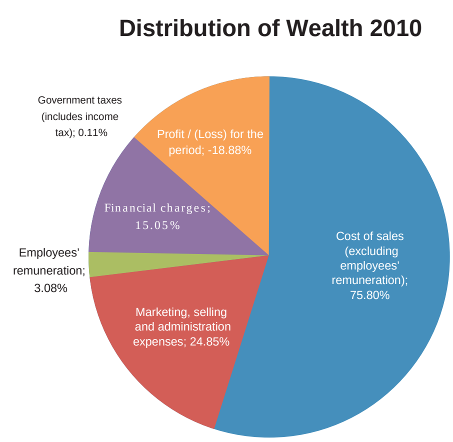
Six Years Summary

	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006
Quantitative Data (M. Tons)						
Cement:						
Production	2,844,229	3,343,706	3,174,512	2,431,352	1,390,252	1,504,497
Sales	2,862,665	3,364,025	3,165,770	2,534,220	1,359,162	1,504,790
Sales (Rs. 000)						
Gross Sales	16,708,120	16,715,223	18,969,598	10,552,398	5,514,208	7,954,901
Less:						
Excise Duty	1,618,710	1,618,793	1,901,663	1,564,801	1,024,041	1,128,106
Sales Tax	1,883,559	1,349,218	1,708,158	1,061,681	705,845	1,036,977
Commission	132,633	116,701	108,403	110,087	73,241	80,026
Net Sales	13,073,218	13,630,511	15,251,374	7,815,829	3,711,081	5,709,792
Profitability (Rs. 000)						
Gross Profit/(Loss)	2,175,159	2,938,628	4,954,509	1,323,830	309,893	2,148,580
Profit/(Loss) Before Tax	(1,580,911)	(2,569,508)	(917,651)	(1,364,244)	(140,019)	1,634,814
Provision for Income Tax	(188,125)	(14,447)	(65,319)	688,109	182,066	(575,574)
Profit/(Loss) After Tax	(1,769,036)	(2,583,955)	(982,970)	(676,135)	42,047	1,059,240
Financial Position (Rs. 000)						
Tangible Fixed Assets-Net	28,203,393	21,035,368	20,381,478	20,081,448	19,330,866	16,088,505
Other Non-Current Assets	72,358	56,840	64,483	75,217	54,151	391,931
	28,275,751	21,092,208	20,445,961	20,156,665	19,385,017	16,480,436
Current Assets	5,414,365	5,002,734	5,214,877	5,994,896	4,051,957	2,664,462
Current Liabilities	(10,368,340)	(9,348,815)	(9,962,884)	(7,382,464)	(3,756,487)	(2,649,519)
Net Working Capital	(4,953,975)	(4,346,081)	(4,748,007)	(1,387,568)	295,470	14,943
Capital Employed	23,321,776	16,746,127	15,697,954	18,769,097	19,680,487	16,495,379
Less: Non Current Liabilities	(14,640,369)	(11,611,919)	(8,980,153)	(10,408,208)	(10,687,450)	(8,939,675)
Share holders Equity	8,681,407	5,134,208	6,717,801	8,360,889	8,993,037	7,555,704
Represented By:						
Share Capital	5,803,458	4,264,108	4,264,108	4,264,108	4,264,108	3,519,581
Reserves & Un-app. Profit	(2,670,171)	(129,900)	2,453,693	4,096,781	4,728,929	4,036,123
Share Deposit Money	-	1,000,000	-	-	-	-
Surplus on Revaluation of PPE	5,548,120	-	-	-	-	-
	8,681,407	5,134,208	6,717,801	8,360,889	8,993,037	7,555,704
Ratios:						
Gross Profit/(Loss) to Sales (%age)	16.64	21.56	32.49	16.94	8.35	37.63
Net Profit/(Loss) to Sales (%age)	(13.53)	(18.96)	(6.45)	(8.65)	1.13	18.55
Debt Equity Ratio	61:39	69:31	57:43	55:45	55:45	51:49
Current Ratio	0.52	0.54	0.52	0.81	1.08	1.01
Break Up Value per share of Rs.10 each	14.96	12.04	15.75	19.61	21.09	21.47

Distribution of Wealth

	2011		2010	
	Rs " 000 "	%age	Rs " 000 "	%age
Wealth Generated				
Net sales	13,073,218	96.67%	13,630,511	99.58%
Other operating income	450,153	3.33%	57,031	0.42%
	13,523,371	100.00%	13,687,542	100.00%
Distribution of Wealth				
Cost of sales (excluding employees' remuneration)	10,541,454	77.95%	10,375,093	75.80%
Marketing, selling and administration expenses	1,918,257	14.18%	3,400,690	24.85%
Employees' remuneration	478,162	3.54%	421,791	3.08%
Financial charges	2,166,409	16.02%	2,059,476	15.05%
Government taxes (includes income tax)	188,125	1.39%	14,447	0.11%
Profit / (Loss) for the period	(1,769,036)	-13.08%	(2,583,955)	-18.88%
	13,523,371	100.00%	13,687,542	100.00%





Horizontal Analysis

	2011	2010	2009	% change w.r.t 2010	% change w.r.t 2009
			Rupees in thousand		
Balance Sheet					
Total equity	3,133,287	4,134,208	6,717,801	(24.21)	(53.36)
Share deposit money	-	1,000,000	-	(100.00)	-
Total surplus on revaluation of property	5,548,120	-	-	100.00	100.00
Total non-current liabilities	14,640,369	11,611,919	8,980,153	26.08	63.03
Total current liabilities	10,368,340	9,348,815	9,962,884	10.91	4.07
Total equity and liabilities	33,690,116	26,094,942	25,660,838	29.11	31.29
Total non-current assets	28,275,751	21,092,208	20,445,961	34.06	38.30
Total current assets	5,414,365	5,002,734	5,214,877	8.23	3.83
Total assets	33,690,116	26,094,942	25,660,838	29.11	31.29
Profit and Loss Account					
Net sales	13,073,218	13,630,511	15,251,374	(4.09)	(14.28)
Cost of sales	(10,898,059)	(10,691,883)	(10,296,865)	1.93	5.84
Gross profit	2,175,159	2,938,628	4,954,509	(25.98)	(56.10)
Selling and distribution expenses	(1,646,632)	(3,152,889)	(2,339,833)	(47.77)	(29.63)
Administrative expenses	(230,788)	(194,161)	(151,584)	18.86	52.25
Other operating expenses	(162,394)	(158,641)	(42,251)	2.37	284.36
Other operating income	450,153	57,031	61,749	689.31	629.00
Profit from operations	585,498	(510,032)	2,482,590	(214.80)	(76.42)
Finance cost	(2,166,409)	(2,059,476)	(3,400,241)	5.19	(36.29)
Profit/ (Loss) before taxation	(1,580,911)	(2,569,508)	(917,651)	(38.47)	72.28
Provision for taxation	(188,125)	(14,447)	(65,319)	1,202.17	188.01
Loss after taxation	(1,769,036)	(2,583,955)	(982,970)	(31.54)	79.97

Vertical Analysis

	2011		2010		2009	
	Rs " 000 "	%	Rs " 000 "	%	Rs " 000 "	%
	----------Rupees in thousand---------					
Balance Sheet						
Total equity	3,133,287	9.30	4,134,208	15.84	6,717,801	26.18
Share deposit money	-	-	1,000,000	3.83	-	-
Total surplus on revaluation of property	5,548,120	16.47	-	-	-	-
Total non-current liabilities	14,640,369	43.46	11,611,919	44.50	8,980,153	35.00
Total current liabilities	10,368,340	30.78	9,348,815	35.83	9,962,884	38.83
Total equity and liabilities	33,690,116	100.00	26,094,942	100.00	25,660,838	100.00
Total non-current assets	28,275,751	83.93	21,092,208	80.83	20,445,961	79.68
Total current assets	5,414,365	16.07	5,002,734	19.17	5,214,877	20.32
Total assets	33,690,116	100.00	26,094,942	100.00	25,660,838	100.00
Profit and Loss Account						
Net sales	13,073,218	100.00	13,630,511	100.00	15,251,374	100.00
Cost of sales	(10,898,059)	(83.36)	(10,691,883)	(78.44)	(10,296,865)	(67.51)
Gross profit	2,175,159	16.64	2,938,628	21.56	4,954,509	32.49
Selling and distribution expenses	(1,646,632)	(12.60)	(3,152,889)	(23.13)	(2,339,833)	(15.34)
Administrative expenses	(230,788)	(1.77)	(194,161)	(1.42)	(151,584)	(0.99)
Other operating expenses	(162,394)	(1.24)	(158,641)	(1.16)	(42,251)	(0.28)
Other operating income	450,153	3.44	57,031	0.42	61,749	0.40
Profit from operations	585,498	4.48	(510,032)	(3.74)	2,482,590	16.28
Finance cost	(2,166,409)	(16.57)	(2,059,476)	(15.11)	(3,400,241)	(22.29)
Profit/ (Loss) before taxation	(1,580,911)	(12.09)	(2,569,508)	(18.85)	(917,651)	(6.02)
Provision for taxation	(188,125)	(1.44)	(14,447)	(0.11)	(65,319)	(0.43)
Loss after taxation	(1,769,036)	(13.53)	(2,583,955)	(18.96)	(982,970)	(6.45)

Pattern of Shareholding
(Ordinary Shares)

1. CUIN (Incorporation Number) 0001107

2. Name of the Company MAPLE LEAF CEMENT FACTORY LIMITED

3. Pattern of holding of the shares held by the shareholders as at 30-06-2011

4. No. of Shareholders	Size of Holding From	To	Total shares held
1,706	1	100	73,298
2,720	101	500	842,551
1,929	501	1000	1,619,012
3,638	1001	5000	9,570,633
917	5001	10000	7,093,035
388	10001	15000	4,882,413
228	15001	20000	4,225,234
169	20001	25000	3,950,241
88	25001	30000	2,485,024
62	30001	35000	2,042,572
50	35001	40000	1,919,187
28	40001	45000	1,223,795
76	45001	50000	3,735,951
19	50001	55000	996,749
26	55001	60000	1,525,720
19	60001	65000	1,196,901
13	65001	70000	887,775
11	70001	75000	803,514
12	75001	80000	938,746
11	80001	85000	911,305
12	85001	90000	1,059,994
6	90001	95000	554,257
45	95001	100000	4,493,253
8	100001	105000	817,789
6	105001	110000	645,279
3	110001	115000	332,012
7	115001	120000	824,102
5	120001	125000	621,562
4	125001	130000	512,045
3	130001	135000	403,000
4	135001	140000	557,330
2	140001	145000	281,893
8	145001	150000	1,200,000
3	150001	155000	452,668
2	155001	160000	320,000
5	160001	165000	817,912
4	165001	170000	675,840
1	170001	175000	172,500
3	175001	180000	532,489
1	180001	185000	182,257
2	190001	195000	381,689
11	195001	200000	2,200,000

No. of Shareholders	Size of Holding From	To	Total shares held
2	200001	205000	405,779
3	210001	215000	636,550
1	225001	230000	229,500
1	235001	240000	238,299
2	240001	245000	483,127
5	245001	250000	1,250,000
2	250001	255000	502,580
1	275001	280000	276,250
3	285001	290000	865,535
2	295001	300000	600,000
2	300001	305000	602,500
1	315001	320000	318,000
1	320001	325000	324,781
3	325001	330000	985,547
1	330001	335000	332,101
1	345001	350000	349,752
1	350001	355000	355,000
1	355001	360000	360,000
1	365001	370000	367,645
2	395001	400000	800,000
1	400001	405000	405,000
2	415001	420000	837,004
1	420001	425000	425,000
2	430001	435000	868,302
1	445001	450000	450,000
4	495001	500000	2,000,000
2	625001	630000	1,256,451
1	645001	650000	649,372
1	650001	655000	654,587
1	665001	670000	668,863
1	705001	710000	709,068
1	750001	755000	752,000
1	775001	780000	780,000
1	795001	800000	795,897
1	825001	830000	829,839
1	890001	895000	891,000
1	895001	900000	900,000
1	935001	940000	940,000
1	985001	990000	987,500
1	995001	1000000	1,000,000
1	1095001	1100000	1,100,000
1	1155001	1160000	1,156,402
1	1175001	1180000	1,180,000
1	1190001	1195000	1,193,990
1	1205001	1210000	1,205,156
1	1225001	1230000	1,228,495
1	1420001	1425000	1,425,000
1	1795001	1800000	1,798,000
1	2045001	2050000	2,050,000
1	2965001	2970000	2,970,000
1	2995001	3000000	2,997,478
1	3100001	3105000	3,100,479

	No. of Shareholders	Size of Holding From	To	Total shares held
	1	3495001	3500000	3,500,000
	1	3600001	3605000	3,602,450
	1	4925001	4930000	4,928,520
	1	5100001	5105000	5,100,882
	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	340410001	340415000	340,410,425
	12,339			526,712,929

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		1,205,156	0.2288
	Mr. Sayeed Tariq Saigol - Chief Executive / Director		5,156	0.0010
	Mr. Taufique Sayeed Saigol - Director		5,156	0.0010
	Mr. Waleed Tariq Saigol - Director		213,243	0.0405
	Mr. Kamil Taufique Saigol - Director		2,500	0.0005
	Mr. Zamiruddin Azar - Director		10,573	0.0020
	Mr. Masood Karim Shaikh - Director		2,500	0.0005
	Ms. Jahanara Saigol - Daughter of Mr. Tariq Sayeed Saigol		3,125	0.0006
	Mrs. Shehla Tariq Saigol - Spouse of Mr. Tariq Sayeed Saigol		2,500	0.0005
		9	1,449,909	0.2754
5.2	Associated Companies, undertakings and related parties			
	Kohinoor Textile Mills Ltd.		340,410,425	64.6292
	Zimpex (Pvt) Ltd.		1,706	0.0003
		2	340,412,131	64.6295
5.3	NIT and ICP			
	National Bank of Pakistan, Trustee Deptt.		3,602,450	0.6839
	IDBP (ICP Unit)		23,905	0.0045
		2	3,626,355	0.6884

	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage of Capital
5.4	Banks, Development Financial Institutions, Non-banking Financial Institutions	17	13,957,522	2.6499
5.5	Insurance Companies	2	94,990	0.0181
5.6	Modarabas, Leasing and Mutual Funds	12	212,865	0.0404
5.7	Shareholders holding Ten Percent or more voting interest in the Company Refer to 5.2 above	-	-	-
5.8	General Public			
	Individuals	12,133	123,365,972	23.4219
	Foreign Investors	26	23,740,664	4.5073
5.9	Executives	-	-	-
5.10	Public Sector Companies and Corporations	2	1,230,505	0.2336
5.11	Joint Stock Companies	125	18,409,850	3.4952
5.12	Others			
	1295 Trustee Avari Hotel Lahore Staff Provident Fund		625	
	Lahore Stock Exchange (Guarantee) Limited		62,700	
	Managing Committee Ghazali Education Trust		440	
	Pakistan Memon Educational & Welfare Society		10,500	
	Trustee Overseas Pakistanis Pension Trust		1,003	
	Trustee-Ghani Glass Employees Provident Fund		100,000	
	Trustees Al-Abbas Sugar Mills Ltd. Employees Gratuity Fund		11,750	
	Trustees Artal Restaurants Int'l Employees Provident Fund		5,148	
	Trustees Wah Nobel P. Ltd. Mang.Staff Provident Fund		20,000	
		9	212,166	0.0403
	Grand Total:	12,339	526,712,929	100.000

Pattern of Shareholding -
Preference Shares (Non-voting)

1. CUIN (Incorporation Number) 0001107

2. Name of the Company MAPLE LEAF CEMENT FACTORY LIMITED

3. Pattern of holding of the shares held by the preference shareholders as at 30-06-2011

4.	No. of Shareholders	Size of Holding From	To	Total shares held
	529	1	100	26,612
	722	101	500	183,509
	162	501	1000	111,709
	162	1001	5000	320,731
	17	5001	10000	115,738
	11	10001	15000	131,680
	4	15001	20000	69,447
	5	20001	25000	111,354
	3	25001	30000	79,237
	1	30001	35000	31,700
	1	50001	55000	51,000
	1	60001	65000	60,500
	3	95001	100000	294,374
	1	105001	110000	107,502
	2	115001	120000	234,951
	1	175001	180000	175,500
	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	24420001	24425000	24,421,465
	1,636			53,632,805

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	1.3052
5.3 NIT and ICP	-	-	-
5.4 Banks, Development Financial Institutions, Non-banking Financial Institutions	2	11,656	0.0217
5.5 Insurance Companies	2	61,284	0.1143
5.6 Modarabas, Leasing and Mutual Funds	1	1,200	0.0022
5.7 Shareholders holding Ten Percent or more voting interest in the Company			
Faysal Bank Limited		24,421,465	45.5346
Aqeel Karim Dhedhi Securities (Pvt) Limited		21,956,778	40.9391
	2	46,378,243	86.4737
5.8 General Public			
Individuals	1,584	3,003,535	5.6001
Foreign Investor(s)	1	8,424	0.0157
5.9 Executives	-	-	-
5.10 Public Sector Companies and Corporations	1	268,034	0.4998
5.11 Joint Stock Companies	33	334,007	0.6228
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	5.3341
Grand Total:	1,636	53,632,805	100.0000

Statement of Compliance with the Code of Corporate Governance

for the year ended June 30, 2011

This statement is being presented to comply with the Code of Corporate Governance (the "Code") 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 independent non-executive directors on its Board of Directors. At present, the Board includes three non-executive directors and two independent non-executive directors.

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

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

4. One casual vacancy occurring in the Board was filled up by the directors within 30 days thereof. However, during the year, election of Directors was held for the next term commencing December 31, 2010 and eight Directors were elected as fixed by the Board.

5. The Company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the Directors and employees of the Company.

6. The Board 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 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 Course 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.

   Moreover, in compliance with clause (xiv) of the Code, one Director has obtained certification under "the Board Development Series" program offered by the Pakistan Institute of Corporate Governance.

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

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

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

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an Audit Committee. It comprises three members and all of three are non-executive directors including the chairman of the committee.

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

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

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

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

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

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 27, 2011

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

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

Chartered Accountants
Date: September 27, 2011
Lahore

Financial Statements
For the Year ended June 30, 2011

Maple Leaf Cement Annual Report 2011

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of MAPLE LEAF CEMENT FACTORY LIMITED (''the Company'') as at June 30, 2011 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.

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 2.5 and 2.6 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, 2011 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.
(Chartered Accountants)
Mohammad Saleem
(Engagement Partner)
Lahore: September 27, 2011

BALANCE SHEET
AS AT JUNE 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	4.1	7,000,000	7,000,000
Issued, subscribed and paid up capital	4.2	5,803,458	4,264,108
Reserves	5	3,306,480	4,180,433
Accumulated loss		(5,976,651)	(4,310,333)
		3,133,287	4,134,208
SHARE DEPOSIT MONEY	6	-	1,000,000
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	7	5,548,120	-
NON - CURRENT LIABILITIES			
Long term loans from banking company	8	2,557,185	1,100,808
Redeemable capital	9	7,983,000	8,289,800
Syndicated term finance	10	1,497,000	1,498,200
Liabilities against assets subject to finance lease	11	464,366	700,743
Long term deposits	12	5,569	2,739
Deferred liabilities			
- deferred taxation	13	2,114,100	-
- employees' compensated absences	14	19,149	19,629
		14,640,369	11,611,919
CURRENT LIABILITIES			
Trade and other payables	15	4,115,879	3,498,736
Accrued profit / interest / mark up	16	791,161	921,812
Short term borrowings	17	4,084,666	4,060,838
Current portion of:			
- long term loans from banking company	8	448,473	480,231
- redeemable capital	9	306,800	6,800
- syndicated term finance	10	1,200	1,200
- liabilities against assets subject to finance lease	11	620,161	379,198
		10,368,340	9,348,815
		33,690,116	26,094,942
CONTINGENCIES AND COMMITMENTS	18		

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

	Note	2011	2010
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	19	28,203,393	21,035,368
Intangible assets	20	17,591	1,774
Long term investment	21	200	200
Long term loans to employees - secured	22	2,531	3,293
Deposits and prepayments	23	52,036	51,573
		28,275,751	21,092,208
CURRENT ASSETS			
Stores, spare parts and loose tools	24	3,032,946	2,407,410
Stock-in-trade	25	539,084	504,718
Trade debts	26	560,103	751,400
Loans and advances	27	145,061	266,642
Investments	28	20,950	472,338
Deposits and short term prepayments	29	121,896	121,824
Accrued profit	30	890	656
Refunds receivable from government	31	16,797	16,797
Other receivables	32	98,152	91,178
Due from Subsidiary Company	33	383,934	-
Income tax (net of provisions)	34	206,382	296,506
Cash and bank balances	35	288,170	73,265
		5,414,365	5,002,734
		33,690,116	26,094,942

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER **DIRECTOR**

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

	Note	2011	2010
		(Rupees in thousand)	
Sales - net	36	**13,073,218**	13,630,511
Cost of sales	37	**(10,898,059)**	(10,691,883)
Gross profit		**2,175,159**	2,938,628
Distribution cost	38	**(1,646,632)**	(3,152,889)
Administrative expenses	39	**(230,788)**	(194,161)
Other operating expenses	40	**(162,394)**	(158,641)
		(2,039,814)	(3,505,691)
		135,345	(567,063)
Other operating income	41	**450,153**	57,031
Profit / (loss) from operations		**585,498**	(510,032)
Finance cost	42	**(2,166,409)**	(2,059,476)
Loss before taxation		**(1,580,911)**	(2,569,508)
Taxation	43	**(188,125)**	(14,447)
Loss after taxation		**(1,769,036)**	(2,583,955)
Loss per share - basic and diluted (Rupees)	45	**(3.72)**	(7.08)

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	(Rupees in thousand)	
Loss after taxation	**(1,769,036)**	(2,583,955)
Other comprehensive income for the year		
Items that will not be reclassified		
Surplus/(deficit) on remeasurement of investments available for sale on fair value	-	72,076
Deferred tax relating to component of other comprehensive income	-	(18,920)
Items that will be reclassified		
Reclassification of gain included in profit and loss	**(330,345)**	-
	(330,345)	53,156
Total comprehensive Income for the year	**(2,099,381)**	(2,530,799)

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	Restated* 2010
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations before working capital changes	50	1,479,065	564,033
Changes in working capital			
(Increase) / decrease in assets			
Stores, spare parts and loose tools		(625,536)	523,784
Stock-in-trade		(34,366)	146,196
Trade debts		168,826	(95,465)
Loans and advances		121,581	(188,388)
Deposits and short term prepayments		261	21,482
Accrued profit		(234)	327
Other receivables		(5,079)	(61,730)
Due from subsidiary undertaking		(21)	-
Loans to employees		762	2,373
Increase / (decrease) in liabilities			
Trade and other payables		565,354	1,075,137
		191,548	1,423,716
Cash generated from operations		1,670,613	1,987,749
Compensated absences paid		(6,904)	(10,021)
Taxes paid		(41,772)	(237,570)
		(48,676)	(247,591)
Net cash from operating activities		1,621,937	1,740,158
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(676,959)	(1,701,590)
Proceeds from disposal of property, plant and equipment		108,203	8,067
Long term investment made		-	(200)
Deposits made		(796)	(88)
Dividend received		11,717	9,431
Proceeds from sale of investment		-	9,965
Net cash used in investing activities		(557,835)	(1,674,415)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans obtained		-	625,536
Long term loans repaid		(175,671)	-
Share deposit money received		-	1,000,000
Redeemable capital obtained		-	300,000
Redeemable capital repaid		(6,800)	(3,400)
Syndicated term finance repaid		(1,200)	(600)
Long term deposits		2,830	159
Repayment of principal portion of finance lease		-	(84,882)
Short term borrowings		23,828	(321,484)
Finance cost paid		(692,183)	(1,578,858)
Preference dividend paid		(1)	(28,881)
Net cash used in financing activities		(849,197)	(92,410)
Net increase / (decrease) in cash and cash equivalents		214,905	(26,667)
Cash and cash equivalents at beginning of the year		73,265	99,932
Cash and cash equivalents at end of the year	35	288,170	73,265

*Amounts have been restated as explained in note 44 to the financial statements

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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

	Share Capital	Capital Reserves: Share premium	Capital Reserves: Reserve on remeasurement of available for sale investments	Capital Reserves: Capital redemption reserve	Capital Reserves: Sub-total	Revenue Reserves: General reserve	Revenue Reserves: Accumulated loss	Revenue Reserves: Sub-total	Total Equity
	(Rupees in thousand)								
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)
Other comprehensive income	-	-	53,156	-	53,156	-	-	-	53,156
Total comprehensive loss for the year	-	-	53,156	-	53,156	-	(2,583,955)	(2,583,955)	(2,530,799)
Transactions with owners, recorded directly in equity									
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
Total comprehensive loss									
Loss for the year ended June 30, 2011	-	-	-	-	-	-	(1,769,036)	(1,769,036)	(1,769,036)
Other comprehensive income	-	-	(330,345)	-	(330,345)	-	-	-	(330,345)
Total comprehensive loss for the year	-	-	(330,345)	-	(330,345)	-	(1,769,036)	(1,769,036)	(2,099,381)
Surplus on revaluation of property, plant and equipment realized through incremental depreciation (net of tax)	-	-	-	-	-	-	138,702	138,702	138,702
Reversal of revaluation surplus on disposal of fixed assets (net of tax)	-	-	-	-	-	-	11,548	11,548	11,548
Transactions with owners, recorded directly in equity									
Dividend on preference shares for the year ended June 30, 2011	-	-	-	-	-	-	(52,678)	(52,678)	(52,678)
Transfer from capital redemption reserve	-	-		(5,146)	(5,146)	-	5,146	5,146	-
Issue of shares at discount	1,538,462	(538,462)	-	-	(538,462)	-	-	-	1,000,000
Effect of conversion of preference shares into ordinary shares	888	-	-	-	-	-	-	-	888
	1,539,350	(538,462)	-	(5,146)	(543,608)	-	(47,532)	(47,532)	948,210
Balance as at June 30, 2011	5,803,458	1,529,874	-	376,606	1,906,480	1,400,000	(5,976,651)	(4,576,651)	3,133,287

The annexed notes from 1 to 54 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. STATUS AND NATURE OF BUSINESS

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.

2. BASIS OF PREPARATION

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 BASIS OF MEASUREMENT

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

- financial instruments at fair value;
- property, plant and equipment at fair value; and
- recognition of certain employee benefits at present value.

2.3 FUNCTIONAL AND PRESENTATIONAL CURRENCY

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

2.4 USE OF ESTIMATES AND JUDGEMENTS

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:

2.4.1 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding effect on depreciation/ amortization charge and impairment.

2.4.2 Stores and spares

The company reviews the stores and spares for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding effect on the provision.

2.4.3 Provision for doubtful debts, advances and other receivables

The company reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

2.4.4 Employee benefits

The Company operates approved funded gratuity scheme covering all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.4.5 Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.4.6 Contingencies

The Company has disclosed significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognise any liability at the balance sheet date.

2.5 CHANGE IN ACCOUNTING POLICY

During the year, Company has changed its accounting policy regarding statement of components of property, plant and equipment to revalued amount less accumulated depreciation and impairment losses as per requirements of IAS-16. Previously components of property, plant and equipment except freehold land and capital work-in-progress were stated at cost less accumulated depreciation and impairment losses. The management of the Company is of the view that revaluation of property, plant and equipment would result in better presentation of financial information.

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

The application of following new and revised IFRSs has no material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 7 - Statement of Cash Flows

The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

The amendments to IFRS 5 clarify that the disclosure requirements in IFRSs other than IFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those IFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5 and the disclosures are not already provided in the condensed interim financial information.

2.6.1 Accounting standards, IFRS and interpretations to existing standards that are effective but not applicable to the Company

The following standards are mandatory for the Company's accounting year beginning on or after July 01, 2010 but are not relevant for the Company's operations.

IAS 17 - Leases

As part of Improvements to IFRSs (2009) issued in April 2009, the International Accounting Standards Board amended the requirements of IAS 17 Leases regarding the classification of leases of land. This is currently not applicable to Company as it has not entered into any such transaction.

IAS 32 - Financial Instruments

The amendments to IAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Company has not entered into any arrangements that would fall within the scope of the amendments.

IAS 39 - Financial Instruments: Recognition and Measurement- Eligible Hedged Items

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Company has not entered into any transaction of this nature.

2.6.2 New accounting standards, amendments and IFRIC interpretations that are not yet effective

The following International Financial Reporting Standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them:

	Effective Date
Amendments to IFRS 1 - First Time Adoption of International Financial Reporting Standards	July 01, 2011
Amendments to IFRS 7 - Improving Disclosure about Financial Instruments	January 01, 2011
Amendments to IAS 1 - Presentation of Financial Statements	January 01, 2011
Amendments to IAS 12 - Income Taxes	January 01, 2011
Amendments to IAS 34 - Interim Financial Reporting	January 01, 2011

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard		IASB effective date (accounting periods beginning on or after)
IFRS 9	Financial Instruments	January 01, 2013
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Employee benefits

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.

Defined benefit plan

The Company operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is 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.

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 Taxation

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.

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.

3.3 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 non-current 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.

3.4 Property, plant and equipment

Tangible assets

Owned

Property, plant and equipment except freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery and capital work in progress are stated at cost less accumulated depreciation/ amortization and impairment in value, if any. Buildings on freehold land, roads, bridges and railway sidings and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on Revaluation of Property, Plant and Equipment'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset.

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.

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.

Cost in relation to certain plant and machinery represents historical cost, exchange differences capitalized up to 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 19.5, 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 19.1 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 up to the month of disposal. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Leased

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.

3.5 Intangible assets

Expenditure incurred to acquire computer software 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 up to the month of disposal.

3.6 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.

3.7 Investments

Available-for-sale

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

Subsequent to initial recognition at cost, these are remeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement). Gains or losses on available-for-sale investments are recognized directly in other comprehensive income 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 recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

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.

Investment in subsidiary

Investments in subsidiaries and associates are stated at cost and the carrying amount is adjusted for impairment, if any.

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.

3.8 Stores, spare parts 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.

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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'.

3.16 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.

3.17 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.

3.18 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.

3.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.20 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared. For dividend on preference shares please refer note 4.2.3 to these financial statements.

		Note	2011	2010
			(Rupees in thousand)	

4. SHARE CAPITAL

4.1 Authorised share capital

Number of shares		Note	2011	2010
600,000,000	(2010: 600,000,000) ordinary shares of Rs. 10 each		6,000,000	6,000,000
100,000,000	(2010: 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

Ordinary shares:

Number of shares		Note	2011	2010
290,359,856	(2010: 290,359,856) ordinary shares of Rs. 10 each fully paid in cash		2,903,599	2,903,599
35,834,100	(2010: 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	(2010: 40,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares		460,694	460,694
153,846,153	(2010: Nil) ordinary shares of Rs. 10 each issued as fully paid shares at discount	4.2.1	1,538,462	-
603,420	(2010: Nil) ordinary shares of Rs. 10 each issued on conversion of preference shares into ordinary shares	4.2.2	6,034	-
526,712,929			5,267,130	3,722,634

Preference share:

Number of shares		Note	2011	2010
54,147,398	(2010: 54,147,398) 9.75 % redeemable cumulative preference right shares of Rs. 10 each fully paid in cash	4.2.3	541,474	541,474
(514,593)	(2010: Nil) Conversion of preference shares into ordinary shares	4.2.2	(5,146)	-
53,632,805			536,328	541,474
580,345,734			5,803,458	4,264,108

4.2.1 During the year, Company has issued 153,846,153 shares at Rs. 6.50 per share at a discount of Rs. 3.50 per share otherwise than right against Rs. 1,000 million to Kohinoor Textile Mills Limited, the holding company, after complying with all procedural requirements in this respect.

4.2.2 During the current year, 514,593 preference shares have been converted into 603,420 ordinary shares at a conversion rate of 1.173. The conversion rate is determined as described in note 4.2.3 (b) to the financial statements.

4.2.3 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.

4.3 Kohinoor Textile Mills Limited (the Holding Company) holds 340,454,961 (2010: 186,608,808) ordinary shares, which represents 64.63% (2010: 50.13%) of the total ordinary issued, subscribed and paid-up capital, of the company.

4.4 Zimpex (Pvt.) Ltd. (an Associated Company) holds 1,706 (2010: 1,706) ordinary shares, of the company at the year-end.

	Note	2011	2010
		(Rupees in thousand)	
5. RESERVES			
Capital:			
Capital redemption reserve	4.2.3(e)	376,606	381,752
Share premium reserve		1,529,874	2,068,336
Fair value reserve on remeasurement of available-for-sale investments (net of deferred taxation)		-	330,345
		1,906,480	2,780,433
Revenue:			
General reserve		1,400,000	1,400,000
		3,306,480	4,180,433
6. SHARE DEPOSIT MONEY	6.1	-	1,000,000

6.1 During the year, the Company has issued shares against share deposit money received during the financial year ended June 30, 2010, after the fulfillment of all procedural and legal requirements.

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2011	2010
Gross Surplus		
Balance at beginning of the year	-	-
Add:		
Surplus arising due to revaluation of property, plant and equipment	7,873,821	-
	7,873,821	-
Less:		
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(195,338)	-
Effect of disposal of fixed assets	(16,263)	-
	7,662,220	-
Less: deferred tax liability on:		
Opening balance of revaluation	-	-
Surplus arising due to revaluation of property, plant and equipment	2,175,451	-
Incremental depreciation charged on related assets	(56,636)	-
Effect of disposal of fixed assets	(4,715)	-
	2,114,100	-
Balance at end of the year	5,548,120	-

7.1 The Company had its freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery revalued by Empire Enterprises (Private) Limited, independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) "in any amount" category, at December 31, 2010. The basis used for the revaluation of these property, plant and equipment were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

Buildings on freehold land, roads, bridges and railway sidings

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery

Suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item was applied according to there physical condition, usage and maintenance.

8. LONG TERM LOANS FROM BANKING COMPANY

	Note	2011	2010
		(Rupees in thousand)	
Habib Bank Limited (HBL)- Loan - I	8.1	-	386,667
Habib Bank Limited (HBL)- Loan - II	8.2	-	163,737
Long Term Finance Facility (LTFF)	8.3	374,733	550,404
Habib Bank Limited (HBL)-Term Loan Facility	8.4	715,519	-
Deferred Markup Loan	8.5	1,466,933	-
		2,557,185	1,100,808

8.1 Habib Bank Limited (HBL)- Loan - I

The entire facility of Rs. 580 million (Rs. 386.667 million plus current portion of Rs. 193.333 million as at June 30, 2010) has been transferred to a new facility as a result of restructuring agreement described in note 8.4

8.2 Habib Bank Limited (HBL)- Loan II

The entire facility of Rs. 210.52million (Rs. 163.737 million plus current portion of Rs. 46.782 million as at June 30, 2010) has been transferred to a new facility as a result of restructuring agreement described in note 8.4

	Note	2011	2010
		(Rupees in thousand)	

8.3 Long Term Finance Facility (LTFF)

	Note	2011	2010
Balance at beginning of the year		790,520	-
Transferred from HBL Loan			
Loan I		-	580,000
Loan II		-	210,520
		-	790,520
Less: Payment made during the year		175,671	-
		614,849	790,520
Less: current portion	8.3.2	240,116	240,116
Balance at end of the year		374,733	550,404

8.3.1 Tenor of this LTFF is four and a half years. The principal amount of this LTFF is repayable in nine semi annual installments starting from June 2010. The facility carries mark-up ranging from 9.7% to 11.1 % (2010: 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 and personal guarantees of the directors of the Company.

8.3.2 Current portion grouped under the current liabilities include overdue installment amounting to Rs. 64.44 million.

8.4 Habib Bank Limited (HBL)-Term Loan Facility

	2011	2010
	(Rupees in thousand)	
Balance at beginning of the year	-	-
Add:		
Transferred from Habib Bank Limited Term Loan - I	580,000	-
Transferred from Habib Bank Limited Term Loan - II	210,519	-
	790,519	-
Less: current portion	75,000	-
Balance at end of the year	715,519	-

8.4.1 During the current year Company has entered into restructuring agreement with HBL for Rs. 790.52 million. The purpose of this arrangement is to restructure the existing loans (Loan - I and Loan II) for import of Waste Heat Recovery Plant. As per terms of agreement, the principal balance is repayable in 9 years including grace period of 24 months applicable from cut off date December 31, 2009.

Principal repayment will commence from January 01, 2012 as follows:

January 01, 2012	PKR 25 million
March 31, 2012	PKR 25 million
June 30, 2012	PKR 25 million

The remaining principal is to be repaid in twenty six equal quarterly installments of Rs. 27.52 million each, commencing from the quarter ending September 30, 2012.

This facility carries mark-up at 6 month KIBOR plus 3% per annum. Up to December 2015, HBL agrees to give discount on the applicable mark-up rate, provided that mark-up is serviced regularly and repayment terms are strictly adhered.

After rebate, markup rate will be as follows:

From January 01, 2010 to December 31, 2013	6 month KIBOR plus 1% per annum
From January 01, 2014 to December 31, 2015	6 month KIBOR plus 2% per annum
From January 01, 2016 to December 31, 2018	6 month KIBOR plus 3% per annum

The facility is secured against first pari passu equitable mortgage/hypothecation charge of Rs. 2,250 million over fixed assets of the Company (Land, Building & Plant and Machinery). It is also secured by Personal Guarantee (PG) along with PNWS of directors of the company and subordination of the entire sum of directors/sponsors loan outstanding at any point in time.

	2011	2010
	(Rupees in thousand)	
8.5 Deferred Markup Loan		
Balance at beginning of the year	-	-
Add:		
Markup deferred for redeemable capital	1,347,671	-
Markup deferred for Syndicated Term Finance	252,619	-
	1,600,290	-
Less: current portion	133,357	-
Balance at end of the year	1,466,933	-

8.5.1 As per terms of rescheduling agreement, through lead arranger and investors' agent Allied Bank Limited (ABL), deferred mark up of redeemable capital and syndicated term finances for the period from December 2009 to March 2011 were transferred to interest free deferred mark up loan during the current year. This loan will be repaid in 24 equal quarterly installments starting from March 2012.

	Note	2011	2010
		(Rupees in thousand)	
9. REDEEMABLE CAPITAL			
Islamic Sukuk Certificates under Musharaka agreement			
Balance at beginning of the year	9.1	8,296,600	8,000,000
Add: Sukuk Certificates issued during the year	9.2	-	300,000
Less: Sukuk Certificates paid during the year		6,800	3,400
		8,289,800	8,296,600
Less: current portion		306,800	6,800
Balance at end of the year		7,983,000	8,289,800

9.1 The Company has issued Islamic Sukuk Certificates under Musharaka agreement amounting to Rs. 8,000 million during the year ended June 30, 2008. In the financial year 2010, the Company has arranged restructuring of issued Sukuk Certificates and entered into First Addendum with Investors' Agent Allied Bank Limited (ABL).

9.2 In the financial year 2010 , the Company has issued new Sukuk Certificates (as Bridge Finance) to existing Sukuk lenders amounting to Rs. 300 million.

9.3 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 million
9 Years including grace period of 2.75 years and repayment is to be made in 6.25 years.

Rs. 300 million
Repayment is to be made in bullet in March 2012

Mark-up rate
- 3 months KIBOR plus 100 bps

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

Musharaka Investment repurchase

30 outstanding quarterly installments will be paid as per following schedule:

Period	Rupees in million
September 2011 - 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 and markup payments

- Rentals are payable quarterly in arrears. Rentals, during the year, have been calculated at mark-up rates ranging from13.20% to 14.59% (2010: 13.20% to 15.44%) per annum.

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

- Regular mark up payments will commence from September 2011.

Form and 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 Sukuk issue of Rs. 8,000 million is secured against first Pari passu charge over all present and future fixed assets of the Company amounting to Rs. 10.667 million. New Sukuk certificates issued as bridge finance amounting to Rs. 300 million is secured against ranking charge on fixed assets and specific properties comprising of 393 kanals at Kala Shah Kaku and personal security of directors.

Trustee / investors' agent

Allied Bank Limited

Transaction structure

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

- 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.

- Investors have appointed ABL to act as Investor Agent for the Sukuk Issue.

- 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.

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

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

- 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.

- 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 inducted into Central Depository Company (CDC), transfers are made in accordance with Central Depository Act, 1997 and other applicable CDC regulations.

Call option

The issuer may, at any time after expiry of one year from the issue date, purchase all or any of the sukuk units from the certificate holders at their applicable Buy Out Prices (pre-purchase) to be calculated subject to the provisions of the trust deed, sale undertaking and the terms and conditions therein.

10. SYNDICATED TERM FINANCE

	2011	2010
	(Rupees in thousand)	
Faysal Bank Limited	359,568	359,856
Pak Libya Holding Co. (Pvt.) Limited	239,712	239,904
MCB Bank Limited	149,820	149,940
Askari Bank limited	104,874	104,958
Pak Brunei Investment Co. Limited	89,892	89,964
Soneri Bank Limited	89,892	89,964
The Bank of Khyber	59,928	59,976
Saudi Pak Industrial & Agriculture Investment Co. (Pvt.) Limited	59,928	59,976
The Bank of Punjab	59,928	59,976
First Women Bank Limited	59,928	59,976
Atlas Bank Limited	29,964	29,988
Allied Bank Limited	194,766	194,922
	1,498,200	1,499,400
Less: current portion	1,200	1,200
	1,497,000	1,498,200

10.1 During the financial year 2010, the Company had 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). The salient terms of this syndicated term finance facility are as follows:

Lead arranger & agent bank

Allied Bank Ltd. (ABL)

Lenders

Banks and DFIs

Facility amount

Rs. 1,500 million

Tenor

9 Years including Grace period of 2.75 years

Mark-up rate

- 3 months KIBOR plus 100 bps

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

Principal repayment

30 outstanding quarterly installments will be paid as per following schedule:

Period	Rupees in million
September 2011 - June 2012	0.30
September 2012 - June 2015	37.50
September 2015 - June 2016	44.50
September 2016 - June 2017	56
September 2017 - June 2018	70
September 2018 - December 2018	181

Rental and markup payments

- Rentals are payable quarterly in arrears. Rentals, during the year, have been calculated at mark-up rates ranging from 13.16% to 14.59% (2010: 13.16% to 15.72%) per annum.

- 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.

Security

This First pari passu charge over all present and future fixed assets of the Company amounting to Rs. 3,333 million.

11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2011	2010
		(Rupees in thousand)	
Present value of minimum lease payments	11.1.1	**1,084,527**	1,079,941
Less: current portion		**620,161**	379,198
		464,366	700,743

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

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

	2011	2010
	(Rupees in thousand)	
Minimum lease payments:		
Not later than one year	714,073	455,568
Later than one year but not later than five years	523,295	796,055
	1,237,368	1,251,623
Less: finance cost allocated to future period	122,841	141,682
	1,114,527	1,109,941
Less: security deposits adjustable on expiry of lease term	30,000	30,000
	1,084,527	1,079,941
Less: current portion	620,161	379,198
	464,366	700,743

11.1.1 Present value of minimum lease payments

	2011	2010
Not later than one year	620,161	379,198
Later than one year but not later than five years	464,366	700,743
	1,084,527	1,079,941

11.2 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.

As per the lease agreement tenor of the 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. Mark-up 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 Mark-up rates, during the current financial year, ranged between 14.93% to 15.88% (2010: 14.35% 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.

The Company has not paid principal amount of lease amounting Rs 13.89 million from Meezan Bank which became over due on May 17 2011, and it remained overdue at the year-end and was grouped under current liabilities.

11.3 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 3.25%(2010: 2.96% to 3.72%) per annum. The facility is secured against the first exclusive charge on power generation plant.

The Company, has not paid principal amounting Rs 367.14 million to ICD for period from December 15, 2009 and June 15, 2011. These installments were overdue at the year-end and have been grouped under current liabilities.

11.3.1 The Company has entered into an interest rate swapping agreement with Standard Chartered Bank in respect of this lease finance facility. The agreement became 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.

12. LONG TERM DEPOSITS

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

13. DEFERRED TAXATION

This is composed of the following:

	2011	2010
	(Rupees in thousand)	
Deferred tax liability on taxable temporary differences arising in respect of:		
- accelerated tax depreciation on property, plant and equipment	3,073,864	2,515,141
- fair value on investments - available for sale	-	117,581
- surplus on the revaluation of operating fixed assets	2,114,100	-
	5,187,964	2,632,722
Deferred tax asset on deductible temporary differences arising in respect of:		
- unused tax losses	(2,660,619)	(2,446,711)
- lease finances	(137,482)	(56,154)
- employees' compensated absences	(5,552)	(4,459)
- minimum tax recoverable against normal tax charge in future years	(270,211)	(125,398)
	(3,073,864)	(2,632,722)
	2,114,100	-

13.1 Deferred tax asset amounting to Rs. 1,301 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, 2012.

14. EMPLOYEES' COMPENSATED ABSENCES

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

15. TRADE AND OTHER PAYABLES

	Note	2011	2010
		(Rupees in thousand)	
Creditors		616,037	947,638
Bills payable - secured	15.1	1,333,468	785,705
Due to Kohinoor Textile Mills Limited (the holding company)		63,636	14,987
Accrued liabilities		494,714	496,665
Advances from customers		422,124	221,220
Security deposits, repayable on demand	15.2	43,741	41,705
Contractors' retention money		55,665	45,813
Royalty and excise duty payable		17,951	69,688
Provident fund payable		2,834	2,831
Other taxes payable		26,188	10,046
Sales taxes payable		223,204	48,846
Excise duty payable		655,386	717,549
Unclaimed dividend		1,533	1,533
Preference dividend payable		129,012	77,223
Other payables		17,356	10,423
Payable to Maple Leaf Cement Factory Limited Employees' Gratuity Fund	15.3	13,030	6,864
		4,115,879	3,498,736

15.1 These are secured against the securities as detailed in note 17.1 to these financial statements.

15.2 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.

15.3 The amounts recognised in the balance sheet are determined as follows:

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:

	2011	2010
- discount rate	14%	12%
- expected return on plan assets	12%	12%
- expected rate of growth per annum in future salaries	13%	11%
- average expected remaining working life time of employees	10 years	10 years

	2011	2010
	(Rupees in thousand)	
The amounts recognised in the balance sheet are as follows:		
Present value of defined benefit obligation	82,275	77,070
Fair value of plan assets	(50,914)	(43,201)
Benefits payable to outgoing Members	-	-
Deficit	31,361	33,869
Unrecognized actuarial gain	(18,331)	(27,005)
Net (liability) / asset at end of year	13,030	6,864
Net liability / (asset) as at beginning of the year	6,864	(8,184)
Charge to profit and loss account	10,391	6,864
Payments to fund during the year	(4,225)	(1,929)
Amount paid to the Company	-	10,113
Net liability at end of the year	13,030	6,864
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	77,070	60,082
Current service cost	4,397	3,987
Interest cost	9,248	7,210
Benefits paid	(4,225)	(1,959)
Actuarial (loss) / gain	(4,215)	7,750
Present value of defined benefit obligation as at end of the year	82,275	77,070
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	43,201	47,997
Expected return on plan assets	5,184	5,759
Contributions	4,225	1,929
Benefits paid	(4,225)	(1,959)
Payments made to outgoing members	-	(10,113)
Actuarial loss	2,529	(412)
Fair value of plan assets as at end of the year	50,914	43,201
Actual return / (loss)on plan assets at end of year	7,713	5,348
Plan assets comprise of:		
Term deposit receipts - KASB Bank	-	23,431
Trust Investment Bank including accrued interest	15,285	-
Al-Barka Bank including accrued interest	8,907	-
National Investment Trust Units	20,508	17,886
Profit receivable from provident fund	503	-
Cash at bank	5,711	1,914
Benefits payments due, but not paid	-	(30)
	50,914	43,201

	2011	2010
	(Rupees in thousand)	
Charge to profit and loss for the year		
Current service cost	4,397	3,987
Interest cost	9,248	7,210
Expected return on plan assets	(5,184)	(5,759)
Actuarial losses charge	1,930	1,426
	10,391	6,864

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:

	2011	2010	2009	2008	2007
Present value of defined benefit obligation	(82,275)	(77,070)	(60,082)	(50,663)	(46,512)
Fair Value of plan assets	50,914	43,201	47,997	61,382	60,785
(Deficit) / surplus	(31,361)	(33,869)	(12,085)	10,719	14,273
Experience adjustment on obligation	(4,215)	7,750	3,216	(1,653)	(3,825)
Experience adjustment on plan assets	2,529	(412)	(17,140)	(6,697)	2,603

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

15.3.2 The latest actuarial valuation of the gratuity scheme has been carried-out on June 30, 2011.

	Note	2011	2010
		(Rupees in thousand)	

16. ACCRUED PROFIT / INTEREST / MARK-UP

	2011	2010
Profit / interest / mark-up accrued on:		
Long term loans	89,442	45,587
Redeemable capital	391,012	622,378
Syndicated term finances	72,962	111,572
Liabilities against assets subject to finance lease	98,925	48,781
Short term borrowings	138,820	93,494
	791,161	921,812

17. SHORT TERM BORROWINGS

	Note	2011	2010
From banking companies			
Cash and running finances - secured	17.1	3,727,712	3,761,721
Temporary bank overdrafts - unsecured	17.2	356,954	299,117
		4,084,666	4,060,838

17.1 These facilities have been obtained from various commercial banks for working capital requirements, under mark-up arrangements having aggregate sanctioned limit amounting to Rs. 4,657 million (2010: Rs. 4,306 million). These facilities carry mark-up at the rates ranging from 8.5 % to 24 % (2010: 7.50% to 24.00%) per annum payable quarterly.

Facilities available for opening letters of credit / guarantee aggregate amounting to Rs. 2,135 million (2010: Rs. 3,700 million) of which the amount aggregating Rs. 354 million (2010: Rs. 1,850 million) 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 maximum by April 30, 2012.

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

18. CONTINGENCIES AND COMMITMENTS

Contingencies

18.1 The Company has filed writ petitions before the Lahore High Court (LHC) against the legality of judgment passed by the Customs, Excise and 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.

18.2 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. 11.588 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.

18.3 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 exempted. A total demand of Rs. 1,387 million was raised by the FBR out of which an amount of Rs. 269.328 million was deposited by the Company as undisputed liability.

18.4 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.

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 million as the management is confident that the ultimate outcome of this case will be in favour of the Company.

18.5 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 an 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. 59.556 million. In the event of an adverse decision in appeal, the guarantees aggregating Rs. 135.700 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.

18.6 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 to 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 Honorable 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. 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.

18.7 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 to 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.

18.8 The customs department has filed an appeal against the judgment dated May 19, 2009, passed in favour of the Company pursuant to which the Company is not liable to pay custom duty amounting to Rs. 0.589 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated May 14, 1992, and SRO 978(1)/95 dated October 04, 1995. The appeal is pending before the Honorable Lahore High Court.

18.9 The Company has preferred an appeal against the order in original No. 576/99 dated September 18, 1999, whereby the company was denied the benefit of SRO 484(1)/92 dated May 14, 1992, and SRO 978(1)/95 dated October 04, 1995. Accordingly the demand of Rs. 0.807 million was raised against the Company. Appeal was dismissed by Central Excise and Sales Tax Tribunal on May 19, 2009. The Company has filed petition before the Honorable 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.

18.10 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 ex parte 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.

18.11 Contingencies relating to tax matters are disclosed in note 34 to these financial statements.

	Note	2011	2010
		(Rupees in thousand)	
18.12 Commitments			
18.12.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies		397,867	343,179
18.12.2 Commitments against capital expenditure		235,014	178,127
18.12.3 Commitments against bills discounted		-	40,143
18.12.4 Commitments against irrevocable letters of credit:			
- spare parts for capital expenditures		-	629,831
- other spare parts		44,513	115,184
		44,513	745,015
		677,394	1,306,464

19. PROPERTY, PLANT AND EQUIPMENT

	Note	2011	2010
Operating fixed assets	19.1	24,409,108	17,837,028
Capital work in progress-at cost	19.7	3,794,285	3,140,444
Stores and spare parts held for capital expenditure		-	57,896
		28,203,393	21,035,368

19.1 Property, plant and equipment

	Owned								Leased		Total
	Freehold land	Buildings on freehold land	Roads, bridges and railway sidings	Plant & Machinery	Furniture fixture & equipment	Quarry equipment	Vehicle	Share of joint assets	Plant & machinery	Quarry equipment	
	.... (Rupees in thousand)										
Tangible assets											
June 30, 2011											
Cost											
Balance as at July 01, 2010	53,710	3,943,972	87,614	20,117,820	164,026	218,088	80,406	5,999	959,677	-	25,631,312
Additions	-	588	-	36,553	3,697	-	13,791	1	-	-	54,630
Disposals	-	-	-	(569,167)	-	-	(3,006)	-	-	-	(572,173)
Revaluation surplus	370,715	268,457	3,092	7,231,557	-	-	-	-	-	-	7,873,821
Balance as at June 30, 2011	424,425	4,213,017	90,706	26,816,763	167,723	218,088	91,191	6,000	959,677	-	32,987,590
Depreciation											
Balance as at July 01, 2010	-	903,790	58,071	6,387,996	103,227	159,179	51,465	3,607	126,949	-	7,794,284
Charge for the year	-	177,474	3,061	1,004,608	11,953	11,782	6,677	239	37,472	-	1,253,266
On disposals	-	-	-	(466,437)	-	-	(2,631)	-	-	-	(469,068)
Balance as at June 30, 2011	-	1,081,264	61,132	6,926,167	115,180	170,961	55,511	3,846	164,421	-	8,578,482
Book value as at June 30, 2011	424,425	3,131,753	29,574	19,890,596	52,543	47,127	35,680	2,154	795,256	-	24,409,108
June 30, 2010											
Cost											
Balance as at July 01, 2009	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
Additions	-	5,016	-	41,597	4,432	-	6,136	133	-	-	57,314
Disposals	-	-	-	-	(216)	(5,951)	(8,449)	-	-	-	(14,616)
Transfers	-	-	-	-	-	47,315	-	-	-	(47,315)	-
Balance as at June 30, 2010	53,710	3,943,972	87,614	20,117,820	164,026	218,088	80,406	5,999	959,677	-	25,631,312
Depreciation											
Balance as at July 01, 2009	-	739,723	54,843	5,587,041	88,922	127,720	49,252	3,355	87,710	22,634	6,761,200
Charge for the year	-	164,067	3,228	800,955	14,432	14,472	7,073	252	39,239	257	1,043,975
On disposals	-	-	-	-	(127)	(5,904)	(4,860)	-	-	-	(10,891)
On transfers	-	-	-	-	-	22,891	-	-	-	(22,891)	-
Balance as at June 30, 2010	-	903,790	58,071	6,387,996	103,227	159,179	51,465	3,607	126,949	-	7,794,284
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
Depreciation rate (%)	-	5-10	5-10	5-20	10-30	20	20	10	20	20	

19.2 During the year the company has revalued it's certain assets as described in note 7.1 to the financial statements. The revaluation surplus, net of deferred tax, is credited to surplus on revaluation of property, plant and equipment. Incremental depreciation net of deferred tax , for relevant period, has been charged in these financial statements.

Had there been no revaluation the cost, accumulated depreciation and book value of revalued assets as at June 30, 2011 would have been as follows:

	Cost	Accumulated Depreciation	Book Value
	..............Rupees in thousand		
Freehold Land	53,710	-	53,710
Buildings on freehold land	3,944,560	1,074,384	2,870,176
Roads, bridges and railway sidings	87,615	60,979	26,636
Plant and machinery	19,602,760	6,739,150	12,863,610
	23,688,645	7,874,513	15,814,132

19.3 The Company has given on lease, land measuring 8 Kanals and 16 Marlas (2010: 8 Kanals and 16 Marlas) to Sui Northern Gas Pipelines Ltd. at an annual rent of Rs. 4,267 (2010: Rs. 4,267).

	Note	2011	2010
		(Rupees in thousand)	
19.4 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold	37	1,236,261	1,029,060
Administrative expenses	39	17,005	14,915
		1,253,266	1,043,975

19.5 Ownership of the housing colony assets included in the operating fixed assets is shared by the Company jointly with Pak American Fertilizer Limited in 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.

	2011	2010
	(Rupees in thousand)	
The cost of these assets at the year-end were as follows:		
Buildings	4,105	4,105
Roads and bridge	202	202
Air strip	16	16
Plant and machinery	273	273
Furniture, fixtures and equipment	1,233	1,233
Vehicles	171	170
	6,000	5,999

19.6 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceed	Gain/ (Loss)	Mode of disposal	Sold to
	------------(Rupees in thousand)			---------------			
Vehicle							
Suzuki cultus	525	278	247	550	303	Insurance claim	EFU Insurance Co.
Yamaha Motor cycle	60	42	18	40	22	Insurance claim	EFU Insurance Co.
Suzuki jeep	484	467	17	370	353	Negotiation	Bagh Ali
Suzuki jeep potohar	474	457	17	480	463	Negotiation	Ch. sadiqe
Suzuki alto	449	410	39	380	341	Negotiation	Muhammad Altaf
Suzuki jeep potohar	474	457	17	370	353	Negotiation	Malik Mehr Naveed
Suzuki jeep potohar	540	520	20	410	390	Negotiation	Haji Bashir
	3,006	2,631	375	2,600	2,225		
Plant and Machinery							
Plant and machinery	569,167	466,437	102,730	105,603	2,873	Auctions	Brilliant Traders
	569,167	466,437	102,730	105,603	2,873		
Total	572,173	469,068	103,105	108,203	5,098		

	Note	2011	2010
		(Rupees in thousand)	
19.7 Capital work-in-progress - at cost			
Tangible assets			
Plant and machinery		3,202,068	2,626,022
Un-allocated capital expenditure	19.8	477,163	274,540
Advance to supplier against:			
- purchase of land		2,000	2,000
- civil works		3,505	3,505
- plant and machinery		104,999	206,579
- vehicles		4,550	1,414
		3,794,285	3,114,060
Intangible assets			
Computer software and consultancy cost		-	26,384
		3,794,285	3,140,444

19.8 Un-allocated capital expenditure

	Note	2011	2010
Opening balance		274,540	59,581
Add: expenditure incurred during the year:			
Salaries and wages		10,345	5,619
Travelling		3,372	1,328
Vehicles' running and maintenance		184	115
Finance cost	19.8.1	181,077	201,620
Communication		117	160
Legal and professional		5,974	50
Insurance expense		-	5,797
Miscellaneous expenses		1,554	270
		477,163	274,540

19.8.1 The borrowing rates have been disclosed in note 8 to these financial statements.

	Note	2011	2010
		(Rupees in thousand)	
20. INTANGIBLE ASSETS			
(Computer software)			
Book value as at beginning of the year		1,774	7,332
Transferred from CWIP		26,384	-
Amortization for the year		(10,567)	(5,558)
Book value as at end of the year		17,591	1,774
Gross carrying value as at end of the year			
Cost		49,634	23,250
Accumulated amortization		32,043	21,476
Book value as at end of the year		17,591	1,774
Amortization rate - % per annum		33.33	33.33

21. LONG TERM INVESTMENT

Investment in Subsidiary - Unquoted

	Note	2011	2010
Vital Trading Company (Pvt.) Limited 19,998 (2010: 19,998) Ordinary shares of Rs. 10 each fully paid.			
Equity held 99.99 % (2010: 99.99%) at cost	21.1	200	200
		200	200

21.1 Vital Trading (Private) Limited (wholly owned 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, 2011. Vital Trading (Private) Limited has not commenced business till June 30, 2011.

	2011	2010
	(Rupees in thousand)	
22. LONG TERM LOANS TO EMPLOYEES - SECURED		
House building	2,120	3,566
Vehicles	2,336	1,863
Others	247	287
	4,703	5,716
Less: current portion	2,172	2,423
	2,531	3,293

22.1 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 (2010: 6.00% to 12.00% per annum). These loans are recoverable in 30 to 120 monthly installments.

22.2 No amount was due from directors and chief executive at the year-end (2010: Rs. Nil).

	Note	2011	2010
		(Rupees in thousand)	
23. DEPOSITS AND PREPAYMENTS			
Security deposits	23.1	52,036	51,240
Prepayments		-	333
		52,036	51,573

23.1 These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	Note	2011	2010
		(Rupees in thousand)	
24. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	24.1	1,257,478	696,439
Spare parts		1,741,935	1,677,517
Loose tools		38,533	38,454
		3,037,946	2,412,410
Less: provision for slow-moving and obsolete items		5,000	5,000
		3,032,946	2,407,410

24.1 Stores include in transit valuing Rs. 620.393 million (2010 : Rs 195.450 million)

24.2 Stores having carrying value amounting to Rs. nil (2010: Rs. 62.423 million) pledged as security against borrowings.

	2011	2010
	(Rupees in thousand)	
25. STOCK IN TRADE		
Raw material	44,464	19,046
Packing material	72,340	65,302
Work-in-process	181,879	92,102
Finished goods	240,401	328,268
	539,084	504,718

26. TRADE DEBTS

	Note	2011	2010
		(Rupees in thousand)	
Considered good			
Export - secured	26.1	90,038	482,442
Local - unsecured		470,065	268,958
		560,103	751,400
Considered doubtful			
Export		35,582	22,016
Local		13,198	4,293
		48,780	26,309
		608,883	777,709
Less: provision for doubtful debts		48,780	26,309
		560,103	751,400

26.1 These are secured through letters of credit.

27. LOANS AND ADVANCES

	Note	2011	2010
Current portion of loans to employees	22	2,172	2,423
Advances - unsecured, considered good:			
Employees		7,484	6,804
Suppliers		135,405	257,415
		145,061	266,642

28. INVESTMENTS

	Note	2011	2010
Available for sale - Unquoted			
Associated company			
Security General Insurance Company Limited			
Nil (2010 : 4,570,389) i.e. 6.71% ordinary shares of Rs. 10 each - at cost		-	5,000
Add: adjustment arising from measurement on fair value		-	447,926
	28.1	-	452,926
At fair value through profit and loss - Quoted			
Mutual funds:			
Noman Abid Reliance Income Fund Fixed fund (2010: Fixed Fund)		14,000	14,000
Alfalah GHP cash fund 4000 units (2010: 4,000 units)		2,000	2,000
		16,000	16,000
Add / (less): adjustments arising from measurement on fair value.		299	60
		16,299	16,060

	2011	2010
	(Rupees in thousand)	
Cement:		
Fauji Cement Company Limited		
121,800 (2010 : 121,800) ordinary shares of Rs. 10 each	1,949	1,949
Chemicals:		
Highnoon Laboratories Limited		
127,897 (2010: 116,270) ordinary shares of Rs. 10 each including 11,627 bonus shares	9,916	9,916
Fertilizer:		
Shakarganj Mills Limited		
6,000 (2010: 6,000) ordinary shares of Rs. 10 each	250	250
	12,115	12,115
Less: adjustments arising from measurement on fair value	7,464	8,763
	4,651	3,352
	20,950	472,338

28.1 During the year, as part of the financial restructuring, the Company has disposed off its investment in Security General Insurance Company Limited to Vital Trading (Pvt) Limited - a wholly owned subsidiary at a price of Rs. 84 per share, by considering the valuation report, prepared by the firm M/s Anjum Asim Shahid Rahman, Chartered Accountants (Member of Grant Thornton International Ltd), based on generally accepted valuation method.

29. DEPOSITS AND SHORT TERM PREPAYMENTS

	2011	2010
	(Rupees in thousand)	
Margin against:		
letters of credit	24,226	25,120
bank guarantees	51,802	31,458
Prepayments	44,204	63,517
Security deposits	1,664	1,729
	121,896	121,824

30. ACCRUED PROFIT

This represents profit accrued on deposits / PLS bank accounts at the rate ranging from 1.00% to 5.00% (2010: 1.00% to 5.00%) per annum.

31. REFUNDS RECEIVABLE FROM GOVERNMENT

	2011	2010
Sales tax and customs duty	16,797	16,797
	16,797	16,797

31.1 This represents amounts paid against various cases as detailed in the contingencies note 18 to these financial statements. The Company is still in litigation to get refund of these amounts.

	Note	2011	2010
		(Rupees in thousand)	

32. OTHER RECEIVABLES

	Note	2011	2010
Inland freight subsidy receivable	32.1	62,060	62,060
Others		36,092	29,118
		98,152	91,178

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. DUE FROM SUBSIDIARY COMPANY

This includes an amount of Rs. 383,913 receivable from Vital trading company (PVT) Limited -a wholly owned subsidiary company on account of disposal of available for sale investment in Security General Insurance Company (Pvt) Limited.

34. INCOME TAX (NET OF PROVISIONS)

	2011	2010
	(Rupees in thousand)	
Balance at beginning of year	296,506	162,058
Add: tax deducted at source	174,610	237,570
Less: income tax adjustment	132,838	-
Less: provision for taxation:		
- current year	131,896	102,237
- prior year	-	885
	131,896	103,122
Balance at end of year	206,382	296,506

34.1 The Income Tax Department (the Department) have selected tax years 2003 and 2006 for tax audit, and also initiated proceedings under section 161 and 205 of Income Tax Ordinance 2001 (the Ordinance) against the company in the respect of tax years 2003 to 2007. Income tax assessments of the company except described otherwise are deemed assessments in terms of section 120 (1) of the Income Tax Ordinance 2001.

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.

34.2 In consequence of tax audit conducted by the Department for tax year 2003, 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. The management is confident that the ultimate outcome of this case will be in favour of the Company.

34.3 Additional Commissioner Inland Revenue passed an order u/s 122(5A) and made additions of Rs. 21.6 million in Company's taxable income and raised a tax demand of Rs. 1.9 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. Through appellate order dated May 30, 2011 passed by the Commissioner Inland Revenue (Appeals) {CIR(A)}, company's appeal against amendment order dated March 10, 2010 earlier passed under section 122 (5A) of Ordinance has been disposed off. Through such order, while company's appeal on the issue of admissibility of initial allowance on exchange loss capitalized under section 76(5) of Income Tax Ordinance, 2001, has not been entertained, relief has been allowed regarding the issue of inclusion of "profit on sale of fixed assets" in turnover for computing minimum tax liability under section 113 of the Ordinance pending before appellate tribunal.

34.4 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 amounting to Rs. 0.159 million being default surcharge u/s 34 and Rs. 3,500 being penalty u/s 33(5) of Sales Tax Act 1990 and Rs. 0.453 million being default surcharge u/s 8 and Rs. 7.809 million being penalty u/s 19(1) of Federal Excise Act 2005.

In reference to above order appeal is pending before the Appellate Tribunal of Inland Revenue. The management is confident that the ultimate outcome of this case will be in favour of the Company.

34.5 The Department has initiated proceedings under section 161 and 205 of the Ordinance against the Company in respect of tax years described earlier. 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.

34.6 Through the Writ Petition No.22485/1997 titled" Maple Leaf Cement Factory Limited" Vs " Federation of Pakistan and others", the Company has sought a declaration that it is not liable to pay advance income tax in terms of Section 53 of Income Tax Ordinance, 1979 on the ground that on proven facts it is not liable to payment of any income tax for the year ending on June 30, 1998. The petition is pending before the Honorable Lahore High Court, Lahore.

34.7 Tax losses available for carry forward as at June 30, 2011 aggregated Rs. 11,331 million (2010: Rs. 10,424 million).

35. CASH AND BANK BALANCES

	Note	2011	2010
		(Rupees in thousand)	
Cash:			
in hand		2,891	1,180
in transit		9,411	-
		12,302	1,180
Cash at banks in:			
PLS accounts		112,231	44,629
current accounts		163,637	27,456
		275,868	72,085
		288,170	73,265

35.1 These accounts bear profit at the rates ranging from 1.00% to 5.00 % (2010: 1.00% to 5.00%) per annum.

36. SALES - NET

		2011	2010
Local Sales:			
Gross		13,146,429	9,886,405
Less:			
Excise duty		1,618,710	1,618,793
Sales tax		1,883,559	1,349,218
Commission		132,633	116,701
		3,634,902	3,084,712
Net local sales		9,511,527	6,801,693
Export Sales:		3,561,691	6,828,818
		13,073,218	13,630,511

37. COST OF SALES

	Note	2011	2010
Raw materials consumed	37.1	535,920	575,591
Packing materials consumed		1,058,588	1,085,179
Fuel and power		6,929,042	6,732,228
Stores, spare parts and loose tool consumed		479,280	511,634
Salaries, wages and amenities	37.2	356,605	316,790
Rent, rates and taxes		6,702	13,917
Insurance		44,205	44,517
Repair and maintenance		46,507	44,669
Depreciation	19.4	1,236,261	1,029,060
Amortization	20	10,567	5,558
Vehicles, running and maintenance		50,408	47,652
Other expenses	37.3	145,884	148,470
		10,899,969	10,555,265
Work in process:			
opening		92,102	368,576
closing		(181,879)	(92,102)
		(89,777)	276,474
		10,810,192	10,831,739
Finished goods stock:			
opening		328,268	188,412
closing		(240,401)	(328,268)
		87,867	(139,856)
		10,898,059	10,691,883

	2011	2010
	(Rupees in thousand)	
37.1 Raw materials consumed		
At beginning of the year	19,046	23,312
Purchases	561,338	571,325
	580,384	594,637
Less: at end of the year	44,464	19,046
	535,920	575,591

37.2 Salaries, wages and amenities expense includes contribution to provident fund aggregating Rs. 12.287 million (2010: Rs. 11.412 million) and employee benefits (gratuity) amounting Rs. 8.010 million (2010: Rs. 5.386 million).

37.3 Other expenses include housing colony expenses aggregating Rs. 104.883 million (2010: Rs. 89.344 million).

38. DISTRIBUTION COST

	Note	2011	2010
		(Rupees in thousand)	
Salaries and amenities	38.1	43,452	34,626
Travelling		12,267	8,774
Vehicle running and maintenance		6,913	4,805
Postage, telephone and fax		3,534	3,415
Printing and stationery		724	749
Entertainment		1,899	1,194
Repair and maintenance		202	303
Advertisement and sampling		8,671	7,006
Freight and forwarding		1,563,865	3,087,609
Other expenses		5,105	4,408
		1,646,632	3,152,889

38.1 Salaries and amenities expense includes contribution to provident fund aggregating Rs. 1.689 million (2010: Rs. 0.892 million) and employee benefits (gratuity) amounting Rs. 0.350 million (2010: Rs. 0.230 million).

39. ADMINISTRATIVE EXPENSES

	Note	2011	2010
Salaries and amenities	39.1	78,105	70,375
Travelling		13,667	10,647
Vehicle running and maintenance		11,456	10,683
Postage, telephone and fax		5,553	5,893
Printing and Stationery		6,457	8,820
Entertainment		4,962	3,326
Repair and maintenance		4,463	4,465
Legal and professional charges	39.2	46,498	12,951
Depreciation	19.4	17,005	14,915
Rent, rates and taxes		207	89
Provision for doubtful debts		22,471	26,309
Provision for slow moving stores		-	5,000
Other expenses		19,944	20,688
		230,788	194,161

39.1 Salaries and amenities expense includes contribution to provident fund aggregating Rs.3.056 million (2010: Rs. 2.170 million) and employee benefits (gratuity) amounting Rs.2.031 million (2010: Rs. 0.276 million).

	2011	2010
	(Rupees in thousand)	
39.2 Legal and professional charges include the following in respect of Auditors' services for:		
Audit fee	1,000	1,000
Other certifications and Reviews	546	250
Out-of-pocket expenses	43	35
	1,589	1,285

39.3 The Company has shared expenses aggregating Rs.10.075 million (2010: Rs. 11.017 million) on account of the Combined Offices with its Associated Companies. These expenses have been booked in respective heads of account.

40. OTHER OPERATING EXPENSES

	Note	2011	2010
		(Rupees in thousand)	
Donation	40.1	1,075	6,402
Workers' welfare fund (WWF)		5,487	-
Delay payments surcharge	40.2	155,832	152,239
		162,394	158,641

40.1 Donations for the year have been given to:

	2011	2010
Gulab Devi Hospital, Lahore	400	6,000
Misc. donations in form of cement	575	280
National Counsel for Rehabilitation of Disabled Persons	-	100
General Hospital, Lahore	-	22
Internally Dislocated People (IDP), Swat	100	-
	1,075	6,402

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

40.2 This represents surcharge against delayed payments of electricity, sui gas and export running finance facility.

41 OTHER OPERATING INCOME

	Note	2011	2010
Income from financial assets			
Profit on bank deposits		4,658	5,328
Dividend income		11,717	9,431
Investment income		3,433	3,664
Gain on disposal of available for sale investment	41.1	378,913	-
Income from non financial assets		-	
Sale of scrap		18,359	28,685
Gain on disposal of operating fixed assets	19.6	5,098	4,343
Insurance claims received		19,374	2,942
Miscellaneous		8,601	2,638
		450,153	57,031

41.1 This represents gain on disposal of available for sale investments in Security General Insurance Company Limited to Vital Trading (Pvt) Limited - a wholly owned subsidiary. (Please refer to note 28.1 to these financial statements).

	2011	2010
	(Rupees in thousand)	

42. FINANCE COST

	2011	2010
Profit / interest / mark up on:		
Redeemable capital	1,155,496	1,151,738
Syndicated term finances	217,231	210,587
Liabilities against assets subject to finance lease	74,423	66,008
Short term borrowings	620,570	487,630
Bank guarantees' commission	5,691	3,702
Exchange loss - net	21,685	34,908
Realised loss on derivative cross currency interest rate swap agreement	12,728	13,970
Bank and other charges	58,585	90,933
	2,166,409	2,059,476

43. TAXATION

	2011	2010
Current	131,896	103,122
Deferred	56,229	(88,675)
	188,125	14,447

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.

44. RE-STATEMENT OF CASH FLOW STATEMENT

During the year some Corresponding figures of cash flow statement have been re-stated wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. The re-statement had no impact on previously reported total current assets, working capital position, results of operations and net decrease in cash and cash equivalents.

The following table presents a summary of the effects of re-statement:

	Cash flow statement		
	As previously reported	Adjustments	As re-restated
Cash generated from operations before working capital changes	637,645	(73,612)	564,033
Investments	(65,775)	65,775	-
Proceeds from sale of investments - Net	3,664	6,301	9,965

45. LOSS PER SHARE - BASIC AND DILUTED

The calculation of loss per share - basic is based on the following data:

	2011	2010
	(Rupees in thousand)	
Loss		
Loss after taxation	(1,769,036)	(2,583,955)
Less: dividend payable on preference shares	(52,678)	(52,794)
Loss attributable to ordinary shareholders	(1,821,714)	(2,636,749)

Number of shares	Number of shares (in thousand)	
Weighted average number of shares outstanding - basic	490,330	372,263
Dilutive effect of preference shares	63,413	63,460
Weighted average number of shares outstanding – diluted	553,743	435,723

Weighted average number of shares outstanding - basic has been calculated after taking into account the effect of shares issued and preference shares converted during the year.

Basic loss per share (Rupees)	(3.72)	(7.08)
Diluted loss per share (Rupees)	(3.72)	(7.08)

The effect of conversion of preference shares into ordinary shares is anti-dilutive; accordingly the diluted loss per share is restricted to the basic loss per share.

46 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	
	2011	2010	2011	2010	2011	2010	2011	2010
	.... Rupees in thousand							
Managerial remuneration	3,642	3,396	4,885	4,537	2,485	2,859	36,510	27,673
Contribution to provident fund trust	-	-	411	383	152	223	3,220	2,320
Perquisites and benefits:								
-house rent	550	524	219	192	425	557	14,040	9,773
-medical	-	-	408	383	175	116	827	500
-conveyance/petrol	-	-	376	252	261	321	7,749	5,330
-utilities	308	280	61	60	192	223	3,346	2,451
	858	804	1,064	887	1,053	1,217	25,962	18,054
	4,500	4,200	6,360	5,807	3,690	4,299	65,692	48,047
No. of persons	1	1	1	1	1	1	40	30

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.150 thousand (2010: Rs. 135 thousand).

47. 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	2011	2010
		(Rupees in thousand)	
Holding company	Purchase of goods and services	-	147
	Sale of goods and services	479	484
	Purchase of property, plant and equipment	204	419
	Sale of property, plant and equipment	-	1,770
Subsidiary company	Purchase of shares	-	200
	Disposal of investment	383,934	-
Associated company	Dividend received	10,181	9,141
	Share deposit money received	-	1,000,000
Key management personnel	Remuneration and other benefits	80,242	62,352
Maple Leaf Cement Factory Limited Employees' Gratuity Fund	Payment to fund	(4,225)	(1,959)

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.

48. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2011	2010	2011	2010
	-------------------- Metric ton --------------------			
Clinker	3,690,000	3,690,000	2,753,051	3,130,308

- 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.

49. SEGMENT REPORTING

49.1 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 then 90% (2010: 90%). 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.

49.2 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	2011	2010
	% of total revenue	
Asia	84	74
Africa	16	26

50. CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES

	2011	(Restated)* 2010
	(Rupees in thousand)	
Loss before taxation	(1,580,911)	(2,569,508)
Adjustments for:		
Depreciation on property, plant and equipment	1,253,266	1,043,975
Amortization of intangible assets	10,567	5,558
Provision for doubtful debts	22,471	26,309
Provision for slow moving stores	-	5,000
Gain on disposal of property, plant and equipment	(5,098)	(4,343)
Gain on disposal of available for sale financial asset	(378,913)	-
Investment income	(3,433)	(3,664)
Employees' compensated absences	6,424	10,661
Finance cost	2,166,409	2,059,476
Dividend income	(11,717)	(9,431)
	3,059,976	3,133,541
	1,479,065	564,033

* Amounts have been restated as explained in note 44 to the financial statements

51. 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 ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

51.1 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 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:

	2011	2010
	(Rupees in thousand)	
Non current assets		
Security deposits	52,036	51,240
Current assets		
Trade debts	483,263	273,251
Loans and advances	7,484	6,804
Investments	20,950	472,338
Deposits	53,466	33,187
Accrued profit	890	656
Other receivables	24,744	4,811
Bank balances	285,279	72,085
	928,112	914,372

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:

Export - secured	125,620	504,458
Local - unsecured, considered good	483,263	273,251
	608,883	777,709

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:

Not past due	431,722	526,273
Past due 1 to 30 days	57,536	159,430
Past due 30 to 150 days	38,308	39,444
Past due 150 days	81,317	52,562
	608,883	777,709

Provision for trade debts

Based on age analysis, relationship with customers and past experience the management believes that provision for doubtful debts amounting Rs. 22.471 million is sufficient for the year ended June 30, 2011 and does not expect any other party to fail to meet their obligation.

Investments have been made in the following:

- Mutual Funds; and
- Shares of listed companies.

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

	2011	2010
Security General Insurance Company Limited	N/A	A
Noman Abid Reliance Income Fund	AM3-	AM 3-
Alfalah GHP cash fund	AM3	AM 3

Cash at bank

Total bank balance of Rs. 275.868 million (2010:Rs. 72.085 million) placed with banks have a short term credit rating of at least A1+ (2010: A1+).

51.2 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 17.1 to these financial statements is a listing of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

51.2.1 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 8, 9, 10, 11 and 17 to these financial statements.

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

	2011				
	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	3,005,658	3,553,356	614,146	2,210,885	728,325
Redeemable capital	8,289,800	14,314,638	1,205,848	7,369,758	5,739,032
Syndicated term finances	1,498,200	2,598,529	216,721	1,307,868	1,073,941
Liabilities against assets subject to finance lease	1,084,527	1,159,969	568,734	591,235	-
Long term deposits	5,569	5,569	-	5,569	-
Trade and other payables	3,693,755	3,693,755	3,693,755	-	-
Accrued profit / interest / mark up	791,161	791,162	791,162	-	-
Short term borrowings	4,084,666	4,084,666	4,084,666	-	-
	22,453,336	30,201,644	11,175,032	11,485,315	7,541,298

	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	1,581,039	1,913,059	665,238	1,247,821	-
Redeemable capital	8,296,600	13,959,857	283,820	6,231,669	7,444,368
Syndicated term finances	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	3,277,516	3,277,516	3,277,516	-	-
Accrued profit / interest / mark up	921,812	921,812	921,812	-	-
Short term borrowings	4,060,838	4,060,838	4,060,838	-	-
	20,719,885	27,953,967	9,691,403	9,422,923	8,839,641

51.3 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.

51.3.1 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:

	2011			
	Rupees	US$	Euros	Yens
	-------------(Rupees in thousand)-------------			
Liabilities against assets subject to finance lease	917,860	10,667	-	-
Creditors and bills payables	993,012	10,754	541	-
	1,910,873	21,421	541	-
Trade debts	(125,620)	(1,463)	-	-
Gross balance sheet exposure	1,785,253	19,958	541	-
Outstanding letters of credit	44,513	8	351	-
Net exposure	1,829,766	19,966	892	-

	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

The following significant exchange rates have been applied:

	Average rate .... Rupees		Reporting date mid spot rate .... Rupees	
	2011	2010	**2011**	2010
US $ to Rupee	**85.73**	84.02	**85.85 / 86.05**	85.4 / 85.6
EURO to Rupee	**117.72**	116.28	**124.89**	104.58
Yen to Rupee	**1.04**	0.9241	**1.07**	0.9662

Sensitivity analysis

A 10 percent strengthening of the Pak Rupee against the US dollar, Euro and Yen, at June 30, 2011 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, 2010.

Effect on loss for the year:

	2011	2010
	(Rupees in thousand)	
U.S.$ to Rupee	**171,806**	181,392
EURO to Rupee	**11,141**	21,525
Yen to Rupee	**-**	472
Decrease in profit and loss account	**182,947**	203,389

A 10 percent weakening of the Pak Rupee against the US dollar, Euro and Yen, at June 30, 2011 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.

51.3.2 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:

	2011	2010	2011	2010
	..... Effective rate		Carrying amount	
Fixed rate financial instruments			(Rupees in thousand)	
Financial liabilities				
Short term borrowings (export running finances)	11.0%	9.0%	842,433	1,646,896
Financial assets				
Loans to employees	6% to 12%	6% to 12%	4,456	5,429
Bank balances at PLS accounts	1% to 5%	1% to 5%	121,642	44,629
			126,098	50,058
			716,335	1,596,838

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 14.62%	9.70% to 14.38%	3,005,657	1,581,039
Redeemable capital	13.20% to 14.59%	13.20% to 15.44%	8,289,800	8,296,600
Syndicated term finances	13.16% to 14.59%	13.16% to 15.72%	1,498,200	1,499,400
Liabilities against assets subject to finance lease	2.90% to 15.88%	2.96% to 16.51%	1,084,528	1,079,941
Short term borrowings	8.50% to 24.00%	7.50% to 24.00%	3,242,233	2,413,942
			17,120,418	14,870,922

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 2010.

	Increase	Decrease
As at June 30, 2011	(Rupees in thousand)	
Cash flow sensitivity Variable rate financial liabilities	(171,204)	171,204
As at June 30, 2010		
Cash flow sensitivity-Variable rate financial liabilities	(148,709)	148,709

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

51.3.3 Fair value hierarchy

Financial instruments carried at fair value are categorised as follows:

Level 1: quoted market prices
Level 2: Valuation techniques (market observable)
Level 3: Valuation techniques (non market observable)

The Company held the following financial instruments mearured at fair value.

	Total	Level 1	Level 2	Level 3
Financial assets June 30, 2011				
Available for sale- Unquoted	-	-	-	-
At fair value through profit and loss - Quoted	20,950	20,950	-	-
	20,950	20,950	-	-
Financial assets June 30, 2010				
Available for sale- Unquoted	452,926	-	452,926	-
At fair value through profit and loss - Quoted	19,412	19,412	-	-
	472,338	19,412	452,926	-

51.3.4 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:

	2011	2010
	(Rupees in thousand)	
Effect on loss	2,095	1,941
Effect on investments	2,095	1,941

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

51.4 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.

51.5 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.

	2011	2010
	(Rupees in thousand)	
Total borrowings	17,962,851	16,517,818
Less: Cash and bank balance	288,170	73,265
Net debt	17,674,681	16,444,553
Total Equity	3,133,287	4,134,208
Total capital	20,807,968	20,578,761
Gearing ratio	85%	80%

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

52. 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
Inventory in transit spare parts	Stores	For better presentation	80,540
Employee benefit	Trade and other payables	For better presentation	6,864

53. DATE OF AUTHORIZATION FOR ISSUE

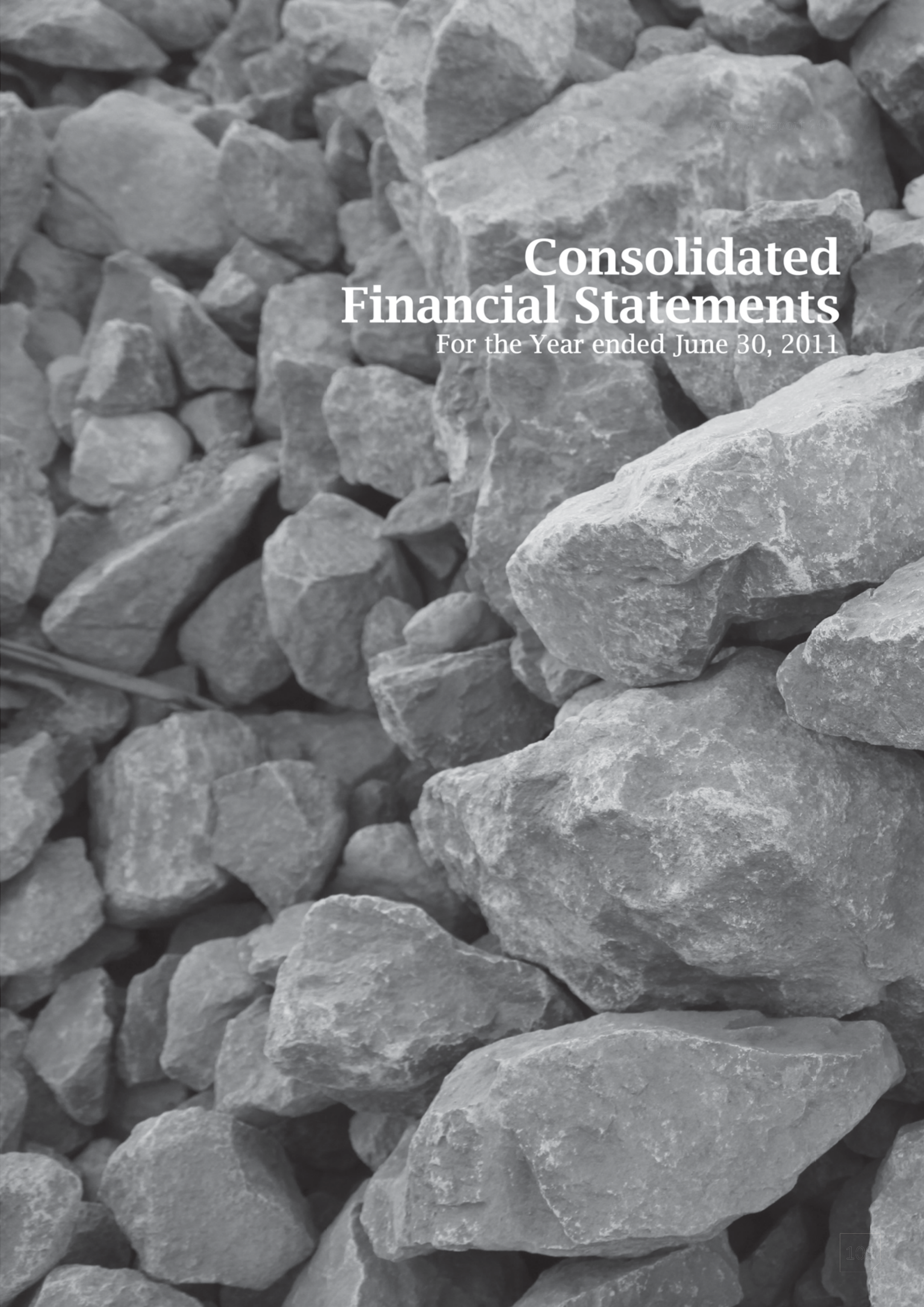
These financial statements were authorised for issue on September 27, 2011 by the board of directors of the Company.

54. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR



Consolidated Financial Statements

For the Year ended June 30, 2011

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Directors are pleased to present the audited consolidated financial statements of the Group for the year ended 30th June, 2011.

Group Results

The Group has earned gross profit of Rs.2,175.159 million as compared to Rs.2,938.628 million of corresponding year. The group has suffered pre-tax loss of Rs.1,959.864 million this year as compared to Rs.2,569.568 million during the last year.

The overall group financial results are as follows:

	2011	2010
	(Rupees in thousand)	
Gross sales	13,073,218	13,630,511
Gross profit	2,175,159	2,938,628
Profit / (Loss) from operations	206,545	(510,092)
Financial Charges	2,166,409	2,059,476

Acknowledgement

The Directors are grateful to the Group's members, financial institutions, customers and employees for their cooperation and support. They also appreciate the hard work and dedication of the employees working at various departments.

For and on behalf of the Board

(Sayeed Tariq Saigol)
Chief Executive

Lahore: September 27, 2011

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statement comprising consolidated balance sheet of **MAPLE LEAF CEMENT FACTORY LIMITED** (''the Holding Company'') and its subsidiary company as at June 30, 2011 and the related consolidated profit and loss account, consolidated statement of other comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Maple Leaf Cement Factory Limited. The Financial statements of the Subsidiary Company was audited by M/s Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, other firm of auditors, whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of the other firm of auditors. These financial statements are the responsibility of Holding Company's management. Our responsibility is to express an opinion on these statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Maple Leaf Cement Factory Limited and its subsidiary company as at June 30, 2011 and the results of their operations for the year then ended.

As stated in note 2.5 and 2.6 to the consolidated financial statements, the Group has changed its accounting policies and disclosure arising from standards and amendments to published approved accounting standards, with which we concur.

M. Yousuf Adil Saleem & Co.
(Chartered Accountants)
Mohammad Saleem
(Engagement Partner)
Lahore: September 27, 2011

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	4.1	7,000,000	7,000,000
Issued, subscribed and paid up capital	4.2	5,803,458	4,264,108
Reserves	5	3,575,531	4,180,433
Accumulated loss		(6,355,664)	(4,310,393)
		3,023,325	4,134,148
SHARE DEPOSIT MONEY	6	-	1,000,000
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	7	5,548,120	-
NON - CURRENT LIABILITIES			
Long term loans from banking company	8	2,557,185	1,100,808
Redeemable capital	9	7,983,000	8,289,800
Syndicated term finance	10	1,497,000	1,498,200
Liabilities against assets subject to finance lease	11	464,366	700,743
Long term deposits	12	5,569	2,739
Deferred liabilities			
- deferred taxation	13	2,223,962	-
- employees' compensated absences	14	19,149	19,629
		14,750,231	11,611,919
CURRENT LIABILITIES			
Trade and other payables	15	4,115,909	3,498,766
Accrued profit / interest / mark up	16	791,161	921,812
Short term borrowings	17	4,084,666	4,060,838
Current portion of:			
- long term loans from banking company	8	448,473	480,231
- redeemable capital	9	306,800	6,800
- syndicated term finance	10	1,200	1,200
- liabilities against assets subject to finance lease	11	620,161	379,198
		10,368,370	9,348,845
		33,690,046	26,094,912
CONTINGENCIES AND COMMITMENTS	18		

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	19	28,203,393	21,035,368
Intangible assets	20	17,591	1,774
Long term loans to employees - secured	21	2,531	3,293
Deposits and prepayments	22	52,036	51,573
		28,275,551	21,092,008
CURRENT ASSETS			
Stores, spare parts and loose tools	23	3,032,946	2,407,410
Stock-in-trade	24	539,084	504,718
Trade debts	25	560,103	751,400
Loans and advances	26	145,061	266,642
Investments	27	404,863	472,338
Deposits and short term prepayments	28	121,896	121,824
Accrued profit	29	890	656
Refunds receivable from government	30	16,797	16,797
Other receivables	31	98,152	91,178
Income tax (net of provisions)	32	206,382	296,506
Cash and bank balances	33	288,321	73,435
		5,414,495	5,002,904
		33,690,046	26,094,912

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
Sales - net	34	13,073,218	13,630,511
Cost of sales	35	(10,898,059)	(10,691,883)
Gross profit		2,175,159	2,938,628
Distribution cost	36	(1,646,632)	(3,152,889)
Administrative expenses	37	(230,828)	(194,221)
Other operating expenses	38	(162,394)	(158,641)
		(2,039,854)	(3,505,751)
		135,305	(567,123)
Other operating income	39	71,240	57,031
Profit / (loss) from operations		206,545	(510,092)
Finance cost	40	(2,166,409)	(2,059,476)
Loss before taxation		(1,959,864)	(2,569,568)
Taxation	41	(188,125)	(14,447)
Loss after taxation		(2,147,989)	(2,584,015)
Loss per share - basic and diluted (Rupees)	42	(4.49)	(7.08)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011

	2011	2010
	(Rupees in thousand)	
Loss after taxation	(2,147,989)	(2,584,015)
Other comprehensive income for the year		
Surplus/(deficit) on remeasurement of investments available for sale on fair value	(69,013)	72,076
Deferred tax relating to component of other comprehensive income	7,719	(18,920)
	(61,294)	53,156
Total comprehensive loss for the year	(2,209,283)	(2,530,859)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011	2010
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations before working capital changes	47	1,479,025	563,973
Changes in working capital			
(Increase) / decrease in assets			
Stores, spare parts and loose tools		(625,536)	523,784
Stock-in-trade		(34,366)	146,196
Trade debts		168,826	(95,465)
Loans and advances		121,581	(188,388)
Deposits and short term prepayments		261	21,482
Accrued profit		(234)	327
Other receivables		(5,079)	(61,730)
Loans to employees		762	2,373
Increase / (decrease) in liabilities			
Trade and other payables		565,354	1,075,167
		191,569	1,423,746
Cash generated from operations		1,670,594	1,987,719
Compensated absences paid		(6,904)	(10,021)
Taxes paid		(41,772)	(237,570)
		(48,676)	(247,591)
Net cash from operating activities		1,621,918	1,740,128
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(676,959)	(1,701,590)
Proceeds from disposal of property, plant and equipment		108,203	8,067
Deposits and prepayments		(796)	(88)
Dividend received		11,717	9,431
Proceeds from sale of investment		-	9,965
Net cash used in investing activities		(557,835)	(1,674,215)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term loans obtained		-	625,536
Long term loans repaid		(175,671)	-
Share deposit money received		-	1,000,000
Redeemable capital obtained		-	300,000
Redeemable capital repaid		(6,800)	(3,400)
Syndicated term finance repaid		(1,200)	(600)
Long term deposits		2,830	159
Repayment of principal portion of finance lease		-	(84,882)
Short term borrowings		23,828	(321,484)
Finance cost paid		(692,183)	(1,578,858)
Preference dividend paid		(1)	(28,881)
Net cash used in financing activities		(849,197)	(92,410)
Net increase / (decrease) in cash and cash equivalents		214,886	(26,497)
Cash and cash equivalents at beginning of the year		73,435	99,932
Cash and cash equivalents at end of the year	33	288,321	73,435

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

CHIEF EXECUTIVE OFFICER DIRECTOR

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

	Share Capital	Capital Reserves				Revenue Reserves			Total Equity
		Share premium	Reserve on remeasurement of available for sale investments	Capital redemption reserve	Sub-total	General reserve	Accumulated loss	Sub-total	
	(Rupees in thousand)								
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	-	-	-	-	-	-	(2,584,015)	(2,584,015)	(2,584,015)
Other comprehensive income	-	-	53,156	-	53,156	-	-	-	53,156
Total comprehensive loss for the year	-	-	53,156	-	53,156	-	(2,584,015)	(2,584,015)	(2,530,859)
Transactions with owners, recorded directly in equity									
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	(4,310,393)	(2,910,393)	4,134,148
Total comprehensive loss									
Loss for the year ended June 30, 2011	-	-	-	-	-	-	(2,147,989)	(2,147,989)	(2,147,989)
Other comprehensive income	-	-	(61,294)	-	(61,294)	-	-	-	(61,294)
Total comprehensive loss for the year	-	-	(61,294)	-	(61,294)	-	(2,147,989)	(2,147,989)	(2,209,283)
Surplus on revaluation of property, plant and equipment realized through incremental depreciation (net of tax)	-	-	-	-	-	-	138,702	138,702	138,702
Reversal of revaluation surplus on disposal of fixed assets (net of tax)	-	-	-	-	-	-	11,548	11,548	11,548
Transactions with owners, recorded directly in equity									
Dividend on preference shares for the year ended June 30, 2011	-	-	-	-	-	-	(52,678)	(52,678)	(52,678)
Transfer from capital redemption reserve	-	-		(5,146)	(5,146)	-	5,146	5,146	-
Issue of shares at discount	1,538,462	(538,462)	-	-	(538,462)	-	-	-	1,000,000
Effect of conversion of preference shares into ordinary shares	888	-	-	-	-	-	-	-	888
	1,539,350	(538,462)	-	(5,146)	(543,608)	-	(47,532)	(47,532)	948,210
Balance as at June 30, 2011	**5,803,458**	**1,529,874**	**269,051**	**376,606**	**2,175,531**	**1,400,000**	**(6,355,664)**	**(4,955,664)**	**3,023,325**

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. THE GROUP AND ITS OPERATIONS

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.

SUBSIDIARY COMPANY

Vital trading (Private) Limited ('Subsidiary') was incorporated in Pakistan on March 11, 2010 as a trading concern. The register office of the company is situated at 42- Lawrence Road, Lahore.

BASIS OF CONSOLIDATION

The financial statements of the subsidiary is included in the consolidated financial statements from the date control commences until the date that control ceases.

The assets and liabilities of the subsidiary has been consolidated on a line by line basis and the carrying value of investment held by the Holding Company is eliminated against Holding Company's share in paid up capital of the subsidiary.

Material intra-group balances and transactions have been eliminated.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

These consolidated 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 BASIS OF MEASUREMENT

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

- financial instruments at fair value;
- property, plant and equipment at fair value; and
- recognition of certain employee benefits at present value.

2.3 FUNCTIONAL AND PRESENTATIONAL CURRENCY

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

2.4 USE OF ESTIMATES AND JUDGEMENTS

The preparation of consolidated 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 consolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

2.4.1 Property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding effect on the depreciation/ amortization charge and impairment.

2.4.2 Stores and spares

The company reviews the stores and spares for possible impairment on an annual basis. Any change in estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding effect on the provision.

2.4.3 Provision for doubtful debts, advances and other receivables

The company reviews the recoverability of its trade debts, advances and other receivables to assess amount of bad debts and provision required there against on annual basis.

2.4.4 Employee benefits

The Company operates approved funded gratuity scheme covering all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market-related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

2.4.5 Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.4.6 Contingencies

The Company has disclosed significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the balance sheet date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognise any liability at the balance sheet date.

2.5 CHANGE IN ACCOUNTING POLICY

During the year, Company has changed its accounting policy regarding statement of components of property, plant and equipment to revalued amount less accumulated depreciation and impairment losses as per requirements of IAS-16. Previously components of property, plant and equipment except freehold land and capital work-in-progress were stated at cost less accumulated depreciation and impairment losses.The management of the Company is of the view that revaluation of property, plant and equipment would result in better presentation of financial information.

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

The application of following new and revised IFRSs has no material impact on the amounts reported for the current and prior periods but may affect the accounting for future transactions or arrangements.

IAS 7 - Statement of Cash Flows

The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations

The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

The amendments to IFRS 5 clarify that the disclosure requirements in IFRSs other than IFRS 5 do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those IFRSs require (i) specific disclosures in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations, or (ii) disclosures about measurement of assets and liabilities within a disposal group that are not within the scope of the measurement requirement of IFRS 5 and the disclosures are not already provided in the condensed interim financial information.

IFRS 3 (Revised) ‘Business combinations

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisitions date, with contingent payments classified as debt subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in all the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition related costs should be expensed. This amendment does not have any effect on the Group’s financial statements.

IAS 27 (Revised) 'Consolidated and separate financial statements

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. This amendment does not have any effect on the Group's financial statements.

2.6.1 Accounting standards, IFRS and interpretations to existing standards that are effective but not applicable to the Company

The following standards are mandatory for the Company's accounting year beginning on or after July 01, 2010 but are not relevant for the Company's operations.

IAS 17 - Leases

As part of Improvements to IFRSs (2009) issued in April 2009, the International Accounting Standards Board amended the requirements of IAS 17 Leases regarding the classification of leases of land. This is currently not applicable to Company as it has not entered into any such transaction.

IAS 32 - Financial Instruments

The amendments to IAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Company has not entered into any arrangements that would fall within the scope of the amendments.

IAS 39 - Financial Instruments: Recognition and Measurement- Eligible Hedged Items

The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Company has not entered into any transaction of this nature.

2.6.2 New accounting standards, amendments and IFRIC interpretations that are not yet effective

The following International Financial Reporting Standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them:

	Effective Date
"Amendments to IFRS 1 - First Time Adoption of International Financial Reporting Standards"	July 01, 2011
Amendments to IFRS 7 - Improving Disclosure about Financial Instruments	January 01, 2011
Amendments to IAS 1 - Presentation of Financial Statements	January 01, 2011
Amendments to IAS 12 - Income Taxes	January 01, 2011
Amendments to IAS 34 - Interim Financial Reporting	January 01, 2011

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard		IASB effective date (accounting periods beginning on or after)
IFRS 9	Financial Instruments	January 01, 2013
IFRS 10	Consolidated Financial Statements	January 01, 2013
IFRS 11	Joint Arrangements	January 01, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	Fair Value Measurement	January 01, 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Employee benefits

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.

Defined benefit plan

The Company operates approved funded gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is 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 consolidated financial statements.

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 Taxation

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.

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.

3.3 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 non-current 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.

3.4 Property, plant and equipment

Tangible assets

Owned

Property, plant and equipment except freehold land, buildings on freehold land, roads, bridges and railway sidings, plant and machinery and capital work in progress are stated at cost less accumulated depreciation/ amortization and impairment in value, if any. Buildings on freehold land, roads, bridges and railway sidings and plant and machinery are stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on Revaluation of Property, Plant and Equipment'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to a previous revaluation of that asset.

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.

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.

Cost in relation to certain plant and machinery represents historical cost, exchange differences capitalized up to 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 19.5, 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 19.1 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 up to the month of disposal. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Leased

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.

3.5 Intangible assets

Expenditure incurred to acquire computer software 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 up to the month of disposal.

3.6 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.

3.7 Investments

Available-for-sale

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

Subsequent to initial recognition at cost, these are remeasured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement). Gains or losses on available-for-sale investments are recognized directly in other comprehensive income 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 recognized in other comprehensive income, is re-classified from equity to profit and loss as re-classification adjustment.

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.

Investment in subsidiary

Investments in subsidiaries and associates are stated at cost and the carrying amount is adjusted for impairment, if any.

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.

3.8 Stores, spare parts 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.

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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'.

3.16 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.

3.17 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.

3.18 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.

3.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.20 Dividend distribution

Dividend is recognized as a liability in the period in which it is declared. For dividend on preference shares please refer note 4.2.3 to these consolidated financial statements.

		Note	2011	2010
			(Rupees in thousand)	

4. SHARE CAPITAL

4.1 Authorised share capital

Number of shares				
600,000,000	(2010: 600,000,000) ordinary shares of Rs. 10 each		6,000,000	6,000,000
100,000,000	(2010: 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

Ordinary shares:

Number of shares				
290,359,856	(2010: 290,359,856) ordinary shares of Rs. 10 each fully paid in cash		2,903,599	2,903,599
35,834,100	(2010: 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	(2010: 40,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares		460,694	460,694
153,846,153	(2010: Nil) ordinary shares of Rs. 10 each issued as fully paid shares at discount	4.2.1	1,538,462	-
603,420	(2010: Nil) ordinary shares of Rs. 10 each issued on conversion of preference shares into ordinary shares	4.2.2	6,034	-
526,712,929			5,267,130	3,722,634

Preference share:

Number of shares				
54,147,398	(2010: 54,147,398) 9.75 % redeemable cumulative preference right shares of Rs. 10 each fully paid in cash	4.2.3	541,474	541,474
(514,593)	(2010: Nil) Conversion of preference shares into ordinary shares	4.2.2	(5,146)	-
53,632,805			536,328	541,474
580,345,734			5,803,458	4,264,108

4.2.1 During the year, Company has issued 153,846,153 shares at Rs. 6.50 per share at a discount of Rs. 3.50 per share otherwise than right against Rs. 1,000 million to Kohinoor Textile Mills Limited, the holding company, after complying with all procedural requirements in this respect.

4.2.2 During the current year, 514,593 preference shares have been converted into 603,420 ordinary shares at a conversion rate of 1.173. The conversion rate is determined as described in note 4.2.3 (b) to the financial statements.

4.2.3 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.

4.3 Kohinoor Textile Mills Limited (the Holding Company) holds 340,454,961 (2010: 186,608,808) ordinary shares, which represents 64.63% (2010: 50.13%) of the total ordinary issued, subscribed and paid-up capital, of the company.

4.4 Zimpex (Pvt.) Ltd. (an Associated Company) holds 1,706 (2010: 1,706) ordinary shares, of the company at the year-end.

	Note	2011	2010
		(Rupees in thousand)	
5. RESERVES			
Capital:			
Capital redemption reserve	4.2.3(e)	376,606	381,752
Share premium reserve		1,529,874	2,068,336
Fair value reserve on remeasurement of available-for-sale investments (net of deferred taxation)		269,051	330,345
		2,175,531	2,780,433
Revenue:			
General reserve		1,400,000	1,400,000
		3,575,531	4,180,433
6. SHARE DEPOSIT MONEY	6.1	-	1,000,000

6.1 During the year, the Company has issued shares against share deposit money received during the financial year ended June 30, 2010, after the fulfillment of all procedural and legal requirements.

7. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2011	2010
Gross Surplus		
Balance at beginning of the year	-	-
Add:		
Surplus arising due to revaluation of property, plant and equipment	7,873,821	-
	7,873,821	-
Less:		
Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(195,338)	-
Effect of disposal of fixed assets	(16,263)	-
	7,662,220	-
Less: deferred tax liability on:		
Opening balance of revaluation	-	-
Surplus arising due to revaluation of property, plant and equipment	2,175,451	-
Incremental depreciation charged on related assets	(56,636)	-
Effect of disposal of fixed assets	(4,715)	-
	2,114,100	-
Balance at end of the year	5,548,120	-

7.1 The Company had its freehold land, buildings on freehold land, roads, bridges and railway sidings and plant and machinery revalued by Empire Enterprises (Private) Limited, independent valuer not connected with the Company and approved by Pakistan Banks' Association (PBA) "in any amount" category, at December 31, 2010. The basis used for the revaluation of these property, plant and equipment were as follows:

Freehold land

Fair market value of freehold land was assessed through inquiries to real estate agents and property dealers in near vicinity of freehold land. Different valuation methods and exercises were adopted according to experience, location and other usage of freehold land. Valuer had also considered all relevant factors as well.

Buildings on freehold land, roads, bridges and railway sidings

Construction specifications were noted for each building and structure and new construction rates are applied according to construction specifications for current replacement values. After determining current replacement values, depreciation was calculated to determine the current assessed market value.

Plant and machinery

Suppliers and different cement plant consultants in Pakistan and abroad were contacted to collect information regarding current prices of comparable cement plant to determine current replacement value. Fair depreciation factor for each item was applied according to there physical condition, usage and maintenance.

	Note	2011	2010
		(Rupees in thousand)	
8. LONG TERM LOANS FROM BANKING COMPANY			
Habib Bank Limited (HBL)- Loan - I	8.1	-	386,667
Habib Bank Limited (HBL)- Loan - II	8.2	-	163,737
Long Term Finance Facility (LTFF)	8.3	374,733	550,404
Habib Bank Limited (HBL)-Term Loan Facility	8.4	715,519	-
Deferred Markup Loan	8.5	1,466,933	-
		2,557,185	1,100,808

8.1 Habib Bank Limited (HBL)- Loan - I

The entire facility of Rs. 580 million (Rs. 386.667 million plus current portion of Rs. 193.333 million as at June 30, 2010) has been transferred to a new facility as a result of restructuring agreement described in note 8.4

8.2 Habib Bank Limited (HBL)- Loan II

The entire facility of Rs. 210.52million (Rs. 163.737 million plus current portion of Rs. 46.782 million as at June 30, 2010) has been transferred to a new facility as a result of restructuring agreement described in note 8.4

8.3 Long Term Finance Facility (LTFF)

	Note	2011	2010
		(Rupees in thousand)	
Balance at beginning of the year		790,520	-
Transferred from HBL Loan			
Loan I		-	580,000
Loan II		-	210,520
		-	790,520
Less: Payment made during the year		175,671	-
		614,849	790,520
Less: current portion	8.3.2	240,116	240,116
Balance at end of the year		374,733	550,404

8.3.1 Tenor of this LTFF is four and a half years. The principal amount of this LTFF is repayable in nine semi annual installments starting from June 2010. The facility carries mark-up ranging from 9.7% to 11.1 % (2010: 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 and personal guarantees of the directors of the Company.

8.3.2 Current portion grouped under the current liabilities include overdue installment amounting to Rs. 64.44 million.

8.4 Habib Bank Limited (HBL)-Term Loan Facility

	2011	2010
	(Rupees in thousand)	
Balance at beginning of the year	-	-
Add:		
Transferred from Habib Bank Limited Term Loan - I	580,000	-
Transferred from Habib Bank Limited Term Loan - II	210,519	-
	790,519	-
Less: current portion	75,000	-
Balance at end of the year	715,519	-

8.4.1 During the current year Company has entered into restructuring agreement with HBL for Rs. 790.52 million. The purpose of this arrangement is to restructure the existing loans (Loan - I and Loan II) for import of Waste Heat Recovery Plant. As per terms of agreement, the principal balance is repayable in 9 years including grace period of 24 months applicable from cut off date December 31, 2009.

Principal repayment will commence from January 01, 2012 as follows:

January 01, 2012	PKR 25 million
March 31, 2012	PKR 25 million
June 30, 2012	PKR 25 million

The remaining principal is to be repaid in twenty six equal quarterly installments of Rs. 27.52 million each, commencing from the quarter ending September 30, 2012.

This facility carries mark-up at 6 month KIBOR plus 3% per annum. Up to December 2015, HBL agrees to give discount on the applicable mark-up rate, provided that mark-up is serviced regularly and repayment terms are strictly adhered.

After rebate, markup rate will be as follows:

From January 01, 2010 to December 31, 2013	6 month KIBOR plus 1% per annum
From January 01, 2014 to December 31, 2015	6 month KIBOR plus 2% per annum
From January 01, 2016 to December 31, 2018	6 month KIBOR plus 3% per annum

The facility is secured against first pari passu equitable mortgage/hypothecation charge of Rs. 2,250 million over fixed assets of the Company (Land, Building & Plant and Machinery). It is also secured by Personal Guarantee (PG) along with PNWS of directors of the company and subordination of the entire sum of directors/sponsors loan outstanding at any point in time.

	2011	2010
	(Rupees in thousand)	
8.5 Deferred Markup Loan		
Balance at beginning of the year	-	-
Add:		
Markup deferred for redeemable capital	1,347,671	-
Markup deferred for Syndicated Term Finance	252,619	-
	1,600,290	-
Less: current portion	133,357	-
Balance at end of the year	1,466,933	-

8.5.1 As per terms of rescheduling agreement, through lead arranger and investors' agent Allied Bank Limited (ABL), deferred mark up of redeemable capital and syndicated term finances for the period from December 2009 to March 2011 were transferred to interest free deferred mark up loan during the current year. This loan will be repaid in 24 equal quarterly installments starting from March 2012.

	Note	2011	2010
		(Rupees in thousand)	
9. REDEEMABLE CAPITAL			
Islamic Sukuk Certificates under Musharaka agreement			
Balance at beginning of the year	9.1	8,296,600	8,000,000
Add: Sukuk Certificates issued during the year	9.2	-	300,000
Less: Sukuk Certificates paid during the year		6,800	3,400
		8,289,800	8,296,600
Less: current portion		306,800	6,800
Balance at end of the year		7,983,000	8,289,800

9.1 The Company has issued Islamic Sukuk Certificates under Musharaka agreement amounting to Rs. 8,000 million during the year ended June 30, 2008. In the financial year 2010, the Company has arranged restructuring of issued Sukuk Certificates and entered into First Addendum with Investors' Agent Allied Bank Limited (ABL).

9.2 In the financial year 2010 , the Company has issued new Sukuk Certificates (as Bridge Finance) to existing Sukuk lenders amounting to Rs. 300 million.

9.3 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 million
9 Years including grace period of 2.75 years and repayment is to be made in 6.25 years.

Rs. 300 million
Repayment is to be made in bullet in March 2012

Mark-up rate

- 3 months KIBOR plus 100 bps

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

Musharaka Investment repurchase

30 outstanding quarterly installments will be paid as per following schedule:

Period	Rupees in million
September 2011 - 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 and markup payments

- Rentals are payable quarterly in arrears. Rentals, during the year, have been calculated at mark-up rates ranging from13.20% to 14.59% (2010: 13.20% to 15.44%) per annum.

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

- Regular mark up payments will commence from September 2011.

Form and 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 Sukuk issue of Rs. 8,000 million is secured against first Pari passu charge over all present and future fixed assets of the Company amounting to Rs. 10.667 million. New Sukuk certificates issued as bridge finance amounting to Rs. 300 million is secured against ranking charge on fixed assets and specific properties comprising of 393 kanals at Kala Shah Kaku and personal security of directors.

Trustee / investors’ agent

Allied Bank Limited

Transaction structure

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

- 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.

- Investors have appointed ABL to act as Investor Agent for the Sukuk Issue.

- 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.

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

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

- 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.

- 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 inducted into Central Depository Company (CDC), transfers are made in accordance with Central Depository Act, 1997 and other applicable CDC regulations.

Call option

The issuer may, at any time after expiry of one year from the issue date, purchase all or any of the sukuk units from the certificate holders at their applicable Buy Out Prices (pre-purchase) to be calculated subject to the provisions of the trust deed, sale undertaking and the terms and conditions therein.

	2011	2010
	(Rupees in thousand)	
10. SYNDICATED TERM FINANCE		
Faysal Bank Limited	359,568	359,856
Pak Libya Holding Co. (Pvt.) Limited	239,712	239,904
MCB Bank Limited	149,820	149,940
Askari Bank limited	104,874	104,958
Pak Brunei Investment Co. Limited	89,892	89,964
Soneri Bank Limited	89,892	89,964
The Bank of Khyber	59,928	59,976
Saudi Pak Industrial & Agriculture Investment Co. (Pvt.) Limited	59,928	59,976
The Bank of Punjab	59,928	59,976
First Women Bank Limited	59,928	59,976
Atlas Bank Limited	29,964	29,988
Allied Bank Limited	194,766	194,922
	1,498,200	1,499,400
Less: current portion	1,200	1,200
	1,497,000	1,498,200

10.1 During the financial year 2010, the Company had 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). The salient terms of this syndicated term finance facility are as follows:

Lead arranger & agent bank

Allied Bank Ltd. (ABL)

Lenders

Banks and DFIs

Facility amount

Rs. 1,500 million

Tenor

9 Years including Grace period of 2.75 years

Mark-up rate

- 3 months KIBOR plus 100 bps

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

Principal repayment

30 outstanding quarterly installments will be paid as per following schedule:

Period	Rupees in million
September 2011 - June 2012	0.30
September 2012 - June 2015	37.50
September 2015 - June 2016	44.50
September 2016 - June 2017	56
September 2017 - June 2018	70
September 2018 - December 2018	181

Rental and markup payments

- Rentals are payable quarterly in arrears. Rentals, during the year, have been calculated at mark-up rates ranging from 13.16% to 14.59% (2010: 13.16% to 15.72%) per annum.

- 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.

Security

This First pari passu charge over all present and future fixed assets of the Company amounting to Rs. 3,333 million.

11. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Present value of minimum lease payments	11.1.1	1,084,527	1,079,941
Less: current portion		620,161	379,198
		464,366	700,743

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

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

	2011	2010
	(Rupees in thousand)	
Minimum lease payments:		
Not later than one year	714,073	455,568
Later than one year but not later than five years	523,295	796,055
	1,237,368	1,251,623
Less: finance cost allocated to future period	122,841	141,682
	1,114,527	1,109,941
Less: security deposits adjustable on expiry of lease term	30,000	30,000
	1,084,527	1,079,941
Less: current portion	620,161	379,198
	464,366	700,743

11.1.1 Present value of minimum lease payments

	2011	2010
Not later than one year	620,161	379,198
Later than one year but not later than five years	464,366	700,743
	1,084,527	1,079,941

11.2 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.

As per the lease agreement tenor of the 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. Mark-up 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 Mark-up rates, during the current financial year, ranged between 14.93% to 15.88% (2010: 14.35% 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..

The Company has not paid principal amount of lease amounting Rs 13.89 million from Meezan Bank which became over due on May 17 2011, and it remained overdue at the year-end and was grouped under current liabilities.

11.3 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 3.25%(2010: 2.96% to 3.72%) per annum. The facility is secured against the first exclusive charge on power generation plant.

The Company, has not paid principal amounting Rs 367.14 million to ICD for period from December 15, 2009 and June 15, 2011. These installments were overdue at the year-end and have been grouped under current liabilities.

11.3.1 The Company has entered into an interest rate swapping agreement with Standard Chartered Bank in respect of this lease finance facility. The agreement became 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.

12. 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 terms of dealership agreements.

13. DEFERRED TAXATION

This is composed of the following:

	2011	2010
	(Rupees in thousand)	
Deferred tax liability on taxable temporary differences arising in respect of:		
- accelerated tax depreciation on property, plant and equipment	3,073,864	2,515,141
- fair value on investments - available for sale	109,862	117,581
- surplus on the revaluation of operating fixed assets	2,114,100	-
	5,297,826	2,632,722
Deferred tax asset on deductible temporary differences arising in respect of:		
- unused tax losses	(2,660,619)	(2,446,711)
- lease finances	(137,482)	(56,154)
- employees' compensated absences	(5,552)	(4,459)
- minimum tax recoverable against normal tax charge in future years	(270,211)	(125,398)
	(3,073,864)	(2,632,722)
	2,223,962	-

13.1 Deferred tax asset amounting to Rs. 1,301 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, 2012.

14. EMPLOYEES' COMPENSATED ABSENCES

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

15. TRADE AND OTHER PAYABLES

	Note	2011	2010
		(Rupees in thousand)	
Creditors		616,037	947,638
Bills payable - secured	15.1	1,333,468	785,705
Due to Kohinoor Textile Mills Limited (the holding company)		63,636	14,987
Accrued liabilities		494,714	496,665
Advances from customers		422,124	221,220
Security deposits, repayable on demand	15.2	43,741	41,705
Contractors' retention money		55,665	45,813
Royalty and excise duty payable		17,951	69,688
Provident fund payable		2,834	2,831
Other taxes payable		26,188	10,046
Sales taxes payable		223,204	48,846
Excise duty payable		655,386	717,549
Unclaimed dividend		1,533	1,533
Preference dividend payable		129,012	77,223
Other payables		17,386	10,453
Payable to Maple Leaf Cement Factory Limited Employees' Gratuity Fund	15.3	13,030	6,864
		4,115,909	3,498,766

15.1 These are secured against the securities as detailed in note 17.1 to these financial statements.

15.2 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.

15.3 The amounts recognised in the balance sheet are determined as follows:

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:

	2011	2010
- discount rate	14%	12%
- expected return on plan assets	12%	12%
- expected rate of growth per annum in future salaries	13%	11%
- average expected remaining working life time of employees	10 years	10 years

	2011	2010
	(Rupees in thousand)	
The amounts recognised in the balance sheet are as follows:		
Present value of defined benefit obligation	82,275	77,070
Fair value of plan assets	(50,914)	(43,201)
Benefits payable to outgoing Members	-	-
Deficit	31,361	33,869
Unrecognized actuarial gain	(18,331)	(27,005)
Net (liability) / asset at end of year	13,030	6,864
Net liability / (asset) as at beginning of the year	6,864	(8,184)
Charge to profit and loss account	10,391	6,864
Payments to fund during the year	(4,225)	(1,929)
Amount paid to the Company	-	10,113
Net liability at end of the year	13,030	6,864
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	77,070	60,082
Current service cost	4,397	3,987
Interest cost	9,248	7,210
Benefits paid	(4,225)	(1,959)
Actuarial (loss) / gain	(4,215)	7,750
Present value of defined benefit obligation as at end of the year	82,275	77,070
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	43,201	47,997
Expected return on plan assets	5,184	5,759
Contributions	4,225	1,929
Benefits paid	(4,225)	(1,959)
Payments made to outgoing members	-	(10,113)
Actuarial loss	2,529	(412)
Fair value of plan assets as at end of the year	50,914	43,201
Actual return / (loss)on plan assets at end of year	7,713	5,348
Plan assets comprise of:		
Term deposit receipts - KASB Bank	-	23,431
Trust Investment Bank including accrued interest	15,285	-
Al-Barka Bank including accrued interest	8,907	-
National Investment Trust Units	20,508	17,886
Profit receivable from provident fund	503	-
Cash at bank	5,711	1,914
Benefits payments due, but not paid	-	(30)
	50,914	43,201

	2011	2010
	(Rupees in thousand)	
Charge to profit and loss for the year		
Current service cost	4,397	3,987
Interest cost	9,248	7,210
Expected return on plan assets	(5,184)	(5,759)
Actuarial losses charge	1,930	1,426
	10,391	6,864

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:

	2011	2010	2009	2008	2007
Present value of defined benefit obligation	(82,275)	(77,070)	(60,082)	(50,663)	(46,512)
Fair Value of plan assets	50,914	43,201	47,997	61,382	60,785
(Deficit) / surplus	(31,361)	(33,869)	(12,085)	10,719	14,273
Experience adjustment on obligation	(4,215)	7,750	3,216	(1,653)	(3,825)
Experience adjustment on plan assets	2,529	(412)	(17,140)	(6,697)	2,603

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

15.3.2 The latest actuarial valuation of the gratuity scheme has been carried-out on June 30, 2011.

16. ACCRUED PROFIT / INTEREST / MARK-UP

	Note	2011	2010
		(Rupees in thousand)	
Profit / interest / mark-up accrued on:			
Long term loans		89,442	45,587
Redeemable capital		391,012	622,378
Syndicated term finances		72,962	111,572
Liabilities against assets subject to finance lease		98,925	48,781
Short term borrowings		138,820	93,494
		791,161	921,812

17. SHORT TERM BORROWINGS

	Note	2011	2010
From banking companies			
Cash and running finances - secured	17.1	3,727,712	3,761,721
Temporary bank overdrafts - unsecured	17.2	356,954	299,117
		4,084,666	4,060,838

17.1 These facilities have been obtained from various commercial banks for working capital requirements, under mark-up arrangements having aggregate sanctioned limit amounting to Rs. 4,657 million (2010: Rs. 4,306 million). These facilities carry mark-up at the rates ranging from 8.5 % to 24 % (2010: 7.50% to 24.00%) per annum payable quarterly.

Facilities available for opening letters of credit / guarantee aggregate amounting to Rs. 2,135 million (2010: Rs. 3,700 million) of which the amount aggregating Rs. 354 million (2010: Rs. 1,850 million) 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 maximum by April 30, 2012.

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

18. CONTINGENCIES AND COMMITMENTS

Contingencies

18.1 The Company has filed writ petitions before the Lahore High Court (LHC) against the legality of judgment passed by the Customs, Excise and 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.

18.2 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. 11.588 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.

18.3 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 exempted. A total demand of Rs. 1,387 million was raised by the FBR out of which an amount of Rs. 269.328 million was deposited by the Company as undisputed liability.

18.4 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.

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 million as the management is confident that the ultimate outcome of this case will be in favour of the Company.

18.5 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 an 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. 59.556 million. In the event of an adverse decision in appeal, the guarantees aggregating Rs. 135.700 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.

18.6 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 to 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 Honorable 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. 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.

18.7 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 to 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.

18.8 The customs department has filed an appeal against the judgment dated May 19, 2009, passed in favour of the Company pursuant to which the Company is not liable to pay custom duty amounting to Rs. 0.589 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated May 14, 1992, and SRO 978(1)/95 dated October 04, 1995. The appeal is pending before the Honorable Lahore High Court.

18.9 The Company has preferred an appeal against the order in original No. 576/99 dated September 18, 1999, whereby the company was denied the benefit of SRO 484(1)/92 dated May 14, 1992, and SRO 978(1)/95 dated October 04, 1995. Accordingly the demand of Rs. 0.807 million was raised against the Company. Appeal was dismissed by Central Excise and Sales Tax Tribunal on May 19, 2009. The Company has filed petition before the Honorable 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.

18.10 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 ex parte 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.

18.11 Contingencies relating to tax matters are disclosed in note 34 to these financial statements.

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
18.12 Commitments			
18.12.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies		397,867	343,179
18.12.2 Commitments against capital expenditure		235,014	178,127
18.12.3 Commitments against bills discounted		-	40,143
18.12.4 Commitments against irrevocable letters of credit:			
- spare parts for capital expenditures		-	629,831
- other spare parts		44,513	115,184
		44,513	745,015
		677,394	1,306,464

19. PROPERTY, PLANT AND EQUIPMENT

	Note	2011	2010
Operating fixed assets	19.1	24,409,108	17,837,028
Capital work in progress-at cost	19.7	3,794,285	3,140,444
Stores and spare parts held for capital expenditure		-	57,896
		28,203,393	21,035,368

19.1 Property, plant and equipment

	Owned								Leased		Total
	Freehold land	Buildings on freehold land	Roads, bridges and railway sidings	Plant & Machinery	Furniture fixture & equipment	Quarry equipment	Vehicle	Share of joint assets	Plant & machinery	Quarry equip-ment	
	.... (Rupees in thousand)										
Tangible assets											
June 30, 2011											
Cost											
Balance as at July 01, 2010	53,710	3,943,972	87,614	20,117,820	164,026	218,088	80,406	5,999	959,677	-	25,631,312
Additions	-	588	-	36,553	3,697	-	13,791	1	-	-	54,630
Disposals	-	-	-	(569,167)	-	-	(3,006)	-	-	-	(572,173)
Revaluation surplus	370,715	268,457	3,092	7,231,557	-	-	-	-	-	-	7,873,821
Balance as at June 30, 2011	**424,425**	**4,213,017**	**90,706**	**26,816,763**	**167,723**	**218,088**	**91,191**	**6,000**	**959,677**	**-**	**32,987,590**
Depreciation											
Balance as at July 01, 2010	-	903,790	58,071	6,387,996	103,227	159,179	51,465	3,607	126,949	-	7,794,284
Charge for the year	-	177,474	3,061	1,004,608	11,953	11,782	6,677	239	37,472	-	1,253,266
On disposals	-	-	-	(466,437)	-	-	(2,631)	-	-	-	(469,068)
Balance as at June 30, 2011	**-**	**1,081,264**	**61,132**	**6,926,167**	**115,180**	**170,961**	**55,511**	**3,846**	**164,421**	**-**	**8,578,482**
Book value as at June 30, 2011	**424,425**	**3,131,753**	**29,574**	**19,890,596**	**52,543**	**47,127**	**35,680**	**2,154**	**795,256**	**-**	**24,409,108**
June 30, 2010											
Cost											
Balance as at July 01, 2009	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
Additions	-	5,016	-	41,597	4,432	-	6,136	133	-	-	57,314
Disposals	-	-	-	-	(216)	(5,951)	(8,449)	-	-	-	(14,616)
Transfers	-	-	-	-	-	47,315	-	-	-	(47,315)	-
Balance as at June 30, 2010	53,710	3,943,972	87,614	20,117,820	164,026	218,088	80,406	5,999	959,677	-	25,631,312
Depreciation											
Balance as at July 01, 2009	-	739,723	54,843	5,587,041	88,922	127,720	49,252	3,355	87,710	22,634	6,761,200
Charge for the year	-	164,067	3,228	800,955	14,432	14,472	7,073	252	39,239	257	1,043,975
On disposals	-	-	-	-	(127)	(5,904)	(4,860)	-	-	-	(10,891)
On transfers	-	-	-	-	-	22,891	-	-	-	(22,891)	-
Balance as at June 30, 2010	**-**	**903,790**	**58,071**	**6,387,996**	**103,227**	**159,179**	**51,465**	**3,607**	**126,949**	**-**	**7,794,284**
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**
Depreciation rate (%)	-	5-10	5-10	5-20	10-30	20	20	10	20	20	

19.2 During the year the company has revalued it's certain assets as described in note 7.1 to the financial statements. The revaluation surplus, net of deferred tax, is credited to surplus on revaluation of property, plant and equipment. Incremental depreciation net of deferred tax , for relevant period, has been charged in these financial statements.

Had there been no revaluation the cost, accumulated depreciation and book value of revalued assets as at June 30, 2011 would have been as follows:

	Cost	Accumulated Depreciation	Book Value
	.........Rupees in thousand		
Freehold Land	53,710	-	53,710
Buildings on freehold land	3,944,560	1,074,384	2,870,176
Roads, bridges and railway sidings	87,615	60,979	26,636
Plant and machinery	19,602,760	6,739,150	12,863,610
	23,688,645	7,874,513	15,814,132

19.3 The Company has given on lease, land measuring 8 Kanals and 16 Marlas (2010: 8 Kanals and 16 Marlas) to Sui Northern Gas Pipelines Ltd. at an annual rent of Rs. 4,267 (2010: Rs. 4,267).

	Note	2011	2010
		(Rupees in thousand)	
19.4 Depreciation charge for the year has been allocated as follows:			
Cost of goods sold	37	1,236,261	1,029,060
Administrative expenses	39	17,005	14,915
		1,253,266	1,043,975

19.5 Ownership of the housing colony assets included in the operating fixed assets is shared by the Company jointly with Pak American Fertilizer Limited in 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.

	2011	2010
	(Rupees in thousand)	
The cost of these assets at the year-end were as follows:		
Buildings	4,105	4,105
Roads and bridge	202	202
Air strip	16	16
Plant and machinery	273	273
Furniture, fixtures and equipment	1,233	1,233
Vehicles	171	170
	6,000	5,999

19.6 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Net book value	Sale proceed	Gain/ (Loss)	Mode of disposal	Sold to
	(Rupees in thousand)						
Vehicle							
Suzuki cultus	525	278	247	550	303	Insurance claim	EFU Insurance Co.
Yamaha Motor cycle	60	42	18	40	22	Insurance claim	EFU Insurance Co.
Suzuki jeep	484	467	17	370	353	Negotiation	Bagh Ali
Suzuki jeep potohar	474	457	17	480	463	Negotiation	Ch. Sadiqe
Suzuki alto	449	410	39	380	341	Negotiation	Muhammad Altaf
Suzuki jeep potohar	474	457	17	370	353	Negotiation	Malik Mehr Naveed
Suzuki jeep potohar	540	520	20	410	390	Negotiation	Haji Bashir
	3,006	2,631	375	2,600	2,225		
Plant and Machinery							
Plant and machinery	569,167	466,437	102,730	105,603	2,873	Auctions	Brilliant Traders
	569,167	466,437	102,730	105,603	2,873		
Total	572,173	469,068	103,105	108,203	5,098		

	Note	2011	2010
		(Rupees in thousand)	

19.7 Capital work-in-progress - at cost

Tangible assets

	Note	2011	2010
Plant and machinery		3,202,068	2,626,022
Un-allocated capital expenditure	19.8	477,163	274,540
Advance to supplier against:			
- purchase of land		2,000	2,000
- civil works		3,505	3,505
- plant and machinery		104,999	206,579
- vehicles		4,550	1,414
		3,794,285	3,114,060
Intangible assets			
Computer software and consultancy cost		-	26,384
		3,794,285	3,140,444

19.8 Un-allocated capital expenditure

	Note	2011	2010
Opening balance		274,540	59,581
Add: expenditure incurred during the year:			
Salaries and wages		10,345	5,619
Travelling		3,372	1,328
Vehicles' running and maintenance		184	115
Finance cost	19.8.1	181,077	201,620
Communication		117	160
Legal and professional		5,974	50
Insurance expense		-	5,797
Miscellaneous expenses		1,554	270
		477,163	274,540

19.8.1 The borrowing rates have been disclosed in note 8 to these financial statements.

20. INTANGIBLE ASSETS

(Computer software)

	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Book value as at beginning of the year	1,774	7,332
Transferred from CWIP	26,384	-
Amortization for the year	(10,567)	(5,558)
Book value as at end of the year	17,591	1,774
Gross carrying value as at end of the year		
Cost	49,634	23,250
Accumulated amortization	32,043	21,476
Book value as at end of the year	17,591	1,774
Amortization rate - % per annum	33.33	33.33

21. LONG TERM LOANS TO EMPLOYEES - SECURED

	2011	2010
House building	2,120	3,566
Vehicles	2,336	1,863
Others	247	287
	4,703	5,716
Less: current portion	2,172	2,423
	2,531	3,293

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 (2010: 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 (2010: Rs. Nil).

22. DEPOSITS AND PREPAYMENTS

	Note	2011 (Rupees in thousand)	2010 (Rupees in thousand)
Security deposits	22.1	52,036	51,240
Prepayments		-	333
		52,036	51,573

22.1 These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

	Note	2011	2010
		(Rupees in thousand)	

23. STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2011	2010
Stores	23.1	1,257,478	696,439
Spare parts		1,741,935	1,677,517
Loose tools		38,533	38,454
		3,037,946	2,412,410
Less: provision for slow-moving and obsolete items		5,000	5,000
		3,032,946	2,407,410

23.1 Stores include in transit valuing Rs. 620.393 million (2010 : Rs 195.450 million)

23.2 Stores having carrying value amounting to Rs. nil (2010: Rs. 62.423 million) pledged as security against borrowings.

24. STOCK IN TRADE

	Note	2011	2010
		(Rupees in thousand)	
Raw material		44,464	19,046
Packing material		72,340	65,302
Work-in-process		181,879	92,102
Finished goods		240,401	328,268
		539,084	504,718

25. TRADE DEBTS

	Note	2011	2010
Considered good			
Export - secured	25.1	90,038	482,442
Local - unsecured		470,065	268,958
		560,103	751,400
Considered doubtful			
Export		35,582	22,016
Local		13,198	4,293
		48,780	26,309
		608,883	777,709
Less: provision for doubtful debts		48,780	26,309
		560,103	751,400

25.1 These are secured through letters of credit.

	Note	2011	2010
		(Rupees in thousand)	

26. LOANS AND ADVANCES

	Note	2011	2010
Current portion of loans to employees	21	2,172	2,423
Advances - unsecured, considered good:			
Employees		7,484	6,804
Suppliers		135,405	257,415
		145,061	266,642

27. INVESTMENTS

Available for sale - Unquoted

Associated company

	Note	2011	2010
Security General Insurance Company Limited 4,570,389 (2010: 4,570,389) i.e. 6.71% ordinary shares of Rs. 10 each - at cost		5,000	5,000
Add: adjustment arising from measurement on fair value	27.1	378,913	447,926
		383,913	452,926

At fair value through profit and loss - Quoted

	Note	2011	2010
Mutual funds:			
Noman Abid Reliance Income Fund			
Fixed fund (2010: Fixed Fund)		14,000	14,000
Alfalah GHP cash fund 4000 units (2010: 4,000 units)		2,000	2,000
		16,000	16,000
Add / (less): adjustments arising from measurement on fair value.		299	60
		16,299	16,060
Cement:			
Fauji Cement Company Limited			
121,800 (2010 : 121,800) ordinary shares of Rs. 10 each		1,949	1,949
Chemicals:			
Highnoon Laboratories Limited			
127,897 (2010: 116,270) ordinary shares of Rs. 10 each including 11,627 bonus shares		9,916	9,916
Fertilizer:			
Shakarganj Mills Limited			
6,000 (2010: 6,000) ordinary shares of Rs. 10 each		250	250
		12,115	12,115
Less: adjustments arising from measurement on fair value		7,464	8,763
		4,651	3,352
		404,863	472,338

27.1 The fair value of investment as at June 30, 2011 was determined by considering the valuation report, prepared by the firm M/s Anjum Asim Shahid Rahman, Chartered Accountants (Member of Grant Thornton International Ltd), based on generally accepted valuation method.

28. DEPOSITS AND SHORT TERM PREPAYMENTS

	2011	2010
	(Rupees in thousand)	
Margin against:		
letters of credit	24,226	25,120
bank guarantees	51,802	31,458
Prepayments	44,204	63,517
Security deposits	1,664	1,729
	121,896	121,824

29. ACCRUED PROFIT

This represents profit accrued on deposits / PLS bank accounts at the rate ranging from 1.00% to 5.00% (2010: 1.00% to 5.00%) per annum.

30. REFUNDS RECEIVABLE FROM GOVERNMENT

	2011	2010
Sales tax and customs duty	16,797	16,797
	16,797	16,797

30.1 This represents amounts paid against various cases as detailed in the contingencies note 18 to these financial statements. The Company is still in litigation to get refund of these amounts.

31. OTHER RECEIVABLES

	Note	2011	2010
		(Rupees in thousand)	
Inland freight subsidy receivable	31.1	62,060	62,060
Others		36,092	29,118
		98,152	91,178

31.1 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.

32. INCOME TAX (NET OF PROVISIONS)

	2011	2010
	(Rupees in thousand)	
Balance at beginning of year	296,506	162,058
Add: tax deducted at source	174,610	237,570
Less: income tax adjustment	132,838	-
Less: provision for taxation:		
- current year	131,896	102,237
- prior year	-	885
	131,896	103,122
Balance at end of year	206,382	296,506

32.1 The Income Tax Department (the Department) have selected tax years 2003 and 2006 for tax audit, and also initiated proceedings under section 161 and 205 of Income Tax Ordinance 2001 (the Ordinance) against the company in the respect of tax years 2003 to 2007. Income tax assessments of the company except described otherwise are deemed assessments in terms of section 120 (1) of the Income Tax Ordinance 2001.

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.

32.2 In consequence of tax audit conducted by the Department for tax year 2003, 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. The management is confident that the ultimate outcome of this case will be in favour of the Company.

32.3 Additional Commissioner Inland Revenue passed an order u/s 122(5A) and made additions of Rs. 21.6 million in Company's taxable income and raised a tax demand of Rs. 1.9 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. Through appellate order dated May 30, 2011 passed by the Commissioner Inland Revenue (Appeals) {CIR(A)}, company's appeal against amendment order dated March 10, 2010 earlier passed under section 122 (5A) of Ordinance has been disposed off. Through such order, while company's appeal on the issue of admissibility of initial allowance on exchange loss capitalized under section 76(5) of Income Tax Ordinance, 2001, has not been entertained, relief has been allowed regarding the issue of inclusion of "profit on sale of fixed assets" in turnover for computing minimum tax liability under section 113 of the Ordinance pending before appellate tribunal.

32.4 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 amounting to Rs. 0.159 million being default surcharge u/s 34 and Rs. 3,500 being penalty u/s 33(5) of Sales Tax Act 1990 and Rs. 0.453 million being default surcharge u/s 8 and Rs. 7.809 million being penalty u/s 19(1) of Federal Excise Act 2005.

In reference to above order appeal is pending before the Appellate Tribunal of Inland Revenue. The management is confident that the ultimate outcome of this case will be in favour of the Company.

32.5 The Department has initiated proceedings under section 161 and 205 of the Ordinance against the Company in respect of tax years described earlier. 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.

32.6 Through the Writ Petition No.22485/1997 titled" Maple Leaf Cement Factory Limited" Vs " Federation of Pakistan and others", the Company has sought a declaration that it is not liable to pay advance income tax in terms of Section 53 of Income Tax Ordinance, 1979 on the ground that on proven facts it is not liable to payment of any income tax for the year ending on June 30, 1998. The petition is pending before the Honorable Lahore High Court, Lahore.

32.7 Tax losses available for carry forward as at June 30, 2011 aggregated Rs. 11,331 million (2010: Rs. 10,424 million).

33. CASH AND BANK BALANCES

	2011	2010
	(Rupees in thousand)	
Cash:		
in hand	2,905	1,180
in transit	9,411	-
	12,316	1,180
Cash at banks in:		
PLS accounts	112,231	44,629
Current accounts	163,774	27,626
	276,005	72,255
	288,321	73,435

33.1 These accounts bear profit at the rates ranging from 1.00% to 5.00 % (2010: 1.00% to 5.00%) per annum.

		2011	2010
		(Rupees in thousand)	

34. SALES - NET

		2011	2010
Local Sales:			
Gross		13,146,429	9,886,405
Less:			
Excise duty		1,618,710	1,618,793
Sales tax		1,883,559	1,349,218
Commission		132,633	116,701
		3,634,902	3,084,712
Net local sales		9,511,527	6,801,693
Export Sales:		3,561,691	6,828,818
		13,073,218	13,630,511

35. COST OF SALES

		2011	2010
Raw materials consumed	37.1	535,920	575,591
Packing materials consumed		1,058,588	1,085,179
Fuel and power		6,929,042	6,732,228
Stores, spare parts and loose tool consumed		479,280	511,634
Salaries, wages and amenities	37.2	356,605	316,790
Rent, rates and taxes		6,702	13,917
Insurance		44,205	44,517
Repair and maintenance		46,507	44,669
Depreciation	19.4	1,236,261	1,029,060
Amortization	20	10,567	5,558
Vehicles, running and maintenance		50,408	47,652
Other expenses	37.3	145,884	148,470
		10,899,969	10,555,265
Work in process:			
opening		92,102	368,576
closing		(181,879)	(92,102)
		(89,777)	276,474
		10,810,192	10,831,739
Finished goods stock:			
opening		328,268	188,412
closing		(240,401)	(328,268)
		87,867	(139,856)
		10,898,059	10,691,883

	2011	2010
	(Rupees in thousand)	

35.1 Raw materials consumed

	2011	2010
At beginning of the year	19,046	23,312
Purchases	561,338	571,325
	580,384	594,637
Less: at end of the year	44,464	19,046
	535,920	575,591

35.2 Salaries, wages and amenities expense includes contribution to provident fund aggregating Rs. 12.287 million (2010: Rs. 11.412 million) and employee benefits (gratuity) amounting Rs. 8.010 million (2010: Rs. 5.386 million).

35.3 Other expenses include housing colony expenses aggregating Rs. 104.883 million (2010: Rs. 89.344 million).

36. DISTRIBUTION COST

	Note	2011	2010
		(Rupees in thousand)	
Salaries and amenities	36.1	43,452	34,626
Travelling		12,267	8,774
Vehicle running and maintenance		6,913	4,805
Postage, telephone and fax		3,534	3,415
Printing and stationery		724	749
Entertainment		1,899	1,194
Repair and maintenance		202	303
Advertisement and sampling		8,671	7,006
Freight and forwarding		1,563,865	3,087,609
Other expenses		5,105	4,408
		1,646,632	3,152,889

36.1 Salaries and amenities expense includes contribution to provident fund aggregating Rs. 1.689 million (2010: Rs. 0.892 million) and employee benefits (gratuity) amounting Rs. 0.350 million (2010: Rs. 0.230 million).

37. ADMINISTRATIVE EXPENSES

	Note	2011	2010
Salaries and amenities	37.1	78,105	70,375
Travelling		13,667	10,647
Vehicle running and maintenance		11,456	10,683
Postage, telephone and fax		5,561	5,914
Printing and Stationery		6,458	8,827
Entertainment		4,962	3,326
Repair and maintenance		4,463	4,465
Legal and professional charges	37.2	46,528	12,983
Depreciation	19.4	17,005	14,915
Rent, rates and taxes		207	89
Provision for doubtful debts		22,471	26,309
Provision for slow moving stores		-	5,000
Other expenses		19,945	20,688
		230,828	194,221

37.1 Salaries and amenities expense includes contribution to provident fund aggregating Rs.3.056 million (2010: Rs. 2.170 million) and employee benefits (gratuity) amounting Rs.2.031 million (2010: Rs. 0.276 million).

	2011	2010
	(Rupees in thousand)	
37.2 Legal and professional charges include the following in respect of Auditors' services for:		
Audit fee	1,000	1,000
Other certifications and Reviews	546	250
Out-of-pocket expenses	43	35
	1,589	1,285
Subsidiary Company		
Legal and professional charges include the following in respect of Auditors' services for:		
Audit fee	30	30
	30	30

37.3 The Company has shared expenses aggregating Rs.10.075 million (2010: Rs. 11.017 million) on account of the Combined Offices with its Associated Companies. These expenses have been booked in respective heads of account.

38. OTHER OPERATING EXPENSES

	Note	2011	2010
		(Rupees in thousand)	
Donation	40.1	1,075	6,402
Workers' welfare fund (WWF)		5,487	-
Delay payments surcharge	40.2	155,832	152,239
		162,394	158,641

38.1 Donations for the year have been given to:

	2011	2010
Gulab Devi Hospital, Lahore	400	6,000
Misc. donations in form of cement	575	280
National Counsel for Rehabilitation of Disabled Persons	-	100
General Hospital, Lahore	-	22
Internally Dislocated People (IDP), Swat	100	-
	1,075	6,402

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

38.2 This represents surcharge against delayed payments of electricity, sui gas and export running finance facility.

	Note	2011	2010
		(Rupees in thousand)	

39. OTHER OPERATING INCOME

	Note	2011	2010
Income from financial assets			
Profit on bank deposits		4,658	5,328
Dividend income		11,717	9,431
Investment income		3,433	3,664
Income from non financial assets			
Sale of scrap		18,359	28,685
Gain on disposal of operating fixed assets	19.6	5,098	4,343
Insurance claims received		19,374	2,942
Miscellaneous		8,601	2,638
		71,240	57,031

40. FINANCE COST

	2011	2010
Profit / interest / mark up on:		
Redeemable capital	1,155,496	1,151,738
Syndicated term finances	217,231	210,587
Liabilities against assets subject to finance lease	74,423	66,008
Short term borrowings	620,570	487,630
Bank guarantees' commission	5,691	3,702
Exchange loss - net	21,685	34,908
Realised loss on derivative cross currency interest rate swap agreement	12,728	13,970
Bank and other charges	58,585	90,933
	2,166,409	2,059,476

41. TAXATION

	2011	2010
Current	131,896	103,122
Deferred	56,229	(88,675)
	188,125	14,447

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.

42. LOSS PER SHARE - BASIC AND DILUTED

The calculation of loss per share - basic is based on the following data:

	2011	2010
	(Rupees in thousand)	
Loss		
Loss after taxation	(2,147,989)	(2,584,015)
Less: dividend payable on preference shares	(52,678)	(52,794)
Loss attributable to ordinary shareholders	(2,200,667)	(2,636,809)

Number of shares	Number of shares (in thousand)	
Weighted average number of shares outstanding - basic	490,330	372,263
Dilutive effect of preference shares	63,413	63,460
Weighted average number of shares outstanding – diluted	553,743	435,723

Weighted average number of shares outstanding - basic has been calculated after taking into account the effect of shares issued and preference shares converted during the year.

	2011	2010
Basic loss per share (Rupees)	(4.49)	(7.08)
Diluted loss per share (Rupees)	(4.49)	(7.08)

The effect of conversion of preference shares into ordinary shares is anti-dilutive; accordingly the diluted loss per share is restricted to the basic loss per share.

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	
	2011	2010	2011	2010	2011	2010	2011	2010
	.... Rupees in thousand							
Managerial remuneration	3,642	3,396	4,885	4,537	2,485	2,859	36,510	27,673
Contribution to provident fund trust	-	-	411	383	152	223	3,220	2,320
Perquisites and benefits:								
-house rent	550	524	219	192	425	557	14,040	9,773
-medical	-	-	408	383	175	116	827	500
-conveyance/petrol	-	-	376	252	261	321	7,749	5,330
-utilities	308	280	61	60	192	223	3,346	2,451
	858	804	1,064	887	1,053	1,217	25,962	18,054
	4,500	4,200	6,360	5,807	3,690	4,299	65,692	48,047
No. of persons	1	1	1	1	1	1	40	30

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.150 thousand (2010: Rs. 135 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	2011	2010
		(Rupees in thousand)	
Holding company	Purchase of goods and services	-	147
	Sale of goods and services	479	484
	Purchase of property, plant and equipment	204	419
	Sale of property, plant and equipment	-	1,770
Associated company	Dividend received	10,181	9,141
	Share deposit money received	-	1,000,000
Key management personnel	Remuneration and other benefits	80,242	62,352
Maple Leaf Cement Factory Limited Employees' Gratuity Fund	Payment to fund	(4,225)	(1,959)

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.

45. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2011	2010	2011	2010
	-------------------- Metric ton --------------------			
Clinker	3,690,000	3,690,000	2,753,051	3,130,308

- 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 then 90% (2010: 90%). 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	2011	2010
	% of total revenue	
Asia	84	74
Africa	16	26

47. CASH GENERATED FROM OPERATIONS BEFORE WORKING CAPITAL CHANGES

	2011	2010
	(Rupees in thousand)	
Loss before taxation	(1,959,864)	(2,569,568)
Adjustments for:		
Depreciation on property, plant and equipment	1,253,266	1,043,975
Amortization of intangible assets	10,567	5,558
Provision for doubtful debts	22,471	26,309
Provision for slow moving stores	-	5,000
Gain on disposal of property, plant and equipment	(5,098)	(4,343)
Investment income	(3,433)	(3,664)
Employees' compensated absences	6,424	10,661
Finance cost	2,166,409	2,059,476
Dividend income	(11,717)	(9,431)
	3,438,889	3,133,541
	1,479,025	563,973

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 ad hoc 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:

	2011	2010
	(Rupees in thousand)	
Non current assets		
Security deposits	52,036	51,240
Current assets		
Trade debts	483,263	273,251
Loans and advances	7,484	6,804
Investments	404,863	472,338
Deposits	53,466	33,187
Accrued profit	890	656
Other receivables	24,744	4,811
Bank balances	285,416	72,085
	1,312,162	914,372

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:

Export - secured	125,620	504,458
Local - unsecured, considered good	483,263	273,251
	608,883	777,709

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

	2011	2010
	(Rupees in thousand)	

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

	2011	2010
Not past due	431,722	526,273
Past due 1 to 30 days	57,536	159,430
Past due 30 to 150 days	38,308	39,444
Past due 150 days	81,317	52,562
	608,883	777,709

Provision for trade debts

Based on age analysis, relationship with customers and past experience the management believes that provision for doubtful debts amounting Rs. 22.471 million is sufficient for the year ended June 30, 2011 and does not expect any other party to fail to meet their obligation.

Investments have been made in the following:

- Mutual Funds; and
- Shares of listed companies.

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

	2011	2010
Security General Insurance Company Limited	N/A	A
Noman Abid Reliance Income Fund	AM3-	AM 3-
Alfalah GHP cash fund	AM3	AM 3

Cash at bank

Total bank balance of Rs. 275.868 million (2010:Rs. 72.085 million) placed with banks have a short term credit rating of at least A1+ (2010: 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 17.1 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 8, 9, 10, 11 and 17 to these financial statements.

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

	2011				
	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	3,005,658	3,553,356	614,146	2,210,885	728,325
Redeemable capital	8,289,800	14,314,638	1,205,848	7,369,758	5,739,032
Syndicated term finances	1,498,200	2,598,529	216,721	1,307,868	1,073,941
Liabilities against assets subject to finance lease	1,084,527	1,159,969	568,734	591,235	-
Long term deposits	5,569	5,569	-	5,569	-
Trade and other payables	3,693,785	3,693,785	3,693,785	-	-
Accrued profit / interest / mark up	791,161	791,162	791,162	-	-
Short term borrowings	4,084,666	4,084,666	4,084,666	-	-
	22,453,366	30,201,674	11,175,062	11,485,315	7,541,298

	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	1,581,039	1,913,059	665,238	1,247,821	-
Redeemable capital	8,296,600	13,959,857	283,820	6,231,669	7,444,368
Syndicated term finances	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	3,277,546	3,277,546	3,277,546	-	-
Accrued profit / interest / mark up	921,812	921,812	921,812	-	-
Short term borrowings	4,060,838	4,060,838	4,060,838	-	-
	20,719,915	27,953,997	9,691,433	9,422,923	8,839,641 1

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:

	2011			
	Rupees	US$	Euros	Yens
	-------------(Rupees in thousand)-------------			
Liabilities against assets subject to finance lease	917,860	10,667	-	-
Creditors and bills payables	993,012	10,754	541	-
	1,910,873	21,421	541	-
Trade debts	(125,620)	(1,463)	-	-
Gross balance sheet exposure	1,785,253	19,958	541	-
Outstanding letters of credit	44,513	8	351	-
Net exposure	1,829,766	19,966	892	-

	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

The following significant exchange rates have been applied:

	Average rate .... Rupees		Reporting date mid spot rate .... Rupees	
	2011	2010	**2011**	2010
US $ to Rupee	**85.73**	84.02	**85.85 / 86.05**	85.4 / 85.6
EURO to Rupee	**117.72**	116.28	**124.89**	104.58
Yen to Rupee	**1.04**	0.9241	**1.07**	0.9662

Sensitivity analysis

A 10 percent strengthening of the Pak Rupee against the US dollar, Euro and Yen, at June 30, 2011 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, 2010.

Effect on loss for the year:

	2011	2010
	(Rupees in thousand)	
U.S.$ to Rupee	**171,806**	181,392
EURO to Rupee	**11,141**	21,525
Yen to Rupee	**-**	472
Decrease in profit and loss account	**182,947**	203,389

A 10 percent weakening of the Pak Rupee against the US dollar, Euro and Yen, at June 30, 2011 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:

	2011	2010	2011	2010
	..... Effective rate		Carrying amount	
Fixed rate financial instruments			(Rupees in thousand)	
Financial liabilities				
Short term borrowings (export running finances)	11.0%	9.0%	842,433	1,646,896
Financial assets				
Loans to employees	6% to 12%	6% to 12%	4,456	5,429
Bank balances at PLS accounts	1% to 5%	1% to 5%	121,642	44,629
			126,098	50,058
			716,335	1,596,838

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 14.62%	9.70% to 14.38%	3,005,657	1,581,039
Redeemable capital	13.20% to 14.59%	13.20% to 15.44%	8,289,800	8,296,600
Syndicated term finances	13.16% to 14.59%	13.16% to 15.72%	1,498,200	1,499,400
Liabilities against assets subject to finance lease	2.90% to 15.88%	2.96% to 16.51%	1,084,528	1,079,941
Short term borrowings	8.50% to 24.00%	7.50% to 24.00%	3,242,233	2,413,942
			17,120,418	14,870,922

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 2010.

As at June 30, 2011	Increase	Decrease
	(Rupees in thousand)	
Cash flow sensitivity-Variable rate financial liabilities	(171,204)	171,204
As at June 30, 2010		
Cash flow sensitivity-Variable rate financial liabilities	(148,709)	148,709

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

48.3.3 Fair value hierarchy

Financial instruments carried at fair value are categorised as follows:

Level 1: Quoted market prices
Level 2: Valuation techniques (market observable)
Level 3: Valuation techniques (non market observable)

The Company held the following financial instruments mearured at fair value.

	Total	Level 1	Level 2	Level 3
Financial assets June 30, 2011				
Available for sale- Unquoted	-	-	-	-
At fair value through profit and loss - Quoted	20,950	20,950	-	-
	20,950	20,950	-	-
Financial assets June 30, 2010				
Available for sale- Unquoted	452,926	-	452,926	-
At fair value through profit and loss - Quoted	19,412	19,412	-	-
	472,338	19,412	452,926	-

48.3.4 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:

	2011	2010
	(Rupees in thousand)	
Effect on loss	2,095	1,941
Effect on investments	2,095	1,941

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

48.4 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.

48.5 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.

	2011	2010
	(Rupees in thousand)	
Total borrowings	**17,962,852**	16,517,818
Less: Cash and bank balance	**288,321**	73,435
Net debt	**17,674,531**	16,444,383
Total Equity	**3,023,325**	4,134,148
Total capital	**20,697,856**	20,578,531
Gearing ratio	**85%**	80%

For the purpose of calculating the gearing ratio, the amount of total borrowings has been determined by including the effect of liabilities 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**
Inventory in transit spare parts	Stores	For better presentation	80,540
Employee benefit	Trade and other payables	For better presentation	6,864

50. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on September 27, 2011 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.

CHIEF EXECUTIVE OFFICER

DIRECTOR

MAPLE LEAF CEMENT FACTORY LIMITED

42-LAWRENCE ROAD, LAHORE

PROXY FORM

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, speak and vote for and on my/our behalf, at the Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore on Monday, October 31, 2011 at 11:30 AM and any adjournment thereof.

As witnessed given under my/our hand(s) ________ day of October, 2011.

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 #. ____________________

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

Notes:

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, speak and vote at this meeting, must bring with them their Computerized National Identity Cards (CNIC) /Passports 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.

AFFIX
CORRECT
POSTAGE

The Company Secretary

MAPLE LEAF CEMENT FACTORY LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36278904-05

Maple Leaf Cement Factory Limited
A Kohinoor Maple Leaf Group Company
42 Lawrence Road, Lahore