

Annual
Report
2012



MAPLE LEAF CEMENT

A Kohinoor Maple Leaf Group Company



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Main Financial Highlights

2012 Vs 2011

Sales Revenue ↑ 18%

Operating Profit ↑ 377%

Profit After Tax ↑ 128%

EBITDA ↑ 140%

EBITDA %age of Sales ↑ 15%

Interest Coverage ↑ 340%

Earnings Per Share ↑ 123%

Shareholders' Equity ↑ 22%

Current Ratio ↑ 6%

Market Capitalization ↑ 125%

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. Operations of MLCFL are subject to different environmental and labour laws. Providing quality cement and ultimately customer satisfaction is our business model. MLCFL owns and operates two production lines for grey and one production line for white cement. The plants are located at Daudkhel District Mianwali. Total annual clinker capacity of the Company is recorded at 3,360,000 tons. The Company supplies its products in local market and exports as well in African, Gulf, and other Asian Countries. The Company is fully complying with all applicable environmental, labour, corporate and other relevant laws.

- In 1956, MLCFL was established by the West Pakistan Industrial Development Corporation (WPIDC) and was incorporated as “Maple Leaf Cement Factory Limited”. 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 privatized 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. Highest profit after tax reported PKR 1,059 million.
- 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, the Company has successfully started Waste Heat Recovery Boiler Plant.



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. Danial Taufique Saigol	
Syed Mohsin Raza Naqvi	
Mr. Zamiruddin Azar	
Mr. Karim Hatim	

Audit Committee

Mr. Zamiruddin Azar	Chairman
Mr. Waleed Tariq Saigol	Member
Mr. Karim Hatim	Member
Mr. Danial Taufique Saigol	Member

Human Resource & Remuneration Committee

Mr. Waleed Tariq Saigol	Chairman
Mr. Zamiruddin Azar	Member
Mr. Danial Taufique Saigol	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
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Burj Bank Limited
Faysal Bank Limited
First Dawood Islamic Bank Limited
First Women Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East 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
Summit Bank Limited
The Bank of Khyber
The Bank of Punjab
Trust Investment Bank Limited
United Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisor

Raja Mohammed Akram & Co.
Advocates and Legal Consultants, Lahore.

Registered Office

42 - Lawrence Road, Lahore.
Phone: (042) 36278904-5
Fax: (042) 36368721
E-mail: muhammad.ashraf@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: shares@vcl.com.pk
Website: www.vcl.com.pk

Factory

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





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, developed, implemented and managed the best leading edge technology, industry best practice, human resource and innovative products and sold these to its customers, suppliers and stakeholders.



Core Values

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.





Code of Conduct

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 favors, 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, while communicating publicly on matters that involve Company business, presume to speak for the Company unless they are certain that the views that they express are those of the Company and it is the Company's desire that such views be publicly disseminated.
5. All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.
6. 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 Health, Safety and Environment (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.
7. 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.



Statement of Strategic Objectives 2012 - 2013

Following are the main principles that constitute the strategic objectives of Maple Leaf Cement Factory Limited:-

1. Effective use of available resources and improved capacity utilization of the Company's production facilities;
2. Modernization of production facilities in order to ensure the most effective production;
3. Effective marketing and innovative concepts;
4. Implementation of effective technical and human resource solutions;
5. Strengthening independence in terms of secure supply of low-cost services and resources, including energy supply, transportation and logistics services;
6. Explore alternative energy resources;
7. Further improvements in corporate code governance through restructuring of assets and optimization of management processes;
8. Personnel development, creating proper environment for professional growth of highly skilled professionals, ensuring safe labour environment, competitive staff remuneration and social benefits in accordance with scope and quality of their work;
9. Compliance with local and international environmental and quality management standards, implementation of technologies allowing to comply with the limitations imposed on pollutant emissions; and
10. Implementation of projects in social and economic development of communities.

Notice of Annual General Meeting

Notice is hereby given that the 52nd Annual General Meeting of the members of **Maple Leaf Cement Factory Limited** (the "Company") will be held on **Wednesday, October 31, 2012 at 11:30 AM** at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business:-

- 1) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2012 together with the Directors' and Auditors' Reports thereon.
- 2) To appoint Auditors for the year ending on June 30, 2013 and fix their remuneration. The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. KPMG Taseer Hadi & Co., Chartered Accountants, the retiring auditors and being eligible offer themselves for re-appointment.

31st
October
11:30 AM

BY ORDER OF THE BOARD



(Muhammad Ashraf)
Company Secretary

Lahore: October 10, 2012

NOTES:

1. Share Transfer Books for ordinary shares of the Company will remain closed from October 24, 2012 to October 31, 2012 (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, 2012 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 (CNIC) / 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 possessing physical shares and have not yet submitted photocopies of their CNIC to the Company's Share Registrar, are requested to send the same at the earliest.





Directors' Report to the Shareholders

The Directors of the Company are pleased to present the 52nd Annual Report of the Company along with audited financial statements and Auditors' Report thereon for the year ended June 30, 2012.

OVERVIEW

During the current year, the Company recorded net sales of Rs. 15,461 million against sales of Rs. 13,073 million in the corresponding period, showing growth of 18%. Increase in sales was due to improved production and lower overhead costs resulting in increase in retention levels. Export sales to Afghanistan saw an improvement due to ongoing reconstruction activities. In the year 2011-12, energy crisis worsened due to heavy load shedding of gas and electricity which adversely affected production costs. High Fuel Price Adjustment charges (FPA) in electricity tariff added to the cost of production. Increased cost of coal, gas and packing materials during the year also adversely impacted production costs. Higher diesel prices negatively affected freight charges and impacted operating margins. However, Waste Heat Recovery Plant (WHRP) has substantially contributed in generation of inexpensive electricity. Gross profit increased to Rs. 4,015 million in the current year compared to Rs. 2,175 million last year. This increase was primarily due to improved retention in both local and export sales. Distribution cost reduced by 49% due to curtailed export sales by sea on account of lower margins. Resultantly, operating profit increased from Rs. 585 million to Rs. 2,795 million in the year 2011-12. Financial cost increased due to capitalization of WHRP and exchange loss on account of Pak Rupee devaluation.

The Company recorded post tax profit of Rs. 496 million during the year after accounting for distribution and financial charges of Rs. 846 million and Rs. 2,351 million respectively against the corresponding period last year, when post tax loss amounted to Rs. 1,769 million after provision for distribution cost and financial charges of Rs. 1,647 million and Rs. 2,166 million respectively. Basic Earnings Per Share Re. 0.84 for the year ended June 30, 2012 compared favourably to Loss Per Share Rs. 3.72 last year.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for the year 2011-12 increased to Rs. 4,439 million as compared to Rs. 1,849 million in the year 2010-2011 resulting in increase in EBITDA to Sales Percentage from 14% to 29% in the year 2011-12.

The Company has paid income tax of Rs. 158 million during the current financial year. Furthermore, payments of sales tax and federal excise duty have almost been streamlined. Payable status of taxes and excise duty has been disclosed in note 14 of the financial statements.

APPROPRIATION

After massive losses for last few years, Company just has crossed the loss threshold and has earned profit of Rs. 496.194 million. The Directors have passed over dividend payment due to financial limitations. The financial results of the Company are summarized below:

	Rupees in Thousand
Profit before taxation	444,066
Provision for taxation	52,128
Profit after taxation	<u>496,194</u>
Un-appropriated loss brought forward	(5,976,651)
Surplus on revaluation of property, plant and equipment realized through incremental depreciation (Net of tax)	249,311
Accumulated Loss	<u>(5,231,146)</u>
Appropriations:	
Transfer from capital redemption reserve	8,065
Provision for dividend on preference shares	(52,076)
Un-appropriated loss carried forward	<u><u>(5,275,157)</u></u>

NON FINANCIAL PERFORMANCE

Quality, customer's satisfaction, employee's development and professional standards are Company's key areas where management has taken necessary measures to improve them. The Company is currently producing and supplying the high quality products which ensures maximum satisfaction to the customers. During the year, the Company has conducted various training courses for the development of existing human capital. The Company is maintaining highly satisfactory relationship with all stake holders. The Company has formed various committees who are responsible for the effective monitoring of key areas.

MANAGEMENT'S OBJECTIVES AND STRATEGIES

Prime objective of management is to change the culture from a State Cement traditional hierarchy and status quo enterprise to a customer driven, empowered and cross functionality focused company. Our objectives are determined to increase our retention value along with reduction in cost. We strive to achieve our objectives with collective wisdom and empathy. We are committed to enhance stakeholder's value. To achieve our corporate objectives, we have refined and implemented our human resource policies and Standard Operating Procedures (SOPs). A new TQM (Total Quality Management) function has been implemented that seeks to lower nonconformance costs through active focus on health, safety, environment, housekeeping and operations.

Apart from the above, we have implemented scientific performance evaluation techniques that are linked to KPIs (Key Performance Indicators). We have also developed Reliability Center Maintenance system for achieving run factor of 330 days considering it as an opportunity to improve our bottom line.

We believe that training is the source of all process driven thinking.

Local and international trainings for top management arranged

during the year 2011-12 including 6 Sigma trainings. We have framed well defined different teams to address the key areas like Team energy, Team Reliability Centered Maintenance and Team Culture Development. Priority is being assigned to control production cost. We have reduced variable cost due to efficient energy management and other cost reduction measurements.



ENTITY'S SIGNIFICANT RESOURCES

Our resources consist of mainly human resource, financial resource, and technological resource. Company assorted and hired team of professionals with enormous expertise in latest technologies who proficiently design the ways for improving and upgrading our production process, networking and control systems. We have developed a dedicated team to analyze the human resource right from selection till retirement. We believe in adding value to our human resource by extensive trainings and development program.

LIQUIDITY

Our liquidity condition has improved over the period with reduced payment cycle. The management of the company has breadth of experience and knowledge of best practices in liquidity management pertaining to policies, processes, regulatory constraints, tax considerations and liquidity management system. Capital structure mainly consists of ordinary share capital and long term/short term debts. Management believes that there is no inadequacy in capital structure in status quo. During the year company has managed to improve debt equity ratio from 59:41 to 54:46. Net cash generated from operation increased by 128% mainly due to well controlled liquidity management supported by better sales price and efficient utilization of production inputs.



RISKS AND MANAGEMENT'S STRATEGIES TO MITIGATE THESE RISKS:

Risk	Managing Risks
Strategic Risks	Company believes in philosophy of collective wisdom. To compete with uncertainties in cement sector both at national and international spectrum, management has devised effective committees that are primarily consisted of HODs of different departments who helped the company to adopt a proactive approach towards the strategic risks.
Operational 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 operational risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by the Internal Audit department. 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.
Financial Risks	The Company is exposed to liquidity risk, currency risk and market risk. To cope with the risks mentioned, company invests only in highly liquid resources to mitigate the risk of liquidity. 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 overall funding mix and avoidance of undue reliance on large individual customers.

ENTITY'S SIGNIFICANT RELATIONSHIPS

Company has very prominent and good relationships with all stakeholders. We maintain collaborative relations with our stakeholders through a good harmony, effective communication and customer focused approach because without doing this we may affect our company's performance and values of our entity. We follow the best policy to maintain the relationship with our stakeholders which includes satisfaction of customers by providing quality products and timely payments to all creditors.

CRITICAL PERFORMANCE MEASURES

Following are some of the critical performance measures and indicators against stated objectives of the company.

- Increase in retention;
- Decrease in variable cost;
- Better debt equity structure;
- Increasing shareholder's wealth;
- Compliance with terms of all stakeholders;
- Improvement in operational performance;
- Changing the philosophy of state owned organization.

Management believes that current critical performance measure continue to be relevant in future also.



HUMAN RESOURCE MANAGEMENT

Maple leaf is committed to build a strong organizational culture that is shaped by empowered employees who demonstrate a deep belief in company's vision and values. Therefore Human Resource Management (HRM) is an integral part of our business strategy. The company fosters leadership, individual accountability and teamwork. The main objectives of maple leaf HRM policy are:

- Selecting the right person, with the right experience, at the right time offering the right compensation.
- Developing Management philosophies and practices to promote and encourage motivation and retention of the best employees.
- Recognizing and rewarding employees' contribution to the business.
- Encouraging and supporting team concepts and team building techniques.
- Nurturing a climate of open Communications between management and employees.
- Making all reasonable efforts to achieve a high quality of work-life balance.

SUCCESSION PLANNING

MLCFL believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities, and prepare them for advancement or promotion into ever more challenging roles along with effective succession planning. Succession planning ensures that employees are constantly developed to fill each needed role. We look for people who exemplify continuous improvement when we are spotting future successors.



MARKET SHARE

Presently Maple Leaf cement due to its unique marketing efforts and superior quality has 7.53% market share for grey cement (on capacity based) as evident from the All Pakistan Cement Manufacturing Association (APCMA) website. Therefore, Maple Leaf is a leading brand in Pakistan with a diverse customer base and presence in almost all cities of Pakistan. Carrying on with the legacy of Leaf, Maple Leaf brand is widely acknowledged as best quality cement brand in all the markets, where it is exported. It is also the largest producer of White Cement in the country with more than 90% of local market share and the biggest white cement exporter of Pakistan.

SOCIAL COMPLIANCE

a) Corporate Social Responsibility

For community investment and welfare, the Company acknowledges its responsibility towards society and performs its duty by providing financial assistance to projects for society development by various charitable institutions on consistent basis. The Company has been recognized by Pakistan Centre for Philanthropy as a leader in social and charitable contributions and strikes to be a constructive member of the communities in which it has a presence. Kohinoor Maple Leaf Group has received “5th Corporate Social Responsibility National Excellence Award” on account of its performance in various projects. The Company has contributed in medical social sciences project and in this regard, has donated a state of the art Cardiac facility to the Ghulab Devi Chest Hospital (GDCH) in Lahore by constructing Sayeed Saigol Cardiac Complex (SSCC) at GDCH.

b) Industrial Relations

The company has set procedures, rules and regulations which regulate employment guidance. The company has allocated Gratuity, Provident fund and Worker's Profit Participation Fund for its employees. Appropriate opportunity is provided to employees to participate in Collective Bargaining Agreement (CBA) activities and to elect representative of their choice.

Company is committed to provide equal opportunity to all existing and prospective employees without any discrimination on the basis of religion, gender, race or age etc. We encourage our employees through several rewards and recognition programs.

c) Energy Conservation

Energy crises is getting severe day by day in Pakistan. We have developed a team energy that is striving to get the best possible alternative sources like efficient usage of Waste Heat Recovery Boiler and other alternatives including waste, rice husk and carbon black.

d) Consumer Protection Measures

We 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 manufacture cement products so as to ensure that no harmful substances are present in its products.

e) Employment of Special Persons

The Company has employed disabled persons in compliance with the rules set out by the Government of Pakistan which is 2% quota of the total workforce necessitated to be allocated to disabled persons.

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 analysis. 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.

The quality check parameters during each level of the process are monitored and controlled by the latest version of technology & equipment 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 ENVIRONMENTAL PROTECTION MEASURES

The Company is committed to achieve excellence in Safety, Health and Environmental protection. The Company encourages awareness in these areas amongst our employees, customers, suppliers and all those who are associated with us in our activities. The Company's goal in respect of safety, health and environment is to minimize all adverse environmental and health impacts arising out of our operations and to 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. Company is 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. 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. 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.

BUSINESS ETHICS & ANTI-CORRUPTION MEASURES

The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Employees are encouraged to report any deal that may be supported by kickbacks. No employee is allowed to run a parallel business. Company is maintaining sophisticated Oracle based online software using which any employee can report the non-conformance (NC) to the top management.

NATIONAL CAUSE DONATIONS

During the year, company has contributed towards donation to Sindh flood stricken and, Shaukat Khanum Hospital. Company has also donated in form of cement for construction of different social projects.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the period company has contributed an amount of Rs. 1,776 million towards national exchequer in shape of taxes, duties, cess, levies etc. The Company has also contributed through earnings of valuable foreign exchange amounting to US\$ 34 million.

FUTURE PROSPECTS

Coal prices have started sliding at the end of year 2011-12, however it is expected that they may start rising on account of Chinese and Indian demand in the next couple of months. While coal price outlook remains favorable for cement manufacturer, risks are there for possible decline in cement off take due to unfavorable economic conditions in the country. Moreover, continuous power cost increases, inflation, Pak Rupee devaluation, and frequent load shedding are serious hurdles for growth of the cement sector. In order to overcome the challenges thrown up by the economic recession, your Company has already taken several measures. Effective utilization of power generation equipment based on WHRP to generate cheaper electricity to reduce the conversion costs, is a major initiative. Company is determined to explore new export markets for maximum capacity utilization. Efforts are being made to reduce input costs wherever possible through adoption of various cost efficient measures, including use of alternative fuels. The Company has adopted various strategies for effective and prudent cash flow management to maintain smooth operations of the Company. Recent reduction in the Federal Excise Duty (FED) on cement from PKR 500 pmt to PKR 400 pmt and SBP discount rate will also have positive impact on financial health of your Company.



Going forward, we expect stable growth in the next year of cement volumes along with sensible pricing which should lead to improved earnings. On the export front, we expect increased sales in Afghanistan. Afghanistan will remain the key destination for cement exports from Pakistan due to proximity to Pakistan. Exports to India are also expected to grow as relations normalize. Cost reduction and optimum utilization of resources continue to be the main focus in the all operational areas. The Company anticipates that the above factors would contribute towards further improvement in its performance during financial year 2012-13.

PREFERENCE SHARES REDEMPTION

The Board has approved redemption of preference shares (non-voting) of Rs. 10/- each to the preference shareholders carrying preferential right of dividend @9.75% per annum on cumulative basis upto October 31, 2012, i.e. at Rs. 13.254 per preference share to those preference shareholders whose names would appear on the members' register as on October 19, 2012 (book closure date) and thereafter trading of preference shares at Stock Exchanges will be terminated resulting in revocation of CDS eligibility.

COMPLIANCE OF THE 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) Key operating and financial data of last six years is annexed.
- h) The value of investment of provident fund and gratuity trust, based on their respective un-audited accounts of June 30, 2012 is as under:

	Rupees in thousand
Provident Fund	289,758
Gratuity Fund	50,218

There has been no material changes since June 30, 2012 except as disclosed in this annual report and the Company has not entered into any commitment, which would affect its financial position at the date except for those mentioned in the audited financial statements of the Company for the year ended June 30, 2012.

During the year, the Company has complied with all applicable provisions, filed all returns / forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

DIRECTORS AND BOARD MEETINGS

During the year under review, four 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	4
Mr. Waleed Tariq Saigol	3
Mr. Kamil Taufique Saigol	1
Mr. Danial Taufique Saigol	2
Syed Mohsin Raza Naqvi	4
Mr. Zamiruddin Azar	3
Mr. Masood Karim Shaikh	4

Leave of absence was granted to the Directors who could not attend the Board meetings due to their pre-occupations. During the year, Mr. Kamil Taufique Saigol & Masood Karim Shaikh resigned as Directors and Mr. Danial Taufique Saigol & Karim Hatim were co-opted as Directors in their place on January 01, 2012 and August 01, 2012 respectively. The present Board of Directors of the Company is as under:-

Sr. No.	Name of 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. Danial Taufique Saigol	-do-
6	Syed Mohsin Raza Naqvi	-do-
7	Mr. Zamiruddin Azar	-do-
8	Mr. Karim Hatim	-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.

QUALIFICATION OF CFO AND HEAD OF INTERNAL AUDIT

The Chief Financial Officer and the Head of Internal Audit possess the requisite qualifications and experience as prescribed in the Code of Corporate Governance, 2012.



TRADE OF COMPANY'S SHARES

Since the previous Directors' Report, the following ordinary shares in Company's share capital were acquired by Directors / Officers from the stock market upto June 30, 2012:-

Name	Ordinary Shares
Mr. Tariq Sayeed Saigol (Director)	351,869
Mr. Waleed Tariq Saigol (Director)	1,257,189
Mrs. Saadiya Mohsin (Spouse of Syed Mohsin Raza Naqvi, Director / CFO)	49,010
Mr. Muhammad Ashraf (Company Secretary)	300,000

Board has reviewed the threshold for disclosure of interest by executives holding of Company's shares which includes CFO, Head of Internal Audit and Company Secretary. However, the other Directors and CEO did not make any transaction in Company's shares including their spouses and minor children.

PATTERN OF SHAREHOLDING

The statement of shareholding of the Company in accordance with the Companies Ordinance, 1984 and the Code of Corporate Governance as at June 30, 2012 is annexed.

AUDITORS

The present auditors of the Company M/s. KPMG Taseer Hadi & 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. KPMG Taseer Hadi & 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: 25 September 2012

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 fibers, 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 remained Chairman All Pakistan Textile Mills Association from 1992 to 1994, President of Lahore Chamber of Commerce and Industry for 1995-97 and Chairman, All Pakistan Cement Manufacturers Association from 2003-2006.

Mr. Saigol was 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, and 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. SAYEED TARIQ SAIGOL (CHIEF EXECUTIVE / DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR

Kohinoor Textile Mills Limited
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 Tariq 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 (LUMS).

MR. TAUFIQUE SAYEED SAIGOL (DIRECTOR)

OTHER ENGAGEMENTS

CHIEF EXECUTIVE / DIRECTOR

Kohinoor Textile Mills Limited

DIRECTOR

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 has 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. 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. DANIAL TAUFIQUE SIAGOL (DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR

Kohinoor Textile Mills Limited

Mr. Danial Taufique Saigol is the younger son of Mr. Taufique Sayeed Saigol, CEO of KTML. Danial began his career with KMLG in January 2012 as a Director. He holds a bachelor's degree in Finance from McGill University, Montreal, Canada. He is currently posted at Kohinoor Textile Mills, Rawalpindi.

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

OTHER ENGAGEMENTS

DIRECTOR / CHIEF FINANCIAL OFFICER
Kohinoor Textile Mills Limited

Mr. Mohsin Naqvi is Fellow Member of Institute of Chartered Accountants of Pakistan with over 23 years of financial management experience.

His 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 Trust Investment Bank limited.

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

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.

MR. KARIM HATIM (DIRECTOR)

Mr. Karim Hatim is a Fellow Member of the Institute of Chartered Accountants of Pakistan and has more than fifteen years of Investment Banking experience involving Business Development, Corporate Finance and Advisory Services, Treasury, Capital Markets and Credit Appraisal. He has conducted several specialized assignments in Finance, Audit and Tax.

As Investment Banking Head at Pak Kuwait Investment Company, Mr. Hatim was instrumental in reviving the deal pipeline of the Company and enhancing fee income. He led the entire process of successfully setting up a Non Bank Finance Company and a Brokerage House as subsidiaries of PKIC. During this time, he worked on several big ticket privatization and balance sheet restructuring mandates. Prior to that, he worked in senior roles at Ford Rhodes, Standard Chartered Mercantile Leasing Limited and Paramount Leasing Limited. He also served as Chief Operating Officer at NBP Capital Limited.



The Board structure and its committees

BOARD STRUCTURE

Following are the Board members along with their status.

NAME	STATUS
MR. TARIQ SAYEED SAIGOL	Chairman/ Executive Director
MR. SAYEED TARIQ SAIGOL	CEO/ Executive Director
SYED MOHSIN RAZA NAQVI	GDF/ CFO / Executive Director
MR. TAUFIQUE SAYEED SAIGOL	Non Executive Director
MR. WALEED TARIQ SAIGOL	Non Executive Director
MR. DANIAL TAUFIQUE SAIGOL	Non Executive Director
MR. ZAMIRUDDIN AZAR	Independent Non Executive Director
MR. KARIM HATIM	Independent Non Executive Director

AUDIT COMMITTEE

NAME	DESIGNATION
MR. ZAMIRUDDIN AZAR	Chairman / Independent Non Executive Director
MR. KARIM HATIM	Member / Independent Non Executive Director
MR. WALEED TARIQ SAIGOL	Member / Non Executive Director
MR. DANIAL TAUFIQUE SAIGOL	Member / Non Executive Director

Mr. Danial Taufique Saigol was appointed as Member of the Audit Committee on May 01, 2012 following revision in the Code of Corporate Governance, 2012. However, Mr. Masood Karim Shaikh resigned as Member of the Audit Committee and Mr. Karim Hatim was co-opted as Member of the Audit Committee on August 01, 2012 in his place.

A total number of five meetings of the Audit Committee were held during the year and the attendance of Members was as under:-

NAME	MEETINGS ATTENDED
MR. ZAMIRUDDIN AZAR	4
MR. MASOOD KARIM SHEIKH	4
MR. WALEED TARIQ SAIGOL	5
MR. DANIAL TAUFIQUE SAIGOL	-
MR. KARIM HATIM	-

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 quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:

- Major judgmental areas;
 - Significant adjustments resulting from the audit;
 - The going concern assumption;
 - Any changes in accounting policies and practices;
 - Compliance with applicable accounting standards;
 - Compliance with listing regulations and other statutory and regulatory requirements; and
 - Significant related party transactions.
- c. Review of preliminary announcements of results prior to publication;
- d. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- e. Review of management letter issued by external auditors and management's response thereto;
- f. Ensuring coordination between the internal and external auditors of the listed company;
- g. 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 listed company;
- h. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- i. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- j. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- k. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- l. Determination of compliance with relevant statutory requirements;
- m. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- n. Consideration of any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE

In compliance with the revised Code of Corporate Governance, 2012, the Board has constituted the composition of Human Resource & Remuneration (HR&R) Committee as under:-

NAME	DESIGNATION
MR. WALEED TARIQ SAIGOL	Chairman (Non Executive Director)
MR. ZAMIRUDDIN AZAR	Member (Independent Non Executive Director)
MR. DANIAL TAUFIQUE SAIGOL	Member (Non Executive Director)

During the year no meeting of HR&R Committee was held as the Committee was constituted on May 01, 2012.

The Main terms of reference of HR&R Committee of the Company include the following:-

The Committee shall be responsible to:

- i) recommend human resource management policies to the Board;
- ii) recommend to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- iii) recommend to the Board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit. This will include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment and;
- iv) consider and approve on recommendations of CEO on such matters for key management positions who report directly to CEO.
 - a. The remuneration of executive and non-executive Directors shall not fall within the preview of the HR & R Committee.
 - b. Recommendations in respect of compensation including performance incentives will ensure that:
 - The Company is able to recruit, motivate and retain persons of high ability, caliber and integrity.
 - The packages are consistent with what is normal in industry and / or specific job wise, as determined through surveys conducted.
 - Incentives where applicable are based on criteria which have been carefully examined, discussed and authorized.
 - c. Selection recommendation should ensure that the Company has a formal selection procedure which provides for;
 - A description of the position that requires to be filled with a profile of the ideal candidate;
 - Selection Boards for various levels of recruitment;
 - d. Performance evaluation should:
 - Be based on procedures formally specified and which override individual likes and dislikes;
 - Provide for a discussion of the Annual Performance Report with each manager concerned.
 - e. The Committee will also:
 - Review and approve compensation payable to senior management for any loss or on termination of service to ensure that it is consistent with contractual terms and is otherwise fair.
 - Review and advise on the training, development and succession planning for the senior management with reference to the Board's corporate goals and objectives.
 - Devise a procedure for the approval of HR related policies of the Company.
 - Review from time to time as appropriate these Terms of Reference and the effectiveness of the Committee and recommend to the Board any necessary changes.

TEAM ENERGY

Higher management of the company has formulated a team of pioneer executives with diversified skills to cope up the situation regarding increased Energy cost for cement manufacturing. Energy consumption is quite intensive at cement plant; therefore the price fluctuation of cement requires some cheap and efficient energy solutions. The team has been working since two and a half years to ensure the improved performance through prudent energy use by the process of monitoring, controlling, and conserving energy in the organization. Composition of team is as follows:



Members:

Mr. Sayeed Tariq Saigol	Mr. Abdul Hanan
Mr. Arif Ijaz	Mr. Mobin Ahmad
Mr. Amir Feroze	Mr. Muhammad Azhar
Mr. Sohail Sadiq	Mr. Raza Hussain
Mr. Waheed Rashid	Mr. Nasir Iqbal
Mr. Bilal Hussain	Mr. Muhammad Basharat

NUMBER OF MEETINGS HELD - 50

TEAM IMPROVEMENT

A team of proficient personnel has been formulated to encourage the concept of sustainable development through total quality management that supports the process of continuous improvement of products and processes involved within the organization. They accentuate on the development of long term strategies for achieving the company objectives for sustainable development and reinforce the culture of quality. All stages of the production process right from the selection of raw materials, processing of materials and the finished product are subjected to rigorous quality testing to ensure that each bag of cement is of the best quality.

Members:

Mr. Sayeed Tariq Saigol	Mr. Yahya Hamid
Mr. Arif Ijaz	Mr. Waheed Rashid
Mr. Amir Feroze	Mr. Muhammad Sajjad
Mr. Sohail Sadiq	Mr. Bilal Hussain

NUMBER OF MEETINGS HELD - 24

TEAM RELIABILITY CENTERED MAINTENANCE

Reliability Centered Maintenance (RCM) Team has been established to evaluate the equipment's condition and then determine the maintenance requirements for each piece of equipment in operating context of our cement plant. RCM Team is specialized in using various maintenance techniques such as predictive, preventive and Proactive maintenance to keep in pace all the machinery and equipment for their adequate functionality and to increase cost effectiveness, machine uptime, and a greater understanding of the level of risk that the organization is presently managing.

Members:

Mr. Sayeed Tariq Saigol	Mr. Raza Hussain
Mr. Arif Ijaz	Mr. Mobin Ahmad
Mr. Amir Feroze	Mr. Muhammad Basharat
Mr. Muhammad Azhar	Mr. Muhammad Sajjad
Mr. Aamir Niazi	Mr. Nasir Iqbal

NUMBER OF MEETINGS HELD - 24

TEAM CULTURAL DEVELOPMENT:

To promote socio-economic culture, arts and national heritage, a team is engaged in our organization. Keeping in mind the social, cultural and economic needs of employees and workers, it proposes strategies to ensure well being of people and to have all participate in sports and active recreation. It sets out to make Maple Leaf Cement Factory Ltd a culture supporter organization in Pakistan, to harness the creativity of the employees and where all people are treated equally.

Members:

Mr. Sayeed Tariq Saigol	Mr. Abdul Hanan
Mr. Arif Ijaz	Mr. Asif Mughal
Mr. Amir Feroze	Mr. Muhammad Akbar Ashraf
Mr. Sohail Sadiq	Mr. Bilal Hussain
Mr. Waheed Rashid	Mr. Muhammad Ajmal
Mr. Muhammad Sajjad	

NUMBER OF MEETINGS HELD -12

CEO PERFORMANCE REVIEW

The performance of the CEO is regularly evaluated by the Board of Directors. The performance evaluation is based on the criteria defined by the Board of Directors which includes various financial and non financial key performance indicators. At the start of the year, CEO presents his key performance indicators (KPIs) for the upcoming year to the Board of Directors. The Board periodically evaluates the actual performance against those KPIs during the year and discusses the future course of action to attain the Company's stated goals. The CEO also appraises to the Board regarding an assessment of senior management and their potential to achieve the objectives of the Company.

Calendar Of Notable Events

JULY 2011 - JUNE 2012

Year 2011

July 04 Current Certification ISO 9001: 2008

September 27 Issuance of Annual Accounts - June 2011

October 25 Issuance of First Quarter Accounts

November 18 Eid Milan Party

December 24 Christmas Celebration

December 17 Workshop on Cementing Change

Year 2012

January 21 Team Energy-Gala Dinner

February 23 Issuance of Second Quarter Accounts

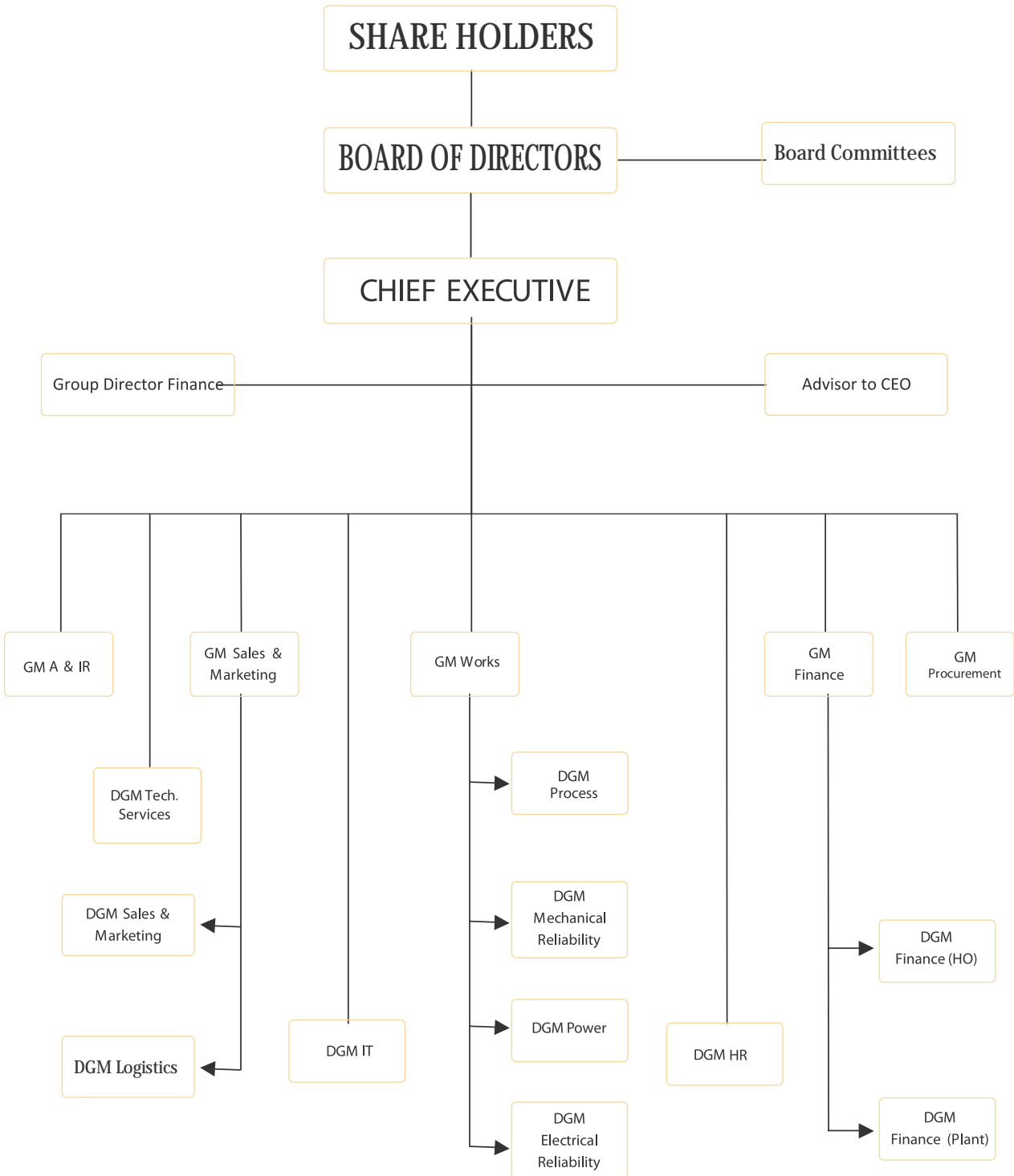
March 08 Women's Day Celebration

April 25 Issuance of Third Quarter Accounts

May 01 Labour Day

May 26 Summer Festival

Organization Chart



Horizontal Analysis Last Six (6) Years

	2012	2011	2010	2009	2008	2007	%change WRT 2010	%change WRT 2009	%change WRT 2008	%change WRT 2007	%change WRT 2006
..... Rupees in thousand.....											
Balance Sheet											
Total equity	3,828,861	3,133,287	4,134,208	6,717,801	8,360,889	8,993,037	22.20	(7.39)	(54.21)	(57.42)	(49.32)
Share deposit money	-	-	1,000,000	-	-	-	(100.00)	-	-	-	-
Total surplus on revaluation of property	5,298,809	5,548,120	-	-	-	-	(4.49)	-	-	-	-
Total non-current liabilities	12,995,935	14,653,399	11,611,919	8,980,153	10,408,208	10,687,450	(11.31)	44.72	24.86	21.60	45.37
Total current liabilities	10,604,368	10,355,310	9,348,815	9,962,884	7,382,464	3,756,487	2.41	13.43	43.64	182.29	300.24
Total equity and liabilities	32,727,973	33,690,116	26,094,942	25,660,838	26,151,561	23,436,974	(2.86)	25.42	25.15	39.64	70.95
Total non-current assets	26,841,888	28,275,751	21,092,208	20,445,961	20,156,665	19,385,017	(5.07)	27.26	33.17	38.47	62.87
Total current assets	5,886,085	5,414,365	5,002,734	5,214,877	5,994,896	4,051,957	8.71	17.66	(1.82)	45.27	120.91
Total assets	32,727,973	33,690,116	26,094,942	25,660,838	26,151,561	23,436,974	(2.86)	25.42	25.15	39.64	70.95
Profit and Loss Account											
Net sales	15,461,356	13,073,218	13,630,511	15,251,374	7,815,829	3,711,081	18.27	13.43	97.82	316.63	170.79
Cost of sales	(11,446,583)	(10,898,059)	(10,691,883)	(10,296,865)	(6,491,999)	(3,401,188)	5.03	7.06	76.32	236.55	221.42
Gross profit	4,014,773	2,175,159	2,938,628	4,954,509	1,323,830	309,893	84.57	36.62	203.27	1,195.54	86.86
Selling and distribution expenses	(846,098)	(1,646,632)	(3,152,889)	(2,339,833)	(834,849)	(69,021)	(48.62)	(63.84)	1.35	1,125.86	3,936.53
Administrative expenses	(258,433)	(230,788)	(194,161)	(151,584)	(121,236)	(67,291)	11.98	70.49	113.17	284.05	327.35
Other operating expenses	(149,681)	(162,394)	(158,641)	(42,251)	(24,838)	(18,371)	(7.83)	254.27	502.63	714.77	26.82
Other operating income	34,070	450,153	57,031	61,749	105,656	43,224	(92.43)	(44.83)	(67.75)	(21.18)	27.74
Profit from operations	2,794,631	585,498	(510,032)	2,482,590	448,563	198,434	377.31	(647.93)	523.02	1,308.34	41.44
Finance cost	(2,350,565)	(2,166,409)	(2,059,476)	(3,400,241)	(1,812,807)	(338,453)	8.50	14.13	29.66	594.50	589.36
Profit/ (Loss) before taxation	444,066	(1,580,911)	(2,569,508)	(917,651)	(1,364,244)	(140,019)	(128.09)	(148.39)	(132.55)	(417.15)	(72.84)
Provision for taxation	52,128	(188,125)	(14,447)	(65,319)	688,109	182,066	(127.71)	(179.81)	(92.42)	(71.37)	(109.06)
Profit/ (Loss) after taxation	496,194	(1,769,036)	(2,583,955)	(982,970)	(676,135)	42,047	(128.05)	(150.48)	(173.39)	1,080.09	(53.16)

Vertical Analysis of Financial Statements

	2012	2011	2010	2009	2008	2007
	Rs. (000')	Rs. (000')	Rs. (000')	Rs. (000')	Rs. (000')	Rs. (000')
	%age	%age	%age	%age	%age	%age
Balance Sheet						
Total equity	3,828,861	3,133,287	4,134,208	6,717,801	8,360,889	8,993,037
Share deposit money	-	-	3,83	-	-	-
Total surplus on revaluation of property	5,298,809	5,548,120	-	-	-	-
Total non-current liabilities	12,995,935	14,653,399	11,611,919	8,980,153	10,408,208	10,687,450
Total current liabilities	10,604,368	10,355,310	9,348,815	9,962,884	7,382,464	3,756,487
Total equity and liabilities	32,727,973	33,690,116	26,094,942	25,660,838	26,151,561	23,436,974
Total non-current assets	26,841,888	28,275,751	21,092,208	20,445,961	20,156,665	19,385,017
Total current assets	5,886,085	5,414,365	5,002,734	5,214,877	5,994,896	4,051,957
Total assets	32,727,973	33,690,116	26,094,942	25,660,838	26,151,561	23,436,974
Profit and Loss Account						
Net sales	15,461,356	13,073,218	13,630,511	15,251,374	7,815,829	3,711,081
Cost of sales	(11,446,583)	(10,898,059)	(10,691,883)	(10,296,865)	(6,491,999)	(3,401,188)
Gross profit	4,014,773	2,175,159	2,938,628	4,954,509	1,323,830	309,893
Selling and distribution expenses	(846,098)	(1,646,632)	(3,152,889)	(2,339,833)	(834,849)	(69,021)
Administrative expenses	(258,433)	(230,788)	(194,161)	(151,584)	(121,236)	(67,291)
Other operating expenses	(149,681)	(162,394)	(158,641)	(42,251)	(24,838)	(18,371)
Other operating income	34,070	450,153	57,031	61,749	105,656	43,224
Profit from operations	2,794,631	585,498	(510,032)	2,482,590	448,563	198,434
Finance cost	(2,350,565)	(2,166,409)	(2,059,476)	(3,400,241)	(1,812,807)	(338,453)
Profit/ (Loss) before taxation	444,066	(1,580,911)	(2,569,508)	(917,651)	(1,364,244)	(140,019)
Provision for taxation	52,128	(188,125)	(14,447)	(65,319)	688,109	182,066
Profit/ (Loss) after taxation	496,194	(1,769,036)	(2,583,955)	(982,970)	(676,135)	42,047

Key Operating and Financial Data

For Six Years from June 2007 to June 2012

	2011-2012	2010-2011	2009-2010	2008-2009	2007-2008	2006-2007
Quantitative Data (M. Tons)						
Cement:						
Production	2,648,643	2,844,229	3,343,706	3,174,512	2,431,352	1,390,252
Sales	2,649,092	2,862,665	3,364,025	3,165,770	2,534,220	1,359,162
Sales (Rs. 000)						
Gross Sales	18,677,240	16,708,120	16,715,223	18,969,598	10,552,398	5,514,208
Less:						
Excise Duty	983,313	1,618,710	1,618,793	1,901,663	1,564,801	1,024,041
Sales Tax	2,103,135	1,883,559	1,349,218	1,708,158	1,061,681	705,845
Commission	129,436	132,633	116,701	108,403	110,087	73,241
Net Sales	15,461,356	13,073,218	13,630,511	15,251,374	7,815,829	3,711,081
Profitability (Rs. 000)						
Gross Profit/(Loss)	4,014,773	2,175,159	2,938,628	4,954,509	1,323,830	309,893
Profit/(Loss) Before Tax	444,066	(1,580,911)	(2,569,508)	(917,651)	(1,364,244)	(140,019)
Provision for Income Tax	52,128	(188,125)	(14,447)	(65,319)	688,109	182,066
Profit/(Loss) After Tax	496,194	(1,769,036)	(2,583,955)	(982,970)	(676,135)	42,047
Financial Position (Rs. 000)						
Tangible Fixed Assets-Net	26,774,317	28,203,393	21,035,368	20,381,478	20,081,448	19,330,866
Other Non-Current Assets	67,571	72,358	56,840	64,483	75,217	54,151
	26,841,888	28,275,751	21,092,208	20,445,961	20,156,665	19,385,017
Current Assets	5,886,085	5,414,365	5,002,734	5,214,877	5,994,896	4,051,957
Current Liabilities	(10,604,368)	(10,355,310)	(9,348,815)	(9,962,884)	(7,382,464)	(3,756,487)
Net Working Capital	(4,718,283)	(4,940,945)	(4,346,081)	(4,748,007)	(1,387,568)	295,470
Capital Employed	22,123,605	23,334,806	16,746,127	15,697,954	18,769,097	19,680,487
Less: Non Current Liabilities	(12,995,935)	(14,653,399)	(11,611,919)	(8,980,153)	(10,408,208)	(10,687,450)
Share holders Equity	9,127,670	8,681,407	5,134,208	6,717,801	8,360,889	8,993,037
Represented By:						
Share Capital	5,805,603	5,803,458	4,264,108	4,264,108	4,264,108	4,264,108
Reserves & Un-app. Profit	(1,976,742)	(2,670,171)	(129,900)	2,453,693	4,096,781	4,728,929
Share Deposit Money	-	-	1,000,000	-	-	-
Surplus on Revaluation of PPE	5,298,809	5,548,120	-	-	-	-
	9,127,670	8,681,407	5,134,208	6,717,801	8,360,889	8,993,037

Analysis of Financial Ratios

For Six Years from June 2007 to June 2012

Ratio Description	2012	2011	2010	2009	2008	2007
Gross Profit ratio	25.97%	16.64%	21.56%	32.49%	16.94%	8.35%
Net Profit to Sales	3.21%	-13.53%	-18.96%	-6.45%	-8.65%	1.13%
EBITDA Margin to Sales	28.71%	14.15%	3.96%	23.20%	16.89%	17.24%
Operating leverage ratio	20.65	52.54	11.34	4.77	1.14	2.57
Return on Equity	12.96%	-56.46%	-50.33%	-14.63%	-8.09%	0.47%
Return on Capital employed	2.24%	-7.58%	-15.43%	-6.26%	-3.60%	0.21%
Current ratio	0.56	0.52	0.54	0.52	0.81	1.08
Quick / Asset test ratio	0.18	0.18	0.22	0.16	0.30	0.44
Cash to Current Liabilities	0.04	0.03	0.01	0.01	0.01	0.03
Cash flow from Operations to Sales	0.24	0.12	0.13	0.22	0.12	0.11
Earnings per share (EPS)						
Basic	0.84	(3.72)	(7.08)	(2.78)	(1.96)	(0.03)
Diluted	0.83	(3.72)	(7.08)	(2.78)	(1.96)	(0.03)
Price Earnings ratio	5.49	(0.55)	(0.44)	(1.53)	(5.57)	(737.70)
Market value per share						
Closing	4.63	2.06	3.11	4.26	10.91	24.40
High	4.83	2.25	3.30	4.35	10.91	25.30
Low	4.60	2.00	3.07	4.25	10.81	24.35
Break up value per share						
With revaluation surplus	15.72	14.96	12.04	15.75	19.61	21.09
Without revaluation surplus	6.60	5.40	12.04	15.75	19.61	21.09
Financial leverage ratio	4.45	5.73	3.22	2.38	1.78	1.38
Weighted average						
cost of debt	13.79%	12.06%	12.47%	21.25%	12.19%	2.73%
Debt to Equity ratio	54:46	59:41	69:31	57:43	55:45	52:48
Interest Cover ratio	1.19	0.27	(0.25)	0.73	0.25	0.59
Inventory turnover ratio	15.87	20.88	18.50	18.98	16.16	11.92
No. of Days in Inventory	23	17	20	19	23	31
Debtor turnover ratio	27.22	19.94	19.02	21.40	16.67	20.73
No. of Days in Receivables	13	18	19	17	22	18
Total Assets turnover ratio	0.47	0.39	0.52	0.59	0.30	0.16
Fixed Assets turnover ratio	0.58	0.46	0.65	0.75	0.39	0.19
Creditor turnover ratio	6.27	5.92	6.80	6.15	5.42	8.06
No. of Days in Creditors	58	62	54	59	67	45
Operating Cycle	(22)	(26)	(15)	(23)	(23)	3



Comments on Ratio Analysis

Most of the ratios have shown a positive trend during the current financial year as company has earned a profit after tax of Rs. 496 million as compared to Rs. 1,769 million losses during the same period in comparative year. Gross profit ratio, net profit ratio and EBITDA margin to sales ratio have shown a handsome improvement as compared to the preceding financial year.

Cash generated from operating activities has increased by 128 % as compared to the preceding year. Company has paid finance cost of Rs. 2,296 million during the current financial year as compared to the Rs. 692 million during the preceding financial year. The improved generation of cash from operations has also resulted in timely payments towards financial institutions, national exchequer and suppliers which are indicators of better management of resources and sustained sales rate throughout the financial year.

Sales have improved by 18.27% from the comparative period and distribution cost has reduced by 48.62% during the same period. This is due to optimal management of sales force by managing the sales quantities effectively and driving the export to areas that earn better contribution for the company.

Proportion of equity in total equity and liabilities has increased by 2.40 % over the preceding financial year due to profit for the year of Rs. 496 million. Gross profit for the current year and net profit for the year have increased by 9.33 % and 14.96 % respectively due to increase in retention and efficient cost control measures by the management.

Definitions and Glossary of Terms

Gross Profit Ratio

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period..

Net Profit Ratio

Net profit ratio is the ratio of net profit (after taxes) to net sales.

Operating Profit Ratio

The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production.

Current Asset Ratio

The key indicator of whether you can pay your creditors on time. The relationship between current assets like cash, book debts, stock and work in progress and current liabilities like overdraft, trade and expense creditors and other current debt.

Current Ratio:

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-Equity Ratio:

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For comparative purposes, debt-equity ratio is most useful for companies within the same industry.

Earnings Per Share (EPS):

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Profit Margin:

Determined by dividing net income by net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better. Trends in margin can be attributed to rising/falling production costs or rising/falling price of the goods sold

The amount of profits earned (before interest and taxes), expressed as a percentage of total assets. This is a widely followed measure of profitability, thus the higher the number the better. As long as a company's ROA exceeds its interest rate on borrowing, it's said to have positive financial leverage.

Return on Equity (ROE):

A percentage that indicates how well common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Return on Investment (ROI):

Also known as return on invested capital (ROIC). ROI is a measure of how well management has used the company's resources. ROI is calculated by dividing earnings by total assets. It is a broader measure than return on equity (ROE) because assets include debt as well as equity. It is useful to compare a company's ROI with others in the same industry.

Summary of Cash Flow Statement - Six Years

	2012	2011	2010	2009	2008	2007
.....(Rupees in thousand).....						
Cash generated from operations before working capital changes	4,495,054	1,489,456	564,033	3,523,622	1,266,028	635,838
Changes in working capital						
Stores, spare parts and loose tools	(68,997)	(625,536)	523,784	389,550	(1,311,164)	(168,927)
Stock-in-trade	(364,311)	(34,366)	146,196	(216,962)	(64,243)	(168,763)
Trade debts	(55,898)	168,826	(95,465)	61,122	(548,779)	(31,128)
Loans and advances	(36,107)	121,581	(188,388)	4,560	2,873	213,626
Trade and other payables	(425,593)	559,188	1,075,137	(142,532)	1,776,248	(32,861)
Due from subsidiary	383,934	(21)	-	1,584	(1,229)	(8,539)
Other receivables	(80,961)	(5,079)	(61,730)	(7,668)	(20,582)	8,254
Retirement benefits adjusted/(paid)	952	(11,129)	(10,021)	(3,744)	(3,641)	(4,037)
Taxes paid	(158,071)	(41,772)	(237,570)	(181,472)	(75,693)	(36,380)
Others	3,088	789	24,182	(33,042)	(59,186)	(11,190)
Net Cash generated from operating activities	3,693,090	1,621,937	1,740,158	3,395,018	960,632	395,893
Fixed Capital Expenditure	(207,108)	(676,959)	(1,701,590)	(1,350,122)	(1,634,403)	(3,690,937)
Proceeds from Sale of property, plant and equipment	2,287	108,203	8,067	5,409	2,519	8,458
Investment in long term investments	(3,037)	-	(200)	736	173,551	(200,000)
Dividend received	384	11,717	9,431	11,717	12,021	6,094
Proceeds from disposal of Short term investments	2,450	-	9,965	-	-	-
Acquisition of short term investments	(15,000)	-	-	-	-	-
Others	(1,285)	(796)	(88)	8,494	22,623	(24,985)
Net Cash used in investing activities	(221,309)	(557,835)	(1,674,415)	(1,323,766)	(1,423,689)	(3,901,370)
Loans from related parties	-	-	-	(35,224)	(214,776)	250,000
Long term loans obtained	-	-	625,536	713,964	(10,127,637)	1,961,698
Repayment of long term loans from banking companies- Secured	(101,874)	(175,671)	-	-	-	-
Share deposit money / Proceeds from share received	-	-	1,000,000	-	-	744,527
Redeemable capital obtained	-	-	300,000	-	8,000,000	-
Repayment of redeemable capital - secured	(6,800)	(6,800)	(3,400)	-	-	-
Repayment of Syndicated term finance - Secured	(1,200)	(1,200)	(600)	(580,000)	2,080,000	-
Payment of liabilities against assets subject to finance lease	(55,556)	-	(84,882)	19,378	183,871	870,721
Payment of Short term borrowings	(835,282)	23,828	(321,484)	1,012,584	2,572,153	(149,575)
Finance cost paid	(2,296,662)	(692,183)	(1,578,858)	(3,153,615)	(1,996,914)	(238,890)
Unclaimed dividend paid	(1)	(1)	(28,881)	(52,478)	(52,731)	(52,713)
Others	650	2,830	159	(63)	(134)	142,130
Net cash used in financing activities	(3,296,725)	(849,197)	(92,410)	(2,075,454)	443,832	3,527,898
Net increase in cash and cash equivalents	175,056	214,905	(26,667)	(4,202)	(19,225)	22,421
Cash and cash equivalents at beginning of the years	288,170	73,265	99,932	104,134	123,359	100,938
Cash and cash equivalents at end of the year	463,226	288,170	73,265	99,932	104,134	123,359

Distribution of Wealth

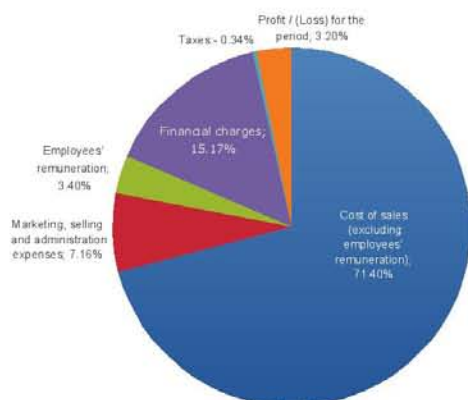
Wealth Generated

	2012		2011	
	Rs " 000 "	%age	Rs " 000 "	%age
Net Sales	15,461,356	99.78	13,073,218	96.67
Other Operating Income	34,070	0.22	450,153	3.33
	15,495,426	100.00	13,523,371	100.00

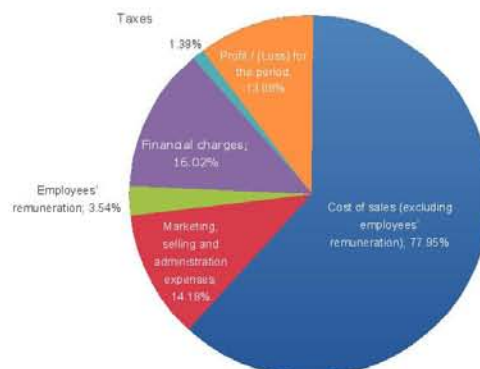
Distribution of Wealth

Cost of Sales (excluding employees' remuneration)	11,064,177	71.40	10,541,454	77.95
Marketing, Selling and administration expenses	1,110,077	7.16	1,918,257	14.18
Employees' remuneration	526,541	3.40	478,162	3.54
Financial charges	2,350,565	15.17	2,166,409	16.02
Taxes	(52,128)	(0.34)	188,125	1.39
Profit/(Loss) for the period	496,194	3.20	(1,769,036)	(13.08)
	15,495,426	100.00	13,523,371	100.00

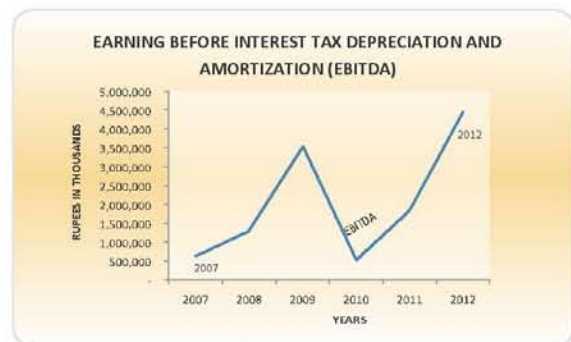
Distribution of Wealth 2012



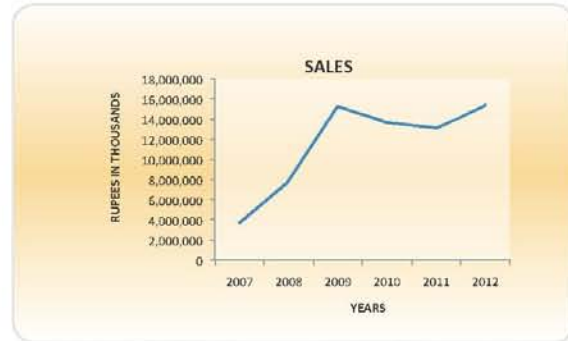
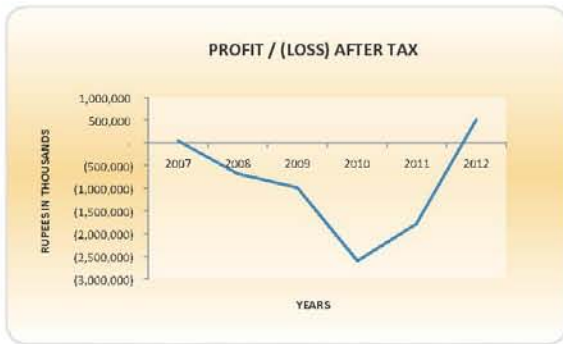
Distribution of Wealth 2011



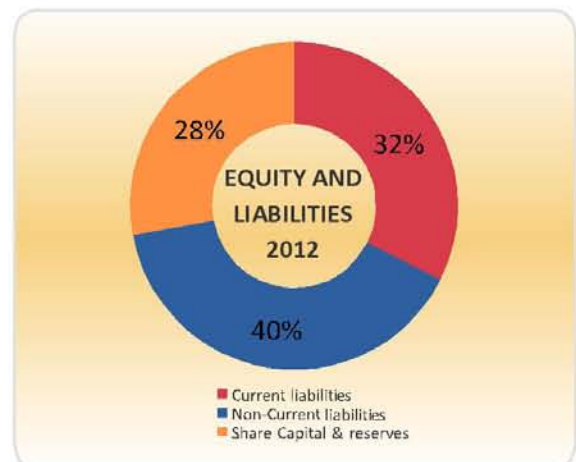
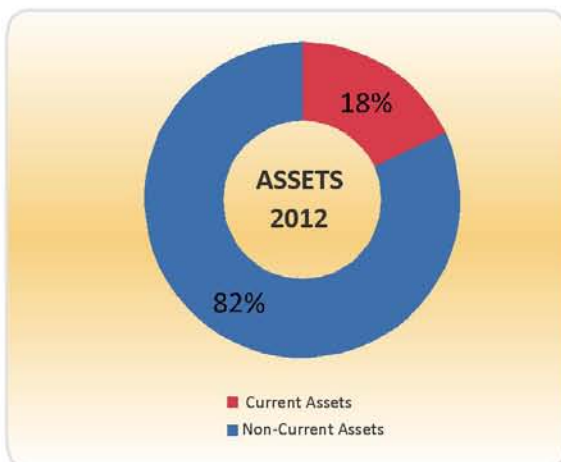
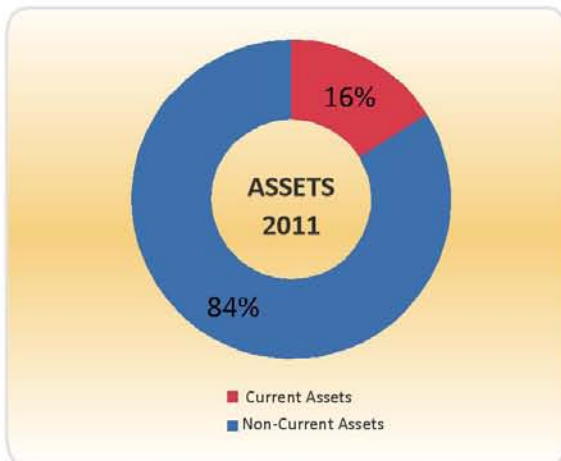
Graphical Presentation - Key Financial Data



Profitability Graphs



Balance Sheet Graphs



Pattern of Shareholding

1. CUIIN (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 30-06-2012

4.	No. of Shareholders	Size of Holding From	To	Total shares held
	1,717	1	100	71,781
	2,582	101	500	790,397
	1,797	501	1000	1,495,189
	3,215	1001	5000	8,413,783
	841	5001	10000	6,640,899
	296	10001	15000	3,751,405
	197	15001	20000	3,646,524
	146	20001	25000	3,425,138
	86	25001	30000	2,418,605
	60	30001	35000	1,964,173
	48	35001	40000	1,846,651
	25	40001	45000	1,077,266
	61	45001	50000	3,014,266
	12	50001	55000	628,368
	22	55001	60000	1,294,743
	14	60001	65000	881,010
	19	65001	70000	1,306,233
	12	70001	75000	877,989
	9	75001	80000	703,809
	5	80001	85000	416,012
	7	85001	90000	615,633
	4	90001	95000	367,784
	39	95001	100000	3,896,709
	5	100001	105000	512,762
	7	105001	110000	759,524
	3	110001	115000	336,478
	9	115001	120000	1,072,442
	5	120001	125000	619,628
	4	125001	130000	508,419
	4	130001	135000	531,136
	4	135001	140000	557,000
	1	140001	145000	143,537
	9	145001	150000	1,349,000
	4	150001	155000	607,484
	5	155001	160000	793,249
	3	160001	165000	491,362
	1	165001	170000	168,830
	4	170001	175000	695,694
	1	180001	185000	183,500
	13	195001	200000	2,600,000
	2	200001	205000	406,000
	1	205001	210000	209,000
	1	210001	215000	215,000
	2	220001	225000	447,938

No. of Shareholders	Size of Holding		Total shares held
	From	To	
2	225001	230000	458,674
1	240001	245000	240,034
2	245001	250000	500,000
1	250001	255000	252,280
1	255001	260000	257,200
3	285001	290000	865,145
8	295001	300000	2,400,000
1	300001	305000	302,000
1	310001	315000	314,000
1	315001	320000	317,500
3	345001	350000	1,047,752
2	350001	355000	705,001
1	355001	360000	355,001
1	365001	370000	366,328
1	375001	380000	378,251
1	380001	385000	384,795
2	395001	400000	800,000
1	400001	405000	405,000
1	405001	410000	406,323
1	410001	415000	412,222
1	415001	420000	417,008
1	420001	425000	425,000
1	425001	430000	428,726
1	430001	435000	433,302
2	445001	450000	900,000
1	450001	455000	451,836
1	480001	485000	485,000
5	495001	500000	2,500,000
1	545001	550000	550,000
1	565001	570000	570,000
1	585001	590000	586,046
1	595001	600000	600,000
1	620001	625000	624,781
1	625001	630000	627,109
1	645001	650000	650,000
1	750001	755000	752,000
1	870001	875000	874,707
1	895001	900000	900,000
1	925001	930000	929,243
1	935001	940000	940,000
1	985001	990000	987,500
2	995001	1000000	2,000,000
1	1075001	1080000	1,080,000
1	1175001	1180000	1,180,000
1	1225001	1230000	1,228,495
1	1350001	1355000	1,353,847
1	1365001	1370000	1,368,997
1	1470001	1475000	1,470,432
1	1865001	1870000	1,865,582
1	2320001	2325000	2,320,891
1	2345001	2350000	2,350,000
1	2605001	2610000	2,606,549
1	2910001	2915000	2,915,000

	Categories of Shareholders	Shares Held	Percentage of Capital
5.4	Banks, Development Financial Institutions, Non-banking Financial Institutions	7,592,430	1.4387
5.5	Insurance Companies	84,990	0.0161
5.6	Modarabas & Leasing Companies	256,255	0.0486
5.6.1	Mutual Funds		
	Growth Mutual Fund Limited	110	-
5.7	Shareholders holding Five Percent or more voting interest in the Company Refer to 5.2 above	-	-
5.8	General Public		
	Individuals	125,189,175	23.7220
	Foreign Investors	23,654,954	4.4824
5.9	Executives	300,001	0.0568
5.10	Public Sector Companies and Corporations	1,230,505	0.2332
5.11	Joint Stock Companies	21,866,593	4.1435
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	
	Trustees Al-Abbas Sugar Mills Ltd. Employees Gratuity Fund	11,750	
	Trustees Wah Nobel P. Ltd. Mang. Staff Provident Fund	20,000	
		107,018	0.0203
	Grand Total:	527,733,926	100.0000

Statement of Compliance with the Code of Corporate Governance

Name of Company: Maple Leaf Cement Factory Limited
Year Ended: June 30, 2012

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of 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 CCG in the following manner:-

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:-

Category	Names
Independent Directors	Mr. Zamiruddin Azar Mr. Karim Hatim
Executive Directors	Mr. Tariq Sayeed Saigol Mr. Sayeed Tariq Saigol Syed Mohsin Raza Naqvi
Non Executive Directors	Mr. Taufique Sayeed Saigol Mr. Waleed Tariq Saigol Mr. Danial Taufique Saigol

2. The Directors have confirmed that none of them is serving as a Director on more than seven 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Two casual vacancies occurring in the Board were filled up by the Directors within stipulated time.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
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, other executive and non-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 the requirement of CCG, one Director of the Company has obtained Certificate of Director Education from Pakistan Institute of Corporate Governance.

10. The Board has ratified the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG 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 CCG.
15. The Board has formed an Audit Committee. It comprises four members and all of four are non-executive directors including the chairman of the committee who is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a HR & Remuneration Committee. It comprises three members and all of three are non-executive directors including the chairman of the committee.
18. The Board has set up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to Directors, executives and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board



(Sayeed Tariq Saigol)
Chief Executive

Lahore: 25 September 2012



KPMG Taseer Hadi & Co.
Chartered Accountants
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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 ("Statement of Compliance") prepared by the Board of Directors of Maple Leaf Cement Factory Limited ("the Company") to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges 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 inquires 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 (x) of Listing Regulation No.35 notified by The Karachi Stock Exchange (Guarantee) Limited 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 materials respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2012.

Lahore

Date: 27 September 2012

KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

A close-up photograph of a hand holding a silver, retractable ballpoint pen. The pen is held diagonally across the frame. In the lower right corner, a portion of a silver calculator is visible, showing its keypad. The background is dark and out of focus.

Financial Statements

For the Year ended June 30, 2012



Maple Leaf
Cement Factory
Limited

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Maple Leaf Cement Factory Limited ("the Company")** as at 30 June 2012 and the related profit and loss account, statement of 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;
 - 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 comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2012 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The financial statements of the Company for the year ended 30 June 2011 were audited by M. Yousuf Adil Saleem & Co. Chartered Accountants whose report dated 27 September 2011 expressed an unqualified opinion.

Lahore

Date: 26 September 2012



KPMG Taseer Hadi & Co.
Chartered Accountants
(Kamran Iqbal Yousafi)

BALANCE SHEET

AS AT JUNE 30, 2012

	Note	2012 (Rupees in thousand)	2011
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	5,805,603	5,803,458
Reserves	5	3,298,415	3,306,480
Accumulated loss		(5,275,157)	(5,976,651)
		3,828,861	3,133,287
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX			
	6	5,298,809	5,548,120
NON - CURRENT LIABILITIES			
Long term loans from banking companies - secured	7	2,157,099	2,557,185
Redeemable capital - secured	8	7,183,000	7,983,000
Syndicated term finances - secured	9	1,347,000	1,497,000
Liabilities against assets subject to finance lease	10	242,625	464,366
Long term deposits	11	6,219	5,569
Deferred taxation	12	2,009,066	2,114,100
Retirement benefits	13	50,926	32,179
		12,995,935	14,653,399
CURRENT LIABILITIES			
Trade and other payables	14	3,727,186	4,102,849
Accrued profit / interest / markup	15	757,834	791,161
Short term borrowings	16	3,249,384	4,084,666
Current portion of :			
- Long term loans from banking company - secured	7	746,685	448,473
- Redeemable capital - secured	8	1,100,000	306,800
- Syndicated term finances - secured	9	150,000	1,200
- Liabilities against assets subject to finance lease	10	873,279	620,161
		10,604,368	10,355,310
CONTINGENCIES AND COMMITMENTS			
	17		
		32,727,973	33,690,116

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

	Note	2012 (Rupees in thousand)	2011
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	18	26,774,317	28,203,393
Intangible assets	19	8,797	17,591
Long term investments	20	3,037	200
Long term loans to employees - secured	21	2,387	2,531
Long term deposits and prepayments	22	53,350	52,036
		26,841,888	28,275,751
CURRENT ASSETS			
Stores, spare parts and loose tools	23	3,101,943	3,032,946
Stock-in-trade	24	903,395	539,084
Trade debts	25	575,931	560,103
Loans and advances	26	181,168	145,061
Short term investments	27	33,122	20,950
Short term deposits and prepayments	28	118,651	121,896
Accrued profit	29	1,191	890
Refunds receivable from Government	30	16,797	16,797
Other receivables	31	179,113	98,152
Due from subsidiary		-	383,934
Income tax - net	32	311,548	206,382
Cash and bank balances	33	463,226	288,170
		5,886,085	5,414,365
		32,727,973	33,690,116


CHIEF EXECUTIVE OFFICER


DIRECTOR

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2012

	Note	2012 (Rupees in thousand)	2011
Sales - net	34	15,461,356	13,073,218
Cost of sales	35	(11,446,583)	(10,898,059)
Gross profit		4,014,773	2,175,159
Distribution cost	36	(846,098)	(1,646,632)
Administrative expenses	37	(258,433)	(230,788)
Other operating expenses	38	(149,681)	(162,394)
		(1,254,212)	(2,039,814)
Other operating income	39	34,070	450,153
Profit from operations		2,794,631	585,498
Finance cost	40	(2,350,565)	(2,166,409)
Profit / (loss) before taxation		444,066	(1,580,911)
Taxation	41	52,128	(188,125)
Profit / (loss) after taxation		496,194	(1,769,036)
		-----Rupees-----	
Basic earnings / (loss) per share	42	0.84	(3.72)
Diluted earnings / (loss) per share	43	0.83	(3.72)

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	(Rupees in thousand)	
Profit / (loss) after taxation	496,194	(1,769,036)
Other comprehensive loss for the year - net of tax		
Reclassification of gain included in profit and loss	-	(330,345)
Total comprehensive income / (loss) for the year	496,194	(2,099,381)

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2012

	2012	2011
	(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	444,066	(1,580,911)
Adjustments for:		
Depreciation	1,635,375	1,253,266
Amortization	8,794	10,567
Provision for doubtful debts	40,070	22,471
Gain on disposal of property, plant and equipment-net	(1,478)	(5,098)
Gain on disposal of short term investments	-	(378,913)
Investment income-net	79	(3,433)
Loss on disposal of subsidiary	171	-
Retirement benefits	17,795	16,815
Finance cost	2,350,565	2,166,409
Dividend income	(383)	(11,717)
	4,495,054	1,489,456
Cash generated from operations before working capital changes		
Effect on cash flow due to working capital change		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(68,997)	(625,536)
Stock-in-trade	(364,311)	(34,366)
Trade debts	(55,898)	168,826
Loans and advances	(36,107)	121,581
Short term deposits and prepayments	3,245	261
Accrued profit	(301)	(234)
Other receivables	(80,961)	(5,079)
Due from subsidiary	383,934	(21)
	(219,396)	(374,568)
(Decrease) / increase in current liabilities		
Trade and other payables	(425,593)	559,188
	3,850,065	1,674,076
Cash generated from operations		
Decrease in long term loans to employees - secured	144	762
Retirement benefits adjusted / (paid)	952	(11,129)
Taxes paid	(158,071)	(41,772)
	3,693,090	1,621,937
Net cash generated from operating activities		
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(207,108)	(676,959)
Proceeds from sale of property, plant and equipment	2,287	108,203
Investment in long term investments	(3,037)	-
Proceeds against disposal of subsidiary	29	-
Increase in long term deposits and prepayments	(1,314)	(796)
Dividend received	384	11,717
Proceeds from disposal of short term investments	2,450	-
Acquisition of short term investments	(15,000)	-
	(221,309)	(557,835)
Net cash used in investing activities		
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term loans from banking companies - secured	(101,874)	(175,671)
Repayment of redeemable capital - secured	(6,800)	(6,800)
Repayment of syndicated term finances - secured	(1,200)	(1,200)
Increase in long term deposits	650	2,830
Payment of liabilities against assets subject to finance lease	(55,556)	-
Payment of short term borrowings	(835,282)	23,828
Finance cost paid	(2,296,662)	(692,183)
Unclaimed dividend paid	(1)	(1)
	(3,296,725)	(849,197)
Net cash used in financing activities		
Net increase in cash and cash equivalents	175,056	214,905
Cash and cash equivalents at beginning of the year	288,170	73,265
Cash and cash equivalents at end of the year	463,226	288,170

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2012

	Capital Reserves			Revenue Reserves			Total Equity		
	Share Capital	Share premium	Reserve on remeasurement of available-for-sale investments	Capital redemption reserve	Sub-total	General reserve		(Accumulated loss)	Sub-total
Balance as at 30 June 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	-	-	-	-	-	-	(1,769,036)	(1,769,036)	(1,769,036)
Loss for the year ended 30 June 2011	-	-	(330,345)	-	(330,345)	-	-	-	(330,345)
Other comprehensive income	-	-	(330,345)	-	(330,345)	-	-	-	(2,099,381)
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 30 June 2011	-	-	-	-	-	-	(52,678)	(52,678)	(52,678)
Transfer from capital redemption reserve	-	-	(5,146)	(5,146)	(5,146)	-	5,146	5,146	-
Issue of shares at discount	1,538,462	(538,462)	-	(538,462)	(538,462)	-	-	-	1,000,000
Effect of conversion of preference shares into ordinary shares	888	-	-	-	-	-	-	-	888
Balance as at 30 June 2011	1,539,350	(538,462)	-	(5,146)	(543,608)	-	(47,532)	(47,532)	948,210
Balance as at 30 June 2011	5,803,458	1,529,874	-	376,606	1,906,480	1,400,000	(5,976,651)	(4,576,651)	3,133,287
Total comprehensive income									
Profit for the year ended 30 June 2012	-	-	-	-	-	-	496,194	496,194	496,194
Surplus on revaluation of property, plant and equipment realized through incremental depreciation (net of tax)	-	-	-	-	-	-	249,311	249,311	249,311
Transactions with owners, recorded directly in equity									
Dividend on preference shares for the year ended 30 June 2012	-	-	-	-	-	-	(52,076)	(52,076)	(52,076)
Transfer from capital redemption reserve	-	-	(8,065)	(8,065)	(8,065)	-	8,065	8,065	-
Effect of conversion of preference shares into ordinary shares	2,145	-	-	-	-	-	-	-	2,145
Balance as at 30 June 2012	2,145	-	-	(8,065)	(8,065)	-	(44,011)	(44,011)	(44,011)
Balance as at 30 June 2012	5,805,603	1,529,874	-	368,541	1,898,415	1,400,000	(5,275,157)	(3,875,157)	3,828,861

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


CHIEF EXECUTIVE OFFICER

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Maple Leaf Cement Factory Limited (“the Company”) was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a public company limited by shares. 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 notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

2.2.1 Standards, amendments or interpretations which became effective during the year

During the year, certain amendments to Standards or new interpretations became effective, however, the amendments or interpretation did not have any material effect on the financial statements of the Company.

2.2.2 The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2012

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset’s economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.
- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.
- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement.
- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.
- Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.
 - IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.
 - IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.
 - IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.
 - IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

The amendments have no impact on financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

2.3 Basis of measurement

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

- certain financial instruments at fair value;
- certain financial instruments at amortized cost; and
- certain property, plant and equipment at fair value.

2.4 Functional and presentation currency

These financial statements are presented in Pakistani Rupees ("Rs."), which is the Company's functional and presentation currency.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards 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:

2.5.1 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.

2.5.2 Stores, spare parts and loose tools

The Company reviews the stores, spare parts and loose tools 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 spare parts and loose tools with a corresponding effect on the provision.

2.5.3 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.

2.5.4 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.

2.5.5 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.

2.5.6 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.

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

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

3.4 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 identified 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 30 June 2004 and the cost of borrowings during the construction period in respect of loans and finances taken for the specific projects.

Transactions relating to jointly owned assets with Pak American Fertilizers Limited (PAFL), as stated in note 18.1, are recorded on the basis of advices received from the housing colony.

All other repair and maintenance costs are charged to income during the period in which these are incurred.

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

Depreciation is calculated at the rates specified in note 18.1 on reducing balance method except that straight-line method is used for the plant and machinery and buildings relating to dry process plant after deducting residual value. Depreciation on additions and deletions is charged on pro rata basis. 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

Stocks are valued at the lower of average cost and net realizable value. Cost is determined as follows:

Raw material	at weighted average cost
Work in process	at weighted average manufacturing cost
Finished goods	at weighted average manufacturing cost

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and a proportion of appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale necessarily to be incurred in order to make a 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 derivatives 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. Bad debts 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.
- Interest income is recognised as and when accrued on effective interest rate method.

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 (EPS)

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 year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

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	2012 (Rupees in thousand)	2011
4. SHARE CAPITAL			
4.1 Authorised share capital			
Number of shares			
600,000,000	(2011: 600,000,000) ordinary shares of Rs. 10 each	6,000,000	6,000,000
100,000,000	(2011: 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	(2011: 290,359,856) ordinary shares of Rs. 10 each fully paid in cash	2,903,599	2,903,599
35,834,100	(2011: 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	(2011: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares	460,694	460,694
153,846,153	(2011: 153,846,153) ordinary shares of Rs. 10 each issued as fully paid shares at discount	1,538,462	1,538,462
	4.2.1		
1,624,417	(2011: 603,420) ordinary shares of Rs. 10 each issued as conversion of preference shares into ordinary shares	16,244	6,034
	4.2.2		
527,733,926		5,277,340	5,267,130
Preference share:			
Number of shares			
54,147,398	(2011: 53,632,805) 9.75 % redeemable cumulative preference right shares (non-voting) of Rs. 10 each fully paid in cash	541,474	541,474
	4.2.3		
(1,321,095)	(2011: 514,593) Transfer of preference shares into ordinary shares	(13,211)	(5,146)
	4.2.2		
52,826,303		528,263	536,328
580,560,229		5,805,603	5,803,458

4.2.1 During the preceding year, Company 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, 806,502 preference shares have been converted into 1,020,997 ordinary shares at a conversion rate of 1.266. The conversion rate is determined as described 4.2.3 (b).

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

(a) The preference shareholders are not entitled to:

- 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 preference 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.

4.2.4 The preference shares (the shares) have been treated as part of equity on the following basis:

- The shares were issued under the provisions of section 86 of the Companies Ordinance, 1984 (the Ordinance) read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.

- The financial capital of the Company and the issue of the shares were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on 29 August 2011.
- Return of allotment of shares was filed under section 73(1) of the Ordinance.
- The Company is required to set-up a reserve for the redemption of Preference shares, under section 85 of the Ordinance, in respect of the shares redeemed which effectively makes Redeemable Preference shares a part of equity.
- The requirements of the Ordinance takes precedence over the requirements of International Accounting Standards.
- The preference shareholders have the right to convert these shares into Ordinary shares.

Further, the matter regarding the classification of Redeemable Preference share capital as either debt or equity instrument has been examined by the Institute of Chartered Accountants of Pakistan (ICAP) as a result of which the ICAP has advised the Securities and Exchange Commission of Pakistan (SECP) to make necessary amendments in the Companies Ordinance, 1984, and / or to issue a clarification in order to remove the inconsistency between the Companies Ordinance, 1984 and the International Accounting Standards. Pending the decision of the SECP in this matter, the Preference share capital has been classified as equity in these financial statements.

- 4.3** Kohinoor Textile Mills Limited (the Holding Company) holds 340,410,425 (2011: 340,454,961) ordinary shares, which represents 64.50% (2011: 64.63%) of the total ordinary issued, subscribed and paid-up capital of the Company.
- 4.4** Zimpex (Pvt.) Ltd. (an Associated Company) holds 1,706 (2011: 1,706) ordinary shares of the Company at the year end.

	Note	2012 (Rupees in thousand)	2011
5. RESERVES			
Capital:			
- capital redemption reserve	4.2.3(e)	368,541	376,606
- share premium reserve		1,529,874	1,529,874
		1,898,415	1,906,480
Revenue:			
- general reserve		1,400,000	1,400,000
		3,298,415	3,306,480
6. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX			
Gross surplus			
Balance at beginning of the year		7,662,220	-
Add:			
Surplus arising due to revaluation of property, plant and equipment		-	7,873,821
Less:			
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(354,344)	(195,338)
Effect of disposal of property, plant and equipment		-	(16,263)
		7,307,876	7,662,220
Less: deferred tax liability on			
Opening balance of revaluation		-	-
Surplus arising due to revaluation of property, plant and equipment		2,114,100	2,175,451
Incremental depreciation charged on related assets		(105,033)	(56,636)
Effect of disposal of property, plant and equipment		-	(4,715)
		2,009,067	2,114,100
Balance at end of the year		5,298,809	5,548,120

6.1 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 31 December 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 is applied according to their physical condition, usage and maintenance.

	Note	2012 (Rupees in thousand)	2011
7. LONG TERM LOANS FROM BANKING COMPANIES - SECURED			
Habib Bank Limited - long term finance facility (LTFF)	7.1	199,062	374,733
Habib Bank Limited - term loan facility	7.2	605,439	715,519
Allied Bank Limited - deferred mark-up loan	7.3	1,200,217	1,466,933
HSBC medium term loan	7.4	152,381	-
		2,157,099	2,557,185
7.1 Habib Bank Limited - long term finance facility (LTFF)			
Balance at beginning of the year		614,849	790,520
Less: Payment made during the year		175,671	175,671
		439,178	614,849
Less: Current portion grouped under current liabilities		240,116	240,116
Balance at end of the year		199,062	374,733

7.1.1 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 at the rate of 9.7% (2011: 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 million on all present and future fixed assets of the Company and personal guarantees of the directors of the Company.

7.1.2 Current portion grouped under the current liabilities include past due installments amounting to Rs. 64.44 million (30 June 2011: Rs. 64.44 million) due on 12 June 2012 which have been subsequently paid on 05 September 2012.

	Note	2012 (Rupees in thousand)	2011
7.2 Habib Bank Limited - term loan facility			
Balance at beginning of the year		790,519	-
Add:			
Transferred from Habib Bank Limited term loan - I		-	580,000
Transferred from Habib Bank Limited term loan - II		-	210,519
		790,519	790,519
Less: Payment made during the year		50,000	-
		740,519	790,519
Less: Current portion grouped under current liabilities 7.2.2		135,080	75,000
Balance at end of the year		605,439	715,519

7.2.1 During the financial year 2011, Company had entered into restructuring agreement with HBL for Rs.790.52 million. The purpose of this loan was to restructure the existing loans (loan-I and loan II) for import of Waste Heat Recovery Plant. As per terms of restructuring agreement, the principal balance is repayable in nine years including the grace period of twenty four months applicable from cut off date 31 December 2009.

7.2.2 Current portion grouped under the current liabilities include past due installments amounting to Rs. 25 million (30 June 2011: Nil) due on 30 June 2012 which have been subsequently paid on 13 September, 2012.

Principal repayment will commence from 01 January 2012 as follows:

01 January 2012	RS. 25 million
31 March 2012	RS. 25 million
30 June 2012	RS. 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 30 September 2012.

This facility carries mark-up rate at the rate of 6 month KIBOR plus 3% per annum. During the year mark-up rate calculated ranging 13.02% to 14.78% (2011: 13.37% to 14.62%).

Up to December 2015, HBL agrees to give a discount on the applicable mark-up rate, provided that mark-up is serviced regularly and repayment terms are strictly adhered.

After rebate, mark-up rate will be as follows:

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

	2012	2011
	(Rupees in thousand)	
7.3 Allied Bank Limited - deferred mark-up loan		
Balance at beginning of the year	1,600,290	-
Add:		
Mark-up deferred for redeemable capital	-	1,347,671
Mark-up deferred for syndicated term finances	-	252,619
	1,600,290	1,600,290
Less: Payment made during the year	66,679	-
	1,533,611	1,600,290
Less: Current portion grouped under current liabilities	333,394	133,357
Balance at end of the year	1,200,217	1,466,933

7.3.1 As a consequence of restructuring of Syndicated Term finance certificates & Islamic Sukuk Certificates and Musharaka agreement as referred in note 9 and 8 respectively, outstanding markup amounting to Rs. 1,600.29 million for the period from December 2009 to March 2011 was deferred by way of Second Addendum to the Syndicated Term Finance Agreement and Third Supplementary Murabaha Finance Agreement dated 30 March 2010. This amount will be repaid in twenty four equal quarterly installments starting from March 2012. It carries nil return.

The restructuring referred above did not result on an overall basis in substantial modifications of the original financing terms.

Current portion grouped under the current liabilities include past due installments amounting to Rs. 10.52 million on account of deferred mark-up loan-STFF and Rs. 56.15 million on account of deferred markup loan-Sukuk due on 30 June 2012 which have been subsequently paid on 27 August 2012.

	2012	2011
	(Rupees in thousand)	
7.4 HSBC medium term loan		
Balance at beginning of the year	-	-
Add: Additions during the year	200,000	-
	200,000	-
Less: Payment made during the year	9,524	-
	190,476	-
Less: Current portion grouped under current liabilities	38,095	-
Balance at end of the year	152,381	-

During the current year, the Company has restructured its existing short term loan of Rs. 160 million and running finance from HSBC Bank Middle East Limited into a medium term loan of Rs. 200 million. As per terms of the agreement, the principal balance is repayable in 21 equal quarterly installments starting from 23 May 2012 to 23 May 2017.

This facility carries mark-up rate at six month KIBOR plus 1.25% per annum and will be charged bi annually.

This facility is secured against first pari passu equitable hypothecation charge of Rs. 200 million over present and future current assets of the Company, ranking hypothecation charge of Rs. 120 million over present and future current assets. Furthermore, it is also secured against personal guarantees of directors.

	Note	2012 (Rupees in thousand)	2011
8. REDEEMABLE CAPITAL - SECURED			
Islamic Sukuk Certificates under Musharaka agreement			
Balance at beginning of the year	8.1	8,289,800	8,296,600
Less: Sukuk certificates paid during the year		6,800	6,800
		8,283,000	8,289,800
Less: Current portion grouped under current liabilities		1,100,000	306,800
Balance at end of the year		7,183,000	7,983,000

8.1 The Company has issued Islamic Sukuk Certificates under Musharaka agreement amounting to Rs. 8,000 million during the year ended 30 June 2008. In the financial year 2010, the Company has issued new sukuk certificates (as bridge finance) to existing sukuk lenders amounting to Rs. 300 million. During the current financial year, the Company has arranged to reschedule the repayment of additional sukuk 300 million which was due in bullet in March 2012.

8.2 The salient terms and conditions of secured sukuk issue of Rs. 8,300 million 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

Nine 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 9 equal monthly installments of Rs. 33.33 million commencing from 31 July 2012 and ending on 31 March 2013.

Mark-up rate

- Three months KIBOR plus 100 bps
- Mark-up will be increased to 3 months KIBOR plus 170 bps after five years or complete settlement of deferred mark-up, whichever is later.

Musharaka investment repurchase

Twenty six outstanding quarterly installments will be paid as per following schedule:

Period	Rupees in million
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 from 12.88% to 14.57% (2011: 13.20% to 14.59%) per annum.

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. 10.67 million. New sukuk certificates issued as bridge finance amounting to Rs. 300 million are 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 induced 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.

2012 2011
(Rupees in thousand)

9. SYNDICATED TERM FINANCES - SECURED

Balance at beginning of the year	1,498,200	1,499,400
Less: Sukuk certificates paid during the year	1,200	1,200
	<hr/> 1,497,000	<hr/> 1,498,200
Less: Current portion grouped under current liabilities	150,000	1,200
Balance at end of the year	<hr/> 1,347,000 <hr/>	<hr/> 1,497,000 <hr/>

9.1 The salient terms of this syndicated term finance facility are as follows:

Lead arranger and agent bank

Allied Bank Limited (ABL)

Lenders

Banks and DFIs

Facility amount

Rs. 1,500 million

Tenor

Nine years including grace period of 2.75 years

Mark-up rate

- Three months KIBOR plus 100 bps
- Mark up will be increased to three months KIBOR plus 170 bps after 5 years or complete settlement of deferred mark-up, whichever is later.

Principal repayment

Twenty six outstanding quarterly installments will be paid as per following schedule:

Period	(Rupees in thousand)
September 2012 - June 2015	37,500
September 2015 - June 2016	44,500
September 2016 - June 2017	56,000
September 2017 - June 2018	70,000
September 2018 - December 2018	181,000

Rental and mark-up payments

Rentals are payable quarterly in arrears. Rental, during the year, have been calculated at mark-up rate ranging from 12.77% to 14.50% (2011: 13.16% to 14.59%) per annum.

Security

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

	Note	2012 (Rupees in thousand)	2011
10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	10.1.1	1,115,904	1,084,527
Less: Current portion grouped under current liabilities		873,279	620,161
		<u>242,625</u>	<u>464,366</u>

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.

10.1 The amount of future payments of the lease payments and period in which these payments will become due are as follows:

Minimum lease payments:	2012 (Rupees in thousand)	2011
Not later than one year	973,759	714,073
Later than one year but not later than five years	280,559	523,295
	<u>1,254,318</u>	<u>1,237,368</u>
Less: Finance cost allocated to future period	108,414	122,841
	<u>1,145,904</u>	<u>1,114,527</u>
Less: Security deposits adjustable on expiry of lease term	30,000	30,000
	<u>1,115,904</u>	<u>1,084,527</u>
Less: Current portion grouped under current liabilities	873,279	620,161
	<u>242,625</u>	<u>464,366</u>

	2012	2011
	(Rupees in thousand)	
10.1.1 Present value of minimum lease payments		
Not later than one year	873,279	620,161
Later than one year but not later than five years	242,625	464,366
	1,115,904	1,084,527

10.2 The Company had entered into original lease agreement dated 17 February 2007 amounting to 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 17 May 2010. Principal amount is payable in 12 equal quarterly installments commencing from 17 May 2011. Mark up is payable quarterly in arrears starting from 17 May 2011. Lease facility carries profit at the rate of three months KIBOR plus 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 14.10% to 15.54% (2011: 14.93% to 15.88%) 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 17 May 2012, and it remained overdue at the year end and was grouped under current liabilities.

10.3 The Company, during the financial year ended 30 June 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 15 December 2008 whereas the final lease rentals will be due on 15 June 2014. The lease finance facility carries interest at the rate of six 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 2.90 % to 3.28 %(2011: 2.96% to 3.25%) per annum. The facility is secured against the first exclusive charge on power generation plant.

The Company has not paid principal amounting to Rs. 602.88 million to ICD for the period from 15 December 2009 and 15 June 2012 respectively. These installments were overdue at the year end and grouped under current liabilities.

The Company has filed petition dated 16 November 2011 under section 284 to 288 of the companies Ordinance, 1984 before the Honorable Lahore High Court ("the Court"). In this petition the Company has requested the Court to restructure ICD loan as more than three-fourth of the Islamic Financers of the company have restructured their similar financing facilities granted to the Company. In a notice to ICD the Court has restrained it from commencing any proceeding adverse to the interest of the company.

10.3.1 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 02 February 2009 and has the following significant terms:

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

11. LONG TERM DEPOSITS

These represent interest-free security deposits received 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.

12. DEFERRED TAXATION

Deferred tax liability on taxable temporary differences arising in respect of:

	2012 (Rupees in thousand)	2011
- accelerated tax depreciation on property, plant and equipment	3,720,342	3,073,864
- surplus on the revaluation of property, plant and equipment	2,009,066	2,114,100
	5,729,408	5,187,964

Deferred tax asset on deductible temporary differences arising in respect of:

- unused tax losses	(3,278,169)	(2,660,619)
- lease finances	(106,831)	(137,482)
- employees' compensated absences	(6,617)	(5,552)
- minimum tax recoverable against normal tax charge in future years	(328,725)	(270,211)
	(3,720,342)	(3,073,864)
	2,009,066	2,114,100

12.1 Deferred tax asset amounting to Rs. 1,100 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 30 June 2013.

13. RETIREMENT BENEFITS

	Note	2012 (Rupees in thousand)	2011
Accumulated compensated absences	13.1	22,322	19,149
Gratuity	13.2	28,604	13,030
		50,926	32,179

13.1 Accumulated compensated absences

Balance at the beginning of the year	19,149	19,629
Provision made during the year	7,918	6,424
Payments made during the year	(4,745)	(6,904)
Balance at the end of the year	22,322	19,149

13.2 Gratuity

The latest actuarial valuation of the Company's defined benefit plan, were conducted at 30 June 2012 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

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

	2012 (Rupees in thousand)	2011
The amounts recognised in the balance sheet are as follows:		
Present value of defined benefit obligation	84,902	82,275
Fair value of plan assets	(52,099)	(50,914)
Deficit in the plan	32,803	31,361
Unrecognized actuarial gain	(4,199)	(18,331)
Liability at end of the year	28,604	13,030
Liability as at beginning of the year	13,030	6,864
Charge for the year	9,877	10,391
Contribution made during the year	(1,528)	(4,225)
Amount transferred to the Company	7,225	-
Net liability at end of the year	28,604	13,030
Movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning of the year	82,275	77,070
Current service cost	4,476	4,397
Interest cost	11,519	9,248
Benefits paid	(3,178)	(4,225)
Actuarial (gain)	(10,190)	(4,215)
Present value of defined benefit obligation as at end of the year	84,902	82,275
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of the year	50,914	43,201
Expected return on plan assets	7,128	5,184
Contributions made during the year	1,528	4,225
Benefits paid during the year	(3,178)	(4,225)
Transferred to the Company	(7,225)	-
Actuarial gain	2,932	2,529
Fair value of plan assets as at end of the year	52,099	50,914
Actual return on plan assets	10,060	7,713

	2012	2011
	(Rupees in thousand)	
Plan assets comprise of:		
Term Deposit Receipts	27,886	24,192
National Investment Trust units	23,415	20,508
Profit receivable from provident fund	-	503
Cash at bank	798	5,711
	52,099	50,914
Charge for the year		
Current service cost	4,476	4,397
Interest cost	11,519	9,248
Expected return on plan assets	(7,128)	(5,184)
Actuarial losses charge	1,010	1,930
	9,877	10,391

Actuarial assumptions

The following are the principal actuarial assumptions at 30 June 2012.

	2012	2011
Discount rate	13%	14%
Expected return on plan assets	14%	12%
Expected rate of growth per annum in future salaries	12%	13%
Average expected remaining working life time of employees	9 years	10 years
Expected mortality rate	EFU (61-66)	EFU (61-66)

Historical Information

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:

	2012	2011	2010	2009	2008
Present value of defined benefit obligation	(84,902)	(82,275)	(77,070)	(60,082)	(50,663)
Fair value of plan assets	52,099	50,914	43,201	47,997	61,382
(Deficit) / surplus in the plan	(32,803)	(31,361)	(33,869)	(12,085)	10,719
Experience adjustment on obligation	(10,190)	(4,215)	7,750	3,216	(1,653)
Experience adjustment on plan assets	2,932	2,529	(412)	(17,140)	(6,697)

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

	Note	2012 (Rupees in thousand)	2011
14. TRADE AND OTHER PAYABLES			
Creditors		463,599	616,037
Bills payable - secured	14.1	1,235,302	1,333,468
Due to Kohinoor Textile Mills Limited ("the Holding Company")		-	63,636
Accrued liabilities		509,817	494,714
Advances from customers		243,767	422,124
Security deposits repayable on demand	14.2	42,296	43,741
Contractors' retention money		62,259	55,665
Royalty and excise duty payable		83,321	17,951
Provident fund payable		2,890	2,834
Other taxes payable		3,588	26,188
Sales taxes payable		338,994	223,204
Excise duty payable		517,051	655,386
Unclaimed dividend		1,532	1,533
Preference dividend payable		178,943	129,012
Other payables		43,827	17,356
		3,727,186	4,102,849

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

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

	Note	2012 (Rupees in thousand)	2011
15. ACCRUED PROFIT / INTEREST / MARKUP			
Profit / interest / mark-up accrued on:			
Long term loans		51,638	89,442
Redeemable capital		337,093	391,012
Syndicated term finances		64,530	72,962
Liabilities against assets subject to finance lease		175,375	98,925
Short term borrowings		129,198	138,820
		757,834	791,161

16. SHORT TERM BORROWINGS

Cash and running finances - secured	16.1	3,224,011	3,727,712
Temporary bank overdrafts - unsecured	16.2	25,373	356,954
		3,249,384	4,084,666

- 16.1** These facilities have been obtained from various commercial banks for working capital requirements, under mark-up arrangements having aggregate sanctioned limit amounting to Rs. 4,287 million (2011: Rs. 4,657 million). These facilities carry mark-up at the rates ranging from 11 % to 24 % (2011: 8.50% to 24%) per annum payable quarterly.

Facilities available for opening letters of credit / guarantee aggregate amounting to Rs. 2,625 million (2011: Rs. 2,135 million) of which the amount aggregating to Rs. 523 million (2011: Rs. 354 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 latest by 30 April 2013.

- 16.2** 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.

17. CONTINGENCIES AND COMMITMENTS

Contingencies

- 17.1** The Company has filed writ petitions before the Lahore High Court 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 Lahore High Court amounting to Rs.13.25 million. No provision has been made in these financial statements in respect of the aforementioned matter as the management is confident that the ultimate outcome of this case will be in favour of the Company.
- 17.2** The Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Company amounting to Rs. 12.350 million was rejected and the Company was held liable to pay an amount of Rs. 37.051 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July 1995. The impugned demand was raised by the department on the alleged ground that the Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO279(I)/94 dated 02 April 1994.

The Lahore High Court, upon the Company's appeal, vide its order dated 06 November 2001 has decided the matter in favour of the Company; however, the Collector of Customs has preferred a petition before the Supreme Court of Pakistan, which is pending adjudication. No provision has been made in these financial statements in respect of the above stated amount as the management is confident that the ultimate outcome of this case will be in favour of the Company.

- 17.3** The Federal Board of Revenue (FBR) has filed an appeal before the Supreme Court of Pakistan against the judgment delivered by the Lahore High Court 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 14 May 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. 1,386.72 million was raised by the FBR out of which an amount of Rs. 269.33 million was deposited by the Company as undisputed liability.
- 17.4** The Customs Department has filed an appeal before the Supreme Court of Pakistan against the judgment of Sindh High Court, which held that dump trucks were part of plant and machinery and

the Tribunal had rightly subjected them to concessionary rate of duty. The Company had paid excess customs duties amounting to Rs. 7.35 million on these trucks. The appeal is pending adjudication before the Supreme Court of Pakistan. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

- 17.5** The Company has filed an appeal before the Supreme Court of Pakistan against the judgment of the Division Bench of the High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, has partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 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 28 December 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 consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Sindh High Court Karachi. Stay has been granted by the High Court on 31 May 2011 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

The total financial exposure of the Company involved in the case amounts to Rs. 59.56 million. In the event of an adverse decision in appeal, the guarantees aggregating to Rs. 135.70 million furnished by the Company will be encashed by the Government of Sindh. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.

- 17.6** Competition Commission of Pakistan, vide order dated 27 August 2009, has imposed penalty on 20 cement factories of Pakistan at the rate of 7.5% of the turnover value. The Commission has imposed penalty amounting to Rs. 586.19 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 31 July 2009, the titled petition has become infructuous 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.
- 17.7** The Additional Collector, Karachi has issued show cause notice alleging therein that the Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June 2006 on the import of pre-fabricated buildings structure. Consequently, the Company is liable to pay Government dues amounting to Rs. 5.55 million. The Company has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these financial statements as the management is confident that the ultimate outcome of this case will be in favour of the Company.
- 17.8** The customs department has filed an appeal against the judgment dated 19 May 2009, passed in favour of the Company pursuant to which the Company is not liable to pay custom duty amount of Rs. 0.59 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court.
- 17.9** The Company has preferred an appeal against the order in original No. 576/99 dated 18 September 1999, whereby the company was denied the benefit of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. Accordingly the demand of Rs. 0.81 million was raised against

the Company. Appeal was dismissed by Central Excise and Sales Tax Tribunal on 19 May 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.

17.10 Through order in original No. 18/2009 dated 24 December 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. 336.74 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.

17.11 Deputy Commissioner Inland Revenue has ordered against Company requiring a demand of Rs 82.53 million against default surcharge and penalty of Sales Tax and Federal Excise Duty. The imposed levies on account of default surcharge and penalties amounting Rs. 15.891 million were quashed by Appellate Tribunal Inland Revenue and Commissioner Inland Revenue (Appeals) respectively in favour the Company. Management of the Company is confident that ultimate outcome of the case will be in favour of the Company and hence no provision is provided for in the financial statements.

17.12 Contingencies relating to tax matters are disclosed in note 32 to these financial statements.

17.13 Commitments

	Note	2012 (Rupees in thousand)	2011
17.13.1 Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies.		413,867	397,867
17.13.2 Commitments against capital expenditure		177,805	235,014
17.13.3 Commitments against irrevocable letters of credit:			
- other spare parts		79,848	44,513
		671,520	677,394

18. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	18.1	26,713,389	24,409,108
Capital work in progress - at cost	18.5	60,928	3,794,285
		26,774,317	28,203,393

18.1 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	
(Rupees in thousand)										
Tangible assets										
30 June 2012										
Cost										
Balance as at 01 July 2011	53,710	3,944,560	87,615	19,602,760	167,722	218,088	91,192	6,000	959,676	25,131,323
Additions	-	422,321	5,019	3,485,477	8,628	8,817	10,203	-	-	3,940,465
Disposals	-	-	-	-	(72)	-	(2,910)	-	-	(2,982)
Revaluation surplus	370,715	268,457	3,092	7,214,003	-	-	-	-	-	7,856,267
Balance as at 30 June 2012	424,425	4,635,338	95,726	30,302,240	176,278	226,905	98,485	6,000	959,676	36,925,073
Depreciation										
Balance as at 01 July 2011	-	1,102,910	61,132	6,904,518	115,181	170,962	55,511	3,846	164,421	8,578,481
Charges for the Year	-	203,674	3,371	1,359,530	10,373	10,307	8,143	215	39,762	1,635,375
On disposals	-	-	-	-	(58)	-	(2,114)	-	-	(2,172)
Balance as at 30 June 2012	-	1,306,584	64,503	8,264,048	125,496	181,269	61,540	4,061	204,183	10,211,684
Book value as at 30 June 2012	424,425	3,328,754	31,223	22,038,192	50,782	45,636	36,945	1,939	755,493	26,713,389
30 June 2011										
Balance as at 01 July 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 30 June 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 01 July 2010	-	903,790	58,071	6,387,996	103,227	159,179	51,465	3,607	126,949	7,794,284
Charges 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 30 June 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 30 June 2011	424,425	3,131,753	29,574	19,890,596	52,543	47,127	35,680	2,154	795,256	24,409,108
Depreciation Rate (%)	-	5-10	5-10	5-20	10-30	20	20	10	5	

2012 **2011**
(Rupees in thousand)

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

Cost of sales	1,613,066	1,236,261
Administrative expenses	22,309	17,005
	1,635,375	1,253,266

18.3 Ownership of the housing colony's 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.

18.4 Disposal of property, plant and equipment

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceed	Gain/ (Loss)	Mode of Disposal	Sold To
	(----- Rupees in thousand -----)						
Laptop computer	72	58	14	17	3	Transfer	Holding Company
Honda Civic	1,542	1,015	527	1,400	873	Negotiation	Ex-employee
Suzuki Bolan	388	360	28	240	212	Auction	Zaheer Abbas
Mitsubishi Lancer	980	739	241	630	389	Auction	Muhammad Azam
Total	2,982	2,172	810	2,287	1,477		

	Note	2012 (Rupees in thousand)	2011
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18.5 Capital work-in-progress - at cost

Plant and machinery		25,295	3,202,068
Un-allocated capital expenditure	18.6	1,001	477,163
Advance to supplier against:			
- Purchase of land		2,000	2,000
- Furniture and fixtures		17,855	-
- Civil works		3,841	3,505
- Plant and machinery		9,237	104,999
- Vehicles		1,699	4,550
		60,928	3,794,285

18.6 Un-allocated capital expenditure

Opening balance		477,163	274,540
Less: Capitalized during the year		476,162	-
		1,001	274,540
Add: Expenditure incurred during the year:			
Salaries and wages		-	10,345
Travelling		-	3,372
Vehicles' running and maintenance		-	184
Finance cost	18.6.1	-	181,077
Communication		-	117
Legal and professional		-	5,974
Consultancy expense		-	-
Miscellaneous expenses		-	1,554
		1,001	477,163

18.6.1 The borrowing rate has been disclosed in note 7 to these financial statements.

	Note	2012 (Rupees in thousand)	2011
19. INTANGIBLE ASSETS			
Net book value at beginning of the year		17,591	1,774
Additions during the year		-	26,384
Amortisation for the year		(8,794)	(10,567)
Net book value at end of the year		8,797	17,591
Gross carrying value as at end of the year			
Cost		49,634	49,634
Accumulated amortisation		40,837	32,043
Net book value		8,797	17,591
Amortisation rate - % per annum		33.33%	33.33%

20. LONG TERM INVESTMENTS

Balance at beginning of the year		200	200
Add: Additions during the year			
Term deposit receipts	20.1	3,037	-
Less: Disposal of Investment during the year	20.2	(200)	-
		3,037	200

20.1 These carry mark-up at 10.17% to 10.49% (2011: Nil) per annum.

20.2 During the year Vital Trading (Private) Limited (99.99%) was wound up on 13 August 2011 after complying with all regulatory and procedural requirements. The Company held 99.99% of paid up capital of Vital Trading (Private) Limited.

		2012 (Rupees in thousand)	2011
21. LONG TERM LOANS TO EMPLOYEES - SECURED			
House building		2,477	2,120
Vehicles		1,573	2,336
Others		253	247
		4,303	4,703
Less: Current portion		1,916	2,172
		2,387	2,531

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 (2011: 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 (2011: Rs. Nil).

	Note	2012 (Rupees in thousand)	2011
22. LONG TERM DEPOSITS AND PREPAYMENTS			
Security deposits	22.1	53,350	52,036

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	2012 (Rupees in thousand)	2011
23. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	23.1	1,296,966	1,257,478
Spare parts		1,778,470	1,741,935
Loose tools		31,507	38,533
		3,106,943	3,037,946
Less: provision for slow-moving and obsolete items		5,000	5,000
		3,101,943	3,032,946

23.1 Stores include in transit valuing Rs. 362.52 million (2011 : Rs 620.39 million)

	Note	2012 (Rupees in thousand)	2011
24. STOCK-IN-TRADE			
Raw material		11,140	44,464
Packing material		112,386	72,340
Work-in-process		549,958	181,879
Finished goods		229,911	240,401
		903,395	539,084

25. TRADE DEBTS

Considered good

Export - secured	25.1	116,739	90,038
Local - unsecured		548,042	470,065
		664,781	560,103

Considered doubtful

Export		-	35,582
Local		-	13,198
		-	48,780
		664,781	608,883

Less : Provision for doubtful trade debts		-	48,780
Less : Trade debts written off		88,850	-
		575,931	560,103

	Note	2012 (Rupees in thousand)	2011
25.1	These are secured through bank by letters of credit.		
25.2	Movement in provision of doubtful trade debts		
		48,780	26,309
As at beginning of the year		40,070	22,471
Provision recognised during the year		(88,850)	-
Less: Provision written off			
As at end of the year		-	48,780

26. LOANS AND ADVANCES

Current portion of loans to employees	21	1,916	2,172
Advances - unsecured and considered good:			
Employees		14,158	7,484
Suppliers		165,094	135,405
		181,168	145,061

27. SHORT TERM INVESTMENTS

Investment at fair value through profit or loss - mutual fund

Number of units		Name of companies	2012		2011	
2012	2011		Carrying value	Fair value	Carrying value	Fair value
			(----- Rupees in thousand -----)			
Fixed Fund	Fixed Fund	Noman Abid Reliance Income Fund	14,000	14,000	14,000	14,000
-	4,000	Alfalah GHP Cash Fund	-	-	2,061	2,299
			14,000	14,000	16,061	16,299
		Unrealized (loss) / gain on account of re-measurement of fair value	-	-	238	-
			14,000	14,000	16,299	16,299

	Note	2012 (Rupees in thousand)	2011
31. OTHER RECEIVABLES			
Inland freight subsidy receivable	31.1	-	62,060
Due from Kohinoor Textile Mills Limited ("the Holding Company")	31.2	131,128	-
Others		47,985	36,092
		179,113	98,152

31.1 The inland freight subsidy was 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.

During the year Company has received Rs. 49.33 million as full and final claim against inland freight subsidy from State Bank of Pakistan (TDAP) against sanction letter for release of payment by Finance Division, Government of Pakistan, Islamabad vide letter No. F.No. 4(2) CF-III/2009 dated 13 April 2012. The remaining amount has been reversed against freight expense.

31.2 This includes amount due from the Holding Company, which carries interest at 1 % in addition to average borrowing rate of the Company.

	2012 (Rupees in thousand)	2011
32. INCOME TAX - NET		
Balance at beginning of year	206,382	296,506
Add: Tax deducted at source	158,071	174,610
Less: Income tax adjustment	-	132,838
	364,453	338,278
Less: Provision for taxation:		
- current year	125,717	131,896
- prior years	(72,812)	-
	52,905	131,896
Balance at end of year	311,548	206,382

32.1 In consequence of tax audit conducted by Income Tax Department (the department) for tax year 2003, the department, vide order dated 31 December 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. 177.75 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 01 November 2009.

Through such order, while Commissioner of Inland Revenue (Appeals) upheld the departmental contentions on certain issues, a substantial relief was extended, reducing the taxable income for the year by an amount of Rs. 107.00 million as against the additions towards taxable income aggregating to Rs. 173.00 million contested by the Company. The Company has preferred further appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of Commissioner of Inland Revenue (Appeals) against the disallowances confirmed by him through order. Company's appeal is pending for hearing by Appellate Tribunal Inland Revenue (ATIR).

- 32.2** Additional Commissioner Inland Revenue passed an order u/s 122(5A) and made additions of Rs. 21.60 million in Company's taxable income and raised a tax demand of Rs. 1.90 million against the Company. The Company has preferred an appeal before Commissioner of 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 30 May 2011 passed by the Commissioner Inland Revenue (Appeals) (CIR(A)), company's appeal against amendment order dated 10 March 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. The management is confident that the ultimate outcome of this case will be in favour of the Company.
- 32.3** The deemed assessment earlier made under section 120(1) of the Ordinance has been rectified through order dated 10 May 2011 passed u/s 221 of the Ordinance on the grounds that minimum tax liability payable u/s 113 of the Ordinance of Rs 34.60 million for the tax year 2010 was leviable in addition to taxes payable under various final tax regimes. The Company has contested the rectification order in appeal before the ATIR, which has not been taken up for hearing to date.
- 32.4** The deemed assessment earlier made under section 120(1) of the Ordinance has been rectified through order dated 02 February 2011 passed u/s 221 of the Ordinance on the grounds that minimum tax liability payable u/s 113 of the Ordinance of Rs. 35.69 million was also leviable in addition to taxes payable under various final tax regimes. The Company has contested the rectification order in appeal before the ATIR, which has not been taken up for hearing to date.
- 32.5** Through ONO No.18/2009 dated 24 December 2009, the tax department finalized the adjudication proceeding in respect of audit conducted by the department auditors and raised a demand of principal sales tax and FED aggregating to Rs.336.74 million along with applicable default surcharges and penalties. The company preferred appeal against such ONO under the applicable provisions of Sales Tax Act, 1990 & Federal Excise Act, 2005 before the Commissioner of Inland Revenue (Appeals)

It is, however appropriate to highlight that the Company has also filed a writ petition with the Honorable Lahore High Court against the above referred Order-In-Original demand.

- 32.6** Through Order-In-Original No. 10/2011 dated 30 July 2011, Company's refund claim of Central Excise Duty (CED) of Rs. 913.01 million representing the excess payment of duty based on an inadvertent computation of related 'retail price' of cement products manufactured and supplied by the Company, was rejected principally on the grounds that related incidence of duty has been passed on to the consumers and hence the resultant refund claim is hit by the mischief of provisions of then applicable section 3(d) of the Central Excise Act, 1944.

The preferred appeal against the said order before the CIR(A) both on legal as well as factual grounds, however, such appeal was not entertained by the Commissioner of Inland Revenue (Appeals) and accordingly, the matter has been further agitated in appeal by the company before the Appellate Tribunal Inland Revenue (ATIR).

- 32.7** Through Order-In-Original No. 27/2012 dated 8 March 2012 ("ONO"), principal sales tax and federal excise duty aggregating to Rs. 38.45 million (along with applicable default surcharge and penalty) was held recoverable from Company on the grounds that the Company allegedly claimed input sales tax in respect of purchases made from un-registered persons / inactive suppliers. While disposing the Company's appeals Commissioner of Inland Revenue (Appeals) remanded the matter to department for appraisal of relevant facts afresh. The remand proceedings have not yet been taken up by the department and are as such pending.

- 32.8** 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 30 June 1998. The petition is pending before the Honorable Lahore High Court, Lahore.
- 32.9** Tax losses available for carry forward as at 30 June 2012 aggregated to Rs. 11,002 million (2011: Rs. 11,331 million).

	Note	2012 (Rupees in thousand)	2011
33. CASH AND BANK BALANCES			
Cash in hand:			
In hand		373	2,891
In transit		12,426	9,411
		12,799	12,302
Cash at bank:			
Current accounts:			
Foreign currency		1,854	90
Local currency		245,378	163,547
		247,232	163,637
Deposit accounts	33.1	203,195	112,231
		450,427	275,868
		463,226	288,170

- 33.1** These accounts bear profit at the rates ranging from 1.00% to 7.50 % (2011: 1.00% to 5.00%) per annum.

		2012 (Rupees in thousand)	2011
34. SALES - NET			
Gross local sales		15,658,227	13,146,429
Less:			
Excise duty		983,313	1,618,710
Sales tax		2,103,135	1,883,559
Commission		129,436	132,633
		3,215,884	3,634,902
Net local sales		12,442,343	9,511,527
Export sales		3,019,013	3,561,691
		15,461,356	13,073,218

	Note	2012 (Rupees in thousand)	2011
35. COST OF SALES			
Raw materials consumed	35.1	550,747	535,920
Packing materials consumed		1,022,703	1,058,588
Fuel and power		7,445,675	6,929,042
Stores, spare parts and loose tools consumed		433,035	479,280
Salaries, wages and other benefits	35.2	382,406	356,605
Rent, rates and taxes		6,940	6,702
Insurance		47,564	44,205
Repairs and maintenance		37,396	46,507
Depreciation	18.2	1,613,066	1,236,261
Amortization		8,794	10,567
Vehicles' running and maintenance		56,793	50,408
Other expenses	35.3	199,053	145,884
		11,804,172	10,899,969
Work in process:			
Opening		181,879	92,102
Closing		(549,958)	(181,879)
		(368,079)	(89,777)
Cost of goods manufactured		11,436,093	10,810,192
Finished goods:			
Opening		240,401	328,268
Closing		(229,911)	(240,401)
		10,490	87,867
		11,446,583	10,898,059

35.1 Raw materials consumed

At beginning of the year	44,464	19,046
Purchases	517,423	561,338
	561,887	580,384
Less: At end of the year	11,140	44,464
	550,747	535,920

35.2 Salaries, wages and other benefits expense includes contribution to provident fund aggregating to Rs. 12.85 million (2011: Rs. 12.29 million) and gratuity and compensated absences amounting to Rs. 12.06 million (2011: Rs. 8.01 million).

35.3 Other expenses include housing colony expenses aggregating to Rs. 111.70 million (2011: Rs. 104.88 million).

	Note	2012 (Rupees in thousand)	2011
36. DISTRIBUTION COST			
Salaries, wages and other benefits	36.1	52,486	43,452
Travelling and conveyance		15,081	12,267
Vehicle running and maintenance		9,143	6,913
Postage, telephone and fax		3,454	3,534
Printing and stationery		826	724
Entertainment		1,962	1,899
Repairs and maintenance		387	202
Advertisement and sampling		13,914	8,671
Freight and forwarding		745,943	1,563,865
Other expenses		2,902	5,105
		846,098	1,646,632

36.1 Salaries, wages and other benefits expense includes contribution to provident fund aggregating to Rs. 1.78 million (2011: Rs. 1.69 million) and gratuity and compensated absences amounting to Rs. 1.97 million (2011: Rs. 0.35 million).

	Note	2012 (Rupees in thousand)	2011
37. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	37.1	91,649	78,105
Travelling		16,972	13,667
Vehicle running and maintenance		14,665	11,456
Postage, telephone and fax		6,032	5,553
Printing and stationery		9,263	6,457
Entertainment		6,038	4,962
Repair and maintenance		9,850	4,463
Legal and professional charges	37.2	19,771	46,498
Depreciation		22,309	17,005
Rent, rates and taxes		497	207
Provision for doubtful debts		-	22,471
Bad debts written off		40,070	-
Other expenses		21,317	19,944
		258,433	230,788

37.1 Salaries, wages and other benefits expense includes contribution to provident fund aggregating to Rs.3.21 million (2011: Rs. 3.06 million) and gratuity and compensated absences amounting to Rs. 3.67 million (2011: Rs. 2.03 million).

37.2 Legal and professional charges include the following in respect of Auditors' remuneration for:

	2012 (Rupees in thousand)	2011
Fee for statutory audit	1,000	1,000
Fee for half yearly review and other certifications	546	546
Out of pocket expenses	43	43
	1,589	1,589

37.3 The Company has shared expenses aggregating to Rs.13.32 million (2011: Rs. 10.08 million) on account of the combined offices with its Associated Companies. These expenses have been booked in respective heads of account.

	Note	2012 (Rupees in thousand)	2011
38. OTHER OPERATING EXPENSES			
Donation	38.1	1,925	1,075
Workers' welfare fund (WWF)		9,063	5,487
Workers' profit participation fund (WPPF)		23,849	-
Delay payments surcharge / financial penalties		114,844	155,832
		149,681	162,394

38.1 Donations for the year have been given to:

Gulab Devi Hospital, Lahore	200	400
Miscellaneous donations in the form of cement	825	575
Governor Sindh for flood victims of Sindh	700	-
Shaukat Khanum Hospital, Lahore	100	-
Internally Dislocated People (IDP), Swat	-	100
Government of Punjab for Jashan-e-baharan	100	-
	1,925	1,075

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

	2012 (Rupees in thousand)	2011
39. OTHER OPERATING INCOME		
Income from financial assets		
Profit on bank deposits	12,096	4,658
Dividend income	384	11,717
Investment income	5,718	3,433
Gain on disposal of available for sale financial asset	-	378,913
Income from non financial assets		
Sale of scrap	6,190	18,359
Gain on disposal of operating fixed assets	1,477	5,098
Insurance claims received	2,495	19,374
Miscellaneous	5,710	8,601
	34,070	450,153

	2012 (Rupees in thousand)	2011
40. FINANCE COST		
Profit / interest / mark up on:		
Long term loans and finances	176,777	-
Redeemable capital	1,126,386	1,155,496
Syndicated term finances	202,518	217,231
Liabilities against assets subject to finance lease	87,277	74,423
Short term borrowings	520,619	620,570
Bank guarantees' commission	-	5,691
Exchange loss - net	183,173	21,685
Realized loss on derivative cross currency interest rate swap agreement	9,819	12,728
Bank and other charges	43,996	58,585
	2,350,565	2,166,409

41. TAXATION		
Current		
- for the year	125,718	131,896
- prior years	(72,813)	-
	52,905	131,896
Deferred	(105,033)	56,229
	(52,128)	188,125

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.

	2012	2011
42. BASIC EARNINGS / (LOSS) PER SHARE		
Profit / (loss) after taxation	496,194	(1,769,036)
Less: Dividend payable on preference shares	(52,076)	(52,678)
Profit / (loss) attributable to ordinary shareholders	444,118	(1,821,714)
Weighted average number of ordinary shares	526,831	490,330
Basic earnings / (loss) per share	0.84	(3.72)

43. DILUTED EARNINGS / (LOSS) PER SHARE		
Profit / (loss) after taxation	496,194	(1,769,036)
Profit / (loss) attributable to ordinary shareholders	496,194	(1,769,036)
Weighted average number of shares outstanding - basic	526,831	490,330
Dilutive effect of preference shares	66,416	63,413
Weighted average number of shares outstanding-diluted	593,247	553,743
Diluted earnings / (loss) per share	0.83	(3.72)

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

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

	2012				
	Chairman	Chief Executive	Executive Directors	Non-Executive Directors	Executives
	(----- Rupees in thousand -----)				
Managerial remuneration	3,888	5,186	2,411	-	44,330
Contribution to provident fund trust	-	439	187	-	3,979
Perquisites and benefits:					
House rent	576	247	375	-	18,351
Medical	-	433	42	-	1,567
Conveyance / petrol	-	769	442	-	12,046
Utilities	336	46	187	-	4,655
	4,800	7,120	3,644	-	84,928
Number of persons	1	1	1	4	47
	2011				
	Chairman	Chief Executive	Executive Directors	Non-Executive Directors	Executives
	(----- Rupees in thousand -----)				
Managerial remuneration	3,642	4,885	2,485	-	36,510
Contribution to provident fund trust	-	411	152	-	3,220
Perquisites and benefits:					
House rent	550	219	425	-	14,040
Medical	-	408	175	-	827
Conveyance / petrol	-	376	261	-	7,749
Utilities	308	61	192	-	3,346
	4,500	6,360	3,690	-	65,692
Number of persons	1	1	1	4	40

45. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the Holding Company, associated companies, directors, key management personnel and employee benefits fund. 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	2012	2011
		(Rupees in thousand)	
Holding Company	Sale of goods and services	399	479
	Purchase of fixed assets	-	204
	Sale of fixed assets	17	-
Subsidiary company	Sale of investment	-	383,934
Associated company	Dividend received	-	10,181
Key management personnel	Remuneration and other benefits	97,039	80,242
MLCFL employees' gratuity fund	Payment to fund	(3,178)	(4,225)

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, repairs and maintenance relating to the head office, shared with the Holding Company / Associates, which are on the actual basis.

46. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2012	2011	2012	2011
	----- Metric ton -----			
Clinker	3,360,000	3,690,000	2,648,479	2,753,051

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.

47. SEGMENT REPORTING

47.1 Information about operating segment

Based on internal reporting and decision making structure, the Company has only one operating segment offering different types of cement, mainly grey cement which covers more than 90% (2011: 90%) of capacity. 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.

47.2 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 are detailed below.

Geographical area	2012 % of total revenue	2011
Asia	94	84
Africa	6	16

47.3 All non current assets of the Company at 30 June 2012 are located in Pakistan.

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.

Risk management framework

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

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

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

48.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party 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 counter party limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counter parties 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:

Counter parties

The Company conducts transactions with the following major types of counter parties:

Trade debts

Trade debts are essentially due from local customers and foreign customers against sale of cement and the Company does not expect these counter parties 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 counter parties 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:

	2012 (Rupees in thousand)	2011
Non current assets		
Long term investments	3,037	200
Security deposits	53,350	52,036
Long term loans to employees	4,303	4,703
Current assets		
Trade debts	575,931	560,103
Loans and advances	14,158	7,484
Short term investments	33,122	20,950
Short term deposits	59,612	53,466
Accrued profit	1,191	890
Other receivables	161,800	24,744
Bank balances	462,853	285,279
	1,369,357	1,009,855

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:

	2012 (Rupees in thousand)	2011
Export - secured	48,924	125,620
Local - unsecured and considered good	527,007	483,263
	575,931	608,883

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

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

	2012 (Rupees in thousand)	2011
Not past due	371,275	431,722
Past due 1 to 30 days	177,730	57,536
Past due 30 to 150 days	17,422	38,308
Past due 150 days	9,504	81,317
	575,931	608,883

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:

	2012	2011
Noman Abid Reliance Income Fund	AM3-	AM3-
Alfalah GHP cash fund	N/A	AM3
Fauji Cement Company Limited	N/A	N/A
Highnoon Laboratories Limited	N/A	N/A
Shakarganj Mills Limited	N/A	N/A
Next Capital Limited	N/A	N/A

Cash at bank

Total bank balance of Rs. 450.428 million (2011:Rs. 275.868 million) placed with banks have a short term credit rating of at least A1+ (2011: A1+).

48.2 Liquidity risk management

Liquidity risk is the risk that an entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customers.

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

48.2.1 Liquidity and interest risk table

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

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

	2012				
	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	2,903,784	3,281,870	883,744	2,083,717	314,409
Redeemable capital	8,283,000	12,085,483	2,042,476	6,213,578	3,829,429
Syndicated term finances	1,497,000	2,206,973	323,277	1,164,063	719,633
Liabilities against assets subject to finance lease	1,115,904	1,158,035	804,148	353,887	-
Long term deposits	6,219	6,219	-	6,219	-
Trade and other payables	3,479,109	3,479,109	3,479,109	-	-
Accrued profit / interest / mark-up	757,834	757,834	757,834	-	-
Short term borrowings	3,249,384	3,249,384	3,249,384	-	-
	21,292,234	26,224,907	11,539,972	9,821,464	4,863,471

	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	2,598,530	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	30,201,645	11,175,032	11,485,315	7,541,298

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:

	2012			
	Rupees	US\$	Euros	Yens
	-----in thousand-----			
Liabilities against assets subject to finance lease	1,004,793	10,667	-	-
Creditors and bills payables	1,275,656	13,020	382	3,400
	2,280,449	23,687	382	3,400
Trade debts	(48,924)	(520)	-	-
Gross balance sheet exposure	2,231,525	23,167	382	3,400
Outstanding letters of credit	79,848	-	676	-
Net exposure	2,311,373	23,167	1,058	3,400
	-----in thousand-----			
	2011			
	Rupees	US\$	Euros	Yens
	-----in thousand-----			
Liabilities against assets subject to finance lease	917,860	10,667	-	-
Creditors and bills payables	993,012	10,754	541	-
	1,910,872	21,421	541	-
Trade debts	(125,620)	(1,463)	-	-
Gross balance sheet exposure	1,785,252	19,958	541	-
Outstanding letters of credit	44,513	8	351	-
Net exposure	1,829,765	19,966	892	-

The following significant exchange rates have been applied:

	Average rate		Reporting date mid spot rate	
	2012	2011	2012	2011
 Rupees			
US \$ to Rupee	89.67	85.73	94.00 / 94.20	85.85 / 86.05
EURO to Rupee	119.78	117.72	119	125
Yen to Rupee	1.14	1.04	1	1

Sensitivity analysis

A 10 percent strengthening of the Pak Rupee against the US dollar, Euro and Yen, at 30 June 2012 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 30 June 2011.

Effect on profit / (loss) for the year:

	2012	2011
	(Rupees in thousand)	
U.S.\$ to Rupee	218,224	171,806
EURO to Rupee	12,539	11,141
Yen to Rupee	404	-
Decrease in profit and loss account	231,167	182,947

A 10 percent weakening of the Pak Rupee against the US dollar, Euro and Yen, at 30 June 2012 would have had the equal but opposite effect on above currencies 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:

Fixed rate financial instruments	Effective rate		Carrying amount	
	2012	2011	2012	2011
	(Rupees in thousand)			
Financial liabilities				
Short term borrowings (export running finances)	11.00%	11.00%	388,203	842,433
Financial assets				
Loans to employees	6.00% to 12.00%	6.00% to 12.00%	4,303	4,456
Long term investments	10.17% to 10.49%	-	3,037	-
Bank balances at PLS accounts	1.00% to 7.50%	1.00% to 5.00%	203,195	121,642
			210,535	126,098
			177,668	716,335

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.

	Effective rate		Carrying amount	
	2012	2011	2012	2011
(Rupees in thousand)				
Variable rate financial instruments				
Financial liabilities				
Long term loans	9.70% to 14.78%	9.70% to 14.62%	2,903,784	3,005,657
Redeemable capital	12.88% to 14.57%	13.20% to 14.59%	8,283,000	8,289,800
Syndicated term finances	12.88% to 14.50%	13.16% to 14.59%	1,497,000	1,498,200
Liabilities against assets subject to finance lease	14.10% to 15.54%	14.93% to 15.88%	1,115,904	1,084,528
Short term borrowings	12.92% to 24.00%	7.50% to 24.00%	2,861,181	3,242,233
			16,660,869	17,120,418

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 increased / (decreased) profit / (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 2011.

	Increase	Decrease
	(Rupees in thousand)	
As at 30 June 2012		
Cash flow sensitivity variable rate financial liabilities	166,609	(166,609)
As at 30 June 2011		
Cash flow sensitivity - variable rate financial liabilities	171,204	(171,204)

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 categorized 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 measured at fair value.

	Total	Level 1	Level 2	Level 3
Financial assets 30 June 2012				
At fair value through profit and loss - Quoted	33,122	33,122	-	-
Financial assets 30 June 2011				
At fair value through profit and loss - Quoted	20,950	20,950	-	-

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 profit / (loss) in case of investments through profit and loss as follows:

	2012 (Rupees in thousand)	2011
Effect on profit / (loss)	3,312	2,095
Effect on investments	3,312	2,095

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.

	2012 (Rupees in thousand)	2011
Total borrowings	17,049,072	17,962,851
Less: Cash and bank balance	463,226	288,170
Net debt	16,585,846	17,674,681
Total equity	3,828,861	3,133,287
Total capital employed	20,414,707	20,807,968
Gearing ratio	81%	85%

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. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. Significant reclassification for better presentation include gratuity amounting to Rs. 13.03 million previously included in current liabilities among trade and other payables now presented separately under non-current liabilities.

50. DATE OF AUTHORIZATION FOR ISSUE

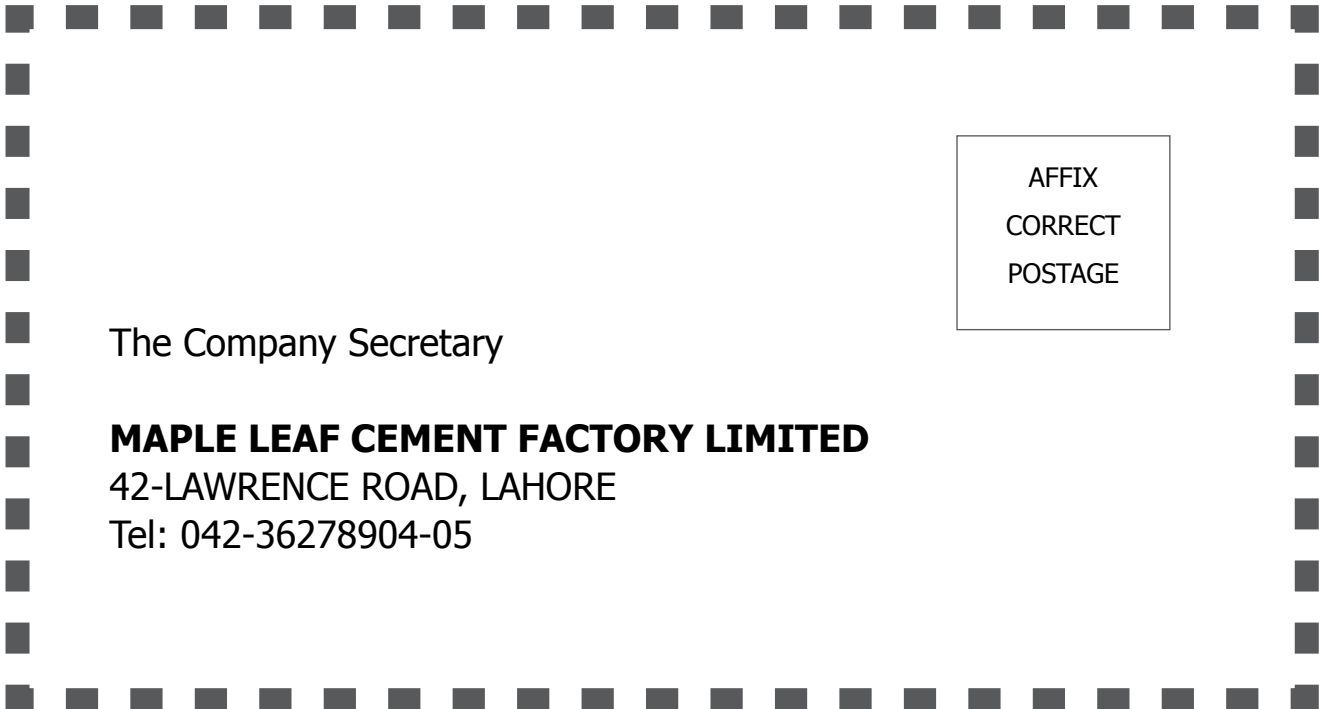
These financial statements were authorised for issue on 25 September 2012 by the board of directors of the Company.

51. GENERAL

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


CHIEF EXECUTIVE OFFICER


DIRECTOR



AFFIX
CORRECT
POSTAGE

The Company Secretary

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