ANNUAL REPORT
2014

FLYING CEMENT
COMPANY LTD.

CONTENTS

CORE VALUES

At Flying Cement, core values are always given importance. These values are not only theoretical but in actual **fact delve** deep in the hearts of entire team.

These values are reflected within the name of **FLYING** itself.

F = Focus- We believe in **focusing** on reducing cost and improving quality thereby offering profit to our shareholders.

L = Leadership- Our objective is to **lead** as a cost effective competitor. We understand the demand of cement industry at a global level as well as the needs of people within Pakistan.

Y = You - Flying Cement always maintains **'You first'** approach, not only to please our customer but also to satisfy our shareholders.

I = Initiatives- Taking **initiative** in incorporating modern technology to reduce cost and to improve quality.

N = New- We are pioneer in using **new** ideas and strategies for the cost effective and quality cement manufacturing.

G = Global- We strive to be reckoned with dignity in **global** market.

BUSINESS ETHICS

- Transparency in transactions
- Sound business policies
- Judicious use of Company's resources
- Avoidance of conflict of interests
- Justice to all
- Integrity at all levels
- Compliance with laws of the land

STRATEGIC GOALS

- Lead cement business
- Manufacturer prime quality products
- Maintain operational, technological and managerial excellence
- Create new opportunities for business growth and diversification
- Eliminate duplication of resources to economize cost
- Maximize productivity and expand sales

THE VISION

To be a premier quality cement manufacturing unit engaged in nation building through the most efficient utilization of resources.

THE MISSION

Successfully deliver quality cement by using innovative practices with the ultimate goal of increasing the satisfaction of our customers.

To minimize the cost of production by using state of the art technology and utilizing our experience in increasing profits for our shareholders.

Quality Policy

The quality policy of the cement is monitored through the chemical laboratories located at the site installed with latest instrumental analysis techniques directly linked through PLC to control the process of manufacturing automatically keeping lowest variation brand from the required values/parameters laid by the British Standards BS-12-1991.

Flying Cement Company is committed to produce high quality ordinary portland cement (OPC) as per International and British Standards to achieve customer's satisfaction.

The company is committed to abide by all applicable legal and regulatory requirements and shall strive for continual improvement including prevention of pollution by establishing and monitoring of its Quality and Environmental objectives.

The Chairman and Management are committed to communicate and maintain this policy at all levels of the company, and achieve continual improvement through teamwork.

Environmental Protection

Management of the company is committed towards environmental protection and prevention of pollution. Flying Cement has been playing its role towards the development of a better society and a better future through continual improvement in the Environmental Management System.

Cement Industry is normally considered to be highly un-friendly to the environment because of its inherent process difficulties. The management with the efforts of trees plantation succeeded in meeting the environmental objectives and targets after evaluating legal requirements, organizational aspects, technological options and other requirements.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Kamran Khan	Chairman
Mr. Momin Qamar	Member
Mr. Yousaf Kamran Khan	Member
Mr. Qasim Khan	Member
Mr. Asim Qamar	Member
Mrs. Shaista Imran	Member
Mrs. Samina Kamran	Member
Mr. M. Tawassal Majid	Member

CHIEF EXECUTIVE
Agha Hamayun Khan

AUDIT COMMITTEE

Mr. M.Tawassal Majid	Chairman
Mr. Qasim Khan	Member
Mr. Yousaf Kamran Khan	Member

HUMAM RESOURCE AND REMUNERATION COMMITTEE

Mr. M. Tawassal Majid	Chairman
Mrs. Samina Kamran	Member
Mr. Yousaf Kamran Khan	Member

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

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

INTERNAL AUDITOR
Mr. Imran Matloob Khan

COMPANY SECRETARY
Mr. Muhammad Azeem
cosecretary@flyingcement.com

CHIEF FINANCIAL OFFICER
Mr. Muhammad Jamil

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

BANKERS
Askari Bank Limited
The Bank of Punjab
United Bank Limited
Al Baraka Bank (Pakistan) Limited
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Bank Al-Habib Limited
Bank Al Falah Limited
Habib Bank Limited
Allied Bank Limited
Summit Bank Limited

REGISTERED HEAD OFFICE
103-Fazil Road, Lahore Cantt. Lahore
Tel: 042-36674301-5 Fax: 042-36660693
www.flyingcement.com

PLANT
25-K.m. Lilla Interchange
Lahore - Islamabad Motorway,
Mangowal, Distt. Khoshab

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

WEB SITE
www.flyingcement.com

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

NOTICE OF 21st ANNUAL GENERAL MEETING

Notice is hereby given that 21st Annual General Meeting of the shareholders of Flying Cement Company Limited will be held on Friday the October 31st 2014 at 10:00 A.M. at Hotel One,40 A/2, Mian Mehmood Ali Kasuri Road, Gulberg III, Lahore to transact the following business:

- To confirm minutes of 20th Annual General Meeting held on 31st of October 2013.
- To receive, consider and adopt the audited accounts of the company for the year ended June 30th, 2014 together with the Directors' and Auditors' reports thereon.
- To appoint the Auditors and fix their remuneration for the next financial year 2015.
- To transact any other business with the permission of Chairman.

(By Order of the Board)

(Muhammad Azeem)
COMPANY SECRETARY
Lahore: October 09, 2014

Notes:

1. The Share Transfer Books of the company will be closed from October 24th, 2014 to October 31st, 2014 (inclusive of both days)

2. A shareholder eligible to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by attorney in case of corporate entity. In this case the instrument of proxy complete in every respect, must reach to the Registered Office of the Company not later than 48 hours before the time of the meeting.

3. The Original Computerized Identity Card of the shareholder is required to prove his/her identity along with account details etc at the time of meeting. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be submitted (unless it has been provided earlier) along with proxy form of the company.

4. The shareholders are requested to notify immediately the change in their addresses, if any.

Directors' Report

GENERAL

The Directors of your company have the pleasure to present before you the 21st Annual Report of your company along with duly audited Financial Statements for the year ended June 30th, 2014.

Financial Overview

1. We are pleased to report that with the blessing of Almighty Allah, the company was able to earn after tax profit of Rs. 100.36(M) whereas sales volume has been increased to Rs. 2064.57(M) as against preceding years sales of Rs. 841.23(M). The increase in sales volume caused on account of the plant worked properly due to major overhauling of the plant.

   Cost of sales increased at, Rs.1958.59 (M) during the year as compared to Rs. 846.38(M) in the preceding year. Gross profit declared at Rs.105.98 (M) as against Gross loss Rs.5.15 (M) in the previous Year. Effective control in the production cost better efficiency of the plant and increase in sales prices contributed towards positive effects on Gross profit. The price of electricity has been increased tremendously during the year but we are taking other rectifying measures, to make our plant more efficient and economical to offset the effects of regular increasing behavior of electricity price.

   In the year under review the revenues of Cement Industry improved due to better volumes and prices in the local market. The rising trend in demand of local market is likely to continue as the massive demand of Cement is envisaged in the Housing sector and sufficient allocation of funds by the new Government in Public Sector Development Program.

Future outlook

2. It is envisaged that domestic consumption of cement would grow due to initiation of mega projects like Karachi - Lahore Motorway, Metro bus projects in various cities of the country launching mega projects of electricity generation, construction of Diamer-Bhasha Dam & other water reservoirs, privatization of public sector enterprises and projects related to low cost housing schemes in different parts of the country. Energy being the life line is vital to economic growth of a country. Government efforts to consolidate the current state are expected to result in reduction in power crises. High increase in electricity tariffs would increase the cost of business. Middle East, specifically Syria unrest may cast frustrating impacts on global economy including Pakistan. This unrest may result in Oil price hikes, which would be translated into high inflation. World trade may also get affected by probable struck of war which would ultimately worsen many sectors in Pakistan as well. On the positive side, the prices of coal have declined in the international market. The reduction in the coal prices will help to reduce our fuel cost in the future.

Compliance with the Code of Corporate Governance

The Directors hereby confirm 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 accounts have been maintained by the company.

(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

(d) International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements.

(e) The system of internal control is sound in design and has been effectively implemented and monitored.

(f) There are no significant doubts upon the company's ability to continue as a going concern.

(g) There has been no material departure from the best practices of corporate governance as detailed in the listing regulations.

(h) Key operating and financial data for the last six years is annexed.

(i) No trade in shares of Flying Cement Company Ltd. was carried out by the directors, CEO, Head of Internal Audit, CFO, Company Secretary and their spouses and minor children except of those as reported to the regulatory authorities and disclosed in the annexed Pattern of Shareholding.

(j) Reasons for significant deviations from last year's operating results have been explained in the relevant section of the Directors' report.

(k) Information about outstanding taxes and levies is given in the Notes to the Financial Statements.

(l) The company has no significant plans and decisions regarding corporate restructuring, business expansion and discontinuing of operations.

(m) Details of number of Board and Committees meetings held during the year and attendance by each director has been disclosed below.

NO.	Name of Director	Board Meetings	Audit Committee Meetings	HR&R Committee Meetings
1	Mr. Muhammad Tawassal Majid	**7**	**3**	**2**
2	Mr. Kamran Khan	**6**	**N/A**	**N/A**
3	Mr. Yousaf Kamran Khan	**8**	**4**	**1**
4	Mr. Qasim Khan	**7**	**2**	**N/A**
5	Mr. Asim Qamar	**4**	**N/A**	**N/A**
6	Mrs. Shaista Imran	**7**	**N/A**	**N/A**
7	Mrs. Samina Kamran	**8**	**N/A**	**2**
8	Mrs. Misbah Momin	**6**	**N/A**	**N/A**
9	Mr. Momin Qamar	**7**	**N/A**	**N/A**
10	Agha Hamayun Khan	**8**	**N/A**	**N/A**
	Total Number of Meetings Held	**8**	**5**	**3**

(n) The board has been provided with detailed in house briefings and information package to acquaint them with the code, applicable laws, their duties and responsibilities enable them to effectively manage the affairs of the company for and on behalf of the shareholders.

Staff Retirement Benefits
An unfunded gratuity scheme has been maintained. Provision has been made in the financial statements accordingly for permanent employees of the company.

Auditors
The Auditors M/s. Tahir Siddiqi & Co; Chartered Accountants, are the retiring auditors of the company and offer their services for re-appointment. They confirm that they have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP. The Audit Committee and the Board recommended their re - appointment by the shareholders at the Annual General Meeting of Company as Auditors for the year ended June 30, 2015.

Pattern of Shareholding
The pattern of shareholding as at June 30, 2014 along with disclosures as required by the Code of Corporate Governance is annexed.

Appreciation
The Directors acknowledge the devotion to duty and are appreciative of the support of employees and customers. We wish to thank every employee of the company who has been part of the activity during this year. Their dedication and consistent hard work made it possible for the company to earn a good name and be a premier organization for all stakeholders.

We also wish to acknowledge the contribution of our valued customers, Government of Pakistan, respected shareholders in achieving company's success and looking forward for their continued assistance in the future as well.

For and on behalf of the Board

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive
Lahore October 09, 2014

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company 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 interest on its Board of Directors. At present the board includes:

   Independent Director
   Mr. Muhammad Tawassal Majid

   Non-Executive Directors
   Mr. Kamran Khan
   Mr. Yousaf Kamran Khan
   Mr. Qasim Khan
   Mr. Asim Qamar
   Mrs. Shaista Imran
   Mrs. Samina Kamran

   Executive Directors
   Mr. Momin Qamar
   Mr. Agha Hamayun Khan (CEO)

   The independent director meets the criteria of independence under clause i (b) of the Code of Corporate Governance.

2. The directors have confirmed that none of them is serving as a director in 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. 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.

5. 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.

6. 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.

7. The meetings of the Board were presided by the Chairman and, in his absence, by a director elected by the Board for this purpose. 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.

8. The board has been provided with detailed in house briefings and information package to acquaint them with the code, applicable laws, their duties and responsibilities to enable them to effectively manage the affairs of the company for and on behalf of the shareholders. All members on the board are graduates and have sufficient knowledge and expertise to run the affairs of the company supported with highly skilled team of the professionals. Two directors of the company have been registered with the institution approved by the SECP to get the certification under Directors' Training Program. The company will ensure the certification of all board members under the directors training program within the timeframe specified in the Code.

9. 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 Independent Directors(s) / CEO have been taken by the Shareholders/Board.

10. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.

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

12. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

13. The company has complied with all the corporate and financial reporting requirements of the CCG.

14. The Board has formed an Audit Committee. It comprises of three members, all of them are non- Executive Directors.

15. The meetings of the audit committee were held at least once in 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 by the Board and advised to the committee for compliance.

16. The board has formed an HR and Remuneration Committee. It comprises three members. All the members are non-executive directors including one independent director who is chairman of the committee.

17. The Board has setup an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is conversant with policies and procedures of the company.

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that neither the firm nor any of the partners of the firm, their spouses and minor children at any time since the last Annual General Meeting held, purchased, sold or took any position in the shares of the company or any of its associated companies or undertakings 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.

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

20. The "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, employees and stock exchanges.

21. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

22. The related party transactions have been placed before the audit committee and approved by the Board of Directors along with pricing methods. The transactions were carried out on terms equivalent to those that prevail in the arm's length transaction.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

AGHA HAMAYUN KHAN
Chief Executive
Lahore October 09, 2014

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2014, prepared by the Board of Directors of Flying Cement Company Limited (the Company) to comply with the requirements of Listing Regulations No. 35 of Karachi, Lahore and Islamabad Stock Exchanges, where the company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the 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 controls 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.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2014.

Tahir Siddiqi

Tahir Siddiqi & Co.
Chartered Accountants
Engagement Partner: Mohammad Tahir Siddiqi

Lahore:
October 09, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FLYING CEMENT COMPANY LIMITED** as at June 30, 2014 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 accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the change as stated in note 4.19 to the financial statements, with which we concur;

   ii) the expenditure incurred during the year was for the purposes 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 the 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 June 30, 2014 and of the profit, the 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 (XVIII of 1980).

Tahir Siddiqi

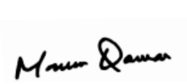
Tahir Siddiqi & Co.
Chartered Accountants
Engagement Partner: Mohammad Tahir Siddiqi

Lahore:
October 09, 2014

BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized share capital			
200,000,000 ordinary shares of Rs 10/- each		**2,000,000,000**	2,000,000,000
Issued, subscribed and paid up capital			
176,000,000, ordinary shares of Rs. 10/- each	5	**1,760,000,000**	1,760,000,000
Reserves	6	**(39,175,722)**	(171,135,204)
		1,720,824,278	1,588,864,796
Surplus on revaluation of fixed assets	7	**1,592,175,531**	1,623,639,657
NON-CURRENT LIABILITIES			
Long term liabilities	8	**620,863,558**	704,071,474
Liabilities against assets subject to finance lease	9	**-**	-
Long term deposits	10	**13,005,340**	13,405,340
Deferred liabilities	11	**562,941,879**	528,026,625
		1,196,810,777	1,245,503,439
CURRENT LIABILITIES			
Trade and other payables	12	**1,299,404,204**	1,224,521,814
Accrued interest / mark-up	13	**100,687,376**	78,714,652
Short term finances	14	**73,595,504**	72,955,646
Current portion of			
- Liabilities against assets subject to finance lease	9	**18,522,008**	19,492,575
Provision for taxation	30	**10,322,849**	-
		1,502,531,941	1,395,684,687
TOTAL LIABILITIES		**2,699,342,718**	2,641,188,126
Contingencies and commitments	15	**-**	-
TOTAL EQUITY AND LIABILITIES		**6,012,342,527**	5,853,692,579
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	16	**5,234,261,754**	5,033,425,637
Long Term Security Deposits	17	**41,793,160**	41,793,160
CURRENT ASSETS			
Stores, spares & loose tools	18	**164,335,375**	360,763,306
Stock in trade	19	**360,094,547**	252,631,093
Trade debts	20	**5,121,993**	8,558,614
Advances, deposits, prepayments & other receivables	21	**203,102,628**	148,110,598
Cash and bank balances	22	**3,633,070**	8,410,171
		736,287,613	778,473,782
TOTAL ASSETS		**6,012,342,527**	5,853,692,579

The annexed notes from 1 to 40 form an integral part of these financial statements.



Momin Qamar
Director

Agha Hamayun Khan
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees (Restated)
Sales	23	**2,064,569,791**	841,229,501
Cost of Sales	24	**(1,958,591,535)**	(846,380,883)
Gross Profit / (Loss)		**105,978,256**	(5,151,382)
Operating Expenses			
Distribution Cost	25	**(3,577,763)**	(2,799,631)
Administrative Expenses	26	**(18,705,521)**	(11,665,218)
Other Expenses	27	**(12,079,497)**	(540,000)
		(34,362,781)	(15,004,849)
Operating Profit / (Loss)		**71,615,475**	(20,156,231)
Finance Cost	28	**(22,870,285)**	(23,791,338)
Operating Profit / (Loss)		**48,745,190**	(43,947,569)
			-
Other Income	29	**102,596,695**	73,697,968
Profit Before Taxation		**151,341,885**	29,750,399
Taxation	30	**(50,983,546)**	(18,632,666)
Profit After Taxation		**100,358,339**	11,117,733
Earning Per Share (before tax) - Basic	31	**0.86**	**0.17**
Earning Per Share (after tax) - Basic	31	**0.57**	**0.06**

The annexed notes from 1 to 40 form an integral part of these financial statements.

Momin Qamar
Director

Agha Hamayun Khan
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees (Restated)
Profit for the year	**100,358,339**	11,117,733
Other Comprehensive income	-	-
Remeasurements chargeable in other comprehensive income	**137,017**	(131,301)
Total Comprehensive income for the year	**100,495,356**	10,986,432

The annexed notes from 1 to 40 form an integral part of these financial statements.

Momin Qamar
Director

Agha Hamayun Khan
Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	2014 Rupees	2013 Rupees (Restated)
Cash Flows From Operating Activities		
Profit before taxation	**151,341,885**	29,750,399
Adjustment for:		
Depreciation	**95,441,391**	90,606,511
Provision for gratuity	**269,174**	245,356
Finance cost	**22,870,285**	23,791,338
	118,580,850	114,643,203
	269,922,735	144,393,602
(Increase) / Decrease in Stores, spares & loose tools	**196,427,931**	(27,295,082)
(Increase) in Stock-in-trade	**(107,463,454)**	(125,452,134)
(Increase)/ Decrease in Trade debts	**3,436,621**	(2,637,420)
Decrease in Advances, deposits, prepayments and other receivables	**13,653,148**	3,266,606
Increase in Trade and other Payables	**74,882,390**	287,955,113
Cash generated from operations	**450,859,371**	280,230,685
Gratuity Paid	**(289,300)**	
Taxes paid	**(74,233,478)**	(14,067,849)
Net Cash from Operating Activities	**376,336,593**	266,162,836
Cash Flows From Investing Activities		
Fixed Capital Expenditures	**(296,277,508)**	(183,662,186)
Net Cash (used in) Investing Activities	**(296,277,508)**	(183,662,186)
Cash Flows From Financing Activities		
Finance cost paid	**(897,561)**	(7,371,739)
Liabilities against assets subject to finance lease Paid	**(970,567)**	(2,000,000)
Long term finance	**(83,207,916)**	(71,546,013)
Long term deposits	**(400,000)**	-
Net Cash from Financing Activities	**(85,476,044)**	(80,917,752)
Net Increase / (Decrease) in Cash and Cash Equivalents	**(5,416,959)**	1,582,898
Cash and Cash Equivalents - at the beginning of the year	**(64,545,476)**	(66,128,374)
Cash and Cash Equivalents - at the end of the year	**(69,962,435)**	(64,545,476)

The annexed notes from 1 to 40 form an integral part of these financial statements.

Momin Qamar

Momin Qamar
Director

Agha Hamayun Khan

Agha Hamayun Khan
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Ordinary Share Capital (Rs.)	Accumulated (Loss) (Rs.)	Capital Reserve (Rs.)	Total (Rs.)
Balance as at June 30, 2012- as previously reported	**1,760,000,000**	**(340,720,423)**	**126,978,994**	**1,546,258,571**
Total Comprehensive Income for the Year-as restated	-	10,986,432	-	10,986,432
Incremental depreciation	-	31,619,793	-	31,619,793
Balance as at June 30, 2013-as restated	**1,760,000,000**	**(298,114,198)**	**126,978,994**	**1,588,864,796**
Total Comprehensive Income for the Year	-	100,495,356	-	100,495,356
Incremental depreciation	-	31,464,126	-	31,464,126
Balance as at June 30, 2014	**1,760,000,000**	**(166,154,716)**	**126,978,994**	**1,720,824,278**

The annexed notes from 1 to 40 form an integral part of these financial statements.

Momin Qamar
Director

Agha Hamayun Khan
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1 **LEGAL STATUS AND OPERATIONS**

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

2 **STATEMENT OF COMPLIANCE**

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

3 **SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimate and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

(a) recognition of taxation and deferred tax;

(b) determining the residual value and useful lives of property, plant and equipment;

(c) accounting for post employment benefits;

(d) impairment of inventories / adjustment of their net realizable value.

4 **SIGNIFICANT ACCOUNTING POLICIES**

4.1 **Accounting Convention**

These financial statements have been prepared under the historical cost convention except for those as stated in the respective polices and notes given here under.

4.2 **New Accounting Standards, amendments to approved accounting standards and new interpretations, that are not yet effective**

The following approved accounting standards, interpretations and amendments to approved accounting standards are effective for accounting periods beginning from the dates specified below:-

(a) 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 the 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.

(b) 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 system may be considered equivalent to net settlement.

(c) 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 contain amendments to the following standards, with consequential amendments to other standards and interpretations.

(a) 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 statement. 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 statements of financial position, when required are only required if the effect of restatement is material to statement of financial position.

(b) 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 those items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendments in IAS 16 have no impact on financial statement of the company.

(c) 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 cost of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

(d) 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.

(e) IFRIC 21- Levies an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

(f) 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 of 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 the reportable segment.

(g) IAS 39 Financial Instrument: Recognition and measurement Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (Effective for annual periods beginning on or after 1 January 2014).The narrow scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one).

(h) Amendments to IAS 36 Impairment of Assets. Recoverable Amount Disclosure for Non-Financial Assets (Effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments to IAS 36 impairment of assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal.

Other than the aforesaid standards, interpretations and amendments, that International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

Standard	**IASB Effective date(annual period begning on or after)**
IFRS 9- Financial Instruments	01 January 2018
IFRS 10- Consolidated Financial Statements	01 January 2013
IFRS 11-Joint Arrangements	01 January 2013
IFRS 12-Disclosure of Interests in other Entities	01 January 2013
IFRS 13-Fair Value Measurement	01 January 2013
IFRS 14-Regulatory Deferral Accounts	01 January 2016
IFRS 15-Revenue from Contracts with Customers	01 January 2017

4.3 Property, Plant and Equipment

4.3.1 Owned

Property, plant and equipment, except freehold land and capital work-in progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at revalued amount less accumulated impairment losses, if any. Capital work-in-progress is stated at cost less accumulated impairment losses, if any and is transferred to the respective item of property, plant and equipment when available for intended use.

Maintenance and normal repairs are charged to profit and loss account, as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

An item of property, plant & equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) included in the Profit & Loss Account in the year the asset is derecognized.

The carrying values of the Property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exists and where the carrying values exceeds the recoverable amount, the assets are written down to the recoverable amounts.

Depreciation on all property, plant and equipment is charged to Profit and Loss Account on the reducing balance method, over its estimated useful life at annual rates mentioned in note 16 after taking into account their residual values. Depreciation on additions to property, plant and equipment is charged from the month in which property, plant and equipment is acquired or capitalized while no depreciation is charged for the month in which property, plant and equipment is disposed off.

Assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each financial year end.

4.3.2 Leased

Leases wherein the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease as referred to in note 9. The liabilities are classified as current and non-current depending upon the timing of the payment.

Minimum lease payments made under finance leases are apportioned between the finance cost and principal liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to Profit & Loss Account over the lease term.

Depreciation on leased assets is charged at the rates spefied in note 16 of the financial statements. Residual values and the useful lives of the assets are reviewed at least at each financial year-end and adjusted if impact of depreciation is significant.

4.4 Capital Work in Progress

Capital work in progress is stated at cost less any identified impairment loss.

4.5 Stock - in - trade

Stock of raw materials, work in process and finished goods are valued at lower of the weighted average cost and the net realizable value. The cost is determined as follows:-

Raw Materials & Work in Process	weighted average cost
Finished Goods	weighted average cost

Stock in transit is valued at cost comprising invoice value and other charges incurred thereon accumulated to the balance sheet date.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

4.6 Stores, spares & loose tools

These are valued at lower of cost and estimated net realizable value. The cost is determined on weighted average cost basis. Items in transit are valued at cost comprising invoice value and other charges thereon accumulated at the balance sheet date.

4.7 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the Income Tax Ordinance, 2001. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted after taking into account tax credits, rebates and exemptions, if any. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of tax. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent to which it is probable that taxable profits will be available against which the deductible temporary difference, unused tax loss, and tax credits can be utilized. Deferred tax is charged or credited to profit & loss account.

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 tax rates that have been enacted or substantially enacted at the balance sheet date.

4.8 Trade Debts

Debtors originated by the company are recognized and carried at the original invoice. Bad debts are written off, when identified.

4.9 Cash and Cash Equivalents

Cash and Cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise of cash in hand, balances with banks on current , saving and deposit accounts and short term borrowings under mark-up arrangements.

4.10 Trade and other payables

Trade and other payables are carried at the cost which is the fair value of the consideration to be paid in future for the goods and services received.

4.11 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at amortized cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost less subsequent repayments.

The company accounts for lease obligations by recording the asset and corresponding liability there against determined on the basis of discounted value of minimum lease payments. Financial Charges are recognized in the profit & loss account using the effective mark-up rate method.

4.12 Borrowing costs

Mark-up, interest and other direct charges on borrowings are capitalized to the related qualifying asset till substantially all the activities necessary to prepare the qualifying asset for its intended use are complete. All other mark-up, interest and related charges are charged to the profit & loss account in the year in which they are incurred.

4.13 Provisions

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

4.14 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistan rupees at monthly average rates. Monetary assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date. Exchange gains or losses are charged to Profit & Loss Account.

4.15 Financial Instruments

Financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. The particular measurement methods adopted are considered in individual policy statement associated with each item.

4.16 Offsetting of Financial Assets and Liabilities

A financial asset and financial liability is offset and net amount is reported in the balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets value and settle the liability simultaneously.

4.17 Impairments

The carrying amount of Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized.

4.18 Related Party Transactions

The Company enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Company to do so.

4.19 Staff Retirement Benefits

The company operates an unfunded gratuity scheme for all its permanent employees which provides for the graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employees last drawn salary.

Actuarial gains and losses are recognised in full in the period in which they occur in other comprehensive income. The most recent valuation was carried out as on June 30, 2014 using the "Projected Unit Credit Method".

During the year, the company has changed its accounting policy in respect of recognition of actuarial gains and losses. With effect from current year, the company has recognised actuarial gains and losses as they occur in other comprehensive income, instead of past policy, where actuarial gains and losses were recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for the plan at the end of previous reporting period exceeded 10% of the higher of present value of the defined benefit obligation and the fair value of plan assets at that date, and such gains or losses were recognised over the expected average remaining working lives of the employees.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

4.20 Effect on Balance Sheet

	2014 Rupees	2013 Rupees
Staff retirement benefits	-	131,301
Deferred Taxation	-	(45,955)
Unappropriated profit	-	-

4.21 Effect on other comprehensive income

Remeasurements chargeable in other comprehensive income	137,017	(131,301)

The effect of change in accounting policy,due to adoption of IAS-19 (Revised), on 'earnings per share' and Financial statement is immaterial. There is no cash flow impact as a result of the retrospective application of change in accounting policy.

4.22 Dividend and appropriations

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4.23 Surplus on Revaluation of Fixed Assets

The surplus arising on revaluation of fixed assets is credited to the "Surplus on Revaluation of Fixed Assets account" shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated January 13, 2003.

(a) Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

(b) An amount equal to incremental depreciation for the year net off deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to accumulated profit / (loss) through Statement of Changes in Equity to record realization of Surplus to the extent of the incremental depreciation charge for the year.

4.24 Revenue Recognition

- Revenue from sale is recognized on dispatch of goods to the customers.
- Gain on sale of property, plant and equipment is recorded when title is transferred in favour of transferee.
- Income from Banks is recognized when earned.

			2014 Rupees	2013 Rupees
5	**SHARE CAPITAL**			
	a) Authorized			
	200,000,000 (2013: 200,000,000) ordinary shares of Rs.10/- each		**2,000,000,000**	2,000,000,000
	b) Issued, Subscribed and Paid Up			
	- 137,419,189 (2013: 137,419,189) ordinary shares of Rs.10/- each fully paid up in cash		**1,374,191,890**	1,374,191,890
	- 22,580,811 (2013: 22,580,811) ordinary shares of Rs. 10/- each fully paid up for consideration other than cash		**225,808,110**	225,808,110
	- 16,000,000 (2013: 16,000,000) bonus shares of Rs.10/- each fully issued as bonus shares		**160,000,000**	160,000,000
			1,760,000,000	1,760,000,000
6	**RESERVES**			
	Capital Reserve	6.1	**126,978,994**	126,978,994
	Revenue Reserve			
	Un-appropriated (Loss)		**(166,154,716)**	(298,114,198)
			(39,175,722)	(171,135,204)

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

		2014 Rupees	2013 Rupees
7	**SURPLUS ON REVALUATION OF FIXED ASSETS**		
	Opening Balance of Revaluation Surplus	**1,623,639,657**	1,655,259,450
	Surplus transferred to retained earning (accumulated loss)		
	Incremental depreciation	**47,672,918**	48,645,835
	Deferred Tax effect	**(16,208,792)**	(17,026,042)
		31,464,126	31,619,793
		1,592,175,531	1,623,639,657

7.1 The company got its assets i.e. land, building, plant & machinery revalued on June 30, 2006 on the basis of current market prices by M/s Hasib Associates (Pvt.) Limited, an independent and approved valuers from Pakistan Banks Association. This amount was credited to Surplus on Revaluation of Fixed Assets account to comply with the requirements of section 235 of the Companies Ordinance, 1984. It includes surplus on revaluation of freehold land amounting to Rs.114.261 million (2013 Rs. 114.261 million).

			2014 Rupees	2013 Rupees
8	**LONG TERM LIABILITIES**			
	Loans from banking companies - secured	**8.1**	**149,850,000**	149,850,000
	Loans from related parties - unsecured	**8.2**	**331,755,841**	554,221,474
	Long Trem Creditors		**139,257,717**	-
			620,863,558	704,071,474

8.1	**LOANS FROM BANKING COMPANIES - SECURED**			
	Askari Bank Ltd. - Term Finance I	**8.1.1**	**-**	-
	National Bank of Pakistan	**8.1.2**	**149,850,000**	149,850,000
			149,850,000	149,850,000
			149,850,000	149,850,000

8.2	**LOANS FROM RELATED PARTIES - UNSECURED**			
	Directors & shareholders loan	**8.2.1**	**331,755,841**	554,221,474
			331,755,841	554,221,474

8.1.1 Term Finance facility of Rs. 50 million was availed from Askari Bank Limited that was secured against 1st charge on present and future assets of the company, personal guarantees of directors and additional collaterals along with group inter corporate guarantees. The loan has been paid in year 2012 and release of charge is under arrangements.

8.1.2 Demand Finance of Rs.150 million (2013: Rs. 150 million) was availed from National Bank of Pakistan payable in quarterly installments. The finance is secured against 1st joint pari pasu charge on entire present and future fixed assets of the sister conern Flying Board & Paper Products Limited company with 40% of margin, personal guarantees of sponsoring directors of the company and cross corporate gurantee of Flying Board & Paper Products Limited.

8.2.1 The directors have personally financed a portion of the expansion project and the loan is interest free. The repayment of the loan is made on availability of funds.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represents finance lease arrangement with Saudi Pak Leasing Company Limited for leasing of machinery. Lease rentals are payable on monthly basis in advance and include finance charges. The rate of mark-up used as discount factor (implicit in the lease) ranges from 15% to 18.6% per annum. Taxes, repairs, replacements and insurance costs are to be borne by the company. In the case of termination of agreement, the lessee has to pay the entire rent for un-expired period subject to certain credits. Purchase option can be exercised by the company.

	2014 Rupees			2013 Rupees		
Years	**Minimum lease payments**	**Finance charges**	**Present value of minimum Lease Payments**	**Minimum lease payments**	**Finance charges**	**Present value of minimum Lease Payments**
Not later than one year	**26,381,666**	**7,859,658**	**18,522,008**	27,860,286	8,367,711	19,492,575
Later than one year but not later five years	**-**	**-**	**-**	-	-	-
	26,381,666	**7,859,658**	**18,522,008**	27,860,286	8,367,711	19,492,575

			2014 Rupees	2013 Rupees
10	**LONG TERM DEPOSITS-** unsecured			
	Dealers	**10.1**	**2,805,000**	3,205,000
	Transporters	**10.2**	**10,200,340**	10,200,340
			13,005,340	13,405,340

10.1 These represents interest free security deposits from stockist and are repayable on cancellation of dealership or cessation of business. These are being utilized by the company in accordance with agreed terms.

10.2 These represents interest free security deposits from transporters and are repayable on cancellation of dealership or cessation of business. These are being utilized by the company in accordance with agreed terms.

			2014 Rupees	2013 Rupees (Restated)
11	**DEFERRED LIABILITIES**			
	Deferred Taxation	**11.1**	**562,540,286**	527,467,889
	Gratuity	**11.2**	**401,593**	558,736
			562,941,879	528,026,625

11.1	**Deferred Taxation - Net**		
	Taxable temporary differences - effect thereof		
	- Excess of accounting book value of fixed assets over their tax base	**1,287,614,514**	1,311,071,451
	Deductible temporary differences - effect thereof		
	- Gratuity	**(136,542)**	(149,602)
	- Minimun Tax	**(10,322,849)**	-
	- Unused tax losses	**(714,614,837)**	(783,453,960)
		562,540,286	527,467,889

11.2 The scheme provides for terminal benefits for all its permanent employees who attain the minimum qualifying period. Annual charge is made using the actuarial techniques of Projected Unit Credit Method.

			2014 Rupees (Restated)	2013 Rupees (Restated)
11.2.1	**Movement in Net liability recognized**			
	Net Liability at the beginning of the year		**558,736**	182,079
	Charge for the year	**11.2.3**	**269,174**	245,356
	Actuarial (Gain) or Loss		**(137,017)**	131,301
	Benefits paid during the year		**(289,300)**	-
			401,593	558,736
11.2.2	**Movement in Present value of defined benefit obligation**			
	Present value of defined benefit obligation		**558,736**	182,079
	Current service cost		**225,695**	221,686
	Interest Costs		**43,479**	23,670
	Actuarial (gain) / loss		**(137,017)**	131,301
	Benefits paid		**(289,300)**	-
			401,593	558,736
11.2.3	**Expenses recognized in Profit & loss account**			
	Current service cost		**225,695**	221,686
	Interest Costs		**43,479**	23,670
	Actuarial (gain) / loss		**-**	-
	Total amount chargeable to profit and loss account		**269,174**	245,356

			2014 Rupees	2013 Rupees
11.2.4	**Component of defined benefit costs (re-measured) recognised in other comprehensive income - as restated**			
	Re-Measurement of plan obligation		-	-
	Experience adjustment		137,017	(131,301)
	Total remeasurements chargeable in other comprehensive income		137,017	(131,301)
11.2.5	**Principal actuarial assumptions**			
	Discount rate		13.50%	10.50%
	Expected rate of increase in salaries per annum		12.50%	9.50%
	Average expected remaining working life time of Employees		10 Years	11 Years

Expected charge to profit& loss Account for the year ended June 30, 2015 amounts to Rs.226,692 in respect of gratuity.

			2014 Rupees	2013 Rupees
12	**TRADE AND OTHER PAYABLES**			
	Trade Payables		1,204,687,621	1,100,915,750
	Accrued liabilities		4,723,680	2,398,960
	Taxes and Other Govt. Levies payable		87,866,565	118,661,638
	Other liabilities		2,126,338	2,545,466
			1,299,404,204	1,224,521,814
13	**ACCRUED INTEREST / MARK-UP**			
	Mark-up on long term financing - secured		77,500,600	55,734,765
	Mark-up on short term financing - secured		15,327,118	15,327,118
	Finance lease		7,859,658	7,652,769
			100,687,376	78,714,652
14	**SHORT TERM FINANCES**			
	Loans from banking companies-secured	14.1	73,595,504	72,955,646
			73,595,504	72,955,646
14.1	**LOANS FROM BANKING COMPANIES-SECURED**			
	Banks - secured			
	Askari Bank Ltd.	14.1.1	-	-
	Albaraka Islamic Bank	14.1.2	18,038,614	17,398,756
	Bank of Punjab			
	Demand Finance I	14.1.3	47,102,600	47,102,600
	Demand Finance II	14.1.4	8,454,290	8,454,290
			73,595,504	72,955,646

14.1.1 A letter of credit (S/U 180 days) of Rs. 60 million was obtained from Askari Bank Limited that was secured against 1st charge on current assets of the company and 5th charge on all present and future assets of the company. During the year 2012, the company has paid all its liabilities regarding above said borrowing and release of charge is under arrangements.

14.1.2 A letter of credit facility usance / acceptance 180 days of Rs. 22.50 million (2013: Rs. 22.50 million) is obtained from Albaraka Islamic Bank with a sub limit of letter of guarantee of Rs. 0.20 million (2013: Rs. 0.20 million) to meet the contractual and import requirements of the company. The finance is secured against 2nd ranking charge over current assets of the company valuing Rs. 75 million, 4th ranking charge over current assets of the company for Rs.69 million, lien over import documents valuing Rs. 22.5 million and personal guarantee of all Directors of the company. Mark-up is charged as per bank's Schedule of charges.

14.1.3 Forced Demand Finance Facility of Rs. 60.904 million (2013: Rs. 60.904 million) obtained from The Bank of Punjab payable in twelve equal monthly installments. The demand finance attracts mark-up at average 1 months KIBOR + 300 BPS without floor and cap. The finance is secured against charge over current and future assets of the company and charge on fixed assets of M/s Poly Paper & Board Mills (Pvt) Ltd. and personal guarantees of directors of the both companies.

14.1.4 The Bank of Punjab has restructured / rescheduled demand finance by extending the repayment period till May 31, 2011. The outstanding markup till June 04, 2010 has converted into another demand finance facility repayable in twelve equal monthly installment of Rs 0.846 million. No markup is applicable on this demand finance II facility.

15 CONTINGENCIES AND COMMITMENTS

15.1 The Albaraka Islamic Bank has issued letter of guarantees on behalf of the company for the following:
- Excise Collection Office, Sindh Development & Maintenance amounting to Rs. 0.20 million

15.2 The Company has issued guarantees on behalf of their associated undertaking to various banks.

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

15.4 The company is in litigation with Bank of Punjab on markup charged by the bank on demand finance facility. Management has not accounted for markup during the year of 6.06 million (2013: Rs. 5.9 million) because management and legal advisor are confident that the case will be decided in favour of the company.

		2014	2013
		Rupees	Rupees
16 PROPERTY, PLANT & EQUIPMENT			
Operating assets - tangible	16.1	**4,714,339,709**	4,799,292,917
Capital Work in progress - at cost	16.4	**519,922,045**	234,132,718
		5,234,261,754	5,033,425,635

16.1 PROPERTY, PLANT & EQUIPMENT

	Land - free hold			Building			Plant & Machinery			Roads	Electric Installation	Tools & Equipments	Furniture Fixture & Equipments	Motor Vehicles	Leased Vehicle	Leased Machinery	Total Amount in Rupees
	Cost	Revaluation	Total	Cost	Revaluation	Total	cost	revaluation	Total								
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at July 1, 2013																	
Cost/Revaluation	6,276,246	114,261,254	120,537,500	292,730,850	287,101,651	579,832,501	2,291,025,653	2,458,637,095	4,749,662,748	5,514,865	15,043,285	1,137,802	1,524,309	21,160,885	-	28,800,000	**5,523,213,895**
Accumulated Depreciation	-	-	-	60,061,434	37,861,377	97,922,811	279,889,270	324,231,454	604,120,724	1,191,435	5,864,310	559,447	836,251	10,138,259	-	3,287,739	**723,920,976**
Net Book Value	6,276,246	114,261,254	120,537,500	232,669,416	249,240,274	481,909,690	2,011,136,383	2,134,405,641	4,145,542,024	4,323,430	9,178,975	578,355	688,058	11,022,626	-	25,512,261	**4,799,292,919**
Year ended June 30, 2014																	
Opening Net Book Value	6,276,246	114,261,254	120,537,500	232,669,416	249,240,274	481,909,690	2,011,136,383	2,134,405,641	4,145,542,024	4,323,430	9,178,975	578,355	688,058	11,022,626	-	25,512,261	**4,799,292,919**
Addition	-	-	-	-	-		5,760,120	-	5,760,120	-	2,192,000	253,561	-	2,282,500	-	-	**10,488,181**
Adjustments / Re-classifications	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	**-**
	6,276,246	114,261,254	120,537,500	232,669,416	249,240,274	481,909,690	2,016,896,503	2,134,405,641	4,151,302,144	4,323,430	11,370,975	831,916	688,058	13,305,126	-	25,512,261	**4,809,781,100**
Disposal (NBV)																	
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	**-**
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	**-**
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Depreciation Charge	-	-	-	4,653,388	4,984,805	9,638,193	40,232,328	42,688,113	82,920,441	86,469	995,849	62,062	68,806	1,159,326	-	510,245	**95,441,391**
Closing Net Book Value	6,276,246	114,261,254	120,537,500	228,016,028	244,255,469	472,271,497	1,976,664,175	2,091,717,528	4,068,381,703	4,236,961	10,375,126	769,854	619,252	12,145,800	-	25,002,016	**4,714,339,709**
As at June 30, 2014	**6,276,246**	**114,261,254**	**120,537,500**	**228,016,028**	**244,255,469**	**472,271,497**	**1,976,664,175**	**2,091,717,528**	**4,068,381,703**	**4,236,961**	**10,375,126**	**769,854**	**619,252**	**12,145,800**	**-**	**25,002,016**	4,714,339,709
As at June 30, 2013	6,276,246	114,261,254	120,537,500	232,669,416	249,240,274	481,909,690	2,011,136,383	2,134,405,641	4,145,542,024	4,323,430	9,178,975	578,355	688,058	11,022,626	-	25,512,261	**4,799,292,919**
Annual Rate of Depreciation	0%	0%		2%	2%		2%	2%		2%	10%	10%	10%	10%	10%	2%	

16.2 Deprecication for the year has been allocated as under

	Allocation	
	2014	2013
	Rs.	Rs.
Cost of goods sold	94,213,259	89,306,619
Administrative Expenses	1,228,132	1,299,890
	95,441,391	90,606,509

16.1 PROPERTY, PLANT & EQUIPMENT

	Land - free hold			Building			Plant & Machinery			Roads	Electric Installation	Tools & Equipments	Furniture Fixture & Equipments	Motor Vehicles	Leased Vehicle	Leased Machinery	Total Amount in Rupees
	Cost	Revaluation	Total	Cost	Revaluation	Total	cost	revaluation	Total								
	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at July 1, 2012																	
Cost/Revaluation	6,276,246	114,261,254	120,537,500	292,730,850	287,101,651	579,832,501	1,934,224,249	2,458,637,095	4,392,861,344	5,514,865	12,909,285	1,137,202	1,384,309	21,160,885	-	28,800,000	5,164,137,891
Revaluation																	
Accumulated Depreciation	-	-	-	55,313,079	32,774,841	88,087,920	245,520,527	280,672,156	526,192,683	1,103,202	4,993,776	495,185	761,097	8,913,523	-	2,767,081	633,314,467
Net Book Value	6,276,246	114,261,254	120,537,500	237,417,771	254,326,810	491,744,581	1,688,703,722	2,177,964,939	3,866,668,661	4,411,663	7,915,509	642,017	623,212	12,247,362	-	26,032,919	4,530,823,424
Year ended June 30, 2013																	
Opening Net Book Value	6,276,246	114,261,254	120,537,500	237,417,771	254,326,810	491,744,581	1,688,703,722	2,177,964,939	3,866,668,661	4,411,663	7,915,509	642,017	623,212	12,247,362	-	26,032,919	4,530,823,424
Addition	-	-	-		-	-	356,801,404	-	356,801,404	-	2,134,000	600	140,000		-	-	359,076,004
Adjustments / Reclassifications																	-
	6,276,246	114,261,254	120,537,500	237,417,771	254,326,810	491,744,581	2,045,505,126	2,177,964,939	4,223,470,065	4,411,663	10,049,509	642,617	763,212	12,247,362	-	26,032,919	4,889,899,428
Disposal (NBV)																	
Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation Charge	-	-	-	4,748,355	5,086,536	9,834,891	34,368,743	43,559,299	77,928,042	88,233	870,533	64,262	75,154	1,224,736	-	520,658	90,606,509
Closing Net Book Value	6,276,246	114,261,254	120,537,500	232,669,416	249,240,274	481,909,690	2,011,136,383	2,134,405,640	4,145,542,023	4,323,430	9,178,975	578,355	688,058	11,022,626	-	25,512,261	4,799,292,919
As at June 30, 2013	6,276,246	114,261,254	120,537,500	232,669,416	249,240,274	481,909,690	2,011,136,383	2,134,405,640	4,145,542,023	4,323,430	9,178,975	578,355	688,058	11,022,626	-	25,512,261	4,799,292,919
As at June 30, 2012	6,276,246	114,261,254	120,537,500	237,417,771	254,326,810	491,744,581	1,688,703,722	2,177,964,939	3,866,668,661	4,411,663	7,915,509	642,017	623,212	12,247,362	-	26,032,919	4,530,823,424
Annual Rate of Depreciation	0%	0%		2%	2%		2%	2%		2%	10%	10%	10%	10%	10%	2%	

16.2 Deprecication for the year has been allocated as under

	Allocation	
	2013	2012
	Rs.	Rs.
Cost of goods sold	89,306,619	87,921,195
Administrative Expenses	1,299,890	1,430,064
	90,606,509	89,351,259

		Note	2014 Rupees	2013 Rupees
16.3	Had there been no revaluation the carrying amount of the assets would be:			
	Land		**6,276,246**	6,276,246
	Building		**228,016,028**	232,669,416
	Plant & Machinery		**1,976,664,175**	2,011,136,383
			2,210,956,449	2,250,082,045
16.4	**CAPITAL WORK IN PROGRESS**			
	Building		**104,609,087**	91,033,763
	Plant & machinery		**415,312,958**	143,098,955
			519,922,045	234,132,718
17	**LONG TERM SECURITY DEPOSITS**			
	Lease key money		**23,200,000**	23,200,000
	Security deposits-WAPDA		**18,593,160**	18,593,160
			41,793,160	41,793,160
18	**STORES, SPARES AND LOOSE TOOLS**			
	Stores & Spares		**24,262,037**	11,769,389
	Furnace oil, coal & Lubricants		**140,073,338**	348,993,917
			164,335,375	360,763,306
19	**STOCK IN TRADE**			
	Raw & Packing Material		**63,494,371**	19,823,251
	Work in process	**24**	**289,340,981**	226,083,349
	Finished goods	**24**	**7,259,195**	6,724,493
			360,094,547	252,631,093
20	**TRADE DEBTS-** considered good though unsecured		**5,121,993**	**8,558,614**
21	**ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES**			
	Advances to suppliers - Unsecured, considered good		**63,530,553**	62,077,689
	Advances to staff - Unsecured, considered good		**207,400**	237,400
	Margin held by banks		**3,647,722**	2,925,032
	Advance Income Tax		**135,578,953**	61,345,475
	Sales tax refundable		**-**	21,387,002
	Other advances		**138,000**	138,000
			203,102,628	148,110,598
22	**CASH AND BANK BALANCES**			
	In Hand		**1,540,558**	1,288,294
	At Banks- current accounts		**2,092,512**	7,121,877
			3,633,070	8,410,171

			2014 Rupees	2013 Rupees
23	**SALES**			
	Gross Sales			
	Local - Cement		**2,541,222,743**	1,011,611,873
	Export		**22,605,846**	27,307,155
			2,563,828,589	1,038,919,028
	Less :			
	Sales Tax		**369,237,198**	140,589,967
	Excise Duty		**124,977,600**	53,987,600
	Rebate/Commission on Sales		**5,044,000**	3,111,960
			499,258,798	197,689,527
	NET SALES		**2,064,569,791**	841,229,501

			2014 Rupees	2013 Rupees
24	**COST OF SALES**			
	Raw Material Consumed		**54,174,462**	28,361,907
	Furnace Oil, Diesel, Coal and Lubricants consumed		**649,532,651**	432,432,642
	Atmospheric Loss		**10,513,928**	15,676,896
	Packing Material consumed		**146,720,083**	46,719,437
	Stores and Spares consumed		**4,728,545**	4,140,633
	Material Transfer to Associate		**-**	22,752,012
	Salaries , Wages and Benefits		**47,319,039**	30,855,913
	Water Charges		**430,622**	2,059,960
	Electricity		**972,252,950**	291,113,001
	Extraction Charges		**29,562,225**	7,312,750
	Repair and Maintenance		**3,717,468**	1,666,368
	Vehicle Running Expenses		**3,397,490**	3,160,470
	Communication		**290,586**	210,582
	Entertainment		**190,533**	111,916
	Rent Rates and Taxes		**2,000**	23,225
	Printing and Stationery		**245,136**	156,367
	Traveling and Conveyance		**1,001,444**	434,279
	Other manufacturing Expenses		**4,091,448**	2,014,549
	Depreciation	**16.2**	**94,213,259**	89,306,619
			2,022,383,869	978,509,526
	Work In Process			
	Opening stock		**226,083,349**	98,330,015
	Closing stock		**(289,340,981)**	(226,083,349)
			(63,257,632)	(127,753,334)
	Cost of Goods Manufactured		**1,959,126,237**	850,756,192
	Finished Goods			
	Opening stock		**6,724,493**	2,349,184
	Closing stock		**(7,259,195)**	(6,724,493)
			(534,702)	(4,375,309)
	Cost of Sales		**1,958,591,535**	846,380,883

		2014 Rupees	2013 Rupees
25	**DISTRIBUTION COST**		
	Salaries , Wages and Benefits	**3,083,487**	2,294,730
	Rent Rates and Taxes	**180,000**	180,700
	Traveling, Conveyance and Vehicle Running	**24,400**	47,149
	Printing and Stationery	**94,289**	74,250
	Communication	**25,930**	39,650
	Electricity, Water & Sui Gas	**13,710**	19,084
	Advertisement	**124,840**	95,625
	Entertainment & Miscellaneous	**31,107**	48,443
		3,577,763	2,799,631

Salaries , Wages and Benefits includes Rs.99,487/- (2013: Rs. Nil) in respect of gratuity.

			2014 Rupees	2013 Rupees
26	**ADMINISTRATIVE EXPENSES**			
	Salaries , Wages and Benefits	**26.1**	**3,384,949**	2,233,048
	Directors Remuneration		**6,650,000**	1,145,500
	Traveling, Conveyance and Vehicle Running		**772,012**	3,453,612
	Printing and Stationery		**25,943**	14,340
	Legal and Professional		**1,397,300**	1,299,000
	Communication		**710,666**	790,464
	Rent, Rates, Taxes and Other Charges		**58,963**	34,350
	Charity and Donation	**26.2**	**321,885**	245,935
	Fee and Subscription		**1,953,422**	944,879
	Insurance		**2,186,249**	174,200
	Entertainment & Miscellaneous		**16,000**	30,000
	Depreciation	**16.2**	**1,228,132**	1,299,890
			18,705,521	11,665,218

26.1 Salaries , Wages and Benefits includes Rs.169,687/- (2013: Rs. 245,356/-) in respect of gratuity.

26.2 The company had paid the charity and donation of Rs.321,885/-(2013: Rs.245,935/-) and directors or their spouses were not interested in the donee.

			2014 Rupees	2013 Rupees
27	**OTHER EXPENSES**			
	Workers' Profit Participation Fund		**8,171,069**	-
	Workers' Welfare Fund		**3,268,428**	-
	Auditors' Remuneration	27.1	**640,000**	540,000
			12,079,497	540,000
27.1	**Auditor's remuneration**			
	Tahir Siddiqi & Co.			
	-statutory audit		**550,000**	450,000
	Mumtaz Balouch & Co			
	-cost audit		**90,000**	90,000
			640,000	540,000
28	**FINANCE COST**			
	Lease Finance Charges		**238,757**	1,922,369
	Mark up on Long Term Loan		**21,765,835**	20,558,765
	Bank Charges and Commission		**865,693**	1,310,204
			22,870,285	23,791,338
29	**OTHER INCOME**			
	Creditors written off (Over Three Years)		102,596,695	73,697,968
			102,596,695	73,697,968

		2014 Rupees	2013 Rupees
30	**TAXATION**		
	Prior	**5,588,300**	8,133,949
	Current	**10,322,849**	-
		15,911,149	8,133,949
	Deferred (Income)/Expense		
	-Current	**50,187,550**	10,498,717
	-Gratuity	**(45,955)**	-
	-Rate Change	**(15,069,198)**	-
		50,983,546	18,632,666

31 EARNING / (LOSS) PER SHARE-BASIC

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

		2014	2013
	Profit before taxation	**151,341,885**	29,750,399
	Profit after taxation	**100,358,339**	11,117,733
		(No. of shares)	
	Weighted average number of ordinary shares	**176,000,000**	176,000,000
		(Rupees)	
31.1	Earning per share (before tax) - Basic	**0.86**	0.17
31.2	Earning per share (after tax) - Basic	**0.57**	0.06

32 NUMBER OF EMPLOYEES

	2014	2013
Total number of employees at the end of year.	**245**	236

33 RELATED PARTIES TRANSACTIONS

Related parties of the company comprise associated undertakings, directors, key employees and management personnel. Detail of transactions with related parties except remuneration and benefits to directors and management personnel under their terms of employment, are as under:

	2014	2013
Sales to Associated Companies	**-**	22,752,012
Purchases from Associated Companies	**83,515,835**	70,468,589

34 FINANCIAL RISK MANAGEMENT

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

- Market risk
- Credit risk
- Liquidity risk

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

The Company 's risk management policies are established to identify and analyse the risk faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are regularly reviewed to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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

34.1 Credit risk

The company's Credit risk exposures are categorized under the following heads:

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

	2014 Rupees	2013 Rupees
Trade debtors	**5,121,993**	8,558,614
Advances, deposits, prepayments and other receivables	**3,993,122**	3,300,432
Cash at banks	**2,092,512**	7,121,877
	11,207,627	18,980,923

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

The aging of trade receivables at the reporting date:

Not past due	**1,229,278**	1,882,895
Past due 1-30 days	**1,895,137**	2,909,929
Past due 31-60 days	**1,229,278**	2,225,240
Past due 61-90 days	**512,199**	855,861
Over 90 days	**256,100**	684,689
	5,121,993	8,558,614

Based on historic records, the company believes that no impairment allowance in respect of loans and receivables is required.

34.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The Company is not materially exposed to liquidity risk as substantially all obligations / commitments of the Company are short term in nature and are restricted to the extent of available liquidity. In addition, the Company has obtained finance facilities from various commercial banks to meet any deficit, if required to meet the short term liquidity commitments.

At June 30 , 2014	**Carrying amount**	**Contractual cash flows**	**Six months or less**	**Six to twelve months**	**One to two years**	**Two to five years**
Long term finances	481,605,841	481,605,841	-	-	-	481,605,841
Trade and other payable	1,211,537,639	1,211,537,639	1,211,537,639	-	-	-
Accrued Markup	100,687,376	100,687,376	100,687,376	-	-	-
Short term borrowings	73,595,504	73,595,504	73,595,504	-	-	-
Liabilities against assets subject to finance lease	18,522,008	18,522,008	18,522,008	-	-	-
	1,885,948,368	1,885,948,368	1,404,342,527	-	-	481,605,841

At June 30 , 2013	**Carrying amount**	**Contractual cash flows**	**Six months or less**	**Six to twelve months**	**One to two years**	**Two to five years**
Long term finances	704,071,474	704,071,474	-	-	-	704,071,474
Trade and other payable	1,105,860,176	1,105,860,176	1,105,860,176	-	-	-
Accrued Markup	78,714,652	78,714,652	78,714,652	-	-	-
Short term borrowings	72,955,646	72,955,646	72,955,646	-	-	-
Liabilities against assets subject to finance lease	19,492,575	19,492,575	19,492,575	-	-	-
	1,981,094,523	1,981,094,523	1,277,023,049	-	-	704,071,474

34.3 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rates only.

34.3.1 Interest rate risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments were:

	Effective rate in %		Carrying Amount (Rupees)	
	2014	2013	**2014**	2013
Financial Liabilities				
Variable Rate instruments:				
Short term borrowings	**13.17 to 13.18**	12.52 to 14.99	**73,595,504**	72,955,646
Long term borrowings	**14.22 to 14.68**	13.02 to 15.49	**149,850,000**	149,850,000
Lease financing	**15 to 18.6**	15 to 18.6	**18,522,008**	19,492,575

34.3.1.1 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 interest rate at the reporting date would not affect profit and loss account.

34.3.1.2 Cash flow sensitivity analysis for various rate instruments

A change of 100 basis points in interest rate at the reporting date would have increased / (decreased) profit or loss by amount shown below. This analysis assumes that all other variables, in a particular foreign currency rate (if any), remains constant. The analysis is performed on the same basis as for the previous year:-

	Rupees	Rupees
	Increase Profit	**Decrease Profit**
As at June 30, 2014	2,419,675	(2,419,675)
As at June 30, 2013	2,422,982	(2,422,982)

The sensitivity analysis prepared is not necessarily indicative of the effect on profit / (loss) for the year and assets / liabilities of the company.

34.3.2 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The company is not exposed to any price risk as there are no financial instruments at the reporting date that are sensitive to price fluctuations.

34.3.3 Currency Risk

Foreign currency risk is the risk that the value of financial assets or liabilities will fluctuate due to change in foreign exchange rates. It arises mainly where receivable and payable exist due to transactions entered into foreign currencies. The company is exposed to currency risk on import of machinery mainly dominated in US dollars. The company's exposed to foreign currency risk for US dollars is as follows:

	2014	2013
	Rupees	Rupees
Outstanding letter of credits	18,038,614	17,398,756
Average Rate	99.05	96.88
Reporting date rate	98.75	99.35

34.3.3.1 Sensitivity Analysis

At reporting date, if the PKR had strengthened by 10% against the foreign currencies with all other variables held constant, post-tax profit for the year would have been higher by the amount shown below, mainly as a result of net foreign exchange gain on translation of outstanding letter of credits.

The effect on profit and loss account is	1,803,861	1,739,876

The weakening of PKR against foreign currencies would have an equal but opposite impact on the post tax profit. The sensitivity analysis prepared is not necessarily indicative of the effects on (loss)/profit for the year and assets/liabilities of the Company.

34.4 Fair values of the financial instruments

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

35 Capital Risk Management

The Company's prime objective when managing capital is to safe guard its ability to continue as going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as debt divided by total capital employed. Total capital employed is calculated as equity as shown in the balance sheet plus debt.

	2014 Rupees	2013 Rupees
Total Borrowings	**573,723,353**	796,519,695
Total Equity	**1,720,824,278**	1,588,864,796
Total Capital Employed	**2,294,547,631**	2,385,384,491
Gearing Ratio	**25.00%**	**33.39%**

36 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

	Chief Executive		Director		Executives	
	2014 **Rupees**	2013 **Rupees**	**2014** **Rupees**	2013 **Rupees**	**2014** **Rupees**	2013 **Rupees**
Managerial remuneration	**756,000**	701,010	**5,985,000**	329,940	**1,800,000**	1,440,000
Medical allowance	**84,000**	77,890	**665,000**	36,660	**180,000**	144,000
	840,000	**778,900**	**6,650,000**	366,600	**1,980,000**	1,584,000
Numbers of Person(s)	**1**	1	**3**	1	**5**	3

37 PRODUCTION CAPACITY

	Installed Capacity		Actual production	
	2014 **Tons**	2013 Tons	2014 Tons	2013 Tons
Clinker	**600,000**	600,000	**317,361**	161,871
Cement	**600,000**	600,000	**317,198**	139,985

37.1 Under the present condition of the plant and keeping in view the past track record of production, the management has reviewed that achievable production capacity of the plant which is considered to be not more than 600,000 M.Tons per annum, at its maximum.

38 CASH AND CASH EQUIVALENTS

Cash & Bank Balances	**3,633,070**	8,410,171
Short term finances	**(73,595,504)**	(72,955,647)
	(69,962,434)	(64,545,476)

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 09, 2014 by the board of directors of the company.

40 GENERAL

- Figures in the financial statements have been rounded off to the nearest rupee.
- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.

Momin Qamar
Director

Agha Hamayun Khan
Chief Executive

Operating and Financial Data

Particulars	2014	2013	2012	2011	2010	2009
		(Restated)				
Operating Results (Rs.)						
Net Sales	2,064,569,791	841,229,501	1,307,903,515	723,948,685	80,616,760	666,072,160
Gross Profit / (Loss)	105,978,256	(5,151,382)	(169,394,484)	(163,017,463)	(159,072,514)	(148,958,014)
Pre tax profit / (loss)	151,341,885	29,750,399	(256,573,894)	(222,408,210)	(201,969,892)	(239,449,822)
After tax profit / (loss)	100,358,339	11,117,733	28,487,253	(145,941,419)	(172,173,547)	161,746,756
Financial Position (Rs.)						
Current Assets	736,287,613	778,473,782	618,103,131	529,559,977	692,300,326	673,708,476
Current Liabilities	1,502,531,941	1,395,684,687	1,088,722,485	808,323,585	745,860,161	673,113,384
Property, Plant & Equipments	5,234,261,754	5,033,425,637	4,940,369,960	4,901,092,134	4,856,004,029	4,754,732,832
Total Assets	6,012,342,527	5,853,692,579	5,600,266,251	5,454,762,161	5,548,304,355	5,428,441,308
Long Term Liabilities	633,868,898	717,476,814	792,874,495	677,953,874	600,716,992	340,609,791
Share Holder's Equity	1,720,824,278	1,588,864,796	1,546,258,571	1,485,506,223	1,598,524,077	1,737,102,148
Ratios (%)						
Current Ratio	0.49	0.56	0.57	0.66	0.93	1.00
Debt to Equity Ratio	25.00%	33.39%	35.14%	38.44%	0.38	0.20
Gross Profit to Sale Ratio	5.13%	-0.61%	-12.95%	-22.52%	-197.32%	-22.36%
Net Profit to Sales Ratio (before tax)	7.33%	3.54%	-19.62%	-30.72%	-250.53%	-35.95%
Earning Per Share (Ts.)						
Basic (before tax)	0.86	0.17	(1.46)	(1.26)	(1.15)	(1.36)
Basic (after tax)	0.57	0.06	0.16	(0.83)	(0.98)	(0.92)

PATTERN OF SHAREHOLDING AS AT 30TH JUNE 2014

No of Shareholders	Having Shares From	Having Shares To	Total Shares Held
548	1	100	27666
366	101	500	158418
1512	501	1000	964836
909	1001	5000	2306774
256	5001	10000	2077882
94	10001	15000	1205936
48	15001	20000	905592
48	20001	25000	1112016
16	25001	30000	453450
12	30001	35000	397050
11	35001	40000	426500
9	40001	45000	389800
18	45001	50000	886500
6	50001	55000	318649
6	55001	60000	356000
6	60001	65000	374850
1	65001	70000	66000
4	70001	75000	292000
1	75001	80000	80000
1	80001	85000	85000
1	85001	90000	85500
14	95001	100000	1398291
3	100001	105000	311500
2	105001	110000	211200
2	110001	115000	226500
1	115001	120000	120000
3	120001	125000	369500
1	125001	130000	130000
1	155001	160000	160000
1	160001	165000	164500
1	195001	200000	200000
1	200001	205000	204500
1	220001	225000	225000
1	230001	235000	233000
2	235001	240000	476000
2	295001	300000	600000
1	320001	325000	320265
1	325001	330000	330000
1	345001	350000	350000
1	355001	360000	356000
1	410001	415000	414168
2	510001	515000	1028500
1	540001	545000	540500
1	580001	585000	582500
1	645001	650000	647050
1	995001	1000000	1000000
1	1045001	1050000	1050000
1	1245001	1250000	1250000
1	2160001	2165000	2160050
1	2195001	2200000	2200000
1	2495001	2500000	2500000
1	3495001	3500000	3495624
1	3795001	3800000	3800000
1	3995001	4000000	4000000
1	5035001	5040000	5039280
1	6450001	6455000	6452500
1	7005001	7010000	7009400
1	7670001	7675000	7674500
1	8595001	8600000	8600000
1	9830001	9835000	9832007
1	11055001	11060000	11055550
1	14830001	14835000	14834314
1	15620001	15625000	15622798
1	16795001	16800000	16799549
1	29055001	29060000	29055035
3939	**Total**		**176,000,000**

CATEGORIES OF SHAREHOLDERS
AS AT 30TH JUNE 2014

Particulars	Shareholders	Shares held	Percentage
Directors, CEO, Spouce & Childern	12	112,071,933	63.6772
Associated Companies	1	7,674,500	4.3605
Banks, DFI, NBFI	2	6,477,500	3.6804
Modarabas, Mutual Funds	1	5	0.0000
General Public (Local)	3878	48,542,887	27.5812
General Public (Foreign)	20	222,800	0.1266
Others	25	1,010,375	0.5741
Total	**3939**	**176,000,000**	**100**

PATTERN OF SHAREHOLDING
ADDITIONAL INFORMATION AS AT 30th JUNE 2014

SHAREHOLDERS CATEGORY		No. of Shareholding
ASSOCIATED COMPANIES		
M/S.Flying Kraft Paper Mills (Pvt) Ltd		7674500
MUTUAL FUNDS		
First Equity Modaraba		
N.H.Capital Fund Limited		5
DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN		
Mr. Muhammad Tawassal Majid		1500
Mr. Kamran Khan		14834314
Mr. Momin Qamar		29070435
Mr. Yousaf Kamran Khan		9832007
Mr. Qasim Khan		647050
Mrs. Shaista Imran		5039280
Mrs.Samina Kamran		15622798
Mr. Asim Qamar		2160050
Mrs. Misbah Momin (W/O Mr. Momin Qamar)		7009400
Mr. Imran Qamar (Father of Mr. Asim Qamar)		16799549
Mr. Bilal Qamar (Brother of Mr. Asim Qamar)		11055550
EXECUTIVES		-
PUBLIC SECTOR COMPANIES AND CORPORATIONS		-
		6477500
BANKS, DEVELOPMENT FINANCILA INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES.		
OTHERS		1010375
SHAREHOLDERS HOLDING 5% OR MORE (other than those reported in Directors)		-
INDIVIDUALS	Local	48542887
(other than directors and their spouses)	Foreign	222800

The CEO, Directors, CFO, Head of Internal Auditors, Company Secretary and their spouses and minor children have made no Sale/Purchase in the shares of company during the financial year ended June 30, 2014.

FLYING CEMENT COMPANY LIMITED
21st Annual General Meeting

Registered Folio / Participant ID No.& A/c No.
No. of Shares Held

PROXY FORM

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

I /We ____
of ____ being a member of
FlyingCement Company Limited and holder of________Shares do hereby authorize________
of ____________________ another member of the company as my /ourproxy to attend and vote for me /us and on my /our behalfat the 21st Annual General Meeting of the Company to be held on Thursday, 31st October, 2014 at 10:00 hours at and any adjournment thereof.

Signature

Please affix Rupees Five revenue stamp

Witnesses:

1. Signature: ____________________
   Name ____________________
   Address: ____________________
   ____
   NIC or
   Passport # ____________________

2. Signature: ____________________
   Name ____________________
   Address: ____________________
   ____
   NIC or
   Passport # ____________________

Dated 2014

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AFFIX
CORRECT
POSTAGE

The Company Secretary,

Flying Cement Company Limited
103-Fazil Road, St. Jhon Park,
Lahore Cantt. Pakistan

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Fold Here

FLYING CEMENT COMPANY LIMITED

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Lahore Cantt-Pakistan

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