Lt Gen (R) Hamid Rab Nawaz, HI (M)
(Chairman)

Lt Gen (R) Muhammad Sabir, HI (M)
(Chief Executive/MD)

Mr. Qaiser Javed

Dr. Nadeem Inayat

Brig (R) Liaqat Ali , TI(M)

Brig (R) Agha Ali Hassan, SI(M)

Brig (R) Parvez Sarwar Khan, SI(M)

Mr. Max Kruse, IFU

Brig (R) Dr. Gulfam Alam
SI(M)

Brig (R) Sajjad Azam Khan, SI(M),T.Bt
Company Secretary

Board of Directors
Lt Gen (R) Hamid Rab Nawaz , (Chairman)
Lt Gen (R) Muhammad Sabir , (CE/MD)
Mr. Qaiser Javed
Dr. Nadeem Inayat
Brig (R) Liaqat Ali , TI (M)
Brig (R) Agha Ali Hassan, SI(M)
Brig (R) Parvez Sarwar Khan, SI (M)
Brig (R) Dr. Gulfam Alam, SI (M)
Mr. Max Kruse, IFU

Company Secretary
Brig (R) Sajjad Azam Khan, SI (M) T Bt
Fauji Tower Block III
68 Tipu Road Chaklala, Rawalpindi
Tel: (051) 9280075
Fax: (051) 9280416
E - mail: sajjad@fccl.com.pk
Web Site: http: //www.fccl.com.pk

Chief Financial Officer
Mr. Omer Ashraf
Tel: (051) 5500157

Human Resource Committee
Dr. Nadeem Inayat (President)
Mr.Qaiser Javed
Brig (R) Liaqat Ali, TI(M)
Brig (R) Sajjad Azam Khan ,SI(M),T.Bt (Secretary)

Audit Committee
Mr. Qaiser Javed (President)
Dr. Nadeem Inayat
Brig (R) Agha Ali Hassan, SI(M)
Brig (R) Dr. Gulfam Alam, SI(M)
Brig (R) Sajjad Azam Khan ,SI(M),T.Bt (Secretary)

Technical Committee
Brig (R) Dr. Gulfam Alam, SI(M) (President)
Brig (R) Liaqat Ali, TI(M)
Brig (R) Parvez Sarwar Khan, SI(M)
Mr. Rais Ahmed, Senior GM (Plant) (Secretary)

Auditors
M/s KPMG Taseer Hadi & Co,
Chartered Accountants
Fax No: (051) 2822671

Legal Advisors
M/s Orr Dignam & Co, Advocates
Fax No: (051) 2260653

Registration & Shares Transfer Officer
M/s CORPLINK (PVT) LIMITED
Wings Arcade, 1- K, Commercial,
Model Town, Lahore
Ph No: 042 -35839182, 35887262
Fax No: 042 - 35869037

Registered Office and Marketing and Sales Department:
Ist Floor, Aslam Plaza, 60 Adamjee Road,
Sadar, Rawalpindi-Pakistan.
Tel: (051) 5523836, 5528042, 5528960,
5528963-64
Fax: (051) 5528965-66

Factory
Near Village Jhang Bahtar, Tehsil Fateh Jang
District: Attock
Tel: 057-2538047-48, 2538138, 2538148-49
Fax: 057-2538025

Company Website
http://www.fccl.com.pk

Key Management

Mr. Rais Ahmad
Senior GM (Plant)

Mr. Shahid Ghazanfar
GM (Operations)

Mr. Siddiq Khan
GM (Maintenance)

Mr. Omer Ashraf
Chief Financial Officer

Brig (R) M. Zubair Tahir,SI(M)
GM (Procurement, HR & MIS)

Brig (R) Muhammad Sarwar, SI(M)
GM (Marketing & Sales)

Vision

To be a role model cement manufacturing Company, benefiting all stake holders and fulfilling corporate social responsibilities while enjoying public respect and good will.

Mission

While maintaining its leading position in quality of cement, maximize profitability through reduced cost of production and enhanced market share.

Our Values

Customers

We listen to our customers and improve our product to meet their present and future needs.

People

Our success depends upon high performing people working together in a safe and healthy work place where diversity, development and team work are valued and recongnized.

Accountability

We expect superior performance and results. Our leaders set clear goals and expectations, are supportive and provide and seek frequent feed back.

Citizen Ship

We support the communities where we do business, hold ourselves to the highest standards of ethical conduct and environment responsibility and communicate openly with FCCL people and the public.

Financial Responsibility

We are prudent and effective in the use of the resources entrusted to us.

FCCL, located at Jhang Bhatar District Attock, is a leading producer of Pakistan Cement Industry and a major concern of Fauji Foundation. Incorporated as a public limited company, it started its operations in 1997 on commissioning of its **3150** TPD F.L. Smidth Plant of DENMARK. Subsequently in 2005, the Plant capacity was enhanced to **3,885** TPD.

To cater for the expanding demand of Fauji Cement a new line of **7560** TPD has been erected and it production started on 30 May 2011. The new Plant is equipped with latest / state of art equipment and is also the first GERMAN plant of Pakistan Cement Industry. The Portland Cement produced at this plant is the finest in the Country. Major Equipment Suppliers are;

a. POLYSIUS AG Germany.

b. LOESCHE GmBH Germany (Vertical Cement Mills).

c. HAVOR & BOECKER Germany (Packing Plant).

d. ABB Switzerland (Electrical Equipment and PLC).

In pursuance of its commitment to ENVIORNMENT, the Company installed first ever Refuse Derived Fuel (RDF) Processing Plant at a cost of Rs. 320 Million. It has not only provided economical fuel but demonstrated a better way of disposing Municipal Garbage. In addition, this milestone achievement has shown the entire industrial sector the future path to follow.

FCCL is a **ISO 9001:2008** and **ISO 14001 : 2004** Certified Company with a total capacity of **11, 445** TPD and a strong and longstanding tradition of service, reliability and quality.

		2005	2006	2007	2008	2009	2010	2011
Profit								
Gross Profit Margin	%	38.01	51.12	31.52	18.56	31.75	13.54	17.35
Operating Profit Margin	%	34.75	47.64	28.74	16.96	30.98	9.61	12.48
Pre Tax Margin	%	26.68	41.48	22.76	12.82	26.75	8.53	10.29
After Tax Margin	%	17.94	28.08	18.66	11.66	18.96	6.57	8.98
Performance								
Return on total assets	%	8.20	19.42	10.10	3.32	4.70	0.93	1.32
Total assets turnover	Times	0.46	0.69	0.54	0.28	0.25	0.14	0.15
Fixed assets turnover	Times	0.63	0.97	0.81	0.50	0.28	0.16	0.18*
Return on paid up share capital	%	12.17	28.70	15.41	5.57	13.58	3.37	5.74
Leverage								
Debt Equity Ratio	Times	1.26	0.60	0.38	0.09	0.40	0.57	0.55
Current Ratio	Times	0.92	1.25	1.35	2.16	0.81	0.63	0.89
Quick Ratio	Times	0.88	1.13	1.23	2.06	0.74	0.60	0.80
Valuation								
Earnings per share (basic)	Rs	1.36	3.21	1.73	0.85	1.43	0.31	0.52
Breakup value per share (basic)	Rs	6.61	8.85	10.07	13.39	13.97	13.86	15.89
Breakup value per share (diluted)	Rs	5.84	7.83	8.91	12.51	13.06	12.95	14.84
Dividend per share	Rs	Nil	1.50	-	-	-	-	-
Dividend payout ratio	%	NA	31%	-	-	-	-	-
Market price per share (average)	Rs	12.76	19.38	20.09	16.06	6.49	6.67	4.72
Historical Trends								
Trading Results								
Sales-net	Rs' 000	2,845,143	4,286,138	3,463,283	3,545,902	5,314,538	3,808,455	4,742,593
Gross profit	Rs' 000	1,081,576	2,191,111	1,091,495	658,112	1,687,428	515,584	823,053
Operating profit	Rs' 000	988,673	2,041,984	995,285	601,518	1,646,233	366,117	592,075
Profit before tax	Rs' 000	759,039	1,777,687	788,180	454,564	1,424,517	324,911	488,153
Profit after tax	Rs' 000	510,490	1,203,735	646,323	413,598	1,007,623	250,179	425,661
Financial Position								
Shareholders equity	Rs' 000	2,449,624	3,282,617	3,735,206	9,283,981	9,690,689	9,610,685	11,014,017
Property, plant & equipment	Rs' 000	4,658,272	4,563,115	4,392,450	7,106,599	18,777,204	23,819,040	26,658,079
Working capital	Rs' 000	(90,112)	312,183	511,240	2,839,322	(387,648)	(1,217,421)	(592,614)
Non current liabilities	Rs' 000	2,567,218	1,648,292	1,223,195	715,751	9,131,299	12,784,399	12,623,072

*Including capital works in progress of Rs 21,608 million

General

1. The Directors of Fauji Cement Company Limited (FCCL) are pleased to present the 19th Annual Report together with audited financial statements of the Company for the year ended 30 June 2011 and Auditors' Report thereon.

New Line 7560 TPD Cement Plant Started Production

2. Erection and Commissioning of New Line with a Production capacity of 7560 TPD has been completed and Plant has started its trial production from June 2011. The Plant is equipped with latest and state of the art equipment and is a great value addition in Pakistan Cement Industry. New Line is the largest capacity single line and first GERMAN plant in Pakistan. Major Equipment Suppliers are;

a. POLYSIUS AG Germany
b. LOESCHE GmBH Germany (Vertical Cement Mills)
c. Havor & Boecker Germany (Packing Plant)
d. ABB Switzerland (Electrical Equipment & PLC)

Market Overview

3. Industry dispatches for the FY 2010-11 have been 31 Million MT including 22 Million MT domestic and 9 Million MT exports. There is a 8 % decrease in total dispatches of the Industry as compared to the last year, which were 35 Million MT including 24 Million MT domestic and 11 Million MT exports. The decrease in the domestic dispatches of the industry is 7 % and the decrease in exports is 12 %.

4. FCCL has dispatched 1,084,558 MT for the FY 2010-11 including 629,385 MT domestic and 455,173 MT exports. There has been a 20 % decrease in domestic dispatches and 37% increase in the export. Capacity utilization of FCCL in FY 2009-10 was 96 % and in FY 2010-11 has been 93%.

Production Review

5. Performance of the plant remained above satisfactory level with 93 % capacity utilization. Comparative production figures are given as under:-

		2010 ~ 11	2009 ~ 10
a.	Clinker (MT)	1,118,070	1,065,788
b.	Cement (MT)	1,101,677	1,128,258

Financial Performance

6. **Profitability.** The Company earned a Profit After Tax of Rs. 426 Million as compared to the last year's profit of Rs. 250 Million. The profit from operations increased from Rs. 366 Million to Rs. 592 Million depicting increase of 62 % owing to increase in cement prices.

7. **Contribution to National Exchequer.** The Company contributed a sum of Rs. 1,245 Million to the national exchequer in the form of taxes and duties during the year under review. Concurrently, Fauji Cement earned USD 26 Million through export of cement.

8. **Presentation of Financial Statements.** The financial statements prepared by the Management present the Company's state of affairs, the results of its operations, cash flows and changes in equity in a fair and accurate manner.

9. **Books of Account.** Proper books of account have been maintained.

10. **Accounting Policies.** Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

11. **Compliance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).** International Accounting Standards and International Financial Reporting Standards (IFRS) as applicable in Pakistan have been followed in preparation of financial statements.

12. **Internal Control System.** The system of internal control is sound in design and has been effectively implemented and monitored.

13. **Going Concern.** There is no doubt that the Company has the ability and strength to operate as a going concern.

14. **Best Practices of Corporate Governance.** There has been no material departure from the best practices of corporate governance, as given in the listing regulations.

15. **Financial Data of Last Six Years.** Key operating and financial data of last six years is given below:-

	2011	2010	2009	2008	2007	2006
Operating Results in Million						
Net Sales	4,742.593	3,808.455	5,314.538	3,545.902	3,463.283	4,286.138
Gross Profit	823.053	515.584	1,687.428	658.112	1,091.495	2,191.111
Operating Profit	592.075	366.117	1,646.233	601.518	995.285	2,041.984
Finance Cost	103.922	41.206	224.716	146.954	207.105	264.297
Profit after tax	425.661	250.179	1,007.623	413.598	646.323	1,203.735
Balance Sheet						
Shareholder's Equity	11,014,017	9,610.685	9,690.689	9,283,981	3,735.206	3,282.617
Fixed Assets	26,658.079	23,819.040	18,777.204	7,106.599	4,392.450	4,563.115
Long Term Loans (including current portion)	13,553.62	12,980.414	6,549.227	875.000	1,425.000	1,975.000
EPS (Rs)						
Basic	0.52	0.31	1.43	0.85	1.73	3.21
Diluted	0.34	0.30	1.36	0.77	1.53	2.84

16. **Dividend.** Due to the heavy investment in construction of its New Line, company has not declared any dividend for its share holders.

17. **Outstanding Statutory Dues.** The Company does not have any outstanding statutory dues.

18. **Provident Fund.** Value as on 30 June 2011 is given below:-

Management Staff	Non-Management Staff
Rs. 98.59 Million	Rs. 53.49 Million

19. **Salient Aspects of Company's Control and Reporting Systems.** The Company complies with all the requirements of the Code of Corporate Governance as contained in the listing regulations of the Stock Exchanges. The Board's primary role is the protection and enhancement of long term shareholders' value. To fulfil this role, the Board is responsible to implement overall corporate governance in the Company including approval of the strategic direction as recommended by the Management, approving and monitoring capital expenditure, appointing, removing and creating succession policies for the senior management, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and Management Information Systems. It is also responsible for approving and monitoring financial and other reporting. The Board has delegated responsibility for operation and administration of the Company to the Chief Executive / Managing Director. Responsibilities are delineated by formal authority delegations. The Board has constituted the following committees which work under the guidance of Board of Directors:-

a. Audit Committee.

b. Technical Committee.

c. Human Resource Committee.

Attendance of Meetings

20. During the year under review, attendance by each director is given below:-

a. **Board of Directors** — **No of Meetings Attended**

	Board of Directors		No of Meetings Attended
(1)	Lt Gen (R) Hamid Rab Nawaz, HI (M)	-	6
(2)	Lt Gen (R) Javed Alam Khan, HI (M)	-	4
(3)	Lt Gen (R) Muhammad Sabir, HI (M)	-	2
(4)	Mr. Qaiser Javed	-	6
(5)	Brig (R) Rahat Khan, SI (M)	-	6
(6)	Dr. Nadeem Inayat	-	6
(7)	Brig (R) Liaqat Ali, TI (M)	-	5
(8)	Brig (R) Agha Ali Hassan, SI (M)	-	6
(9)	Brig (R) Parvez Sarwar Khan SI (M)	-	6
(10)	Mr. Max Kruse	-	-

b. **Audit Committee**

			No of Meetings Attended
(1)	Mr. Qaiser Javed	-	5
(2)	Brig (R) Rahat Khan, SI (M)	-	5
(3)	Dr. Nadeem Inayat	-	4
(4)	Brig (R) Agha Ali Hassan, SI (M)	-	3

c. **Human Resource Committee.**

(1)	Dr. Nadeem Inayat	-	1
(2)	Mr. Qaiser Javed	-	1
(3)	Brig (R) Liaqat Ali, TI(M)	-	1

d. **Technical Committee.**

(1)	Brig (R) Rahat Khan, SI (M)	-	5
(2)	Brig (R) Liaqat Ali , TI (M)	-	3
(3)	Brig (R) Parvez Sarwar Khan, SI(M)	-	5

Note: Chief Financial Officer (CFO) and Internal Auditor were invariably invited to attend the meetings of Audit Committee. External Auditors were also invited to attend two meetings of Audit Committee, wherein, issues related to annual and half year's financial statements were discussed.

Disclosures

21. To the best of our knowledge, the Directors, CEO, CFO, Company Secretary, Company Auditors, their spouses and their minor children have not undertaken any trading in shares of the Company during the FY 2010-11.

Pattern of Share-holding

22. Pattern of share-holding as on 30 June 2011 is attached.

Relations with Company Personnel

23. Relations between the management and the workers continued to be extremely cordial based on mutual respect and confidence contributing to optimal efficiency. The Company has allocated funds for Provident Fund and Profit Participation Fund for its employees.

Corporate Social Responsibilities

24. **Awards, Acknowledgment, Certifications.** Fauji Cement has a pro-active approach towards fulfilment of Corporate Social Responsibilities whether it is sustainable environment safeguard measures, community development programs or employees welfare steps. The measures taken by Fauji Cement have been acknowledged by the society and concerned authorities through different awards.

.

a. **National CSR Award 2010**

As an acknowledgment to the measures taken by Fauji Cement for fulfilling Corporate Social Responsibility, it has been awarded with the award for extraordinary steps.

Lt. Col. Muhammad Abrar Aslam (Retired), Manager Admin receiving 5th National CSR Award 2010

b. **Annual Environmental Excellence Award 2011**

Fauji Cement Company has been awarded the environmental excellence award for last 2 consecutive years, keeping in view pro-active measures taken & further planned to safeguard sustainable environment for the next generations.

Mr. Rais Ahmed, Senior GM Plant, receiving 8th Annual Environment Excellence Award 2011

c. **FPCCI Best Regional Export Award 2010**

FCCL has won the FPCCI Best Regional Export Award in October 2010

"Brig Muhammad Sarwar, GM (Marketing & Sales) receiving
FPCCI Best Regional Export Award from the President of Pakistan

d. **UNEP Acknowledgment**

United Nations Environment Program "Billion Tree Campaign" has also acknowledged Tree Plantation being done by Fauji Cement, . The Company plans to plant more than 50,000 Trees in next couple of years. This year FCCL has planted more than 6,000 trees.

25. **Education Facilities** English Medium Secondary School is being run by Fauji Cement with 553 students from Class Nursery to Class 10. Regular efforts and resources are utilized to improve school's standards and facilities.

26. **Children Park** A fine children Park has been added in Factory Area for local community.

27. **Medical Facility** is being provided to the local community through Company Operated Medical Dispensary. The facility is equipped with necessary equipment and MBBS Doctors are available, including a lady Doctor.

28. **Employees Welfare Activities**

a. **Canteen for Company Employees** is being up graded with a vision to provide up to mark dining facility. Moreover, Fauji Cement has enhanced its share in meals costs, so as to minimize impact of inflation transfer to the employees.

b. **Sports Gala** is planned in the month of September / October for employees of Fauji Cement. Different matches (Badminton, Table Tennis, Cricket) will be held among different teams and individuals. Winners will be awarded with certificates in a gracious ceremony.

c. **Health & Safety.** Company considers Health & Safety as one of the top priorities and continuous investment on safety and health is part of the annual budgets. All employees have been provided with PPE (Personal Protection Equipment).

d. **Fire Safety** is a matter of concern for Machinery as well the employees working at Plant. Fire Extinguishers worth 1.8 Million have been procured and placed at Plant in 2011, whereas, a Fire Tender has been ordered and is expected to arrive at Plant in 3~4 months.

29. **Donation to Flood Affectees of Sindh.** The Company donated Rupees one Million to Flood Affectees of Sindh.

Change of Chief Executive / Managing Director

30. On retirement of Lt Gen Javed Alam Khan, HI (M) (Retired) Lt Gen Muhammad Sabir, HI(M) (Retired), has been appointed as Managing Director and Chief Executive of the Company with effect from 24 February 2011. The Board while welcoming the new CEO, also places on record it appreciation for the commendable services rendered by Lt Gen Javed Alam Khan, HI(M) (Retired).

Change of Directors

31. As a result of resignation tendered by Mr. Riyaz H. Bokhari, and Brig Rahat Khan (Retd) from Directorship Mr. Max Kruse and Brig Dr. Gulfam Alam (Retd) have been appointed as Directors of the Company with effect from 10 December 2010 and 11 August 2011 respectively.

32. The Board expresses its appreciation for the valuable advice and services rendered by the outgoing Directors and welcomes the new Directors on the Board.

External Auditors

33. The present Auditors M/s KPMG Taseer Hadi & Co, Chartered Accountants will stand retired at the conclusion of the 19th Annual General Meeting. However, they have expressed their willingness for re-appointment. They have also been recommended by the Audit Committee.

Product Quality

34. FCCL has always endeavoured to produce the best quality cement in Pakistan which is amply reflected in the premium price & its high demand, both inside & outside the country. As a company, FCCL is focused on customer's satisfaction, employees morale and fair deal to its partner in the business. The company has a well designed & effectively practiced “Quality Policy”.

35. **ISO 14001:2004 Certification**

Fauji Cement fully complies with national & International regulations pertaining to environment aspect and is always conscious about industrial development impact over the environment. Fauji Cement is 14001:2004 certified by Moody International and endorsed by UKAS International.

36. **ISO 9001:2008 Certification** . Fauji Cement is certified for compliance to the latest Quality Assurance Standards. The Certification is audited by Moody International & endorsed by UKAS International.

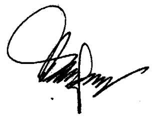
Acknowledgement

37. The Directors express their deep appreciation to valued share holders, customers, Company's employees for hard work and commitment and financial institutions / government agencies, for their cooperation which enabled the company to achieve good operational results.

Conclusion

38. The Board is of the opinion that with sustained efforts and ALLAH's Blessings, the Company will remain on its way to the success.

For and on behalf of the Board



Rawalpindi
20 September 2011

Lt Gen (R) Hamid Rab Nawaz, HI(M)
Chairman

This Statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby, a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board comprises nine directors, out of whom only one is an executive director. Remaining eight (including the Chairman) are non-executive directors.

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

3. All the resident directors of the Company have confirmed that they 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. Casual vacancies occurring in the Board as a result of resignation by directors were filled up by the directors expeditiously as per clause (vi) of Code of Corporate Governance.

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

6. The Board has developed a vision and mission statement, overall corporate strategy and significant policy guidelines for the Company. The Management has further elaborated these guidelines into detailed control systems. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained. The same are being updated.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. All the Directors of the Board are fully conversant with their duties and responsibilities as Directors. No orientation course for Directors and officials of the Company was conducted during the period under review.

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

11. The Directors' Report for FY 2010-2011 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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

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

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

15. The Company has complied with approval of transactions with related parties as per Karachi Stock Exchange notice No. KSE/N-269 dated 19 January 2009.

16 The Board has formed an Audit Committee. It comprises four members and all of them are non-executive directors including the President of the Committee.

17. The meetings of the Audit Committee were held at least once a quarter prior to approval of interim and annual results of the Company as required by the Code. The Committee is following the terms of reference as given in the Code of Corporate Governance.

18. The Board has set up an effective internal audit function. The officials conducting internal audit are considered suitably qualified and experienced for the purpose; and are conversant with the policies and procedures of the Company and they are involved in internal audit function on full time basis.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the

Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

21. We confirm that all other material principles contained in the Code have been appropriately complied with to ensure transparency, accountability and efficiency.

Lt Gen Hamid Rab Nawaz, HI (M) (Retired)
Chairman
NIC No 13101-0409535-9

Rawalpindi
20 September 2011

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

Telephone + 92 (51) 282 3558
+ 92 (51) 282 5956
Fax + 92 (51) 282 2671
Internet www.kpmg.com.pk

We have reviewed the Directors' Statement of Compliance with the best practices ("the Statement") contained in the Code of Corporate Governance prepared by the Board of Directors of Fauji Cement Company Limited, ("the Company") to comply with the Listing Regulation No. 35 of Karachi Stock Exchange (Guarantee) Limited, Listing Regulation No. 35 of Lahore Stock Exchange (Guarantee) Limited and Chapter XI of the Listing Regulation of Islamabad Stock Exchange (Guarantee) Limited, where the Company is listed.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justification for using such alternative pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

KPMG Taseer Hadi & Co.

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
Muhammad Rehan Chughtai

ISLAMABAD
September 20, 2011

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

Telephone + 92 (51) 282 3558
+ 92 (51) 282 5956
Fax + 92 (51) 282 2671
Internet www.kpmg.com.pk

We have audited the annexed balance sheet of Fauji Cement Company Limited ("the Company") as at 30 June 2011 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 financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion-

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting polices consistently applied;

  (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2011 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KPMG Taseer Hadi & Co.

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
Muhammad Rehan Chughtai

ISLAMABAD
September 20, 2011

	Note	2011 Rupees'000	2010 Rupees'000
SHARE CAPITAL AND RESERVES			
Share capital	4	**7,419,887**	7,419,887
Advance against issue of shares	5	**861,871**	-
Reserves	6	**2,732,259**	2,190,798
		11,014,017	9,610,685
Subordinated loan - unsecured	7	**3,189,000**	400,000
NON - CURRENT LIABILITIES			
Long term financing - secured	8	**11,805,480**	11,909,030
Fair value of derivative	9	**-**	72,026
Deferred liability - compensated absences	10	**22,674**	14,707
Deferred tax liability - net	11	**794,918**	788,636
CURRENT LIABILITIES			
Trade and other payables	12	**1,290,968**	1,698,674
Markup accrued		**444,297**	349,130
Short term borrowings - secured	13	**1,901,333**	865,727
Current portion of long term financing	8	**1,748,142**	1,071,384
		5,384,740	3,984,915
		32,210,829	26,779,999

CONTINGENCIES AND COMMITMENTS 14

The annexed notes 1 to 39 form an integral part of these financial statements.

These financial statements were authorised for issue by the Board of Directors of the Company in their meeting held on September 20, 2011.

Chief Executive

	Note	2011 Rupees'000	2010 Rupees'000
NON - CURRENT ASSETS			
Property, plant and equipment	15	**26,658,079**	23,819,040
Long term advance	16	**4,500**	5,400
Long term deposits and prepayments	17	**756,124**	884,841
CURRENT ASSETS			
Stores, spares and loose tools	18	**2,444,173**	1,060,533
Stock in trade	19	**493,922**	96,684
Trade debts	20	**36,960**	24,514
Advances	21	**40,733**	46,981
Trade deposits, short term prepayments and balances with statutory authority	22	**769,467**	601,364
Interest accrued		**836**	567
Other receivables	23	**27,188**	47,858
Cash and bank balances	24	**978,847**	192,217
		4,792,126	2,070,718
		32,210,829	26,779,999

Director

	Note	2011 Rupees'000	2010 Rupees'000
SALES	25	**5,788,302**	4,902,396
Less: Government levies	25	**(1,045,709)**	(1,093,941)
NET SALES		**4,742,593**	3,808,455
Less: Cost of sales	26	**(3,919,540)**	(3,292,871)
GROSS PROFIT		**823,053**	515,584
Other income	27	**28,053**	27,220
Distribution cost	28	**(74,149)**	(47,737)
Administrative expenses	29	**(147,938)**	(103,490)
Other operating expenses	30	**(36,944)**	(25,460)
Finance cost	31	**(103,922)**	(41,206)
NET PROFIT BEFORE TAXATION		**488,153**	324,911
Taxation	32	**(62,492)**	(74,732)
NET PROFIT AFTER TAXATION		**425,661**	250,179
Earnings per share - Basic (Rupees)	33.1	**0.52**	0.31
Earnings per share - Diluted (Rupees)	33.2	**0.34**	0.30

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

	2011 Rupees'000	2010 Rupees'000
Net profit after taxation	**425,661**	250,179
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedge-net	**84,062**	(296,741)
Total comprehensive income	**509,723**	(46,562)

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

	Note	2011 Rupees'000	2010 Rupees'000
Cash flows from operating activities			
Net profit before taxation		**488,153**	324,911
Adjustments for:			
Depreciation		**392,137**	327,130
Provision for compensated absences		**28,134**	19,435
Reversal of provision for bad debt		**-**	(1,567)
Workers' (Profit) Participation Fund including interest and WWF		**36,033**	25,407
Finance cost		**103,858**	40,284
Loss/ (gain) on disposal of property, plant and equipment		**140**	(982)
Interest income including interest on long term deposit		**(9,898)**	(12,544)
		550,404	397,163
Operating cash flows before working capital changes		**1,038,557**	722,074
(Increase)/ decrease in stores and stocks		**(1,780,878)**	18,312
Decrease in long-term deposits and prepayments		**15,559**	124,142
Decrease in long-term advance		**900**	900
Decrease in retention money		**-**	(143,739)
(Increase)/ decrease in trade debts		**(12,446)**	31,694
Decrease/ (increase) in advances		**6,248**	(9,622)
Increase in trade deposits, short term prepayments and balance with statutory authority		**(146,507)**	(373,013)
Decrease/ (increase) in other receivables		**20,670**	(2,390)
Increase in trade and other payables		**240,901**	206,935
		(1,655,553)	(146,781)
Cash (used in)/ generated from operations		**(616,996)**	575,293
Compensated absences paid		**(17,424)**	(13,825)
Payment to Workers' (Profit) Participation Fund		**(17,534)**	(75,874)
Taxes paid		**(84,314)**	(106,678)
Net cash (used in)/ generated from operating activities		**(736,268)**	378,916
Cash flows from investing activities			
Additions in property, plant and equipment excluding borrowing cost capitalized		**(1,402,563)**	(3,006,336)
Proceeds from disposal of property, plant and equipment		**4,809**	4,324
Interest received on bank deposits		**9,629**	12,694
Net cash used in investing activities		**(1,388,125)**	(2,989,318)
Cash flows from financing activities			
Repayment of long term finances		**-**	(325,000)
Proceeds from long-term loans		**3,289,000**	4,244,000
Advance against issue of shares - net		**854,614**	-
Dividend paid on ordinary shares		**(8)**	(7)
Dividend paid on preference shares		**(33,443)**	(16,721)
Proceeds from short term borrowings		**607,284**	379,090
Payment of guarantee premium and other cost		**(11,238)**	-
Finance cost paid		**(2,223,508)**	(1,375,549)
Net cash generated from financing activities		**2,482,701**	2,905,813
Increase in cash and cash equivalents		**358,308**	295,411
Cash and cash equivalents at beginning of the year		**125,580**	(169,831)
Cash and cash equivalents at end of the year	34	**483,888**	125,580

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

	Share capital		Advance against issue of shares	Capital reserve		Revenue reserve	Total
	Ordinary	Preference		Share premium	Hedging reserve	Accumulated profit	
	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000
Balance as at June 30, 2009	6,932,895	486,992	-	1,833,709	(499,830)	936,923	9,690,689
Total comprehensive income							
Profit for the year	-	-	-	-	-	250,179	250,179
Other comprehensive income	-	-	-	-	(296,741)	-	(296,741)
Total comprehensive income	-	-	-	-	(296,741)	250,179	(46,562)
Transaction with owners							
Dividend on preference shares Rs.0.68 per share	-	-	-	-	-	(33,442)	(33,442)
Total transaction with owners	-	-	-	-	-	(33,442)	(33,442)
Balance as at June 30, 2010	6,932,895	486,992	-	1,833,709	(796,571)	1,153,660	9,610,685
Total comprehensive income							
Profit for the year	-	-	-	-	-	425,661	425,661
Other comprehensive income	-	-	-	-	84,062	-	84,062
Total comprehensive income	-	-	-	-	84,062	425,661	509,723
Transfer during the year	-	-	-	-	105,880	-	105,880
Transaction with owners							
Dividend on preference shares Rs.1.37 per share	-	-	-	-	-	(66,885)	(66,885)
Advance received against issue of right shares	-	-	861,871	-	-	-	861,871
Cost incurred in connection with right issue	-	-	-	(7,257)	-	-	(7,257)
Total transaction with owners	-	-	861,871	(7,257)	-	(66,885)	787,729
Balance as at June 30, 2011	6,932,895	486,992	861,871	1,826,452	(606,629)	1,512,436	11,014,017

The annexed notes 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

1.LEGAL STATUS AND OPERATIONS

1.1 Fauji Cement Company Limited ("the Company") is a public limited company incorporated in Pakistan on 23 November 1992 under the Companies Ordinance, 1984. The Company commenced its business with effect from 22 May 1993. The shares of the Company are quoted on the Karachi, Islamabad and Lahore Stock Exchanges in Pakistan. The principal activity of the Company is manufacturing and sale of ordinary portland cement. The Company's registered office is situated at Aslam Plaza, Adamjee Road, Rawalpindi.

1.2 The Company is in the process of setting up a new cement manufacturing line. For this purpose, the Company has entered into agreements with M/s Polysius AG, M/s Loesche GmbH, M/s ABB Schweiz AG and M/s Haver and Boecker OHG for supply of machinery and related services and M/s Descon Engineering Limited for EPC related work.

2.BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

2.4 Use of estimates and judgements

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

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

.

Judgments made by the management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4.1 Property, plant and equipment

The Company regularly reviews appropriateness of the rate of depreciation, useful life, residual value used in the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

2.4.2 Provision for inventory obsolescence and doubtful receivables

The Company reviews the net realisable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditures to make the sales. Further the carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

2.4.3 Taxation

In making the estimates for income taxes payable by the Company, the management refers to the applicable law and the decisions of appellate authorities on certain issues in the past.

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

2.4.4 Contingencies

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate provision is made.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2011:

-IAS 24 Related Party Disclosures (revised 2009) – (effective for annual periods beginning on or after 1 January 2011). The revision amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The amendment would result in certain changes in disclosures.

-Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

-Amendments to IFRIC 14 IAS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. These amendments result in prepayments of contributions in certain circumstances being recognised as an asset rather than an expense. This amendment has no impact on Company's financial statements.

-Improvements to IFRSs 2010 – In May 2010 the IASB issued improvements to IFRSs 2010 which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after 1 January 2011. The amendments include list of events or transactions that require disclosure in the interim financial statements, add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments and fair value of award credits under the customer loyalty programmes to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments will result in increased disclosures in the financial statements.

-IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

-IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

-IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments have no impact on financial statements of the Company.

-Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

-Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) - (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets, including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement. The amendments have no impact on financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

3.1 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any.

Deferred

Deferred tax liabilities are recognized for all major taxable temporary differences and deferred tax assets are recognized to the extent that is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is accounted for using the balance sheet liability method in respect of all major taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of tax. The amount of deferred tax recognized is based on expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date.

Taxable temporary difference are adjusted by the portion of income expected to fall under presumptive tax regime in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. The effect of the adjustment is charged or credited to income currently

3.2 Property, plant and equipment

Property, plant and equipment except freehold land and capital work in progress are stated at cost less accumulated depreciation and impairment loss, if any. Freehold land and capital work in progress are stated at cost less allowance for impairment, if any. Cost of property, plant and equipment includes acquisition cost, borrowing cost during construction phase of relevant asset and other directly attributable costs including trial run production expenses (net of income, if any). Transfers from capital work in progress are made to the relevant category of property, plant and equipment as and when the assets are available for use in the manner intended by the Company's management.

Depreciation is charged to income on the straight line method so as to write off the depreciable amount of the property, plant and equipment over their estimated useful lives at the rates specified in note 15. Depreciation on depreciable assets is commenced from the month the asset is available for use upto the date when the asset is disposed off.

The cost of replacing a major item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced item is derecognized. The cost of the day to day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposals with the carrying amount of property, plant and equipment and are recognized on net basis within "other income" in profit or loss.

3.3 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. For non-financial assets, financial assets measured at amortized cost, available-for-sale financial assets that are debt securities, the reversal is recognised in profit and loss account. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in eqity.

3.4 Stores, spares and loose tools

Stores, spares and loose tools are valued at weighted average cost except for items in transit which are stated at cost incurred upto the balance sheet date less impairment, if any. For items which are slow moving and/ or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence

.

3.5 Stock in trade

Stock of raw material, except for those in transit, work in process and finished goods are valued principally at the lower of average cost and net realizable value. Stock of packing material is valued principally at moving average cost less impairment, if any. Cost of work in process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon less impairment, if any.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to be incurred in order to make a sale.

3.6 Foreign currency transactions

Transactions in foreign currencies are recorded into local currency at the rates of exchange prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated at exchange rates prevailing at the balance sheet date. Exchange differences are included in the profit and loss account.

3.7 Revenue recognition

Revenue from sale of goods is recognized when significant risks and rewards of ownership are transferred to the buyer. Scrap sales and miscellaneous receipts are recognised on realised amounts. Profit on deposits and advances is accounted for on a time proportion basis using the applicable rate of interest.

3.8 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, markup bearing borrowings are stated at originally recognized amount less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the profit and loss account over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset as explained in note 3.10.

3.9 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and assets and liabilities are stated at fair value and amortized cost as the case may be. The Company de-recognizes the financial assets and liabilities when it ceases to be a party to such contractual provision of the instrument.

Trade and other payables

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

Trade debts and other receivables

Trade debts and other receivables are recognized at original invoice amount less allowance for impairment, if any. Known bad debts are written off, when identified.

Off-setting of financial assets and liabilities

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

3.10 Borrowing cost

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs relate to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

3.11 Staff retirement benefits

Provident fund

The Company operates a defined contributory provident fund scheme for permanent employees. Monthly contributions are made to the fund @ 10% of the basic salary both by the Company and employees. The Company's contribution is charged to the profit and loss account.

Compensated absences

The Company also provides for compensated absences to its employees on unavailed leaves according to the Company's policy. Charge for the year is included in profit and loss account.

3.12 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, deposits at banks and running finances.

3.13 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.14 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.15 Dividend

Dividend on ordinary shares is recognized as a liability in the period in which it is declared. Dividend on preference shares is recognized as a liability when the conditions as agreed with the preference shareholders are fulfilled.

4 SHARE CAPITAL

ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2011 Number '000	2010 Number '000		2011 Rupees '000	2010 Rupees '000
		Ordinary shares		
171,310	171,310	Ordinary shares of Rs. 10 each fully paid in cash	**1,713,105**	1,713,105
199,433	199,433	Ordinary shares of Rs. 10 each issued at a discount of Rs. 3.85 per share - paid in cash	**1,994,325**	1,994,325
322,546	322,546	Ordinary shares of Rs. 10 each issued at a premium of Rs. 6 per share-paid in cash	**3,225,465**	3,225,465
693,289	693,289		**6,932,895**	6,932,895
		Preference shares (note 4.1)		
48,699	48,699	Preference shares of Rs. 10 each issued at a discount of Rs. 3.85 per share - paid in cash	**486,992**	486,992
741,988	741,988		**7,419,887**	7,419,887

AUTHORIZED SHARE CAPITAL

This represents 1,451,300,813 (2010 : 951,300,813) ordinary shares of Rs. 10 each and 48,699,187 (2010 : 48,699,187) preference shares of Rs. 10 each.

4.1 Preference shares have the following characteristics :

(I) Entitling the holder to receive cumulative preferential dividend in the event the Company has funds available from operations to pay the preferential dividend, it is profitable and current on its debt service obligations.

Year ending	Amount of dividend Rupees '000
2012	175,573
2013	210,687
2014	227,408
2015	240,785

(ii) Convertible into ordinary shares at any time without further payment, such conversion being irreversible once exercised.

(iii) Except as provided above, having the same rights as ordinary shares in the Company including pari passu voting rights with ordinary shares.

4.2 Fauji Foundation holds 186,239,020 (2010 : 186,239,020) ordinary shares and 48,699,187 (2010 : 48,699,187) preference shares of the Company at the year end. In addition Fauji Fertilizer Company Limited, Fauji Fertilizer Bin Qasim Limited and Fauji Oil Terminal & Distribution Company Limited hold 93,750,000 (2010 : 93,750,000) , 18,750,000 (2010 : 18,750,000) and 18,750,000 (2010: 18,750,000) ordinary shares respectively of the Company at the year end.

5 ADVANCE AGAINST ISSUE OF SHARES

Pursuant to the approval of shareholders in the meeting held on 22 March 2011, the Company announced issue of shares to members at a price of Rs. 5 per share (at a discount of Rs. 5 per share) by way of right share in proportion of 92 shares for every 100 shares held by them. Advance against issue of shares represent subscription money received towards right issue upto the year end. The balance amount has been received subsequent to the year end and the Company has issued 637,826,339 right shares accordingly.

6 RESERVES

	Note	2011 Rupees'000	2010 Rupees'000
Capital			
Share premium		**1,826,452**	1,833,709
Hedging reserve	**6.1**	**(606,629)**	(796,571)
Revenue			
Accumulated profit		**1,512,436**	1,153,660
		2,732,259	2,190,798

6.1 Hedging reserve

	Note	2011 Rupees'000	2010 Rupees'000
Fair value of cross currency swap		**(346,569)**	(444,674)
Recycling effect when hedge item effected the profit and loss account		**(365,940)**	(351,897)
Less: Transfer during the year	**6.1.1**	**105,880**	-
		(606,629)	**(796,571)**

6.1.1 During the year, the Company has terminated the hedging arrangement and the balance in hedging reserve is being amortised over the remaining period of related loan.

7 SUBORDINATED LOAN - Unsecured

This represents unsecured sub-ordinated loan provided by Fauji Foundation (FF, the major sponsor). This loan was subordinate to all senior lenders. This loan carried mark-up at 6 month's KIBOR plus 2.3% per annum starting to accrue after 2 year grace period from the date of first drawdown. Subsequent to the year end, the Company has repaid this loan to FF in its entirety out of the proceeds of right issue.

8 LONG TERM FINANCING-Secured

- Loans from banking companies-under mark up arrangements

Lender	Note	2011	2010	Rate of interest per annum	Outstanding installment	Interest payable
		Rupees'000				
Syndicate Finance	8.1	**3,700,000**	3,700,000	6 month's KIBOR + 2%	11 semi annual installments ending February 16, 2017	Semi annual
The Royal Bank of Scotland N.V.	8.2	**7,547,961**	7,499,689	6 month's LIBOR + 0.8%	12 semi annual installments ending May 7, 2017	Semi annual
National Bank of Pakistan		**1,500,000**	1,500,000	6 month's KIBOR + 2.25%	13 semi annual installments ending January 19, 2018	Semi annual
Faysal Bank Limited		**500,000**	-	6 month's KIBOR + 2%	7 semi annual installments ending January 7, 2015	Semi annual
Habib Bank Limited		**384,000**	384,000	6 month's KIBOR + 2.5%	10 semi annual installments ending July 20, 2016	Semi annual
Less: Unamortized portion of transaction cost		**(78,339)**	(103,275)			
		13,553,622	12,980,414			
Less: Current portion shown under current liabilities		**(1,748,142)**	(1,071,384)			
		11,805,480	11,909,030			

8.1 This is a syndicated term finance facility obtained from consortium of banks consisting of Allied Bank Limited, United Bank Limited, Bank Alfalah Limited, Pak Libya Investment Company Limited, Bank of Khyber, Bank Al Habib Limited, My Bank Limited and Soneri Bank Limited.

8.2 This foreign currency loan facility is an Export Credit Agency (Euler Hermes Kreditversicherungs-AG (Hermes)) backed term finance facility obtained through The Royal Bank of Scotland N.V. During the year, the Company's foreign lender agreed to enhance the grace period of the loan by one year. As a result, the first installment now falls due in November 2011 whereas total tenure remains the same.

8.3 The above facilities are secured by way of creation of 1st pari passu mortgage over the immovable property of the Company and hypothecation charge over all current and future assets of the Company with 25% margin. Allied Bank Limited is the security trustee and inter creditor agent on behalf of all the first pari passu lenders.

9 FAIR VALUE OF DERIVATIVE

During the year, the Company has terminated the hedging arrangement for foreign currency loan and accordingly has settled the related liability.

	2011 Rupees'000	2010 Rupees'000
10 DEFERRED LIABILITY - compensated absences		
Compensated absences		
Balance at beginning of the year	20,452	14,842
Add: Charge for the year	28,134	19,435
	48,586	34,277
Less: Amount paid during the year	(17,424)	(13,825)
	31,162	20,452
Less: Amount transferred to current liabilities	(8,488)	(5,745)
	22,674	14,707

As per the rules of compensated absences, unavailed leaves up to 30 days are payable at the time of retirement. Compensated absences over and above the period of 30 days are paid to the employees as per the Company policy. Therefore the balance of unavailed compensated absences over that period has been transferred to current liabilities. Actuarial valuation has not been carried out as the impact is considered immaterial.

	2011 Rupees'000	2010 Rupees'000
11 DEFERRED TAX LIABILITY - Net		
Deductible temporary differences		
Unused tax losses	-	(88,026)
Taxable temporary difference		
Excess of accounting book value of fixed assets over their tax base	794,918	876,662
	794,918	788,636

12 TRADE AND OTHER PAYABLES	Note	2011 Rupees'000	2010 Rupees'000
Creditors	12.1	207,636	315,661
Accrued liabilities		396,935	251,176
Retention money		235,052	136,714
Security deposits		49,345	40,366
Advances from customers		183,267	81,252
Current portion of fair value of cross currency swap	9	-	372,648
Swap fee payable		-	324,128
Workers' (Profit) Participation Fund	12.2	26,206	17,470
Workers' Welfare Fund		9,763	6,508
Federal excise duty payable		44,562	50,676
Other liabilities		60,568	60,619
Compensated absences		8,488	5,745
Dividend payable on preference shares		66,885	33,442
Unclaimed dividend		2,261	2,269
		1,290,968	1,698,674

12.1 This includes an amount of Rs. 42.2 million (2010: Rs. 50 million) payable to Fauji Foundation, an associated undertaking which represents payments made on the Company's behalf. This is unsecured, interest free and payable on demand.

12.2 Workers' (Profit) Participation Fund (WPPF)	**2011 Rupees'000**	2010 Rupees'000
Balance at beginning of the year	**17,470**	74,952
Interest on funds utilised in the Company's business	**64**	922
Allocation for the year	**26,206**	17,470
Payment to the fund during the year	**(17,534)**	(75,874)
	26,206	17,470
Allocation for the year is made up as follows:		
Profit for the year before tax, WPPF and WWF	**524,122**	349,396
Charge for the year at the rate of 5%	**26,206**	17,470

13 SHORT TERM BORROWINGS - secured

The Company has short term finance and morahaba facilities limits to the tune of Rs. 3,380 million (2010: Rs. 1,630 million) from banking companies. These facilities are secured against first pari passu/ranking charge by way of hypothecation over the present and future assets of the Company (excluding land and building) retaining 25% margin. These facilities carry markup ranging from 11%-16.28% per annum of the utilized amount and payable on quarterly basis.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

a) The Custom Authorities allowed release of plant and machinery imported by the Company at concessionary rates of duty in terms of SRO 484(1)/92 dated May 14, 1992 against an undertaking provided by the Company. Subsequent to the release of plant and machinery, the Custom Authorities raised a demand of Rs. 828.343 million in respect of items which are considered by the Federal Board of Revenue (FBR) as not qualifying for the concessionary rate of duty. The status of the cases out of the above amount are as follows:

(I) Case for Rs. 347.048 million was decided in the Company's favour by the Sindh High Court (SHC).

(ii) Case for Rs. 15.797 million was decided by SHC against the Company.

Both the above cases are pending in appeals before the Supreme Court of Pakistan.

(iii) Case for Rs. 87.442 million is pending before SHC.

(iv) Demand for Rs. 39.285 million is pending with Custom Authorities.

(v) A demand of Rs. 20.257 million has been raised by the Assistant Collector of Customs on September 21, 2004 and the Company has asked for details of this claim.

(vi) Remaining amount of Rs. 318.514 million has been claimed by Custom Authorities by revising the total demand of custom duty as being short levied as per letter No. SI/NISC/IB/191/96-VI dated 31 December 1999.

The Company filed an application before FBR under Section 47A of the Sales Tax Act, 1990 and Section 195C of the Customs Act, 1969 for constitution of an Alternate Dispute Resolution Committee (ADRC) on the above cases. The proceedings of ADRC were concluded and final recommendations were forwarded to FBR. FBR has informed the Company that recommendations of ADRC are not acceptable and advised the Company to plead the cases in the above referred court of law. The management of the Company is confident of a favourable outcome.

b) The Company is contesting a claim for damages in civil court, filed by a supplier of raw materials upon termination of its contract of services. Arbitrators of the case have ascertained a liability of Rs. 32.979 million payable by the Company out of which Rs. 14.923 million has been provided for in these financial statements. The net liability of Rs. 18.056 million so arising, has not been accounted for, as the management is confident that the case will ultimately be decided in favour of the Company.

c) The Company is contesting a claim for damages amounting to Euros 833,120 equivalent Pak Rs. 64.15 million in a tribunal of Arbitrators filed by a supplier of plant and machinery against which the Company has filed a counter claim of Euros 410,914 equivalent Pak Rs. 31.64 million and Rs. 11.284 million (less the aggregate sum of equivalent Pak Rs. 21.33 million previously recovered/adjusted by the Company). The arbitrators have given their recommendations with the dissenting note by the arbitrator of the supplier. Therefore, the case was referred to the umpire who had also given his recommendations on July 8, 2009. The supplier had to file these recommendations in the court of law for getting court decree within 90 days from the above referred date which time period has lapsed on October 8, 2009. The management believes that since the right of supplier to go to the court has lapsed, the Company has a strong position to challenge the award in case the supplier approaches the court again. No liability has been accounted for as the management is confident that the Company has strong grounds to argue the case.

d) The Company is contesting a claim of damages amounting to Rs. 19.75 million filed by a supplier of plant and machinery arising from encashment by the Company of bank guarantee amounting to Rs. 5.32 million which is appearing under payables in these financial statements. The case is currently in High Court. No provision has been made against any liability as the management is confident that the case will be decided in favour of the Company.

e) Competition Commission of Pakistan (CCP) has issued a show cause notice dated October 28, 2008 to 21 cement manufacturers (including the Company) under section 30 of the Competition Ordinance, 2007 and imposed a penalty of Rs. 266 million on the Company. The cement manufacturers (including the Company) have filed a review petition in Lahore High Court (Court) and also challenged the CCP order in the Court . Based on expert legal advice, the management is confident that the case will be decided in favour of the Company.

f) The Company is contingently liable in respect of guarantees amounting to Rs. 335 million (2010: Rs. 311 million) issued by banks on behalf of the Company in the normal course of business. These guarantees are secured against margin/lien on bank deposits and against first pari passu ranking charge by way of hypothecation over the present and future assets of the Company (excluding land and building) retaining 25% margin.

g) For tax related contingency refer note 32.1

14.2 Commitments

a) Contracted capital commitments of Rs. 193 million (2010: Rs.202 million) in respect of new cement manufacturing line. The Company has entered into agreements with various suppliers for the construction of new line with 7,200 tons per day clinker capacity.

b) The Company has opened letters of credit for the import of machinery, spare parts and coal valuing Rs. 564 million (2010: Rs. 137 million).

15 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Building on freehold land	Plant, machinery and equipment	Office equipment	Computers	Electric installation and other equipment	Furniture and fittings	Motor vehicles	Quarry road and development	Capital work in progress (note 15.1)	Total
	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000
Cost											
Balance as at 01 July 2009	141,246	1,510,752	5,474,625	8,432	32,644	76,457	12,050	128,676	27,855	14,538,067	21,950,804
Additions during the year	-	-	146,800	827	13,313	5,095	2,759	21,845	-	5,181,669	5,372,308
Disposals	-	-	-	-	(84)	-	-	(6,522)	-	-	(6,606)
Transfers	-	157,067	1,131,458	-	-	-	-	-	-	(1,288,525)	-
Balance as at 30 June 2010	141,246	1,667,819	6,752,883	9,259	45,873	81,552	14,809	143,999	27,855	18,431,211	27,316,506
Balance as at 01 July 2010	141,246	1,667,819	6,752,883	9,259	45,873	81,552	14,809	143,999	27,855	18,431,211	27,316,506
Additions during the year	-	708	40,530	160	7,618	1,959	6,793	14,412	-	3,163,945	3,236,125
Disposals/adjustments	-	(13,177)	-	-	(693)	(300)	-	(10,987)	-	13,177	(11,980)
Transfers	-	630	-	-	-	-	-	-	-	(630)	-
Balance as at 30 June 2011	141,246	1,655,980	6,793,413	9,419	52,798	83,211	21,602	147,424	27,855	21,607,703	30,540,651
Depreciation											
Balance as at 01 July 2009	-	695,680	2,285,127	5,597	25,178	66,339	7,266	60,558	27,855	-	3,173,600
Depreciation charge for the year	-	60,455	229,722	732	8,132	2,964	1,225	23,900	-	-	327,130
On disposals	-	-	-	-	(20)	-	-	(3,244)	-	-	(3,264)
Balance as at 30 June 2010	-	756,135	2,514,849	6,329	33,290	69,303	8,491	81,214	27,855	-	3,497,466
Balance as at 01 July 2010	-	756,135	2,514,849	6,329	33,290	69,303	8,491	81,214	27,855	-	3,497,466
Depreciation charge for the year	-	65,861	290,206	767	6,837	2,728	1,710	24,028	-	-	392,137
On disposals	-	-	-	-	(477)	(255)	-	(6,299)	-	-	(7,031)
Balance as at 30 June 2011	-	821,996	2,805,055	7,096	39,650	71,776	10,201	98,943	27,855	-	3,882,572
Carrying amounts - 2010	141,246	911,684	4,238,034	2,930	12,583	12,249	6,318	62,785	-	18,431,211	23,819,040
Carrying amounts - 2011	141,246	833,984	3,988,358	2,323	13,148	11,435	11,401	48,481	-	21,607,703	26,658,079
Rates of depreciation	-	4%	4%	15%	33.33%	10%-15%	15%	25%	10%		

		Note	2011 Rupees'000	2010 Rupees'000
15.1	**Capital work in progress**			
	Advances	15.1.1	**12,283**	280,689
	Plant and machinery		**12,526,713**	11,557,119
	Civil works		**4,341,529**	4,187,458
	Directly attributable expenditure	15.1.2	**4,727,178**	2,405,945
			21,607,703	18,431,211
			21,607,703	18,431,211

15.1.1 Advances

	2011 Rupees'000	2010 Rupees'000
Advances for civil works	**1,399**	70,251
Advances for plant and machinery	**10,884**	210,438
	12,283	280,689

15.1.2 Directly attributable expenditure

This mainly includes capitalized borrowing cost of Rs. 4,070 million (2010: Rs. 2,236 million) and pre-commissioning and testing expenses of Rs. 236 million of new cement line net of sales of Rs. 111.7 million. Borrowing cost has been capitalized at a capitalization rate of 14.94% (2010:14.46 %) per annum.

15.1.3 The new line started trial run operations in June 2011while commercial operations are expected to start in the first quarter of 2011-12.

15.2	Depreciation charge for the year has been allocated as follows:	2011 Rupees'000	2010 Rupees'000
	Cost of sales	**379,106**	310,389
	Distribution cost	**5,670**	6,231
	Administrative expenses	**7,361**	10,510
		392,137	327,130

15.3 Detail of disposals during the year is as follows:

	Original cost Rupees'000	Book value Rupees'000	Sale proceeds Rupees'000	(Loss)/gain Rupees'000	Mode of disposal
Motor vehicle	1,672	1,254	164	(1,090)	As per Company's policy to employee
Motor vehicle	1,225	664	235	(429)	-do-
Motor vehicle	1,774	807	172	(635)	-do-
Motor vehicle	1,343	645	672	27	-do-
Computer	131	82	-	(82)	-do-
Motor vehicle	1,353	1,244	1,289	45	Insurance claim
Motor vehicle	616	52	615	563	Auction
Aggregate detail of assets disposed-off having book value of less than Rs 50,000	3,866	201	1,662	1,461	
2011	**11,980**	**4,949**	**4,809**	**(140)**	
2010	6,606	3,342	4,324	982	

		Note	2011 Rupees'000	2010 Rupees'000
16	**LONG TERM ADVANCE - Considered good**			
	Sui Northern Gas Pipelines Limited	16.1	**5,400**	6,300
	Less: Amount receivable within 12 months shown under current assets		**(900)**	(900)
			4,500	5,400

16.1 This represents long term advance for construction of gas pipeline. It is repayable annually in equal installments over 6 years and carries mark-up @ 1.5% per annum.

		Note	2011 Rupees'000	2010 Rupees'000
17	**LONG TERM DEPOSITS AND PREPAYMENTS**			
	Islamabad Electric Supply Company Limited		**61,592**	61,592
	Sui Northern Gas Pipelines Limited		**25,011**	25,011
	Prepaid insurance		**-**	15,559
	Prepaid guarantee fee	17.1	**669,521**	782,679
			756,124	884,841

17.1 This represents premium paid to Euler Hermes Kreditversicherungs-AG (Hermes) for guarantee issued to a lender as a security against long term loan for construction of new cement manufacturing line.

		Note	2011 Rupees'000	2010 Rupees'000
18	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**1,544,574**	530,196
	Spares (Including items in transit of Rs. 21.8 million (2010: Rs. 13.7 million)	18.1	**885,945**	516,683
	Loose tools		**13,654**	13,654
			2,444,173	1,060,533

18.1 This includes spares stated at net realizable value of Rs. 4.89 million (2010 : Rs 4.89 million).

		2011 Rupees'000	2010 Rupees'000
19	**STOCK IN TRADE**		
	Raw and packing material	**203,592**	52,078
	Work in process	**210,041**	11,195
	Finished goods	**80,289**	33,411
		493,922	96,684

20 TRADE DEBTS

	2011 Rupees'000	2010 Rupees'000
Unsecured		
Considered good	**31,825**	24,491
Considered doubtful	**3,281**	3,281
	35,106	27,772
Secured considered good	**5,135**	23
Less: Provision for doubtful debts	**(3,281)**	(3,281)
	36,960	24,514

21 ADVANCES

	Note	2011 Rupees'000	2010 Rupees'000
Advances - Considered good			
To suppliers		**32,804**	42,861
To employees		**416**	1,256
Due from associated undertaking -unsecured	21.1	**6,613**	1,964
Current portion of long term advance		**900**	900
		40,733	46,981

21.1 This represents amount due from Fauji Foundation Resident Director Office, Karachi. This relates to normal business operations of the Company and is interest free.

22 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND BALANCES WITH STATUTORY AUTHORITY

	2011 Rupees'000	2010 Rupees'000
Deposits	**18,847**	17,325
Prepayments	**7,048**	5,991
Advance tax-net	**163,521**	141,925
Sales tax refundable -net	**536,096**	364,882
Special excise duty refundable	**43,955**	71,241
	769,467	601,364

23 OTHER RECEIVABLES

	2011 Rupees'000	2010 Rupees'000
Other receivables-Considered good	**8,121**	28,791
Margin on letter of guarantee	**19,067**	19,067
	27,188	47,858

24 CASH AND BANK BALANCES

	Note	2011 Rupees'000	2010 Rupees'000
Cash at banks			
Deposit accounts	24.1 & 24.2	**88,360**	163,354
Current accounts		**890,477**	28,599
		978,837	191,953
Cash in hand		**10**	264
		978,847	192,217

24.1 Balances with banks include Rs. 49.34 million (2010 : Rs. 40.37 million) in respect of security deposits received.

24.2 Deposits of Rs. 4 million (2010 : Rs. 4 million) with banks are under lien for letters of guarantee issued on behalf of the Company.

25 SALES - Net

		2011 Rupees'000	2010 Rupees'000
Sales	- Local	**3,864,232**	3,696,878
	- Export	**1,924,070**	1,205,518
		5,788,302	4,902,396
Less:	Sales tax	**555,889**	513,223
	Excise duty	**484,257**	577,241
	Export development surcharge	**5,563**	3,477
		1,045,709	1,093,941
		4,742,593	3,808,455

		Note	2011 Rupees'000	2010 Rupees'000
26	**COST OF SALES**			
	Raw materials consumed		**279,254**	233,889
	Packing material consumed		**356,182**	320,124
	Stores and spares consumed		**25,986**	19,405
	Salaries, wages and benefits (including retirement benefits of Rs. 25.5 million (2010 : Rs. 20.7 million)		**308,169**	224,949
	Rent, rates and taxes		**5,706**	4,441
	Insurance		**24,214**	15,412
	Fuel consumed		**1,917,064**	1,337,948
	Power consumed		**704,585**	692,496
	Depreciation	15.2	**379,106**	310,389
	Repairs and maintenance		**146,664**	92,146
	Technical assistance		**1,693**	4,042
	Vehicle running and maintenance expenses		**15,876**	13,215
	Printing and stationery		**1,607**	1,278
	Travelling and conveyance		**7,824**	6,655
	Communication, establishment and other expenses		**7,797**	6,631
			4,181,727	3,283,020
	Add: Opening work-in-process		**11,195**	41,405
	Less: Closing work-in-process		**(210,041)**	(11,195)
	Cost of goods manufactured		**3,982,881**	3,313,230
	Add: Opening finished goods		**33,411**	50,332
	Less: Closing finished goods		**(80,289)**	(33,411)
			3,936,003	3,330,151
	Less: Own consumption capitalized		**(16,463)**	(37,280)
			3,919,540	3,292,871
27	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank deposits		**9,807**	12,439
	Interest on long term advance		**91**	105
			9,898	12,544
	Income from assets other than financial assets			
	(Loss)/gain on disposal of property, plant and equipment		**(140)**	982
	Others		**18,295**	13,694
			28,053	27,220

28 DISTRIBUTION COST

	Note	2011 Rupees'000	2010 Rupees'000
Salaries, wages and benefits (including retirement benefits of Rs. 3.9 million (2010 : Rs. 2.9 million)		**38,885**	26,868
Export freight and other charges		**-**	1,101
Travelling and entertainment		**13,953**	2,351
Vehicle running and maintenance expenses		**1,976**	2,042
Rent, rates and taxes		**3,464**	3,013
Repairs and maintenance		**228**	318
Printing and stationery		**1,192**	979
Depreciation	15.2	**5,670**	6,231
Communication, establishment and other expenses		**4,688**	2,841
Advertisement and sale promotion expenses		**3,919**	3,048
Reversal of provision for doubtful debts		**-**	(1,567)
Insurance		**174**	512
		74,149	47,737

29 ADMINISTRATIVE EXPENSES

	Note	2011 Rupees'000	2010 Rupees'000
Salaries, wages and benefits (including retirement benefits Rs. 7.2 million (2010: Rs. 5 million)		**89,224**	58,358
Travelling and entertainment		**4,896**	4,962
Vehicle running and maintenance expenses		**6,219**	5,435
Insurance		**496**	636
Rent, rates and taxes		**5,277**	7,429
Repairs and maintenance		**1,994**	594
Printing and stationery		**3,052**	2,886
Communication, establishment and other expenses		**8,582**	6,797
Legal and professional charges		**3,159**	4,003
Depreciation	15.2	**7,361**	10,510
Donations	29.1	**17,678**	1,880
		147,938	103,490

29.1 This includes Rs. 0.5 million (2010: 0.5 million) donated to Foundation University and Rs. 15,959 million (2010: Rs. 1 million for IDPs) donated for flood affectees through Fauji Foundation.

		Note	2011 Rupees'000	2010 Rupees'000
30	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration:			
	Annual audit		**750**	750
	Half yearly review		**149**	125
	Out of pocket expenses		**20**	20
	Other certifications		**56**	80
			975	975
	Workers' (Profit) Participation Fund	12.2	**26,206**	17,470
	Workers' Welfare Fund		**9,763**	7,015
			36,944	25,460
31	**FINANCE COST**			
	Fee and charges on loans		**-**	500
	Interest/mark-up on long term finance		**-**	13,389
	Interest on short term borrowings and other charges		**97,127**	20,182
	Interest on Workers' (Profit) Participation Fund		**64**	922
	Guarantee commission		**996**	805
	Bank charges and commission		**5,735**	5,408
	Exchange loss on revaluation of foreign currency loan		**-**	332,288
	Reclassification adjustment from equity on revaluation of loan		**-**	(332,288)
			-	-
			103,922	41,206
32	**TAXATION**			
	Current		**56,210**	14,250
	Deferred		**6,282**	60,482
			62,492	74,732

	2011	2010
Accounting profit for the year (Rupees '000)	**488,153**	324,911
Applicable tax rate	**35%**	35%
Income tax at applicable rate (Rupees '000)	**170,854**	113,719
Tax effect of change in proportion of export sales to local sales on temporary differences (Rupees '000)	**(46,370)**	(36,492)
Minimum tax (Rupees '000)	**-**	25,052
Tax effect of income taxable under final tax regime (Rupees '000)	**(64,490)**	(18,120)
Tax effect on permanent differences (Rupees '000)	**2,498**	(9,427)
	62,492	74,732

32.1 Assessments of the Company upto Assessment Year 2002-2003 were finalized by the taxation officer mainly by treating advances received from customers as deemed income and curtailing administrative expenses claimed by the Company. The appeals filed by the Company have been decided by the Appellate authorities for the most part in the Company's favour up to and including Assessment Years 2001-2002, however, appeal filed for Assessment Year 2001-2002 and 2002-2003 was decided against the Department and Company respectively, by the Commissioner (Appeals) and is now pending before the Appellate Tribunal. The Department is in reference with the High Court on the issue of claim of depreciation allowance on entire capitalised value instead of purchase value of plant and machinery which was decided in favour of the Company by the Appellate Tribunal.

Tax returns filed by the Company for Tax Years 2003, 2004, 2006, 2007, 2008 and 2009 stand assessed in terms of section 120 of the Ordinance. However, tax authorities are empowered to reopen the assessment at any time within 5 years from the end of the financial year in which the return was assessed.

For the Tax Year 2005, certain payments on account of transportation charges are disallowed by the Taxation Office by treating these payments as income. Further, for the Tax Year 2010,Taxation Officer has levied income tax amounting to Rs. 12 million on export sales along with minimum tax liability under section 113 of the Ordinance which has been accounted for in these financial statements. For both these tax years, the Company has filed appeals before the Commissioner Inland Revenue (Appeals), which are pending adjudication till to date.

No provision has been made in these financial statements other than those mentioned above in respect of outstanding issues as management is confident of a favourable outcome.

33 EARNINGS PER SHARE

	2011	2010
33.1 Basic		
Profit attributable to ordinary shareholders (Rupees '000)	**358,776**	216,737
Weighted average number of ordinary shares outstanding during the year (Numbers'000)	**693,289**	693,289
Earnings per share (EPS) -basic (Rupees)	**0.52**	0.31
33.2 Diluted		
Profit after taxation (Rupees '000)	**358,776**	216,737
Weighted average number of ordinary shares and incremental shares on assumed conversion under subordinated loan outstanding during the year (Numbers '000)	**1,066,460**	729,919
Earnings per share-diluted (Rupees)	**0.34**	0.30
Reconciliation of weighted average number of shares		
Weighted average number of ordinary shares outstanding during the year (Numbers '000)	**693,289**	693,289
Weighted average number of incremental shares on assumed conversion under subordinated loan computed using closing market price of share (Numbers '000)	**373,170**	36,630
	1,066,459	729,919

Weighted average number of convertible preference shares is not included in diluted EPS calculation due to anti-dilutive effect.

34 CASH AND CASH EQUIVALENTS

	2011 Rupees'000	2010 Rupees'000
Cash and bank balances	**978,847**	192,217
Running finances	**(494,959)**	(66,637)
	483,888	125,580

35 REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the year for remuneration, including benefits and perquisites, were as follows:

	Managing Director		Executives	
	2011 Rupees'000	2010 Rupees'000	**2011 Rupees'000**	2010 Rupees'000
Managerial remuneration	**15,259**	3,932	**79,149**	61,149
Provident fund	**2,486**	223	**3,057**	2,853
Compensated absences	**2,930**	873	**3,398**	2,257
Utilities and upkeep	**793**	1,246	**3,073**	2,654
	21,468	6,274	**88,677**	68,913
No of persons	**2**	1	**44**	39

35.1 In addition, the above were provided with free medical facilities. The Managing Director and certain executives were also provided Company's maintained cars and household equipment in accordance with the Company's policy.

35.2 Meeting fee of directors charged during the year was Rs. 0.410 million (2010 : Rs. 0.360 million), number of directors 8 (2010 : 8).

36 FINANCIAL INSTRUMENTS

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

Credit risk
Liquidity risk
Market risk

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

The Audit Committee 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 risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

36.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade debts, advances and deposits, interest accrued, other receivables, margin on letter of guarantee and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2011	2010
	Rupees '000	
Long term advance	5,400	6,300
Long term deposit	86,603	86,603
Trade debts - net of provision	36,960	24,514
Deposits	18,847	17,325
Interest accrued	836	567
Other receivables	8,121	28,791
Margin on letters of guarantee	19,067	19,067
Bank balances	978,837	191,953
	1,154,671	375,120

Geographically there is no concentration of credit risk.

The maximum exposure to credit risk for trade debts at the reporting date are with end - user customers and represents debtors within the country .

The Company's most significant customer is an end user from whom Rs.11.370 million (2010: Rs. 10.63 million) was outstanding and which is included in total carrying amount of trade debtors as at 30 June 2011.

Certain trade debts are secured against letter of guarantee and security deposits. The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets other than trade debts.

Impairment losses

The aging of trade debts at the reporting date was:

	Gross 2011	Impairment 2011	Gross 2010	Impairment 2010
		Rupees '000		
Not past due	-	-	24	-
Past due 1-30 days	24,743	-	19,585	-
Past due 31-60 days	2,138	-	1,941	-
Past due 61-90 days	3,399	-	407	-
Over 90 days	9,961	3,281	5,838	3,281
	40,241	3,281	27,795	3,281

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	2011	2010
	Rupees '000	
Balance at 1 July	3,281	4,848
Impairment loss reversed	-	(1,567)
Balance at 30 June	3,281	3,281

Based on past experience, the management believes that no further impairment allowance is necessary in respect of carrying amount of trade debts.

The allowance accounts in respect of trade debts are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the financial asset directly.

36.2 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 managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the Company maintain lines of credit as mentioned in note 13 to the financial statements.

The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

2011	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Five years onwards
				Rupees '000			
Non Derivative Financial Liabilities							
Long term loans	13,553,622	(16,892,908)	(1,154,068)	(1,606,998)	(3,211,594)	(9,979,862)	(940,386)
Subordinated loan	3,189,000	3,189,000	3,189,000	-	-	-	-
Trade and other payables	1,099,213	(1,099,213)	(1,099,213)	-	-	-	-
Interest and mark-up accrued	444,297	(444,297)	(444,297)	-	-	-	-
Short term borrowings	1,901,333	(1,982,072)	(1,982,072)	-	-	-	-
	20,187,465	(17,229,490)	(1,490,650)	(1,606,998)	(3,211,594)	(9,979,862)	(940,386)

2010	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	Five years onwards
				Rupees '000			
Non Derivative Financial Liabilities							
Long term loans	13,083,689	(16,811,466)	(993,824)	(991,347)	(2,426,214)	(7,796,839)	(4,603,242)
Subordinated loan	400,000	400,000	400,000	-	-	-	-
Trade and other payables	914,901	(914,901)	(914,901)	-	-	-	-
Interest and mark-up accrued	349,130	(349,130)	(349,130)	-	-	-	-
Short term borrowings	865,727	(901,730)	(901,730)	-	-	-	-
Derivative Financial Liability							
Cross currency swaps used for hedging	768,802	(566,469)	(395,910)	(345,057)	(529,217)	(197,821)	901,536
	16,382,249	(19,143,696)	(3,155,495)	(1,336,404)	(2,955,431)	(7,994,660)	(3,701,706)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

36.2.1 The contractual cash flow relating to long and short term borrowings have been determined on the basis of expected mark up rates. The mark-up rates have been disclosed in note 8 and 13 to these financial statements.

36.3 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.

36.3.1 Currency risk

Exposure to Currency Risk

The Company is exposed to currency risk on long term loan which is denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2011		2010	
	Rupees '000	**US Dollar**	Rupees '000	US Dollar '000
Long term loan	**7,547,961**	**87,767**	7,499,689	87,767

The following significant exchange rate applied during the year:

	Average rates		**Balance sheet date rate**	
	2011	2010	**2011**	2010
US Dollars	**85.73**	84.00	**86.00**	85.45

Sensitivity

An increase in 3% in exchange rate at the reporting date would have decreased profit or loss by the amounts shown below. The foreign currency loan was hedged in year 2010.

	Profit or loss	
	Gross exposure	**Net of tax exposure**
	Rupees '000	
Long term loan	**226,439**	**147,185**

A 3% decrease in exchange rate would have had an equal but opposite effect to the amount shown above.

36.3.2 Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and short term deposits with banks. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is:

	Carrying Amount	
	2011	2010
	Rupees '000	
Fixed rate instruments		
Financial assets	**93,760**	169,654
Financial liabilities	**825,000**	799,090
Variable rate instruments		
Financial liabilities	**14,708,294**	13,150,326

Fair value sensitivity analysis for variable rate instruments

The Company does not hold any financial asset or liability at fair value through profit and loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points and 10 per cent in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit or loss		Equity	
Effect in Rupees thousands	**100 basis points increase**	**100 basis points decrease**	**10 percent increase**	**10 percent decrease**
	Rupees '000			
Cash flow sensitivity (net)				
Variable rate instruments	(37,138)	37,138	-	-
Cross currency swap	-	-	-	-
30 June 2011	(37,138)	37,138	-	-
	Rupees '000			
Variable rate instruments	(23,630)	23,630	-	-
Cross currency swap	-		(223,692)	223,692
30 June 2010	(23,630)	23,630	(223,692)	223,692

36.4 Fair value of financial assets and liabilities

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Note	2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Assets carried at amortized cost		Rupees '000			
Long term advance	16	**5,400**	**5,400**	6,300	6,300
Long term deposit	17	**86,603**	**86,603**	86,603	86,603
Trade debts - net of provision	20	**36,960**	**36,960**	24,514	24,514
Deposits	22	**18,847**	**18,847**	17,325	17,325
Interest accrued		**836**	**836**	567	567
Other receivables	23	**8,121**	**8,121**	28,791	28,791
Margin on letters of guarantee	23	**19,067**	**19,067**	19,067	19,067
Cash and bank balances	24	**978,847**	**978,847**	192,217	192,217
		1,154,681	**1,154,681**	375,384	375,384

	Note	2011 Carrying amount	2011 Fair value	2010 Carrying amount	2010 Fair value
Liabilities carried at amortized cost		Rupees '000			
Subordinated loan - unsecured	7	**3,189,000**	**3,189,000**	400,000	400,000
Long term financing - secured	8	**13,631,961**	**13,631,961**	13,083,689	13,083,689
Creditors	12	**207,636**	**207,636**	315,661	315,661
Accrued liabilities	12	**396,935**	**396,935**	251,176	251,176
Retention money	12	**235,052**	**235,052**	136,714	136,714
Security deposits	12	**49,345**	**49,345**	40,366	40,366
Workers' (Profit) Participation Fund	12	**26,206**	**26,206**	17,470	17,470
Workers' Welfare Fund	12	**9,763**	**9,763**	6,508	6,508
Federal excise duty payable	12	**44,562**	**44,562**	50,676	50,676
Other liabilities	12	**60,568**	**60,568**	60,619	60,619
Markup accrued		**444,297**	**444,297**	349,130	349,130
Short term borrowings - secured	13	**1,901,333**	**1,901,333**	865,727	865,727
		20,196,658	**20,196,658**	15,577,736	15,577,736

36.5 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/ or disclosure purposes based on the following methods.

Non - derivative financial assets

The fair value of non - derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. The fair value is determined for disclosure purposes.

Non - derivative financial Liabilities

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

36.6 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratios under the financing agreements.

37 RELATED PARTY TRANSACTIONS

Fauji Foundation holds 26.86% ordinary shares and 100% preference shares of the Company at the year-end. Therefore all subsidiaries and associated undertakings of Fauji Foundation are related parties of the Company. Other related parties comprise of directors, key management personnel, entities over which the directors are able to exercise influence and employees' funds. Amounts due to/from the related party are disclosed in notes 7, 12.1 and 21.1 and the remuneration of the Chief Executive and executives is disclosed in note 35 to these financial statements. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	2011 Rupees'000	2010 Rupees'000
Transactions with associated undertakings/companies due to common directorship		
- Sale of cement	**8,570**	8,084
- Payment for use of medical facilities	**121**	42
- Payment on account of clearance of shipments	**32,600**	20,700
- Preference dividend paid	**33,442**	16,721
- Payment of rent and utilities	**1,871**	-
- Loan received from Fauji Foundation	**2,789,000**	400,000

Subsequent to the year end, the Company received Rs. 2.3 billion from Fauji Foundation as underwriter of right issue.

	2011	2010
Employees Funds		
- Payments made into the fund	**15,448**	11,674

38 PLANT CAPACITY AND ACTUAL PRODUCTION

	2011 Metric Tons	2010 Metric Tons
Current installed capacity (Based on 300 running days)	**1,165,500**	1,165,500
Actual production	**1,101,677**	1,128,258

Difference is due to normal wear and tear of plant.

39 GENERAL

39.1 Facilities of letters of guarantee and letters of credit

Facilities of letters of guarantee and letters of credit amounting to Rs. 340 million and Rs. 2,690 million (2010: Rs. 354 million and Rs. 1,300 million) respectively are available to the Company. Letter of guarantees are secured by way of hypothecation charge on present and future assets of the Company (excluding land and building) and lien on bank deposits/ margin.

39.2 Figures have been rounded off to the nearest thousand of Rupee unless otherwise stated.

Chief Executive

Director

No. of Shareholders	From	To	Total Shares Held
179	1	100	7184
1057	101	500	501200
1665	501	1000	1641757
3034	1001	5000	9190026
1150	5001	10000	9649913
418	10001	15000	5511571
301	15001	20000	5673202
219	20001	25000	5240069
123	25001	30000	3541476
75	30001	35000	2497477
81	35001	40000	3131854
38	40001	45000	1644446
100	45001	50000	4952095
34	50001	55000	1813882
33	55001	60000	1943392
17	60001	65000	1066262
21	65001	70000	1436736
19	70001	75000	1406400
17	75001	80000	1335574
16	80001	85000	1336100
16	85001	90000	1419007
6	90001	95000	553077
77	95001	100000	7686169
22	100001	105000	2273725
10	105001	110000	1088649
7	110001	115000	798311
3	115001	120000	352648
12	120001	125000	1478359
9	125001	130000	1157845
4	130001	135000	527000
5	135001	140000	695500
7	140001	145000	1006052
13	145001	150000	1947500
4	150001	155000	612448
4	155001	160000	635700
3	160001	165000	490990
3	165001	170000	502023
3	170001	175000	511573
4	175001	180000	720000
4	180001	185000	728304
1	185001	190000	190000
1	190001	195000	191311
14	195001	200000	2799500
1	200001	205000	201690

4	205001	210000	837085
3	210001	215000	641682
5	215001	220000	1088856
4	220001	225000	899400
1	225001	230000	226500
2	230001	235000	463562
1	235001	240000	238500
3	240001	245000	726100
9	245001	250000	2241133
2	255001	260000	519972
2	260001	265000	526000
1	265001	270000	270000
1	270001	275000	272000
3	275001	280000	836353
3	280001	285000	847222
6	295001	300000	1800000
2	300001	305000	610000
2	305001	310000	617457
2	310001	315000	628000
1	315001	320000	320000
1	320001	325000	321000
1	335001	340000	335001
5	345001	350000	1742917
1	375001	380000	376699
1	385001	390000	386440
2	395001	400000	798321
1	445001	450000	450000
1	465001	470000	469450
1	485001	490000	489960
2	495001	500000	1000000
1	515001	520000	518802
1	520001	525000	524000
1	535001	540000	540000
1	540001	545000	541840
1	545001	550000	550000
1	570001	575000	575000
1	595001	600000	597292
2	625001	630000	1255500
1	640001	645000	642850
1	650001	655000	652250
1	670001	675000	675000
3	695001	700000	2100000
1	760001	765000	764565
1	795001	800000	800000
1	825001	830000	830000
1	895001	900000	900000
1	910001	915000	910865

2	995001	1000000	1999983
1	1050001	1055000	1054500
1	1100001	1105000	1100160
1	1105001	1110000	1110000
2	1115001	1120000	2238650
1	1130001	1135000	1134831
1	1150001	1155000	1155000
1	1160001	1165000	1164439
1	1195001	1200000	1200000
1	1215001	1220000	1219000
1	1225001	1230000	1230000
1	1235001	1240000	1239500
1	1295001	1300000	1299609
1	1375001	1380000	1377000
1	1395001	1400000	1400000
1	1475001	1480000	1479580
1	1480001	1485000	1485000
1	1505001	1510000	1506529
1	1725001	1730000	1727342
1	1760001	1765000	1760562
1	1815001	1820000	1819300
1	2090001	2095000	2090700
1	2115001	2120000	2117670
1	2400001	2405000	2400414
1	2645001	2650000	2650000
1	3790001	3795000	3792455
1	5265001	5270000	5269000
1	5285001	5290000	5289700
1	6875001	6880000	6878955
1	7060001	7065000	7060348
1	7125001	7130000	7127639
1	12670001	12675000	12675000
2	18745001	18750000	37500000
1	48695001	48700000	48699187
1	56305001	56310000	56309000
1	93745001	93750000	93750000
1	104990001	104995000	104993042
1	187235001	187240000	187239020
8964			**741988686**

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officers, and their spouse and minor childern	7	0.0000%
Associated Companies, undertakings and related parties. (Parent Company)	367,188,207	49.4870%
NIT and ICP	2,117,670	0.2854%
Banks		
Development Financial Institutions, Non Banking Financial Institutions.	121,232,421	16.3389%
Insurance Companies	421,173	0.0568%
Modarabas and Mutual Funds	2,716,374	0.3661%
Share holders holding 10%	434,681,249	58.5833%
General Public		
a. Local	160,828,636	21.6753%
b. Foreign	0	0.0000%
Others (to be specified)		
1- Investment Companies	24,000	0.0032%
2- Joint Stock Companies	79,194,396	10.6733%
3- Foreign Companies	5,289,700	0.7129%
4- Others	2,976,102	0.4011%

19th Annual General Meeting of the Company will be held at 1030 hours 20 October 2011 (Thursday) at Hina Hall, Army Welfare Mess (Blue Lagoon) opposite Pearl Continental Rawalpindi, to transact the following business:-

1. To confirm the Minutes of 7th Extra-Ordinary General Meeting held on 22 March 2011.

2. To receive, consider and adopt the Audited Accounts of the Company together with the Directors' and the Auditors' Reports for the Year ended 30 June 2011.

3. To appoint Statutory Auditors of the Company and fix their remuneration.

4. Any other business with the permission by the Chairman.

By order of the Board

Place: Rawalpindi
Date: 28 September 2011

Brig (R) Sajjad Azam Khan
Company Secretary

NOTES

(1) The Share Transfer Books of the Company will remain closed from13 October 2011 to 20 October 2011 (both days inclusive). No transfer will be accepted for registration during this period.

(2) A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote in place of the member. Proxies, in order to be effective, must be received at the Registered Office located at First Floor, Aslam Plaza, 60 Adamjee Road, Sadar, Rawalpindi, Pakistan duly stamped and signed, not less than 48 hours before the Meeting. A member may not appoint more than one proxy. Proxy Form is attached. A copy of shareholder's attested CNIC must be attached with the Proxy Form.

(3) CDC Account Holders are required to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:-

(a) For Attending the Meeting

i. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his/her original national identity card or original passport at the time of attending the Meeting.

ii. In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature of the nominee shall be produced at the Meeting.

(b) For Appointing Proxies

i. In case of individuals, the account holder or sub-account holder shall submit the Proxy Form as per the above requirement.

ii. The Proxy Form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the Proxy Form.

iv. The Proxy shall produce his/her original CNIC or original passport at the time of Meeting.

v. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with Proxy Form to the Company.

(4) Members are requested to promptly notify any change in their address.

(5) For any other information, please contact Ph: 051-9280075, Fax No: 51 - 9280416,

E-mail: sajjad@fccl.com.pk and Web Site: www.fccl.com.pk

I/We
____

of____

being Member (s) of Fauji Cement Company Limited hold ___________________________ Ordinary Shares hereby appoint Mr./Mrs./Miss of _____________________________ _______________ or failing him/her __________________________________ of ____________________ as my / our proxy in my / our absence to attend and vote for me/us and on my/our behalf at the 19th Annual General Meeting of the Company to be held on Thursday, 20 October 2011 at Hina Hall, Army Welfare Mess (Blue Lagoon) opposite Pearl Continental Rawalpindi, and at any adjournment thereof.

As witness my/our hand/seal this ________________________ day __________2011.

Signed by____
said in the presence of :-

(1) Name __________________Address:______________________________
_______________________________ N.I.C No:__________________________

(2) Name ______________Address:___________________________________
_______________________N.I.C. No: _________________________________

Folio No	CDC Account #	
	Participant I.D.	Account #

Signature on Five Rupees Revenue Stamp

The signature should agree with the specimen registered with the Company

IMPORTANT:

1. This Form of proxy, duly completed and signed, must be received at the registered office of the Company, at First Floor , Aslam Plaza, 60 Adam Jee Road, Sadar, Rawalpindi – Pakistan, not less than 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Fauji Cement Company Limited
First Floor, Aslam Plaza,
60 Adamjee Road,
Saddar,
Rawalpindi - Pakistan