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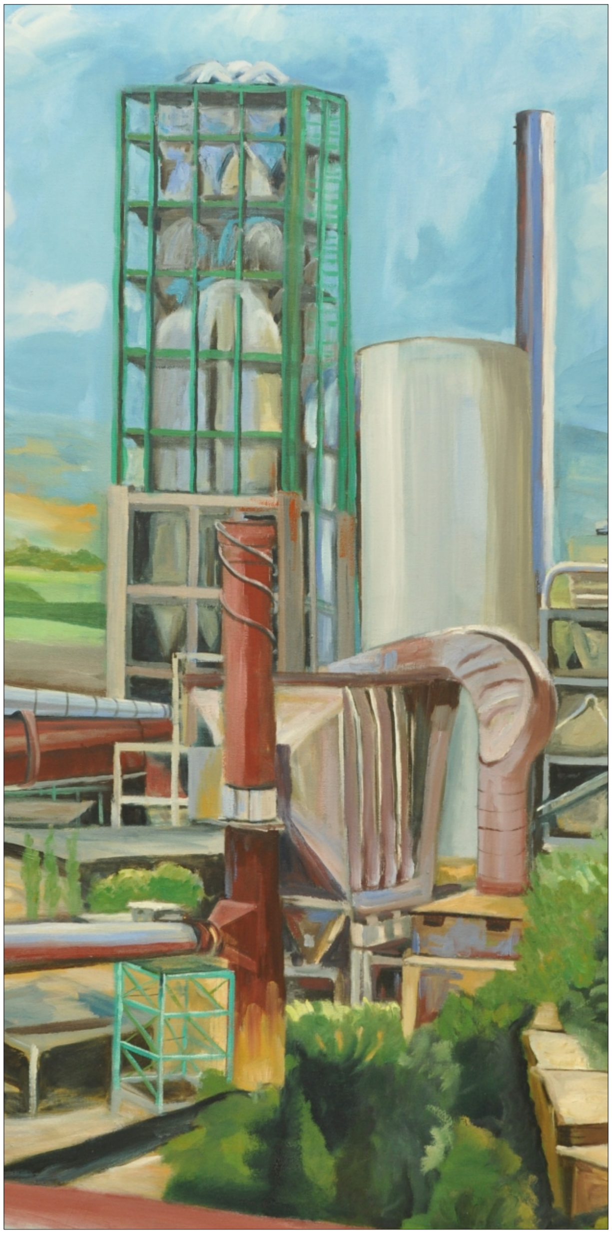


Lt Gen (R) Muhammad Mustafa Khan, HI (M)
(Chairman)

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

Mr. Qaiser Javed

Dr. Nadeem Inayat

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

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

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

Brig (R) Muhammad Saeed khan

Mr. Max Kruse, IFU

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

Board of Directors
Lt Gen (R)Muhammad Mustafa Khan, (Chairman)
Lt Gen (R)Muhammad Sabir, (CE/MD)
Mr. Qaiser Javed
Dr. Nadeem Inayat
Brig (R) Agha Ali Hassan, SI(M)
Brig (R) Parvez Sarwar Khan, SI (M)
Brig (R) Dr. Gulfam Alam, SI (M)
Brig (R) Muhammad Saeed Khan
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) Muhammad Saeed Khan
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) Parvez Sarwar Khan, SI(M)
Brig (R) Muhammad Saeed Khan
Mr. Rais Ahmed, Senior GM (Plant) (Secretary)

Auditors
M/s KPMG Taseer Hadi & Co,
Chartered Accountants
Fax : (051) 2822671

Legal Advisors
M/s Orr Dignam & Co, Advocates
Fax : (051) 2260653

Registration & Shares Transfer Officer
M/s CORPLINK (PVT) LIMITED
Wings Arcade, 1- K, Commercial,
Model Town, Lahore
Tel.: 042 -35839182, 35887262
Fax : 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.
Citizenship	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 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 its 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 in 2009 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 Waste. 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.

		2012	2011	2010	2009	2008	2007	2006
Profit								
Gross Profit Margin	%	26.63	17.35	13.54	31.75	18.56	31.52	51.12
Operating Profit Margin	%	24.23	12.48	9.61	30.98	16.96	28.74	47.64
Pre Tax Margin	%	8.39	10.29	8.53	26.75	12.82	22.76	41.48
After Tax Margin	%	4.80	8.98	6.57	18.96	11.66	18.66	28.08
Performance								
Return on total assets	%	1.80	1.32	0.93	4.70	3.32	10.10	19.42
Total assets turnover	Times	0.38	0.15	0.14	0.25	0.28	0.54	0.69
Fixed assets turnover	Times	0.44	0.18	0.16	0.28	0.50	0.81	0.97
Return on paid up share capital	%	4.00	5.74	3.37	13.58	5.57	15.41	28.70
Leverage								
Debt Equity Ratio	Times	0.47	0.55	0.57	0.40	0.09	0.38	0.60
Current Ratio	Times	0.76	0.89	0.63	0.81	2.16	1.35	1.25
Quick Ratio	Times	0.58	0.80	0.60	0.74	2.06	1.23	1.13
Valuation								
Earnings per share (basic)	Rs	0.29	0.52	0.31	1.43	0.85	1.73	3.21
Breakup value per share (basic)	Rs	10.44	15.89	13.86	13.97	13.39	10.07	8.85
Breakup value per share (diluted)	Rs	10.08	14.84	12.95	13.06	12.51	8.91	7.83
Dividend per share	Rs	-	-	-	-	-	-	1.50
Dividend payout ratio	%	-	-	-	-	-	-	31%
Market price per share (average)	Rs	4.53	4.72	6.67	6.49	16.06	20.09	19.38
Historical Trends Trading Results								
Sales-net	Rs' 000	11,523,050	4,742,593	3,808,455	5,314,538	3,545,902	3,463,283	4,286,138
Gross profit	Rs' 000	3,068,450	823,053	515,584	1,687,428	658,112	1,091,495	2,191,111
Operating profit	Rs' 000	2,791,690	592,075	366,117	1,646,233	601,518	995,285	2,041,984
Profit before tax	Rs' 000	966,245	488,153	324,911	1,424,517	454,564	788,180	1,777,687
Profit after tax	Rs' 000	552,590	425,661	250,179	1,007,623	413,598	646,323	1,203,735
Financial Position								
Shareholders equity	Rs' 000	13,905,105	11,014,017	9,610,685	9,690,689	9,283,981	3,735,206	3,282,617
Property, plant & equipment	Rs' 000	25,857,954	26,658,079	23,819,040	18,777,204	7,106,599	4,392,450	4,563,115
Working capital	Rs' 000	(1,334,355)	(592,614)	(1,217,421)	(387,648)	2,839,322	511,240	312,183
Non current liabilities	Rs' 000	11,304,187	12,623,072	12,784,399	9,131,299	715,751	1,223,195	1,648,292

General

1. The Directors of Fauji Cement Company Limited (FCCL) are pleased to present the 20th Annual Report together with audited financial statements of the Company for the year ended 30th June 2012 and Auditors' Report thereon.

Market Overview

2. Industry dispatches for the FY 2011-12 were 32.5 Million MT including 24 Million MT domestic and 8.5 Million MT exports. There is a 3.5 % increase in total dispatches of the Industry as compared to the previous year, which were 31 Million MT including 22 Million MT domestic and 9 Million MT exports. The increase in the domestic dispatches is 9 % and the decrease in exports is also 9%.

3. FCCL dispatches for the FY 2011-12 are 2,132,636 MT including 1,616,815 MT domestic and 515,821 MT exports. There has been a 157% increase in domestic dispatches and 13% increase in the exports due to the increase of capacity from 3,885 TPD to 11,445 TPD. Capacity utilization of FCCL in FY 2011-12 has been 62% (based on 11,445 TPD) whereas in FY 2010-11 it was 93%(based on 3,885 TPD).

Production Review

4. Performance of the plant remained satisfactory. Comparative production figures are given as under:-

		2011 - 12	2010 - 11
a.	Clinker (MT)	2,125,693 *	1,167,067
b.	Cement (MT)	2,145,050	1,131,909

* The above figure includes trial run production of 175,154 tons of clinker.

Financial Performance

5. **Profitability.** Gross profit ratio was 27% as compared to 17% during last year. An improvement in cement prices helped the Company in passing on some of its input costs. The Company earned a Profit after Tax of Rs. 552 Million as compared to the last year's profit of Rs. 426 Million. This was the first year of operations of 7,560 TPD Line-II and as such the comparative expenses of last year are for Line-I only. The Company managed economies of scale in operating expenses. The Company successfully managed debt servicing to the tune of Rs 3 billion during this financial year from operational cash flows.

6. **Contribution to National Exchequer**. The Company contributed a sum of Rs. 2,659 Million to the national exchequer in the form of taxes and duties during the year under review. Concurrently, Fauji Cement earned USD 33 Million through export of cement.

7. **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.

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

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

10. **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.

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

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

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

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

Description	2012	2011	2010	2009	2008	2007
Operating Results (Rs. In Million)						
Net Sales	11,523.050	4,743.593	3,808.455	5,314.538	3,545.902	3,463.283
Gross Profit	3,068.450	823.053	515.584	1,687.428	658.112	1,091.495
Operating Profit	2,791.690	592.075	366.117	1,646.233	601.518	995.285
Financial Charges	1,825.445	103.922	41.206	224.716	146.954	207.105
Profit after taxation	552.590	425.661	250.179	1,007.623	413.598	646.323
Balance Sheet						
Shareholder's Equity	13,905.105	11,014.017	9,610.685	9,690.689	9,283,981	3,735.206
Fixed Assets	25,897.954	26,658.079	23,819.040	18,777.204	7,106.599	4,392.450
Long Term Loans including current portion	12,554.908	13,553.62	12,980.414	6,549.227	875.000	1,425.000
EPS (Rs)						
Basic	0.29	0.52	0.31	1.43	0.85	1.73
Diluted	0.29	0.34	0.30	1.36	0.77	1.53

15. **Dividend.** Due to the heavy investment made in construction of its New Line which started operations during this financial year, the Company has not declared any dividend for its shareholders.

16. **Outstanding Statutory Dues.** The Company does not have any outstanding statutory dues except as shown in note number 11.

17. **Provident Fund.** Value as on 30 June 2012 is given below:-

	Management Staff	Non-Management Staff
Provident Fund (in Million) :	Rs. 126.567	Rs. 67.329

Board of Directors / Committees

18. **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 fulfill 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.

19. **Change of Chairman of FCCL BOD.** On retirement of Lt Gen (R) Hamid Rab Nawaz, HI(M) , Lt Gen (R) Muhammad Mustafa Khan, HI(M), has been appointed as Chairman of FCCL BOD with effect from 02 January 2012. The Board while welcoming the new Chairman, also places on record its appreciation for the commendable services rendered by Lt Gen (R) Hamid Rab Nawaz, HI(M).

20. **Change of Director.** As a result of resignation, tendered by Brig (R) Liaqat Ali, TI(M), from Directorship Brig (R) Muhammad Saeed Khan has been appointed as Director of the Company with effect from 07 June 2012.The Board expresses its appreciation for the valuable advice and services rendered by the outgoing Director and welcomes the new Director on the Board.

21. **Attendance of Meetings** . During the year under review, attendance by each director is given below:-

a. **Board of Directors**

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

b. **Audit Committee**

(1)	Mr. Qaiser Javed	5	5
(2)	Brig (R) Dr. Gulfam Alam	5	5
(3)	Dr. Nadeem Inayat	5	2
(4)	Brig (R) Agha Ali Hassan, SI (M)	5	4

c. **Human Resource Committee**

(1)	Dr. Nadeem Inayat	1	1
(2)	Mr. Qaiser Javed	1	-
(3)	Brig (R) Muhammad Saeed Khan	1	1

d. **Technical Committee**

		No of Meetings Held	Attended
(1)	Brig (R) Dr. Gulfam Alam, SI(M)	5	5
(2)	Brig (R) Liaqat Ali , TI (M)	4	4
(3)	Brig (R) Parvez Sarwar Khan, SI(M)	5	5
(4)	Brig (R) Muhammad Saeed Khan	1	1

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.

22. **Disclosures** 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 2011-12.

23. **Relations with Company Personnel.** 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.

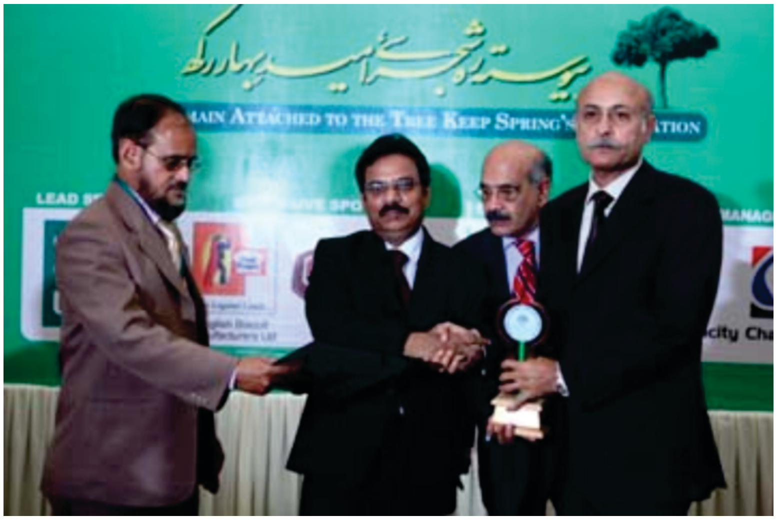
Pattern of Share-holding

24. Pattern of share-holding as on 30 June 2012 is attached as Annex A.

Corporate Social Responsibilities

25. **Awards, Acknowledgment, Certifications.** Fauji Cement has a pro active approach towards fulfillment of Corporate Social Responsibilities. The measures taken by Fauji Cement have been acknowledged by the society and concerned authorities through different awards.

a. **Annual Environment Excellence Award 2011-12 .** Fauji Cement Company has been awarded the environment excellence award for last 3 consecutive years.



Brig (R) Sajjad Azam Khan (R) SI(M) – Company Secretary, receiving
9th Annual Environment Excellence Award 2011-12

b. **National CSR Award 2011 - 12.** As an acknowledgment to the measures taken by Fauji Cement for fulfilling Corporate Social Responsibility, it has been awarded with National CSR Award 2011 - 12.

Amir Saleem – Management Representative & Manager TPI receiving
6th National CSR Award 2011-12

26. **Education Facilities.** English Medium Secondary School is being run by Fauji Cement with strength of 553 students from Nursery to Matric. Continual improvement measures are taken to up-grade and up-date the school.

27. **Children Park.** A beautiful children park is being maintained in Factory area for local community.

28. **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.

29. **Employees Welfare Activities**

a. **Canteen for Company Employees** has been up - graded with improved dining facility and enhanced meals subsidy.

b. **Sports Gala.** Badminton, Cricket and Volleyball matches were arranged / organized for employees and local community in October / November 2011 and April 2012 respectively.

External Auditors

30. The present Auditors M/s KPMG Taseer Hadi & Co, Chartered Accountants will stand retired at the conclusion of the 20th Annual General Meeting. However, they have expressed their willingness for re-appointment. They have also been recommended by the Audit Committee.

Quality Management System

31. **Management Systems.** Fauji Cement management is strongly committed to sustainable Environment and Quality Management. Company's measures have been well recognized by the society and independent certification authorities. The company is ISO Certified. Moody International are External Auditors for Integrated Management System, ensuring compliance to Environment and Quality Management System.

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

33. **ISO 14001:2004.** Fauji Cement fully complies with National and 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.

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

Acknowledgement

35. The Directors express their deep appreciation to valued Shareholders, Customers, Financial Institutions / Government Departments for their cooperation and Company's Employees for their hard work and commitment which enabled the company to achieve good operational results.

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

For and on behalf of the Board

Rawalpindi
17th September 2012

Lt Gen (R) Muhammad Mustafa Khan, HI(M)
Chairman

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulation No 35 of Karachi Stock Exchange, listing regulation No 35 of Lahore Stock Exchange and Chapter XI of the Listing Regulation of 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 (CCG).

The company has applied the principles contained in the CCG in the following manner:-

The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:-

	Names
Independent Directors	At the time of next election of Directors.
Executive Directors	Lt. Gen (R) Muhammad Sabir
Non -Executive Directors	1. Lt Gen (R) Muhammad Mustafa Khan (Chairman)
	2. Mr. Qaiser Javed
	3. Mr. Dr. Nadeem Inayat
	4. Brig (R) Agha Ali Hassan
	5. Brig (R) Parvez Sarwar Khan
	6. Brig (R) Dr. Gulfam Alam
	7. Brig (R) Muhammad Saeed Khan
	8. Mr. Max Kruse

1. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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

3. A casual vacancy occurring on the board on 7th June 2012 was duly filled up by the directors within the stipulated time period.

4. The company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.

8. The Directors at FCCL Board are adequately trained to perform their duties. One director of the Company has obtained certificate under directors training program offered by insinuation that meets the criteria specified by SECP.

9. The board has already approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

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

11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

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

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

14. The company has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the Chairman of the committee is also non executive director.

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

16. The board has formed an HR and Remuneration Committee. It comprises three members, of whom all are non-executive directors and the chairman of the committee is an non executive director.

17. The board has set up an effective internal audit department which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

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

Lt Gen (R) Muhammad Mustafa Khan

Chairman Board of Directors FCCL.

Rawalpindi
17th September 2012

KPMG

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, 2012.

KPMG Taseer Hadi & Co

ISLAMABAD
17 September 2012

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner
Muhammad Rehan Chughtai

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 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the 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 2012 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

ISLAMABAD
17 September 2012

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner
Muhammad Rehan Chughtai

	Note	2012 Rupees'000	2011 Rupees'000
SHARE CAPITAL AND RESERVES			
Share capital	4	**13,798,150**	7,419,887
Advance against issue of shares	5	**-**	861,871
Reserves	6	**106,955**	2,732,259
		13,905,105	11,014,017
NON - CURRENT LIABILITIES			
Subordinated loan - unsecured	7	**-**	3,189,000
Long term financing - secured	8	**10,174,513**	11,805,480
Deferred liability - compensated absences	9	**24,851**	22,674
Deferred tax liability - net	10	**1,104,823**	794,918
CURRENT LIABILITIES			
Trade and other payables	11	**1,778,447**	1,290,968
Markup accrued		**349,377**	444,297
Short term borrowings - secured	12	**985,954**	1,901,333
Current portion of long term financing	8	**2,380,395**	1,748,142
		5,494,173	5,384,740
		30,703,465	32,210,829

CONTINGENCIES AND COMMITMENTS 13

The annexed notes 1 to 38 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 17 September 2012.

Chief Executive

	Note	2012 Rupees'000	2011 Rupees'000
NON - CURRENT ASSETS			
Property, plant and equipment	14	**25,897,954**	26,658,079
Long term advance	15	**3,600**	4,500
Long term deposits and prepayments	16	**642,093**	756,124
CURRENT ASSETS			
Stores, spares and loose tools	17	**2,554,433**	2,444,173
Stock in trade	18	**955,337**	493,922
Trade debts	19	**64,241**	36,960
Advances	20	**13,077**	40,733
Trade deposits, short term prepayments and balances with statutory authority	21	**192,024**	769,467
Interest accrued		**393**	836
Other receivables	22	**165,242**	27,188
Cash and bank balances	23	**215,071**	978,847
		4,159,818	4,792,126
		30,703,465	32,210,829

Director

	Note	2012 Rupees'000	2011 Rupees'000
SALES - Net	24	**11,523,050**	4,742,593
Less: Cost of sales	25	**(8,454,600)**	(3,919,540)
GROSS PROFIT		**3,068,450**	823,053
Other income	26	**26,519**	28,053
Distribution cost	27	**(101,642)**	(74,149)
Administrative expenses	28	**(129,180)**	(147,938)
Other operating expenses	29	**(72,457)**	(36,944)
Finance cost	30	**(1,825,445)**	(103,922)
NET PROFIT BEFORE TAXATION		**966,245**	488,153
Taxation	31	**(413,655)**	(62,492)
NET PROFIT AFTER TAXATION		**552,590**	425,661
Earnings per share - Basic (Rupees)	32.1	**0.29**	0.52
Earnings per share - Diluted (Rupees)	32.2	**0.29**	0.34

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

	2012 Rupees'000	2011 Rupees'000
Net profit after taxation	**552,590**	425,661
Other comprehensive income		
Effective portion of changes in fair value of cash flow hedge-net	**-**	84,062
Total comprehensive income	**552,590**	509,723

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

	Note	2012 Rupees'000	2011 Rupees'000
Cash flows from operating activities			
Net profit before taxation		**966,245**	488,153
Adjustments for:			
Depreciation		**1,070,083**	392,137
Provision for compensated absences		**20,321**	28,134
Workers' (Profit) Participation Fund including interest and WWF		**71,455**	36,033
Finance cost		**1,825,187**	103,858
(Gain)/ loss on disposal of property, plant and equipment		**(7,523)**	140
Interest income including interest on long term advance		**(9,343)**	(9,898)
		2,970,180	550,404
Operating cash flows before working capital changes		**3,936,425**	1,038,557
Increase in stores and stocks		**(571,675)**	(1,780,878)
Decrease in long-term deposits and prepayments		**2**	15,559
Decrease in long-term advance		**900**	900
Increase in trade debts		**(27,281)**	(12,446)
Decrease in advances		**27,656**	6,248
Decrease /(increase) in trade deposits, short term prepayments and balance with statutory authority		**586,815**	(146,507)
Decrease in other receivables		**2,193**	20,670
Increase in trade and other payables		**512,827**	240,901
		531,437	(1,655,553)
Cash generated from/ (used in) operating activities		**4,467,862**	(616,996)
Compensated absences paid		**(21,651)**	(17,424)
Payment to Workers' (Profit) Participation Fund		**(26,464)**	(17,534)
Taxes paid		**(114,248)**	(84,314)
Net cash generated from/ (used in) operating activities		**4,305,499**	(736,268)
Cash flows from investing activities			
Additions in property, plant and equipment excluding borrowing cost capitalized		**(142,147)**	(1,402,563)
Proceeds from disposal of property, plant and equipment		**7,853**	4,809
Interest received on bank deposits and long term advance		**9,786**	9,629
Net cash used in investing activities		**(124,508)**	(1,388,125)
Cash flows from financing activities			
Repayment of long term finances		**(1,671,082)**	-
Repayment of sub-ordinated loan		**(3,189,000)**	-
Proceeds from long-term finances		**-**	3,289,000
Proceeds from issue of shares - net of transaction cost		**2,325,555**	-
Advance against issue of shares - net		**-**	854,614
Dividend paid on ordinary shares		**-**	(8)
Dividend paid on preference shares		**(66,885)**	(33,443)
(Payment)/proceeds from short term borrowings		**(466,375)**	607,284
Payment of guarantee premium and other cost		**-**	(11,238)
Finance cost paid		**(1,427,975)**	(2,223,508)
Net cash (used in)/ generated from financing activities		**(4,495,762)**	2,482,701
(Decrease) / increase in cash and cash equivalents		**(314,771)**	358,308
Cash and cash equivalents at beginning of the year		**483,888**	125,580
Cash and cash equivalents at end of the year	33	**169,117**	483,888

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive

Director

	Share capital		Advance against issue of shares	Capital reserve		Revenue reserve	
	Ordinary	Preference		Share premium/ (discount on issue of shares)	Hedging reserve	Accumulated profit	Total
	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000	Rupees'000
Balance as at 30 June 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 30 June 2011	6,932,895	486,992	861,871	1,826,452	(606,629)	1,512,436	11,014,017
Total comprehensive income							
Profit for the year	-	-	-	-	-	552,590	552,590
Other comprehensive income	-	-	-		-	-	-
Total comprehensive income	-	-	-	-	-	552,590	552,590
Transfer during the year	-	-	-	-	188,516	-	188,516
Transaction with owners							
Dividend on preference shares Rs.3.60 per share	-	-	-	-	-	(175,573)	(175,573)
Amount received against issue of right shares	-	-	2,327,261	-	-	-	2,327,261
Issuance of right shares at discount	6,378,263	-	(3,189,132)	(3,189,131)	-	-	-
Cost incurred in connection with issue of right shares	-	-	-	(1,706)	-	-	(1,706)
Total transaction with owners	6,378,263	-	(861,871)	(3,190,837)	-	(175,573)	2,149,982
Balance as at 30 June 2012	13,311,158	486,992	-	(1,364,385)	(418,113)	1,889,453	13,905,105

The annexed notes 1 to 38 form an integral part of these financial statements.

Chief Executive **Director**

1. LEGAL STATUS AND OPERATIONS

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.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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 useful life and residual value for 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 cost to complete and estimated cost 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 pertinent issues in the past.

The Company regularly reviews the trend of proportion of incomes under 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 legal advisors' 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 2012:

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

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

-IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

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

-Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’; and that some gross settlement systems may be considered equivalent to net settlement. The impact of this amendment is not likely to have a material impact on the financial statements of the Company.

-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

-Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations:

-IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position. There is no impact of this amendment on the financial statements of the Company.

-IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The impact of this amendment is not likely to have a material effect on the financial statements of the Company.

-IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12. There is no impact of this amendment on the financial statements of the Company.

-IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

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

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-IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The impact of this amendment is not likely to have a material effect on the financial statements of the Company.

-IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12. There is no impact of this amendment on the financial statements of the Company.

-IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. There is no impact of this amendment on the financial statements of the Company.

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

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 statement of comprehensive income or equity, in which case it is recognized in statement of comprehensive income or 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 14. 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. The reversal of impairment loss is recognised in profit and loss account.

3.4 Stores, spares and loose tools

Stores, spares and loose tools are valued at lower of weighted average cost and net realisable value less impairment, if any. Cost is determined using weighted average method except for items in transit which is determined on the basis of cost incurred upto the balance sheet date. For items which are slow moving and/ or identified as surplus to the Company's requirements, adequate impairment is recognised. 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 at the lower of average cost and net realizable value. Stock of packing material is valued 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. Revenue from sale of goods is measured at fair value of consideration received or receivable. 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 being the fair value of consideration received, 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. The Company recognises the regular way purchase or sale of financial assets using settlement date accounting.

Trade and other payables

Liabilities for trade and other amounts payable are carried at their amortised cost which approximates 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 their amortised cost 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, balances 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. 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 using 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

2012 Number '000	2011 Number '000		2012 Rupees '000	2011 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
637,826	-	Ordinary shares of Rs. 10 each issued at a discount of Rs. 5 per share - paid in cash (note 4.1)	**6,378,263**	-
1,331,115	693,289		**13,311,158**	6,932,895
		Preference shares (note 4.2)		
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
1,379,814	741,988		**13,798,150**	7,419,887

AUTHORIZED SHARE CAPITAL

This represents 1,451,300,813 (2011 : 1,451,300,813) ordinary shares of Rs. 10 each and 48,699,187 (2011 : 48,699,187) preference shares of Rs. 10 each.

4.1 During the year the Company has issued 637,826 thousand ordinary shares (including 637,712 thousand shares to Fauji Foundation) of face value of Rs 10 each at a discount price of Rs. 5 per share by way of right issue in proportion of 92 shares for every 100 shares held.

4.2 Preference shares have the following characteristics :

(i) Entitling the holder to receive preferential dividend in the following years 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
2013	210,687
2014	227,408
2015	240,785

(ii) Convertible into ordinary shares only at any time at Rs.10 each 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.

4.3 Fauji Foundation holds 787,376,055 (2011 : 186,239,020) ordinary shares and 48,699,187 (2011 : 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 (2011 : 93,750,000) , 18,750,000 (2011 : 18,750,000) and 18,750,000 (2011: 18,750,000) ordinary shares respectively of the Company at the year end.

5 ADVANCE AGAINST ISSUE OF SHARES

	2012 Rupees'000	2011 Rupees'000
Opening balance	**861,871**	-
Add: Amount received from Fauji Foundation on account of underwriting of right shares	**2,327,261**	-
Add: Subscription money received against issue of right shares	**-**	861,671
	3,189,132	861,671
Less: Issuance of ordinary shares by way of rights	**(3,189,132)**	-
	-	861,671

6 RESERVES

Capital		
(Discount on issue of shares)/ share premium	**(1,364,385)**	1,826,452
Hedging reserve	**(418,113)**	(606,629)
Revenue		
Accumulated profit	**1,889,453**	1,512,436
	106,955	2,732,259

7 SUBORDINATED LOAN - Unsecured

During the year, the Company has repaid the loan to Fauji Foundation out of proceeds from right issue.

8 LONG TERM FINANCING-Secured

- Loans from banking companies-under mark up arrangements

Lender	Note	2012	2011	Rate of interest per annum	Outstanding installment	Interest payable
		Rupees'000				
Syndicate Finance	8.1	**3,363,636**	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	**6,904,337**	7,547,961	6 month's LIBOR + 0.8%	12 semi annual installments ending May 7, 2017	Semi annual
National Bank of Pakistan	8.3	**1,500,000**	1,500,000	6 month's KIBOR + 2.25%	14 semi annual installments ending July 19, 2019	Semi annual
Faysal Bank Limited		**500,000**	500,000	6 month's KIBOR + 2%	7 semi annual installments ending December 7, 2015	Semi annual
Habib Bank Limited		**345,600**	384,000	6 month's KIBOR + 2.5%	10 semi annual installments ending July 29, 2016	Semi annual
Less: Unamortized portion of transaction cost		**(58,665)**	(78,339)			
		12,554,908	13,553,622			
Less: Current portion shown under current liabilities		**(2,380,395)**	(1,748,142)			
		10,174,513	11,805,480			

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, Summit Bank Limited(formely 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.

8.3 During the year, the grace period of the loan was enhanced by one year. First installment now falls due in January 2013 with last installment due on July 19, 2019.

8.4 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 DEFERRED LIABILITY - compensated absences

	2012 Rupees'000	2011 Rupees'000
Balance at beginning of the year	**31,162**	20,452
Add: Charge for the year	**20,321**	28,134
	51,483	48,586
Less: Amount paid during the year	**(21,651)**	(17,424)
	29,832	31,162
Less: Amount transferred to current liabilities	**(4,981)**	(8,488)
	24,851	22,674

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.

10 DEFERRED TAX LIABILITY - Net

	Note	2012 Rupees'000	2011 Rupees'000
Deductible temporary differences			
Unused tax losses representing unabsorbed depreciation		**(2,985,687)**	-
Taxable temporary difference			
Excess of accounting book value of fixed assets over their tax base		**4,090,510**	794,918
		1,104,823	794,918

11 TRADE AND OTHER PAYABLES

	Note	2012 Rupees'000	2011 Rupees'000
Creditors		**346,396**	165,446
Accrued liabilities		**400,042**	396,935
Retention money		**14,649**	235,052
Security deposits		**70,554**	49,345
Advances from customers		**192,416**	183,267
Workers' (Profit) Participation Fund	11.1	**51,872**	26,206
Workers' Welfare Fund		**27,962**	9,763
Federal excise duty payable		**84,799**	44,562
Sales tax payable (net)		**42,887**	-
Other liabilities	11.2	**364,055**	102,758
Compensated absences		**4,981**	8,488
Dividend payable on preference shares		**175,573**	66,885
Unclaimed dividend		**2,261**	2,261
		1,778,447	1,290,968

11.1 Workers' (Profit) Participation Fund (WPPF)

	2012	2011
Balance at beginning of the year	**26,206**	17,470
Interest on funds utilised in the Company's business	**258**	64
Allocation for the year	**51,872**	26,206
Payment to the fund during the year	**(26,464)**	(17,534)
	51,872	26,206
Allocation for the year is made up as follows:		
Profit for the year before tax, WPPF and WWF	**1,037,442**	524,122
Charge for the year at the rate of 5%	**51,872**	26,206

11.2 This includes an amount of Rs. 300 million (2011: Rs. 42.2 million) payable to Fauji Foundation which is unsecured and interest free.

12 SHORT TERM BORROWINGS - secured

The Company has short term finance and morahaba facilities limits to the tune of Rs. 3,380 million (2011: Rs. 3,380 million) from banking companies. These facilities are secured against first pari passu 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%-13.78% per annum of the utilized amount and payable on a quarterly basis.

13 CONTINGENCIES AND COMMITMENTS

13.1 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 included in the above amount are as follows:

(i) The custom case of Rs 347 million was decided in the Company's favour by the Honourable Sindh High Court (SHC). On an appeal filed by the custom authorities to Honourable Supreme Court of Pakistan against decision of SHC, the matter was referred back by the Honorable Supreme Court to custom authorities for review. Thereafter, the Deputy Collector decided the case against the Company for the same amount and the Company has filed an appeal against the decision with the Collector which is pending adjudication.

(ii) Case for Rs. 15.797 million was decided by SHC against the Company. Appeal against the decision of SHC is pending before 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, which were in the Company's favour. FBR has informed the Company that recommendations of ADRC are not acceptable and advised the Company to plead the cases in court of law. The management of the Company is confident of a favourable outcome, since the management believes that the goods imported by the Company (against which the purported duties have been assessed) were covered by statutory exemption issued by the Ministry of Finance in 1992, the grant of which was confirmed by the custom authorities through various documents obtained from the appropriate authorities.

b) The Company has filed an appeal in Lahore High Court against decision of Civil Court in a suit for damages 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 appeal will ultimately be decided in favour of the Company.

c) A claim for damages amounting to Euros 833,120 equivalent Pak Rs. 64.15 million was in a tribunal of Arbitrators by the supplier of plant and machinery against which the Company had filed a counter claim of Euros 410,914 equivalent Pak Rs. 31.64 million and Rs. 11.824 million (less the aggregate sum of equivalent Pak Rs. 21.33 million previously recovered/ adjusted by the Company). In the arbitration proceedings between the supplier and the Company, awards were passed by each arbitrator appointed by each party. As a result of the difference in opinion of the two arbitrators, the matter was referred to an umpire, on whose recommendations the supplier filed the award in the Court of Senior Civil Judge Islamabad, for the same to be made a rule of court. However, subsequent to the establishment of Islamabad High Court (IHC), the matter has been referred to the IHC. The matter is still pending before the IHC and the Company wishes for its objections to be recorded in the matter. The management believes that the Company has a strong grounds to argue the case in the court and accordingly, no liability has been accounted for in these financial statements.

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. 347 million (2011: Rs. 335 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 31.1

13.2 Commitments

a) The Company has opened letters of credit for the import of spare parts valuing Rs. 51 million (2011: Rs. 564 million).

14 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 14.1)	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 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
Balance as at 01 July 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
Additions during the year	7,206	385	67,980	354	677	796	293	13,272	-	219,325	310,288
Disposals	-	-	-	(8)	(1,681)	-	-	(10,106)	-	-	(11,795)
Transfers	-	3,394,095	18,418,100	-	-	-	-	-	-	(21,812,195)	-
Balance as at 30 June 2012	148,452	5,050,460	25,279,493	9,765	51,794	84,007	21,895	150,590	27,855	14,833	30,839,144
Depreciation											
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
Balance as at 01 July 2011	-	821,996	2,805,055	7,096	39,650	71,776	10,201	98,943	27,855	-	3,882,572
Depreciation charge for the year	-	170,693	863,048	751	7,337	2,642	2,292	23,320	-	-	1,070,083
On disposals	-	-	-	(8)	(1,647)	-	-	(9,810)	-	-	(11,465)
Balance as at 30 June 2012	-	992,689	3,668,103	7,839	45,340	74,418	12,493	112,453	27,855	-	4,941,190
Carrying amounts - 2012	148,452	4,057,771	21,611,390	1,926	6,454	9,589	9,402	38,137	-	14,833	25,897,954
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%		

14.1 The Company declared commencement of commercial production effective 23 September 2011 of new cement manufacturing line adjacent to the existing line. Accordingly, the Company has transferred the complete cost related thereto to operating assets. Combined annual capacity of both cement manufacturing lines is now 3.4 million tons of cement. During the year, sales and profit during trial run amounting to Rs. 554 million and Rs. 166 million respectively have been credited to cost of new cement manufacturing line.

14.1.1 During the year, borrowing cost and other directly attributable expenditure amounting to Rs. 489 million (2011: Rs.1,845 million) and Rs.26 million (2011:Rs. 252 million) respectively have been capitalized. Borrowing cost has been captalised at the rate of 15.10% (2011: 14.94%) per annum.

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

	2012 Rupees'000	2011 Rupees'000
Cost of sales	**1,057,463**	379,106
Distribution cost	**5,264**	5,670
Administrative expenses	**7,356**	7,361
	1,070,083	392,137

14.3 Detail of disposals during the year is as follows:

	Original cost Rupees'000	**Book value Rupees'000**	**Sale Rupees'000**	**Gain/ (loss) Rupees'000**	**Mode of disposal**
Motor vehicle	963	81	143	62	As per Company's policy to Mr. Muhammad Ashar Naseem - Ex executive
Motor vehicle	1,271	214	1,239	1,025	Insurance claim
Aggregate detail of assets disposed-off having book value of less than Rs. 50,000	9,561	35	6,471	6,436	
2012	**11,795**	**330**	**7,853**	**7,523**	
2011	11,980	4,949	4,809	(140)	

15 LONG TERM ADVANCE - Considered good

	Note	**2012 Rupees'000**	2011 Rupees'000
Sui Northern Gas Pipelines Limited	15.1	**4,500**	5,400
Less: Amount receivable within 12 months shown under current assets		**(900)**	(900)
		3,600	4,500

15.1 This represents long term advance for construction of gas pipeline. It is repayable annually in equal installments over 5 years and carries mark-up @ 1.5% per annum.

16 LONG TERM DEPOSITS AND PREPAYMENTS	Note	2012 Rupees'000	2011 Rupees'000
Islamabad Electric Supply Company Limited		**61,590**	61,592
Sui Northern Gas Pipelines Limited		**25,011**	25,011
Prepaid guarantee fee	16.1	**555,492**	669,521
		642,093	756,124

16.1 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.

17 STORES, SPARES AND LOOSE TOOLS	Note	2012 Rupees'000	2011 Rupees'000
Stores		**1,501,742**	1,544,574
Spares (Including items in transit of Rs. 4.7 million (2011: Rs. 21.8 million)	17.1	**1,039,037**	885,945
Loose tools		**13,654**	13,654
		2,554,433	2,444,173

17.1 This includes spares stated at net realizable value of Rs. 4.89 million (2011 : Rs 4.89 million).

18 STOCK IN TRADE	2012 Rupees'000	2011 Rupees'000
Raw and packing material	**132,198**	203,592
Work in process	**677,001**	210,041
Finished goods	**146,138**	80,289
	955,337	493,922

19 TRADE DEBTS	2012 Rupees'000	2011 Rupees'000
Unsecured		
Considered good	**63,504**	31,825
Considered doubtful	**3,281**	3,281
	66,785	35,106
Secured considered good	**737**	5,135
Less: Provision for doubtful debts	**(3,281)**	(3,281)
	64,241	36,960

20 ADVANCES	Note	2012 Rupees'000	2011 Rupees'000
Advances - Considered good			
To suppliers		**11,986**	32,804
To employees		**191**	416
To associated undertaking - unsecured		**-**	6,613
Current portion of long term advance		**900**	900
		13,077	40,733

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

Deposits		**17,667**	18,847
Prepayments		**1,464**	7,048
Advance tax - net		**172,893**	163,521
Sales tax refundable - net		**-**	536,096
Special excise duty refundable		**-**	43,955
		192,024	769,467

22 OTHER RECEIVABLES

Other receivables- Considered good	22.1	**146,175**	8,121
Margin on letter of guarantee		**19,067**	19,067
		165,242	27,188

22.1 This includes an amount of Rs. 140 million receivable from the construction contractor against non performance of contractual obligation.

23 CASH AND BANK BALANCES	Note	2012 Rupees'000	2011 Rupees'000
Cash at banks			
Deposit accounts	23.1 & 23.2	**79,886**	890,477
Current accounts		**135,175**	88,360
		215,061	978,837
Cash in hand		**10**	10
		215,071	978,847

23.1 Balances with banks include Rs. 70.5 million (2011 : Rs. 49.34 million) in respect of security deposits received.

23.2 Deposits of Rs. 4 million (2011 : Rs. 4 million) with banks are under lien for letters of guarantee issued on behalf of the Company.

	Note	2012 Rupees'000	2011 Rupees'000
24 SALES - Net			
Sales - Local		**11,565,193**	3,864,232
- Export		**2,341,300**	1,924,070
		13,906,493	5,788,302
Less: Sales tax		**1,595,345**	555,889
Excise duty		**780,759**	484,257
Export development surcharge		**7,339**	5,563
		2,383,443	1,045,709
		11,523,050	4,742,593

	Note	2012 Rupees'000	2011 Rupees'000
25 COST OF SALES			
Raw materials consumed		**577,400**	279,254
Packing material consumed		**664,647**	356,182
Stores and spares consumed		**39,157**	25,986
Salaries, wages and benefits (including retirement benefits of Rs. 24.4 million (2011 : Rs. 25.5 million)		**423,841**	308,169
Rent, rates and taxes		**13,481**	5,706
Insurance		**70,605**	24,214
Fuel consumed		**3,831,144**	1,917,064
Power consumed		**1,690,002**	704,585
Depreciation	14.2	**1,057,463**	379,106
Repairs and maintenance		**185,602**	146,664
Technical assistance		**1,398**	1,693
Vehicle running and maintenance expenses		**20,302**	15,876
Printing and stationery		**1,998**	1,607
Travelling and conveyance		**12,414**	7,824
Communication, establishment and other expenses		**9,852**	7,797
		8,599,306	4,181,727
Add: Opening work-in-process		**210,041**	11,195
Work in process transferred after trial run of Line-II		**260,372**	-
Less: Closing work-in-process		**(677,001)**	(210,041)
Cost of goods manufactured		**8,392,718**	3,982,881
Add: Opening finished goods		**80,289**	33,411
Finished goods transferred after trial run of Line-II		**135,052**	-
Less: Closing finished goods		**(146,138)**	(80,289)
		8,461,921	3,936,003
Less: Own consumption capitalized		**(7,321)**	(16,463)
		8,454,600	3,919,540

		Note	2012 Rupees'000	2011 Rupees'000
26	**OTHER INCOME**			
	Income from financial assets			
	Profit on bank deposits		**9,265**	9,807
	Interest on long term advance		**78**	91
			9,343	9,898
	Income from assets other than financial assets			
	Gain/(loss) on disposal of property, plant and equipment		**7,523**	(140)
	Others		**9,653**	18,295
			26,519	28,053
27	**DISTRIBUTION COST**			
	Salaries, wages and benefits (including retirement benefits of Rs. 3.1 million (2011 : Rs. 3.9 million)		**37,988**	38,885
	Export freight and other charges		**41,951**	-
	Travelling and entertainment		**3,358**	13,953
	Vehicle running and maintenance expenses		**2,312**	1,976
	Rent, rates and taxes		**3,482**	3,464
	Repairs and maintenance		**503**	228
	Printing and stationery		**858**	1,192
	Depreciation	14.2	**5,264**	5,670
	Communication, establishment and other expenses		**3,776**	4,688
	Advertisement and sale promotion expenses		**1,868**	3,919
	Insurance		**282**	174
			101,642	74,149
28	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and benefits (including retirement benefits Rs. 6.5 million (2011: Rs. 7.2 million)		**91,196**	89,224
	Travelling and entertainment		**1,251**	4,896
	Vehicle running and maintenance expenses		**6,528**	6,219
	Insurance		**730**	496
	Rent, rates and taxes		**2,859**	5,277
	Repairs and maintenance		**475**	1,994
	Printing and stationery		**2,120**	3,052
	Communication, establishment and other expenses		**6,608**	8,582
	Legal and professional charges		**7,757**	3,159
	Depreciation	14.2	**7,356**	7,361
	Donations	28.1	**2,300**	17,678
			129,180	147,938

28.1 This includes Rs. 0.5 million (2011: Rs. 0.5 million) donated to Foundation University Islamabad. The following directors' interest in the university is limited to the extent of their involvement as directors/ key management personnel:

2012	2011
Lt Gen (R) Muhammad Mustafa Khan, HI(M)	Lt Gen (R) Hamid Rab Nawaz, HI(M)
Mr. Qaiser Javed	Mr. Qaiser Javed
Dr. Nadeem Inayat	Dr. Nadeem Inayat

		Note	2012 Rupees'000	2011 Rupees'000
29	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration:			
	Annual audit		1,000	750
	Half yearly review		142	149
	Out of pocket expenses		50	20
	Other certifications		68	56
			1,260	975
	Workers' (Profit) Participation Fund	11.1	51,872	26,206
	Workers' Welfare Fund		19,325	9,763
			72,457	36,944
30	**FINANCE COST**			
	Interest and other charges on long and short term borrowings		1,297,546	97,127
	Interest on Workers' (Profit) Participation Fund		258	64
	Exchange loss on revaluation of loan		516,655	-
	Bank charges and commission		10,986	6,731
			1,825,445	103,922
31	**TAXATION**			
	Current (including prior)		103,750	56,210
	Deferred		309,905	6,282
			413,655	62,492

	2012	2011
Accounting profit for the year (Rupees '000)	966,245	488,153
Applicable tax rate	35%	35%
Income tax at applicable rate (Rupees '000)	338,186	170,854
Tax effect of export sales to local sales at prior years' estimate (Rupees '000)	(478,923)	2,891
Tax effect of change in proportion of export sales to local sales during the year (Rupees '000)	524,424	(49,261)
Net impact of effect of change in proportion (Rupees '000)	45,501	(46,370)
Minimum tax (Rupees '000)	119,737	-
Tax effect of income taxable under final tax regime (Rupees '000)	(72,199)	(64,490)
Prior year (Rupees '000)	(15,987)	-
Tax effect on permanent differences (Rupees '000)	(1,583)	2,498
	413,655	62,492

31.1 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 Years 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.

Tax returns filed by the Company for Tax Years 2007, 2008, 2009 and 2011 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. Further, the assessment for the tax year 2010 has been finalized by the Commissioner Inland Revenue under Section 221 of the Ordinance.

For the Tax Year 2005, certain payments on account of transportation charges are disallowed by the Assistant Commissioner Inland Revenue by treating these payments as income. The Company filed appeal before Commissioner Inland Revenue (Appeal) and the Commissioner Inland Revenue (Appeal) upheld the order of the Assistant Commissioner Inland Revenue. The Company has now filed an appeal in the Appellate Tribunal.

32 EARNINGS PER SHARE

		2012	2011
32.1	**Basic**		
	Profit after taxation (Rupees '000)	**552,590**	425,661
	Less: Dividend on preference shares (Rupees '000)	**175,573**	66,885
	Profit attributable to ordinary shareholders (Rupees '000)	**377,017**	358,776
	Weighted average number of ordinary shares outstanding during the year (Numbers '000)	**1,294,518**	693,289
	Earnings per share (EPS) - basic (Rupees)	**0.29**	0.52
32.2	**Diluted**		
	Profit attributable to ordinary shareholders (Rupees '000)	**377,017**	358,776
	Weighted average number of ordinary shares and incremental shares on assumed conversion under subordinated loan outstanding during the year (Numbers '000)	-	1,066,460
	Weighted average number of ordinary shares outstanding during the year	**1,294,518**	-
	Earnings per share - diluted (Rupees)	**0.29**	0.34
	Reconciliation of weighted average number of shares		
	Weighted average number of ordinary shares outstanding during the year (Numbers '000)	**1,294,518**	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
		1,294,518	1,066,459

Effect of convertible preference shares is not included in diluted EPS calculation since the effect is anti - dilutive.

33 CASH AND CASH EQUIVALENTS

	2012 Rupees'000	2011 Rupees'000
Cash and bank balances	**215,071**	978,847
Running finances	**(45,954)**	(494,959)
	169,117	483,888

34 REMUNERATION OF DIRECTORS AND EXECUTIVES

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

	Managing Director		Executives	
	2012 Rupees'000	2011 Rupees'000	**2012 Rupees'000**	2011 Rupees'000
Managerial remuneration	**10,331**	11,812	**95,287**	79,149
Provident fund	**316**	429	**3,774**	3,057
Compensated absences	**496**	568	**4,709**	3,398
Utilities and upkeep	**616**	682	**3,774**	3,073
	11,759	13,491	**107,544**	88,677
No of persons	**1**	2	**44**	44

34.1 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.

34.2 Meeting fee of directors charged during the year was Rs. 0.380 million (2011 :Rs. 0.410 million),number of directors 8 (2011 : 8).

35 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 adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

35.1 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:

	2012	2011
	Rupees '000	
Long term advance	**4,500**	5,400
Long term deposit	**86,601**	86,603
Trade debts - net of provision	**64,241**	36,960
Deposits	**17,667**	18,847
Interest accrued	**393**	836
Other receivables	**146,175**	8,121
Margin on letters of guarantee	**19,067**	19,067
Bank balances	**215,061**	978,837
	553,705	1,154,671

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.27.789 million (2011: Rs. 11.370 million) was outstanding and which is included in total carrying amount of trade debtors as at 30 June 2012.

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 2012	**Impairment 2012**	Gross 2011	Impairment 2011
		Rupees '000		
Not past due	**8,821**	-	-	-
Past due 1-30 days	**45,149**	**-**	24,743	-
Past due 31-60 days	**7,557**	**-**	2,138	-
Past due 61-90 days	**575**	**-**	3,399	-
Over 90 days	**5,420**	**3,281**	9,961	3,281
	67,522	**3,281**	40,241	3,281

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

	2012	2011
	Rupees '000	
Balance at 1 July	**3,281**	3,281
Impairment loss adjustment	**-**	-
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 account in respect of trade debts is 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.

35.2 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 maintains lines of credit as mentioned in note 12 to the financial statements.

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

2012	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 and mark-up accrued	12,866,504	(15,120,892)	(1,845,202)	(1,598,900)	(3,072,256)	(7,992,534)	(612,000)
Trade and other payables	1,347,294	(1,347,294)	(1,347,294)	-	-	-	-
Short term borrowings and markup accrued	1,023,734	(1,041,480)	(1,041,480)	-	-	-	-
	15,237,532	(17,509,666)	(4,233,976)	(1,598,900)	(3,072,256)	(7,992,534)	(612,000)

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 and mark-up accrued	13,921,826	(17,261,112)	(1,522,272)	(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	1,018,682	(1,018,682)	(1,018,682)	-	-	-	-
Short term borrowings and markup accrued	1,977,426	(2,058,165)	(2,058,165)	-	-	-	-
	20,106,934	(17,148,959)	(1,410,119)	(1,606,998)	(3,211,594)	(9,979,862)	(940,386)

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

35.2.1 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 12 to these financial statements.

35.3 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.

35.3.1 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:

	2012		2011	
	Rupees '000	**US Dollar**	Rupees '000	US Dollar
Long term loan	**6,904,337**	**73,139**	7,547,961	87,767

The following significant exchangerate applied during the year:

	Average rates		**Balance sheet date**	
	2012	2011	**2012**	2011
US Dollars	**90.20**	85.73	**94.40**	86

Sensitivity

An increase of 3% in exchange rate at the reporting date would have decreased profit or loss by the amounts shown below.

	2012		2011	
	Profit or loss		Profit or loss	
	Gross exposure	**Net of tax exposure**	Gross exposure	Net of tax exposure
	Rupees '000			
Long term loan	**207,130**	**134,634**	226,439	147,185

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

35.3.2 Interest rate risk

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

	Carrying Amount	
	2012	2011
	Rupees '000	
Fixed rate instruments		
Financial assets	**139,675**	93,760
Financial liabilities	**940,000**	825,000
Variable rate instruments		
Financial liabilities	**12,659,527**	14,708,294

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 in interest rates at the reporting date would have increased (decreased) 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 2011.

	Profit or loss	
	100 basis points increase	**100 basis points decrease**
	Rupees '000	
Cash flow sensitivity (net)		
Variable rate instruments	(32,147)	32,147
30 June 2012	(32,147)	32,147
Variable rate instruments	(37,138)	37,138
30 June 2011	(37,138)	37,138

35.4 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	2012 Carrying amount	2012 Fair value	2011 Carrying amount	2011 Fair value
Assets carried at amortized cost			Rupees '000		
Long term advance	15	**4,500**	**4,500**	5,400	5,400
Long term deposit	16	**86,601**	**86,601**	86,603	86,603
Trade debts - net of provision	19	**64,241**	**64,241**	36,960	36,960
Deposits	21	**17,667**	**17,667**	18,847	18,847
Interest accrued		**393**	**393**	836	836
Other receivables	22	**146,175**	**146,175**	8,121	8,121
Margin on letters of guarantee	22	**19,067**	**19,067**	19,067	19,067
Cash and bank balances	23	**215,071**	**215,071**	978,847	978,847
		553,715	**553,715**	1,154,681	1,154,681
Liabilities carried at amortized cost					
Subordinated loan - unsecured	7	**-**	**-**	3,189,000	3,189,000
Long term financing - secured	8	**12,613,573**	**12,613,573**	13,631,961	13,631,961
Creditors	11	**346,396**	**346,396**	207,636	207,636
Accrued liabilities	11	**373,806**	**373,806**	396,935	396,935
Retention money	11	**14,649**	**14,649**	235,052	235,052
Security deposits	11	**70,554**	**70,554**	49,345	49,345
Other liabilities	11	**364,055**	**364,055**	60,568	60,568
Dividend payable	11	**177,834**	**177,834**	69,146	69,146
Markup accrued		**349,377**	**349,377**	444,297	444,297
Short term borrowings - secured	12	**985,954**	**985,954**	1,901,333	1,901,333
		15,296,198	**15,296,198**	20,185,273	20,185,273

35.5 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

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.

35.6 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 and monitors that the Company has appropriate mix of capital and debt. 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.

36 RELATED PARTY TRANSACTIONS

Fauji Foundation holds 59.15 % 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. Amount due to the related party is disclosed in notes 11.2 . Transactions with related parties are as follows:

	2012	2011
	Rupees'000	Rupees'000
Transactions with associated undertakings/companies due to common directorship		
- Sale of cement	**622**	8,570
- Payment for use of medical facilities	**36**	121
- Payment on account of clearance of shipments	**14,515**	32,600
- Preference dividend paid	**66,885**	33,442
- Payment of rent and utilities	**4,397**	1,871
- Loan received from Fauji Foundation	**-**	2,789,000
- Amount payable-unsecured	**300,000**	42,190
Employees Funds		
- Payments made into the fund	**17,875**	15,448
Others		
- Remuneration to key management personnel (including retirement benefits)	**28,343**	23,394

37 PLANT CAPACITY AND ACTUAL PRODUCTION

	2012	2011
	Metric Tons	Metric Tons
Current installed capacity	**2,926,980**	1,165,500
Actual production	**2,010,006**	1,101,677

The Company during the period commissioned its new line of production of 7,200 TPD clinker. The above installed capacity represents a prorata allocation based on number of days the capacity was available to the Company. Based on 300 days the installed capacity of the Company is 3,433,500 tons of cement.

Difference is due to supply demand situation of the market.

38 GENERAL

38.1 Facilities of letters of guarantee and letters of credit

Facilities of letters of guarantee and letters of credit amounting to Rs. 347 million and Rs. 1,650 million (2011: Rs. 340 million and Rs. 2,690 million) respectively are available to the Company. Letters 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.

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

Chief Executive | Director

Annex-A

No. of Shareholders	From	To	Total Shares Held
237	1	100	8,904
1174	101	500	541,729
1786	501	1000	1,750,298
3660	1001	5000	11,477,293
1583	5001	10000	13,525,282
558	10001	15000	7,394,879
436	15001	20000	8,237,424
320	20001	25000	7,694,655
196	25001	30000	5,674,684
115	30001	35000	3,846,844
86	35001	40000	3,360,509
55	40001	45000	2,408,132
183	45001	50000	9,068,591
42	50001	55000	2,243,690
43	55001	60000	2,537,651
37	60001	65000	2,348,875
28	65001	70000	1,917,739
40	70001	75000	2,965,712
29	75001	80000	2,280,855
14	80001	85000	1,176,742
23	85001	90000	2,033,320
6	90001	95000	560,998
134	95001	100000	13,388,150
16	100001	105000	1,649,121
14	105001	110000	1,534,775
16	110001	115000	1,820,176
7	115001	120000	831,590
18	120001	125000	2,229,078
18	125001	130000	2,315,848
4	130001	135000	529,258
8	135001	140000	1,115,385
11	140001	145000	1,571,695
18	145001	150000	2,694,250
5	150001	155000	765,554
6	155001	160000	960,000
3	160001	165000	483,016
6	165001	170000	1,010,750
2	170001	175000	345,709
9	175001	180000	1,601,012
1	180001	185000	180,500
3	185001	190000	564,789
4	190001	195000	775,036
45	195001	200000	8,990,939
4	200001	205000	813,769
5	205001	210000	1,042,854
3	210001	215000	644,682
3	215001	220000	654,650
5	220001	225000	1,116,630
6	225001	230000	1,367,902
1	230001	235000	232,500
3	235001	240000	712,062
5	240001	245000	1,212,064
16	245001	250000	3,987,550
2	250001	255000	505,001
1	255001	260000	260,000
4	260001	265000	1,060,000
3	265001	270000	810,000
7	270001	275000	1,919,420
2	275001	280000	560,000

No. of Shareholders	From	To	Total Shares Held
1	280001	285000	281,170
1	285001	290000	287,000
3	290001	295000	881,283
13	295001	300000	3,897,000
2	300001	305000	606,500
2	305001	310000	618,841
2	310001	315000	628,000
2	315001	320000	640,000
1	320001	325000	325,000
1	325001	330000	326,353
1	335001	340000	340,000
5	345001	350000	1,750,000
1	350001	355000	355,000
1	355001	360000	360,000
2	365001	370000	736,112
2	370001	375000	744,957
1	375001	380000	379,000
1	385001	390000	386,440
1	390001	395000	394,000
13	395001	400000	5,197,386
1	405001	410000	410,000
1	410001	415000	414,405
1	415001	420000	415,675
1	420001	425000	424,500
1	445001	450000	450,000
1	450001	455000	455,000
1	455001	460000	459,201
1	460001	465000	465,000
2	470001	475000	950,000
1	485001	490000	488,000
9	495001	500000	4,500,000
1	520001	525000	521,264
1	530001	535000	532,500
4	545001	550000	2,200,000
1	550001	555000	550,935
1	570001	575000	575,000
1	575001	580000	576,669
3	595001	600000	1,800,000
1	610001	615000	615,000
1	615001	620000	620,000
2	630001	635000	1,268,428
2	645001	650000	1,300,000
2	650001	655000	1,307,250
1	655001	660000	656,972
1	670001	675000	675,000
1	695001	700000	700,000
1	710001	715000	713,500
1	720001	725000	721,201
1	740001	745000	745,000
1	750001	755000	755,000
2	760001	765000	1,525,865
1	780001	785000	785,000
1	790001	795000	792,455
2	800001	805000	1,605,010
1	865001	870000	869,500
2	895001	900000	1,800,000
7	995001	1000000	6,999,983
1	1020001	1025000	1,020,160

No. of Shareholders	From	To	Total Shares Held
1	1045001	1050000	1,049,975
1	1050001	1055000	1,054,500
2	1095001	1100000	2,200,000
3	1115001	1120000	3,356,152
1	1150001	1155000	1,155,000
1	1195001	1200000	1,200,000
1	1205001	1210000	1,205,865
1	1225001	1230000	1,228,500
1	1320001	1325000	1,324,661
1	1390001	1395000	1,394,000
1	1475001	1480000	1,479,580
1	1495001	1500000	1,500,000
1	1540001	1545000	1,542,000
1	1710001	1715000	1,715,000
1	1750001	1755000	1,752,550
1	1760001	1765000	1,760,562
1	1840001	1845000	1,843,500
2	1995001	2000000	3,996,000
1	2090001	2095000	2,094,300
1	2100001	2105000	2,101,000
1	2235001	2240000	2,239,500
1	2330001	2335000	2,332,367
1	2395001	2400000	2,400,000
1	2645001	2650000	2,650,000
1	2755001	2760000	2,758,600
1	2825001	2830000	2,830,000
1	2845001	2850000	2,847,250
1	3125001	3130000	3,127,639
2	3245001	3250000	6,500,000
1	3495001	3500000	3,500,000
1	3610001	3615000	3,614,500
1	3995001	4000000	4,000,000
1	4795001	4800000	4,798,201
1	4965001	4970000	4,970,000
1	5285001	5290000	5,289,700
1	5295001	5300000	5,300,000
1	5495001	5500000	5,500,000
1	5735001	5740000	5,736,845
1	8495001	8500000	8,500,000
1	12670001	12675000	12,675,000
1	13545001	13550000	13,550,000
2	18745001	18750000	37,500,000
1	27420001	27425000	27,425,000
1	48695001	48700000	48,699,187
1	56305001	56310000	56,309,000
1	93745001	93750000	93,750,000
1	759950001	759955000	759,951,055
11,242			**1,379,815,025**

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)	939,900,242	68.1178%
NIT and ICP	2,332,367	0.1690%
Banks Development Financial Institutions, Non Banking Financial Institutions.	11,187,138	0.8108%
Insurance Companies	676,173	0.0490%
Modarabas and Mutual Funds	18,131,435	1.3140%
General Public		
a. Local	275,734,884	19.9835%
b. Foreign	0	0.0000%
Others (to be specified)		
Investment Companies	22,500	0.0016%
Joint Stock Companies	34,764,265	2.5195%
Foreign Companies	10,589,700	0.7675%
Others	86,476,314	6.2672%
Share holders holding 10%	808,650,242	58.6057%

Notice is hereby given that the 20th Annual General Meeting of the Company will be held at 1000 hours 30 October 2012 (Tuesday) at Hotel Pearl Continental The Mall, Rawalpindi, to transact the following business:-

1. To confirm the Minutes of 19th General Meeting held on 20th October 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 30th June 2012.

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: 01th October 2012

Brig (R) Sajjad Azam Khan
Company Secretary

NOTES

(1) The Share Transfer Books of the Company will remain closed from 24th October 2012 to 30th October 2012 (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 Adam Jee 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. 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) <u>For Attending the Meeting</u>

i. In case of individuals, the account holder or sub-account holder shall authenticate his/her identity by showing his/her original computerized 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 signatures of the nominee shall be produced at the Meeting.

(b) <u>For Appointing Proxies</u>

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 signatures 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 **20th Annual General Meeting** of the Company to be held on Tuesday, 30**th October 2012** and at any adjournment thereof.
As witness my/our hand/seal this ____________________ day __________2012.

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 Adamjee Road, Saddar, Rawalpindi-Pakistan, not less then 48hours 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