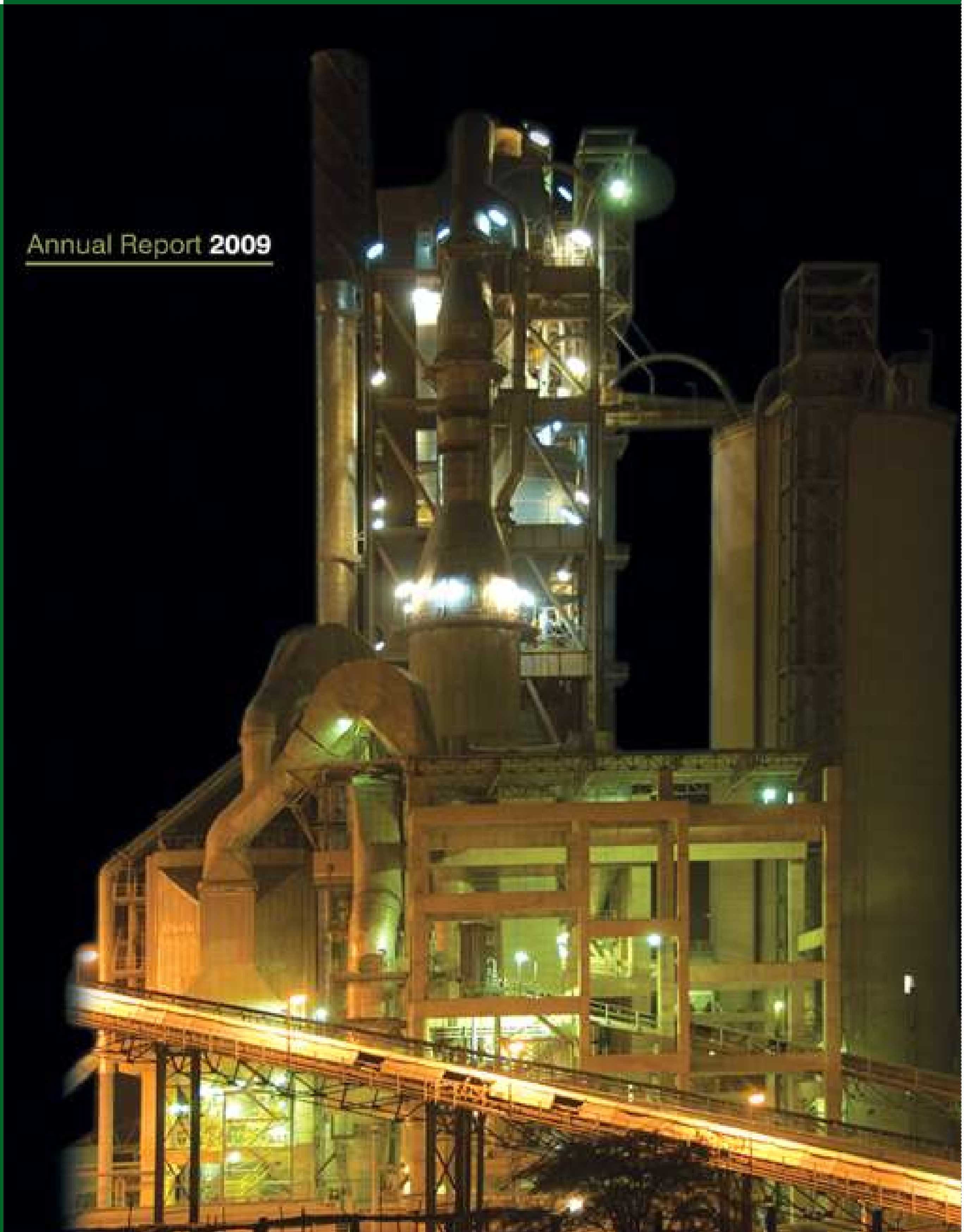
Annual Report 2009



MAPLE LEAF CEMENT FACTORY LIMITED

Kohinoor Maple Leaf Group

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Mission Statement

"The Maple Leaf Cement Factory Limited stated mission is to achieve and then remain as the most progressive and profitable company in Pakistan in terms of industry standards and stakeholders interests.

The company shall achieve its mission through a continuous process of having sourced and implemented the best leading edge technology, industry best practice, human resource and by conducting its business professionally and efficiently with responsibility to all its stakeholders and community."

Corporate Strategy

We at Maple Leaf Cement Factory Limited manufacture and market different types of consistently high quality cement, according to the demanding requirements of the construction industry. Our strategy is to be competitive in the market through quality and efficient operations.

As a responsible member of the community, we are committed to serve the interest of all our stakeholders and contribute towards the prosperity of the country.

Statement of Ethics and Business Practices

For the Year 2009 - 2010

The following principles constitute the code of conduct which all Directors and employees of Maple Leaf Cement Factory Limited are required to apply in their daily work and observe in the conduct of Company's business. While the Company will ensure that all employees are fully aware of these principles, it is the responsibility of each employee to implement the Company's policies. Contravention is viewed as misconduct.

The code emphasizes the need for a high standard of honesty and integrity which are vital for the success of any business.

PRINCIPLES

1. Directors and employees are expected not to engage in any activity which can cause conflict between their personal interest and the interest of the Company such as interest in an organization supplying goods/services to the company or purchasing its products. In case a relationship with such an organization exists the same must be disclosed to the Management.

2. Dealings with third parties which include Government officials, suppliers, buyers agents and consultants must always ensure that the integrity and reputation of the Company is not in any way compromised.

3. Directors and employees are not allowed to accept any favours, gifts or kickbacks from any organization dealing with the Company.

4. Directors and employees are not permitted to divulge any confidential information relating to the Company to any unauthorized person. Nor should they issue any misleading statements pertaining to the affairs of the Company.

5. The Company has strong commitment to the health and safety of its employees and preservation of environment and the Company will preserve towards achieving continuous improvement of its HSE performance by reducing potential hazards preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.

6. Commitment and team work are key elements to ensure that the Company's work is carried out effectively and efficiently. Also all employees will be equally respected and actions such as sexual harassment and disparaging remarks based on gender, religion, race or ethnicity will be avoided.

Company Profile

Maple Leaf Cement is a part of Kohinoor Maple Leaf Group (KMLG). The Group comprises of companies, which are ranked amongst the top companies in the cement and textile sector. Maple Leaf Cement Factory Limited (MLCFL) is one of the pioneers of cement industry in Pakistan. MLCFL owns and operates three production lines for grey and three production lines for white cement. The plants are located at Daudkhel District Mianwali. Total annual clinker capacity of the Company is recorded at 3,690,000 tons.

- *MLCFL was established by the West Pakistan Industrial Development Corporation (WPIDC) in 1956 and was incorporated as "Maple Leaf Cement Factory Limited" in April, 1960. The capacity of the plant was 300,000 tons clinker per annum.*
- *In 1967, a company with the name of "White Cement Industries Limited" (WCIL) was established with the clinker capacity of 15,000 tons per annum.*
- *In 1974, under the WPIDC Transfer of Projects and Companies Ordinance, the management of two companies, namely MLCFL and WCIL were transferred to the newly established State Cement Corporation of Pakistan (SCCP).*
- *In 1983, SCCP expanded WCIL's white cement plant by adding another unit of the same capacity parallel to the existing one, increasing total capacity to 30,000 tons clinker per annum.*
- *In 1986, SCCP set up another production unit of grey cement under the name of Pak Cement Company Limited (PCCL) with a capacity of 180,000 tons per annum.*
- *In 1992, MLCFL, WCIL, and PCCL were privatised and transferred to the KMLG. All three companies were merged into Maple Leaf Cement Factory Limited on July 01, 1992.*
- *In 1994, the Company was listed on all Stock Exchanges in Pakistan.*
- *In 1998, separate production line for grey Portland cement of 990,000 tons per annum clinker capacity based on most modern dry process technology was installed.*
- *In 2000, Maple Leaf Electric Company Ltd. (MLEC) a power generation unit was merged into the Company.*
- *In 2004, the coal conversion project at new dry process plant was completed.*
- *In 2005, dry process plant capacity was increased from 3,300 tpd to 4,000 tpd through debottlenecking and up-gradation of equipment and necessary adjustments in operational parameters.*
- *In 2006, a project to convert the existing wet process line to a fuel efficient dry process white cement line commenced its commercial production.*
- *In 2007, Company has undertaken an expansion project of 6,700 tpd clinker capacity which has commenced its commercial production on November 01, 2007.*
- *In 2009, two existing lines of white cement 50 tpd each clinker capacity converted into oil well cement plant and started its commercial production.*

COMPANY INFORMATION

Board of Directors
Mr. Tariq Sayeed Saigol
Chairman
Mr. Sayeed Tariq Saigol
Chief Executive
Mr. Taufique Sayeed Saigol
Mr. Waleed Tariq Saigol
Mr. Kamil Taufique Saigol
Ms. Bushra Naz Malik
Mr. Zamiruddin Azar
Mr. Per Mejnert Kristensen
(Representing FLS & IFU, Denmark)

Audit Committee
Mr. Zamiruddin Azar
Chairman
Mr. Waleed Tariq Saigol
Member
Mr. Kamil Taufique Saigol
Member

Chief Financial Officer
Ms. Bushra Naz Malik

Company Secretary
Mr. Muhammad Ashraf

Internal Auditor
Mr. Zeeshan Ahmad

Bankers of the Company
Allied Bank Limited
Arif Habib Bank Limited
Askari Bank Limited
Atlas Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Dawood Islamic Bank Limited
Faysal Bank Limited
First Dawood Islamic Bank Limited
First National Bank Modaraba
First Women Bank Limited
Habib Bank Limited
IGI Investment Bank Limited
Islamic Corporation for the Development of the Private Sector, Jeddah
KASB Bank Limited
MCB Bank Limited
Meezan Bank Limited
Mybank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Company Limited
Pak-Libya Holding Company (Pvt.) Limited
Pak Oman Investment Company Limited
Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Khyber
The Bank of Punjab
HSBC Bank Middle East Limited
United Bank Limited

Auditors
Hameed Chaudhri & Co.
Chartered Accountants

Legal Advisors
Mr. Nomaan Akram Raja
Barrister-At-Law
Raja Mohammad Akram & Co.
Advocates and Legal Consultants,
Lahore.

Registered Office
42 - Lawrence Road, Lahore.
Phone: (042) 36278904-5
Fax: (042) 36363184
E-mail: mlcfl@kmlg.com
Website: www.kmlg.com

Share Registrar
Vision Consulting Limited
Head Office: 3-C, LDA Flats,
Lawrence Road, Lahore
Phone: (042) 36375531 & 36375339
Fax: (042) 36374839
E-mail: info@vcl.com.pk & vclcom@yahoo.com
Website: www.vcl.com.pk

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 49th Annual General Meeting of the members of **Maple Leaf Cement Factory Limited** ("Company") will be held on Thursday, October 29, 2009 at 11:30 a.m. at its Registered Office, 42 - Lawrence Road, Lahore, to transact the following business:

Ordinary Business:-

1) To confirm the minutes of last General Meeting held on October 30, 2008.

2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2009 together with the Directors' and Auditors' Reports thereon.

3) To appoint Auditors for the ensuing year and fix their remuneration.

Special Business:-

4) To consider and approve investment in associated company and if thought fit to pass the following resolution as a special resolution with or without modification under section 208 of the Companies Ordinance, 1984:-

   Resolved unanimously, "The Company be and is hereby authorized under section 208 of the Companies Ordinance, 1984 to make investment in the form of loan/ advances to **Kohinoor Textile Mills Limited,** holding company of the Company, up to an aggregate sum of Rs. 200 (M) (Rupees Two Hundred Million Only) for a period of two years commencing from 01 November, 2009 to 31 October, 2011 (both days inclusive) and at a mark-up rate not less than the average borrowing cost of the Company."

   Further resolved, "Mr. Sayeed Tariq Saigol, Director/Chief Executive of the Company and / or Mr. Muhammad Ashraf, Secretary of the Company be and is / are hereby authorized to give effect to the above resolution and take all necessary steps as required under law or otherwise and to sign and execute documents etc. for and on behalf of the Company in relation to the above loan and advances."

Other Business:-

5) To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

(MUHAMMAD ASHRAF)
Company Secretary

Lahore: October 08, 2009

Notes:

1. **BOOK CLOSURE FOR ORDINARY SHARES**

   Share Transfer Books for ordinary shares of the Company will remain closed from October 21, 2009 to October 29, 2009 (both days inclusive). Physical transfers/CDS Transaction IDs received in order at **Share Registrar M/s Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore** upto the close of business on October 20, 2009 will be considered in time.

2. **BOOK CLOSURE FOR ENTITLEMENT OF 9.75% P.A. CASH DIVIDEND AGAINST PREFERENCE SHARES FOR THE YEAR ENDED JUNE 30, 2009**

   Share Transfer Books of the Company will remain closed from October 21, 2009 to October 29, 2009 (both days inclusive) for entitlement of 9.75% p.a. cash dividend against preference shares (non-voting). Physical transfers/CDS Transaction IDs received in order at **Share Registrar M/s Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore** upto the close of business on October 20, 2009 will be considered in time for entitlement of cash dividend against preference shares (non-voting) for the year ended June 30, 2009. The preference shareholders are not entitled to attend the meeting.

3. A member, in respect of ordinary shares held, eligible to attend and vote at this meeting may appoint another member, in respect of ordinary shares held, as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received at the Company's Registered Office, 42-Lawrence Road, Lahore, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

4. CDC shareholders, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Card / Passport in original along with Participants' ID Numbers and their Account Numbers to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

5. Shareholders are requested to immediately notify change in their addresses if any to **Share Registrar M/s Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore.**

6. Members, who have not yet submitted photocopies of their Computerized National Identity Card to our **Share Registrar,** are requested to send the same at the earliest.

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

Material facts to be transacted at the Annual General Meeting concerning the special business related to loan / advances to Kohinoor Textile Mills Limited are given below:

(i)	Name of the investee company	Kohinoor Textile Mills Limited (KTML)
(ii)	Amount of loan / advances	Rupees Two Hundred Million Only
(iii)	Purpose of loan / advances	In order to meet the working capital and other requirements of the investee company
(iv)	In case any loan had already been provided or loan has been written off to the said investee company, the complete details of the said loan;	NIL
(v)	A brief about the financial position of the investee company on the basis of last published financial statements;	Based on the audited financial statements for the financial year ended 30 June, 2009, the financial position of KTML is as under:

Particulars		Amount Rupees (000)
Paid up capital	:	1,455,262
General reserves	:	150,063
Long term loans / leases and other liabilities	:	2,055,412
Sponsors loans	:	Nil
Long term deposits	:	33,617
Turnover	:	8,458,899
Accumulated losses	:	(429,748)
Surplus on revaluation of investment properties	:	1,263,592
Net current assets	:	(1,630,643)
Profit / (loss) after tax	:	(439,811)
Current ratio	:	0.76
Earning per share	:	Rs. (3.02)
Break up value of share	:	Rs. 19.71

(vi)	Rate of mark-up to be charged;	Mark-up will be charged at a rate which shall not be less than the average borrowing cost of the Company.
(vii)	Particulars of collateral security to be obtained from borrower and; if not needed, justification thereof;	Management of the Company does not consider it necessary to obtain direct collateral security from KTML, since KTML is a holding company of the Company and under common management and control.
(viii)	Source of funds from where loan / advance will be given;	The Company will use its surplus funds or available credit facilities to make loan / advances, if any.
(ix)	Repayment schedule;	The loan / advances would be for a period from 01 November, 2009 to 31 October, 2011 (both days inclusive). KTML will make payment from time to time subject to availability of funds within the stipulated period. However, two years period of repayment is renewable on same terms and conditions as approved by the Board of Directors of both Companies.
(x)	Benefits likely to accrue to the Company and the shareholders from loan / advance.	The Company will receive mark up on the actual amount advanced to investee company, the rate of which shall not be less than average borrowing cost of the Company. Therefore, there would be no financial loss to the Company. The financial position of investee company will be improved and as a result the Company will be benefited.
(xi)	Interest of Directors and their relatives in the investee company	None of the Directors of the Company and their relatives have interest in this item of business excep their shareholdings in the investee company.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company are pleased to present the 49th Annual Report together with audited accounts and Auditors' Report thereon for the financial year ended June 30, 2009.

Overview

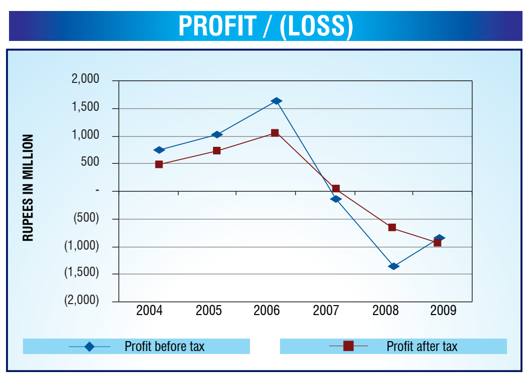
During the fiscal year under review, the economy lost its growth momentum owing to a number of adverse developments including substantial contraction in the industrial sector. Real GDP growth rate of a meager 2% was attained, the lowest in last eight years. This performance should be taken against backdrop of major disruptions of an extraordinary nature like political uncertainty, intensification of war on terror, acute energy shortage and extremely high inflation by Pakistan's standards. Massive adjustments had to be taken to attain stability in a highly disruptive year of exceptionally acute macroeconomic imbalances and demand compression both on domestic and external fronts. Fortunately, the agriculture sector produced stellar growth of 4.7% as compared to 1.1% last year against target of 3.5 percent for the year. The total investment has declined from 22.5 percent of GDP in 2006-07 to 19.7 percent of GDP in 2008-09 with the axe falling on development expenditure. The energy shortages dragged the performance of the economy especially in large scale manufacturing. As economic growth continued to decline during last three years, industrial and construction sectors also contracted due to the domestic slow down and energy shortages. The global recession continued to adversely impact exports.

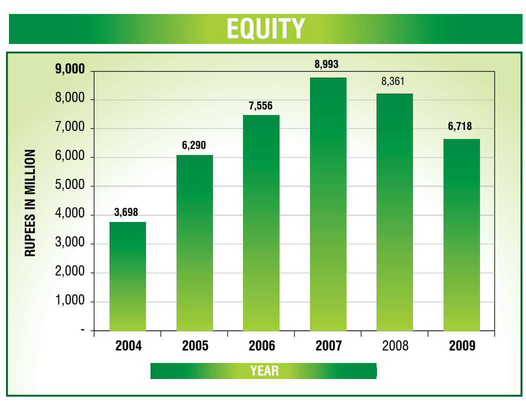
Pakistan's cement factories continue to make significant progress in external markets and 11.3 million tons of cement were exported during last fiscal year. Sustained growth in recent years in the cement industry is an outcome of increase in production capacity and exploitation of export markets. The Pakistani cement industry posted overall growth rate of 2% during the year under review. However, exports showed encouraging increase of 47% with sales volume reaching 11.381 million tons against last year's volume of 7.716 million tons. Demand in the local market showed negative growth of 14% due to adverse economic situation in the country. Had the export markets not been developed, the industry would be in dire straits.

Performance of the Company

The production of grey, white and oil well cements by the Company at 3,174,512 metric tons compares favourably to 2,431,352 metric tons in the corresponding period last year. Increase in production is mainly due to addition of 6,700 tpd clinker capacity plant and oil well cement commencing commercial production. Despite difficult and abnormal conditions, the Company achieved its sales targets. In the fiscal year, total annual clinker capacity of the Company is recorded at 3.69 million tons.

Your Company almost doubled overall net sales revenue at Rs. 15,251 million against the corresponding period last year of Rs. 7,816 million. Sales volume was recorded at 3,165,770 metric tons for all cements as compared to 2,534,220 metric tons in the previous year in both local and export markets. The Company made significant dispatches of grey cement and clinker for export. In light of weak domestic demand, the Company is concentrating on building export volumes to achieve higher capacity utilization.





Overall capacity utilization of the various plants was registered at 85% during the year under review as compared to corresponding period last year at 71%. The increase in capacity utilization is due to achieving full commercial production of 6,700 tpd clinker line and production of Oil Well cement.

Financial Results

Despite considerable sales volume, the net sales revenue per unit did not increase due to reduction in net retention resulting in declining profitability. Your Company suffered a pre-tax loss of Rs. 917.651 million after accounting for a mammoth financial charge of Rs. 3,400 million, depreciation of Rs. 1,048 million and distribution cost of Rs. 2,340 million against the corresponding period last year when pre-tax loss was recorded at Rs. 1,364 million. Increase in finance cost is due to induction of interest bearing finances, hike of base rate and devaluation of Pak rupee. Increase in distribution cost is due to export related expenses. The basic earnings per share (EPS) Rs. 2.78 in negative for the year ended June 30, 2009 as compared to Rs. 1.96 in negative last year.

Appropriation

High taxation on cement, substantial export expenses, increase in power tariff, debt burden of the Company, the loss on fair value measurement of cross currency swaps, slow down in economic activity and anticipated cut in public sector development programme(s) by the Government resulted in nil Earnings Per Share and your Directors have passed over dividend for the year. Directors propose to appropriate for the financial year under review as under:

	(Rupees in Thousand)
Loss before taxation	(917,651)
Provision for taxation	65,319
Loss after taxation	(982,970)
Un-appropriated loss brought forward	(547,574)
Accumulated loss	(1,530,544)
Appropriations:	
Transfer to preference shares redemption reserve	90,246
Dividend on preference shares	52,794
Un-appropriated loss carried forward	(1,673,584)

As per issue terms of the Preference Shares, Rs. 90.246 million has been transferred to “Preference Shares Redemption Reserve Account” and dividend @ 9.75% per annum is declared for this year.

Fuel Prices

Oil price hikes impact economic growth, inflation and trade balances. It is generally agreed that oil price increases lead to sluggish economic growth. Oil shocks had significantly negative impact on growth. Oil price increases led to higher costs of production. Oil prices also impacted coal prices. It is hoped that oil and coal prices will remain stable which is vital for manufacturing growth in the economy.

Export Markets

The emergence of new markets for the cement industry of Pakistan has saved this sector from collapse. New avenues for export of cement are opening up for the indigenous industry. Cement export to India has slowed down after imposition of duty by the Indian authorities and the Mumbai attacks. However, new markets are opening up in Africa.

Social Sector Projects

Currently, the Company is playing a major role in the construction of Sayeed Saigol Cardiac Complex at the Gulab Devi Chest Hospital, Lahore by donating further a sum of Rs. 21.50 Million during the year. Civil works have been fully completed and the complex shall be handed over to the Management of Gulab Devi Chest Hospital Lahore during the ensuing year.

Future Prospects

The highest-ever Public Sector Development Programme (PSDP) of Rs. 646 billion for the financial year 2009-10 has been announced by the government in the current budget. An amount of Rs. 421 billion has been allocated for project of the federal government whereas Rs 200 billion have been earmarked for the provinces. Rs. 25 billion have been allocated for Earthquake Reconstruction and Rehabilitation.

A major initiative in the infrastructure sector is to build small and large hydro power projects and dams, including Diamer Basha Dam to overcome energy crisis. The government has allocated Rs. 67.59 billion in the PSDP 2009-10 for the water and power division with special aim to build water reservoirs and overcome the energy crisis.

If these initiatives are implemented, it could be hoped that demand for cement in the domestic markets would increase.

Research & Development

Research & development is an integral part of the Company's policy of development of new products and improving efficiency of the plant to reduce cost. Currently, two lines of 50 tpd each clinker capacity of oil well cement plant have started commercial production. Efforts are also being made to reduce NOx emissions.

Progress of ongoing Projects

The Company is actively working on commissioning the Waste Heat Recovery Plant which will reduce process costs. The plant will produce approximately 15MW of inexpensive electric power on a sustainable basis. The plant is expected to come into production in February 2010.

The Competition Commission of Pakistan

The Competition Commission of Pakistan has passed an order on 27-8-2009 against the entire cement industry of Pakistan on alleged charges of cartelization and fined all cement plants @ 7.5% of their 2007-2008 turnover. This translates in a penalty of Rs. 586.187 million to your Company and a sum of Rs. 6.30 billions for the entire sector. The Company has filed a writ petition in the Lahore High Court against this penalty on legal and factual grounds.

Compliance of Code of Corporate Governance

The Board reviews the Company's strategic direction and business plans on regular basis. The Audit Committee is empowered for effective compliance of Code of Corporate Governance. The Board is committed to maintain a high standard of good corporate governance.

Your Directors are pleased to report that:

a) The financial statements, prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of account have been maintained by the Company.

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

d) International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements.

e) The existing internal control system and procedures are continuously reviewed by the internal auditor. The process of review will continue by the audit committee to monitor the effective implementation.

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

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

h) Key operating and financial data of last six years is annexed.

i) The value of investment of provident fund and gratuity trust, based on their respective audited accounts of June 30, 2009 is given hereunder:

	Rupees in thousand
Provident Fund	233,728
Gratuity Fund	49,028

j) A total number of four Board of Directors' meetings were held during the year

The attendance by each Director is given as follows:

Name of Directors	**No. of Meetings Attended**
Mr. Tariq Sayeed Saigol	3
Mr. Sayeed Tariq Saigol	4
Mr. Taufique Sayeed Saigol	1
Mr. Waleed Tariq Saigol	3
Ms. Jahanara Saigol	-
Mr. Kamil Taufique Saigol	1
Mr. S. M. Imran	2
Ms. Bushra Naz Malik	1
Mr. Zamiruddin Azar	4
Mr. Per Mejnert Kristensen – (Rep. FLS & IFU, Denmark)	-

k) Leaves of absence were granted to Directors who could not attend the meetings due to their pre-occupations. During the year, Ms. Jahanara Saigol & Mr. S. M. Imran resigned from the Board and consequently Mr. Kamil Taufique Saigol & Ms. Bushra Naz Malik were appointed as Directors in their places respectively. The Board places on record its appreciation of the invaluable services rendered by outgoing Directors and welcomes the new Directors on the Board.

l) No directors sold or purchased any shares of the Company during the year other than to meet requirement for qualification of incoming Directors.

Pattern of Shareholding

The shareholding pattern of the Company as on June 30, 2009 in accordance with the Companies Ordinance, 1984 and the Code of Corporate Governance is annexed.

Auditors

The present auditors M/s Hameed Chaudhri & Co., Chartered Accountants, have completed their assignment for the financial year ended June 30, 2009 and shall retire on the conclusion of the forthcoming Annual General Meeting. The Board of Directors on the suggestion of the Audit Committee recommended M/s M. Yousuf Adil Saleem & Co., Chartered Accountants (Member of Deloitte Touche Tohmatsu) for appointment as External Auditors for the year ending June 30, 2010.

Acknowledgments

The Board wishes to thank for continuous support by all stakeholders and particularly appreciates the efforts of employees of the Company for their devotion and contribution to optimal efficiency.

For and on behalf of the Board

(Sayeed Tariq Saigol)
Chief Executive

Lahore: September 25, 2009

SIX YEARS SUMMARY

	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
Quantitative Data (M. Tons)						
Cement:						
Production	**3,174,512**	2,431,352	1,390,252	1,504,497	1,364,389	1,154,946
Sales	**3,165,770**	2,534,220	1,359,162	1,504,790	1,361,098	1,163,478
Sales (Rs. 000)						
Gross Sales	**18,969,598**	10,552,398	5,514,208	7,954,901	6,193,443	4,967,465
Less: Excise Duty	**1,901,663**	1,564,801	1,024,041	1,128,106	1,020,618	872,608
Sales Tax	**1,708,158**	1,061,681	705,845	1,036,977	807,589	656,019
Commission	**108,403**	110,087	73,241	80,026	74,502	63,039
Net Sales	**15,251,374**	7,815,829	3,711,081	5,709,792	4,290,734	3,375,799
Profitability (Rs. 000)						
Gross Profit/(Loss)	**4,954,509**	1,323,830	309,893	2,148,580	1,327,932	1,148,228
Profit/(Loss) Before Tax	**(917,651)**	(1,364,244)	(140,019)	1,634,814	1,027,378	751,507
Provision for Income Tax	**(65,319)**	688,109	182,066	(575,574)	(299,928)	(264,035)
Profit/(Loss) After Tax	**(982,970)**	(676,135)	42,047	1,059,240	727,450	487,472
Financial Position (Rs. 000)						
Tangible Fixed Assts-Net	**20,381,478**	20,081,448	19,330,866	16,088,505	8,462,382	5,562,682
Other Non-Current Assets	**64,483**	75,217	54,151	391,931	110,953	25,660
	20,445,961	20,156,665	19,385,017	16,480,436	8,573,335	5,588,342
Current Assets	**5,214,877**	5,994,896	4,051,957	2,664,462	1,940,059	1,499,266
Current Liabilities	**(9,962,884)**	(7,382,464)	(3,756,487)	(2,649,519)	(1,595,499)	(1,188,435)
Net Working Capital	**(4,748,007)**	(1,387,568)	295,470	14,943	344,560	310,831
Capital Employed	**15,697,954**	18,769,097	19,680,487	16,495,379	8,917,895	5,899,173
Less Long Term Loan & Other Liab.	**(8,980,153)**	(10,408,208)	(10,687,450)	(8,939,675)	(2,543,012)	(2,201,629)
Share holders Equity	**6,717,801**	8,360,889	8,993,037	7,555,704	6,374,883	3,697,544
Represented By:						
Share Capital	**4,264,108**	4,264,108	4,264,108	3,519,581	3,248,844	1,804,913
Reserves & Un-app. Profit	**2,453,693**	4,096,781	4,728,929	4,036,123	3,126,039	1,892,631
	6,717,801	8,360,889	8,993,037	7,555,704	6,374,883	3,697,544
Ratios:						
Gross Profit/(Loss) to Sales (%age)	**32.49**	16.94	8.35	37.63	30.95	34.01
Net Profit/(Loss) to Sales (%age)	**(6.45)**	(8.65)	1.13	18.55	16.95	14.44
Debt Equity Ratio	**57:43**	55:45	55:45	51:49	26:74	37:63
Current Ratio	**0.52**	0.81	1.08	1.01	1.22	1.26
Break Up Value per share of Rs. 10 each	**15.75**	19.61	21.09	21.47	19.62	20.49

PATTERN OF SHAREHOLDING (ORDINARY SHARES)

1. CUIN (Incorporation Number) 0001107

2. Name of Company Maple Leaf Cement Factory Limited

3. Pattern of holding of the shares held by the shareholders as at 30-06-2009

4.

No. of Shareholders	Size of Holding From	Size of Holding To	Total shares held
1,715	1	100	74,103
3,140	101	500	998,043
2,320	501	1000	2,002,715
4,175	1001	5000	11,092,726
1,047	5001	10000	8,276,257
390	10001	15000	4,990,076
243	15001	20000	4,444,038
151	20001	25000	3,543,599
89	25001	30000	2,489,275
49	30001	35000	1,614,309
64	35001	40000	2,464,086
33	40001	45000	1,422,576
77	45001	50000	3,792,197
23	50001	55000	1,219,338
20	55001	60000	1,167,728
16	60001	65000	1,009,054
15	65001	70000	1,024,281
13	70001	75000	950,107
16	75001	80000	1,248,889
13	80001	85000	1,075,085
7	85001	90000	619,937
6	90001	95000	549,537
30	95001	100000	2,995,375
7	100001	105000	716,777
10	105001	110000	1,081,957
6	110001	115000	670,012
7	115001	120000	830,868
6	120001	125000	743,362
5	125001	130000	638,945
2	130001	135000	267,592
3	135001	140000	409,840
4	140001	145000	568,424
11	145001	150000	1,646,500
6	150001	155000	907,836
3	155001	160000	474,050
2	160001	165000	326,070
2	165001	170000	336,067
1	170001	175000	172,500
3	175001	180000	536,000
1	185001	190000	188,500
1	190001	195000	192,500
14	195001	200000	2,799,000
5	200001	205000	1,011,604
3	205001	210000	627,386
2	225001	230000	455,616
2	230001	235000	461,001
2	235001	240000	479,500
5	240001	245000	1,215,490
3	245001	250000	750,000

No. of Shareholders	Size of Holding From	Size of Holding To	Total shares held
2	285001	290000	573,500
3	295001	300000	900,000
1	300001	305000	302,000
2	315001	320000	636,000
2	320001	325000	649,781
3	325001	330000	983,751
1	335001	340000	336,153
1	345001	350000	350,000
1	350001	355000	355,000
1	375001	380000	380,000
1	380001	385000	384,107
2	395001	400000	800,000
2	400001	405000	810,000
1	425001	430000	426,208
1	460001	465000	462,280
1	470001	475000	475,000
1	485001	490000	490,000
1	510001	515000	510,687
1	515001	520000	518,218
2	540001	545000	1,086,946
1	570001	575000	574,000
1	620001	625000	625,000
1	680001	685000	682,692
2	750001	755000	1,503,562
1	760001	765000	764,312
1	775001	780000	780,000
1	845001	850000	850,000
1	905001	910000	906,250
1	985001	990000	987,500
1	995001	1000000	1,000,000
1	1030001	1035000	1,033,500
1	1150001	1155000	1,155,000
1	1225001	1230000	1,228,495
1	1245001	1250000	1,249,000
1	1440001	1445000	1,440,514
1	1545001	1550000	1,546,499
1	1810001	1815000	1,814,500
1	2045001	2050000	2,050,000
1	2075001	2080000	2,080,000
1	3500001	3505000	3,504,625
1	3830001	3835000	3,833,500
1	4345001	4350000	4,349,000
1	4995001	5000000	5,000,000
1	5970001	5975000	5,974,944
1	8000001	8005000	8,000,187
1	8160001	8165000	8,163,000
1	10000001	10005000	10,000,487
1	11250001	11255000	11,251,000
1	14305001	14310000	14,306,622
1	186605001	186610000	186,608,808
13,829			**372,263,356**

Note: The Slabs not applicable above have not been shown.

5. CATEGORIES OF SHAREHOLDERS

		No. of Shareholders	Shares Held	Percentage of Capital
5.1	**Directors, CEO and their spouses & minor children**			
	Mr. Tariq Sayeed Saigol - Chairman / Director		5,156	0.0014
	Mr. Sayeed Tariq Saigol - Chief Executive / Director		5,156	0.0014
	Mr. Taufique Sayeed Saigol - Director		5,156	0.0014
	Mr. Waleed Tariq Saigol - Director		5,156	0.0014
	Mr. Kamil Taufique Saigol - Director		2,500	0.0007
	Ms. Bushra Naz Malik - Director		5,000	0.0013
	Mr. Zamiruddin Azar - Director		10,573	0.0028
	Ms. Jahanara Saigol - Daughter of Mr. Tariq Sayeed Saigol		3,125	0.0008
	Mrs. Shehla Tariq Saigol - Spouse of Mr. Tariq Sayeed Saigol		2,500	0.0007
		9	**44,322**	**0.0119**
5.2	**Associated Companies, undertakings and related parties**			
	Kohinoor Textile Mills Ltd.		186,608,808	50.1282
	Zimpex (Pvt) Ltd.		1,706	0.0005
		2	**186,610,514**	**50.1287**
5.3	**NIT and ICP**			
	National Bank of Pakistan, Trustee Deptt.		5,974,944	1.6050
	IDBP (ICP Unit)		23,905	0.0064
		2	**5,998,849**	**1.6114**
5.4	**Banks, Development Financial Institutions, Non-banking Financial Institutions**	**27**	**24,052,410**	**6.4611**
5.5	**Insurance Companies**	**7**	**405,990**	**0.1091**
5.6	**Modarabas, Leasing and Mutual Funds**	**20**	**1,232,351**	**0.3310**
5.7	**Shareholders holding Ten Percent or more voting interest in the Company** Refer to 5.2 above	**-**	**-**	**-**
5.8	**General Public**			
	Individuals	**13,566**	**102,068,457**	**27.4183**
	Foreign Investors	**29**	**22,973,731**	**6.1714**
5.9	**Executives**	**-**	**-**	**-**
5.10	**Public Sector Companies and Corporations**	**2**	**1,230,505**	**0.3305**
5.11	**Joint Stock Companies**	**149**	**27,218,756**	**7.3118**
5.12	**Others**			
	1295 Trustee Avari Hotel Lahore Staff Provident Fund		625	
	Islamabad Stock Exchange (G) Limited		762	
	Lahore Stock Exchange (Guarantee) Ltd.		62,700	
	Managing Committee of Tameer-e-Millat Foundation		441	
	Managing Committee Ghazali Education Trust		440	
	Pakistan Memon Educational & Welfare Society		10,500	
	PWR-1057 Sarhad Rural Support Programme		50,000	
	Trustee Cherat Cement Co. Ltd. Employees Provident Fund		24,500	
	Trustee Lever Brothers Employees		15,000	
	Trustee Overseas Pakistanis Pension Trust		1,003	
	Trustee-Army Welfare Trust		46,750	
	Trustees Al-Abbas Sugar Mills Ltd. Employees Gratuity Fund		11,750	
	Trustees Artal Restaurants Int'l Employees Provident Fund		8,000	
	Trustees Itim Systems (Pvt) Limited Employees Provident Fund		25,000	
	Trustees Nestle Pakistan Ltd. Employees Gratuity Fund		150,000	
	Trustees Wah Nobel P. Ltd. Mang. Staff Provident Fund		20,000	
		16	**427,471**	**0.1148**
	Grand Total:	**13,829**	**372,263,356**	**100.00**

PATTERN OF PREFERENCE SHAREHOLDING (Non-voting)

1. CUIN (Incorporation Number) 0001107

2. Name of Company Maple Leaf Cement Factory Limited

3. Pattern of holding of the shares held by the shareholders as at 30-06-2009

4.

No. of Shareholders	Size of Holding From	Size of Holding To	Total shares held
624	1	100	32,016
891	101	500	228,730
189	501	1000	130,799
195	1001	5000	398,446
18	5001	10000	124,669
13	10001	15000	160,170
4	15001	20000	69,447
4	20001	25000	90,916
4	25001	30000	107,950
1	30001	35000	34,500
1	60001	65000	60,500
1	85001	90000	85,775
3	95001	100000	294,374
1	115001	120000	117,500
1	175001	180000	175,500
1	180001	185000	183,600
2	195001	200000	400,000
1	225001	230000	227,500
1	265001	270000	268,034
1	335001	340000	337,500
1	495001	500000	500,000
1	655001	660000	659,250
1	675001	680000	676,000
2	24390001	24395000	48,784,222
1,961			**54,147,398**

Note: The Slabs not applicable above have not been shown.

5. CATEGORIES OF SHAREHOLDERS

	No. of Shareholders	Shares Held	Percentage of Capital
5.1 Directors, CEO and their spouses & minor children			
Mr. Tariq Sayeed Saigol - Chairman / Director		750	0.0014
Mr. Sayeed Tariq Saigol - Chief Executive / Director		750	0.0014
Mr. Taufique Sayeed Saigol - Director		750	0.0014
Mr. Waleed Tariq Saigol - Director		750	0.0014
Mr. Zamiruddin Azar - Director		2,589	0.0048
	5	**5,589**	**0.0104**

5.2	**Associated Companies, undertakings and related parties**			
	Kohinoor Textile Mills Ltd - Provident Fund Trust		500,000	
	Maple Leaf Cement Factory Ltd - Employees Provident Fund Trust		200,000	
		2	**700,000**	**1.2928**
5.3	**NIT and ICP**	**-**	**-**	**-**
5.4	**Banks, Development Financial Institutions, Non-banking Financial Institutions**	**3**	**41,656**	**0.0769**
5.5	**Insurance Companies**	**3**	**35,900**	**0.0663**
5.6	**Modarabas, Leasing and Mutual Funds**	**1**	**7,500**	**0.0139**
5.7	**Shareholders holding Ten Percent or more voting interest in the Company**			
	Faysal Bank Limited		24,394,111	45.0513
	Aqeel Karim Dhedhi Securities (Pvt) Limited		24,390,111	45.0439
		2	**48,784,222**	**90.0952**
5.8	**General Public**			
	Individuals	**1,900**	**3,637,213**	**6.7172**
	Foreign Investor(s)	**1**	**8,424**	**0.0156**
5.9	**Executives**	**-**	**-**	**-**
5.10	**Public Sector Companies and Corporations**	**1**	**268,034**	**0.4950**
5.11	**Joint Stock Companies**	**41**	**231,360**	**0.4273**
5.12	**Others**			
	Kohinoor Mills Ltd. - Staff Provident Fund Trust		200,000	
	Trustees D. G. Khan Cement Co. Ltd. Employees Provident Fund		227,500	
		2	**427,500**	**0.7895**
Grand Total:		**1,961**	**54,147,398**	**100.00**

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2009

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of stock exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages the representation of non-executive directors on its Board of Directors. At present the Board includes five independent non-executive directors.

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

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

4. Two casual vacancies occurring in the Board during the period were filled up by the directors within 30 days thereof.

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

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

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

8. The meetings of the Board were presided over by the Chairman and, 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 meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged Orientation Course for its Directors during the year to apprise them of their duties and responsibilities.

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

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

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

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

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

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

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

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

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

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

20. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

(Sayeed Tariq Saigol)
Chief Executive

Lahore: September 25, 2009

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of MAPLE LEAF CEMENT FACTORY LIMITED to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange, Chapter XIII of the Lahore Stock Exchange and Chapter XI of the Islamabad Stock Exchange 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub - Regulation (xiii) of Listing Regulations 37 (now 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 transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of the related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried-out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of 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 30 June, 2009.

Hameed Chaudhri & Co.
Chartered Accountants

Lahore: September 25, 2009

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of MAPLE LEAF CEMENT FACTORY LIMITED as at 30 June, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

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

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, 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, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Hameed Chaudhri & Co.
Chartered Accountants

Lahore: September 25, 2009

BALANCE SHEET

	Note	2009	2008
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	7.1	**7,000,000**	5,000,000
Issued, subscribed and paid- up capital	7.2	**4,264,108**	4,264,108
Reserves	8	**4,127,277**	4,644,355
Accumulated Loss		**(1,673,584)**	(547,574)
		6,717,801	8,360,889
NON-CURRENT LIABILITIES			
Loans from related parties	9	**-**	35,224
Long term loans	10	**826,614**	241,539
Redeemable capital	11	**7,200,000**	8,000,000
Syndicated term finances	12	**-**	1,000,000
Liabilities against assets subject to finance lease	13	**862,214**	957,434
Long term deposits	14	**2,580**	2,582
Deferred taxation	15	**69,755**	154,741
Employees' compensated absences	16	**18,990**	16,688
		8,980,153	10,408,208
CURRENT LIABILITIES			
Trade and other payables	17	**2,407,870**	2,550,147
Accrued profit / interest / mark-up	18	**441,194**	194,568
Short term borrowings	19	**4,382,322**	3,369,738
Current portion of :			
- long term loans	10	**128,889**	-
- redeemable capital	11	**800,000**	-
- syndicated term finances	12	**1,500,000**	1,080,000
- liabilities against assets subject to finance lease	13	**302,609**	188,011
		9,962,884	7,382,464
CONTINGENCIES AND COMMITMENTS	20		
		25,660,838	26,151,561

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

Zamiruddin Azar
Director

AS AT JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	21	**20,381,478**	20,081,448
Intangible assets	22	**7,332**	15,082
Loans to employees	23	**5,666**	6,121
Deposits and prepayments	24	**51,485**	54,014
		20,445,961	20,156,665
CURRENT ASSETS			
Stores, spares and loose tools	25	**2,936,194**	3,325,744
Stock-in-trade	26	**650,914**	433,952
Trade debts	27	**682,244**	743,366
Fair value derivative financial instruments	8.1	**-**	365,748
Loans and advances	28	**78,254**	82,814
Investments	29	**406,563**	734,859
Deposits and short term prepayments	30	**143,306**	69,292
Accrued profit	31	**983**	763
Sales tax, customs and excise duty	32	**16,797**	57,769
Due from gratuity fund trust	33	**8,184**	9,768
Other receivables	34	**29,448**	21,780
Taxation - net	35	**162,058**	44,907
Cash and bank balances	36	**99,932**	104,134
		5,214,877	5,994,896
		25,660,838	26,151,561

Sayeed Tariq Saigol
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees in thousand)	
Sales	37	**15,251,374**	7,815,829
Cost of sales	38	**10,296,865**	6,491,999
Gross profit		**4,954,509**	1,323,830
Distribution cost	39	**2,339,833**	834,849
Administrative expenses	40	**151,584**	121,236
Other operating expenses	41	**42,251**	24,838
		2,533,668	980,923
		2,420,841	342,907
Other operating income	42	**61,749**	105,656
		2,482,590	448,563
Finance cost	43	**3,400,241**	1,812,807
Loss before taxation		**(917,651)**	(1,364,244)
Taxation			
Current	35	**64,321**	44,815
Deferred	15	**998**	(732,924)
		65,319	(688,109)
Loss after taxation		**(982,970)**	(676,135)
		.... Rupees	
Loss per share - basic	44	**(2.78)**	(1.96)

- The annexed notes form an integral part of these financial statements.
- Appropriations have been reflected in the statement of changes in equity.

Zamiruddin Azar
Director

Sayeed Tariq Saigol
Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
	(Rupees in thousand)	
Cash flow from operating activities		
Loss for the year - before taxation	**(917,651)**	(1,364,244)
Adjustments for non-cash charges and other items:		
Depreciation	**1,047,685**	865,546
Amortisation	**7,750**	5,977
Gain on disposal of operating fixed assets - net	**(3,002)**	(725)
Employees' compensated absences	**6,046**	7,137
Finance cost	**3,400,241**	1,812,807
Profit on bank deposits	**(10,069)**	(5,046)
Loss / (income) on investments - net	**4,339**	(43,403)
Dividend income	**(11,717)**	(12,021)
Cash inflow from operating activities before working capital changes	**3,523,622**	1,266,028
(Increase) / decrease in current assets		
Stores, spares and loose tools	**389,550**	(1,311,164)
Stock-in-trade	**(216,962)**	(64,243)
Trade debts	**61,122**	(548,779)
Loans and advances	**4,560**	2,873
Deposits and short term prepayments	**(74,014)**	(39,159)
Sales tax, customs and excise duty	**40,972**	(20,027)
Due from gratuity fund trust	**1,584**	(1,229)
Other receivables	**(7,668)**	(20,582)
(Decrease) / increase in trade and other payables	**(142,532)**	1,776,248
	56,612	(226,062)
Cash inflow from operating activities - before taxation	**3,580,234**	1,039,966
Taxes paid	**(181,472)**	(75,693)
Compensated absences paid	**(3,744)**	(3,641)
Net cash inflow from operating activities - after taxation	**3,395,018**	960,632
Cash flow from investing activities		
Fixed capital expenditure	**(1,350,122)**	(1,634,403)
Sale proceeds of operating fixed assets	**5,409**	2,519
Loans to employees	**455**	109
Investments	**736**	173,551
Deposits and prepayments	**2,529**	(25,574)
Profit on bank deposits received	**9,849**	4,685
Dividend received	**11,717**	12,021
(Loss) / income on investments - net	**(4,339)**	43,403
Net cash outflow from investing activities	**(1,323,766)**	(1,423,689)
Cash flow from financing activities		
Loans from related parties	**(35,224)**	(214,776)
Long term loans	**713,964**	(10,127,637)
Redeemable capital	**-**	8,000,000
Syndicated term finances - net	**(580,000)**	2,080,000
Long term deposits from stockists - net	**(2)**	(120)
Lease finances - net	**19,378**	183,871
Short term borrowings - net	**1,012,584**	2,572,153
Finance cost paid	**(3,153,615)**	(1,996,914)
Ordinary dividend paid	**(61)**	(14)
Preference dividend paid	**(52,478)**	(52,731)
Net cash (outflow) / inflow from financing activities	**(2,075,454)**	443,832
Net decrease in cash and cash equivalents	**(4,202)**	(19,225)
Cash and cash equivalents - at the beginning of the year	**104,134**	123,359
Cash and cash equivalents - at the end of the year	**99,932**	104,134

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

Zamiruddin Azar
Director

Sayeed Tariq Saigol
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

		Capital Reserves					Revenue Reserves	
	Share Capital	Share Premium	Fair value reserve on measurement of available-for-sale investments	Capital Redemption Reserve	Hedging Reserve	General Reserve	Unappro-priated profit / (Accumulated Loss)	Total
	................(Rupees	in	thousand)................					
Balance as at 30 June, 2007	4,264,108	2,068,336	545,506	201,260	242,226	1,400,000	271,601	8,993,037
Fair value loss on measurement of available-for-sale investments	-	-	(26,741)	-	-	-	-	(26,741)
Gain arising on derivative cross currency interest rate swap agreements - note 8.1	-	-	-	-	123,522	-	-	123,522
Loss for the year ended 30 June, 2008	-	-	-	-	-	-	(676,135)	(676,135)
Transfer to capital redemption reserve	-	-	-	90,246	-	-	(90,246)	-
Dividend on preference shares for the year ended 30 June, 2008	-	-	-	-	-	-	(52,794)	(52,794)
Balance as at 30 June, 2008	4,264,108	2,068,336	518,765	291,506	365,748	1,400,000	(547,574)	8,360,889
Fair value loss on measurement of available-for-sale investments	-	-	(241,576)	-	-	-	-	(241,576)
Loss arising on derivative cross currency interest rate swap agreements - note 8.1	-	-	-	-	(365,748)	-	-	(365,748)
Loss for the year ended 30 June, 2009	-	-	-	-	-	-	(982,970)	(982,970)
Transfer to capital redemption reserve	-	-	-	90,246	-	-	(90,246)	-
Dividend on preference shares for the year ended 30 June, 2009	-	-	-	-	-	-	(52,794)	(52,794)
Balance as at 30 June, 2009	**4,264,108**	**2,068,336**	**277,189**	**381,752**	**-**	**1,400,000**	**(1,673,584)**	**6,717,801**

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

Zamiruddin Azar
Director

Sayeed Tariq Saigol
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

1. CORPORATE INFORMATION

Maple Leaf Cement Factory Limited (the Company) was incorporated in Pakistan on 13 April, 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a public company limited by shares and was listed on stock exchanges in Pakistan on 17 August, 1994. The registered office of the Company is situated at 42 - Lawrence Road, Lahore, Pakistan. The Company is a subsidiary of Kohinoor Textile Mills Limited and is engaged in production and sale of cement.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF MEASUREMENT

3.1 Accounting convention

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

- modification of foreign currency translation adjustments;
- recognition of employee retirement benefits at present value;
- measurement at fair value of certain financial assets; and
- recognition of derivative financial instruments at fair value.

The method used to measure fair values are discussed in the respective notes.

3.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded-off to the nearest thousand.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

a) staff retirement benefits;
b) recognition and measurement of deferred tax assets and liabilities;
c) provisions and contingencies;
d) useful life of property, plant and equipment/ intangible assets;
e) provision for impairment of trade debts and other receivables;
f) provision against slow moving inventories;
g) classification of investments;
h) valuation at fair value of derivative financial instruments; and
i) taxation.

5. ACCOUNTING STANDARDS, IFRIC INTERPRETATIONS AND AMENDMENTS

5.1 Standards, interpretations and amendments to the published approved accounting standards that are effective in the current accounting year

The following standards, interpretations and amendments to existing standards have been published that are mandatory and relevant for the Company's accounting year beginning on 01 July, 2008:

(a) IFRS 7 'Financial Instruments: Disclosures' - The SECP, vide SRO 411(I)/2008 dated 28 April, 2008 notified the adoption of IFRS 7, which is mandatory for the Company's accounting periods beginning on or after the date of notification i.e. 28 April, 2008. IFRS 7 has superseded IAS 30 and disclosure requirements of IAS 32. Adoption of IFRS 7 has only impacted the format and extent of disclosures presented in the financial statements.

(b) Other new standards, interpretations and amendments to existing standards that are mandatory for accounting periods beginning on or after 01 July, 2008, which are not considered relevant nor have any significant effect on the Company's operations are not detailed in these financial statements.

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

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July, 2009:

(a) IAS 1 (Revised), 'Presentation of Financial Statements' (effective from 01 January, 2009), was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities may choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The adoption of the above standard will only impact the presentation of the financial statements.

(b) IAS 19 (Amendment), 'Employee Benefits' (effective from 01 January, 2009).

(i) The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

(ii) The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

(iii) The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

(iv) IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The management is in the process of assessing the impact of adoption of IAS 19 on the Company's financial statements.

(c) IAS 23 (Amendment), 'Borrowing Costs' (effective from 01 January, 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. Further, the definition of borrowing cost has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial Instruments: Recognition and Measurement'. The amendments will have impact on the Company's financial statements to the extent of borrowing costs, if any, directly attributable to the acquisition of or construction of qualifying assets.

(d) IAS 32 (Amendment), 'Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements (effective from 01 January, 2009) - Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments and instruments that impose on the entity an obligation to deliver to another party a prorata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. These amendments will have no impact on financial statements of the Company.

(e) IAS 36 (Amendment), 'Impairment of Assets' (effective from 01 January, 2009). As per the new requirements, where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. This amendment is not expected to have a significant effect on the Company's financial statements.

(f) IAS 38 (Amendment), 'Intangible Assets' (effective from 01 January, 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This amendment is not expected to have a significant effect on the Company's financial statements.

(g) Amendment to IFRS 2 'Share-based Payment - Vesting Conditions and Cancellations' clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The amendments to IFRS 2 will have no impact on the Company's financial statements as the Company has no such share-based payments.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after 01 July, 2009 but are considered not to be relevant or to have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set-out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

6.1 Equity instruments

These are recorded at their face value.

6.2 Borrowings and borrowing costs

All borrowings are recorded at the proceeds received. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to income in the period in which these are incurred.

6.3 Staff retirement benefits

(a) Defined contribution plan

The Company operates a defined contributory approved provident fund for all of its employees. Equal monthly contributions are made both by the Company and employees at the rate of 10% of the basic salary to the fund.

(b) Defined benefit plan

The Company also maintains an approved gratuity fund under which the gratuity is payable on cessation of employment, subject to a minimum qualifying period of service. The contributions are made to the fund in accordance with the Actuary's recommendations based on the actuarial valuation of the fund using projected unit credit method. Actuarial gains / losses are recognised in accordance within the limits set-out by IAS 19 (Employee Benefits).

(c) Liability for employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees.

6.4 Trade and other payables

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

6.5 Taxation

(a) Current

Provision for current year's taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any.

(b) Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes.

Deferred tax asset is recognised for all the deductible temporary differences only to the extent that it is probable that future taxable profits will be available against which the asset may be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax liabilities are recognised for all the taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

6.6 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the period in which such dividends are declared by the Company and approved by the shareholders.

6.7 Property, plant and equipment

Owned and leased assets

Property, plant and equipment, except freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these are available for use. Cost in relation to certain plant & machinery represents historical cost, exchange differences capitalised upto 30 June, 2004 and the cost of borrowings during the construction period in respect of loans and finances taken for the specific projects.

Transactions relating to jointly owned assets with Pak American Fertilizers Limited (PAFL), as stated in note 21.5, are recorded on the basis of advices received from the housing colony.

Depreciation is calculated at the rates specified in note 21.1 on reducing balance method except that straight-line method is used for the plant & machinery and buildings relating to dry process plant after deducting residual value. Depreciation on additions is charged from the month in which the asset is put to use and on disposals upto the month of disposal. The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

The carrying values of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written-down to their recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which these are incurred.

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

6.8 Assets subject to finance lease

Assets held under finance lease arrangements are initially recorded at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less finance cost allocated to future periods are shown as a liability. Depreciation on leased assets is charged applying reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of assets at the end of lease term.

The finance cost is allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

6.9 Intangible assets

Expenditure incurred to acquire computer softwares is capitalised as intangible asset and stated at cost less accumulated amortisation and any identified impairment loss. Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

Intangible assets are amortised using the straight-line method over a period of three years. Amortisation on additions to intangible assets is charged from the month in which an asset is put to use and on disposal upto the month of disposal.

6.10 Un-allocated capital expenditure

All cost or expenditure attributable to work-in-progress are capitalised and apportioned to buildings and plant & machinery at the time of commencement of commercial operations.

6.11 Investments

Available-for-sale

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

Subsequent to initial recognition at cost, these are re-measured at fair value. The Company uses latest stock exchange quotations to determine the fair value of its quoted investments whereas fair value of investments in un-quoted companies is determined by applying the appropriate valuation techniques as permissible under IAS 39 (Financial Instruments: Recognition and Measurement). Gains or losses on available-for-sale investments are recognised directly in equity until the investments are sold or disposed-off, or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in the equity is included in current year's profit and loss account.

At fair value through profit or loss

Investments at fair value through profit and loss are those which are acquired for generating a profit from short-term fluctuation in prices. All investments are initially recognised at cost, being the fair value of the consideration given. Subsequent to initial recognition, these investments are re-measured at fair value (quoted market price). Any gain or loss from a change in the fair value is recognised in income.

6.12 Stores, spares and loose tools

These are valued at moving average cost while items considered obsolete are carried at nil value. Items-in-transit are valued at cost comprising invoice value plus other charges incurred thereon.

6.13 Stock-in-trade

Stock of raw materials, work-in-process and finished goods are valued at lower of average cost and net realisable value. Cost of work-in-process and finished goods represents direct cost of materials, labour and appropriate portion of production overheads.

Net realisable value signifies the ex-factory sale price less expenses and taxes necessary to be incurred to make the sale.

6.14 Trade debts

Trade debts originated by the Company are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the amount is no longer probable. Bad debts are written-off when identified.

6.15 Cash and cash equivalents

Cash-in-hand and at banks and short term deposits, which are held to maturity are carried at cost. For the purposes of cash flow statement, cash equivalents are short term highly liquid instruments, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

6.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

6.17 Impairment losses

The carrying amounts 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, the asset’s recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less cost to sell and value in use. Impairment losses are charged to profit and loss account.

6.18 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable on the following basis:

- Sales are recorded when significant risks and rewards of ownership of the goods have passed to the customers which coincides with despatch of goods to customers.
- Dividend income is recognised when the Company's right to receive the dividend is established.
- Return on bank deposits is accounted for on 'accrual basis'.

6.19 Foreign currency transactions

Transactions in foreign currencies are initially recorded at the rates of exchange ruling on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pak Rupees at the exchange rates prevailing on the balance sheet date. All exchange differences are charged to profit and loss account.

6.20 Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities are included in the profit and loss for the year. All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be.

6.21 Off-setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

6.22 Related party transactions

Transactions in relation to sales, purchases and technical services with related parties are made at arm's length prices determined in accordance with the comparable uncontrolled price method except for the allocation of expenses such as electricity, gas, water, repair and maintenance relating to the head office, shared with the Holding Company / Associates, which are on the actual basis.

6.23 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in off-setting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are recognised in profit and loss account in the periods when the hedged item will effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

7. SHARE CAPITAL

			2009	2008
			(Rupees in thousand)	
7.1	**Authorised:**			
	600,000,000	(2008: 400,000,000) ordinary shares of Rs. 10 each	**6,000,000**	4,000,000
	100,000,000	(2008: 100,000,000) 9.75% redeemable cumulative preference shares of Rs. 10 each	**1,000,000**	1,000,000
	700,000,000		**7,000,000**	5,000,000
7.2	**Issued, subscribed and paid-up:**			
	Ordinary:			
	290,359,856	(2008: 290,359,856) ordinary shares of Rs. 10 each fully paid in cash	**2,903,599**	2,903,599
	35,834,100	(2008: 35,834,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	**358,341**	358,341
	46,069,400	(2008: 46,069,400) ordinary shares of Rs. 10 each issued as fully paid bonus shares	**460,694**	460,694
	372,263,356		**3,722,634**	3,722,634
	Preference:			
	54,147,398	(2008: 54,147,398) 9.75% redeemable cumulative preference right shares (non-voting) of Rs. 10 each fully paid in cash	**541,474**	541,474
	426,410,754		**4,264,108**	4,264,108

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

(a) The preference shareholders are not entitled to:

- receive notice, attend general meetings of the Company and vote at meetings of the shareholders of the Company, except as otherwise provided by the Companies Ordinance, 1984 (the Ordinance), whereby the holders of such shares would be entitled to vote separately as a class i.e. with respect to voting entitlement of preference shareholders on matters/issues affecting substantive rights or liabilities of preference shareholders.

- bonus or right shares, in case the Company / Directors decide to increase the capital of the Company by issue of further ordinary shares.

- participate in any further profit or assets of the Company, except the right of dividend attached to the preference shares - Series "A".

(b) Preference shares - Series "A" will be convertible at the option of the preference shareholders into ordinary shares of the Company at the expiry of the period of six years and thereafter of the date falling on the end of each semi annual period commencing thereafter. Conversion ratio is to be determined by dividing the aggregate face value of the preference shares - Series "A" plus any accumulated dividends and/or accrued dividend by the conversion price, which is higher of face value of ordinary share or 80% of the average price of the ordinary share quoted in the daily quotation of the Karachi Stock Exchange (Guarantee) Limited during the three months immediately prior to the relevant conversion date.

(c) The Company may at its option call the issue in whole or in minimum tranches of 20% of the outstanding face value at the redemption price within 90 days of the end of each semi annual period commencing from the expiry of a period of three years of the issue.

(d) Preference shareholders - Series "A" shall be paid preferred dividend @ 9.75% per annum on cumulative basis. If the Company does not pay dividend in any year, the unpaid dividend for the relevant year will be paid in the immediately following year along with the dividend payment for such year.

(e) The Company has created a redemption reserve and appropriates the required amount each month from the profit and loss appropriation account to ensure that reserve balance at the redemption date is equal to the principal amount of preference shares.

7.4 Kohinoor Textile Mills Limited (the Holding Company) holds 186,608,808 (2008:186,608,808) ordinary shares, which represents 50.13% (2008: 50.13%) of the total ordinary issued, subscribed and paid-up capital.

7.5 Zimpex (Pvt.) Ltd. (an Associated Company) held 1,706 (2008:1,706) ordinary shares at the year-end.

8. RESERVES

	Note	**2009**	2008
		(Rupees in thousand)	
Capital:			
- capital redemption reserve	7.3 (e)	**381,752**	291,506
- share premium reserve		**2,068,336**	2,068,336
- hedging reserve	8.1	**-**	365,748
- fair value reserve on measurement of available-for-sale investments (net of deferred taxation)	15 & 29	**277,189**	518,765
		2,727,277	3,244,355
General reserve		**1,400,000**	1,400,000
		4,127,277	4,644,355

8.1 Hedging reserve

(a) The Company, during the financial year ended 30 June, 2007, had entered into a derivative cross currency interest rate swap agreement with Standard Chartered Bank (Pakistan) Limited to hedge for the possible adverse interest rate movements on 50% of National Bank of Pakistan (NBP) led consortium financing of Rs. 4.800 billion (i.e. Rs. 2.400 billion). As per the swap agreement, the interest liability was converted into U.S. Dollars and the Company was liable to pay interest based on 6-months U.S.$ LIBOR + 1%. The NBP led consortium financing was reprofiled during the preceding financial year.

(b) The Company, during the financial year ended 30 June, 2007, had entered into a derivative cross currency interest rate swap agreement with Standard Chartered Bank (Pakistan) Limited to hedge for the possible adverse interest rate movements on Allied Bank Limited (ABL) led consortium financing of Rs. 950 million. As per the swap agreement, the interest liability was converted into Euros and the Company was liable to pay interest based on 6-months EURIBOR+ 0.98%. The terms of agreement, during the preceding financial year, were revised whereby effective from the preceding financial year the Company was liable to pay interest based on 6-months U.S.$LIBOR+ 0.98%. The ABL led consortium financing was reprofiled during the preceding financial year.

(c) The Company, during the preceding financial year, had entered into derivative cross currency interest rate swap agreement with Standard Chartered Bank (Pakistan) Limited to hedge for the possible adverse interest rate movements on 98% of Allied Bank Limited led consortium financing of Rs. 1,000 million (i.e. Rs. 980 million). As per the swap agreement, the interest liability was converted into U.S. Dollars and the Company was liable to pay interest based on 6-months U.S.$LIBOR+ 0.85%. The ABL led consortium financing was also reprofiled during the preceding financial year.

(d) As the aforementioned hedging relationships were effective and met the criteria of cash flow hedge, these arrangements qualified for hedge accounting as specified in IAS 39 (Financial Instruments: Recognition and Measurement).

(e) The derivative cross currency interest rate swaps that were outstanding as at 30 June, 2008 were marked to market and the effective unrealised gain aggregating Rs. 365.748 million was recognised in the statement of changes in equity.

(f) Cross currency swap agreements entered into between the Company and Standard Chartered Bank (Pakistan) Ltd. have been wound-up and no such agreement was outstanding as at 30 June, 2009. The resultant loss upon premature winding-up has been charged to the current year's profit and loss account.

(g) The Company, during the current financial year, has entered into an interest rate swap agreement with Standard Chartered Bank (Pakistan) Limited to hedge for the possible adverse interest rate movements on lease finances obtained from Islamic Corporation for Development of the Private Sector, Jeddah (note 13.4). As per the agreement terms, the Company will pay interest at fixed rate of 2.45% per annum whereas Standard Chartered Bank (Pakistan) Limited will be liable to pay interest at 6-months US$-LIBOR. The agreement will terminate on 16 June, 2014.

As the aforementioned hedging relationship is effective and meets the criteria of cash flow hedge, this arrangement qualifies for hedge accounting as specified in IAS 39 (Financial Instruments: Recognition and Measurement). However, the resultant unrealised gain as at 30 June, 2009 amounting Rs. 1.884 million has not been recognised in these financial statements on grounds of immateriality.

9. LOANS FROM RELATED PARTIES - Secured

	2009	2008
	(Rupees in thousand)	
Loans from a director		
Balance as at 30 June,	-	35,224

The Company, during the financial year ended 30 June, 2007, had obtained a loan of Rs. 80 million for completion of the expansion project of 6,700 tpd clinker capacity. This loan carried mark-up at the rate of 1-month KIBOR + 1.5%; the effective mark-up rate charged during the year ranged between 14.03% to 16.10% (2008:10.89% to 14.06%) per annum. The loan was secured against demand promissory note and was repayable in lump sum after five years or earlier with mutual consent of the parties. The Company had repaid loan balance to the tune of Rs. 44.776 million during the preceding year whereas the remaining balance was fully repaid during the current year.

10. LONG TERM LOANS - Secured

	2009	2008
	(Rupees in thousand)	
Habib Bank Limited (HBL)		
Opening balance	**241,539**	-
Add: disbursements during the year	**713,964**	241,539
	955,503	241,539
Less: current portion grouped under current liabilities	**128,889**	-
	826,614	241,539

The Company, during the preceding financial year, has arranged a term finance facility of Rs. 1.160 billion (equivalent to Japanese Yens 1.974 billion approximately) for financing the Waste Heat Recovery Plant from HBL. The tenor of this finance facility is six years including a grace period of two years. The principal balance of this finance facility is repayable in nine equal semi-annual instalments commencing February, 2010. The finance facility upto 31 March, 2009 carried mark-up at the rate of 6-months KIBOR plus 1.5% per annum whereas effective from 01 April, 2009 it is carrying mark-up at the rate of 6-months KIBOR plus 2.5% per annum. Mark-up is payable on quarterly basis. The effective mark-up rate charged by HBL during the current year ranged from 15.69% to 18.20% per annum (2008: at the rate of 14.47% per annum). The finance facility is secured against first pari passu hypothecation charge of Rs. 1.600 billion over plant & machinery, first pari passu equitable mortgage charge over land and buildings of the Company and personal guarantees of some of the Company's directors.

11. REDEEMABLE CAPITAL - Secured

	2009	2008
	(Rupees in thousand)	
Islamic Sukuk Certificates under Musharakah Agreement		
Opening balance	**8,000,000**	-
Sukuk certificates issued during the year	**-**	8,000,000
	8,000,000	8,000,000
Less: current portion grouped under current liabilities	**800,000**	-
	7,200,000	8,000,000

The salient terms and conditions of secured Sukuk issue of Rs. 8.000 billion made by the Company during the preceding financial year are detailed below:

- **Lead Arranger**	Allied Bank Limited (ABL)
- **Shariah Advisor**	Meezan Bank Limited
- **Purpose**	Balance sheet reprofiling and replacement of conventional debts with Shariah Compliant Financing.
- **Investors**	Banks, DFIs, NBFIs and any other persons.
- **Tenor**	Six years with two years grace period.
- **Rental Benchmark**	Base rate plus 170 bps.
- **Base Rate**	Base rate is average 6 - months KIBOR prevailing on the base rate setting date. The base rate has been set for the first time on the issue date and then on immediately preceding date before the start of each six months periods.
- **Musharakah Investment Repurchase**	Musharakah Investment share of the Investors will be repurchased by the Company in eight semi-annual instalments; first four instalments are of Rs. 800 million each whereas the last four instalments are of Rs. 1.200 billion each. The first of such Musharakah Investment Repurchase will be due on 30 June, 2010.
- **Rental Payments**	Rentals are payable semi-annually in arrears calculated on a 365 days year basis on the outstanding Musharakah Investment of the Investors. The first such rental payment fell due six months from the date of first Contribution and subsequently after every six months. Rentals, during the year, have been calculated at mark-up rates ranging from 14.85% to 17.37% (2008: 11.65% to 14.85%) per annum.
- **Form & Delivery of Sukuk**	The Sukuk Certificates have been issued under section 120 (Issue of securities and redeemable capital not based on interest) of the Companies Ordinance, 1984. The Sukuk Certificates have been registered and induced into the Central Depository System of the Central Depository Company of Pakistan Limited (CDC).
- **Security**	First pari passu charge over all present and future fixed assets of the Company with 25% margin.
- **Trustee / Investors' Agent**	ABL

- **Transaction Structure**

The Facility Structure as approved by Meezan Bank Limited, Shariah Advisor of the Issue, is as follows:

a) Investors (as Investor Co-owners) and the Company (as Managing Co-owner) have entered into a Musharakah Agreement as Partners for the purpose of acquiring Musharakah Assets from the Company (acting as Seller) and jointly own these Musharakah Assets.

b) Investors have appointed ABL to act as Investors' Agent for the Sukuk Issue.

c) Investor Co-owners have contributed their share in the Musharakah in cash that has been utilised by Managing Co-owner for acquiring Musharakah Assets. Managing Co-owner has contributed its musharakah share in kind.

d) Upon acquisition of Musharakah Assets, Investors' Agent and Managing Co-owner have executed Assets Purchase Agreement with the Company (acting as Seller).

e) The Company (as Issuer) has issued Sukuk Certificates to Investors that represent latter's undivided share in the Musharakah Assets.

f) The Company will purchase Musharakah share of Investors on semi-annual basis after expiry of two years from the first Contribution date.

- **Early Repurchase Option**

The Company has an option for early Repurchase (Call Option) of partial or full Musharakah Investment from Investors. Musharakah Investment Repurchase will be allowed on Rental Payment dates falling due after expiry of twelve months from the date of Last Contribution and will be made through thirty days prior notice to the Trustee, in a minimum of Rs. 100 million or multiples thereof. Early Repurchase will be applicable for upcoming instalment as per the Musharakah Investment Repurchase schedule.

- **Sell Down / Transferability**

As Sukuks have been induced into CDC, transfers are made in accordance with the Central Depository Act, 1997 and other applicable CDC regulations.

The following is a list of Banks / Financial Institutions / Funds / Others holding sukuk certificates at the year-end having denomination of Rs. 5,000 per certificate:

	2009	2008
	Number of Sukuk Certificates	
- Allied Bank Ltd.	**638,000**	638,000
- Faysal Bank Ltd.	**60,000**	60,000
- MCB Bank Ltd.	**75,000**	75,000
- Dawood Money Market Fund	**-**	37,000
- Meezan Bank Ltd.	**40,000**	30,000
- IGI Investment Bank Ltd.	**12,000**	6,000
- Invest & Finance Securities Ltd.	**5,000**	5,000
- CDC - Trustee United Growth & Income Fund	**76,000**	76,000
- CDC -Trustee Alfalah GHP Value Fund	**15,000**	10,000
- Saudi Pak Investment Company Ltd.	**30,000**	30,000
- Asian Stock Fund Ltd.	**2,000**	2,000
- Safeway Mutual Fund Ltd.	**2,000**	2,000
- CDC - Trustee Askari Income Fund	**35,000**	35,000
- CDC - Trustee AMZ Plus Income Fund	**-**	45,000
- CDC - Trustee NAFA Cash Fund	**80,000**	80,000
- CDC - Trustee KASB Liquid Fund	**47,600**	43,000
- CDC - Trustee Meezan Islamic Income Fund	**64,000**	64,000
- CDC - Trustee United Composite Islamic Fund	**-**	10,000
- CDC - Trustee NAFA Multi Asset Fund	**3,000**	3,000
- CDC - Trustee HBL Income Fund	**7,000**	7,000
- CDC - Trustee MCB Dynamic Cash Fund	**71,000**	71,000
- CDC - Trustee AKD Income Fund	**2,000**	12,000
- CDC - Trustee IGI Income Fund	**-**	6,000
- CDC - Trustee Alfalah GHP Income Multiplier Fund	**15,000**	20,000
- Dawood Islamic Bank Ltd.	**10,000**	10,000
- Trustee BMA Chundrigar Road Savings Fund	**24,000**	24,000
- CDC - Trustee Meezan Tahaffuz Pension Fund	**1,000**	1,000
- CDC - Trustee Dawood Islamic Fund	**9,815**	7,000
- CDC - Trustee Alfalah GHP Islamic Fund	**5,000**	5,000
- CDC - Trustee POBOP Advantage Plus Fund	**-**	12,000
- CDC - Trustee NAFA Islamic Fund	**20,000**	20,000
- CDC - Trustee NAFA Islamic Multi Asset Fund	**10,000**	10,000
- Pak Brunei Investment Company Ltd.	**45,200**	25,000
- CDC - Trustee United Islamic Income Fund	**35,000**	25,000
- MCFSL - Trustee JS Income Fund	**55,049**	80,000
- CDC - Trustee KASB Islamic Income Fund	**7,400**	14,000
- KASB Modaraba	**2,000**	-
- Mr. Danish Ali Lakhani	**19,022**	-
- Pak Qatar Family Takaful Ltd.	**4,000**	-
- Mr. Arif Ebrahim	**1,000**	-
- The Bank of Punjab	**23,951**	-
- CDC - Trustee First Dawood Mutual Fund	**12,110**	-
- House Building Finance Corporation Ltd.	**15,000**	-
- Trustee - First Dawood Inv. Bank Ltd. & other Employees P. Fund	**50**	-
- CDC - Trustee Pak Oman Advantage Fund	**5,700**	-
- CDC - Trustee Pak Oman Advantage Islamic Fund	**4,000**	-
- CDC - Trustee Pak Oman Advantage Stock Fund	**2,300**	-
- First Dawood Investment Bank Ltd.	**3,003**	-
- CDC - Trustee AMZ Plus Stock Fund	**5,800**	-
	1,600,000	1,600,000

12. SYNDICATED TERM FINANCES - Secured

	Note	2009	2008
		(Rupees in thousand)	
- Faysal Bank Ltd.		**360,000**	480,000
- Pak Libya Holding Co. (Pvt.) Ltd.		**240,000**	400,000
- MCB Bank Ltd.		**150,000**	200,000
- Askari Bank Ltd.		**105,000**	140,000
- Arif Habib Bank Ltd.		**105,000**	140,000
- Pak Brunei Investment Co. Ltd.		**90,000**	120,000
- Soneri Bank Ltd.		**90,000**	120,000
- HSBC Bank Middle East Ltd. (formerly The Hongkong & Shanghai Banking Corporation Ltd.)		**90,000**	120,000
- The Bank of Khyber		**60,000**	80,000
- Saudi Pak Industrial & Agriculture Investment Co. (Pvt.) Ltd.		**60,000**	80,000
- The Bank of Punjab		**60,000**	80,000
- First Women Bank Ltd.		**60,000**	80,000
- Atlas Bank Ltd.		**30,000**	40,000
		1,500,000	2,080,000
Less: current portion grouped under current liabilities	12.2	**1,500,000**	1,080,000
		-	1,000,000

12.1 The salient terms of this syndicated term finance facility obtained during the preceding financial year to prepay the outstanding long term debts of the Company are as follows:

- **Lead Arranger & Agent Bank** — Allied Bank Ltd. (ABL)
- **Lenders** — Banks and DFIs
- **Facility Amount** — Rs. 2.000 billion with a green shoe option of Rs. 500 million.
- **Tenor** — As per the original terms and conditions tenor of this facility was two and a half years. However, the management has negotiated with the Syndicate for rescheduling of repayment terms as fully detailed in note 12.2.
- **Mark-up rate** — Base rate plus 150 bps per annum with no floor and cap with quarterly reset; effective mark-up rate during the current financial year ranged between 13.89% to 17.97% (2008:11.25% to 14.57%) per annum.
- **Base Rate** — Base rate is 3-months KIBOR for the relevant tenor.
- **Principal Repayment** — Refer contents of note 12.2.
- **Security** — First pari passu charge over all present and future fixed assets of the Company with 25% margin. The charge has been created in favour of the Agent Bank for the benefit of Syndicate.

12.2 Current portion includes Rs. 500 million, which were repayable to the Syndicate on 15 May, 2009; however, the Company, the Syndicate and ABL (as Agent) have entered into first addendum to the syndicated term finance agreement during August, 2009 whereby the year-end balance is repayable in six equal quarterly instalments of Rs. 250 million commencing 01 June, 2010. Mark-up rate on these finances has been increased by 50 bps.

13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - Secured

Particulars	2009 Upto one year	2009 From one to five years	2009 Total	2008 Upto one year	2008 From one to five years	2008 Total
	..............Rupees in			thousand.............		
Minimum lease payments	**395,051**	**998,850**	**1,393,901**	269,813	1,160,200	1,430,013
Less: finance cost allocated to future periods	**87,712**	**106,636**	**194,348**	81,802	168,036	249,838
	307,339	**892,214**	**1,199,553**	188,011	992,164	1,180,175
Less: security deposits adjustable on expiry of lease term	**4,730**	**30,000**	**34,730**	-	34,730	34,730
Present value of minimum lease payments	**302,609**	**862,214**	**1,164,823**	188,011	957,434	1,145,445

13.1 The Company, during the financial year ended 30 June, 2006, had entered into a lease agreement with First National Bank Modaraba (FNBM) to acquire two units of imported Volvo Wheel Loaders. The liabilities under the lease agreements are payable in 36 equal monthly instalments commenced from August, 2006 and are subject to finance cost at base rate plus a spread of 250 bps; base rate is defined as 6-months KIBOR prevailing at the base rate setting date. The effective interest rate charged by FNBM during the year ranged from 12.47% to 18.18% per annum (2008:12.47% per annum). The Company intends to exercise its option to purchase the leased assets upon completion of the lease term. This lease finance facility is secured against title of the leased assets in the name of FNBM and a demand promissory note in favour of FNBM for the amount of the lease rentals payable during the lease term.

13.2 The Company, during the financial year ended 30 June, 2007, had entered into another lease agreement having lease amount of Rs. 28.740 million with FNBM to acquire one Volvo Dump Truck. The liabilities under this agreement are payable in 36 equal monthly instalments commenced from September, 2006. The effective interest rate charged by FNBM during the year ranged from 12.76% to 16.53% per annum (2008:12.76% per annum). The Company intends to exercise its option to purchase the leased asset upon completion of the lease term. The lease finance facility is secured against a demand promissory note in favour of FNBM for the amount of lease rentals payable during the lease term.

13.3 The Company, on 17 February, 2007, had entered into a lease agreement amounting Rs. 280 million with Meezan Bank Ltd. (MBL) to acquire eight units of Preheater Cyclones. The facility tenor is six years with a grace period of 18 months on principal component. Rentals, in respect of principal component, are payable in 9 equal half-yearly instalments commenced from 24th month from the date of draw down i.e. 23 November, 2006. Rentals, in respect of profit component, are payable in arrears on half-yearly basis commenced after 6 months from the date of draw down. The facility carries profit at the rate of 6-months KIBOR + 225 bps with a floor of 2.25% and cap of 28%. The effective profit rates, during the current financial year, ranged between 12.50% to 16.51% per annum (2008:12.35% to 12.75% per annum). The facility is secured against exclusive ownership of leased assets in the name of MBL and personal guarantees of two of the Company's directors.

13.4 The Company, during the financial year ended 30 June, 2006, had entered into a forward lease agreement with Islamic Corporation for Development of the Private Sector, Jeddah (ICD - a Subsidiary of Islamic Development Bank) to finance power generation equipment of the expansion project of 6,700 tpd. The lease agreement is for a period of 8 years including a grace period of 2 years. The first rentals have become due on 15 December, 2008 whereas the final lease rentals will be due on 15 June, 2014. The lease finance facility carries interest at the rate of 6 months U.S.$ LIBOR plus a spread of 2.5% per annum; the effective interest rate charged by ICD, during the current year, ranged between 4.72% to 5.75% per annum. The facility is secured against the first exclusive charge on power generation plant.

ICD, against the total commitment of U.S.$ 14,500,000, had disbursed final instalment amounting U.S.$ 708,931 during the preceding financial year. The total principal amount outstanding as at 30 June, 2008 aggregated U.S.$ 11,334,597 whereas accrued interest thereon aggregated U.S.$ 1,465,317.

ICD had merged the interest balance of U.S.$ 1,465,317 accrued upto 15 June, 2008 into principal balance of lease finances and the adjusted principal balance of lease finances as per ICD as at 30 June, 2008 was U.S.$ 12,799,914.

The Company, during the current financial year, has paid first instalment amounting U.S.$ 1,263,898, which fell due on 15 December, 2008; however, second instalment amounting U.S.$ 869,421, which fell due on 15 June, 2009 was overdue at the year-end and has been grouped under current liabilities.

14. LONG TERM DEPOSITS

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

15. DEFERRED TAXATION - Net

	2009	2008
	(Rupees in thousand)	
This is composed of the following:		
Taxable temporary differences arising in respect of:		
- accelerated tax depreciation allowances	**2,637,877**	2,972,062
- fair value surplus on available-for-sale investments	**98,661**	184,645
	2,736,538	3,156,707
Deductible temporary differences arising in respect of:		
- unused tax losses	**(2,507,604)**	(2,751,166)
- lease finances	**(63,826)**	(132,131)
- employees' compensated absences	**(4,547)**	(4,536)
- minimum tax recoverable against normal tax charge in future years	**(90,806)**	(114,133)
	(2,666,783)	(3,001,966)
	69,755	154,741

16. EMPLOYEES' COMPENSATED ABSENCES

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

17. TRADE AND OTHER PAYABLES

	Note	2009	2008
		(Rupees in thousand)	
Creditors		**572,423**	431,718
Bills payable - secured	17.1	**837,321**	1,505,980
Due to Kohinoor Textile Mills Ltd. (the holding company)		**10,657**	458
Accrued liabilities		**211,556**	213,192
Advances from customers		**137,553**	110,513
Security deposits - interest free, repayable on demand	17.2	**33,153**	33,193
Contractors' retention money		**10,376**	22,962
Royalty and excise duty payable		**11,345**	7,136
Provident fund payable		**2,718**	1,565
Other taxes payable		**2,775**	2,726
Sales tax payable		**71,512**	-
Excise duty payable		**442,106**	157,404
Other payables		**9,532**	8,712
Unclaimed ordinary dividend		**1,533**	1,594
Preference dividend payable		**53,310**	52,994
		2,407,870	2,550,147

17.1 These are secured against the securities as detailed in note 19.1.

17.2 The distributors and contractors give the Company a right to utilise these deposits in the normal course of business.

18. ACCRUED PROFIT / INTEREST / MARK-UP

	Note	2009	2008
		(Rupees in thousand)	
Profit / interest / mark-up accrued on:			
- loans from related parties		**-**	1,148
- long term loans		**22,291**	1,724
- redeemable capital		**237,007**	91,134
- syndicated term finances		**19,533**	24,563
- liabilities against assets subject to finance lease		**42,207**	13,576
- short term borrowings		**120,156**	62,423
		441,194	194,568

19. SHORT TERM BORROWINGS

	Note	2009	2008
Cash and running finances - secured	19.1	**3,990,684**	3,220,388
Temporary bank overdrafts - unsecured	19.2	**391,638**	149,350
		4,382,322	3,369,738

19.1 Short term finance facilities available from various commercial banks under mark-up arrangements aggregate Rs. 4.458 billion (2008: Rs. 3.750 billion). These facilities, during the year, carried mark-up at the rates ranging from 7.50% to 18.50% (2008:10.26% to 14.06%) per annum; payable on quarterly basis.

Facilities available for opening letters of credit / guarantee aggregate Rs. 3.630 billion (2008: Rs. 2.357 billion) of which the amount aggregating Rs. 1.695 billion (2008: Rs. 0.293 billion) remained unutilised at the year-end.

The aggregate facilities are secured against charge on all present and future current assets of the Company, personal guarantees of the directors, lien over import / export documents and title of ownership of goods imported under letters of credit. These facilities are expiring on various dates by 30 June, 2010.

19.2 These have arisen due to issuance of cheques for amounts in excess of the balance in bank accounts.

20. CONTINGENCIES AND COMMITMENTS

Contingencies

20.1 The Company has filed writ petitions before the Lahore High Court (LHC) against the legality of judgment passed by the Customs, Excise & Sales Tax Appellate Tribunal whereby the Company was held liable on account of wrongful adjustment of input sales tax on raw materials and electricity bills; the amount involved pending adjudication before the LHC aggregate Rs. 13.252 million.

20.2 The Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Company amounting to Rs. 12.350 million was rejected and the Company was held liable to pay an amount of Rs. 37.051 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July, 1995. The impugned demand was raised by the Department on the alleged ground that the Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I)/94 dated 02 April, 1994.

The LHC, upon the Company's appeal, vide its order dated 06 November, 2001 has decided the matter in favour of the Company; however, the Collector of Customs has preferred a petition before the Supreme Court of Pakistan, which is pending adjudication.

20.3 The Additional Collector of Sales Tax, Faisalabad had preferred a petition before the Supreme Court of Pakistan against the judgment dated 07 December, 1999 delivered by the LHC in favour of the Company in a Customs Appeal. The Company, through the said appeal, had challenged the finding given by the Tribunal that the Company had wrongly adjusted input tax amounting Rs. 88.490 million for the period from July, 1996 to June, 1997 involved in import of cement plant for the purpose of Phase-II of the Company against the supply of cement manufactured by Phase-I of the Company. Levy of penalty of Rs. 10 million along with additional tax as well as rejection of the refund claim of Rs. 2.245 million were also challenged. The Supreme Court of Pakistan, vide order dated 07 January, 2000, had directed that status quo be maintained.

The Company has filed an application with the Federal Board of Revenue (FBR) under section 47A of the Sales Tax Act, 1990 for appointment of an Alternate Dispute Resolution Committee (ADRC), which decided the case in favour of the Company. The Department has issued the refund cheque amounting Rs. 19 million on 31 January, 2006 and is also in the process of withdrawing its appeal filed before the Supreme Court of Pakistan.

20.4 The FBR has filed an appeal before the Supreme Court of Pakistan against the judgment delivered by the LHC in favour of the Company in a writ petition. The Company, through the said writ petition, had challenged the demand raised by the FBR for payment of duties and taxes on the plant & machinery imported by the Company pursuant to the exemption granted in terms of SRO 484 (I) / 92 dated 14 May, 1992. The FBR, however, alleged that the said plant & machinery could be locally manufactured and duties and taxes were therefore not exempt. A total demand of Rs. 1.387 billion was raised by the FBR out of which an amount of Rs. 269.328 million was deposited by the Company as undisputed liability.

As regards the balance disputed amount, the matter was decided in favour of the Company as per the judgment of LHC. After preferring the appeal before the Supreme Court of Pakistan, the matter has been referred to ADRC, Islamabad. No provision has been made in these financial statements in respect of the aforementioned disputed demands aggregating Rs. 1.118 billion as the management is confident that the ultimate outcome of this case will be in favour of the Company.

20.5 The Customs Department has filed an appeal before the Supreme Court of Pakistan against the judgment of Sindh High Court, which held that dump trucks were part of plant & machinery and the Tribunal had rightly subjected them to concessionary rate of duty. The Company had paid excess customs duties amounting Rs. 7.347 million on these trucks. The appeal is pending adjudication before the Supreme Court of Pakistan.

20.6 The Company has filed an appeal before the Supreme Court of Pakistan against the judgment of the Division Bench of the High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September, 2008, has partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December, 2006 was illegal and ultra vires and after 28 December, 2006, it was legal and the same was collected by the Excise Department in accordance with law. The appeal has been filed against the declaration that after 28 December, 2006, the Excise Department has collected the infrastructure cess / fee in accordance with law.

The total financial exposure of the Company involved in the case amounts to Rs. 59.556 million against which provision has not been made in these financial statements as the Company's management expects a favourable outcome. In the event of an adverse decision in appeal, the guarantees aggregating Rs. 135.700 million furnished by the Company will be encashed by the Government of Sindh.

20.7 Competition Commission of Pakistan (the Commission), vide order dated 27 August, 2009, has imposed penalty on 20 cement factories of Pakistan at the rate of 7.5% of the turnover value as disclosed in the last annual financial statements. The Commission has imposed penalty amounting Rs. 586.187 million on the Company. The Commission has alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. The Lahore High Court, Lahore has restrained the Commission from taking adverse action pursuant to this order till the next date of hearing i.e. 29 September, 2009.

20.8 The Additional Collector, Karachi has issued show cause notice alleging therein that the Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June, 2006 on the import of pre-fabricated buildings structure. Consequently, the Company is liable to pay Government dues amounting Rs. 5.552 million. The Company has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector.

20.9 Also refer contents of notes 35.3 and 35.4

20.10 Claims

Claims against the Company not acknowledged as debt aggregated Rs. 3.750 million as at 30 June, 2009 (2008: Rs. 3.750 million).

20.11 Commitments

(i) Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate Rs. 332.363 million as at 30 June, 2009 (2008: Rs. 434.370 million).

(ii) Commitments against capital expenditure as at 30 June, 2009 were for Rs. 340.973 million (2008: Rs. 168.949 million).

(iii) Commitments against irrevocable letters of credit outstanding as at 30 June were for:

	Note	2009	2008
		(Rupees in thousand)	
- capital expenditure		**634,350**	1,026,164
- others		**131,801**	603,940
		766,151	1,630,104

21. PROPERTY, PLANT AND EQUIPMENT

	Note	2009	2008
Operating fixed assets	21.1	**18,827,414**	19,776,950
Capital work-in-progress - at cost	21.7	**1,554,064**	304,498
		20,381,478	20,081,448

21.1 Operating fixed assets

	OWNED								LEASED		
	Freehold Land	Buildings on freehold land	Roads, bridges and railway sidings	Plant & machinery	Furniture, fixtures & equipment	Quarry equipment	Vehicles	Share of joint assets	Plant & machinery	Quarry equipment	Total
	.... (Rupees				in thousand)				....		
As at 30 June, 2007											
Cost	53,710	1,255,553	75,466	9,836,089	124,540	131,524	80,741	4,120	959,677	47,315	12,568,735
Accumulated depreciation	-	449,818	47,713	4,126,527	59,491	115,929	42,320	3,124	3,599	8,752	4,857,273
Book value	53,710	805,735	27,753	5,709,562	65,049	15,595	38,421	996	956,078	38,563	7,711,462
Year ended 30 June, 2008:											
Additions	-	2,678,215	12,148	10,206,455	17,397	11,813	6,546	275	-	-	12,932,849
Transfers:											
Cost	-	-	-	-	(25)	-	-	-	-	-	(25)
Depreciation	-	-	-	-	4	-	-	-	-	-	4
	-	-	-	-	(21)	-	-	-	-	-	(21)
Disposals:											
Cost	-	-	-	-	(1,206)	-	(2,490)	-	-	-	(3,696)
Depreciation	-	-	-	-	163	-	1,739	-	-	-	1,902
	-	-	-	-	(1,043)	-	(751)	-	-	-	(1,794)
	53,710	3,483,950	39,901	15,916,017	81,382	27,408	44,216	1,271	956,078	38,563	20,642,496
Depreciation charge	-	125,214	3,572	657,655	15,310	4,633	8,324	102	43,024	7,712	865,546
Book value as at June 30, 2008	53,710	3,358,736	36,329	15,258,362	66,072	22,775	35,892	1,169	913,054	30,851	19,776,950
Year ended 30 June, 2009:											
Additions	-	5,188	-	34,130	19,931	33,387	7,382	1,471	-	-	101,489
Transfers:											
Cost	-	-	-	(451)	(669)	-	-	-	-	-	(1,120)
Depreciation	-	-	-	7	180	-	-	-	-	-	187
	-	-	-	(444)	(489)	-	-	-	-	-	(933)
Disposals:											
Cost	-	-	-	-	(158)	-	(9,460)	-	-	-	(9,618)
Depreciation	-	-	-	-	91	-	7,120	-	-	-	7,211
	-	-	-	-	(67)	-	(2,340)	-	-	-	(2,407)
	53,710	3,363,924	36,329	15,292,048	85,447	56,162	40,934	2,640	913,054	30,851	19,875,099
Depreciation charge	-	164,691	3,558	802,866	14,559	7,158	7,467	129	41,087	6,170	1,047,685
Book value as at June 30, 2009	53,710	3,199,233	32,771	14,489,182	70,888	49,004	33,467	2,511	871,967	24,681	18,827,414
As at 30 June, 2008											
Cost	53,710	3,933,768	87,614	20,042,544	140,706	143,337	84,797	4,395	959,677	47,315	25,497,863
Accumulated depreciation	-	575,032	51,285	4,784,182	74,634	120,562	48,905	3,226	46,623	16,464	5,720,913
Book value	53,710	3,358,736	36,329	15,258,362	66,072	22,775	35,892	1,169	913,054	30,851	19,776,950
As at 30 June, 2009											
Cost	53,710	3,938,956	87,614	20,076,223	159,810	176,724	82,719	5,866	959,677	47,315	25,588,614
Accumulated depreciation	-	739,723	54,843	5,587,041	88,922	127,720	49,252	3,355	87,710	22,634	6,761,200
Book value	53,710	3,199,233	32,771	14,489,182	70,888	49,004	33,467	2,511	871,967	24,681	18,827,414
Depreciation rate (%)	-	5-10	5-10	5-20	10-30	20	20	10	20	20	-

21.2 The Company has given on lease, land measuring 8 Kanals and 16 Marlas (2008: 6 Kanals and 18 Marlas) to Sui Northern Gas Pipelines Ltd. at an annual rent of Rs. 4,267 (2008: Rs. 2,500).

21.3 Additions to plant & machinery, during the preceding year, included borrowing cost aggregating Rs. 1,740.316 million; the borrowing cost rates have been disclosed in notes 9, 10, 13 and 19.1.

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

	2009	2008
	(Rupees in thousand)	
- cost of goods sold	**1,034,868**	842,121
- administrative expenses	**12,688**	11,056
- other manufacturing expenses	**129**	103
- trial run operations	**-**	12,266
	1,047,685	865,546

21.5 Ownership of the housing colony assets included in the operating fixed assets is shared by the Company jointly with Pak American Fertilizer Limited in the ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation (PIDC). These assets are in possession of the housing colony establishment for mutual benefits. The cost of these assets at the year-end were as follows:

	2009	2008
	(Rupees in thousand)	
- buildings	**3,990**	2,646
- roads and bridge	**202**	202
- air strip	**16**	16
- plant and machinery	**273**	271
- furniture, fixtures and equipment	**1,219**	1,096
- vehicles	**166**	164
	5,866	4,395

21.6 Disposal of operating fixed assets

Particulars	**Cost**	**Accum-ulated depreci-ation**	**Book Value**	**Sale proceeds**	**Gain / (loss)**	**Mode of disposal**	**Sold to**
	..............Rupees in thousand.............						
Furniture, fixtures and equipment							
Items of net book value below Rs. 50,000 each	158	91	67	65	(2)	Negotiation	Various parties
Vehicles							
Suzuki Baleno	757	408	349	435	86	Auction	Malik Muhammad Nazir, Mianwali.
Suzuki Mehran	353	299	54	176	122	-do-	-do-
Suzuki Baleno	774	423	351	532	181	-do-	Muhammad Rafique, Iskanderabad.
Toyota Corolla	1,132	654	478	812	334	-do-	Mr. Tayyab Tahir Shah - Employee.
Toyota Corolla	858	800	58	575	517	-do-	-do-
Toyota Corolla	1,316	557	759	1,017	258	-do-	Mr. Fazal -ur- Rehman, Iskanderabad.
Toyota Corolla	967	819	148	540	392	-do-	Mr. Shah Jahan Khan - Employee.
Mitsubishi Pajero	2,755	2,646	109	1,005	896	-do-	Swift Transport, Lahore.
Suzuki Jeep	548	514	34	252	218	-do-	Mr. Mumtaz Ahmed, Mianwali.
	9,460	7,120	2,340	5,344	3,004		
	9,618	7,211	2,407	5,409	3,002		

21.7 Capital work-in-progress

	Note	2009	2008
		(Rupees in thousand)	
Civil works		**2,000**	3,455
Plant & machinery		**1,173,570**	29,923
Un-allocated capital expenditure	21.8	**59,581**	3,367
Computer software and consultancy cost		**26,384**	-
Advances to suppliers against:			
- purchase of land		**2,000**	2,000
- civil works		**1,505**	2,307
- plant and machinery		**286,080**	261,875
- vehicles		**2,944**	1,571
		1,554,064	304,498

21.8 Un-allocated capital expenditure - net

	Note	2009	2008
Opening balance		**3,367**	1,569,449
Add: expenditure incurred during the year:			
- salaries and wages		**2,899**	425
- travelling		**1,615**	358
- vehicles' running and maintenance		**16**	-
- finance cost	(a)	**51,639**	1,724
- communication		**45**	-
- legal and professional		**-**	225
- consultancy		**-**	635
- loss on trial run operations	(b)	**-**	265,444
		59,581	1,838,260
Less: allocated during the preceding year to:			
- buildings on freehold land		**-**	381,237
- plant and machinery		**-**	1,453,656
		-	1,834,893
		59,581	3,367

(a) The borrowing cost rates have been disclosed in note 10.

(b) Operations of the expansion project for new production line of 6,700 tpd clinker capacity of grey cement plant (the project) for the period from 01 March, 2007 to 31 October, 2007 were treated as trial run operations due to intermittent plant & machinery shut downs. Trial run net loss aggregating Rs.617.020 million incurred upto 31 October, 2007 was capitalised and allocated to buildings and plant & machinery during the preceding financial year.

22. INTANGIBLE ASSETS

(Computer softwares)

	2009	2008
	(Rupees in thousand)	
Book value at 01 July,	**15,082**	4,578
Additions made during the year (at cost)	**-**	16,481
Amortisation for the year	**(7,750)**	(5,977)
Book value at 30 June,	**7,332**	15,082
Gross carrying value at 30 June,		
Cost	**23,250**	23,250
Accumulated amortisation	**15,918**	8,168
Book value	**7,332**	15,082
Amortisation rate - % per annum	**33.33%**	33.33%

23. LOANS TO EMPLOYEES - Secured

	2009	2008
	(Rupees in thousand)	
House building	**5,926**	6,750
Vehicles	**2,860**	2,576
Others	**301**	401
	9,087	9,727
Less: recoverable within one year grouped under current assets	**3,421**	3,606
	5,666	6,121

23.1 These loans are secured against charge / lien on employees' retirement benefits and carry interest at the rates ranging from 6% to 12% per annum (2008: 6% to 15% per annum). These loans are recoverable in monthly instalments ranging from 30 to 120.

23.2 No amount was due from directors and chief executive at the year-end (2008: Rs. Nil).

23.3 Receivable balance from executives as at 30 June, 2008 amounting Rs.597 thousand was fully received-back during the current financial year. No further loans were advanced to executives during the current financial year.

23.4 Maximum amount of loans due from executives at the end of any month during the year was Rs.514 thousand (2008: Rs.599 thousand).

24. DEPOSITS AND PREPAYMENTS

	Note	2009	2008
		(Rupees in thousand)	
Security deposits		**50,152**	51,514
Prepayments		**1,333**	2,500
		51,485	54,014

25. STORES, SPARES AND LOOSE TOOLS

	2009	2008
Stores [including in transit valuing Rs. 226.400 million (2008: Rs. 367.202 million)]	**1,294,356**	1,914,813
Spares [including in transit valuing Rs. 22.045 million (2008: Rs. 78.863 million)]	**1,609,262**	1,382,581
Loose tools	**32,576**	28,350
	2,936,194	3,325,744

26. STOCK-IN-TRADE

	2009	2008
Raw materials	**23,312**	13,926
Packing materials	**70,614**	81,254
Work-in-process	**368,576**	215,740
Finished goods	**188,412**	123,032
	650,914	433,952

27. TRADE DEBTS

	2009	2008
Export - secured	**393,479**	570,932
Local - unsecured, considered good	**288,765**	172,434
	682,244	743,366

28. LOANS AND ADVANCES

	Note	2009	2008
Current portion of loans to employees	23	**3,421**	3,606
Advances - considered good			
- executives		**-**	361
- employees		**5,695**	12,386
- suppliers		**69,138**	66,461
		78,254	82,814

29. INVESTMENTS

	Note	2009	2008
		(Rupees in thousand)	
Available for sale			
Security General Insurance Company Ltd. (SGIC) un-quoted 4,570,389 ordinary shares of Rs. 10 each - cost	29.1	**5,000**	5,000
Equity held: 6.71%			
Add: adjustment arising from measurement to fair value		**375,850**	703,410
		380,850	708,410
Through profit or loss			
Investments in Mutual Funds			
United Composite Islamic Fund 135,097.27 Units (2008:128,504.97 Units)		**15,000**	15,000
United Growth & Income Fund Nil Unit (2008:19,886.745 Units)		**-**	2,000
MCB Dynamic Cash Fund Nil Unit (2008:28,180.7097 Units)		**-**	3,000
Faysal Savings Growth Fund 49,990.4911 Units		**5,000**	-
NAFA Government Securities Liquid Fund 500,000 Units		**5,000**	-
		25,000	20,000
Adjustment arising from measurement to fair value		**(3,666)**	(1,461)
		21,334	18,539
Investments in Listed Securities			
Fauji Cement Company Ltd. 121,800 ordinary shares of Rs.10 each		**1,949**	1,949
Highnoon Laboratories Ltd. 116,270 ordinary shares of Rs.10 each		**9,916**	9,916
Shakarganj Mills Ltd. 6,000 ordinary shares of Rs.10 each		**250**	250
		12,115	12,115
Adjustment arising from measurement to fair value		**(7,736)**	(4,205)
		4,379	7,910
		406,563	734,859

29.1 **(a)** The management has further extended the period to sell these investments upto 30 June, 2010.

(b) The fair value of investments has been determined based on the valuation report prepared by independent Valuers M/s Maqbool Haroon & Co., Chartered Accountants 47-C-3, Gulberg III, Lahore.

(c) These shares are pledged with Allied Bank Ltd. as collateral against short term finance facility of Rs. 400 million.

30. DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2009	2008
		(Rupees in thousand)	
Margins against:			
- letters of credit		**68,163**	24,834
- bank guarantees		**27,376**	14,760
Prepayments		**46,481**	29,698
Security deposits		**1,286**	-
		143,306	69,292

31. ACCRUED PROFIT

This represents profit accrued on deposit / PLS bank accounts.

32. SALES TAX, CUSTOMS AND EXCISE DUTY

	Note	2009	2008
Sales tax and customs duty	32.1	**16,797**	16,797
Sales tax refundable		**-**	40,972
		16,797	57,769

32.1 The balance represents amounts paid against various cases as detailed in the contingencies note. The Company is still in litigation to get refund of these amounts.

33. STAFF RETIREMENT BENEFITS - Gratuity

The future contribution rates of this scheme include allowance for deficit and surplus. Projected unit credit method, based on the following significant assumptions, is used for valuation of this plan:

	2009	2008
- discount rate	**12%**	12%
- expected return on plan assets	**12%**	12%
- expected rate of growth per annum in future salaries	**11%**	11%
- average expected remaining working life time of employees	**10 years**	11 years

The amounts recognised in the balance sheet are as follows:

	2009	
	(Rupees in thousand)	
Fair value of plan assets	**47,997**	61,382
Present value of defined benefit obligation	**(60,082)**	(50,663)
Benefits payable to outgoing Members	**-**	(864)
(Deficit) / surplus	**(12,085)**	9,855
Unrecognised actuarial loss / (gain)	**20,269**	(87)
Net assets as at 30 June,	**8,184**	9,768
Net assets as at 01 July,	**9,768**	8,539
Charge to profit and loss account	**(2,042)**	(1,744)
Payments to fund during the year	**458**	2,973
Net assets as at 30 June,	**8,184**	9,768

	2009	2008
	(Rupees in thousand)	
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation as at 01 July,	**50,663**	46,512
Current service cost	**3,328**	4,387
Interest cost	**6,080**	4,651
Benefits paid	**(3,205)**	(2,370)
Benefits payable to outgoing Members	**-**	(864)
Actuarial loss / (gain)	**3,216**	(1,653)
Present value of defined benefit obligation as at 30 June,	**60,082**	50,663
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets as at 01 July,	**61,382**	60,785
Expected return on plan assets	**7,366**	7,294
Contributions	**458**	2,973
Benefits paid	**(3,205)**	(2,973)
Payments to outgoing members	**(864)**	-
Actuarial loss	**(17,140)**	(6,697)
Fair value of plan assets as at 30 June,	**47,997**	61,382
Actual return on plan assets	**(9,774)**	597
Plan assets comprise of:		
Defence Savings Certificates (including accrued interest less zakat)	**24,778**	20,605
National Investment Trust Units	**20,777**	35,961
Cash at bank	**2,442**	241
UBL deposits (including accrued interest)	**-**	4,575
	47,997	61,382
Charge to profit and loss for the year		
Current service cost	**3,328**	4,387
Interest cost	**6,080**	4,651
Expected return on plan assets	**(7,366)**	(7,294)
	2,042	1,744

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus of gratuity fund for five years is as follows:

	2009	**2008**	**2007**	**2006**	**2005**
	............Rupees in thousand............				
Present value of defined benefit obligation	**(60,082)**	(50,663)	(46,512)	(45,937)	(74,066)
Fair value of plan assets	**47,997**	61,382	60,785	100,830	147,812
(Deficit) / surplus	**(12,085)**	10,719	14,273	54,893	73,746
Experience adjustment on obligation	**3,216**	(1,653)	(3,825)	12,381	1,519
Experience adjustment on plan assets	**(17,140)**	(6,697)	2,603	7,007	5,122

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

33.2 The latest actuarial valuation of the gratuity scheme has been carried-out on 30 June, 2009.

34. OTHER RECEIVABLES

	2009	2008
	(Rupees in thousand)	
Letters of credit	**16,542**	20,431
Receivable from stock broker	**361**	362
Others	**12,545**	987
	29,448	21,780

35. TAXATION - Net

	2009	2008
Opening balance	**44,907**	14,029
Add: tax deducted at source / advance tax	**181,472**	75,693
Less: provision / (write-back) made for:		
- current year	**64,809**	45,281
- prior years' - net	**(488)**	(466)
	64,321	44,815
Closing balance	**162,058**	44,907

35.1 Income tax assessments of the Company are complete upto the Tax Year 2008 except for the Tax Year 2006, which has been selected for tax audit and proceedings are pending.

35.2 Provision for the current year represents tax on income chargeable under the final tax regime; (2008: in view of available tax losses, the preceding year's tax provision represented minimum tax on turnover due under section 113 and tax deducted at source under sections 5, 15 and 154 of the Income Tax Ordinance, 2001- the Ordinance).

35.3 In consequence of tax audit conducted by the Income Tax Department (the Department) for tax year 2003, the Department, vide order dated 31 December, 2008, has amended the deemed assessment in respect of tax year 2003 under section 122(5) of the Ordinance and the Company's taxable income has been enhanced by Rs. 177.750 million. The Company has preferred an appeal against the aforesaid amendment order before the Commissioner of Income Tax (Appeals), which is pending adjudication.

35.4 The Department has initiated proceedings under sections 161 and 205 of the Ordinance against the Company in respect of tax years 2003 to 2007. The Company has challenged the initiation of the aforementioned proceedings by filing a writ petition before the Lahore High Court, which, vide order dated 30 December, 2008, has granted stay of proceedings in respect of tax year 2003. The main petition is pending adjudication before the court.

35.5 No numeric tax rate reconciliation is presented in these financial statements as the Company is not liable to pay normal tax due to available tax losses.

35.6 Tax losses available for carry forward as at 30 June, 2009 aggregated Rs. 7.959 billion (2008: Rs. 7.860 billion).

36. CASH AND BANK BALANCES

	Note	2009	2008
		(Rupees in thousand)	
Cash-in:			
- hand		**228**	185
- transit		**4,761**	620
Cash at commercial banks on:			
- PLS accounts	36.1	**65,366**	69,737
- current accounts		**29,577**	33,592
		94,943	103,329
		99,932	104,134

36.1 **(a)** These accounts bear profit at the rates ranging from of 1% to 5% (2008: 1% to 5%) per annum.

(b) 30 June, 2009 balance includes an account, which is under a bank's lien as a security of guarantee amounting Rs.30 million issued in favour of Excise & Taxation Department, Karachi.

37. SALES - Net

	Note	2009	2008
		(Rupees in thousand)	
Gross sales:			
- local		**12,484,334**	8,195,115
- export		**6,485,264**	2,357,283
		18,969,598	10,552,398
Less:			
- excise duty		**1,901,663**	1,564,801
- sales tax		**1,708,158**	1,061,681
- commission		**108,403**	110,087
		3,718,224	2,736,569
		15,251,374	7,815,829

38. COST OF SALES

	Note	2009	2008
Raw materials consumed	38.1	**465,107**	259,492
Packing materials consumed		**1,042,435**	662,674
Fuel and power		**6,948,392**	3,580,340
Stores and spares consumed		**468,022**	381,364
Salaries, wages and amenities	38.2	**301,549**	238,114
Rent, rates and taxes		**14,382**	8,380
Insurance		**38,180**	29,564
Repair and maintenance		**45,453**	45,248
Depreciation and amortisation		**1,042,618**	848,098
Vehicles' running and maintenance		**42,302**	29,434
Other expenses	38.3	**106,641**	68,790
		10,515,081	6,151,498
Work-in-process			
Opening		**215,740**	90,848
Transfer from trial run operations		**-**	331,228
Closing		**(368,576)**	(215,740)
		(152,836)	206,336
Cost of goods manufactured		**10,362,245**	6,357,834
Finished goods stock			
Opening		**123,032**	70,567
Transfer from trial run operations		**-**	186,630
Closing		**(188,412)**	(123,032)
		(65,380)	134,165
		10,296,865	6,491,999

38.1 Raw materials consumed

	2009	2008
	(Rupees in thousand)	
Opening	**13,926**	12,338
Purchases	**474,493**	261,080
	488,419	273,418
Less: Closing stock	**23,312**	13,926
	465,107	259,492

38.2 Salaries, wages and amenities expense includes contribution to provident fund aggregating Rs. 8,458 thousand (2008: Rs. 7,220 thousand) and staff retirement benefits (gratuity) amounting Rs. 1,536 thousand; (2008:Rs.1,608 thousand).

38.3 Other expenses include housing colony expenses aggregating Rs.63.063 million (2008: Rs.47.527 million).

39. DISTRIBUTION COST

	Note	2009	2008
		(Rupees in thousand)	
Salaries and amenities	39.1	**28,689**	18,318
Travelling		**5,809**	1,982
Vehicles' running and maintenance		**4,096**	2,458
Postage, telephone and fax		**2,066**	1,089
Printing and stationery		**916**	504
Entertainment		**1,115**	761
Repair and maintenance		**972**	887
Advertisement and sampling		**6,938**	1,341
Freight and forwarding		**2,270,909**	798,207
Other expenses		**18,323**	9,302
		2,339,833	834,849

39.1 Salaries and amenities expense includes contribution to provident fund aggregating Rs.1,044 thousand (2008: Rs.759 thousand) and staff retirement benefits (gratuity) amounting Rs.85 thousand (2008: Rs. 70 thousand).

40. ADMINISTRATIVE EXPENSES

	Note	2009	2008
		(Rupees in thousand)	
Salaries and amenities	40.1	**70,414**	50,837
Travelling		**12,235**	14,357
Vehicles' running and maintenance		**10,117**	6,930
Postage, telephone and fax		**6,837**	4,271
Printing and stationery		**6,708**	4,211
Entertainment		**3,805**	2,908
Repair and maintenance		**3,991**	2,894
Legal and professional	40.2	**10,247**	13,984
Depreciation		**12,688**	11,056
Rent, rates and taxes		**141**	187
Other expenses		**14,401**	9,601
		151,584	121,236

40.1 Salaries and amenities expense includes contribution to provident fund aggregating Rs. 2,325 thousand (2008: Rs. 2,028 thousand) and staff retirement benefits (gratuity) amounting Rs. 421 thousand (2008: Rs. 66 thousand).

40.2 Legal and professional charges include the following in respect of Auditors' services for:

	2009	2008
	(Rupees in thousand)	
- statutory audit	**550**	400
- half yearly review	**150**	110
- certification charges	**55**	70
- out-of-pocket expenses	**50**	65
	805	645
Less: grouped under unallocated capital expenditure	**-**	139
	805	506

40.3 The Company has shared expenses aggregating Rs.17.303 million (2008: Rs.17.535 million) on account of the Combined Offices with its Holding Company. These expenses have been booked in respective heads of account.

41. OTHER OPERATING EXPENSES

	Note	2009	2008
		(Rupees in thousand)	
Donations	41.1	**22,543**	14,251
Stores and spares written-off		**-**	10,587
Penalties due to late payment of sales tax and excise duty		**15,369**	-
Loss on investments - net		**4,339**	-
		42,251	24,838

41.1 Donations for the year have been given to:

	2009	2008
- Gulab Devi Hospital, Lahore	**21,500**	14,150
- District Court Mosque, Mianwali	**-**	29
- National Counsel for Rehabilitation of Disabled Persons	**72**	72
- Internally Displaced Persons of Swat	**801**	-
- Union Council, Daudkhel	**96**	-
- General Hospital, Lahore	**74**	-
	22,543	14,251

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

42. OTHER OPERATING INCOME

	Note	2009	2008
		(Rupees in thousand)	
Income from financial assets			
Profit on bank deposits		**10,069**	5,046
Dividend		**11,717**	12,021
Investment income - net		**-**	43,403
Income from non-financial assets			
Sale of scrap		**11,044**	38,850
Gain on disposal of operating fixed assets	21.6	**3,002**	725
Insurance claims received		**21,402**	-
Miscellaneous		**4,515**	5,611
		61,749	105,656

43. FINANCE COST

	Note	2009	2008
Profit / interest / mark-up on:			
- loans from related parties		**2,445**	10,529
- long term loans		**-**	260,399
- redeemable capital		**1,311,908**	502,217
- syndicated term finances		**268,357**	162,149
- liabilities against assets subject to finance lease		**94,603**	82,853
- short term borrowings		**559,270**	231,791
Bank guarantees' commission		**7,630**	2,608
Exchange fluctuation loss - net		**438,376**	235,727
Realised loss on derivative cross currency interest rate swap agreements - net	43.1	**634,690**	256,617
Bank and other charges		**82,962**	67,917
		3,400,241	1,812,807

43.1 Expense for the year includes loss amounting Rs. 227.192 million upon premature winding-up of the cross currency interest rate swap agreements.

44. LOSS PER SHARE - Basic

	2009	2008
	(Rupees in thousand)	
Loss after taxation attributable to ordinary shareholders	**(1,035,764)**	(728,929)
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	**372,263,356**	372,263,356
	Rupees	
Loss per share	**(2.78)**	(1.96)

44.1 There is no dilutive effect on loss per share as the effect of conversion of preference shares into ordinary shares is anti-dilutive.

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

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

Particulars	Chairman		Chief Executive		Directors		Executives	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	..............Rupees in thousand..............							
Managerial remuneration	**3,396**	3,396	**4,537**	4,537	**2,098**	2,918	**31,398**	28,836
Contribution to provident fund trust	**-**	-	**383**	383	**163**	226	**2,198**	1,617
Perquisites and benefits:								
- house rent	**524**	524	**192**	192	**407**	566	**10,183**	9,231
- medical	**-**	-	**383**	383	**12**	1	**592**	446
- conveyance/petrol	**-**	-	**214**	171	**240**	313	**5,830**	4,562
- utilities	**280**	280	**60**	60	**163**	226	**2,699**	2,485
	804	804	**849**	806	**822**	1,106	**19,304**	16,724
	4,200	4,200	**5,769**	5,726	**3,083**	4,250	**52,900**	47,177
No. of persons	**1**	1	**1**	1	**1**	1	**32**	28

45.1 The Chairman, Chief Executive, Directors and some of the Executives are also provided with Company maintained cars in accordance with their terms of employment. Aggregate amount charged in these financial statements in respect of Directors' fees aggregated Rs. 130 thousand (2008: Rs. 53 thousand).

46. FINANCIAL INSTRUMENTS

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

- credit risk;
- liquidity risk; and
- market risk.

The Company's 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.

46.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash equivalents, deposits with banks, as well as credit exposures to customers and other counter parties, which include trade debts and other receivables. Out of the total financial assets, which are subject to credit risk aggregated Rs. 1,261 million (2008: Rs. 2,023 million).

To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary, advance payments are obtained from certain parties. Export sales made to major customers are secured through letters of credit.

In respect of other counter parties, due to the Company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Company.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The maximum exposure to credit risk as at 30 June, 2009 along with comparative is tabulated below:

	2009	2008
	(Rupees in thousand)	
Security deposits	**50,152**	51,514
Trade debts	**682,244**	743,366
Fair value derivative financial instruments	**-**	365,748
Loans and advances	**5,695**	12,747
Investments	**406,563**	734,859
Accrued profit	**983**	763
Due from gratuity fund trust	**8,184**	9,768
Other receivables	**12,906**	1,349
Bank balances	**94,943**	103,329
	1,261,670	2,023,443

The management does not expect any losses from non-performance by these counter parties.

Investments have been made in the following:
- shares of an insurance company;
- Mutual Funds; and
- shares of listed companies.

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

	2009	2008
- Security General Insurance Company Ltd.	**A**	A
- United Composite Islamic Fund	**AM - 2**	AM - 2
- United Growth & Income Fund	**A**	A
- MCB Dynamic Cash Fund	**AM 3+**	AM 3+
- Faysal Savings Growth Fund	**A**	A
- NAFA Government Securities Liquid Fund	**AA+**	N/A

Total bank balance of Rs. 94.943 million placed with banks have a short term credit rating of at least A1+.

The maximum exposure to credit risk for trade debts at the balance sheet date by geographic region is as follows:

	2009	2008
	(Rupees in thousand)	
Domestic	**288,765**	172,434
Export	**393,479**	570,932
	682,244	743,366

The majority of export debts of the Company are situated in Asia and Africa.

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

Not past due	**254,202**	580,234
Past due 1-30 days	**340,923**	131,736
Past due 30-150 days	**13,368**	29,546
Past due 150 days	**73,751**	1,850
	682,244	743,366

Based on past experience, the management believes that no impairment allowance is necessary in respect of trade debts past due as some of the debts have been recovered subsequent to the year-end and for other debts there are reasonable grounds to believe that the amounts will be recovered in short course of time. Further, major export debts are secured through letters of credit.

46.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company's treasury department maintains flexibility in funding by maintaining availability under committed credit lines.

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

	2009				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	(Rupees in thousand)				
Long term loans	955,503	1,501,293	195,593	1,305,700	-
Redeemable capital	8,000,000	11,646,716	2,035,200	9,611,516	-
Syndicated term finances	1,500,000	1,863,929	466,419	1,397,510	-
Liabilities against assets subject to finance lease	1,164,823	1,359,171	390,321	968,850	-
Long term deposits	2,580	2,580	-	2,580	-
Trade and other payables	2,407,870	2,407,870	2,407,870	-	-
Accrued profit / interest / mark-up	441,194	441,194	441,194	-	-
Short term borrowings	4,382,322	4,831,813	4,831,813	-	-
	18,854,292	24,054,566	10,768,410	13,286,156	-

	2008				
	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	(Rupees in thousand)				
Loans from related parties	35,224	37,669	37,669	-	-
Long term loans	241,539	341,022	7,516	274,017	59,489
Redeemable capital	8,000,000	12,695,367	1,188,000	10,218,023	1,289,344
Syndicated term finances	2,080,000	2,419,459	1,311,960	1,107,499	-
Liabilities against assets subject to finance lease	1,145,445	1,395,283	269,813	1,125,470	-
Long term deposits	2,582	2,582	-	2,582	-
Trade and other payables	2,550,147	2,550,147	2,550,147	-	-
Accrued profit / interest / mark-up	194,568	194,568	194,568	-	-
Short term borrowings	3,369,738	3,928,529	3,928,529	-	-
	17,619,243	23,564,626	9,488,202	12,727,591	1,348,833

The contractual cash flows relating to the above financial liabilities have been determined on the basis of profit / mark-up / interest rates effective at the respective year-ends. The rates of profit / mark-up / interest have been disclosed in the respective notes to these financial statements.

46.3 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments.

(a) Currency risk

The Company is exposed to currency risk on import of raw materials, stores & spares and export of goods mainly denominated in US Dollar, Euro and Japanese Yen. The Company's exposure to foreign currency risk for US Dollar, Euro and Japanese Yen is as follows:

The following significant exchange rates have been applied:

	2009			
	Rupees	US$	Euros	Yens
	...............(Rupees in thousand)...............			
Liabilities against assets subject to finance lease	968,267	11,879	-	-
Creditors and bills payables	1,059,482	11,137	1,168	17,200
	2,027,749	23,016	1,168	17,200
Trade debts	(393,479)	(4,915)	-	-
Gross balance sheet exposure	1,634,270	18,101	1,168	17,200
Outstanding letters of credit	766,151	80	1,226	725,520
Net exposure	2,400,421	18,181	2,394	742,720

	2008			
	Rupees	US$	Euros	Yens
	...............(Rupees in thousand)...............			
Liabilities against assets subject to finance lease	877,434	12,800	-	-
Creditors and bills payables	1,709,800	23,092	1,177	-
Short term borrowings (FE-25 export finances)	723,125	10,549	-	-
Accrued mark-up on short term borrowings (FE-25 export finances)	11,362	166	-	-
	3,321,721	46,607	1,177	-
Trade debts	(570,932)	(8,329)	-	-
Gross balance sheet exposure	2,750,789	38,278	1,177	-
Outstanding letters of credit	1,630,104	6,249	1,461	1,583,750
Net exposure	4,380,893	44,527	2,638	1,583,750

The following significant exchange rates have been applied:

	Average rate		Balance sheet date rate	
	2009	2008	**2009**	2008
US $ to Rupee	**78.89**	62.77	**81.31 / 81.51**	68.55
Euro to Rupee	**107.99**	93.35	**114.82**	107.65
Yen to Rupee	**0.7867**	0.5758	**0.8475**	0.6498

Sensitivity analysis

At the reporting date, if Rupee had strengthened by 10% against Dollar, Euro and Yen, with all other variables held constant, loss after taxation for the year would have been lower by the amount shown below mainly as a result of net foreign exchange gain on translation of foreign currency financial assets and liabilities.

Effect on loss for the year:

	2009	2008
	(Rupees in thousand)	
U.S.$ to Rupee	**147,561**	262,585
Euro to Rupee	**13,402**	12,691
Yen to Rupee	**1,419**	-

The weakening of Rupee against Dollar, Euro and Yen would have had an equal but opposite impact on the loss after taxation.

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

(b) Interest rate risk

At the reporting date, the profit, interest and mark-up rate profile of the Company's significant financial assets and liabilities is as follows:

	2009	2008	**2009**	2008
	Effective rate		**Carrying amount (Rupees in thousand)**	
Fixed rate instruments				
Financial liabilities				
Short term borrowings (export running finances)	**7.5%**	-	**1,362,000**	-
Financial assets				
Bank balances at PLS accounts	**1% to 5%**	1% to 5%	**65,366**	69,737
Variable rate instruments				
Financial liabilities				
Loans from related parties	**14.03% to 16.10%**	10.89% to 14.06%	**-**	35,224
Long term loans	**15.69% to 18.20%**	14.47%	**955,503**	241,539
Redeemable capital	**14.85% to 17.37%**	11.65% to 14.85%	**8,000,000**	8,000,000
Syndicated term finances	**13.89% to 17.97%**	11.25% to 14.57%	**1,500,000**	2,080,000
Liabilities against assets subject to finance lease	**4.72% to 18.18%**	12.35% to 12.76%	**1,164,823**	1,145,445
Short term borrowings	**7.5% to 18.50%**	10.26% to 14.06%	**2,628,684**	3,220,388

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in profit / mark-up / interest rates at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in profit / mark-up / interest rates at the balance sheet date would have decreased / (increased) loss for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for the year 2008.

	Increase	Decrease
	(Rupees in thousand)	
As at 30 June 2009		
Cash flow sensitivity Variable rate financial liabilities	**(142,490)**	**142,490**
As at 30 June 2008		
Cash flow sensitivity-Variable rate financial liabilities	(147,226)	147,226

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

(c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Other price risk arises from the Company's investment in units of mutual funds and ordinary shares of listed companies. To manage its price risk arising from aforesaid investments, the management diversifies the investments portfolio and continuously monitors developments in equity market. In addition, the Company's management actively monitors the key factors that affect stock price movement.

A 10% increase / decrease in redemption value of investments in Mutual Funds and share prices of listed companies at the balance sheet date would have decreased / increased the Company's loss in case of investments through profit and loss as follows:

	2009	2008
	(Rupees in thousand)	
Effect on loss	**2,571**	2,645
Effect on investments	**2,571**	2,645

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

46.4 Fair value of financial instruments

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

47. CAPITAL RISK MANAGEMENT

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

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

Consistent with others in the industry, the Company monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	2009	2008
	(Rupees in thousand)	
Total borrowings	**15,611,010**	14,722,596
Less: Cash and bank balances	**99,932**	104,134
Net debt	**15,511,078**	14,618,462
Total equity	**6,717,801**	8,360,889
Total capital	**22,228,879**	22,979,351
Gearing ratio	**70%**	64%

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

48. CAPACITY AND PRODUCTION

	Capacity		Actual Production	
	2009	2008	**2009**	2008
	..............Metric Tons..............			
Clinker	**3,690,00**	3,020,000	**3,137,065**	2,137,444

- Shortfall in production of cement was mainly due to market constraints.
- The capacity of the plants has been determined on the basis of 300 days.
- Clinker capacity, for the sake of better presentation and comparison, has been disclosed on consolidated basis.

49. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the holding company, related group companies, associates, key management personnel and staff retirement funds. The Company in the normal course of business carries-out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of key management personnel is disclosed in note 45. Other significant transactions with related parties are as follows:

	2009	2008
	(Rupees in thousand)	
- purchase of goods and services	**1,485**	-
- purchase of fixed assets	**-**	4,832
- sale of fixed assets	**-**	972
- sale of goods and services	**4,523**	763

50. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 25 September, 2009 by the board of directors of the Company.

51. FIGURES

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

Corresponding year's figures have been reclassified for the purpose of better presentation and comparison; significant changes made during the year are as follows:

- dividends, which were shown as a separate line item in the preceding year's balance sheet, have been grouped under trade and other payables (note 17);
- margins against bank guarantees amounting Rs.14.760 million have been shown under deposits and short term prepayments (note 30) instead of cash and bank balances; and
- vehicles' running and maintenance expenses, which were grouped under other expenses of cost of sales, have been shown as a separate line item of cost of sales (note 38).

Zamiruddin Azar
Director

Sayeed Tariq Saigol
Chief Executive

PROXY FORM
MAPLE LEAF CEMENT FACTORY LIMITED

I/We ____

of ____

being a member of MAPLE LEAF CEMENT FACTORY LIMITED hereby appoint

____
(Name)

of ______________________________ another member of the Company

or failing him/her ____
(Name)

of ______________________________ another member of the Company

(being a member of the Company) as my/our proxy to attend and vote for and on my/our behalf, at the Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore on Thursday, October 29, 2009 at 11:30 a.m. and any adjournment thereof.

As witnessed given under my/our hand(s) __________ day of __________ , 2009.

1) Witness:

Signature ____________________

Name ____________________

Address ____________________

____

Affix
Revenue
Stamp of Rs. 5/-

____
Signature of Member

2) Witness:

Signature ____________________

Name ____________________

Address ____________________

____

Shares Held ____________________

Shareholder's Folio No. ____________________

CDC A/c No. ____________________

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

Note :

1) Proxies, in order to be effective, must be received at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2) CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their Computerised National Identity Cards / Passport in original to prove his / her identity, and in case of Proxy, must enclose an attested copy of his / her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

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AFFIX
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POSTAGE

The Company Secretary
MAPLE LEAF CEMENT FACTORY LIMITED
42-Lawrence Road, Lahore.
Phone Nos: (042) 36278904 - 05

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