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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Kamran Khan	Chairman & Chief Executive
Mr. Imran Qamar	Director
Mr. Momin Qamar	Director
Mr. Bilal Qamar	Director
Mr. Yousaf Kamran Khan	Director
Mrs. Samina Kamran	Director
Mr. Qasim Khan	Director

AUDIT COMMITTEE

Mr. Momin Qamar	Chairman
Mr. Bilal Qamar	Member
Mr. Yousaf Kamran Khan	Member

STATUTORY AUDITORS

M/S. Tahir Siddqi & Co
Chartered Accountants
A member firm of TIAG Limited

COST AUDITORS

M/S. Mumtaz Balouch & Co.
Chartered Accountants

INTERNAL AUDITOR

Imran Matloob Khan

COMPANY SECRETARY

Agha Humayun Khan

CHIEF FINANCIAL OFFICER

Muhammad Basharat Jamil

LEGAL ADVISOR

Mr. Muhammad Atif Amin
Advocate High Court

BANKERS

Askari Bank Limited
The Bank of Punjab
United Bank Limited
AlBaraka Islamic Bank
Faysal Bank Limited
MCB Bank Limited
National Bank of Pakistan
Bank Al-Habib Limited

REGISTERED & HEAD OFFICE

103-Fazal Road, Lahore Cantt. Lahore.
Tel: 042-6674301-05
Fax: 042-6660693
www.flyingcement.com

PRODUCTION FACILITIES

25Km, Lilla Interchange
Lahore-Islamabad Motorway,
Mangowal, Distt. Khushab.

SHARE REGISTRAR

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

WEBSITE

www.flyingcement.com

E-MAIL

info@flyingcement.com
info@flyinggroup.com.pk

NOTICE OF 15TH ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of the shareholders of Flying Cement Company Limited will be held on 31st of October, 2008 at 11:00 hours at SUNFORT HOTEL, LIBERTY MARKET, Commercial Zone Gulberg III, Lahore to transact the following business:

- To confirm the minutes of last Annual General Meeting held on 30th of October 2007.
- To receive, consider and adopt the audited accounts for the year ended June 30, 2008 together with Directors and Auditor's reports thereon.
- To appoint auditors and fix their remuneration for the year 2008-2009. The present auditors M/S. Tahir Siddiqi & Co., Chartered Accountants, retire and being eligible, have offered themselves for their reappointment.
- To transact any other business with the permission of Chairman.

(By Order of the Board)



(Agha Humayun Khan)
COMPANY SECRETARY

Lahore: 08 October 2008

Notes:

1. The Share Transfer Books of the Company will be closed from October 23, 2008 to October 31, 2008 (inclusive of both days). The transfer instruments received by our registrar on or before Tuesday, October 22, 2008 during office hours will be treated in time for the purpose of transfer of shares.
2. A member entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies must be received at the registered office of the company not later than 48 hours before the meeting.
3. An individual beneficial owner of shares from CDC must bring his/her original CNIC or Passport, Account and Participant ID numbers to prove his/her identity. Representative of corporate members from CDC, must bring the Board of Directors Resolution and/or Power of Attorney and the specimen signature of the nominee.
4. The members are requested to notify the company of the change in their address, if any.

DIRECTORS' REPORT

The Directors of Flying Cement Company Limited take pleasure in presenting this Report, together with the Accounts of the Company for the year ended June 30, 2008.

OPERATING RESULTS

	2008 Rs	2007 Rs
Sales - Net	158,298,146	1,178,787,297
Gross Profit / (Loss)	(277,118,832)	118,129,457
Profit / (Loss) before tax	(331,339,139)	79,595,906

Sales during the year have decreased due to reduction in the production of cement. The decrease in production was due to the following reason:

During the year Furnace Oil prices kept on increasing which made our captive power unit uneconomical against WAPDA supply. Therefore, we had to cut our production to avoid bigger losses. We have already applied for WAPDA connection and the work is at advanced stage and expected to be completed with in two/three months.

EXPORTS

During the period under review there was increasing demand of Pakistani Ordinary Portland Cement in foreign countries. Besides running of plant at lower capacity the company had also exported 2,500 M. Tons of Ordinary Portland Cement to South Africa and India during the financial year 2008 and generates the revenue of Rs. 9.80(M) against exports.

EARNING PER SHARE

The earning per share (after tax) is Rs. -1.55 (2007: 0.09).

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The board reviews the company's strategic direction on regular basis. The business plans and budgetary targets, set by the Board are also reviewed regularly. The Board is committed to maintain a standard of corporate governance and ensures the compliance of the Code of Corporate Governance enforced by the Securities & Exchange Commission of Pakistan through Listing Rules of Stock Exchanges of the country.

Your directors are pleased to report that:

- The financial statements, prepared by the management, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of account have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

- The existing internal control system and procedures are continuously reviewed by the internal auditor. The process of review will continue and weaknesses in control will be removed.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of stock exchanges.
- Key operating and financial data since from the start of commercial production is annexed.
- The Board held Eight Meetings during the year. Attendance by each Director was as follows:

	Meetings Attended
1. Mr. Kamran Khan	8
2. Mr. Imran Qamar	8
3. Mr. Momin Qamar	8
4. Mr. Bilal Qamar	6
5. Mir. Yousaf Kamran Khan	8
6. Mr. Muhammad Durez	3
7. Mr. Qasim Khan	2
8. Mrs. Samina Kamran	7

During the year Mr. Qasim Khan was appointed as director on April 08, 2008 in place of Mr. Muhammad Durez upon his resigning.

Leaves of absence was granted to directors who could not attend some of the Board Meetings.

CAPITAL RESERVE

During the year under review following director/beneficial owners of the company sold some of their shares in open market and with the application of section 224 of Companies Ordinance 1984 directors surrender the gain on sale of shares to the company, resultantly the company raised capital reserve of Rs. 126,978,994. Details of shares sold by directors and their spouses during the financial year 2008 is given below:

	Sold (No. of Shares)
Mrs. Shaista Imran W/O Mr. Imran Qamar	5,155,200
Mr. Asim Qamar S/O Mr. Imran Qamar	6,110,000
Mr. Qasim Khan S/O Mr. Kamran Khan	5,180,000
Mrs. Misbah Momin W/O Mr. Momin Qamar	4,851,000

PATTERN OF SHAREHOLDINGS

Statement showing pattern of shareholding of the company is annexed.

FUTURE OUTLOOK

Your Directors are optimistic about the future of the company in terms of reduction in cost of energy, better performance of the plant.

WAPDA has been approached to supply power which is more economical than our own generation. In this context company has paid Rs. 57,656,653 to WAPDA in the head of security and capital cost of the transmission line which is near completion.

Siemens Pakistan Engineering Company Limited has also been advanced Rs.31 (Million) for supply of Grid Station machinery and it is envisaged that WAPDA supply will be available with in next two to three months time.

The export of cement has been increased tremendously from Pakistan due to world wide increase in demand of cement. Our company has also stepped in export of cement and the importers are in contact with their substantial demand and the company has chalked out program to restore export soon after we are energized by WAPDA and our production is normalized.

AUDITORS

The present auditors M/s. Tahir Siddiqi & Co; Chartered Accountants, will retire and being eligible have offered themselves for their reappointment.

ACKNOWLEDGEMENT

In conclusion, I extend my thanks and appreciation to shareholders, customers and employees of Flying Cement Company for their persistent support and trust and we hope to continue delivering exceptional results.

For and on behalf of the Board



KAMRAN KHAN
Chairman

Lahore : 08 October 2008

OPERATING AND FINANCIAL DATA

Particulars	2008	2007	2006	2005 January to June, 2005
Operating Results (Rs.)				
Net sales	158,298,146	1,178,787,297	1,554,374,647	552,970,700
Gross Profit	(277,118,832)	118,129,457	328,753,806	69,717,644
Pre tax profit / (loss)	(331,339,139)	79,595,906	282,788,737	58,190,423
After tax profit / (loss)	(272,587,247)	16,645,595	284,333,065	51,969,703
Financial Position (Rs.)				
Current Assets	659,210,727	689,992,129	433,902,231	84,901,201
Current Liabilities	637,789,931	473,590,167	164,929,861	150,482,788
Property, Plant & Equipment	4,696,595,213	4,716,694,669	4,543,468,025	1,386,086,602
Total Assets	5,355,805,940	5,406,686,798	4,977,370,257	1,470,987,803
Long Term Liabilities	63,850,168	72,408,095	25,453,829	925,317,202
Share Holder's Equity	1,864,567,807	1,975,195,347	1,922,855,149	381,740,194
Ratios (%)				
Current Ratio	1.03	1.46	2.63	0.56
Debt to Equity ratio	0.03	0.04	0.01	2.42
Gross Profit to sales	-175.061%	10.021%	21.150%	12.608%
Net profit to sales (before tax)	-209.313%	6.752%	18.193%	10.523%
Earning per share (Rs.)				
Basic (before tax)	-1.88	0.45	3.44	1.70
Basic (after tax)	-1.55	0.09	3.46	1.51

THE VISION

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

THE MISSION

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

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

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations No. 37 of the Karachi and Chapter XII of the Listing Regulations of the Lahore Stock Exchange for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company had applied the principles contained in the code in the following manner:

1. The board comprises seven Directors, including the CEO. The number of executive directors on the board is three including CEO.
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 NBF1 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurred in the Board on April 08, 2008 and was filled up by the Directors within the same day.
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 of Directors has adopted a vision / mission statement of the company and has also formulated significant policies as mentioned in the Code. 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 Chief Executive Officer, 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 Directors of the Company have given a declaration that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulations of the Stock Exchanges. The directors have also attended talks, workshops and seminars on the subject of Corporate Governance.
10. The Board of Directors has approved the appointment of CFO, Company Secretary and their remuneration and terms and conditions of employment, as determined by 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 the CEO and CFO before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
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 of 3 members, two (2) of whom are non- Executive Directors.
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.
17. The Board has outsourced the scope of Internal Audit work to audit function managed by suitable qualified and experience personnel. They are involved in the internal audit function on full time basis.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that 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 ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the code have been complied.

on behalf of the Board of Directors



KAMRAN KHAN
Chairman

Lahore : 08 October 2008

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE 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 (the Code) applicable to the Company for the year ended June 30, 2008 prepared by the Board of Directors of Flying Cement Company Limited to comply with the Listing Regulation No.37 of the Karachi Stock Exchange (Guarantee) Limited and chapter XIII of the Lahore Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. 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 systems 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended June 30, 2008.

Lahore: 08 October 2008



**Tahir Saddiqi & Co.
Chartered Accountants**

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **FLYING CEMENT COMPANY LIMITED** as at June 30, 2008 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 statement. 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 June 30, 2008 and of the profit, 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.

Lahore: 08 October 2008



Tahir Saddiqi & Co.
Chartered Accountants

BALANCE SHEET
AS AT 30th JUNE 2008

	Note	2008 (Rupees)	2007 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Authorized capital		2,000,000,000	2,000,000,000
200,000,000 ordinary shares of Rs 10/- each.			
Issued, subscribed and paid up capital			
176,000,000, ordinary shares of Rs. 10/- each.	3	1,760,000,000	1,600,000,000
Capital Reserve	4	126,978,994	-
Un appropriated profit / (Loss)		(22,411,187)	375,195,347
Total Equity		1,864,567,807	1,975,195,347
Surplus on revaluation of fixed assets	5	1,788,324,684	1,823,305,396
NON-CURRENT LIABILITIES			
Long term finance	6	18,055,550	34,722,222
Liabilities against assets subject to finance lease	7	28,289,618	20,157,794
Directors & Shareholders loans	8	-	32,105,210
Long term deposits	9	17,505,000	17,528,079
Deferred liabilities	10	1,001,273,350	1,062,187,793
		1,065,123,518	1,166,701,098
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease	7	24,413,490	16,907,280
Current portion of long term finance	6	20,833,338	15,277,778
Short term finance	11	72,138,682	9,990,400
Directors, shareholders & associates loan	12	381,186,430	-
Trade and other payables	13	138,426,500	393,415,563
Provision for taxation	28	791,491	5,893,936
		637,789,931	441,484,957
TOTAL LIABILITIES		1,702,913,449	1,608,186,055
Contingencies and commitments	14	-	-
TOTAL EQUITY AND LIABILITIES		5,355,805,940	5,406,686,798
ASSETS			
NON-CURRENT ASSETS			
Property, plant & equipment	15	3,617,627,472	3,689,157,310
Capital work in progress	16	1,078,967,741	1,027,537,358
		4,696,595,213	4,716,694,668
CURRENT ASSETS			
Stores, spares & loose tools	17	6,513,412	23,188,349
Stock in trade	18	404,629,135	428,511,397
Trade debts	19	11,508,033	8,693,245
Advances, deposits, prepayments & other receivables	20	221,948,171	200,509,977
Cash and bank balances	21	14,611,976	29,089,162
		659,210,727	689,992,130
TOTAL ASSETS		5,355,805,940	5,406,686,798

The annexed notes 1 to 36 form an integral part of these financial statements.

Momin Qamar
Momin Qamar
Director

Kamran Khan
Kamran Khan
Chief Executive

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th JUNE 2008**

	Note	2008 (Rupees)	2007 (Rupees)
Sales	22	158,298,146	1,178,787,297
Cost of Sales	23	435,416,978	1,060,657,840
Gross Profit/(Loss)		(277,118,832)	118,129,457
Operating Expenses			
Distribution Cost	24	3,815,269	9,484,727
Administrative Expenses	25	19,264,003	11,971,562
		23,079,272	21,456,289
Operating Profit/(Loss)		(300,198,104)	96,673,168
Other Operating Expenses	27	-	4,189,258
Financial Cost	26	31,141,035	12,888,004
Profit/(Loss) Before Taxation		(331,339,139)	79,595,906
Current & Prior year taxation	28	(3,701,525)	(5,893,936)
		(335,040,664)	73,701,970
Deferred Taxation	28	62,453,417	(57,056,375)
Profit/(Loss) After Taxation		(272,587,247)	16,645,595
Earning Per Share (before tax) - Basic		(1.88)	0.45
Earning Per Share (after tax) - Basic		(1.55)	0.09

The annexed notes 1 to 36 form an integral part of these financial statements.


Momin Qamar
Director


Kamran Khan
Chief Executive

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30th JUNE 2008**

	2008 (Rupees)	2007 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the period - before taxation	(331,339,139)	79,595,906
Adjustment for non cash charges and other items		
Depreciation	76,292,513	76,034,343
Provision for gratuity	1,538,974	-
Financial cost	31,141,035	12,888,004
	<u>108,972,522</u>	<u>88,922,347</u>
Cash Inflow from operating activities before working capital changes	(222,366,617)	168,518,252
Changes In Working Capital		
(Increase) / Decrease in current assets		
Stores, spares & loose tools	16,674,938	(18,141,332)
Stock-in-trade	23,882,261	(266,896,878)
Trade debtors	(2,814,788)	8,943,212
Advances, deposits, and other receivables	(21,438,194)	(2,170,357)
	<u>16,304,217</u>	<u>(278,265,355)</u>
Increase / (Decrease) in current liabilities		
Creditors, accruals and other liabilities	(272,092,783)	239,477,895
	<u>(478,155,183)</u>	<u>129,730,792</u>
Cash Inflow/(Outflow) from Operating Activities-Before Taxation	(478,155,183)	129,730,792
Taxes Paid	(6,487,079)	(7,771,873)
Cash Inflow/(Outflow) From Operating Activities - After Taxation	<u>(484,642,262)</u>	<u>121,958,919</u>
Cash Inflow/(Outflow) From Investing Activities		
Fixed Capital Expenditures	(90,339,806)	(249,260,987)
Cash Flow From Financing Activities		
Financial charges paid	(16,354,207)	(12,888,004)
Short term finance	62,148,282	9,990,400
Director, Shareholders & Associate loans	476,060,214	32,105,210
Liabilities against assets subject to finance lease	49,784,784	27,995,925
Long term finance	(11,111,112)	50,000,000
Long term deposits	(23,079)	(2,076,921)
Net Cash Inflow/(Outflow) From Financing Activities	<u>560,504,882</u>	<u>105,126,610</u>
Net Increase/(decrease) in Cash and Cash Equivalents	(14,477,186)	(22,175,459)
Cash and Cash Equivalents - at the beginning of the year	29,089,162	51,264,621
Cash and Cash Equivalents - at the end of the year	<u><u>14,611,976</u></u>	<u><u>29,089,162</u></u>

The annexed notes 1 to 36 form an integral part of these financial statements.

Momin Qamar
Momin Qamar
Director

Kamran Khan
Kamran Khan
Chief Executive

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30th JUNE 2008**

	Ordinary Share Capital (Rs.)	Accumulated Profit/(Loss) (Rs.)	Capital Reserve (Rs.)	Total (Rs.)
Balance as at 30th June 2006	1,600,000,000	322,855,149	-	1,922,855,149
Profit for the period	-	16,645,595	-	16,645,595
Incremental depreciation	-	35,694,604	-	35,694,604
Balance as at 30th June 2007	1,600,000,000	375,195,348	-	1,975,195,348
Bonus shares issue	160,000,000	(160,000,000)	-	-
Loss for the year	-	(272,587,247)	-	(272,587,247)
Capital reserve	-	-	126,978,994	126,978,994
Incremental depreciation	-	34,980,712	-	34,980,712
Balance as at 30th June 2008	1,760,000,000	(22,411,187)	126,978,994	1,864,567,807

The annexed notes 1 to 36 form an integral part of these financial statements.

Momin Qamar
Momin Qamar
Director

Kamran Khan
Kamran Khan
Chief Executive

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30th JUNE 2008

1 Legal Status and Operations

The Company was incorporated as Public Limited Company on December 24, 1992 under the Companies Ordinance, 1984. The shares of the company are quoted on Karachi and Lahore Stock Exchanges in Pakistan. The main objective of the company is to manufacture and sale of cement. The registered office of the company is situated in Lahore and the factory in Khushab.

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

2.1.1 Accounting Convention

These financial statements have been prepared under the historical cost convention except for certain fixed assets, inventories and investments which are valued in accordance with approved accounting standards as applicable in Pakistan.

2.1.2 Statement of Compliance

These financial statements have been prepared in accordance with the approved International Financial Reporting Standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved Accounting Standards comprise of such IASs as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.1.3 Critical Accounting Judgments and Estimates

In order to prepare financial statements in conformity with approved accounting standards, the proper utilization of certain accounting estimates is pivotal. Management's judgment based on prior years and other factors including reasonable estimations of future events. Any revision to accounting estimate is recognized prospectively.

Following significant estimates and judgments are made by management in application of accounting policies:

- Useful life of depreciable assets
- Taxation
- Provisions
- Contingencies

2.1.4 Standards, interpretation and amendments to published approved accounting standards that are effective in the current period

The amendments made in the IAS 1 - " Presentation of financial statements - Capital Disclosures" introduces new disclosure about the level of management of company's capital. The impact and the disclosure of said amendment is presented in Note No. 32.7 to the financial statements.

Other new standards, interpretations and amendments to existing standards that are mandatory for accounting periods beginning on or after July 01, 2007 which are not considered relevant nor have any significant effect on the company's operations are not detailed in these financial statements.

2.1.5 Standards, interpretation and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretation of approved accounting standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than increased disclosures in certain cases:-

IAS 1 - Presentation of financial statements (Revised September, 2007)	Effective from January 01, 2009
IAS 23 - Borrowing cost (Revised March, 2007)	Effective from January 01, 2009
Amendment to IAS 27 (Revised) - Consolidated and separate financial; statements.	Effective from July 01, 2009
IFRS 3 - (Revised) - Business combinations	Effective from July 01, 2009
IFRS 7 - Financial Instruments: Disclosure	Effective from April 28, 2008
IFRS 8 - Operating Segments	Effective from January 01, 2008
IFRIC 12 - Services Concessions arrangements	Effective from April 28, 2008
IFRIC 13 - Customer Loyalty Programme	Effective from July 01, 2008
IFRIC 14 - IAS 19 - The limit on a defined benefits assets, minimum funding requirement and their interaction	Effective from January 01, 2008
IFRIC 15 - Arrangements for the construction of real estate	Effective from January 01, 2009
IFRIC 16 - Hedges of a net investment in foreign operation	Effective from January 01, 2009

2.2 Property, Plant & Equipment

2.2.1 Owned

Freehold land is stated at cost or revalued amounts. All other fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Depreciation is charged at the rates specified in note No. 15.1 using reducing balance method. Normal repairs and maintenance are charged to income as and when incurred while major repairs, replacements and renewals are capitalized.

Depreciation is charged on additions from the month the asset is available for use and on disposal upto the month preceding the month of disposal.

The assets residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Gains and losses on sale or retirement of property, plant, and equipment are included in income currently.

2.2.2 Leased

Assets subject to finance lease are initially stated at the lower of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the lease are accounted for as liabilities at net present value. Assets acquired under finance lease are depreciated on the same basis as per owned assets.

2.3 Surplus on Revaluation of Fixed Assets

In accordance with the provisions of section 235 of the Companies Ordinance, 1984, the company has the policy to charge surplus account for incremental depreciation of related revalued assets by transferring the amounts to retained earnings and providing for related deferred taxation by debiting the surplus account directly.

2.4 Capital Work-in-Progress

Capital work-in-progress is stated at cost less any identified impairment loss. This represents expenditure incurred on fixed assets during their construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

2.5 Stores and Spares

Stores and spares are valued at average cost, while items in transit are valued at cost comprising invoice value plus other charges paid thereon.

2.6 Stock-in-Trade

Stocks of raw material, work in process and finished goods are valued at lower of cost and net realizable value. The company uses the moving average cost method for the valuation of stocks.

Material in transit are stated at cost comprising invoice value plus other charges paid thereon.

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

2.7 Taxation

2.7.1 Current

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

2.7.2 Deferred

Deferred taxation is recognized by the company using the liability method on all major temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. The net deferred tax assets is recognized to the extent that is probable that future taxable profits will be available against the asset can be utilized.

2.8 Revenue Recognition

Revenue from sale of goods is recognized when risks and rewards of the ownership are transferred i.e. on dispatch of goods.

2.9 Borrowing Costs

Borrowing costs are charged to income as and when incurred.

2.10 Trade Debtors

Debtors originated by the company are recognized and carried at the original invoice amount less an allowance for any uncollectible. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

2.11 Financial Instruments

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

2.12 Offsetting of Financial Assets and Liabilities

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

2.13 Provisions

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

2.14 Staff Retirement Benefits

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

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for the unrecognized actuarial gains and losses if any.

2.15 Impairment

The carrying amounts of the company's assets except for inventories and deferred tax are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the assets recoverable amount is estimated in order to determine the extent of impairment loss. Impairment losses are recognized as expense in profit and loss account.

2.16 Related Party Transactions

All transactions with related parties are stated at arm's length prices determined in accordance with the methods prescribed.

2.17 Cash & Cash Equivalents

Cash & cash equivalents are carried in balance sheet at cost. For the purpose of cash flow statement, cash & cash equivalents comprises cash in hand, with banks on current, saving and deposit accounts, running finance under mark-up arrangements.

2.18 Contingencies and Commitments

These are accounted for as and when these become due.

2.19 Trade and Other Payables

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

2.20 Long Term Loans And Short Term Finances

Loans and borrowings are recorded as the proceeds received. Financial charges are accounted for on accrual basis and are included in accrued liabilities to the extent of the amount unpaid. Exchange gains and losses arising in respect of loans or borrowings in foreign currency (if any) are added to the carrying amount of the instrument.

2.21 Dividend & Appropriation to Reserves

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

		2008 Rupees	2007 Rupees
3	SHARE CAPITAL		
	a) Authorized		
	200,000,000 (2007: 200,000,000) ordinary shares of Rs.10/- each.	<u>2,000,000,000</u>	<u>2,000,000,000</u>
	b) Issued, Subscribed and Paid Up.		
	- 137,419,189 (2007: 137,419,189) ordinary shares of Rs.10/- each fully paid up in cash	1,374,191,890	1,374,191,890
	- 22,580,811 (2007: 22,580,811) ordinary shares of Rs. 10/- each fully paid up for consideration other than cash.	225,808,110	225,808,110
	- 16,000,000 (2007: Nil) bonus shares of Rs.10/- each fully issued as bonus shares	160,000,000	-
		<u>1,760,000,000</u>	<u>1,600,000,000</u>
	3.1 The bonus shares were issued during the year to the share holders @ 10% of the ordinary share held by shareholders approved in the 14th annual general meeting of the company held on 30th October 2007.		
4	CAPITAL RESERVE	<u>126,978,994</u>	<u>-</u>
	4.1 Capital reserve consists of gain on disposal of 21,296,200 shares by director / beneficial owners of the company in open market. This gain is tendered to the company as required under the Companies Ordinance 1984.		
5	SURPLUS ON REVALUATION OF FIXED ASSETS		
	Opening Balance of Revaluation	1,823,305,396	1,859,000,000
	Surplus transferred to retained earning (accumulated loss)		
	Incremental depreciation	53,816,479	54,914,775
	Deferred Tax effect @ 35%	(18,835,767)	(19,220,171)
		34,980,712	35,694,604
		<u>1,788,324,684</u>	<u>1,823,305,396</u>

- 5.1** This amount was credited to Surplus on Revaluation of Fixed Assets account to comply with the requirements of section 235 of the Companies Ordinance, 1984.
- 5.2** The company got its assets i.e. land, building and plant & machinery revalued on June 30, 2006 on the basis of current market prices by M/s Hasib Associates (Pvt.) Limited, an independent and approved valuator from Pakistan Banking Association.

6 LONG TERM FINANCE	2008 Rupees	2007 Rupees
Term Finance	38,888,888	50,000,000
Less: Current Portion shown under current liabilities	20,833,338	15,277,778
	<u>18,055,550</u>	<u>34,722,222</u>

- 6.1** Term Finance of Rs. 50 million is availed from Askari Bank Limited. The rate of mark-up is 3 months average (Ask side KIBOR + 3.5 %) payable quarterly. The finance is secured against 1st charge on current assets of company, personal guarantees of directors and property owners along with group inter corporate guarantees.

7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	52,703,108	37,065,074
Less: current portion shown under current liabilities	24,413,490	16,907,280
	<u>28,289,618</u>	<u>20,157,794</u>

- 7.1** The minimum lease payments have been discounted at implicit rate of return ranging from 13% to 16% per annum (June 2007:13% to16%) to arrive at their present values. Lease rentals are payable in equal monthly installments.
- 7.2** Taxes, repairs, replacements and insurance costs are to be borne by the company. In case of termination of agreement, the lessee has to pay the entire rent for un-expired period. Purchase options can be exercised by the company.
- 7.3** During the year there was increase in liabilities against assets subject to finance lease of Rs. 33.956 millions and payment made during the year was Rs. 18.319 millions.
- 7.4** The amount of future payments of the lease and the period in which these payments will become due are as follows;

Years	Minimum	Finance	Present value of minimum	
	lease payments	charges	lease payments	
	Rupees	Rupees	2008 Rupees	2007 Rupees
Not later than one year	32,540,152	8,126,662	24,413,490	16,907,280
Later than one year and not after than five years				
2009	-	-	-	17,164,104
2010	14,902,609	4,313,627	10,588,982	2,993,690
2011	12,047,664	2,629,743	9,417,921	-
2012	9,028,797	746,082	8,282,715	-
	<u>68,519,222</u>	<u>15,816,114</u>	<u>52,703,108</u>	<u>37,065,074</u>

8 DIRECTORS & SHAREHOLDERS LOAN

Opening balance		32,105,210	-
Addition during the year		22,881,000	32,105,210
		54,986,210	32,105,210
Less: current portion shown under current liabilities	12	54,986,210	-
		-	32,105,210

8.1 These interest free loans have been obtained from directors. Repayment of these loans would be made after June 2008, therefore these are shown in current liabilities.

9 LONG TERM DEPOSITS- unsecured

Dealers	9,550,000	9,550,000
Transporters	7,600,000	7,600,000
Others	355,000	378,079
	<u>17,505,000</u>	<u>17,528,079</u>

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

10 DEFERRED LIABILITIES

Deferred Taxation	10.1	999,734,376	1,062,187,793
Gratuity	10.2	1,538,974	-
		<u>1,001,273,350</u>	<u>1,062,187,793</u>
10.1 Deferred liability		1,139,445,858	1,102,265,144
Less: deferred debits		(139,711,482)	(40,077,351)
		<u>999,734,376</u>	<u>1,062,187,793</u>

10.2 Gratuity	Note	2008 Rupees	2007 Rupees
Net liability at the beginning of the year		-	-
Charged for the year		1,538,974	-
Benefits paid during the year		-	-
		<u>1,538,974</u>	<u>-</u>

11 SHORT TERM BORROWING'S

Banks - secured

The Bank of Punjab	11.1	-	9,990,400
Askari Bank Ltd.	11.2	59,282,646	-
Albaraka Islamic Bank	11.3	12,856,036	-
		<u>72,138,682</u>	<u>9,990,400</u>

11.1 Short term running finance of Rs. 10 million is available from The Bank of Punjab. The rate of mark-up is 6 month KIBOR + 300 BPS. The finance is secured against the current assets of the company and other assets of the associated companies along with personal guarantees of the directors.

11.2 Short term running finance of Rs. 70 million for opening sight / usance documentary letter of credit is available from Askari Bank Ltd. The finance is secured against lien on import documents / accepted draft.

11.3 Short term running finance of Rs. 60 million for letter of credit - usance / acceptance and letter of guarantee from Albaraka Islamic Bank. The finance is secured against charge over current assets of the company.

12 DIRECTORS, SHAREHOLDER'S & ASSOCIATES LOAN

Directors	8	54,986,210	-
Associates loan			
Flying Board & paper Products Ltd		106,445,523	-
Zaman Paper & Board Mills (Pvt) Ltd.		132,094,212	-
Flying Kraft Paper Mills (Pvt) Ltd.		87,660,485	-
		326,200,220	-
		<u>381,186,430</u>	<u>-</u>

	Note	2008 Rupees	2007 Rupees
13 TRADE AND OTHER PAYABLES			
Trade creditors		73,452,578	230,051,476
Accrued salaries & wages		5,441,258	13,817,164
Excise duty and sales tax payable		4,881,063	85,805,120
Electricity duty payable		5,677,311	5,956,923
Advances from customers		18,236,622	23,385,200
Royalty payable		8,179,331	7,591,692
Withholding taxes		14,786,828	21,871,063
Accrued mark-up	13.1	7,086,328	-
Workers profit participation fund	13.2	-	4,189,258
Other liabilities		685,181	747,667
		<u>138,426,500</u>	<u>393,415,563</u>

13.1 Accrued Mark-up

Mark-up on long term financing - secured	1,423,931	-
Mark-up on short term borrowing's - secured	5,662,397	-
	<u>7,086,328</u>	<u>-</u>

13.2 Workers Profit Participation Fund

Opening balance	4,189,258	14,883,618
Provision for the year	-	4,189,258
	<u>4,189,258</u>	<u>19,072,876</u>
Less: Payments during the year	<u>4,189,258</u>	<u>14,883,618</u>
Closing balance	<u>-</u>	<u>4,189,258</u>

14 CONTINGENCIES AND COMMITMENTS

Letters of Credit other than capital expenditure outstanding amounted to Rs. 47.27 million. (June 2007: 88.98 million).

15 PROPERTY, PLANT & EQUIPMENT

15.1 Particulars	As at 01 July 2007		Cost / Revaluation Additions/ (deletions) Rupees		As at 30 June 2008		Rate %	Adjustment for the year	Depreciation for the year	2008 Rupees		2007 Rupees	
	As at 01 July 2007	As at 30 June 2008	As at 01 July 2007	As at 30 June 2008	As at 01 July 2007	As at 30 June 2008				As at 30 June 2008	Net Book value as at 30 June 2008		
Owned Assets													
Land - freehold	6,276,246	6,276,246	-	-	-	-	-	-	-	-	-	-	6,276,246
Revaluation	114,261,254	114,261,254	-	-	-	-	-	-	-	-	-	-	114,261,254
	120,537,500	120,537,500											120,537,500
Building-on freehold land	186,080,096	186,084,392	4,296	4,296	2	2	2	2,990,643	2,990,643	39,542,886	39,542,886		146,541,506
Revaluation	287,101,651	287,101,651	-	-	-	-	2	5,627,192	5,627,192	11,369,225	11,369,225		275,732,426
	473,181,747	473,186,043	4,296	4,296				8,617,835	8,617,835	50,912,111	50,912,111		422,273,931
Roads	5,512,035	5,514,865	2,830	2,830	2	2	2	97,612	97,612	731,892	731,892		4,782,973
Plant & machinery	839,570,793	780,494,821	2,983,940 (62,059,912)	2,983,940 (62,059,912)	2	2	2	10,059,912	10,059,912	154,240,528	154,240,528		626,254,293
Revaluation	2,458,637,095	2,458,637,095	(59,075,972)	(59,075,972)			2	48,189,287	48,189,287	251,602,557	251,602,557		2,361,275,066
	3,298,207,888	3,239,131,916						60,969,987	60,969,987	2,987,529,359	2,987,529,359		2,987,529,359
Electrical installations	4,469,362	4,646,085	176,723	176,723	10	10	10	355,191	355,191	1,440,362	1,440,362		3,205,723
Tools & equipment	557,913	557,913	-	-	10	10	10	40,785	40,785	190,850	190,850		367,063
Furniture, fixtures & equipment	1,343,809	1,343,809	-	-	10	10	10	99,987	99,987	443,936	443,936		899,873
Vehicles	113,300	19,561,435	19,448,135	19,561,435	10	10	10	1,952,971	1,952,971	1,984,695	1,984,695		17,576,740
Sub Total	3,903,923,554	3,864,479,566	22,615,924 (62,059,912)	3,864,479,566				72,153,368	72,153,368	307,306,403	307,306,403		3,557,173,163
Leased Assets													
Vehicles	34,992,500	40,339,250	5,346,750	40,339,250	10	10	10	3,581,145	3,581,145	8,108,941	8,108,941		32,230,309
Plant & machinery	-	28,800,000	28,800,000	28,800,000	2	2	2	576,000	576,000	576,000	576,000		28,224,000
Sub Total	34,992,500	69,139,250	34,146,750	69,139,250				4,157,145	4,157,145	8,684,941	8,684,941		60,454,309
2008	3,938,916,054	3,933,618,816	56,762,674 (62,059,912)	3,933,618,816				76,292,513	76,292,513	315,991,344	315,991,344		3,617,627,472
2007	3,912,022,584	3,938,916,054	26,893,470	3,938,916,054				76,034,343	76,034,343	249,758,743	249,758,743		3,689,157,310

15.2 Depreciation for the year has been allocated as under
 Cost of Sales
 Administrative expenses

15.3 The following fixed assets were disposed off during the year.

Particular	Rs.		Mode of disposal	Particular of buyer
	Book value	Sale proceeds		
Plant & machinery	Rs.	Rs.		
Diesel Generator	52,000,000	52,000,000	Sale and lease back	Saudi Pak Leasing Company Ltd.
	52,000,000	52,000,000		
	<u>52,000,000</u>	<u>52,000,000</u>		

	Note	2008 Rupees	2007 Rupees
15.4 Had there been no revaluation the carrying amount of the assets would be,			
Land		6,276,246	6,276,246
Building		146,541,506	149,527,853
Plant & Machinery		626,254,294	688,051,053
		<u>779,072,046</u>	<u>843,855,152</u>
16 CAPITAL WORK IN PROGRESS			
Building		162,094,450	154,118,775
Plant & machinery		916,873,291	873,418,583
		<u>1,078,967,741</u>	<u>1,027,537,358</u>
17 STORES, SPARES & LOOSE TOOLS			
Stores, spares & loose tools		6,513,412	23,188,349
Stores & spares include items which may result in fixed capital expenditure but are not distinguishable.			
18 STOCK IN TRADE			
Raw material		3,039,174	3,080,860
Furnace oil, coal & lubricants		226,564,263	211,309,770
Packing material stock		5,939,351	8,680,979
Work in process	23	165,167,272	203,216,518
Finished goods	23	3,919,075	2,223,270
		<u>404,629,135</u>	<u>428,511,397</u>
19 TRADE DEBTS- considered good though unsecured		<u>11,508,033</u>	<u>8,693,245</u>
20 ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES- Considered good though unsecured			
Advances to suppliers		31,059,573	25,554,056
Advances to staff		239,500	44,925
Security deposits		58,053,283	888,782
Due from related parties		-	113,325,044
Margin held by banks		1,454,000	32,121,100
Income tax deducted at source		2,131,957	13,434,766
Prepaid insurance		-	400,000
Letter of credit		73,212,171	-
Sales tax refundable		18,664,001	-
Lease key money		35,489,265	10,925,100
Other advances		1,644,421	3,816,204
		<u>221,948,171</u>	<u>200,509,977</u>

	Note	2008 Rupees	2007 Rupees
21 CASH AND BANK BALANCES			
In Hand		3,243,193	19,241,307
At Banks- current accounts		11,368,783	9,847,855
		<u>14,611,976</u>	<u>29,089,162</u>
22 SALES			
Gross Sales			
Local		228,480,109	1,779,913,259
Export		9,797,986	-
		<u>238,278,095</u>	<u>1,779,913,259</u>
Less :			
Sales Tax		29,603,121	232,162,599
Excise Duty		45,069,000	358,608,960
Sp. Excise Duty		1,522,851	-
Rebate/Commission on Sales		3,784,977	10,354,403
		<u>79,979,949</u>	<u>601,125,962</u>
NET SALES		<u>158,298,146</u>	<u>1,178,787,297</u>
23 COST OF SALES			
Raw Material Consumed		51,815,408	400,676,685
Furnace Oil, Diesel and Lubricants		143,162,124	456,977,227
Packing Material		14,220,718	93,623,939
Stores and Spares		27,011,931	7,640,964
Salaries , Wages and Benefits		76,529,336	72,395,788
Water Charges		1,490,748	3,616,689
Electricity & Generator Rent		3,242,219	3,331,084
Electricity Duty		515,398	2,574,069
Extraction Charges		703,680	10,845,647
Repair and Maintenance		1,822,502	5,199,627
Vehicle Running Expenses		5,000,149	2,998,974
Communication		444,756	569,602
Entertainment		90,747	850,533
Newspaper and Periodicals		27,895	3,180
Rent and Rest House Expenses		254,152	17,656
Printing and Stationery		207,912	96,439
Traveling and Conveyance		55,166	123,839
Other Expenses		428,273	977,534
Carriage and Freight		1,382,013	4,205,151
Depreciation	15.2	70,658,410	72,523,707
		<u>399,063,537</u>	<u>1,139,248,334</u>

	Note	2008 Rupees	2007 Rupees
Work In Process			
Opening balance		203,216,518	124,543,786
Closing balance		(165,167,272)	(203,216,518)
		38,049,246	(78,672,732)
Cost of Goods Manufactured		<u>437,112,783</u>	<u>1,060,575,602</u>
Finished Goods			
Opening balance		2,223,270	2,305,508
Closing balance		(3,919,075)	(2,223,270)
		(1,695,805)	82,238
Cost of Sales		<u>435,416,978</u>	<u>1,060,657,840</u>
24 DISTRIBUTION COST			
Salaries , Wages and Benefits		3,196,634	5,707,634
Loading and Unloading		-	1,749,634
Export Charges on L/C		18,952	-
Printing of Labels		289	-
Carriage Outward		-	644,053
Rent Rates and Taxes		321,152	484,072
Traveling, Conveyance and Vehicle Running		17,692	30,496
Printing and Stationery		2,783	4,486
Communication		44,110	127,991
Electricity, Water & Sui Gas		41,193	43,916
Advertisement		109,125	662,000
Entertainment & Miscellaneous		63,339	30,445
		<u>3,815,269</u>	<u>9,484,727</u>
25 ADMINISTRATIVE EXPENSES			
Salaries , Wages and Benefits		2,769,972	2,231,999
Traveling, Conveyance and Vehicle Running		2,755,137	965,318
Printing and Stationery		554,352	570,452
Legal and Professional		2,579,711	1,235,061
Communication		447,469	504,767
Rent, Rates Taxes and Other Charges		1,878,890	894,287
Charity and Donation	25.1	127,700	539,275
Repair and Maintenance		-	23,367
Fee and Subscription		1,459,174	410,180
Auditor's Remuneration	25.2	155,000	150,000
Electricity, Water & Sui Gas		68,863	58,805
Insurance		730,310	738,096
Entertainment & Miscellaneous		103,322	139,319
Depreciation	15.2	5,634,103	3,510,636
		<u>19,264,003</u>	<u>11,971,562</u>

25.1 The company had paid the charity and donation of Rs. 127,700/- (June 2007 Rs.539,275/-) and the directors or their spouses were not interested in the donees.

	2008 Rupees	2007 Rupees
25.2 Auditor's remuneration		
Tahir Siddiqi & Co. -statutory audit	125,000	125,000
Mumtaz Balouch & Co. -cost audit	30,000	25,000
	<u>155,000</u>	<u>150,000</u>
26 FINANCIAL COST		
Lease Finance Charges	6,580,883	5,525,866
Financial Charges Associated Co	10,207,465	-
Mark Up on Letter of Credit	5,583,458	4,960,485
Mark up on Long Term Loan	6,239,775	-
Mark up on Running Finance	1,703,295	508,992
Bank Charges and Commission	826,159	1,892,661
	<u>31,141,035</u>	<u>12,888,004</u>
27 OTHER OPERATING EXPENSES		
Workers Profit Participation Fund	-	4,189,258
	<u>-</u>	<u>4,189,258</u>
28 TAXATION		
Prior year	2,910,034	-
Current year	791,491	5,893,936
	<u>3,701,525</u>	<u>5,893,936</u>
Deferred (income)/expense	(62,453,417)	57,056,375
	<u>(58,751,892)</u>	<u>62,950,311</u>
28.1 In view of the brought forward losses, provision for the current tax has been made @ 0.5% of the turnover under section 113 of the Income Tax Ordinance, 2001.		
29 EARNING PER SHARE-BASIC		
There is no dilutive effect on the basic earning per share, which is based on:		
Profit before taxation	<u>(331,339,139)</u>	<u>79,595,906</u>
Profit after taxation	<u>(272,587,247)</u>	<u>16,645,595</u>

	2008 Rupees	2007 Rupees
	(No. of shares)	
Weighted average number of ordinary shares	<u><u>176,000,000</u></u>	<u><u>176,000,000</u></u>
	(Rupees)	
29.1 Earning per share (before tax) - Basic & Diluted	<u><u>(1.88)</u></u>	<u><u>0.45</u></u>
29.2 Earning per share (after tax) - Basic & Diluted	<u><u>(1.55)</u></u>	<u><u>0.09</u></u>

The number of shares for the prior year has been adjusted for the effect of bonus shares issued during the current year. Hence, the figure for the prior year's earning per share has also been restated.

30 NUMBER OF EMPLOYEES

Total number of employees at the end of year.	<u><u>425</u></u>	<u><u>610</u></u>
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31 RELATED PARTIES TRANSACTIONS

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

Sales to Associated Companies	<u><u>917,525</u></u>	<u><u>374,580</u></u>
Purchases from Associated Companies	<u><u>10,494,520</u></u>	<u><u>187,167,127</u></u>

32 FINANCIAL INSTRUMENTS
32.1 Financial Assets and Liabilities

	Interest Bearing		Non-interest bearing		Total
	One Month to one year Rupees	One Year & onward Rupees	One Month to one year Rupees	One Year & onward Rupees	
Financial Assets					
Trade debtors	-	-	11,508,033	11,508,033	11,508,033
Security deposits	-	-	-	58,053,283	58,053,283
Advances, deposits prepayments and other receivables	-	-	221,948,171	-	221,948,171
Cash and bank	-	-	14,611,976	14,611,976	14,611,976
2008 Rs.			248,068,180	58,053,283	306,121,463
2007 Rs.			111,532,574	888,782	112,421,356
Financial Liabilities					
Liabilities against assets subject to finance lease	24,413,490	28,289,618	-	-	52,703,108
Long term loans	20,833,338	18,055,550	-	-	38,888,888
Security deposits	-	-	-	17,505,000	17,505,000
Short term loans	72,138,682	-	-	-	72,138,682
Trade and other payables	-	-	138,426,500	-	138,426,500
2008 Rs.	117,385,510	46,345,168	138,426,500	17,505,000	319,662,178
2007 Rs.	42,125,458	54,880,016	288,838,249	17,528,079	403,371,802

32.2 The effective interest / mark-up rates for the monetary financial liabilities are mentioned in respective notes to the financial statements.

32.3 **Concentration of Credit Risk**
Concentration of credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted.

32.4 **Fair Value of Financial Assets and Liabilities**
The carrying value of all financial instruments reflected in the financial statements approximate their fair values.

32.5 **Interest Rate Risk**
Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates.

32.6 **Liquidity Risk**
Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

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

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

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as 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 debts.

	2008 Rupees	2007 Rupees
Total Borrowing	91,591,996	87,065,074
Less: Cash and Bank Balances	14,611,976	29,089,162
Net Debt	<u>76,980,020</u>	<u>57,975,912</u>
Total Equity	1,864,567,807	1,975,195,347
Total Capital	<u>1,941,547,827</u>	<u>2,033,171,259</u>
Gearing Ratio	3.96%	2.85%

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVE

	Chief Executive		Directors		Executive	
	2008 Rupees	2007 Rupees	2008 Rupees	2007 Rupees	2008 Rupees	2007 Rupees
Managerial remuneration	-	-	-	-	5,675,156	5,544,493
Medical allowance	-	-	-	-	567,515	554,449
					<u>6,242,671</u>	<u>6,098,942</u>
	-	-	-	-	8	7

33.1 The Chief Executive and directors of the company forgo their right to receive the salaries.

34 CAPACITY AND PRODUCTION

	Installed Capacity		Actual Production	
	2008 Tons	2007 Tons	2008 Tons	2007 Tons
Clinker	<u>1,200,000</u>	<u>1,200,000</u>	<u>38,533</u>	<u>472,468</u>
Cement	<u>1,260,000</u>	<u>1,260,000</u>	<u>61,985</u>	<u>456,281</u>

Reason for shortfall

Under utilized capacity due to uneconomical generation of electricity from captive power unit caused due to exorbitant increase in furnace oil prices. Obsolete and old machinery / equipments of the plant is under replacement which caused long shutdowns frequently resultantly hampering our production.

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 30, 2008 by the board of directors of the company.

36 GENERAL

- Figures in the financial statements have been rounded off to the nearest rupee.

- Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison.

Momin Qamar
Momin Qamar
Director

Kamran Khan
Kamran Khan
Chief Executive

PATTERN OF SHAREHOLDING AS AT 30th JUNE 2008

No. of Shareholders	Shareholdings		No. of Shares Held	Percentage
	From	To		
518	1	100	30601	0.0173
427	101	500	178000	0.1011
2054	501	1000	1291999	0.7340
1486	1001	5000	3586528	2.0378
345	5001	10000	2546184	1.4466
133	10001	15000	1617549	0.9190
68	15001	20000	1212900	0.6891
45	20001	25000	1016700	0.5776
27	25001	30000	760440	0.4320
17	30001	35000	570000	0.3238
7	35001	40000	275150	0.1563
10	40001	45000	435200	0.2472
18	45001	50000	887900	0.5044
6	50001	55000	325600	0.1850
5	55001	60000	288870	0.1641
5	60001	65000	315050	0.1790
5	65001	70000	339000	0.1926
2	70001	75000	149000	0.0846
1	75001	80000	75500	0.0428
4	80001	85000	334100	0.1898
4	85001	90000	357500	0.2031
3	90001	95000	282500	0.1605
3	95001	100000	300000	0.1704
2	100001	105000	205000	0.1164
1	105001	110000	110000	0.0625
1	120001	125000	121250	0.0688
1	130001	135000	133650	0.0759
1	165001	170000	169900	0.9650
2	175001	180000	355300	0.2018
1	215001	220000	220000	0.1250
1	225001	230000	226500	0.1286
1	230001	235000	231000	0.1312
1	235001	240000	239500	0.1360
1	355001	360000	358100	0.2034
1	395001	400000	400000	0.2272
1	410001	415000	415000	0.2357
1	645001	650000	647050	0.3676
1	905001	910000	907400	0.5155
1	1060001	1065000	1062000	0.6034
1	2160001	2165000	2160050	1.2273
1	2425001	2430000	2425500	1.3781
1	4195001	4200000	4200000	2.3863
1	4370001	4375000	4373900	2.4851
1	4940001	4945000	4944280	2.8092
1	5045001	5050000	5050000	2.8693
1	7670001	7675000	7674500	4.3605
1	9830001	9835000	9832007	5.5863
1	10630001	10635000	10634314	6.0422
1	11055001	11060000	11055550	6.2815
1	21420001	21425000	21422798	12.1720
1	27470001	27475000	27471345	15.6087
1	41775001	41780000	41777835	23.7374
5224			176,000,000	100

CATEGORIES OF SHAREHOLDERS

Particulars	Shareholders	Shares held	Percentage
Directors, CEO, Children	12	138614129	78.7583
Banks, DFI, NBF1	4	3067000	1.7426
Joint Stock Companies & Others	1	15043841	8.5476
Insurance Companies	1	16500	0.0093
General Public (Local)	5146	19208730	10.9140
General Public (Foreign)	8	49250	0.0279
Total	5224	176,000,000	100.0000

**CATEGORIES OF SHAREHOLDING
ADDITIONAL INFORMATION AS AT 30th JUNE 2008**
ASSOCIATED COMPANIES

M/S. Flying Kraft Paper Mills (Pvt) Ltd.	7,674,500
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NIT AND ICP

NIL

DIRECTORS, CEO AND CHILDREN

Mr. Kamran Khan	14,834,314	
Mr. Imran Qamar	27,471,345	
Mr. Momin Qamar	41,777,835	
Mr. Yousaf Kamran Khan	9,832,007	
Mr. Qasim Khan	647,050	
Mr. Bilal Qamar	11,055,550	
Mrs. Samina Kamran	<u>21,422,798</u>	127,040,899
Mrs. Shaista Imran	5,039,280	
Mrs. Misbah Momin	4,373,900	
Mr. Asim Qamar	<u>2,160,050</u>	11,573,230

EXECUTIVES

NIL

PUBLIC SECTOR COMPANIES AND CORPORATIONS

NIL

**BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS,
NON-BANKING FINANCIAL INSTITUTIONS,
INSURANCE COMPANIES, MODARABAS AND
MUTUAL FUNDS.**

3,083,500

OTHERS

7,369,341

SHAREHOLDERS HOLDING 10% OR MORE

NIL

(Other than those reported in Directors)

INDIVIDUALS (GENERAL PUBLIC)

19,258,530

176,000,000

FLYING CEMENT COMPANY LIMITED
15th Annual General Meeting

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

PROXY FORM

IMPORTANT

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

I/We _____
of _____ being a member of
Flying Cement Company Limited hereby appoint _____
of _____ another member of the company
as my/our proxy to attend and vote for me/us and on my/our behalf at the 15th Annual General Meeting of the Company to be held on
Friday, 31 October 2008 at 11:00 A.M. and at any adjournment thereof.

Signature:

Please affix
Rupees five
revenue stamp

Witnesses:

1. Signature: _____	2. Signature: _____
Name _____	Name _____
Address: _____	Address: _____
_____	_____
NIC or _____	NIC or _____
Passport No. _____	Passport No. _____

Date 2008

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AFFIX
CORRECT
POSTAGE

The Company Secretary,
Flying Cement Company Limited,
Head Office: 103-Fazil Road,
St. Jhon Park,
Lahore. Cantt. Pakistan

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