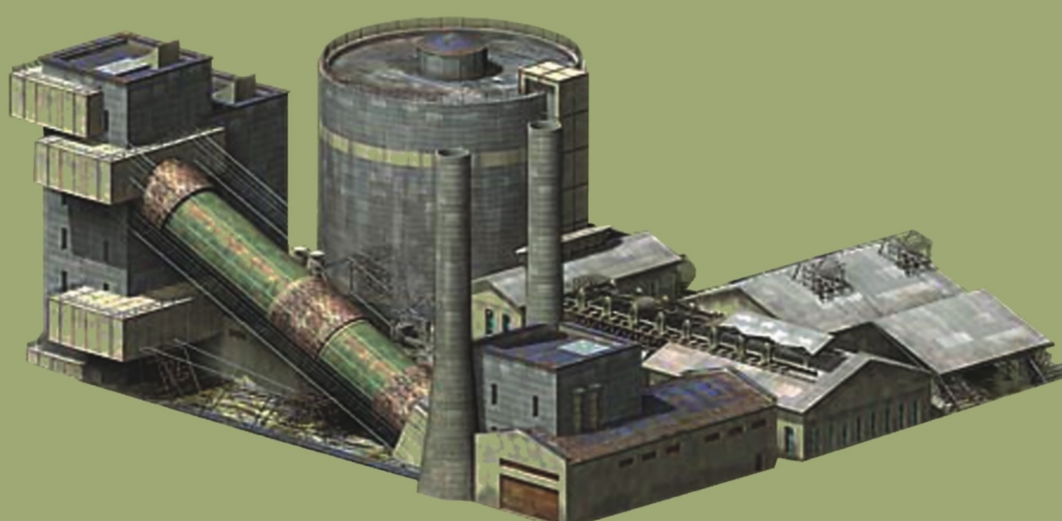
ANNUAL REPORT
2013



DANDOT CEMENT COMPANY LIMITED

Contents

Company Information

Board of Directors

Mr. Muhammad Rasheed	
Mr. Mansoor Rasheed	Chief Executive
Mr. Saud Rasheed	
Mr. Muhammad Imran Iqbal	
Mr. Muhammad Amjad Aziz	Chairman
Syed Ansar Raza Shah	
Mr. Gul Hussain	

Audit Committee

Mr. Muhammad Rasheed	Member
Syed Ansar Raza Shah	Member / Chairman
Mr. Gul Hussain	Member

Human Resouces & Remuneration Committee

Mr. Mansoor Rasheed	Member
Syed Ansar Raza Shah	Member
Mr. Gul Hussain	Member/Chairman

Chief Financial Officer
Mr. Muhammad Kamran

Company Secretary
Mr. Muhammad Kamran

Statutory Auditors
Amin, Mudassar & Co.
Chartered Accountants

Legal Advisor
International Legal Services

Bankers
The Bank of Punjab
United Bank Limited
National Bank of Pakistan
Habib Bank Limited
Bank Alfalah Limited
KASB Bank Limited
Bank Al-Habib Limited

Registered Office
30-Sher Shah Block, New Garden Town, Lahore
Telephone: 35869827, 35842316, Fax: 35831846

Factory
DANDOT R.S., Distt. Jhelum.
Telephone: (0544) 211371,211491 Fax: (0544) 211490

Share Registrar
Corplink (Pvt.) Ltd.
Wings Arcade 1-K-Commercial, Model Town, Lahore.
Telephone: 35839182, 35887262 Fax: 35869037

Website
www.dandotcement.com

Notice of Annual General Meeting

NOTICE is hereby given that 33rd Annual General Meeting of the shareholders of Dandot Cement Company Limited for the financial year ended June 30,2013 will be held on Saturday, November 30, 2013 at the registered office of the Company, 30 Sher Shah Block, New Garden Town , Lahore at 11:30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on October 31, 2012.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2013 together with Auditors' and Directors' Reports thereon.

3. To appoint Auditors and to fix their remuneration. The present Auditors, M/s. Amin, Mudassar & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

4. To transact any other business with the permission of the Chair.

(By Order of the Board)

LAHORE:
November 07, 2013

(MUHAMMAD KAMRAN)
COMPANY SECRETARY

NOTES:

1. The Register of Members and the Share Transfer Books of the Company will remain closed from November 23, 2013 to November 30, 2013 (both days inclusive) for determining entitlement to attend the Annual General Meeting.

2. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies, in order to be effective, must be received at the Registered Office of the Company not later than 48 hours before the time of the holding of the Meeting.

3. CDC shareholders are requested to bring their National Identity Card, Account and Participant's Numbers and will further have to follow the guidelines as laid down in SECP's Circular No. 1 dated January 26, 2000 while attending the Meeting for identification.

4. Members are requested to notify immediately changes, if any, in their registered addresses.

Vision

DANDOT, strives to continue its path of market growth, consolidation and improvement, spanning the areas of north and central Punjab and Azad Kashmir. Our vision is to establish a strong market presence, focused on customer brand loyalty and satisfaction, on long-term basis.

DANDOT, envisions to maintain consistent quality, keep abreast with technology as well as up-date our dynamic managerial and human resource capabilities in a competitive business environment, and to accomplish further improvement in its market share in an aggressive growth scenario.

Mission

DANDOT'S, mission is to perform to the highest levels of professional excellence within the industry and the national economy, while catering to the needs of our ever dedicated workforce, ensuring reasonable return to the stakeholders while delivering our product to the end consumer at competitive prices to accelerate the sustained development of Pakistan.

Directors' Report to the Shareholders

The Board of Directors presents the 33rd annual report along with the audited financial statements of the company for the year ended June 30, 2013.

Operational Performance

The operational performance of the company for the year under review as compared with the preceding year is as below:

			2013	2012
-	Clinker production	M. Ton	**42,890**	197,036
-	Capacity utilization (Clinker)	%age	**08.94**	41.06
-	Sales	M. Ton	**25,814**	208,733

During the year under review the operational performance of the company has decreased due to the fact mentioned in note 1.2 of these financial statements.

Operating Results

The comparative financial results of the company are summarized as below:

		2013	2012
		(Rupees in Thousands)	
-	Net sales	**145,272**	1,103,744
-	Gross loss	**374,747**	440,399
-	Loss before taxation	**463,639**	506,774
-	Net loss	**466,807**	506,774

The company's decreased financial performance is attributable to eight months suspension of company's operations. Dividend has not been recommended by the board of directors for the current year due to the loss suffered by the company.

Future Prospects

Industry:

It is expected that local demand of cement may increase due to expected government spending on infrastructure projects. Proper and efficient utilization of allocated development budget would help cement sector to grow. In recent announcement of federal budget government has kept record Public Sector Development Budget together with an announcement of building housing colonies. This may prove to be trigger point of the revival of industry and may contribute positively towards overall local consumption. However increase in electricity tariff and uninterrupted power supply will be critical for industry.

Company:

Energy efficiency, Labour efficiency & productivity and right financial modeling, smooth plant operations are key factors to success of any cement plant. The management is committed for a balanced delivery of long term values to all stake holders including financers, creditors, employees and shareholders.

Future Plans & Decisions

To overcome the financial crunch and low productivity, the management is working on various options to inject adequate funds and trying its level best to reschedule its statutory, contractual & financial obligation.

Auditors' Observations

On the basis of facts mentioned in note 5.3 & 12.1 of these financial statements, mark-up on the loans from financial institutions have not been accounted for and accordingly current portion has also not been classified under current liabilities. Due to the severe financial crunch, the company was unable to pay some of its overdue obligations including provident fund liability. Letters for the balance confirmations have been circulated and many of them have been received to date. The directors have reasonable expectations that the company would be able to generate adequate resources in future to continue the operations as a going concern. Further, LTU's default surcharge has not been booked due to non-availability of reconciliation with the department.

Compliance with Code of Corporate Governance

The management is fully aware of the compliance with Code of Corporate Governance and steps have been taken for its effective implementation since its inception.

Statements as required by the Code of Corporate Governance are given below:

- The financial statements prepared by the management present fairly the company's state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- 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 the financial statements.
- The system of internal control is sound in design and has been effectively implemented and is being monitored continuously. The review will continue for improvement.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the listing regulations wherever applicable to the company for the year ended June 30, 2013.
- Key operating and financial data of last 10 years is annexed.
- The outstanding statutory dues on account of taxes, duties, levies and charges are disclosed in notes to the annexed financial statements.
- As on June 30, 2013, the estimated value of investments and assets of provident fund is disclosed in note 38 of these financial statements.

- During the year, four meetings of the Board of Directors were held. Attendance by each director at the board meeting is as under:

Mr. Muhammad Rasheed	4
Mr. Mansoor Rasheed	1
Mr. Saud Rasheed	4
Mr. Gul Hussain	0
Mr. Muhammad Amjad Aziz	4
Mr. Muhammad Imran Iqbal	4
Syed Ansar Raza Shah	4

Note:
The directors who could not attend the board meeting were duly granted leave of absence from the board in accordance with the law.

- During the year, four meetings of the audit committee were held. Attendance of the members were in accordance with the Code of Corporate Governance.

Trading in Company's Shares

During the year under review, no trading in the shares of the company was carried out by the directors, CFO, company secretary and their spouses and minor children.

Pattern of Shareholding

The pattern of shareholding and additional information required in this regard is enclosed.

External Auditors

The present auditors, M/s Amin, Mudassar & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year 2013-14. The Audit Committee has recommended their re-appointment.

Acknowledgment

The board of directors is thankful to all stakeholders including but not limited to bankers, employees, suppliers, distributors as well as regulators and shareholders for their continued support, cooperation and trust especially in crises tenure faced by the company in the current year.

Muhammad Amjad Aziz
Chairman Board of Directors
Lahore: November 07, 2013

Pattern of Shareholding

As at June 30, 2013

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
146	1	100	4,951
180	101	500	61,589
96	501	1,000	82,908
172	1,001	5,000	464,574
43	5,001	10,000	320,435
18	10,001	15,000	222,058
13	15,001	20,000	238,806
2	20,001	25,000	46,500
4	25,001	30,000	114,000
3	30,001	35,000	93,975
2	35,001	40,000	76,721
3	40,001	45,000	128,398
1	45,001	50,e000	47,500
1	55,001	60,000	57,500
3	70,001	75,000	216,293
1	95,001	100,000	95,212
1	115,001	120,000	120,000
2	145,001	150,000	295,063
1	155,001	160,000	160,000
1	180,001	185,000	182,625
1	185,001	190,000	185,379
1	210,001	215,000	211,862
1	310,001	315,000	314,800
1	320,001	325,000	323,581
1	385,001	390,000	387,524
1	395,001	400,000	399,377
1	510,001	515,000	514,000
1	995,001	1,000,000	1,000,000
1	1,480,001	1,485,000	1,484,457
1	1,540,001	1,545,000	1,543,839
1	1,995,001	2,000,000	2,000,000
1	2,250,001	2,255,000	2,254,386
1	2,395,001	2,400,000	2,400,000
1	2,745,001	2,750,000	2,749,999
1	2,940,001	2,945,000	2,942,500
1	11,150,001	11,155,000	11,150,500
1	14,995,001	15,000,000	14,995,737
1	46,950,001	46,955,000	46,952,931
711			**94,839,980**

5. Categories Of Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	28,405,123	29.9506%
5.2 Associated Companies, undertakings and related parties. (Parent Company)	46,953,431	49.5081%
5.3 NIT and ICP	1,100	0.0012%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	4,122,700	4.3470%
5.5 Insurance Companies	182,625	0.1926%
5.6 Modarabas and Mutual Funds	0	0.0000%
5.7 Share holders holding 10% or more	75,354,554	79.4544%
5.8 General Public		
a. Local	5,802,979	6.1187%
b. Foreign		
5.9 Others (to be specified)		
1- Joint Stock Companies	6,894,766	7.2699%
2- Foreign Companies	333,031	0.3512%
3- Trusts	2,143,225	2.2598%
4- Other Companies	1,000	0.0011%

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2013

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	THREE STARS CEMENT (PVT) LTD (CDC)	46,953,431	49.5081
Mutual Funds (Name Wise Detail)		-	0.0000
Directors and their Spouse and Minor Chidren (Name Wise Detail):			
1	MR. MUHAMMAD RASHEED (CDC)	500	0.0005
2	MR. MANSOOR RASHEED (CDC)	14,996,237	15.8121
3	MR. SAUD RASHEED (CDC)	13,404,886	14.1342
4	MR. MUHAMMAD IMRAN IQBAL	500	0.0005
5	MR. AMJAD AZIZ (CDC)	500	0.0005
6	MR. ANSAR RAZA (CDC)	500	0.0005
7	MR. GUL HUSSAIN (CDC)	500	0.0005
8	MRS. RIZWANA RASHEED W/O MUHAMAMD RASHEED (CDC)	500	0.0005
9	MRS. AYESHA MANSOOR W/O MANSOOR RASHEED (CDC)	500	0.0005
10	MRS. AMINA SAUD W/O SAUD RASHEED (CDC)	500	0.0005
Executives:		-	0.0000
Public Sector Companies & Corporations:		-	0.0000
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		4,305,325	0.4537
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	MR. MANSOOR RASHEED (CDC)	14,996,237	15.8121
2	MR. SAUD RASHEED (CDC)	13,404,886	14.1342
3	THREE STARS CEMENT (PVT) LTD (CDC)	46,953,431	49.5081

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
	NIL		

Muhammad Amjad Aziz
Chairman
Lahore: November 07, 2013

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the Regulation No. 35 of listing regulations of Karachi Stock Exchange Ltd and Lahore Stock Exchange Ltd 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 CCG in the following manner.

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

Independent Director	Syed Ansar Raza Shah
Executive Directors	Mr. Mansoor Rasheed Mr. Muhammad Amjad Aziz Mr. Muhammad Imran Iqbal
Non-Executive Directors	Mr. Muhammad Rasheed Mr. Saud Rasheed Syed Ansar Raza Shah Mr. Gul Hussain

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

3- All the resident director 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 and NBFI or, being a member of stock exchange, has been declared as a defaulter by the stock exchange.

4- No casual vacancy of directors occurred during the year under review.

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

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, other executive and non-executive directors, have been taken by the board/shareholders.

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- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses. The board arranged two in house training programs for its directors during the year.

10- No new appointment of CFO, Company Secretary and Head of Internal Audit has been approved by the board. The remuneration of CFO, Head of Internal Audit and Company Secretary was not revised during the year after due approval of the board.

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

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 CCG.

15- The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.

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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17- The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a Non Executive director.

18- The board has set up an effective internal audit function who, are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

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

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

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

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

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

Muhammad Amjad Aziz
Chairman
Lahore: November 07, 2013

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 (the statement) contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2013, prepared by the Board of Directors of **Dandot Cement Company Limited** ("The Company") to comply with the Listing Regulation No.35 of the Karachi and Lahore Stock Exchanges where the Company is listed.

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

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

Further, the Listing Regulations of the Karachi and Lahore Stock Exchanges require 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 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, except for para (9) in respect of training of directors of Company's Statement of Compliance with Code of Corporate Governance annexed this report 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 of Corporate Governance as applicable of the Company for the year ended June 30, 2013.

AMIN, MUDASSAR & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: MUHAMMAD AMIN
Lahore: November 07, 2013

Auditors' Report to the Members

We have audited the annexed balance sheet of the **Dandot Cement Company Limited** as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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) (1) As referred in note no.5 to the financial statements current portion and overdue installments of Rs.669.64 million and short term loan of Rs.270 million obtained from the Bank of Punjab have not been classified under current liabilities.

(2) We have not received reply of direct balance confirmation circulated in respect of loan from Bank of Punjab, loan from Economic Affairs Division (EAD), loan from KASB Bank Limited, ex-sponsors loan, long term advances and deposits, trade and other payables, mark up payable, loan to ex-associate, short term loans and advances, and accrued interest on ex-associate loan as referred to note nos. 5, 12.2 and 12.3, 6.1, 12.1, 12.6, 9, 10.4, 11.1, 22.1 and 24 to the financial statements.

(3) These financial statements have been prepared on going concern basis despite the fact that the company has accumulated losses of Rs.3,776.842 million. Its current liabilities exceed the current assets by Rs.2,699.135 million resulting in inability of the Company to pay its overdue statutory and contractual obligations including old and current dues of provident fund. Further, note no.1.2 to the financial statements lacks proper cognizance of these factors.

(4) The company did not pay old and current dues of provident fund as explained in note nos. 6.3 and 38 to the financial statements. Consequently, the company did not comply the requirements of section 227 of the Companies Ordinance, 1984

(5) The company has not provided markup in the financial statements on loan obtained from Bank of Punjab and KASB Bank as referred to note nos. 5, 12.1, 12.2, and 12.3 aggregate Rs.666.80 million including Rs. 189.863 million for the year. Further, surcharge on outstanding amount of sales tax and federal excise duty amounting Rs.187.27 million for the year has also not been provided. Had there been provision made for markup and surcharge in the financial statements the loss for the year would have been higher by the aforesaid amount.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in para (1), (3) (4) and (5) and possible effects of matter discussed in para (2) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2013 and of the loss, its cash flows and changes in equity for the year then ended; and

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

AMIN, MUDASSAR & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: MUHAMMAD AMIN
Lahore: November 07, 2013

Balance Sheet

	Note	2013 Rupees	2012 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (2012:100,000,000) ordinary shares of Rs.10 each		**1,000,000,000**	1,000,000,000
Issued, subscribed and paid up capital	3	**948,399,800**	948,399,800
Share premium reserve		**31,800,740**	31,800,740
Accumulated loss		**(3,776,842,529)**	(3,346,259,712)
		(2,796,641,989)	(2,366,059,172)
SURPLUS ON REVALUATION OF FIXED ASSETS	4	**1,065,253,220**	1,101,477,782
		(1,731,388,769)	(1,264,581,390)
LOAN FROM BANKING COMPANIES	5	**1,020,000,000**	1,020,000,000
OTHER LOANS AND LIABILITIES	6	**37,994,550**	299,965,765
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	7	**-**	-
DEFERRED LIABILITIES	8	**-**	-
LONG TERM ADVANCES AND DEPOSITS	9	**1,532,313**	1,708,402
		1,059,526,863	1,321,674,167
CURRENT LIABILITIES			
Trade and other payables	10	**1,675,931,100**	1,417,184,823
Mark up accrued	11	**712,597,533**	693,998,380
Short term borrowings	12	**899,551,455**	526,645,864
Current portion of long term loans and liabilities	13	**74,610,861**	64,876,468
		3,362,690,949	2,702,705,535
CONTINGENCIES AND COMMITMENTS	14	**-**	-
		2,690,829,043	2,759,798,312

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD IMRAN IQBAL
Director

Statement u/s 241(2) of the Companies Ordinance, 1984
These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

As at June 30, 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15	2,016,895,019	2,085,626,356
Capital work in progress	16	-	-
		2,016,895,019	2,085,626,356
LONG TERM LOANS	17	4,045	19,603
LONG TERM SECURITY DEPOSITS	18	10,374,715	10,434,715
		2,027,273,779	2,096,080,674
CURRENT ASSETS			
Stores, spares and loose tools	19	118,749,418	162,506,676
Stock in trade	20	217,025,760	104,948,507
Trade debts	21	3,038,538	9,899,364
Loans and advances	22	274,278,830	317,207,802
Balance with statutory authorities	23	37,485,467	55,688,320
Interest accrued	24	9,388,556	9,388,556
Other receivables	25	386,967	531,415
Cash and bank balances	26	3,201,728	3,546,998
		663,555,264	663,717,638
		2,690,829,043	2,759,798,312

MUHAMMAD AMJAD AZIZ
Director

Profit and Loss Account
For the Year Ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Sales			
Local sales		180,964,510	1,409,257,596
Less: Excise duty		10,325,700	104,366,500
Sales tax		24,960,596	194,380,903
Commission/discount		406,280	6,765,960
		35,692,576	305,513,363
		145,271,934	1,103,744,233
Cost of sales	27	520,018,560	1,544,143,067
Gross loss		(374,746,626)	(440,398,834)
Distribution cost	28	2,939,818	3,334,223
Administrative expenses	29	41,496,157	46,196,158
		44,435,975	49,530,381
		(419,182,601)	(489,929,215)
Other operating income	30	13,117,330	560,033
Other operating expenses	31	38,305,384	-
		(444,370,655)	(489,369,182)
Finance cost	32	19,268,646	17,404,622
Loss before taxation		(463,639,301)	(506,773,804)
Taxation:	33		
Current			
For the year		-	-
Prior years		3,168,078	-
Deferred	8	-	-
		3,168,078	-
Loss after taxation		(466,807,379)	(506,773,804)
Loss per share- Basic and Diluted- Rupees	34	(4.92)	(5.34)

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD IMRAN IQBAL
Director

MUHAMMAD AMJAD AZIZ
Director

Statement u/s 241(2) of the Companies Ordinance, 1984

These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

Statement of Comprehensive Income
For the Year Ended June 30, 2013

	2013 Rupees	2012 Rupees
Loss after taxation	**(466,807,379)**	(506,773,804)
Other comprehensive income-net of taxation	**-**	-
Total comprehensive loss for the year-net of tax	**(466,807,379)**	(506,773,804)

The annexed notes from 1 to 41 form an integral part of these financial statements.

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Director

MUHAMMAD AMJAD AZIZ
Director

Statement u/s 241(2) of the Companies Ordinance, 1984
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Cash Flow Statement
For the Year Ended June 30, 2013

	2013 Rupees	2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(463,639,301)	(506,773,804)
Adjustments of items not involving movement of cash:		
Depreciation	69,014,137	72,163,711
Gain on disposal of Fixed Assets	-	(358,728)
Gratuity	24,121,833	25,269,287
Profit on deposit and PLS accounts	(204,668)	(201,305)
Finance cost	19,268,646	17,404,622
	112,199,948	114,277,587
Operating cash flows before working capital changes	(351,439,353)	(392,496,217)
(Increase)/Decrease in operating assets:		
Stores, spares and loose tools	43,757,258	(22,553,331)
Stock in trade	(112,077,253)	(12,503,450)
Trade debts	6,860,826	8,071,950
Loans and advances	42,928,972	110,476,370
Other receivables	144,448	(270,258)
Increase/(Decrease) in trade and other payables	234,194,651	341,515,889
	215,808,902	424,737,170
	(135,630,451)	32,240,953
Long term security deposits	60,000	10,000,000
Gratuity paid	(25,000)	(1,106,440)
Bank charges paid	(214,700)	(729,328)
Interest received	204,668	201,304
Income tax paid	15,034,775	(13,248,914)
Net Cash Flows From Operating Activities	(120,570,708)	27,357,575
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(282,800)	(2,502,500)
Sale proceeds of fixed assets	-	425,000
Lease liabilities	-	(15,417)
Long term loans	15,558	35,918
Net Cash Flows From Investing Activities	(267,242)	(2,056,999)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loans	(252,236,822)	(63,480,458)
Long term advances and deposits	(176,089)	(274,840)
Short term borrowings	372,905,591	38,278,601
Net Cash Flows From Financing Activities	120,492,680	(25,476,697)
Net increase / (decrease) in Cash and Cash Equivalents	(345,270)	(176,121)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	3,546,998	3,723,119
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,201,728	3,546,998

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD IMRAN IQBAL
Director

MUHAMMAD AMJAD AZIZ
Director

Statement u/s 241(2) of the Companies Ordinance, 1984
These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

Statement of Changes in Equity
For the Year Ended June 30, 2013

	Share Capital	Share premium reserve	Accumulated loss	Total share capital & reserves	Surplus on revaluation of fixed assets	Total
			(R U P E E S)			
Balance as at June 30, 2011	948,399,800	31,800,740	(2,876,726,135)	(1,896,525,595)	1,138,718,009	(757,807,586)
Total comprehensive loss for the year	-	-	(506,773,804)	(506,773,804)	-	(506,773,804)
Transferred from surplus on revaluation account: - Incremental depreciation due to revaluation charged to surplus - net of deferred tax	-	-	37,240,227	37,240,227	(37,240,227)	-
Balance as at June 30, 2012	948,399,800	31,800,740	(3,346,259,712)	(2,366,059,172)	1,101,477,782	(1,264,581,390)
Total comprehensive loss for the year	-	-	(466,807,379)	(466,807,379)	-	(466,807,379)
Transferred from surplus on revaluation account: Incremental depreciation due to revaluation charged to surplus - net of deferred tax	-	-	36,224,562	36,224,562	(36,224,562)	-
Balance as at June 30, 2013	**948,399,800**	**31,800,740**	**(3,776,842,529)**	**(2,796,641,989)**	**1,065,253,220**	**(1,731,388,769)**

The annexed notes from 1 to 41 form an integral part of these financial statements.

MUHAMMAD IMRAN IQBAL
Director

MUHAMMAD AMJAD AZIZ
Director

Statement u/s 241(2) of the Companies Ordinance, 1984
These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

Notes to the Financial Statements
For the Year Ended June 30, 2013

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company is a public limited Company incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges. The Company started its production on March 01, 1983 and has been engaged in production and marketing of cement. The company is a subsidiary of Three Stars Cement (Pvt) Ltd. The registered office of the company is situated at 30-Sher Shah Block, New Garden Town, Lahore.

1.2 The company has accumulated loss of Rs. 3,776.842 million and its current liabilities exceed its current assets by Rs. 2,699.135 million as at June 30, 2013. Inspite of the adverse current ratio and large accumulated loss, the company has continued financial support from its sponsoring directors. Due to non availability of financial support from any source, the company was unable to manage its working capital requirement resulting the temporary closure of the mill operation since October 2012. However, to resume the operations of the company, the management is working on various options to inject adequate funds for the necessary maintenance of the plant to restart the operations of company in near future. On the basis of these facts, the management of the company is fully confident that the company will continue its operations as going concern and they are fully committed to promote the company's objectives in the long run.

Accordingly, these financial statement have been prepared on going concern basis and do not include any adjustments relating to the recoverability and classification of the recorded assets and liabilities that may be necessary should the company not be able to continue as going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 (a) **Accounting Convention**

Basis of preparation of Financial Statements

These financial statements have been prepared under historical cost convention except for freehold land, buildings, plant and machinery and vehicles which are stated at revalued amounts, employees retirement benefit at present value and certain financial assets at fair value.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgment 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 involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) staff retirement benefits;

b) taxation; and

c) useful life of depreciable assets and provision for impairment there against.

(b) **Statement of Compliance**

These financial statements have been prepared in accordance with approved accounting standards to the extent applicable in Pakistan with reference to the financial year covered by the financial statements and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such international accounting standards as notified under the provisions of the

Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities & Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance,1984 or the requirements of the said directives take precedence.

2.1.1 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the company's financial statements covering annual periods, beginning on or after the following dates:

2.1.2 Amendments to Published Standards effective in current year

- During the current period, the Company has adopted the following amendments to IFRS which became effective for the current period:

  Presentations of items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 01, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

- Amendments to IAS 12 - Deferred Tax on investment property (effective for annual periods beginning on or after January 01, 2012). The 2012 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset.

  The adoption of the above amendments did not have any effect on these financial statements.

2.1.3 Standards, Amendments and Interpretations to Existing Standards that are not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 01, 2013:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 01, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company’s policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial gains / losses would need to be recognized in other comprehensive income.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 -

Notes.....

Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 01, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS-5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 01, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after January 01, 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

    o IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

    o IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

    o IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

    o IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

The amendments have no impact on financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after January 01, 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after January 01, 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after January 01, 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counter party as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counter party with a new one).

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after January 01, 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

2.2 Employees Retirement Benefits

(a) The company operates funded gratuity scheme for its all permanent employees. Such gratuity is payable on cessation of employment subject to a minimum qualifying period of five years service with the Company. Provision for gratuity is made in the financial statements to cover full obligation under the scheme.

The Company uses projected unit credit method to determine the present value of its defined benefit obligation and the related current service cost and where applicable, past service cost.
Actuarial valuation was conducted on June 30, 2013 on the projected unit credit method using the following significant assumptions.

Discount rate p.a	10.50%
Expected p.a. rate of salary increase in future year	9.50%
Average expected remaining working lifetime of employees	9 years
Expected rate of return on plan assets p.a	13.00%

The Company's policy with regard to actuarial gains/losses is to follow minimum recommended approach under IAS 19.

(b) The Company operates a funded contributory provident fund scheme for all eligible employees and contribution is based on the salaries of the employees and the liability is recognized in accounts on monthly basis.

2.3 Taxation

Current

Current taxation other than export is based on taxable income at the current rates of taxation after taking into account tax credits, brought forward losses, accelerated depreciation allowances and any minimum limits imposed by the taxation laws. Company's export sales, if any, fall under presumptive tax regime under Section 154 of the Income Tax Ordinance, 2001.

Deferred

The Company accounts for deferred taxation using the liability method on all temporary differences between the amounts for financial reporting purpose and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future profits will be available against which these can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the balance sheet date.

2.4 Property, Plant and Equipment

Operating fixed assets are stated at cost or revalued amount less accumulated depreciation except for freehold land which is stated at revalued amount.

Depreciation charge is based on reducing balance method at the rates specified in note 15. Leasehold land for quarries are amortized over a period of 15-20 years.

Depreciation on additions to property, plant and equipment is charged for the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which asset is disposed off. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets, if any, are included in profit and loss account.

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount by charging the impairment loss against income for the year.

2.5 Assets Subject to Finance Lease

These are recorded at the inception of lease at the value representing the lower of present value of minimum lease payments under the lease agreements or the fair value of the assets. The related obligation of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period. Financial charges and depreciation on leased assets are charged to income currently.

2.6 Capital Work in Progress

Capital work in progress is stated at cost excluding impairment and including borrowing cost and 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.

2.7 Stores, Spares and Loose Tools

These are valued at moving average cost except items in transit which are valued at cost accumulated upto the Balance Sheet date. The company reviews the carrying amount of stores, spares parts and loose tools on a regular basis and provision is made for obsolescence.

2.8 Stock in Trade

These are valued at lower of cost and net realizable value applying the following method:

Raw Materials	at weighted average cost.
Work in process and finished goods	at average cost covering direct material, labour and manufacturing overheads.

2.9 Deferred Cost

Treatment of deffered cost is as per related laws and regulations.

2.10 Foreign Currency Transactions

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rate prevailing at the date of transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the Balance Sheet date.

The company charges all exchange differences to profit and loss account.

2.11 Financial Instruments

All financial assets and financial liabilities are recognized at cost or fair value at the time when the company becomes a party to the contractual provisions of the instrument. Gain or loss on derecognition of financial assets/liabilities is taken to Profit and Loss Account.

2.12 Offsetting of Financial Assets and Financial Liabilities

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

2.13 Trade Debts

Known bad debts are written off and provision is made for debts considered doubtful.

Notes.....

2.14 Revenue Recognition

- Sales are recorded on dispatch of goods to customers.
- Interest income is accounted for on 'accrual basis'.

2.15 Related Party Transactions

All transactions with related parties are at arm's length prices determined in accordance with the pricing method as approved by the Board of Directors.

2.16 Dividend

Dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

2.17 Cash and Cash Equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of change in value.

2.18 Loans, Advances and Deposits

These are stated at cost less estimates made for doubtful receivables based on review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

2.19 Trade and Other Payables

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

2.20 Provisions

Provisions are recognized when the company has a present, legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits 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.

2.21 Earnings Per Share

The company presents basic and diluted Earnings Per Share(EPS).Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by using profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding , adjusted for the affects of all dilutive potential ordinary shares.

2.22 Corresponding Figures

Previous year's figures have been rearranged and reclassified wherever necessary for the purposes of comparison and for better presentation. However, there is no material rearrangement to report.

2.23 Functional and Presentation Currency

The financial statements are prepared in Pakistani Rupee, which is the Company's functional and presentation currency.

2.24 General

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

	Note	2013 Rupees	2012 Rupees
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
86,089,980 (2012: 86,089,980) ordinary shares of Rs.10 each fully paid in cash		**860,899,800**	860,899,800
8,750,000 (2012: 8,750,000) ordinary shares of Rs.10 each issued as fully paid bonus shares		**87,500,000**	87,500,000
		948,399,800	948,399,800
4. SURPLUS ON REVALUATION OF FIXED ASSETS			
Opening balance as at July 01,		**1,101,477,782**	1,138,718,009
Less:			
- Incremental depreciation due to revaluation of fixed assets (Net off deferred tax of Rs. 19,209,995 (2012: Rs20,052,428)		**(36,224,562)**	(37,240,227)
Balance as at June 30,		**1,065,253,220**	1,101,477,782

Revaluation of freehold land, buildings, plant & machinery and vehicles was carried out in year 2002 and 2007, referred to in note 15.2 to the financial statements produced a surplus of Rs.1,843.8 million and Rs.685.61 million respectively. These amounts were credited to surplus on revaluation of fixed assets account to comply with the requirements of Section 235 of the Companies Ordinance, 1984.

5. LOAN FROM BANKING COMPANIES- Secured

	Sanctioned Limit	Note	2013 Rupees	2012 Rupees
The Bank of Punjab Limited				
Demand finance facility	750 Million	5.1	**750,000,000**	750,000,000
Bridge finance facility	270 Million	5.2	**270,000,000**	270,000,000
			1,020,000,000	1,020,000,000

5.1 Principal was repayable in 28 equal quarterly installments of Rs.26.786 Million each with one year grace period from the date of disbursement. Mark up is chargeable @ 3 month KIBOR + 400 BPS per annum (2012: 3 months KIBOR + 400 BPS per annum) with no floor and no cap, payable quarterly in arrears. The rate was set at the end of quarter by adopting KIBOR of last working day of each quarter. The facility is secured by 1st pari pasu charge over fixed assets for Rs.1,443.75 Million and joint collateral guarantee of its holding company and directors.

Notes.....

5.2 Mark up is chargeable @ 3 month KIBOR + 300 BPS per annum (2012: 3 month KIBOR + 300 BPS per annum) with no floor and no cap, payable quarterly in arrears. The rate shall set at the end of quarter by adopting KIBOR of last working day of each quarter. The facility is secured by 1st pari pasu charge over fixed assets for Rs.1,443.75 Million and joint collateral guarantee of its holding company and directors.

5.3 The company has filed a suit in the Honourable Lahore High Court, Lahore against BOP for declaration, permanent injunction, discharge, cancellation of documents, redemption of property and damages to the tune of Rs.1,926.00 million on account of various breaches of its obligation committed by BOP. BOP has also filed its PLA in the same and the matter is pending adjudication before the Honourable High Court. BOP has instituted a suit against the company for recovery of Rs.1,626.625 million along with markup / Cost of funds in the Lahore High Court, Lahore. PLA on behalf of the company has been filed against the same and the matter is pending adjudication. Consequently, the company has not accounted for mark up on the above loans for current and last two years.

	Note	**2013 Rupees**	2012 Rupees
6. OTHER LOANS AND LIABILITIES- Unsecured			
LOANS			
Economic Affairs Division, Government of Pakistan (EAD)	6.1	**35,232,000**	35,232,000
Ex-Sponsors' Loan	6.2	**-**	250,000,000
		35,232,000	285,232,000
OTHER LIABILITIES			
Provident Fund Trust	6.3	**58,530,316**	59,251,530
Peace agreement arrears	6.4	**18,843,095**	20,358,703
		77,373,411	79,610,233
		112,605,411	364,842,233
Less current portion:			
Payable within next 12 months		**12,364,882**	12,364,882
Overdue		**62,245,979**	52,511,586
	13	**74,610,861**	64,876,468
		37,994,550	299,965,765

6.1 (a) This represents the balance of Pak rupee loan of Rs.340.841 million originally advanced in 1984 in Japanese Yen to the State Cement Corporation of Pakistan (Private) Limited (SCCP). The loan was taken over by the Company under the clause 14 of the Sale Agreement dated May 23, 1992 as payable in local currency to the EAD. The company provided Bank Guarantee from Habib Bank Limited (HBL) to cover the outstanding liability at the time of sale. The company has requested EAD for grant of further time for payment of overdue installments.

The amount of the original loan was Japanese Yen 5,199,457,960 carrying interest @ 8.5% p.a. and was payable in 37 bi-annual installments on March 20 and September 20 with effect from March 10, 1984. Effective April 21, 1987 the Yen loan was converted into Pak rupee loan at exchange rate of 1 Yens=0.122111 Pak Rupee carrying interest @ 11% and exchange risk fee @ 3% per annum payable to the EAD in 30 equal half yearly installments commencing from September 10, 1987, to be settled by March 20, 2002.

(b) After taking over the control and management, the new management at that time arranged payment of Rs.133.908 million to the EAD, through Habib Bank Ltd for payment of outstanding balance and requested for restructuring of this loan. The competent authority has accorded its approval for restructuring of the loan amounting to Rs.132.44 million and balance have been waived. The Principal alongwith mark up @ 14% p.a. (11% mark up and 3% exchange risk fee) is to be repaid in ten equal half yearly installments effective July 2004. The rescheduled amount is to be secured by bank guarantee in favour of EAD.

6.2 This represents loan received from Ex-management Mr. A. Rafique Khan and Mr. Tausif Peracha as subordinated to Bank of Punjab loan facility. It is interest free, unsecured and is repayable after repayment of loan of Bank of Punjab. This year the aforesaid loan has been classified as current liability.

6.3 The Securities & Exchange Commission of Pakistan (SECP) had passed an order on August 13, 2009 that the company should provide mark-up on old dues till June 30, 2008 and an overdue current provident fund contributions till September 30, 2009 and repay all the principal portion of old dues and overdue current provident fund contributions along with mark-up there on in installments of Rs. 0.5 million per month from October 2009. The markup has been accounted for in the books of account and these financial statements in accordance with the SECP order. While from the non current portion of current dues only Rs. 721,214 has been paid and the remaining amount is unpaid due to severe financial crunch faced by the company.

6.4 This represents arrears payable to workers on account of increments on salaries for the financial years ended on June 30, 2007, June 30, 2008 and June 30, 2009.As per peace agreement with CBA union dated May 09, 2009 the arrears are payable in 72 equal monthly installments of Rs.530,407 payable along with the monthly salary payments. It is interest free and unsecured.

	Note	**2013 Rupees**	2012 Rupees
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Opening balance		**-**	15,417
Less:			
Payments during the year/ adjustment		**-**	15,417
Present value of minimum lease payments		**-**	-
8. DEFERRED LIABILITIES			
Deferred taxation	8.1	**-**	-
		-	-

8.1 Deferred taxation

This is composed of the following:

	2013 Rupees	2012 Rupees
Deferred tax liability on taxable temporary differences arising in respect of:		
Accelerated tax depreciation	**631,896,405**	669,849,707
Deferred tax asset on deductible temporary differences arising in respect of:		
Unused tax losses carried forward	**(916,783,602)**	(919,770,539)
Provision for doubtful balances	**(771,910)**	(1,146,605)
	(917,555,512)	(920,917,144)
Deferred tax(asset)/ liability	**(285,659,107)**	(251,067,437)

Deferred tax asset amounting to Rs.285.659 million (2012:Rs.251.067 million) on unused tax losses, has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be re-assessed as at June 30, 2014.

	Note	**2013 Rupees**	2012 Rupees
9. LONG TERM ADVANCES AND DEPOSITS			
Un-secured - Interest free			
Security deposits	9.1	**1,502,334**	1,662,334
Retention money		**29,979**	46,068
		1,532,313	1,708,402

Notes.....

9.1 These represent securities from distributors and contractors. These are being utilized by the company as authorized by the agreement with parties or deposited with separate bank account in compliance with Section 226 of the Companies Ordinance, 1984.

10. TRADE AND OTHER PAYABLES	Note	**2013 Rupees**	2012 Rupees
Trade creditors		**261,568,720**	201,083,321
Accrued expenses		**557,285,533**	390,470,468
Due to Gratuity Fund Trust	10.1	**197,383,148**	173,286,315
Due to Provident Fund Trust		**48,755,755**	35,675,211
Past Dues - CBA	10.2	**1,320,525**	1,543,158
Excise duty		**275,976,202**	272,333,615
Royalty		**3,485,967**	10,170,280
Sales tax		**171,630,526**	171,244,995
Workers' profit participation fund	10.3	**30,317,054**	29,862,261
Unclaimed dividend		**1,081,940**	1,081,940
Income tax withheld		**31,899,752**	23,688,266
Advances from customers		**80,190,192**	84,822,650
Others		**15,035,786**	21,922,343
		1,675,931,100	1,417,184,823

10.1 Gratuity

Net liability as on July 01	**173,286,315**	149,123,468
Charge to profit and loss account	**24,121,833**	25,269,287
Payment to fund during the year	**(25,000)**	(1,106,440)
Net liability as on June 30,	**197,383,148**	173,286,315

The amount recognized in the Balance sheet is as follows

Fair value of plan assets	**(178,921)**	(216,742)
Present value of defined benefit obligation	**134,346,485**	139,839,578
Deficit	**134,167,564**	139,622,836
Payable at the end of the year	**-**	10,158,681
Payable to ex- employees	**-**	23,504,798
Payable to outgoing members	**35,163,114**	-
Unrecognized Actuarial gain / (loss)	**28,052,470**	-
Net liability as on June 30,	**197,383,148**	173,286,315

The amount recognized in profit and loss account is as follows

Current service cost	**5,970,864**	6,067,359
Interest cost	**18,179,145**	19,231,094
Expected return on plan assets	**(28,176)**	(29,166)
Total amount chargeable to profit and loss account	**24,121,833**	25,269,287

The movement in the present value of defined benefit obligation is as follows:

Present value of defined benefit obligation	**139,839,578**	137,364,954
Current Service cost	**5,970,864**	6,067,359
Interest cost	**18,179,145**	19,231,094
Benefits due but not paid	**(11,683,316)**	(7,889,872)
Actuarial (gain)/loss	**(17,959,786)**	(14,933,957)
Present value of defined benefit obligations as on June 30,	**134,346,485**	139,839,578

	2013 Rupees	2012 Rupees
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets as on July 01,	**216,742**	208,329
Expected return on plan assets	**28,176**	29,166
Contributions	**25,000**	-
Benefits paid	**(25,000)**	-
Actuarial (loss)/gain	**(65,997)**	(20,753)
Fair value of plan assets as on June 30,	**178,921**	216,742

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund for the current year and last four years is as follows:

	Present value of defined Benefit	Fair value of plan assets	Surplus / (Deficit)
	-------------------R	u p e e	s------------------
Year ended June 30, 2013	(134,346,485)	(178,921)	(134,525,406)
Year ended June 30, 2012	(139,839,578)	(216,742)	(140,056,320)
Year ended June 30, 2011	(137,364,954)	208,329	(137,156,625)
Year ended June 30, 2010	(130,771,246)	201,427	(130,569,819)
Year ended June 30, 2009	(126,088,761)	136,423	(125,952,338)

10.2 This represents the amounts payable for the closure period of the factory on account of accumulated salaries and benefits, one day deduction and legal expenses payable to the employees and CBA for which a mutual agreement had been executed between the management and the CBA at the time of take over of the factory in 2000 by the then management.

10.3 Workers' profit participation fund

Balance as at July 01,	**3,780,109**	3,780,109
Less: payments during the year	**-**	-
	3,780,109	3,780,109
Interest on unpaid contribution	**26,536,945**	26,082,152
	30,317,054	29,862,261

10.4 During the audit, balance confirmation requests were circulated to various parties for direct balance confirmation aggregating Rs. 376.665 million (2012:Rs.347.444 million). Upto the date of issuance of these financial statements, replies against balances of only Rs.92.574 million (2012: Rs.41.134 million) have been received.

11. MARK UP ACCRUED

Mark up accrued on:		
Secured loan	**614,840,897**	614,844,349
Unsecured loan	**97,756,636**	79,154,031
	712,597,533	693,998,380

11.1 This represents the mark up payable on loans obtained from the banking company and Economic Affairs Division.

Notes.....

	Note	2013 Rupees	2012 Rupees
12. SHORT TERM BORROWINGS			
FINANCIAL INSTITUTION			
Running finances - secured			
KASB Bank Limited	12.1	290,000,000	290,000,000
Others - Secured			
The Bank of Punjab	12.2	57,256,073	57,256,073
The Bank of Punjab	12.3	83,600,000	83,600,000
		140,856,073	140,856,073
Bank Overdraft - unsecured	12.4	-	620,038
OTHERS			
Others -Unsecured	12.5	118,309,301	-
Ex-Sponsors' Loan	12.6	250,000,000	-
Loan from Related Parties - unsecured			
Holding Company	12.7	37,804,256	37,804,256
Director-interest free	12.8	37,065,450	37,065,450
Others-interest free	12.9	25,516,375	20,300,047
		100,386,081	95,169,753
		899,551,455	526,645,864

12.1 This represents finance facility against the limit of Rs.290 million (2012: Rs.290 million). It carries mark up @ six months KIBOR plus 3% per annum (2012: 6 months KIBOR + 3% per annum) payable on quarterly basis with no floor and cap. The facility was to be repaid in bullet repayment on September 30, 2007. The facility is secured by 1st pari passu charge on plant and machinery of the company amounting Rs.400 million and lien over deposit of Rs.176.5 million in saving account of Mr. Tauseef Peracha and Mr. A. Rafique Khan (Ex-Management).

KASB has instituted a suit against the company for recovery of Rs.351,732,335.61 along with markup / cost of funds in the Honourable Lahore High Court, Lahore. PLA on behalf of the company has been filed against the same and the matter is pending adjudication.

12.2 This represents payments against over due documentary credits. It carries markup @ KIBOR + 400 BPS (2012: KIBOR + 400 BPS) per annum. These are secured by 1st pari passu charge on present and future current assets of the company amounting Rs. 134 Million and a joint collateral of cross corporate guarantee of Three Star Hosiery Mills (Pvt) Limited and personal guarantee of all the Directors of Dandot Cement Company Limited.

The company is in litigation with the bank as explained in note no.5.3 to the financial statements.

12.3 This represent forced finance created by the bank on account of Guarantee encashed by the SNGPL. It carries markup @KIBOR+ 4% (2012: @KIBOR+ 4%). It is secured by 1st pari passu charge on present and future current assets of the company amounting Rs. 134 Million and a joint collateral of cross corporate guarantee of Three Star Hosiery Mills (Pvt) Limited and personal guarantee of all the Directors of Dandot Cement Company Limited.

The company is in litigation with the bank as explained in note no.5.3 to the financial statements.

12.4 This represents temporary bank overdraft due to issuance of cheques near to the balance sheet date, however bank statements show the favourable balances.

12.5 This represents interest free amount injected to meet the working capital requirements of the company.The terms and conditions of repayment have not yet been finalized and have not been reduced in writing.

12.6 This represents loan received from Ex-management Mr. A. Rafique Khan and Mr. Tausif Peracha . It is interest free, unsecured . Terms and conditions related to the loan have not been reduced in writing.

12.7 This represents interest free and unsecured loan from holding company, Three Stars Cement (Pvt) Ltd. The terms and conditions of the repayment of loan have not yet been finalized and have not been reduced in writing.

12.8 This represents Rs. 37.065 million injected by the director, Mr. Mansoor Rasheed to meet the working capital requirements of the company in the year 2010 , 2011 .The terms and conditions of loan have not yet been finalized and have not been reduced in writing.

12.9 This represents loan from Three Star Hosiery (Private) Limited and Active Apparel International (Private) Limited amounting of Rs.13,721,332 and Rs.11,795,043 (2012: Rs.8,505,004 and Rs.11,795,043) respectively. The terms and conditions of loan have not yet been finalized and have not been reduced in writing.

	Note	**2013 Rupees**	2012 Rupees
13. CURRENT PORTION OF LONG TERM LOANS AND LIABILITIES			
Other loans	6	**74,610,861**	64,876,468
		74,610,861	64,876,468

14. CONTINGENCIES AND COMMITMENTS

Contingencies

a) Company is in litigation with contractor, workers and their relatives. The matter is pending for decision in Court. Company's exposure in respect of these cases could be Rs.23,704,456 (2012: Rs.17,504,456).

b) Sui Northern Gas Pipelines Ltd., (SNGPL) has charged the excess gas bill amounting to Rs.37.90 million in 2006. On complaint lodged with the Oil & Gas Regulatory Authority (OGRA) against excessive billing by SNGPL, the matter was decided in favour of the company. SNGPL has filed an appeal against the said decision of OGRA. The appeal has also been adjudicated by OGRA in favour of the company. However, the SNGPL has recovered the aforesaid amount as stated in para (d) of this note.

c) SNGPL has charged mark up on late payment of the gas bills in the past at the rate which was in excess of the rate agreed in the Gas Sale Agreement (GSA). The company filed a complaint with the OGRA, who decided the matter and directed SNGPL to recompute mark up on late payment as per original GSA. SNGPL recomputed mark up amounting to Rs.10.312 million, as against Rs.2.729 million computed by the company. The matter has again been referred to OGRA for their decision. However, company has accounted for Rs.2.729 Million as liability. However, the SNGPL has recovered the aforesaid amount as stated in para (d) of this note.

d) In June 2008 Sui Northern Gas Pipelines Ltd., (SNGPL) has charged the excess gas bill amounting to Rs.18.536 million. Company has lodged complaint with the review committee of Sui Northern Gas Pipelines Ltd., (SNGPL) which gave its decision that the disputed bill is correct.

On January 23, 2009 the SNGPL encashed bank guarantee of Rs.88 million against arrears of gas bills including as mentioned in 14(b),14(c) in previous paragraphs. Till June 30, 2009 total arrears amounting Rs.35.380 million are outstanding against the company which have not been accounted for in the financial statements due to dispute with the SNGPL. The company is in process of filing appeal against SNGPL against the decision in court.

e) During the year ended June 30, 2008 Pakistan Standards and Quality Control Authority (PSQCA) refused to renew the CM License of the company and raised a demand of Rs. 1.94 Million on account of marking fee for the period from June 1992 to June 2007. The company paid Rs.851,708 towards the demand raised by PSQCA during June 30, 2008. The company filed an appeal before the Additional District Judge, Lahore against PSQCA. The court decided the matter that renewed license should be issued and claim for recovery of outstanding balance shall be dealt with separately.

f) Competition Commission of Pakistan (the Commission), vide order dated August 27, 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.41.71million on the company for alleged violation of section 4(1) of the Competition Commission Ordinance, 2007. the cement manufacturers including company challanged the commission order in the Honourable Lahore High Court, Lahore. Based on legal advice the company has not accounted for the liability of aforesaid amount.

g) The company has not accounted for Rs.316,825,000 (2012:Rs.261,725,000) additional profit/liquidated damages on the loan payable to KASB Bank Limited as the matter is subjudice with the Honourable Lahore High Court referred to note no.12.1 in the financial statements.

h) The Deputy Commissioner Inland Revenue determined sales tax and federal excise duty liability of the company amounting Rs.2,634,984 (2012:Rs. Nil) on account of inadmissible input tax and non payment of output sales tax alongwith surcharge and penalty. The company had filed appeal against the order of Deputy Commissioner Inland Revenue Appeals. Subsequent to the balance sheet the Commissioner(Appeals) decided the case against the company. The company has filed appeal against the decision of the Commissioner(Appeals) with Appellate Tribunal Inland Revenue. Consequently, the company has not accounted for liability of aforesaid amount.

	Note	**2013 Rupees**	2012 Rupees
Commitments			
Atlas Bank Limited has issued Bank Guarantee in favour of Sui Northern Gas Pipelines Limited.	14.1	**1,500,000**	1,500,000
United Bank Limited has issued Bank Guarantee in favour of Department of Mines & Minerals Government of Punjab.	14.2	**139,165**	139,165

14.1 This guarantee was secured by lien in favour of Atlas Bank Ltd on PLS TDR amounting Rs.1,500,000 (2012 Rs.1,500,000).

14.2 This guarantee was secured by lien in favour of United Bank Ltd on PLS TDR amounting Rs.140,000 (2012 Rs.140,000).

Notes.....

15. OPERATING FIXED ASSETS

PARTICULARS	COST / REVALUATION					DEPRECIATION						Book Value
	As at July 01, 2012	Additions	Deletions	Adjustment	As at June 30, 2013	Rate %	As at July 01, 2012	For the year	On disposals	Adjustment	As at June 30, 2013	as at June 30, 2013
OWNED												
Free hold land												
Cost	52,591,805	-	-	-	52,591,805	-	-	-	-	-	-	52,591,805
Revaluation (2002)	20,389,552	-	-	-	20,389,552	-	-	-	-	-	-	20,389,552
	72,981,357	-	-	-	72,981,357	-	-	-	-	-	-	72,981,357
Quarry on lease hold land	1,330,978	-	-	-	1,330,978	20 Yrs.	1,034,462	66,549	-	-	1,101,011	229,967
Building on free hold land												
Factory :												
Cost	188,292,137	-	-	-	188,292,137	10	165,854,835	2,243,730	-	-	168,098,565	20,193,572
Revaluation (2002)	86,898,282	-	-	-	86,898,282	10	57,356,214	2,954,207	-	-	60,310,421	26,587,861
Revaluation (2007)	6,903,666	-	-	-	6,903,666	10	2,827,121	407,655	-	-	3,234,776	3,668,890
	282,094,085	-	-	-	282,094,085	30	226,038,170	5,605,592	-	-	231,643,762	50,450,323
Office :												
Cost	17,527,908	-	-	-	17,527,908	5	13,523,399	200,225	-	-	13,723,624	3,804,284
Revaluation (2002)	13,645,216	-	-	-	13,645,216	5	5,577,445	403,389	-	-	5,980,834	7,664,382
Revaluation (2007)	1,248,858	-	-	-	1,248,858	5	282,516	48,317	-	-	330,833	918,025
	32,421,982	-	-	-	32,421,982	15	19,383,360	651,931	-	-	20,035,291	12,386,691
Residential :												
Cost	38,550,278	-	-	-	38,550,278	10	35,851,515	269,876	-	-	36,121,391	2,428,887
Revaluation (2002)	27,545,216	-	-	-	27,545,216	10	18,180,904	936,431	-	-	19,117,335	8,427,881
Revaluation (2007)	19,571,075	-	-	-	19,571,075	10	8,014,551	1,155,652	-	-	9,170,203	10,400,872
	85,666,569	-	-	-	85,666,569	30	62,046,970	2,361,959	-	-	64,408,929	21,257,640
Machinery												
Cost	1,190,383,914	-	-	-	1,190,383,914	3	902,513,541	8,636,111	-	-	911,149,652	279,234,262
Transfer From Lease assets	60,441,960	-	-		60,441,960	3	43,718,651	501,699	-	-	44,220,350	16,221,610
Revaluation (2002)	1,656,058,629	-	-	-	1,656,058,629	3	618,233,806	31,134,745	-	-	649,368,551	1,006,690,078
Revaluation (2007)	648,188,836	-	-	-	648,188,836	3	91,567,027	16,698,654	-	-	108,265,681	539,923,155
	3,555,073,339	-	-	-	3,555,073,339	12	1,656,033,025	56,971,209	-	-	1,713,004,234	1,842,069,105
Office Equipment	9,371,300	149,500	-	-	9,520,800	10	5,948,232	356,515	-	-	6,304,747	3,216,053
Furniture & Fixture	7,261,334	133,300	-	-	7,394,634	10	6,308,364	108,627	-	-	6,416,991	977,643
Heavy Vehicles												
Cost	94,912,875	-	-	-	94,912,875	20	93,616,516	259,272	-	-	93,875,788	1,037,087
Revaluation (2002)	24,418,997	-	-	-	24,418,997	20	21,928,125	498,174	-	-	22,426,299	1,992,698
Revaluation (2007)	8,407,158	-	-	-	8,407,158	20	5,631,141	555,203	-	-	6,186,344	2,220,814
	127,739,030	-	-	-	127,739,030	60	121,175,782	1,312,649	-	-	122,488,431	5,250,599
Light Vehicles												
Cost	29,826,347			-	29,826,347	20	24,006,341	1,164,001		-	25,170,342	4,656,005
Revaluation (2002)	4,571,974	-	-	-	4,571,974	20	4,105,608	93,273	-	-	4,198,881	373,093
Transfer from leased assets*	649,000	-	-	-	649,000	20	604,442	8,912	-	-	613,354	35,646
	35,047,321	-	-	-	35,047,321	60	28,716,391	1,266,186	-	-	29,982,577	5,064,744
Railway Sidings	1,726,574	-	-	-	1,726,574	5	1,337,352	19,461	-	-	1,356,813	369,761
Electric Installation	38,956,612	-	-	-	38,956,612	10	36,033,443	292,317	-	-	36,325,760	2,630,852
Weighing Scales	80,958	-	-	-	80,958	10	75,035	592	-	-	75,627	5,331
Library Books	72,403	-	-	-	72,403	10	66,900	550	-	-	67,450	4,953
	4,249,823,842	**282,800**	**-**	**-**	**4,250,106,642**	**-**	**2,164,197,486**	**69,014,137**	**-**	**-**	**2,233,211,623**	**2,016,895,019**

Vehicles include a Shehzor Mazda of amounting Rs. 649,000 is not in the name of the company due to that bank is unable to trace the relevant record of aforesaid vehicle. Consequently bank did not issue no objection certificate(N.O.C) for transfer of vehicle in the name of company.

	Note	2013 Rupees	2012 Rupees
15.1 Depreciation for the year has been allocated as under:			
Cost of sales	27	**65,707,445**	68,543,249
Distribution cost	28	**112,489**	116,058
Administrative expenses	29	**3,194,203**	3,504,404
		69,014,137	72,163,711

15.2 Land, Buildings, Plant & Machinery, and Vehicles of the Company were first revalued on April 01, 2002, resulting in surplus of Rs. 1,843.8 million. The second revaluation was carried out on June 30, 2007, by M/s Surval, recognised valuation consultant and its report was verified by M/s Ilyas Saeed & Co., Chartered Accountants. Valuation of building, plant and machinery and heavy vehicles was carried out on the basis of Depreciated Replacement Value. This revaluation has created a surplus of Rs.685.61 million.

Notes.....

15.3 Had there been no revaluation the related figures of Buildings, Plant & Machinery and Vehicles at June 30, 2013 would have been as follows :

Particulars	Cost as at June 30, 2013	Accumulated Depreciation upto June 30, 2013	Net Book Value as on June 30, 2013
	------------------R	u p e e	s------------------
Buildings			
Factory	188,292,137	168,098,565	20,193,572
Office	17,527,908	13,723,624	3,804,284
Residential	38,550,278	36,121,391	2,428,887
Plant and Machinery	1,190,383,914	911,149,652	279,234,262
Heavy Vehicles	94,912,875	93,875,788	1,037,087
Light Vehicles	29,826,347	25,170,342	4,656,005
	1,559,493,459	1,248,139,362	311,354,097
2012 Rupees	**1,559,493,459**	**1,235,366,147**	**324,127,312**

15.4 OPERATING FIXED ASSETS

PARTICULARS	COST / REVALUATION					DEPRECIATION						Book Value
	As at July 01, 2011	Additions	Deletions	Adjustment	As at June 30, 2012	Rate %	As at July 01, 2011	For the year	On disposals	Adjustment	As at June 30, 2012	as at June 30, 2012
OWNED												
Free hold land												
Cost	52,591,805	-	-	-	52,591,805	-	-	-	-	-	-	52,591,805
Revaluation (2002)	20,389,552	-	-	-	20,389,552	-	-	-	-	-	-	20,389,552
	72,981,357	-	-	-	72,981,357	-	-	-	-	-	-	72,981,357
Quarry on lease hold land	1,330,978	-	-	-	1,330,978	20 Yrs.	967,913	66,549	-	-	1,034,462	296,516
Building on free hold land												
Factory :												
Cost	188,292,137	-	-	-	188,292,137	10	163,361,801	2,493,034	-	-	165,854,835	22,437,302
Revaluation (2002)	86,898,282	-	-	-	86,898,282	10	54,073,762	3,282,452	-	-	57,356,214	29,542,068
Revaluation (2007)	6,903,666	-	-	-	6,903,666	10	2,374,171	452,950	-	-	2,827,121	4,076,545
	282,094,085	-	-	-	282,094,085	30	219,809,734	6,228,436	-	-	226,038,170	56,055,915
Office :												
Cost	17,527,908	-	-	-	17,527,908	5	13,312,635	210,764	-	-	13,523,399	4,004,509
Revaluation (2002)	13,645,216	-	-	-	13,645,216	5	5,152,825	424,620	-	-	5,577,445	8,067,771
Revaluation (2007)	1,248,858	-	-	-	1,248,858	5	231,656	50,860	-	-	282,516	966,342
	32,421,982	-	-	-	32,421,982	15	18,697,116	686,244	-	-	19,383,360	13,038,622
Residential :												
Cost	38,550,278	-	-	-	38,550,278	10	35,551,652	299,863	-	-	35,851,515	2,698,763
Revaluation (2002)	27,545,216	-	-	-	27,545,216	10	17,140,425	1,040,479	-	-	18,180,904	9,364,312
Revaluation (2007)	19,571,075	-	-	-	19,571,075	10	6,730,493	1,284,058	-	-	8,014,551	11,556,524
	85,666,569	-	-	-	85,666,569	30	59,422,570	2,624,400	-	-	62,046,970	23,619,599
Machinery												
Cost	1,190,383,914	-	-	-	1,190,383,914	3	893,610,334	8,903,207	-	-	902,513,541	287,870,373
Transfer From Lease assets	60,441,960	-	-		60,441,960	3	43,201,435	517,216	-	-	43,718,651	16,723,309
Revaluation (2002)	1,656,058,629	-	-	-	1,656,058,629	3	586,136,131	32,097,675	-	-	618,233,806	1,037,824,823
Revaluation (2007)	648,188,836	-	-	-	648,188,836	3	74,351,920	17,215,107	-	-	91,567,027	556,621,809
	3,555,073,339	-	-	-	3,555,073,339	12	1,597,299,820	58,733,205	-	-	1,656,033,025	1,899,040,314
Office Equipment	9,198,800	172,500	-	-	9,371,300	10	5,576,251	371,981	-	-	5,948,232	3,423,068
Furniture & Fixture	7,261,334		-	-	7,261,334	10	6,202,478	105,886	-	-	6,308,364	952,970
Heavy Vehicles												
Cost	94,912,875	-	-	-	94,912,875	20	93,292,426	324,090	-	-	93,616,516	1,296,359
Revaluation (2002)	24,418,997	-	-	-	24,418,997	20	21,305,407	622,718	-	-	21,928,125	2,490,872
Revaluation (2007)	8,407,158	-	-	-	8,407,158	20	4,937,137	694,004	-	-	5,631,141	2,776,017
	127,739,030	-	-	-	127,739,030	60	119,534,970	1,640,812	-	-	121,175,782	6,563,248
Light Vehicles												
Cost	28,018,312	2,330,000	521,965	-	29,826,347	20	23,230,120	1,231,914	455,693	-	24,006,341	5,820,006
Revaluation (2002)	4,571,974	-	-	-	4,571,974	20	3,989,016	116,592	-	-	4,105,608	466,366
Transfer from leased assets*	649,000	-	-	-	649,000	20	593,302	11,140	-	-	604,442	44,558
	33,239,286	2,330,000	521,965	-	35,047,321	60	27,812,438	1,359,646	455,693	-	28,716,391	6,330,930
Railway Sidings	1,726,574	-	-	-	1,726,574	5	1,316,867	20,485	-	-	1,337,352	389,222
Electric Installation	38,956,612	-	-	-	38,956,612	10	35,708,646	324,797	-	-	36,033,443	2,923,169
Weighing Scales	80,958	-	-	-	80,958	10	74,377	658	-	-	75,035	5,923
Library Books	72,403	-	-	-	72,403	10	66,288	612	-	-	66,900	5,503
	4,247,843,307	**2,502,500**	**521,965**	**-**	**4,249,823,842**	**-**	**2,092,489,468**	**72,163,711**	**455,693**	**-**	**2,164,197,486**	**2,085,626,356**

Vehicles include a Shehzor Mazda of amounting Rs. 649,000 is not in the name of the company due to that bank is unable to trace the relevant record of aforesaid vehicle. Consequently bank did not issue no objection certificate(N.O.C) for transfer of vehicle in the name of company.

Notes.....

16. CAPITAL WORK IN PROGRESS

This represented the advance paid for purchase of land. The company had recovered the aforesaid amount during the previous year.

	Note	2013 Rupees	2012 Rupees
17. LONG TERM LOANS - Considered good			
Other Employees			
House building		8,997	21,555
Special loans		12,400	17,200
	17.1	21,397	38,755
		21,397	38,755
Less: Current portion recoverable within one year	22	17,352	19,152
		4,045	19,603

17.1 These are interest free and secured.

17.2 Interest free loans have not been discounted as required by IAS 39 as amount involved is immaterial.

18. LONG TERM SECURITY DEPOSITS

	2013 Rupees	2012 Rupees
Islamabad Electric Supply Company	9,486,000	9,486,000
Others	888,715	948,715
	10,374,715	10,434,715

19. STORES, SPARES AND LOOSE TOOLS

	2013 Rupees	2012 Rupees
General stores	34,773,578	75,041,163
Spare parts	82,996,547	84,780,290
Loose tools	979,293	2,685,223
	118,749,418	162,506,676

20 STOCK IN TRADE

	2013 Rupees	2012 Rupees
Raw material	1,783,322	2,243,620
Work in process	201,891,341	81,513,302
Finished goods	13,351,097	21,191,585
	217,025,760	104,948,507

	Note	2013 Rupees	2012 Rupees
21. TRADE DEBTS		**3,038,538**	9,899,364

These are unsecured but considered good by the management.

	Total	Neither past due nor impaired	past due but not impaired		
			1-90 days	90-180 days	More than 180 days
2013		**3,038,538**	**-**	**-**	**3,038,538**
2012		9,899,364	2,186,613	605,769	7,106,982

22. LOANS AND ADVANCES

	Note	2013 Rupees	2012 Rupees
Loans			
Considered good:			
Current portion of long term loans to employees	17	**17,352**	19,152
To past associated company			
- Gharibwal Cement Limited (GCL)		**250,000,000**	250,000,000
Loan to employees		**16,722,147**	20,268,708
		266,739,499	270,287,860
Considered doubtful:			
Loan to employees		**1,623,323**	1,612,993
		268,362,822	271,900,853
Advances			
Considered good:			
To employees		**934,373**	1,441,303
To suppliers / contractors		**36,830,156**	45,478,639
		37,764,529	46,919,942
Considered doubtful:			
To employees		**647,000**	1,470,239
To suppliers / contractors		**-**	136,938
		647,000	1,607,177
		38,411,529	48,527,119
		306,774,351	320,427,972
Less: Provision for doubtful loans and advances	22.2	**2,270,323**	3,220,170
Loan and advances written off		**(30,225,198)**	-
		274,278,830	317,207,802

22.1 During the audit, balance confirmation requests were circulated to various parties for direct balance confirmation of loans and advances aggregating Rs. 18.702 million including long term security deposits and other receivable as referred to note no.18 and 25 respectively. (2012: Rs.82.325 million). Upto the date of issuance of these financial statements, replies against balance of only Rs. 5.843 million (2012: Rs.6.530 million) have been received.

Notes.....

		Note	2013 Rupees	2012 Rupees
22.2	**Provision for doubtful loans and advances**			
	Balance as at July 01		**3,220,170**	3,112,298
	Provision for the year		**10,330**	107,872
			3,230,500	3,220,170
	Reversal of provision for doubtful balances		**(960,177)**	-
			2,270,323	3,220,170

23. BALANCES WITH STATUTORY AUTHORITIES

	Note	2013 Rupees	2012 Rupees
Excise duty		**-**	369,752
Income tax due from the Government		**37,485,467**	55,318,568
		37,485,467	55,688,320

24. INTEREST ACCRUED

	Note	2013 Rupees	2012 Rupees
Interest accrued on loan to Gharibwal Cement Limited		**9,388,556**	9,388,556
		9,388,556	9,388,556

25. OTHER RECEIVABLES

	Note	2013 Rupees	2012 Rupees
Other receivables:			
Considered good		**386,967**	531,415
Considered doubtful		**-**	55,844
		386,967	587,259
Provision for doubtful receivables	25.1	**-**	55,844
		386,967	531,415

		Note	2013 Rupees	2012 Rupees
25.1	**Provision for doubtful receivables**			
	Balance as at July 01		**55,844**	55,844
	Provision for the year		**-**	-
			55,844	8 55, 44
	Reversal of provision		**(55,844)**	-
			-	55,844

26. CASH AND BANK BALANCES

	Note	2013 Rupees	2012 Rupees
Cash in hand		**75,729**	278
Cash at banks in:			
Current accounts		**925,897**	1,466,274
Saving accounts		**48,817**	83,830
Deposit accounts	26.1	**2,151,285**	1,996,616
		3,125,999	3,546,720
		3,201,728	3,546,998

26.1 It includes a separate bank account amounting Rs.1.5 million (2012:Rs. 1.5 million), in compliance with requirements of Section 226 of the Companies Ordinance, 1984.

26.2 Profit and loss sharing accounts bear mark up at the rates ranging from 7% to 10% (2012: 7% to 10%) per annum.

	Note	2013 Rupees	2012 Rupees
27. COST OF SALES			
Raw materials consumed	27.1	**40,198,725**	94,066,837
Salaries, wages and benefits	27.2	**166,248,329**	218,072,612
Fuel, gas and electricity		**280,390,389**	996,884,833
Stores and spares		**45,799,085**	45,862,154
Rent, rates and taxes		**21,048**	331,130
Vehicle running and maintenance		**8,062,439**	13,738,811
Packing material		**10,432,326**	79,123,239
Depreciation	15.1	**65,707,445**	68,543,249
Others		**15,696,325**	38,484,735
		632,556,111	1,555,107,600
Work in process			
Opening		**81,513,302**	62,128,789
Closing		**(201,891,341)**	(81,513,302)
		(120,378,039)	(19,384,513)
Cost of goods manufactured		**512,178,072**	1,535,723,087
Finished goods			
Opening		**21,191,585**	29,611,565
Closing		**(13,351,097)**	(21,191,585)
		7,840,488	8,419,980
		520,018,560	1,544,143,067

27.1 RAW MATERIALS CONSUMED

	Note	2013 Rupees	2012 Rupees
Opening balance		**2,243,620**	704,703
Purchase of raw material		**8,463,917**	36,729,057
Salaries, wages and benefits	27.1.1	**27,120,800**	34,344,698
Gypsum		**169,470**	801,599
Electricity		**1,049,284**	9,088,036
Royalty and excise duty		**2,151,246**	10,589,113
Stores and spares		**721,924**	3,770,989
Rent, rates and taxes		**-**	120,000
Breaking of Gypsum		**61,786**	162,262
		41,982,047	96,310,457
Closing balance		**(1,783,322)**	(2,243,620)
		40,198,725	94,066,837

27.1.1 Salaries, wages and other benefits include Rs.1.08 million (2012:Rs.1.15 million) in respect of Provident Fund contribution by the company.

27.1.2 Salaries, wages and other benefits include Rs.3.9 million (2012:Rs.4.07 million) in respect of Gratuity Fund contribution by the company.

27.2 Salaries, wages and other benefits include Rs. 5.45 million (2012:Rs.5.49 million) in respect of Provident Fund contribution by the company.

27.2.1 Salaries, wages and other benefits include Rs.20.25 million (2012:Rs.21.20 million) in respect of Gratuity Fund contribution by the company.

	Note	2013 Rupees	2012 Rupees
28. DISTRIBUTION COST			
Salaries, wages and benefits		**2,325,474**	3,113,804
Travelling and daily allowances		**501,855**	-
Vehicles running and maintenance		**-**	65,268
Printing and stationary		**-**	39,093
Depreciation	15.1	**112,489**	116,058
		2,939,818	3,334,223

	Note	2013 Rupees	2012 Rupees
29. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	29.1	**10,320,690**	10,942,228
Rent, rates and taxes		**6,084,626**	6,083,335
Travelling and daily allowances		**2,242,688**	4,458,526
Repairs and maintenance		**606,534**	1,254,411
Vehicle running and maintenance		**2,720,493**	1,480,837
Legal and professional		**1,933,782**	9,045,037
Auditors' remuneration	29.2	**868,000**	770,000
Postage, telephone and telegrams		**1,295,170**	1,491,430
Printing and stationery		**272,044**	333,491
Advertisement		**51,500**	84,900
Entertainment		**1,818,178**	1,276,981
Inadmissible Sales tax	29.3	**7,249,226**	-
Fee and subscriptions		**672,708**	488,388
Security services		**104,722**	226,310
Depreciation	15.1	**3,194,203**	3,504,404
Others	29.4	**2,061,593**	4,755,880
		41,496,157	46,196,158

29.1 Salaries, wages and other benefits include Rs.nil (2012: Rs.nil) in respect of Provident Fund contribution by the company.

29.2 Auditors' remuneration

	2013 Rupees	2012 Rupees
Amin, Mudassar & Co.		
Chartered Accountants		
Audit fee	**550,000**	500,000
Tax advisory services	**120,000**	100,000
Certification services	**8,000**	-
Half year review fee	**95,000**	85,000
Code of Corporate Governance review report fee	**95,000**	85,000
	868,000	770,000

29.3 This represents the amount claimed by the company as input sales tax. However, the Deputy Commissioner of Inland Revenue made this amount as inadmissible input sales tax and accordingly adjusted the aforesaid amount from the refund due to the company.

29.4 These include donations of Rs.nil (2012: Rs.384,000) to Bakhtawar Amin Memorial Trust, Multan. Mr. Muhammad Rasheed (Director), Mr. Mansoor Rasheed (Director) and Mr. Saud Rasheed (Director) are interested in donee to the extent that they are members in the Board of trustee of the Trust.

	Note	2013 Rupees	2012 Rupees
30. OTHER OPERATING INCOME			
Income from financial assets			
Profit on deposit and PLS accounts		**204,668**	201,305
Income from non financial assets			
Balances written back	30.1	**11,896,641**	-
Gain on disposal of fixed assets		**-**	358,728
Reversal of provision for doubtful balances		**1,016,021**	-
		12,912,662	358,728
		13,117,330	560,033

Notes.....

	Note	2013 Rupees	2012 Rupees
31. OTHER OPERATING EXPENSES			
Balances written off	31.1	**30,594,950**	-
Other	31.2	**7,710,434**	-
		38,305,384	-

31.1 This include loans and advances to employees and advances to suppliers of Rs. 464,738 and Rs. 29,760,460 respectively. (2012: Rs Nil) .

31.2 This represents loss on disposal of damaged/obsolete packing material.

32. FINANCE COST

	Note	2013 Rupees	2012 Rupees
Interest/mark up on:			
Loans from financial institutions:			
Long term / Short term loans from financial institutions	32.1	**-**	-
Other loans- long term		**4,932,479**	4,932,479
Provident fund		**13,670,126**	11,184,388
Workers Profit Participation Fund (WPPF)		**454,793**	558,425
Bank charges		**211,248**	729,330
		19,268,646	17,404,622

32.1 The company has not made accrual of markup aggregating Rs.189.863 million due to litigations as referred in notes nos. 5.3, 12.1, 12.2 and 12.3.

33. TAXATION

Current

Provision for the current year Rs. Nil (2012: Nil). Minimum tax u/s 113 of the Income Tax Ordinance 2001 has not been made as the company suffered gross loss before depreciation charge. The assessed tax losses available for carry forward is Rs.2,696,422,358 (2012: Rs.2,627,915,825) upto the tax year 2013. Since the company is not liable to any tax under the Normal Tax Regime therefore no numerical tax reconciliation has been given.

Deferred

Deferred tax liability on all temporary differences as at June 30, 2013 has been duly provided and disclosed in note 8.

34. LOSS PER SHARE - - BASIC AND DILUTED

	2013 Rupees	2012 Rupees
Loss for the year	**(466,807,379)**	(506,773,804)
Weighted average ordinary shares during the year-numbers	**94,839,980**	94,839,980
Loss per share (Rupees)	**(4.92)**	(5.34)

	2013 Rupees	2012 Rupees
35. TRANSACTIONS WITH RELATED PARTIES		
Three Stars Hosiery Mills (Pvt) Ltd.		
(Associated company due to common directorship)		
Funds paid back	**1,217,500**	1,481,329
Fund received	**6,433,828**	4,069,000
Active Apparel International (Pvt) Ltd		
(Associated company due to common directorship)		
Fund received	**-**	550,000
Funds paid back	**-**	1,220,500
Forwarder (Pvt) Ltd		
(Associated company due to common directorship)		
Fund received back	**-**	12,570,475

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposure to the following risks from its use of financial instruments:

Credit risk

Liquidity risk

Market risk

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

Here are presented the information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of Capital.

The Company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in the market conditions and the Company's activities.

The company's exposure to financial risks, the way these risks affect revenues, expenses, assets, liabilities and forecast transactions of the company and the manner in which each of these risks are managed is as follows:

Notes.....

36.1 Credit Risk

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

	2013 Rupees	2012 Rupees
Long term security deposits	**10,374,715**	10,434,715
Trade debts	**3,038,538**	9,899,364
Interest accrued	**9,388,556**	9,388,556
Other receivables	**386,967**	531,415
Cash and bank balances	**3,201,728**	3,546,998
	26,390,504	33,801,048

Geographically there is no concentration of credit risk.

Credit Quality of Financial Assets

The company has placed funds in financial institutions keeping in view credit ratings. The company assesses the credit quality of the counter parties as satisfactory. The company does not hold any collateral as security against any of its financial assets.

Cash at banks

A-1+	**1,069,782**	1,587,107
A 1+	**38,837**	96,902
A 2	**2,017,380**	1,862,711
A-1	**-**	-
A-3	**-**	-
	3,125,999	3,546,720

Credit Risk Management

Due to the company long standing business relationship with counter parties and after giving due consideration to their strong financial standings, management does not expect non-performance by the counter parties on their obligation to the company. Accordingly the credit risk is minimal.

36.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The following are the contractual maturities of financial liabilities , including expected interest payments and excluding the impact of netting agreements:

	2013			2012		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	(R u p e e s)					
Financial Assets						
Long term loans	17,352	4,045	21,397	19,152	19,603	38,755
Loans and advances	274,261,478	-	274,261,478	317,188,650	-	317,188,650
Other receivables	386,967	-	386,967	531,415	-	531,415
Accrued interest	9,388,556	-	9,388,556	9,388,556	-	9,388,556
Cash and bank	3,125,999	-	3,125,999	3,546,720	-	3,546,720
	287,180,352	4,045	287,184,397	330,674,493	19,603	330,694,096
Financial liabilities						
Long term loans and liabilities	74,610,861	1,057,994,550	1,132,605,411	64,876,468	1,319,965,765	1,384,842,233
Liabilities against assets subject to finance lease	-	-	-	-	-	-
Long term advances and deposits	-	29,979	29,979	-	46,068	46,068
Trade and other payables	1,478,547,952	-	1,478,547,952	1,243,898,508	-	1,243,898,508
Mark up accrued	712,597,533	-	712,597,533	693,998,380	-	693,998,380
Short term borrowings	899,551,455	-	899,551,455	526,645,864	-	526,645,864
Gratuity payable to trustees	197,383,148	-	197,383,148	173,286,315	-	173,286,315
	3,362,690,949	1,058,024,529	4,420,715,478	2,702,705,535	1,320,011,833	4,022,717,368
Net liquidity	(3,075,510,597)	(1,058,020,484)	(4,133,531,081)	(2,372,031,042)	(1,319,992,230)	(3,692,023,272)

Liquidity Risk Management

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the company ensures that it has sufficient cash on demand to meet expected operational cash flows, including serving of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer. Further, the company has the support of its sponsors in respect of any liquidity shortfalls.

36.3 Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the company's net profit or the fair value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

36.3.1 Currency Risk

The company is exposed to currency risk in respect of export sales, imports and resulting balances that are denominated in a currency other than functional currency. The company's exposure to currency risk as at the reporting date is Rs.nil (2012:Rs.nil):

Foreign Currency Risk Management

Foreign currency risk arises mainly due to fluctuation in foreign exchange rates. The company also has transactional currency exposure. Such exposure arises from sales and purchases of certain materials by the company in currencies other than rupees. The company's export sales is immaterial during the year.

36.3.2 Interest Rate Risk

The interest rate profile the company's interest bearing financial instruments as at the reporting date is as follows:

	2013 Rupees	2012 Rupees
Variable rate instruments		
Financial assets	**2,200,102**	2,080,446
Financial liabilities	**1,486,088,073**	1,486,088,073

The company is exposed to interest rate risk in respect of its variable rate instruments. A 100 basis points change in variable interest rates would have increased loss by 2013: Rs. 14.51 million (2012: Rs.14.51 million) if fully charged to profit and loss account. This sensitivity analysis is based on assumption that all variables, with the exception of interest rates, remain unchanged.

The effective interest / mark-up rates in respect of financial instruments are mentioned in respective notes to the financial statements.

36.4 Capital risk management

The primary objective of the company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policy and processes during the year ended June 30, 2013.

The company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt.

During 2013, the company's strategy was to minimize leveraged gearing. The gearing ratios as at June 30, 2013 and 2012 were as follows:

	2013 Rupees	2012 Rupees
Long term loans	**1,057,994,550**	1,319,965,765
Trade and other payable	**1,675,931,100**	1,417,184,823
Accrued interest	**712,597,533**	693,998,380
Current portion of long term finance	**74,610,861**	64,876,468
Short term borrowings	**899,551,455**	526,645,864
Total debt	**4,420,685,499**	4,022,671,300
Cash and bank balances	**3,201,728**	3,546,998
Net debt	**4,417,483,771**	4,019,124,302
Share capital	**948,399,800**	948,399,800
Share premier reserve	**31,800,740**	31,800,740
Surplus on revaluation of fixed assets	**1,065,253,220**	1,101,477,782
Accumulated loss	**(3,776,842,529)**	(3,346,259,712)
Equity	**(1,731,388,769)**	(1,264,581,390)
	(6,148,872,540)	(5,283,705,692)
Gearing ratio (Net debt / Equity)	**(2.55)**	(3.18)

36.5 Fair Value of Financial Assets and Liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair value.

36.6 Default and breaches of loans payable

36.6 Default and breaches of loans payable

	Carrying value		Nature of default
	Principal amount	Mark up due	
	----- R u p e e s -----		
The Bank of Punjab			
Long term demand finance	750,000,000	697,259,450	Company failed to pay quarterly installments alongwith markup due thereon
Short term finance facility	270,000,000	235,437,106	The company has not renewed the short term bridge finance facility
Finance against PADs	57,256,073	49,190,669	Company could not pay the amount on due date
Finance against Guarantee	83,600,000	59,270,608	The bank paid this amount against the Guarantee to SNGPL and the company could not pay the amount to the bank.
Economic Affairs Division	35,232,000	27,806,735	Company failed to pay the half yearly installments alongwith markup due thereon.
KASB Bank ltd	290,000,000	238,938,068	The company has not renewed the short term running finance facility

37. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2013			2012		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
	(R u p e e s)					
Managerial remuneration	-	-	900,000	-	-	648,000
House rent	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	-	900,000	-	-	648,000
Number of persons	-	-	1	1	-	1

The Chief Executive, Director and executive is entitled to free use of cars according to company policy.

38. PROVIDENT FUND

The company has maintained an employees' provident fund trust (Trust). Company has to contribute the amount of provident fund (Fund) to the Trust. Due to severe financial crunch, as referred in note 6.3 of these financial statements, the company was unable to pay such amount. However, mark-up, as return of investment, has been accrued in the books of accounts of the company. At the year ended June 30, 2013 figures of the fund are as follows:

	2013 Rupees	2012 Rupees
Unpaid contribution by the company on which profit is payable to the fund	**107,286,071**	94,926,741
Profit on unpaid contribution by the company	**47,385,219**	33,715,093
Size of fund	**154,671,290**	128,641,834
Percentage of unpaid contribution on which profit is payable	**69%**	74%

Notes.....

The management has the intention to contribute the full amount of provident fund with related mark-up on attaining the profitable operations of the company. All the amount will be invested by the Trust as per the requirements of the Section 227 of the Companies Ordinance, 1984, once received from the company.

39. NUMBER OF EMPLOYEES

The detail of number of employees are as follows:

	2013	2012
	-------Number-------	
Average no of employees during the year	**725**	780
Number of employees as at June 30,	**686**	775

40. PLANT CAPACITY AND ACTUAL PRODUCTION

	M. Tons	M. Tons
Plant capacity (Ordinary Portland Cement)	**504,000**	504,000
Plant capacity (Clinker)	**480,000**	480,000
Actual production (Clinker)	**42,890**	197,036
%age of capacity utilized (Clinker)	**9**	41

40.1 Shortfall in 2013 in production is mainly due to plant shut down and financial crunch .

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on November 07, 2013 by the Board of Directors of the company.

MUHAMMAD IMRAN IQBAL
Director

MUHAMMAD AMJAD AZIZ
Director

Statement u/s 241(2) of the Companies Ordinance, 1984
These financial statements have been signed by two Directors instead of Chief Executive and one Director as the Chief Executive is not in Pakistan for the time being.

Summary of Last Ten Years' Financial Result

Rupees in Thousands

Description	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Trading Results:										
Turnover	145,272	1,103,744	773,176	233,286	1,146,063	556,149	914,555	1,412,957	1,087,164	812,211
Gross Profit /(Loss)	(374,747)	(440,399)	(351,839)	(263,754)	(84,882)	(236,620)	(207,432)	220,436	66,682	(6,951)
Operating Profit /(Loss)	(444,371)	(489,929)	(384,520)	(295,450)	(192,595)	(328,986)	(284,902)	150,667	3,784	(41,819)
Profit /(Loss) Before Taxation	(463,639)	(506,774)	(392,030)	(556,982)	(457,657)	(556,402)	(438,154)	63,940	(61,759)	(123,128)
Profit /(loss) After Taxation	(466,807)	(506,774)	(339,163)	(436,126)	(310,177)	(419,168)	(437,276)	13,614	56,826	(112,828)
Balance Sheet:										
Shareholders Equity	(2,796,642)	(2,366,059)	(1,896,526)	(1,596,274)	(1,202,189)	(934,958)	(830,956)	(424,736)	(447,750)	(577,147)
Operating Fixed Assets	2,016,895	2,085,626	2,155,354	2,230,649	2,313,958	2,382,119	2,456,936	1,796,726	1,812,714	1,911,135
Net Current Liabilities	(2,699,135)	(2,038,988)	(1,545,673)	(1,384,555)	(834,944)	(384,722)	(328,284)	(88,013)	(251,999)	(292,712)
Long term Liabilities	1,059,527	1,321,662	1,387,978	1,405,724	1,411,684	1,465,374	1,194,013	1,056,014	1,072,416	1,104,762
Significant Ratios										
Gross Profit Ratio %	(257.96)	(39.90)	(45.50)	(113.06)	(7.41)	(42.55)	(22.68)	15.60	6.13	(0.86)
Net Profit Ratio %	(321.33)	(45.91)	(43.87)	(186.95)	(27.06)	(75.37)	(47.81)	0.96	5.23	(13.89)
Fixed Assets Turnover Ratio	0.07	0.53	0.36	0.10	0.50	0.23	0.37	0.79	0.60	0.42
Current Ratio	1.00	0.25	0.32	0.30	0.41	0.58	0.60	0.80	0.49	0.42

Form of Proxy

The Secretary
Dandot Cement Company Limited
LAHORE.

I/We____

of ____

being a member of **Dandot Cement Company Limited** and holder of ________________ Ordinary Shares as per Shares Register Folio No. ____________________ hereby appoint Mr. ______________________ of ______________ Folio No. ________________ who is also a member of **Dandot Cement Company Limited** as my/our proxy to attend and vote for and on my / our behalf at the 33rd Annual General Meeting of the Company to be held on **Saturday, November 30, 2013 at 11:30 a.m.** and at any adjournment thereof.

As witnessed given under my / our hand (s) ______________ day of November 2013.

Signature

Witness:

Signature: ________________________

Name: ________________________

Address: ________________________

On five
Rupees
Revenue
Stamp

Note:

1. The Proxy in order to be valid must be signed across a Five Rupees Revenue Stamp and should be deposited in the Registered Office of th Company not later than 48 hours before the time of holding the meeting.

2. No person shall be act as proxy unless he is a member of the Company.

3. Signature should agree with the specimen signature registered with the Company.

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AFFIX
CORRECT
POSTAGE

The Company Secretary,

Dandot Cement Company Limited,
30-Sher Shah Block, New Garden Town,
Lahore - Pakistan.
Ph: +92-42-35911485

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