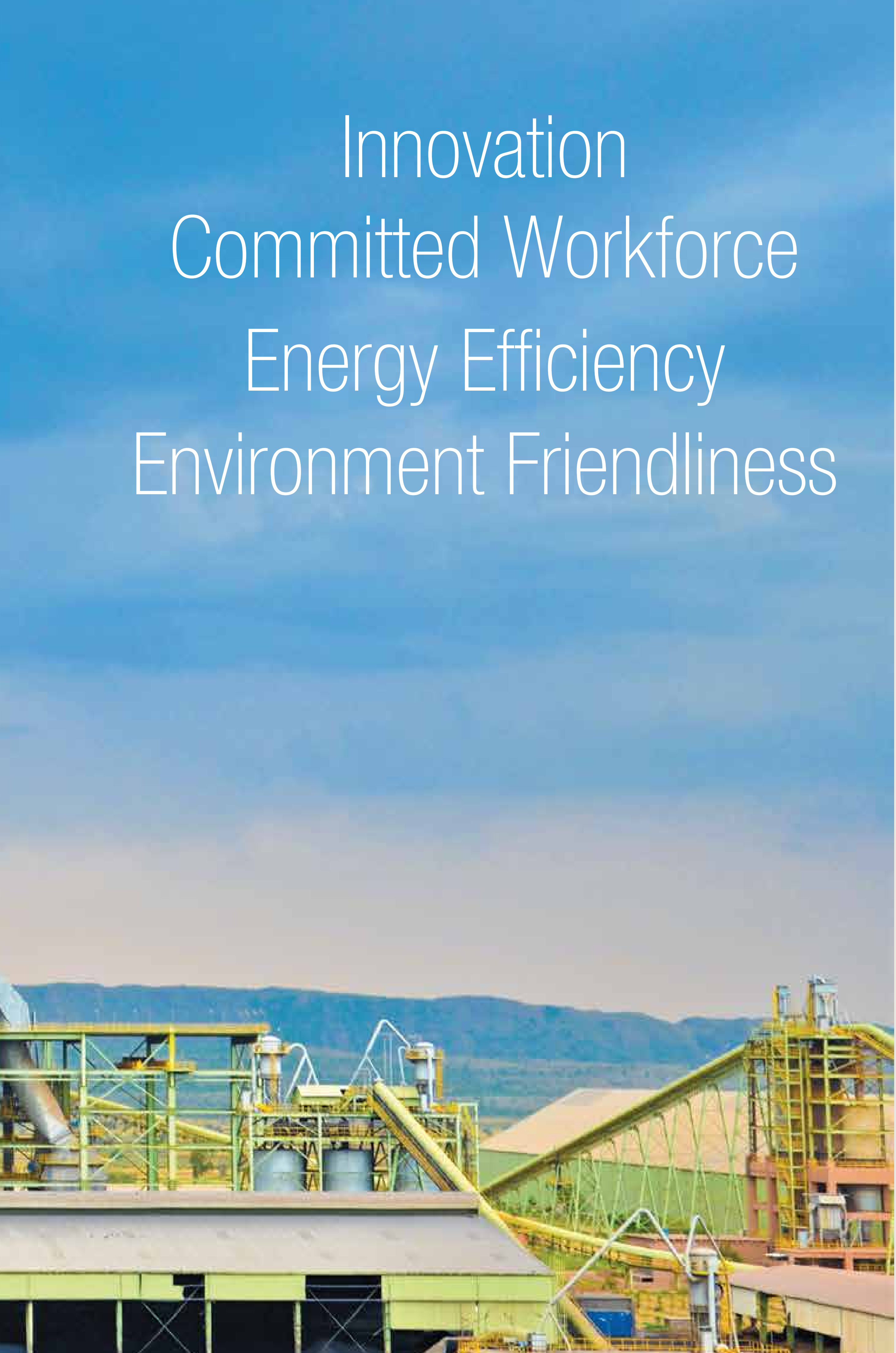
NISHAT

Annual Report

2013

D.G. Khan Cement Company Limited

Contents



Innovation
Committed Workforce
Energy Efficiency
Environment Friendliness

Vision Statement

To transform the Company into a modern and dynamic cement manufacturing company with qualified professionals and fully equipped to play a meaningful role on sustainable basis in the economy of Pakistan.

Mission Statement

To provide quality products to customers and explore new markets to promote/ expand sales of the Company through good governance and foster a sound and dynamic team, so as to achieve optimum prices of products of the Company for sustainable and equitable growth and prosperity of the Company.

Company Profile

Board of Directors	Mrs. Naz Mansha	Chairperson
	Mian Raza Mansha	Chief Executive
	Mr. Khalid Qadeer Qureshi	
	Dr. Arif Bashir	
	Mr. Farid Noor Ali Fazal	
	Mr. Inayat Ullah Niazi	Chief Financial Officer
	Ms. Nabiha Shahnawaz Cheema	
Audit Committee	Mr. Khalid Qadeer Qureshi	Member/Chairman
	Mr. Farid Noor Ali Fazal	Member
	Ms. Nabiha Shahnawaz Cheema	Member
Human Resource & Remuneration Committee	Mian Raza Mansha	Member
	Mr. Khalid Qadeer Qureshi	Member/Chairman
	Ms. Nabiha Shahnawaz Cheema	Member
Company Secretary	Mr. Khalid Mahmood Chohan	
Bankers	Allied Bank Limited	Habib Metropolitan Bank
	Askari Bank Limited	MCB Bank Limited
	Bank Alfalah Limited	Meezan Bank Limited
	Bank Islami Pakistan Limited	National Bank of Pakistan
	Barclays Bank Plc	NIB Bank Limited
	Citibank N.A.	Samba Bank Limited
	Deutsche Bank AG	Standard Chartered Bank (Pakistan) Limited
	Dubai Islamic Bank	Silk Bank Limited
	Faysal Bank Limited	The Bank of Punjab
	HSBC Bank Middle East Limited	United Bank Limited
	Habib Bank Limited Limited	

External Auditors
A.F. Ferguson & Co, Chartered Accountants

Cost Auditors
Qadeer & Company, Chartered Accountants

Legal Advisors
Mr. Shahid Hamid, Bar-at-Law

Registered Office
Nishat House, 53-A, Lawrence Road,
Lahore-Pakistan
Phone: 92-42-36367812-20 UAN: 111 11 33 33
Fax: 92-42-36367414
Email: info@dgcement.com
web site: www.dgcement.com

Factory

1. Khofli Sattai, Distt. Dera Ghazi Khan-Pakistan
   Phone: 92-641-460025-7
   Fax: 92-641-462392
   Email: dgsite@dgcement.com

2. 12, K.M. Choa Saidan Shah Road,
   Khairpur, Tehsil Kallar Kahar,
   Distt. Chakwal-Pakistan
   Phone: 92-543-650215-8
   Fax: 92-543-650231

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the Shareholders of D. G. Khan Cement Company Limited ("the Company") will be held on October 31, 2013 (Thursday) at 11:00 A.M. at Nishat House, 53-A, Lawrence Road, Lahore to transact the following business:

1. To receive and adopt the Audited Unconsolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2013 together with the Directors' and Auditors' reports thereon.

2. To approve Final Cash Dividend @ 30% (i.e. Rs. 3/- Only (Rupee Three Only) Per Ordinary Share) as recommended by the Board of Directors.

3. To elect seven Directors of the Company for a period of three years in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 in place of the following retiring Directors :-

1.	Mrs. Naz Mansha	2.	Mian Raza Mansha
3.	Mr. Khalid Qadeer Qureshi	4.	Mr. Farid Noor Ali Fazal
5.	Dr. Arif Bashir	6.	Mr. I. U. Niazi
7.	Ms. Nabiha Shahnawaz Cheema		

4. To appoint statutory Auditors for the year ending June 30, 2014 and fix their remuneration.

By order of the Board

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

LAHORE
SEPTEMBER 4, 2013

NOTES:

1. BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from 18-10-2013 to 31-10-2013 (both days inclusive) for entitlement of 30% Final Cash Dividend (i.e. Rs. 3/- (Rupees Three Only) Per Ordinary Share) and attending and voting at Annual General Meeting. Physical transfers/ CDS Transactions IDs received in order in all respect up to 1:00 p.m. on 17-10-2013 at Registered Office, Nishat House, 53-A, Lawrence Road, Lahore, will be considered in time for entitlement of 30% Final Cash Dividend and attending of meeting.

2. A member eligible to attend and vote at this meeting may appoint another member his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's Registered office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution/power of attorney with specimen signature shall be furnished along with proxy form to the Company. The shareholder through CDC are requested to bring original CNIC, Account Number and Participant Account Number to produce at the time of attending the meeting.

3. Shareholders are requested to immediately notify the change in address, if any.

4. Members who have not yet submitted photocopies of their CNICs to the Company are requested once again to submit the same at the earliest to mention it on dividend warrants in compliance with the directive of the Securities and Exchange Commission of Pakistan vide SRO No. 831(1)/2012 dated 05 July 2012, it is mandatory for the listed companies to print the CNIC Numbers of the registered shareholder(s) or authorized persons on the Dividend Warrants.

STATEMENT UNDER RULE 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2012.

Name of the Investee Company	Nishat Dairy (Pvt) Limited
Total Investment Approved	PKR 500 Million was approved by the members in their meeting held on October 24, 2012 for a period of three (3) years.
Amount of Investment made to date	PKR 300 Million
Reason for not having made complete investment so far where resolution required it to be implemented in specified time.	Investment has been made in Nishat Dairy (Pvt) Limited as per funds requirement of the investee company and further investment will be made according to the financial need of investee company.
Material Change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.	The Company has started its commercial operation and as per available financial statements for the year ended June 30, 2013, the loss per share is Rs. 2.29 and break-up value per share is Rs. 9.14. At the time of approval investee company had not started its commercial operation therefore basic earnings per share and break-up value per share for that time is not available.


from Dreams to Reality
from Raw to Structure
from Rural to Urban
from Past to Future
from Vision to Execution
from Small Units to Big Cities
from Moments to Monuments
from Home to Workplace
from Science to Art
from Individual to Society
We are there

DIRECTORS' REPORT

The Directors of your company are pleased to submit their report along with audited financial statements for the year ended June 30, 2013.

THE ECONOMY

The economy of Pakistan is experiencing hard times since last five years. National economic performance was affected by the internal security hazards, the devastating floods and rains and the energy crisis. According to economic survey of Pakistan 2013, the domestic economy grew at average rate of 2.9 percent per annum. Hazardous situation of power supply is the main constraint on growth and energy crisis is thwarting the materialization of our potential. Power outages have shaved off annual GDP growth. Pakistan has the potential to grow at 6 to 7 percent in the next couple of years which is also needed to absorb new workforce entrants. The GDP growth for 2012-13 was targeted at 4.3 percent which realized at 3.6 percent. Pakistan has undergone the general election in May 2013 and its results and participation indicated hope and awareness in people of Pakistan. There are expectations for new vibrant policies, keeping view on long term goals while managing short term crisis, on terrorism, law and order and economics. The current fiscal year 2012-13 started with single digit inflation but it is expected that recent measures by government will inflate the inflation.

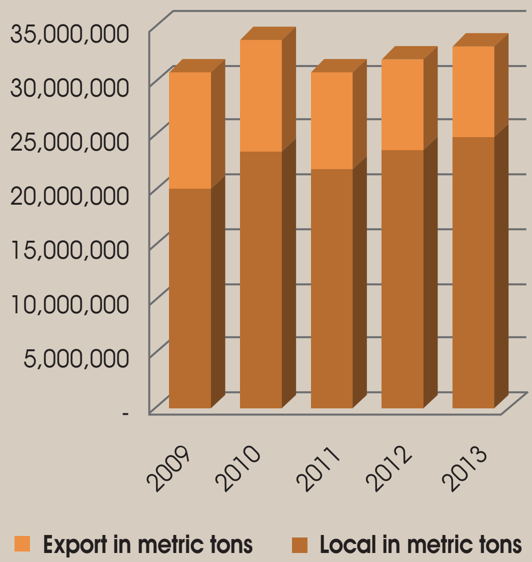
Even after four years of global financial crisis, world economy is still trying to come out of its untoward impacts. Developing economies are the main driver of global growth, but their output has slowed compared with the pre-crisis period. To regain pre-crisis growth rates, developing countries must once again emphasize internal productivity enhancing policies. Europe is still struggling to break the bubble of vicious debt virus. Middle East unrest is a major threat to global economy.

THE INDUSTRY

Though the cement trade may not be global, consumption follows the same path as other more widely traded commodities that have a close correlation with economic expansion. In recent years demand in emerging economies has risen sharply, as they urbanise and industrialise: they now consume 90% of the world's cement output, and this share is likely to keep growing. According to some reports cement supply will grow by around 5% per year. The best growth will be in Africa and the Middle East at around 4%. Europe is expected to see negative cement growth in upcoming year. Chinese growth rates have moderated with further chances of price reduction. Indian pricing has been strong, but it remains to be seen if this can continue with incipient regional oversupply. There has been strong government spending in some Far East countries leading to double-digit growth in cement demand.

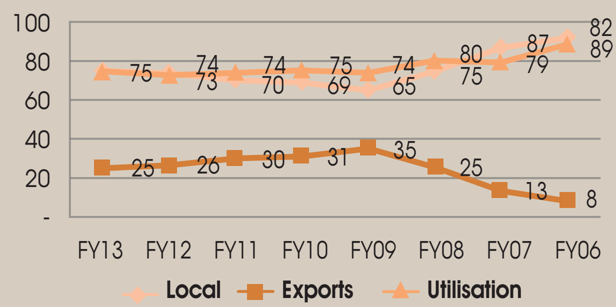
Last year was comparatively good for Pakistani cement industry for pocketing better margins. Main factors for this exceptional trend are favourable price and persistent demand. In 2013, due to increase in construction activities cement demand increased by 1.1 million tons as compared to last year. There is a decrease of 2.3% in exports volumes compensated by about 5% depreciation of Pakistani currency. The decrease in exports volumes is attrib uted to entry of Iranian cement in Afghanistan market.

Industrial Cement Despatches



According to the economic survey of Pakistan 2013, the construction sector is having 11.42 percent share in overall industrial sector. The construction sector has recorded 5.2 percent growth as compared to 3.2 percent growth last year. The increase in growth is due to rapid execution of work on the rehabilitation of the flood affected areas, increased investment in small scale construction and rapid implementation of PSDP schemes and other development projects of federal and provincial governments.

Pakistan Cement Industry Despatches and Utilisation Trend in % (in terms of QTY)



COMPANY'S BUSINESS PERFORMANCE 2013

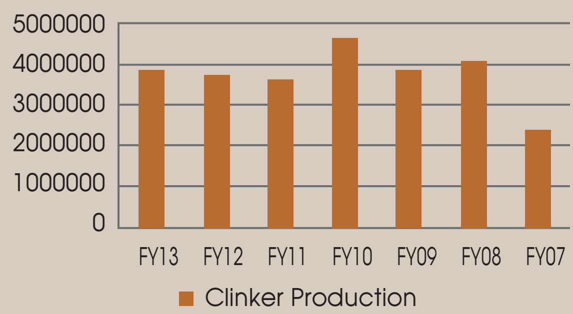
Here are the annual performance highlights for FY13:

Particulars	PKR in thousands
Sales (Net)	24,915,924
Cost of Sales	15,589,917
Administrative Cost	405,579
Selling Cost	1,751,174
Other Costs	544,806
Finance Cost	994,879
Total Costs	19,286,355
Other Income	1,466,289
Taxation	1,593,689
Income After Tax	5,502,169

	2013	2012
Clinker Production (MT)	3,924,090	3,773,948
Cement Production (MT)	4,031,801	4,004,458
Clinker Sales (MT)	6,000	5,945
Cement Sales (MT) (Local)	2,887,812	2,765,534
Cement Sales (MT) (Export)	1,120,464	1,253,422

The Company's domestic sales network is spread throughout the country while its major exports markets are Afghanistan, various countries in African Continent, Sri Lanka and India. Company's extensive dealer network is one of our strength.

Company's Clinker Production



In line with the industry's performance, our local volumes increased by more than 4%. While our export volumes decreased about 10 %. Our clinker production increased about 4% compared to last year.

During Financial Year 2013, our company performance exhibit all time high post-tax profit of Rs 5.5 billion and our Earning per Share (EPS) remained at Rs. 12.56 / Share.

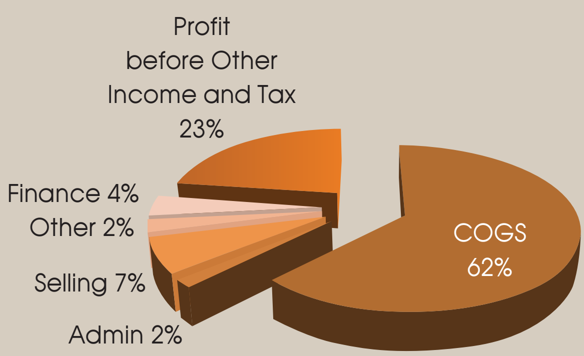
Our sales increased about 9% while COGS about 1%. Stable and favourable local prices, maintained demand and devaluation in local currency contributed to comparatively more sales value. Cost of sales to Sales ratio lowered to 62% from 67% due to use of alternate fuels, electricity generation through waste heat recovery and reduced coal prices which overshadowed the inflationary impact of other materials. During the year your company generated about 61million KWH from waste heat recovery thus

sharing the burden of national grid with bringing economy to operations. Selling expenses reduced by 20% on YOY basis. Reason behind this is low volumes of exports. The projects of alternate fuels are a success and contributed to noticeable cost savings. It not only reduced imported coal cost but also saved income statement from exchange loss to some extent. Use of alternate fuels also contributed to healthier environment which would be hazardous waste for community if not disposed off properly.

40% YOY reduction in finance cost is attributed to repayment of loans, effective utilization of short term credit lines, reduction in discount rate and banking spreads. This all come from better cash flows!

Due to exposure in foreign currencies a net exchange loss of PKR 145 million for the year is also recorded owing to currency devaluation. However, this loss is reduced by 49% when compared with last year due to reduction in foreign currency exposure. While the currency devaluation remained at about 5% YOY for FY13 compared with about 10% for FY12. Other income includes dividend of PKR 1.295 billion received during the year. Taxation includes provision of deferred taxation amounting to PKR 1.5 billion arising out of capitalization of assets and change in mix from exports to local sales.

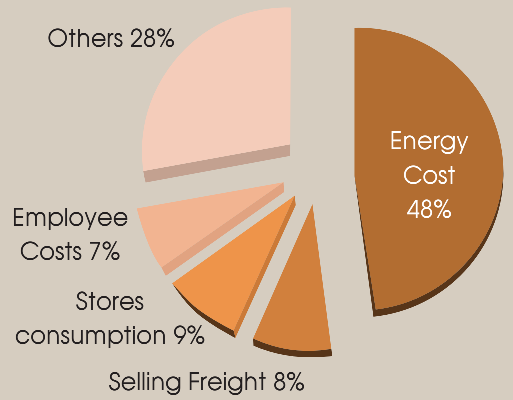
Distribution of Net Sales

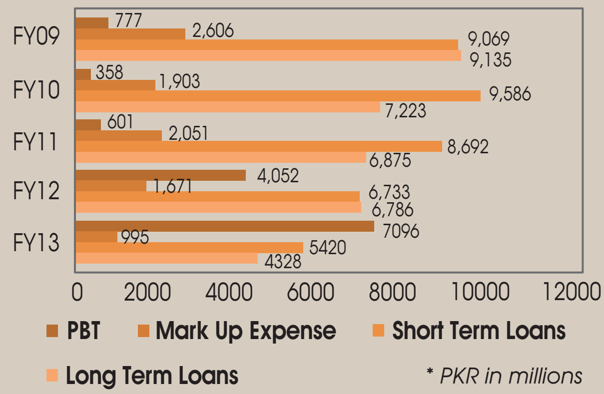


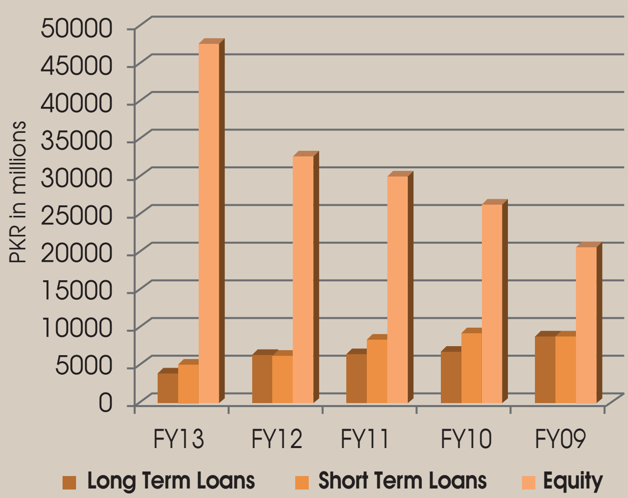
Within the total costs of the Company the energy cost shares the highest value of about 48% and the selling freight was occupying 8% mark. The company's employee cost is about 7% of its total cost and about 5.5% of net sales.

The Company is maintaining a very safe and sound balance between owners' capital and lenders funds. Company's liability and capital structure is very well maintained. Total assets of the company are represented by 25% liabilities and 75% capital. Whereas, within liabilities, 63% relates to financial institutions as of June 30, 2013. The company's

Major expenses as % of total cost



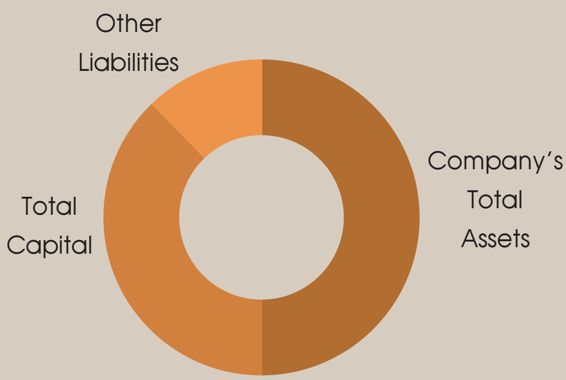




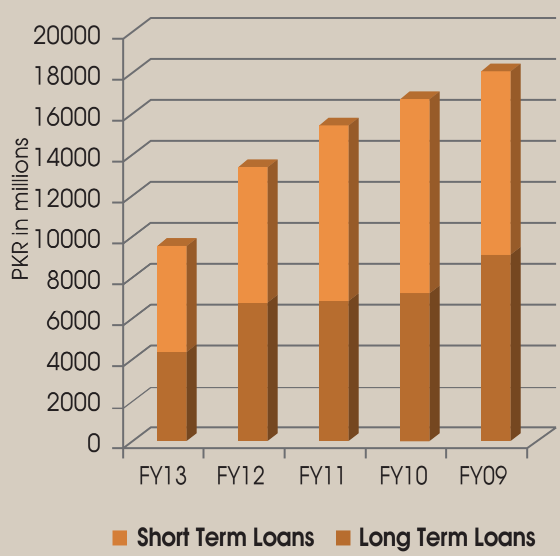
long term loans are reduced by 36% while short term debt slashed by 19.5%. The company's equity to debt rose from 1.15 times to 4.9 times from FY09 till FY13. Better cash flows from sales and cost saving measures made this possible. Now the company's balance sheet is bearing much less financial risk when compared with last five years.

The Company has a policy of continuous development, innovation and upgradation of its production facilities. This policy is translated into reality which is evident from our year wise capitalization. In FY13 major capitalizations include waste heat recovery at Khairpur site and few phases of alternate fuel projects. The total assets are deployed in very systematic manner. The Company's balance sheet represents its strength and your Company's management's controls.

Company's Assets Claims



Company's Liabilities Structure



During FY13 the Company's plants operated efficiently at 97.6% compared to 93.8% of FY12. Your Company contributed PKR 4.7 billion to national exchequer during FY13 in terms of various taxes and levies. The company also contributed its due share in earning foreign exchange for the country and earning good name and ties for motherland.

FUTURE OUTLOOK

The management foresees that your Company has splendid capability to grow and flourish further. However, organizations work in various layers of environments all of which have different spells.

It requires untiring and sincere efforts from government to support the shaky economic situation and may demand tough decisions. But decisions should be in the right direction!

Energy being the life line of economy is vital to economic growth of a country. Government's efforts to consolidate the current state are expected to result in reduction in power crises. However, new ventures need to be explored to generate extra energy at a cheaper rate. High increase in electricity and gas tariffs would increase the cost of business. Middle East, specifically Syria unrest may cast frustrating impacts on global economy including Pakistan. This unrest may result in Oil price hikes which would be translated into high inflation. World trade may also get affected by probable struck of war which would ultimately worsen many sectors in Pakistan as well.

It is expected that repayments of national foreign loans and imbalanced balance of payment would result in further devaluation of local currency. SBP may start picking up the discount rate which in turn may raise financial costs.

In recent Finance Act, the government has taken various steps to document the economy and to generate extra revenue from tax sources. However, due to lack of planning this put extra burden on business community. Moreover, instead of broadening tax base, government put extra burden on current tax payers in terms of documentation and additional taxes.

It is expected that local demand of cement may increase due to expected government spending on infrastructure projects. Recent flood in Punjab and Sindh has damaged major infrastructure and crops. Revival activities may result in additional demand of construction material.

Our cost of sales may escalate owing to excepted devaluation of Pakistani Rupees and probable inflation rise. On the other side in upcoming year we anticipate to reap the benefits of waste heat recovery plant installed at Khairpur site. We are working on sites near Lahore and Multan to Process waste into a refused derived fuel. These plants are expected to be operational by November 2013 and would bring economy to our business process.

The company recently abandoned establishing a plant in Mozambique due to lack of major infrastru-cture required to set up a cement plant. However, we still intend to make a venture in African Continent. We intend to make a green field cement plant at Hub, District Lasbela, with a capacity of upto 2.6 million tons per annum to explore its unattended market and get benefits of nearness of port.

COMPANY'S SENSITIVITY FACTORS

The Company's areas with major sensitivity are Price, Volume, Foreign Exchange, Interest Rates and Energy.

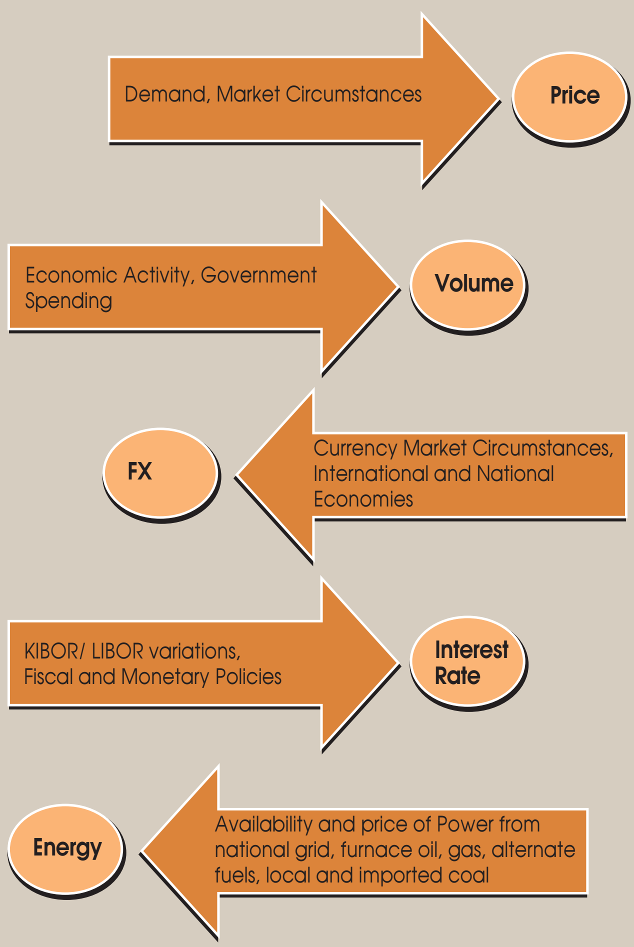
Price is dependent on the economic activity of the country and market circumstances. Cement industry in Pakistan have had a volatile trend in terms of price. Even at times in past product was being sold as cash loss. Price is determinant factor in obtaining reasonable profitability.

Volume is important factor and is a phenomenon closely linked to price factor as well. However, the demand of cement till a certain level is inelastic. Volumes of cement appear to have more responsive correlation with economic activity than price, although price plays a vital role as well. If governmental level spending increases it will have huge impact. Demand from households normally stays constant with some impact of price and more impact of economy. Institutional sales are important when institutions are on way towards expansions, new setups etc.

Foreign Exchange is important sensitivity factor in the company as the company has reasonable exposure towards foreign currencies. The Company has its huge volumes of imports denominated mostly in Euro and some are in US Dollar, Japanese Yen and other currencies. Company has substantial footing in exports which are US Dollar based. Besides the company used to have USD based long term and short term financings as well. Management of your company is vigilant in maintaining a balance. However, FX extra ordinary movements are beyond control of management. Currencies are very reactive to economical data therefore, US and EU data impacts are noticeable. During FY13 PKR lost its further 5% value as compared to July 13. The company has entered into a cross currency swap to cover half of its foreign long term loan. For rest the company's exports provide a natural hedge for its imports and FCY loans.

Interest Rate has reasonable impact on income statement of the Company as the Company has substantial loaning – long and short term. Moreover, Company is also having USD based loans exposure. Therefore, movements in KIBOR or/and LIBOR both have sensitivity for the Company. The financial and money market factors also impart respective impacts as these are crucial in determining the spreads being charged by banks. However, continuous improve-ment in sales is fading out the financial risk.

Energy – The highest shareholder in cement cost, is undoubtedly one of major factors that could affect profitability and operations due to its inelastic nature for this product. Cement producing facility is energy intensive. Heavy loads of power are needed to run the giant structures. Your company has sufficient captive power capacity besides national grid to overcome the power failures. Besides, massive quantity of coal is required to burn the kilns. Your company is fully aware of this major aspect of its operation. We have invested in alternate fuels to reduce consumption of coal. Heavy machineries are installed to generate electricity from the waste heat of kilns. However, availability and prices of energy in its various forms, that includes national grid, furnace oil, gas, imported coal, local coal and alternate fuels, is a major risk for this industrial sector. Oil prices and ocean and local freight are among those factors which may impart considerable impact. Inflation is not a less important risk factor which can affect the cost of doing business in either way.



Credit, Liquidity and other risks have been discussed at length in notes to the accounts.

Corporate Social Responsibility

Your company place highest value to human development and community progress. Human and community values are core to us. Organisations are not made up of bricks and sand but of human beings. Humans are part of society and better society could produce better persons.

We treat our employees as our greatest asset. We are committed to attract, retain and develop the dedicated work force of highest quality. We stress to hire and promote our employees on the basis of their qualification and performance. We are also determined to provide equal opportunity to our employees and provide them work environment free from any illegal discrimination both direct and indirect. Employees safety is on top at our priorities. Best practices have been adopted and implemented to ensure employees safety.

The company has privilege to send 12 employees for Hajj through ballot each year. The company bears all expenses of these employees pertaining to religious offering. For us, the health and welfare of our employees has always been a matter of supreme importance. The company provides comprehensive medical coverage to all employees and their families. The company also invested in sports complex with state of the art sports facilities for its employees.

Understanding the importance of education, the company is operating two schools in DG Khan bearing total cost of about PKR 20 million.

During the year, our company contributed more than PKR 3.5 million towards flood affected people of D.G. khan district and water supply at Chakwal district.

The company operates ambulance for its employees and nearby locality. The company operates a free medical centre in Chakwal. Further, in case of any mishap on motorway or nearby vicinity of Khairpur factory the company provides support for restoration by providing equipments with services free of any cost.

Carbon Credits

Our four projects two of waste heat recovery and two of alternate fuels have been approved by UNFCCC. Excepted per annum CERs from these four projects would amount to approximately 350,000. First verification of these CERs is now due. This is an evidence of the company's commitment to cleaner and healthier environment.

Appropriation

The Board, keeping in view the profitability and capacity expansion requirements, decided to recommend dividend of PKR 3 per share for FY 13.

Auditors

The present auditors, M/s A. F. Ferguson & Co., Chartered Accountants retire and offer themselves for reappointment.

The Board has recommended the appointment of M/s A. F. Ferguson & Co., Chartered Accountants as auditors for the ensuing year as suggested by the Audit Committee subject to approval of the members in the forthcoming Annual General Meeting.

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by Karachi, Lahore and Islamabad Stock Exchanges in their Listing Regulations, relevant for the year ended 30 June 2013 have been adopted by the company and have been fully complied with. A Statement to this effect is annexed to the Report.

Meeting of Board of Directors

During the year under consideration, seven (7) Board meetings were held and the number of meetings attended by each Director is given in the annexed table.

Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance, which now comprises of two (2) Non-Executive Directors (including its Chairman) and one (1) Executive Director. During the year, 5 Meetings of the Audit Committee were held. The Audit Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided by the Listing Regulations.

Corporate and Financial Reporting Frame work

The financial statements together with the notes thereon have been drawn up by the management of the company in conformity with the Company Ordinance, 1984 and applicable International Financial Reporting Standards (IFRS). These Statements present fairly the company's state of affairs, the results of its operations, cash flow and changes in equity.

- Any departure from the application of IFRS has been adequately disclosed in" Notes to the Accounts" of financial statements.
- Proper books of account have been maintained by the company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is sound in design and has been effectively implemented and monitored and is being continuously reviewed by the internal auditors.
- There are no doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best Practices of Corporate Governance, as detailed in the Listing Regulations.
- The key operating and financial data for the last six years is annexed.
- Value of investments of Provident Fund based on its audited financial statements is Rs.622.806 million (2012: Rs 513.350 million).

Pattern of Shareholding

A statement of pattern of shareholding of certain class of shareholders as at 30 June 2013, disclosure of which is required under the reporting frameworks, is included in the annexed shareholders' information.

The Directors, Chief Executive, Chief Financial Officer, Company Secretary, their spouses or minor children did not carry out any trade in the shares of the company during the year.

Company's Staff and Customers

We wish to record our appreciation of continued commitment of our employees and patronage of our customers.

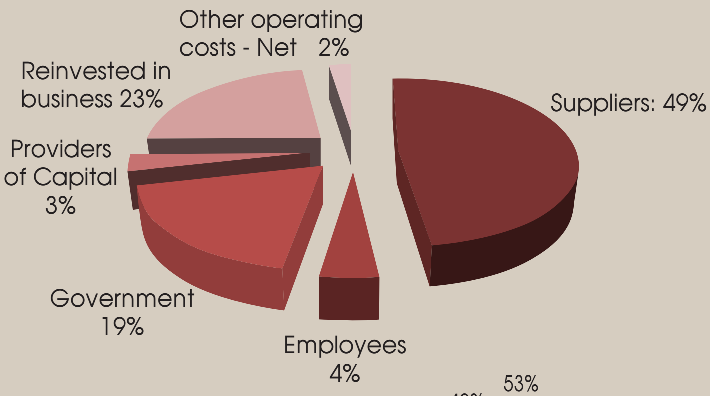
Mian Raza Mansha
Chief Executive Officer

Lahore: September 04, 2013

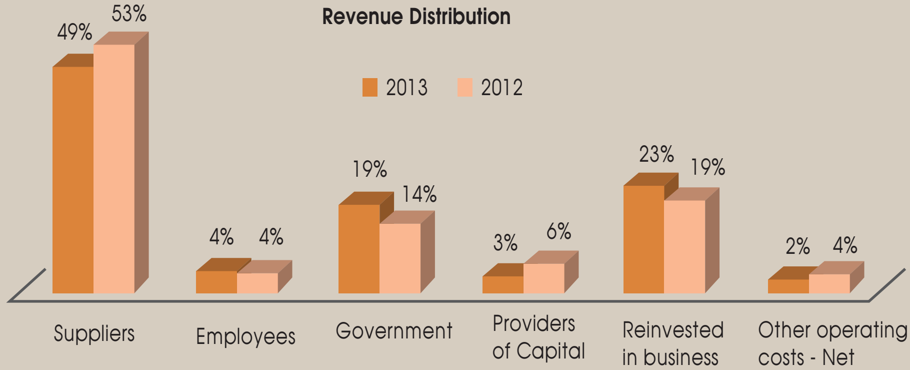
STATEMENT OF VALUE ADDITION
FOR THE YEAR ENDED JUNE 30, 2013

	2013 (Rupees in thousand)			2012 (Rupees in thousand)		
Revenue Generated						
Revenues:						
- Local sales	22,733,690			20,258,088		
- Exports	6,866,192	29,599,882	95%	7,146,522	27,404,610	96%
Income from other sources						
- Investment income	1,295,633			1,058,707		
- Other income	170,656	1,466,289	5%	129,229	1,187,936	4%
		31,066,171	100%		28,592,546	100%
Revenue Distributed						
Suppliers:						
- Raw and packing materials	2,036,742			1,877,887		
- Services	1,690,951			2,155,540		
- Stores spares	1,940,394			1,599,699		
- Fuels and energy	9,260,559	14,928,646	49%	9,379,576	15,012,702	53%
Employees		1,376,040	4%		1,155,599	4%
Government:						
- Direct taxes	1,593,689			(55,652)		
- Indirect taxes	4,328,090			4,177,559		
- Other levies and duties	-	5,921,779	19%	-	4,121,907	14%
Providers of Capital:						
- Banks	994,880			1,670,784		
- Ordinary share holders	-	994,880	3%	-	1,670,784	6%
Reinvested in business						
- Depreciation	1,596,207			1,466,164		
- Profit for the year	5,502,166	7,098,373	23%	4,108,118	5,574,282	19%
Other operating costs - Net		746,453	2%		1,057,272	4%
		31,066,171	100%		28,592,546	100%

Revenue Distribution 2013



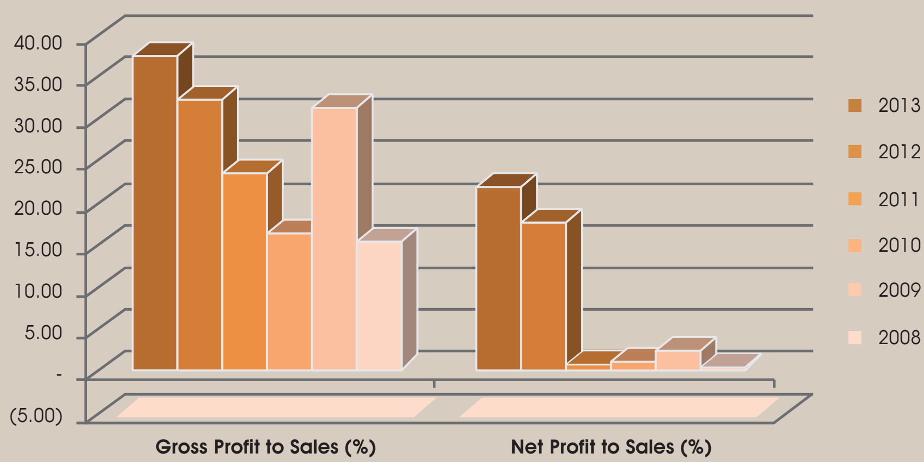
Revenue Distribution

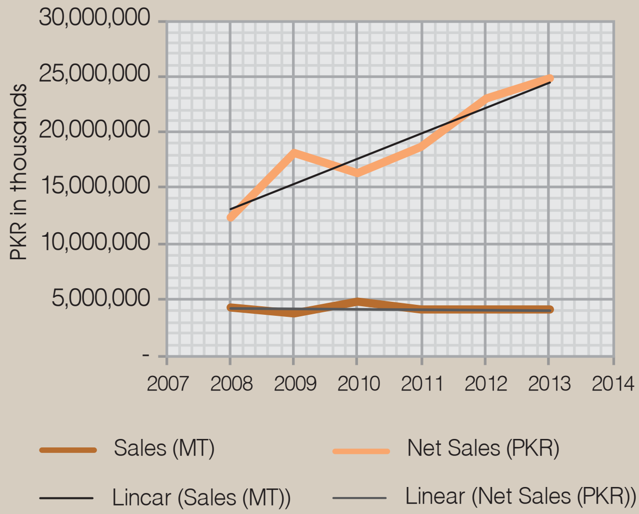


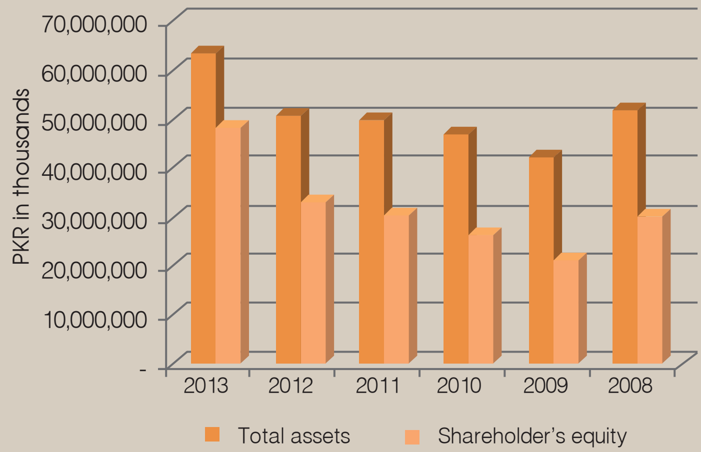
OPERATING AND FINANCIAL DATA

	2013	2012	2011	2010	2009	2008
PRODUCTION						(M.Tons)
Clinker	3,924,090	3,773,948	3,738,404	4,684,379	3,946,101	4,142,764
Cement	4,031,801	4,004,458	4,176,733	4,908,593	3,877,296	4,227,767
SALES						
Cement	**4,008,276**	**4,018,956**	**4,165,635**	**4,908,962**	**3,854,949**	**4,233,953**
Local	2,887,812	2,765,534	2,860,795	4,103,861	2,831,115	3,572,078
Export	1,120,464	1,253,422	1,304,840	805,101	1,023,834	661,875
Clinker						
Local	-	-	-	-	-	72,481
Export	6,000	5,945	98,521	71,041	177,064	95,202
OPERATING RESULTS						(Rupees in thousand)
Net sales	24,915,924	22,949,853	18,577,198	16,275,354	18,038,209	12,445,996
Gross profit	9,326,007	7,506,755	4,384,969	2,705,360	5,679,730	1,915,273
Pre-tax profit/ (Loss)	7,095,858	4,052,466	601,192	358,403	776,900	(250,930)
After tax profit/ (Loss)	5,502,169	4,108,118	170,961	233,022	525,581	(53,230)
FINANCIAL POSITION						
Current assets	25,983,994	18,440,377	18,325,209	16,417,492	13,287,591	19,202,591
Current liablilities	9,307,593	11,205,943	12,687,375	13,786,189	15,834,799	12,054,718
Property, Plant & Equipment	27,324,794	25,192,214	24,611,565	25,307,302	24,345,793	22,977,894
Total assets	63,526,719	50,685,198	49,703,229	47,046,043	42,723,041	51,992,934
Long term liabilites	3,053,873	4,882,554	5,090,685	5,274,674	4,528,224	8,538,959
Shareholder's equity	47,998,214	32,930,632	30,217,283	26,519,220	20,918,442	30,080,257
RATIOS						
Current ratio	2.79 : 1	1.65 : 1	1.45 : 1	1.19 : 1	0.84 : 1	1. 59 : 1
Debt to equity ratio *	11 : 89	19 : 81	25 : 75	28 : 72	27: 73	45 : 55
Gross profit to sales (%)	37.43	32.71	23.60	16.62	31.49	15.39
Net profit to sales (%)	22.08	17.90	0.92	1.43	2.91	(0.43)
Break up value per Share (Rs.)	55.23	44.17	41.75	37.28	39.97	41.89
Earnings per share:						
Basic (Rs.)	12.56	9.38	0.45	0.70	1.63	(0.21)
Diluted (Rs.)	12.56	9.38	0.45	0.70	1.63	(0.21)

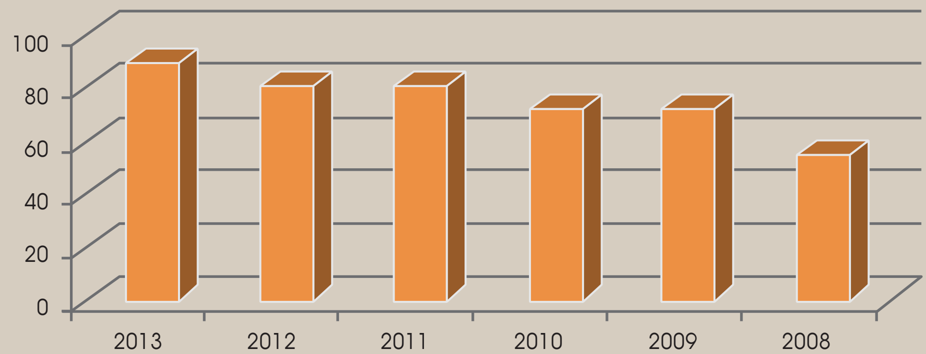
** Share holder capital to long term loan non-current portion.*



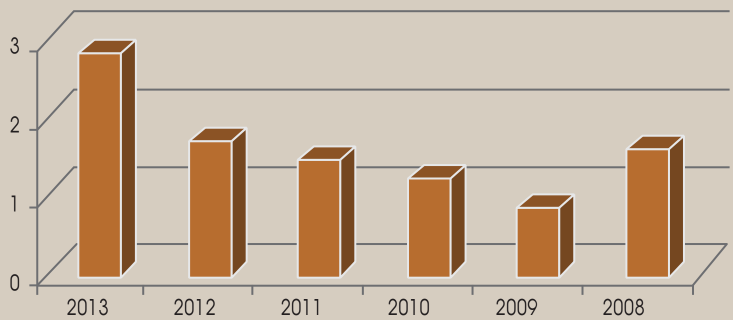




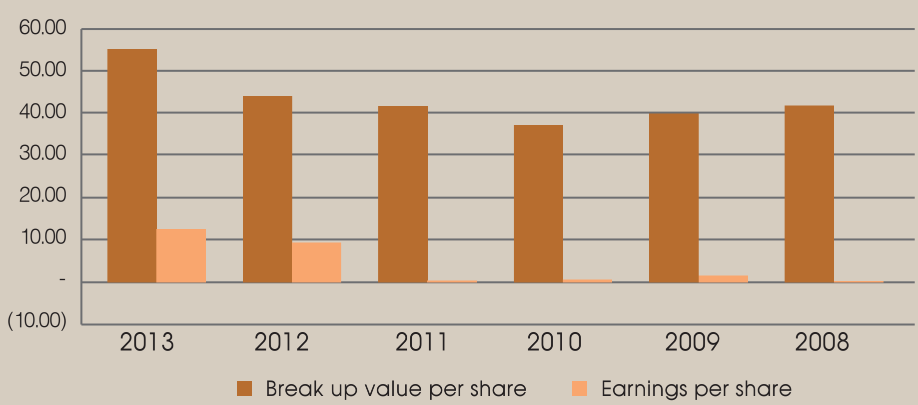
Equity times of Debt



Current Assets times of Current Liabilities



Break Up Value & EPS



With every house built
we accomplish

With every vehicle
passes through
bridge
we achieve

With every
development in nation
we share

PATTERN OF SHARE HOLDING AS AT JUNE 30, 2013 (ORDINARY SHARES)

NO. OF SHAREHOLDERS	FROM	SHARE HOLDING (NO. OF SHARES)	TO	TOTAL SHARES HELD
1208	1		100 Shares	48996
1480	101		500 Shares	507513
934	501		1000 Shares	803315
1297	1001		5000 Shares	3271343
331	5001		10000 Shares	2625017
105	10001		15000 Shares	1361037
80	15001		20000 Shares	1467859
48	20001		25000 Shares	1135838
46	25001		30000 Shares	1313426
29	30001		35000 Shares	957180
20	35001		40000 Shares	762551
13	40001		45000 Shares	562020
25	45001		50000 Shares	1236347
11	50001		55000 Shares	586088
9	55001		60000 Shares	532400
7	60001		65000 Shares	451300
18	65001		70000 Shares	1244489
10	70001		75000 Shares	740406
6	75001		80000 Shares	462258
7	80001		85000 Shares	579200
4	85001		90000 Shares	351206
4	90001		95000 Shares	372949
21	95001		100000 Shares	2095453
3	100001		105000 Shares	313000
3	105001		110000 Shares	328120
4	115001		120000 Shares	480000
4	120001		125000 Shares	492050
2	125001		130000 Shares	253500
2	130001		135000 Shares	266500
3	135001		140000 Shares	420000
1	140001		145000 Shares	141000
6	145001		150000 Shares	900000
4	150001		155000 Shares	604722
2	155001		160000 Shares	315000
5	160001		165000 Shares	821184
1	165001		170000 Shares	169500
1	170001		175000 Shares	172800
2	180001		185000 Shares	368790
6	195001		200000 Shares	1197000
2	200001		205000 Shares	402678
1	205001		210000 Shares	206000
1	215001		220000 Shares	216000
1	220001		225000 Shares	225000
2	225001		230000 Shares	454500
1	230001		235000 Shares	233000
1	240001		245000 Shares	242000
2	245001		250000 Shares	496240
1	250001		255000 Shares	252300
1	255001		260000 Shares	259200
2	285001		290000 Shares	575600
1	290001		295000 Shares	294000
4	295001		300000 Shares	1200000
2	310001		315000 Shares	626500
1	330001		335000 Shares	333800

Continued →

NO. OF SHAREHOLDERS	FROM	SHARE HOLDING (NO. OF SHARES) TO	TOTAL SHARES HELD
1	335001	340000 Shares	339500
1	350001	355000 Shares	354800
1	355001	360000 Shares	360000
1	365001	370000 Shares	366500
1	375001	380000 Shares	377501
1	395001	400000 Shares	400000
2	400001	405000 Shares	809341
2	425001	430000 Shares	853853
1	435001	440000 Shares	437690
2	440001	445000 Shares	883726
1	460001	465000 Shares	462000
1	475001	480000 Shares	480000
1	490001	495000 Shares	493000
5	495001	500000 Shares	2499208
1	545001	550000 Shares	550000
1	550001	555000 Shares	552000
1	570001	575000 Shares	570500
2	575001	580000 Shares	1156871
1	590001	595000 Shares	591000
1	600001	605000 Shares	604300
1	625001	630000 Shares	625200
1	630001	635000 Shares	633000
2	660001	665000 Shares	1328444
1	680001	685000 Shares	683000
1	690001	695000 Shares	691500
1	735001	740000 Shares	735046
1	740001	745000 Shares	742500
2	745001	750000 Shares	1500000
3	755001	760000 Shares	2275300
1	780001	785000 Shares	784500
1	790001	795000 Shares	795000
4	795001	800000 Shares	3191707
1	800001	805000 Shares	802080
1	840001	845000 Shares	842409
1	850001	855000 Shares	850320
1	935001	940000 Shares	936500
1	950001	955000 Shares	955000
1	980001	985000 Shares	981849
2	990001	995000 Shares	1986000
1	995001	1000000 Shares	1000000
1	1030001	1035000 Shares	1032100
1	1050001	1055000 Shares	1053232
1	1065001	1070000 Shares	1066800
1	1095001	1100000 Shares	1100000
1	1100001	1105000 Shares	1103500
1	1155001	1160000 Shares	1159546
1	1205001	1210000 Shares	1209600
1	1215001	1220000 Shares	1215708
1	1240001	1245000 Shares	1242000
1	1280001	1285000 Shares	1281000
1	1300001	1305000 Shares	1300879
1	1330001	1335000 Shares	1331973
1	1395001	1400000 Shares	1395677
1	1400001	1405000 Shares	1402500
1	1410001	1415000 Shares	1415000
1	1465001	1470000 Shares	1469500

Continued →

NO. OF SHAREHOLDERS	FROM	SHARE HOLDING (NO. OF SHARES)	TO	TOTAL SHARES HELD
1	1495001		1500000 Shares	1500000
1	1545001		1550000 Shares	1548485
1	1650001		1655000 Shares	1651805
1	1720001		1725000 Shares	1722800
1	1795001		1800000 Shares	1800000
1	1920001		1925000 Shares	1924079
1	1945001		1950000 Shares	1948800
1	1950001		1955000 Shares	1955000
1	1955001		1960000 Shares	1956760
1	1985001		1990000 Shares	1990000
1	2035001		2040000 Shares	2039500
1	2055001		2060000 Shares	2058000
1	2175001		2180000 Shares	2177500
1	2240001		2245000 Shares	2241500
1	2245001		2250000 Shares	2246400
1	2330001		2335000 Shares	2331000
1	2440001		2445000 Shares	2443430
1	2670001		2675000 Shares	2674500
1	2705001		2710000 Shares	2707944
1	2750001		2755000 Shares	2751181
2	3045001		3050000 Shares	6091200
1	3095001		3100000 Shares	3096607
1	3135001		3140000 Shares	3140000
1	3330001		3335000 Shares	3332100
1	3655001		3660000 Shares	3655911
1	3870001		3875000 Shares	3872181
1	3995001		4000000 Shares	4000000
1	4330001		4335000 Shares	4332532
1	4635001		4640000 Shares	4635974
1	4730001		4735000 Shares	4734000
1	4905001		4910000 Shares	4909249
1	5070001		5075000 Shares	5072000
1	5385001		5390000 Shares	5386000
1	6005001		6010000 Shares	6006253
1	7215001		7220000 Shares	7216722
1	8060001		8065000 Shares	8060906
1	8820001		8825000 Shares	8821028
1	9365001		9370000 Shares	9367500
1	9860001		9865000 Shares	9862617
1	11145001		11150000 Shares	11149920
1	13125001		13130000 Shares	13126141
1	15725001		15730000 Shares	15729997
1	21285001		21290000 Shares	21289060
1	22925001		22930000 Shares	22929033
1	114645001		114650000 Shares	114645168
5903			**TOTAL**	**438119118**

Categories of Shareholders AS ON June 30, 2013

		Shares Held	%
1.	Directors, Chief Executive Officer, and their spouse and minor children	18,708,591	4.27
2.	Associated Companies, undertakings and related parties.	140,282,145	32.02
3.	NIT and ICP	8,822,533	2.01
4.	Banks Development Financial Institutions Non Banking Financial Institutions.	31,790,255	7.26
5.	Insurance Companies	7,532,027	1.72
6.	Modarabas and Mutual Funds	52,939,580	12.08
7.	Shareholders holding 10%	137,574,201	31.40
8.	General Public :		
	a. Local	50,869,266	11.61
	b. Foreign	66,102,364	15.09
9.	Others		
	Joint Stock Companies	146,876,820	33.52
	Investment Companies	5,711,528	1.30
	Pension Funds, Provident Funds etc.	2,120,467	0.48

Information Under Clause (j) of sub-regulation (XVI) of Regulation 35 of chapter (XI) of Listing Regulations of the Karachi Stock Exchange Limited As at June 30, 2013

		No. of Shares	%
I.	**Associated Companies, undertakings and related parties**		
	Nishat Mills Limited	137,574,201	31.40
	Adamje Insurance Company Limited	2,707,944	0.62
II.	**Mutual Funds:**		
	NATIONAL BANK OF PAKISTAN-TRUSTEE DEPARTMENT NI(U)T FUND	2,751,181	0.63
	CDC - TRUSTEE PAKISTAN STOCK MARKET FUND	88,250	0.02
	MCBFSL - TRUSTEE JS VALUE FUND	2,177,500	0.50
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	17,500	0.00
	CDC - TRUSTEE PICIC INVESTMENT FUND	2,674,500	0.61
	CDC - TRUSTEE JS LARGE CAP. FUND	1,500,000	0.34
	CDC - TRUSTEE PICIC GROWTH FUND	5,386,000	1.23
	CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	20,100	0.00
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	500,000	0.11
	CDC - TRUSTEE MEEZAN BALANCED FUND	842,409	0.19
	CDC - TRUSTEE JS ISLAMIC FUND	500,000	0.11
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	499,208	0.11
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	800,000	0.18
	CDC - TRUSTEE JS AGGRESSIVE ASSET ALLOCATION FUND	165,000	0.04
	ASIAN STOCK FUND LIMITED	1,415,000	0.32
	CDC - TRUSTEE AKD INDEX TRACKER FUND	57,537	0.01
	SAFEWAY MUTUAL FUND LIMITED	1,469,500	0.34
	CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	78,500	0.02
	MC FSL - TRUSTEE JS KSE-30 INDEX FUND	11,738	0.00
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1,651,805	0.38
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	7,216,722	1.65
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	995,000	0.23
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	500,000	0.11
	CDC - TRUSTEE UBL SHARIA STOCK FUND	955,000	0.22
	CDC - TRUSTEE NAFA STOCK FUND	285,600	0.07
	CDC - TRUSTEE NAFA MULTI ASSET FUND	120,000	0.03
	CDC - TRUSTEE MCB DYNAMIC STOCK FUND	71,406	0.02
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	151,440	0.03
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	796,397	0.18
	CDC - TRUSTEE APF-EQUITY SUB FUND	75,000	0.02
	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	55,000	0.01
	CDC - TRUSTEE ALFALAH GHP ISLAMIC FUND	462,000	0.11
	CDC - TRUSTEE HBL - STOCK FUND	3,096,607	0.71
	CDC - TRUSTEE NAFA ISLAMIC MULTI ASSET FUND	43,500	0.01
	CDC - TRUSTEE APIF - EQUITY SUB FUND	95,000	0.02
	MC FSL - TRUSTEE JS GROWTH FUND	4,734,000	1.08
	CDC - TRUSTEE HBL MULTI - ASSET FUND	404,341	0.09
	FIRST CAPITAL MUTUAL FUND LIMITED	49,900	0.01
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	84,500	0.02
	CDC - TRUSTEE IGI STOCK FUND	366,500	0.08
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	98,953	0.02
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	4,332,532	0.99
	CDC - TRUSTEE ABL STOCK FUND	784,500	0.18
	MC FSL-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	151,000	0.03
	CDC - TRUSTEE FIRST HABIB STOCK FUND	86,000	0.02
	CDC - TRUSTEE LAKSON EQUITY FUND	72,000	0.02
	CDC - TRUSTEE CROSBY DRAGON FUND	120,550	0.03
	MCBFSL-TRUSTEE URSF-EQUITY SUB FUND	127,500	0.03
	MCBFSL-TRUSTEE UIRSF-EQUITY SUB FUND	104,500	0.02
	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	121,500	0.03
	CDC-TRUSTEE PAKISTAN PREMIER FUND	45,947	0.01
	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	441,000	0.10

CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	15,000	0.00
CDC - TRUSTEE PICIC INCOME FUND - MT	311,500	0.07
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	604,300	0.14
CDC-TRUSTEE MEEZAN CAPITAL PROTECTED FUND-II	401	0.00
CDC - TRUSTEE PICIC STOCK FUND	126,000	0.03
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	82,000	0.02
CDC - TRUSTEE HBL PF EQUITY SUB FUND	44,000	0.01
CDC - TRUSTEE ASKARI EQUITY FUND	141,000	0.03
MCBFSL - TRUSTEE NAMCO BALANCED FUND - MT	9,000	0.00
MCBFSL - TRUSTEE ABL AMC CAPITAL PROTECTED FUND	40,000	0.01
CDC - TRUSTEE KSE MEEZAN INDEX FUND	426,653	0.10
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	125,000	0.03
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	100,000	0.02
CDC - TRUSTEE LAKSON INCOME FUND - MT	9,000	0.00
CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	54,500	0.01
CDC - TRUSTEE ATLAS INCOME FUND - MT	339,500	0.08
CDC - TRUSTEE KASB INCOME OPPORTUNITY FUND - MT	20,000	0.00
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	795,000	0.18

III. Directors and their spouse(s) and minor children:

Mrs. Naz Mansha	Director/Chairperson	113,098	0.03
Mian Raza Mansha	Director/CEO	12,696,880	2.90
Mr. Khalid Qadeer Qureshi	Director	720	0.00
Mr. Farid Noor Ali Fazal	Director	1,200	0.00
Mr. I.U. Niazi	Director/CFO	2,775	0.00
Ms. Nabiha Shahnawaz Cheema	Director	2,820	0.00
Mrs. Ammil Raza Mansha	Spouse of CEO	5,891,098	1.34

IV. Executives:

Nil

V. Public Sector Companies and Corporations:

Joint Stock Companies	146,876,820	33.52

VI. Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modaraba and Pension Funds:

Investment Companies	5,711,528	1.30
Insurance Companies	7,532,027	1.72
Financial Institutions	31,790,255	7.26
Modaraba Companies	47,103	0.01
Mutual Funds	52,892,477	12.07
Pension Funds/Providend Funds Etc.	2,120,467	0.48

VII. Shareholders holding Five percent or more voting interest in the Listed Company

Mian Umer Mansha	27,295,313	6.23
Mian Hassan Mansha	26,879,917	6.14
Nishat Mills Limited	137,574,201	31.40

Information Under Clause (I) of sub-regulation (XVI) of Regulation 35 of chapter (XI) of Listing Regulations of the Karachi Stock Exchange Limited As at June 30, 2013

There is no trading in the shares of the Company, carried out by its directors, executives and their spouses and minor children during the period July 1, 2012 to June 30, 2013

ATTENDANCE OF DIRECTORS IN BOARD MEETINGS DURING THE YEAR JULY 01, 2012 TO JUNE 30, 2013

During the year under review, Seven Board of Directors Meetings were held, attendance position was as under:-

Sr. No.	Name of Director	No. of meetings attended
1.	Mrs. Naz Mansha	2
2	Mian Raza Mansha	5
3	Dr. Arif Bashir	7
4	Mr. Khalid Qadeer Qureshi	7
5	Mr. Farid Noor Ali Fazal	6
6	Mr. I. U. Niazi	7
7	Ms. Nabiha Shahnawaz Cheema	6

ATTENDANCE OF MEMBERS IN AUDIT COMMITTEE MEETINGS DURING THE YEAR JULY 01, 2012 TO JUNE 30, 2013

During the year under review, Five Audit Committee Meetings were held, attendance position was as under:-

Sr. No.	Name of Member		No. of meetings attended
1.	Mr. Khalid Qadeer Qureshi	(Member/Chairman)	5
2.	Mr. Farid Noor Ali Fazal	(Member)	5
3.	Ms. Nabiha Shahnawaz Cheema	(Member)	4

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE (CCG) (See clause (xl))

Name of company D.G. Khan Cement Company Limited

Year ending June 30, 2013.

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

Category	Names
Independent Directors	Nil
Executive Directors	Mian Raza Mansha
	Mr. Farid Noor Ali Fazal
	Dr. Arif Bashir
	Mr. I.U. Niazi
Non Executive Directors	Mrs. Naz Mansha
	Mr. Khalid Qadeer Qureshi
	Ms. Nabiha Shahnawaz Cheema

The requirement of Executive Directors and Independent Director in composition of Board under CCG will be met at the time of next election of directors.

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

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

4. No casual vacancy occurred on the board during the year.

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 its 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 Chairperson 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 courses.

9. Orientation Course: -

   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.

Directors' Training Programme: -

(i) Three (3) Directors of the Company are exempt from directors training programme due to 14 years of education and 15 years of experience on the board of a listed company.

(ii) One director Ms. Nabiha Shahnawaz Cheema has completed the directors training programme from the Institute of Chartered Accountants of Pakistan.

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 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 3 members, of whom 2 are non-executive directors and the Chairman of the committee is not an independent director and will be changed after next election of directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the 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 3 members, of whom 2 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 and they are involved in the internal audit function on full time basis.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review 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.

MIAN RAZA MANSHA
CHIEF EXECUTIVE
NIC Number : 35202-2539500-5

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of D.G. Khan Cement Company Limited ('the Company') to comply with the Listing Regulation No. 35 of the Karachi, Lahore and Islamabad 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's 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 controls 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, Sub-Regulation 35 (x) of the Listing Regulations of Karachi, Lahore and Islamabad 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 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 to the Company for the year ended June 30, 2013.

A. F. Ferguson & Co.
Chartered Accountants

Lahore,
Date: September 27, 2013

Name of engagement partner: **Muhammad Masood**

Financial Statements

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of D.G. Khan Cement Company Limited as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes resulted on initial application of standards, amendments or interpretations to existing standards, as stated in note 2.2.1 to the annexed financial statements with which we concur;

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

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

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

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

A. F. Ferguson & Co.
Chartered Accountants

Lahore,
Date: September 27, 2013

Name of engagement partner: **Muhammad Masood**

BALANCE SHEET

	Note	2013	2012
		----(Rupees in thousand)----	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
- 950,000,000 (2012: 950,000,000)			
ordinary shares of Rs 10 each		9,500,000	9,500,000
- 50,000,000 (2012: 50,000,000)			
preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up capital			
438,119,118 (2012: 438,119,118)			
ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Reserves	6	33,785,204	23,562,612
Accumulated profit		9,831,819	4,986,829
		47,998,214	32,930,632
NON-CURRENT LIABILITIES			
Long term finances	7	2,899,187	4,629,083
Long term deposits	8	65,383	68,355
Retirement and other benefits	9	89,303	185,116
Deferred taxation	10	3,167,039	1,666,069
		6,220,912	6,548,623
CURRENT LIABILITIES			
Trade and other payables	11	2,286,351	2,108,894
Accrued finance cost	12	125,830	162,931
Short term borrowing-secured	13	5,420,290	6,733,467
Current portion of non-current liabilities	14	1,440,032	2,165,561
Provision for taxation		35,090	35,090
		9,307,593	11,205,943
CONTINGENCIES AND COMMITMENTS	15	-	-
		63,526,719	50,685,198

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive

AS AT JUNE 30, 2013

	Note	2013	2012
		----(Rupees in thousand)----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	28,740,974	27,185,726
Intangible assets	17	55,356	73,808
Investments	18	8,650,860	4,864,945
Long term loans and deposits	19	95,535	120,342
		37,542,725	32,244,821
CURRENT ASSETS			
Stores, spare parts and loose tools	20	4,107,003	4,137,262
Stock-in-trade	21	1,661,721	954,645
Trade debts	22	273,535	317,970
Investments	23	17,862,718	11,126,051
Advances, deposits, prepayments and other receivables	24	611,777	621,001
Income tax receivable		996,522	855,007
Derivative financial instrument	25	1,837	-
Cash and bank balances	26	468,881	428,441
		25,983,994	18,440,377
		63,526,719	50,685,198

Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		----(Rupees in thousand)----	
Sales	27	24,915,924	22,949,853
Cost of sales	28	(15,589,917)	(15,443,098)
Gross profit		9,326,007	7,506,755
Administrative expenses	29	(405,579)	(267,705)
Selling and distribution expenses	30	(1,751,174)	(2,202,901)
Other operating expenses	31	(544,806)	(500,835)
Other income	32	1,466,289	1,187,936
Profit from operations		8,090,737	5,723,250
Finance cost	33	(994,879)	(1,670,784)
Profit before taxation		7,095,858	4,052,466
Taxation	34	(1,593,689)	55,652
Profit after taxation		5,502,169	4,108,118
Earnings per share - basic and diluted	35	12.56	9.38

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	----(Rupees in thousand)----	
Profit after taxation	5,502,169	4,108,118
Other comprehensive income /(loss) for the year - net of tax		
Items that may be re-classified subsequently to profit and loss		
Available for sale financial assets		
- Change in fair value of available for sale investments	10,222,592	(1,394,769)
Total comprehensive income for the year	15,724,761	2,713,349

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		----(Rupees in thousand)----	
Cash flows from operating activities			
Cash generated from operations	36	8,108,646	6,162,787
Finance cost paid		(1,177,447)	(1,792,708)
Retirement and other benefits paid		(174,011)	(20,205)
Taxes paid		(234,234)	(335,702)
Long term deposits - net		(2,972)	(2,538)
Net cash generated from operating activities		6,519,982	4,011,634
Cash flows from investing activities			
Fixed capital expenditure		(3,173,088)	(2,751,451)
Proceeds from sale of property, plant and equipment		51,621	30,300
Long term loans, advances and deposits - net		24,807	12,877
Interest received		49,841	52,735
Dividend received		995,643	1,058,707
Net cash used in investing activities		(2,051,176)	(1,596,832)
Cash flows from financing activities			
Proceeds from long term finances		800,000	1,906,382
Repayment of long term finances		(3,258,010)	(2,132,049)
Dividend paid		(657,179)	-
Net cash used in financing activities		(3,115,189)	(225,667)
Net increase in cash and cash equivalents		1,353,617	2,189,135
Cash and cash equivalents at the beginning of the year		(6,305,026)	(8,494,161)
Cash and cash equivalents at the end of the year	37	(4,951,409)	(6,305,026)

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Capital reserve				Revenue reserve		
	Share capital	Share premium	Fair value reserve	Capital redemption reserve fund	General reserve	Accumulated profit	Total
	(Rupees in thousand)						
Balance as on June 30, 2011	4,381,191	4,557,163	14,974,881	353,510	5,071,827	878,711	30,217,283
- Profit for the year	-	-	-	-	-	4,108,118	4,108,118
- Other comprehensive loss for the year	-	-	(1,394,769)	-	-	-	(1,394,769)
Total comprehensive income for the year	-	-	(1,394,769)	-	-	4,108,118	2,713,349
Balance as on June 30, 2012	4,381,191	4,557,163	13,580,112	353,510	5,071,827	4,986,829	32,930,632
Transactions with owners							
Final Dividend for the year ended June 30, 2012 Rs 1.50 per share	-	-	-	-	-	(657,179)	(657,179)
- Profit for the year	-	-	-	-	-	5,502,169	5,502,169
- Other comprehensive income for the year	-	-	10,222,592	-	-	-	10,222,592
Total comprehensive income for the year	-	-	10,222,592	-	-	5,502,169	15,724,761
Balance as on June 30, 2013	4,381,191	4,557,163	23,802,704	353,510	5,071,827	9,831,819	47,998,214

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive

Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. Legal status and nature of business

D. G. Khan Cement Company Limited ("the Company") is a public limited Company incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. The registered office of the Company is situated at 53-A Lawrence Road, Lahore.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 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:

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the Company.

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Interpretations which became effective during the year but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements except for the amendment to IAS1 'Presentation of financial statements' regarding' other comprehensive income' as explained below :

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income, emphasises on the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The application of the amendment will not affect the results or net assets of the Company as it is only concerned with presentation and disclosures.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after July 01, 2013 or later periods, and the Company has not early adopted them:

- IFRS 7, 'Disclosures on offsetting financial assets and financial liabilities' (Amendment), issued on December 19, 2011. The new disclosure requirements apply to offsetting of financial assets and financial liabilities. The amendment clarifies that the right of set-off must be available at present i.e. it is not contingent on a future event and must be legally enforceable for all counterparties. This amendment reflects the requirements to enhance current offsetting disclosures. The new disclosure is intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The Company shall apply these amendments for the financial reporting period commencing on July 01, 2013 and does not expect to have any material impact on its financial statements.

- IAS 19, 'Employee Benefits' (Amendment), issued on June 2011. This is applicable on annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The Company shall apply these amendments for the financial reporting period commencing on July 01, 2013 and is yet to assess the impact of this transition.

- IFRS 9, 'Financial Instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2015 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, 'Financial Instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. There will be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the company does not have any such liabilities.

- IFRS 10, 11 and 12, (Amendment on transitional guidance) , issued on July 2012, is applicable on annual periods beginning on or after January 01, 2013, provide additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Company shall apply this amendment for the financial reporting period commencing on July 01, 2013 and does not expect to have any material impact on its financial statements.

- IFRS 11, 'Joint Arrangements', applicable on annual periods beginning on or after January 01, 2013, is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Company shall apply these amendments for the financial reporting period commencing on July 01, 2013 and does not expect to have any material impact on its financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company shall apply this standard from July 01, 2013 and does not expect to have any material impact on its financial statements.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company shall apply this standard from July 01, 2013 and does not expect to have any material impact on its financial statements.

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of the complexity, judgment and estimation involved in their application and their impact on these financial statements. Judgments and estimates are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for taxation - note 4.2 and 34
b) Provision for employees' retirement benefits - note 4.3 and 9
c) Residual values and useful lives of depreciable assets - note 4.5 and 16.1
d) Provisions and contingencies - note 15
e) Determining the useful lives and residual values of intangible assets - note 4.7 and 17

4. Significant accounting policies

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

4.1 Borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss over the period of the borrowings on an effective interest rate basis. Preference shares, which are mandatorily redeemable on a specific date at the option of the Company, are classified as liabilities. The dividend on these preference shares is recognised in the profit and loss account as finance cost. Finance costs are accounted for on an accrual basis.

4.2 Taxation

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

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items charged or credited to equity in which case it is included in the statement of changes in equity.

4.3 Employees' retirement benefits and other obligations

The main features of the schemes operated by the Company for its employees are as follows:

Defined benefit plans

The Company operates an approved funded defined benefit gratuity plan for all employees having a service period of more than five years for management staff and one year for workers. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2013 using the "Projected Unit Credit Method".

The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.

The amount recognized in balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and as reduced by the fair value of the plan assets.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

Discount rate	10.5% p.a.
Expected increase in eligible pay	9.5% p.a.
Expected rate of return on plan assets	5.0% p.a.

The expected mortality rates assumed are based on the EFU 61-66 mortality table.

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

Defined contribution plan

The Company operates a recognised provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Company and the employees at the rate of 10% of the basic salary for officers and 10% of basic salary plus cost of living allowance for workers. Obligation for contributions to defined contribution plan is recognised as an expense in the profit and loss account as and when incurred.

Accumulating compensated absences

The Company provides for accumulating compensated absences, when the employees render services that increase their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated upto 90 days in case of officers. Any balance in excess of 90 days can be encashed upto 17 days a year only. Any further unutilised leaves lapse. In case of workers, unutilised leaves may be accumulated without any limit, however, accumulated leave balance above 50 days is encashable upon demand of the worker. Unutilised leaves can be used at any time by all employees, subject to the approval of the Company's management.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit and loss account. The most recent valuation was carried out as at June 30, 2013 using the "Projected Unit Credit Method".

The amount recognised in the balance sheet represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the profit and loss account immediately in the period when these occur.

Projected unit credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

Discount rate	10.5% p.a.
Expected rate of increase in salary level per annum; and	9.5% p.a.
Expected mortality rate	EFU 61-66 mortality table.

4.4 Trade and other payables

Financial liabilities are initially recognised at fair value plus directly attributable cost, if any, and subsequently at amortised cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.5 Property, plant and equipment

Property, plant and equipment, except freehold land, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost, gains and losses transferred from equity on qualifying cash flow hedges as referred to in note 4.16 and borrowing costs as referred to in note 4.19.

Depreciation on all property, plant and equipment is charged to the profit and loss account on the reducing balance method, except for plant and machinery which is being depreciated using the straight line method, so as to write off the historical cost of such asset over its estimated useful life at annual rates mentioned in note 16.1 after taking into account their residual values.

Depreciation methods, residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

The profit or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

4.6 Capital work-in-progress

Capital work-in progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.7 Intangible assets

Expenditure incurred to acquire Oracle Enterprise Resource Planning (ERP) system has been capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of five years.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off.

The Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such an indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.8 Leases

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any, are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method except plant and machinery which is depreciated on straight line method. Depreciation of leased assets is charged to the profit and loss account.

Depreciation methods, residual values and the useful lives of the assets are reviewed at least at each financial year-end and adjusted if impact of depreciation is significant.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term.

4.9 Investments

Investments in equity instruments of subsidiary company

Investment in subsidiary company is measured at cost as per the requirements of IAS-27 "Consolidated and Separate Financial Statements". However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognised as an expense.

Investments in equity instruments of associated company

Investments in associates where the Company has significant influence are measured at cost in the Company's separate financial statements.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27 'Consolidated and Separate Financial Statements'. Investments in associated undertakings, in the consolidated financial statements, are being accounted for using the equity method.

At each balance sheet date, the Company reviews the carrying amounts of the investments in associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future stream of cash flows and an estimate of the terminal value of these investments. Impairment losses are recognised as expense in the profit and loss account.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognised initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values can not be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed off or impaired. At each reporting date, these investments are remeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to profit and loss. Fair value of quoted investments is their bid price on Karachi Stock Exchange at the balance sheet date. Unquoted investments, where active market does not exist, are carried at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date which is the date that the Company commits to purchase or sell the investment.

At each balance sheet date, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.10 Stores and spares

Usable stores and spares are valued principally at moving weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Provision is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

4.11 Stock-in-trade

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

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

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to be incurred in sale.

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.12 Financial instruments

4.12.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit and loss
Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity
Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account when the Company's right to receive payments is established.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' instruments are carried at amortised cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.12.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

4.13 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.14 Trade debts and other receivables

Trade debts are recognised initially at original invoice amount less provision for doubtful debts.

A provision for doubtful debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is doubtful. Debts, considered irrecoverable, are written off as and when identified.

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. 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 known amounts of cash and which are subject to an insignificant risk of change in value and short term borrowings. In the balance sheet, short term borrowings are included in current liabilities.

4.16 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company has not designated any derivatives as hedging instruments and accordingly, the changes in fair value re-measurement are recognised in the profit and loss account. Trading derivatives are classified as a current asset or liability.

4.17 Foreign currency transactions and translation

a) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in income.

b) Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded to the nearest thousand.

4.18 Provisions

Provisions are recognised when; the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources shall be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow shall be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

4.19 Borrowing costs

Mark up, interest and other charges on borrowings are capitalised up to the date of commissioning of the related property, plant and equipment acquired out of the proceeds of such borrowings. All other mark up, interest and other charges are charged to profit and loss account.

4.20 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods are transferred to the buyer i.e. on the dispatch of goods to the customers.

Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.21 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

4.22 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5 Issued, subscribed and paid up capital

2013	2012		2013	2012
----(Number of shares)----			----(Rupees in thousand)----	
343,512,029	343,512,029	Ordinary shares of Rs.10 each fully paid in cash	3,435,120	3,435,120
20,000,000	20,000,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	200,000	200,000
74,607,089	74,607,089	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	746,071	746,071
438,119,118	438,119,118		4,381,191	4,381,191

137,574,201 (2012: 137,574,201) ordinary shares of the Company are held by Nishat Mills Limited, an associated concern as at June 30, 2013. In addition, 2,707,944 (2012: 1,407,944) ordinary shares are held by Adamjee Insurance Company Limited, a related party as at June 30, 2013.

6. Reserves

Movement in and composition of reserves is as follows:

		2013	2012
		----(Rupees in thousand)----	
Capital			
- Share premium			
At the beginning of the year		4,557,163	4,557,163
Additions during the year		-	-
At the end of the year	- note 6.1	4,557,163	4,557,163
- Fair value reserve			
At the beginning of the year		13,580,112	14,974,881
Fair value gain / (loss) during the year		10,222,592	(1,394,769)
At the end of the year	- note 6.2	23,802,704	13,580,112
- Capital redemption reserve fund	- note 6.3	353,510	353,510
		28,713,377	18,490,785
Revenue			
- General reserve			
At the beginning of the year		5,071,827	5,071,827
Transferred (to) / from profit and loss account		-	-
At the end of the year		5,071,827	5,071,827
		33,785,204	23,562,612

6.1 This reserve can be utilised by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

6.2 As referred to in note 4.9 this represents the unrealised gain on remeasurement of investments at fair value and is not available for distribution. This amount shall be transferred to profit and loss account on realisation.

6.3 The Capital redemption reserve fund represents fund created for redemption of preference shares and in accordance with the terms of issue of preference shares, to ensure timely payments, the Company was required to maintain a redemption fund with respect to preference shares. The Company had created a redemption fund and appropriated Rs 7.4 million each month from the profit and loss account in order to ensure that fund balance at redemption date was equal to the principal amount of the preference shares. The preference shares have been redeemed during the year ended June 30, 2007.

7. Long term finances

		2013	2012
		----(Rupees in thousand)----	
These are composed of:			
- Long-term loans - secured	- note 7.1 - 7.2	3,966,591	5,584,601
- Loan under Musharika arrangement - secured	- note 7.1 - 7.2	361,250	1,201,250
		4,327,841	6,785,851
Less : Current portion shown under current liabilities	- note 14	1,428,654	2,156,768
		2,899,187	4,629,083

7.1 Long term loans - secured

Loan	Lender	2013 (Rupees in thousand)	2012 (Rupees in thousand)	Rate of Mark-up per annum	Number of installments outstanding	Mark-up payable
1	Bank Alfalah Limited	-	230,545	*** Base rate + 1.0%	The loan has been fully repaid during the year.	Quarterly
2	Allied Bank Limited	512,500	825,000	***Base rate +0.6%	7 step-up quarterly installments ending in May 2015.	Quarterly
3	Allied Bank Limited	425,000	675,000	***Base rate +0.6%	8 step-up quarterly installments ending in June 2015.	Quarterly
4	Bank of Punjab	116,667	183,333	**Base rate + 0.5%	7 equal quarterly installments ending in February 2015.	Quarterly
5	Bank of Punjab	720,000	-	**Base rate + 0.5%	18 equal quaterly installments ending in December 2017.	Quarterly
6	Askari Bank	350,000	431,250	**Base rate + 0.6%	11 step-up quarterly installments, ending in January 2016.	Quarterly
7	Faysal Bank	-	500,000	**Base rate + 1.1%	The loan has been fully repaid during the year.	Quarterly
	Foreign Currency					
8	European Investment Bank US$ Nil (2012: US$ 8.096 million)	-	762,686	****Base rate + 0.063%	The loan has been fully repaid during the year.	Quarterly
9	Eco Trade and Development Bank US$ 18.653 million (2012: US$ 20.985 million)	1,842,424	1,976,787	****Base rate + 1.65%	8 equal semi-annual installments ending in May 2017.	Semi-annual
		3,966,591	5,584,601			
	Musharika Arrangement					
10	Meezan Bank	361,250	701,250	**Base rate + 0.6%	7 step-up quarterly installments, ending in March 2015	Quarterly
11	Standard Chartered Bank	-	500,000	* Base rate +0.6%	The loan has been fully repaid during the year.	Quarterly
		4,327,841	6,785,851			

* Base rate: Average ask rate of one-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period.

** Base rate: Average ask rate of three-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period.

*** Base rate: Average ask rate of six-month Karachi Inter Bank Offer Rate ("KIBOR") reset for each mark-up period.

**** Base rate: Average ask rate of three-month and six-month London Inter Bank Offer Rate ("LIBOR") reset for each mark-up period.

7.2 Security

Loan 1

The loan was secured by registered first pari passu charge over all present and future fixed assets of the Company, amounting to Rs 1,045.33 million. The total facility amount available was Rs 634 million.

Loan 2

The loan is secured by first pari passu charge over all present and future fixed assets of the Company amounting to Rs 1,734 million. The total facility amount available is Rs 750 million.

Loan 3

The loan is secured by first pari passu charge over all present and future fixed assets of the Company amounting to Rs 1,334 million. The total facility amount available is Rs 1,000 million.

Loan 4

The loan is secured by first pari passu charge on the fixed assets including land, building, plant and machinery of the Company of Rs 500 Million. The total facility amount available is Rs 200 million.

Loan 5

The loan is secured by an Initial ranking charge over present and future land, building and plant and machinery of the Company to the tune of Rs 1,066.667 million. The charge shall be upgraded to 1st Pari Passu within 180 days from the date of first drawn down. The total facility amount available is Rs 800 million.

Loan 6

The loan is secured by first pari passu charge of Rs. 666.667 Million over present and future plant, machinery and by equitable mortgage of specific land of the Company measuring 482 Acres 1 Kanal. The total facility amount available is Rs 500 million.

Loan 7

The loan was secured by first pari passu charge of Rs 667 Million (inclusive of 25% margin) over all present and future assets of the Company. The total facility amount available was Rs. 500 million.

Loan 8

The loan was secured by first pari passu charge over all present and future movable fixed assets of the Company amounting to USD 8,349,469. The total facility amount available was USD 44.530 million.

Loan 9

The loan is secured by first pari passu charge over all present and future fixed assets of the Company amounting to USD 27.980 million. The total facility amount available is USD 20.985 million.

Loan 10

The loan is secured by first pari passu charge on all present and future fixed assets of the Company. The charge amount at all times will at least equal the outstanding facility amount with 25% margin. The total facility amount available is Rs 850 million.

Loan 11

The loan was secured by first pari passu charge over all present and future fixed assets of the Company amounting to Rs 1,333.333 million. The total facility amount available was Rs 1,000 million.

	2013	2012
	----(Rupees in thousand)----	
8. Long term deposits		
Customers	34,571	34,482
Others	30,812	33,873
	65,383	68,355

These represent interest free security deposits from stockists and suppliers and are repayable on cancellation / withdrawal of the dealership or on cessation of business with the Company respectively.

		2013	2012
		----(Rupees in thousand)----	
9. Retirement benefits			
Staff gratuity	- note 9.1	12,343	119,528
Leave encashment	- note 9.2	76,960	65,588
		89,303	185,116

9.1 Staff gratuity

The amounts recognised in the balance sheet are as follows:

	2013	2012
Present value of defined benefit obligation	225,816	167,467
Fair value of plan assets	(149,756)	(82)
Unrecognised actuarial losses	(63,717)	(47,857)
Liability as at June 30	12,343	119,528

9.1.1 Movement in net liability for staff gratuity

	2013	2012
Liability as at July 1	119,528	87,673
Charge for the year including capitalised during the year	51,026	41,271
Contributions plus benefit payments made directly by the Company during the year	(158,211)	(9,416)
Liability as at June 30	12,343	119,528

9.1.2 Movement in defined benefit obligation

	2013	2012
Present value of defined benefit obligation as at July 1	167,467	127,935
Current service cost	30,097	21,783
Interest cost	20,933	17,228
Benefits paid during the year	(9,937)	(9,701)
Actuarial loss on present value of defined benefit obligation	17,256	10,222
Present value of defined benefit obligation as at June 30	225,816	167,467

9.1.3 Movement in fair value of plan assets

	2013	2012
Fair value of plan assets as at July 1	82	332
Expected return on plan assets	4	2
Contributions during the year	158,211	9,416
Benefits paid during the year	(9,937)	(9,701)
Actuarial gain on plan assets	1,396	33
Fair value of plan assets as at June 30	149,756	82

	2013	2012
	----(Rupees in thousand)----	

9.1.4 Actual return on plan assets

	2013	2012
Expected return on plan assets	4	2
Actuarial gain on plan assets	1,396	33
	1,400	35

9.1.5 Plan assets

Plan assets are comprised as follows:

	2013		2012	
	(Rs in '000)	Percentage	(Rs in '000)	Percentage
Cash and Bank	1,201	1%	82	100%
Debt instruments	148,555	99%	-	0%
	149,756	100%	82	100%

9.1.6 Movement in unrecognised actuarial losses

	2013	2012
	----(Rupees in thousand)----	
Unrecognised actuarial losses as at July 1	47,857	39,931
Actuarial losses arising during the year	15,860	10,222
Actuarial losses charged to profit during the year	-	(2,296)
Un recognised actuarial losses as at June 30	63,717	47,857

9.1.7 Charge for the year (including capitalised during the year)

	2013	2012
Current service cost	30,097	21,783
Interest cost	20,933	17,228
Expected return on plan assets	(4)	(2)
Actuarial losses charged to profit during the year	-	2,262
	51,026	41,271

9.1.8 Amounts for current period and previous four annual periods of the fair value of plan assets and present value of defined benefit obligation are as follows :

	2013	2012	2011	2010	2009
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	225,816	167,467	127,935	75,264	56,040
Fair value of plan assets	(149,756)	(82)	(332)	(394)	(274)
Deficit	76,060	167,385	127,603	74,870	55,766
Experience adjustment arising on plan obligation	17,256	10,222	25,954	(46)	8,850
Experience adjustment arising on plan assets	1,396	33	1	(28)	-

9.1.9 Assumptions used for valuation of the defined benefit scheme for managment and non-managment staff are as under:

		2013	2012
Discount rate	Per annum	10.5 %	12.5 %
Expected rate of increase in salary	Per annum	9.5 %	12.5 %
Expected rate of return on plan assets	Per annum	5.0 %	5.0 %
Average expected remaining working life time of employee	Number of years	12	12

9.1.10 The Company expects to pay Rs 41.254 million in contributions to defined benefit plan in 2014.

		2013	2012
		----(Rupees in thousand)----	
9.2 Leave encashment			
Opening balance		74,381	58,558
Expenses recognised		29,757	26,612
Payments made		(15,800)	(10,789)
		88,338	74,381
Payable within one year	- note 14	(11,378)	(8,793)
Closing balance		76,960	65,588
9.2.1 Movement in liability for accumulating compensated absences			
Present value of defined benefit obligation as at July 1		74,381	58,558
Current service cost		3,254	4,554
Interest cost		9,298	7,319
Benefits paid during the year		(15,800)	(10,789)
Actuarial loss on present value of defined benefit obligation		17,205	14,739
		88,338	74,381
9.2.2 Charge for the year (including capitalised during the year)			
Current service cost		3,254	4,554
Interest cost		9,298	7,319
Actuarial losses charged to profit during the year		17,205	14,739
		29,757	26,612

Amounts for current period and previous four annual periods of the present value of defined benefit obligation are as follows :

	2013	2012	2011	2010	2009
			(Rupees in thousand)		
As at June 30					
Present value of defined benefit obligation	88,338	74,381	58,558	49,153	42,553
Experience adjustment arising on obligation	17,205	14,739	8,115	587	5,969

9.2.3 Assumptions used for valuation of the accumulating compensated absences are as under:

		2013	2012
Discount rate	Per annum	10.5 %	12.5 %
Expected rate of increase in salary	Per annum	9.5 %	12.5 %
Average expected remaining working life time of employees	Number of years	12	11
Expected withdrawal and early retirement rate		EFU 61-66 Mortality table	

	Officers		Workers	
	2013 (days)	2012 (days)	2013 (days)	2012 (days)
Average number of leaves				
- Utilized per annum	15.00	15.00	17.00	19.00
- Encashed per annum	9.00	7.00	12.00	16.00
- Utilized per annum in excess of accrued leave of 30 days	1.00	1.00	2.00	2.00
- Encashed per annum in excess of accrued leave of 30 days	0.25	0.25	1.00	1.00

10. Deferred income tax liabilities

The liability for deferred taxation comprises temporary differences relating to:

	2013	2012
	----(Rupees in thousand)----	
Deferred tax liability		
Accelerated tax depreciation	4,993,726	4,681,653
Deferred tax assets		
Provision for retirement and other benefits	(27,004)	(52,739)
Unabsorbed tax credits	(1,799,683)	(2,962,845)
	3,167,039	1,666,069

Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 are recognized to the extent that the realisation of related tax benefits through future taxable profits is probable. The Company has not recognised deferred tax assets of Nil (2012: 28.513 million) in respect of minimum tax paid and available for carry forward u/s 113 of the Income Tax Ordinance, 2001, as sufficient taxable profits would not be available to set these off in the foreseeable future. Minimum tax paid u/s 113 aggregating to Rs 28.513 million would not be available for carry forward against future tax liabilities subsequent to year 2014.

		2013	2012
		----(Rupees in thousand)----	

11. Trade and other payables

		2013	2012
Trade creditors	- note 11.1	316,685	647,238
Infrastructure cess		89,164	125,464
Advances from customers		493,726	531,799
Accrued liabilities		696,252	441,234
Workers' profit participation fund	- note 11.2	541,681	214,987
Federal excise duty payable		7,117	5,204
Special excise duty payable		-	118
Withholding tax payable		10,633	1,342
Retention money payable		17,667	27,038
Unclaimed dividends		6,788	4,870
Advances against sale of scrap		8,789	930
Advance against sale of fixed assets		68	-
Unclaimed dividend on redeemable preference shares		-	125
Others		97,781	108,545
		2,286,351	2,108,894

11.1 Trade creditors include amount due to related parties amounting to Rs 4.368 million (2012: Rs 2.996 million).

	2013	2012
MCB Bank Limited	53	58
Adamjee Insurance Company Limited	2,281	31
Security General Insurance Company Limited	2,034	702
Pakistan Aviators & Aviation (Private) Limited	-	2,205
	4,368	2,996

11.2 Workers' profit participation fund

	2013	2012
Opening balance	214,987	31,642
Provision for the year	373,466	213,288
Interest for the year	1,261	1,190
	589,714	246,120
Less: payments made during the year	48,033	31,133
Closing balance	541,681	214,987

12. Accrued finance cost

	2013	2012
Accrued mark-up on:		
- Long term loans - secured	41,424	62,892
- Short term borrowings - secured	84,322	99,955
Preference dividend on redeemable preference shares	84	84
	125,830	162,931

13. Short term borrowings - secured

		2013	2012
Short term running finances	- note 13.1	1,411,141	1,681,568
Import finances	- note 13.2	1,039,149	1,133,899
Export refinance	- note 13.3	2,970,000	3,918,000
		5,420,290	6,733,467

13.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark up arrangements amount to Rs 9,575 million (2012: Rs 8,595.163 million). The rates of mark up range from 9.36% to 14.60% (2012: 12.02% to 15.03%) or part thereof on the balance outstanding. These are secured by first registered charge on all present and future current assets of the Company wherever situated including stores and spares, stock in trade, book debts, investments, receivables and pledge of 10 million (2012: 10 million) shares of MCB Bank Limited, 13.5 million (2012: 13.5 million) shares of Nishat Mills Limited.

13.2 Import finances - secured

The Company has obtained import finance facilities aggregating to Rs 6,513 million (2012: Rs 6,167.837 million) from commercial banks. The rates of mark up range from 1.15% to 12.31% (2012: 1.66% to 12.76%). The aggregate import finances are secured by a registered charge on all present and future current assets of the Company wherever situated including stores and spares, stock in trade, book debts, investments and receivables.

Of the aggregate facility of Rs 9,704 million (2012: Rs 9,566.400 million) for opening letters of credit and Rs 1,430 million (2012: Rs 1,880 million) for guarantees, the amount utilised as at June 30, 2013 was Rs 2,203.533 million (2012: Rs 1,712.999 million) and Rs 837.327 million (2012: Rs 1,158 million) respectively. The aggregate facilities for guarantees are secured by a registered charge on current assets of the Company. Of the facility for guarantees, Rs 14.48 million (2012: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 25.2.

13.3 Export finances - secured

This represents export refinance loans obtained from various commercial banks, which carry mark up at 8.5% to 12.30% per annum (2012: 10.5% to 11%). These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Company.

		2013	2012
		----(Rupees in thousand)----	
14. Current portion of non-current liabilities			
Long term finances	- note 7	1,428,654	2,156,768
Leave encashment	- note 9.2	11,378	8,793
		1,440,032	2,165,561

15. Contingencies and commitments

15.1 Contingencies

15.1.1 The Income Tax Officer, while framing the assessments for the assessment years 1984-85 to 1990-91, has taxed the income of the Company on account of interest on deposits and sale of scrap, etc. The Appellate Tribunal on appeal filed by the Company issued an order in favour of the Company for the assessment years 1984-85 to 1990-91. The Income Tax Department filed reference before the Lahore High Court. Pending final outcome of such reference, no adjustment has been made in these financial statements for the relief granted by the Appellate Tribunal aggregating Rs 35.090 million.

15.1.2 During the period 1994 to 1996, the Company imported plant and machinery relating to expansion unit, for which exemption was claimed under various SROs from the levy of custom duty and other duties including sales tax. As per the provisions of SRO 484 (I)/92, 978 (I)/95 and 569 (I)/95, the exemption from the statutory duty would be available only if the said plant and machinery was not manufactured locally. However, the Custom Authorities rejected the claim of the Company by arguing that the said machinery was on the list of locally manufactured machinery, published by the Federal Board of Revenue. Consequently, the Company appealed before the Lahore High Court, Multan Bench, which allowed the Company to release the machinery on furnishing indemnity bonds with the Custom Authorities.

Collector of Customs and Central Excise, Multan has passed an order dated November 26, 1999, against the Company on the grounds that the said machinery was being manufactured locally during the time when it was imported.

An appeal against the order was filed with the Lahore High Court, which has been decided in favour of the Company. However, the Custom Authorities have filed an appeal with the Supreme Court of Pakistan against the orders of the Lahore High Court. The Honourable court remanded back the case to Customs Authorities to reassess the liability of the company. Appeal against the order is still pending with the authorities. The Company has paid Rs 159.241 million during the year on account of Court order. No provision for the remaining outstanding balance of Rs 475.147 million has been made in the financial statements as according to the management of the Company, there are meritorious grounds that the ultimate decision would be in its favour.

15.1.3 The Competition Commission of Pakistan (the CCP) took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on October 28, 2008 for increase in prices of cement across the country. The similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Company has filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated August 24, 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on August 28, 2009 and imposed a penalty of Rs 933 million on the Company. The Lahore High Court vide its order dated August 31, 2009 restrained the CCP from enforcing its order against the Company for the time being.

The vires of the Competition Commission of Pakistan, 2007 have been challenged by a large number of Petitioners and all have been advised by their legal counsels that prima facie the Competition Ordinance, 2007 is ultra vires of the Constitution. A large number of grounds have been raised by these Petitioners and the matter is currently being adjudicated by the Lahore High Court, the Sindh High Court and the Supreme Court of Pakistan. In all these cases, stay orders have been granted by the Courts. Based on the legal opinion, the management is confident that the Company has a good case and there are reasonable chances of success in the pending Petition in the Supreme Court of Pakistan.

15.1.4 The matter relating to interpretation of provisions of section 4(2) of the repealed Central Excise Act, 1944 (1944 Act) has now attained finality after having been adjudicated by the honourable Supreme Court of Pakistan through its judgement dated January 27, 2009 (upholding its previous judgement dated February 15, 2007). The longstanding controversy between the revenue department and the tax payers related primarily to finer interpretation of the provisions of section 4(2) of the 1944 Act wherein the department had a view that excise duty shall be included as a component for determination of the value (retail price) for levying excise duty. The departmental view, being against the spirit of law, was challenged by the taxpayers in appeals before the honourable High Courts of the country which, duly appreciating the contentions of the taxpayers, overturned the departmental view and succeeded the appeals.

Now since the controversy has attained finality up to the highest appellate level, the Company has initiated the process of claiming refund of excess excise duty paid by it during the periods from 1994 to 1999 which aggregates to Rs 1,115.145 million. The amount of refund, however, shall be incorporated in the books of accounts once it is realised by the Company.

15.1.5 The Company, consequent to the order passed by the Supreme Court of Pakistan against the decision of the Sindh High Court in the matter of infrastructure cess, filed a petition before the Sindh High Court, challenging the levy of fifth version of the law enforcing infrastructure cess. Earlier, the Sindh High Court, in August 2008, ruled out that only levies computed against consignments made on or after December 28, 2006 shall be payable by the petitioners. Although the parties have reached an interim arrangement, through an order of Sindh High Court dated May 31, 2011, for release of 50% of the guarantees, the final order from Sindh High Court is still pending. According to the legal counsel of the Company, chances of favourable outcome of the appeal are fair, therefore 50% of the amount of infrastructure cess payable has not been incorporated in these financial statements amounting to Rs. 89.164 million.

15.1.6 The Company, consequent to the order-in-appeal passed by the learned Customs, Federal Excise and Sales Tax Appellate Tribunal, Lahore, filed a petition before the Lahore High Court, challenging the levy of sales tax on the in-house consumption of Shale, Gypsum and Limestone for the period of June 13, 1997 to August 11, 1998. According to the legal counsel of the Company, chances of favourable outcome of the petition are fair, therefore the payable amount has not been incorporated in these financial statements amounting to Rs. 212.239 million.

15.1.7 The tax authorities have raised demands aggregating to Rs 403.968 million against the Company in tax years 2010 through 2012 that primarily pertain to concurrent imposition of 'minimum tax' and tax on 'dividend income' under sections 113 and 5 of the Income Tax Ordinance, 2001 respectively. While the Company's appeals on this ground are presently pending adjudication at the various levels of appellate authorities, no provision on this account has been incorporated in the financial statements as the management considers that meritorious grounds exist to support the position that the matter will ultimately be decided in Company's favour.

15.1.8 The Company has issued the following guarantees in favour of:

- Collector of Customs, Excise and Sales Tax against levy of Sales Tax, custom duty and excise amounting to Rs. 27.124 million (2012: 30.389 million)

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs. 390.900 million (2012: Rs 375.900 million)

- Director General, Mines and Minerals, Punjab against installation of cement factory near Khairpur, District Chakwal amounting to Rs. 3 million (2012: Rs. 3 million)

- Director General, Mines and Minerals, Quetta against Limestone, Shale and other cement manufacturers amounting to Rs. 3 million (2012: Rs. 3 million)

- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs. 2.0 million (2012: Rs. 1.5 million)

- Managing Director, Pakistan Railways against the performance of a contract amounting to Nil (2012: Rs. 1.908 million)

- Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use for Khairpur Project and for D.G Khan Project respectively amounting to Rs. 341.022 million (2012: Rs. 722.377 million)

- Professional Tax imposed by Administration Zila Council (The District Coordination Officer, DG Khan) amounting to Rs. 0.05 million (2012: Rs. 0.05 million)

- The District Coordination Officer, Faisalabad amounting to Rs. 5 million (2012: Nil)

- The Managing Director, Lahore Waste Management Company (LWMC) against the performance of a contract amounting to Rs. 20 million (2012: Rs. 20 million)

- Guarantees against export orders amounting to Rs. 45.231 million (2012: Nil)

15.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs. 224.650 million (2012: Rs. 156.17 million)
(ii) Letters of credits for capital expenditure Rs. 666.128 million (2012: Rs. 760.127 million)
(iii) Letter of credit other than capital expenditure Rs. 1,537.405 million (2012: Rs. 952.872 million)
(iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2013	2012
	----(Rupees in thousand)----	
Not later than one year	331	331
Later than one year and not later than five years	1,325	1,325
Later than five years	5,839	6,170
	7,495	7,826

16. Property, plant and equipment

		2013	2012
		----(Rupees in thousand)----	
Operating assets	- note 16.1	27,324,794	25,192,214
Capital work-in-progress	- note 16.2	1,416,180	1,993,512
		28,740,974	27,185,726

16.1 Operating assets

2013 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2012	Additions/ (Deletions)	Cost as at 30 June 2013	Accumulated Depreciation as at July 01, 2012	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2013	Book value as at June 30, 2013
Freehold land	-	509,419	70,369	579,788	-	-	-	579,788
Leasehold land	3.33	63,000	-	63,000	9,450	2,100	11,550	51,450
Buildings on freehold land								
- Factory building	10	5,266,410	433,313	5,699,723	2,362,530	304,685	2,667,215	3,032,508
- Office building and housing colony	5	800,807	12,503	813,310	249,104	28,052	277,156	536,154
Roads	10	546,234	-	546,234	225,216	32,102	257,318	288,916
Plant and machinery	4.76 - 4.98	27,737,385	2,643,407	30,380,792	8,086,715	968,891	9,055,606	21,325,186
Quarry equipment	20	1,538,072	146,552	1,684,624	975,680	85,652	1,061,332	623,292
Furniture and fittings	10	122,644	11,382 (29,954)	104,072	56,121	6,739 (21,036)	41,824	62,248
Office equipment	10	234,800	19,903 (38,186)	216,517	87,826	14,793 (23,826)	78,793	137,724
Vehicles	20	252,226	83,857 (30,069)	306,014	88,716	34,514 (14,385)	108,845	197,169
Aircraft	30	38,185	328,752 (38,185)	328,752	36,970	74,060 (37,062)	73,968	254,784
Power and water supply lines	10	467,575	382	467,957	206,215	26,167	232,382	235,575
		37,576,757	3,750,420 (136,394)	41,190,783	12,384,543	1,577,755 (96,309)	13,865,989	27,324,794

2012 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2011	Additions/ (Deletions)	Cost as at 30 June 2012	Accumulated Depreciation as at July 01, 2011	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2012	Book value as at June 30, 2012
Freehold land	-	341,302	168,117	509,419	-	-	-	509,419
Leasehold land	3.33	63,000	-	63,000	7,350	2,100	9,450	53,550
Buildings on freehold land								
- Factory building	10	4,948,925	317,485	5,266,410	2,056,349	306,181	2,362,530	2,903,880
- Office building and housing colony	5	792,383	8,424	800,807	220,938	28,166	249,104	551,703
Roads	10	438,963	107,271	546,234	191,542	33,674	225,216	321,018
Plant and machinery	4.76 - 4.98	26,471,596	1,265,789	27,737,385	7,178,514	908,201	8,086,715	19,650,670
Quarry equipment	20	1,497,966	40,106	1,538,072	879,635	96,045	975,680	562,392
Furniture and fittings	10	114,599	8,996 (951)	122,644	49,260	6,948 (87)	56,121	66,523
Office equipment	10	191,991	43,022 (213)	234,800	73,607	14,240 (21)	87,826	146,974
Vehicles	20	197,867	79,828 (25,469)	252,226	81,459	22,644 (15,387)	88,716	163,510
Aircraft	30	38,185	-	38,185	36,450	520	36,970	1,215
Power and water supply lines	10	467,114	461	467,575	177,222	28,993	206,215	261,360
		35,563,891	2,039,499 (26,633)	37,576,757	10,952,326	1,447,712 (15,495)	12,384,543	25,192,214

16.1.1 Freehold land and building include book values of Rs 12 million (2012: Rs 12 million) and Rs 7.101 million (2012: Rs 7.101 million) respectively which are held in the name of Chief Executive of the Company. This property is located in the locality of Defence Housing Authority where the by-laws restrict transfer of title of the residential property in the name of the Company.

		2013	2012
		----(Rupees in thousand)----	

16.1.2 The depreciation charge for the year has been allocated as follows:

		2013	2012
Cost of sales	- note 28	1,475,667	1,429,379
Administrative expenses	- note 29	97,952	15,578
Selling and Distribution expenses	- note 30	4,136	2,755
		1,577,755	1,447,712

16.1.3 No impairment has been recognised on operating assets in the current year.

16.1.4 During the year, the Company has identified certain items of operating assets from which further economic benefits are no longer being derived. Therefore, assets having cost of Rs 68.14 million (2012: Nil) and net book value of Rs 23.278 million (2012: Nil) have been retired from active use and have been written off in these financial statements.

16.1.5 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

2013 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain/(Loss) on disposal	Mode of Disposal
Vehicles							
	Employees						
	Nazir Hussain	555	354	201	586	385	Auction
	Mirza Asghar Ali	1,501	944	557	1,333	776	-do-
	Khawaja Fakhar-ul-Islam	1,462	316	1,146	1,146	-	-do-
	Mr. Riayat Ullah Khan	571	365	206	206	-	-do-
	Arshad Ali	571	368	203	670	467	-do-
	Amjad Ali	1,279	805	474	815	341	-do-
	Muhammad Salah-ud-din	555	378	177	580	403	-do-
	Outside parties						
	Anwar Ahmed Batla	571	445	126	486	360	Auction
	Nadeem Gul	570	344	226	615	389	-do-
	Ithfz Mills Ltd.	13,695	4,500	9,195	14,500	5,305	-do-
	Amer Adnan	1,520	906	614	1,385	771	-do-
	Hameed Ullah	272	149	123	124	1	-do-
	Irfan Khan	571	359	212	611	399	-do-
	Irfan Khan	571	359	212	651	439	-do-
	Asim Murtaza	1,279	916	363	866	503	-do-
	Asim Murtaza	570	368	202	456	254	-do-
	Maj. Shehzada Jahanzeb	530	281	249	300	51	-do-
	Irfan Khan	275	144	131	542	411	-do-
	Security General Insurance Company	678	511	167	750	583	Insurance Claim
	Khalid Farooq Hashmi	612	375	237	615	378	Auction
	Nadeem Gul	290	216	74	398	324	-do-
	Rehan Sabri	1,515	944	571	1,262	691	-do-
Office Equipment		38,186	23,826	14,360	-	(14,360)	Assets written off
Furniture and Fittings		29,954	21,036	8,918	-	(8,918)	Assets written off
Aircraft	Outside party						
	Syed Sibghat Ullah Shah	38,185	37,062	1,123	22,702	21,579	Sale
Other assets with book value less than Rs 50,000		56	38	18	22	4	Auction
		136,394	96,309	40,085	51,621	11,536	

2012 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain/(Loss) on disposal	Mode of Disposal
Vehicles							
	Employees						
	Muhammad Sajid	560	343	217	527	310	Auction
	Iqbal Ghani	12,294	6,903	5,391	16,000	10,609	-do-
	Syed Yasir Hussain	174	82	92	368	276	-do-
	Hasnat Aziz Bantth	1,501	894	607	1,000	393	-do-
	Ch. Muhammad Ali	174	87	87	397	310	-do-
	Rizwan Javed	318	276	42	355	313	-do-
	Irfan Ahmed	555	318	237	554	317	-do-
	Irfan Ahmed	1,090	662	428	767	339	-do-
	Sayed Yasir Hussain	427	305	122	375	253	-do-
	Attiq-ur-Rehman	879	564	315	1,087	772	-do-
	Raheem Buksh	353	256	97	526	429	-do-
	Nasir Zahoor	555	343	212	525	313	-do-
	Rizwan Javed	555	362	193	555	362	-do-
	Ahmed Haroon Khan	571	324	247	686	439	-do-
	Imran Fatima	398	207	191	460	269	-do-
	Nazar Hussain	555	355	200	582	382	-do-
	Major Iftikhar	1,517	870	647	1,125	478	-do-
	Tahir Ali Shah	760	708	52	950	898	-do-
	Irfan Ahmed	275	139	136	512	376	-do-
	Waseem Riaz	753	655	98	635	537	-do-
	Nadeem Gul	560	375	185	500	315	-do-
	Khalid Farooq Hashmi	555	355	200	560	360	-do-
Office Equipment		213	21	192	213	21	Assets written off
Furniture and Fittings		334	31	303	334	31	-do-
		334	31	303	334	31	-do-
		284	26	258	284	26	-do-
Other assets with book value less than Rs 50,000		89	3	86	89	3	Auction
		26,633	15,495	11,138	30,300	19,162	

16.2. Capital work-in-progress

2013 (Rupees in thousand)

	Balance as at June 30, 2012	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Capital expenditure charged off during the year	Transfers within capital work in progress	Transfers to operating fixed assets	Balance as at June 30, 2013
Civil works	346,024	288,960	-	-	106,774	(435,635)	306,123
Plant and machinery	1,549,765	2,081,096	46,055	-	-	(2,698,934)	977,982
Advances	31,108	154,049	-	-	(106,774)	(16,228)	62,155
Others	4,672	13,952	-	-	-	(18,219)	405
Expansion Project :							
- Civil works	18,992	46	-	-	-	-	19,038
- Others	42,951	7,526	-	-	-	-	50,477
	1,993,512	2,545,629	46,055	-	-	(3,169,016)	1,416,180

2012							(Rupees in thousand)
	Balance as at June 30, 2011	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Capital expenditure charged off during the year	Transfers within capital work in progress	Transfers to operating fixed assets	Balance as at June 30, 2012
Civil works	218,310	544,242	-	-	-	(416,528)	346,024
Plant and machinery	925,123	2,375,199	-	(57,438)	-	(1,693,119)	1,549,765
Advances	74,190	106,880	-	-	-	(149,962)	31,108
Others	103,496	13,054	-	-	-	(111,878)	4,672
Expansion Project :							
- Civil works	18,992	-	-	-	-	-	18,992
- Others	33,709	9,242	-	-	-	-	42,951
	1,373,820	3,048,617	-	(57,438)	-	(2,371,487)	1,993,512

17. Intangible assets

This represents Oracle ERP system.

		2013	2012
		----(Rupees in thousand)----	
Cost			
As at July 1		92,260	-
Additions		-	92,260
As at June 30		92,260	92,260
Less: Accumulated amortisation			
As at July 1		18,452	-
Amortisation for the year	- note 17.1	18,452	18,452
As at June 30		36,904	18,452
		55,356	73,808

17.1 Oracle ERP system is being amortised over a useful life of five years.

17.2 The amortisation charge for the year has been allocated as follows:

		2013	2012
Cost of sales	- note 28	12,916	12,916
Administrative expenses	- note 29	2,768	2,768
Selling and distribution expenses	- note 30	2,768	2,768
		18,452	18,452

18. Investments

These represent the long term investments in:

		2013	2012
- Related parties	- note 18.1	8,649,051	4,863,873
- Others	- note 18.2	1,809	1,072
		8,650,860	4,864,945

18.1 Related Parties

Nishat Chunian Limited- quoted

	2013	2012
5,419,590 (2012: 4,926,900) fully paid ordinary shares of Rs 10 each		
Equity held 2.98% (2012: 2.98%)		
Market value - Rs 323.82 million (2012: Rs 85.679 million)	45,254	45,254
Fair value gain	278,566	40,424
	323,820	85,678

	2013	2012
	----(Rupees in thousand)----	
Subsidiaries - unquoted		
Nishat Paper Products Company Limited		
23,268,398 (2012: 23,268,398) fully paid ordinary shares of Rs 10 each		
Equity held: 50% (2012: 50%)	203,631	203,629
	203,631	203,629
Associates - quoted		
Nishat Mills Limited		
30,289,501 (2012: 30,289,501) fully paid ordinary shares of Rs 10 each		
Equity held 8.61% (2012: 8.61%)		
Market value - Rs 2,853.574 million (2012: Rs 1,441.174 million)	1,577,174	1,577,174
Less: Cumulative impairment Loss	(250,615)	(250,615)
	1,326,559	1,326,559
MCB Bank Limited		
19,368,469 (2012: 17,607,700) fully paid ordinary shares of Rs 10 each		
Equity held: 1.91% (2012: 1.91%)		
Market value Rs 4,698.597 million (2012: Rs 2,927.104 million)	125,834	125,834
	125,834	125,834
Adamjee Insurance Company Limited		
3,541,391 (2012: 3,541,391) fully paid ordinary shares of Rs 10 each		
Equity held 2.86% (2012: 2.86%)		
Market value - Rs 269.429 million (2012: Rs 206.286 million)	348,857	348,858
Less: Cumulative impairment Loss	(118,703)	(118,703)
	230,154	230,155
Fair value gain	6,139,053	2,892,018
	8,025,231	4,778,195
Associates - unquoted		
Nishat Dairy Private Limited		
30,000,000 (2012: Nil) fully paid ordinary shares of Rs 10 each		
Equity held 10.6% (2012: Nil)	300,000	-
	300,000	-
	8,649,051	4,863,873

Nishat Mills Limited, MCB Bank Limited and Adamjee Insurance Company Limited are associated undertakings as per the Companies Ordinance, 1984, however, for the purpose of measurement, these have been classified as available for sale and measured at fair value as the Company does not have significant influence over these companies.

	2013	2012
	----(Rupees in thousand)----	
18.2 Others		
Maple Leaf Cement Factory Limited		
13,747 (2012: 13,747) fully paid ordinary shares of Rs 10 each		
Equity held 0.0% (2012: 0.0%)		
Market value - Rs 0.301 million (2012: Rs 0.064 million)	282	282
Less: Cumulative impairment Loss	(253)	(253)
	29	29
Nil (2012: 1,999) fully paid preference shares of Rs 10 each		
Equity held 0.0% (2012: 0.0%)		
Market value - Rs 0.0 million (2012: Rs 0.012 million)	-	20
Less: Cumulative impairment Loss	-	(10)
	-	10

	2013	2012
	----(Rupees in thousand)----	
First Capital Mutual Fund		
89,000 (2012: 89,000) certificates of Rs 10 each		
Equity held 0.3% (2012: 0.3%)		
Market value - Rs 0.661 million (2012: Rs 0.395 million)	890	890
Less: Cumulative impairment Loss	(678)	(678)
	212	212
Habib Bank Limited		
191 (2012: 174) fully paid ordinary shares of Rs 10 each		
Equity held 0.0% (2012: 0.0%)		
Market value - Rs 0.023 million (2012: Rs 0.02 million)	24	24
Less: Cumulative impairment Loss	(6)	(6)
	18	18
Oil and Gas Development Company Limited		
2,353 (2012: 2,353) fully paid ordinary shares of Rs 10 each		
Equity held 0.0% (2012: 0.0%)		
Market value - Rs 0.538 million (2012: Rs 0.378 million)	76	76
	76	76
Pakistan Petroleum Limited		
1,197 (2012: 958) fully paid ordinary shares of Rs 10 each		
Equity held 0.0% (2012: 0.0%)		
Market value - Rs 0.253 million (2012: Rs 0.180 million)	27	27
	27	27
Kot Addu Power Company Limited		
500 (2012: 500) fully paid ordinary shares of Rs 10 each		
Equity held 0.0% (2012: 0.0%)		
Market value - Rs 0.032 million (2012: Rs 0.023 million)	15	15
	15	15
Fair value gain	1,432	685
	1,809	1,072

18.3 Investments with a face value of Rs 135 million (2012: Rs 235 million) are pledged as security against bank facilities. 3,509,334 (2012: 3,190,304) shares of MCB Bank Limited are blocked in CDC account.

19. Long term loans, advances and deposits

		2013	2012
		----(Rupees in thousand)----	
Considered Good			
- Loans to related parties	- note 19.1	51,617	68,823
- Other loans and advances	- note 19.2	43,918	51,519
		95,535	120,342

19.1 Loans and advances to related parties

	2013	2012
Loan to related party	68,823	86,029
Less: receivable within one year	17,206	17,206
	51,617	68,823

This represents an unsecured loan of Rs 49 million and Rs 19.823 million (2012: Rs 61.250 million and Rs 24.778 million) given to Sui Northern Gas Pipelines Limited (SNGPL) for the development of infrastructure for the supply of natural gas to the plants at D.G. Khan and Khairpur respectively. Mark up is charged at rates of 2% and 1.5% per annum (2012: 2% and 1.5% per annum) respectively and is received annually. The principal amount is receivable in 5 annual instalments ending December 31, 2016 and March 28, 2017 respectively.

		2013	2012
		----(Rupees in thousand)----	
19.2 Other loans and advances			
Loans to employees			
- Executives	- note 19.2.1	94	259
- Others		4,177	3,819
		4,271	4,078
Less: receivable within one year			
- Executives		56	126
- Others		1,090	1,240
		1,146	1,366
		3,125	2,712
Security deposits		40,793	48,807
		43,918	51,519
19.2.1 Executives			
Opening balance		259	383
Transfer from others to executives		72	-
Interest accrued		5	5
		336	388
Less: repayment during the year		242	129
		94	259

These represent secured loans given to executives and other employees for house building and purchase of motor vehicles and are recoverable in equal monthly instalments over a period of 24 to 96 months. The loans given to executives and other employees carry interest at the rate of 10% per annum (2012: 10% per annum) except for loans given to workers which are interest free.

The loans of Rs 2.565 million (2012: Rs 2.563 million) are secured against the employees' respective retirement benefits.

The maximum aggregate amount due from executives at any time during the year was Rs 0.331 million (2012: Rs 0.383 million).

20. Stores and spares

	2013	2012
	----(Rupees in thousand)----	
Stores (including in transit Rs 15.366 million (2012: Rs 50.216 million))	1,344,419	1,389,093
Spare parts (including in transit Rs 138.368 million (2012: Rs 195.193 million))	2,755,228	2,741,073
Loose tools	7,356	7,096
	4,107,003	4,137,262

20.1 Stores and spare parts include items which may result in fixed capital expenditure but are not distinguishable.

		2013	2012
		----(Rupees in thousand)----	

21. Stock-in-trade

		2013	2012
Raw materials		198,920	177,405
Packing material (including in transit Rs 5.365 million (2012: Rs 0.013 million))		285,896	200,201
Work-in-process		856,587	322,049
Finished goods		320,318	254,990
		1,661,721	954,645

22. Trade debts - considered good

		2013	2012
Secured		184,727	194,271
Unsecured			
- Related parties	- note 22.1	15,582	11,923
- Others		73,226	111,776
		273,535	317,970

22.1 Related parties - unsecured

	2013	2012
Nishat Hospitality (Private) Limited	1,424	4,256
Nishat Dairy (Private) Limited	3,781	3,587
Nishat Chunian Limited	5,039	-
Nishat Hotels and Properties Limited	3,740	-
Nishat Linen (Private) Limited	289	-
MCB Bank Limited	1,309	2,974
Nishat Developers (Private) Limited	-	732
Lalpir Power Limited	-	374
	15,582	11,923

Ageing analysis of the amounts due from related parties is as follows :

	1 to 3 months	More then 3 months	As at June 30, 2013	As at June 30, 2012
	--------------------Rupees in 000-------------------			
Nishat Developers (Private) Limited	-	-	-	732
Nishat Hospitality (Private) Limited	1,424	-	1,424	4,256
Nishat Dairy (Private) Limited	3,781	-	3,781	3,587
Nishat Chunian Limited	5,039	-	5,039	-
Nishat Hotels and Properties Limited	3,740	-	3,740	-
Nishat Linen (Private) Limited	289	-	289	-
MCB Bank Limited	1,309	-	1,309	2,974
Lalpir Power Limited	-	-	-	374
	15,582	-	15,582	11,923

23. Investments

		2013	2012
		----(Rupees in thousand)----	
Available for sale - quoted			
Related parties	- note 23.1	479,066	479,066
		479,066	479,066
Cumulative fair value gain		17,383,652	10,646,985
		17,862,718	11,126,051

	2013	2012
	----(Rupees in thousand)----	

23.1 Related Parties

MCB Bank Limited - Associated company		
73,610,834 (2012: 66,918,940) fully paid ordinary shares of Rs 10 each		
Equity held: 7.27% (2012: 7.27%)		
Market value Rs 17,857.252 million (2012: Rs 11,124.605 million)	478,234	478,234
Nishat Chunian Limited		
91,474 (2012: 83,159) fully paid ordinary shares of Rs 10 each		
Equity held: 0.05% (2012: 0.05%)		
Market value - Rs 5.466 million (2012: Rs 1.446 million)	832	832
	479,066	479,066

MCB Bank Limited is an associated undertaking as per the Companies Ordinance, 1984, however, for the purpose of measurement, this has been classified as available for sale and measured at fair value as the Company does not have significant influence over this company.

24. Advances, deposits, prepayments and other receivables

		2013	2012
		----(Rupees in thousand)----	
Current portion of loans to employees - considered good		1,145	1,366
Current portion of long term receivable from related party		17,206	17,206
Advances - considered good			
- To employees	- note 24.1	4,331	3,135
- To suppliers		143,807	70,715
		148,138	73,850
Due from related parties	- note 24.2	226,819	311,228
Prepayments		5,565	2,812
Mark-up receivable from related party	- note 24.3	35,918	48,920
Profit receivable on bank deposits		-	1,285
Letters of credit - margins, deposits, opening charges, etc		13,201	2,361
Balances with statutory authorities			
- Sales tax	- note 24.4	81,007	62,932
- Excise duty		17,243	17,243
- Export rebate		65,342	68,831
		163,592	149,006
Other receivables		193	12,967
		611,777	621,001

24.1 Included in advances to employees are amounts due from executives of Rs 1,993 thousand (2012: Rs 1,483 thousand).

		2013	2012
		----(Rupees in thousand)----	
24.2 Due from related parties - unsecured			
Nishat Mills Limited		17,507	13,461
Nishat Developers (Private) Limited		733	-
Lalpir Power Limited		-	12
Nishat Paper Products Company Limited	- note 24.2.1	208,579	297,755
		226,819	311,228

24.2.1 This represents amount due from subsidiary company relating to advance for purchase of paper bags carrying interest at average borrowing rate of the Company.

24.3 This represents mark-up receivable from Sui Northern Gas Pipelines Limited against the loan as referred to in note 19.2 and from Nishat Paper Products Company Limited against advances as referred to in note 24.2.

24.4 Sales tax recoverable includes amounts which have been recovered by the sales tax department against miscellaneous demands raised by it. The Company has filed appeals against the demands at different forums.

		2013	2012
		----(Rupees in thousand)----	
25. Derivative financial instrument			
Cross currency interest rate swap	- note 25.1	1,837	-

25.1 During the year, the Company has entered into a derivative cross currency interest rate swap with a commercial bank. Under the terms of cross currency swap arrangement, the Company pays Karachi Inter-Bank Offered Rate (KIBOR) minus bank spread to the arranging bank on the notional PKR amount for the purposes of the cross currency swap, and receives London Inter-Bank Offered Rate (LIBOR) on the notional USD amount from the arranging bank. There have been no transfers of liabilities under the arrangements, only the nature of the interest payment has changed. The derivative cross currency swap outstanding as at June 30, 2013 has been marked to market and the resulting gain has been included in the profit and loss account.

		2013	2012
		----(Rupees in thousand)----	
26. Cash and bank balances			
At banks:			
Saving accounts			
Local currency	- note 26.1 - 26.2	181,950	133,258
Foreign Currency: US$ 1,460,280 (2012: US$ 902,962)		144,276	85,044
Current accounts		142,538	206,905
		468,764	425,207
In hand		117	3,234
		468,881	428,441

26.1 The balances in saving accounts bear mark-up which is 6% to 9.7% per annum (2012: 0.1% to 5% per annum).

26.2 Included in balances at banks on saving accounts are Rs 14.480 million (2012: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 13.2.

		2013	2012
		----(Rupees in thousand)----	
27. Sales			
Local sales		22,733,691	20,258,088
Export sales	- note 27.1	6,866,192	7,146,523
		29,599,883	27,404,611
Less:			
Sales tax		3,170,835	2,792,019
Excise duty and special excise duty		1,157,255	1,385,540
Commission to stockists and export agents		355,869	277,199
		4,683,959	4,454,758
		24,915,924	22,949,853

27.1 Export sales include rebate on exports amounting to Rs 35.127 million (2012: Rs 38.378 million).

		2013	2012
		----(Rupees in thousand)----	
28. Cost of sales			
Raw and packing materials consumed		2,036,742	1,877,887
Salaries, wages and other benefits	- note 28.1	1,119,129	941,316
Electricity and gas		2,263,755	2,109,987
Furnace oil and coal		6,990,815	7,262,703
Stores and spares consumed		1,650,244	1,375,329
Repairs and maintenance		290,150	224,370
Insurance		60,450	57,814
Depreciation on property, plant and equipment	- note 16.1.2	1,475,667	1,429,379
Amortisation of intangible assets	- note 17.1	12,916	12,916
Royalty		153,526	147,132
Excise duty		17,270	13,715
Vehicle running		23,076	24,672
Postage, telephone and telegram		3,156	3,200
Printing and stationery		8,729	5,029
Legal and professional charges		2,702	1,984
Travelling and conveyance		23,328	24,673
Estate development		14,615	19,822
Rent, rates and taxes		23,955	18,379
Freight charges		9,713	6,328
Other expenses		30,535	25,711
		16,210,473	15,582,346
Opening work-in-process	- note 21	322,049	169,612
Closing work-in-process	- note 21	(856,587)	(322,049)
		(534,538)	(152,437)
Cost of goods manufactured		15,675,935	15,429,909
Opening stock of finished goods	- note 21	254,990	294,737
Closing stock of finished goods	- note 21	(320,318)	(254,990)
		(65,328)	39,747
Less: Own consumption		20,690	26,558
		15,589,917	15,443,098

28.1 Salaries, wages and other benefits include Rs 28.519 million (2012: Rs 24.626 million), Rs 37.390 million (2012: Rs 30.252 million) and Rs 21.826 million (2012: Rs 19.518 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

28.1.1 Salaries, wages and other benefits

Salaries, wages and other benefits include the following in respect of retirement benefits:

	2013	2012
	----(Rupees in thousand)----	
Gratuity		
Current service cost	22,054	15,967
Interest cost for the year	15,339	12,628
Expected return on plan assets	(3)	(1)
Actuarial loss	-	1,658
	37,390	30,252
Leave Encashment		
Current service cost	2,387	3,340
Interest cost for the year	6,820	5,368
Actuarial loss	12,619	10,810
	21,826	19,518

		2013	2012
		----(Rupees in thousand)----	

29. Administrative expenses

		2013	2012
Salaries, wages and other benefits	- note 29.1	170,948	139,338
Electricity, gas and water		4,803	5,678
Repairs and maintenance		10,327	8,507
Insurance		3,030	1,738
Depreciation on property, plant and equipment	- note 16.1.2	97,952	15,578
Amortisation of intangible assets	- note 17.1	2,768	2,768
Vehicle running		7,041	6,181
Postage, telephone and telegram		10,885	8,358
Printing and stationery		7,782	18,532
Legal and professional services	- note 29.2	20,611	16,321
Travelling and conveyance		14,730	6,879
Rent, rates and taxes		5,483	147
Entertainment		2,109	2,316
School expenses		18,574	18,888
Fee and subscription		15,149	11,549
Other expenses		13,387	4,927
		405,579	267,705

29.1 Salaries, wages and other benefits include Rs 5.807 million (2012: Rs 4.949 million), Rs 9.133 million (2012: Rs 7.365 million) and Rs 5.335 million (2012: Rs 4.763 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

29.1.1 Salaries, wages and other benefits

Salaries, wages and other benefits include the following in respect of retirement benefits:

	2013	2012
	----(Rupees in thousand)----	
Gratuity		
Current service cost	5,387	3,887
Interest cost for the year	3,747	3,074
Expected return on plan assets	(1)	-
Actuarial loss	-	404
	9,133	7,365
Leave Encashment		
Current service cost	583	815
Interest cost for the year	1,667	1,310
Actuarial loss	3,085	2,638
	5,335	4,763

29.2 Legal and professional charges

	2013	2012
Legal and professional charges include the following in respect of auditors' remuneration for:		
Statutory audit	1,650	1,500
Half-yearly review	450	400
Audit of consolidated financial statements and other certification charges	100	100
Out of pocket expenses	75	75
	2,275	2,075

		2013	2012
		----(Rupees in thousand)----	

30. Selling and distribution expenses

		2013	2012
Salaries, wages and other benefits	- note 30.1	85,963	74,945
Electricity, gas and water		1,186	1,209
Repairs and maintenance		1,487	819
Insurance		713	481
Depreciation on property, plant and equipment	- note 16.1.2	4,136	2,755
Amortisation of intangible assets	- note 17.1	2,768	2,768
Vehicle running		3,792	3,743
Postage, telephone and telegram		2,153	2,058
Printing and stationery		4,216	3,393
Rent, rates and taxes		2,078	1,337
Legal and professional charges		-	695
Travelling and conveyance		3,645	3,336
Entertainment		647	838
Advertisement and sales promotion		5,162	7,349
Freight and handling charges - export		1,626,759	2,095,508
Debtors written off		5,010	-
Other expenses		1,459	1,667
		1,751,174	2,202,901

30.1 Salaries, wages and other benefits include Rs 3.347 million (2012: Rs 3.004 million), Rs 4.373 million (2012: Rs 3.526 million) and Rs 2.554 million (2012: Rs 2.280 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

	2013	2012
	----(Rupees in thousand)----	

30.1.1 Salaries, wages and other benefits

Salaries, wages and other benefits include the following in respect of retirement benefits:

	2013	2012
Gratuity		
Current service cost	2,580	1,861
Interest cost for the year	1,794	1,472
Actuarial loss	-	193
	4,374	3,526
Leave Encashment		
Current service cost	279	390
Interest cost for the year	798	627
Actuarial loss	1,477	1,263
	2,554	2,280

31. Other operating expenses

		2013	2012
Workers' profit participation fund		373,466	213,288
Donations	- note 31.1	3,741	1,700
Realized loss on derivative financial instrument		22,132	-
Exchange loss		145,467	285,847
		544,806	500,835

31.1 None of the directors and their spouses had any interest in any of the donees.

		2013	2012
		----(Rupees in thousand)----	

32. Other income

		2013	2012
Income from financial assets			
Income on bank deposits		5,820	3,434
Interest on loans to employees		5	24
Mark-up on loan / advances to related parties		36,839	50,000
Unrealized gain on derivative financial instruments		1,837	5,467
Dividend income from:			
- Related parties	- note 32.1	1,295,581	1,058,678
- Others		52	29
		1,295,633	1,058,707
		1,340,134	1,117,632
Income from non-financial assets			
Rental income		813	759
Gain on disposal of property, plant and equipment	- note 16.1.5	11,536	19,162
Scrap sales		111,593	27,601
Provisions and unclaimed balances written back		2,188	22,632
Others		25	150
		126,155	70,304
		1,466,289	1,187,936

32.1 Dividend income from related parties

	2013	2012
Nishat Mills Limited	106,013	99,955
MCB Bank Limited	1,170,695	945,162
Adamjee Insurance Company Limited	8,853	3,541
Nishat Chunian Limited	10,020	10,020
	1,295,581	1,058,678

33. Finance costs

	2013	2012
Interest and mark-up on:		
- Long term loans - secured	365,293	657,692
- Short term borrowings - secured	582,309	958,973
- Workers' profit participation fund	1,261	1,191
Guarantee commission	11,336	15,020
Bank charges	34,680	37,908
	994,879	1,670,784

34. Taxation

	2013	2012
Current		
- For the year	-	101,500
- Prior	92,719	(115,335)
	92,719	(13,835)
Deferred	1,500,970	(41,817)
	1,593,689	(55,652)

34.1 The provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001 at the rate of 0.5% (2012: 1%) of turnover from local sales as which has been reduced to nil by tax credit under section 65B of the Income Tax Ordinance, 2001. In addition to this, it includes tax on exports and rental income which is full and final discharge of Company's tax liability in respect of income arising from such source.

For purposes of current taxation, the tax losses available for carry forward as at June 30, 2013 are estimated approximately at Rs 5,016.666 million (2012: Rs 8,465.270 million).

	2013 %	2012 %
34.2 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	35.00	35.00
Tax effect of amounts that are:		
- Not deductible for tax purposes	0.13	0.18
- Chargeable to tax at different rates	(4.57)	(9.15)
Effect of change in prior years' tax	0.01	(24.18)
Effect of change in tax rate	0.71	-
Tax credits and losses in respect of which no deferred tax asset has been recognised	(3.72)	0.74
Effect of presumptive tax regime	(5.09)	-
Tax effect for higher of minimum tax or dividend income	-	(3.97)
Rounding and others	(0.01)	0.01
	(12.54)	(36.37)
Average effective tax rate charged to profit and loss account	22.46	(1.37)

35. Earnings per share

35.1 Earnings per share - Basic

Profit for the year	Rupees	5,502,165,854	4,108,117,688
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earnings per share - basic	Rupees	12.56	9.38

35.2 Earnings per share - Diluted

There is no dilution effect on the basic earnings per share as the Company has no such commitments.

36. Cash generated from operations

	2013	2012
	----(Rupees in thousand)----	
Profit before tax	7,095,858	4,052,466
Adjustments for:		
- Depreciation on property, plant and equipment	1,577,755	1,447,712
- Amortisation on intangible assets	18,452	18,452
- Gain on disposal of property, plant and equipment	(11,536)	(19,162)
- Unrealized gain on derivative financial instruments	(1,837)	(5,467)
- Dividend income	(1,295,633)	(1,058,707)
- Mark-up income	(36,839)	(50,000)
- Provision for retirement benefits	80,783	67,883
- Exchange loss	145,467	285,847
- Finance costs	994,879	1,670,784
Profit before working capital changes	1,471,491	2,357,342
Effect on cash flow due to working capital changes		
- Decrease / (increase) in stores, spares and loose tools	30,259	(594,228)
- Increase in stock-in-trade	(707,076)	(92,504)
- Decrease in trade debts	44,435	158,010
- Increase / (decrease) in advances, deposits, prepayments and other receivables	(3,778)	12,825
- Increase in trade and other payables	177,457	268,876
	(458,703)	(247,021)
	8,108,646	6,162,787

		2013	2012
		----(Rupees in thousand)----	

37. Cash and cash equivalents

		2013	2012
Cash and bank balances	- note 26	468,881	428,441
Short term borrowings - secured	- note 13	(5,420,290)	(6,733,467)
		(4,951,409)	(6,305,026)

38. Remuneration of Chief Executive, Directors and Executives

38.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)					
Managerial remuneration	12,240	8,621	23,675	20,127	204,996	169,044
Contributions to provident and gratuity fund	-	-	4,340	3,690	33,609	26,170
Housing	270	270	1,064	1,064	78,017	61,580
Utilities	-	-	-	-	16,511	13,494
Leave passage	-	-	1,477	818	-	4,461
Bonus	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Medical expenses	383	169	408	171	-	5,764
Others	7,890	5,477	3,506	3,432	-	43,585
	20,783	14,537	34,470	29,302	333,133	324,098
Number of persons	1	1	3	3	185	152

The Company also provides the chief executive and some of the directors and executives with Company maintained cars, travelling and utilities.
The Company does not provide any remuneration and benefits to non-executive directors of the Company.

38.2 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to 5 directors (2012: 5 directors) is Nil (2012: Nil).

39. Transactions with related parties

The related parties comprise subsidiary company, associated companies, other related companies, directors, key management personnel and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, dividend income is disclosed in note 32.1, expense charged in respect of staff retirement benefit plans is disclosed in note 9, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 38. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2013	2012
		----(Rupees in thousand)----	
i. Subsidiary company	Purchase of goods	922,042	996,426
	Rental income	813	759
	Interest income	35,358	48,218
ii. Other related parties	Sale of goods	170,603	100,571
	Purchase of asset	381,351	1,700
	Insurance premium	64,192	82,159
	Purchase of services	1,346,020	1,033,558
	Insurance claims received	12,389	10,539
	Mark-up income on balances with related parties	5,813	1,782
	Dividend income	1,295,581	1,058,678
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	80,783	67,883
	Transactions with provident fund account funds paid	112,957	104,335

All transactions with related parties have been carried out on commercial terms and conditions.

40 Plant capacity and actual production

	Capacity		Actual production	
	2013	2012	2013	2012
Clinker (Metric Tonnes)				
Unit I	810,000	810,000	798,167	839,989
Unit II	1,200,000	1,200,000	1,195,047	1,253,632
Unit III	2,010,000	2,010,000	1,930,876	1,680,327

41. Number of employees

	2013	2012
Total number of employees as at June 30	1,068	1062
Average number of employees during the year	1069	1057

42. Provident Fund Related Disclosures

The company operates a provident fund for its employees.

The following information is based on un-audited financial statements of the Fund as at June 30, 2013 and audited financial statements as at June 30, 2012.

		2013	2012
		----(Rupees in thousand)----	
(i) Size of the fund - total assets		905,565	651,578
(ii) Cost of investments made		622,806	513,350
(iii) Fair value of investments	- note 42.1	807,907	575,132
(iv) Percentage of investments made		89.22%	88.27%

42.1 The breakup of fair value of investments is :

	2013		2012	
	(Rs. In `000)	----%---	(Rs. In '000)	----%----
Break up of investments				
Special accounts in a scheduled banks	136,885	16.95%	127,909	22.24%
Term finance certificates - listed	37,271	4.61%	26,601	4.63%
Term finance certificates - unlisted	10,422	1.29%	10,336	1.80%
Government securities	180,083	22.29%	144,616	25.14%
Mutual funds - open ended - listed	66,205	8.19%	45,393	7.89%
Mutual funds - open ended - unlisted (NIT)	24,460	3.03%	15,484	2.69%
Mutual funds - closed ended - listed	11,070	1.37%	7,083	1.23%
Ordinary shares of listed companies	303,881	37.61%	191,640	33.32%
Modaraba certificates - listed	4,508	0.56%	1,896	0.33%
Redeemable capital - listed	21	0.00%	1,836	0.32%
Redeemable capital - unlisted	26,636	3.30%	2,338	0.41%
Debt securities - listed	6,465	0.80%	-	0.00%
	807,907	100.00%	575,132	100.00%

The investments of the provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose except for:

- investments in unlisted security (NIT units)
- investments in listed securities in excess of 30% of provident fund

The management is taking steps to dispose off such investments

43. Financial risk management

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's Board of Directors (the Board). The Company's finance department evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and amounts receivable from / payable to the foreign entities.

	2013	2012
	----(Rupees in thousand)----	
Cash and bank balances - USD	1,460	903
Receivable against sales to foreign parties - USD	2,207	2,066
Long term loan - USD	(18,653)	(29,081)
Advance received against sale - USD	(1,299)	(1,077)
Net exposure - USD	(16,285)	(27,189)

At June 30, 2013, if the Rupee had weakened / strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs 160.896 million (2012: Rs 245.981 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

(ii) Price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified as available for sale. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Company's investment strategy is to maximise investment returns.

The Company's investments in equity of other entities that are publicly traded are included in all of the following three stock exchanges; Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange.
The table below summarises the impact of increases / decreases of the KSE-100 index on the Company's post-tax profit for the year and on equity. The analysis is based on the assumption that the KSE had increased / decreased by 10% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

	Impact on post-tax profit		Impact on other components of equity	
	2013	2012	2013	2012
	(Rupees in thousand)		(Rupees in thousand)	
Karachi Stock Exchange	-	-	260,099	157,874

Post-tax profit for the year would increase / decrease as a result of gains / losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase / decrease as a result of gains / losses on equity securities classified as available for sale. As at June 30, 2013, the Company has no investments classified as fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The Company's interest rate risk arises from short term and long-term borrowings. These borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At June 30, 2013, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs 75.619 million (2012: Rs 108.867 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk of the Company arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to distributors and wholesale and retail customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored and major sales to retail customers are settled in cash. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

	2013	**2012**
	----(Rupees in thousand)----	
Long term loans and deposits	95,535	120,342
Trade debts	88,808	123,699
Advances, deposits, prepayments	281,281	392,972
Balances with banks	468,764	425,207
	934,388	1,062,220

	2013	2012
	----(Rupees in thousand)----	
The ageing analysis of trade receivables is as follows:		
Up to 90 days	64,858	45,678
90 to 180 days	2,954	16,097
181 to 365 days	8,075	6,482
Above 365 days	12,921	55,442
	88,808	123,699

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off are credited directly to profit and loss account.

(ii) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating		Rating		
	Short term	Long term	Agency	2013	2012
				(Rupees in thousand)	
Allied Bank Limited	A1+	AA+	PACRA	378	-
Askari Bank Limited	A1+	AA	PACRA	210	10,783
Bank Alfalah Limited	A1+	AA	PACRA	147,244	85,044
Bank Islami Pakistan Limited	A1	A	PACRA	313	1,499
Bank of Punjab	A1+	AA-	PACRA	226	10,021
Barclay's Bank PLC Pakistan	A-1	A	S&P	6,751	9,157
Citibank N.A.	P-2	A3	Moody's	44	96
Dubai Islamic Bank Pakistan Limited	A-1	A	JCR-VIS	1,844	1,079
Faysal Bank Limited	A1+	AA	PACRA	159	47,413
Habib Bank Limited	A-1+	AAA	JCR-VIS	13,720	-
HSBC Bank Middle East Limited	P-1	A2	Moody's	24	40
MCB Bank Limited	A1+	AAA	PACRA	250,150	240,137
Meezan Bank Limited	A-1+	AA	JCR-VIS	1,107	160
National Bank of Pakistan	A-1+	AAA	JCR-VIS	1,087	1,387
NIB Bank Limited	A1+	AA-	PACRA	14,671	14,924
Silk Bank Limited	A-2	A-	JCR-VIS	155	376
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	338	2,852
United Bank Limited	A-1+	AA+	JCR-VIS	30,097	239
Soneri Bank Limited	A1+	AA-	PACRA	246	-
				468,764	425,207

(c) Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Company's cash and cash equivalents (note 37) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

(Rupees in thousand)

At June 30, 2013	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
Long term finances	4,327,841	1,428,654	1,007,215	1,891,972
Trade and other payables	1,783,768	1,783,768	-	-
Accrued finance cost	125,830	125,830	-	-
Short term borrowings - secured	5,420,290	5,420,290	-	-
	11,657,729	8,758,542	1,007,215	1,891,972

At June 30, 2012	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
		(Rupees in thousand)		
Long term finances	6,785,851	2,156,768	1,356,225	3,272,858
Trade and other payables	1,576,165	1,576,165	-	-
Accrued finance cost	162,931	162,931	-	-
Short term borrowings - secured	6,733,467	6,733,467	-	-
	15,258,414	10,629,331	1,356,225	3,272,858

43.2 Capital risk management

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

The Company manages its capital structure and makes adjustments to it in the 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 or issue new shares.

Consistent with others in the industry and the requirements of the lenders, the company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as total debt divided by total capital employed. Total debt represents long term and short-term finances obtained by the Company. Total capital employed includes equity as shown in the balance sheet plus total debt. The Company's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at June 30, 2013 and June 30, 2012 is as follows:

	2013	**2012**
	----(Rupees in thousand)----	
Total debt	9,748,131	13,519,318
Total equity	47,998,214	32,930,632
Total capital employed	57,746,345	46,449,950
Gearing ratio	17%	29%

43.3 Fair value estimation

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets and liabilities that are measured at fair value:

As at June 30, 2013	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets				
Investments - Available for sale	26,009,947	-	-	26,009,947
Derivative financial instruments	-	1,837	-	1,837
Total assets	26,009,947	1,837	-	26,011,784
Liabilities	-	-	-	-
Total liabilites	-	-	-	-
As at June 30, 2012				
Assets				
Investments - Available for sale	15,787,367	-	-	15,787,367
Derivative financial instruments	-	-	-	-
	15,787,367	-	-	15,787,367
Liabilities	-	-	-	-
Total liabilites	-	-	-	-

43.4 Financial instruments by categories

	At fair value through profit or loss	Available for sale	Loans and receivables	Total
		(Rupees in thousand)		
As at June 30, 2013				
Assets as per balance sheet				
Derivative financial instrument	1,837	-	-	1,837
Long term loans and advances	-	-	95,535	95,535
Loans, advances and other receivables	-	-	281,281	281,281
Investments	-	26,513,578	-	26,513,578
Cash and bank balances	-	-	468,881	468,881
	1,837	26,513,578	845,697	27,361,112

	At fair value through profit or loss	Available for sale	Loans and receivables	Total
		(Rupees in thousand)		
As at June 30, 2012				
Assets as per balance sheet				
Long term loans and advances	-	-	120,342	120,342
Loans, advances and other receivables	-	-	392,972	392,972
Investments	-	15,990,996	-	15,990,996
Cash and bank balances	-	-	428,441	428,441
	-	15,990,996	941,755	16,932,751

	Financial liabilities at amortized cost	
	2013	**2012**
	----(Rupees in thousand)----	
Liabilities as per balance sheet		
Long term finance - secured	4,327,841	6,785,851
Accrued mark up	125,830	162,931
Trade and other payables	1,206,670	1,327,476
	5,660,341	8,276,258

44. Date of authorisation for issue

These financial statements were authorised for issue on September 04, 2013 by the Board of Directors of the Company.

45. Events after the balance sheet date

The Board of Directors have proposed a final dividend for the year ended June 30, 2013 of Rs. 3 (2012: Rs 1.50) per share, amounting to Rs 1,314.357 million (2012: Rs 657.179 million) at their meeting held on September 04, 2013 for approval of the members at the Annual General Meeting to be held on October 31, 2013. These financial statements do not reflect this appropriation.

46. Corresponding figures

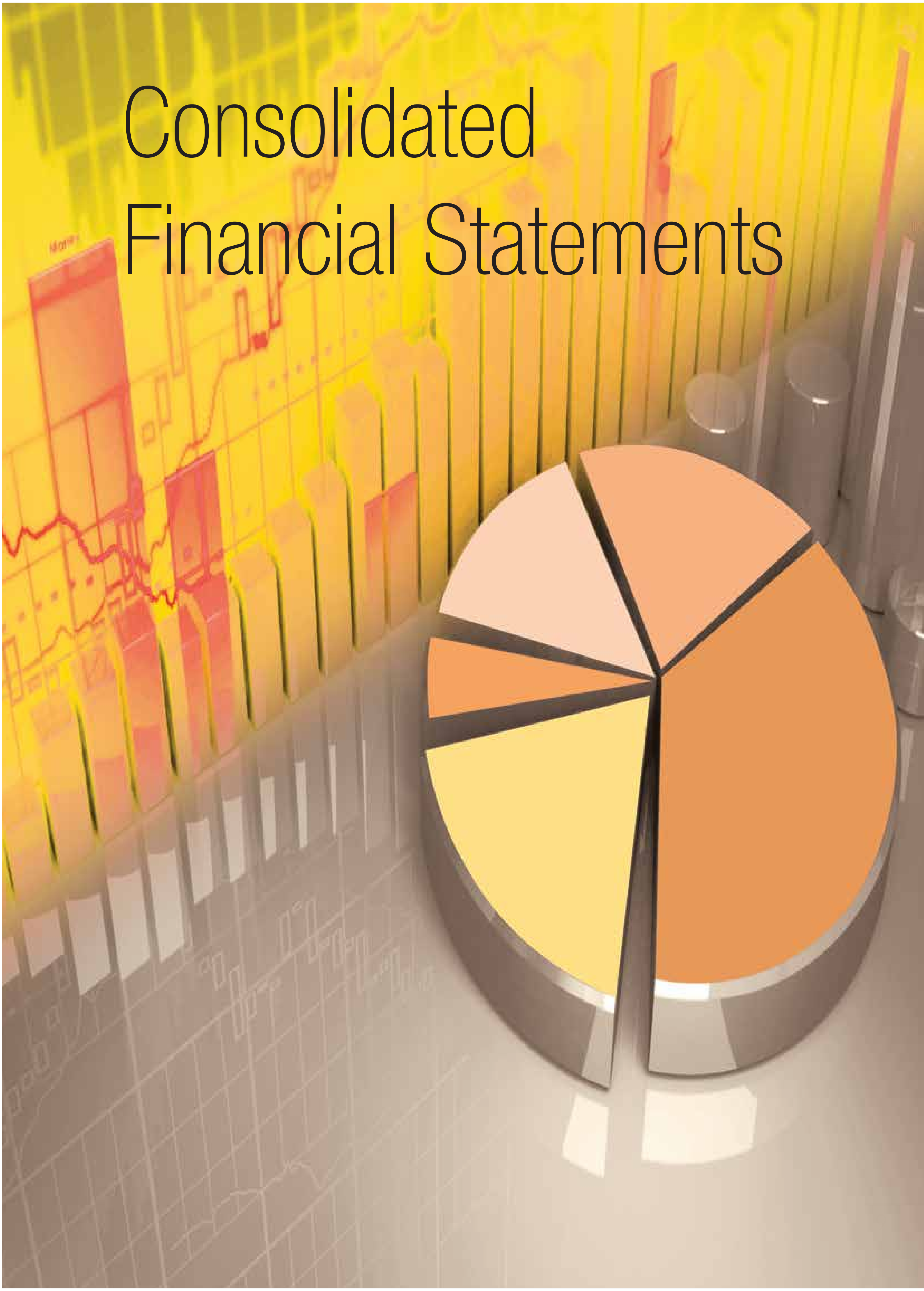
Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. Significant re-arrangement made are as follows:

	(Rupees in thousand)
Opening balance of "Others" - Capital Work in Progress for the year ended June 30,2012 has been classified to "Civil Works" - Capital Work in Progress	11,534
"Mark-up on loan / advances to related parties" has been classified from Income from non-financial assets to Income from financial assets as it is considered a better presentation under International Accounting Standard 32 - Financial instruments : Presentation.	36,839

Chief Executive

Director

Consolidated Financial Statements



DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Directors of your company are pleased to submit their report along with audited consolidated financial statements for the year ended June 30, 2013.

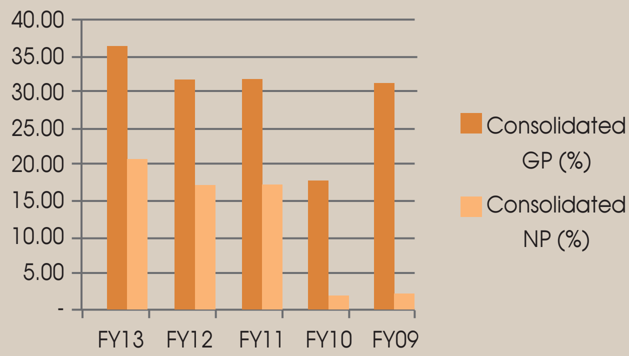
Our economy is in continuous grip of financial turmoil since last five years besides devastating law and order condition and energy crisis. The new government of country will have to face the situation and should take concrete steps with sincerity in right direction. Pakistan's economy has a lot of potential to explore. Our GDP grew at about 3.6% for last year that represent sluggish trend.

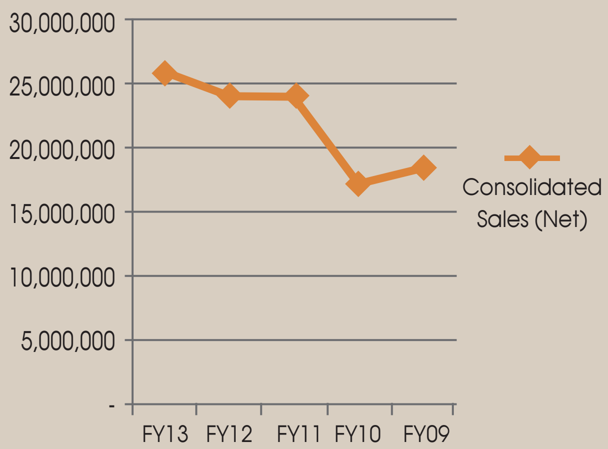
We hope that the synergy benefits of DG Khan Cement Company Limited (DGKC) and Nishat Paper Products Limited (NPPL) will soon be collected. NPPL's operational profitability is linked with cement sector. While slow economic activity directly hit the construction and its related industries. New avenues need to be explored to reap the benefits of synergy and this vertical integration. The main identified risks are energy, foreign exchange, price volatility, demand of products and interest rates. The management of your company is keeping its eyes on all possible risks and is trying its best to mitigate those.

Here are the annual performance highlights for FY13 in comparison with last years:

** PKR in thousands*

	FY13	FY12	FY11	FY10	FY09
Sales	25,826,642	23,846,341	19,451,360	16,973,236	18,368,507
Cost of Sales	16,401,263	16,236,017	14,797,866	13,928,614	12,563,681
Gross Profit	9,425,379	7,610,324	4,653,494	3,044,622	5,804,826
Administrative Cost	410,957	273,884	216,927	176,497	145,547
Selling Cost	1,763,924	2,218,815	2,484,622	1,005,271	1,881,101
Other Operating Cost	553,441	520,101	169,139	204,791	1,081,078
Other Income	1,434,605	1,147,425	1,088,666	875,085	735,021
Operational Income	8,131,662	5,744,949	2,871,472	2,533,148	3,432,121
Finance Cost	1,105,707	1,782,871	2,189,613	2,022,399	2,777,663
Income before Tax	7,025,955	3,962,078	681,859	510,749	654,458
Taxation	1,632,422	123,753	484,698	199,973	239,376
Net Profit	5,393,533	4,085,831	197,161	310,776	415,082





** PKR in thousands*

Companys' Staff and Customers

We wish to record our appreciation of continued commitment of our employees and patronage of our customers.

Mian Raza Mansha
Chief Executive Officer

Lahore: September 04, 2013

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of D.G. Khan Cement Company Limited (the Holding Company) and its subsidiary company (hereinafter referred to as 'the Group') as at June 30, 2013 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed a separate opinion on the financial statements of D.G. Khan Cement Company Limited. Its subsidiary company, Nishat Paper Products Company Limited, was audited by another firm of auditors, whose report has been furnished to us and our opinion in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

As stated in note 2.2.1 annexed to the financial statements, the Group has changed its accounting policies on initial application of standards, amendments or interpretations to existing standards.

In our opinion the consolidated financial statements present fairly the financial position of D.G. Khan Cement Company Limited and its subsidiary company (the Group) as at June 30, 2013 and the results of their operations for the year then ended.

A. F. Ferguson & Co.
Chartered Accountants

Lahore,
Date: September 27, 2013

Name of engagement partner: **Muhammad Masood**

CONSOLIDATED BALANCE SHEET

	Note	2013	2012
		----(Rupees in thousand)----	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
-950,000,000 (2012: 950,000,000)			
ordinary shares of Rs 10 each		9,500,000	9,500,000
-50,000,000 (2012: 50,000,000)			
preference shares of Rs 10 each		500,000	500,000
		10,000,000	10,000,000
Issued, subscribed and paid up capital			
438,119,118 (2012: 438,119,118)			
ordinary shares of Rs 10 each	5	4,381,191	4,381,191
Reserves	6	33,824,228	23,601,636
Accumulated profit		9,827,566	5,036,891
		48,032,985	33,019,718
Non-controlling interest		275,949	330,265
		48,308,934	33,349,983
NON-CURRENT LIABILITIES			
Long term finances	7	3,117,937	4,649,083
Long term deposits	8	65,383	68,355
Retirement and other benefits	9	89,303	185,116
Deferred taxation	10	3,133,194	1,602,750
		6,405,817	6,505,304
CURRENT LIABILITIES			
Trade and other payables	11	2,464,828	2,231,863
Accrued finance cost	12	145,940	178,652
Short term borrowing - secured	13	6,388,501	7,559,348
Current portion of non-current liabilities	14	1,471,282	2,245,561
Provision for taxation		35,090	35,090
		10,505,641	12,250,514
CONTINGENCIES AND COMMITMENTS	15	-	-
		65,220,392	52,105,801

The annexed notes 1 to 47 form an integral part of these consolidated financial statements

Chief Executive

AS AT JUNE 30, 2013

	Note	2013	2012
		----(Rupees in thousand)----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	29,764,372	28,073,573
Intangible assets	17	55,356	73,808
Investments	18	8,447,231	4,661,316
Long term loans, advances and deposits	19	96,441	138,748
		38,363,400	32,947,445
CURRENT ASSETS			
Stores, spares and loose tools	20	4,187,541	4,198,477
Stock-in-trade	21	2,219,664	1,596,784
Trade debts	22	481,889	486,597
Investments	23	17,862,741	11,126,071
Advances, deposits, prepayments and other receivables	24	418,338	301,567
Income tax recoverable		1,185,693	986,467
Derivative financial instrument	25	1,837	-
Cash and bank balances	26	499,289	462,393
		26,856,992	19,158,356
		65,220,392	52,105,801

Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		----(Rupees in thousand)----	
Sales	27	25,826,642	23,846,341
Cost of sales	28	(16,401,263)	(16,236,017)
Gross profit		9,425,379	7,610,324
Administrative expenses	29	(410,957)	(273,884)
Selling and distribution expenses	30	(1,763,924)	(2,218,815)
Other operating expenses	31	(553,441)	(520,101)
Other income	32	1,434,605	1,147,425
Profit from operations		8,131,662	5,744,949
Finance cost	33	(1,105,707)	(1,782,871)
Profit before taxation		7,025,955	3,962,078
Taxation	34	(1,632,422)	123,753
Profit after taxation		5,393,533	4,085,831
Attributable to:			
Equity holders of the parent		5,447,849	4,096,975
Non-controlling interest		(54,316)	(11,144)
		5,393,533	4,085,831
Earnings per share - basic and diluted	35	12.43	9.35

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	----(Rupees in thousand)----	
Profit after taxation	5,393,533	4,085,831
Other comprehensive income /(loss) for the year		
Items that may be re-classified subsequently to profit and loss		
Available for sale financial assets		
- Change in fair value	10,222,592	(1,394,769)
Total comprehensive income for the year	15,616,125	2,691,062
Attributable to:		
Equity holders of the parent	15,670,441	2,702,206
Non-controlling interest	(54,316)	(11,144)
	15,616,125	2,691,062

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		----(Rupees in thousand)----	
Cash flows from operating activities			
Cash generated from operations	36	8,201,525	6,191,390
Finance cost paid		(1,292,521)	(1,909,363)
Retirement and other benefits paid		(174,011)	(20,205)
Taxes paid		(301,204)	(397,808)
Long term deposits - net		(2,972)	(2,538)
Net cash generated from operating activities		6,430,817	3,861,476
Cash flows from investing activities			
Fixed capital expenditure		(3,349,154)	(2,761,493)
Proceeds from sale of property, plant and equipment		51,689	205,300
Long term loans, advances and deposits - net		42,307	(4,623)
Interest received		1,623	1,917
Dividend received		995,645	1,058,708
Net cash used in investing activities		(2,257,890)	(1,500,191)
Cash flows from financing activities			
Proceeds from long term finances		800,000	1,906,382
Repayment of long term finances		(3,108,010)	(2,242,049)
Dividend paid		(657,174)	-
Net cash used in financing activities		(2,965,184)	(335,667)
Net increase in cash and cash equivalents		1,207,743	2,025,618
Cash and cash equivalents at the beginning of the year		(7,096,955)	(9,122,573)
Cash and cash equivalents at the end of the year	37	(5,889,212)	(7,096,955)

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Capital Reserve			Revenue Reserve					
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit	Total equity attributable to shareholders of parent company	Non-Controlling Interest	Total Share-holders equity
	-----------	-----------	-----------	Rupees	in	thousand	-----------	-----------	-----------
Balance as on June 30, 2011	4,381,191	4,557,163	14,974,881	353,510	5,110,851	939,916	30,317,512	341,409	30,658,921
Total comprehensive income / (loss) for the year									
- Profit / (loss) for the year	-	-	-	-	-	4,096,975	4,096,975	(11,144)	4,085,831
- Other comprehensive loss for the year	-	-	(1,394,769)	-	-	-	(1,394,769)	-	(1,394,769)
	-	-	(1,394,769)	-	-	4,096,975	2,702,206	(11,144)	2,691,062
Balance as on June 30, 2012	4,381,191	4,557,163	13,580,112	353,510	5,110,851	5,036,891	33,019,718	330,265	33,349,983
Transactions with owners									
- Final dividend for the year ended June 30, 2012 Rs 1.50 per share	-	-	-	-	-	(657,179)	(657,179)	-	(657,179)
Total comprehensive income / (loss) for the year									
- Profit / (loss) for the year	-	-	-	-	-	5,447,854	5,447,854	(54,316)	5,393,538
- Other comprehensive income for the year	-	-	10,222,592	-	-	-	10,222,592	-	10,222,592
	-	-	10,222,592	-	-	5,447,854	15,670,446	(54,316)	15,616,130
Balance as on June 30, 2013	4,381,191	4,557,163	23,802,704	353,510	5,110,851	9,827,566	48,032,985	275,949	48,308,934

The annexed notes 1 to 47 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

1. Legal status and nature of business

The group comprises of:

- D. G. Khan Cement Company Limited ("the Parent Company"); and
- Nishat Paper Products Company Limited ("the Subsidiary Company")

D. G. Khan Cement Company Limited is a public limited company incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in production and sale of Clinker, Ordinary Portland and Sulphate Resistant Cement. The registered office of the Parent Company is situated at 53-A Lawrence Road, Lahore.

Nishat Paper Products Company Limited is a public limited company incorporated in Pakistan under the Companies Ordinance, 1984 on July 23, 2004. It is principally engaged in the manufacture and sale of paper products and packaging material.

	% age of holding
- Nishat Paper Products Company Limited	50%

2. Basis of preparation

2.1 These consolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 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 Group's consolidated financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year and are relevant to the Group

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Interpretations which became effective during the year but are considered not to be relevant or have any significant effect on the Group's operations and are, therefore, not disclosed in these financial statements except for the amendment to IAS 1 'Presentation of financial statements' regarding 'other comprehensive income' as explained below :

- Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income, emphasises on the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The application of the amendment will not affect the results or net assets of the Group as it is only concerned with presentation and disclosures.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after July 01, 2013 or later periods, and the Group has not early adopted them:

-IFRS 7, 'Disclosures on offsetting financial assets and financial liabilities' (Amendment), issued on December 19, 2011. The new disclosure requirements apply to offsetting of financial assets and financial liabilities. The amendment clarifies that the right of set-off must be available at present i.e. it is not contingent on a future event and must be legally enforceable for all counterparties. This amendment reflects the requirements to enhance current offsetting disclosures. The new disclosure is intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The Group shall apply these amendments for the financial reporting period commencing on July 01, 2013 and does not expect to have any material impact on its financial statements.

-IAS 19, 'Employee Benefits' (Amendment), issued in June 2011. This is applicable on annual periods beginning on or after 1 January 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The Group shall apply these amendments for the financial reporting period commencing on July 01, 2013 and is yet to assess the impact of this transition.

-IFRS 9, 'Financial Instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2015 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, 'Financial Instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities.

-IFRS 10, 11 and 12, (Amendment on transitional guidance) , issued in July 2012, is applicable on annual periods beginning on or after January 01, 2013, provide additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Group shall apply this amendment for the financial reporting period commencing on July 01, 2013 and does not expect to have any material impact on its financial statements.

-IFRS 11, 'Joint Arrangements', applicable on annual periods beginning on or after January 01, 2013, is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group shall apply these amendments for the financial reporting period commencing on July 01, 2013 and does not expect to have any material impact on its financial statements.

-IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group shall apply this standard from July 01, 2013 and does not expect to have any material impact on its financial statements.

-IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group shall apply this standard from July 01, 2013 and does not expect to have any material impact on its financial statements.

3. Basis of measurement

3.1 These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2 The Group's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of the complexity, judgment and estimation involved in their application and their impact on these consolidated financial statements. Judgments and estimates are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

a) Provision for taxation - note 4.3 and 34
b) Provision for employees' retirement benefits - note 4.4 and 9
c) Residual values and useful lives of depreciable assets - note 4.6 and 16.1
d) Provisions and contingencies - note 15
e) Determining the useful lives and residual values of intangible assets - note 4.8 and 17

4. Significant accounting policies

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

4.1 Principles of consolidation

Subsidiary Company

The consolidated financial statements include the financial statements of D. G. Khan Cement Company Limited and its subsidiary Nishat Paper Products Company Limited with 50% holding (2012: 50%) ("the Group Companies").

Subsidiary is that enterprise in which Parent Company directly or indirectly controls, beneficially owns or holds more than 50% of voting securities or otherwise has power to elect and appoint more then 50% of its Directors. The financial statements of the subsidiary are included in the consolidated financial statements from the date control commences until the date control ceases.

The assets and liabilities of the Subsidiary Company have been consolidated on a line by line basis and carrying value of investments held by the Parent Company is eliminated against the Subsidiary Company's shareholders' equity in the consolidated financial statements. Material intra-group balances and transactions have been eliminated.

Non-controlling interests are that part of the net reserves of the operation and of net assets of the subsidiary attributable to interests which are not owned by the Group. Non-controlling interest is presented as a separate line item in the consolidated financial statements.

4.2 Borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, these are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated profit and loss over the period of the borrowings on an effective interest rate basis. Preference shares, which are mandatorily redeemable on a specific date at the option of the Group, are classified as liabilities. The dividend on these preference shares is recognised in the consolidated profit and loss account as finance cost. Finance costs are accounted for on an accrual basis.

4.3 Taxation

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

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

Deferred
Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the consolidated profit and loss account, except in the case of items charged or credited to equity in which case it is included in the consolidated statement of changes in equity.

4.4 Employees' retirement benefits and other obligations

The main features of the schemes operated by the Group for its employees are as follows:

D. G. Khan Cement Company Limited

Defined benefit plans
The Parent Company operates an approved funded defined benefit gratuity plan for all employees having a service period of more than five years for management staff and one year for workers. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuations carried out annually. The most recent valuation was carried out as at June 30, 2013 using the "Projected Unit Credit Method".

The actual return on plan assets represents the difference between the fair value of plan assets at the beginning of the year and as at the end of the year after adjustments for contributions made by the Parent Company as reduced by benefits paid during the year.

The amount recognized in consolidated balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and as reduced by the fair value of the plan assets.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

Discount rate	10.5% p.a.
Expected increase in eligible pay	9.5% p.a.
Expected rate of return on plan assets	5.0% p.a.

The expected mortality rates assumed are based on the EFU 61-66 mortality table.

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

Defined contribution plan

The Parent Company operates a recognised provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Parent Company and the employees at the rate of 10% of the basic salary for officers and 10% of basic salary plus cost of living allowance for workers. Obligation for contributions to defined contribution plan is recognised as an expense in the consolidated profit and loss account as and when incurred.

Accumulating compensated absences

The Parent Company provides for accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences. Under the service rules, employees are entitled to 2.5 days leave per month. Unutilised leaves can be accumulated up to 90 days in case of officers. Any balance in excess of 90 days can be encashed up to 17 days a year only. Any further unutilised leaves lapse. In case of workers, unutilised leaves may be accumulated without any limit, however accumulated leave balance above 50 days is encashable upon demand of the worker. Unutilised leaves can be used at any time by all employees, subject to the approval of the Parent Company's management.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to consolidated profit and loss account. The most recent valuation was carried out as at June 30, 2013 using the "Projected Unit Credit Method".

The amount recognised in the consolidated balance sheet represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the consolidated profit and loss account immediately in the period when these occur.

Projected unit credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

Discount rate	10.5% p.a.
Expected rate of increase in salary level per annum; and	9.5% p.a.
Expected mortality rate	EFU 61-66 mortality table.

Nishat Paper Products Company Limited

Defined contribution plan

The Subsidiary Company operates a recognised provident fund for all its regular employees. Equal monthly contributions are made to the fund both by the Parent Company and the employees at the rate of 10% of the basic salary for officers and 10% of basic salary plus cost of living allowance for workers. Obligation for contributions to defined contribution plan is recognised as an expense in the consolidated profit and loss account as and when incurred.

4.5 Trade and other payables

Financial liabilities are initially recognised at fair value plus directly attributable cost, if any, and subsequently at amortised cost using effective interest rate method.

Other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.6 Property, plant and equipment

Property, plant and equipment, except freehold land, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain property, plant and equipment signifies historical cost, gains and losses transferred from equity on qualifying cash flow hedges as referred to in note 4.17 and borrowing costs as referred to in note 4.20.

Depreciation on all property, plant and equipment is charged to the consolidated profit and loss account on the reducing balance method, except for plant and machinery which is being depreciated using the straight line method, so as to write off the historical cost of such asset over its estimated useful life at annual rates mentioned in note 16.1 after taking into account their residual values.

Depreciation methods, residual values and the useful lives of the assets are reviewed at least at each financial year end and adjusted if impact on depreciation is significant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

The Group assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

4.7 Capital work-in-progress

Capital work-in-progress and stores held for capital expenditure are stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

4.8 Intangible assets

Expenditure incurred by the Parent Company to acquire Oracle enterprise resource planning (ERP) system has been capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method at the rate mentioned in note 17.1.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed off.

The Parent Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such an indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.9 Leases

Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets, less accumulated depreciation and impairment loss, if any.

The related rental obligations, net of finance costs, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of the payment.

Minimum lease payments made under finance leases are apportioned between the finance cost and the reduction of the outstanding liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments, if any, are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed. The interest element of the rental is charged to income over the lease term.

Assets acquired under a finance lease are depreciated over the estimated useful life of the assets on reducing balance method except plant and machinery which is depreciated on straight line method at the rates mentioned in note 16. Depreciation of leased assets is charged to the consolidated profit and loss account.

Depreciation methods, residual values and the useful lives of the assets are reviewed at least at each financial year-end and adjusted if impact of depreciation is significant.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term.

4.10 Investments

Investments in equity instruments of associated company

Associates are all entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its associates' post acquisition profits or losses is recognised in the consolidated profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Available for sale

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity are classified as available for sale. Available for sale investments are recognised initially at fair value plus any directly attributable transaction costs. After initial recognition, these are stated at fair values unless fair values cannot be measured reliably, with any resulting gains and losses being taken directly to equity until the investment is disposed off or impaired. At each reporting date, these investments are remeasured at fair value, unless fair value cannot be reliably measured. At the time of disposal, the respective surplus or deficit is transferred to consolidated profit and loss account. Fair value of quoted investments is their bid price on Karachi Stock Exchange at the balance sheet date. Unquoted investments, where active market does not exist, are carried at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date which is the date that the Group commits to purchase or sell the investment.

At each balance sheet date, the Group reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the consolidated profit and loss account. Impairment losses recognised in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account.

Investments at fair value through profit or loss

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as 'at fair value through profit or loss' and are included in current assets. They are initially measured at cost and at subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Realised and unrealised gains and losses arising from changes in fair value are included in consolidated profit or loss for the period in which they arise.

All purchases and sales of investments are recognised on the trade date which is the date that the Group commits to purchase or sell the investment.

4.11 Stores and spares

Usable stores and spares are valued principally at moving weighted average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Provision is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

4.12 Stock-in-trade

Stock of raw materials, except for those in transit, work in process and finished goods are valued princi-pally at the lower of weighted average cost and net realisable value. Stock of packing material is valued principally at moving average cost. Cost of work in process and finished goods comprises cost of direct materials, labour and appropriate manufacturing overheads.

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

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

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.13 Financial instruments

4.13.1 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise advances, deposits and other receivables and cash and cash equivalents in the consolidated balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the consolidated balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

All financial assets are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date; the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the consolidated profit and loss account. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated profit and loss account when the Group's right to receive payments is established.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. 'Loans and receivables' and 'held to maturity' instruments are carried at amortised cost using effective interest rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (for unlisted securities) , the Group measures the investments at cost less impairment in value, if any.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.13.2 Financial liabilities

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the consolidated profit and loss account.

4.14 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the Group financial statements only when there is a legally enforceable right to set off the recognised amount and the Group intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.15 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is doubtful. Debts, considered irrecoverable, are written off as and when identified.

4.16 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated balance sheet at cost. For the purpose of consolidated cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term borrowings. In the consolidated balance sheet, short term borrowings are included in current liabilities.

4.17 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has not designated any derivatives as hedging instruments and accordingly, the changes in fair value re-measurement are recognised in the consolidated profit and loss account. Trading derivatives are classified as a current asset or liability.

4.18 Foreign currency transactions and translation

a) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into rupees at exchange rates prevailing at the date when fair values are determined. Exchange gains and losses are included in consolidated profit and loss account.

b) Functional and presentation currency

The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Figures are rounded to the nearest thousand.

4.19 Provisions

Provisions are recognised when; the Group 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. However, provisions are reviewed at each consolidated balance sheet date and adjusted to reflect current best estimate.

Where there are a number of similar obligations, the likelihood that an outflow shall be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

4.20 Borrowing costs

Mark up, interest and other charges on borrowings are capitalised up to the date of commissioning of the related property, plant and equipment acquired out of the proceeds of such borrowings. All other mark up, interest and other charges are charged to the consolidated profit and loss account.

4.21 Revenue recognition

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured reliably.

Revenue from sale of goods is recognised when the significant risk and rewards of ownership of the goods are transferred to the buyer i.e. on the dispatch of goods to the customers.

Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.22 Dividend

Dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved.

4.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group executive committee.

4.24 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.25 Related party transactions

The Group enters into transactions with related parties on an arm's length basis. Prices for transactions with related parties are determined using admissible valuation methods, except in extremely rare circumstances where, subject to approval of the Board of Directors, it is in the interest of the Group to do so.

5 Issued, subscribed and paid up capital

2013	2012		2013	2012
----(Number of shares)----			----(Rupees in thousand)----	
343,512,029	343,512,029	Ordinary shares of Rs.10 each fully paid in cash	3,435,120	3,435,120
20,000,000	20,000,000	Ordinary shares of Rs. 10 each issued for consideration other than cash	200,000	200,000
74,607,089	74,607,089	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	746,071	746,071
438,119,118	438,119,118		4,381,191	4,381,191

137,574,201 (2012: 137,574,201) ordinary shares of the Company are held by Nishat Mills Limited, an associated concern as at June 30, 2013. In addition, 2,707,944 (2012: 1,407,944) ordinary shares are held by Adamjee Insurance Company Limited, a related party as at June 30, 2013

		2013	2012
		----(Rupees in thousand)----	

6. Reserves

Movement in and composition of reserves is as follows:

		2013	2012
Capital			
- Share premium			
At the beginning of the year		4,557,163	4,557,163
Additions during the year		-	-
At the end of the year	- note 7.1	4,557,163	4,557,163
- Fair value reserve			
At the beginning of the year		13,580,112	14,974,881
Fair value gain / (loss) during the year		10,222,592	(1,394,769)
At the end of the year	- note 7.2	23,802,704	13,580,112
- Capital redemption reserve fund	- note 7.3	353,510	353,510
		28,713,377	18,490,785
Revenue			
- General reserve			
At the beginning of the year		5,110,851	5,110,851
Transferred (to) / from consolidated profit and loss account		-	-
At the end of the year		5,110,851	5,110,851
		33,824,228	23,601,636

6.1 This reserve can be utilised by the Group only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

6.2 As referred to in note 4.10 this represents the unrealised gain on remeasurement of investments at fair value and is not available for distribution. This amount shall be transferred to consolidated profit and loss account on realisation.

6.3 The Capital redemption reserve fund represents fund created for redemption of preference shares and in accordance with the terms of issue of preference shares, to ensure timely payments, the Group was required to maintain a redemption fund with respect to preference shares. The Group had created a redemption fund and appropriated Rs 7.4 million each month from the consolidated profit and loss account in order to ensure that fund balance at redemption date was equal to the principal amount of the preference shares. The preference shares have been redeemed during the year ended June 30, 2007.

7. Long term finances

		2013	2012
		----(Rupees in thousand)----	
These are composed of:			
- Long-term loans - secured	- note 7.1 - 7.2	4,216,591	5,684,601
- Loan under Musharika arrangement - secured	- note 7.1 - 7.2	361,250	1,201,250
		4,577,841	6,885,851
Less : Current portion shown under current liabilities	- note 14	1,459,904	2,236,768
		3,117,937	4,649,083

7.1 Long term loans - secured

Loan	Lender	2013	2012	Rate of Mark-up per annum	Number of installments outstanding	Mark-up payable
		(Rupees in thousand)				
1	Bank Alfalah Limited	-	230,545	*** Base rate + 1.0%	The loan has been fully repaid during the year	Quarterly
2	Allied Bank Limited	512,500	825,000	*** Base rate +0.6%	7 step-up quarterly instalments ending in May 2015	Quarterly
3	Allied Bank Limited	425,000	675,000	*** Base rate +0.6%	8 step-up quarterly instalments ending in June 2015	Quarterly
4	The Bank of Punjab	116,667	183,333	** Base rate + 0.5%	7 equal quarterly instalments ending in February 2015	Quarterly
5	The Bank of Punjab	720,000	-	** Base rate + 0.5%	18 equal quarterly instalments ending in December 2017	Quarterly
6	Askari Bank	350,000	431,250	** Base rate + 0.6%	11 step-up quarterly instalments, ending in January 2016	Quarterly
7	Faysal Bank	-	500,000	** Base rate + 1.1%	The loan has been fully repaid during the year	Quarterly
8	Habib Bank Limited	-	60,000	*** Base rate + 1.65%	The loan has been fully repaid during the year	Quarterly
9	Habib Bank Limited	-	40,000	*** Base rate + 1.65%	The loan has been fully repaid during the year	Quarterly
10	The Bank of Punjab	250,000	-	** Base rate + 0.75%	16 equal quarterly instalments ending in October 2017	Quarterly
	Foreign Currency					
11	European Investment Bank Nil (2012: USD 8.096 million)	-	762,686	**** Base rate + 0.063%	The loan has been fully repaid during the year	Quarterly
12	Eco Trade and Development Bank USD 18.653 million (2012: USD 20.985 million)	1,842,424	1,976,787	**** Base rate + 1.65%	8 equal semi-annual instalments ending in May 2017	Semi-annually
		4,216,591	5,684,601			
	Musharika Arrangement					
13	Meezan Bank	361,250	701,250	** Base rate + 0.6%	7 step-up quarterly instalments, ending in March 2015	Quarterly
14	Standard Chartered Bank	-	500,000	* Base rate + 0.85%	The loan has been fully repaid during the year	Quarterly
		4,577,841	6,885,851			

* Base rate: Average ask rate of one-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period.

** Base rate: Average ask rate of three-month Karachi Inter Bank Offer Rate ("KIBOR") to be reset for each mark-up period.

*** Base rate: Average ask rate of six-month Karachi Inter Bank Offer Rate ("KIBOR") reset for each mark-up period.

****Base rate: Average ask rate of three-month and six-month London Inter Bank Offer Rate ("LIBOR") reset for each mark-up period.

7.2 Security

Loan 1

The loan was secured by registered first pari passu charge over all present and future fixed assets of the Parent Company, amounting to Rs 1,045.33 million. The total facility amount available was Rs 634 million.

Loan 2

The loan is secured by first pari passu charge over all present and future fixed assets of the Parent Company amounting to Rs 1,734 million. The total facility amount available is Rs 750 million.

Loan 3

The loan is secured by first pari passu charge over all present and future fixed assets of the Parent Company amounting to Rs 1,334 million. The total facility amount available is Rs 1,000 million.

Loan 4

The loan is secured by first pari passu charge on the fixed assets including land, building, plant and machinery of the Parent Company of Rs 500 Million. The total facility amount available is Rs 200 million.

Loan 5

The loan is secured by an initial ranking charge over present and future land, building and plant and machinery of the Parent Company to the tune of Rs 1,066.667 million. The charge shall be upgraded to first Pari Passu within 180 days from the date of first drawn down. The total facility amount available is Rs 800 million.

Loan 6

The loan is secured by first pari passu charge of Rs. 666.667 Million over present and future plant, machinery and by equitable mortgage of specific land of the Parent Company measuring 482 Acres 1 Kanal. The total facility amount available is Rs 500 million.

Loan 7

The loan was secured by first pari passu charge of Rs 667 Million (inclusive of 25% margin) over all present and future assets of the Parent Company. The total facility amount available was Rs. 500 million.

Loan 8

The loan was secured by first exclusive charge over all fixed assets of the Subsidiary Company amounting to Rs 960 million.

Loan 9

The loan was secured by first exclusive charge over all fixed assets of the Subsidiary Company amounting to Rs 960 million.

Loan 10

The loan is secured by first pari passu charge over the present and future current assets of the Subsidiary Company amounting to Rs 334 million and corporate guarantee of the Parent Company.

Loan 11

The loan was secured by first pari passu charge over all present and future movable fixed assets of the Parent Company amounting to USD 8.349 million. The total facility amount available was USD 44.530 million.

Loan 12

The loan is secured by first pari passu charge over all present and future fixed assets of the Parent Company amounting to USD 27.980 million. The total facility amount available is USD 20.985 million.

Loan 13

The loan is secured by first pari passu charge on all present and future fixed assets of the Parent Company. The charge amount at all times will at least equal the outstanding facility amount with 25% margin. The total facility amount available is Rs 850 million.

Loan 14

The loan was secured by first pari passu charge over all present and future fixed assets of the Parent Company amounting to Rs 1,333.333 million. The total facility amount available was Rs 1,000 million.

	2013	2012
	----(Rupees in thousand)----	

8. Long term deposits

	2013	2012
Customers	34,571	34,482
Others	30,812	33,873
	65,383	68,355

These represent interest free security deposits from stockists and suppliers and are repayable on cancellation / withdrawal of the dealership or on cessation of business with the Group respectively.

9. Retirement benefits

		2013	2012
		----(Rupees in thousand)----	
Staff Gratuity	- note 9.1	12,343	119,528
Leave Encashment	- note 9.2	76,960	65,588
		89,303	185,116

9.1 Staff gratuity

The amounts recognised in the consolidated balance sheet are as follows:

	2013	2012
Present value of defined benefit obligation	225,816	167,467
Fair value of plan assets	(149,756)	(82)
Unrecognised actuarial losses	(63,717)	(47,857)
Liability as at June 30	12,343	119,528

9.1.1 Movement in net liability for staff gratuity

	2013	2012
Liability as at July 1	119,528	87,673
Charge for the year including capitalised during the year	51,026	41,271
Contributions plus benefit payments made directly by the Parent Company during the year	(158,211)	(9,416)
Liability as at June 30	12,343	119,528

9.1.2 Movement in defined benefit obligation

	2013	2012
Present value of defined benefit obligation as at July 1	167,467	127,935
Current service cost	30,097	21,783
Interest cost	20,933	17,228
Benefits paid during the year	(9,937)	(9,701)
Actuarial loss on present value of defined benefit obligation	17,256	10,222
Present value of defined benefit obligation as at June 30	225,816	167,467

	2013	2012
	----(Rupees in thousand)----	

9.1.3 Movement in fair value of plan assets

	2013	2012
Fair value of plan assets as at July 1	82	332
Expected return on plan assets	4	2
Contributions during the year	158,211	9,416
Benefits paid during the year	(9,937)	(9,701)
Actuarial gain on plan assets	1,396	33
Fair value of plan assets as at June 30	149,756	82

9.1.4 Actual return on plan assets

	2013	2012
Expected return on plan assets	4	2
Actuarial gain on plan assets	1,396	33
	1,400	35

9.1.5 Plan assets consist of the following:

	2013		2012	
	(Rs in '000)	Percentage	(Rs in '000)	Percentage
Cash and other deposits	1,201	1%	82	100%
Debt instruments	148,555	99%	-	0%
	149,756	100%	82	100%

	2013	2012
	----(Rupees in thousand)----	

9.1.6 Movement in unrecognised actuarial losses

	2013	2012
Un-recognised actuarial losses as at July 1	47,857	39,931
Actuarial losses arising during the year	15,860	10,222
Actuarial losses charged to profit during the year	-	(2,296)
Un recognised actuarial losses as at June 30	63,717	47,857

9.1.7 Charge for the year (including capitalised during the year)

	2013	2012
Current service cost	30,097	21,783
Interest cost	20,933	17,228
Expected return on plan assets	(4)	(2)
Actuarial losses charged to profit during the year	-	2,262
	51,026	41,271

9.1.8 Amounts for current period and previous four annual periods of the fair value of plan assets and present value of defined benefit obligation are as follows :

	2013	2012	2011	2010	2009
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	225,816	167,467	127,935	75,264	56,040
Fair value of plan assets	(149,756)	(82)	(332)	(394)	(274)
Deficit	76,060	167,385	127,603	74,870	55,766
Experience adjustment arising on plan obligation	17,256	10,222	25,954	(46)	8,850
Experience adjustment on plan assets	1,396	33	1	(28)	-

9.1.9 Assumptions used for valuation of the defined benefit scheme for managment and non-managment staff are as under:

		2013	2012
Discount rate	Per annum	10.5 %	12.5 %
Expected rate of increase in salary	Per annum	9.5 %	12.5 %
Expected rate of return on plan assets	Per annum	5.0 %	5.0 %
Average expected remaining working life time of employee	Number of years	12	12

9.1.10 The Company expects to pay Rs 41.254 million in contributions to defined benefit plan in 2014.

		2013	2012
		----(Rupees in thousand)----	
9.2 Leave encashment			
Opening balance		74,381	58,558
Expenses recognised		29,757	26,612
Payments made		(15,800)	(10,789)
		88,338	74,381
Payable within one year	- note 14	(11,378)	(8,793)
Closing balance		76,960	65,588
9.2.1 Movement in liability for accumulating compensated absences			
Present value of defined benefit obligation as at July 1		74,381	58,558
Current service cost		3,254	4,554
Interest cost		9,298	7,319
Benefits paid during the year		(15,800)	(10,789)
Actuarial loss on present value of defined benefit obligation		17,205	14,739
		88,338	74,381
9.2.2 Charge for the year (including capitalised during the year)			
Current service cost		3,254	4,554
Interest cost		9,298	7,319
Actuarial losses charged to profit during the year		17,205	14,739
		29,757	26,612

	2013	2012	2011	2010	2009
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	88,338	74,381	58,558	49,153	42,553
Experience adjustment arising on obligation	17,205	14,739	8,115	587	5,969

9.2.3 Assumptions used for valuation of the accumulating compensated absences are as under:

		2013	2012
Discount rate	Per annum	10.50 %	12.5 %
Expected rate of increase in salary	Per annum	9.50 %	12.5 %
Average expected remaining working life time of employee	Number of years	12	11
Expected with drawal and early retirement rate		EFU 61-66 mortality table	

	Officers		Workers	
	2013 (days)	2012 (days)	2013 (days)	2012 (days)
Average number of leaves				
- Utilized per annum	15.00	15.00	17.00	19.00
- Encashed per annum	9.00	7.00	12.00	16.00
- Utilized per annum in excess of accrued leave of 30 days	1.00	1.00	2.00	2.00
- Encashed per annum in excess of accrued leave of 30 days	0.25	0.25	1.00	1.00

10. Deferred income tax liabilities

The liability for deferred taxation comprises temporary differences relating to:

	2013	2012
	----(Rupees in thousand)----	
Deferred tax liability		
Accelerated tax depreciation	5,203,450	4,844,508
Deferred tax assets		
Provision for retirement and other benefits	(27,004)	(52,739)
Unabsorbed tax credits	(2,043,252)	(3,189,019)
	3,133,194	1,602,750

Deferred tax asset on tax losses available for carry forward and those representing minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 are recognized to the extent that the realisation of related tax benefits through future taxable profits is probable. The Company has not recognised deferred tax assets of Rs 44.162 million (2012: Rs 81.268 million) in respect of minimum tax paid and available for carry forward u/s 113 of the Income Tax Ordinance, 2001, as sufficient taxable profits would not be available to set these off in the foreseeable future. Minimum tax paid u/s 113 aggregating to Rs 72.675 million would not be available for carry forward against future tax liabilities subsequent to year 2014 through 2018.

11. Trade and other payables

		2013	2012
		----(Rupees in thousand)----	
Trade creditors	- note 11.1	450,878	682,446
Infrastructure cess		114,992	146,387
Advances from customers		493,726	531,799
Accrued liabilities		697,182	443,292
Workers' profit participation fund	- note 11.2	554,977	227,413
Federal excise duty payable		7,117	5,204
Special excise duty payable		-	118
Custom duty payable		3,199	51,776
Withholding tax payable		10,633	1,342
Retention money payable		17,767	27,061
Unclaimed dividends		6,788	4,870
Advances against sale of scrap		8,789	930
Advance against sale of fixed asset		68	-
Unclaimed dividend on redeemable preference shares		-	125
Others		98,712	109,100
		2,464,828	2,231,863

11.1 Trade creditors include amount due to related parties amounting to Rs 4.368 million (2012: Rs 2.996 million).

	2013	2012
	----(Rupees in thousand)----	
MCB Bank Limited	53	58
Adamjee Insurance Company Limited	2,281	31
Security General Insurance Company Limited	2,034	702
Pakistan Aviators & Aviation (Private) Limited	-	2,205
	4,368	2,996

11.2 Workers' profit participation fund

	2013	2012
Opening balance	227,413	45,262
Provision for the year	374,336	213,288
Interest for the year	1,261	2,320
	603,010	260,870
Less: payments made during the year	48,033	33,457
Closing balance	554,977	227,413

12. Accrued finance cost

	2013	2012
Accrued mark-up on:		
- Long term loans - secured	47,825	66,292
- Short term borrowings - secured	98,031	112,276
Preference dividend on redeemable preference shares	84	84
	145,940	178,652

13. Short term borrowings - secured

		2013	2012
Short term running finances - secured	- note 13.1	1,953,279	2,230,489
Import finances - secured	- note 13.2	1,465,222	1,410,859
Export refinance - secured	- note 13.3	2,970,000	3,918,000
		6,388,501	7,559,348

13.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark up arrangements amount to Rs 10,275 million (2012: Rs 9,195.163 million). The rates of mark up range from 9.36% to 14.60% (2012: 12.02% to 15.79%) or part thereof on the balance outstanding. These are secured by first registered charge on all present and future current assets of the Group wherever situated including stores and spares, stock in trade, book debts, investments, receivables and pledge of 10 million (2012: 10 million) shares of MCB Bank Limited and 13.5 million (2012: 13.5 million) shares of Nishat Mills Limited.

13.2 Import finances - secured

The Group has obtained import finance facilities aggregating to Rs 8,563 million (2012: Rs 7,617.837 million) from commercial banks. The rates of mark up range from 1.15% to 13.60% (2012: 1.66% to 16.55%). The aggregate import finances are secured by a registered charge on all present and future current assets of the Group, wherever situated, including stores and spares, stock in trade, book debts, investments and receivables.

Of the aggregate facility of Rs 10,011.157 million (2012: Rs 10,516.400 million) for opening letters of credit and Rs 1,430 million (2012: Rs 1,880 million) for guarantees, the amount utilised as at June 30, 2013 was Rs 2,510.69 million (2012: Rs 1,795.340 million) and Rs 837.327 million (2012: Rs 1,158 million) respectively. The aggregate facilities for guarantees are secured by a registered charge on current assets of the Group. Of the facility for guarantees, Rs 41.580 million (2012: Rs 36.580 million) is secured by a lien over bank deposits as referred to in note 26.2.

13.3 Export finances - secured

This represents export refinance loans obtained from various commercial banks, which carry mark up at 8.5% to 12.30% per annum (2012: 10.5% to 11%). These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Group.

			2013	2012
			----(Rupees in thousand)----	

14. Current portion of non-current liabilities

Long term finances	- note 7	1,459,904	2,236,768
Retirement and other benefits	- note 9.2	11,378	8,793
		1,471,282	2,245,561

15. Contingencies and commitments

15.1 Contingencies

15.1.1 The Income Tax Officer, while framing the assessments for the assessment years 1984-85 to 1990-91, has taxed the income of the Parent Company on account of interest on deposits and sale of scrap, etc. The Appellate Tribunal on appeal filed by the Parent Company issued an order in favour of the Parent Company for the assessment years 1984-85 to 1990-91. The Income Tax Department filed reference before the Lahore High Court. Pending final outcome of such reference, no adjustment has been made in these financial statements for the relief granted by the Appellate Tribunal aggregating Rs 35.090 million.

15.1.2 During the period 1994 to 1996, the Parent Company imported plant and machinery relating to expansion unit, for which exemption was claimed under various SROs from the levy of custom duty and other duties including sales tax. As per the provisions of SRO 484 (I)/92, 978 (I)/95 and 569 (I)/95, the exemption from the statutory duty would be available only if the said plant and machinery was not manufactured locally. However, the Custom Authorities rejected the claim of the Parent Company by arguing that the said machinery was on the list of locally manufactured machinery, published by the Federal Board of Revenue. Consequently, the Parent Company appealed before the Lahore High Court, Multan Bench, which allowed the Parent Company to release the machinery on furnishing indemnity bonds with the Custom Authorities.

Collector of Customs and Central Excise, Multan has passed an order dated November 26, 1999, against the Parent Company on the grounds that the said machinery was being manufactured locally during the time when it was imported.

An appeal against the order was filed with the Lahore High Court, which has been decided in favour of the Parent Company. However, the Custom Authorities have filed an appeal with the Supreme Court of Pakistan against the orders of the Lahore High Court. The Honourable court remanded back the case to Customs Authorities to reassess the liability of the Parent Company. Appeal against the order is still pending with the authorities. The Parent Company has paid Rs 159.241 million during the year on account of Court order. No provision for the remaining outstanding balance of Rs 475.147 million has been made in the financial statements as according to the management of the Parent Company, there are meritorious grounds that the ultimate decision would be in its favour.

15.1.3 The Competition Commission of Pakistan (the CCP) took suo moto action under Competition Ordinance, 2007 and issued Show Cause Notice on October 28, 2008 for increase in prices of cement across the country. The similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Parent Company has filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated August 24, 2009 allowed the CCP to issue its final order. The CCP accordingly passed an order on August 28, 2009 and imposed a penalty of Rs 933 million on the Parent Company. The Lahore High Court vide its order dated August 31, 2009 restrained the CCP from enforcing its order against the Parent Company for the time being.

The vires of the Competition Commission of Pakistan, 2007 have been challenged by a large number of Petitioners and all have been advised by their legal counsels that prima facie the Competition Ordinance, 2007 is ultra vires of the Constitution. A large number of grounds have been raised by these Petitioners and the matter is currently being adjudicated by the Lahore High Court, the Sindh High Court and the Supreme Court of Pakistan. In all these cases, stay orders have been granted by the Courts. Based on the legal opinion, the management is confident that the Parent Company has a good case and there are reasonable chances of success in the pending Petition in the Supreme Court of Pakistan.

15.1.4 The matter relating to interpretation of provisions of section 4(2) of the repealed Central Excise Act, 1944 (1944 Act) has now attained finality after having been adjudicated by the honourable Supreme Court of Pakistan through its judgement dated January 27, 2009 (upholding its previous judgement dated February 15, 2007). The longstanding controversy between the revenue department and the tax payers related primarily to finer interpretation of the provisions of section 4(2) of the 1944 Act wherein the department had a view that excise duty shall be included as a component for determination of the value (retail price) for levying excise duty. The departmental view, being against the spirit of law, was challenged by the taxpayers in appeals before the honourable High Courts of the country which, duly appreciating the contentions of the taxpayers, overturned the departmental view and succeeded the appeals.

Now since the controversy has attained finality up to the highest appellate level, the Parent Company has initiated the process of claiming refund of excess excise duty paid by it during the periods from 1994 to 1999 which aggregates to Rs 1,115.145 million. The amount of refund, however, shall be incorporated in the books of accounts once it is realised by the Parent Company.

15.1.5 The Parent Company, consequent to the order passed by the Supreme Court of Pakistan against the decision of the Sindh High Court in the matter of infrastructure cess, filed a petition before the Sindh High Court, challenging the levy of fifth version of the law enforcing infrastructure cess. Earlier, the Sindh High Court, in August 2008, ruled out that only levies computed against consignments made on or after December 28, 2006 shall be payable by the petitioners. Although the parties have reached an interim arrangement, through an order of Sindh High Court dated May 31, 2011, for release of 50% of the guarantees, the final order from Sindh High Court is still pending. According to the legal counsel of the Parent Company, chances of favourable outcome of the appeal are fair, therefore 50% of the amount of infrastructure cess payable has not been incorporated in these financial statements amounting to Rs. 89.164 million.

15.1.6 The Parent Company, consequent to the order-in-appeal passed by the learned Customs, Federal Excise and Sales Tax Appellate Tribunal, Lahore, filed a petition before the Lahore High Court, challenging the levy of sales tax on the in-house consumption of Shale, Gypsum and Limestone for the period of June 13, 1997 to August 11, 1998. According to the legal counsel of the Parent Company, chances of favourable outcome of the petition are fair, therefore the payable amount has not been incorporated in these financial statements amounting to Rs. 212.239 million.

15.1.7 The tax authorities have raised demands aggregating to Rs 403.968 million against the Parent Company in tax years 2010 through 2012 that primarily pertain to concurrent imposition of 'minimum tax' and tax on 'dividend income' under sections 113 and 5 of the Income Tax Ordinance, 2001 respectively. While the Parent Company's appeals on this ground are presently pending adjudication at the various levels of appellate authorities, no provision on this account has been incorporated in the financial statements as the management considers that meritorious grounds exist to support the position that the matter will ultimately be decided in Parent Company's favour.

15.1.8 The Group has issued the following guarantees in favour of:

-Collector of Customs, Excise and Sales Tax against levy of Sales Tax, custom duty and excise amounting to Rs 27.124 million (2012: Rs 30.389 million).

-Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 390.900 million (2012: Rs 375.900 million).

-Director General, Mines and Minerals, Punjab against installation of cement factory near Khairpur, District Chakwal amounting to Rs 3 million (2012: Rs 3 million).

-Director General, Mines and Minerals, Quetta against Limestone, Shale and other cement manufacturers amounting to Rs 3 million (2012: Rs 3 million).

-The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 2.0 million (2012: Rs 1.5 million)

-Managing Director, Pakistan Railways against the performance of a contract amounting to Nil (2012: Rs 1.908 million).

-Sui Northern Gas Pipelines Limited against supply of 6 MMCFD and 14 MMCFD gas for captive use for Khairpur Project and for D.G Khan Project respectively amounting to Rs 341.022 million (2012: Rs 722.377 million)

-Professional Tax imposed by Administration Zila Council (The District Coordination Officer, DG Khan) amounting to Rs 0.05 million (2012: Rs 0.05 million)

-The District Coordination Officer, Faisalabad amounting to Rs 5 million (2012: Nil)

-The Managing Director, Lahore Waste Management Company (LWMC) against the performance of a contract amounting to Rs 20 million (2012: Rs 20 million)

-Guarantees against export orders amounting to Rs 45.231 million (2012: Nil)

15.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 224.650 million (2012: Rs 156.17 million).

(ii) Letters of credits for capital expenditure Rs 666.128 million (2012: Rs 760.127 million).

(iii) Letter of credit other than capital expenditure Rs 1,844.562 million (2012: Rs 1,035.213 million).

(iv) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2013	2012
	----(Rupees in thousand)----	
Not later than one year	331	331
Later than one year and not later than five years	1,325	1,325
Later than five years	5,839	6,170
	7,495	7,826

(v) Commitments for ijarah rentals for ijarah financing from Standard Chartered Modaraba of Subsidiary Company amounting to Nil (2012: Rs 211.488 million)

	2013	2012
	----(Rupees in thousand)----	
Not later than one year	-	33,827
Later than one year and not later than five years	-	177,661
Later than five years	-	-
	-	211,488

16. Property, plant and equipment

		2013	2012
Operating assets	- note 16.1	28,348,192	26,076,700
Capital work-in-progress	- note 16.2	1,416,180	1,996,873
		29,764,372	28,073,573

16.1 Operating assets

2013

(Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2012	Additions/ (Deletions)	Cost as at 30 June 2013	Accumulated Depreciation as at July 01, 2012	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2013	Book value as at June 30, 2013
Freehold land	-	509,419	70,369	579,788	-	-	-	579,788
Leasehold land	3.33	63,000	-	63,000	9,450	2,100	11,550	51,450
Buildings on freehold land								
- Factory building	5 - 10	5,550,325	436,745	5,987,070	2,437,433	312,877	2,750,310	3,236,760
- Office building and housing colony	5	801,411	12,503	813,914	249,145	28,080	277,225	536,689
Roads	10	556,491	-	556,491	229,560	32,693	262,253	294,238
Plant and machinery	3.33 - 4.98	28,547,467	2,819,309	31,366,776	8,239,675	999,103	9,238,778	22,127,998
Quarry equipment	20	1,538,072	146,552	1,684,624	975,680	85,652	1,061,332	623,292
Furniture, fixture and office equipment	10 - 30	364,103	31,310	327,273	148,244	21,904	125,286	201,987
			(68,140)			(44,862)		
Vehicles	20	255,840	83,925	309,588	90,131	34,845	110,591	198,997
			(30,177)			(14,385)		
Aircraft	30	38,185	328,752	328,752	36,970	74,060	73,917	254,835
			(38,185)			(37,113)		
Power and water supply lines	10	481,223	382	481,605	212,548	26,899	239,447	242,158
		38,705,536	3,929,847	42,498,881	12,628,836	1,618,213	14,150,689	28,348,192
			(136,502)			(96,360)		

2012 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2011	Additions/ (Deletions)	Cost as at 30 June 2012	Accumulated Depreciation as at July 01, 2011	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2012	Book value as at June 30, 2012
Freehold land	-	341,302	168,117	509,419	-	-	-	509,419
Leasehold land	3.33	63,000	-	63,000	7,350	2,100	9,450	53,550
Buildings on freehold land								
- Factory building	5 - 10	5,231,157	319,168	5,550,325	2,122,710	314,723	2,437,433	3,112,892
- Office building and housing colony	5	792,987	8,424	801,411	220,949	28,196	249,145	552,266
Roads	10	449,220	107,271	556,491	195,229	34,331	229,560	326,931
Plant and machinery	3.33 - 4.98	27,494,662	1,269,366 (216,561)	28,547,467	7,340,918	937,196 (38,439)	8,239,675	20,307,792
Quarry equipment	20	1,497,966	40,106	1,538,072	879,635	96,045	975,680	562,392
Furniture, fixture and office equipment	10 - 30	312,832	52,435 (1,164)	364,103	126,746	21,606 (108)	148,244	215,859
Vehicles	20	200,477	80,832 (25,469)	255,840	82,642	22,876 (15,387)	90,131	165,709
Aircraft	30	38,185	-	38,185	36,450	520	36,970	1,215
Power and water supply lines	10	480,762	461	481,223	182,742	29,806	212,548	268,675
		36,902,550	2,046,180 (243,194)	38,705,536	11,195,371	1,487,399 (53,934)	12,628,836	26,076,700

16.1.1 Freehold land and building include book values of Rs 12 million (2012: Rs 12 million) and Rs 7.101 million (2012: Rs 7.101 million) respectively which are held in the name of Chief Executive of the Parent Company. This property is located in the locality of Defence Housing Authority where the by-laws restrict transfer of title of the residential property in the name of the Parent Company.

16.1.2 The depreciation charge for the year has been allocated as follows:

		2013	2012
		(Rupees in thousand)	
Cost of sales	- note 28	1,515,944	1,468,832
Administrative expenses	- note 29	98,132	15,812
Selling and Distribution expenses	- note 30	4,137	2,755
		1,618,213	1,487,399

16.1.3 During the year, the Parent Company has identified certain items of operating assets from which further economic benefits are no longer being derived. Therefore, assets having cost of Rs 68.14 million (2012: Nil) and net book value of Rs 23.278 million (2012: Nil) have been retired from active use and have been written off in these financial statements.

16.1.4 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

2013

(Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain/(Loss) on disposal	Mode of Disposal
Vehicles							
	Employees						
	Employees						
	Nazir Hussain	555	354	201	586	385	Auction
	Mirza Asghar Ali	1,501	944	557	1,333	776	-do-
	Khawaja Fakhar-ul-Islam	1,462	316	1,146	1,146	-	-do-
	Mr. Riayat Ullah Khan	571	365	206	206	-	-do-
	Arshad Ali	571	368	203	670	467	-do-
	Amjad Ali	1,279	805	474	815	341	-do-
	Muhammad Salah-ud-din	555	378	177	580	403	-do-
	Outside parties						
	Anwar Ahmed Batla	571	445	126	486	360	Auction
	Nadeem Gul	570	344	226	615	389	-do-
	Ithfz Mills Ltd.	13,695	4,500	9,195	14,500	5,305	-do-
	Amer Adnan	1,520	906	614	1,385	771	-do-
	Hameed Ullah	272	149	123	124	1	-do-
	Irfan Khan	571	359	212	611	399	-do-
	Irfan Khan	571	359	212	651	439	-do-
	Asim Murtaza	1,279	916	363	866	503	-do-
	Asim Murtaza	570	368	202	456	254	-do-
	Maj. Shehzada Jahanzeb	530	281	249	300	51	-do-
	Irfan Khan	275	144	131	542	411	-do-
	Security General Insurance Company	678	511	167	750	583	Insurance Claim
	Khalid Farooq Hashmi	612	375	237	615	378	Auction
	Nadeem Gul	290	216	74	398	324	-do-
	Rehan Sabri	1,515	944	571	1,262	691	-do-
	Sutlej Security Services (Pvt) Ltd	108	51	57	69	12	Negotiation
Office Equipment		38,186	23,826	14,360	-	(14,360)	Assets written off
Furniture and Fittings		29,954	21,036	8,918	-	(8,918)	Assets written off
Aircraft	**Outside party**						
	Syed Sibghat Ullah Shah	38,185	37,062	1,123	22,701	21,578	Sale
Other assets with book value less than Rs 50,000		56	38	18	22	4	Auction
		136,502	96,360	40,142	51,689	11,547	

2012

(Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain/(Loss) on disposal	Mode of Disposal
Plant and machinery	**Outside party**						
	Standard Chartered Modaraba	216,561	38,439	178,122	175,000	(3,122)	Sale and leaseback
Vehicles	**Employees**						
	Muhammad Sajid	560	343	217	527	310	Auction
	Iqbal Ghani	12,294	6,903	5,391	16,000	10,609	-do-
	Syed Yasir Hussain	174	82	92	368	276	-do-
	Hasnat Aziz Bantth	1,501	894	607	1,000	393	-do-
	Ch. Muhammad Ali	174	87	87	397	310	-do-
	Rizwan Javed	318	276	42	355	313	-do-
	Irfan Ahmed	555	318	237	554	317	-do-
	Irfan Ahmed	1,090	662	428	767	339	-do-
	Sayed Yasir Hussain	427	305	122	375	253	-do-
	Attiq-ur-Rehman	879	564	315	1,087	772	-do-
	Raheem Buksh	353	256	97	526	429	-do-
	Nasir Zahoor	555	343	212	525	313	-do-
	Rizwan Javed	555	362	193	555	362	-do-
	Ahmed Haroon Khan	571	324	247	686	439	-do-
	Imran Fatima	398	207	191	460	269	-do-
	Nazar Hussain	555	355	200	582	382	-do-
	Major Iftikhar	1,517	870	647	1,125	478	-do-
	Tahir Ali Shah	760	708	52	950	898	-do-
	Irfan Ahmed	275	139	136	512	376	-do-
	Waseem Riaz	753	655	98	635	537	-do-
	Nadeem Gul	560	375	185	500	315	-do-
	Khalid Farooq Hashmi	555	355	200	560	360	-do-
Office Equipment		213	21	192	213	21	Assets written off
Furniture and Fittings		334	31	303	334	31	-do-
		334	31	303	334	31	-do-
		284	26	258	284	26	-do-
Other assets with book value less than Rs 50,000		89	3	86	89	3	Auction
		243,194	53,934	189,260	205,312	16,040	

16.2. Capital work-in-progress

2013 (Rupees in thousand)

	Balance as at June 30, 2012	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Capital expenditure charged off during the year	Transfers within capital work in progress	Transfers to operating fixed assets	Balance as at June 30, 2013
Civil works	349,385	289,030	-	-	106,774	(439,066)	306,123
Plant and machinery	1,549,765	2,081,096	46,055	-	-	(2,698,934)	977,982
Advances	31,108	154,049	-	-	(106,774)	(16,228)	62,155
Others	4,672	13,952	-	-	-	(18,219)	405
Expansion Projects:							
- Civil works	18,992	46	-	-	-	-	19,038
- Others	42,951	7,526	-	-	-	-	50,477
	1,996,873	2,545,699	46,055	-	-	(3,172,447)	1,416,180

2012 (Rupees in thousand)

	Balance as at June 30, 2011	Capital expenditure incurred during the year	Borrowing cost capitalized during the year	Capital expenditure charged off during the year	Transfers within capital work in progress	Transfers to operating fixed assets	Balance as at June 30, 2012
Civil works	218,310	547,603	-	-	-	(416,528)	349,385
Plant and machinery	925,123	2,375,199	-	(57,438)	-	(1,693,119)	1,549,765
Advances	74,190	106,880	-	-	-	(149,962)	31,108
Others	103,496	13,054	-	-	-	(111,878)	4,672
Expansion Projects:							
- Civil works	18,992	-	-	-	-	-	18,992
- Others	33,709	9,242	-	-	-	-	42,951
	1,373,820	3,051,978	-	(57,438)	-	(2,371,487)	1,996,873

17. Intangible assets

This represents Oracle ERP system.

		2013	2012
		----(Rupees in thousand)----	
Cost			
As at July 1		92,260	-
Additions		-	92,260
As at June 30		92,260	92,260
Less: Accumulated amortisation			
As at July 1		18,452	-
Amortisation for the year	- note 17.1	18,452	18,452
As at June 30		36,904	18,452
		55,356	73,808

		2013	2012
		----(Rupees in thousand)----	

17.1 Oracle ERP system is being amortised over a useful life of five years.

17.1.1 The amortisation charge for the year has been allocated as follows:

		2013	2012
Cost of sales	- note 28	12,916	12,916
Administrative expenses	- note 29	2,768	2,768
Selling and distribution expenses	- note 30	2,768	2,768
		18,452	18,452

18. Investments

		2013	2012
Related parties	- note 18.1	2,027,802	1,727,802
Others	- note 18.2	377	387
		2,028,179	1,728,189
Cumulative fair value gain		6,419,052	2,933,127
		8,447,231	4,661,316

18.1 Related parties

	2013	2012
Nishat Chunian Limited- quoted		
5,419,590 (2012: 4,926,900) fully paid ordinary shares of Rs 10 each		
Equity held 2.98% (2012: 2.98%)		
Market value - Rs 323.82 million (2012: Rs 85.679 million)	45,254	45,254
	45,254	45,254
Associates - quoted		
Nishat Mills Limited		
30,289,501 (2012: 30,289,501) fully paid ordinary shares of Rs 10 each		
Equity held 8.61% (2012: 8.61%)		
Market value - Rs 2,853.574 million (2012: Rs 1,441.174 million)	1,577,174	1,577,174
Less: Cumulative impairment Loss	(250,615)	(250,615)
	1,326,559	1,326,559
MCB Bank Limited		
19,368,469 (2012: 17,607,700) fully paid ordinary shares of Rs 10 each		
Equity held: 1.91% (2012: 1.91%)		
Market value Rs 4,698.597 million (2012: Rs 2,927.104 million)	125,834	125,834
	125,834	125,834
Adamjee Insurance Company Limited		
3,541,391 (2012: 3,541,391) fully paid ordinary shares of Rs 10 each		
Equity held 2.86% (2012: 2.86%)		
Market value - Rs 269.429 million (2012: Rs 206.286 million)	348,858	348,858
Less: Cumulative impairment Loss	(118,703)	(118,703)
	230,155	230,155
	1,682,548	1,682,548
Associates - unquoted		
Nishat Dairy (Private) Limited		
30,000,000 (2012: Nil) fully paid ordinary shares of Rs 10 each		
Equity held 10.6% (2012: Nil)	300,000	-
	300,000	-
	2,027,802	1,727,802

Nishat Mills Limited, MCB Bank Limited and Adamjee Insurance Company Limited are associated undertakings as per the Companies Ordinance, 1984, however, for the purpose of measurement, these have been classified as available for sale and measured at fair value as the Parent Company does not have significant influence over these companies.

	2013	2012
	----(Rupees in thousand)----	

18.2 Others

	2013	2012
Maple Leaf Cement Factory Limited		
13,747 (2012: 13,747) fully paid ordinary shares of Rs 10 each		
Equity held 0.0% (2012: 0.0%)		
Market value - Rs 0.301 million (2012: Rs 0.064 million)	282	282
Less: Cumulative impairment loss	(253)	(253)
	29	29
Nil (2012: 1,999) fully paid preference shares of Rs 10 each		
Equity held 0.0% (2012: 0.0%)		
Market value - Rs 0.0 million (2012: Rs 0.012 million)	-	20
Less: Cumulative impairment loss	-	(10)
	-	10
First Capital Mutual Fund		
89,000 (2012: 89,000) certificates of Rs 10 each		
Equity held 0.3% (2012: 0.3%)		
Market value - Rs 0.661 million (2012: Rs 0.395 million)	890	890
Less: Cumulative impairment loss	(678)	(678)
	212	212
Habib Bank Limited		
191 (2012: 174) fully paid ordinary shares of Rs 10 each		
Equity held 0.0% (2012: 0.0%)		
Market value - Rs 0.023 million (2012: Rs 0.02 million)	24	24
Less: Cumulative impairment loss	(6)	(6)
	18	18
Oil and Gas Development Company Limited		
2,353 (2012: 2,353) fully paid ordinary shares of Rs 10 each		
Equity held 0.0% (2012: 0.0%)		
Market value - Rs 0.538 million (2012: Rs 0.378 million)	76	76
	76	76
Pakistan Petroleum Limited		
1,197 (2012: 958) fully paid ordinary shares of Rs 10 each		
Equity held 0.0% (2012: 0.0%)		
Market value - Rs 0.253 million (2012: Rs 0.180 million)	27	27
	27	27
Kot Addu Power Company Limited		
500 (2012: 500) fully paid ordinary shares of Rs 10 each		
Equity held 0.0% (2012: 0.0%)		
Market value - Rs 0.032 million (2012: Rs 0.023 million)	15	15
	15	15
	377	387

18.3 Investments with a face value of Rs 135 million (2012: Rs 235 million) are pledged as security against bank facilities. 3,509,334 (2012: 3,190,304) shares of MCB Bank Limited are blocked in CDC account.

			2013	2012
			----(Rupees in thousand)----	
19.	**Long term loans, advances and deposits**			
	Considered Good			
	- Loans to related parties	- note 19.1	51,617	68,823
	- Other loans and advances	- note 19.2	44,824	69,925
			96,441	138,748
19.1	Loans and advances to related parties			
	Loan to related party		68,823	86,029
	Less: receivable within one year		17,206	17,206
			51,617	68,823

These represent unsecured loans of Rs 49 million and Rs 19.823 million (2012: Rs 61.250 million and Rs 24.778 million) given to Sui Northern Gas Pipelines Limited (SNGPL) for the development of infrastructure for the supply of natural gas to the plants at D.G. Khan and Khairpur respectively. Mark up is charged at rates of 2% and 1.5% per annum (2012: 2% and 1.5% per annum) respectively and is received annually. The principal amount is receivable in 5 annual instalments ending December 31, 2016 and March 28, 2017 respectively.

			2013	2012
			----(Rupees in thousand)----	
19.2	Other loans and advances			
	Loans to employees			
	- Executives	- note 19.2.1	94	259
	- Others		4,177	3,819
			4,271	4,078
	Less: receivable within one year			
	- Executives		56	126
	- Others		1,090	1,240
			1,146	1,366
			3,125	2,712
	Security deposits		41,699	67,213
			44,824	69,925
19.2.1	Executives			
	Opening balance		259	383
	Transfer from others to executives		72	-
	Interest accrued		5	5
			336	388
	Less: repayment during the year		242	129
			94	259

These represent secured loans given to executives and other employees for house building and purchase of motor vehicles and are recoverable in equal monthly instalments over a period of 24 to 96 months. The loans given to executives and other employees carry interest at the rate of 10% per annum (2012: 10% per annum) except for loans given to workers which are interest free.

The loans of Rs 2.565 million (2012: Rs 2.563 million) are secured against the employees' respective retirement benefits.

The maximum aggregate amount due from executives at any time during the year was Rs 0.331 million (2012: Rs 0.383 million).

	2013	2012
	----(Rupees in thousand)----	

20. Stores and spares

	2013	2012
Stores (including in transit Rs 15.366 million (2012: Rs 50.216 million))	1,349,409	1,393,011
Spare parts (including in transit Rs 144.018 million (2012: Rs 195.313 million))	2,829,215	2,798,016
Loose tools	8,917	7,450
	4,187,541	4,198,477

20.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

21. Stock-in-trade

	2013	2012
Raw materials (including in transit Rs 224.92 million (2012: Rs 82.22 million))	713,850	776,030
Packing material (including in transit Rs 5.365 million (2012: Rs 0.013 million))	280,279	198,086
Work-in-process	856,587	322,049
Finished goods	368,948	300,619
	2,219,664	1,596,784

22. Trade debts - considered good

		2013	2012
Secured		393,081	362,898
Unsecured			
- Related parties	- note 22.1	15,582	11,923
- Others		73,226	111,776
		481,889	486,597

22.1 Related parties - unsecured

	2013	2012
Nishat Developers (Private) Limited	-	732
Nishat Hospitality (Private) Limited	1,424	4,256
Nishat Dairy (Private) Limited	3,781	3,587
MCB Bank Limited	1,309	2,974
Lalpir Power Limited	-	374
Nishat Chunian Limited	5,039	-
Nishat Hotels and Properties Limited	3,740	-
Nishat Linen (Private) Limited	289	-
	15,582	11,923

Ageing analysis of the amounts due from related parties is as follows :

	1 to 3 months	More then 3 months	As at June 30, 2013	As at June 30, 2012
	--------------------Rupees in 000-------------------			
Nishat Developers (Private) Limited	-	-	-	732
Nishat Hospitality (Private) Limited	1,424	-	1,424	4,256
Nishat Dairy (Private) Limited	3,781	-	3,781	3,587
Nishat Chunian Limited	5,039	-	5,039	-
Nishat Hotels and Properties Limited	3,740	-	3,740	-
Nishat Linen (Private) Limited	289	-	289	-
MCB Bank Limited	1,309	-	1,309	2,974
Lalpir Power Limited	-	-	-	374
	15,582	-	15,582	11,923

	2013	2012
	----(Rupees in thousand)----	

23. Investments

		2013	2012
Available for sale - quoted			
Related parties	- note 23.1	479,066	479,066
		479,066	479,066
Cumulative fair value gain		17,383,652	10,646,985
		17,862,718	11,126,051
At fair value through profit or loss	-note 23.2	23	20
		17,862,741	11,126,071

23.1 Related Parties - quoted

	2013	2012
MCB Bank Limited - Associated company		
73,610,834 (2012: 66,918,940) fully paid ordinary shares of Rs 10 each		
Equity held: 7.27% (2012: 7.27%)		
Market value Rs 17,857.252 million (2012: Rs 11,124.605 million)	478,234	478,234
	478,234	478,234
Nishat Chunian Limited		
91,474 (2012: 83,159) fully paid ordinary shares of Rs 10 each		
Equity held: 0.05% (2012: 0.05%)		
Market value - Rs 5.466 million (2012: Rs 1.446 million)	832	832
	832	832
	479,066	479,066

MCB Bank Limited is an associated undertaking as per the Companies Ordinance, 1984, however, for the purpose of measurement, this has been classified as available for sale and measured at fair value as the Parent Company does not have significant influence over this Company.

	2013	2012
	----(Rupees in thousand)----	

23.2 At fair value through profit or loss

	2013	2012
Habib Bank Limited - Quoted		
191 (2012: 174) fully paid ordinary shares of Rs 10 each		
Market value - Rs 0.023 million (2012: 0.020 million)	23	20
	23	20

24. Advances, deposits, prepayments and other receivables

		2013	2012
Current portion of loans to employees - considered good		1,145	1,366
Current portion of long term receivable from related party		17,206	17,206
Advances - considered good			
- To employees	- note 24.1	4,374	3,179
- To suppliers		144,435	71,871
		148,809	75,050
Due from related parties	- note 24.2	18,240	13,473
Prepayments		5,712	2,959
Mark-up receivable from related party	- note 24.3	560	702
Profit receivable on bank deposits		-	1,286
Letters of credit - margins, deposits, opening charges, etc		13,201	2,361
Claims recoverable from government			
- Sales tax	- note 24.4	129,805	87,806
- Excise duty		17,243	17,243
- Export rebate		65,342	68,831
		212,390	173,880
Other receivables		1,075	13,284
		418,338	301,567

24.1 Included in advances to employees are amounts due from executives of Rs 1,993 thousand (2012: Rs 1,483 thousand).

	2013	2012
	----(Rupees in thousand)----	
24.2 Due from related parties - unsecured		
Nishat Mills Limited	17,507	13,461
Lalpir Power Limited	-	12
Nishat Developers (Private) Limited	733	-
	18,240	13,473

24.3 This represents mark-up receivable from Sui Northern Gas Pipelines Limited against the loan as referred to in note 19.1.

24.4 Sales tax recoverable includes amounts which have been recovered by the sales tax department against miscellaneous demands raised by it. The Group has filed appeals against the demands at different forums.

		2013	2012
		----(Rupees in thousand)----	

25. Derivative financial instrument

Cross currency interest rate swap	- note 25.1	1,837	-

25.1 During the year, the Parent Company has entered into a derivative cross currency interest rate swap with a commercial bank. Under the terms of cross currency swap arrangement, the Parent Company pays Karachi Inter-Bank Offered Rate (KIBOR) minus bank spread to the arranging bank on the notional PKR amount for the purposes of the cross currency swap, and receives London Inter-Bank Offered Rate (LIBOR) on the notional USD amount from the arranging bank. There have been no transfers of liabilities under the arrangements, only the nature of the interest payment has changed. The derivative cross currency swap outstanding as at June 30, 2013 has been marked to market and the resulting gain has been included in the profit and loss account.

		2013	2012
		----(Rupees in thousand)----	

26. Cash and bank balances

At banks:			
Saving accounts			
Local currency	- note 26.1 & 26.2	210,249	156,258
Foreign Currency: US$ 1,460,280 (2012: US$ 902,962)		144,276	85,044
Current accounts		144,647	217,857
		499,172	459,159
Cash in hand		117	3,234
		499,289	462,393

26.1 The balances in saving accounts bear mark-up which ranges from 6% to 10.4% per annum (2012: 0.1% to 10.4% per annum).

26.2 Included in balances at banks on saving accounts are Rs 41.580 million (2012: Rs 36.580 million) which are under lien to secure bank guarantees referred to in note 13.2.

		2013	2012
		----(Rupees in thousand)----	

27. Sales

		2013	2012
Local sales		23,791,926	21,298,015
Export sales	- note 27.1	6,866,192	7,146,523
		30,658,118	28,444,538
Less: Sales tax		3,318,352	2,935,458
Excise duty and special excise duty		1,157,255	1,385,540
Commission to stockists and export agents		355,869	277,199
		4,831,476	4,598,197
		25,826,642	23,846,341

27.1 Export sales include rebate on exports amounting to Rs 35.127 million (2012: Rs 38.378 million).

28. Cost of sales

		2013	2012
		----(Rupees in thousand)----	
Raw and packing materials consumed		2,716,708	2,612,445
Salaries, wages and other benefits	- note 28.1	1,143,200	962,566
Electricity and gas		2,278,889	2,122,656
Furnace oil and coal		6,990,819	7,262,708
Stores and spares consumed		1,681,971	1,388,716
Repairs and maintenance		290,903	225,072
Insurance		65,205	63,257
Depreciation on property, plant and equipment	- note 16.1.2	1,515,944	1,468,832
Lease rentals - Ijara financing		16,008	15,924
Amortisation of intangible assets	- note 17.1	12,916	12,916
Royalty		153,526	147,132
Excise duty		17,270	13,715
Vehicle running		23,653	25,771
Postage, telephone and telegram		3,182	3,222
Printing and stationery		8,731	5,037
Legal and professional charges		2,802	2,084
Travelling and conveyance		23,328	24,684
Estate development		14,615	19,822
Rent, rates and taxes		24,139	18,391
Freight charges		10,084	6,500
Other expenses		30,927	26,102
		17,024,820	16,427,552
Opening work-in-process	- note 21	322,049	169,612
Closing work-in-process	- note 21	(856,587)	(322,049)
		(534,538)	(152,437)
Cost of goods manufactured		16,490,282	16,275,115
Opening stock of finished goods	- note 21	300,619	288,079
Closing stock of finished goods	- note 21	(368,948)	(300,619)
		(68,329)	(12,540)
Less: Own consumption		20,690	26,558
		16,401,263	16,236,017

28.1 Salaries, wages and other benefits include Rs 29.133 million (2012: Rs 25.203 million), Rs 37.390 million (2012: Rs 30.252 million) and Rs 21.826 million (2012: Rs 19.518 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and staff compensated absences.

	2013	2012
	----(Rupees in thousand)----	

28.1.1 Salaries, wages and other benefits

Salaries, wages and other benefits include the following in respect of retirement benefits:

	2013	2012
Gratuity		
Current service cost	22,054	15,967
Interest cost for the year	15,339	12,628
Expected return on plan assets	(3)	(1)
Actuarial loss	-	1,658
	37,390	30,252
Leave Encashment		
Current service cost	2,387	3,340
Interest cost for the year	6,820	5,368
Actuarial loss	12,619	10,810
	21,826	19,518

29. Administrative expenses

	Note	2013	2012
Salaries, wages and other benefits	- note 29.1	174,576	143,047
Electricity, gas and water		4,803	5,678
Repairs and maintenance		10,327	8,518
Insurance		3,066	1,792
Depreciation on property, plant and equipment	- note 16.1.2	98,132	15,812
Amortisation of intangible assets	- note 17.1	2,768	2,768
Vehicle running		7,062	6,274
Postage, telephone and telegram		10,956	8,393
Printing and stationery		7,802	18,555
Legal and professional services	- note 29.2	21,686	17,143
Travelling and conveyance		14,982	7,866
Rent, rates and taxes		5,483	224
Entertainment		2,173	2,373
School expenses		18,574	18,888
Fee and subscription		15,149	11,549
Other expenses		13,418	5,004
		410,957	273,884

29.1 Salaries, wages and other benefits include Rs 5.868 million (2012: Rs 5.013 million), Rs 9.133 million (2012: Rs 7.365 million) and Rs 5.335 million (2012: Rs 4.763 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and staff compensated absences.

	2013	2012
	----(Rupees in thousand)----	

29.1.1 Salaries, wages and other benefits

Salaries, wages and other benefits include the following in respect of retirement benefits:

	2013	2012
Gratuity		
Current service cost	5,387	3,887
Interest cost for the year	3,747	3,074
Expected return on plan assets	(1)	-
Actuarial loss	-	404
	9,133	7,365
Leave Encashment		
Current service cost	583	815
Interest cost for the year	1,667	1,310
Actuarial loss	3,085	2,638
	5,335	4,763

	2013	2012
	----(Rupees in thousand)----	

29.2 Legal and professional charges

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

	2013	2012
A. F. Ferguson & Co.		
Statutory audit - Parent Company	1,650	1,500
Half-yearly review	450	400
Certification and sundry services	100	100
Out of pocket expenses	75	75
KPMG Taseer Hadi & Co.		
Statutory audit - Subsidiary Company	440	400
Out of pocket expenses	25	25
	2,740	2,500

30. Selling and distribution expenses

		2013	2012
Salaries, wages and other benefits	- note 30.1	86,503	75,431
Electricity, gas and water		1,186	1,209
Repairs and maintenance		1,487	819
Insurance		1,678	1,391
Depreciation on property, plant and equipment	- note 16.1.2	4,137	2,755
Amortisation of intangible assets	- note 17.1	2,768	2,768
Vehicle running		3,959	3,824
Postage, telephone and telegram		2,203	2,095
Printing and stationery		4,216	3,393
Rent, rates and taxes		2,078	1,337
Legal and professional charges		-	695
Travelling and conveyance		3,652	3,354
Entertainment		659	852
Advertisement and sales promotion		5,162	7,349
Freight and handling charges		1,637,289	2,109,247
Debtors written off		5,010	-
Other expenses		1,937	2,296
		1,763,924	2,218,815

30.1 Salaries, wages and other benefits include Rs 3.377 million (2012: Rs 3.030 million), Rs 4.374 million (2012: Rs 3.526 million) and Rs 2.554 million (2012: Rs 2.280 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

30.1.1 Salaries, wages and other benefits
Salaries, wages and other benefits include the following in respect of retirement benefits:

	2013	2012
	----(Rupees in thousand)----	
Gratuity		
Current service cost	2,580	1,861
Interest cost for the year	1,794	1,472
Actuarial loss	-	193
	4,374	3,526
Leave Encashment		
Current service cost	279	390
Interest cost for the year	798	627
Actuarial loss	1,477	1,263
	2,554	2,280

			2013	2012
			----(Rupees in thousand)----	
31.	**Other operating expenses**			
	Workers' profit participation fund		373,466	213,288
	Donations	- note 31.1	3,741	1,700
	Realized loss on derivative financial instrument		22,132	-
	Exchange loss		154,102	305,113
			553,441	520,101
	31.1 None of the directors and their spouses had any interest in any of the donees.			
32.	**Other income**			
	Income from financial assets			
	Income on bank deposits		8,120	7,430
	Fair value gain on investment		4	2
	Interest on loans to employees		5	24
	Mark-up on loan / advances to related parties		1,481	1,783
	Unrealized gain on derivative financial instruments		1,837	5,467
	Dividend income from:			
	- Related parties	- note 32.1	1,295,581	1,058,678
	- Others		53	30
			1,295,634	1,058,708
			1,307,081	1,073,414
	Income from non-financial assets			
	Gain on disposal of property, plant and equipment	- note 16.1.4	11,547	16,040
	Scrap sales		113,655	29,138
	Provisions and unclaimed balances written back		2,297	28,684
	Others		25	149
			127,524	74,011
			1,434,605	1,147,425
	32.1 Dividend income from related parties			
	Nishat Mills Limited		106,013	99,955
	MCB Bank Limited		1,170,695	945,162
	Adamjee Insurance Company Limited		8,853	3,541
	Nishat Chunian Limited		10,020	10,020
			1,295,581	1,058,678
33.	**Finance costs**			
	Interest and mark-up on:			
	- Long term loans - secured		383,169	675,352
	- Short term borrowings - secured		673,854	1,051,239
	- Workers' profit participation fund		2,131	2,321
	Guarantee commission		11,336	15,020
	Bank charges		35,217	38,939
			1,105,707	1,782,871
34.	**Taxation**			
	Current			
	- For the year		9,244	118,954
	- Prior		92,734	(114,571)
			101,978	4,383
	Deferred			
	- For the year		1,530,444	(128,136)
			1,632,422	(123,753)

34.1 Provision for taxation

The provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001 at the rate of 0.5% (2012: 1%) of turnover from local sales. In addition to this, it includes tax on exports and rental income which is full and final discharge of the Group's tax liability in respect of income arising from such source.

For purposes of current taxation, the tax losses available for carry forward as at June 30, 2013 are estimated approximately at Rs 5,712.576 million (2012: Rs 9,111.482 million).

	2013 %	2012 %
34.2 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	35.00	35.00
Tax effect of amounts that are:		
- Not deductible for tax purposes	0.13	0.19
- Chargeable to tax at different rates	(4.57)	(9.35)
Effect of change in prior years' tax	0.01	(24.71)
Effect of change in tax rate	0.71	-
Tax credits and losses in respect of which no deferred tax asset has been recognised	(3.72)	1.20
Tax effect under presumptive tax regime and others	(4.32)	(4.06)
Rounding and others	-0.01	(1.39)
	(11.77)	(38.12)
Average effective tax rate charged to consolidated profit and loss account	23.23	(3.12)

35. Earnings per share

		2013	2012
35.1 Earnings per share - Basic			
Profit for the year - attributable to equity holders of the Parent Company	Rupees	5,447,849,000	4,096,975,000
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earnings per share - basic	Rupees	12.43	9.35

35.2 Earnings per share - Diluted

There is no dilution effect on the basic earnings per share as the Group has no such commitments.

36. Cash generated from operations

	2013	2012
	----(Rupees in thousand)----	
Profit before tax	7,025,955	3,962,078
Adjustments for:		
- Depreciation on property, plant and equipment	1,618,213	1,487,399
- Amortisation on intangible assets	18,452	18,452
- Gain on disposal of property, plant and equipment	(11,547)	(16,040)
- Gain on derivative financial instruments	(1,837)	(5,467)
- Dividend income	(1,295,634)	(1,058,708)
- Mark-up income	(1,481)	(1,783)
- Fair value gain on revaluation of investment	(4)	(2)
- Provision for retirement benefits	80,783	67,883
- Exchange loss	154,102	305,113
- Finance costs	1,105,707	1,782,871
Profit before working capital changes	1,666,754	2,579,718
Effect on cash flow due to working capital changes		
- Decrease / (increase) in stores, spares and loose tools	10,936	(593,523)
- Increase in stock-in-trade	(622,880)	(83,770)
- Decrease in trade debts	4,708	180,366
- Increase in advances, deposits, prepayments and other receivables	(116,913)	(41,864)
- Increase in trade and other payables	232,965	188,385
	(491,184)	(350,406)
	8,201,525	6,191,390

		2013	2012
		----(Rupees in thousand)----	

37. Cash and cash equivalents

		2013	2012
Cash and bank balances	- note 26	499,289	462,393
Short term borrowings - secured	- note 14	(6,388,501)	(7,559,348)
		(5,889,212)	(7,096,955)

38. Remuneration of Chief Executive, Directors and Executives

38.1 The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working Directors and Executives of the Group are as follows:

	Chief Executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)					
Managerial remuneration	12,240	8,621	24,451	20,869	207,006	170,867
Contributions to provident and gratuity fund	-	-	4,340	3,690	33,761	26,170
Housing	270	270	1,413	1,398	78,921	62,400
Utilities	-	-	-	-	16,511	13,494
Leave passage	-	-	1,477	818	-	4,461
Medical expenses	383	169	408	171	-	5,764
Others	7,890	5,477	3,674	3,593	283	43,847
	20,783	14,537	35,763	30,539	336,482	327,003
Number of persons	1	1	4	4	187	154

The Group also provides the chief executive and some of the directors and executives with Group maintained cars, travelling and utilities.
The Group does not provide any remuneration and benefits to non-executive directors of the Group.

38.2 Remuneration to other directors

Aggregate amount charged in the consolidated financial statements for the year for fee to 5 directors (2012: 5 directors) is Rs Nil (2012: Rs Nil).

39. Transactions with related parties

The related parties comprise associated companies, other related companies, directors, key management personnel and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, dividend income is disclosed in note 32.1, expense charged in respect of staff retirement benefit plans is disclosed in note 9, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 38. Other significant transactions with related parties are as follows:

Relationship with the Group	Nature of transactions	2013	2012
		----(Rupees in thousand)----	
i. Related parties	Sale of goods	170,603	100,571
	Purchase of asset	381,351	1,700
	Insurance premium	64,192	94,475
	Purchase of services	1,346,020	1,033,558
	Insurance claims received	12,389	4,011
	Mark-up income on balances with related parties	5,813	1,782
	Dividend income	1,295,581	1,058,678
ii. Post employment benefit	Expense charged in respect of plans retirement benefit plans	80,783	67,883
	Transactions with provident fund account funds paid	114,362	105,707

All transactions with related parties have been carried out on commercial terms and conditions.

40 Plant capacity and actual production

	Capacity		Actual production	
	2013	2012	2013	2012
Clinker (Metric Tonnes)				
Unit I	810,000	810,000	798,167	839,989
Unit II	1,200,000	1,200,000	1,195,047	1,253,632
Unit III	2,010,000	2,010,000	1,930,876	1,680,327
Cement bags (number of bags in thousand)	120,000	120,000	91,647	87,476

41. Number of employees

	2013	2012
Total number of employees as at June 30	1,123	1,116
Average number of employees during the year	1,124	1,111

42. Provident Fund Related Disclosures

Parent Company

The Parent Company operates a provident fund for its employees.

The following information is based on un-audited financial statements of the Fund as at June 30, 2013 and audited financial statements as at June 30, 2012.

		2013	2012
		----(Rupees in thousand)----	
(i) Size of the fund - total assets		905,565	651,578
(ii) Cost of investments made		622,806	513,350
(iii) Fair value of investments	- note 42.1	807,907	575,132
(iv) Percentage of investments made		89.22%	88.27%

42.1 The breakup of fair value of investments is :

	2013		2012	
	(Rs. In `000)	----%---	(Rs. In '000)	----%----
Break up of investments - at fair value				
Special accounts in a scheduled bank	136,885	16.95%	127,909	22.24%
Term finance certificates - listed	37,271	4.61%	26,601	4.63%
Term finance certificates - unlisted	10,422	1.29%	10,336	1.80%
Government securities	180,083	22.29%	144,616	25.14%
- Mutual funds - open ended - listed	66,205	8.19%	45,393	7.89%
- Mutual funds - open ended - unlisted (NIT)	24,460	3.03%	15,484	2.69%
Mutual funds - closed ended - listed	11,070	1.37%	7,083	1.23%
Ordinary shares of listed companies	303,881	37.61%	191,640	33.32%
Modaraba certificates - listed	4,508	0.56%	1,896	0.33%
Redeemable capital - listed	21	0.00%	1,836	0.32%
Redeemable capital - unlisted	26,636	3.30%	2,338	0.41%
Debt securities - listed	6,465	0.80%	-	0.00%
	807,907	100.00%	575,132	100.00%

The investments of the provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose except for:

- investments in unlisted securites
- investments in listed securities in excess of 30% of provident fund

The management is taking steps to dispose off such investments

Subsidiary Company

The Subsidiary Company operates a provident fund for its employees.

The following information is based on un-audited financial statements of the Fund as at June 30, 2013 and audited financial statements as at June 30, 2012.

	2013	2012
	----(Rupees in thousand)----	
(i) Size of the fund - total assets	3,612	3,099
(ii) Cost of investments made	3,279	2,945
(iii) Percentage of investments made	90.80%	95.03%
(iv) Fair value of investments	3,317	3,288

42.1 The breakup of fair value of investments is :

	2013		2012	
	(Rs. In '000)	----%---	(Rs. In '000)	----%----
Break up of investments - at fair value				
Special accounts in a scheduled bank	958	29%	625	19.01%
Term deposit receipts	2,359	71%	2,663	80.99%
	3,317	100%	3,288	100.00%

Investments out of the Provident Fund have been made in accordance with the provisions of section 227 of the Ordinance and the rules formulated for this purpose.

43. Financial risk management

43.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's Board of Directors (the Board). The Group's finance department evaluates and hedges financial risks. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's overall risk management procedures to minimise the potential adverse effects of financial market on the Group's performance are as follows:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD) and Euro. Currently, the Group's foreign exchange risk exposure is restricted to bank balances and amounts receivable from / payable to the foreign entities.

	2013	2012
	----(Rupees in thousand)----	
Cash and bank balances - USD	1,460	903
Receivable against sales to foreign parties - USD	2,207	2,066
Long term loan - USD	(18,653)	(29,081)
Advance received against sale - USD	(1,299)	(1,077)
Finances under mark-up arrangements - USD	-	(810)
Mark-up payable - USD	-	(0.975)
Trade and other payables - USD	(527)	(231)
Net exposure - USD	(16,812)	(28,231)
Trade and other payables - Euro	(1,282)	(6)
Net exposure - Euro	(1,282)	(6)

At June 30, 2013, if the Rupee had weakened / strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs 166.103 million (2012: Rs 255.797 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

At June 30, 2013, if the Rupee had weakened / strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been Rs 16.57 million (2012: Rs 0.075 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of Euro-denominated financial assets and liabilities.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified as available for sale and fair value through profit or loss. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Group's investment strategy is to maximise investment returns.

The Group's investments in equity of other entities that are publicly traded are included in all of the following three stock exchanges; Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange.

The table below summarises the impact of increases / decreases of the KSE-100 index on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the KSE had increased / decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index.

	Impact on post-tax profit		Impact on other components of equity	
	2013	2012	2013	2012
	(Rupees in thousand)		(Rupees in thousand)	
Karachi Stock Exchange	-	-	260,100	157,874

Post-tax profit for the year would increase / decrease as a result of gains / losses on equity securities classified as at fair value through profit or loss, this impact is considered to be immaterial. Other components of equity would increase / decrease as a result of gains / losses on equity securities classified as available for sale.

(iii) Interest rate risk

As the Group has no significant floating interest rate assets, the Group's income is substantially independent of changes in market interest rates.

The Group's interest rate risk arises from short term and long-term borrowings. These borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on consolidated profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At June 30, 2013, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs 82.588 million (2012: Rs 117.216 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Group arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to distributors and wholesale and retail customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored and major sales to retail customers are settled in cash. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

	2013	2012
	----(Rupees in thousand)----	
Long term loans, advances and deposits	96,441	138,748
Trade debts - unsecured	88,808	123,699
Advances, deposits, prepayments	38,226	47,317
Balances with banks	499,172	459,159
	722,647	768,923
The ageing analysis of trade receivables - unsecured is as follows:		
Up to 90 days	64,858	45,678
90 to 180 days	2,954	16,097
181 to 365 days	8,075	6,482
Above 365 days	12,92	55,442
	88,808	123,699

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Group when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off, are credited directly to consolidated profit and loss account.

(ii) Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate

	Rating Short term	Long term	Rating Agency	2013	2012
				(Rupees in thousand)	
Allied Bank Limited	A1+	AA+	PACRA	378	-
Askari Bank Limited	A1+	AA	PACRA	27,468	32,942
Bank Alfalah Limited	A1+	AA	PACRA	147,244	85,044
Bank Islami Pakistan Limited	A1	A	PACRA	313	1,499
Bank of Punjab	A1+	AA-	PACRA	228	10,022
Barclay's Bank PLC Pakistan	A-1	A	S&P	6,751	9,157
Citibank N.A.	P-2	A3	Moody's	44	96
Dubai Islamic Bank Pakistan Limited	A-1	A	JCR-VIS	1,844	1,079
Faysal Bank Limited	A1+	AA	PACRA	183	47,499
Habib Bank Limited	A-1+	AAA	JCR-VIS	13,720	-
HSBC Bank Middle East Limited	P-1	A2	Moody's	24	40
MCB Bank Limited	A1+	AAA	PACRA	251,592	251,788
Meezan Bank Limited	A-1+	AA	JCR-VIS	1,107	160
National Bank of Pakistan	A-1+	AAA	JCR-VIS	1,125	1,442
NIB Bank Limited	A1+	AA-	PACRA	14,671	14,924
Silk Bank Limited	A-2	A-	JCR-VIS	155	376
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	410	2,852
United Bank Limited	A-1+	AA+	JCR-VIS	31,669	239
Soneri Bank Limited	A1+	AA-	PACRA	246	-
				499,172	459,159

(c) Liquidity risk

Liquidity risk represents the risk that the Group shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Group's businesses, the Group's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Group’s cash and cash equivalents (note 37) on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

(Rupees in thousand)

At June 30, 2013	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
Long term finances	4,577,841	1,459,904	1,069,715	2,048,222
Trade and other payables	1,962,245	1,962,245	-	-
Accrued finance cost	145,940	145,940	-	-
Short term borrowings - secured	6,388,501	6,388,501	-	-
	13,074,527	9,956,590	1,069,715	2,048,222

At June 30, 2012	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
		(Rupees in thousand)		
Long term finances	6,885,851	2,236,768	1,376,225	3,272,858
Trade and other payables	1,699,134	1,699,134	-	-
Accrued finance cost	178,652	178,652	-	-
Short term borrowings - secured	7,559,348	7,559,348	-	-
	16,322,985	11,673,902	1,376,225	3,272,858

43.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as total debt divided by total capital employed. Total debt represent long term and short-term finances obtained by the Group. Total capital employed includes equity as shown in the consolidated balance sheet plus total debt. The Group's strategy, which was unchanged from last year, was to maintain a gearing ratio of 60% debt and 40% equity. The gearing ratio as at June 30, 2013 and June 30, 2012 is as follows:

	2013	2012
	----(Rupees in thousand)----	
Total debt	10,966,342	14,445,199
Total equity	48,032,985	33,019,718
Total capital employed	58,999,327	47,464,917
Gearing ratio	19%	30%

43.3 Fair value estimation

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets and liabilities that are measured at fair value:

As at June 30, 2013

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets				
Investment - At fair value through profit or loss	23	-	-	23
Investments - Available for sale	26,309,949	-	-	26,309,949
Derivative financial instruments	-	1,837	-	1,837
Total assets	26,309,972	1,837	-	26,311,809
Liabilities	-	-	-	-
Total liabilities	-	-	-	-

As at June 30, 2012

	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets				
Investment - At fair value through profit or loss	20	-	-	20
Investments - Available for sale	15,787,367	-	-	15,787,367
	15,787,387	-	-	15,787,387
Liabilities	-	-	-	-
Total liabilities	-	-	-	-

43.4 Financial instruments by categories

	At fair value through profit or loss	Available for sale	Loans and receivable	Total
		(Rupees in thousand)		
As at June 30, 2013				
Assets as per balance sheet				
Derivative financial instrument	1,837	-	-	1,837
Long term loans and advances	-	-	96,441	96,441
Loans, advances, deposits and other receivables	-	-	38,226	38,226
Investments	23	26,309,949	-	26,309,972
Cash and bank balances	-	-	499,289	499,289
	1,860	26,309,949	633,956	26,945,765

	At fair value through profit or loss	Available for sale	Loans and receivables	Total
		(Rupees in thousand)		
As at June 30, 2012				
Assets as per balance sheet				
Long term loans and advances	-	-	138,748	138,748
Loans, advances, deposits and other receivables	-	-	47,317	47,317
Investments	20	15,787,367	-	15,787,387
Cash and bank balances	-	-	462,393	462,393
	20	15,787,367	648,458	16,435,845

	Financial liabilities at amortized cost	
	2013	2012
	----(Rupees in thousand)----	
Liabilities as per balance sheet		
Long term finance-secured	4,577,841	6,885,851
Accrued mark up	145,940	178,652
Trade and other payables	1,368,552	1,386,220
	6,092,333	8,450,723

44. Operating Segments

Segment information is presented in respect of the Group's business. The primary format, business segment, is based on the Group's management reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

The Group's operations comprise of the following main business segment types:

Type of segments	Nature of business
Cement	Production and sale of clinker, ordinary portland and sulphate resistant cements
Paper	Manufacture and supply of paper products and packing material

The identification of operating segments was based on the internal organisational and reporting structure, built on the different products and services within the Group. Allocation of the individual organisational entities to the operating segments was exclusively based on economic criteria, irrespective of the participation structure under Companies Ordinance, 1984.

44.1 Segment analysis and reconciliation

The information by operating segment is based on internal reporting to the Group executive committee, identified as the 'Chief Operating Decision Maker' as defined by IFRS 8. This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments.

	Cement		paper		Elimination - net		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	Rupees in thousands							
Revenue from								
- External customers	24,915,924	22,949,853	910,718	896,488	-	-	25,826,642	23,846,341
- Inter group	-	-	938,022	848,924	(938,022)	(848,924)	-	-
	24,915,924	22,949,853	1,848,740	1,745,259	(938,022)	(848,924)	25,826,642	23,846,341
Segment gross profit	9,326,007	7,506,755	116,929	79,871	(17,557)	23,698	9,425,379	7,610,324
Segment expenses	(2,701,559)	(2,971,441)	(18,125)	(25,214)	(8,638)	(16,145)	(2,728,322)	(3,012,800)
Impairment on investments	-	-	-	-	-	-	-	-
Other income	1,466,289	1,187,936	4,488	11,587	(36,172)	(52,098)	1,434,605	1,147,425
Financial charges	(994,879)	(1,670,784)	(154,820)	(179,570)	43,992	67,483	(1,105,707)	(1,782,871)
Taxation	(1,593,689)	55,652	(38,733)	68,101	-	-	(1,632,422)	123,753
Profit after taxation	5,502,169	4,108,118	(90,261)	(45,225)	(18,375)	22,938	5,393,533	4,085,831
Segment net assets	47,998,214	32,930,632	281,102	371,362	29,618	47,989	48,308,934	33,349,983
Segment liabilities	15,528,505	17,754,566	1,648,907	1,403,509	(265,954)	(402,257)	16,911,458	18,755,818
Depreciation and amortisation	1,596,207	1,466,164	30,382	29,612	10,076	10,075	1,636,665	1,505,851
Net cash generated from / (used in) operating activities	6,519,982	4,011,634	(121,619)	(223,638)	32,454	73,480	6,430,817	3,861,476
Capital expenditure	(3,173,088)	(2,751,451)	(17,664)	(10,042)	(158,402)	-	(3,349,154)	(2,761,493)
Net cash used in investing activities	(2,051,176)	(1,596,832)	(15,855)	(4,879)	(190,859)	101,520	(2,257,890)	(1,500,191)

44.2 Geographical segments

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities and sales offices in Pakistan only.

45. Date of authorisation for issue

These consolidated financial statements were authorised for issue on September 04, 2013 by the Board of Directors of the Company.

46. Events after the balance sheet date

The Board of Directors of the parent company have proposed a final dividend for the year ended June 30, 2013 of Rs. 3 (2012: Rs 1.50) per share, amounting to Rs 1,314.357 million (2012: Rs 657.179 million) at their meeting held on September 04, 2013 for approval of the members at the Annual General Meeting to be held on October 31, 2013. These financial statements do not reflect this appropriation.

47. Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant rearrangement has been made.

Chief Executive

Director

FORM OF PROXY

IMPORTANT

Proxies, in order to be effective, must be received at the Company's registered Office not less than forty eight hours before the time for holding the meeting and must be stamped, signed and witnessed. Proxies of the members through CDC shall be accompanied with attested copies of thier CNIC. The shareholders through CDC are requested to bring their original CNIC, Sub Account Number and Participant I.D. Number. to produce at the time of attending the meeting.

Please quote Registered Folio Number/CDC Account Number

Folio No. ____________________ CDC Participant I.D. No. ____________________

CDC Participant's Name ____________________ A/C, Sub A/C No. ____________________

Shares Held ____________________

I/We ____

of ____

being a member of D.G. KHAN CEMENT COMPANY LIMITED hereby appoint ____________________

or failing him/her ____

of ____

who is also a member of the Company, vide Registered Folio No./CDC A/C Sub A/C No.__________________as my/our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on 31st October 2013 at 11:00 a.m. at Registered Office, Nishat House, 53-A, Lawrence Road, Lahore and at any adjournment thereof.

As witness my/our hand this ____________________ day of ____________________ 2013

Signed by the said ____ in the presence

of ____________________

____
(Member's Signature)

____
Member's CNIC No.

____
(Witness's Signature)

____
Witness's CNIC No.

Affix Rs. 5/-

Revenue Stamp which must be cancelled either by signature over it or by some other means

Place ____________________

Date ____________________

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VERSATILE Ph: +92 42 3712 1920