NISHAT

D.G. Khan Cement Company Limited

Annual Report 2014

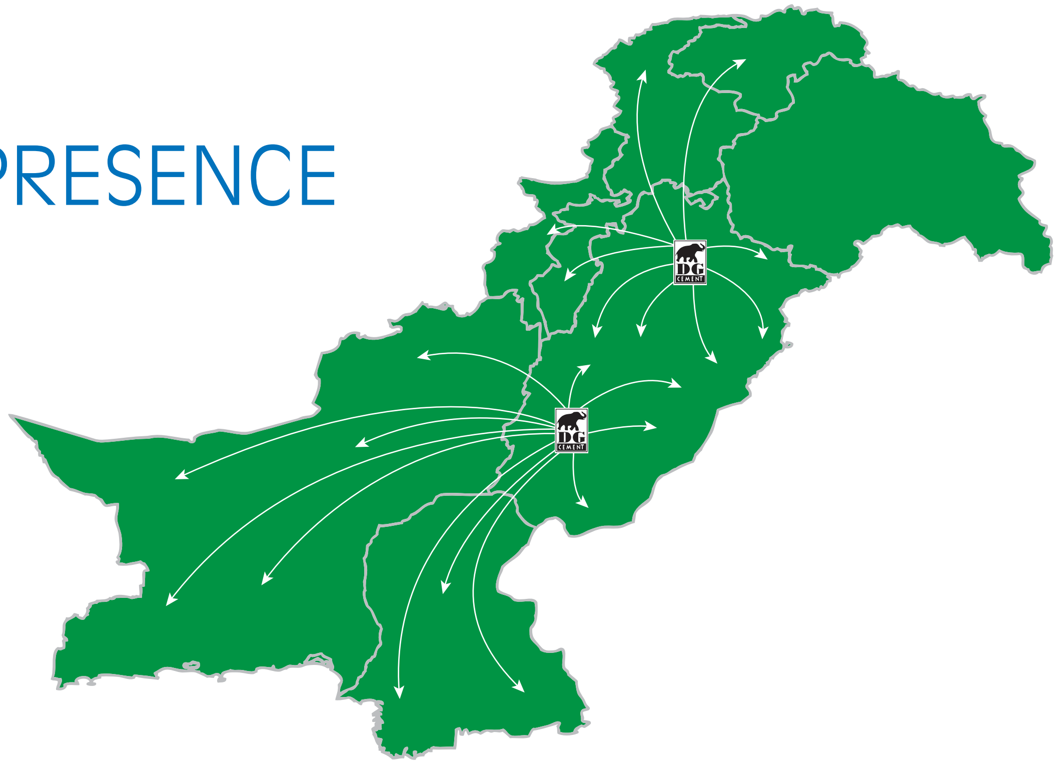
The Journey

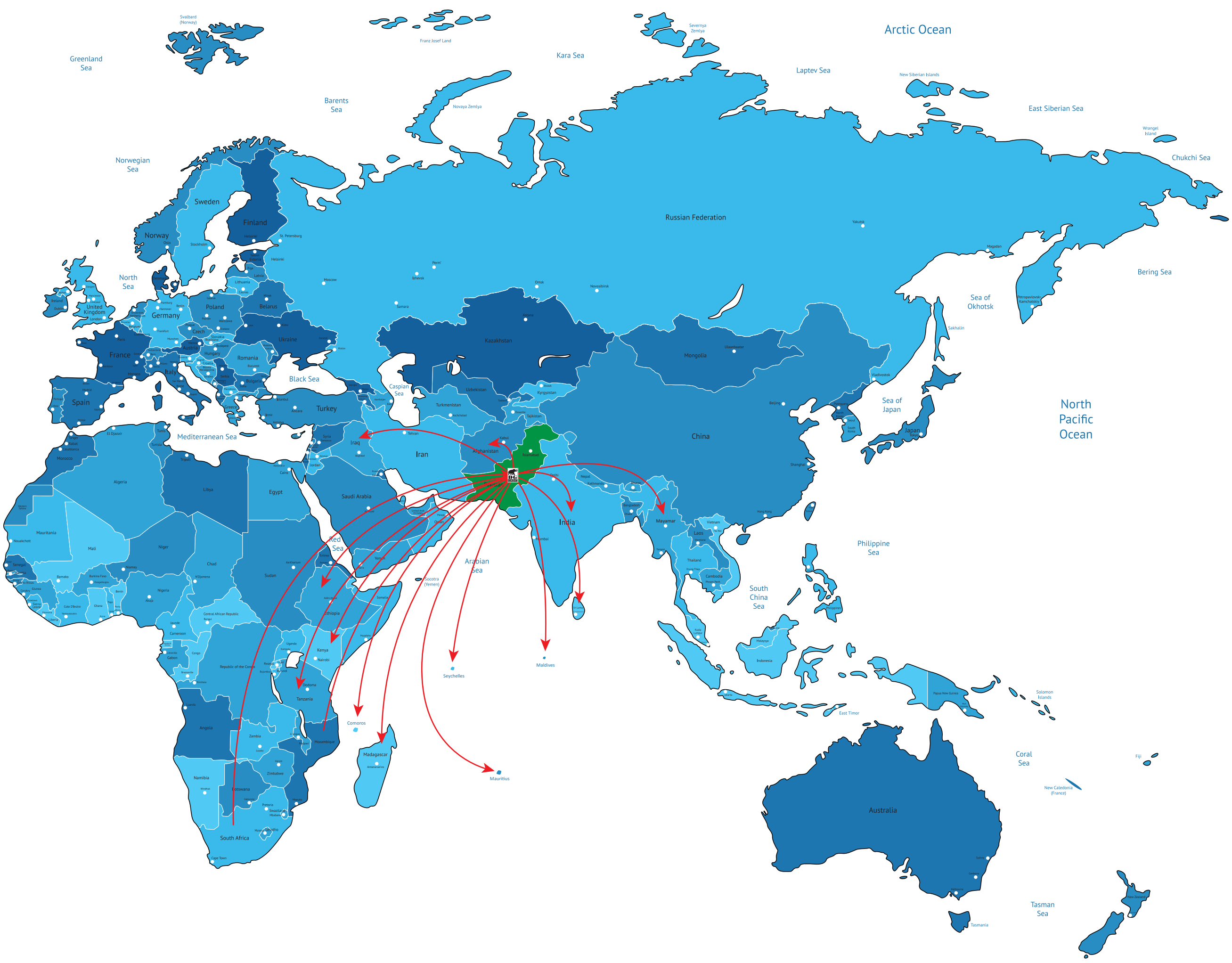
The journey of a thousand miles begins with a step. Journey is dreaming, exploring, discovering and adventurism. It is chain of continuous endeavors. Journey is the lifeline of life. It is movement. It is passion. It is creativity. It is the indication of being alive and it bears fruits of life.

Keep moving
As there is no end
Every thing perceived as end
Is actually the beginging of another
Journey

Contents

OUR PRESENCE





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.

Board of Directors	Mrs. Naz Mansha	Chairperson
	Mian Raza Mansha	Chief Executive
	Mr. Khalid Niaz Khawaja	
	Mr. Khalid Qadeer Qureshi	
	Mr. Farid Noor Ali Fazal	
	Mr. Shahzad Ahmad Malik	
	Ms. Nabiha Shahnawaz Cheema	
Audit Committee	Mr. Khalid Niaz Khawaja	Member/Chairman
	Mr. Khalid Qadeer Qureshi	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
Chief Financial Officer	Mr. Inayat Ullah Niazi	
Company Secretary	Mr. Khalid Mahmood Chohan	
Bankers	Allied Bank Limited	KASB Bank Limited
	Askari Bank Limited	MCB Bank Limited
	Bank Alfalah Limited	Meezan Bank Limited
	Bank Al-Habib Limited	National Bank of Pakistan
	Bank Islami Pakistan Limited	NIB Bank Limited
	Barclays Bank Plc	Samba Bank Limited
	Citibank N.A.	Soneri 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	
	Habib Metropolitan Bank	

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

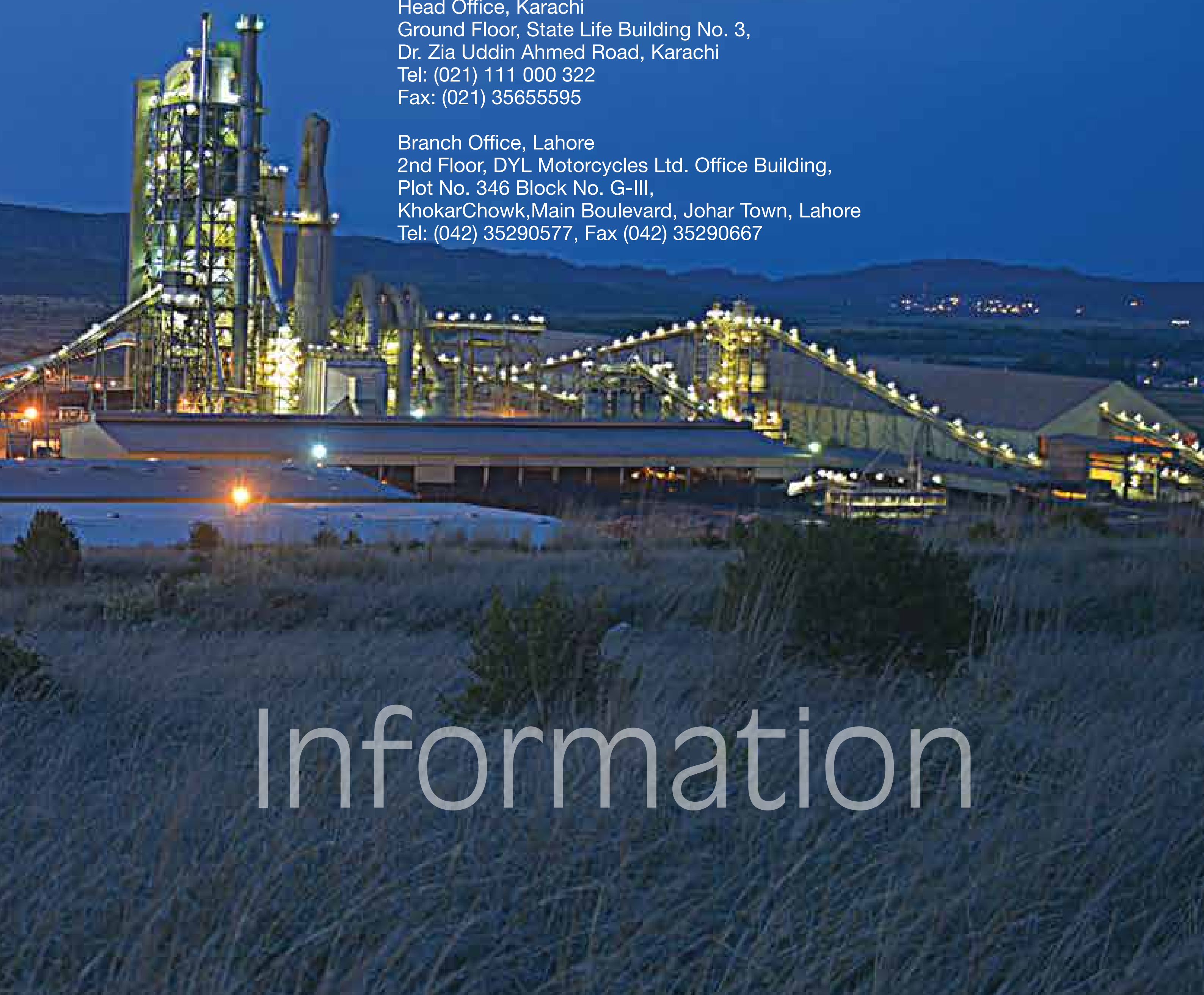
Factory

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

Share Registrar
THK Associates (Pvt) Ltd
Head Office, Karachi
Ground Floor, State Life Building No. 3,
Dr. Zia Uddin Ahmed Road, Karachi
Tel: (021) 111 000 322
Fax: (021) 35655595

Branch Office, Lahore
2nd Floor, DYL Motorcycles Ltd. Office Building,
Plot No. 346 Block No. G-III,
KhokarChowk,Main Boulevard, Johar Town, Lahore
Tel: (042) 35290577, Fax (042) 35290667



Information

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 29, 2014 (Wednesday) at 11:00 A.M. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore to transact the following business:

1. To receive, consider and adopt the Audited Unconsolidated and Consolidated Financial Statements of the Company for the year ended June 30, 2014 together with the Directors' and Auditors' reports thereon.

2. To approve Final Cash Dividend @ 35% [i.e. Rs. 3.50 (Rupees Three and Paisa Fifty Only) Per Ordinary Share] as recommended by the Board of Directors.

3. To appoint statutory Auditors for the year ending June 30, 2015 and fix their remuneration.

4. Special Business:

   To consider and if deemed fit, to pass the following resolutions as special resolutions under Section 208 of the Companies Ordinance, 1984, with or without modification, addition(s) or deletion(s):

(A) **RESOLVED that** pursuant to the requirements of Section 208 of the Companies Ordinance, 1984, D. G. Khan Cement Company Limited ("the Company") be and is hereby authorized to make long term equity investment upto Rs. 18,127,330 (Rupees Eighteen Million One Hundred Twenty Seven Thousand Three Hundred Thirty Only) from time to time by way of acquisition upto 2,327,000 (Two Million Three Hundred Twenty Seven Thousand Only) further ordinary shares of Nishat Paper Products Company Limited, an associated company.

FURTHER RESOLVED that the above said resolution of investment shall be valid for three (3) years and any two of the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly empowered and authorized to undertake the decision of said investment of shares as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

FURTHER RESOLVED that any two of the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly authorized to take all steps and actions necessary, incidental and ancillary for the acquisition of shares of Nishat Paper Products Company Limited including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of this special resolution.

FURTHER RESOLVED that any two of the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby authorized jointly to dispose off through any mode, a part or all of equity investments made by the Company from time to time as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

(B) **RESOLVED that** pursuant to the requirements of Section 208 of the Companies Ordinance, 1984, D. G. Khan Cement Company Limited ("the Company") be and is hereby authorized to make long term equity investment upto Rs. 2,017,880,000/- (Rupees Two Billion Seventeen Million Eight Hundred Eighty Thousand Only) from time to time by way of acquisition upto 244,000,000 (Two Hundred Forty Four Million) further ordinary shares of Nishat Dairy (Pvt) Limited, an associated company.

FURTHER RESOLVED that the above said resolution of investment shall be valid for three (3) years and any two of the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly empowered and authorized to undertake the decision of said investment of shares as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

FURTHER RESOLVED that any two of the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly authorized to take all steps and actions necessary, incidental and ancillary for the acquisition of shares of Nishat Dairy (Pvt) Limited including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of this special resolution.

FURTHER RESOLVED that any two of the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby authorized jointly to dispose off through any mode, a part or all of equity investments made by the Company from time to time as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

(C) **RESOLVED that** pursuant to the requirements of Section 208 of the Companies Ordinance, 1984, D. G. Khan Cement Company Limited ("the Company") be and is hereby authorized to make long term equity investment upto Rs. 1,000,000,000 (Rupees One Billion Only) from time to time by way of acquisition upto 100,000,000 (One Hundred Million) ordinary shares of Nishat Hotels and Properties Limited, an associated company.

FURTHER RESOLVED that the above said resolution of investment shall be valid for three (3) years and any two of the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly empowered and authorized to undertake the decision of said investment of shares as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

FURTHER RESOLVED that any two of the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby jointly authorized to take all steps and actions necessary, incidental and ancillary for the acquisition of shares of Nishat Hotels and Properties Limited including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the special resolution for making investment from time to time.

FURTHER RESOLVED that any two of the Chief Executive Officer and/or Chief Financial Officer and/or Company Secretary of the Company be and are hereby authorized jointly to dispose off through any mode, a part or all of equity investments made by the Company from time to time as and when deemed appropriate and necessary in the best interest of the Company and its shareholders.

By order of the Board

LAHORE
SEPTEMBER 16, 2014

(KHALID MAHMOOD CHOHAN)
COMPANY SECRETARY

NOTES:

1. BOOK CLOSURE NOTICE:-

The Ordinary Shares Transfer Books of the Company will remain closed from **21-10-2014 to 29-10-2014 (both days inclusive)** for entitlement of **35% Final Cash Dividend [i.e. Rs. 3.50 (Rupees Three and Paisa Fifty 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 20-10-2014 at Company's Share Registrar, M/s THK Associates (Pvt) Limited, **Karachi Office,** Ground Floor, State Life Building No. 3, Dr. Zia Uddin Ahmed Road, Karachi, **Lahore Office,** THK Associates (Pvt) Ltd. 2nd Floor, DYL Motorcycles Ltd. Office Building, Plot No. 346 Block No. G-III, Khokar Chowk, Main Boulevard, Johar Town, Lahore, will be considered in time for entitlement of 35% 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 shareholders 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. **Submission of copy of CNIC (Mandatory):**

The Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 779 (i) 2011 dated August 18, 2011 has directed the company to print your Computerized National Identity Card (CNIC) number on your dividend warrants and if your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply with this regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or to us (in case of physical shareholding) immediately to Company's Share Registrar, M/s THK Associates (Pvt) Limited.

5. **Revision of Withholding Tax on dividend income under Section 150 of Finance Act 2014:**

It is further being informed that pursuant to the provisions of Finance Act 2014, effective from July 1, 2014 a new criteria for withholding of tax on dividend income has been introduced by Federal Board of Revenue (FBR), as per this criteria, 'Filer' and 'Non-Filer' shareholders will pay tax on dividend income @ 10% and 15% respectively.

You are therefore advised to check and ensure your Filer status from Active Tax Payer List (ATL) available at FBR website http://www.fbr.gov.pk/ as well as ensure that your CNIC / Passport number has been recorded by your Participant / Investor Account Services (in case your shareholding is in book entry form) or by Company's Share Registrar M/s THK Associates (Pvt) Limited (in case of physical shareholding). Corporate bodies (non-Individual shareholders) should ensure that their names and National Tax Numbers (NTN) are available in Active Tax Payer List at FBR website and recorded by Participant / Investor Account Services or by Company's Share Registrar (in case of physical shareholding).

6. **Dividend Mandate (Optional):**

Under Section 250 of the Companies Ordinance, 1984 a shareholder may, if so desires, direct the Company to pay dividend through his/ her/its bank account. In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide Circular Number 18 of 2012 dated June 05, 2012, kindly authorize the company for direct credit of your cash dividend in your bank account (please note that giving bank mandate for dividend payments is optional, in case you do not wish to avail this facility please ignore this notice, dividend will be paid to you through dividend warrant at your registered address). If you want to avail the facility of direct credit of dividend amount in your bank account, please provide following information to Company's Share Registrar, M/s THK Associates (Pvt) Limited.

Bank Account Details of Shareholder	
Title of Bank Account	
Bank Account Number	
Bank's name	
Branch name and address	
Cell number of shareholder	
Landline number of shareholder, if any	

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate to the company and the concerned share registrar.

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Name, signature, folio # and CNIC number of shareholder

Notes:

(1) Those shareholders, who hold shares in book entry form in their CDS accounts, will provide the above dividend mandate information directly to their respective Participant / CDC Investor Account Services Department.

(2) If dividend mandate information has already been provided by you, ignore this request.

7. Transmission of Annual Financial Statements Through Email:

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 787 (I)/2014 dated September 8, 2014, those shareholders who desire to receive Annual Financial Statements in future through email instead of receiving the same by Post are advised to give their formal consent along with their valid email address on a standard request form which is available at the Company's website i.e. www.dgcement.com and send the said form duly signed by the shareholder along with copy of his CNIC to the Company's Share Registrar M/s THK Associates (Pvt) Limited. Please note that giving email address for receiving of Annual Financial Statements instead of receiving the same by post is optional, in case you do not wish to avail this facility please ignore this notice, Financial Statements will be sent to you at your registered address.

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

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 29, 2014.

(A) INVESTMENT IN NISHAT PAPER PRODUCTS COMPANY LIMITED

Nishat Paper Products Company Limited ("Nishat Paper") was incorporated on July 23rd 2004 as a unquoted public limited company with a paid up capital of Rs.465 million (Rupees Four Hundred Sixty Five Million). Authorized Capital of Nishat Paper is Rs.600 million (Rupees Six Hundred Million Only).

The primary purpose for setting up this company was vertical integration for supply of paper sacks for cement business as well supply to other manufacturers of cement in the country. The rated capacity of company is 120 (One Hundred Twenty) sacks per annum. Nishat Paper has installed two (2) identical lines of 60 million (Sixty Million) sack per annum from M/s. Windmoller & Holscher Germany. Currently Nishat Paper directly and indirectly employs about Eighty Five (85) persons.

The plant is located in Village Khairpur, Kallar Khar, District Chakwal. The plant is in close proximity of three (3) of the largest cement manufacturing companies Pakistan. D. G. Khan Cement Company Limited is the biggest customer of Nishat Paper, whereas, Nishat Paper also sells to other producers of cement such as Lafarage Pakistan, Maple Leaf, Fauji Cement, Pioneer cement etc.

D. G. Khan Cement Company Limited expects dividends from this equity investment in Nishat Paper Products Company Limited which will eventually enhance the return on investment of the shareholders of D. G. Khan Cement Company Limited.

The directors have carried out their due diligence for the proposed investment and the duly signed recommendation of due diligence report shall be available for inspection of members in the general meeting along with audited accounts of the associated company.

Information required under Clause (a) of sub-regulation (1) of Regulation 3 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Ref.No.	Requirement	Information
I	Name of associated company Criteria of associated relationship	Nishat Paper Products Company Limited Common directorship
ii	Purpose Benefits Period of investment	To participate in growing business of cement packaging through equity investment. To earn return on equity of Nishat Paper Products Company Limited through dividend income from investments. Strategic Investment – long term
iii	Maximum amount of investment	Rs. 18,127,330/- (Rupees Eighteen Million One Hundred Twenty Seven Thousand Three Hundred Thirty Only)
iv	Maximum price/share	The price to be paid for the equity

		investment will be Rs. 7.79 per share since the project is a green field project and the price is less than the fair value determined by independent firm of Chartered Accountants.
V	Maximum number of shares to be acquired	2,327,000 shares
vi	Shareholding before investment Shareholding after investment	No. of shares: 23,268,398 Shareholding percentage: 50.00 No. of shares: 25,595,398 Shares, Shareholding percentage: 55% of the paid up share capital.
vii	Requirement in case of investment in listed associated company	Not Applicable as Nishat Paper Products Company Limited is an unlisted company.
viii	Fair market value of shares	The fair value of the share determined in terms of Regulation 6(1) is Rs. 12.41 per share based on discounted cash flows using "Free Cash Flow" to the Company at discount rate of 12.52. (Copy of fair valuation report issued by Uzair Hammad Faisal & Co., Chartered Accountants, is available at Registered Office of the Company and can be inspected in working hours upto October 28, 2014).
ix	Break-up value of shares	Rs. 7.79/share as at June 30, 2014.
X	Earnings/Loss per share for the last three years	(Rs.) FY 2014 1.75 FY 2013 (1.94) FY 2012 (0.97)
xi	Sources of fund from which shares will be acquired	Surplus funds of the Company.
xii	Requirements if shares are intended to be acquired using borrowed funds	Not applicable.
xiii	Salient features of agreement(s) entered into with the associated company	No such agreements.
xiv	Direct/Indirect interest of directors in the associated company	Three Directors of D. G. Khan Cement Company Limited, Mian Raza Mansha currently holds 3.278% shares, Mrs. Naz Mansha currently holds 6.010% shares and Mr. Farid Noor Ali Fazal currently holds 100 shares in Nishat Paper Products Company Limited. The brothers of Mian Raza Mansha, namely Mian Umer Mansha and Mian Hassan Mansha also holds 6.330% shares each in Nishat Paper Products Company Limited. The directors of Nishat Paper Products Company Limited are interested in the investing company to the extent of their shareholding as under:-

		Name % of Shareholding Mrs. Naz Mansha 0.03 Mian Raza Mansha And his spouse 4.24 Mr. Khalid Qadeer Qureshi (720 Shares) 0.00 Mr. Farid Noor Ali Fazal (1200 Shares) 0.00 The companies holding shares of D. G. Khan Cement Company Limited are interested in Nishat Paper Products Company Limited to the extent of their shareholding. % Nishat Mills Limited 25.00 The companies holding shares of Nishat Paper Products Company Limited are interested in D. G. Khan Cement Company Limited to the extent of their shareholding. % Nishat Mills Limited 31.40
xv	Any other important detail	Nil

(B) INVESTMENT IN NISHAT DAIRY (PRIVATE) LIMITED

Nishat Dairy (Private) Limited was incorporated on 28 October 2011 as a private company limited by shares with an authorized share capital of Rs. 250,000,000 (Rupees Two Hundred Fifty Million). The authorized share capital was subsequently been enhanced to Rs. 4,900,000,000 (Rupees Four Billion Nine Hundred Million Only).

The company was incorporated with the main object of carrying out dairy business in Pakistan. The company has set up a dairy farm with the capacity of 3,200 (Three Thousand Two Hundred) milking animals.

The associated company sells raw milk to the companies operating in dairy products manufacturing industry e.g. Nestle and Engro. Currently, it is one of the largest dairy farms in Pakistan. High quality cattle feed is fed to the cattle and it is being procured both locally and imported from reputable growers and companies.

The dairy farm has the total area of 166.48 acres. All of the cattle imported are of Pure Holstein Friesian Breed and have been directly imported from Australia.

Majority of the dairy machinery and equipment was imported from US and European suppliers. The dairy farm currently employs 125 (One Hundred Twenty Five) employees.

D. G. Khan Cement Company Limited expects significant dividends from this equity investment in Nishat Dairy (Private) Limited which will eventually enhance the return on investment of the shareholders of D. G. Khan Cement Company Limited.

The associated company will become subsidiary company after the acquisition of its further shares by the Company.

The directors have carried out their due diligence for the proposed investment and the duly signed recommendation of due diligence report shall be available for inspection of members in the general meeting along with audited accounts of the associated company.

Information required under Clause (a) of sub-regulation (1) of Regulation 3 of Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012

Ref.No.	Requirement	Information
I	Name of associated company	Nishat Dairy (Private) Limited
	Criteria of associated relationship	Common directorship
Ii	Purpose	To participate in the growing dairy business of the country through equity investment
	Benefits	To earn return on equity of DG Khan Cement Company Limited through dividend income from investment in associated company.
	Period of investment	Strategic long term investment
Iii	Maximum amount of investment	Rs. 2,017,880,000/- (Rupees Two Billion Seventeen Million Eight Hundred Eighty Thousand Only).
Iv	Maximum price/share	The price to be paid for the equity investment will be Rs. 8.27 per share and the price is less than the fair value determined by independent firm of Chartered Accountants.
V	Maximum number of shares to be acquired	244,000,000 shares
Vi	Shareholding before investment	No. of shares: 50,000,000. Shareholding percentage: 10.42
	Shareholding after investment	No. of shares: 294,000,000 Shares, Shareholding percentage: 60% of the paid up share capital
Vii	Requirement in case of investment in listed associated company	Not Applicable as Nishat Dairy (Private) Limited is an unlisted private company.
viii	Fair market value of shares	The fair value of the share determined in terms of Regulation 6(1) is Rs 11.23 per share based on discounted cash flows using "Free Cash Flow" to the Company at discount rate of 19 % with 4% terminal growth rate. (Copy of fair valuation report issued by Riaz Ahmed & Co., Chartered Accountants, is available at Registered Office of the Company and can be inspected in working hours up to October 28, 2014).
Ix	Break-up value of shares	Rs 8.27 per share as at 30 June 2014.
X	Earnings per share for the last three years	30 June 2014: Loss per share Rs 1.58 30 June 2013: Loss per share Rs 2.35 30 June 2012: Loss per share Rs 0.31
Xi	Sources of fund from which shares will be acquired	Surplus funds of the Company.
Xii	Requirements if shares are intended to be acquired using borrowed funds	Not applicable.

Xiii	Salient features of agreement(s) entered into with the associated company	No agreement.
Xiv	Direct/Indirect interest of directors in the associated company	One director of DG Khan Cement Company Limited, Mian Raza Mansha currently holds 25.69 % shares each in Nishat Dairy (Private) Limited. The brothers of Mian Raza Mansha, Mian Umer Mansha and Mian Hassan Mansha, also hold 25.69 % shares each in Nishat Dairy (Private) Limited. The directors of the associated company are interested in the investing company to the extent of their shareholding as under:- Name — % of Shareholding Mian Raza Mansha and his spouse — 4.24 Mian Umer Mansha — 6.23 Mian Hassan Mansha — 6.14 The companies holding shares of D. G. Khan Cement Company Limited are interested in Nishat Dairy (Pvt) to the extent of their shareholding. % Nishat Mills Limited — 12.50 The companies holding shares of Nishat Dairy (Pvt) Limited are interested in D. G. Khan Cement Company Limited to the extent of their shareholding. % Nishat Mills Limited — 31.40
Xv	Any other important detail	None
Xvi	Description of the project	3,200 milking cows dairy farm at Sukheki Road, Off Kot Sarwar Interchange, Moza Khatrani, District Hafizabad. The Company was incorporated 28 October 2011.
	Starting date of work	N/A
	Completion of work	N/A
	Commercial operations date	N/A
	Expected time by which the project shall start paying return on investment	N/A

(C) INVESTMENT IN NISHAT HOTELS AND PROPERTIES LIMITED

Nishat Hotels and Properties Limited was incorporated on 04 October 2007 as a public limited company with an authorized share capital of Rs. 10,000,000/- (Rupees Ten Million Only) authorized share capital has subsequently been enhanced to Rs. 4,000,000,000/- (Rupees Four Billion Only). The authorized share capital was further enhanced to Rs. 5,500,000,000/- (Rupees Five Billion Five Hundred Million Only).

Nishat Hotels and Properties Limited was set up with the main object of carrying hotels and hospitality business in Pakistan. For the intended purpose the company has acquired Hotel site of 119 Kanals, 6 Marlas and 73 SFT of Commercial Land situated at Trade and Finance Block, Johar Town, Lahore, from Lahore Development Authority (LDA) – Urban Development Wing.

Nishat Hotels and Properties Limited has undertaken the project of a hotel and a prime shopping mall with name of "Emporium Mall". The project will be completed in three years with estimated cost of Rupees 15,595,629,000/- (Rupees Fifteen Billion Five Hundred Ninety Five Million Six Hundred Twenty Nine Thousand Only). The development consists of a high quality state of the art shopping mall of international standard as well as a budget hotel and a large banquet hall catering to the needs of surrounding areas. The proposed building has a covered area of 2.742 Million Square Feet comprising the following building components (2 basements, ground floor and 8 floors):

- 3-4 star 100 rooms hotel
- Banquet halls
- Hyper Store
- Shopping Mall with following features:

o Retail
o Food courts
o Cineplex
o Health and Leisure Zones
o Two basements with 2,815 parking bays for cars and motorcycles.

D. G. Khan Cement Company Limited expects significant dividends from this equity investment in Nishat Hotels and Properties Limited which will eventually enhance the return on investment of the shareholders of D. G. Khan Cement Company Limited.

The directors have carried out their due diligence for the proposed investment and duly signed recommendation of due diligence report shall be available for inspection of members in the general meeting along with latest audited accounts of associated company.

Information under Clause (a) of sub-regulation (1) of regulation 3 of (Investment in Associated Companies or Associated Undertakings) Companies Regulations, 2012.

Ref.No.	Requirement	Information
i	Name of associated company	Nishat Hotels and Properties Limited
	Criteria of associated relationship	Common directorship
ii	Purpose	To participate in the growing hotel business of the country through equity investment
	Benefits	To earn return on equity of D. G. Khan Cement Company Limited through dividend income from investment in associated company.
	Period of investment	Strategic long term investment
iii	Maximum amount of investment	Rs. 1,000,000,000/- (Rupees One Billion Only)
iv	Maximum price/share	The price to be paid for the equity investment will be par value of Rs. 10/- per share since the project is a green field project and the price is less than the fair value determined by independent firm of Chartered Accountants.
v	Maximum number of shares to be acquired	100,000,000 shares
vi	Shareholding before investment	No. of shares: NIL, Shareholding percentage: NIL
	Shareholding after investment	No. of shares: 100,000,000 Shareholding percentage: 18.18%

vii	Requirement in case of investment in listed associated company	Not Applicable as Nishat Hotels and Properties Limited is an unlisted company.
viii	Fair market value of shares	The fair value of the share determined in terms of Regulation 6(1) is Rs. 38.29 per share based on discounted cash flows using "Free Cash Flow" to the Company at discount rate of 12.30% with 4% terminal growth rate. (Copy of fair valuation report issued by HBL Ijaz Tabussam & Co., Chartered Accountants, is available at Registered Office of the Company and can be inspected in working hours up to 28 October 2014).
ix	Break-up value of shares	Rs. 9.95 per share as at 30 June 2014.
x	Earnings per share for the last three years	30 June 2013 was the Company's first year of operations. Basic Diluted 2013 = Re. (0.37) (0.03) 2014 = Re. (0.11) (0.08)
xi	Sources of fund from which shares will be acquired	Surplus funds of the Company.
xii	Requirements if shares are intended to be acquired using borrowed funds	Not applicable.
xiii	Salient features of agreement(s) entered into with the associated company	No agreement.
xiv	Direct/Indirect interest of directors in the associated company	One director of D. G. Khan Cement Company Limited, Mian Raza Mansha currently holds 30.05% shares in Nishat Hotels and Properties Limited. The brothers of Mian Raza Mansha, Mian Umer Mansha and Mian Hassan Mansha also holds 30.05% shares in Nishat Hotels and Properties Limited. The directors of the associated company are interested in the investing company to the extent of their shareholding as under:- Name % of Shareholding Mian Raza Mansha and his spouse 4.24 Mian Umer Mansha 6.23 Mian Hassan Mansha 6.14
xv	Any other important detail	None
xvi	Description of the project	Three to four star hundred room hotel, banquet halls, shopping mall, Cineplex etc.
	Starting date of work	15 March 2013
	Completion of work	14 September 2015
	Commercial operations date	15 September 2015
	Expected time by which the project shall start paying return on investment	Financial year 2015-16

Brief Voyage Track

Incorporated under management control of State Cement Corporation of Pakistan Limited in 1978 at Dera Ghazi Khan.

Started commercial production in April 1986 with capacity of 2,000 TPD.

Acquired by NIshat Group in May 1992 and got listed on stock exchanges.

Optimisation of 200 TPD in 1993-94.

Capacity addition of 3,300 TPD in 1998.

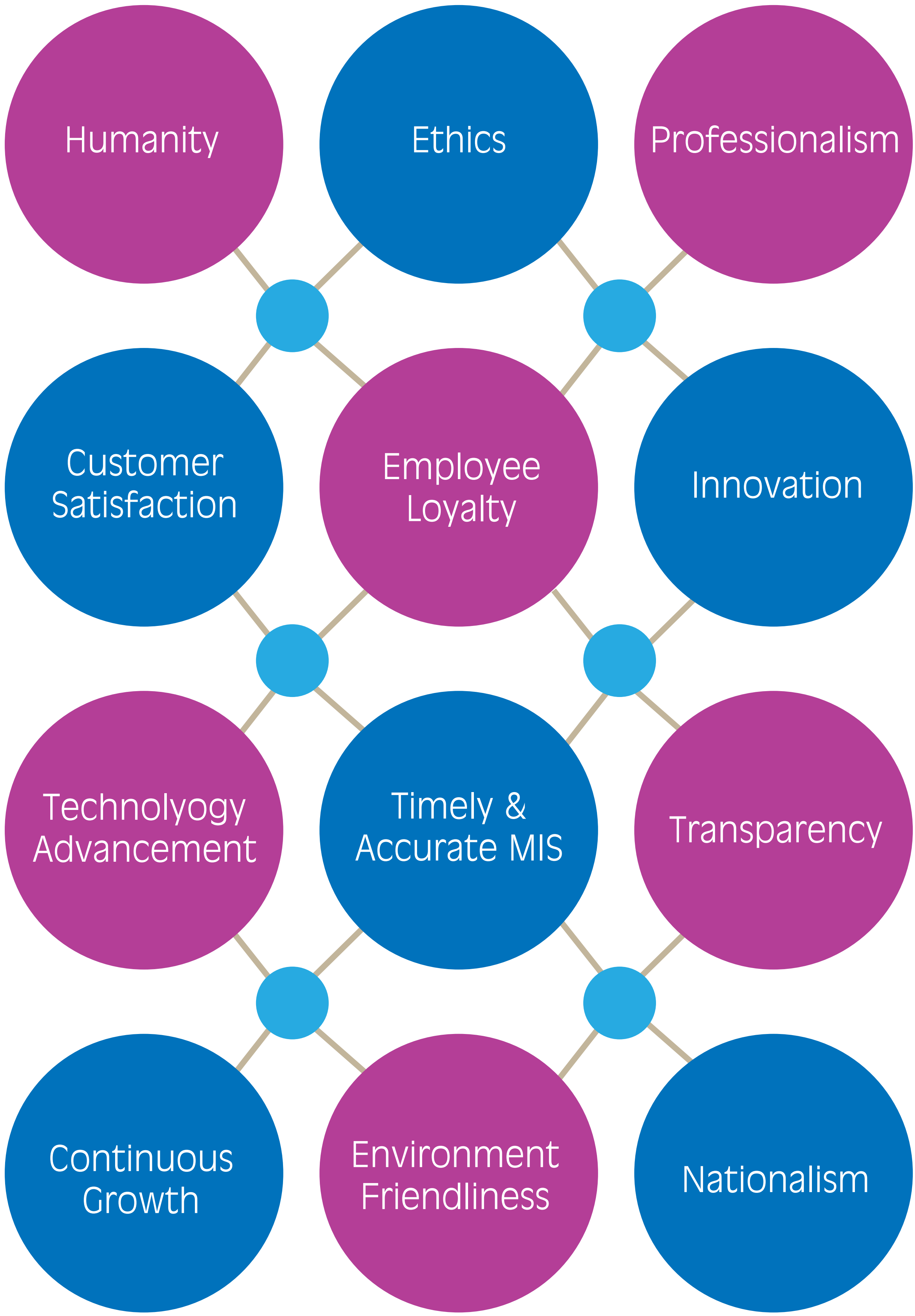
Capacity addition of 1,200 TPD in 2005

A separate plant at Khaipur, District Chakwal with capacity of 6,700 TPD was established in 2007.

A cement plant project at Hub is in pipeline

Direction with Timing is the Essence of Journey

Core Principles



Products

Ordinary Portland Sulphate Resistant

Quality Standards

OPC

PS 232:2008(R) Grade 43

PS 232:2008(R) Grade 53

Assured compliance with:

ASTM C-150 Type I

BS 12:1996

EN 197-1/2000 CEM I 42.5 N/R

IS No. 12269:1987 Grade 53

SRC

PS 612-1989 (R)

Assured compliance with:

BSS 4027 1996

ASTM C-150 Type V

Plant Capacity

DG Khan Site **6700** TPD

Khairpur Site **6700** TPD

ISO Certifications

ISO-9001-2000

ISO-14001

Sales Offices

Lahore, Multan, Dera Ghazi Khan
Karachi, Rawalpindi

Over **2000** Nationwide Dealers

Captive Power Generation Capacity

DGK Gas fired **25.5** MW

DGK F-Oil fired **23.84** MW

KHP Dual fuel **33** MW

DGK WHR **10.4** MW

KHP WHR **8.6** MW

Captive power generation FY14

DGK Generators **130** m KWH

DGK WHR **54** m KWH

KHP Generators **119** m KWH

KHP WHR **16** m KWH

Export Countries

Afghanistan, India, Kenya,
Madagascar, Maldives,
Mozambique, Seychelles,
South Africa, Sri Lanka, Tanzania

Local Sales Breakup (FY14)

OPC **2903** mMT

SRC **51** mMT

Local Sales (FY14) **2.9m** MT **2.17%** ↑ YoY

Export Sales (FY14) **1.0m** MT **9.31%** ↓ YoY

Clinker Production (FY14) **3.6m** MT Utilisation **89.18%**

Cement Production (FY14) **3.9m** MT Utilisation **94.49%**

32% replacement of imported coal with alternate fuels in FY14

Market Capitalisation on June 30, 2014

PKR **38** Billion/ USD **380** Million

Clean Development Mechanism (CDM) Projects with Estimated p.a. CERs

DGK WHR **33,845** mt CO2

KHP WHR **28,542** mt CO2

DGK AF **162,135** mt CO2

KHP AF **132,439** mt CO2

Number of ordinary shares **438**m


تو رہ نورد شوق ہے منزل نہ کر قبول
اقبال

DIRECTORS REPORT

DIRECTORS REPORT

Global Economy

Developing countries are headed for a third consecutive year of growth below 5 percent, according to World Bank Report. While in developed countries recovery signs are taking pace and these economies are expected to grow between 1.9% to 2.5% during 2014-2016. According to report high income economies are expected to contribute about half of the growth by 2016 unlike to FY13. The U.N. forecasts global economic growth of 3 percent in 2014 and 3.3 percent in 2015.

South Asian GDP growth was 4.7% which is a decline when compared with last year. India's exports received a boost from steep currency depreciation during the second half of 2013. In the rest of the region, as demand from high-income countries improved, exports in Bangladesh and Sri Lanka grew rapidly. Recovery in oil production, industrial activity and exports is contributing to the pick-up in growth this year in MENA region. In oil-importing developing countries, economic activity is stabilizing, but the recovery remains fragile. In oil-exporting developing countries, growth has been highly volatile, reflecting production setbacks in Libya and Iraq, sanctions in Iran, and civil war in Syria. Economic activity was robust in much of Sub-Saharan Africa supported by big investment in the resource sectors and public infrastructure. However, domestic constraints and a tightening global environment will moderate growth in the medium term.

International Cement Market

In Western Europe of the major economies, only Germany and the United Kingdom are likely to expand. With the exception of Cyprus there should be growth in all countries across Eastern Europe. However, Turkey, the largest cement consumer in the region, is expected to experience a major slowdown due to rising interest rates. There should be better trends in the MENA region, as Egypt and Morocco recover after drops. The United Arab Emirates is also starting to show clear signs of revival, which the awarding to it of Expo 2020 will further support in years ahead. Given its still very low levels of cement use, sub-Saharan Africa should be the fastest growing region globally in 2014 and beyond. In China, cement consumption growth is slowing and is expected to peak within the next five years.

Pakistan Economy

Pakistan's growth is estimated to have remained broadly stable notwithstanding fiscal tightening, but remains significantly below the regional average, due in part to energy supply bottlenecks and security uncertainties. Although Pakistan's base is strong enough to bear with turmoils but the political instability and law and order situation hampered the economic output. The government which was formed after 2013 general elections is struggling to handle the situations but the results are not as good as expected. Recent political impasse in Pakistan which is still unresolved has marked intense prints on political and economic stability and growth. Any unfortunate ending of this mayhem could bring serious repercussions further.

According to economic survey of Pakistan the GDP growth rate was 4.14% for FY14 as compared to 3.7% for FY13. Industrial sector accounts for 20.8% of GDP which is constituted by 65% of manufacturing sector in FY14. Manufacturing sector registered a growth of 5.5% as compared to 4.5% of FY13. Construction sector accounted for 11.48% of Industrial sector in FY14 which reported a growth of 11.31% as against -1.68% for FY13.

Per capita Income of Pakistan is USD 1,386 which is 3.5% more than FY13. Trade deficit is approximately 7.6% while current deficit is about 1.2% for FY14. In the just one year the debt burden of country mounts to PKR16.4 trillion – an all time high which is about 73% of GDP. Country's overall exports increased by 14% and imports by 9% in fiscal year recently ended. However, the manufactured goods exports remained at 69% of overall exports which was 79% in FY05. Agriculture sector accounted for 21% of GDP which accommodate about 44% of total country's labour force. CPI inflation in FY14 was 8.69% as compared to 7.7% of FY13. Unemployment rate of country is about 6%. According to latest report on competitiveness for 2014-15 released by World Economic Forum, Pakistan ranked at 129th place. Factors of red tape, widespread corruption, culture of patronage, lack of property rights protection and security are among those which are hindrances in growth and competitiveness of Pakistan.

Recent floods in the country have devastating effects on the economy and would negatively effect the GDP.

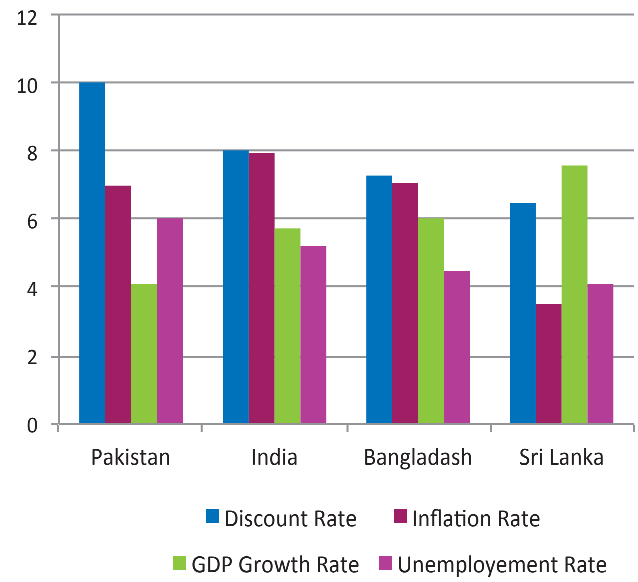
Pakistan Cement Industry

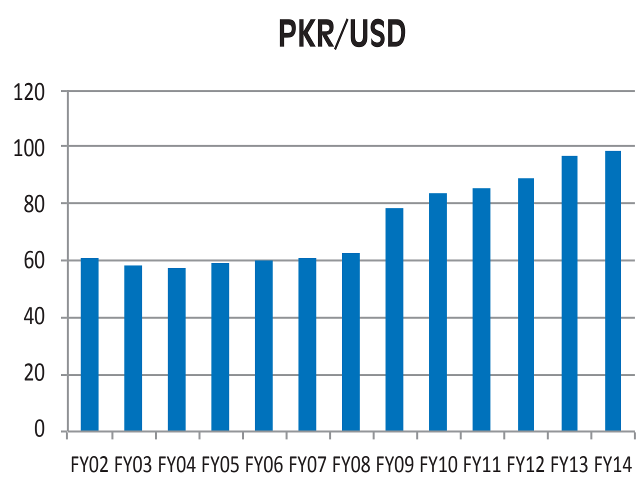
Pakistan's per capita cement consumption is about 140 kg which far less than other emerging and developing economies in the world. Thus, there is a lot of potential for cement sector to grow in the homeland.

We may also get a trend from the loans disbursed by local banks for house building/purchasing. Such loans were at PKR 45 billion on July06, PKR 65 billion on July 08, PKR 47 billion on July11, PKR 39 billion on July13 and PKR 39 billion on May14.

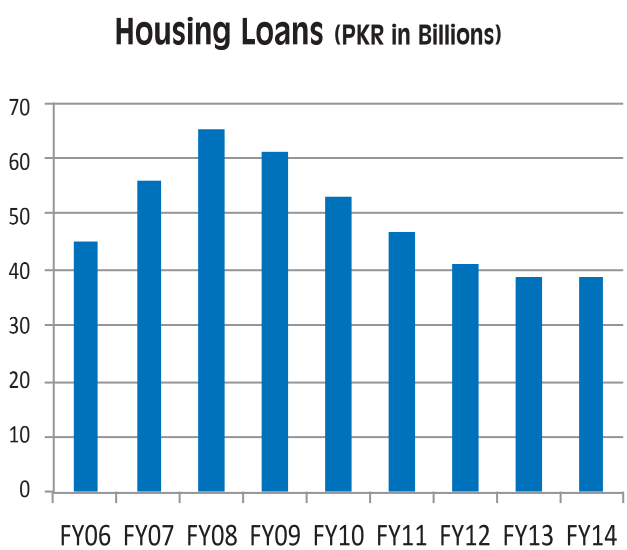
This trend shows that housing loans disbursement is decreasing. Industry could grow futher if the finanical institutions disburse more loans for house building.

In volumes, during FY14 cement industry of homeland showed an overall growth of about 2.5% compared to last year. Domestic sales are main contributor to this growth which rose up by more than 4% while exports declined by about 2.8%. Cement exports are on continuous dropping trend and since FY12 these dropped by about 5% while domestic sales are on rising trend having registered a growth of more than 9% since last two years. Further, few export markets are becoming more difficult and competitive to deal with.

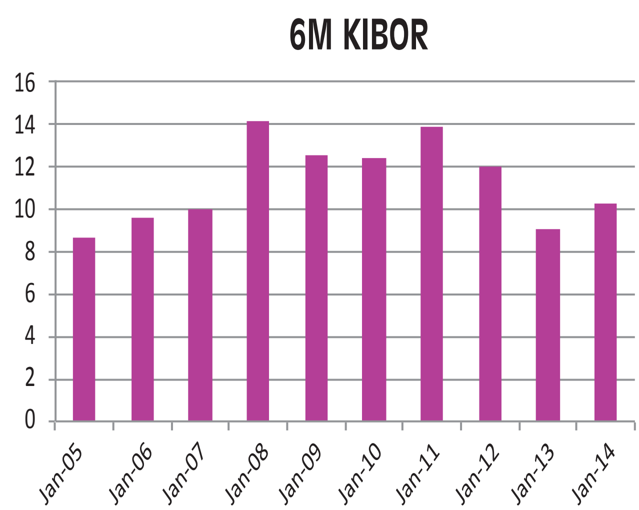




Based on month end rate.



Source: SBP



Based on month end rate.

Financial and Operational Results

Your company's results for FY14 are as below: "PKR in thousands"

	FY14	FY13
Sales	26,542,509	24,915,924
Cost of sales	(17,284,941)	(15,589,917)
Gross profit	9,257,568	9,326,007
Administrative expenses	(480,468)	(405,579)
Selling and distribution expenses	(1,445,225)	(1,751,174)
Other operating expenses	(518,745)	(544,806)
Other income	1,647,126	1,466,289
Profit from operations	8,460,256	8,090,737
Finance cost	(608,859)	(994,879)
Profit before taxation	7,851,397	7,095,858
Taxation	(1,885,899)	(1,593,689)
Profit after taxation	5,965,498	5,502,169
Earnings per share - basic and diluted	13.62	12.56

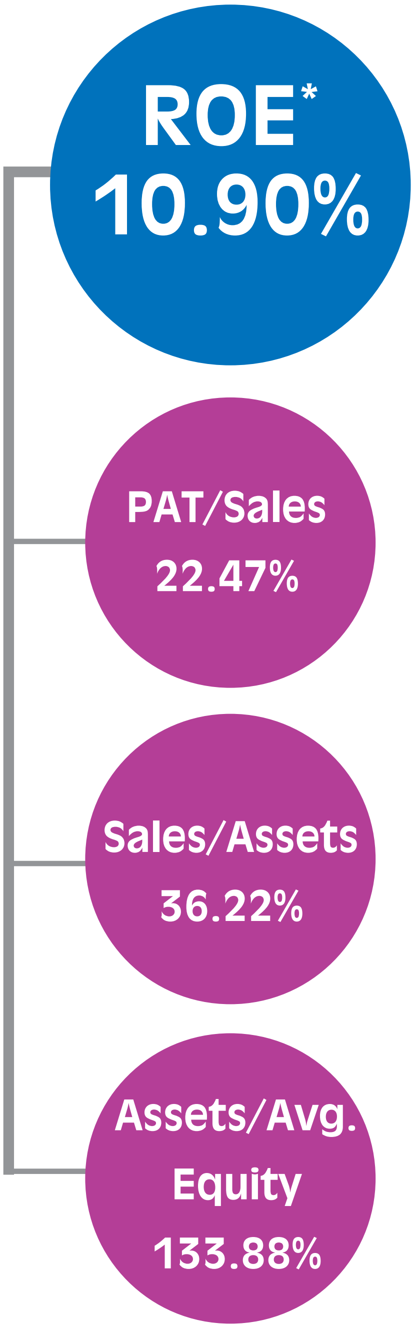
Operational results summary is as under: "Figures in MT"

	FY14	FY13
Clinker production	3,585,103	3,924,090
Cement production	3,988,512	4,031,801
Local Sales	2,954,943	2,892,266
Export Sales	1,021,329	1,126,174
Total Sales	3,976,272	4,018,440

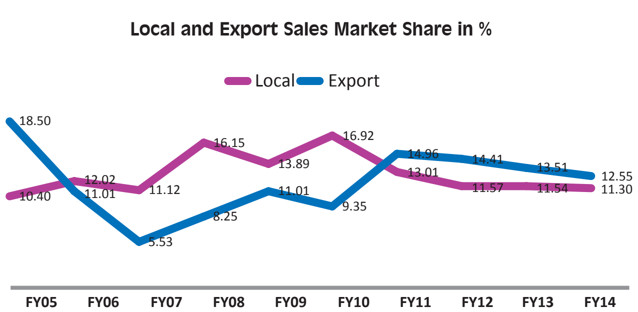
During FY14 clinker production wise capacity utilization remained at 89% as compared to 97% of last year while cement dispatch wise utilization remained at 94% as compared to 95% of last year. In volumetric terms clinker production during FY14 declined by more than 8.5%, exports declined by 9.3% while domestic sales increased by 2.17%.

During FY14 Sales increased by 6.53% while COGS increased by 10.87% which reduced the GP by 0.73%. Exports sales dropped by about 12% while local sales increased by more than 15% in gross value terms. PKR appreciation effected exports basides more competition in markets abroad. Low exports volumes are the main reason for reduction in selling expenses. In energy costs company achieved very remarkable steps as value of coal and furnance oil consumption dropped by 0.65%. COGS percentage increase is more than that of sales which resulted in decreased GP. This is mainly contributed by doubling of royalty rates, increase in packing cost, 14% increase in depreciation due to capitalization of RDF projects in Lahore, Multan and both factory sites and low clinker production. Rupee devaluation in first six months and freight costs increase also contributed to same. WAPDA and Gas tariffs increased as well during the year. While the coal index prices decreased. Gas Infrastructure Development Cess (GIDC) amounting to PKR 273 million has been reversed in the accounts owing to the decision of Supreme Court of Pakistan. Finance cost dropped by about 39% owing to less utilization of banking facilities due to better cash flows. The company also enjoys better spreads and margins in the financial market. Out of PKR 1.6 billion of other income PKR 1.4 billion is dividend income from our investments. Taxation expense includes current and deferred taxation. This year taxation changes in budget have increased the current year taxation owing to introduction of Alternate Corporate Tax. Deferred taxation arises due to differences in accounting and tax bases of fixed assets, gratuity etc., sales mix of local and exports and availability of less tax losses and depreciation.

Balance Sheet footing increased to PKR 73 billion from PKR 63 billion. Equity increased to PKR 62 billion from PKR 47 billion since last year which includes Fair Value reserves of PKR 33 billion (FY13: PKR 24 billion) owing to stock market index rise. Capitalization during the year includes that of Alternate Fuel projects and various other enhancements in RDF installation at both factory sites. Cash flow from operations showed improvement of PKR 2 billion.



* Equity includes fair value reserves.



Key Risks and Mitigating Factors

Nothing in this world is riskless and so are businesses. Sagacity demands that exposures to various risks be maintained and/or minimised but never to avoid taking risks. We follow a gearing approach to risks. Risks which are out of control are certainly out of question. The playing field is controlable risks.

Production

Your Company has installed strict rules to ensure its production facilities security and safety. Effective controls have been established for smooth running of production. The spares and tools policy is to maintain at all time necessary spares. We are always online and in touch with our crucial suppliers in order to manage lead times, logistics and quality issues. We always keep our selves abreast of the new developments and research being carried out with our international suppliers. All the production process is carried out with internationally and nationally accepted rules. Our all assets are fully insured.

Despatch

The produced stuff is ensured to be of standard and stored in well equipped places to maintain the quality. Dispatch mechanism is quick, responsive and round the clock. Uninterrupted logistics are ensured to reach our product throughout country and in foreign markets.

Marketing

Effective marketing is given due importance. Searching new markets, deriving new strategies and maintaining healthy competition are among our marketing principles. We have a strong network of more than 2000 dealers throughout the country which ensure reach of our product to ultimate customers without any hindrance and loss. It is also ensured that our product is reached to consumer in fresh condition. We also put emphasis on institutional sales. Most of our local sales are on advance basis. Thus we manage credit risk very effectively. Exports sales are also mostly on advance basis while rest are on sight letter of credit issued by reputable banks around the world. We select our foreign customers with due care. We have had a successful policy of branding our product and company in few foreign markets including Afghanistan, South Africa, Ethiopia, Sri Lanka, India.

Cost

On the costs side we try to make a best possible relationship with its related benefit. Over past four years we have invested heavily in cost reduction measures like waste heat recovery and alternate fuels. These projects have saved hefty amounts for the company.

Finance & Investment

Leverage is managed to gain ultimate benefits from it. Your company has easy access to financial market at discounted prices. For any short or long term need company can easily raise considerable amounts from lenders. Company always keeps a reasonable size of finance facilities in tact to meet any abrupt demand. Your company is a reputed and renowned organization not only in Pakistan but abroad as well. We have and maintained a clean history of repayments of obligations and best relationships with local and international lenders. The management of your company keeps a constant eye on all foreign currency and interest rates movements. The borrowing of the company is maintained as a mixture of local and foreign currency borrowings in order to reap maximum benefits yet managing the currency and interest rate risks. Apart from strategic investments Company has invested its funds in a diversified way like in Paper Sacks and Dairy.

De-Centralisation & Centralisation

Separate departments are established for imports, purchasing, sales and receivables, payables, treasury and finance, accounts and taxation and MIS. The company has instituted a beautiful merger of centeralisation and de-centeralisation for management of its affairs. Powers are delegated at appropriate levels in all departments. While all departments are independent yet they are working for common goal with interdepartmental cooperation and harmony. CEO office and Board of Directors work as point of conjunction for all departments and as highest decision making authority.

Human Resource

The company values its employees as most important assets. We always try to develop and nourish the skills of our employees. Company tries to compensate its human workforce in every best possible way. Various technical trainings are arranged abroad for its employees by the company. Company provides various benefits to its employees including gratuity, provident fund, leave encashment, leave fare assistance etc. Company has a policy for reimbursement of medical expenses and spent PKR 45 m in FY14 on medical treatments of its employees and their families. The company allocated bonuses amounting to PKR 228 million for FY14. The company also mantained pick and drop facility for its employees at factories. The company has very low turn over of employees due to its policies of welfare, career development and bright opportunities.

Environment

The company is well cognizant of its responsibility towards environment. We try to reduce pollutants in every form it may be. Company's four projects have been registered with UNFCCC as CDM.

Bloom Field Hall School

Dera Cement Model High School

Training Sessions of Engineering Graduates & Diploma Holders

Corporate Social Responsibility

Your company is committed to its responsibility on social sector. The company operates two Secondary Schools at DG Khan, Khofli Sattai which are:

- Bloomfield Hall School
- Dera Cement Model High School

The company incurs annual expense of about PKR 22 million for these schools. Children of company employees and non-employees may use these schools. At Dera Cement Model High School employees children are provided with education, uniform and books free of cost.

The company has established free dispensaries for localities. Free ambulance service is also maintained by the company at factory sites for employees and local people. At our Hub site we have also established a dispensary and appointed doctor even before formal start up of any major activity there. Free medicine facilities are available at our all factory sites besides 12 qualified medical staff for its employees and locality people. Laboratary and Ultarasound facilities are also available at factory medical centers. A van has been allocated for locality. The company also assists through its machinery and vehicles to motorway police in case of any mishap on nearby roads. The company has also made arrangements for water supply to people in vicinity at Khairpur and DG Khan and maintain this facility all the time. A post office is maintained at DG Khan site at our cost for benefit of locality people besides in use of factory. The company also donates and assists in cash and/or in kind in case of any natural disaster. The company has also contributed to IDP rehabilitation.

Contribution to National Exchequer

The company is a responsible corporate and is always current in its taxation obligations. The company is liable for various sorts of taxation like customs, sales tax, income tax, withholding tax etc. Besides company is also a revenue generating entitiy for many other governmental departments like royalty fees to mining department, toll and excise taxes for its vehicles, port charges for its inward and outward shipments etc. Approximately company contributed more than PKR 5 billion in FY14 to national exchequer.

Contribution to Foreign Exchange

The company earned approximately USD 60 million for the country during FY14 in term of exports.

Dengue awareness programs

Future Prospects

According to various reports world economy is expected to grow better than the couple of years back. Pakistan's economy would be highly dependent on four factors; political stability, success of military operation and its related steps against terrorism, law and order and consistency of policies. However, on basis of various probabilities it is expected that economy of the homeland will grow by 3-3.5%. Stringent measures are need of time for robust economic growth. Sincerity and selflessness are desirable at all governmental levels which will then have a cascading effect on rest of the sectors. The cancer of energy crisis if not treated properly in time it would have devastating effect. Recent floods in Punjab & Sindh will have its impressions on GDP.

Interestingly construction industry is driven with the well being of people and governments. It is a very good indicator of economic activity. If economic growth remained subdued in coming year growth of construction related industries will be slow. Domestic Cement Industry is expected to show a growth of between 5-10% during coming year. Governmental projects if materialized are expected to contribute in future industrial growth. Reconstruction activity after floods could bring demand boost. An anti dumping complaint is pending before South African authorities. If any anti dumping duty is imposed for Pakistani cement in South African market it will affect cement players including us who export to South Africa. Any move to reinstate the GIDC may come up with the effect of accounting it back in the books of the company amounting to PKR 273 million. Your Company has always come up even in bad times. Management of the company is vigilant and monitors all aspects.

Levelling and grading work is in progress on the land purchased at Hub site. Utility connections have been applied there as well. Environmental impact assessment is in progress. Company will keep on looking at any befitting opportunities for its expansion dream in Africa. It is expected that gas supply in future may become further low and national electric grid and gas tariffs could also increase which ultimately may hamper the plant operations besides making it costly and non-economic. Therefore, the management is pondering upon any alternate energy option to tackle these expected energy threats. RDF projects of Lahore and Multan are under registration process of Verified Carbon Standard (VCS).

We expect that cash flow position of the company will remain intact for foreseeable time. Better cashflows are expected to refrain from using banking lines. This will reduce the interest rates risk for the coming year. PKR/USD rate may go upward. However, company has maintained a natural hedge of its imports and USD loans with exports and Cross Currency Swap. Exports are expected to be low due to more competitive environment in African Continent. Particularly any imposition of anti dumping duty in South Africa will also have its impact. Depressed coal prices are expected to support in cost. The company is planing to increase its stake in dairy and paper business and making new investment in hotels and properties after due approvals as an implementation of diversification strategy. These investments will hopefully contribute in earnings and provide reasonable return.

Appropriation

The Board, keeping in view the profitability and capacity expansion requirements, decided to recommend dividend of PKR 3.5 per share for FY 14.

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 2014 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 one (1) Independent Director (Chairman) and two (2) Non-Executive Directors. During the year, 4 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 is PKR 707.207 million (2013: PKR 622.806 million).

Pattern of Shareholding

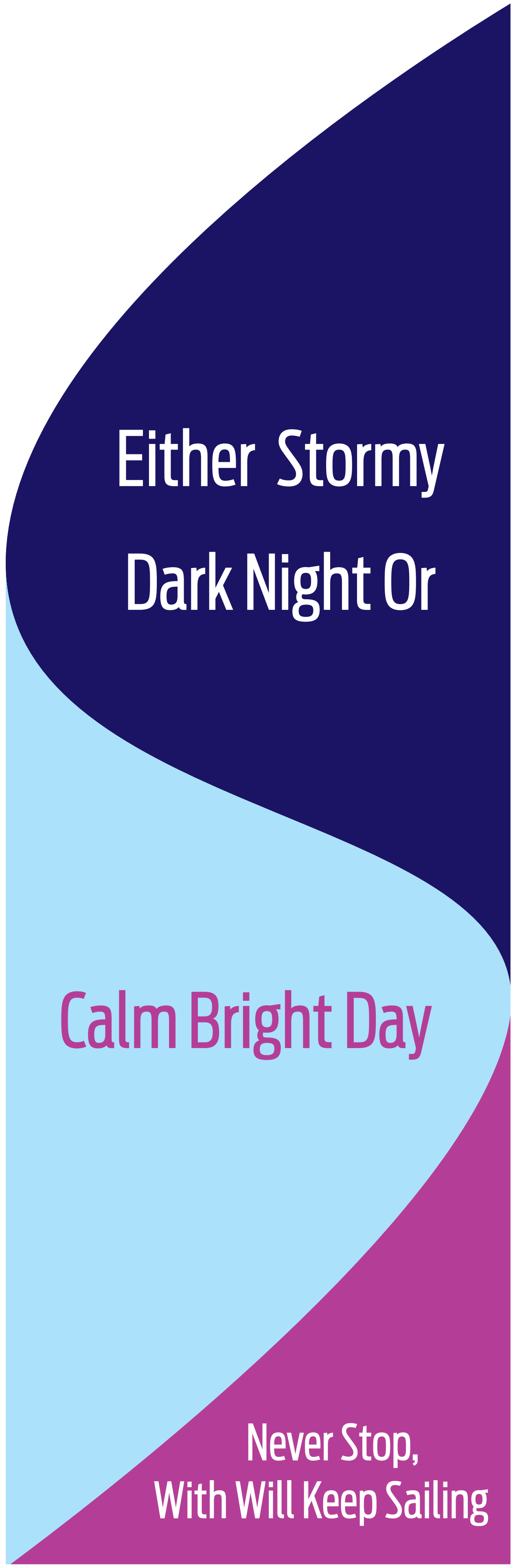
A statement of pattern of shareholding of certain class of shareholders as at 30 June 2014, disclosure of which is required under the reporting frameworks, is included in the annexed shareholders' information.

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.

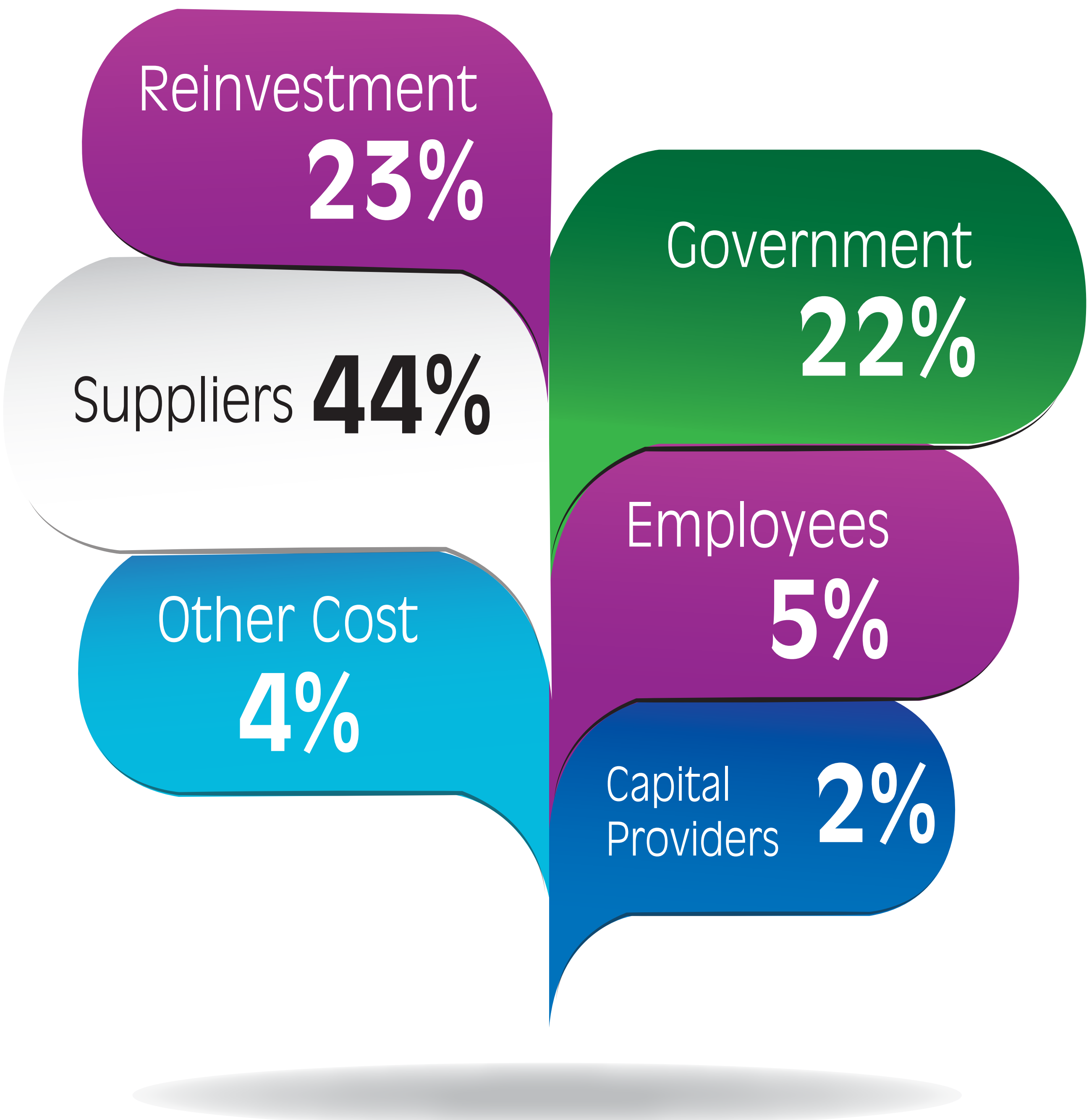
We are cordially thankful to our all customers, dealers, suppliers, lenders and other stakeholders. We appreciate all our employees and admire their untiring efforts for betterment of company.

Regards

Raza Mansha
September 16, 2014



GENERATED INCOME DISTRIBUTION FOR FY14



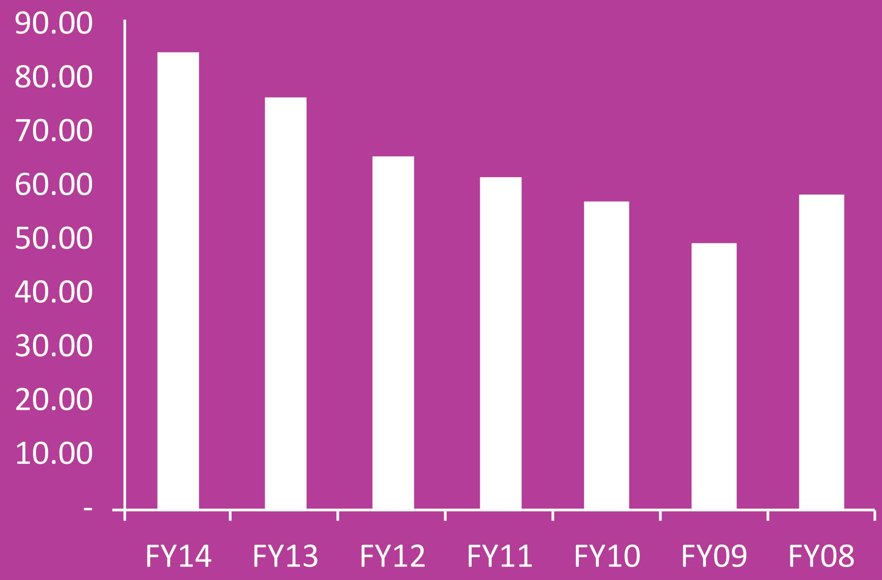
D. G. KHAN CEMENT COMPANY LIMITED
VALUE ADDED STATEMENT - ACCRUAL BASIS

	2014 (Rupees in thousand)			2013 (Rupees in thousand)		
Wealth Created						
Revenues:						
- Local sales	26,296,487			22,733,690		
- Exports	6,048,508	32,344,995	95%	6,866,192	29,599,882	95%
Income from other sources						
- Investment income	1,434,179			1,295,633		
- Other income	212,946	1,647,125	5%	170,656	1,466,289	5%
		33,992,120	100%		31,066,171	100%
Wealth Distributed						
Suppliers:						
- Against raw and packing materials	2,150,587			2,036,742		
- Against services	1,364,458			1,690,951		
- Against stores spares	1,999,556			1,940,394		
- Against fuels and other energy sources	9,359,865	14,874,466	44%	9,260,559	14,928,646	49%
Employees		1,668,409	5%		1,376,040	4%
Government:						
- Direct taxes	1,885,899			1,593,689		
- Indirect taxes	5,478,722			4,328,090		
- Other levies and duties	-	7,364,621	22%	-	5,921,779	19%
Providers of Capital:						
- Banks	608,858			994,880		
- Ordinary share holders	-	608,858	2%	-	994,880	3%
Reinvested in business						
- Depreciation	1,808,454			1,596,207		
- Profit/ (loss) for the period	5,965,497	7,773,952	23%	5,502,166	7,098,373	23%
Other operating costs - Net		1,701,814	4%		746,453	2%
		33,992,120	100%		31,066,171	100%

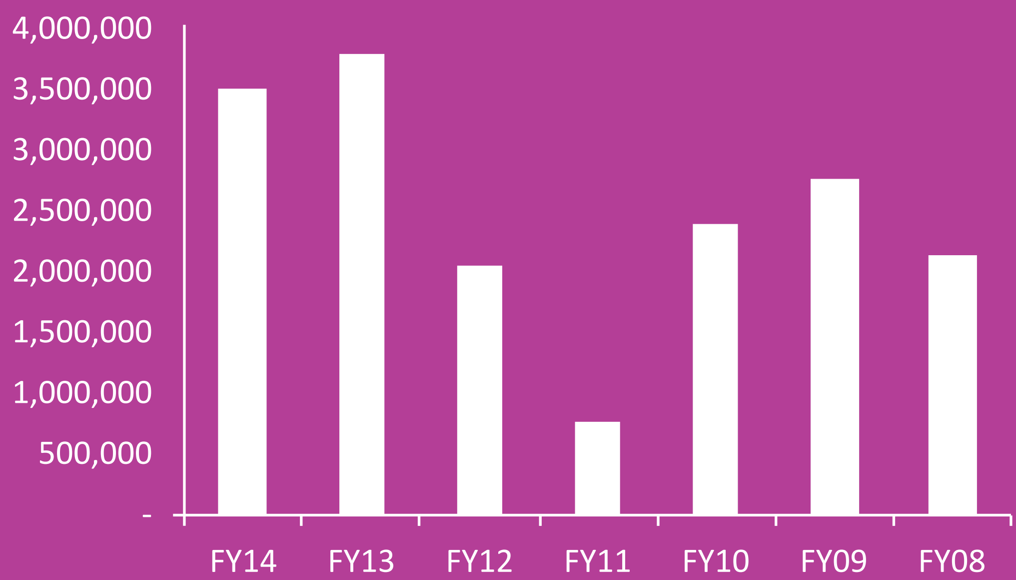
OPERATING AND FINANCIAL DATA

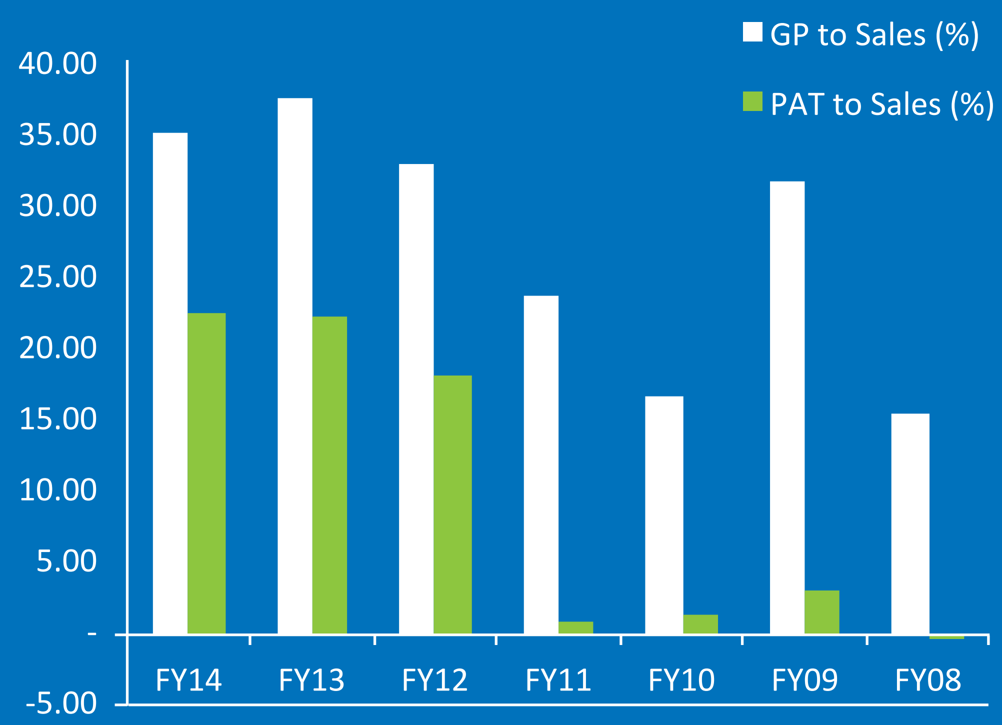
	2014	2013	2012	2011	2010	2009
						MT
Clinker (production)	3,585,103	3,924,090	3,773,948	3,738,404	4,684,379	3,946,101
Cement (production)	3,988,512	4,031,801	4,004,458	4,176,733	4,908,593	3,877,296
Cement sales:	3,976,272	4,008,276	4,018,956	4,165,635	4,908,962	3,854,949
Local	2954943	2,887,812	2,765,534	2,860,795	4,103,861	2,831,115
Export	1021329	1,120,464	1,253,422	1,304,840	805,101	1,023,834
Clinker Sale:						
Local	-	-	-	-	-	-
Export	-	6,000	5,945	98,521	71,041	177,064
						PKR in Thousand
Equity	61,516,535	47,956,798	32,899,525	30,217,283	26,519,220	20,918,442
Balance Sheet Footing	73,282,069	63,526,719	50,685,198	49,703,229	47,046,043	42,723,041
Fair Value Reserves	32,722,894	23,802,704	13,580,112	14,974,881	12,908,175	8,757,417
Fixed Assets	29,832,625	28,740,974	27,185,726	25,985,385	25,307,302	24,345,793
Capitalisation	3,465,403	3,750,420	2,039,499	764,442	2,364,052	2,738,775
Long Term Loan	2,111,513	4,327,841	6,785,851	6,875,127	7,222,988	9,135,311
Short Term Loan	2,551,676	5,420,290	6,733,467	8,691,982	9,585,642	9,068,575
Current Assets	32,068,626	25,789,989	18,265,583	18,325,209	16,417,492	13,287,592
Current Liabilities	5,940,563	9,307,593	11,205,943	12,687,375	13,786,189	15,834,799
Gross Sales	32,344,996	29,599,883	27,404,611	23,473,534	22,036,621	23,392,817
Net Sales	26,542,509	24,915,924	22,949,853	18,577,198	16,275,354	18,038,209
Cost of Sales	17,284,941	15,589,917	15,443,098	14,192,229	13,569,994	12,358,479
GP	9,257,568	9,326,007	7,506,755	4,384,969	2,705,360	5,679,730
Administrative Expenses	480,468	405,579	267,705	211,362	172,436	141,852
Selling Expenses	1,445,225	1,751,174	2,202,901	2,470,599	994,418	1,871,517
Other Expenses	518,745	544,806	500,835	37,964	189,015	795,854
Financial Expenses	608,859	994,879	1,670,784	2,079,146	1,902,760	2,606,358
Other Income	1,647,126	1,466,289	1,187,936	1,134,130	911,672	770,137
Taxation	1,885,899	1,593,689	-55,652	430,231	125,381	251,319
PAT	5,965,498	5,502,169	4,108,118	170,961	233,022	525,581
Operational Income (without other income, financial cost & tax)	6,813,130	6,624,448	4,535,314	1,665,044	1,349,491	2,870,507
Depreciation (PKR in thousands)	1,790,002	1,577,755	1,447,712	1,430,410	1,392,564	1,368,865
EBITDA (PKR in thousands)	10,250,258	9,668,492	7,170,962	4,110,748	3,653,727	4,752,123
Operating Cashflows (PKR in thousands)	8,724,257	6,685,968	4,011,634	370,314	842,005	1,147,994
Ordinary Shares (No.)	438,119,118	438,119,118	438,119,118	438,119,118	365,099,266	304,249,388
Dividend/Share (PKR)	3.5	3.00	1.50	-	-	-
Stock Price/Share on year end (PKR)	87.96	83.69	39.38	22.99	23.62	29.65
EPS	13.62	12.56	9.38	0.45	0.72	1.63
GP to Sales (%)	34.88	37.43	32.71	23.60	16.62	31.49
PAT to Sales (%)	22.48	22.08	17.90	0.92	1.43	2.91
Interest Coverage (wrt EBITDA) (times)	16.84	9.72	4.29	1.98	1.92	1.82
ROE (wrt average equity) (%) (with Fair Value Reserves)	10.90	13.61	13.02	0.60	0.98	2.06
ROE without Fair Value Reserves	22.53	25.31	23.77	1.19	1.81	4.61
ROA (wrt to average total assets) (%)	8.72	9.64	8.18	0.35	0.52	1.11
Debt to Equity (%)	7.58	20.33	41.09	51.52	63.38	87.02
Equity to Total Assets (%)	83.94	75.49	64.91	60.80	56.37	48.96
Working Capital (PKR in thousands)	26,128,063	16,482,396	7,059,640	5,637,834	2,631,303	-2,547,207
Current Ratio (times)	5.40	2.77	1.63	1.44	1.19	0.84
Break Up Value/Share (PKR)	140.41	109.46	75.09	68.97	72.64	68.75
PE Ratio (wrt year end price)	6.46	6.66	4.20	51.09	32.81	18.19
Divident Payout Ratio (%)	25.70	23.89	15.99	-	-	-
Dividend Yield Ratio (wrt year end price) (%)	3.98	3.58	3.81	-	-	-

Equity to total Assets (%)

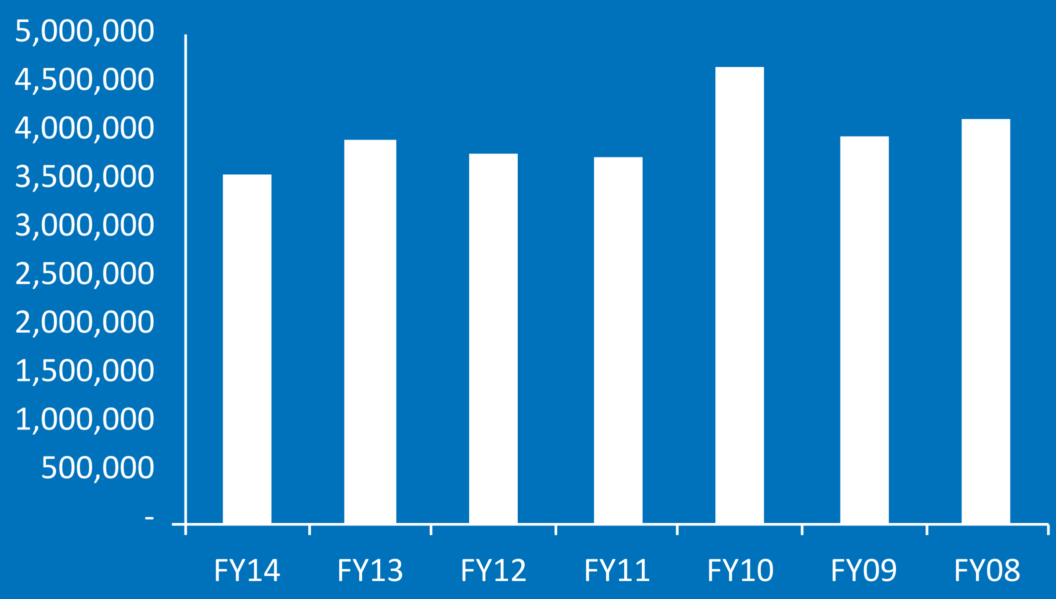


Capitalisation (PKR in thousands)





Clinker Production (MT)

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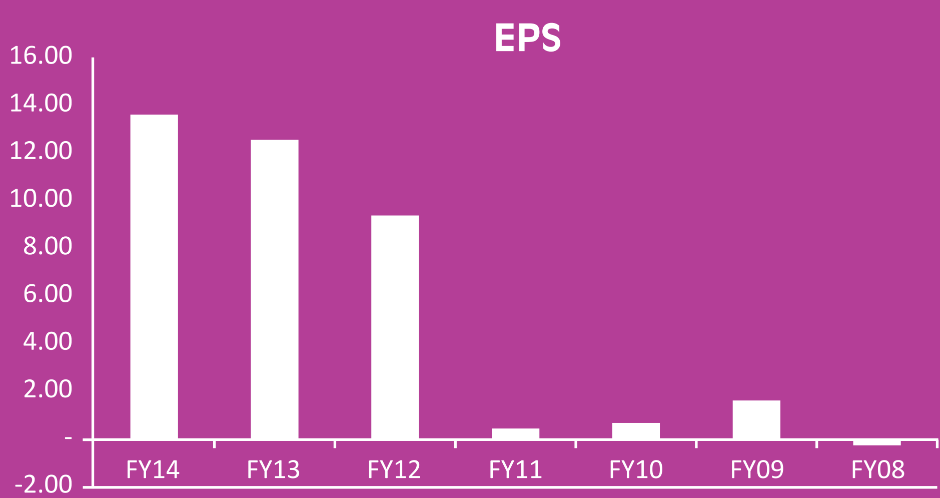
FY09
FY08
(PKR in thousands)
Net Sales
GP
PAT
Operational Income
Other Income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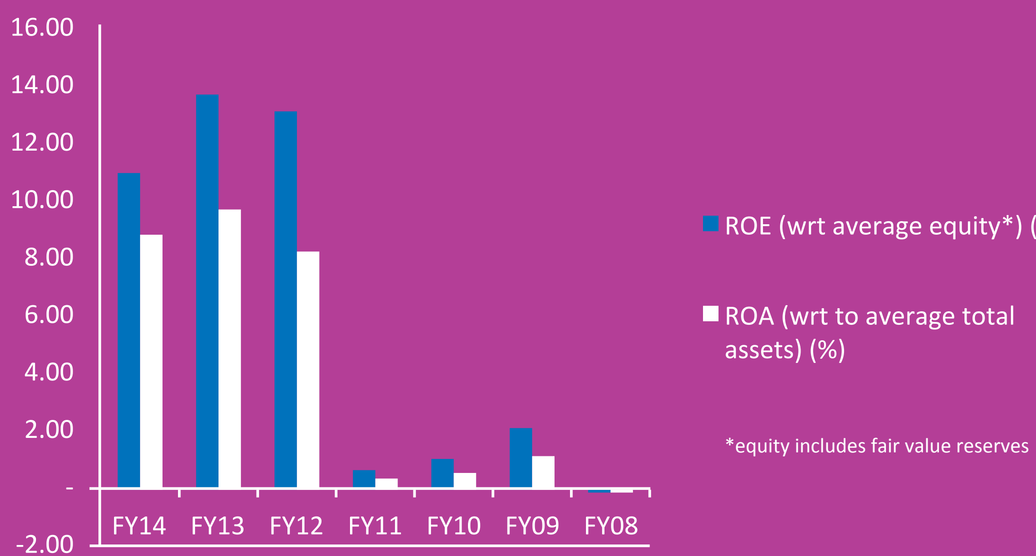
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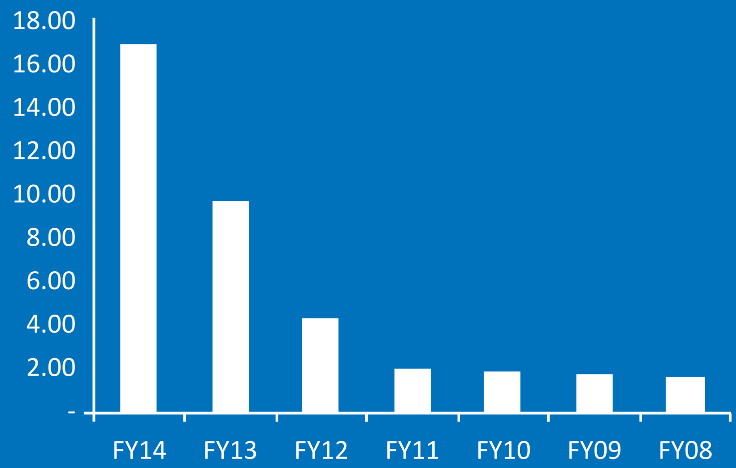
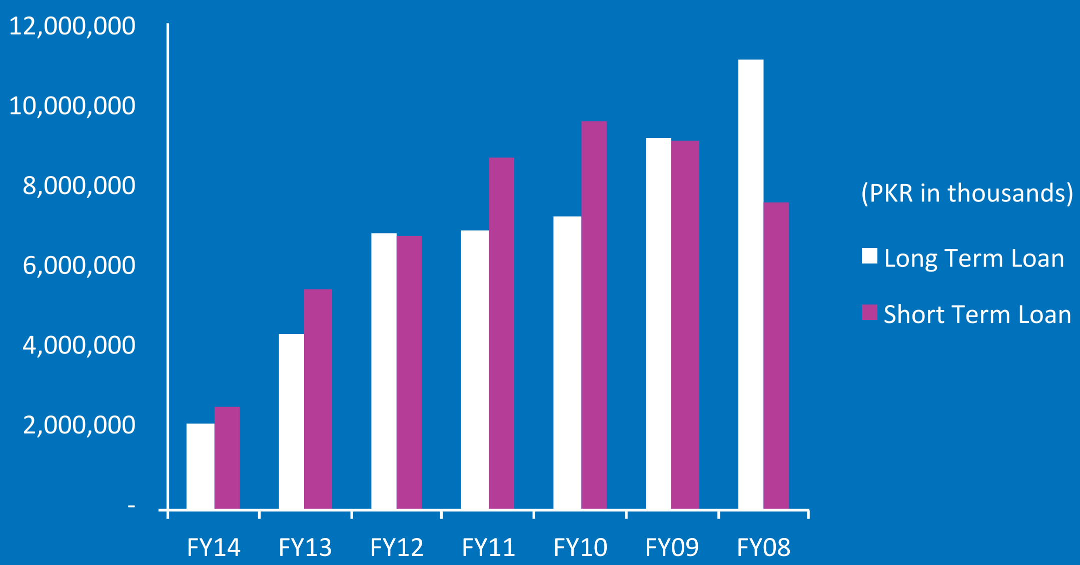
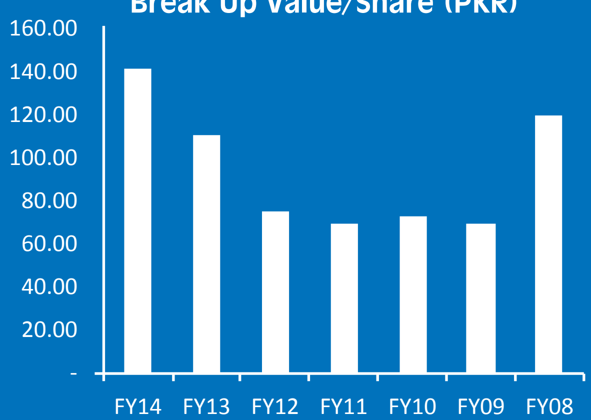
ROE (wrt average equity*) (%)
ROA (wrt to average total assets) (%)
*equity includes fair value reserves

Interest Coverage (wrt EBITDA) (times)

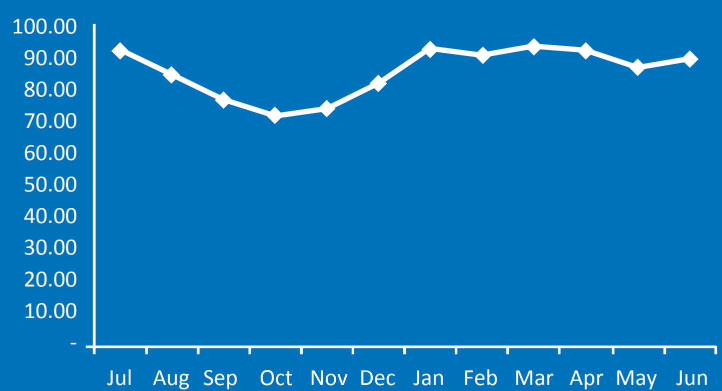




Break Up Value/Share (PKR)



Average DGKC Share Market Price During FY14



DIVERSIFICATION

Nishat Mills Ltd.

Number of Shares	30,289,501
Percentage of Equity Held	8.61%
Cost	PKR 1,326m
Market Value (30-06-14)	PKR 3,390m

MCB Bank Ltd.

Number of Shares	102,277,232
Percentage of Equity Held	9.18%
Cost	PKR 604m
Market Value (30-06-14)	PKR 30,821m

Adamjee Insurance Co. Ltd.

Number of Shares	10,091,735
Percentage of Equity Held	2.86%
Cost	PKR 230m
Market Value (30-06-14)	PKR 459m

Nishat Chunian Ltd.

Number of Shares	6,062,169
Percentage of Equity Held	3.03%
Cost	PKR 46m
Market Value (30-06-14)	PKR 257m

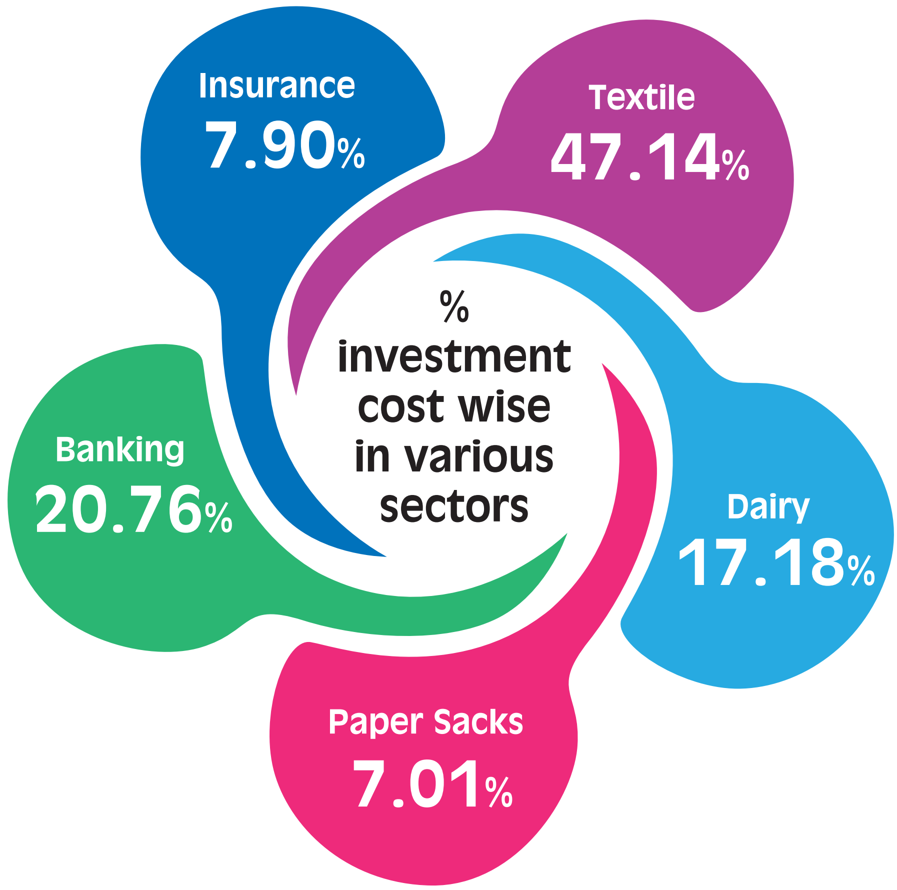
Nishat Paper Products Ltd.

Number of Shares	23,268,398
Percentage of Equity Held	50.00%
Cost	PKR 204m

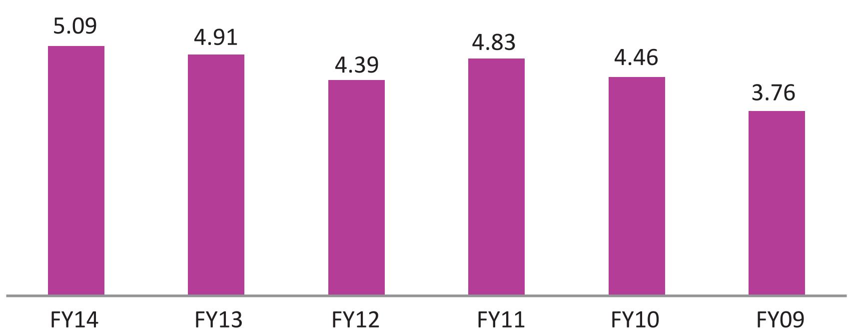
Nishat Dairy (Pvt.) Ltd.

Number of Shares	50,000,000
Percentage of Equity Held	10.42%
Cost	PKR 500m

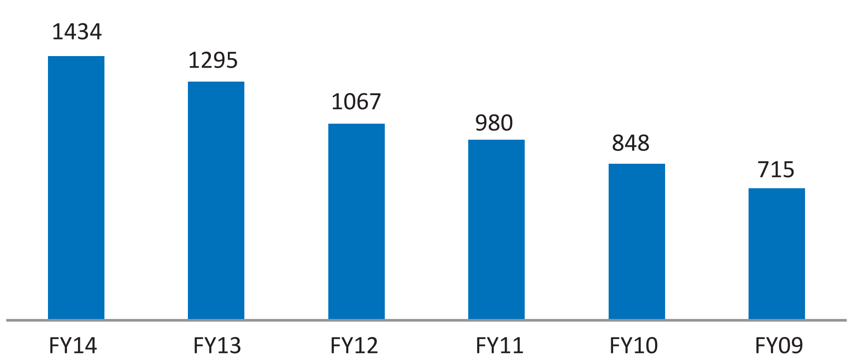
Long & Short Term Investments

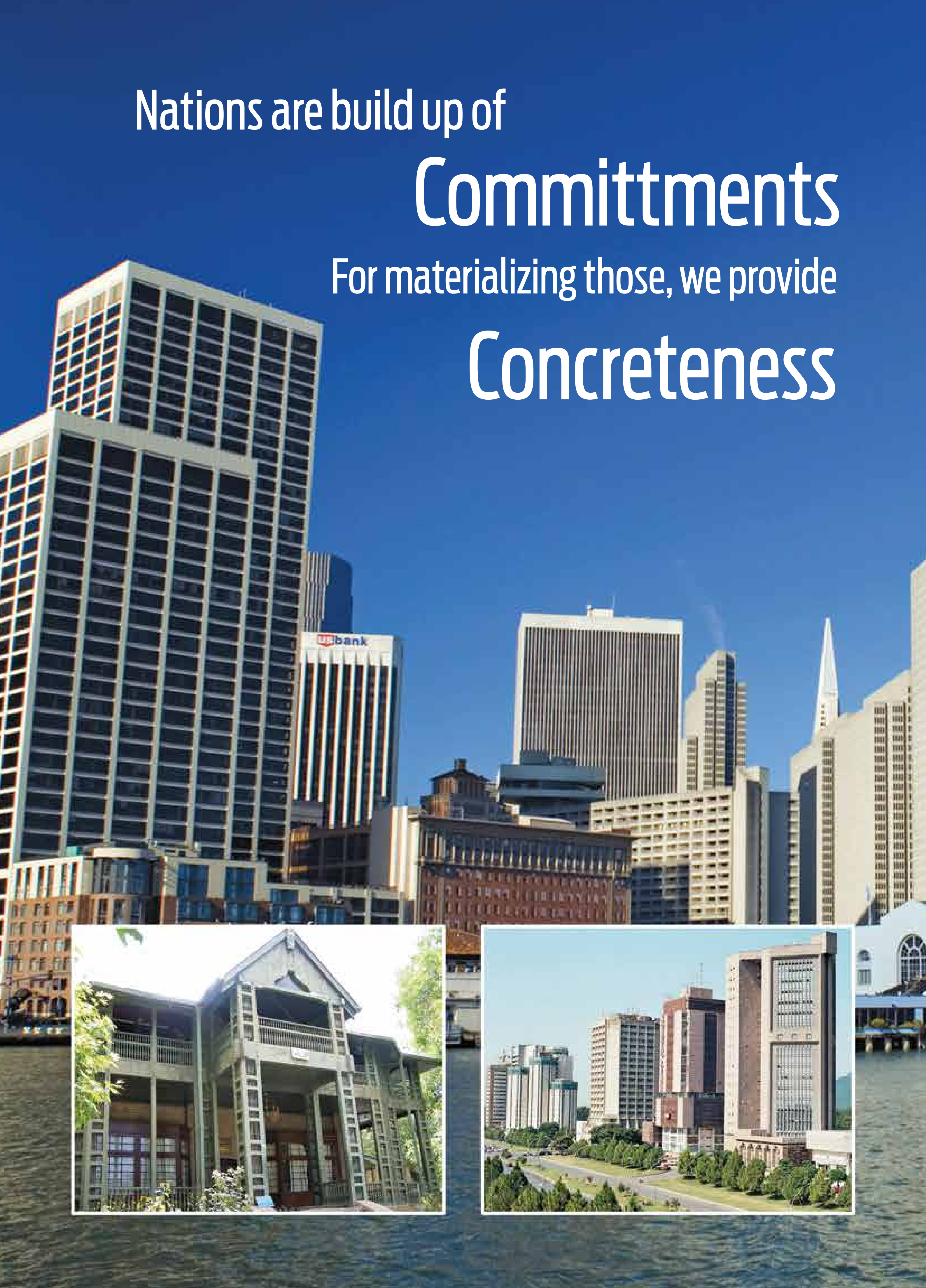


Dividend Income as % of Total Revenue



Dividend Income (PKR in millions)

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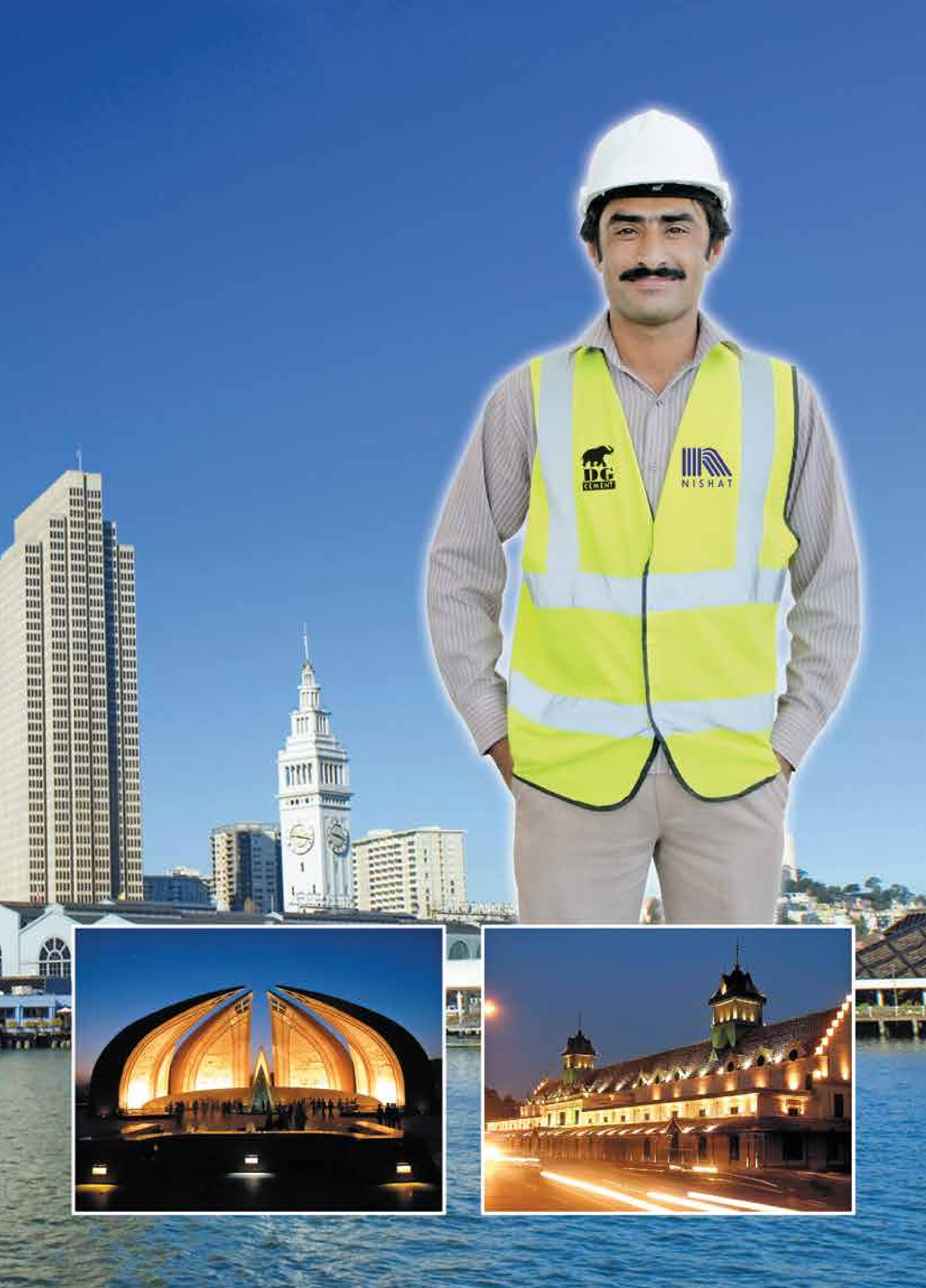
DG
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VERTICAL ANALYSIS OF BALANCE SHEET

	2014	2013 (Re-stated)	2012 (Re-stated)	2011	2010	2009
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES						
Issued, subscribed and paid up capital	5.98	6.90	8.64	8.82	7.76	7.12
Reserves	58.28	53.18	46.49	50.24	47.10	40.73
Accumulated profit	19.69	15.41	9.78	1.77	1.50	1.11
	83.94	**75.49**	**64.91**	**60.83**	**56.37**	**48.96**
NON-CURRENT LIABILITIES						
Long term finances - secured	1.80	4.56	9.13	9.83	10.82	10.24
Long term deposits	0.09	0.10	0.13	0.14	0.17	0.17
Retirement and other benefits	0.27	0.24	0.46	0.28	0.22	0.18
Deferred taxation	5.78	4.95	3.25	3.44	3.12	3.37
	7.95	**9.86**	**12.98**	**13.69**	**14.33**	**13.97**
CURRENT LIABILITIES						
Trade and other payables	3.38	3.60	4.16	3.31	3.57	3.36
Accrued finance cost	0.08	0.20	0.32	0.57	0.74	1.24
Short term borrowings - secured	3.48	8.53	13.28	17.50	20.38	21.23
Current portion of non-current liabilities	1.10	2.27	4.27	4.03	4.55	11.15
Derivative financial instrument	0.02	-	-	-	-	-
Provision for taxation	0.05	0.06	0.07	0.07	0.07	0.08
	8.11	**14.65**	**22.11**	**25.48**	**29.30**	**37.06**
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	40.71	45.55	53.98	52.31	54.78	61.08
Intangible assets	0.05	0.09	0.15	-	-	-
Investments	15.36	13.62	9.60	10.59	9.98	7.43
Long term loans and deposits	0.12	0.15	0.24	0.27	0.34	0.39
	56.24	**59.40**	**63.96**	**63.17**	**65.10**	**68.90**
CURRENT ASSETS						
Stores, spare parts and loose tools	5.03	6.16	7.82	7.13	6.41	6.87
Stock-in-trade	1.84	2.62	1.88	1.74	2.20	2.11
Trade debts	0.23	0.43	0.63	0.92	0.65	1.20
Investments	33.30	28.12	21.95	24.41	22.83	18.22
Advances, deposits, prepayments and other receivables	1.04	0.96	1.23	2.29	2.31	2.13
Income tax receivable	0.52	1.57	1.69	-	-	-
Derivative financial instrument	-	0.00	-	-	-	-
Cash and bank balances	1.79	0.74	0.85	0.34	0.49	0.57
	43.76	**40.60**	**36.04**	**36.83**	**34.90**	**31.10**
Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

VERTICAL ANALYSIS OF PROFIT AND LOSS ACCOUNT

	2014	2013	2012	2011	2010	2009
Sales	100.00	100.00	100.00	100.00	100.00	100.00
Cost of sales	-65.12	-62.57	-67.29	-76.40	-83.38	-68.51
Gross profit	**34.88**	**37.43**	**32.71**	**23.60**	**16.62**	**31.49**
Administrative expenses	-1.81	-1.63	-1.17	-1.14	-1.06	-0.79
Selling and distribution expenses	-5.44	-7.03	-9.60	-13.30	-6.11	-10.38
Other operating expenses	-1.95	-2.19	-2.18	-0.20	-1.16	-4.41
Other income	6.21	5.88	5.18	5.96	5.60	4.27
Impairment on investments	-	-	-	-0.64	-	-1.43
Profit from operations	**31.87**	**32.47**	**24.94**	**14.28**	**13.89**	**18.76**
Finance cost	-2.29	-3.99	-7.28	-11.04	-11.69	-14.45
Profit before taxation	**29.58**	**28.48**	**17.66**	**3.24**	**2.20**	**4.31**
Taxation	-7.11	-6.40	0.24	-2.32	-0.77	-1.39
Profit after taxation	**22.48**	**22.08**	**17.90**	**0.92**	**1.43**	**2.91**

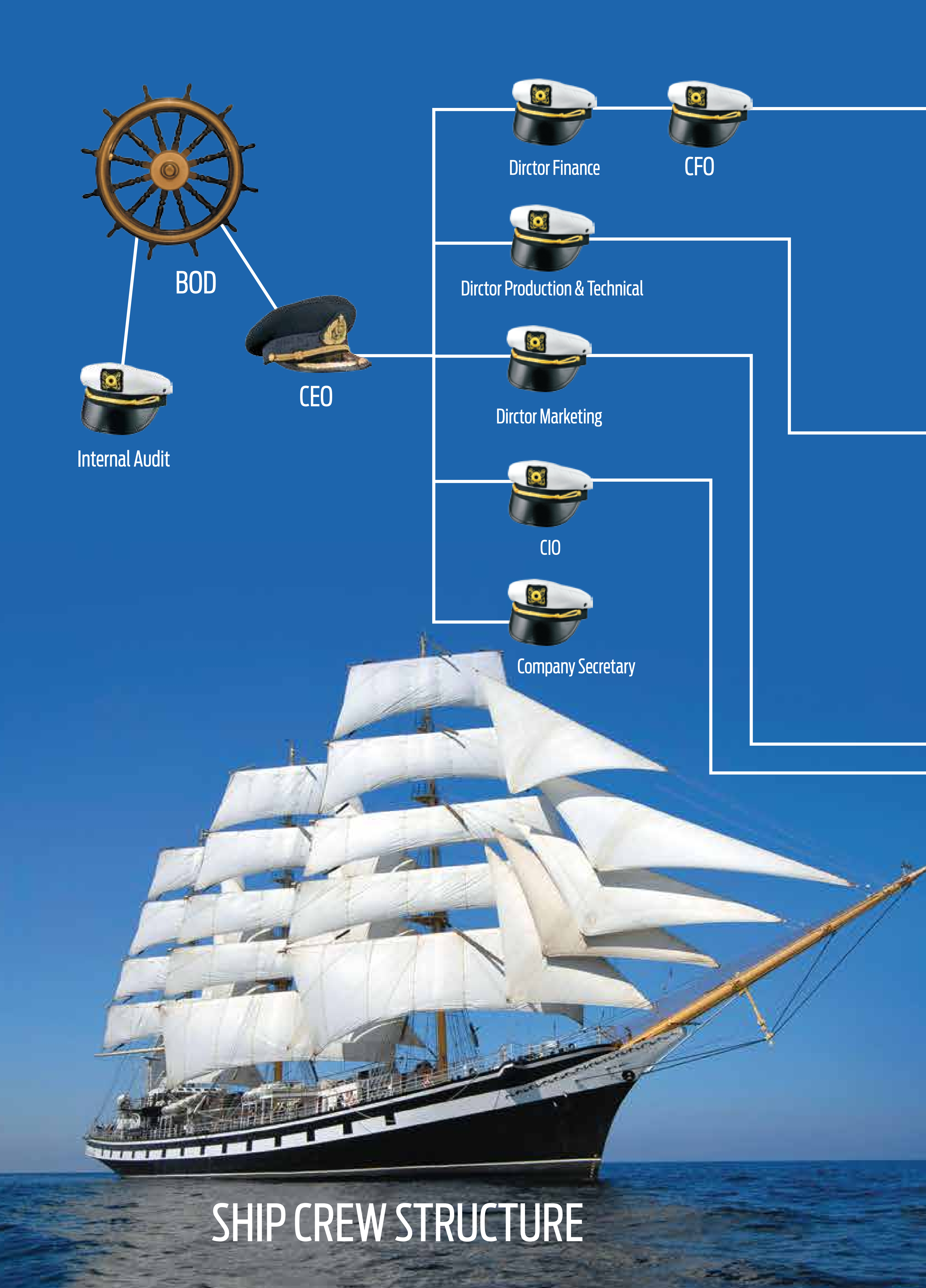
HORIZONTAL ANALYSIS OF BALANCE SHEET YOY (PKR in thousands)

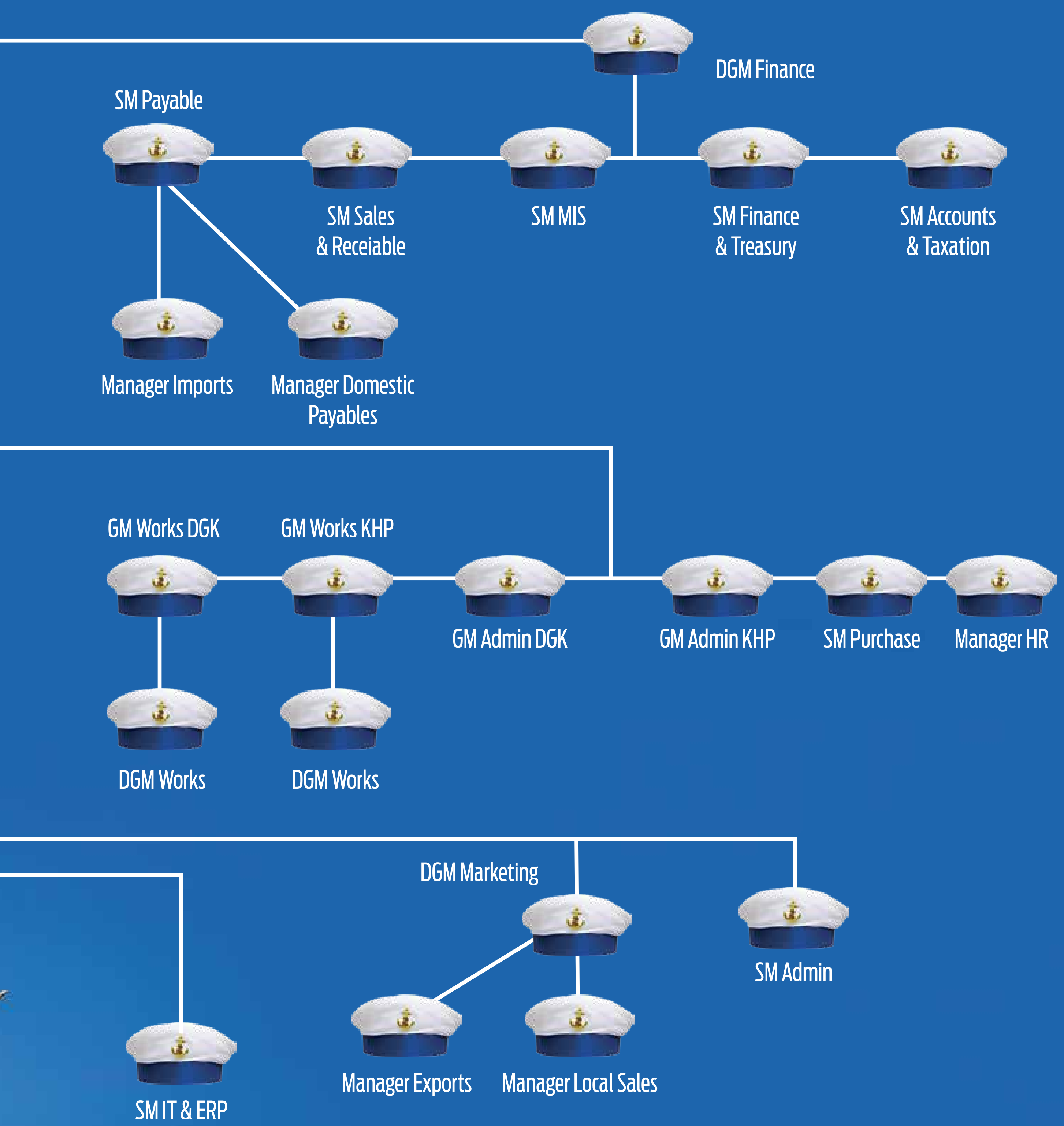
	2014	2013 (Re-stated)	2012 (Re-stated)	2011	2010	2009
EQUITY AND LIABILITIES						
CAPITAL AND RESERVES						
Issued, subscribed and paid up capital	4,381,191	4,381,191	4,381,191	4,381,192	3,650,993	3,042,494
%	-	-	-0.00	20.00	20.00	20.00
Reserves	42,705,394	33,785,204	23,562,612	24,957,382	22,160,477	17,401,220
%	26.40	43.38	-5.59	12.62	27.35	-36.94
Accumulated profit	14,429,950	9,790,403	4,955,722	878,711	707,750	474,728
%	47.39	97.56	463.98	24.16	49.09	1,033.53
	61,516,535	**47,956,798**	**32,899,525**	**30,217,285**	**26,519,220**	**20,918,442**
%	**28.27**	**45.77**	**8.88**	**13.94**	**26.77**	**-30.46**
NON-CURRENT LIABILITIES						
Long term finances - secured	1,321,009	2,899,187	4,629,083	4,880,579	5,089,507	4,375,837
%	-54.44	-37.37	-5.15	-4.11	16.31	-47.98
Long term deposits	68,970	65,383	68,355	70,893	81,138	73,765
%	5.49	-4.35	-3.58	-12.63	10.00	-0.17
Retirement and other benefits	200,187	153,020	232,973	139,213	104,029	78,622
%	30.82	-34.32	67.35	33.82	32.32	45.55
Deferred taxation	4,234,805	3,144,738	1,649,319	1,707,886	1,465,960	1,441,576
%	34.66	90.67	-3.43	16.50	1.69	9.29
	5,824,971	**6,262,328**	**6,579,730**	**6,798,571**	**6,740,634**	**5,969,800**
%	**-6.98**	**-4.82**	**-3.22**	**0.86**	**12.91**	**-39.44**
CURRENT LIABILITIES						
Trade and other payables	2,476,304	2,286,351	2,108,894	1,644,045	1,679,749	1,435,420
%	8.31	8.41	28.27	-2.13	17.02	4.75
Accrued finance cost	59,417	125,830	162,931	284,511	346,425	531,772
%	-52.78	-22.77	-42.73	-17.87	-34.85	45.83
Short term borrowings - secured	2,551,676	5,420,290	6,733,467	8,691,982	9,585,642	9,068,575
%	-52.92	-19.50	-22.53	-9.32	5.70	19.37
Current portion of non-current liabilities	803,174	1,440,032	2,165,561	2,001,566	2,139,283	4,763,942
%	-44.23	-33.50	8.19	-6.44	-55.09	77.26
Derivative financial instrument	14,902	-	-	-	-	-
%	100.00	-	-	-	-	-
Provision for taxation	35,090	35,090	35,090	35,090	35,090	35,090
%	-	-	-	-	-	-
	5,940,563	**9,307,593**	**11,205,943**	**12,657,194**	**13,786,189**	**15,834,799**
%	**-36.18**	**-16.94**	**-11.47**	**-8.19**	**-12.94**	**31.36**
Balance Sheet Total	**73,282,069**	**63,526,719**	**50,685,198**	**49,673,050**	**47,046,043**	**42,723,041**
%	**15.36**	**25.34**	**2.04**	**5.58**	**10.12**	**-17.83**
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	29,832,625	28,934,979	27,360,520	25,985,385	25,772,952	26,096,001
%	3.10	5.75	5.29	0.82	-1.24	2.45
Intangible assets	36,904	55,356	73,808	-	-	-
%	-33.33	-25.00	100.00	-	-	-
Investments	11,258,370	8,650,860	4,864,945	5,259,416	4,696,922	3,172,508
%	30.14	77.82	-7.50	11.98	48.05	-53.32
Long term loans and deposits	85,544	95,535	120,342	133,219	158,677	166,940
%	-10.46	-20.61	-9.67	-16.04	-4.95	-68.08
	41,213,443	**37,736,730**	**32,419,615**	**31,378,020**	**30,628,551**	**29,435,449**
%	**9.21**	**16.40**	**3.32**	**2.45**	**4.05**	**-10.23**
CURRENT ASSETS						
Stores, spare parts and loose tools	3,688,795	3,912,998	3,962,468	3,543,034	3,017,742	2,935,880
%	-5.73	-1.25	11.84	17.41	2.79	27.69
Stock-in-trade	1,348,742	1,661,721	954,645	862,141	1,036,876	899,836
%	-18.83	74.07	10.73	-16.85	15.23	101.82
Trade debts	168,769	273,535	317,970	459,300	303,949	513,966
%	-38.30	-13.97	-30.77	51.11	-40.86	40.36
Investments	24,405,153	17,862,718	11,126,051	12,126,349	10,740,972	7,785,968
%	36.63	60.55	-8.25	12.90	37.95	-48.38
Advances, deposits, prepayments and other receivables	764,140	611,777	621,001	1,136,564	1,087,161	908,100
%	24.90	-1.49	-45.36	4.54	19.72	16.07
Income tax receivable	384,001	996,522	855,007	-	-	-
%	-61.47	16.55	100.00	-	-	-
Derivative financial instrument	-	1,837	-	-	-	-
%	-100.00	100.00	-	-	-	-
Cash and bank balances	1,309,026	468,881	428,441	167,642	230,792	243,842
%	179.18	9.44	155.57	-27.36	-5.35	7.72
	32,068,626	**25,789,989**	**18,265,583**	**18,295,030**	**16,417,492**	**13,287,592**
%	**24.35**	**41.19**	**-0.16**	**11.44**	**23.56**	**-30.80**
Balance Sheet Total	**73,282,069**	**63,526,719**	**50,685,198**	**49,673,050**	**47,046,043**	**42,723,041**
%	**15.36**	**25.34**	**2.04**	**5.58**	**10.12**	**-17.83**

HORIZONTAL ANALYSIS OF PROFIT AND LOSS ACCOUNT YOY (PKR in thousands)

	2014	2013	2012	2011	2010	2009
Sales	26,542,509	24,915,924	22,949,853	18,577,198	16,275,354	18,038,209
%	6.53	8.57	23.54	14.14	-9.77	44.93
Cost of sales	-17,284,941	-15,589,917	-15,443,098	-14,192,229	-13,569,994	-12,358,479
%	10.87	0.95	8.81	4.59	9.80	17.36
Gross profit	**9,257,568**	**9,326,007**	**7,506,755**	**4,384,969**	**2,705,360**	**5,679,730**
%	**-0.73**	**24.23**	**71.19**	**62.08**	**-52.37**	**196.55**
Administrative expenses	-480,468	-405,579	-267,705	-211,362	-172,436	-141,852
%	18.46	51.50	26.66	22.57	21.56	27.04
Selling and distribution expenses	-1,445,225	-1,751,174	-2,202,901	-2,470,599	-994,418	-1,871,517
%	-17.47	-20.51	-10.84	148.45	-46.87	233.33
Other operating expenses	-518,745	-544,806	-500,835	-37,964	-189,015	-795,854
%	-4.78	8.78	1,219.24	-79.91	-76.25	36.77
Other income	1,647,126	1,466,289	1,187,936	1,134,130	911,672	770,137
%	12.33	23.43	4.74	24.40	18.38	-9.11
Impairment on investments	-	-	-	-118,836	-	-257,386
%	-	-	-	-	-100.00	-
Profit from operations	**8,460,256**	**8,090,737**	**5,723,250**	**2,680,338**	**2,261,163**	**3,383,258**
%	**4.57**	**41.37**	**113.53**	**18.54**	**-33.17**	**124.42**
Finance cost	-608,859	-994,879	-1,670,784	-2,079,146	-1,902,760	-2,606,358
%	-38.80	-40.45	-19.64	9.27	-27.00	48.95
Profit before taxation	**7,851,397**	**7,095,858**	**4,052,466**	**601,192**	**358,403**	**776,900**
%	**10.65**	**75.10**	**574.07**	**67.74**	**-53.87**	**409.61**
Taxation	-1,885,899	-1,593,689	55,652	-430,231	-125,381	-251,319
%	18.34	2,963.67	-112.94	243.14	-50.11	227.12
Profit after taxation	**5,965,498**	**5,502,169**	**4,108,118**	**170,961**	**233,022**	**525,581**
%	**8.42**	**33.93**	**2,302.96**	**-26.63**	**-55.66**	**1,087.38**

SHIP CREW STRUCTURE





BOD: Board of Directors
CEO: Chief Executive Officer
CFO: Chief Financial Officer
CIO: Chief Information Officer
DGM: Deputy General Manager
SM: Senior Manager

PATTERN OF SHARE HOLDING AS AT JUNE 30, 2014

NO. OF SHAREHOLDERS	SHARE HOLDING FROM	SHARE HOLDING TO	SHARES HELD
1184	1	100	45745
1404	101	500	493740
949	501	1000	831921
1308	1001	5000	3413508
335	5001	10000	2651615
100	10001	15000	1284485
70	15001	20000	1303668
55	20001	25000	1309211
42	25001	30000	1185198
35	30001	35000	1157877
21	35001	40000	806510
9	40001	45000	382700
28	45001	50000	1376000
14	50001	55000	742372
15	55001	60000	883537
4	60001	65000	254300
15	65001	70000	1030198
5	70001	75000	370400
9	75001	80000	700366
4	80001	85000	329901
4	85001	90000	354000
2	90001	95000	189249
26	95001	100000	2590520
7	100001	105000	717779
5	105001	110000	546500
1	110001	115000	113000
1	115001	120000	119500
1	120001	125000	125000
1	125001	130000	126000
2	130001	135000	266000
3	135001	140000	420000
1	140001	145000	140500
7	145001	150000	1050000
1	150001	155000	150979
4	155001	160000	630310
1	160001	165000	160750
3	170001	175000	518800
1	185001	190000	188500
2	190001	195000	387500
3	195001	200000	597000
1	200001	205000	201830
1	205001	210000	210000
3	215001	220000	656000
2	220001	225000	445440
3	225001	230000	682000
1	230001	235000	233000
4	235001	240000	952000
1	240001	245000	242000
5	245001	250000	1247000
2	250001	255000	503800
2	255001	260000	519200
1	260001	265000	263500
3	270001	275000	820790
2	275001	280000	556500

Continued →

NO. OF SHAREHOLDERS	SHARE HOLDING FROM	TO	SHARES HELD
2	295001	300000	600000
1	305001	310000	305500
1	315001	320000	315500
2	320001	325000	647653
2	330001	335000	669500
2	345001	350000	696240
2	355001	360000	715500
1	370001	375000	375000
2	390001	395000	786000
3	395001	400000	1200000
1	420001	425000	423500
1	425001	430000	430000
1	430001	435000	432000
1	435001	440000	437690
1	445001	450000	447000
2	470001	475000	945500
2	480001	485000	964500
6	495001	500000	3000000
2	525001	530000	1053620
2	530001	535000	1066000
1	595001	600000	600000
1	625001	630000	625200
1	655001	660000	655500
1	660001	665000	660909
1	670001	675000	670444
1	720001	725000	725000
2	760001	765000	1526000
1	780001	785000	784000
1	795001	800000	800000
1	800001	805000	802080
2	815001	820000	1638000
1	870001	875000	871080
1	885001	890000	890000
1	890001	895000	895000
1	895001	900000	896500
1	905001	910000	908000
1	930001	935000	933000
1	935001	940000	936500
1	980001	985000	981849
1	995001	1000000	1000000
1	1050001	1055000	1053232
1	1075001	1080000	1076500
1	1080001	1085000	1083897
1	1095001	1100000	1100000
1	1115001	1120000	1115117
3	1190001	1195000	3580300
1	1205001	1210000	1209600
1	1370001	1375000	1375000
1	1380001	1385000	1381000
1	1395001	1400000	1400000
1	1445001	1450000	1450000
1	1455001	1460000	1458546
1	1495001	1500000	1500000
1	1510001	1515000	1510305
1	1545001	1550000	1548485
1	1580001	1585000	1585000

Continued →

NO. OF SHAREHOLDERS	SHARE HOLDING FROM	SHARE HOLDING TO	SHARES HELD
1	1695001	1700000	1700000
1	1710001	1715000	1712500
1	1750001	1755000	1754500
1	1855001	1860000	1855800
1	1950001	1955000	1950141
1	1955001	1960000	1956760
1	1995001	2000000	2000000
1	2160001	2165000	2163181
1	2240001	2245000	2245000
1	2280001	2285000	2285000
1	2330001	2335000	2331000
1	2460001	2465000	2462500
1	2995001	3000000	3000000
1	3045001	3050000	3045800
1	3095001	3100000	3100000
1	3135001	3140000	3140000
1	3255001	3260000	3259700
1	3320001	3325000	3322500
1	3635001	3640000	3635500
1	3855001	3860000	3858528
1	3995001	4000000	4000000
1	4050001	4055000	4052411
1	4055001	4060000	4057532
1	4160001	4165000	4164000
1	4180001	4185000	4184600
1	4195001	4200000	4197944
1	4310001	4315000	4314400
1	4635001	4640000	4635974
1	4655001	4660000	4660000
1	4905001	4910000	4909249
1	5505001	5510000	5508000
1	6005001	6010000	6006253
1	6090001	6095000	6090800
1	6685001	6690000	6688500
1	8060001	8065000	8060906
1	8425001	8430000	8427222
1	9365001	9370000	9367500
1	11145001	11150000	11149920
1	14055001	14060000	14057293
1	15725001	15730000	15729997
1	21285001	21290000	21289060
1	22925001	22930000	22929033
1	114645001	114650000	114645168
5833	**Company Total**		**438119118**

CATEGORIES OF SHAREHOLDERS AS ON JUNE 30, 2014

		Shares Held	%
1.	Directors, Chief Executive Officer, and their spouse and minor children	18,706,416	4.27
2.	Associated Companies, undertakings and related parties.	141,772,145	32.36
3.	NIT and ICP	1,500	0.00
4.	Banks Development Financial Institutions Non Banking Financial Institutions.	19,990,127	4.56
5.	Insurance Companies	8,010,450	1.83
6.	Modarabas and Mutual Funds	40,675,071	9.28
7.	Shareholders holding 10%	137,574,201	31.40
8.	General Public:		
	a. Local	54,639,726	12.47
	b. Foreign	82,424,682	18.81
9.	Others		
	Joint Stock Companies	149,525,489	34.13
	Investment Companies	2,645,708	0.60
	Pension Funds, Provident Funds etc.	7,324,719	1.67

Information Under Clause (j) of sub-regulation (XVI) of Regulation 35 of chapter (XI) of Listing Regulations of the Karachi Stock Exchange (G) Limited As at June 30, 2014

		No. of Shares	%
I.	**Associated Companies, undertakings and related parties**		
	Nishat Mills Limited	137,574,201	31.40
II.	**Mutual Funds:**		
	CONFIDENCE MUTUAL FUND	573	0.00
	PRUDENTIAL STOCKS FUND LTD (03360)	64,800	0.01
	PRUDENTIAL STOCK FUND LTD.	413	0.00
	CDC - TRUSTEE PAKISTAN STOCK MARKET FUND	33,000	0.01
	MCBFSL - TRUSTEE JS VALUE FUND	2,285,000	0.52
	CDC - TRUSTEE PICIC INVESTMENT FUND	1,000	0.00
	CDC - TRUSTEE JS LARGE CAP. FUND	800,000	0.18
	CDC - TRUSTEE PICIC GROWTH FUND	500	0.00
	CDC - TRUSTEE PAK STRATEGIC ALLOC. FUND	69,100	0.02
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	500,000	0.11
	CDC - TRUSTEE MEEZAN BALANCED FUND	660,909	0.15
	CDC - TRUSTEE JS ISLAMIC FUND	725,000	0.17
	CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1,381,000	0.32
	CDC - TRUSTEE JS AGGRESSIVE ASSET ALLOCATION FUND	103,000	0.02
	CDC - TRUSTEE AKD INDEX TRACKER FUND	58,037	0.01
	MC FSL - TRUSTEE JS KSE-30 INDEX FUND	10,964	0.00
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1,510,305	0.34
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	8,427,222	1.92
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1,754,500	0.40
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	500,000	0.11
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	250,000	0.06
	CDC - TRUSTEE NAFA STOCK FUND	432,000	0.10
	CDC - TRUSTEE NAFA MULTI ASSET FUND	222,000	0.05
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	223,440	0.05
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1,083,897	0.25
	CDC - TRUSTEE APF-EQUITY SUB FUND	80,000	0.02
	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	98,000	0.02
	CDC - TRUSTEE ALFALAH GHP ISLAMIC FUND	100,000	0.02
	CDC - TRUSTEE HBL - STOCK FUND	1,585,000	0.36
	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	135,000	0.03
	CDC - TRUSTEE APIF - EQUITY SUB FUND	100,000	0.02
	MC FSL - TRUSTEE JS GROWTH FUND	5,508,000	1.26
	CDC - TRUSTEE KASB ASSET ALLOCATION FUND	52,000	0.01
	CDC - TRUSTEE MCB DYNAMIC ALLOCATION FUND	192,500	0.04
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	76,000	0.02
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	90,000	0.02
	CDC - TRUSTEE ABL INCOME FUND	28,500	0.01
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	4,057,532	0.93
	CDC - TRUSTEE ABL STOCK FUND	251,500	0.06
	M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	59,500	0.01
	CDC - TRUSTEE FIRST HABIB STOCK FUND	60,000	0.01
	CDC - TRUSTEE LAKSON EQUITY FUND	535,000	0.12
	CDC - TRUSTEE CROSBY DRAGON FUND	63,000	0.01
	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	315,500	0.07
	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT	392,500	0.09
	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	7,500	0.00
	CDC - TRUSTEE PICIC INCOME FUND - MT	274,500	0.06
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	430,000	0.10
	CDC-TRUSTEE MEEZAN CAPITAL PROTECTED FUND-II	82,501	0.02
	CDC - TRUSTEE ASKARI EQUITY FUND	100,500	0.02
	CDC - TRUSTEE IGI INCOME FUND - MT	97,000	0.02
	CDC - TRUSTEE KSE MEEZAN INDEX FUND	322,653	0.07

CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND		78,000	0.02
CDC - TRUSTEE ATLAS INCOME FUND - MT		423,500	0.10
CDC - TRUSTEE KASB INCOME OPPORTUNITY FUND - MT		51,000	0.01
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND		1,076,500	0.25
CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT		21,000	0.00
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT		17,500	0.00
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND		95,000	0.02
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND		80,900	0.02
TRUSTEE - BMA CHUNDRIGAR ROAD SAVINGS FUND - MT		12,500	0.00
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND		35,000	0.01
CDC - TRUSTEE NIT INCOME FUND - MT		140,500	0.03
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND		70,000	0.02
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT		59,500	0.01
CDC - TRUSTEE FAYSAL INCOME & GROWTH FUND - MT		21,500	0.00
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND		81,500	0.02
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST		2,163,181	0.49
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 Niaz Khawaja	Diretcor		
Mr. Khalid Qadeer Qureshi	Director	720	0.00
Mr. Farid Noor Ali Fazal	Director	1,200	0.00
Mr. Shahzad Ahmad Malik	Director		
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		149,525,489	34.13
VI. Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful, Modaraba and Pension Funds:			
Investment Companies		2,645,708	0.60
Insurance Companies		8,010,450	1.83
Financial Institutions		19,990,127	4.56
Modaraba Companies		57,144	0.01
Mutual Funds		40,617,927	9.27
Pension Funds/Providend Funds Etc.		7,324,719	1.67
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 (G) Limited As at June 30, 2014

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, 2013 to June 30, 2014.

ATTENDANCE OF BORAD OF DIRECTORS AND COMMITTEE MEETINGS DURING THE YEAR FROM JULY 01, 2013 TO JUNE 30, 2014

AUDIT COMMITTE

During the year under review, Four 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)	4
2.	Mr. Farid Noor Ali Fazal	(Member)	2
3.	Ms. Nabiha Shahnawaz Cheema	(Member)	2
4.	*Mr. Khalid Niaz Khawaja	(Member/Chairman)	2

*Mr. Khalid Niaz Khawaja appointed as member audit committee in place of Mr. Farid Noor Ali Fazal and Chairman Audit Committee in place of Mr. Khalid Qadeer Qureshi on November 01, 2013.

HUMAN RESOURCE & REMUNCRATION COMMITTE

During the year under review, one Human Resource & remuncration (HR&R) Committee meeting was held, attendance position was as under:

Sr. No.	Name of Member		No. of meetings attended
1.	Mr. Khalid Qadeer Qureshi	(Member/Chairman)	1
2.	Mr. Raza Mansha	(Member)	1
3.	Ms. Nabiha Shahnawaz Cheema	(Member)	1

BOARD OF DIRECTORS

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

Sr. No.	Name of Dirctor		No. of meetings attended
1.	Mr. Raza Mansha	(Chief Executive Officer)	7
2.	Mrs. Naz Mansha	(Chairperson)	2
3.	Mr. Khalid Qadeer Qureshi		7
4.	Mr. Farid Noor Ali Fazal		7
5.	Ms. Nabiha Shahnawaz Cheema		5
6.	*Mr. I. U. Niazi		2
7.	*Dr. Arif Bashir		2
8.	**Mr. Shehzad Ahmad Malik		5
9.	**Mr. Khalid Niaz Khawaja		5

*Mr. I.U. Niazi and Dr. Arif Bashir retired on 31.10.2013.

** Mr. Shehzad Ahmad Malik and Mr. Khalid Niaz Khawaja elected as directors on the Board of Directors on October 31, 2013.

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, 2014.

This statement is being presented to comply with the Code of Corporate Governance contained in listing regulations of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited 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 Director	Mr. Khalid Niaz Khawaja
Executive Directors	Mian Raza Mansha Mr. Farid Noor Ali Fazal
Non-Executive Directors	Mrs. Naz Mansha Mr. Khalid Qadeer Qureshi Mr. Shahzad Ahmad Malik Ms. Nabiha Shahnawaz Cheema

The independent director meets the criteria of independence under clause i (b) of the CCG.

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. The directors have confirmed that they are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI and not a member of a stock exchange and none of them 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 Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged followings for its directors during the year.

   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 Program: -

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

(ii) Four directors Mr. Khalid Niaz Khawaja, Mr. Farid Noor Ali Fazal, Mr. Shahzad Ahmad Malik and Ms. Nabiha Shahnawaz Cheema have completed the directors training program.

10. No new appointments of CFO, Company Secretary and Head of Internal Audit, has been approved by the Board. The remuneration of CFO and Head of Internal Audit 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 one is independent director.

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

17. The board has formed an HR and Remuneration Committee. It comprises 4 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 and the members of internal audit function are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

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

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

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

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

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

Mian Raza Mansha
Chief Executive Officer

Lahore: September 16, 2014

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the 'Code') prepared by the Board of Directors of D.G. Khan Cement Company Limited (the 'Company') for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No 35 of the Karachi, Lahore and Islamabad Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 a part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 as applicable to the Company for the year ended June 30, 2014.

A. F. Ferguson & Co.
Chartered Accountants

Lahore,
Date: September 16, 2014

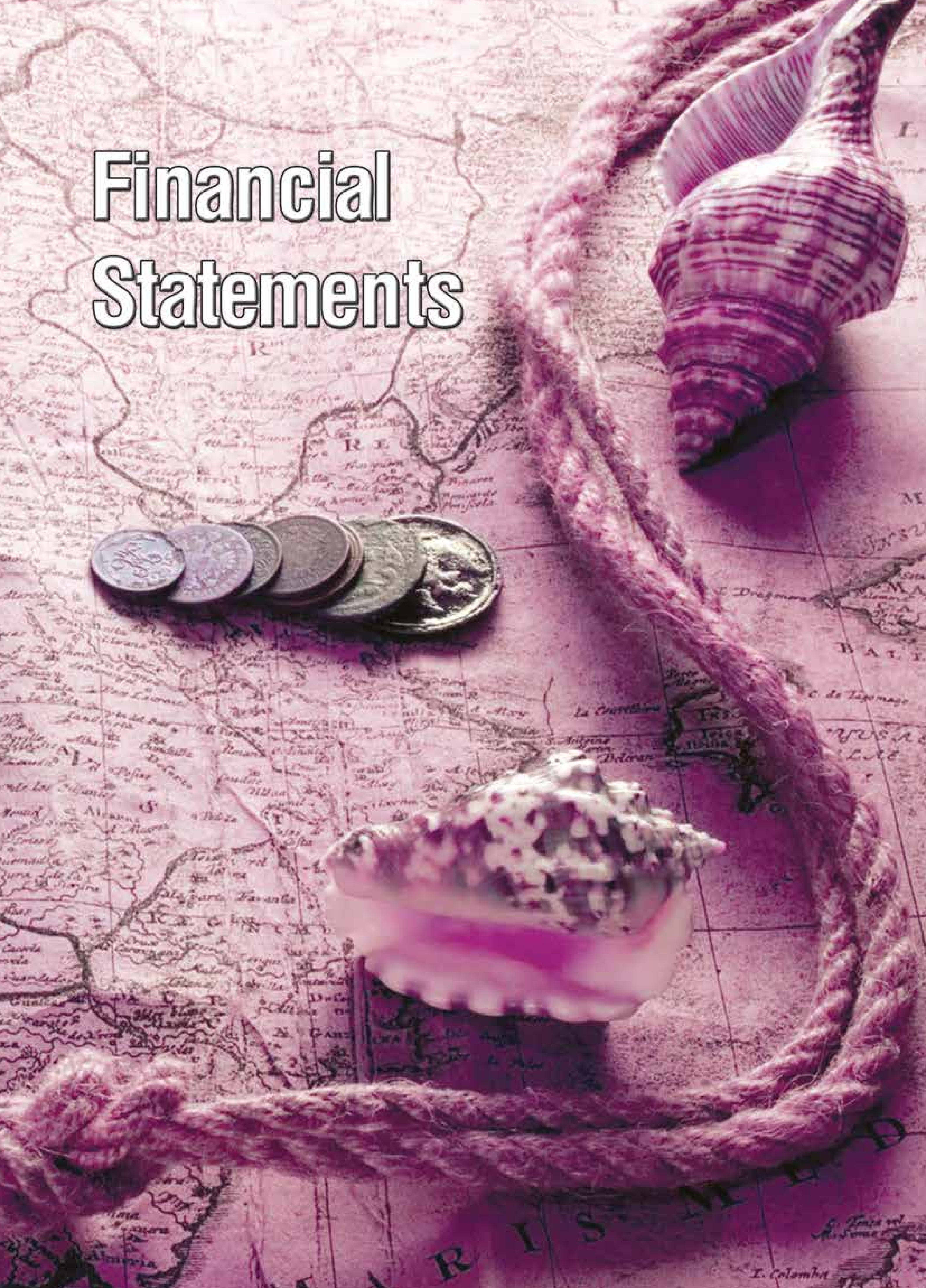
Name of engagement partner: **Muhammad Masood**

Like every other thing in universe, organisations impact various layers of enviroments & get impacted by those.

It is not organisation alone, it carries with it, its all stake holders.

It bears handprints, impressions and impacts of all its stakeholders and environments it exists within.

Financial Statements



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of D.G. Khan Cement Company Limited ('the Company') as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the 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 in accounting policy as stated in note 3 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, total comprehensive income, its cash flows and changes in equity and 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 16, 2014
Name of engagement partner: **Muhammad Masood**

BALANCE SHEET

	Note	2014	2013	2012
			(Rupees in thousand)	
			(Re-stated)	(Re-stated)
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Authorised capital				
- 950,000,000 (2013: 950,000,000)				
ordinary shares of Rs 10 each		9,500,000	9,500,000	9,500,000
- 50,000,000 (2013: 50,000,000)				
preference shares of Rs 10 each		500,000	500,000	500,000
		10,000,000	10,000,000	10,000,000
Issued, subscribed and paid up capital				
438,119,118 (2013: 438,119,118)				
ordinary shares of Rs 10 each	6	4,381,191	4,381,191	4,381,191
Reserves	7	42,705,394	33,785,204	23,562,612
Accumulated profit		14,429,950	9,790,403	4,955,722
		61,516,535	47,956,798	32,899,525
NON-CURRENT LIABILITIES				
Long term finances - secured	8	1,321,009	2,899,187	4,629,083
Long term deposits	9	68,970	65,383	68,355
Retirement and other benefits	10	200,187	153,020	232,973
Deferred taxation	11	4,234,805	3,144,738	1,649,319
		5,824,971	6,262,328	6,579,730
CURRENT LIABILITIES				
Trade and other payables	12	2,476,304	2,286,351	2,108,894
Accrued finance cost	13	59,417	125,830	162,931
Short term borrowings - secured	14	2,551,676	5,420,290	6,733,467
Current portion of non-current liabilities	15	803,174	1,440,032	2,165,561
Derivative financial instrument	16	14,902	-	-
Provision for taxation		35,090	35,090	35,090
		5,940,563	9,307,593	11,205,943
CONTINGENCIES AND COMMITMENTS	17	-	-	-
		73,282,069	63,526,719	50,685,198

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

Chief Executive

AS AT JUNE 30, 2014

	Note	2014	2013	2012
			(Rupees in thousand)	
			(Re-stated)	(Re-stated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	18	29,832,625	28,934,979	27,360,520
Intangible assets	19	36,904	55,356	73,808
Investments	20	11,258,370	8,650,860	4,864,945
Long term loans and deposits	21	85,544	95,535	120,342
		41,213,443	37,736,730	32,419,615
CURRENT ASSETS				
Stores, spare parts and loose tools	22	3,688,795	3,912,998	3,962,468
Stock-in-trade	23	1,348,742	1,661,721	954,645
Trade debts	24	168,769	273,535	317,970
Investments	25	24,405,153	17,862,718	11,126,051
Advances, deposits, prepayments and other receivables	26	764,140	611,777	621,001
Income tax receivable		384,001	996,522	855,007
Derivative financial instrument	16	-	1,837	-
Cash and bank balances	27	1,309,026	468,881	428,441
		32,068,626	25,789,989	18,265,583
		73,282,069	63,526,719	50,685,198

Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		----(Rupees in thousand)----	
Sales	28	26,542,509	24,915,924
Cost of sales	29	(17,284,941)	(15,589,917)
Gross profit		9,257,568	9,326,007
Administrative expenses	30	(480,468)	(405,579)
Selling and distribution expenses	31	(1,445,225)	(1,751,174)
Other operating expenses	32	(518,745)	(544,806)
Other income	33	1,647,126	1,466,289
Profit from operations		8,460,256	8,090,737
Finance cost	34	(608,859)	(994,879)
Profit before taxation		7,851,397	7,095,858
Taxation	35	(1,885,899)	(1,593,689)
Profit after taxation		5,965,498	5,502,169
Earnings per share - basic and diluted	36	13.62	12.56

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

Chief Executive

Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	----(Rupees in thousand)----	
		(Re-stated)
Profit after taxation	5,965,498	5,502,169
Other comprehensive income for the year - net of tax		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments	8,921,162	10,222,592
Gain during the year transferred to profit and loss account on derecognition of investment in shares	(972)	-
	8,920,190	10,222,592
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of retirement benefits	(17,835)	(15,860)
Tax effect	6,241	5,551
	(11,594)	(10,309)
Total comprehensive income for the year	14,874,094	15,714,452

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

Chief Executive

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		----(Rupees in thousand)----	
			(Re-stated)
Cash flows from operating activities			
Cash generated from operations	37	9,617,544	8,129,340
Finance cost paid		(675,909)	(1,032,155)
Retirement and other benefits paid		(43,896)	(174,011)
Taxes paid		(370,382)	(234,234)
Taxes refunded		193,313	-
Long term deposits - net		3,587	(2,972)
Net cash generated from operating activities		8,724,257	6,685,968
Cash flows from investing activities			
Fixed capital expenditure		(2,735,037)	(3,192,299)
Proceeds from sale of property, plant and equipment		87,574	51,621
Long term loans, advances and deposits - net		9,991	24,807
Investment in equity instruments		(229,919)	-
Sale proceeds on disposal of investments		1,204	-
Interest received		37,314	49,841
Dividend received		1,434,179	995,643
Net cash used in investing activities		(1,394,694)	(2,070,387)
Cash flows from financing activities			
Proceeds from long term finances		-	800,000
Settlement of derivative financial instrument		(58,667)	(22,132)
Repayment of long term finances		(2,232,288)	(3,373,355)
Dividend paid		(1,314,357)	(657,179)
Net cash used in financing activities		(3,605,312)	(3,252,666)
Net increase in cash and cash equivalents		3,724,251	1,362,915
Cash and cash equivalents at the beginning of the year		(4,951,409)	(6,305,026)
Exchange losses on cash and cash equivalents		(15,492)	(9,298)
Cash and cash equivalents at the end of the year	38	(1,242,650)	(4,951,409)

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

Chief Executive

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Capital Reserve				Revenue Reserve		
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit (Re-stated)	Total
	----------- Rupees in thousand -----------						
Balance as on June 30, 2012 - As previously reported	4,381,191	4,557,163	13,580,112	353,510	5,071,827	4,986,829	32,930,632
Effect of change in accounting policy as referred to in note 3.1	-	-	-	-	-	(31,107)	(31,107)
Balance as on June 30, 2012 - Restated	4,381,191	4,557,163	13,580,112	353,510	5,071,827	4,955,722	32,899,525
Transactions with owners recognised directly in equity							
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							
- Changes in fair value of available for sale investments			10,222,592				10,222,592
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	(10,309)	(10,309)
Total comprehensive income for the year	-	-	10,222,592	-	-	5,491,860	15,714,452
Balance as on June 30, 2013	4,381,191	4,557,163	23,802,704	353,510	5,071,827	9,790,403	47,956,798
Transactions with owners recognised directly in equity							
Final dividend for the year ended June 30, 2013 Rs 3.00 per share	-	-	-	-	-	(1,314,357)	(1,314,357)
- Profit for the year	-	-	-	-	-	5,965,498	5,965,498
- Other comprehensive income for the year							
- Changes in fair value of available for sale investments	-	-	8,920,190	-	-	-	8,920,190
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	(11,594)	(11,594)
Total comprehensive income for the year	-	-	8,920,190	-	-	5,953,904	14,874,094
Balance as on June 30, 2014	4,381,191	4,557,163	32,722,894	353,510	5,071,827	14,429,950	61,516,535

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

Chief Executive

Director

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 Institute of Chartered Accountants of Pakistan as are notified under the Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Ordinance 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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements except for the amendments as explained below:

- IAS 19, 'Employee Benefits' (Amendment), issued on June 2011. This is applicable on annual periods beginning on or after 1 January 2013. The changes in the Company's accounting policies are as follows; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Company has applied these amendments retrospectively as referred to in note 3.1.

-Amendment to IAS 16, 'Property, Plant and Equipment' which clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The Company has applied this amendment retrospectively as referred to in note 3.2.

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, 2014 or later periods, and the Company has not early adopted them:

- IFRS 10, 'Consolidated Financial Statements' is applicable on accounting periods beginning on or after January 1, 2013, however, the Securities and Exchange Commission of Pakistan ('SECP') has adopted this IFRS for periods beginning on or after January 1, 2015. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The Company shall apply this standard from July 01, 2015 and has yet to assess the impact of these changes on its financial statements.

- IFRS 9, 'Financial Instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2018 but is available for early adoption. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. 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, (although endorsed for annual periods on or after 1 January 2014) 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, 2015 and does not expect to have any material impact on its financial statements.

- IFRS 11, 'Joint Arrangements', is applicable on annual periods beginning on or after January 01, 2013, however, SECP has adopted this IFRS for periods beginning on or after January 1, 2015. IFRS 11 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, 2015 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, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. 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, 2015 and is yet to assess the impact of these changes on its financial statements.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013, however, the Institute of Chartered Accountants of Pakistan has adopted this standard for periods beginning on or after January 1, 2015. 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, 2015 and is yet to assess the impact on its financial statements.

- Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards: IFRS 2, 'Share-based payments', IFRS 3, 'Business Combinations', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, Financial instruments – Recognition and measurement'.

- Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. The amendments include changes from the 2011-13 cycle of the annual improvements project that affect 4 standards: IFRS 1, 'First time adoption', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'.

- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after July 1, 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Company does not expect to have a material impact on its financial statements from this amendment.

- IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2014. These amendments update the application guidance in IAS 32,'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Company shall apply these amendments from January 1, 2014 and does not expect to have a material impact on its financial statements.

- IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting periods beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Company shall apply these amendments from January 1, 2014 and does not expect to have a material impact on its financial statements.

- IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' on novation of derivatives is applicable on accounting period beginning on or after January 1, 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The Company shall apply these amendments from January 1, 2014 and does not expect to have a material impact on its financial statements.

- 'IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that give rise to pay a levy and when should a liability be recognised. The Company is yet to assess the impact of this IFRIC on its financial statements.

3. Changes in accounting policy

3.1 Amendments in IAS 19 (Revised) 'Employee Benefits'

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 01, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost in the profit and loss account and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, the corridor approach has been eliminated and a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognized in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The company has applied this change in accounting policy retrospectively in accordance with IAS 8

'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognized actuarial losses net of taxes associated with retirement benefit plan by adjusting balance of 'accumulated profit', 'deferred taxation' and 'retirement and other benefits' as at the beginning of the earliest year presented i.e. July 01, 2012 in accordance with the requirements of IAS 1 - Presentation of Financial Statements (Revised).

Effects of change in accounting policy are as follows:

Effects on Balance Sheet:

	As at June 30, 2013			As at June 30, 2012		
	Before restatement	As re-stated	Re-statement	Before restatement	As re-stated	Re-statement
			(Rupees in thousand)			
Retirement and other benefits	(12,343)	(76,060)	(63,717)	(119,528)	(167,385)	(47,857)
Deferred Taxation	(3,167,039)	(3,144,738)	22,301	(1,666,069)	(1,649,319)	16,750
Accumulated Profit	9,831,819	9,790,403	(41,416)	4,986,829	4,955,722	(31,107)

Effects on other comprehensive income:

	For the year ended June 30, 2013			For the year ended June 30, 2012		
	Before restatement	As re-stated	Re-statement	Before restatement	As re-stated	Re-statement
			(Rupees in thousand)			
Actuarial losses recognized -net of tax	-	10,309	10,309	-	6,623	6,623

Effect on profit and loss, earnings per share and cash flows:

The restatement has no material impact on profit and loss, earnings per share and cash flows of the Company.

3.2 Classification of major spare parts and stand-by equipment

"IAS 16, 'Property, plant and equipment' as amended by 'Annual Improvements to IFRSs 2009–2011 Cycle' (issued May 2012) clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. This amendment is effective for periods beginning on or after January 1, 2013. The previous wording of IAS 16 indicated that servicing equipment should be classified as inventory, even if it was used for more than one period. Following the amendment, the equipment used for more than one period is classified as property, plant and equipment.

The company has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and re-stated the balances of 'Property, plant and equipment' and 'Stores, spares and loose tools' as at the beginning of the earliest year presented i.e. July 01, 2012 in accordance with the requirements of IAS 1 - Presentation of Financial Statements (Revised).

		As at June 2013	As at June 2012
		----(Rupees in thousand)----	
Reclassification from:	**Reclassification to:**		
Stores, spares and loose tools	Property, plant and equipment - note 18.3	194,005	174,794

Effect on profit and loss and earnings per share:

The restatement has no material impact on profit and loss and earnings per share of the Company.

Effect on cash flows in 2013

	Rupees in thousand
The impact of this change on cash flows of the Company is as follows:	
- Capital expenditure cash out-flow	(19,211)
- Working capital cash in-flow	19,211

4. Basis of measurement

4.1 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.

4.2 The Company's significant accounting policies are stated in note 5. 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 5.2 and 35

b) Employee retirement benefits and other obligations - note 5.3 and 10

c) Useful lives and residual values of property, plant and equipment- note 5.5 and 18.1

a) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) Employee retirement benefits and other obligations

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on the assumptions as mentioned in note 5.3.

c) Useful lives and residual values of property plant and equipment

The Company reviews the useful lives and residual values of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

5. 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.

5.1 Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortised cost with any difference between proceeds (net of transaction costs) 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 and are shown as accrued finance cost to the extent of the amount remaining unpaid.

Borrowings are classified as a current liability unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

5.2 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.

5.3 Employees' retirement benefits and other obligations

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

5.3.1 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, 2014 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 reduced by the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the profit and loss account.

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	13.25% p.a.
Expected increase in eligible pay	12.25% p.a.
Duration of the plan (years)	8

The expected mortality rates assumed are based on the SLIC (2001-2005) mortality table set back one year.

The Company is expected to contribute Rs 52.419 million to the gratuity fund in the next year.

5.3.2 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. The Company has no further payment obligations once the contributions have been paid. Obligation for contributions to defined contribution plan is recognised as an expense in the profit and loss account as and when incurred.

5.3.3 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 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 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, 2014 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	13.25% p.a.
Expected rate of increase in salary level per annum; and	12.25% p.a.
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	9

5.4 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value plus directly attributable cost, if any, and subsequently at amortised cost using effective interest rate method."

5.5 Property, plant and equipment

5.5.1 Operating assets

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 and borrowing costs as referred to in note 5.17.

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 18.1 after taking into account their residual values.

The assets' residual values and useful lives are continually reviewed by the Company and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at June 30, 2014 has not required any adjustment.

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.

5.5.2 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to operating assets category as and when such items are available for use.

5.5.3 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.

5.6 Intangible assets

Expenditure incurred to acquire Oracle Enterprise Resource Planning (ERP) system has been capitalised as an intangible asset 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.

5.7 Leases

The Company is the lessee:

5.7.1 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.

5.7.2 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.

5.8 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 in the profit and loss account.

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 associates, 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.

5.9 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.

5.10 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 related production overheads (based on normal operating capacity). It excludes borrowing cost.

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.

5.11 Financial instruments

5.11.1 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 or 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, if expected to be settled within twelve months, otherwise they are classified as non-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.

5.11.2 Recognition and measurement

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities. Interest on held-to-maturity investments calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company’s right to receive payments is established.

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

The Company assesses at each balance sheet date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 5.12.

5.11.3 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.

5.11.4 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.

5.12 Trade debts and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade debts are recognised initially at original invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, 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. The provision is recognized in the profit and loss account. Debts, considered irrecoverable, are written off as and when identified. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

5.13 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.

5.14 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.

5.15 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.

5.16 Provisions

Provisions are recognised when; the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources shall be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

5.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5.18 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.

5.19 Dividend

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

5.20 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.

6. Issued, subscribed and paid up capital

2014	2013		2014	2013
----(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 (2013: 137,574,201) ordinary shares of the Company are held by Nishat Mills Limited, an associated undertaking as at June 30, 2014. In addition, 4,197,944 (2013: 2,707,944) ordinary shares are held by Adamjee Insurance Company Limited, a related party as at June 30, 2014.

7. Reserves

Movement in and composition of reserves is as follows:

		2014	2013
		----(Rupees in thousand)----	
Capital reserves			
- 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		23,802,704	13,580,112
Fair value gain during the year		8,920,190	10,222,592
At the end of the year	- note 7.2	32,722,894	23,802,704
- Capital redemption reserve fund	- note 7.3	353,510	353,510
		37,633,567	28,713,377
Revenue reserves			
- 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
		42,705,394	33,785,204

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

7.2 As referred to in note 5.8 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.

7.3 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 were redeemed during the year ended June 30, 2007.

8. Long term finances - secured

		2014	2013
		----(Rupees in thousand)----	
These are composed of:			
- Long-term loans	- note 8.1 - 8.2	1,941,513	3,966,591
- Loan under Musharika arrangement	- note 8.1 - 8.2	170,000	361,250
		2,111,513	4,327,841
Less : Current portion shown under current liabilities	- note 15	790,504	1,428,654
		1,321,009	2,899,187

8.1 Long term loans - secured

Lender	2014 (Rupees in thousand)	2013 (Rupees in thousand)	Rete of mark-up per annum	Number of instalments outstanding	Mark-up Payable
Local currency					
Loan 1 Allied Bank Limited	-	512,500	** Base rate + 0.6%	The loan has been fully repaid during the year	Quarterly
Loan 2 Allied Bank Limited	-	425,000	** Base rate + 0.6%	The loan has been fully repaid during the year	Quarterly
Loan 3 Bank of Punjab	-	116,667	* Base rate + 0.5%	The loan has been fully repaid during the year	Quarterly
Loan 4 Bank of Punjab	560,000	720,000	* Base rate + 0.5%	14 equal quarterly instalments ending in December, 2017.	Quarterly
Loan 5 Askari Bank Limited	-	350,000	* Base rate + 0.6%	The loan has been fully repaid during the year	Quarterly
Foreign Currency					
Loan 6 Eco Trade and Development Bank US$ 13.990 million (2013: US$ 18.653)	1,381,513	1,842,424	*** Base rate + 1.65%	6 equal semi-annual instalments ending in May, 2017	Semi - Annually
Musharika Arrangement					
Loan 7 Meezan Bank	170,000	361,250	* Base rate + 0.6%	3 step-up quarterly instalments ending in March, 2015.	Quarterly
	2,111,513	4,327,841			

* 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 six-month London Inter Bank Offer Rate ("LIBOR") reset for each mark-up period

8.2 Security

Loan 1

The loan was 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 was Rs 750 million.

Loan 2

The loan was 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 was Rs 1,000 million.

Loan 3

The loan was 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 was Rs 200 million.

Loan 4

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 first pari passu within 180 days from the date of first drawn down. The total facility amount available is Rs 800 million.

Loan 5

The loan was 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 was Rs 500 million.

Loan 6

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 7

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.

9. Long term deposits

	2014	2013
	----(Rupees in thousand)----	
Customers	37,176	34,571
Others	31,794	30,812
	68,970	65,383

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.

		2014	2013
		----(Rupees in thousand)----	
			(Re-stated)

10. Retirement benefits

		2014	2013
Staff gratuity	- note 10.1	112,513	76,060
Accumulating compensated absences	- note 10.2	87,674	76,960
		200,187	153,020

10.1 Staff gratuity

The amounts recognised in the balance sheet are as follows:

	2014	2013
Present value of defined benefit obligation	273,597	225,816
Fair value of plan assets	(161,084)	(149,756)
Liability as at June 30	112,513	76,060

10.1.1 Movement in net liability for staff gratuity

	2014	2013
Net liability as at July 1	76,060	167,385
Current service cost	33,268	30,097
Net interest on defined benefit obligation	22,436	20,933
Return on plan assets during the year	(15,579)	(4)
	40,125	51,026
Total remeasurements for the year charged to other comprehensive income	17,835	15,860
Contributions made by the Company during the year	(21,507)	(158,211)
Net liability as at June 30	112,513	76,060

10.1.2 Movement in present value of defined benefit obligation

	2014	2013
Present value of defined benefit obligation as at July 1	225,816	167,467
Current service cost	33,268	30,097
Interest cost	22,436	20,933
Benefits paid during the year	(24,285)	(9,937)
Remeasurements:		
- Actuarial (gains) / losses from changes in demographic assumptions	-	-
- Actuarial (gains) / losses from changes in financial assumptions	-	-
- Experience adjustments	16,362	17,256
Present value of defined benefit obligation as at June 30	273,597	225,816

10.1.3 Movement in fair value of plan assets

	2014	2013
Fair value of plan assets as at July 1	149,756	82
Interest income on plan assets	15,579	4
Contributions during the year	21,507	158,211
Benefits paid during the year	(24,285)	(9,937)
Remeasurements in fair value of plan assets	(1,473)	1,396
Fair value of plan assets as at June 30	161,084	149,756

10.1.4 Plan assets

Plan assets are comprised as follows:

	2014		2013	
	(Rs in '000)	Percentage	(Rs in '000)	Percentage
Plan assets				
Cash and Bank	34	0.02%	1,201	1%
Debt instruments	163,114	101.26%	148,555	99%
	163,148	101.28%	149,756	100%
Plan liabilities				
Account payables	(2,064)	-1.28%	-	-
	161,084	100.00%	149,756	100%

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

	2014	2013
	----(Rupees in thousand)----	(Re-stated)
Current service cost	33,268	30,097
Interest cost	22,436	20,933
Interest income on plan assets	(15,579)	(4)
Total expense for the year	40,125	51,026
Less: expense capitalized during the year	(428)	(128)
Expense charged to the profit and loss account	39,697	50,898

10.1.6 Total remeasurements charged to other comprehensive income

	2014	2013
Actuarial (gains) / losses from changes in demographic assumptions	-	-
Actuarial (gains) / losses from changes in financial assumptions	-	-
Experience adjustments	16,362	17,256
	16,362	17,256
Remeasurements in plan assets, excluding interest income	1,473	(1,396)
Total remeasurements charged to other comprehensive income	17,835	15,860

10.1.7 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 :

	2014	2013	2012	2011	2010
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	273,597	225,816	167,467	127,935	75,264
Fair value of plan assets	(161,084)	(149,756)	(82)	(332)	(394)
Deficit	112,513	76,060	167,385	127,603	74,870
Experience adjustment arising on plan obligation	16,362	17,256	10,222	25,954	(46)
Experience adjustment arising on plan assets	(1,473)	1,396	33	1	(28)

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

		2014	2013
Discount rate	Per annum	13.25 %	10.50 %
Expected rate of increase in salary	Per annum	12.25 %	9.50 %
Rate of interest income on plan assets	Per annum	10.40 %	5.00 %
Duration of the plan	Number of years	8	12

10.1.9 Year end sensitivity analysis (±100 bps) on defined benefit obligation is as follows:

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
		(Rupees in thousand)		
Present value of defined benefit obligation	253,258	297,065	297,351	252,663

10.1.10 The Company expects to pay Rs 52.419 million in contributions to defined benefit plan during the year ending June 30, 2015.

		2014	2013
		----(Rupees in thousand)----	

10.2 Accumulating compensated absences

		2014	2013
Opening balance		88,338	74,381
Expenses recognised		34,394	29,757
Benefits paid		(22,388)	(15,800)
		100,344	88,338
Payable within one year	- note 15	(12,670)	(11,378)
Closing balance		87,674	76,960

10.2.1 Movement in liability for accumulating compensated absences

	2014	2013
Present value of accumulating compensated absences as at July 1	88,338	74,381
Current service cost	19,590	3,254
Interest cost	8,100	9,298
Benefits paid during the year	(22,388)	(15,800)
Remeasurements:		
- Actuarial (gains)/losses from changes in demographic assumptions	-	-
- Actuarial (gains)/losses from changes in financial assumptions	-	-
- Experience adjustments	6,704	17,205
Present value of accumulating compensated absences as at June 30	100,344	88,338

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

	2014	2013
Current service cost	19,590	3,254
Interest cost	8,100	9,298
Remeasurement during the year	6,704	17,205
Total expense for the year	34,394	29,757
Less: Expense capitalized during the year	(412)	(41)
Expense charged to the profit and loss account	33,982	29,716

Amounts for current period and previous four annual periods of the present value of accumulating compensated absences are as follows :

	2014	2013	2012	2011	2010
	(Rupees in thousand)				
As at June 30					
Present value of accumulated compensated absences	100,344	88,338	74,381	58,558	49,153
Experience adjustment arising on obligation	6,704	17,205	14,739	8,115	587

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

		2014	2013
Discount rate	Per annum	13.25%	10.50%
Expected rate of increase in salary	Per annum	12.25%	9.50%
Duration of the plan	Number of years	9	12
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	EFU 61-66 mortality table

10.2.4 Year end sensitivity analysis (± 100 bps) on obigation:

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of obligation	93,118	108,732	108,732	92,997

	Officers		Workers	
	2014 (days)	2013 (days)	2014 (days)	2013 (days)
Average number of leaves				
- Utilised per annum	15.00	15.00	15.00	17.00
- Encashed per annum	8.00	9.00	12.00	12.00
- Encashed per annum in excess of accrued leave of 30 days	0.25	0.25	2.00	1.00

11. Deferred taxation

	2014	2013
	----(Rupees in thousand)----	
		(Re-stated)

The liability for deferred taxation comprises temporary differences relating to:

	2014	2013
Deferred tax liability		
Accelerated tax depreciation	5,217,486	4,993,726
Deferred tax assets		
Provision for retirement and other benefits	(64,423)	(49,305)
Unabsorbed tax credits	(918,258)	(1,799,683)
	4,234,805	3,144,738

Deferred tax asset on tax losses available for carry forward, minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 and Alternate Corporate Tax ('ACT') paid available for carry forward u/s 113C of the Income Tax Ordinance, 2001 are recognized to the extent that the realisation of related tax benefits through future taxable profits is probable. Minimum tax paid u/s 113 aggregating to Rs 208.178 million would not be available for carry forward against future tax liabilities subsequent to tax year 2019. Alternate Corporate tax paid u/s 113C aggregating to Rs 689.255 million would not be available for carry forward against future tax liabilities subsequent to tax year 2024.

		2014	2013
		----(Rupees in thousand)----	

12. Trade and other payables

		2014	2013
Trade creditors	- note 12.1	393,771	316,685
Infrastructure cess		89,164	89,164
Advances from customers		384,256	493,726
Accrued liabilities		563,891	696,252
Workers' profit participation fund	- note 12.2	880,273	541,681
Federal excise duty payable		5,062	7,117
Withholding tax payable		11,217	10,633
Retention money payable		26,268	17,667
Unclaimed dividends		9,694	6,663
Advances against sale of scrap		2,791	8,789
Advance against sale of fixed assets		1,721	68
Unclaimed dividend on redeemable preference shares		125	125
Export commission payable		74,902	63,476
Others		33,169	34,305
		2,476,304	2,286,351

12.1 Trade creditors include amount due to related parties amounting to Rs 3.198 million (2013: Rs 4.368 million).

	2014	2013
MCB Bank Limited	-	53
Security General Insurance Company Limited	939	2,034
Adamjee Insurance Company Limited	2,259	2,281
	3,198	4,368

12.2 Workers' profit participation fund

	2014	2013
Opening balance	541,681	214,987
Provision for the year	413,231	373,466
Interest for the year	1,734	1,261
	956,646	589,714
Less: payments made during the year	(76,373)	(48,033)
Closing balance	880,273	541,681

13. Accrued finance cost

Accrued mark-up on:

	2014	2013
- Long term loans - secured	19,587	41,424
- Short term borrowings - secured	39,746	84,322
Preference dividend on redeemable preference shares	84	84
	59,417	125,830

		2014	2013
		----(Rupees in thousand)----	

14. Short term borrowings - secured

		2014	2013
Short term running finances	- note 14.1	176,970	1,411,141
Import finances	- note 14.2	789,706	1,039,149
Export finances	- note 14.3	1,585,000	2,970,000
		2,551,676	5,420,290

14.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark up arrangements amount to Rs 8,075 million (2013: Rs 9,575 million). The rates of mark up are based on Karachi Inter Bank Offer Rate ("KIBOR") plus spread and range from 9.21% to 11.68% (2013: 9.36% to 14.60%) 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, pledge of 10 million (2013: 10 million) shares of MCB Bank Limited and 13.5 million (2013: 13.5 million) shares of Nishat Mills Limited.

14.2 Import finances - secured

The Company has obtained import finance facilities aggregating to Rs 5,013 million (2013: 6,513 million) from commercial banks. The rates of mark up based on Karachi Inter Bank Offer Rate ("KIBOR") plus spread range from 8.06% to 9.52% (2013: 9.46% to 12.31%) and those based on London Inter Bank Offer Rate ("LIBOR") plus spread range from 2.00% to 2.53% (2013: 1.15% to 1.94%) 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 7,728 million (2013: Rs 9,704 million) for opening letters of credit and Rs 1,570 million (2013: Rs 1,430 million) for guarantees, the amount utilised as at June 30, 2014 was Rs 1,917.484 million (2013: Rs 2,203.533 million) and Rs 938.445 million (2013: Rs 837.327 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 (2013: Rs 14.48 million) is secured by a lien over bank deposits as referred to in note 27.2.

14.3 Export finances - secured

This represents export refinance loans obtained from various commercial banks, which carry mark up based on rates notified by State Bank of Pakistan ranging from 8.50% to 9.31% (2013: 8.50% to 11.00%), export finances which carry markup based on Karachi Inter Bank Offer Rate ("KIBOR") ranging from 8.57% to 9.11% per annum (2013: 9.03% to 12.30%) and London Inter Bank Offer Rate ("LIBOR") at 2.23% (2013: Nil). These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Company.

		2014	2013
		----(Rupees in thousand)----	

15. Current portion of non-current liabilities

		2014	2013
Long term finances	- note 8	790,504	1,428,654
Accumulating compensated absences	- note 10.2	12,670	11,378
		803,174	1,440,032

		2014	2013
		----(Rupees in thousand)----	

16. Derivative financial instrument

Classified under current liabilities			
Cross currency interest rate swap	- note 16.1	14,902	-
Classified under current assets			
Cross currency interest rate swap	- note 16.1	-	1,837

16.1 This represents derivative cross currency interest rate swap arrangement with a commercial bank. Under the terms of the arrangement, the Company pays Karachi Inter-Bank Offered Rate ('KIBOR') minus bank spread to the arranging bank on the notional Pak Rupee (PKR) amount for the purposes of the cross currency swap, and receives London Inter-Bank Offered Rate ('LIBOR') on the notional US Dollar (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, 2014 has been marked to market and the resulting loss has been included in the profit and loss account.

17. Contingencies and commitments

17.1 Contingencies

17.1.1 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.

17.1.2 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.

After various appeals at different forums, the Honourable Supreme Court remanded the case back to the Customs Authorities to reassess the liability of the company. The custom authorities re-determined the liability of the Company upon which the Company preferred an appeal to the Customs Appellate Tribunal. The Tribunal decided the case in favour of the Company, upon which the Company discharged all liabilities. However, the custom authorities preferred a reference to the Lahore High Court, Multan Bench. In case of any adverse decision, the management assesses liability to the tune of Rs 233.390 million. No provision for this amount 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.

17.1.3 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. 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 petition pending in the Supreme Court of Pakistan.

17.1.4 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.

17.1.5 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.

17.1.6 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.

17.1.7 The tax authorities have raised demand amounting to Rs 236.765 million against the Company in tax year 2012 that primarily pertains to concurrent imposition of 'minimum tax' and tax on 'dividend income' under sections 113 and 5 of the Income Tax Ordinance, 2001 respectively. No provision on this account has been incorporated in the financial statements since similar demands relating to tax years 2010 and 2011 have been decided in favour of the Company by the appellate authorities on meritorious grounds.

17.1.8 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 42.176 million (2013: Rs 27.124 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 440.900 million (2013: Rs 390.900 million).

- Director General, Mines and Minerals, Punjab against installation of cement factory near Khairpur, District Chakwal amounting to Rs 3 million (2013: Rs 3 million).

- Director General, Mines and Minerals, Quetta against Limestone, Shale and other cement manufacturers amounting to Nil (2013: Rs 3 million).

- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 0.05 million (2013: Rs 2.0 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 382.235 million (2013: Rs 341.022 million).

- Professional Tax imposed by Administration Zila Council (The District Coordination Officer, DG Khan) amounting to Rs 0.05 million (2013: Rs 0.05 million).

- The District Coordination Officer, Faisalabad amounting to Nil (2013: Rs. 5 million).

- The Managing Director, Lahore Waste Management Company (LWMC) against the performance of a contract amounting to Rs 10 million (2013: Rs 20 million).

- Guarantees against export orders amounting to Rs 45.208 million (2013: Rs 45.231 million).

17.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 260.371 million (2013: Rs 224.650 million)

(ii) Letters of credits for capital expenditure Rs 65.992 million (2013: Rs 666.128 million)

(iii) Letters of credit other than capital expenditure Rs 1,212.026 million (2013: Rs 1,537.405 million).

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

	2014	2013
	----(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	5,641	5,839
	7,297	7,495

18. Property, plant and equipment

		2014	2013
		----(Rupees in thousand)----	(Re-stated)
Operating assets	- note 18.1	28,951,966	27,324,794
Capital work-in-progress	- note 18.2	634,318	1,416,180
Major spare parts and stand-by equipment	- note 18.3	246,341	194,005
		29,832,625	28,934,979

18.1 Operating assets

2014 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2013	Additions/ (Deletions)	Cost as at 30 June 2014	Accumulated depreciation as at July 01, 2013	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2014	Book value as at June 30, 2014
Freehold land	-	579,788	21,574	601,362	-	-	-	601,362
Leasehold land	3.33	63,000	-	63,000	11,550	2,100	13,650	49,350
Buildings on freehold land								
- Factory building	10	5,699,723	875,412	6,575,135	2,667,215	331,477	2,998,692	3,576,443
- Office building and housing colony	5	813,310	13,496	826,806	277,156	27,253	304,409	522,397
Roads	10	546,234	26,246	572,480	257,318	30,474	287,792	284,688
Plant and machinery	4 - 8.28	30,380,792	2,258,580	32,610,992	9,055,606	1,136,488	10,182,131	22,428,861
			(28,380)			(9,963)		
Quarry equipment	20	1,684,624	104,235	1,762,387	1,061,332	97,229	1,136,885	625,502
			(26,472)			(21,676)		
Furniture and fittings	10	104,072	15,591	119,663	41,824	6,966	48,790	70,873
Office equipment	10	216,517	12,573	229,054	78,793	14,310	93,098	135,956
			(36)			(5)		
Vehicles	20	306,014	112,190	378,440	108,845	42,398	136,464	241,976
			(39,764)			(14,779)		
Aircraft	30	328,752	-	328,752	73,968	76,435	150,403	178,349
Power and water supply lines	10	467,957	25,506	493,463	232,382	24,872	257,254	236,209
		41,190,783	3,465,403	44,561,534	13,865,989	1,790,002	15,609,568	28,951,966
			(94,652)			(46,423)		

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	104,072	56,121	6,739	41,824	62,248
			(29,954)			(21,036)		
Office equipment	10	234,800	19,903	216,517	87,826	14,793	78,793	137,724
			(38,186)			(23,826)		
Vehicles	20	252,226	83,857	306,014	88,716	34,514	108,845	197,169
			(30,069)			(14,385)		
Aircraft	30	38,185	328,752	328,752	36,970	74,060	73,968	254,784
			(38,185)			(37,062)		
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	41,190,783	12,384,543	1,577,755	13,865,989	27,324,794
			(136,394)			(96,309)		

18.1.1 Freehold land and building include book values of Rs 12 million (2013: Rs 12 million) and Rs 6.409 million (2013: 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.

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

		2014	2013
		----(Rupees in thousand)----	
Cost of sales	- note 29	1,679,470	1,475,667
Administrative expenses	- note 30	106,685	97,952
Selling and Distribution expenses	- note 31	3,847	4,136
		1,790,002	1,577,755

18.1.3 The Company identified certain items of operating assets from which further economic benefits are no longer being derived. Therefore, assets having cost of Nil (2013: Rs 68.14 million) and net book value of Nil(2013: Rs 23.278 million) have been retired from active use and have been written off in these financial statements.

18.1.4 Disposal of property, plant and equipment

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

2014 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Plant & Machinery	**Outside parties**						
	Nishat Mills Limited	28,380	9,963	18,417	23,187	4,770	Auction
Vehicles	**Employees**						
	Major (Retired) Aslam Pervaiz	555	388	167	167	-	Company policy
	Khawar Butt	662	413	249	727	478	Auction
	Muhammad Aslam	1,450	567	883	883	-	Company policy
	Outside parties						
	Nasir Zahoor	662	413	249	652	403	Auction
	Mohsin Ali Sheikh	1,269	711	558	558	-	-do-
	Security General Insurance Company Limited	1,337	592	745	1,100	355	Insurance Claim
	Mr. Naveed Iqbal	1,973	874	1,099	1,735	636	Auction
	Ishtiaq Khan	2,750	1,940	810	1,800	990	-do-
	Performance Automotive (Pvt) Limited	25,763	6,740	19,023	28,328	9,305	-do-
	Nasir Zahoor	272	170	102	528	426	-do-
	Sajid Habib	657	416	241	738	497	-do-
	Aadil Khan	1,005	669	336	985	649	-do-
	Nasir Zahoor	829	443	386	542	156	-do-
	Muhammad Dawood	350	271	79	250	171	-do-
Quarry equipment	**Outside party**						
	Adamjee Insurance Company Limited	26,472	21,676	4,796	25,300	20,504	Insurance Claim
Other assets with book value less than Rs 50,000		266	177	89	94	5	Auction
		94,652	46,423	48,229	87,574	39,345	

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-
	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 Limited	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**	

18.2 Capital work-in-progress

2014 (Rupees in thousand)

	Balance as at June 30, 2013	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, 2014
Civil works	306,123	705,609	-	-	77,947	(801,445)	288,234
Plant and machinery	977,982	1,375,537	-	(22)	-	(2,251,949)	101,548
Advances	62,155	106,813	-	-	(77,947)	(30,118)	60,903
Others	405	51,028	-	-	-	(34,620)	16,813
Expansion Project :							
- Civil works	19,038	5,663	-	-	-	-	24,701
- Others	50,477	91,642	-		-	-	142,119
	1,416,180	2,336,292	-	(22)	-	(3,118,132)	634,318

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

		2014	2013
		----(Rupees in thousand)----	
			(Re-stated)

18.3 Major spare parts and stand-by equipment

Balance at the beginning of the year		194,005	174,794
Additions during the year		121,679	20,661
Transfers made during the year		(69,343)	(1,450)
Balance at the end of the year		246,341	194,005

19. Intangible assets

This represents Oracle ERP system.

Cost			
As at July 1		92,260	92,260
Additions		-	-
As at June 30		92,260	92,260
Less: Accumulated amortisation			
As at July 1		36,904	18,452
Amortisation for the year	- note 19.1	18,452	18,452
As at June 30		55,356	36,904
		36,904	55,356

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

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

Cost of sales	- note 29	12,916	12,916
Administrative expenses	- note 30	2,768	2,768
Selling and distribution expenses	- note 31	2,768	2,768
		18,452	18,452

20. Investments

These represent the long term investments in:			
- Related parties	- note 20.1	2,431,432	1,956,024
- Others - available for sale	- note 20.2	30,132	275,785
		2,461,564	2,231,809
Cumulative fair value gain	- note 20.3	8,796,806	6,419,051
		11,258,370	8,650,860

20.1 Related Parties

Nishat Chunian Limited - quoted - available for sale			
5,961,549 (2013: 5,419,590) fully paid ordinary shares of Rs 10 each			
Equity held: 2.98% (2013: 2.98%)			
Market value - Rs 252.710 million (2013: Rs 323.82 million)		45,254	45,254
		45,254	45,254
Adamjee Insurance Company Limited			
10,019,735 (2013: 3,541,391) fully paid ordinary shares of Rs 10 each			
Equity held: 2.86% (2013: 2.86%)			
Market value - Rs 458.603 million (2013: Rs 269.429 million)		348,857	348,857
Less: Cumulative impairment Loss		(118,703)	(118,703)
		230,154	230,154

	2014	2013
	----(Rupees in thousand)----	
Subsidiary - unquoted - at cost		
Nishat Paper Products Company Limited		
23,268,398 (2013: 23,268,398) fully paid ordinary shares of Rs 10 each		
Equity held: 50% (2013: 50%)	203,631	203,631
	203,631	203,631
Associates - quoted - available for sale		
Nishat Mills Limited		
30,289,501 (2013: 30,289,501) fully paid ordinary shares of Rs 10 each		
Equity held: 8.61% (2013: 8.61%)		
Market value - Rs 3,390 million (2013: Rs 2,853.574 million)	1,577,174	1,577,174
Less: Cumulative impairment Loss	(250,615)	(250,615)
	1,326,559	1,326,559
MCB Bank Limited		
21,305,315 (2013: 19,368,469) fully paid ordinary shares of Rs 10 each		
Equity held: 1.91% (2013: 1.91%)		
Market value Rs 6,420.357 million (2013: Rs 4,698.597 million)	125,834	125,834
	125,834	125,834
Associates - unquoted		
Nishat Dairy (Private) Limited		
50,000,000 (2013: 30,000,000) fully paid ordinary shares of Rs 10 each		
Equity held: 10.42% (2013: 10.6%)	500,000	300,000
	500,000	300,000
	2,431,432	1,956,024

Nishat Mills Limited, Adamjee Insurance Company Limited, MCB Bank Limited and Nishat Dairy (Private) Limited are associated companies 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.

20.2 Others - available for sale

	2014	2013
	----(Rupees in thousand)----	
Maple Leaf Cement Factory Limited		
Nil (2013: 13,747) fully paid ordinary shares of Rs 10 each		
Equity held: Nil (2013: 0.0%)		
Market value - Nil (2013: Rs 0.301 million)	-	282
Less: Cumulative impairment Loss	-	(253)
	-	29
First Capital Mutual Fund		
104,457 (2013: 89,000) certificates of Rs 10 each		
Equity held 0.35% (2013: 0.35%)		
Market value - Rs 1.151 million (2013: Rs 0.661 million)	890	890
Less: Cumulative impairment Loss	(678)	(678)
	212	212
Habib Bank Limited		
Nil (2013: 191) fully paid ordinary shares of Rs 10 each		
Equity held: Nil (2013: 0.0%)		
Market value - Nil (2013: Rs 0.023 million)	-	24
Less: Cumulative impairment Loss	-	(6)
	-	18

	2014	2013
	----(Rupees in thousand)----	
Oil and Gas Development Company Limited		
Nil (2013: 2,353) fully paid ordinary shares of Rs 10 each		
Equity held: Nil (2013: 0.0%)		
Market value - Nil (2013: Rs 0.538 million)	-	76
	-	76
Pakistan Petroleum Limited		
Nil (2013: 1,197) fully paid ordinary shares of Rs 10 each		
Equity held: Nil (2013: 0.0%)		
Market value - Nil (2013: Rs 0.253 million)	-	27
	-	27
Kot Addu Power Company Limited		
Nil (2013: 500) fully paid ordinary shares of Rs 10 each		
Equity held: Nil (2013: 0.0%)		
Market value - Nil (2013: Rs 0.032 million)	-	15
	-	15
United Bank Limited		
189,354 (2013: Nil) fully paid ordinary shares of Rs 10 each		
Equity held: 0.02% (2013: Nil)		
Market value - Rs 31.918 million (2013: Nil)	29,920	-
	29,920	-
	30,132	275,785

20.3 Cumulative fair value gain

	2014	2013
As at July 01	6,419,051	2,933,126
Fair value gain recognized in other comprehensive income	2,378,727	3,485,925
	8,797,778	6,419,051
Gain during the year transferred to profit and loss account on derecognition of investment in shares	(972)	-
As at June 30	8,796,806	6,419,051

20.4 Investments with a face value of Rs 135 million (2013: Rs 135 million) are pledged as security against bank facilities. 3,860,267 (2013: 3,509,334) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

21. Long term loans, advances and deposits

		2014	2013
		----(Rupees in thousand)----	
Considered Good			
- Loans to related parties	- note 21.1	34,411	51,617
- Other loans and advances	- note 21.2	51,133	43,918
		85,544	95,535

21.1 Loans and advances to related parties

		2014	2013
Loan to related party	- note 21.1.1	51,617	68,823
Less: receivable within one year		(17,206)	(17,206)
		34,411	51,617

21.1.1 This represents an unsecured loan of Rs 36.750 million and Rs 14.867 million (2013: Rs 49 million and Rs 19.823 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 ranging from 1.5% to 2% per annum (2013: 1.5% to 2% per annum) respectively and is received annually. The principal amount is receivable in 4 equal annual instalments ending December, 2016 and March, 2017, respectively. The maximum aggregate amount outstanding during the year was Rs 51.617 million (2013: Rs 68.823 million).

		2014	2013
		----(Rupees in thousand)----	

21.2 Other loans and advances

		2014	2013
Loans to employees			
- Executives	- note 21.2.1	40	94
- Others		4,129	4,177
		4,169	4,271
Less: receivable within one year			
- Executives		33	56
- Others		1,115	1,090
		1,148	1,146
		3,021	3,125
Security deposits		48,112	40,793
		51,133	43,918

21.2.1 Executives

	2014	2013
Opening balance	94	259
Transfer from others to executives	-	72
Interest accrued	2	5
	96	336
Less: repayment during the year	56	242
	40	94

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 (2013: 10% per annum) except for loans given to workers which are interest free.
The loans of Rs 2.565 million (2013: Rs 2.565 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 (2013: Rs 0.331 million).

22. Stores and spares

	2014	2013
	----(Rupees in thousand)----	
		(Re-stated)
Stores [including in transit: Rs 169.236 million (2013: Rs 15.366 million)]	1,244,431	1,537,615
Spare parts [including in transit Rs 23.683 million (2013: Rs 138.368 million)]	2,438,602	2,368,940
Loose tools	5,762	6,443
	3,688,795	3,912,998

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

23. Stock-in-trade

	2014	2013
	----(Rupees in thousand)----	
Raw materials	153,595	198,920
Packing material [including in transit Rs 5.027 million (2013: Rs 5.365 million)]	286,076	285,896
Work-in-process	560,634	856,587
Finished goods	348,437	320,318
	1,348,742	1,661,721

		2014	2013
		----(Rupees in thousand)----	
24. Trade debts - considered good			
Secured		86,260	184,727
Unsecured			
- Related parties	- note 24.1	42,523	15,582
- Others		39,986	73,226
		168,769	273,535

24.1 Related parties - unsecured

	2014	2013
Nishat Hospitality (Private) Limited	598	1,424
Nishat Linen (Private) Limited	112	289
Nishat Hotels and Properties Limited	41,752	3,740
MCB Bank Limited	61	1,309
Nishat Dairy (Private) Limited	-	3,781
Nishat Chunian Limited	-	5,039
	42,523	15,582

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

	1 to 3 months	More then 3 months	As at June 30, 2014	As at June 30, 2013
	--------------------Rupees in 000-------------------			
Nishat Hospitality (Private) Limited	598	-	598	1,424
Nishat Linen (Private) Limited	112	-	112	289
Nishat Hotels and Properties Limited	21,679	20,073	41,752	3,740
MCB Bank Limited	61	-	61	1,309
Nishat Dairy (Private) Limited	-	-	-	3,781
Nishat Chunian Limited	-	-	-	5,039
	22,450	20,073	42,523	15,582

		2014	2013
		----(Rupees in thousand)----	
25. Investments			
Available for sale - quoted			
Related parties	- note 25.1	479,066	479,066
		479,066	479,066
Cumulative fair value gain	- note 25.2	23,926,087	17,383,652
		24,405,153	17,862,718

25.1 Related Parties

	2014	2013
Nishat Chunian Limited - quoted		
100,620 (2013: 91,474) fully paid ordinary shares of Rs 10 each		
Equity held: 0.05% (2013: 0.05%)		
Market value - Rs 4.265 million (2013: Rs 5.466 million)	832	832
	832	832
MCB Bank Limited - Associated company - quoted		
80,971,917 (2013: 73,610,834) fully paid ordinary shares of Rs 10 each		
Equity held: 7.27% (2013: 7.27%)		
Market value Rs 24,400.887 million (2013: Rs 17,857.252 million)	478,234	478,234
	478,234	478,234
	479,066	479,066

MCB Bank Limited is an associated company 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.

		2014	2013
		----(Rupees in thousand)----	
25.2 Cumulative fair value gain			
As at July 01		17,383,652	10,646,985
Fair value gain recognized in other comprehensive income		6,542,435	6,736,667
		23,926,087	17,383,652
Gain during the year transferred to profit and loss account on derecognition of investment in shares		-	-
As at June 30		23,926,087	17,383,652

26. Advances, deposits, prepayments and other receivables

		2014	2013
Current portion of loans to employees - considered good		1,148	1,145
Current portion of long term receivable from related party		17,206	17,206
Advances - considered good			
- To employees	- note 26.1	54,452	4,331
- To suppliers		79,485	143,807
		133,937	148,138
Due from related parties	- note 26.2	270,367	226,819
Prepayments		4,460	5,565
Mark-up receivable from related party	- note 26.3	29,783	35,918
Profit receivable on bank deposits		841	-
Advance against investment in shares	- note 26.4	100,000	-
Letters of credit - margins, deposits, opening charges, etc.		-	13,201
Balances with statutory authorities			
- Sales tax	- note 26.5	114,531	81,007
- Excise duty		17,243	17,243
- Export rebate		71,399	65,342
		203,173	163,592
Other receivables		3,225	193
		764,140	611,777

26.1 Included in advances to employees are amounts due from executives of Rs 53.704 million (2013: Rs 1.993 million).

		2014	2013
		----(Rupees in thousand)----	
26.2 Due from related parties - unsecured			
Nishat Mills Limited		11,927	17,507
Nishat Developers (Private) Limited		733	733
Nishat Paper Products Company Limited	- note 26.2.1	257,707	208,579
		270,367	226,819

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

26.3 This represents mark-up receivable from Sui Northern Gas Pipelines Limited against the loan as referred to in note 21.1.1 and from Nishat Paper Products Company Limited against advances as referred to in note 26.2.

26.4 This represents advance for purchase of shares of Pakistan Petroleum Limited.

26.5 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 as referred to in note 17.

27. Cash and bank balances

		2014	2013
		----(Rupees in thousand)----	
At banks:			
Saving accounts			
Local currency	- note 27.1 - 27.2	801,566	181,950
Foreign Currency: US$ 2,197,766 (2013: US$ 1,460,280)		216,590	144,276
Cash deposit receipts		135,960	-
Current accounts		154,595	142,538
		1,308,711	468,764
In hand		315	117
		1,309,026	468,881

27.1 The balances in saving accounts bear mark-up ranging from 7% to 10.31% per annum (2013: 6% to 9.7% per annum).

27.2 Included in balances at banks on saving accounts are Rs 14.480 million (2013: Rs 14.480 million) which are under lien to secure bank guarantees referred to in note 14.2.

28. Sales

		2014	2013
		----(Rupees in thousand)----	
Local sales		26,296,488	22,733,691
Export sales	- note 28.1	6,048,508	6,866,192
		32,344,996	29,599,883
Less:			
Sales tax		4,296,702	3,170,835
Excise duty and special excise duty		1,182,021	1,157,255
Commission to stockists and export agents		323,764	355,869
		5,802,487	4,683,959
		26,542,509	24,915,924

28.1 Export sales include rebate on exports amounting to Rs 32.419 million (2013: Rs 35.127 million).

		2014	2013
		----(Rupees in thousand)----	

29. Cost of sales

		2014	2013
Raw and packing materials consumed		2,150,587	2,036,742
Salaries, wages and other benefits	- note 29.1	1,345,368	1,119,129
Electricity and gas		2,400,858	2,263,755
Furnace oil and coal		6,945,644	6,990,815
Stores and spares consumed		1,724,684	1,650,244
Repairs and maintenance		274,873	290,150
Insurance		65,720	60,450
Depreciation on property, plant and equipment	- note 18.1.2	1,679,470	1,475,667
Amortisation of intangible assets	- note 19.1	12,916	12,916
Royalty		278,999	153,526
Excise duty		27,183	17,270
Vehicle running		37,410	23,076
Postage, telephone and telegram		4,395	3,156
Printing and stationery		3,642	8,729
Legal and professional charges		2,197	2,702
Travelling and conveyance		20,941	23,328
Estate development		19,065	14,615
Rent, rates and taxes		34,391	23,955
Freight charges		10,967	9,713
Other expenses		27,321	30,535
		17,066,631	16,210,473
Opening work-in-process	- note 23	856,587	322,049
Closing work-in-process	- note 23	(560,634)	(856,587)
		295,953	(534,538)
Cost of goods manufactured		17,362,584	15,675,935
Opening stock of finished goods	- note 23	320,318	254,990
Closing stock of finished goods	- note 23	(348,437)	(320,318)
		(28,119)	(65,328)
Less: Own consumption		(49,524)	(20,690)
		17,284,941	15,589,917

29.1 Salaries, wages and other benefits include Rs 31.936 million (2013: Rs 28.519 million), Rs 28.734 million (2013: Rs 37.391 million) and Rs 24.570 million (2013: Rs 21.827 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:

	2014	2013
	----(Rupees in thousand)----	
Gratuity		
Current service cost	23,824	22,055
Interest cost for the year	16,066	15,339
Interest income on plan assets	(11,156)	(3)
	28,734	37,391
Accumulating compensated absences		
Current service cost	13,995	2,388
Interest cost for the year	5,786	6,820
Remeasurements	4,789	12,619
	24,570	21,827

		2014	2013
		----(Rupees in thousand)----	

30. Administrative expenses

		2014	2013
Salaries, wages and other benefits	- note 30.1	216,533	170,948
Electricity, gas and water		11,770	4,803
Repairs and maintenance		9,521	10,327
Insurance		2,418	3,030
Depreciation on property, plant and equipment	- note 18.1.2	106,685	97,952
Amortisation of intangible assets	- note 19.1	2,768	2,768
Vehicle running		14,020	7,041
Postage, telephone and telegram		8,991	10,885
Printing and stationery		12,020	7,782
Legal and professional services	- note 30.2	18,098	20,611
Travelling and conveyance		22,319	14,730
Rent, rates and taxes		452	5,483
Entertainment		3,045	2,109
School expenses		21,103	18,574
Fee and subscription		13,925	15,149
Other expenses		16,800	13,387
		480,468	405,579

30.1 Salaries, wages and other benefits include Rs 7.061 million (2013: Rs 5.807 million), Rs 7.555 million (2013: Rs 9.133 million) and Rs 6.459 million (2013: Rs 5.335 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

	2014	2013
	----(Rupees in thousand)----	

30.1.1 Salaries, wages and other benefits

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

	2014	2013
Gratuity		
Current service cost	6,264	5,387
Interest cost for the year	4,224	3,747
Interest income on plan assets	(2,933)	(1)
	7,555	9,133
Accumulating compensated absences		
Current service cost	3,679	583
Interest cost for the year	1,521	1,667
Remeasurements	1,259	3,085
	6,459	5,335

30.2 Legal and professional charges

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

	2014	2013
Statutory audit	1,815	1,650
Half-yearly review	550	450
Tax services	5,609	3,925
Audit of consolidated financial statements and other certification charges	100	100
Out of pocket expenses	75	75
	8,149	6,200

		2014	2013
		----(Rupees in thousand)----	

31. Selling and distribution expenses

		2014	2013
Salaries, wages and other benefits	- note 31.1	106,508	85,963
Electricity, gas and water		1,593	1,186
Repairs and maintenance		1,392	1,487
Insurance		639	713
Depreciation on property, plant and equipment	- note 18.1.2	3,847	4,136
Amortisation of intangible assets	- note 19.1	2,768	2,768
Vehicle running		4,527	3,792
Postage, telephone and telegram		2,139	2,153
Printing and stationery		2,128	4,216
Rent, rates and taxes		2,362	2,078
Travelling and conveyance		3,112	3,645
Entertainment		933	647
Advertisement and sales promotion		7,103	5,162
Freight and handling charges		1,295,681	1,626,759
Debtors written off		8,115	5,010
Other expenses		2,378	1,459
		1,445,225	1,751,174

31.1 Salaries, wages and other benefits include Rs 4.017 million (2013: Rs 3.347 million), Rs 3.408 million (2013: 4.374 million) and Rs 2.953 million (2013: Rs 2.554 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

	2014	2013
	----(Rupees in thousand)----	

31.1.1 Salaries, wages and other benefits

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

	2014	2013
Gratuity		
Current service cost	2,826	2,580
Interest cost for the year	1,906	1,794
Interest income on plan assets	(1,324)	-
	3,408	4,374
Accumulating compensated absences		
Current service cost	1,682	279
Interest cost for the year	695	798
Remeasurements	576	1,477
	2,953	2,554

32. Other operating expenses

		2014	2013
Workers' profit participation fund		413,231	373,466
Donations	- note 32.1	3,953	3,741
Realized loss on derivative financial instrument		58,666	22,132
Un-realized loss on derivative financial instrument		16,740	-
Exchange loss		26,155	145,467
		518,745	544,806

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

		2014	2013
		----(Rupees in thousand)----	

33. Other income

		2014	2013
Income from financial assets			
Income on bank deposits		5,076	5,820
Interest on loans to employees		72	5
Mark-up on loan / advances to related parties		31,039	36,839
Unrealized gain on derivative financial instruments		-	1,837
Gain on disposal of investments		1,040	-
Dividend income from:			
- Related parties	- note 33.1	1,434,168	1,295,581
- Others		11	52
		1,434,179	1,295,633
		1,471,406	1,340,134
Income from non-financial assets			
Rental income		813	813
Gain on disposal of property, plant and equipment	- note 18.1.4	39,345	11,536
Scrap sales		125,733	111,593
Provisions and unclaimed balances written back		-	2,188
Others		9,829	25
		175,720	126,155
		1,647,126	1,466,289

33.1 Dividend income from related parties

	2014	2013
Nishat Mills Limited	121,158	106,013
MCB Bank Limited	1,283,115	1,170,695
Adamjee Insurance Company Limited	18,873	8,853
Nishat Chunian Limited	11,022	10,020
	1,434,168	1,295,581

34. Finance costs

	2014	2013
Interest and mark-up on:		
- Long term loans - secured	170,729	365,293
- Short term borrowings - secured	401,986	582,309
- Workers' profit participation fund	1,734	1,261
Guarantee commission	3,788	11,336
Bank charges	30,622	34,680
	608,859	994,879

35. Taxation

	2014	2013
Current		
- For the year	809,003	-
- Prior	(19,412)	92,719
	789,591	92,719
Deferred	1,096,308	1,500,970
	1,885,899	1,593,689

35.1 The provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001 at the rate of 1% (2013: 0.5%) of turnover from local sales as well as Alternate Corporate Tax ('ACT') under section 113C at the rate of 17% of accounting income as reduced by tax credit under section 65B of the Income Tax Ordinance, 2001. In addition to this, it includes tax on exports and dividend 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, 2014 are estimated approximately at Rs 59.500 million (2013: Rs 4,933.586 million).

	2014 %	2013 %
35.2 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	34.00	35.00
Tax effect of amounts that are:		
- Not deductible for tax purposes	0.24	0.13
- Chargeable to tax at different rates	-	(4.57)
Effect of change in prior years' tax	(0.28)	0.01
Effect of change in tax rate	0.70	0.71
Effect of tax credits	(2.88)	-
Effect of apportionment of expenses	0.42	-
Tax credits and losses in respect of which no deferred tax asset has been recognised	-	(3.72)
Effect of presumptive tax regime	(8.18)	(5.09)
Rounding and others	-	(0.01)
	(9.98)	(12.54)
Average effective tax rate charged to profit and loss account	24.02	22.46

36. Earnings per share

		2014	2013
36.1 Earnings per share - Basic			
Profit for the year	Rupees	5,965,497,980	5,502,165,854
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earnings per share - basic	Rupees	13.62	12.56

36.2 Earnings per share - Diluted

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

37. Cash generated from operations

	2014	2013
	----(Rupees in thousand)----	(Re-stated)
Profit before tax	7,851,397	7,095,858
Adjustments for:		
- Depreciation on property, plant and equipment	1,790,002	1,577,755
- Amortisation on intangible assets	18,452	18,452
- Gain on disposal of investments	(1,040)	-
- Gain on disposal of property, plant and equipment	(39,345)	(11,536)
- Realized loss on derivative financial instruments	58,666	22,132
- Unrealized loss / (gain) on derivative financial instruments	16,740	(1,837)
- Dividend income	(1,434,179)	(1,295,633)
- Mark-up income	(31,039)	(36,839)
- Provision for retirement benefits	73,679	80,783
- Exchange loss	26,155	145,467
- Finance costs	608,859	994,879
Profit before working capital changes	1,086,950	1,493,623
Effect on cash flows due to working capital changes		
- Decrease in stores, spares and loose tools	224,203	49,470
- Decrease / (Increase) in stock-in-trade	312,979	(707,076)
- Decrease in trade debts	130,719	65,705
- Increase in advances, deposits, prepayments and other receivables	(158,638)	(3,778)
- Increase in trade and other payables	169,934	135,538
	679,197	(460,141)
	9,617,544	8,129,340

		2014	2013
		----(Rupees in thousand)----	

38. Cash and cash equivalents

		2014	2013
Cash and bank balances	- note 27	1,309,026	468,881
Short term borrowings - secured	- note 14	(2,551,676)	(5,420,290)
		(1,242,650)	(4,951,409)

39. Remuneration of Chief Executive, Directors and Executives

39.1 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	
	2014	2013	2014	2013	2014	2013
	(Rupees in thousand)					
Managerial remuneration	14,198	12,240	19,788	23,675	277,777	204,996
Contributions to Provident and Gratuity Fund	-	-	3,628	4,340	42,642	33,609
Housing	270	270	707	1,064	98,191	78,017
Utilities	-	-	-	-	21,340	16,511
Leave passage	-	-	1,076	1,477	7,624	-
Bonus	1,020	-	1,422	-	63,674	-
Fees	-	-	-	-	-	-
Medical expenses	305	383	413	408	18,966	-
Others	9,196	7,890	1,777	3,506	35,701	-
	24,989	20,783	28,811	34,470	565,915	333,133
Number of persons	1	1	2	3	250	185

39.2 The Company also provides the chief executive and some of the directors and executives with Company maintained cars, travelling and utilities.

39.3 During the year the Company paid meeting fee amounting to Rs 80 thousand (2013: Nil) to its non-executive directors.

40. 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 33.1, expense charged in respect of staff retirement benefit plans is disclosed in note 10, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 39. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2014	2013
		----(Rupees in thousand)----	
i. Subsidiary company	Purchase of goods	1,068,748	922,042
	Rental income	813	813
	Interest income	29,901	35,358
ii. Other related parties	Sale of goods	689,292	170,603
	Sale of equipment	23,187	-
	Purchase of asset	-	381,351
	Insurance premium	101,076	64,192
	Purchase of services	1,273,125	1,346,020
	Insurance claims received	41,295	12,389
	Mark-up income on balances with related parties	3,780	5,813
	Dividend income	1,434,168	1,295,581
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans (including capitalized)	74,519	80,553
	Expense charged in respect of contributory provided fund	43,015	37,673
	Funds paid to contributory provident fund	137,054	112,957

41 Plant capacity and actual production

	Capacity		Actual production	
	2014	2013	2014	2013
Clinker (Metric Tonnes)				
Unit I	810,000	810,000	695,888	798,167
Unit II	1,200,000	1,200,000	1,186,886	1,195,047
Unit III	2,010,000	2,010,000	1,702,329	1,930,876

42. Number of employees

	2014	2013
Total number of employees as at June 30	1,115	1068
Average number of employees during the year	1,113	1069

43. Provident Fund Related Disclosures

The company operates a provident fund for its employees.

		2014	2013
		----(Rupees in thousand)----	
(i) Size of the fund - total assets		981,074	905,565
(ii) Cost of investments made		707,207	622,806
(iv) Fair value of investments	- note 43.1	880,411	807,907
(iii) Percentage of investments made		89.74%	89.22%

43.1 The breakup of fair value of investments is:

	2014		2013	
	Fair value of investment (Rs. In '000')	Percentage of size of fund ----%---	Fair value of investment (Rs. In '000')	Percentage size of fund ----%----
Category wise break-up of investments				
Special accounts in a scheduled bank	183,565	18.71%	136,885	16.94%
Government securities	189,651	19.33%	180,083	22.29%
Listed securities				
- Mutual funds	83,911	8.55%	77,275	9.56%
- Other listed securities	364,969	37.20%	352,146	43.59%
Un-listed securities	58,315	5.94%	61,518	7.61%
	880,411	89.74%	807,907	89.22%

The figures for 2014 are based on un-audited financial statements of the Provident Fund. 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 securities (NIT units, un-listed preference shares and un-listed term finance certificates)

The management is taking steps to dispose off such investments.

44. Financial risk management

44.1 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.

	2014	2013
	----(in thousand)----	
Cash and bank balances - USD	2,198	1,460
Receivable against sales to foreign parties - USD	875	2,207
Long term loan - USD	(13,990)	(18,653)
Net liability exposure - USD	(10,917)	(14,986)

At June 30, 2014, 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 70.073 million (2013: Rs 148.062 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	
	2014	2013	2014	2013
	(Rupees in thousand)		(Rupees in thousand)	
Karachi Stock Exchange	-	-	394,599	260,099

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, 2014, 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, 2014, 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 46.849 million (2013: Rs 75.619 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:

	2014	2013
	----(Rupees in thousand)----	
Long term loans and deposits	85,544	95,535
Trade debts - unsecured	82,509	88,808
Advances, deposits, prepayments and other receivables	322,570	281,281
Balances with banks	1,308,711	468,764
	1,799,334	934,388

	2014	2013
	----(Rupees in thousand)----	
The ageing analysis of trade receivables - unsecured is as follows:		
Up to 90 days	60,390	64,858
91 to 180 days	7,517	2,954
181 to 365 days	13,716	8,075
Above 365 days	886	12,921
	82,509	88,808

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		
	Shortterm	Long term	Agency	2014	2013
				(Rupees in thousand)	
Allied Bank Limited	A1+	AA+	PACRA	701,013	378
Askari Bank Limited	A1+	AA	PACRA	46	210
Bank Alfalah Limited	A1+	AA	PACRA	225,728	147,244
Bank Islami Pakistan Limited	A1	A	PACRA	313	313
Bank of Punjab	A1+	AA-	PACRA	117	226
Barclay's Bank PLC Pakistan	A-1	A	S&P	4,564	6,751
Citibank N.A.	P-1	A2	Moody's	76	44
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	452	1,844
Faysal Bank Limited	A1+	AA	PACRA	169	159
Habib Bank Limited	A-1+	AAA	JCR-VIS	63,392	13,720
HSBC Bank Middle East Limited	P-1	A2	Moody's	16	24
MCB Bank Limited	A1+	AAA	PACRA	166,777	250,150
Meezan Bank Limited	A-1+	AA	JCR-VIS	50	1,107
National Bank of Pakistan	A-1+	AAA	JCR-VIS	2,667	1,087
NIB Bank Limited	A1+	AA-	PACRA	14,537	14,671
Silk Bank Limited	A-2	A-	JCR-VIS	155	155
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	3,993	338
United Bank Limited	A-1+	AA+	JCR-VIS	4,857	30,097
Soneri Bank Limited	A1+	AA-	PACRA	-	246
Deutsche Bank AG	A-1	A	S&P	16,670	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	102,261	-
Samba Bank Limited	A-1	AA-	JCR-VIS	858	-
				1,308,711	468,764

(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, 2014	**Carrying value**	**Less than 1 year**	**Between 1 and 2 years**	**3 to 5 years**
Long term finances	2,111,513	790,504	620,504	700,504
Trade and other payables	2,087,536	2,087,536	-	-
Accrued finance cost	59,417	59,417	-	-
Short term borrowings - secured	2,551,676	2,551,676	-	-
Derivative financial instruments	14,902	14,902	-	-
	6,825,044	5,504,035	620,504	700,504

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

44.2 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, 2014 and June 30, 2013 is as follows:

	2014	**2013**
	----(Rupees in thousand)----	
Total interest bearing borrowings	4,663,189	9,748,131
Total equity	61,516,535	47,956,798
Total capital employed	66,179,724	57,704,929
Gearing ratio	**7%**	**17%**

44.3 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, 2014	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets				
Investments - Available for sale	35,459,892	-	-	35,459,892
Total assets	35,459,892	-	-	35,459,892
Liabilities				
Derivative financial instruments	-	14,902	-	14,902
Total liabilities	-	14,902	-	14,902
As at June 30, 2013				
Assets				
Investments - Available for sale	26,309,947	-	-	26,309,947
Derivative financial instruments	-	1,837	-	1,837
	26,309,947	1,837	-	26,311,784
Liabilities	-	-	-	-
Total liabilities	-	-	-	-

44.4 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, 2014				
Assets as per balance sheet				
Long term loans and advances	-	-	85,544	85,544
Loans, advances and other receivables	-	-	322,570	322,570
Trade debts	-	-	168,769	168,769
Investments	-	35,459,892	-	35,459,892
Cash and bank balances	-	-	1,309,026	1,309,026
	-	35,459,892	1,885,909	37,345,801

	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
Trade debts	-	-	273,535	273,535
Investments	-	26,309,947	-	26,309,947
Cash and bank balances	-	-	468,881	468,881
	1,837	26,309,947	1,119,232	27,431,016

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
	2014	2013	2014	2013
	----(Rupees in thousand)----			
Liabilities as per balance sheet				
Long term finance - secured	-	-	2,111,513	4,327,841
Accrued mark up	-	-	59,417	125,830
Trade and other payables	-	-	2,087,536	1,783,768
Short term borrowings-secured	-	-	2,551,676	5,420,290
Derivative financial instrument	14,902	-	-	-
	14,902	-	6,810,142	11,657,729

45. Date of authorisation for issue

These financial statements were authorised for issue on September 16, 2014 by the Board of Directors of the Company.

46. Events after the balance sheet date

46.1 The Board of Directors have proposed a final dividend for the year ended June 30, 2014 of Rs 3.5 per share (2013: Rs 3 per share), amounting to Rs 1,533.417 million (2013: Rs 1,314.357 million) at their meeting held on September 16, 2014 for approval of the members at the Annual General Meeting to be held on October 29, 2014. These financial statements do not reflect this appropriation.

46.2 Subsequent to the year end, on September 25, 2014, the Gas Infrastructure Development Cess ('GIDC') Ordinance, 2014 has been promulgated. Section 8 of the GIDC Ordinance, 2014 provides that any cess previously imposed under the Gas Infrastructure Development Cess Act, 2011 (XXI of 2011) shall be deemed to have been validly levied, charged, collected or realised under the provisions of the GIDC Ordinance, 2014, notwithstanding anything to the contrary contained in Gas Infrastructure Development Cess Act, 2011 or the rules made thereunder, or anything to the contrary contained in any decree, judgement or order of any Court. In these financial statements, the Company has reversed the provision for GIDC amounting to Rs 273.001 million based on decision of the Honourable Supreme Court of Pakistan and advice from its legal counsel. Pursuant to the promulgation of GIDC Ordinance, 2014, the Company is in discussion with its legal advisors regarding this matter and as the financial statements have been authorised for issue by Board of Directors, any change in status of this provision will be reflected in the next year's financial statements, when the matter relating to the imposition of cess attains finality.

47. Corresponding figures

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

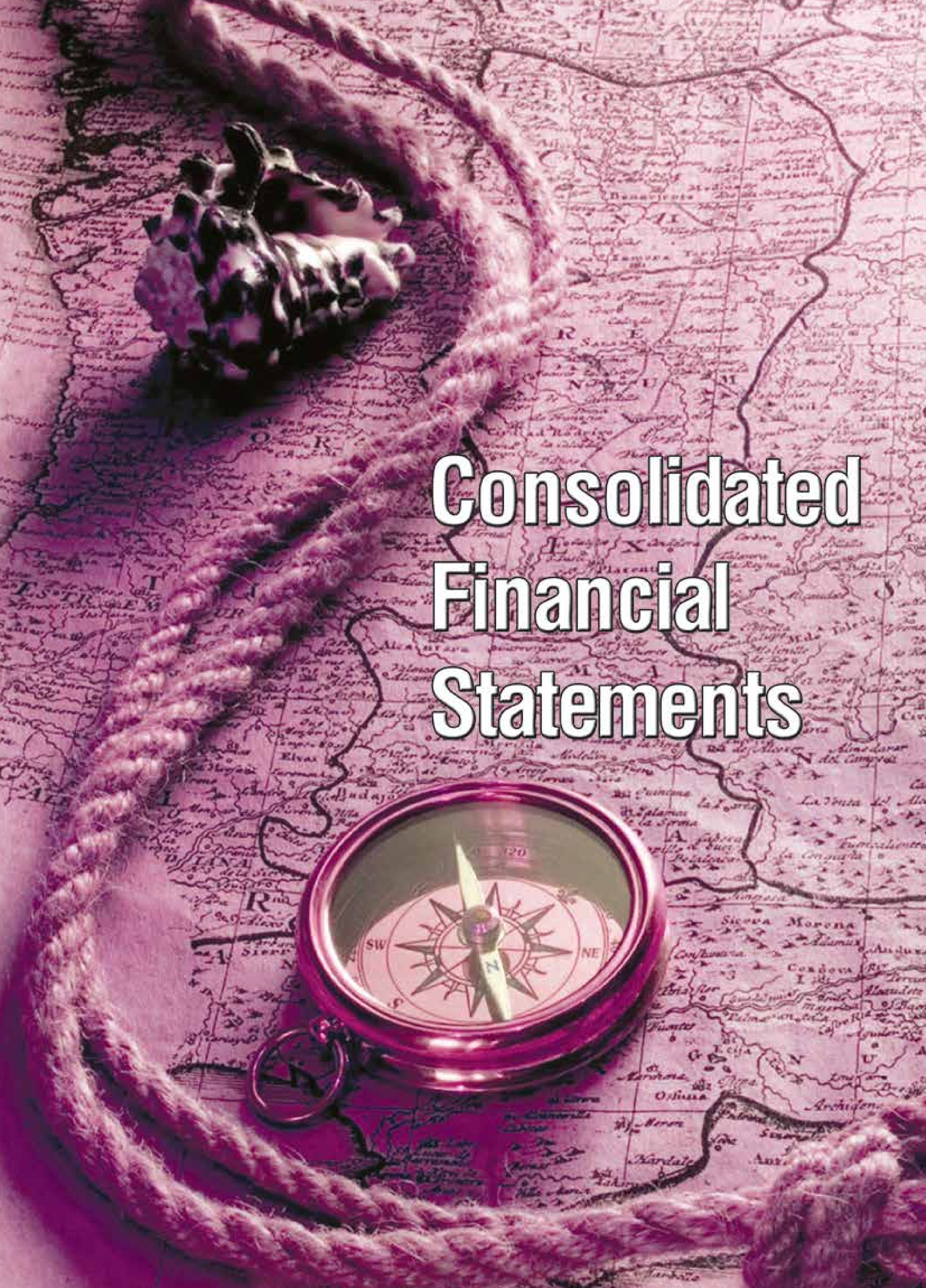
	(Rupees in thousand)
Export commission payable reclassified from 'Others - Trade payables' to 'Export commission payable - Trade payables'	63,476
Items in 'Stores, spares and loose tools' classified from 'Stores' to 'Spares'	198,012
Items in 'Stores, spares and loose tools' classified from 'Stores' to 'Loose tools'	913

Chief Executive

Director

The only impossible Journey is the one you never begin

Consolidated Financial Statements



DIRECTORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FY14

The Directors of your company are pleased to submit their report along with audited consolidated financial statements for the year ended June 30, 2014.

The consolidated accounts represent accounts of DG Khan Cement Company Limited (DGKC) and Nishat Paper Products Limited (NPPL). NPPL is subsidiary of DGKC with 50% stake.

Pakistan GDP growth is about 4% as per the economic survey of Pakistan. Projected growth in GDP is about 3%. However, political crisis, energy bottlenecks, disturbed law and order condition, recent devastating floods and inconsistent economic and social policies are main obstructions in growth and development. Owing to stated factors GDP may be lower than projected.

We are striving for synergy benefits of both companies. Although NPPL operational factor is more linked to cement sector however, new avenues needs to be explored. Separate detailed report is presented on affairs of the holding company. Consolidated sales value increased by 7.44% while GP increased by 1.35% since last year. There is an increase of about 11.68% in profit after tax. NPPL accumulated loss decreased by PKR 81m in FY14 and current ratio improved from 0.78 to 0.94. In FY14 NPPL crossed the mark of PKR 2 billion is net sales with increase of 23% and its GP increased by 173%. In FY14 NPPL reported PAT of 3.5% of net sales as compared to net loss against last year.

Here are the annual consolidated performance highlights for FY14 in comparison with last year:

	FY14	FY13
Sales	27,748,869	25,826,642
Cost of Sales	(18,196,063)	(16,401,263)
Gross Profit	9,552,806	9,425,379
Administrative Cost	(488,007)	(410,952)
Selling Cost	(1,462,929)	(1,763,924)
Other Operating Cost	(528,377)	(553,441)
Other Income	1,619,011	1,434,605
Operational Income	8,692,504	8,131,667
Finance Cost	(745,943)	(1,105,707)
Income before Tax	7,946,561	7,025,960
Taxation	(1,923,041)	(1,632,422)
Net Profit	6,023,520	5,393,538

Feeble and sluggish economic activity may act as speed breaker to growth. However, cement sector growth is expected between 5-10% which would bring its benefit for consolidated results. The holding company is planning to acquire more stake in NPPL and Nishat Dairy (Pvt) Ltd. subject to due approvals. The main identified risks are energy, foreign exchange, price volatility, demand of products and interest rates. The management is vigilant in respect of all risks.

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 16, 2014

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, 2014 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 3 to the annexed consolidated financial statements, the Group has changed its accounting policies for employee retirement benefits and major spare-parts and standby equipment.

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, 2014 and the results of their operations for the year then ended.

A. F. Ferguson & Co.
Chartered Accountants

Lahore,
Date: September 16, 2014

Name of engagement partner: **Muhammad Masood**

CONSOLIDATED BALANCE SHEET

	Note	2014	2013	2012
			(Rupees in thousand)	
			(Re-stated)	(Re-stated)
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Authorised capital				
950,000,000 (2013: 950,000,000)				
ordinary shares of Rs 10 each		9,500,000	9,500,000	9,500,000
50,000,000 (2013: 50,000,000)				
preference shares of Rs 10 each		500,000	500,000	500,000
		10,000,000	10,000,000	10,000,000
Issued, subscribed and paid up capital				
438,119,118 (2013: 438,119,118)				
ordinary shares of Rs 10 each	6	4,381,191	4,381,191	4,381,191
Reserves	7	42,744,418	33,824,228	23,601,636
Accumulated profit		14,454,708	9,786,150	5,005,784
		61,580,317	47,991,569	32,988,611
Non-controlling interest		304,960	275,949	330,265
		61,885,277	48,267,518	33,318,876
NON-CURRENT LIABILITIES				
Long term finances - secured	8	1,657,884	3,117,937	4,649,083
Long term deposits	9	68,970	65,383	68,355
Retirement and other benefits	10	200,187	153,020	232,973
Deferred taxation	11	4,215,327	3,110,893	1,586,000
		6,142,368	6,447,233	6,536,411
CURRENT LIABILITIES				
Trade and other payables	12	2,652,542	2,464,828	2,231,863
Accrued finance cost	13	72,753	145,940	178,652
Short term borrowings - secured	14	3,118,137	6,388,501	7,559,348
Current portion of non-current liabilities	15	905,049	1,471,282	2,245,561
Derivative financial instrument	16	14,902	-	-
Provision for taxation		35,090	35,090	35,090
		6,798,473	10,505,641	12,250,514
CONTINGENCIES AND COMMITMENTS	17	-	-	-
		74,826,118	65,220,392	52,105,801

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

AS AT JUNE 30, 2014

	Note	2014	2013	2012
			(Rupees in thousand)	
			(Re-stated)	(Re-stated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	18	30,817,019	29,958,377	28,248,367
Intangible assets	19	36,904	55,356	73,808
Investments	20	11,054,741	8,447,231	4,661,316
Long term loans, advances and deposits	21	86,448	96,441	138,748
		41,995,112	38,557,405	33,122,239
CURRENT ASSETS				
Stores, spares and loose tools	22	3,755,732	3,993,536	4,023,683
Stock-in-trade	23	1,953,976	2,219,664	1,596,784
Trade debts	24	419,631	481,889	486,597
Investment	25	24,405,190	17,862,741	11,126,071
Advances, deposits, prepayments and other receivables	26	506,975	418,338	301,567
Income tax recoverable		477,278	1,185,693	986,467
Derivative financial instrument	16	-	1,837	-
Cash and bank balances	27	1,312,224	499,289	462,393
		32,831,006	26,662,987	18,983,562
		74,826,118	65,220,392	52,105,801

David Dazal

Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		----(Rupees in thousand)----	
Sales	28	27,748,869	25,826,642
Cost of sales	29	(18,196,063)	(16,401,263)
Gross profit		9,552,806	9,425,379
Administrative expenses	30	(488,007)	(410,952)
Selling and distribution expenses	31	(1,462,929)	(1,763,924)
Other operating expenses	32	(528,377)	(553,441)
Other income	33	1,619,011	1,434,605
Profit from operations		8,692,504	8,131,667
Finance cost	34	(745,943)	(1,105,707)
Profit before taxation		7,946,561	7,025,960
Taxation	35	(1,923,041)	(1,632,422)
Profit after taxation		6,023,520	5,393,538
Attributable to:			
Equity holders of the parent		5,994,509	5,447,854
Non-controlling interest		29,011	(54,316)
		6,023,520	5,393,538
Earnings per share - basic and diluted	36	13.68	12.43

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013
	----(Rupees in thousand)----	
		(Re-stated)
Profit after taxation	6,023,520	5,393,538
Other comprehensive income for the year - net of tax		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available for sale investments	8,921,162	10,222,592
Gain during the year transferred to consolidated profit and loss account on derecognition of investment in shares	(972)	-
	8,920,190	10,222,592
Items that will not be subsequently reclassified to profit or loss:		
Remeasurement of retirement benefits	(17,835)	(15,860)
Tax effect	6,241	5,551
	(11,594)	(10,309)
Total comprehensive income for the year	14,932,116	15,605,821
Attributable to:		
Equity holders of the parent	14,903,105	15,660,137
Non-controlling interest	29,011	(54,316)
	14,932,116	15,605,821

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013
		----(Rupees in thousand)----	
			(Re-stated)
Cash flows from operating activities			
Cash generated from operations	37	9,914,256	8,222,224
Finance cost paid		(819,767)	(1,147,229)
Retirement and other benefits paid		(43,895)	(174,011)
Taxes paid		(370,382)	(301,204)
Taxes refunded		266,431	-
Long term deposits - net		3,587	(2,972)
Net cash generated from operating activities		8,950,230	6,596,808
Cash flows from investing activities			
Fixed capital expenditure		(2,739,188)	(3,368,365)
Proceeds from sale of property, plant and equipment		87,574	51,689
Long term loans, advances and deposits - net		9,993	42,307
Advance for investment in shares		(229,919)	-
Sale proceeds on disposal of investments		1,204	-
Interest received		1,279	1,623
Dividend received		1,434,180	995,645
Net cash used in investing activities		(1,434,877)	(2,277,101)
Cash flows from financing activities			
Proceeds from long term finances		220,000	800,000
Repayment of long term finances		(2,263,538)	(3,223,355)
Settlement of derivative financial instrument		(58,667)	(22,132)
Dividend paid		(1,314,357)	(657,174)
Net cash used in financing activities		(3,416,562)	(3,102,661)
Net increase in cash and cash equivalents		4,098,791	1,217,046
Cash and cash equivalents at the beginning of the year		(5,889,212)	(7,096,955)
Exchange loss on cash and cash equivalents		(15,492)	(9,303)
Cash and cash equivalents at the end of the year	38	(1,805,913)	(5,889,212)

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Capital Reserve				Revenue Reserve				
	Share Capital	Share Premium	Fair Value Reserve	Capital Redemption Reserve Fund	General Reserve	Accumulated Profit (Re-stated)	Total equity attributable to shareholders of parent company	Non-Controlling Interest	Total equity
	---------- Rupees in thousand ----------								
Balance as on June 30, 2012 - As previously reported	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
Effect of change in accounting policy as referred to in note 3.1	-	-	-	-	-	(31,107)	(31,107)	-	(31,107)
Balance as on June 30, 2012 - Restated	4,381,191	4,557,163	13,580,112	353,510	5,110,851	5,005,784	32,988,611	330,265	33,318,876
Transactions with owners recognised directly in equity									
Final dividend for the year ended June 30, 2012 Rs 1.50 per share	-	-	-	-	-	(657,179)	(657,179)	-	(657,179)
- Profit / (loss) for the year	-	-	-	-	-	5,447,854	5,447,854	(54,316)	5,393,538
- Other comprehensive income for the year									
- Changes in fair value of available for sale investments	-	-	10,222,592	-	-	-	10,222,592	-	10,222,592
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	(10,309)	(10,309)	-	(10,309)
Total comprehensive income / (loss) for the year	-	-	10,222,592	-	-	5,437,545	15,660,137	(54,316)	15,605,821
Balance as on June 30, 2013	4,381,191	4,557,163	23,802,704	353,510	5,110,851	9,786,150	47,991,569	275,949	48,267,518
Transactions with owners recognised directly in equity									
Final dividend for the year ended June 30, 2013 Rs 3.00 per share	-	-	-	-	-	(1,314,357)	(1,314,357)	-	(1,314,357)
- Profit for the year	-	-	-	-	-	5,994,509	5,994,509	29,011	6,023,520
- Other comprehensive income for the year									
- Changes in fair value of available for sale investments	-	-	8,920,190	-	-	-	8,920,190	-	8,920,190
- Remeasurements of retirement benefits - net of tax	-	-	-	-	-	(11,594)	(11,594)	-	(11,594)
Total comprehensive income for the year	-	-	8,920,190	-	-	5,982,915	14,903,105	29,011	14,932,116
Balance as on June 30, 2014	4,381,191	4,557,163	32,722,894	353,510	5,110,851	14,454,708	61,580,317	304,960	61,885,277

The annexed notes 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive

Director

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 Ordinance, provisions of and directives issued under the Ordinance. Wherever the requirements of the Ordinance or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Ordinance 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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these financial statements except for the amendments as explained below:

- IAS 19, 'Employee Benefits' (Amendment), issued on June 2011. This is applicable on annual periods beginning on or after 1 January 2013. The changes in the Group's accounting policies are as follows; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). The Group has applied these amendments retrospectively as referred to in note 3.1.

-Amendment to IAS 16, 'Property, Plant and Equipment' which clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The Group has applied this amendment retrospectively as referred to in note 3.2.

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, 2014 or later periods, and the Group has not early adopted:

- IFRS 10, 'Consolidated Financial Statements' is applicable on accounting periods beginning on or after January 1, 2013, however, the Securities and Exchange Commission of Pakistan ('SECP') has adopted this IFRS for periods beginning on or after January 1, 2015. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements. The Group shall apply this standard from July 01, 2015 and has yet to assess the impact of these changes on its consolidated financial statements.

- IFRS 9, 'Financial Instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2018 but is available for early adoption. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. 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 on July 2012, is applicable on annual periods beginning on or after January 01, 2013, (although endorsed for annual periods on or after 1 January 2014) 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, 2015 and is yet to assess the impact on its consolidated financial statements.

- IFRS 11, 'Joint Arrangements', is applicable on annual periods beginning on or after January 01, 2013, however, SECP has adopted this IFRS for periods beginning on or after January 1, 2015. IFRS 11 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, 2015 and does not expect to have any material impact on its consolidated financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013, however, SECP has adopted this standard for periods beginning on or after January 1, 2015. 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, 2015 and is yet to assess the impact of these changes on its consolidated financial statements.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013, however, the Institute of Chartered Accountants of Pakistan has adopted this standard for periods beginning on or after January 1, 2015. 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, 2015 and is yet to assess the impact on its consolidated financial statements.

-Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards: IFRS 2, 'Share-based payments', IFRS 3, 'Business Combinations', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, Financial instruments – Recognition and measurement'.

- Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. The amendments include changes from the 2011-13 cycle of the annual improvements project that affect 4 standards: IFRS 1, 'First time adoption', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'.

- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after July 1, 2014. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Group does not expect to have a material impact on its consolidated financial statements from this amendment.

- IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2014. These amendments update the application guidance in IAS 32,'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group shall apply these amendments from January 1, 2014 and does not expect to have a material impact on its consolidated financial statements.

- IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting periods beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Group shall apply these amendments from January 1, 2014 and does not expect to have a material impact on its consolidated financial statements.

- IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' on novation of derivatives is applicable on accounting period beginning on or after January 1, 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The Group shall apply these amendments from January 1, 2014 and does not expect to have a material impact on its consolidated financial statements.

- 'IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that give rise to pay a levy and when should a liability be recognised. The Group is yet to assess the impact of this IFRIC on its consolidated financial statements.

3. Changes in accounting policy

3.1 Amendments in IAS 19 (Revised) 'Employee Benefits'

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 01, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost in the profit and loss account and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, the corridor approach has been eliminated and a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognized in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

The Group has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and recorded unrecognized actuarial losses net of taxes associated with retirement benefit plan by adjusting balance of 'accumulated profit', 'deferred taxation' and 'retirement and other benefits' as at the beginning of the earliest year presented i.e. July 01, 2012 in accordance with the requirements of IAS 1 - Presentation of Financial Statements (Revised).

Effects of change in accounting policy are as follows:

Effects on consolidated balance sheet:

	As at June 30, 2013			As at June 30, 2012		
	Before restatement	As re-stated	Re-statement	Before restatement	As re-stated	Re-statement
	(Rupees in thousand)					
Retirement and other benefits	(12,343)	(76,060)	(63,717)	(119,528)	(167,385)	(47,857)
Deferred Taxation	(3,167,039)	(3,144,738)	22,301	(1,666,069)	(1,649,319)	16,750
Accumulated Profit	9,831,819	9,790,403	(41,416)	4,986,829	4,955,722	(31,107)

Effects on consolidated other comprehensive income:

	For the year ended June 30, 2013			For the year ended June 30, 2012		
	Before restatement	As re-stated	Re-statement	Before restatement	As re-stated	Re-statement
	(Rupees in thousand)					
Actuarial losses recognized -net of tax	-	10,309	10,309	-	6,623	6,623

Effect on consolidated profit and loss, consolidated earnings per share and consolidated cash flows:

The restatement has no material impact on consolidated profit and loss, consolidated earnings per share and consolidated cash flows of the Group

3.2 Classification of major spare parts and stand-by equipment

IAS 16, 'Property, plant and equipment' as amended by 'Annual Improvements to IFRSs 2009–2011 Cycle' (issued May 2012) clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. This amendment is effective for periods beginning on or after January 1, 2013. The previous wording of IAS 16 indicated that servicing equipment should be classified as inventory, even if it was used for more than one period. Following the amendment, the equipment used for more than one period is classified as property, plant and equipment.

The Group has applied this change in accounting policy retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and re-stated the balances of

'Property, plant and equipment' and 'Stores, spares and loose tools' as at the beginning of the earliest year presented i.e. July 01, 2012 in accordance with the requirements of IAS 1 - Presentation of Financial Statements (Revised).

Reclassification from:	Reclassification to:	As at June 2013	As at June 2012
		----(Rupees in thousand)----	
Stores, spares and loose tools	Property, plant and equipment - note 18.3	194,005	174,794

Effect on consolidated profit and loss and consolidated earnings per share:

The restatement has no material impact on consolidated profit and loss and consolidated earnings per share of the Group.

Effect on cash flows in 2013

	Rupees in thousand
The impact of this change on cash flows of the Company is as follows:	
- Capital expenditure cash out-flow	(19,211)
- Working capital cash in-flow	19,211

4. Basis of measurement

4.1 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.

4.2 The Group's significant accounting policies are stated in note 5. 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 5.3 and 35
b) Provision for employees' retirement benefits - note 5.4 and 10
c) Residual values and useful lives of depreciable assets - note 5.6 and 18.1

a) Provision for taxation

The Group takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by income tax department at the assessment stage and where the Group considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) Employee retirement benefits and other obligations

The Group uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on the assumptions as mentioned in note 5.4.

c) Useful lives and residual values of property plant and equipment

The Group reviews the useful lives and residual values of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

5. 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.

5.1 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 (2013: 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.

5.2 Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, these are stated at amortised cost with any difference between proceeds (net of transaction costs) 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 Group, 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 and are shown as accrued finance cost to the extent of the amount remaining unpaid.

Borrowings are classified as a current liability unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

5.3 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.

5.4 Employees' retirement benefits and other obligations

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

Parent Company

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, 2014 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 the consolidated balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of the plan assets.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in consolidated other comprehensive income in the year in which they arise. Past service costs are recognized immediately in the consolidated profit and loss account.

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	13.25% p.a.
Expected increase in eligible pay	12.25% p.a.
Expected rate of return on plan assets	8

The expected mortality rates assumed are based on the SLIC (2001-2005) mortality table set back one year.

The Parent Company is expected to contribute Rs 52.419 million to the gratuity fund in the next year.

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, 2014 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	13.25% p.a.
Expected rate of increase in salary level per annum; and	12.25% p.a.
Expected mortality rate	SLIC (2001-2005) mortality table (setback 1 year)
Duration of the plan (years)	9

Subsidiary Company

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.

5.5 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

5.6 Property, plant and equipment

5.6.1 Operating assets

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 and borrowing costs as referred to in note 5.18.

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 18.1 after taking into account their residual values.

The assets' residual values and useful lives are continually reviewed by the Group and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its property, plant and equipment as at June 30, 2014 has not required any adjustment.

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.

5.6.2 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when an entity expects to use them during more than one year. Transfers are made to operating assets category as and when such items are available for use.

5.6.3 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.

5.7 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 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 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.

5.8 Leases

5.8.1 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 18. 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.

5.8.2 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.

5.9 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.

5.10 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.

5.11 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 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.

5.12 Financial instruments

5.12.1 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, if expected to be settled within twelve months, otherwise they are classified as non-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.

5.12.2 Recognition and measurement

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

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated profit and loss account as part of other income when the Group's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognized in consolidated other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities. Interest on held-to-maturity investments calculated using the effective interest method is recognized in the consolidated profit and loss account. Dividends on available-for-sale equity instruments are recognized in the consolidated profit and loss account when the Group’s right to receive payments is established.

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.

The Group assesses at each balance sheet date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the consolidated profit and loss account. Impairment losses recognized in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account. Impairment testing of trade debts and other receivables is described in note 5.13.

5.12.3 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.

5.12.4 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.

5.13 Trade debts

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade debts are recognised initially at original invoice amount, which approximates fair value, and subsequently measured at amortized cost using the effective interest method, less provision for doubtful debts.

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. Subsequent recoveries of amounts previously written off are credited to the consolidated profit and loss account.

5.14 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.

5.15 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.

5.16 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.

5.17 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 shall be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

5.18 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in consolidated profit or loss in the period in which they are incurred.

5.19 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.

5.20 Dividend

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

5.21 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.

5.22 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 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.

6. Issued, subscribed and paid up capital

2014	2013		2014	2013
----(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 (2013: 137,574,201) ordinary shares of the Company are held by Nishat Mills Limited, an associated concern as at June 30, 2014. In addition, 4,197,944 (2013: 2,707,944) ordinary shares are held by Adamjee Insurance Company Limited, a related party as at June 30, 2014.

7. Reserves

Movement in and composition of reserves is as follows:

		2014	2013
		----(Rupees in thousand)----	
Capital reserves			
- 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		23,802,704	13,580,112
Fair value gain during the year		8,920,190	10,222,592
At the end of the year	- note 7.2	32,722,894	23,802,704
- Capital redemption reserve fund	- note 7.3	353,510	353,510
		37,633,567	28,713,377
Revenue reserves			
- 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
		42,744,418	33,824,228

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

7.2 As referred to in note 5.9 this represents the unrealised gain on remeasurement of investments at fair value and is not available for distribution. This amount shall be transferred to consolidated profit and loss account on realisation.

7.3 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.

		2014	2013
		----(Rupees in thousand)----	
8. Long term finances - secured			
These are composed of:			
- Long-term loans - secured	- note 8.1 - 8.2	2,380,263	4,216,591
- Loan under Musharika arrangement - secured	- note 8.1 - 8.2	170,000	361,250
		2,550,263	4,577,841
Less : Current portion shown under current liabilities	- note 15	892,379	1,459,904
		1,657,884	3,117,937

8.1 Long term loans - secured

Loan	Lender	2014 (Rupees in thousand)	2013 (Rupees in thousand)	Rete of mark-up per annum	Number of instalments outstanding	Mark-up Payable
1	Allied Bank Limited	-	512,500	** Base rate +0.6%	The loan has been fully repaid during the year	Quarterly
2	Allied Bank Limited	-	425,000	** Base rate +0.6%	The loan has been fully repaid during the year	Quarterly
3	The Bank of Punjab	-	116,667	* Base rate + 0.5%	The loan has been fully repaid during the year	Quarterly
4	The Bank of Punjab	560,000	720,000	* Base rate + 0.5%	14 equal quarterly instalments ending in December, 2017.	Quarterly
5	Askari Bank	-	350,000	* Base rate + 0.6%	The loan has been fully repaid during the year	Quarterly
6	The Bank of Punjab	218,750	250,000	* Base rate + 0.75%	14 equal quarterly instalments ending in December, 2017	Quarterly
7	United Bank Limited	220,000	-	** Base rate + 0.75%	8 equal semi-annually instalments ending in March, 2018	Semi-annually
	Foreign Currency					
8	Eco Trade and Development Bank USD 13.990 million (2013: USD 18.653 million)	1,381,513	1,842,424	***Base rate + 1.65%	6 equal semi-annual instalments ending in May, 2017	Semi-annually
		2,380,263	4,216,591			
	Musharika Arrangement					
9	Meezan Bank	170,000	361,250	* Base rate + 0.6%	3 step-up quarterly instalments ending in March, 2015.	Quarterly
		2,550,263	4,577,841			

* 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 six-month London Inter Bank Offer Rate ("LIBOR") reset for each mark-up period

8.2 Security

Loan 1

The loan was 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 was Rs 750 million.

Loan 2

The loan was 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 was Rs 1,000 million.

Loan 3

The loan was 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 was Rs 200 million.

Loan 4

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 5

The loan was 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 was Rs 500 million.

Loan 6

The loan was secured by first pari passu charge over the present and future fixed assets of the Subsidiary Company amounting to Rs 334 Million.

Loan 7

The loan is secured by first pari passu charge on equipment and machinery of the Subsidiary Company amounting to Rs 293.33 million.

Loan 8

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 9

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.

	2014	2013
	----(Rupees in thousand)----	
9. Long term deposits		
Customers	37,176	34,571
Others	31,794	30,812
	68,970	65,383

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.

		2014	2013
		----(Rupees in thousand)----	
			(Re-stated)

10. Retirement benefits

		2014	2013
Staff gratuity	- note 10.1	112,513	76,060
Accumulating compensated absences	- note 10.2	87,674	76,960
		200,187	153,020

10.1 Staff gratuity

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

	2014	2013
Present value of defined benefit obligation	273,597	225,816
Fair value of plan assets	(161,084)	(149,756)
Liability as at June 30	112,513	76,060

10.1.1 Movement in net liability for staff gratuity

	2014	2013
Liability as at July 1	76,060	167,385
Charge for the year including capitalised during the year	40,125	51,026
Total remeasurements for the year charged to other comprehensive income	17,835	15,860
Contributions made by the Parent Company during the year	(21,507)	(158,211)
Liability as at June 30	112,513	76,060

10.1.2 Movement in present value of defined benefit obligation

	2014	2013
Present value of defined benefit obligation as at July 1	225,816	167,467
Current service cost	33,268	30,097
Interest cost	22,436	20,933
Benefits paid during the year	(24,285)	(9,937)
Remeasurements:		
- Actuarial (gains) / losses from changes in demographic assumptions	-	-
- Actuarial (gains) / losses from changes in financial assumptions	-	-
- Experience adjustments	16,362	17,256
Present value of defined benefit obligation as at June 30	273,597	225,816

10.1.3 Movement in fair value of plan assets

	2014	2013
Fair value of plan assets as at July 1	149,756	82
Interest income on plan assets	15,579	4
Contributions during the year	21,507	158,211
Benefits paid during the year	(24,285)	(9,937)
Remeasurements in fair value of plan assets	(1,473)	1,396
Fair value of plan assets as at June 30	161,084	149,756

10.1.4 Plan assets

Plan assets are comprised as follows:

	2014		2013	
	(Rs in '000)	Percentage	(Rs in '000)	Percentage
Plan assets				
Cash and other deposits	34	0.02%	1,201	0.80%
Debt instruments	163,114	101.26%	148,555	99.20%
	163,148	101.28%	149,756	100.00%
Plan liabilities				
Account payables	(2,064)	-1,28%	-	0.00%
	161,084	100.00%	149,756	100.00%

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

	2014	2013
	----(Rupees in thousand)----	(Re-stated)
Current service cost	33,268	30,097
Interest cost	22,436	20,933
Interest income on plan assets	(15,579)	(4)
Total expense for the year	40,125	51,026
Less: expense capitalized during the year	(428)	(128)
Expense charged to the profit and loss account	39,697	50,898

10.1.6 Total remeasurements charged to other comprehensive income

	2014	2013
Actuarial (gains) / losses from changes in demographic assumptions	-	-
Actuarial (gains) / losses from changes in financial assumptions	-	-
Experience adjustments	16,362	17,256
	16,362	17,256
Remeasurements in plan assets, excluding interest income	1,473	(1,396)
Total remeasurements charged to other comprehensive income	17,835	15,860

10.1.7 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 :

	2014	2013	2012	2011	2010
	(Rupees in thousand)				
As at June 30					
Present value of defined benefit obligation	273,597	225,816	167,467	127,935	75,264
Fair value of plan assets	(161,084)	(149,756)	(82)	(332)	(394)
Deficit	112,513	76,060	167,385	127,603	74,870
Experience adjustment arising on plan obligation	16,362	17,256	10,222	25,954	(46)
Experience adjustment on plan assets	(1,473)	1,396	33	1	(28)

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

		2014	2013
Discount rate	Per annum	13.25 %	10.50 %
Expected rate of increase in salary	Per annum	12.25 %	9.50 %
Rate of interest income on plan assets	Per annum	10.00 %	5.00 %
Duration of the plan	Number of years	8	12

10.1.9 Year end sensitivity analysis (±100 bps) on defined benefit obligation is as follows:

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of defined benefit obligation	253,258	297,065	297,351	252,663

10.1.10 The Parent Company expects to pay Rs 52.419 million in contributions to defined benefit plan during the year ending June 30, 2015.

		2014	2013
		----(Rupees in thousand)----	
10.2 Accumulating compensated absences			
Opening balance		88,338	74,381
Expenses recognised		34,394	29,757
Benefits paid		(22,388)	(15,800)
		100,344	88,338
Payable within one year	- note 15	(12,670)	(11,378)
Closing balance		87,674	76,960

10.2.1 Movement in liability for accumulating compensated absences

	2014	2013
Present value of accumulating compensated absences as at July 1	88,338	74,381
Current service cost	19,590	3,254
Interest cost	8,100	9,298
Benefits paid during the year	(22,388)	(15,800)
Remeasurements:		
- Actuarial (gains)/losses from changes in demographic assumptions	-	-
- Actuarial (gains)/losses from changes in financial assumptions	-	-
- Experience adjustments	6,704	17,205
Present value of accumulating compensated absences as at June 30	100,344	88,338

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

	2014	2013
Current service cost	19,590	3,254
Interest cost	8,100	9,298
Remeasurement during the year	6,704	17,205
Total expense for the year	34,394	29,757
Less: Expense capitalized during the year	(412)	(41)
Expense charged to the profit and loss account	33,982	29,716

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

	2014	2013	2012	2011	2010
	(Rupees in thousand)				
As at June 30					
Present value of accumulating compensated absences	100,344	88,338	74,381	58,558	49,153
Experience adjustment arising on obligation	6,704	17,205	14,739	8,115	587

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

		2014	2013
Discount rate	Per annum	13.25%	10.50%
Expected rate of increase in salary	Per annum	12.25%	9.50%
Duration of the plan	Number of years	9	12
Expected withdrawal and early retirement rate		SLIC 2001-2005 mortality table	EFU 61-66 mortality table

10.2.4 Year end sensitivity analysis (± 100 bps) on obigation:

	Discount rate + 100 bps	Discount rate - 100 bps	Salary increase rate + 100 bps	Salary increase rate - 100 bps
	(Rupees in thousand)			
Present value of obligation	93,118	108,732	108,732	92,997

	Officers		Workers	
	2014 (days)	2013 (days)	2014 (days)	2013 (days)
Average number of leaves				
- Utilised per annum	15.00	15.00	15.00	17.00
- Encashed per annum	8.00	9.00	12.00	12.00
- Encashed per annum in excess of accrued leave of 30 days	0.25	0.25	2.00	1.00

11. Deferred income tax liabilities

The liability for deferred taxation comprises temporary differences relating to:

	2014	2013
	----(Rupees in thousand)----	(Re-stated)
Deferred tax liability		
Accelerated tax depreciation	5,425,550	5,203,450
Deferred tax assets		
Provision for retirement and other benefits	(64,423)	(49,305)
Unabsorbed tax credits	(1,145,800)	(2,043,252)
	4,215,327	3,110,893

Deferred tax asset on tax losses available for carry forward, minimum tax paid available for carry forward u/s 113 of the Income Tax Ordinance, 2001 and Alternate Corporate Tax ('ACT') paid available for carry forward u/s 113C 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 Group has not recognised deferred tax assets of Rs 17.469 million (2013: Rs 44.162 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 17.469 million, Rs 9.254 million and Rs 230.942 million would not be available for carry forward against future tax liabilities subsequent to tax year 2017, 2018 and 2019, respectively. Alternate Corporate Tax paid u/s 113C aggregating to Rs 689.255 million would not be available for carry forward against future tax liabilities subsequent to tax year 2024. Business loss amounting to Rs 81.073 million and Rs 13.790 million expire in the tax years 2018 and 2019 respectively.

12. Trade and other payables

		2014	2013
		----(Rupees in thousand)----	
Trade creditors	- note 12.1	488,508	450,878
Infrastructure cess		122,867	114,992
Advances from customers		384,256	493,726
Accrued liabilities		566,790	697,182
Workers' profit participation fund	- note 12.2	900,718	554,977
Federal excise duty payable		5,062	7,117
Custom duty payable		23,998	3,199
Withholding tax payable		11,369	10,633
Retention money payable		26,268	17,767
Unclaimed dividends		9,694	6,788
Advances against sale of scrap		2,791	8,789
Advance against sale of fixed asset		1,721	68
Unclaimed dividend on redeemable preference shares		125	-
Export commission payable		74,902	-
Others		33,473	98,712
		2,652,542	2,464,828

12.1 Trade creditors include amount due to related parties amounting to Rs 3.198 million (2013: Rs 4.368 million).

	2014	2013
MCB Bank Limited	-	53
Adamjee Insurance Company Limited	2,259	2,281
Security General Insurance Company Limited	939	2,034
	3,198	4,368

12.2 Workers' profit participation fund

	2014	2013
Opening balance	554,977	227,413
Provision for the year	419,449	374,336
Interest for the year	2,665	1,261
	977,091	603,010
Less: payments made during the year	76,373	48,033
Closing balance	900,718	554,977

		2014	2013
		----(Rupees in thousand)----	

13. Accrued finance cost

		2014	2013
Accrued mark-up on:			
- Long term loans - secured		27,412	47,825
- Short term borrowings - secured		45,257	98,031
Preference dividend on redeemable preference share		84	84
		72,753	145,940

14. Short term borrowings - secured

		2014	2013
Short term running finances - secured	- note 14.1	528,660	1,953,279
Import finances - secured	- note 14.2	1,004,477	1,465,222
Export finances - secured	- note 14.3	1,585,000	2,970,000
		3,118,137	6,388,501

14.1 Short term running finances - secured

Short term running finances available from various commercial banks under mark up arrangements amount to Rs 8,775 million (2013: Rs 10,275 million). The rates of mark up are based on Karachi Inter-Bank Offer Rate ("KIBOR") plus spread and range from 9.21% to 11.68% (2013: 9.36% to 14.60%) per annum 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 (2013: 10 million) shares of MCB Bank Limited and 13.5 million (2013: 13.5 million) shares of Nishat Mills Limited.

14.2 Import finances - secured

The Group has obtained import finance facilities aggregating to Rs 7,463 million (2013: Rs 8,563 million) from commercial banks. The rates of mark up based on Karachi Inter-Bank Offer Rate ("KIBOR") plus spread range from 8.06% to 9.52% per annum and those based on London Inter-Bank Offer Rate ("LIBOR") plus spread range from 2.00% to 4.79% per annum.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 9,128 million (2013: Rs 10,011.157 million) for opening letters of credit and Rs 1,637.354 million (2013: Rs 1,430 million) for guarantees, the amount utilised as at June 30, 2014 was Rs 2,015.707 million (2013: Rs 2,510.69 million) and Rs 990.799 million (2013: Rs 837.327 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 14.48 million (2013: Rs 41.580 million) is secured by a lien over bank deposits as referred to in note 27.2.

14.3 Export finances - secured

This represents export refinance loans obtained from various commercial banks, which carry mark up based on rates notified by State Bank of Pakistan ranging from 8.50% to 9.31% (2013: 8.50% to 11.00%), export finances which carry markup based on Karachi Inter Bank Offer Rate (“KIBOR”) ranging from 8.57% to 9.11% per annum (2013: 9.03% to 12.30%) and London Inter Bank Offer Rate (“LIBOR”) at 2.23% (2013: Nil). These loans are obtained for a period of 180 days and are secured against pari passu hypothecation charge over current assets of the Company.

15. Current portion of non-current liabilities

		2014	2013
		----(Rupees in thousand)----	
Long term finances	- note 8	892,379	1,459,904
Retirement and other benefits	- note 10.2	12,670	11,378
		905,049	1,471,282

		2014	2013
		----(Rupees in thousand)----	

16. Derivative financial instrument

		2014	2013
Classified under current liabilities			
Cross currency interest rate swap	- note 16.1	14,902	-
Classified under current assets			
Cross currency interest rate swap	- note 16.1	-	1,837

16.1 This represents derivative cross currency interest rate swap arrangement with a commercial bank. Under the terms of the arrangement, the Parent Company pays Karachi Inter-Bank Offered Rate ('KIBOR') minus bank spread to the arranging bank on the notional Pak Rupee (PKR) amount for the purposes of the cross currency swap, and receives London Inter-Bank Offered Rate ('LIBOR') on the notional US Dollar (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, 2014 has been marked to market and the resulting loss has been included in the consolidated profit and loss account.

17. Contingencies and commitments

17.1 Contingencies

17.1.1 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 consolidated financial statements for the relief granted by the Appellate Tribunal aggregating Rs 35.090 million.

17.1.2 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.

After various appeals at different forums, the Honourable Supreme Court remanded the case back to the Customs Authorities to reassess the liability of the Parent Company. The custom authorities re-determined the liability of the Parent Company upon which the Parent Company preferred an appeal to the Customs Appellate Tribunal. The Tribunal decided the case in favour of the Parent Company, upon which the Parent Company discharged all liabilities. However, the custom authorities preferred a reference to the Lahore High Court, Multan Bench. In case of any adverse decision, the management assesses liability to the tune of Rs 233.390 million. No provision for this amount has been made in the consolidated financial statements as according to the management of the Parent Company, there are meritorious grounds that the ultimate decision would be in its favour.

17.1.3 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.

17.1.4 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.

17.1.5 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 consolidated financial statements amounting to Rs. 89.164 million.

17.1.6 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 consolidated financial statements amounting to Rs. 212.239 million.

17.1.7 The tax authorities have raised demand amounting to Rs 236.765 million against the Parent Company in tax year 2012 that primarily pertains to concurrent imposition of 'minimum tax' and tax on 'dividend income' under sections 113 and 5 of the Income Tax Ordinance, 2001 respectively. No provision on this account has been incorporated in the consolidated financial statements since similar demands relating to tax years 2010 and 2011 have been decided in favour of the Parent Company by the appellate authorities on meritorious grounds.

17.1.8 The Subsidiary Company filed an appeal before the Commissioner Inland Revenue (Appeals), against the amended assessment order dated 29 June 2014 passed by the Additional Commissioner Inland Revenue, u/s 122(9)/122(5A) of the Income Tax Ordinance, 2001 for the assessment year 2008. As a result of this order, an income tax demand of Rs 184.611 million has been created against the Subsidiary

Company. Objection was raised on various issues like difference in raw material purchases in income tax and sales tax records, unexplained/unsubstantiated tax deductions claimed, difference in federal excise duty and sales tax liability as per income tax and sales tax returns, brought forward losses not allowed, etc. The management of the Subsidiary Company, based on the advice of its legal counsel handling the subject matter, is confident that the appeal will be decided in favour of the Subsidiary Company. Accordingly, no provision been made in the consolidated financial statements on this account.

17.1.9 The Subsidiary Company filed an appeal u/s 194A of the Customs Act, 1969 before the Customs Appellate Tribunal, Islamabad against the order dated 19 February 2014, passed by the Collector Customs u/s 25(5) of the Customs Act, 1969. The judgment requires assessed value of imported kraft paper to be revisited at the time of exbonding of the goods as higher value of identical goods was available due to inflationary trend of prices in the light of Customs Act, 1969. The Subsidiary Company expects a favourable outcome of the appeal based on the opinion of its legal counsel. Accordingly, provision amounting to Rs 6.937 million has not been made in the consolidated financial statements.

17.1.10 The Subsidiary Company filed an appeal before the Islamabad High Court, against the valuation ruling dated 29 October 2013 passed by the Directorate General of Customs Valuation, Custom House, Karachi, u/s 25-A of the Customs Act, 1969. As per the valuation ruling, kraft liner board and sack kraft paper shall be assessed to duty/taxes on fixed rate per kilogram, rather than the existing transaction value based assessment. Stay against this ruling has been granted to the Subsidiary Company on 16 April 2014. The Subsidiary Company is contingently liable for the differential amount till such time that finality is reached in this regard.

17.1.11 In the year 2012, the Parent Company had written back the provisions created on account of Workers' Welfare Fund relating to years 2010 and 2011 based on the judgment issued by the Honourable Lahore High Court through order dated 19 August 2011. The Honourable Court, through such order, has held the amendments introduced to the Workers Welfare Fund Ordinance, 1971 through Finance Act, 2006 and Finance Act, 2008 as ultra vires the constitution and, since the Subsidiary Company did not have any taxable profits for the said years, the Subsidiary Company had reversed the provision made for WWF in respect of above mentioned years amounting to Rs.2.095 million. The Subsidiary Company is contingently liable for this amount till such time that finality is achieved at the highest appellate forum.

17.1.12 The Parent 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 42.176 million (2013: Rs 27.124 million).

- Director, Excise Collection Office, Sindh Development and Maintenance against recovery of infrastructure fee amounting to Rs 440.900 million (2013: Rs 390.900 million).

- Director General, Mines and Minerals, Punjab against installation of cement factory near Khairpur, District Chakwal amounting to Rs 3 million (2013: Rs 3 million).

- Director General, Mines and Minerals, Quetta against Limestone, Shale and other cement manufacturers amounting to Nil (2013: Rs 3 million).

- The President of the Islamic Republic of Pakistan against the performance of a contract to Frontier Works Organization amounting to Rs 0.05 million (2013: Rs 2.0 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 382.235 million (2013: Rs 341.022 million).

- Professional Tax imposed by Administration Zila Council (The District Coordination Officer, DG Khan) amounting to Rs 0.05 million (2013: Rs 0.05 million).

- The District Coordination Officer, Faisalabad amounting to Nil (2013: Rs. 5 million).

- The Managing Director, Lahore Waste Management Company (LWMC) against the performance of a contract amounting to Rs 10 million (2013: Rs 20 million).

- Guarantees against export orders amounting to Rs 45.208 million (2013: Rs 45.231 million).

17.1.13 With respect to the Subsidiary Company, Habib Bank Limited has issued a bank guarantee for Rs 17.286 million (2013: Rs Nil) in favour of Directorate General of Customs Valuation, Custom House, Karachi as a security against the pending case. The guarantee will expire after the final decision on this case is announced.

17.2 Commitments in respect of:

(i) Contracts for capital expenditure Rs 260.371 million (2013: Rs 224.650 million)

(ii) Letters of credits for capital expenditure Rs 65.992 million (2013: Rs 666.128 million)

(iii) Letter of credit other than capital expenditure Rs 1,307.327 million (2013: Rs 1,844.562 million).

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

	2014	2013
	----(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	5,641	5,839
	7,297	7,495

18. Property, plant and equipment

		2014	2013
		----(Rupees in thousand)----	
			(Re-stated)
Operating assets	- note 18.1	29,936,360	28,348,192
Capital work-in-progress	- note 18.2	634,318	1,416,180
Major spare parts and stand-by equipment	- note 18.3	246,341	194,005
		30,817,019	29,958,377

18.1 Operating assets

2014 (Rupees in thousand)

	Annual rate of depreciation %	Cost as at July 01, 2013	Additions/ (deletions)	Cost as at 30 June 2014	Accumulated depreciation as at July 01, 2013	Depreciation charge/ (deletions) for the year	Accumulated depreciation as at June 30, 2014	Book value as at June 30, 2014
Freehold land	-	579,788	21,574	601,362	-	-	-	601,362
Leasehold land	3.33	63,000	-	63,000	11,550	2,100	13,650	49,350
Buildings on freehold land								
- Factory building	5 - 10	5,987,070	875,412	6,862,482	2,750,310	339,416	3,089,726	3,772,756
- Office building and housing colony	5	813,914	13,496	827,410	277,225	27,280	304,505	522,905
Roads	10	556,491	26,246	582,737	262,253	31,006	293,259	289,478
Plant and machinery	3.33 - 8.28	31,366,776	2,262,098	33,600,494	9,238,778	1,169,702	10,398,517	23,201,977
			(28,380)			(9,963)		
Quarry equipment	20	1,684,624	104,235	1,762,387	1,061,332	97,229	1,136,885	625,502
			(26,472)			(21,676)		
Furniture, fixture and office equipment	10 - 30	327,273	28,797	356,034	125,286	21,611	146,892	209,142
			(36)			(5)		
Vehicles	20	309,588	112,190	382,014	110,591	42,847	138,659	243,355
			(39,764)			(14,779)		
Aircraft	30	328,752	-	328,752	73,917	76,435	150,352	178,400
Power and water supply lines	10	481,605	25,506	507,111	239,447	25,531	264,978	242,133
		42,498,881	3,469,554	45,873,783	14,150,689	1,833,157	15,937,423	29,936,360
			(94,652)			(46,423)		

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 - 8.28	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 (68,140)	327,273	148,244	21,904 (44,862)	125,286	201,987
Vehicles	20	255,840	83,925 (30,177)	309,588	90,131	34,845 (14,385)	110,591	198,997
Aircraft	30	38,185	328,752 (38,185)	328,752	36,970	74,060 (37,113)	73,917	254,835
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 (136,502)	42,498,881	12,628,836	1,618,213 (96,360)	14,150,689	28,348,192

18.1.1 Freehold land and building include book values of Rs 12 million (2013: Rs 12 million) and Rs 7.101 million (2013: 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.

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

		2014	2013
		----(Rupees in thousand)----	
Cost of sales	- note 29	1,722,486	1,515,944
Administrative expenses	- note 30	106,824	98,132
Selling and Distribution expenses	- note 31	3,847	4,137
		1,833,157	1,618,213

18.1.3 The Company identified certain items of operating assets from which further economic benefits are no longer being derived. Therefore, assets having cost of Nil (2013: Rs 68.14 million) and net book value of Nil(2013: Rs 23.278 million) have been retired from active use and have been written off in these financial statements.

18.1.4 Disposal of property, plant and equipment

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

2014 (Rupees in thousand)

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain / (Loss) on disposal	Mode of disposal
Plant & Machinery	**Outside parties**						
	Nishat Mills Limited	28,380	9,963	18,417	23,187	4,770	Auction
Vehicles	**Employees**						
	Major (Retired) Aslam Pervaiz	555	388	167	167	-	Company policy
	Muhammad Aslam	1,450	567	883	883	-	-do-
	Khawar Butt	662	413	249	727	478	Auction
	Outside parties						
	Security General Insurance Company Limited	1,337	592	745	1,100	355	Insurance Claim
	Mr. Naveed Iqbal	1,973	874	1,099	1,735	636	Auction
	Nasir Zahoor	662	413	249	652	403	-do-
	Mohsin Ali Sheikh	1,269	711	558	558	-	-do-
	Ishtiaq Khan	2,750	1,940	810	1,800	990	-do-
	Performance Automotive (Pvt) Limited	25,763	6,740	19,023	28,328	9,305	-do-
	Nasir Zahoor	272	170	102	528	426	-do-
	Sajid Habib	657	416	241	738	497	-do-
	Aadil Khan	1,005	669	336	985	649	-do-
	Nasir Zahoor	829	443	386	542	156	-do-
	Muhammad Dawood	350	271	79	250	171	-do-
Quarry equipment	**Outside party**						
	Adamjee Insurance Company Limited	26,472	21,676	4,796	25,300	20,504	Insurance Claim
Other assets with book value less than Rs 50,000		266	177	89	94	5	Auction
		94,652	46,423	48,229	87,574	39,345	

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	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	51,692	11,547	

18.2 Capital work-in-progress

2014 (Rupees in thousand)

	Balance as at June 30, 2013	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, 2014
Civil works	306,123	705,609	-	-	77,947	(801,445)	288,234
Plant and machinery	977,982	1,375,537	-	(22)	-	(2,251,949)	101,548
Advances	62,155	106,813	-	-	(77,947)	(30,118)	60,903
Others	405	51,028	-	-	-	(34,620)	16,813
Expansion Projects:							
- Civil works	19,038	5,663	-	-	-	-	24,701
- Others	50,477	91,642	-	-	-	-	142,119
	1,416,180	2,336,292	-	(22)	-	(3,118,132)	634,318

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

		2014	2013
		----(Rupees in thousand)----	
			(Re-stated)

18.3 Major spare parts and stand-by equipment

		2014	2013
Balance at the beginning of the year		194,005	174,794
Additions during the year		121,679	20,661
Transfers made during the year		(69,343)	(1,450)
Balance at the end of the year		246,341	194,005

19. Intangible assets

This represents Oracle ERP system.

		2014	2013
Cost			
As at July 1		92,260	92,260
Additions		-	-
As at June 30		92,260	92,260
Less: Accumulated amortisation			
As at July 1		36,904	18,452
Amortisation for the year	- note 19.1	18,452	18,452
As at June 30		55,356	36,904
		36,904	55,356

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

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

		2014	2013
Cost of sales	- note 29	12,916	12,916
Administrative expenses	- note 30	2,768	2,768
Selling and distribution expenses	- note 31	2,768	2,768
		18,452	18,452

20. Investments

		2014	2013
These represent the long term investments in:			
- Related parties	- note 20.1	2,227,802	2,027,802
- Others - available for sale	- note 20.2	30,132	377
		2,257,934	2,028,179
Cumulative fair value gain		8,796,807	6,419,052
		11,054,741	8,447,231

20.1 Related parties

	2014	2013
Nishat Chunian Limited - quoted - available for sale		
5,961,549 (2013: 5,419,590) fully paid ordinary shares of Rs 10 each		
Equity held 2.98% (2013: 2.98%)		
Market value - Rs 252.710 million (2013: Rs 323.82 million)	45,254	45,254
	45,254	45,254
Adamjee Insurance Company Limited		
10,019,735 (2013: 3,541,391) fully paid ordinary shares of Rs 10 each		
Equity held 2.86% (2013: 2.86%)		
Market value - Rs 458.603 million (2013: Rs 269.429 million)	348,858	348,858
Less: Cumulative impairment loss	(118,703)	(118,703)
	230,155	230,155

	2014	2013
	----(Rupees in thousand)----	
Associates - quoted - available for sale		
Nishat Mills Limited		
30,289,501 (2013: 30,289,501) fully paid ordinary shares of Rs 10 each		
Equity held 8.61% (2013: 8.61%)		
Market value - Rs 3,390 million (2013: Rs 2,853.574 million)	1,577,174	1,577,174
Less: Cumulative impairment loss	(250,615)	(250,615)
	1,326,559	1,326,559
MCB Bank Limited		
21,305,315 (2013: 19,368,469) fully paid ordinary shares of Rs 10 each		
Equity held: 1.91% (2013: 1.91%)		
Market value Rs 6,420.357 million (2013: Rs 4,698.597 million)	125,834	125,834
	125,834	125,834
Associates - unquoted		
Nishat Dairy (Private) Limited		
50,000,000 (2013: 30,000,000) fully paid ordinary shares of Rs 10 each		
Equity held 10.42% (2013: 10.6%)	500,000	300,000
	500,000	300,000
	2,227,802	2,027,802

Nishat Mills Limited, MCB Bank Limited, Adamjee Insurance Company Limited and Nishat Dairy (Private) Limited are associated companies 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.

20.2 Others

	2014	2013
	----(Rupees in thousand)----	
Maple Leaf Cement Factory Limited		
Nil (2013: 13,747) fully paid ordinary shares of Rs 10 each		
Equity held Nil (2013: 0.0%)		
Market value - Rs Nil million (2013: Rs 0.301 million)	-	282
Less: Cumulative impairment loss	-	(253)
	-	29
First Capital Mutual Fund		
104,457 (2013: 89,000) certificates of Rs 10 each		
Equity held 0.35% (2013: 0.35%)		
Market value - Rs 1.151 million (2013: Rs 0.661 million)	890	890
Less: Cumulative impairment loss	(678)	(678)
	212	212
Habib Bank Limited		
Nil (2013: 191) fully paid ordinary shares of Rs 10 each		
Equity held Nil (2013: 0.0%)		
Market value - Nil (2013: Rs 0.023 million)	-	24
Less: Cumulative impairment loss	-	(6)
	-	18
Oil and Gas Development Company Limited		
Nil (2013: 2,353) fully paid ordinary shares of Rs 10 each		
Equity held Nil (2013: 0.0%)		
Market value - Nil (2013: Rs 0.538 million)	-	76
	-	76
Pakistan Petroleum Limited		
Nil (2013: 1,197) fully paid ordinary shares of Rs 10 each		
Equity held Nil (2013: 0.0%)		
Market value - Nil (2013: Rs 0.253 million)	-	27
	-	27

	2014	2013
	----(Rupees in thousand)----	
Kot Addu Power Company Limited		
Nil (2013: 500) fully paid ordinary shares of Rs 10 each		
Equity held Nil (2013: 0.0%)		
Market value - Nil (2013: Rs 0.032 million)	-	15
	-	15
United Bank Limited		
189,354 (2013: Nil) fully paid ordinary shares of Rs 10 each		
Equity held: 0.02% (2013: Nil)		
Market value - Rs 31.918 million (2013: Nil)	29,920	-
	29,920	-
	30,132	377

20.3 Cumulative fair value gain

	2014	2013
As at July 01	6,419,052	2,933,127
Fair value gain recognized in consolidated other comprehensive income	2,378,727	3,485,925
	8,797,779	6,419,052
Gain during the year transferred to consolidated profit and loss account on derecognition of investment in shares	(972)	-
As at June 30	8,796,807	6,419,052

20.4 Investments with a face value of Rs 135 million (2013: Rs 135 million) are pledged as security against bank facilities. 3,860,267 (2013: 3,509,334) shares of MCB Bank Limited are blocked in Central Depository Company ('CDC') account.

21. Long term loans, advances and deposits

		2014	2013
		----(Rupees in thousand)----	
Considered Good			
- Loans to related parties	- note 21.1	34,411	51,617
- Other loans and advances	- note 21.2	52,037	44,824
		86,448	96,441

21.1 Loans and advances to related parties

		2014	2013
Loan to related party	- note 21.1.1	51,617	68,823
Less: receivable within one year		17,206	17,206
		34,411	51,617

21.1.1 This represents an unsecured loan of Rs 36.750 million and Rs 14.867 million (2013: Rs 49 million and Rs 19.823 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 ranging from 1.5% to 2% per annum (2013: 1.5% to 2% per annum) respectively and is received annually. The principal amount is receivable in 4 equal annual instalments ending December, 2016 and March, 2017, respectively. The maximum aggregate amount outstanding during the year was Rs 51.617 million (2013: Rs 68.823 million).

		2014	2013
		----(Rupees in thousand)----	
21.2 Other loans and advances			
Loans to employees			
- Executives	- note 21.2.1	40	94
- Others		4,129	4,177
		4,169	4,271
Less: receivable within one year			
- Executives		33	56
- Others		1,115	1,090
		1,148	1,146
		3,021	3,125
Security deposits		49,016	41,699
		52,037	44,824

	2014	2013
	----(Rupees in thousand)----	

21.2.1 Executives

Opening balance	94	259
Transfer from others to executives	-	72
Interest accrued	2	5
	96	336
Less: repayment during the year	56	242
	40	94

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 carry interest at the rate of 10% per annum (2013: 10% per annum) except for loans given to workers which are interest free.

The loans of Rs 2.565 million (2013: Rs 2.565 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 (2013: Rs 0.331 million).

	2014	2013
	----(Rupees in thousand)----	
		(R-stated)

22. Stores and spares

Stores [including in transit Rs 169.236 million (2013: Rs 15.366 million)]	1,249,980	1,542,605
Spare parts [including in transit Rs 25.863 million (2013: Rs 144.018 million)]	2,498,514	2,442,927
Loose tools	7,238	8,004
	3,755,732	3,993,536

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

	2014	2013
	----(Rupees in thousand)----	

23. Stock-in-trade

Raw materials [including in transit Rs 78.09 million (2013: Rs 224.92 million)]	684,231	713,850
Packing material [including in transit Rs 5.027 million (2013: Rs 5.365 million)]	271,199	280,279
Work-in-process	560,634	856,587
Finished goods	437,912	368,948
	1,953,976	2,219,664

24. Trade debts - considered good

Secured		86,260	184,727
Unsecured			
- Related parties	- note 24.1	42,523	15,582
- Others		290,848	281,580
		419,631	481,889

	2014	2013
	----(Rupees in thousand)----	

24.1 Related parties - unsecured

Nishat Hospitality (Private) Limited	598	1,424
Nishat Linen (Private) Limited	112	289
Nishat Hotels and Properties Limited	41,752	3,740
MCB Bank Limited	61	1,309
Nishat Dairy (Private) Limited	-	3,781
N1ishat Chunian Limited	-	5,039
	42,523	15,582

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

	1 to 3 months	More then 3 months	As at June 30, 2014	As at June 30, 2013
	--------------------Rupees in 000------------------			
Nishat Hospitality (Private) Limited	598	-	598	1,424
Nishat Linen (Private) Limited	112	-	112	289
Nishat Hotels and Properties Limited	21,679	20,073	41,752	3,740
MCB Bank Limited	61	-	61	1,309
Nishat Dairy (Private) Limited	-	-	-	3,781
Nishat Chunian Limited	-	-	-	5,039
	22,450	20,073	42,523	15,582

		2014	2013
		----(Rupees in thousand)----	

25. Investments

Available for sale - quoted			
Related parties	- note 25.1	479,066	479,066
Cumulative fair value gain	- note 25.2	23,926,087	17,383,652
		24,405,153	17,862,718
At fair value through profit or loss	- note 25.3	37	23
		24,405,190	17,862,741

25.1 Related Parties - quoted

MCB Bank Limited - Associated company		
80,971,917 (2013: 73,610,834) fully paid ordinary shares of Rs 10 each		
Equity held: 7.27% (2013: 7.27%)		
Market value Rs 24,400.887 million (2013: Rs 17,857.252 million)	478,234	478,234
	478,234	478,234
Nishat Chunian Limited		
100,620 (2013: 91,474) fully paid ordinary shares of Rs 10 each		
Equity held: 0.05% (2013: 0.05%)		
Market value - Rs 4.265 million (2013: Rs 5.466 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.

	2014	2013
	----(Rupees in thousand)----	

25.2 Cumulative fair value gain

	2014	2013
As at July 01	17,383,652	10,646,985
Fair value gain recognized in consolidated other comprehensive income	6,542,435	6,736,667
	23,926,087	17,383,652
Gain during the year transferred to consolidated profit and loss account on derecognition of investment in shares	-	-
As at June 30	23,926,087	17,383,652

25.3 At fair value through profit or loss

	2014	2013
Habib Bank Limited - Quoted		
191 (2013: 191) fully paid ordinary shares of Rs 10 each		
Equity held: 0.00% (2013: 0.00%)		
Market value - Rs 0.037 million (2013: 0.023 million)	37	23
	37	23

26. Advances, deposits, prepayments and other receivables

		2014	2013
Current portion of loans to employees - considered good		1,148	1,145
Current portion of long term receivable from related party		17,206	17,206
Advances - considered good			
- To employees	- note 26.1	54,602	4,374
- To suppliers		79,668	144,435
		134,270	148,809
Due from related parties	- note 26.2	12,660	18,240
Prepayments		4,637	5,712
Mark-up receivable from related party	- note 26.3	419	560
Profit receivable on bank deposits		841	-
Advance against investment in shares	- note 26.4	100,000	-
Letters of credit - margins, deposits, opening charges, etc		-	13,201
Claims recoverable from government			
- Sales tax	- note 26.5	143,908	129,805
- Excise duty		17,243	17,243
- Export rebate		71,399	65,342
		232,550	212,390
Other receivables		3,244	1,075
		506,975	418,338

26.1 Included in advances to employees are amounts due from executives of Rs 53.704 million (2013: Rs 1,993 million).

	2014	2013
	----(Rupees in thousand)----	
26.2 Due from related parties - unsecured		
Nishat Mills Limited	11,927	17,507
Nishat Developers (Private) Limited	733	733
	12,660	18,240

26.3 This represents mark-up receivable from Sui Northern Gas Pipelines Limited against the loan as referred to in note 21.1.

26.4 This represents advance for purchase of shares of Pakistan Petroleum Limited.

26.5 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.

27. Cash and bank balances

		2014	2013
		----(Rupees in thousand)----	
At banks:			
Saving accounts			
Local currency	- note 27.1 & 27.2	801,832	210,249
Foreign Currency: US$ 2,197,766 (2013: US$ 1,460,280)		216,590	144,276
Cash deposit receipts		135,960	-
Current accounts		157,527	144,647
		1,311,909	499,172
Cash in hand		315	117
		1,312,224	499,289

27.1 The balances in saving accounts bear mark-up which ranges from 7% to 10.31% per annum (2013: 6% to 10.4% per annum).

27.2 Included in balances at banks on saving accounts are Rs 14.48 million (2013: Rs 41.580 million) which are under lien to secure bank guarantees referred to in note 14.2.

28. Sales

		2014	2013
		----(Rupees in thousand)----	
Local sales		27,707,929	23,791,926
Export sales	- note 28.1	6,048,508	6,866,192
		33,756,437	30,658,118
Less:			
Sales tax		4,501,783	3,318,352
Excise duty and special excise duty		1,182,021	1,157,255
Commission to stockists and export agents		323,764	355,869
		6,007,568	4,831,476
		27,748,869	25,826,642

28.1 Export sales include rebate on exports amounting to Rs 32.419 million (2013: Rs 35.127 million).

29. Cost of sales

		2014	2013
		----(Rupees in thousand)----	
Raw and packing materials consumed		2,964,520	2,716,708
Salaries, wages and other benefits	- note 29.1	1,375,324	1,143,200
Electricity and gas		2,421,281	2,278,889
Furnace oil and coal		6,942,814	6,990,819
Stores and spares consumed		1,750,859	1,681,971
Repairs and maintenance		288,785	290,903
Insurance		70,569	65,205
Depreciation on property, plant and equipment	- note 18.1.2	1,722,486	1,515,944
Lease rentals - Ijara financing		-	16,008
Amortisation of intangible assets	- note 19.1	12,916	12,916
Royalty		278,999	153,526
Excise duty		27,183	17,270
Vehicle running		38,206	23,653
Postage, telephone and telegram		4,416	3,182
Printing and stationery		3,646	8,731
Legal and professional charges		2,297	2,802
Travelling and conveyance		21,581	23,328
Estate development		19,065	14,615
Rent, rates and taxes		34,416	24,139
Freight charges		11,476	10,084
Other expenses		27,759	30,927
C/F		18,018,598	17,024,820

		2014	2013
		----(Rupees in thousand)----	
B/F		18,018,598	17,024,820
Opening work-in-process	- note 23	856,587	322,049
Closing work-in-process	- note 23	(560,634)	(856,587)
		295,953	(534,538)
Cost of goods manufactured		18,314,551	16,490,282
Opening stock of finished goods	- note 23	368,948	300,619
Closing stock of finished goods	- note 23	(437,912)	(368,948)
		(68,964)	(68,329)
Less: Own consumption		49,524	20,690
		18,196,063	16,401,263

29.1 Salaries, wages and other benefits include Rs 32.624 million (2013: Rs 29.133 million), Rs 28.734 million (2013: Rs 37.391 million) and Rs 24.570 million (2013: Rs 21.827 million) respectively, in respect of provident fund contribution by the Group, 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:

	2014	2013
	----(Rupees in thousand)----	
Gratuity		
Current service cost	23,824	22,055
Interest cost for the year	16,066	15,339
Interest income on plan assets	(11,156)	(3)
	28,734	37,391
Accumulating compensated absences		
Current service cost	13,995	2,388
Interest cost for the year	5,786	6,820
Remeasurements	4,789	12,619
	24,570	21,827

30. Administrative expenses

		2014	2013
Salaries, wages and other benefits	- note 30.1	220,893	174,571
Electricity, gas and water		11,770	4,803
Repairs and maintenance		9,521	10,327
Insurance		2,446	3,066
Depreciation on property, plant and equipment	- note 18.1.2	106,824	98,132
Amortisation of intangible assets	- note 19.1	2,768	2,768
Vehicle running		14,042	7,062
Postage, telephone and telegram		9,025	10,956
Printing and stationery		12,053	7,802
Legal and professional services	- note 30.2	20,512	21,686
Travelling and conveyance		22,338	14,982
Rent, rates and taxes		452	5,483
Entertainment		3,101	2,173
School expenses		21,103	18,574
Fee and subscription		13,925	15,149
Advances / debts written off		434	-
Other expenses		16,800	13,418
		488,007	410,952

30.1 Salaries, wages and other benefits include Rs 7.138 million (2013: Rs 5.868 million), Rs 7.555 million (2013: Rs 9.133 million) and Rs 6.459 million (2013: Rs 5.335 million) respectively, in respect of provident fund contribution by the Group, provision for gratuity and staff compensated absences.

	2014	2013
	----(Rupees in thousand)----	
30.1.1 Salaries, wages and other benefits		
Salaries, wages and other benefits include the following in respect of retirement benefits:		
Gratuity		
Current service cost	6,264	5,387
Interest cost for the year	4,224	3,747
Interest income on plan assets	(2,933)	(1)
	7,555	9,133
Accumulating compensated absences		
Current service cost	3,679	583
Interest cost for the year	1,521	1,667
Remeasurements	1,259	3,085
	6,459	5,335
30.2 Legal and professional charges		
Legal and professional charges include the following in respect of auditors' services for:		
A. F. Ferguson & Co.		
Statutory audit - Parent Company	1,815	1,650
Half-yearly review	550	450
Tax services	5,609	3,925
Audit of consolidated financial statements and other certification charges	100	100
Out of pocket expenses	75	75
KPMG Taseer Hadi & Co.		
Statutory audit - Subsidiary Company	485	440
Out of pocket expenses	25	25
	8,659	6,665

31. Selling and distribution expenses

		2014	2013
Salaries, wages and other benefits	- note 31.1	107,165	86,503
Electricity, gas and water		1,593	1,186
Repairs and maintenance		1,392	1,487
Insurance		1,486	1,678
Depreciation on property, plant and equipment	- note 18.1.2	3,847	4,137
Amortisation of intangible assets	- note 19.1	2,768	2,768
Vehicle running		4,687	3,959
Postage, telephone and telegram		2,182	2,203
Printing and stationery		2,128	4,216
Rent, rates and taxes		2,362	2,078
Travelling and conveyance		3,132	3,652
Entertainment		933	659
Advertisement and sales promotion		7,103	5,162
Freight and handling charges		1,311,442	1,637,289
Debtors written off		8,115	5,010
Other expenses		2,594	1,937
		1,462,929	1,763,924

31.1 Salaries, wages and other benefits include Rs 4.053 million (2013: Rs 3.377 million), Rs 3.408 million (2013: Rs 4.374 million) and Rs 2.953 million (2013: Rs 2.554 million) respectively, in respect of provident fund contribution by the Company, provision for gratuity and staff compensated absences.

		2014	2013
		----(Rupees in thousand)----	

31.1.1 Salaries, wages and other benefits

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

	2014	2013
Gratuity		
Current service cost	2,826	2,580
Interest cost for the year	1,906	1,794
Interest income on plan assets	(1,324)	-
	3,408	4,374
Accumulating compensated absences		
Current service cost	1,682	279
Interest cost for the year	695	798
Remeasurements	576	1,477
	2,953	2,554

32. Other operating expenses

		2014	2013
Workers' profit participation fund		419,449	373,466
Donations	- note 32.1	3,953	3,741
Realized loss on derivative financial instrument		58,666	22,132
Un-realized loss on derivative financial instrument		16,740	-
Exchange loss		29,569	154,102
		528,377	553,441

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

33. Other income

		2014	2013
Income from financial assets			
Income on bank deposits		5,433	8,120
Fair value gain on investment		14	4
Interest on loans to employees		72	5
Mark-up on loan / advances to related parties		1,138	1,481
Unrealized gain on derivative financial instruments		-	1,837
Gain on disposal of investments		1,040	-
Dividend income from:			
- Related parties	- note 33.1	1,434,168	1,295,581
- Others		12	53
		1,434,180	1,295,634
		1,441,877	1,307,081
Income from non-financial assets			
Gain on disposal of property, plant and equipment	- note 18.1.4	39,345	11,547
Scrap sales		127,960	113,655
Provisions and unclaimed balances written back		-	2,297
Others		9,829	25
		177,134	127,524
		1,619,011	1,434,605

33.1 Dividend income from related parties

	2014	2013
Nishat Mills Limited	121,158	106,013
MCB Bank Limited	1,283,115	1,170,695
Adamjee Insurance Company Limited	18,873	8,853
Nishat Chunian Limited	11,022	10,020
	1,434,168	1,295,581

	2014	2013
	----(Rupees in thousand)----	

34. Finance costs

	2014	2013
Interest and mark-up on:		
- Long term loans - secured	215,019	383,169
- Short term borrowings - secured	493,544	673,854
- Workers' profit participation fund	2,665	2,131
Guarantee commission	3,788	11,336
Bank charges	30,927	35,217
	745,943	1,105,707

35. Taxation

	2014	2013
Current		
- For the year	831,767	9,244
- Prior	(19,401)	92,734
	812,366	101,978
Deferred		
- For the year	1,110,675	1,530,444
	1,923,041	1,632,422

35.1 The provision for current taxation represents minimum tax under section 113 of the Income Tax Ordinance, 2001 at the rate of 1% (2013: 0.5%) of turnover from local sales as well as Alternate Corporate Tax ('ACT') under section 113C at the rate of 17% of accounting income as reduced by tax credit under section 65B of the Income Tax Ordinance, 2001. In addition to this, it includes tax on exports and dividend 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, 2014 are estimated approximately at Rs 618.139 million (2013: Rs 5,621.317 million).

35.2 Tax charge reconciliation

	2014 %	2013 %
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	34.00	35.00
Tax effect of amounts that are:		
- Not deductible for tax purposes	0.24	0.13
- Chargeable to tax at different rates	-	(4.57)
Effect of change in prior years' tax	(0.28)	0.01
Effect of change in tax rate	0.70	0.71
Effect of tax credits	(2.88)	-
Effect of apportionment of expenses	0.42	-
Tax credits and losses in respect of which no deferred tax asset has been recognised	-	(3.72)
Effect of presumptive tax regime	(8.18)	(4.32)
Rounding and others	0	(0.01)
	(9.98)	(11.77)
Average effective tax rate charged to consolidated profit and loss account	24.02	23.23

36. Earnings per share

36.1 Earnings per share - Basic

		2014	2013
Profit for the year - attributable to equity holders of the Parent Company	Rupees	5,994,509,000	5,447,854,000
Weighted average number of ordinary shares	Number	438,119,118	438,119,118
Earnings per share - basic	Rupees	13.68	12.43

36.2 Earnings per share - Diluted

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

37. Cash generated from operations

		2014	2013
		----(Rupees in thousand)----	
			(Re-stated)
Profit before tax		7,946,561	7,025,960
Adjustments for:			
- Depreciation on property, plant and equipment		1,833,157	1,618,213
- Amortisation on intangible assets		18,452	18,452
- Gain on disposal of investments		(1,040)	-
- Fair value gain on investments		(14)	(4)
- Gain on disposal of property, plant and equipment		(39,345)	(11,547)
- Realized loss on derivative financial instruments		58,666	22,132
- Unrealized loss / (gain) on derivative financial instruments		16,740	(1,837)
- Dividend income		(1,434,180)	(1,295,634)
- Mark-up income		(1,138)	(1,481)
- Provision for retirement benefits		73,679	80,783
- Exchange loss		29,569	154,102
- Finance costs		745,943	1,105,707
Profit before working capital changes		1,300,489	1,688,886
Effect on cash flow due to working capital changes			
- Decrease in stores, spares and loose tools		237,804	30,147
- Decrease / (increase) in stock-in-trade		265,688	(622,880)
- Decrease in trade debts		88,211	25,978
- Increase in advances, deposits, prepayments and other receivables		(88,778)	(116,913)
- Increase in trade and other payables		164,281	191,046
		667,206	(492,622)
		9,914,256	8,222,224

38. Cash and cash equivalents

		2014	2013
Cash and bank balances	- note 27	1,312,224	499,289
Short term borrowings - secured	- note 14	(3,118,137)	(6,388,501)
		(1,805,913)	(5,889,212)

39. Remuneration of Chief Executive, Directors and Executives

39.1 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	
	2014	2013	2014	2013	2014	2013
			(Rupees in thousand)			
Managerial remuneration	14,198	12,240	20,729	24,451	284,654	207,006
Contributions to Provident and Gratuity Fund	-	-	3,628	4,340	43,236	33,761
Housing	270	270	1,131	1,413	101,286	78,921
Utilities	-	-	-	-	21,340	16,511
Bonus	1,020	1,422	63,674	-	-	-
Leave passage	-	-	1,076	1,477	7,624	-
Medical expenses	305	383	413	408	18,966	-
Others	9,196	7,890	1,981	3,674	36,657	283
	24,989	20,783	30,380	35,763	577,437	336,482
Number of persons	1	1	3	4	259	154

The Group also provides the chief executive and some of the directors and executives with Group maintained cars, travelling and utilities.

39.2 During the year the Group paid meeting fee amounting to Rs 80 thousand (2013: Nil) to its non-executive directors.

39.3 Remuneration to other directors
Aggregate amount charged in the consolidated financial statements for the year for remuneration to directors is Rs 1.649 million (2013: Rs 1.293 million).

40. 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 33.1, expense charged in respect of staff retirement benefit plans is disclosed in note 10, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 39. Other significant transactions with related parties are as follows:

Relationship with the Group	Nature of transactions	2014	2013
		----(Rupees in thousand)----	
i. Related parties	Sale of goods	689,292	170,603
	Sale of equipment	23,187	-
	Purchase of asset	-	381,351
	Insurance premium	101,076	64,192
	Purchase of services	1,273,125	1,346,020
	Insurance claims received	41,295	12,389
	Mark-up income on balances with related parties	3,780	5,813
	Dividend income	1,434,168	1,295,581
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	74,519	80,783
	Expense charged in respect of contributory provided fund	43,816	38,377
	Funds paid to contributory provident fund	138,492	114,362

41. Plant capacity and actual production

	Capacity		Actual production	
	2014	2013	2014	2013
Clinker (Metric Tonnes)				
Unit I	810,000	810,000	695,888	798,167
Unit II	1,200,000	1,200,000	1,186,886	1,195,047
Unit III	2,010,000	2,010,000	1,702,329	1,930,876
Cement bags (number of bags in thousand)	120,000	120,000	105,477	91,647

Actual cement bags produced by the Subsidiary Company's plant is dependent on the quantity demanded by the customers.

42. Number of employees

	2014	2013
Parent Company		
Total number of employees as at June 30	1,115	1068
Average number of employees during the year	1,113	1069
Subsidiary Company		
Total number of employees as at June 30	49	55
Average number of employees during the year	52	55

43. Provident Fund Related Disclosures

43.1 Parent Company

The Parent Company operates a provident fund for its employees.

			2014	2013
			----(Rupees in thousand)----	
(i)	Size of the fund - total assets		981,074	905,565
(ii)	Cost of investments made		707,207	622,806
(iii)	Fair value of investments	- note 43.1.1	880,411	807,907
(iv)	Percentage of investments made		89.74%	89.22%

43.1.1 The breakup of fair value of investments is :

	2014		2013	
	Fair value of investment (Rs. In '000')	Percentage of size of fund ----%---	Fair value of investment (Rs. In '000')	Percentage size of fund ----%----
Category wise break-up of investments				
Special accounts in a scheduled bank	183,565	18.71%	136,885	15.12%
Government securities	189,651	19.33%	180,083	19.89%
Listed securities				
- Mutual funds	83,911	8.55%	77,275	8.53%
- Other listed securities	364,969	37.20%	352,146	38.89%
Un-listed securities	58,315	5.94%	61,518	6.79%
	880,411	89.74%	807,907	89.22%

The figures for 2014 are based on un-audited financial statements of the Provident Fund. 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 securities (NIT units, un-listed preference shares and un-listed term finance certificates)

The management is taking steps to dispose off such investments

43.2 Subsidiary Company

The Subsidiary Company operates a provident fund for its employees.

			2014	2013
			----(Rupees in thousand)----	
(i)	Size of the fund - total assets		6,009	4,222
(ii)	Cost of investments made		5,568	3,269
(iii)	Percentage of investments made		92.66%	77.43%
(iv)	Fair value of investments	- note 43.2.1	5,628	3,307

43.2.1 The breakup of fair value of investments is :

	2014 (Rs. In '000')	----%---	2013 (Rs. In '000')	----%----
Break up of investments - at fair value				
Special accounts in a scheduled bank	5,628	94%	3,307	78%
	5,628	94%	3,307	78%

The figures are based on audited financial statements of the fund. 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.

44. Financial risk management

44.1 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.

	2014	2013
	----(in thousand)----	
Cash and bank balances - USD	2,198	1,460
Receivable against sales to foreign parties - USD	875	2,207
Long term loan - USD	(13,990)	(18,653)
Advance received against sale - USD	-	(1,299)
Finances under mark-up arrangements - USD	(1,681)	-
Mark-up payable - USD	(9)	-
Trade and other payables - USD	(765)	(527)
Net exposure - USD	(13,372)	(16,812)
Finances under mark-up arrangements - Euro	(362)	-
Mark-up payable - Euro	(1)	-
Trade and other payables - Euro	-	(1,282)
Net exposure - Euro	(363)	(1,282)

At June 30, 2014, 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 132.049 million (2013: Rs 166.103 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, 2014, 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 4.89 million (2013: Rs 16.57 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**	
	2014	**2013**	**2014**	**2013**
	(Rupees in thousand)			
Karachi Stock Exchange	-	-	349,599	260,099

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, 2014, 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 74.471 million (2013: Rs 82.588 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:

	2014	2013
	----(Rupees in thousand)----	
Long term loans, advances and deposits	86,448	96,441
Trade debts - unsecured	333,371	297,162
Advances, deposits, prepayments	35,518	38,226
Balances with banks	1,311,909	499,172
	1,767,246	931,001

The ageing analysis of trade receivables - unsecured is as follows:		
Up to 90 days	179,110	238,249
90 to 180 days	120,508	33,051
181 to 365 days	29,231	12,941
Above 365 days	4,522	12,921
	333,371	297,162

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		Rating		
	Short term	Long term	Agency	2014	2013
				(Rupees in thousand)	
Allied Bank Limited	A1+	AA+	PACRA	701,013	378
Askari Bank Limited	A1+	AA	PACRA	81	27,468
Bank Alfalah Limited	A1+	AA	PACRA	225,728	147,244
Bank Islami Pakistan Limited	A1	A	PACRA	313	313
Bank of Punjab	A1+	AA-	PACRA	134	228
Barclay's Bank PLC Pakistan	A-1	A	S&P	4,564	6,751
Citibank N.A.	P-1	A2	Moody's	76	44
Dubai Islamic Bank Pakistan Limited	A-1	A+	JCR-VIS	452	1,844
Faysal Bank Limited	A1+	AA	PACRA	223	183
Habib Bank Limited	A-1+	AAA	JCR-VIS	63,392	13,720
HSBC Bank Middle East Limited	P-1	A2	Moody's	16	24
MCB Bank Limited	A1+	AAA	PACRA	168,672	251,592
Meezan Bank Limited	A-1+	AA	JCR-VIS	302	1,107
National Bank of Pakistan	A-1+	AAA	JCR-VIS	2,932	1,125
NIB Bank Limited	A1+	AA-	PACRA	14,537	14,671
Silk Bank Limited	A-2	A-	JCR-VIS	155	155
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	4,080	410
United Bank Limited	A-1+	AA+	JCR-VIS	5,450	31,669
Soneri Bank Limited	A1+	AA-	PACRA	-	246
Deutsche Bank AG	A-1	A	S&P	16,670	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	102,261	-
Samba Bank Limited	A-1	AA-	JCR-VIS	858	-
				1,311,909	499,172

(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 38) 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, 2014	Carrying value	Less than 1 year	Between 1 and 2 years	3 to 5 years
Long term finances	2,550,263	892,379	738,004	919,880
Trade and other payables	2,263,774	2,263,774	-	-
Accrued finance cost	72,753	72,753	-	-
Derivative financial instrtument	14,902	14,902	-	-
Short term borrowings - secured	3,118,137	3,118,137	-	-
	8,019,829	6,361,945	738,004	919,880

(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

44.2 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, 2014 and June 30, 2013 is as follows:

	2014	2013
	----(Rupees in thousand)----	
Total debt	5,668,400	10,966,342
Total equity - attributable to shareholders of the Parent Company	61,580,317	47,991,569
Total capital employed	67,248,717	58,957,911
Gearing ratio	**8%**	**19%**

44.3 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, 2014	Level 1	Level 2	Level 3	Total
		(Rupees in thousand)		
Assets				
Investment - At fair value through profit or loss	37	-	-	37
Investments - Available for sale	35,459,894	-	-	35,459,894
Total assets	35,459,931	-	-	35,459,931
Liabilities				
Derivative financial instruments	-	14,902	-	14,902
Total liabilities	-	14,902	-	14,902
As at June 30, 2013				
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
	26,309,972	1,837	-	26,311,809
Liabilities	-	-	-	-
Total liabilities	-	-	-	-

44.4 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, 2014				
Assets as per balance sheet				
Long term loans and advances	-	-	86,448	86,448
Trade debts	-	-	419,631	419,631
Advances, deposits, prepayments and other receivables	-	-	35,518	35,518
Investments	37	35,459,894	-	35,459,931
Cash and bank balances	-	-	1,312,224	1,312,224
	37	35,459,894	1,853,821	37,313,752
As at June 30, 2013				
Assets as per balance sheet				
Long term loans and advances	-	-	96,441	96,441
Trade debts	-	-	481,889	481,889
Loans, advances and other receivables	-	-	38,226	38,226
Investments	23	26,309,949	-	26,309,972
Cash and bank balances	-	-	499,289	499,289
	23	26,309,949	1,115,845	27,425,817

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortized cost	
	2014	2013	2014	2013
	----(Rupees in thousand)----			
Liabilities as per balance sheet				
Long term finance - secured	-	-	2,550,263	4,577,841
Accrued mark up	-	-	72,753	145,940
Trade and other payables	-	-	2,263,774	1,962,245
Short term borrowings - secured	-	-	3,118,137	6,388,501
Derivative financial instruments	14,902	-	-	-
	14,902	-	8,004,927	13,074,527

45. 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.

45.1 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.

(Rupees in thousands)

	Cement		Paper		Elimination - net		Total	
	2014	2013 (Re-stated)	2014	2013	2014	2013 (Re-stated)	2014	2013 (Re-stated)
Revenue from								
- External customers	26,542,509	24,915,924	2,276,411	910,718	(1,070,051)	-	27,748,869	25,826,642
- Inter group	-	-	1,070,051	938,022	(1,070,051)	(938,022)	-	-
	26,542,509	24,915,924	1,848,740	1,848,740	(2,140,102)	(938,022)	27,748,869	25,826,642
Segment gross profit	9,257,568	9,326,007	317,772	116,929	(22,534)	(17,557)	9,552,806	9,425,379
Segment expenses	(2,444,438)	(2,701,559)	(31,461)	(18,125)	(3,414)	(8,633)	(2,479,313)	(2,728,317)
Impairment on investments	-	-	-	-	-	-	-	-
Other income	1,647,126	1,466,289	2,599	4,488	(30,714)	(36,172)	1,619,011	1,434,605
Financial charges	(608,859)	(994,879)	(170,399)	(154,820)	33,315	43,992	(745,943)	(1,105,707)
Taxation	(1,885,899)	(1,593,689)	(37,142)	(38,733)	-	-	(1,923,041)	(1,632,422)
Profit after taxation	5,965,498	5,502,169	81,369	(90,261)	(23,347)	(18,370)	6,023,520	5,393,538
Segment assets	73,282,069	63,526,719	1,828,487	1,930,009	(284,438)	(236,336)	74,826,118	65,220,392
Segment liabilities	11,765,534	15,569,921	1,466,016	1,648,907	(290,709)	(265,954)	12,940,841	16,952,874
Depreciation and amortisation	1,808,454	1,596,207	33,080	30,382	10,075	10,076	1,851,609	1,636,665
Net cash generated from / (used in) operating activities	8,724,257	6,685,968	188,724	(121,619)	37,249	32,459	8,950,230	6,596,808
Capital expenditure	(2,735,037)	(3,192,299)	4,151	(17,664)	(8,302)	(158,402)	(2,739,188)	(3,368,365)
Net cash used in investing activities	(1,394,694)	(2,070,387)	(2,934)	(15,855)	(37,249)	(190,859)	(1,434,877)	(2,277,101)

45.2 Geographical segments

All segments of the Group are managed on nation-wide basis and operate manufacturing facilities and sales offices in Pakistan only.

46. Date of authorisation for issue

These consolidated financial statements were authorised for issue on September 16, 2014 by the Board of Directors of the Parent Company.

47. Events after the balance sheet date

47.1 The Board of Directors have proposed a final dividend for the year ended June 30, 2014 of Rs 3.50 per share (2013: Rs 3 per share), amounting to Rs 1533.417 million (2013: Rs 1,314.357 million) at their meeting held on September 16, 2014 for approval of the members at the Annual General Meeting to be held on October 29, 2014. These financial statements do not reflect this appropriation.

47.2 Subsequent to the year end, on September 25, 2014, the Gas Infrastructure Development Cess ('GIDC') Ordinance, 2014 has been promulgated. Section 8 of the GIDC Ordinance, 2014 provides that any cess previously imposed under the Gas Infrastructure Development Cess Act, 2011 (XXI of 2011) shall be deemed to have been validly levied, charged, collected or realised under the provisions of the GIDC Ordinance, 2014, notwithstanding anything to the contrary contained in Gas Infrastructure Development Cess Act, 2011 or the rules made thereunder, or anything to the contrary contained in any decree, judgement or order of any Court. In these financial statements, the Company has reversed the provision for GIDC amounting to Rs 273.001 million based on decision of the Honourable Supreme Court of Pakistan and advice from its legal counsel. Pursuant to the promulgation of GIDC Ordinance, 2014, the Company is in discussion with its legal advisors regarding this matter and as the financial statements have been authorised for issue by Board of Directors, any change in status of this provision will be reflected in the next year's financial statements, when the matter relating to the imposition of cess attains finality.

48. 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)
Export commission payable reclassified from 'Others - Trade payables' to 'Export commission payable'	63,476
Items in 'Stores, spares and loose tools' classified from 'Stores' to 'Spares'	198,012
Items in 'Stores, spares and loose tools' classified from 'Stores' to 'Loose tools'	913

Chief Executive

Director

D.G. KHAN CEMENT COMPANY LIMITED

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 29th October 2014 at 11:00 a.m. at Nishat Hotel, 9-A, Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore and at any adjournment thereof.

As witness my/our hand this ______________________ day of ______________________ 2014

Signed by the said ______________________________________ in the presence

of ______________________

____
(Member's Signature)

____
Member's CNIC No.

____
(Witness's Signature)

____
Witness's CNIC No.

Place ______________

Date ______________

Affix Rs. 5/-
Revenue Stamp which must be cancelled either by signature over it or by some other means