LAFARGE PAKISTAN

BUILDING BETTER CITIES

Annual Report
2013

LAFARGE
Building better cities™

Safety

Ensuring the protection of its employees' health and safety is Lafarge's first priority. This is the guiding principle for all employees of the Group, starting from the highest levels of responsibility.

For many years we have striven to make our industrial operations safer, to establish directives and standards that are clear for everyone, and to increase the awareness of both our employees and our contractors. It has been our credo that it is unacceptable to risk your life to perform your work.

The scope of our responsibility extends far beyond our employees and our sites.

Table of Content

KEY FIGURES
(at December 31, 2013)

62
countries

64,000
employees

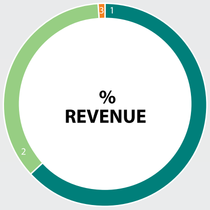
15,198
revenue
in million euros

1,636
production sites

The Group

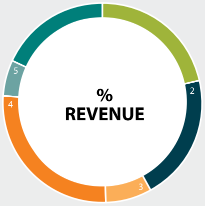
LAFARGE PROFILE

GROUP REVENUES BY DIVISION
(at December 31, 2013)



1. Cement	63.5%
2. Aggregates and concrete	35.9%
3. Other	0.6%

KEY FIGURES BY GEOGRAPHIC AREA
(at December 31, 2013)



1. Western Europe	21.4%
2. North America	20.6%
3. Central and Eastern Europe	7.5%
4. Middle East and Africa	26.9%
5. Latin America	5.7%
6. Asia	17.9%

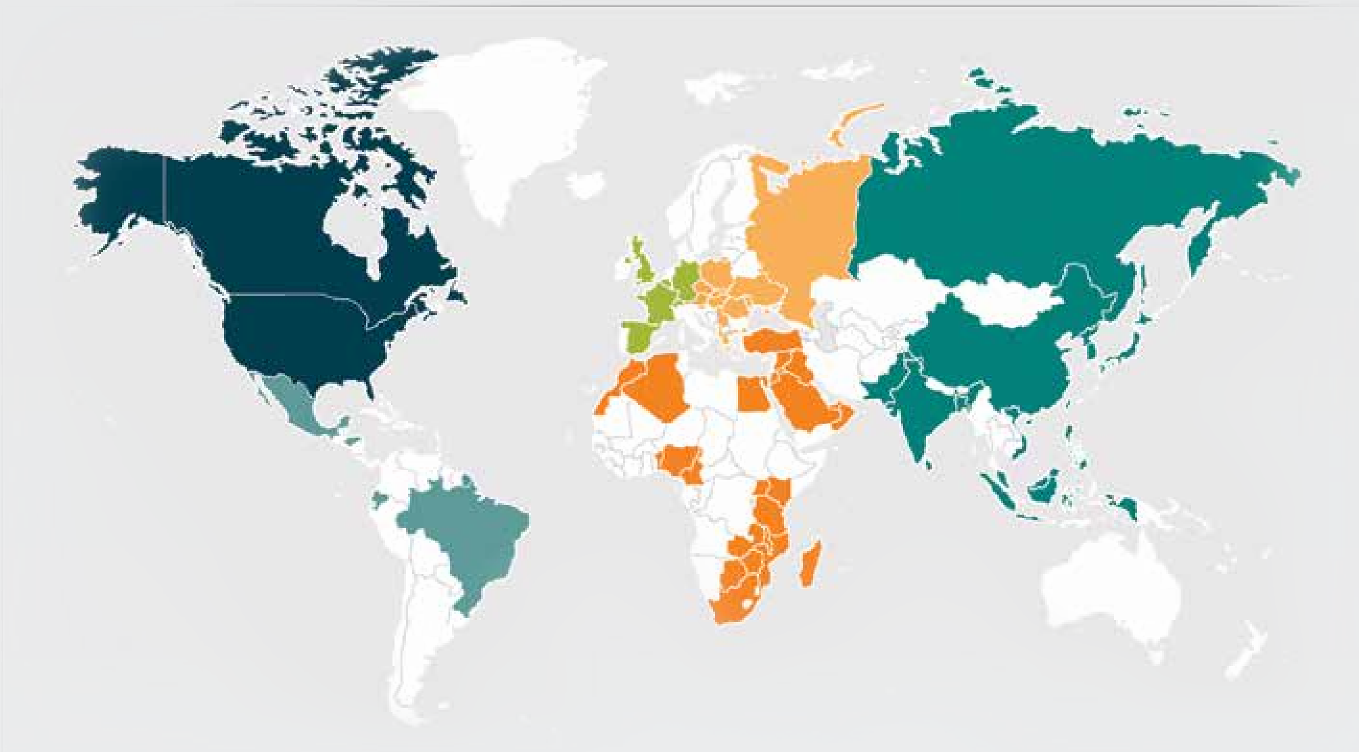
NET INCOME GROUP SHARE

601 M€

LAFARGE PROFILE

LAFARGE WORLDWIDE (at December 31, 2013)

Western Europe · North America · Central and Eastern Europe · Middle East and Africa · Latin America · Asia



World map of lafarge's presence as of December 31, 2013 (plants and sales offices)

CEMENT WORLD LEADER

56 countries

38,000 employees

9,657 revenue in million euros

155 production sites

N°2 AGGREGATES & N°4 CONCRETE

37 countries

25,000 employees

5,451 revenue in million euros

1,481 production sites

The Company

Lafarge Pakistan- Innovation at its best

Lafarge Pakistan is a subsidiary of Lafarge Group; listed on the Paris stock exchange and a world leader of building materials. It is the first and only multinational cement manufacturer in Pakistan. In line with the Group strategy to develop capacities and accelerate growth in emerging markets, a state-of-the-art plant was developed at Kallar Kahar, District Chakwal, in the province of Punjab. The plant commenced its Commercial Operations in December 2006 with an annual cement production capacity of 2.6 m tons, thus pioneering to be the largest cement production line in Pakistan. The plant is one of the largest investments of France in Pakistan.

Lafarge Pakistan is committed to growing the Cement Industry of Pakistan and contributing to the economic growth of the country. Our product portfolio includes Ordinary Portland Cement (PAKCEM) and High quality Cement (Stallion). PAKCEM is the first cement in Pakistan to comply with European Standard (EN 197), Indian Standard (IS 12269) and by far exceeds requirements of Pakistani Standard (PS 232). Lafarge Pakistan recently launched a new product line for Tile Bonds, with the brand name of Xtremebond, reemphasizing our growing commitment to innovation and building better cities across Pakistan.

In its continued endeavors to contribute to building better cities, Lafarge Pakistan has signed MoUs with engineering firms and initiated research and development activities with engineering departments of universities to develop solutions addressing Pakistan market needs such as low cost, low-income housing and concrete roads.

Lafarges' Leadership in Health & Safety enables it to provide a safe and healthy working environment, ensuring the protection of it's employees' and stakeholders as it's first priority. We lead in Health & Safety by example and impart our expertise and skill set for the benefit of our society. Our Health & Safety in schools program is one such example whereby our employees volunteer to give sessions to school children on the basics of Health and Safety in their daily lives.

In its ongoing pursuit to achieve excellence with respect to Health & Safety (H&S) practices, Lafarge Pakistan signed an MoU with All Pakistan Cement Association (APCMA) in February 2013. The partnership aims to share industry best practices in Health and Safety (H&S) and a successful Health and Safety Training, based on Lafarge H&S best practices across its global network of plants and facilities, was conducted for various organizations.

Our commitment to Pakistan is endorsed by H.E. Philippe Thiebaud, Ambassador of France to Pakistan, on the National Day of France, July 2013, "Lafarge Pakistan renewed commitment and vision speaks of their sustainable development priorities and France is confident in the future of Pakistan."

Lafarge Pakistan is also at the forefront of Industrial Ecology and has pioneered in using waste derived material as fuel for its cement kilns while adopting innovative techniques to eliminate industrial waste.

Lafarge Pakistan is committed to building better cities in Pakistan and our product innovation takes us beyond frontiers to deliver outstanding value to our customers, a safe and stimulating work environment for our employees and superior returns for our shareholder.

Vision

"The preferred construction solution provider with sustainable leadership in health & safety, people development and commitment to all stakeholders through Lafarge values."

Mission

"We are committed to providing outstanding value to our customers, a safe and stimulating work environment for our employees and superior returns for our shareholders."

COMPANY INFORMATION

Board of Directors	Maj. Gen. (R) Rehmat Khan - Chairman Mr. Amr Ali Reda - Chief Executive Officer Mr. Bilal Hamid Javaid Mr. Fabrizio Angelo Olivares Mr. Jean-Jerome Khodara Mr. Dominique Brugier Mr. Shahid Anwar (Nominee NIT)
Audit Committee	Mr. Shahid Anwar - Chairman Maj. Gen. (R) Rehmat Khan Mr. Fabrizio Angelo Olivares Mr. Jean-Jerome Khodara
Human Resource & Remuneration Committee	Maj. Gen. (R) Rehmat Khan - Chairman Mr. Amr Ali Reda Mr. Fabrizio Angelo Olivares Mr. Dominique Brugier

Chief Financial Officer	Mr. Shafqat Mahmood Malik
Company Secretary	Ms. Ayesha Khokhar
Auditors	M/s Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants
Legal Advisors	HaidermotaBNR & Co. Advocates and Corporate Counsel, Islamabad.
Bankers	Allied Bank Ltd. Citibank N.A. Habib Bank Ltd. MCB Bank Ltd. NIB Bank Ltd. Standard Chartered Bank (Pakistan) Ltd. Faysal Bank Ltd. United Bank Ltd. Meezan Bank Ltd.
Share Registrar	M/s THK Associates (Pvt.) Ltd. Ground Floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi-75530. UAN: +92(21) 111-000-322 Fax: +92(21) 35655595
Registered Office	18-B, Kaghan Road, F-8 Markaz, Islamabad, Pakistan. UAN: (051) 111 111 722 Fax: (051) 2817300 Web: www.lafargepakistan.com.pk E-mail: company.secretary@lafarge.com
Plant Site	Choie Mallot Road, Tehsil, Kalar Kahar, Distt. Chakwal - Pakistan

NOTICE OF 21ST ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting of the shareholders of Lafarge Pakistan Cement Limited (the **"Company"**) will be held on Tuesday, April 29th, 2014, at 11:00 a.m. at the Registered Office, 18-B, Kaghan Road, F-8 Markaz, Islamabad to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Extraordinary General Meeting held on October 29th, 2013.

2. To receive and adopt the audited accounts of the Company for the year ended December 31st, 2013 along with Directors' and Auditors' reports thereon.

3. To approve and declare cash dividend of Rs. 0.30 per share for the year ended December 31st, 2013 as recommended by the Board of Directors.

4. To appoint Auditors for the year ending December 31st, 2014 and to fix their remuneration. The retiring auditors namely M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Islamabad, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass the following resolution with or without modification as a special resolution relating to related party transactions.

   "RESOLVED THAT the Refuse Derived Fuel Off-Take Agreement executed at Islamabad on 13.02.14 by and between ECOCEM Pakistan (Pvt.) Limited and the Company for the purchase of refuse derived fuel be and is hereby approved.

   FURTHER RESOLVED THAT the Resources and Services Agreement to be entered into by and between Ecocem Pakistan (Pvt.) Limited and the Company at arm's length in furtherance of the Refuse Derived Fuel Off-Take Agreement be and is hereby approved.

   FURTHER RESOLVED THAT Mr. Amr Ali Reda, Chief Executive Officer of the Company, be and is hereby authorized to sign and execute the Resources and Services Agreement on behalf of the Company and take all necessary actions in this regard."

6. To transact any other business which may be placed before the meeting with the permission of the chair.

By Order of the Board

Islamabad:
April 8th, 2014

Ayesha Khokhar
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from 23-04-2014 to 29-04-2014 (both days inclusive) to determine entitlement for attending Annual General Meeting.

2. A member entitled to attend and vote at this meeting may appoint another member as his/herproxy to attend the meeting and vote instead of him/her. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.

3. CDC shareholders entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity. Representatives of corporate members should bring the usual documents required for such purpose. The members are requested to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commissio of Pakistan.

4. Shareholders are requested to immediately notify to M/s THK Associates (Pvt.) Limited, the Share Registrar of the Company, of change in their address, if any.

5. Members who have not yet submitted a photocopy of their computerized National Identity Cards to the Company are requested to send the same at the earliest to the Share Registrar.

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

This Statement sets out the material facts concerning the Special Business to be transacted at the 21st Annual General Meeting of the Company to be held on April 29, 2014:

(1) ECOCEM Pakistan (Pvt.) Limited (the "Ecocem"), is a Private Limited Company within the meanings of Section 2(1) (28) of the Companies Ordinance, 1984. The main objective of the company is to engage in, conduct and carry on business of production, sale and delivery of refuse derived fuel (the **"RDF"**) for use as an alternate fuel.

(2) Lafarge Pakistan Cement Limited (the **"Company"**), in pursuit of its sustainable development objectives has entered into an agreement with ECOCEM dated 13.02.14 called the Refuse Derived Fuel Off-Take Agreement (the **"Agreement"**) pursuant to which Lafarge shall purchase RDF from ECOCEM on the following key terms and conditions:

- *It shall purchase a guaranteed minimum tonnage total of thirty eight thousand (38,000) tons of the product per annum for the Year 1; 46,750 tons for the Year 2; 51,750 tons for the Year 3; 55,000 tons for the Year 4-7 in accordance with a minimum Specifications set forth in the Agreement.*

- *The price of the product to be supplied in terms of the Agreement shall be benchmarked to the landed price of imported coal as delivered to the Company's Cement Plant, with adjustments being allowed for the difference between the Net calorific value of imported coal and RDF with a further discount. Based on the above, the formula and mechanism for calculating price of the product are set out in Agreement.*

- *ECOCEM shall make available for supply to the Company, the requested quantities of the product at delivery point. Delivery of the Product shall be in accordance with procedure set out in detail in the Agreement.*

- *Title and Risk in the product shall pass to the Company once the said product has been delivered.*

- *The term of the Agreement is for seven (07) years unless terminated earlier in accordance with Section 9 of the Agreement.*

(3) In furtherance of the above agreement, the Company and ECOCEM will also enter into a Resources and Services Agreement for the provision of resources/services such as land space, electricity, security etc., by the Company to ECOCEM for the purposes of its shredding operation which will be located in close proximity to the Company's Plant. Essential terms of this agreement are:

- *ECOCEM shall build and operate at two sites: (i) a sorting facility in Lahore operated by Lahore Compost Ltd; and (ii) a shredding facility at Company's plant in Kallar Kahar, district Chakwal.*

- *The Company shall provide ECOCEM with interalia the following:*
  - *(i) land space for installation and commissioning of Shredder System and shredder discharge conveyor at its Plant;*
  - *(ii) land space for installation of storage shed including concrete slab, mobile concrete walls for RDF stocks at its Chakwal site;*
  - *(iii) Road access to shredder installation and storage location; &*
  - *(iv) utilities including electricity and water at shredder installation and sorted waste storage site*

- *The agreement shall be effective from the date of signing and shall continue to remain in full force and effect for a period of seven (7) years.*

- *ECOCEM shall pay to the Company all sums due in accordance with the schedule of charges highlighted in the agreement. All charges shall be inclusive of all applicable taxes, charges, fees, levies etc.*

- *In the event that the Company fails to perform its obligations under this agreement or fails to provide the Resources and Services mentioned herein on any day, or part thereof of, ECOCEM shall have the right to claim liquidated damages.*

- *Either Party to the agreement shall be entitled to terminate the agreement for the reasons given in Section 10.2 of this agreement by giving the other Party thirty (30) days prior written notice.*

(4) Both the aforementioned agreements, namely the Refuse Derived Fuel Off-Take Agreement and the Resources and Services Agreement, are open to inspection by the shareholders who may through prior intimation to the Company Secretary visit the registered office of the Company between 11:00 am to 4:00 pm for such review from the date of publication of this notice till the conclusion of the Annual General Meeting.

(5) ECOCEM and the Company are related parties as 50% of the shares of ECOCEM are owned indirectly by the Company's ultimate parent i.e. Lafarge S.A, and both the companies have the same Chief Executive Officer, Mr. Amr Ali Reda. In this background, the Directors of the Board of the Company may be deemed to be interested with respect to the aforesaid agreements and therefore restricted to vote or participate in any discussions relating to the said agreements under Section 216 (1) of the Companies Ordinance, 1984. Additionally, their presence will not be counted towards the quorum required for the Board meeting which may be tasked with the approval of the said agreements. Therefore, the aforementioned agreements after having obtained the requisite recommendation from the Audit Committee have to be now approved by the shareholders of the Company in present Annual General Meeting.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to place before you the Annual Report of the Company for the year ended December 31, 2013 together with the audited accounts and Auditors' report thereon.

INDUSTRY OVERVIEW*

During the year 2013, revenues of the Cement Industry improved due to better volumes and prices in the domestic market. Land export volumes and prices displayed a negative trend during 2013. Exports to Afghanistan and India showed with the decline of 12% and 31% respectively. While, sea exports grew over last year. Overall industry exports declined by a nominal 0.45% to 8.29 million ton versus 8.33 million ton in 2012. This decline is mainly coming from drop in exports to Afghanistan due to sluggish demand. Positive contribution was seen from sea exports, mainly for units located near the port.

The industry dispatched 25.3 million tons locally, as against 24.8 million tons last year, which helped the industry maintaining its growth despite an overall difficult business environment.

OPERATING HIGHLIGHTS

During the year 2013, the Company managed to post a strong positive bottom line. Net sales grew 7% to Rs. 10,302 million from Rs. 9,624 million. The Company continued its focus on using alternative fuel which reduced production cost by Rs. 627 million in 2013 as against Rs. 411 million in 2012. The Company increased the use of alternate fuel from 28% in December 2012 to 32% in December 2013. Lafarge Pakistan is the only Cement Company in Pakistan that is substituting such high volume of fuel with bio mass and other cheaper alternative fuels. Power shortage persisted in the country and in order to avoid complete shutdown, generator sets were rented which used expensive diesel oil impacting the cost of electricity adversely. Whilst this proved to be an expensive alternative, it resulted in a net gain for the Company. The gross profit increased to Rs. 3,225 million from Rs. 3,135 million while net profit after tax of the Company rose to Rs. 1,803 million from Rs. 1,488 million. During the year the Company also managed to reduce its debt by Rs. 1.3 billion through its operational cash flow.

* Source APCM

PRODUCTION REVIEW

The Company's capacity utilization remained at 68% with local sales improving by 2.77%, from 1.17 million tons in 2012 to 1.20 million tons in 2013. Exports fell by 8.5% from 473 thousand tons in 2012 to 433 thousand tons in 2013.

FUTURE OUTLOOK

The local industry dispatches are anticipated to increase in the coming year because of the resolve of the newly elected government to start new mega projects. The prevailing increasing trend of urbanization is also a major area of interest for cement industry in 2014, due to which the number of IHBs (individual house builders) is expected to increase.

Power shortage still remains a major challenge for the cement industry in Pakistan for 2014.

The elections in both the neighboring countries, Afghanistan and India, are expected to influence export opportunities.

INCREASE IN PAID-UP CAPITAL

Subsequent to the approval of Board of Directors and Shareholders, the Securities & Exchange Commission of Pakistan approved an increase in the paid-up capital. Pakistan Cement Holding Limited has been allotted 143,464,539 shares at Rs. 10/- each, on February 10, 2014. As a result the paid-up capital of the Company has been increased to Rs. 14,561,090,270/-.

HOLDING COMPANY

Pakistan Cement Holding Limited (PCH) holds 56.33% and Camden Holding PTE Limited (CHL) holds 19.53% ordinary shares of the Company at the reporting date. By virtue of indirect holding in PCH and CHL, through Lafarge Building Materials Holding, Lafarge SA France is the **"Ultimate Parent Company"**. Lafarge SA is the world leader in building materials, with top-ranking positions in all of its businesses of Cement, Aggregates & Concrete with 64,000 employees in 62 countries.

CORPORATE SOCIAL RESPONSIBILITY

Contributing to social and economic conditions of the local communities in which Lafarge operates is key to achieving the Company's sustainability ambitions. For this purpose, Lafarge Pakistan implements training sessions, local job creation plans, health programs, general education programs and various other community development initiatives.

The Company is fully aware of its obligations regarding Corporate Social Responsibility and is committed to protecting the environment and positively contributing to the local communities.

Following its core values of sustainability, the Company continuously seeks to indentify new ways of meeting present and future needs that are more socially and environmentally friendly.

Health & Safety Best Practices Sharing

The Company's Leadership in Health & Safety enables it to provide a safe and healthy working environment, ensuring the safety of its employees and stakeholders. The Company leads in Health & Safety by example and imparts its expertise and skill set for the benefit of the society. The Company's best practices have been shared with other industries, which has been appreciated by all stake holders.

An MOU on health and safety was signed with All Pakistan Cement Manufacturers Association in May 2013, to share the Company's best practices and impart Health & Safety knowledge to other cement companies. Over 100, mostly managers and senior executives in the industry, participated in the Health and Safety seminar.

Community Development

The Company recognizes the importance of being a "good neighbor" to all of its communities and continued its support for various social projects and activities in 2013. Rs. 250,000 was spent in 2013 on the following community projects:

- Arrangement of transport for pensioners from nearby villages
- Awareness campaign on Dengue Fever
- Fumigation services in nearby villages
- Providing free ambulance service to nearby villagers
- School Support

Water Supply Project- Chakwal

In order to provide clean drinking water to the people in Chakwal, the Company contributed Rs.1million to the local administration of Chakwal. Two water filteration plants were installed with this amount and local population is benefiting from this facility.

Medical camps for nearby villages

Free medical camps have been arranged for the residents of villages in Chakwal district. Professional doctors were hired for treating local villagers. A total of 1,850 local villagers have been treated by these medical camps. The Company spent Rs. 1.3 million on these camps on providing health awareness to the local population.

Fund Raiser with Shaukat Khanum Cancer Hospital

The Company participated in the Breast Cancer Awareness month with Shaukat Khanum Cancer Hospital. Lafarge Pakistan contributed Rs. 500,000 for this programme which was appreciated by the hospital's administration.

Training equipment for Rescue 1122

The Company provided training equipment to Rescue 1122 in 2013 contributing Rs. 300,000. This contribution included a telephone exchange system, Adult Manikin, Infant Manikin and an AED Defibrillator.

Sasta Dastarkhan in Ramadan

The Company donated Rs. 100,000 for 'Sasta Desterkhan' scheme of Government of Punjab for provision of cooked food to the poor in the month of Ramadan.

Health & Safety in Schools Program

In our quest to contribute to "Building Better Cities and Communities", the Company launched a Health & Safety in Schools Program in November, 2013. The first session of our Health & Safety in Schools Program was held at Hira Public School in Chakwal. The programme was aimed to build awareness among students and teachers in the key area of Health & Safety (H&S) in an engaging manner and creating a Healthy and Safe culture in the schools.

Environment

The Company planted 5,500 trees in the surrounding areas of the plant which in time to come will improve the environment.

Use of Alternate Fuel

The Company used alternate fuel by substituting coal up to 32% during 2013. Alternate fuel is mainly bio mass, which is environment friendly.

Occupational Health and Safety

Health and Safety is top priority being the core value of the Company. In a cement company, it is never easy to ensure safety for all employees. However, with determination, hard work and engagement of everyone, from top management to the grass root level, the Company has established a Health & Safety culture and is aiming to become a member of the Excellence Club.

Gender Diversity

In line with the global policy of Lafarge SA, the Company values gender diversity. The Company took measures to increase number of female employees from 7 in 2012 to 15 by December 31, 2013.

Local Job Creation

The Company considers job creation as one of the core elements of its contribution to local economic development. Other than direct employment, the Company promotes local job creation through working with local companies which provide services for our operations. 50% of the Company's workforce is hired locally from District Chakwal from the surrounding villages. The Company supports and conducts training and competence development programs for this workforce.

Volunteering at Lafarge Pakistan

Volunteering at Lafarge gives employees the opportunity to make a positive contribution to Building Better Cities and Local Communities by expressing their values.

Company employees completed 1604 hours of volunteering in 2013 against a target of 622 hours. Mostly this volunteering service was done in the field of health and safety.

Blood Donation Drive at Fatimid Foundation

Lafarge Pakistan in collaboration with Fatimid Foundation organized a Volunteer Blood Donation camp at the Plant and Head Office in October, 2013. Plant, Sales and Head office employees of the Company enthusiastically volunteered to donate their blood.

National Exchequer

The Company contributed Rs. 2.5 billion to the National Exchequer in the form of duties and taxes.

STATEMENT ON CORPORATE & FINANCIAL REPORTING FRAME WORK

In compliance with the provisions of the Code, the Directors are pleased to report the following:

- The financial statements for the year ended December 31, 2013 prepared by the management present fairly the Company's state of affairs, the result of its operations, cash flows and change in equity;
- The Company has maintained proper books of account;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended December 31, 2013 and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- 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 of stock exchanges;
- Key operating and financial data of last six years is given below;

(Rs. '000)

Particulars	2008	2009	2010	2011	2012	2013
Issued, Subscribed and Paid up Capital	13,126,445	13,126,445	13,126,445	13,126,445	13,126,445	13,126,445
Capital reserve	190,477	198,966	198,966	202,743	202,743	1,637,388
Long term loan-secured	4,388,800	3,075,232	1,761,663	5,361,851	5,006,056	3,737,008
Current Liabilities	5,268,865	6,865,083	8,927,252	3,560,745	4,332,812	3,427,200
Property Plant & Equipment	17,247,914	16,687,998	16,291,971	15,792,184	15,313,382	14,824,043
Long term advance	82,636	77,869	61,977	54,265	41,318	30,989
Long term deposits	43,787	40,578	39,867	40,871	40,258	41,412
Deferred Tax Asset	749,347	749,347	749,347	803,011	1,199,316	1,906,850
Current Assets	3,856,416	2,145,492	2,358,841	2,525,674	2,930,523	3,390,715
Net Sales	7,439,375	8,129,961	6,880,767	7,804,378	9,624,089	10,302,148
Gross Profit/(Loss)	979,234	983,703	855,910	1,655,652	3,135,160	3,225,293
Financial Charges	1,481,674	1,082,955	980,678	1,064,480	1,052,757	666,640
Profit/(Loss) after Taxation	(1,242,504)	(1,278,965)	(948,495)	(118,421)	1,488,210	1,802,802
Earning Per Share (Rs.)	(1.01)	(0.97)	(0.72)	(0.09)	1.13	1.37

- Audited financial statements for the year ended December 31, 2013 show a net profit of Rs. 1,802 million. The Board is pleased to propose a dividend of Rs. 0.30 per share;

- There are no outstanding statutory payments on account of taxes, levies or charges except those reflected in Note No. 22 to the accounts;

- The Company maintained a provident fund scheme for its eligible employees. The value of investments by the fund was Rs. 147 million as on December 31, 2013 (un-audited);

- During the year ended December 31, 2013, six meetings of Board of Directors were held and attendance of Directors is stated below:

Name of the Directors	No. of Board Meetings Attended
Maj. Gen. (R) Rehmat Khan	6
Mr. Amr Ali Reda	6
Mr. Bilal Hamid Javaid	6
Mr. Fabrizio Angelo Olivares	4
Mr. Jean-Jerome Khodara	3
Mr. Dominique Brugier	3
Mr. Shahid Anwar (Nominee NIT)	6

The Directors who could not attend the board meetings due to their preoccupations were duly granted leave of absence.

During the year ended December 31, 2013, four meetings of Audit Committee were held and attendance of members was as follows:

Name of the Member	No. of Meetings Attended
Mr. Shahid Anwar (Nominee NIT)	4
Maj. Gen. (R) Rehmat Khan	4
Mr. Fabrizio Angelo Olivares	2
Mr. Jean Jerome Khodara	2

During the year ended December 31, 2013, one meeting of Human Resources & Remuneration Committee was held which was attended by all the members except Mr. Dominique Brugier;

- The pattern of shareholding as on December 31, 2013 and its disclosures as required in the Code of Corporate Governance is annexed with the report;
- No Directors, CEO, CFO, Company Secretary, Company Auditors, their spouses and minor children have undertaken any transaction in Company's shares during the year.

Auditors

M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, Islamabad, retire and being eligible, offer themselves for the reappointment. The Board endorses the recommendation of the Audit Committee for their appointment as auditors of the Company for the year ending December 31, 2014.

M/s HLB Ijaz Tabussum & Co. Chartered Accountants, Islamabad were appointed as Cost Auditors for the year ended December 31, 2013.

Acknowledgments

The Board of Directors of the Company, with deep appreciation and gratitude, thank all the shareholders, financial institutions, government functionaries and customers for their continued support and trust. The Directors would also like to extend their appreciation to all the management and staff for their hard work and dedication.

For and on behlaf of the Board

Maj. Gen. (R) Rehmat Khan
Chairman

Islamabad:
March 28 2014

Statement of Compliance with Code of Corporate Governance

For the Year Ended 31 December 2013

This statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges 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.

Lafarge Pakistan Cement Limited ("the Company") has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors (hereinafter "the Board"). At present the Board includes:

Category	Names
Independent Director	1. Mr. Shahid Anwar (Nominee National Investment Trust)
Executive Directors	1. Mr. Amr Ali Reda 2. Mr. Bilal Hamid Javaid
Non-Executive Directors	1. Maj. Gen. (R) Rehmat Khan 2. Mr. Fabrizio Angelo Olivares 3. Mr. Jean-Jerome Khodara 4. Mr. Dominique Brugier

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

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

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

4. No casual vacancy occurred in the Board during the year.

5. The Company has adopted Code of Business Conduct, of Lafarge SA, France "The Ultimate Parent Company" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies.

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 these were approved or amended has been maintained.

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

8. During the year, the meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for the purpose. 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, in time

9. Mr. Bilal Hamid Javaid, Director of the Company has completed directors training programme last year through Institute of Chartered Accountants of Pakistan. Mr. Shahid Anwar, Director of the Company is exempted from directors training progromme due to 14 years of education and 15 years of experience on the board of a listed company which covered this year's compliance of Code of Corporate Governance.

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

11. The Directors' Report for the year ended December 31, 2013 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were fully 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 those disclosed in the pattern of shareholding.

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

15. The Board has formed an Audit Committee. It comprises four members; each of whom is a non-executive director and the Chairman of the Committee is an independent director.

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

17. The Board has formed a Human Resource and Remuneration Committee. It comprises four members, of whom three are non-executive directors including the Chairman of the Committee.

18. The Board has set up an internal audit function.

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

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 decision, which may materially affect the market price of Company's shares, was determined and intimated to directors, employees and stock exchanges.

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 Code have been complied with.

For and on behalf of the Board

Islamabad:
March 28, 2014

Maj. Gen (R) Rehmat Khan
Chairman

Auditors' Report to the Members

We have audited the annexed statement of financial position of Lafarge Pakistan Cement Limited **(the Company)** as at 31 December 2013 and the related statement of comprehensive income, statement of cash flows 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 statement of financial position and statement of comprehensive income 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 policies, as stated in note 4.3 to the accompanying 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 statement of financial position, statement of comprehensive income, statement of cash flows 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 31 December 2013 and of the total comprehensive income, its cash flows and changes in equity for the year then ended; and

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

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Engagement Partner: Khayyam Mushir
Date: 28 March, 2014
Place: Islamabad

Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance **(the Statement)** with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Lafarge Pakistan Cement Limited **(the Company)** for the year ended 31 December 2013, to comply with the requirements of Listing Regulation No. 35 (Chapter XI) of Karachi, Lahore and Islamabad Stock Exchanges, 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 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 part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board 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 of 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 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 31 December 2013.

Chartered Accountants
Engagement Partner: Khayyam Mushir
Date: 28 March, 2014
Islamabad

Statement of Financial Position

As at 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
Fixed assets			
Tangible assets			
Property, plant and equipment	5	14,824,043,140	15,313,382,051
Intangible assets	6	2,852,573	3,069,520
		14,826,895,713	15,316,451,571
Long-term advances	7	30,988,500	41,318,000
Long-term deposits	8	41,412,007	40,258,054
Deferred taxation - net	9	1,906,850,311	1,199,316,361
		16,806,146,531	16,597,343,986
CURRENT ASSETS			
Stores and spares	10	835,915,563	1,051,183,099
Stock-in-trade	11	1,866,308,929	1,013,879,345
Trade debts	12	57,189,601	62,990,813
Advances	13	71,117,866	46,786,024
Short-term prepayments	14	60,095,523	53,336,553
Interest accrued		4,202,340	678,528
Other receivables	15	63,848,513	78,430,784
Tax refund due from Government	16	283,226,085	194,896,030
Cash and bank balances	17	148,810,531	428,341,802
		3,390,714,951	2,930,522,978
TOTAL ASSETS		20,196,861,482	19,527,866,964
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
2,250,000,000 (2012: 2,250,000,000) Ordinary shares of Rs. 10 each		22,500,000,000	22,500,000,000
Issued, subscribed and paid-up capital	18	13,126,444,880	13,126,444,880
Reserve for issue of shares	19	1,434,645,393	-
Reserves	20	(1,528,436,669)	(2,937,445,687)
		13,032,653,604	10,188,999,193
NON - CURRENT LIABILITIES			
Long-term financing	21	3,737,007,961	5,006,055,707
CURRENT LIABILITIES			
Trade and other payables	22	2,676,031,254	3,242,633,237
Accrued mark-up	23	25,918,324	37,387,916
Short-term borrowings	24	287,750,339	1,052,790,911
Current maturity of long-term financing	21	437,500,000	-
		3,427,199,917	4,332,812,064
CONTINGENCIES AND COMMITMENTS	25	-	-
TOTAL EQUITY AND LIABILITIES		20,196,861,482	19,527,866,964

The annexed notes, from 1 to 43, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Comprehensive Income

For the Year Ended 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
NET SALES	26	10,302,147,903	9,624,089,061
Cost of sales	27	(7,076,855,169)	(6,488,928,251)
GROSS PROFIT		3,225,292,734	3,135,160,810
Distribution costs	28	(308,846,222)	(225,550,509)
Administrative expenses	29	(991,821,821)	(627,842,479)
Other operating income	30	33,297,022	11,870,885
		(1,267,371,021)	(841,522,103)
OPERATING PROFIT		1,957,921,713	2,293,638,707
Finance costs	31	(666,640,320)	(1,052,757,442)
Other charges	32	(90,389,698)	(86,861,690)
PROFIT BEFORE TAXATION		1,200,891,695	1,154,019,575
Taxation- net	33	601,910,669	334,190,707
NET PROFIT FOR THE YEAR		1,802,802,364	1,488,210,282
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,802,802,364	1,488,210,282
EARNINGS PER SHARE - Basic and diluted	34	1.37	1.13

The annexed notes, from 1 to 43, form an integral part of these financial statements.

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CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Cash Flows

For the Year Ended 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	2,522,476,974	2,949,133,660
Finance costs paid		(450,170,002)	(1,041,968,285)
Income tax (paid) / refunded		(218,771,962)	59,183,648
Net cash generated from operating activities		1,853,535,010	1,966,349,023
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(146,172,414)	(151,579,498)
Additions to intangible assets		-	(2,705,706)
Proceeds of disposal of property, plant and equipment		7,471,197	549,996
Interest received on financial assets		11,431,252	4,879,648
Long-term advance realized		12,414,348	17,513,624
Long-term deposits (paid) / realized		(1,153,953)	612,798
Net cash used in investing activities		(116,009,570)	(130,729,138)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(937,500,000)	(1,747,501,100)
Short-term borrowings - net		(765,040,572)	316,981,189
Dividend paid		(314,516,139)	-
Net cash used in financing activities		(2,017,056,711)	(1,430,519,911)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(279,531,271)	405,099,974
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		428,341,802	23,241,828
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	17	148,810,531	428,341,802

The annexed notes, from 1 to 43, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Changes In Equity

For the Year Ended 31 December 2013

	Share Capital	Reserves				
		Capital Reserve			Revenue Reserve	Total equity
	Issued, subscribed and paid-up capital	Reserve for issue of shares	Share premium	Other	Accumulated losses	
	Rupees					
Balance at 01 January 2012	13,126,444,880	-	190,476,700	12,266,330	(4,628,398,999)	8,700,788,911
Total comprehensive income for the year	-	-	-	-	1,488,210,282	1,488,210,282
Balance at 31 December 2012	13,126,444,880	-	190,476,700	12,266,330	(3,140,188,717)	10,188,999,193
Total comprehensive income for the year	-	-	-	-	1,802,802,364	1,802,802,364
Transactions with owners recorded directly in equity						
Reserve for issue of shares	-	1,434,645,393	-	-	-	1,434,645,393
Final dividend @ Rs. 0.30/- per share for the year ended 31 December 2012	-	-	-	-	(393,793,346)	(393,793,346)
	-	1,434,645,393	-	-	(393,793,346)	1,040,852,047
Balance at 31 December 2013	13,126,444,880	1,434,645,393	190,476,700	12,266,330	(1,731,179,699)	13,032,653,604

The annexed notes, from 1 to 43, form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes to The Financial Statements

For the Year Ended 31 December 2013

1. THE COMPANY AND ITS OPERATIONS

Lafarge Pakistan Cement Limited ("the Company") was incorporated in Pakistan, on May 23,1993, as a private limited company, and was subsequently converted into a public limited company, on October 18, 1994 under the Companies Ordinance, 1984. The shares of the Company are quoted on all three stock exchanges in Pakistan. The principal activity of the Company is manufacturing and sale of cement.

The Company is a subsidiary of "Pakistan Cement Holding Limited", a company incorporated in the British Virgin Islands, whereas its ultimate parent company is Lafarge SA, France. The registered office of the Company is located at 18-B, Kaghan Road, F-8 Markaz, Islamabad.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Significant accounting judgments and estimates

The preparation of these financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditures. The estimates and associated assumptions are based on historical experience and various other factors that are reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities, that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which these estimates are revised, if the revision only affects that year, on in the year of revision or any future year affected.

The matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1.1 Property, plant and equipment

The Company reviews the appropriateness of the rate of depreciation, useful lives and residual values of property, plant and equipment on the reporting date. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of the respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

4.1.2 Obsolescence of stock-in-trade and stores and spares

The Company reviews the net realisable value of stock in trade and stores and spares to assess any diminution in the respective carrying values. Net realisable value is determined with reference to the estimated selling price less estimated costs to complete and estimated costs to make the sales. Further, the carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realizablity of these receivables, an appropriate amount of provision is made.

4.1.3 Provision against trade debts, advances and other receivables

The Company reviews the recoverability of its trade debts, advances and other receivables to assess the amount of bad debts and provisions required there against, on an annual basis.

Notes to The Financial Statements

For the Year Ended 31 December 2013

4.1.4 Taxation

In making the estimate for income tax payable by the Company, the management takes into account the applicable tax laws, and the decisions by appellate authorities, on pertinent issues in the past.

Deferred tax assets are recognized for all unused tax losses and credits, to the extent that it is probable that future taxable profit will be available, against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

4.1.5 Contingencies

The assessment of contingencies inherently involves the exercise of significant judgment, as the outcome of the future events cannot be predicted with certainty. The Company reviews the status of all its legal cases on a regular basis, and based on the availability of the latest information, estimates the value of contingent assets and liabilities, which may differ on the occurrence / non occurrence of the uncertain future events.

4.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees (Rupees) which is the functional and presentation currency of the Company.

4.3 Changes in accounting policies and disclosures resulting from adoption of standards, amendments and interpretations during the year

The Company has adopted the following new and amended IFRS and International Financial Reporting Interpretation Committee (IFRIC) interpretations which became effective during the year:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

IAS 1 – Presentation of Financial Statements – Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment - Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on these financial statements.

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, will be effective from the dates mentioned below against the respective standard or interpretation:

Notes to The Financial Statements

For the Year Ended 31 December 2013

Standard or Interpretation	IASB Effective date (accounting periods beginning on or after)
IAS 32 - Offsetting Financial Assets and Financial liabilities - (Amendment)	01 January 2014
IAS 36 - Recoverable Amount for Non-Financial Assets - (Amendment)	01 January 2014
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting - (Amendment)	01 January 2014
IFRIC 21 - Levies	01 January 2014

The management expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by the IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard	IASB Effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10 - Consolidated Financial Statements	01 January 2013
IFRS 11 - Joint Arrangements	01 January 2013
IFRS 12 - Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 - Fair Value Measurement	01 January 2013

4.5 Property, plant and equipment

4.5.1 Operating fixed assets

Operating fixed assets, except for freehold land, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is stated at cost. Cost in relation to property, plant and equipment comprises acquisition and other directly attributable costs. Assets having costs of less than predetermined material amounts are charged off when purchased.

Depreciation is charged to the statement of comprehensive income by applying the straight-line method whereby the cost of an asset is written-off over its estimated useful life. The useful lives of items of property, plant and equipment are stated in note 5.1 to these financial statements. Depreciation on additions is charged from the month in which the asset is available for use, and on disposals, up to the preceding month of disposal.

Useful lives are determined by the management based on the expected usage of an asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of assets and other similar factors.

The cost of replacing a major part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of day-to-day servicing of property, plant and equipment is recognized in the statement of comprehensive income, as incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an item of property, plant and equipment, is determined by comparing the proceeds from disposal, with the carrying amount of the said item of property, plant and equipment; such gains and losses are recognized, at net amounts within "other operating income", in the statement of comprehensive income.

Notes to The Financial Statements

For the Year Ended 31 December 2013

The carrying values of items of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate, that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the property, plant and equipment is impaired and an impairment loss is charged to the statement of comprehensive income, so as to reduce the carrying amounts of the property, plant and equipment to their recoverable amounts.

In testing for indications of impairment and performing impairment calculations, assets are considered as collective groups, referred to as cash generating units. Cash generating units are the smallest identifiable group of assets that generate cash inflows, and that are largely independent of cash inflows from other assets or groups of assets.

An impairment loss is reversed if there has been a change in estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

4.5.2 Capital Work-In-Progress

Capital Work-In-Progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets in the course of their erection, installation and acquisition. The assets are transferred to the relevant category of operating fixed assets when they are available for intended use.

4.6 Intangible assets

These are stated at cost less accumulated amortization and impairment, if any.

Amortization is charged by applying the straight-line method at the rates mentioned in note 6 to the financial statements, to write off the cost of the intangible assets over their useful lives. Amortization on additions is charged from the month in which the asset is available for use and on disposals up to the preceding month of disposal.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of intangible assets is the greater of net selling price and value-in-use.

4.7 Stores and spares

These are valued at the lower of weighted average cost and net realizable value, less impairment. Cost comprises invoice values and other direct costs. Cost is determined using weighted average method except for items in transit, which are determined on the basis of costs incurred up to the balance sheet date. The provision for slow moving, damaged and obsolete items is charged to the statement of comprehensive income.

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

4.8 Stock-in-trade

Stock of raw material, except for those in transit, Work-In-Process and finished goods are valued at the lower of average cost and net realizable value. Stock of packing material is valued at moving average cost, less impairment, if any. Cost of Work-In-Process and finished goods comprises cost of direct materials, labor and appropriate manufacturing overhead.

Material in transit is stated at cost, comprising invoice value plus other charges paid thereon, less impairment, if any.

Net realizable value is determined on the basis of the estimated selling price of the product in the ordinary course of business, less estimated costs that would necessarily be incurred for its sale.

Notes to The Financial Statements

For the Year Ended 31 December 2013

A provision is made for slow moving and obsolete stock, where necessary, and recognized in the statement of comprehensive income.

4.9 Trade debts and other receivables

Trade debts are carried at original invoice amounts as reduced by appropriate provisions for impairment. Bad debts are written off when identified, while debts considered doubtful of recovery, are fully provided for. The provision for doubtful debts is charged to the statement of comprehensive income.

4.10 Advances

These are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is an indication that a financial asset or a group of financial assets may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined, and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and balances with banks on current and deposit accounts.

4.12 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at fair value, less the attributable transactions costs. After initial recognition, mark-up bearing borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in the profit and loss account when the liabilities are derecognized, as well through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the profit and loss account.

4.13 Trade and other payables

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

4.14 Staff retirement benefits

Defined contribution plan

The Company operates an approved contributory provident fund for all its employees. Equal monthly contributions are made to the fund by the Company and the employees, at the rate of 10% of the employee's basic salary. The Company's contribution to the provident fund is recognized in the statement of comprehensive income, as incurred.

4.15 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

4.16 Taxation

Taxation for the year comprises current and deferred taxes.

i) Current

The income of the Company falls under the final tax regime under sections 154 and 169 of the Income Tax Ordinance, 2001, to the extent of export sales. Provision for tax on other income, and revenue from

Notes to The Financial Statements

For the Year Ended 31 December 2013

sale of goods in the local market is based on taxable income at current rates, after considering rebates and tax credits available, if any. The tax charge as calculated above for other income, and revenue from sale of goods in the local market, is compared with the turnover tax under section 113 of the Income Tax Ordinance, 2001, and the higher of the two amounts is provided for in the financial statements.

ii) Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of all major taxable temporary differences arising from the difference between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax bases. In addition, the Company also recognizes, deferred tax asset on the available unused tax losses.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income tax levied by the same tax authority.

Taxable temporary differences are adjusted by the portion of income expected to fall under the presumptive tax regime, in accordance with the requirement of Accounting Technical Release - 27 of the Institute of the Chartered Accountants of Pakistan.

Deferred tax liabilities are recognized for all taxable differences. Deferred tax assets are recognized for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profits will be available, to allow all or part of the deferred tax assets to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the differences reverse, based on the tax rates that have been enacted or substantively enacted at the balance sheet date.

4.17 Revenue recognition

Revenue is recognized to the extent it is probable that economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The following recognition criteria must be met before revenue is recognized.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the customer, the recovery of the consideration is probable, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. For export sales, transfer of risks and rewards occur on the clearance of goods by the border custom authorities. The transfer of risks and rewards in case of sales in the local market, occur when the goods are dispatched to the customer.

Return on bank deposits and mark-up on long-term advance is recognized using the Effective Interest Rate (EIR) method.

4.18 Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are recognized as an expense in the period in which they are incurred, excepts, where such costs relate to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, in which case such costs are capitalized as part of the cost of that asset.

4.19 Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date, are translated to the functional currency at the exchange rates which approximate those prevailing

Notes to The Financial Statements

For the Year Ended 31 December 2013

on that date. Gains and losses on translation are taken to the statement of comprehensive income, currently. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.20 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of the contractual rights that comprise the financial assets, and in case of financial liabilities, when the obligation specified in the contract is discharged, cancelled or expires. All the financial assets and financial liabilities are initially recognized at fair value plus transaction costs, other than financial assets and liabilities carried at fair value through profit or loss. Financial assets and liabilities carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are charged to the statement of comprehensive income for the year. These are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or loss on derecognition of financial assets and financial liabilities is included in the statement of comprehensive income for the year.

4.21 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if the Company has currently a legal right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the assets and the liability simultaneously.

4.22 Impairment

i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

ii) Non-Financial assets

The Carrying value of non-financial assets, other than inventories and deferred tax assets, are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognized, as an expense in the statement of comprehensive income, for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. Value-in-Use is determined through discounting the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money, and risks specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

4.23 Operating leases

Leases in which 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 are charged to income on a straight line basis over the period of the lease.

4.24 Dividend

A dividend is recognized as a liability in the period in which it is approved.

	Note	2013 (Rupees)	2012 (Rupees)
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	14,655,885,378	15,126,037,082
Capital Work-In-Progress	5.2	168,157,762	187,344,969
		14,824,043,140	15,313,382,051

Notes to The Financial Statements

For the Year Ended 31 December 2013

5.1 Operating fixed assets

	COST					ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at 01 January	Additions/ Transfers*	(Disposals)	As at 31 December	Useful life years	As at 01 January	Charge for the year	on Disposals	As at 31 December	As at 31 December
	Rupees					Rupees				Rupees
2013										
Freehold land	82,104,837	-	-	82,104,837	-	-	-	-	-	82,104,837
Building on freehold land	4,451,433,099	633,753	-	4,555,751,118	25 to 30	795,633,200	149,494,450	-	945,127,650	3,610,623,468
		103,684,266 *								
Plant and machinery	13,007,743,190	4,789,311	-	13,038,557,586	30	2,839,861,168	421,118,607	-	3,260,979,775	9,777,577,811
		26,025,085 *								
Office equipment	11,631,899	1,633,902	-	13,265,801	5 to 10	9,791,852	1,500,954	-	11,292,806	1,972,995
Furniture and fixtures	21,154,291	4,186,056	-	25,340,347	5 to 10	12,652,307	2,456,455	-	15,108,762	10,231,585
Computers and low voltage equipment	386,814,992	6,682,341	-	402,572,677	5	179,585,935	14,699,220	-	194,285,155	208,287,522
		9,075,344 *								
Laboratory equipment	712,350,712	2,332,619	-	714,683,331	30	201,761,119	21,601,580	-	223,362,699	491,320,632
Workshop equipment	352,086,565	-	-	352,086,565	30	83,611,058	11,140,313	-	94,751,371	257,335,194
Major spare parts and stand-by equipment	235,582,444	-	-	235,582,444	30	18,004,396	10,313,224	-	28,317,620	207,264,824
Vehicles	49,066,848	4,708,123	(8,632,664)	45,142,307	4 to 5	43,030,760	1,577,701	(8,632,664)	35,975,797	9,166,510
	19,309,968,877	24,966,105	(8,632,664)	19,465,087,013		4,183,931,795	633,902,504	(8,632,664)	4,809,201,635	14,655,885,378
		138,784,695 *								

	COST					ACCUMULATED DEPRECIATION				WRITTEN DOWN VALUE
	As at 01 January	Additions/ Transfers	(Disposals)	As at 31 December	Useful life years	As at 01 January	Charge for the year	on Disposals	As at 31 December	As at 31 December
	Rupees					Rupees				Rupees
2012										
Freehold land	81,892,837	212,000	-	82,104,837	-	-	-	-	-	82,104,837
Building on freehold land	4,451,433,099	-	-	4,451,433,099	25 to 30	646,138,683	149,494,517	-	795,633,200	3,655,799,899
Plant and machinery	12,961,433,197	46,309,993	-	13,007,743,190	30	2,420,121,159	419,740,009	-	2,839,861,168	10,167,882,022
Office equipment	11,631,899	-	-	11,631,899	5 to 10	8,160,793	1,631,059	-	9,791,852	1,840,047
Furniture and fixtures	21,154,291	-	-	21,154,291	5 to 10	10,655,898	1,996,409	-	12,652,307	8,501,984
Computers and low voltage equipment	384,156,588	2,658,404	-	386,814,992	5	166,232,486	13,353,449	-	179,585,935	207,229,057
Laboratory equipment	708,896,362	3,454,350	-	712,350,712	30	180,602,560	21,158,559	-	201,761,119	510,589,593
Workshop equipment	350,956,558	1,130,007	-	352,086,565	30	72,489,579	11,121,479	-	83,611,058	268,475,507
Major spare parts and stand-by equipment	235,582,444	-	-	235,582,444	30	10,508,856	7,495,540	-	18,004,396	217,578,048
Vehicles	49,677,489	-	(610,641)	49,066,848	4 to 5	42,689,980	951,421	(610,641)	43,030,760	6,036,088
	19,256,814,764	53,764,754	(610,641)	19,309,968,877		3,557,599,994	626,942,442	(610,641)	4,183,931,795	15,126,037,082

*This represents transfers from capital Work-In-Progress made during the year. (refer note 5.2.1).

Notes to The Financial Statements

For the Year Ended 31 December 2013

		Note	2013 (Rupees)	2012 (Rupees)
5.1.1	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	27	630,679,286	624,683,970
	Distribution costs	28	392,343	313,846
	Administrative expenses	29	2,830,875	1,944,626
			633,902,504	626,942,442

5.1.2 The details of operating fixed assets disposed-off during the year is as follows:

2013	Original cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyers
	Rupees					
Vehicles						
Toyota Corolla JA-692	1,444,000	1,444,000	-	774,250	Auction	Muhammad Iqbal
Suzuki Cultus LT-576	610,641	610,641	-	538,650	Auction	Abdul Shakoor
Suzuki Cultus LT-570	610,641	610,641	-	651,497	Auction	Waqas Butt
Suzuki Cultus LT-487	610,641	610,641	-	629,850	Auction	Sajawal Khan
Suzuki Cultus LT-486	610,641	610,641	-	601,350	Auction	Sajawal Khan
Suzuki Cultus LT-571	610,641	610,641	-	285,000	Auction	Faisal Masood
Honda City LZ-568	865,936	865,936	-	1,091,700	Auction	Sajawal Khan
Toyota Corolla LV-680	997,331	997,331	-	1,100,700	Auction	Sajawal Khan
Honda Civic MAA-382	1,406,256	1,406,256	-	1,003,500	Auction	Riaz Ahmed Khan
Honda City LT-442	865,936	865,936	-	794,700	Auction	Sajawal Khan
	8,632,664	8,632,664	-	7,471,197		
2012	610,641	610,641	-	549,996		

		2013 (Rupees)	2012 (Rupees)
5.2	**Capital Work-In-Progress**		
	Plant and machinery	45,388,716	48,277,876
	Civil and development works	102,372,386	131,310,486
		147,761,102	179,588,362
	Advances to suppliers and contractors	20,396,660	7,756,607
		168,157,762	187,344,969

5.2.1 Movement in capital work-in-progress is as follows:

	2013 (Rupees)	2012 (Rupees)
Balance at the beginning of the year	187,344,969	92,969,497
Additions during the year	119,597,488	94,375,472
Transfers to operating fixed assets during the year	(138,784,695)	-
	168,157,762	187,344,969

Notes to The Financial Statements

For the Year Ended 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
6. INTANGIBLE ASSETS			
Licensed computer software			
Cost			
Opening balance		11,533,253	8,827,547
Additions during the year		-	2,705,706
		11,533,253	11,533,253
Accumulated amortization			
Balance at the beginning of the year		8,463,733	7,662,898
Amortization for the year	29	216,947	800,835
		8,680,680	8,463,733
Written down value		2,852,573	3,069,520
Amortization rate		6.66% - 20%	6.66% - 20%
7. LONG-TERM ADVANCES			
Considered good - unsecured			
Sui Northern Gas Pipelines Limited	7.1	41,318,000	51,647,500
Employee share ownership plan	7.2	-	2,084,848
		41,318,000	53,732,348
Current maturity shown under current assets			
Sui Northern Gas Pipelines Limited	13	(10,329,500)	(10,329,500)
Employee share ownership plan	13	-	(2,084,848)
		(10,329,500)	(12,414,348)
		30,988,500	41,318,000

7.1 This represents the outstanding balance of an advance given by the Company to Sui Northern Gas Pipelines Limited (SNGPL) during the year ended 30 June 2005, for the construction of a gas pipeline for the Company's cement manufacturing plant in Chakwal. The advance is recoverable over 10 years commencing 28 March 2007 in equal annual installments of Rs. 10.330 million each, and carries mark-up at the rate of 1.5% (2012: 1.5%) per annum.

7.2 This represented an interest free advance given to the Company's employees for acquiring shares of Lafarge SA, France, the ultimate parent company, under the employee share ownership plan (LEA 2011), and, recoverable over a period of two years.

	Note	2013 (Rupees)	2012 (Rupees)
7.2.1 Advance against employee share ownership plan			
Chief Executive Officer and Executives	7.2.2	-	1,752,572
Other employees		-	332,276
		-	2,084,848
7.2.2 Advances given to Chief Executive Officer and Executives			
Balance at the beginning of the year		1,752,572	5,296,732
Advances made during the year		-	-
Repayment during the year		(1,752,572)	(3,544,160)
Balance at the end of the year		-	1,752,572

Notes to The Financial Statements

For the Year Ended 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
8. LONG-TERM DEPOSITS			
Security deposits - considered good			
Islamabad Electric Supply Company Limited	8.1	37,789,030	37,789,030
Others		3,622,977	2,469,024
		41,412,007	40,258,054

8.1 This represents the amount deposited for the supply of electricity to the Company's cement manufacturing plant in Chakwal.

	Note	2013 (Rupees)	2012 (Rupees)
9. DEFERRED TAXATION - NET			
Debit arising in respect of:			
Brought forward tax losses		5,078,950,942	4,326,868,985
Credits arising on account of:			
Accelerated tax depreciation		(3,172,100,631)	(3,127,552,624)
		1,906,850,311	1,199,316,361
10. STORES AND SPARES			
In hand			
Spare parts		590,276,110	621,666,053
Fuel		211,012,256	235,666,924
		801,288,366	857,332,977
In transit			
Spare parts and fuel		39,018,288	198,241,213
		840,306,654	1,055,574,190
Provision for obsolete spare parts		(4,391,091)	(4,391,091)
		835,915,563	1,051,183,099
11. STOCK-IN-TRADE			
Raw materials		58,079,619	97,769,084
Packing material		217,782,140	99,438,882
Work-in-process		1,486,367,557	712,794,686
Finished goods			
In hand		130,582,634	93,922,498
In transit		2,444,024	9,954,195
		133,026,658	103,876,693
Provision for obsolete packing material	11.1	(28,947,045)	-
		1,866,308,929	1,013,879,345

11.1 Provision for obsolete packing material

	Note	2013 (Rupees)	2012 (Rupees)
Balance at the beginning of the year		-	-
Provision for the year	27	28,947,045	-
Balance at the end of the year		28,947,045	-

Notes to The Financial Statements

For the Year Ended 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
12. TRADE DEBTS			
Unsecured - considered good		57,189,601	62,990,813
Considered doubtful		20,386,446	20,386,446
Provision against doubtful debts	12.1	(20,386,446)	(20,386,446)
		57,189,601	62,990,813
12.1 Provision against doubtful debts			
Balance at the beginning of the year		20,386,446	4,465,430
Provision for the year		-	15,921,016
Balance at the end of the year		20,386,446	20,386,446

12.2 Trade debts include a balance amounting to Rs. Nil (2012: 11.5 million) due from Marine Cement Limited, a related party.

	Note	2013 (Rupees)	2012 (Rupees)
13. ADVANCES			
Considered good - unsecured			
Suppliers and contractors		54,971,244	30,173,549
Employees		5,817,122	4,198,127
		60,788,366	34,371,676
Current portion of long-term advances			
Sui Northern Gas Pipelines Limited	7	10,329,500	10,329,500
Advance against employee share ownership plan	7	-	2,084,848
		10,329,500	12,414,348
		71,117,866	46,786,024
14. SHORT-TERM PREPAYMENTS			
Insurance		35,681,901	35,559,402
Rent		22,374,137	14,362,505
Others		2,039,485	3,414,646
		60,095,523	53,336,553
15. OTHER RECEIVABLES			
Considered good			
Due from related parties			
ALSAFWA Cement Company		465,897	1,301,815
Lafarge Building Material Holding, Egypt S.A.E		11,271,473	11,080,393
Lafarge International Limited		5,201,732	-
Lafarge SA, France		3,914,610	-
Industrial Performance Middle East & Africa		3,637,986	3,631,865
Lafarge Middle East and Africa		-	136,205
Lafarge Cement WAPCO Nigeria PLC		315,594	17,728,241
Lafarge Aggregate and Concrete Iraq		2,262,957	4,779,694
Others		3,210,640	2,915,897
		30,280,889	41,574,110
Export rebate		12,748,756	16,258,745
Others		20,818,868	20,597,929
		63,848,513	78,430,784

Notes to The Financial Statements

For the Year Ended 31 December 2013

15.1 The above amounts receivable from related parties represent expenditure by the Company on behalf of these related parties.

	Note	2013 (Rupees)	2012 (Rupees)
16. TAX REFUND DUE FROM GOVERNMENT			
Advance tax at the beginning of the year		194,896,030	316,194,405
Income tax paid during the year		218,771,962	(59,183,648)
Provision for current taxation for the year	33	(105,624,281)	(62,114,727)
Provision in respect of Workers' Welfare Fund transferred to corporate tax provision	22.3	(24,817,626)	-
		283,226,085	194,896,030

	Note	2013 (Rupees)	2012 (Rupees)
17. CASH AND BANK BALANCES			
In hand		2,964,043	2,618,891
At banks in:			
Current accounts		14,956,799	34,720,043
Deposit accounts	17.1	130,889,689	391,002,868
		145,846,488	425,722,911
		148,810,531	428,341,802

17.1 These carry mark-up at rates ranging from 6% to 8% (2012: 7% to 8%) per annum.

18. ISSUED SUBSCRIBED AND PAID-UP CAPITAL

2013 Number of Shares	2012 Number of Shares		2013 (Rupees)	2012 (Rupees)
1,312,644,488	1,312,644,488	Ordinary shares of Rs. 10/- each fully paid in cash	13,126,444,880	13,126,444,880

18.1 Pakistan Cement Holding Limited (PCH) and Camden Holding PTE Limited (CHL), respectively, held 51.55% (2012: 51.55%) and 21.67% (2012: 21.67%) Ordinary shares of Rs. 10 each of the Company at the close of the year. Lafarge SA, France, is the ultimate parent of the Company by virtue of its indirect holdings in PCH and CHL, through Lafarge Building Materials Holding, Egypt S.A.E.

	Note	2013 (Rupees)	2012 (Rupees)
19. RESERVE FOR ISSUE OF SHARES	19.1	1,434,645,393	-

19.1 On 1 October 2013, the Company and Pakistan Cement Holding limited (PCH) entered into an "Acknowledgment Agreement", under which the Company agreed to convert the balance of Rs. 1,434 million, being the Company's payable to various Group Companies (see note 22.1.1) assigned to PCH, into a reserve against issue of shares of the Company, and the Company agreed to issue 159,405,044 Ordinary shares to PCH at the rate of Rs. 9 per share.

The Board of Directors and share holders of the Company in their respective meetings held on 7 October 2013 and 29 October 2013 approved the aforementioned scheme, of assignment of receivables and issue of Ordinary shares to PCH.

Subsequent to the year end, on 31 January 2014, the Securities and Exchange Commission of Pakistan (SECP) approved the issuance of Ordinary shares to PCH at par value of Rs. 10 each. Accordingly, on 10 February 2014, the Company has issued 143,464,539 Ordinary shares to PCH.

Notes to The Financial Statements

For the Year Ended 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
20. RESERVES			
Capital reserves			
Share premium	20.1	190,476,700	190,476,700
Other	20.2	12,266,330	12,266,330
		202,743,030	202,743,030
Revenue reserve			
Accumulated losses		(1,731,179,699)	(3,140,188,717)
		(1,528,436,669)	(2,937,445,687)

20.1 This represents a premium on ordinary shares issued during the year ended 30 June 1995 and 1996.

20.2 This represents the value of equity-settled share-based payment benefits provided to employees including key management personnel, as a part of their remuneration, by Lafarge SA, France under the employee share ownership plan (LEA 2011).

	Note	2013 (Rupees)	2012 (Rupees)
21. LONG-TERM FINANCING			
Secured			
From banking companies	21.1	3,032,037,269	3,952,127,305
Unsecured			
From a Related Party	21.2	1,142,470,692	1,053,928,402
		4,174,507,961	5,006,055,707
Current portion shown under current liabilities		(437,500,000)	-
		3,737,007,961	5,006,055,707

21.1 This is a syndicate term finance facility of Rs. 4,000 million (2012: Rs. 4,000 million) obtained from a consortium of banks, consisting of MCB Bank Limited, Allied Bank Limited, Habib Bank Limited and Standard Chartered Bank Limited.

In accordance with the initial terms of the lending agreement, the loan was to be repaid by the Company in 8 equal bi-annual installments of Rs. 500 million each, starting from 16 June 2014. However, during the year, the terms of the agreement were mutually revised. Accordingly, the Company has repaid two installments aggregating to Rs. 937.5 million during the year. The balance amount as at 31 December 2013, is now repayable in 7 equal bi-annual installments of Rs. 437.5 million each, commencing 16 December, 2014.

The rate of mark-up of the facility was originally agreed at 6 months KIBOR, to be reset on 15 June and 15 December every year, plus 225 basis points per annum; however, under the revised terms the rate has been reduced to 6 months KIBOR plus 115 basis points per annum, on 31 December 2012.

The loan is presented net of transaction costs amounting to Rs. 30.5 million (2012: Rs. 47.8 million). The effective interest rate on the loan is 5.50% (2012: 7.32%) semi-annually.

The loan is secured against (i) a first mortgage charge of Rs. 5,333 million, ranking pari passu among syndicate members, on the properties of the Company (ii) a first charge by way of hypothecation, on the Company's assets, of Rs. 5,333 million (iii) an autonomous corporate guarantee in favor of the Security Trustee, from Lafarge Building Material Holdings, Egypt S.A.E and (iv) a Letter of Awareness by Lafarge SA, France (the Ultimate Parent Company). Allied Bank Limited is the security trustee and MCB Bank Limited is the agent on behalf of all the lenders.

21.2 This represents a loan received from the Parent Company, amounting to USD 10.8 million (2012: USD 10.8 million).The loan is payable in full on 02 September 2015 and carries mark-up at the rate of six months LIBOR+1% (2012: LIBOR+1%) per annum. The effective interest rate on the loan for the year is 0.70% semi-annually.

Notes to The Financial Statements

For the Year Ended 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
22. TRADE AND OTHER PAYABLES			
Trade			
Creditors		545,033,084	456,592,349
Accrued liabilities		602,794,054	682,175,148
Advances from customers		69,174,716	66,942,191
		1,217,001,854	1,205,709,688
Other Payables			
Royalty and technical assistance fees	22.1	1,017,627,053	1,800,908,687
Payable to employees provident fund		4,167,644	2,049,092
Security deposits		20,325,439	20,394,104
Retention money		5,497,812	7,106,633
Federal Excise duty payable		38,319,420	40,863,324
Withholding tax payable		3,134,040	2,669,507
Sales tax payable (net)		27,757,110	61,838,234
Workers' Profit Participation Fund payable	22.2	133,184,705	62,044,064
Workers' Welfare Fund payable	22.3	25,825,628	24,817,626
Payable to related parties		45,018,921	-
Unclaimed dividend		79,277,207	-
Others		13,962,891	14,232,278
Provision for shortfall in stamp duty	22.4 & 29	44,931,530	-
		2,676,031,254	3,242,633,237

22.1 Royalty and technical assistance fees

	Note	2013 (Rupees)	2012 (Rupees)
Royalty and technical assistance fees	29.3	694,076,715	122,700,522
Payables to other Group Companies	22.1.1	323,550,338	1,678,208,165
		1,017,627,053	1,800,908,687

22.1.1 As explained in the note 19.1 to the financial statements, this represented amounts due in foreign currencies on account of managerial and technical services obtained by the Company from other Group Companies, during the period from 2005 to 2011. The Company entered into assignment agreements with these Group Companies on 01 October 2013, pursuant to which the Pak Rupees equivalent of the foreign currency balances, net of tax, as of 30 September 2013, were assigned by the following Group Companies to PCH. A detail of the balances assigned under the abovementioned assignment agreements is as under:

Name of the Group Company	Amount Payable in USD as at 30 September 2013	Equivalent Amount in Pak Rupees as at 30 September 2013
Lafarge Building Material Holding, Egypt S.A.E	7,860,504	833,505,064
Lafarge Cement Egypt S.A.E	3,396,976	360,205,468
Pakistan Cement Holding Limited	1,623,072	172,105,819
Lafarge Middle East And Africa Building Material S.A.E	305,126	32,354,691
Cementia Trading AG	251,958	26,716,896
Lafarge Emirates Cement LLC	47,170	5,001,733
Lafarge Ciment De M'sila	44,850	4,755,722
	13,529,656	1,434,645,393

Notes to The Financial Statements

For the Year Ended 31 December 2013

22.2 Workers' Profit Participation Fund payable

	Note	2013 (Rupees)	2012 (Rupees)
Balance at beginning of the year		62,044,064	-
Allocation for the year	32	64,564,070	62,044,064
Interest on funds utilized by the Company	31	6,576,571	-
		133,184,705	62,044,064

22.3 Workers' Welfare Fund payable

	Note	2013 (Rupees)	2012 (Rupees)
Balance at beginning of the year		24,817,626	-
Allocation for the year	32	25,825,628	24,817,626
Transfer to corporate tax provision	16	(24,817,626)	-
		25,825,628	24,817,626

22.4 Provision for shortfall in stamp duty

As further explained in note 25.1(c), the Company has recorded a provision for the principal amount of shortfall in stamp duty, as demanded by the Revenue Authority, District Chakwal, Punjab, on 24 December 2013, pursuant to the judgment of Honorable Lahore High Court dated 13 November 2013.

23. ACCRUED MARK-UP

	Note	2013 (Rupees)	2012 (Rupees)
On long-term financing		18,802,034	23,602,416
On short-term borrowings		7,116,290	13,785,500
		25,918,324	37,387,916

24. SHORT TERM BORROWINGS

	Note	2013 (Rupees)	2012 (Rupees)
From banking companies			
Running finance	24.1	287,750,339	50,262,911
Money market loan	24.1.1	-	259,506,000
Export re-finance facilities	24.1.2	-	743,022,000
		287,750,339	1,052,790,911

24.1 The Company has arranged short-term running finance facilities from various commercial banks with an aggregate sanctioned limit of Rs. 2,450 million (2012: Rs. 2,550 million). Mark-up is payable on a quarterly basis in arrears, at the rate of 3 months KIBOR + 0.60% (2012: KIBOR + 1.25%) per annum.

24.1.1 This represents the outstanding balance of a money market loan arranged by the Company from NIB Bank Limited. These are the sub-limits of facilities disclosed in note 24.1 above. This facility was not availed by the Company during the year.

24.1.2 This represents the outstanding balance of export re-finance facilities arranged by the Company from various commercial banks with the sanctioned limit of Rs. 1,450 million (2012: Rs. 1,400 million). These are the sub-limits of facilities disclosed in note 24.1 above. Mark-up is payable at rates ranging between 8.9% to 9.4% (2012: 9.5%) per annum.

24.2 These facilities are secured against a ranking hypothecation charge over the assets of the Company excluding land, building, cash and cash equivalents.

Notes to The Financial Statements

For the Year Ended 31 December 2013

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies:

a) The Company has issued post dated cheques, aggregating to Rs. 4.07 million (2012: Rs. 4.95 million) in favor of the Collector of Customs against the import duty payable on polypropylene sacks.

b) The Company has issued a bank guarantee of Rs. 146 million (2012: Rs. 146 million) in favor of Sui Northern Gas Pipelines Limited, in lieu of security deposits against supply of natural gas to its cement manufacturing plant in Chakwal.

c) In 1998, a demand was raised by the Revenue Authority, District Chakwal, Punjab, in respect of a shortfall in stamp duty and penalty thereon, amounting to Rs. 44.93 million and Rs. 224.66 million, respectively, in respect of land mortgaged by the Company against the long-term foreign currency financing. During the course of appellate procedures, the Chief Revenue Authority, Board of Revenue, Punjab, reiterated the demand.

The Company challenged the demand by filing a revision petition with the Honorable Lahore High Court, which was dismissed by the Honorable Lahore High Court in April 2008. The Company filed an appeal with the Honorable Supreme Court of Pakistan against the aforementioned decision of the Honorable Lahore High Court. The Honorable Supreme Court of Pakistan accepted the Company's plea and remanded the case back to the Honorable Lahore High Court, vide its order dated 19 June 2009.

The Honorable Lahore High Court through its order dated 13 November 2013, decided the matter against the Company and has directed the Revenue Authority, District Chakwal, Punjab, to recover the defaulted amount of stamp duty of Rs. 44.93 million along with a penalty equal to five times the amount of the default from the Company. Pursuant to the High Court's judgment, the Revenue Officer has served a demand notice of Rs. 224.66 million to the Company, under Section 81 of the Land Revenue Act, 1967, on 24 December 2013. The Company has filed an appeal in the Honorable Supreme Court of Pakistan against the decision of the Honorable High Court. The Honorable Supreme Court of Pakistan has granted a stay against the recovery proceedings.

The legal counsel of the Company is of the view that the maximum exposure to the Company is to the extent of the amount of the principal shortfall of stamp duty, of Rs. 44.93 million, and that the penalty of Rs. 179.73 million is expected to be waived off by the Honorable Supreme Court of Pakistan, based on earlier decisions in cases of similar nature and substance. Accordingly, on the basis of the advice of its legal counsel, the Company has recorded a provision of Rs. 44.93 million in these financial statements, being the principal amount of shortfall in stamp duty.

d) In August 2009, the Competition Commission of Pakistan (CCP) issued an order against 21 cement manufacturers, including the Company, whereby it alleged that the Company was involved in forming a cartel with other cement manufacturers to control the local cement market, and imposed a fine of Rs. 405 million on the Company. The Company filed appeals before the Honorable Lahore High Court and the Honorable Supreme Court of Pakistan against the decision of the CCP. The Honorable Lahore High Court has passed an interim order restraining the CCP from taking any adverse action against the 21 cement manufacturers. Pending the outcome of the appeals, no provision has been made in these financial statements, as the management and its legal counsel are confident that the matter will ultimately be decided in the favor of the Company.

e) The Deputy Commissioner Inland Revenue (DCIR), vide a demand notice dated 25 October 2011, raised an aggregate sales tax demand of Rs. 690 million against the Company, in pursuance of an audit conducted for the period from January 2007 to December 2007. The Company filed an appeal against the said order before the CIR(A). The CIR(A) endorsed the view of the DCIR, but reduced the demand of sales tax, Federal Excise Duty and default surcharge to Rs. 489 million. The Company filed an appeal before the ATIR against the order of the CIR(A). The ATIR, vide its order dated 30 March 2012, set aside the orders of the CIR(A) and directed the DCIR for a fresh consideration of the matter. The Company has filed an appeal before the Honorable Islamabad High Court against the order of the ATIR. In the meanwhile, in the re-assessment, as directed by the ATIR, the DCIR vide its order dated 31 October 2012 has repeated its earlier action and raised a demand of Rs. 489 million. The Company has filed an appeal before the CIR(A) against the aforementioned order of the DCIR. The CIR(A) vide its order dated 20 December 2012 has remanded back the order of the DCIR.

Notes to The Financial Statements

For the Year Ended 31 December 2013

During the year, the Company has filed an appeal before the ATIR, against the order of the CIR(A), which is pending decision. Further, as directed by the CIR(A), the matter is also pending for adjudication with the DCIR. Pending the outcome of the appeals, no provision has been made in these financial statements for the demand raised by the taxation authorities as management is confident that the matter will ultimately be decided in the favour of the Company.

f) The Taxation Officer, vide orders dated 23 April 2010 and 05 May 2010, raised an aggregate demand of Rs. 54.16 million against the Company, on account of Federal Excise Duty on royalty and fee for technical services, paid for the years 2006 to 2008. On appeal, the CIR (A), vide an order dated 20 September 2010, set aside the demand in favor of the Company. The Tax Department filed an appeal before the ATIR against the decision of the CIR (A). The ATIR, vide its order dated 06 August 2012, decided the matter against the Company. The Company has filed an appeal before the Honorable Islamabad High Court against the decision of the ATIR. However, during the year, the amount demanded by the tax authorities has been paid by the Company, and will be refundable to the Company in case of a favourable outcome. No provision has been made in these financial statements as management is confident that the matter will be ultimately decided in favour of the Company.

g) The Taxation Officer, vide an order dated 31 January 2012, raised a demand of Federal Excise Duty on royalty and fee for technical services paid by the Company for the years 2009 and 2010. Under the said order, an aggregate demand of Rs. 33.63 million was raised, on account of Federal Excise Duty and default surcharge and penalty thereon. The Company filed an appeal against the said order before the CIR(A). However, the CIR(A) endorsed the view of the taxation officer and decided the appeal against the Company. The Company has filed an appeal against the said order of the CIR(A) before the ATIR. Pending the outcome of the appeal, no provision has been made in these financial statements for the demand raised by the taxation authorities as management is confident that the matter will ultimately be decided in the favour of the Company.

h) The DCIR, vide an order dated 14 March 2011, raised a demand of Income Tax of Rs. 268.56 million by subjecting reversal of interest and penal charges on foreign currency loans to tax, for the tax year 2005. The Company filed an appeal with the CIR(A) against the order of the DCIR, which was decided against the Company. The Company filed an appeal before the ATIR against the aforementioned order of CIR(A). The ATIR decided the appeal in the favour of the Company. However, the tax department being aggrieved by the order of the ATIR, has filed a reference application with the Honorable Islamabad High Court. Pending the outcome of the appeal, no provision has been made in these financial statements for the demand raised by the taxation authorities as management is confident that the matter will ultimately be decided in the favour of the Company.

i) The DCIR, vide a demand notice, dated 28 June 2013, reduced the tax refund of the Company from Rs. 122.656 million to Rs. 71.483 million for the tax year 2010. The reduction in refund is owing to the alleged suppression of sales, amounting to Rs. 331.904 million, charging of minimum tax, and reapportionment of expenses between local and export sales. The Company filed a rectification application with the DCIR and also filed an appeal with the CIR (A), against the order of the DCIR. The CIR (A), vide its order dated 30 January 2014 has remanded the case back to the DCIR for reconsideration. No provision has been made in these financial statements as management is confident that the matter will ultimately be decided in the favour of the Company.

j) During the year, the DCIR issued a show cause notice to the Company, on account of alleged non payment of FED on Industrial Franchise Fee amounting to Rs. 26.089 million, for the period from January 2011 to December 2011. The Company filed a reply to the show cause, however, the DCIR, vide its order dated 23 September 2013, asserted that the Company has made only a partial payment of FED amounting to Rs. 16.418 million and raised a demand for the balance amount of Rs. 9.671 million. The Company filed an appeal against the order of the DCIR before the CIR(A). The CIR(A), vide its order dated 16 December 2013, has vacated the demand of Rs. 9.671 million, with an observation, that the DCIR may take action against the Company on account of the late payment of FED. The Company has filed an appeal against the above mentioned observation of the CIR(A) before the ATIR. Further the tax department also being aggrieved by the order of the CIR(A) has filed an appeal before the ATIR. Currently, both the appeals are pending for decision with the ATIR. Pending the outcome of the appeals, no provision has been made in these financial statements as management is confident that the matter will ultimately be decided in the favour of the Company.

k) Subsequent to the year end, on 6 January 2014, the DCIR through a demand notice raised an aggregate sales tax demand of Rs. 297.9 million by alleging that the Company has made a shortfall in payment

Notes to The Financial Statements

For the Year Ended 31 December 2013

of sales tax, owing to an unlawful adjustment of input tax credit and suppression of the output tax, for the period from July 2010 to June 2011. The Company has filed an appeal against the order of the DCIR before the CIR(A). Pending the outcome of the appeal, no provision has been made in these financial statements for the demand raised by the taxation authorities as management is confident that the matter will ultimately be decided in the favour of the Company.

l) The tax authorities amended the assessment of the Company for tax year 2008, and reduced the tax losses by Rs. 2,582.87 million on account of waiver of custom duties amounting to Rs. 815.18 million, alleged suppression of sales amounting to Rs. 1,189.35 million and computation of profits attributable to export. However, no tax demand was made by the Taxation Authorities. The Company has filed an appeal before the CIR (A) against the amended order.

m) The tax authorities amended the assessment of the Company for the tax year 2010, alleging suppression of sales by Rs. 331.9 million, on the basis of consumption of gypsum; and further reducing the tax loss by not agreeing to the mode of computation of export profits by the Company. The Company has filed a rectification application with the Taxation Officer as well as an appeal before the CIR(A) against the amended assessment order.

n) Certain other cases against the Company are pending in different courts of law. However, the management is of the view that the outcome of these cases is expected to be favourable and a liability, if any, arising on the settlement of these cases is not likely to be material. Accordingly, no provision has been made in these financial statements in this regard.

	2013 (Rupees)	2012 (Rupees)
25.2 Commitments:		
a) Outstanding letters of credit	180,732,826	163,605,786
b) Commitments against capital Work-In-Progress	50,788,825	42,923,936
c) Rentals under operating lease agreements in respect of land	134,367,988	136,042,948
d) Commitments against operating lease facilities acquired from Meezan Bank Limited	250,000,000	-

26. NET SALES

	2013 (Rupees)	2012 (Rupees)
Gross Sales		
Local	10,012,922,984	8,849,896,900
Export	2,627,008,104	2,701,323,647
	12,639,931,088	11,551,220,547
Less:		
Sales tax and Federal Excise Duty	(2,012,031,072)	(1,735,513,400)
Discount and Commission to Dealers	(325,752,113)	(191,618,086)
	(2,337,783,185)	(1,927,131,486)
	10,302,147,903	9,624,089,061

Notes to The Financial Statements

For the Year Ended 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
27. COST OF SALES			
Raw materials consumed	27.1	682,162,814	490,307,979
Packing material consumed		608,571,567	569,680,747
Stores and spares consumed		267,260,933	226,767,396
Fuel and power		4,942,904,899	3,831,227,393
Depreciation	5.1.1	630,679,286	624,683,970
Salaries, wages and other benefits	27.2	277,709,878	275,907,222
Rent, rates and taxes		18,372,365	7,311,098
Travelling and conveyance		76,209,963	62,355,739
In-plant transportation charges		73,404,739	70,573,695
Insurance		57,251,924	62,058,180
Communication		4,437,983	3,839,941
Utilities		10,892,688	9,490,354
Consumables		25,255,977	11,273,482
Office canteen		30,864,886	23,000,752
Repairs and maintenance		93,747,069	56,363,799
Legal and professional charges		12,750,379	10,214,716
Provision for obsolete packing material	11.1	28,947,045	-
Fees and subscriptions		739,542	2,493,245
Other factory overheads		37,414,068	25,957,317
		7,879,578,005	6,363,507,025
Work-in-process			
Opening stock		712,794,686	850,437,305
Closing stock		(1,486,367,557)	(712,794,686)
		(773,572,871)	137,642,619
Cost of goods manufactured		7,106,005,134	6,501,149,644
Finished goods			
Opening stock		103,876,693	91,655,300
Closing stock		(133,026,658)	(103,876,693)
		(29,149,965)	(12,221,393)
		7,076,855,169	6,488,928,251

27.1 Raw materials consumed

	2013 (Rupees)	2012 (Rupees)
Opening stock	97,769,084	12,627,207
Purchases	642,473,349	575,449,856
Closing stock	(58,079,619)	(97,769,084)
	682,162,814	490,307,979

27.2 Included herein is a sum of Rs. 10,914,417 (2012: Rs. 9,942,485) on account of contributions to the employee's provident fund.

Notes to The Financial Statements

For the Year Ended 31 December 2013

28. DISTRIBUTION COSTS

	Note	2013 (Rupees)	2012 (Rupees)
Salaries, wages and other benefits	28.1	100,341,870	84,768,628
Travelling and conveyance		18,150,492	15,719,099
Freight and handling charges		76,718,714	81,560,106
Advertisement and sales promotion expenses		59,284,673	7,866,509
Repairs and maintenance		14,163,980	5,604,099
Rent, rates and taxes		12,797,129	12,791,509
Legal and professional charges		9,465,580	2,539,199
Utilities		3,136,985	2,734,767
Office canteen		5,446,219	3,603,484
Printing and stationery		1,122,156	2,099,561
Telephone and postage		3,342,937	2,823,900
Fees and subscriptions		1,733,873	1,769,691
Depreciation	5.1.1	392,343	313,846
Security charges		2,676,199	1,278,394
Insurance		73,072	77,717
		308,846,222	225,550,509

28.1 Included herein is a sum of Rs. 3,327,405 (2012: Rs. 3,054,689) on account of contributions to employees provident fund.

29. ADMINISTRATIVE EXPENSES

	Note	2013 (Rupees)	2012 (Rupees)
Salaries, wages and other benefits	29.1	228,781,652	144,754,804
Travelling and conveyance		32,013,485	30,474,460
Repairs and maintenance		15,001,805	5,253,954
Rent, rates and taxes		26,086,404	18,047,206
Legal and professional charges		12,609,461	23,944,423
Auditors' remuneration	29.2	2,187,000	2,067,000
Utilities		9,101,750	8,121,515
Advertisement		1,794,850	3,696,611
Corporate Social Responsibility		4,500,931	4,530,924
Royalty and technical assistance fees	29.3	580,659,777	349,472,304
Office canteen		8,941,579	5,623,976
Printing and stationery		3,019,378	3,106,946
Telephone and postage		5,622,476	5,085,872
Fees and subscriptions		7,056,957	2,799,648
Depreciation	5.1.1	2,830,875	1,944,626
Amortization of intangible asset	6	216,947	800,835
Security charges		3,039,117	1,210,973
Software expenses		344,428	447,678
Provision against doubtful debts		-	15,921,016
Insurance		3,081,419	537,708
Provision for shortfall in stamp duty	22	44,931,530	-
		991,821,821	627,842,479

29.1 Included herein is a sum of Rs 2,987,170 (2012: Rs. 5,105,894) on account of contributions to the employees provident fund.

Notes to The Financial Statements

For the Year Ended 31 December 2013

	2013 (Rupees)	2012 (Rupees)
29.2 Auditors' remuneration		
Annual statutory audits	1,257,000	1,137,000
Half yearly review	430,000	430,000
Other certifications	300,000	150,000
Out of pocket expenses	200,000	350,000
	2,187,000	2,067,000

29.3 Till 30 September 2012, the Company was obliged to pay royalty fee under an Industrial Franchise Agreement to Lafarge SA, France at the rate of 3% on net sales. This agreement was cancelled on 30 September 2012, and four new agreements were entered into with effect from 01 October 2012. The new agreements are mentioned below:

Agreement	**Annual Fee**
Master Brand Agreement	1.5% of the turnover
Intellectual Property License Agreement	2.5% of the turnover
Services Agreement	Actual costs for the year
Engineering Services Agreement	Actual costs for the year

Subsequent to the year end, on 24 February 2014, the State Bank of Pakistan has acknowledged the above mentioned agreements, with a condition that the total payment under the aforementioned agreement shall not exceed 5% of net sales in any given period.

	Note	2013 (Rupees)	2012 (Rupees)
30. OTHER OPERATING INCOME			
From financial assets			
Mark-up on long-term advance		645,598	813,448
Return on deposit accounts		14,309,466	4,007,505
		14,955,064	4,820,953
From non-financial assets			
Scrap sales		993,707	6,499,936
Gain on disposal of operating fixed assets		7,471,197	549,996
Liabilities written-back		9,877,054	-
		18,341,958	7,049,932
		33,297,022	11,870,885
31. FINANCE COSTS			
Mark-up/interest on:			
Long-term financing			
From banking companies		350,506,068	705,073,456
From a related party		16,338,284	17,417,818
Short-term borrowings		44,457,298	90,326,186
		411,301,650	812,817,460
Interest on Workers' Profit Participation Fund	22.2	6,576,571	-
Exchange loss - net		195,159,594	168,057,214
Bank charges		44,808,724	54,299,701
Imputed interest on long-term payable		8,793,781	17,583,067
		666,640,320	1,052,757,442

Notes to The Financial Statements

For the Year Ended 31 December 2013

	Note	2013 (Rupees)	2012 (Rupees)
32. OTHER CHARGES			
Workers' Profit Participation Fund	22.2	64,564,070	62,044,064
Workers' Welfare Fund	22.3	25,825,628	24,817,626
		90,389,698	86,861,690
33. TAXATION- NET			
Current	33.1 & 16	105,624,281	62,114,727
Deferred		(707,534,950)	(396,305,434)
		(601,910,669)	(334,190,707)

33.1 This represents tax paid by the Company as final tax under sections 154 and 169, to the extent of direct export sales and minimum tax under section 113 of the Income Tax Ordinance, 2001.

33.2 Tax assessments of the Company till tax year 2007 have been closed by the tax authorities, except for the tax year 2005, where the Company is in dispute with the tax authorities. Tax returns for the tax years 2008 and 2013 were filed and stand assessed in terms of section 120 of the the Income Tax Ordinance, 2001. However, the taxation authorities are empowered to open the assessments at any time within five years of the date of filing of returns. For the remaining years, the Company and the income tax department are in various disputes, as mentioned in note 25.1 to the financial statements.

33.3 The relationship between income tax expense and accounting profit has not been presented in these financial statements as the Company has reported losses for tax purposes.

	2013	2012
34. EARNINGS PER SHARE - Basic and diluted		
Net profit for the year (Rupees)	1,802,802,364	1,488,210,282
Weighted average number of Ordinary shares outstanding during the year (Number)	1,312,644,488	1,312,644,488
Earnings per share (Rupees)	1.37	1.13

There is no dilutive effect on the basic earnings per share of the Company.

Notes to The Financial Statements

For the Year Ended 31 December 2013

35. CASH GENERATED FROM OPERATIONS

	2013 (Rupees)	2012 (Rupees)
Profit before taxation	1,200,891,695	1,154,019,575
Adjustments for non-cash items		
Depreciation	633,902,504	626,942,442
Amortization of intangibles	216,947	800,835
Provision against doubtful debts	-	15,921,016
Provision for obsolete packing material	28,947,045	-
Provision for Workers' Profit Participation Fund	64,564,070	62,044,064
Provision for Workers' Welfare Fund	25,825,628	24,817,626
Provision for shortfall in stamp duty	44,931,530	-
Finance costs	666,640,320	1,052,757,442
Income from financial assets	(14,955,064)	(4,820,953)
Liabilities written back	(9,877,054)	-
Gain on disposal of operating fixed assets	(7,471,197)	(549,996)
	1,432,724,729	1,777,912,476
Operating profit before working capital changes	2,633,616,424	2,931,932,051
Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	215,267,536	(119,876,353)
Stock-in-trade	(881,376,629)	50,861,577
Trade debts	5,801,212	(44,923,745)
Advances	(26,416,690)	(14,464,794)
Short term prepayments	(6,758,970)	(1,073,423)
Other receivables	14,582,271	(12,116,773)
	(678,901,270)	(141,593,511)
Increase / (decrease) in current liabilities		
Trade and other payables	567,761,820	158,795,120
	2,522,476,974	2,949,133,660

36. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements, for the year, as remuneration and benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	2013	2012	2013	2012	2013	2012
	Chief Executive Officer		Executive Director		Executives	
	Rupees					
Managerial remuneration	48,905,668	21,674,713	15,756,462	13,047,984	274,890,891	225,574,658
Provident fund	-	1,040,366	703,821	681,064	11,600,590	10,215,769
	48,905,668	22,715,079	16,460,283	13,729,048	286,491,481	235,790,427
Number of persons	1	1	1	1	117	94

36.1 During the year, Rs. 7,121,203 (2012: Rs. 8,746,472,) was paid to two Non-Executive Directors for services provided and attending the meetings of the Board of Directors.

36.2 The Chief Executive Officer and the Chairman of the Board of Directors, are provided with Company maintained cars.

Notes to The Financial Statements

For the Year Ended 31 December 2013

37. TRANSACTIONS WITH RELATED PARTIES

The Company is a subsidiary of PCH, which has a 51.55% holding in the Company. CHL holds a 21.67% equity interest in the Company. Lafarge SA, France, is the ultimate parent of the Company by virtue of its indirect holdings in PCH and CHL, through Lafarge Building Materials Holding, Egypt S.A.E. Therefore, all subsidiaries and associated undertakings of Lafarge SA, France, PCH, CHL and Lafarge Building Materials Holding, Egypt S.A.E. are the related parties of the Company. Other related parties include directors, key management personnel, entities under common directorship and the employee's provident fund. Remuneration to directors and the chief executive is disclosed in note 36 to these financial statements. Amounts due from and due to the related parties are disclosed in the respective notes to the financial statements.

Ultimate Parent Company
Lafarge SA, France

Parent company
Pakistan Cement Holding

Other related parties with whom the Company had transactions

Associates

Lafarge Building Materials Holding, Egypt S.A.E
Lafarge Emirates Cement LLC
United Cement Company
Lafarge Cement Trading
ALSAFWA Cement Company
Cementia Trading AG
Lafarge Cement Egypt S.A.E
Algerian Cement Company
Lafarge Middle East & Africa
Marine Cement Limited - Switzerland
Lafarge South Africa (Pty) Ltd
Lafarge Asia SDN BHD
Lafarge Cement WAPCO Nigeria PLC
Bazian Cement Limited
Karbala Cement Manufacturing LTD
PT Semen Andalas Indonesia
Lafarge International Limited
Industrial Performance Middle East & Africa

Employee benefit plans

Provident Fund Trust

Notes to The Financial Statements

For the Year Ended 31 December 2013

Transactions with the related parties during the year are as follows:

Transactions between the Company and its related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2013 (Rupees)	2012 (Rupees)
Ultimate Parent Company		
- Services received	-	12,928,315
- Expenses incurred	11,256,234	210,207
- Industrial Franchise Agreement expense	-	349,472,304
- Master Brand Agreement expense	169,985,440	-
- Intellectual Property Agreement expense	283,309,067	-
- Services Agreement expense	127,365,270	-
- Payments received during the year	8,289,325	220,147
- Payments made during the year	-	335,822,219
Parent Company		
- Mark-up accrued on loan	16,338,284	17,417,818
- Mark-up paid during the year	16,739,043	15,205,093
- Dividend paid	182,706,966	-
Associates		
- Services provided by the Company	32,196,834	27,559,298
- Payments received against services	41,703,430	15,192,938
- Sales of cement	12,204,881	19,826,559
- Receipts against sales	23,977,100	8,234,583
Other		
Contributions to Provident Fund Trust	19,355,741	18,103,068

All transactions involving related parties arising in the normal course of business are conducted on arm's length consideration and on the same terms and conditions as third party transactions, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign currency risk and equity price risk), credit risk and liquidity risk. The Company’s overall risk management policy focuses on the unpredictability of financial markets, and seeks to minimize potential adverse effects on the Company’s financial performance.

The Company's financial liabilities mainly comprise long-term financing, other long-term liabilities, trade and other payables, accrued mark-up and short-term borrowings. The main purpose of the financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise long-term advances, long-term deposits, advances, trade debts, interest accrued, other receivables and cash and bank balances.

38.1 CREDIT RISK

Credit risk is the risk of financial loss if a counterparty to a financial instrument, fails to meet its contractual obligations, and arises principally from advances, deposits, trade debts, interest accrued, other receivables and bank balances.

The carrying amount of financial assets represents the maximum credit exposure.

Notes to The Financial Statements

For the Year Ended 31 December 2013

Exposure to credit risk

The Company's maximum exposure to credit risk at the reporting date is as follows:

	2013 (Rupees)	2012 (Rupees)
Long-term advances	30,988,500	41,318,000
Long-term deposits	41,412,007	40,258,054
Trade debts	77,576,047	83,377,259
Advances	16,146,622	16,612,475
Interest accrued	4,202,340	678,528
Other receivables	63,848,513	78,430,784
Bank balances	145,846,488	425,722,911
	380,020,517	686,398,011

Geographically there is no concentration of credit risk.

The Company's most significant customer is a Government institute from whom Rs. 12.62 million (2012: Rs. Nil) was outstanding and which is included in total carrying amount of trade debtors at the year end.

Certain trade debts are secured against the letters of guarantees. The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. Credit risk and bank balances as at 31 December 2013, with each of the counterparty is as follows:

Name of Bank	Long-term Rating	Short-term Rating	Rating Agency	Rupees
United Bank Limited	AA+	A-1+	JCR-VIS	7,738,419
Faysal Bank Limited	AA	A-1+	JCR-VIS	903,349
Citibank N.A.	A2	P-1	Moody's	373,788
MCB Bank Limited	AAA	A1+	PACRA	5,924,694
NIB Bank Limited	AA-	A1+	PACRA	117,806,221
Habib Bank Limited	AAA	A-1+	JCR-VIS	6,647,276
Allied Bank Limited	AA+	A1+	PACRA	5,840,000
Standard Chartered Bank	AAA	A1+	PACRA	612,741

38.1.1 As at 31 December 2013, the ageing analysis of trade debts in aggregate is as follows:

	Total	1-90 days	91-180 days	181 days and over
	Repees			
2013	77,576,047	54,868,896	320,705	22,386,446
2012	83,355,259	60,710,750	258,063	22,386,446

The Company has recognized an impairment loss of Rs. 20.38 million (2012: Rs. 20.38 million) in respect of doubtful trade debts. Based on the past experience, the management believes that no further impairment allowance is necessary in respect of the trade debts. The allowance account in respect of trade debts is used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written-off against the financial asset directly.

38.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable

Notes to The Financial Statements

For the Year Ended 31 December 2013

losses or risking damage to the Company's reputation. The Company uses different methods which assists it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the Company maintains lines of credit as mentioned in note 24 to the financial statements.

The table below summarizes the contractual cash flows of the Company's financial liabilities as at reporting date.

		Contractual cash flows		
	Carrying Amount	**Less than one year**	**One to five years**	**Total**
2013	Rupees			
Long-term financing including accrued interest	4,193,309,995	779,075,784	4,255,326,942	5,034,402,726
Trade and other payables	2,447,810,351	2,447,810,351	-	2,447,810,351
Short-term borrowings including accrued interest	294,866,629	294,866,629	-	294,866,629
	6,935,986,975	3,521,752,764	4,255,326,942	7,777,079,706

		Contractual cash flows		
	Carrying Amount	**Less than one year**	**One to five years**	**Total**
2012	Rupees			
Long-term financing including accrued interest	5,029,658,123	592,402,416	6,333,728,402	6,926,130,818
Trade and other payables	3,050,400,482	3,050,400,482	-	3,050,400,482
Short-term borrowings including accrued interest	1,066,576,411	1,066,576,411	-	1,066,576,411
	9,146,635,016	4,709,379,309	6,333,728,402	11,043,107,711

The contractual cash flow relating to long and short-term borrowings have been determined on the basis of current mark up rates. The mark-up rates have been disclosed in note 21 and 24 to these financial statements.

38.3 MARKET RISK

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market risk factors such as foreign exchange rates, interest rates and equity prices.

The Company is exposed to currency risk and interest rates only.

38.3.1 INTEREST / MARK-UP RATE RISK MANAGEMENT

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of change in market interest rates relates primarily to the Company's long-term financing and short-term borrowings from banks.

Notes to The Financial Statements

For the Year Ended 31 December 2013

At the balance sheet date, the interest rate profile of the Company's interest bearing financial liabilities was:

	2013 (Rupees)	2012 (Rupees)
Financial liabilities		
Floating rate liabilities		
Long-term financing	4,174,507,961	5,006,055,707
Short-term borrowings	287,750,339	1,052,790,911
	4,462,258,300	6,058,846,618

Sensitivity analysis

A change of 1% in interest rate, at the reporting date, would have changed the Company's profit or loss for the year and accumulated losses by the amounts shown below, with all other variables held constant:

			2013	2012
Change in interest rate	±	Percentage	1%	1%
Effect on profit/loss for the year	±	Rupees	44,622,583	60,588,466
Effect on accumulated profits	±	Rupees	44,622,583	60,588,466

38.3.2 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. The Company is exposed to foreign exchange risk due to transactions denominated in foreign currencies, primarily on account of imports relating to plant and machinery equipment and payables to related parties.

Exposure to currency risk

The Company's exposure to currency risk is as follows:

	US Dollar	Euro	Egyptian Pound	Emirates Dirham	Great Britain Pound	Algerian Dinar
2013						
Trade and other payables	14,366	11,969	-	-	3,250	-
Long-term financing	10,849,973	-	-	-	-	-
Advances to suppliers	3,609	30,627	-	-	5,368	-
Net exposure	10,867,948	42,596	-	-	8,618	-
Exchange rates						
Average rates (Rs.)	101.63	134.97	14.78	27.67	158.95	1.28
Reporting date rates (Rs.)	105.30	145.22	15.18	28.67	174.18	1.36
2012						
Trade and other payables	7,138,403	1,031,755	-	-	-	-
Long-term payables	5,277,408	293,116	60,792,706	830,506	142,703	4,719,527
Long-term finance	10,849,973	-	-	-	-	-
Other receivables	(102,023)	-	-	-	-	-
Net exposure	23,163,761	1,324,871	60,792,706	830,506	142,703	4,719,527
Exchange rates						
Average rates (Rs.)	93.35	120.02	15.35	25.41	147.99	1.18
Reporting date rates (Rs.)	97.14	128.16	15.36	26.44	157.04	1.25

Notes to The Financial Statements

For the Year Ended 31 December 2013

Sensitivity analysis

If the functional currency, at the reporting date, had fluctuated by 5% against the USD, GBP, Euro, EGP, Emirates Dirham and Algerian Dinar, with all other variables held constant, the impact on profit or loss for the year and accumulated losses would have been:

			2013	2012
Change in exchange rate	±	Percentage	5%	5%
Effect on profit for the year	±	Rupees	57,604,090	170,198,362
Effect on accumulated losses	±	Rupees	57,604,090	170,198,362

38.4 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

At the reporting date the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

38.5 DETERMINATION OF FAIR VALUE

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non - derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate on interest at the reporting date.

38.6 CAPITAL RISK MANAGEMENT

The Board of Director's policy is to maintain a strong capital base so as to maintain investor, creditor, lender, and market confidence and to ensure sustainable future development of the Company's business. The Board of Directors monitors return on equity and ensures that the Company has an appropriate capital mix. Return on equity is defined as percentage of earnings before interest and tax to the total capital employed, whereas capital mix is defined as the ratio between equity and debt capital of the Company. The Board of Directors also monitors the Company's performance along with the capital and debt costs. Further, the Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to the capital management during the year.

The Company monitors its capital on the basis of the Company's gearing ratio which is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt.

Notes to The Financial Statements

For the Year Ended 31 December 2013

	2013 (Rupees)	2012 (Rupees)
Long-term financing	4,193,309,995	5,029,658,123
Short-term borrowings	294,866,629	1,066,576,411
Total debt	4,488,176,624	6,096,234,534
Cash and bank balances	(148,810,531)	(428,341,802)
Net debt	4,339,366,093	5,667,892,732
Issued, subscribed and paid-up capital	13,126,444,880	13,126,444,880
Reserve for issue of shares	1,434,645,393	-
Reserves	(1,528,436,669)	(2,937,445,687)
Total capital	13,032,653,604	10,188,999,193
Total capital and net debt	17,372,019,697	15,856,891,925
Gearing ratio	25%	36%

39. PROVIDEN FUND TRUST AND NUMBER OF EMPLOYEES

39.1. PROVIDENT FUND TRUST

The details of the Provident Fund are as follows:

	2013	2012
Size of the trust (Rupees)	182,260,082	155,406,272
Cost of investments made (Rupees)	122,763,938	100,842,993
Percentage of investments made (%)	67%	65%
Fair value of investments made (Rupees)	147,426,740	114,767,718

39.1.1 Break-up of fair value of investments

	2013		2012	
	(Rupees)	% of full	(Rupees)	% of full
With scheduled bank				
Savings account	33,763,938	19%	27,842,993	18%
Quoted Investment				
National Investment Trust	12,385,612	7%	7,572,138	5%
UBL's United Composite Islamic Fund - UCIF	9,857,966	5%	7,918,485	5%
	22,243,578	12%	15,490,623	10%
Other Investments				
Defense Saving Certificates	17,795,848	10%	15,913,941	10%
Certificates of Islamic Investment of Meezan Bank Limited	41,933,450	23%	40,000,000	26%
Term Deposit Receipts of Bank Islami Pakistan Limited	21,329,670	12%	-	0%
MCB Islamic Bank	10,360,256	6%	5,874,360	4%
Bank Al-Habib	-	0%	9,645,801	6%
	147,426,740	63%	114,767,718	56%

All the investments of the Provident Fund Trust have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984, and the rules formulated for this purpose. These figures are un-audited.

Notes to The Financial Statements

For the Year Ended 31 December 2013

	2013 (Number)	2012 (Number)
39.2. NUMBER OF EMPLOYEES		
Number of employees of the Company at the reporting date	306	314
Average number of employees during the year	305	312

	2013 (Metric Tons)	2012 (Metric Tons)
40. PLANT CAPACITY AND ACTUAL PRODUCTION		
Installed capacity	2,400,000	2,400,000
Actual production	1,640,694	1,643,576

The difference between the installed and actual capacities is due to the annual demand and supply variations of the Company's products.

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on 28 March 2014, recommended a final dividend of Rs. 0.30 per share for the year ended 31 December 2013 for approval of the members at the Annual General Meeting of the Company to be held on 29th April 2014. These financial statements do not reflect the proposed dividend.

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 28 March 2014, by the Board of Directors of the Company.

43. GENERAL

Figures have been rounded off to the nearest Rupee.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Pattern of Shareholding

As at December 31, 2013

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	SHAREHOLDING TO	NUMBER OF SHARES HELD
227	1	100	8005
1,147	101	500	499,721
1,346	501	1,000	1,293,207
3,094	1,001	5,000	9,401,346
1,301	5,001	10,000	10,877,396
414	10,001	15,000	5,486,468
349	15,001	20,000	6,515,713
225	20,001	25,000	5,346,680
136	25,001	30,000	3,931,409
86	30,001	35,000	2,879,729
88	35,001	40,000	3,392,491
54	40,001	45,000	2,345,355
131	45,001	50,000	6,529,705
26	50,001	55,000	1,377,875
28	55,001	60,000	1,641,500
19	60,001	65,000	1,206,475
22	65,001	70,000	1,524,435
33	70,001	75,000	2,432,500
21	75,001	80,000	1,659,050
12	80,001	85,000	980,498
12	85,001	90,000	1,061,767
8	90,001	95,000	749,250
97	95,001	100,000	9,689,500
14	100,001	105,000	1,442,870
9	105,001	110,000	979,000
9	110,001	115,000	1,021,781
10	115,001	120,000	1,180,250
8	120,001	125,000	991,675
7	125,001	130,000	904,400
8	130,001	135,000	1,062,650
6	135,001	140,000	838,500
5	140,001	145,000	715,000
12	145,001	150,000	1,795,600
3	150,001	155,000	453,925
4	155,001	160,000	639,500
1	160,001	165,000	161,000
3	165,001	170,000	506,800
6	170,001	175,000	1,039,375
3	175,001	180,000	536,000
2	180,001	185,000	366,250
6	185,001	190,000	1,124,250
1	190,001	195,000	191,000
28	195,001	200,000	5,599,500
1	200,001	205,000	202,500

Pattern of Shareholding

As at December 31, 2013

NUMBER OF SHAREHOLDERS	SHAREHOLDING		NUMBER OF SHARES HELD
	FROM	TO	
1	210,001	215,000	215,000
1	215,001	220,000	220,000
6	220,001	225,000	1,349,000
4	225,001	230,000	908,900
3	230,001	235,000	702,500
3	235,001	240,000	713,000
11	245,001	250,000	2,746,200
1	250,001	255,000	254,000
2	265,001	270,000	538,000
1	270,001	275,000	271,000
2	275,001	280,000	556,500
4	285,001	290,000	1,158,000
1	290,001	295,000	295,000
11	295,001	300,000	3,298,000
1	305,001	310,000	308,500
1	310,001	315,000	312,193
1	315,001	320,000	317,000
1	320,001	325,000	322,300
2	345,001	350,000	700,000
2	350,001	355,000	705,500
1	360,001	365,000	361,000
1	365,001	370,000	365,250
2	370,001	375,000	747,956
2	375,001	380,000	757,000
13	395,001	400,000	5,199,000
2	400,001	405,000	802,200
1	410,001	415,000	413,000
1	425,001	430,000	426,000
2	430,001	435,000	870,000
1	440,001	445,000	442,000
1	450,001	455,000	452,995
1	470,001	475,000	475,000
1	475,001	480,000	480,000
13	495,001	500,000	6,500,000
3	500,001	505,000	1,507,145
1	505,001	510,000	510,000
1	515,001	520,000	520,000
1	520,001	525,000	520,100
1	550,001	555,000	552,000
1	555,001	560,000	560,000
1	560,001	565,000	561,500
7	595,001	600,000	4,200,000
1	630,001	635,000	632,572
1	645,001	650,000	650,000

Pattern of Shareholding

As at December 31, 2013

NUMBER OF SHAREHOLDERS	SHAREHOLDING FROM	SHAREHOLDING TO	NUMBER OF SHARES HELD
1	660,001	665,000	661,500
1	675,001	680,000	677,000
1	705,001	710,000	707,200
1	740,001	745,000	745,000
1	765,001	770,000	770,000
2	795,001	800,000	1,600,000
1	800,001	805,000	800,500
2	895,001	900,000	1,800,000
1	900,001	905,000	903,500
1	905,001	910,000	908,000
1	920,001	925,000	922,500
1	945,001	950,000	950,000
5	995,001	1,000,000	5,000,000
1	1,100,001	1,105,000	1,100,050
1	1,195,001	1,200,000	1,200,000
1	1,240,001	1,245,000	1,244,000
1	1,245,001	1,250,000	1,250,000
1	1,315,001	1,320,000	1,319,500
3	1,495,001	1,500,000	4,500,000
1	1,730,001	1,735,000	1,733,000
1	1,770,001	1,775,000	1,775,000
1	1,900,001	1,905,000	1,900,426
1	1,905,001	1,910,000	1,909,000
2	1,995,001	2,000,000	4,000,000
1	2,095,001	2,100,000	2,100,000
1	2,290,001	2,295,000	2,294,000
1	2,455,001	2,460,000	2,460,000
1	2,815,001	2,820,000	2,820,000
1	2,995,001	3,000,000	3,000,000
1	3,295,001	3,300,000	3,300,000
1	3,995,001	4,000,000	4,000,000
1	4,730,001	4,735,000	4,730,424
1	4,995,001	5,000,000	5,000,000
1	6,560,001	6,565,000	6,563,719
1	9,105,001	9,110,000	9,109,180
1	11,895,001	11,900,000	11,900,000
1	12,165,001	12,170,000	12,168,000
1	18,445,001	18,450,000	18,446,909
1	19,995,001	20,000,000	19,999,980
1	23,280,001	23,285,000	23,282,000
1	34,995,001	35,000,000	35,000,000
1	284,420,001	284,425,000	284,424,423
1	676,690,001	676,695,000	676,692,465
9,193			1,312,644,488

Pattern of Shareholding

As at December 31, 2013

CATEGORIES OF SHAREHOLDERS		SHARES HELD	%
Directors, Chief Executive, their Spouse and Minor Children		13,050	0.00
Associated Companies Undertakings & Related Parties		961,116,888	73.22
NIT/ICP		18,446,909	1.41
Banks, Development Finance Institutions and Non Banking Financial Institution		8,502,868	0.65
Insurance Companies		20,358,980	1.55
Modarabas and Mutual Funds		62,311,700	4.75
Shareholders holding 10% (*detail given below)			
General Public			
a.	**Local**	207,031,642	15.76
b.	**Foreign**	1,794,500	0.14
Others			
i.	Foreign Companies	16,637,500	1.27
ii.	Joint Stock Companies	6,968,915	0.53
iii.	Citibank N.A. as custodian of Global Depository Receipts	1,100,050	0.08
iv.	Trustee - Iqbal Adamjee Trust	100,000	0.01
v.	Trustees Qamarunnisa Sharif Wel.Trust	100,000	0.01
vi.	Trustees Of Mirpurkhas Sugar Mills Ltd Emp Provident Fund	200,000	0.02
vii.	Trustees Of Allied Engineering & Services Ltd Emp. Prov.Fund	2,000,000	0.15
viii.	Trustee National Bank Of Pakistan Employees Pension Fund	1,900,426	0.14
ix.	Trustee National Bank Of Pakistan Emp Benevolent Fund Trust	66,685	0.01
x.	Trustees Ghani Glass Ltd Employees Provident Fund	900,000	0.07
xi.	Trustees Resource Development Foundation	5,000	0.00
xii.	Trustee-Ghani Glass Employee Provident Fund	1,733,000	0.13
xiii.	Trustee Cherat Cement Co. Ltd Employees Provident Fund	426,000	0.03
xiv.	Trustee Cherat Cement Company Ltd Staff Gratuity Fund	399,000	0.03
xv.	Trustee Karachi Parsi Anjuman Trust Fund	20,000	0.00
xvi.	Trustee-Pak Gums & Chemical Ltd Excutive Staff Pension Fund	10,875	0.00
xvii.	Trustee Cherat Cement Company Ltd.Staff Gratuity Fund	500,000	0.04
xviii.	Trustee Kaukab Mir Memorial Welfare Trust	500	0.00
	TOTAL	1,312,644,488	100.00

Detail of Pattern of Shareholding

as per Requirements of Code of Corporate Governance

			SHARES
Associated Companies Undertakings & Related Parties			
i.	Pakistan Cement Holding Limited		676,692,465
ii.	Camden Holding PTE Limited		284,424,423
Mutual Funds			
i.	M/S KASB Premier Fund Limited		24,000
ii.	CDC - Trustee PICIC Investment Fund		23,282,000
iii.	CDC - Trustee PICIC Growth Fund		35,000,000
iv.	CDC - Trustee AKD Index Tracker Fund		94,000
v.	Pak Asian Fund Limited		15,000
vi.	CDC - Trustee NIT-Equity Market Opportunity Fund		298,000
vii.	CDC - Trustee First Habib Stock Fund		50,000
viii.	MCBFSL - Trustee Namco Balanced Fund		375,000
ix.	CDC - Trustee PICIC Stock Fund		745,000
x.	CDC - Trustee KSE Meezan Index Fund		707,200
xi.	CDC - Trustee First Capital Mutual Fund		200,000
Directors, Chief Executive, their Spouse and Minor Children			
i.	Maj. Gen. (R) Rehmat Khan	2,175	
ii.	Mr. Amr Ali Reda	2,900	
iii.	Mr. Bilal Hamid Javaid	6,250	
iv.	Mr. Fabrizio Angelo Olivares	725	
v.	Mr. Jean-Jerome Khodara	500	
vi.	Mr. Dominique Brugier	500	
			13,050
			-
Executives			
Public Sector Companies & Corporations			19,999,980
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Takaful, Modarabas & Pension Funds			71,173,568
Shareholders holding 5% and above Voting Interests			
* i.	Pakistan Cement Holding Limited		676,692,465
* ii.	Camden Holding PTE Limited		284,424,423

Proxy Form

The Company Secretary
Lafarge Pakistan Cement Limited
18-B, Kaghan Road, F-8 Markaz,
Islamabad.

Folio No. / CDC A/C No.	
Shares held	

I/We____ of ______________
being a member (s) of LAFARGE PAKISTAN CEMENT LIMITED (the 'Company') hereby appoint Mr./Mrs./Miss ____________________ of __________ (being member(s) of Company) as my/our Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on April 29, 2014 at 11:00 a.m. at the Registered office, 18-B, Kaghan Road, F-8 Markaz, Islamabad and at every adjournment thereof.

Signed this ______________________________________ day of ________________2014.

1. Witness:
   Signature ____________________________
   Name ____________________________
   Address ____________________________
   ____

2. Witness: ____________________________
   Signature ____________________________
   Name ____________________________
   Address ____________________________
   ____

AFFIX REVENUE STAMP

Signature____________________
(Signature appended above should agree with the specimen signatures registered with the Company.)

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting.

2. The instrument appointing a proxy should be signed by the member (s) or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed on the instrument.

3. CDC shareholders are requested to bring with them their National Identity Cards along with the participants' ID number and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.

4. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or notarially certified copy thereof, should be deposited at the Company's office not later than 48 hours before the time of holding the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary
LAFARGE PAKISTAN CEMENT Ltd.
18-B, Kaghan Road, F-8 Markaz,
Islamabad.

LAFARGE PAKISTAN

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