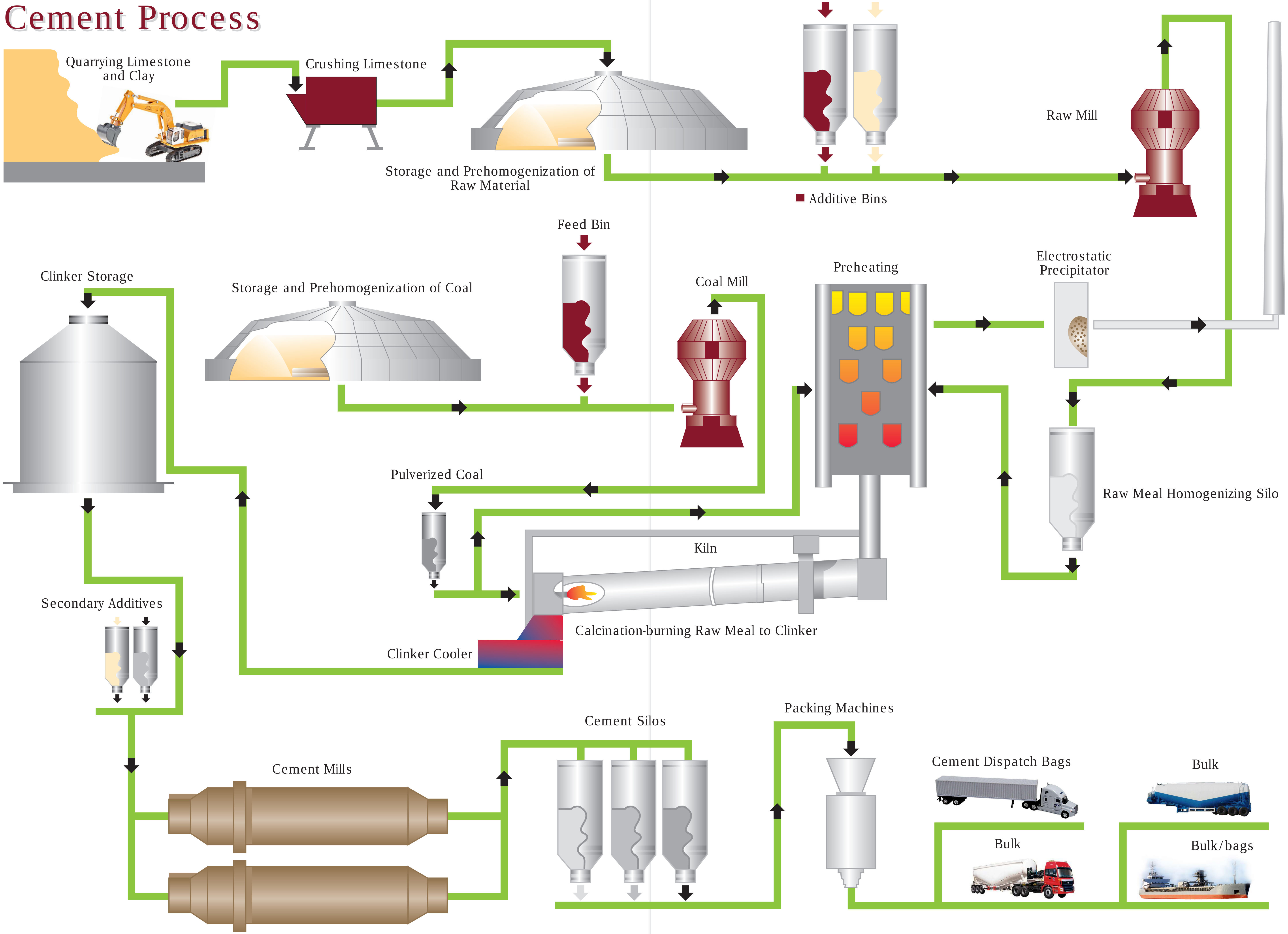
ANNUAL REPORT 2013

Enduring Strength

PIONEER
CEMENT LTD.

Cement Process



Pioneer Cement Limited

1986 Incorporation

1992 Commissioning of line-I
Enlistment with stock exchanges

1994 Commencement of commercial production line-I

2004 Commissioning of line-II

2005 Capacity Optimization of line-I

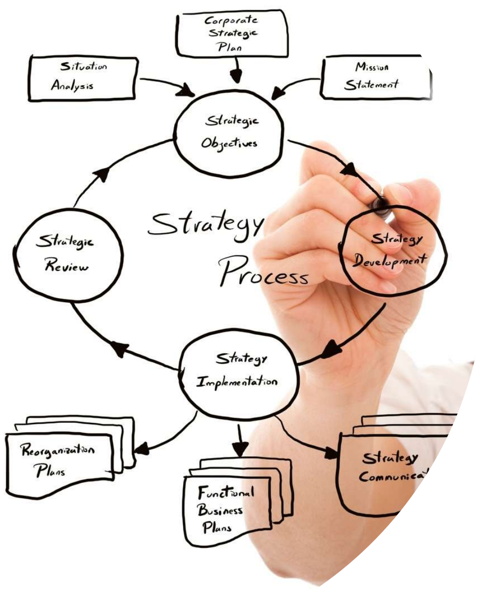
2006 Commencement of commercial production line-II

2013 Historical turnover, profits and payouts

Contents

Vision & Mission

Pioneer Cement Limited is committed to make sustained efforts towards optimum utilization of its resources through good corporate governance for serving the interests of all stakeholders.



Strategic Goals

- Customers' satisfaction
- Efficient deployment of resources
- Research and development
- Maximization of profits
- Environmental initiatives

Core Values

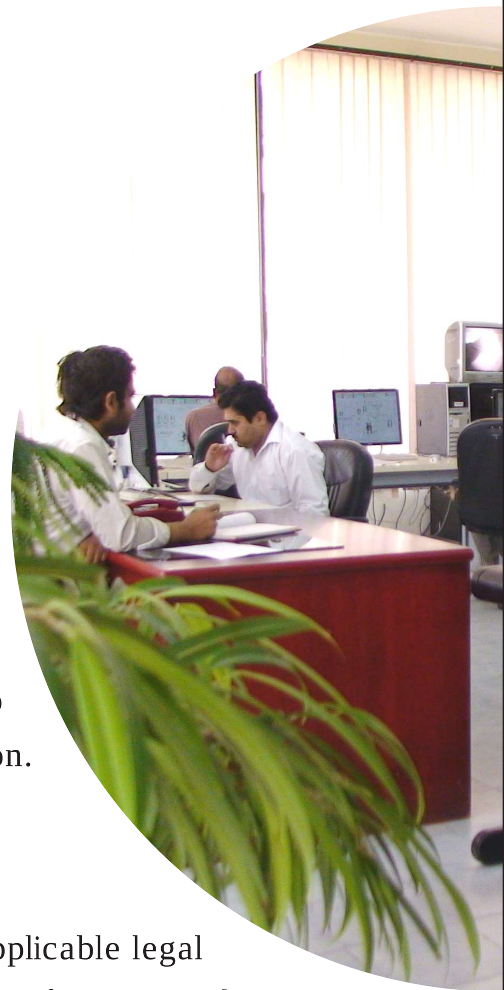
- Professional ethics
- Respect and courtesy
- Recognition of human asset
- Teamwork
- Innovations and improvement

Business Ethics

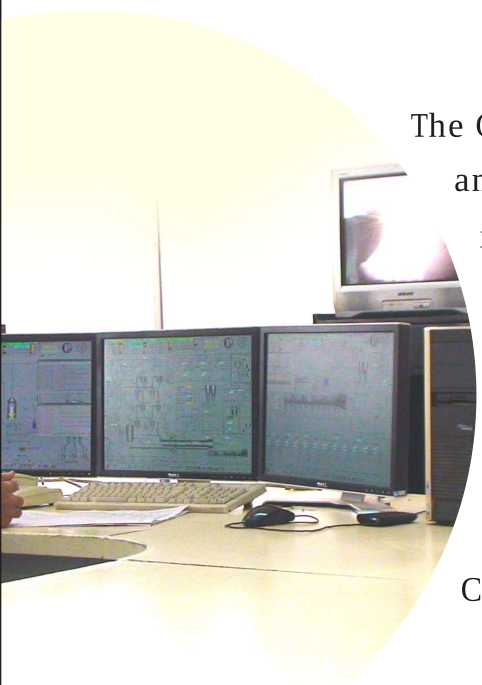
- Transparency in transactions
- Sound business policies
- Judicious use of Company's resources
- Avoidance of conflict of interest
- Justice to all
- Integrity at all levels
- Compliance of laws of the land

Quality Policy

Pioneer Cement meets and exceeds the product quality requirements to achieve customer's satisfaction.



Pioneer Cement Limited is committed to produce high quality cement as per International and Pakistan standards. The management ensures that products of Pioneer Cement meet and exceed the product quality requirements to achieve customer's satisfaction.



The Company is committed to abide by all applicable legal and regulatory requirements and shall strive for continual improvement including prevention of pollution by establishing and monitoring its Quality and Environmental objectives.

The Board and the management are committed to communicate and maintain this policy at all levels of the Company and achieve continual improvement through teamwork.

Environmental Initiatives

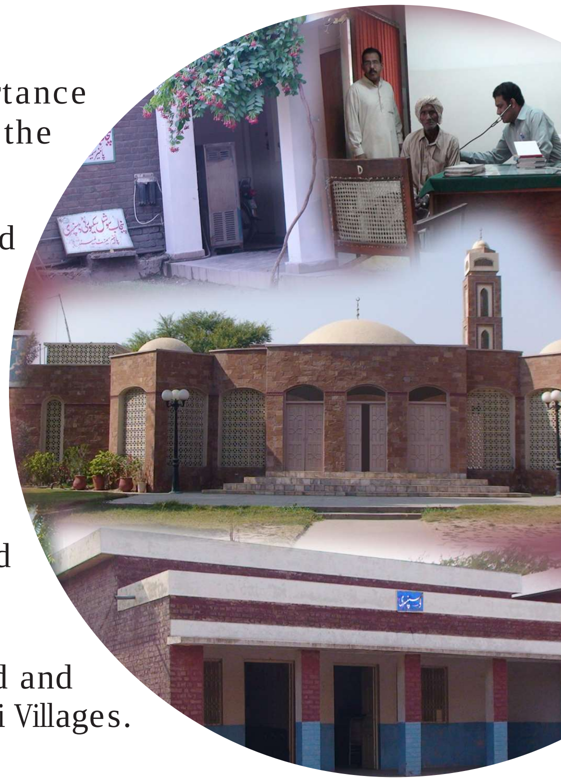
Ensuring environment friendly operations, products and services.

Cement industry is normally considered to be highly unfriendly to the Environment because of its inherent difficulties in processes. However, with the development of technology, our modern plants are equipped with dust collecting equipment which help to reduce the pollution.

Due to conversion from oil firing system to coal firing, there were chances that Pioneer Cement may suffer on account of pollution. The Management realized that for introducing Environmental ethics to meet the challenges, ISO 14001 is the need of the day. Therefore, the Management with the efforts of its employees succeeded in meeting the environmental objectives and targets after evaluating legal requirements, organizational aspects, technological options and other requirements.

The Company acquired the service of Moody International for the assessment of audit. The audit has been carried out successfully and the auditors have recommended Pioneer Cement Limited for the Certification of ISO 14001 Environmental Managements System. This shows the commitment of the Management of Pioneer Cement towards environmental protection and prevention of pollution. Pioneer Cement has been playing its role towards the development of a better society and a better future through continuous improvement in the Environmental Management System.

Social Obligations



Pioneer Cement Limited (PCL) has been giving due importance to its social obligations particularly in areas surrounding the factory:

- Primary Schools for Boys and Girls were constructed in 1995 in Chenki Village and is being managed by the Company.
- A dispensary was established near the factory site to cater the emergency requirements of the workers as well as villagers residing in the vicinity of the factory.
- A mosque has been constructed in Chenki Village and is being maintained by the Company.
- Metal road of 15 km length was reconstructed, raised and widened to 30 feet for the residents of Jabbi and Chenki Villages.

- Donations were extended for construction of educational block in District Public School, Khushab and Divisional Public School, Jauharabad.
- Donations were made to employees living in earthquake affected areas and also to the victims of these areas.
- PCL is playing an active role in Khushab District Industrial Association.
- PCL is providing technical support to Vocational Training Institute, Quaidabad.

In addition to fulfilling social obligations in the adjoining areas, the Company also made donations to organizations like TB Centre, Family Support Programs, Emergency response centre and SOS schools.

Corporate Information

Board of Directors

Chairman

Mr. Shafiuddin Ghani Khan

Members

Mr. Mohammad Aftab Alam
Syed Anwer Ali
Mr. Faisal Imran Hussain Malik
Shaikh Javed Elahi
Mr. Saleem Shahzada
Mr. Cevdet Dal
Mr. Asad Ullah Saleem (NBP)
Mr. Rafique Dawood (FDIB)
Syed Mazher Iqbal (MD & CEO)

Audit Committee

Chairman

Mr. Rafique Dawood (FDIB)

Members

Mr. Mohammad Aftab Alam
Mr. Shafiuddin Ghani Khan
Mr. Saleem Shahzada

Human Resource Committee

Chairman

Mr. Shafiuddin Ghani Khan

Members

Mr. Mohammad Aftab Alam
Syed Mazher Iqbal (MD & CEO)

Company Secretary

Mr. Waqar Naeem

Chief Internal Auditor

Mr. Jamal-ud-Din

Locations

www.pioneercement.com

Registered Office

135 Ferozepur Road, Lahore
Telephone: (042) 37503570-72
Fax: (042) 37503573-74
Email: pioneer@pioneercement.com

Karachi

4th Floor, KDLB Building, West Wharf
Telephone: (021) 32201232-33
Fax: (021) 32201234
Email: pclkhi@pioneercement.com

Factory

Chenki, District Khushab, Punjab
Telephone: (0454) 898101-3
Fax: (0454) 898104
Email: factory@pioneercement.com

Sales Offices

Multan

10-Officers Colony, Bosan Road,
Opp. Jinnah High School,
Telephone (061) 6510404
Fax: (061) 6510405

Faisalabad

Office No 3, 2nd floor,Sitara Tower,
Bilal chowk,New Civil Lines
Telephone: (041) 2630030, 2640406-7
Fax: (041) 2630923

Sargodha

Office No.06, 2nd Floor, Rehman
Trade Center, University Road
Tel: (0483) 725050
Fax: (0483) 722331

Statutory Auditors

Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)

Cost Auditors

Javed Iqbal & Company

Legal Advisor

Hassan & Hassan

Share Registrar

Corplink Private Limited
Wings Arcade. 1-K Commercial, Model Town, Lahore
Telephone: (042) 35839182, 35916714 Fax: (042) 35869037
Email: corplink786@yahoo.com, shares@pioneercement.com

Bankers

Allied Bank
askaribank
Bank Al Habib
HBL
JS BANK
MCB
Meezan Bank
NBP
BOP
UBL

Financial Highlights

Financial Highlights

Six years at a glance

	UoM	2013	2012	2011	2010	2009	2008
Production and Sales							
Clinker production	Tons (000)	1,086	1,179	1,189	1,163	1,145	1,640
Cement production	Tons (000)	1,232	1,178	1,285	1,267	1,034	1,492
Cement / Clinker Dispatches							
Domestic market	Tons (000)	1,033	989	1,003	1,082	923	1,337
International market	Tons (000)	201	200	275	192	244	448
	Tons (000)	1,234	1,189	1,278	1,274	1,167	1,785
Capacity Utilization (based on installed capacity)	%	54%	59%	60%	58%	57%	82%
Financial Position							
Assets Employed							
Property plant and equipment	Rs. in million	7,861	8,131	8,614	8,938	9,255	9,571
Other long term assets	Rs. in million	40	38	49	54	72	117
Current assets	Rs. in million	3,702	1,941	1,184	1,333	1,021	785
Total Assets	Rs. in million	11,603	10,110	9,847	10,325	10,348	10,473
Financed by							
Shareholders equity	Rs. in million	4,443	3,136	2,467	2,218	2,401	2,305
Surplus on revaluation of fixed assets-net of tax	Rs. in million	1,727	1,782	2,059	2,121	2,181	2,240
Long term liabilities	Rs. in million	3,720	3,602	3,476	3,648	4,347	4,556
Other current liabilities	Rs. in million	1,713	1,590	1,845	2,338	1,419	1,372
Total Funds Invested	Rs. in million	11,603	10,110	9,847	10,325	10,348	10,473
Turnover and Profit / (Loss)							
Net turnover	Rs. in million	7,568	6,487	5,273	3,873	5,000	4,854
Gross profit / (loss)	Rs. in million	2,405	1,587	742	(81)	1,333	514
Operating profit / (loss)	Rs. in million	2,229	1,408	543	(299)	889	(12)
Profit / (loss) before taxation	Rs. in million	2,248	924	72	(859)	174	(574)
Profit / (loss) after taxation	Rs. in million	1,535	602	121	(591)	36	(180)
EBITDA	Rs. in million	2,606	1,775	922	93	1,270	423
Earnings / (loss) per share	Rs.	6.76	2.65	0.54	(2.87)	0.18	(0.93)
Breakup value per share	Rs.	27.16	21.65	19.92	19.48	22.96	22.78
Cash Flow Summary							
Net cash generated from / (used) in operating activities	Rs. in million	2,563	1,202	916	(82)	914	496
Net cash used in investing activities	Rs. in million	(853)	(44)	(52)	(73)	(64)	(182)
Net cash inflow / (outflow) from financing activities	Rs. in million	(514)	(1,040)	(769)	52	(783)	(528)
Increase / (decrease) in cash and cash equivalents	Rs. in million	1,196	119	94	(103)	67	(213)
Cash and cash equivalents at beginning of the year	Rs. in million	269	150	56	159	139	305
Cash and cash equivalents at end of the year	Rs. in million	1,465	269	150	56	206	92

Financial Performance
Financial Ratios

	UoM	2013	2012	2011	2010	2009	2008
Profitability Ratios							
Gross profit / (loss) to sales	----Percentage----	31.78	24.46	14.07	(2.09)	26.66	10.58
Operating profit / (loss) to sales		29.45	21.71	10.30	(7.72)	17.78	(0.25)
Net profit / (loss) before tax to sales		29.71	14.25	1.36	(22.19)	3.49	(11.83)
Net profit / (loss) after tax to sales		20.28	9.27	2.29	(15.26)	0.72	(3.71)
EBITDA to sales		34.44	27.37	17.49	2.39	25.39	8.72
Return on equity (after tax)		67.58	26.48	5.31	(26.53)	1.81	(9.02)
Return on capital employed		62.24	24.39	4.89	(23.96)	1.46	(7.30)
Liquidity Ratios							
Current ratio	---Times---	1.08:1	0.43:1	0.27:1	0.27:1	0.29:1	0.26:1
Acid test ratio		0.7:1	0.1:1	0.08:1	0.05:1	0.11:1	0.1:1
EBITDA to current Liabilities		0.76:1	0.4:1	0.21:1	0.02:1	0.36:1	0.14:1
Cash to current liabilities		0.43:1	0.06:1	0.03:1	0.01:1	0.05:1	0.05:1
Cash flow from operating activities to sales		0.34:1	0.19:1	0.17:1	-0.02:1	0.18:1	0.1:1
Activity / Turnover Ratios							
Inventory turnover	Times	3.71	4.24	4.77	4.61	6.39	8.17
No. of days to inventory	Days	98.33	86.04	76.46	79.26	57.13	44.69
Debtors turn over	Times	235.26	323.69	238.03	143.54	172.35	189.21
No. of days in receivables	Days	1.55	1.13	1.53	2.54	2.12	1.93
Creditors turnover	Times	6.03	6.51	5.69	5.16	4.88	6.47
No. of days in payables	Days	60.48	56.08	64.18	70.76	74.82	56.38
Operating cycle	Days	39.40	31.09	13.82	11.04	(15.58)	(9.76)
Total assets turnover	%	65.23	64.16	53.55	37.51	48.32	46.35
Fixed assets turnover	%	96.28	79.78	61.21	43.33	54.03	50.71
Investment Valuation Ratios							
Earnings / (loss) per share	Rs.	6.76	2.65	0.54	(2.87)	0.18	(0.93)
Price / earning ratio	Times	4.34	3.47	10.22	(2.22)	75.44	(30.29)
Market value per share as on June 30	Rs.	29.37	9.20	5.52	6.37	13.58	28.17
Cash dividend per share	Rs.	4.00	-	-	-	-	-
Dividend payout ratio	%	59%	0%	0%	0%	0%	0%
Capital Structure Ratios							
Financial leverage ratio	%	17.27	6.91	9.32	10.44	22.01	28.24
Debt / equity ratio	Times	38.62	42:58	43:57	46:54	49:51	50:50
Interest coverage ratio	Times	13.09	4.29	1.52	(0.76)	1.97	(0.03)

Analysis of Balance Sheet

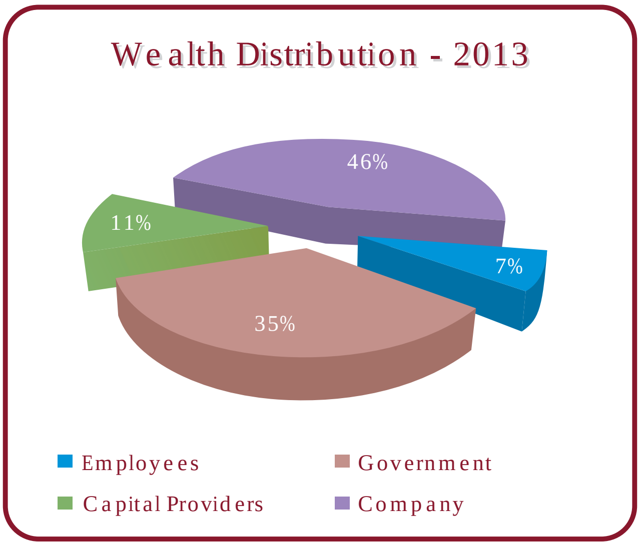
	UoM	2013	2012	2011	2010	2009	2008
Share capital and reserves	Rs. in million	4,443	3,136	2,467	2,218	2,401	2,305
Surplus on revaluation of fixed assets		1,727	1,782	2,059	2,121	2,181	2,240
Long term liabilities		3,720	3,603	3,476	3,648	4,347	4,556
Current liabilities		1,713	1,590	1,845	2,338	1,419	1,372
Total Equity and Liabilities		11,603	10,111	9,847	10,325	10,348	10,473
Non current assets		7,900	8,169	8,663	8,991	9,327	9,688
Current assets		3,703	1,942	1,184	1,334	1,021	785
Total Assets		11,603	10,111	9,847	10,325	10,348	10,473
Vertical Analysis	Percentage						
Share capital and reserves		38.2	31.0	25.0	21.5	23.2	22.0
Surplus on revaluation of fixed assets		14.9	17.6	20.9	20.5	21.1	21.4
Long term liabilities		32.1	35.6	35.3	35.3	42.0	43.5
Current liabilities		14.8	15.8	18.8	22.7	13.7	13.1
Total Equity and Liabilities		100.0	100.0	100.0	100.0	100.0	100.0
Non current assets		68.1	80.8	88.0	87.1	90.1	92.5
Current assets		31.9	19.2	12.0	12.9	9.9	7.5
Total Assets		100.0	100.0	100.0	100.0	100.0	100.0
Horizontal Analysis (i) Cumulative							
Share capital and reserves		92.7	36.0	7.0	(3.8)	4.1	100.0
Surplus on revaluation of fixed assets		(22.9)	(20.5)	(8.1)	(5.3)	(2.6)	100.0
Long term liabilities		(18.4)	(20.9)	(23.7)	(19.9)	(4.6)	100.0
Current liabilities		24.9	15.9	34.6	70.5	3.5	100.0
Total Equity and Liabilities		10.8	(3.5)	(6.0)	(1.4)	(1.2)	100.0
Non current assets		(18.4)	(15.7)	(10.6)	(7.2)	(3.7)	100.0
Current assets		371.6	147.3	50.9	69.9	30.0	100.0
Total Assets		10.8	(3.5)	(6.0)	(1.4)	(1.2)	100.0
Horizontal Analysis (ii) Year vs Year							
Share capital and reserves		41.6	27.2	11.2	(7.6)	4.1	100.0
Surplus on revaluation of fixed assets		(3.1)	(13.5)	(2.9)	(2.8)	(2.6)	100.0
Long term liabilities		3.2	3.7	(4.7)	(16.1)	(4.6)	100.0
Current liabilities		7.8	(13.9)	(21.0)	64.8	3.5	100.0
Total Equity and Liabilities		14.8	2.7	(4.6)	(0.2)	(1.2)	100.0
Non current assets		(3.3)	(5.7)	(3.7)	(3.6)	(3.7)	100.0
Current assets		90.7	63.9	(11.2)	30.7	30.0	100.0
Total Assets		14.8	2.7	(4.6)	(0.2)	(1.2)	100.0

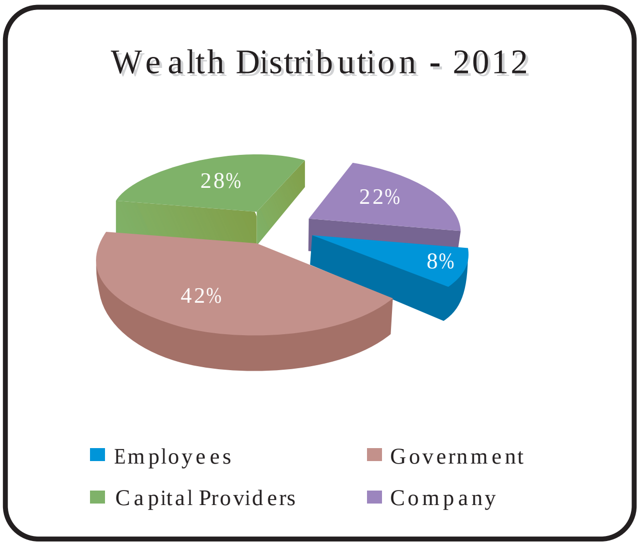
Analysis of Profit and Loss Account

	UoM	2013	2012	2011	2010	2009	2008
Net turnover	Rs. in million	7,568	6,487	5,273	3,873	5,000	4,854
Cost of sales		(5,163)	(4,900)	(4,531)	(3,954)	(3,667)	(4,340)
Gross Profit / (Loss)		2,405	1,587	742	(81)	1,333	514
Distribution cost		(90)	(79)	(151)	(159)	(360)	(466)
Administrative cost		(62)	(62)	(52)	(79)	(98)	(90)
Other income / (charges)		(25)	(38)	4	20	14	30
Operating Profit / (Loss)		2,228	1,408	543	(299)	889	(12)
Finance cost		(170)	(328)	(358)	(393)	(451)	(413)
Exchange loss - net		190	(156)	(113)	(167)	(263)	(149)
Profit / (Loss) before Taxation		2,248	924	72	(859)	175	(574)
Taxation		(713)	(323)	49	268	(138)	394
Profit / (Loss) after Taxation		1,535	601	121	(591)	37	(180)
Vertical Analysis	Percentage						
Net turnover		100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales		(68.2)	(75.5)	(85.9)	(102.1)	(73.3)	(89.4)
Gross Profit / (Loss)		31.8	24.5	14.1	(2.1)	26.7	10.6
Distribution cost		(1.2)	(1.2)	(2.9)	(4.1)	(7.2)	(9.6)
Administrative cost		(0.8)	(1.0)	(1.0)	(2.0)	(2.0)	(1.9)
Other income / (charges)		(0.3)	(0.6)	0.1	0.5	0.3	0.6
Operating Profit / (Loss)		29.5	21.7	10.3	(7.7)	17.8	(0.3)
Finance cost		(2.2)	(5.1)	(6.8)	(10.1)	(9.0)	(8.5)
Exchange loss - net		2.5	(2.4)	(2.1)	(4.3)	(5.3)	(3.1)
Profit / (Loss) before Taxation		29.8	14.2	1.4	(22.1)	3.5	(11.9)
Taxation		(9.4)	(5.0)	0.9	6.9	(2.8)	8.1
Profit / (Loss) after Taxation		20.4	9.2	2.3	(15.2)	0.7	(3.8)
Horizontal Analysis (i) Cumulative							
Net turnover		55.9	33.7	8.6	(20.2)	3.0	100.0
Cost of sales		19.0	12.9	4.4	(8.9)	(15.5)	100.0
Gross Profit / (Loss)		368.3	209.0	44.4	(115.8)	159.5	100.0
Distribution cost		(80.7)	(83.1)	(67.7)	(65.9)	(22.8)	100.0
Administrative cost		(30.8)	(31.2)	(41.9)	(12.4)	8.5	100.0
Other income / (charges)		(179.6)	(224.5)	(86.6)	(35.9)	(54.0)	100.0
Operating Profit / (Loss)		(18,655.9)	(11,824.9)	(4,619.6)	2,390.5	(7,503.0)	100.0
Finance cost		(58.8)	(20.6)	(13.4)	(5.0)	9.3	100.0
Exchange loss - net		(227.5)	4.9	(24.0)	12.6	77.1	100.0
Profit / (Loss) before Taxation		(491.7)	(261.0)	(112.5)	49.7	(130.4)	100.0
Taxation		(281.0)	(181.9)	(87.6)	(31.9)	(135.1)	100.0
Profit / (Loss) after Taxation		(953.0)	(434.2)	(167.0)	228.3	(120.1)	100.0
Horizontal Analysis (ii) Year vs Year							
Net turnover		16.7	23.0	36.2	(22.5)	3.0	100.0
Cost of sales		5.4	8.1	14.6	7.8	(15.5)	100.0
Gross Profit / (Loss)		51.6	114.0	(1,015.9)	(106.1)	159.5	100.0
Distribution cost		14.2	(47.7)	(5.2)	(55.9)	(22.8)	100.0
Administrative cost		0.6	18.3	(33.6)	(19.3)	8.5	100.0
Other income / (charges)		(36.1)	(1,031.4)	(79.1)	39.4	(54.0)	100.0
Operating Profit / (Loss)		58.3	159.4	(281.5)	(133.6)	(7,503.0)	100.0
Finance cost		(48.1)	(8.4)	(8.8)	(13.0)	9.3	100.0
Exchange loss - net		(221.6)	37.9	(32.4)	(36.4)	77.1	100.0
Profit / (Loss) before Taxation		143.2	1,187.0	(108.4)	(593.0)	(130.4)	100.0
Taxation		120.9	(761.2)	(81.8)	(294.2)	(135.1)	100.0
Profit / (Loss) after Taxation		155.2	398.6	(120.4)	(1,736.3)	(120.1)	100.0

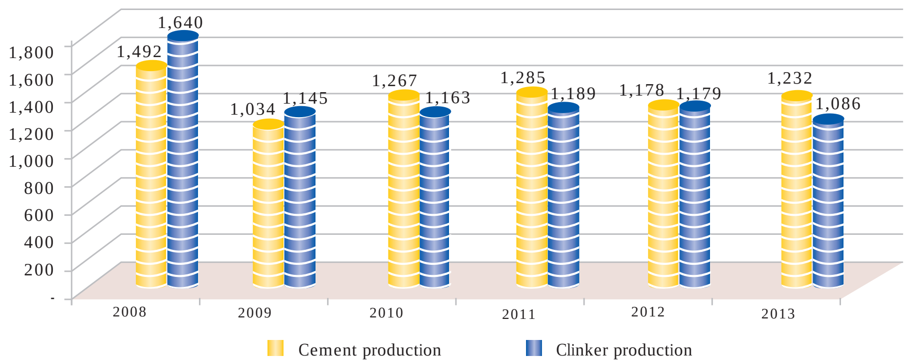
Statement of Value Addition and its Distribution

	2013		2012	
	Rs. in '000'	%	Rs. in '000'	%
Wealth Generated				
Total revenue inclusive of taxes and other income	9,298,660		8,065,811	
Bought in material and services	(4,763,448)		(4,353,636)	
	4,535,212	100.00	3,712,175	100.00
Wealth Distribution to:				
Employees				
Salaries, benefits and other costs	332,165	7.32	298,963	8.05
Government				
Income Taxes, sales tax, excise duty and others	1,586,801	34.99	1,560,623	42.05
Capital Providers				
Dividend, markup / interest to lenders	514,094	11.34	1,040,198	28.02
Company				
Depreciation, amortization & retained profit	2,102,152	46.35	812,391	21.88
	4,535,212	100.00	3,712,175	100.00



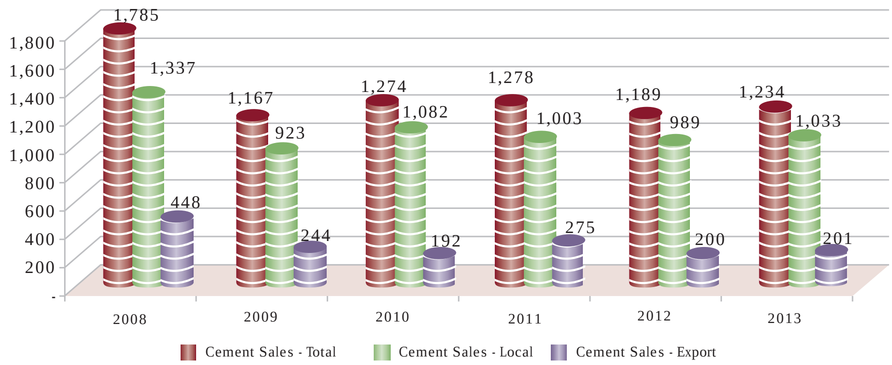


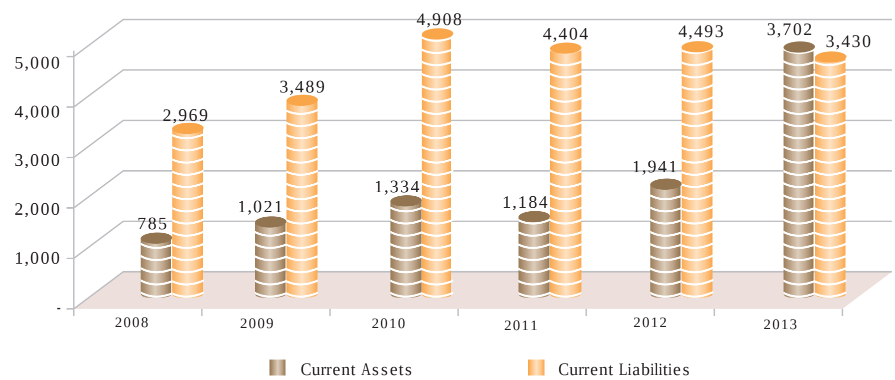
Graphical Illustrations



Clinker and Cement Productions
(Thousand tons)

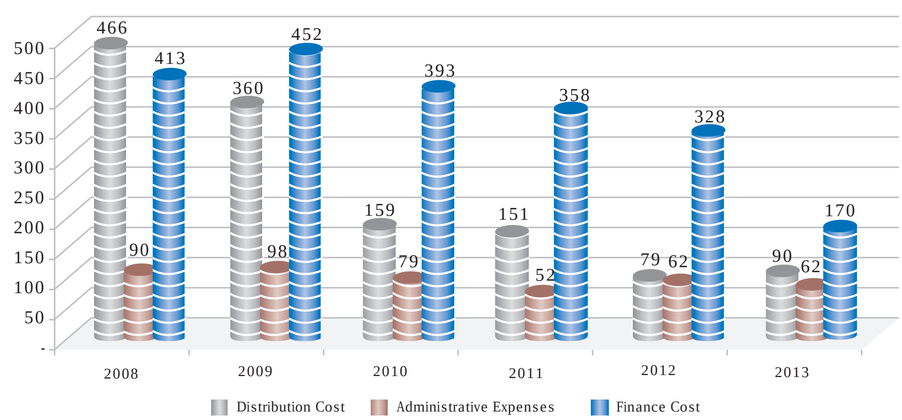
Local, Export and Total Sales
(Thousand tons)



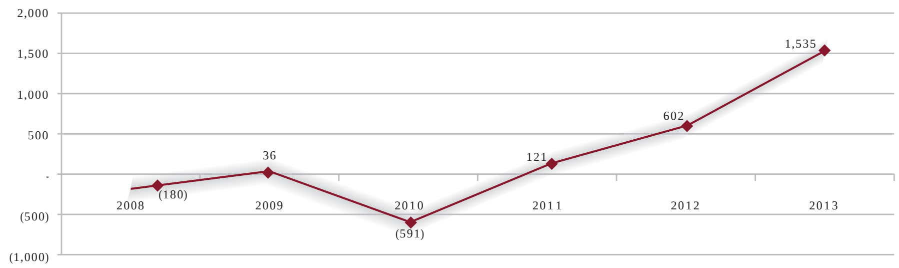


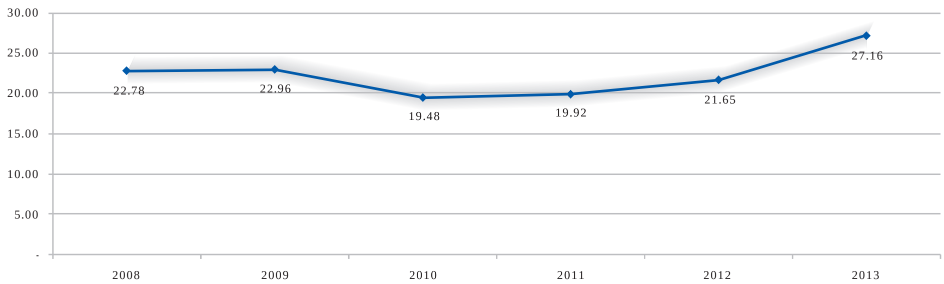
Current Assets
vs
Current Liabilities
(Rupees in million)

Distribution, Admin and Finance Costs
(Rupees in million)



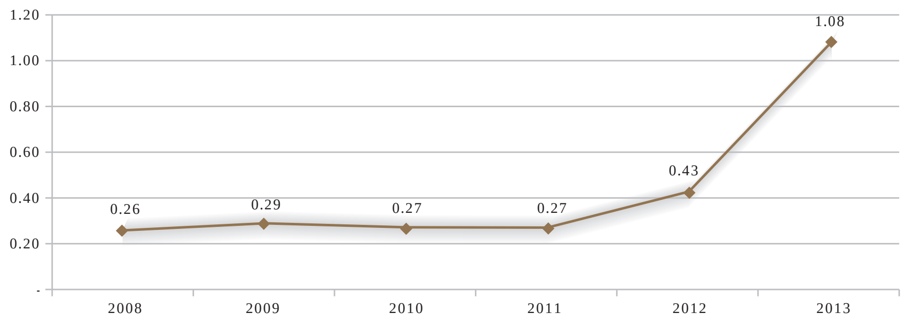
Post Tax Profit / (Loss)
(Rupees in million)

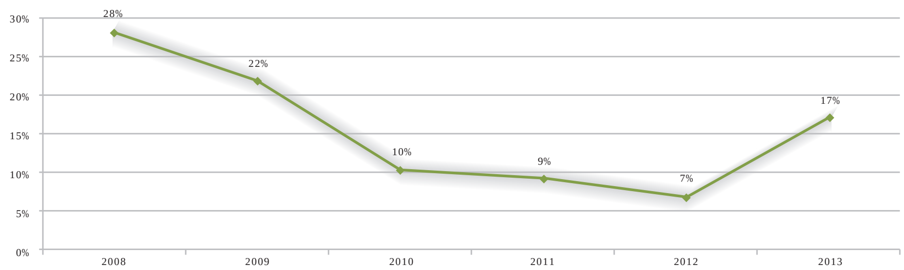




Breakup Value
(Rupees per share)

Current Ratio
(Times)





Financial Leverage Ratio
(Percentage)

Notice of Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting (AGM) of Pioneer Cement Limited will be held at 135 Ferozepur Road, Lahore on Wednesday, October 30, 2013 at 11:30 a.m. to transact the following business:-

1. To confirm the minutes of the annual general meeting held on November 30, 2012.

2. To receive, consider and adopt the audited accounts for the year ended June 30, 2013 and the reports of the directors and auditors thereon.

3. To approve the final dividend of Rs.2.75/- (i.e. 27.50%) per share as recommended by the Board of Directors and Rs.1.25 (i.e. 12.5%) per share interim dividend already announced and paid during the year, making a total dividend of Rs.4.00/- (i.e. 40%) per share for the year ended June 30, 2013.

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

5. To transact any other business as may be placed before the meeting with the permission of the Chairman.

The share transfer books of the Company will remain closed from October 24, 2013 to October 30, 2013 (both days inclusive) for entitlement of above dividend and for the purpose of holding the AGM.

By order of the Board

Waqar Naeem
Company Secretary

Lahore
September 19, 2013

Notes:

1. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the meeting.

    a. The shareholders through CDC are requested to bring original Computerized National Identity Card (CNIC)/Passport for the purpose of identification to attend the meeting.

    b. In case of corporate entity, the Board's Resolution or power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

2. Shareholders having physical share certificates are requested to immediately notify the change in address, if any.

3. Members who have not yet submitted copy of their CNIC to the Company are requested to send the same at the earliest to Company's Registrar M/s. Corplink (Pvt.) Limited to mention the same on the dividend warrants.

Directors' Report

Directors' Report
to the Shareholders

The directors of your Company have pleasure to present 27th annual report for the financial year ended June 30, 2013.

ECONOMIC OUTLOOK

Pakistan's economy continued to face challenges like energy crises, poor law and order situation, and a host of other structural impediments that have held back investment and growth in the country. The adverse impact of these economic snags was further compounded by the ongoing war against extremism, which continued unabated causing irreparable loss to the economy and disturbing mental peace and harmony in most parts of the country.

CEMENT INDUSTRY

Despite economic upheavals and disturbances, the domestic cement industry was able to improve volumetric sales by 2.83% that comprises an increase of 4.63% in local dispatches, with a decrease of 2.22% in exports. This was the third consecutive year of declining exports. Dispatches to the two significant export markets, i.e., Afghanistan and India declined over last year by 6.58% and 20.35% respectively.

INDUSTRY PERFORMANCE				
	2013	2012	Variance	
	---------- million tons ----------			%
Capacity	44.77	44.77	-	-
Local Dispatches	25.06	23.95	1.11	4.63%
Exports				
Via Land Routes	4.89	5.32	(0.43)	(8.08%)
Via Sea	3.49	3.25	0.24	7.38%
	8.38	8.57	(0.19)	(2.22%)
Totals	33.44	32.52	0.92	2.83%
Capacity Utilization	74.69%	72.64%		

BUSINESS PERFORMANCE

We are pleased to report that with the kind blessings of the Almighty Allah, the financial year under review was the best performing year in the history of your Company. Despite all the negative factors like power outages, increasing power tariff, higher transportation cost etc., Alhamdulillah, new milestones of financial performance were achieved in all areas of operations including sales, gross profit and net profit. Your Company was able to achieve the highest gross revenue of Rs.9,178.6 million, an increase of 14.08% over last year. This culminated in highest ever gross profit of Rs.2,405.4 million and highest ever net profit of over Rs.1,535.1 million.

Production and Sales

A summary and comparison of production and sales for the year under review is as under:

PRODCUTION AND CAPACITY UTILIZATION				
	2013	2012	Variance	
	---------- million tons ----------			%
Capacity	2.00	2.00	-	-
Clinker Production	1.09	1.18	(0.09)	(7.63%)
Cement Production	1.23	1.18	0.05	4.24%
Capacity Utilization	54.5%	59.0%		

LOCAL AND EXPORT SALES				
	2013	2012	Variance	
	---------- million tons ----------			%
Local Sales	1.03	0.99	0.04	4.04%
Export Sales	0.20	0.20	-	-
Total Sales	1.23	1.19	0.04	3.36%

The management is focused on increasing sales to improve capacity utilization, in a manner and territories that yield better margins. The local sales volume was increased by 4.04% over last year due to increase in government expenditure on infrastructure / development projects in an election year. Your Company was able to maintain its exports dispatches in profitable territories at previous year volumes, despite decline in exports at industry level.

Financial Performance

As mentioned earlier, the financial year under review is a historical year for the Company as the financial performance touched the highest levels since its inception. A summary of financial results is as under:

KEY FINANCIAL RESULTS				
	2013	2012	Variance	
	---------- Rupees in million ----------			%
Net Sales Revenue	7,568.4	6,487.1	1,081.3	16.67%
Cost of Sales	5,163.0	4,900.2	262.8	5.36%
Gross Profit	2,405.4	1,587.0	818.4	51.57%
Operating Profit	2,228.9	1,408.4	820.5	58.26%
Net Profit	1,535.1	601.5	933.6	155.21%
Earnings per Share (Rs.)	6.76	2.65	4.11	155.09%

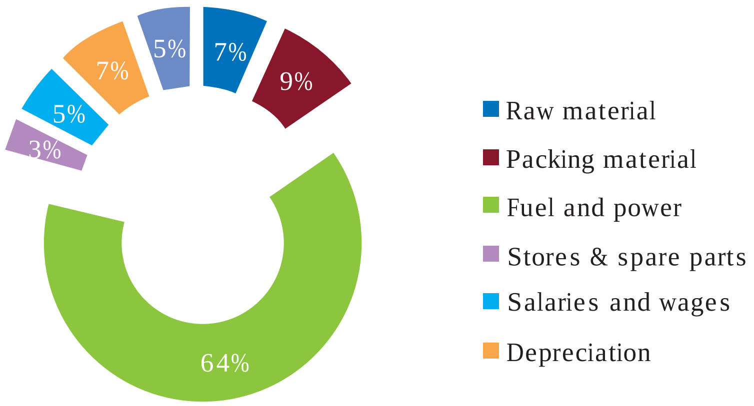
Revenues and Cost of Production

During the year under review, the Company achieved highest sales revenue of all time. This achievement was a combination of price stability, improved local sales and sustained export in profitable territories. The net sales stood at Rs.7,568.4 million compared to Rs.6,487.1 million in previous year, registering an increase of 16.67%.

The cost of sales for the year under review amounting Rs.5,163.0 million is an increase of 5.36% over last year. It comprises increase of 3.36% on account of volume increase and a mere 2% increase on account of inflationary factors. The management is diligently monitoring costs and is continuously working on improving plant efficiency and run factor to remain competitive in the market.

Your Company achieved a gross profit rate of 31.8% compared to 24.5% achieved in the previous year, an increase of 29.8% over last year. The gross profit amounting Rs.2,405.4 million earned this year, is the highest achieved in the history of the Company.

Cost of Sales - 2012 - 13



Operating and Financial Costs

The operating cost comprises distribution costs, admin expenses and other operating expenses. The distribution cost amounting Rs.89.9 million is an increase of 14.16% over last year distribution cost of Rs.78.8 million. The increase is mainly attributable to freight and handling charges on exports to India, whereas there was no export to India in previous year. The administrative expenses amounting Rs.62.3 million is a nominal increase of 0.60% over last year admin expenses of Rs.61.9 million. The other operating expenses mainly comprise provision for workers profit participation fund and have increased in line with the increase in profit over last year. The management is consistently monitoring and rationalizing its operating costs and gradually reducing it wherever possible, resulting in reduction in net operating cost every year since 2010, despite high inflation.

The financial costs for the year under review amounting Rs.170.3 million is a reduction of Rs.157.7 million over last year finance cost of Rs.328.0 million. The decrease is mainly on account of better liquidity management, early repayments of financial liabilities, reduction in discount rates by State Bank of Pakistan and financial restructuring of long term debts. The devaluation of Japanese Yen resulted in an exchange gain of Rs.189.7 million against an exchange loss of Rs.156.0 million in previous year.

Profits and Earnings per Share

The operating and net profits for the year under review stood at Rs.2,228.9 million and Rs.1,535.1 million an increase of 58.3% and 155.2% respectively when compared to previous year.

The earnings per share (EPS) of Rs.6.76 is an increase of Rs.4.11 over last year EPS of Rs.2.65.

Working Capital Management

The Company operates an effective Working Capital Management System that has improved its efficiency over the period. The working capital requirements are thoroughly monitored and resourcefully planned and contented through internal cash generations and short term financings.

The cash generation from operations for the year was Rs.2,897.5 million (2012: Rs.1,271.1 million) out of which 17.7% (2012: 81.8%) was consumed for repayment of long and short term financial obligations.

Appropriation

During the year under review, the Board of Directors announced an interim dividend of Rs.1.25 per share (12.5% of par value). The Board of Directors has also recommended a final dividend of Rs.2.75 per share (27.5% of par value) tallying a total of Rs.4.0 per share (40% of par value) for the year 2012-13.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board reviews the Company's strategic direction on regular basis. The business plan and budgetary targets set by the Board are also reviewed regularly. The Board is committed to maintain a high standard of the Corporate Governance and ensure comprehensive compliance of Code of Corporate Governance enforced by Securities and Exchange Commission of Pakistan.

The Board confirms that:

- The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- The existing system of internal control and procedures are regularly reviewed. This is formulized by the Board's Audit Committee and is updated as and when required.
- There are no significant doubts upon Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed.

- The Statement of Ethics and Business Strategy is prepared and circulated amongst the directors and employees.
- The Board has adopted a mission statement and a statement of overall corporate strategy.
- As required by the Code of Corporate Governance, following information is given separately with this report:

  * Key operating and financial statistics for six years. (page no. 12 to 18)
  * Statement of Pattern of Shareholding. (page no. 72)
  * Statement of shares held by associated companies, undertakings and related persons. (page no. 73)
  * Statement of other information. (page no. 74)

Board and Audit Committee Meetings and Attendances

During the year under review four (4) meetings each of Board of Directors and Audit Committee were held for which the attendance by directors / members and chief executive officer is as under:

Name of Directors / Members	No. of Meetings Attended	
	Board of Directors	Audit Committee
Mr. Shafiuddin Ghani Khan (Chairman Board of Directors)	4	4
Syed Mazher Iqbal (Chief Executive Officer)	4	n/a
Mr. Mohammad Aftab Alam	4	3
Syed Anwer Ali	4	n/a
Mr. Faisal Imran Hussain Malik	4	n/a
Mr. Cevdet Dal	1	n/a
Mr. Shazib Masud *	1	n/a
Mr. Saleem Shahzada	2	2
Shaikh Javed Elahi **	1	n/a
Mr. Rafique Dawood (Chairman Audit Committee) - FDIBL	1	2
Mr. Javed Haider - NBP	4	4

* Resigned during the year.

** Appointed in place of Mr. Shazib Masud.

CORPORATE SOCIAL PERFORMANCE

Health, Safety and Environment

The management is committed to provide a safe, healthy and nurturing environment and accordingly has successfully achieved certification of ISO 9001 and 14001.

Gaseous and Dust Emission

The Company is dedicated for a pollution free atmosphere and accordingly electrostatic precipitator and dust collectors have been installed at the Production facility of the Company. Further, efficient coal firing burners have been installed that help in reducing environment pollution from nitrogen oxide and carbon monoxide.

Employee Safety

Employees of the Company have been provided with the required gadgets and protection devices for protection from inherent noises. These are reviewed and checked periodically and all necessary measures are taken to avoid any mishap.

Community Investment and Welfare Scheme

The Company as a corporate citizen is constantly contributing towards the welfare of the society. The Company is playing an active role in various community development programs including a mosque, medical dispensary and primary school at Chenki (the production facility site). In addition, regular donations are provided for maintenance of these facilities.

Contribution to National Exchequer

The Company contributed an amount of Rs.1,607 million (2012: Rs.1,624 million) into Government Treasury on account of income taxes, levies, sales tax and excise duty.

EMPLOYEE WELFARE

Provident Fund / Gratuity

The Company operates a funded Provident Fund Scheme for all permanent employees while all contracted employees below age of 60 years are provided with unfunded Gratuity Scheme. The un-audited fair value of investments of Provident Fund as on June 30, 2013 was Rs.92.17 million (2012: Rs.76.23 million - audited).

Medical and Hospitalization

All eligible employees (including spouse and children) of the Company are provided with medical and hospitalization facilities as per Company policy in order to provide them peace of mind to concentrate on discharging their professional duties with zest and zeal.

Human Capital

The Company recognizes its human resource as one of the valuable asset. Employees with high performance are awarded to create a conducive environment to motivate other employees for better performance. The Company also provides education and training to the employees to enhance their abilities and skills.

AUDITORS

Messrs. Ernst and Young Ford Rhodes Sidat Hyder, Chartered Accountants will retire at the conclusion of 27th Annual General Meeting. They have offered themselves for reappointment. The Audit Committee has recommended their reappointment.

BOARD COMMITTEES

The Board of Directors of the Company has formed two board committees i.e. Audit Committee and Human Resource Committee in compliance with the requirements of the Code of Corporate Governance. These committees comprise following members:

Audit Committee

Mr. Rafique Dawood	Chairman	Creditor Director
Mr. Mohammad Aftab Alam	Member	Non-executive Director
Mr. Shafiuddin Ghani Khan	Member	Non-executive Director
Mr. Saleem Shahzada	Member	Non-executive Director

Human Resource Committee

Mr. Shafiuddin Ghani Khan	Chairman	Non-executive Director
Mr. Mohammad Aftab Alam	Member	Non-executive Director
Syed Mazher Iqbal	Member	Chief Executive Officer

FUTURE OUTLOOK

There is an optimism that the newly formed Government will focus on GDP growth initiating government led infra-structure projects such as dams, highways and low cost housing projects. Such initiatives shall provide a stimulus and growth to domestic cement sector, spurring steady and improved demand of cement over the next few years. However, such a scenario is dependent on government ability to tackle the energy crises and deteriorating law and order situation on a fast track.

The management is committed to derive optimum output from available resources to sustain and grow in a competitive environment. Few of the initiatives taken up by the management include establishing a waste heat recovery plant and upgrading of energy efficient motors and devices. A feasibility study to establish a captive power plant is also under process to reduce dependence on unreliable and exorbitantly expensive power from national grid. This will help reduce cost of production as well as uninterrupted power supply which is essential for kiln operation. The management is also considering other capital intensive projects to help improve efficiency and enhance product quality.

ACKNOWLEDGEMENT

The Board expresses its gratitude to all the customers for their persistent belief in the quality of our product, distributors for extending the network, contractors and suppliers for timely provision of services and material, lenders, banks and financial institution for their invariable and recurrent facilitations.

The Board also wishes to thank its shareholders and sponsor for the continued investment in and support of our Company.

The Board acknowledges the hard work of loyal, dedicated and devoted employees of the Company and anticipates a stronger conviction to achieve further milestones.

On behalf of the Board

Syed Mazher Iqbal
Chief Executive Officer

September 19, 2013
Lahore

Building a better
working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Mall View Building, 4-Bank Square
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Pakistan

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Fax: +9242 3721 1530 & 39
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Review report to the members on Statement of Compliance with best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance prepared by the Board of Directors of Pioneer Cement Limited (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange, Listing Regulation No. 35 of Lahore Stock Exchange and Chapter XI of the Listing Regulations of the Islamabad Stock Exchange, where the Company is listed.

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

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

Further, Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price while recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2013.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Engagement Partner: Naseem Akbar
September 19, 2013
Lahore

Compliance with Code of Corporate Governance

Statement of Compliance
with best practices of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in 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.

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. At present the Board includes eight non-executive directors.

CATEGORY	NAMES
Independent Non-executive Directors	Syed Anwer Ali
	Mr. Saleem Shahzada
Non Executive Directors	Mr. Shaffiuddin Ghani Khan
	Mr.Mohammad Aftab Alam
	Mr. Faisal Imran Hussain Malik
	Mr. Rafique Dawood
	Mr.Cevdet Dal
	Mr. Asad Ullah Saleem
Executive Director/CEO	Syed Mazher Iqbal
	Sheikh Javed Elah

The independent directors meet the criteria of independence under clause i(b) of the CCG.

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

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

4. During the year, two casual vacancies occurring on the Board were filled within 90 days as per requirements of the Code.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors are conversant with their duties and responsibilities. However, orientation courses being arranged as per requirement of the Code.

10. The Board has approved appointment of Company Secretary, CFO and the Head of Internal Audit including their remunerations, terms and conditions of employment during the year.

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

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an Audit Committee. It comprises one independent and three non-executive directors.

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

17. The Board has formed an HR and Remuneration Committee. It comprises three members and two of them are non-executive directors.

18. The Board has set up an effective internal audit function. The head of function is suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. Audit department is involved in the internal audit function on full time basis.

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

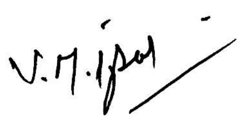
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, 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 exchanges.

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

On behalf of the Board of Directors.



Syed Mazher Iqbal
Chief Executive

September 19, 2013
Lahore

Building a better
working world

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ey.com/pk

Auditors' Report to the Members

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

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

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

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

b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profit, 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: Naseem Akbar
September 19, 2013
Lahore

Financial Statements

Balance Sheet
As at June 30, 2013

	Note	2013	2012
		----- (Rs. in '000') -----	
ASSETS			
Non current assets			
Fixed assets			
Property, plant and equipment	5	7,795,151	8,130,414
Investment property	6	65,000	-
Intangible assets	7	549	769
		7,860,700	8,131,183
Long term deposits	8	39,688	38,292
		7,900,388	8,169,475
Current assets			
Stores, spare parts and loose tools	9	990,194	1,050,927
Stock in trade	10	314,928	425,858
Trade debts - unsecured	11	49,794	28,236
Loans and advances	12	21,213	54,434
Trade deposits and short term prepayments	13	5,341	10,585
Other receivables	14	9,311	25,679
Taxation - net		70,010	76,418
Short term investment - held for trading	15	776,186	-
Cash and bank balances	16	1,464,792	268,909
		3,701,769	1,941,046
TOTAL ASSETS		11,602,157	10,110,521
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	17	3,500,000	3,500,000
Issued, subscribed and paid-up capital	18	2,271,489	2,271,489
Reserves		2,171,194	864,975
		4,442,683	3,136,464
Surplus on revaluation of fixed assets	19	1,726,527	1,781,541
Non current liabilities			
Long term loans - secured	20	-	115,728
Long term financing - secured	21	786,718	-
Liabilities against assets subject to finance lease	22	-	43,971
Deferred liabilities	23	1,213,135	536,039
Long term deposits		3,460	3,400
		2,003,313	699,138
Current liabilities			
Trade and other payables	24	894,932	816,168
Accrued interest / mark up	25	254,887	489,632
Short term murabaha - secured	26	-	43,853
Short term borrowing - secured	27	497,086	223,707
Current portion of non current liabilities	28	1,716,329	2,903,658
Sales tax payable		66,400	16,360
		3,429,634	4,493,378
CONTINGENCIES AND COMMITMENTS	29	-	-
TOTAL EQUITY AND LIABILITIES		11,602,157	10,110,521

The annexed notes from 1 to 49 form an integral part of these financial statements.

Syed Mazher Iqbal Chief Executive Officer	Shafiuddin Ghani Khan Chairman / Director

Profit and Loss Account
For the year ended June 30, 2013

	Note	2013	2012
		----- (Rs. in '000') -----	
Gross sales	30	9,178,605	8,045,552
Federal excise duty		413,086	494,261
Sales tax		1,137,547	998,854
Commission		59,540	65,310
		1,610,173	1,558,425
Net sales		7,568,432	6,487,127
Cost of sales	31	5,163,047	4,900,167
Gross profit		2,405,385	1,586,960
Distribution costs	32	89,961	78,800
Administrative expenses	33	62,278	61,907
Other income	34	(120,055)	(20,259)
Other operating expenses	35	144,265	58,122
		176,449	178,570
Operating profit		2,228,936	1,408,390
Finance costs	36	170,280	328,024
Exchange (gain) / loss		(189,743)	156,026
		(19,463)	484,050
Profit before taxation		2,248,399	924,340
Taxation	37	713,257	322,823
Profit after taxation		1,535,142	601,517
		----- (Rupees) -----	
Basic and diluted earnings per share	38	6.76	2.65

The annexed notes from 1 to 49 form an integral part of these financial statements.

Syed Mazher Iqbal
Chief Executive Officer

Shafiuddin Ghani Khan
Chairman / Director

Statement of Comprehensive Income
For the year ended June 30, 2013

	2013	2012
	----- (Rs. in '000') -----	
Profit for the year	1,535,142	601,517
Other comprehensive income	-	-
Total comprehensive income for the year	1,535,142	601,517

The surplus arising on revaluation of fixed assets is presented under a separate head below equity in accordance with the requirements of Companies Ordinance 1984.

The annexed notes from 1 to 49 form an integral part of these financial statements.

Syed Mazher Iqbal
Chief Executive Officer

Shafiuddin Ghani Khan
Chairman / Director

Cash Flow Statement

For the year ended June 30, 2013

	Note	2013	2012
		----- (Rs. in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	44	2,897,466	1,271,086
Income tax paid		(36,168)	(67,508)
Paid to worker's profit participation fund		(48,650)	(3,857)
Gratuity and compensated absences paid		(11,087)	(9,794)
		(95,905)	(81,159)
Net cash flows from operating activities		2,801,561	1,189,927
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(104,427)	(47,099)
Proceeds from disposal of fixed assets		1,559	3,564
Decrease in long term loans		-	201
Decrease in long term deposits - net		(1,336)	12,350
Increase in short term investments		(750,000)	-
Net cash used in investing activities		(854,204)	(30,984)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term musharaka finance		899,908	-
Liabilities against assets subject to finance lease		(70,555)	(66,746)
Repayment of short term murabaha - secured - net		(43,853)	(81,101)
Long term financing - net		(35,648)	(35,648)
Long term loans - net		(890,743)	(206,176)
Short term borrowing - secured - net		273,379	(336,854)
Finance cost paid		(646,582)	(313,673)
Dividend paid		(237,380)	(8)
Net cash used in financing activities		(751,474)	(1,040,206)
Net increase in cash and cash equivalents		1,195,883	118,737
Cash and cash equivalents at the beginning of the year		268,909	150,172
Cash and cash equivalents at the end of the year	16	1,464,792	268,909

The annexed notes from 1 to 49 form an integral part of these financial statements.

Syed Mazher Iqbal
Chief Executive Officer

Shafiuddin Ghani Khan
Chairman / Director

Statement of Changes in Equity
For the year ended June 30, 2013

	Issued, subscribed and paid-up capital	Capital reserve – Share premium	Revenue reserve – Accumulated profit / (loss)	Total reserves	Total equity
	----- (Rs. in '000') -----				
Balance as at 01 July 2011	2,271,489	197,517	(2,381)	195,136	2,466,625
Profit for the year	-	-	601,517	601,517	601,517
Other comprehensive income	-	-	-	-	-
Total comprehensive income - net of tax	-	-	601,517	601,517	601,517
Surplus on revaluation of fixed assets realized - net	-	-	68,322	68,322	68,322
Balance as at 30 June 2012	2,271,489	197,517	667,458	864,975	3,136,464
Profit for the year	-	-	1,535,142	1,535,142	1,535,142
Interim dividend for the year ended 30 June 2013	-	-	(283,937)	(283,937)	(283,937)
Other comprehensive income	-	-	-	-	-
Total comprehensive income - net of tax	-	-	1,251,205	1,251,205	1,251,205
Surplus on revaluation of fixed assets realized - net	-	-	55,014	55,014	55,014
Balance as at 30 June 2013	2,271,489	197,517	1,973,677	2,171,194	4,442,683

The annexed notes from 1 to 49 form an integral part of these financial statements.

Syed Mazher Iqbal
Chief Executive Officer

Shafiuddin Ghani Khan
Chairman / Director

Notes to the Financial Statements
For the year ended June 30, 2013

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Pioneer Cement Limited (the Company) was incorporated in Pakistan as a public company limited by shares on February 09, 1986. Its shares are quoted on all stock exchanges in Pakistan. The principal activity of the Company is manufacture and sale of cement. The registered office of the Company is situated at 135, Ferozepur Road, Lahore. The Company's production facility is situated at Chenki, District Khushab in Punjab Province.

1.2 The Company commenced its operations with an installed capacity of 2,000 tons per day clinker. During 2005, the capacity was optimized to 2,350 tons per day. During the year ended June 30, 2006, another production line of 4,300 tons per day clinker capacity was completed which started commercial operations from April 2006.

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 (IFRSs) issued by the International Accounting Standard Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984, shall prevail.

3. BASIS OF PREPARATION

3.1 These financial statements have been prepared under the 'historical cost convention' except for freehold land, factory building, plant and machinery and coal firing system which have been carried at revalued amounts as referred to in notes 4.1 & 4.2. These financial statements are presented in Pakistani Rupee which is the functional currency of the Company.

3.2 Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates, judgments and assumptions are continually evaluated and are based on historic experience 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 estimates are revised and in any future periods effective. In the process of applying the Company's accounting policies, management has made the following judgments, estimates and assumptions which are significant to the financial statements:

a) recognition of taxation and deferred tax (note 4.15);
b) determining the residual values and useful lives of property, plant and equipment (note 4.2);
c) post employment benefits (note 4.12);
d) impairment of inventories / adjustment of inventories to their net realizable value (note 4.6);
e) provision for doubtful debts / other receivables (note 4.7); and
f) impairment of assets (note 4.22)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 New and amended standards and interpretations

The Company has adopted the following amendments to IFRSs which became effective during the year.

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

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

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

4.2 Property, plant and equipment

4.2.1 Operating fixed assets

Owned:

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for factory building, plant and machinery and coal firing system which are stated at revalued amount less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any, and freehold land is stated at revalued amount.

Depreciation is calculated at the rates specified in note 5.1 to these financial statements on straight line method except for plant and machinery and coal firing system on which depreciation is charged on the basis of units of production method. Depreciation on additions is charged from the month in which the asset is available for use and on disposal up to the preceding month of disposal. Assets' residual values and useful lives are reviewed and adjusted, if appropriate at each balance sheet date.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of an asset represented by the difference of the sale proceeds and the carrying amount of the asset is recognized in the profit and loss account.

Assets subject to finance lease:

These are stated initially at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The outstanding obligations under the lease less finance charges allocated to future periods are shown as liability. Financial charges are calculated at the interest rate implicit in the lease and are charged to the profit and loss account. Depreciation is charged to profit and loss account applying the same basis as for owned assets.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized.

4.2.2 Investment Property

Property not held for own use or leased out under operating lease is classified as investment property. Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at fair value, which effect market conditions at reporting date. Gains or losses arising from change in fair value of properties are included in profit or loss in the year which they arise. Fair values are determined based on an annual evaluation performed by an independent valuer.

Till the classification of owner-occupied property to an investment property, the valuation and accounting treatment was in accordance with the policy described in Note 4.2.1

4.2.3 Capital work in progress

These are stated at cost less impairment loss, if any. It consists of expenditures incurred and advances paid to acquire fixed assets in the course of their construction and installation.

4.3 Leasehold improvements

Leasehold improvements are stated at capitalized cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using the straight line method reflecting the pattern in which the economic benefits of the assets are consumed by the Company.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gain or loss on disposal of an asset represented by the difference of the sale proceeds and the carrying amount of the asset is recognized in the profit and loss account.

4.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using the straight line method reflecting the pattern in which economic benefits of the asset are consumed by the Company.

4.5 Stores, spare parts and loose tools

These are valued at lower of weighted average cost and net realizable value. Cost comprises of invoice value and other direct costs. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

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

4.6 Stock in trade

These are stated at the lower of cost and net realizable value. The methods used for the calculation of cost are as follows:

i)	Raw and packing material	-	at weighted average cost comprising of purchase price, transportation and other overheads.
ii)	Work in process and finished goods	-	at weighted average cost comprising quarrying cost, transportation, government levies, direct cost of raw material, labor and other manufacturing overheads.

Net realizable value signifies estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

4.7 Trade debts and other receivables

Trade debts and other receivables are stated at original invoice amount less provision for doubtful debts, if any. Provision for doubtful debts / other receivables is recognized in profit and loss account, based on the management's assessment of counter party's credit worthiness. Trade debts and other receivables are written off when considered irrecoverable.

4.8 Short term investments - held for trading

Financial assets are classified as held for trading and included in the category of financial assets at fair value through profit or loss and are acquired for the purpose of selling and purchasing in near term. These investments are initially recognized at cost being the fair value of the consideration given. Subsequent to initial recognition these are recognized at fair value unless fair value cannot be reliably measured. Any surplus and deficit on revaluation of investment is recognized in profit and loss account. All purchases and sales of investment are recognized on trade date, which is the date that the Company commits to purchase or sell the investments.

4.9 Cash and cash equivalent

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks in current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.10 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets except investment property credited to the "Surplus on Revaluation of Fixed Assets account" shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan's (SECP) SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets Account" to accumulated profits / losses through Statement of Changes in Equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

4.11 Long term and short term borrowings

These are recorded at the proceeds received and stated at net of repayments. Financial charges are accounted for on accrual basis and are disclosed as accrued interest / mark-up to the extent of the amount remaining unpaid.

4.12 Employees' benefits

Defined contribution plan

The Company operates an approved contributory provident fund for all its permanent employees and equal monthly contributions are made both by the Company and the employees at the rate of 10 percent of basic salary.

Defined benefit plan – contractual workers

The Company operates unfunded gratuity scheme for its contractual workers. Provision is made to cover the maximum liability at the balance sheet date.

Compensated absences

All the permanent and contractual workers are entitled for compensated absences plan. Accrual for compensated absences is made to the extent of the value of accrued absences of the employees at the balance sheet date using their current salary levels.

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, whether billed or not.

4.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events 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 obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.15 Taxation

Current:

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum taxation at the specified applicable rate for the turnover, whichever is higher and tax paid on final tax regime. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred:

Deferred income tax is provided using the balance sheet liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent it is probable that future taxable profits will be available against which these can be utilized. The Company recognizes deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related surplus.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the periods when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in proportion to the respective revenues.

4.16 Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When receivables and payables are stated with the amount including the sales tax;

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in that case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

4.17 Foreign currency translations

Transactions in foreign currencies are translated into Pakistani Rupee at the rates of exchange approximating those ruling on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Pakistani Rupee at the rates of exchange ruling at the balance sheet date. Any resulting gain or loss arising from changes in exchange rates is taken to profit and loss account.

4.18 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are derecognized from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Any gain / loss on the recognition and derecognition of the financial assets and liabilities is included in the profit and loss account for the year to which it arises.

4.19 Offsetting of financial assets and financial liabilities

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

4.20 Revenue recognition

- Revenue from sale is recognized when the significant risks and rewards of ownership of the goods have passed to the customers, which coincide with the dispatch of goods to customers.

- Return on bank deposits is recognized on time proportion basis using effective interest method.

- Scrap sales are recognized on physical delivery to customer.

- Rental income arising from investment property is accounted for on accrual basis over the lease period and is included in revenue due to its operating nature.

- Other revenues are accounted for on accrual basis.

4.21 Borrowing costs

Borrowing and other related costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets to the extent the carrying amount of the assets does not exceed its recoverable value, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

4.22 Impairment

At each balance sheet date, the carrying amount of assets is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the profit and loss account. Recoverable amount is estimated as higher of fair value less cost to sell and value in use.

4.23 Dividend and appropriation reserves

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

4.24 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 7 – Financial Instruments : Disclosures – (Amendments)	01 January 2013
IAS 19 – Employee Benefits – (Revised)	01 January 2013
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendments)	01 January 2014
IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine	01 January 2014

The Company expects that the adoption of the above revisions and amendments 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 IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard or Interpretation	Effective date (annual 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

	Note	2013	2012
		----- (Rs. in ‘000’) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	5.1	7,794,539	8,121,214
Capital work - in - progress	5.2	612	9,200
		7,795,151	8,130,414

5.1 Operating property, plant and equipment

	Note	COST / REVALUATION As at 01 July 2012	Additions / transfers	Revaluation Surplus / (deficit)	Disposals / transfers	As at 30 June 2013	RATE %	DEPRECIATION As at 01 July 2012	Disposals / transfers	For the year	As at 30 June 2013	WRITTEN DOWN VALUE As at 30 June 2013
		Rupees in '000'						Rupees in '000'				
Owned Freehold land	5.1.1	68,328	-	-	-	68,328	-	-	-	-	-	68,328
Factory building on freehold land	5.1.1	1,829,240	1,055 *	-	-	1,830,295	5	839,024	-	91,480	930,504	899,791
Leasehold improvements		10,833	-	-	-	10,833	33.3	1,505	-	3,611	5,116	5,717
Office building		77,149	-	-	(77,149) ***	-	10	14,552	(14,552)	-	-	-
Roads and Quarry Development		56,008	-	-	-	56,008	20	56,008	-	-	56,008	-
Plant and machinery line I	5.1.1	4,147,160	22,020 20,782 *	-	-	4,189,962	UoP **** method	2,408,089	-	127,985	2,536,074	1,653,888
Plant and machinery line II	5.1.1	5,191,492	38,344 2,852 * 325,415 **	-	-	5,558,103	UoP **** method	566,444	72,892 **	125,224	764,560	4,793,543
Coal firing system	5.1.1	289,743	-	-	-	289,743	UoP **** method	147,215	-	7,350	154,565	135,178
Furniture and fixture		25,272	417	-	(224)	25,465	10	19,094	(207)	1,181	20,068	5,397
Office equipment		20,713	20,423	-	(56)	41,080	10	11,747	(27)	1,501	13,221	27,859
Computers and accessories		18,269	567	-	(107)	18,729	33	17,205	(107)	697	17,795	934
Vehicles		44,765	6,555	-	(1,611)	49,709	20	29,945	(1,611)	4,931	33,265	16,444
		11,778,972	92,233 24,689 * 325,415 **	-	(79,147)	12,138,255		4,110,828	(16,504) 72,892 ** (14,552) ***	363,960	4,531,176	7,607,079
Assets subject to finance lease Plant and machinery line II	5.1.1	547,650	-	-	(325,415) **	222,235	UoP **** method	94,580	(72,892) **	13,087	34,775	187,460
Total - 2012-13		12,326,622	92,233 24,689 * 325,415 **	-	(404,562) (325,415) **	12,360,490		4,205,408	(16,504) (72,892) *	377,047	4,565,951	7,794,539

* Transferred from capital work-in-progress.
** Transferred from assets subject to finance lease.
*** Transferred to investment property.
**** UoP stands for Units of Production.

	Note	COST / REVALUATION					RATE	DEPRECIATION				WRITTEN DOWN VALUE
		As at 01 July 2011	Additions / transfers	Revaluation Surplus / (deficit)	Disposals / transfers	As at 30 June 2012	%	As at 01 July 2011	Disposals / transfers	For the year	As at 30 June 2012	As at 30 June 2012
		Rupees in '000'						Rupees in '000'				
Owned:												
Freehold land	5.1.1	60,736	-	7,592	-	68,328	-	-	-	-	-	68,328
Factory building on freehold land	5.1.1	1,700,284	-	128,956	-	1,829,240	5	753,663	-	85,361	839,024	990,216
Leasehold improvements		-	10,833	-	-	10,833	33	-	-	1,505	1,505	9,328
Office building		15,164	-	60,736	-	77,149	10	14,454	-	98	14,552	62,597
Roads and Quarry Development		56,008	-	-	-	56,008	20	56,008	-	-	56,008	-
Plant and machinery line I	5.1.1	5,130,852	1,522 17,103 *	(1,002,317)	-	4,147,160	UoP *** method	2,289,602	-	118,487	2,408,089	1,739,071
Plant and machinery line II	5.1.1	4,213,073	9,101 344,750 **	624,568	-	5,191,492	UoP *** method	438,628	5,854 **	121,962	566,444	4,625,048
Coal firing system	5.1.1	371,888	-	(82,145)	-	289,743	UoP *** method	137,302	-	9,913	147,215	142,528
Furniture and fixture		26,205	1,058	-	(1,991)	25,272	10	19,785	(1,799)	1,108	19,094	6,178
Office equipment		17,636	3,080	-	(3)	20,713	10	10,649	(3)	1,101	11,747	8,966
Computers and accessories		19,787	306	-	(1,824)	18,269	33	18,201	(1,814)	818	17,205	1,064
Vehicles		39,671	10,581	-	(5,487)	44,765	20	30,107	(5,250)	5,088	29,945	14,820
		11,651,304	36,481 17,103 * 344,750 **	(261,361)	(9,305)	11,778,972		3,768,399	(8,866) 5,854 **	345,441	4,110,828	7,668,144
Assets subject to finance lease												
Plant and machinery line II	5.1.1	793,579	-	98,821	(344,750) **	547,650	UoP *** method	79,195	(5,854) **	21,239	94,580	453,070
Total - 2011-12		12,444,883	36,481 17,103 * 344,750 **	(162,540)	(354,055) (344,750) **	12,326,622		3,847,594	(8,866)	366,680	4,205,408	8,121,214

* Transferred from capital work-in-progress.
** Transferred from assets subject to finance lease.
*** UoP stands for Units of Production.

5.1.1 Plant & Machinery and Coal firing system of the Company were first revalued in the financial year ended June 30, 2005 by M/s Sipra resulting in surplus of Rs.968.173 million over its written down value of Rs.3,032.848 million. The second revaluation, which also included freehold land and factory buildings in addition to the plant and machinery and coal firing system, was carried out in the financial year ended June 30, 2008, by Hamid Mukhtar & Company, representatives in Pakistan for GAB Robins Group, International Loss Adjusters on the basis of market values. This valuation created a surplus of Rs.2,240.714 million over its written down value of Rs.7,156.572 million. During the last year, third revaluation of freehold land, factory and office building and plant & machinery has been carried out by M/s Surval (PBA approved valuer). This has resulted in a reduction in revaluation surplus amounting to Rs.162.539 million over the written down value of Rs.8,243.393 million. The values of the factory building and plant & machinery are being depreciated over the remaining useful lives of the assets from the date of revaluations.

5.1.2 Had there been no revaluation, the written down values of such assets would have been as follows:

	2013		2012
	Cost	Net book value	Net book value
	----- (Rs. in '000') -----		
Freehold land	31,411	31,411	31,411
Factory building	1,329,089	498,095	563,459
Plant and machinery - line I	4,171,857	1,862,068	1,946,699
Plant and machinery - line II including leased items	3,284,145	2,739,980	2,777,627
Coal firing system	357,802	186,173	214,291
	9,174,304	5,317,727	5,533,487

5.1.3 Depreciation for the year has been allocated as follows:

	Note	2013	2012
		----- (Rs. in '000') -----	
Cost of sales	31	368,257	360,720
Distribution cost	32	1,952	1,908
Administrative expenses	33	6,838	4,052
		377,047	366,680

5.1.4 The cost of operating fixed assets includes fully depreciated assets valuing Rs.61.333 million (2012: Rs.69.81 million).

5.1.5 The following assets were disposed off during the year:

Particulars	Cost	Accumulated deprecation	Written down value	Sales proceeds	Gain	Disposal mode	Particulars of buyer
	----- (Rs. in '000') -----						
Aggregate amount of assets disposed off having book value less than Rs.50,000/- each	1,998	1,952	46	1,559	1,513	Negotiation & Company Policy	Various
2013	1,998	1,952	46	1,559	1,513		
2012	9,305	8,866	439	3,564	3,125		

5.2 Capital work in progress

	Opening balance	Additions	Transferred to operating fixed assets	Closing balance
	----- (Rs. in '000') -----			
Plant and machinery extension 2013	9,200	16,101	(24,689)	612
Plant and machinery extension 2012	15,685	10,618	17,103	9,200

6. INVESTMENT PROPERTY

	Note	2013	2012
		----- (Rs. in '000') -----	
Carrying amount as of transfer date:			
Book value		612	-
Surplus on revaluation		61,985	-
Carrying amount		62,597	-
Fair value adjustment	6.2	2,403	-
		65,000	-

6.1 The property has been reclassified from owner-occupied property to investment property and comprises of an office building in Karachi leased out under operating lease.

6.2 Investment property is stated at fair value, which has been determined based on valuations performed by M/s Surval, as at 30 June 2013.

	Note	2013	2012
		----- (Rs. in '000') -----	
6.3 Breakup of net profit arising from investment property			
Rental income	34	3,455	-
Operating expenses		(1,161)	-
Net profit		2,294	-

7. INTANGIBLE ASSETS

	COST				AMORTIZATION			WRITTEN DOWN VALUE AS AT 30 JUNE 2013
	As at 01 July 2012	Additions	As at 30 June 2013	Rate %	As at 01 July 2012	for the year	As at 30 June 2013	
	----- (Rs. in '000') -----				----- (Rs. in '000') -----			
Computer softwares 2013	1,098	-	1,098	20	329	220	549	549
Computer softwares 2012	1,098	-	1,098	20	109	220	329	769

	Note	2013	2012
		----- (Rs. in '000') -----	
8. LONG TERM DEPOSITS - considered good			
Security deposits			
- Utilities		35,741	35,741
- Leasing companies		5,000	5,000
- Others		3,947	2,551
		44,688	43,292
Less: Current portion - leasing companies		(5,000)	(5,000)
	8.1	39,688	38,292

8.1 These are non-interest bearing and cover for a term over one year.

	Note	2013	2012
9. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		594,435	502,201
Spare parts		431,275	375,255
Loose tools		7,421	6,214
		1,033,131	883,670
In transit			
Coal		-	204,389
Spare parts		4,856	12,262
		4,856	216,651
Provision for slow moving stores and spare parts		(47,793)	(49,394)
		990,194	1,050,927

9.1 Stores and spares include items which can be capitalized but are not distinguishable from other stores and spares.

	Note	2013	2012
		----- (Rs. in '000') -----	
10. STOCK IN TRADE			
Raw material		48,905	8,538
Packing material		52,872	35,281
Work in process		163,395	333,691
Finished goods		49,756	48,348
		314,928	425,858
11. TRADE DEBTS - unsecured			
Considered good	11.1	49,794	21,762
Considered doubtful	11.2	12,948	12,948
		62,742	34,710
Less: Provision for bad and doubtful debts	11.3	(12,948)	(6,474)
		49,794	28,236

11.1 As at June 30, 2013, the ageing analysis of trade debts is as follows:

	Total	Neither past due nor impaired	Past due but not impaired					Past due and impaired
			Less than 30 days	30-90 days	90-180 days	180-365 days	1 to 2 years	More than 2 years
	----- (Rs. in '000') -----							
2013	62,742	-	48,284	24	1,111	1	374	12,948
2012	34,710	-	21,371	6	21	357	7	12,948

	Note	2013	2012
		----- (Rs. in '000') -----	
11.2 Age analysis of impaired trade debts			
Not past due		-	-
Past due 0 - 365 days		-	-
1 - 2 years		-	-
More than 2 years		12,948	12,948
		12,948	12,948
11.3 Provision for bad and doubtful debt			
Opening balance		6,474	-
Provision for the year		6,474	6,474
Closing balance		12,948	6,474
12. LOANS AND ADVANCES			
Advances - unsecured, considered good			
Executives	12.1	347	368
Employees		2,026	1,830
Bank's margin against letter of credit		4,098	28,677
Suppliers		10,350	18,012
Contractors		554	433
Service providers		3,838	5,114
	12.2	21,213	54,434

12.1 This represents advances to key management personal only.

12.2 These are non interest bearing and are generally for a term of less than 12 months.

	2013	2012
	----- (Rs. in '000') -----	
13. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Current portion of long term deposits	5,000	5,000
Trade deposits	9	9
Margin against letter of guarantee	-	5,242
Short term prepayments	332	334
	341	5,585
	5,341	10,585

	Note	2013	2012
		----- (Rs. in '000') -----	

14. OTHER RECEIVABLES

	Note	2013	2012
Receivable from WAPDA	14.2	19,381	19,381
Rebate on export sales		-	3,232
Due from provident fund		1,233	2,388
Profit on bank deposits		8,023	-
Others		3,027	3,650
		31,664	28,651
Less: Provision for doubtful of recovery	14.1	(22,353)	(2,972)
		9,311	25,679

14.1 Provision for doubtful receivables

	2013	2012
Opening balance	2,972	-
Provision for the year	19,381	2,972
Closing balance	22,353	2,972

14.2 This represents rebate claim under incentive package for industries from Water and Power Development Authority (WAPDA) in accordance with their letter no. 677-97 / GMCS / DG (C) / DD (R&CP) / 57000 dated September 19, 2001. The Company is actively pursuing for the above recovery.

	Note	2013	2012
		----- (Rs. in '000') -----	

15. SHORT TERM INVESTMENT - held for trading

	Note	2013	2012
Al Meezan Sovereign Fund - Units 10,094,070.9881 (30 June 2012 : Nil)		515,201	-
UBL Government Securities Fund - Units 2,608,792.2392 (30 June 2012 : Nil)		260,985	-
		776,186	-

16. CASH AND BANK BALANCES

	Note	2013	2012
Cash in hand		666	2,074
Cheques in hand	16.1	177,228	149,347
		177,894	151,421
Balance with banks in:			
- Saving accounts	16.2	1,117,475	53,538
- Current accounts		169,423	63,950
		1,286,898	117,488
		1,464,792	268,909

16.1 This represents sales collection in process.

16.2 These carry profits at rates ranging from 6 percent to 8.75 percent (2012: 5 percent to 7 percent) per annum.

17. AUTHORIZED SHARE CAPITAL

2013	2012		2013	2012
No. of shares in '000'			----- (Rs. in '000') -----	
300,000	300,000	Ordinary shares of Rs.10/- each	3,000,000	3,000,000
50,000	50,000	Preference shares of Rs.10/- each	500,000	500,000
350,000	350,000		3,500,000	3,500,000

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2013	2012		Note	2013	2012
No. of shares in '000'			Note	----- (Rs. in '000') -----	
184,464	184,464	Issued for cash ordinary shares of Rs.10/- each		1,844,642	1,844,642
		Issued for consideration other than cash:			
23,223	23,223	Ordinary shares of Rs.10/- each	18.2	232,228	232,228
4,394	4,394	Ordinary shares of Rs.10/- each	18.3	43,937	43,937
27,617	27,617			276,165	276,165
		Issued as fully paid bonus shares			
15,068	15,068	Ordinary shares of Rs.10/- each		150,682	150,682
227,149	227,149			2,271,489	2,271,489

18.1 Vision Holding Middle East Limited (VHMEL) a company incorporated in British Virgin Island, held 49.085 million ordinary shares of Rs.10/- as on June 30, 2012. During the current year, VHMEL executed call option granted under Call and Put Option Agreement entered into between the holders of remaining shares and the acquirer (VHMEL), on May 22, 2012 made a public announcement of such intention pursuant to Listed Companies (Substantial Acquisition of Voting Shares and Take-Overs) Ordinance 2002. Upon completion of legal requirements, VHMEL acquired further 57.774 million shares in August 2013 and consequently total shareholding of VHMEL stood at 47% (2012: 21.06%) as at the balance sheet date representing 106.859 million (2012: 49.085 million) ordinary shares of Rs.10/- each.

Subsequent to year end, one of the shareholders filed a suit in the Honorable High Court of Sindh against parties involved in the transaction including Company and its CEO, raising objections on legality of transaction. The management considers that the shares transfer was valid and in accordance with the requirements of the applicable laws and regulations. The first hearing is due in December 2013.

18.2 During the year ended June 30, 2010, the Company issued 23,222,813 ordinary shares to National Bank of Pakistan (NBP) with a face value of Rs.10/- each under restructuring arrangement against outstanding loan liabilities at the rate of Rs.15/- per share. The arrangement was approved by shareholders in their general meeting held on October 31, 2009. The premium of Rs.5/- per share has been shown under capital reserve account in the statement of changes in equity.

18.3 During the year ended June 30, 2011, the Company has issued 3,006,187 ordinary shares and 1,387,503 ordinary shares having face value of Rs.10/- each under restructuring arrangement against outstanding loan liabilities at the rate of Rs.15/- per share to National Bank of Pakistan (NBP) and Bank of Punjab (BOP) respectively. The arrangement was approved by the shareholders in their general meeting held on October 25, 2010. The premium of Rs.5/- per share has been shown under capital reserve account in the statement of changes in equity.

	Note	2013	2012
		----- (Rs. in '000') -----	

19. SURPLUS ON REVALUATION OF FIXED ASSETS - net of tax

	Note	2013	2012
Gross surplus			
Opening balance of surplus on revaluation of fixed assets	19.1	2,546,774	2,802,396
Deficit on revaluation carried out during the year		-	(162,540)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(83,355)	(93,082)
		2,463,419	2,546,774
Less: Deferred tax liability on:			
Opening balance of revaluation		765,233	743,619
Increase in liability due to change in export to local sales fraction		-	89,610
Decrease in liability due to revaluation deficit		-	(43,236)
Incremental depreciation charges on related assets		(28,341)	(24,760)
		736,892	765,233
Closing balance of surplus on revaluation of fixed assets		1,726,527	1,781,541

19.1 Includes surplus on revaluation of freehold land amounting to Rs.36.917 million (2012: Rs.36.917 million).

20. LONG TERM LOANS - secured

	Note	Installments: Number	Installments: Commencing from	Installments: Rate of interest / markup	2013	2012
					----- (Rs. in '000') -----	
Foreign currency loans						
Asian Development Bank (ADB) - Japanese Yen	20.1 & 20.3	9 half yearly	11/15/2006	1.3% above 6 months LIBOR	856,296	1,016,947
Asian Finance & Investment Corporation (AFIC) - US Dollars	20.2 & 20.3	23 quarterly	3/31/2007	2.5% above 3 months LIBOR	320,884	305,944
					1,177,180	1,322,891
Local currency loans						
Bankers Equity Limited - Locally Manufactured Machinery (LMM)	21.1	11 quarterly	11/1/2010	-	-	38,182
National Bank of Pakistan (NBP)*	20.4	30 quarterly	3/31/2006	0.5 - 1.5% above 3 months KIBOR	-	159,001
National Bank of Pakistan* (Former NDFC)	20.5	30 quarterly	3/31/2006	0.5 - 1.5% above 3 months KIBOR	-	174,737
National Bank of Pakistan (NBP)*	20.6	8 half yearly	12/31/2008	0.5 - 1.5% above 6 months KIBOR	-	312,500
Industrial Development Bank of Pakistan (IDBP)	20.7	25 quarterly	12/31/2006	8.62%	-	15,823
The Bank of Punjab (BOP)	20.8 & 20.9	60 monthly	7/1/2010	0.5 - 1.5% above 6 months KIBOR	-	190,500
					-	890,743
					1,177,180	2,213,634
Less: Current portion	28				(1,177,180)	(2,097,906)
					-	115,728

* signifies related party due to presence of creditor- director on the Company's board.

20.1 The loan is secured by creation of an equitable mortgage over the Company's immovable assets, undertaking by the Company to execute and register further security as may be required by ADB, a letter of hypothecation providing first charge over the Company's moveable assets other than book debts. In the event of default, the Company shall pay liquidated damages 1.5 percent per annum of the overdue principal amount and additional liquidated damages at the applicable interest rate plus 1 percent on the unpaid amount of interest and liquidated damages. Outstanding interest up to September 30, 1999 has been deferred and was payable in two equal half yearly installments due on November 15, 2008 and May 15, 2009.

Installments including liquidated damages and other charges have not been paid aggregating to Rs.1,210.412 million, which includes principal, markup and deferred charges amounting to Rs.856.295 million, Rs.186.824 million and Rs.167.293 million respectively. The Company is pursuing for restructuring of loan.

20.2 The loan is secured by creation of an equitable mortgage over the Company's immovable assets, undertaking by the Company to execute and register further security as may be required by AFIC and a letter of hypothecation providing first charge over the Company's moveable assets other than book debts. In the event of delay in payments, the Company shall pay additional interest at the rate of 1 percent of the overdue amount including interest and liquidated damages.

Installments including liquidated damages and other charges have not been paid aggregating to Rs.379.083 million, which includes principal and markup amounting to Rs.320.884 million and Rs.58.199 million respectively. The Company is pursuing for restructuring of loan.

20.3 The Company is in negotiation with the Bank for restructuring of the loans and the lender has been provided with various options for restructuring. The Bank approached SECP on declaration of interim dividend by the Company stating it a violation of loan covenants requiring prior approval from the Bank on dividend distribution. Meanwhile, the Company has filed a suit before Honourable High Court of Sindh (the Court) under section 9 of the Financial Institutions (Recovery of Finance) Ordinance, 2001 against Asian Development Bank, Deutsche Bank AG and State Bank of Pakistan (the Defendants) to restrain the defendants from taking any coercive action against the Company. Amongst other appeals, the Company has also pleaded the Court that it should not be burdened with the exchange loss arising due to devaluation of Pak Rupee. Subsequently, as on February 06, 2013, the Court has served the notices to the defendants for appearing before the Court and restraining the defendants from taking any coercive action against the Company. The case is at the hearing stage and legal advisor of the Company expects a favorable outcome.

In respect of the above loan, the Company has already accounted for the entire amount of interest and liquidated damages till balance sheet date under the terms of the loan agreements and the related impact of exchange fluctuation, hence, there is no additional liability on the Company arising out the above legal suit.

20.4 During the year, the Company has settled this liability through Sukuk Bai Muajjal facility obtained from Meezan Bank Limited as disclosed in Note 21 to these financial statements. The loan was secured by an agreement of hypothecation, floating charge and corporate guarantees of the sponsoring directors of the Company.

20.5 During the year, the Company has settled this liability through Sukuk Bai Muajjal facility obtained from Meezan Bank Limited as disclosed in Note 21 to these financial statements. The outstanding mark up as at June 30, 2003 was deferred and was required to be paid in semi annual installments on step up basis and repayment was commenced following the conclusion of grace period and concluded by June 30, 2013.

20.6 During the year, the Company has settled this loan through Sukuk Bai Muajjal facility obtained from Meezan Bank Limited as disclosed in Note 21 to these financial statements. This loan was secured by ranking charge of marked up amount plus 25 percent margin.

20.7 These loans were secured by creation of an equitable mortgage on the Company's immovable properties including land, building, factory, plant and machinery and equipment ranking pari passu with the charge / mortgage created in favor of other lenders, a floating charge on the business, undertaking and other properties and assets of the Company, pledge / hypothecation of all plant and machinery, equipment, motor vehicles and movable properties of the Company, hypothecation of book debts and all receivables of the Company which has been fully satisfied during the year.

20.8 During the year, the Company has paid entire amount of loan along with markup. This loan was secured against first pari passu charge on all present and future current and fixed assets of the Company registered with Securities and Exchange Commission of Pakistan (SECP) for Rs.666.666 million with 25 percent margin, a charge on all receivables and collections of the Company by way of assignments of receivables registered with SECP, a letter of set off & letter of lien.

20.9 Pursuant to the restructuring agreement dated November 01, 2010 between the Company and BOP, the Company issued 1.388 million ordinary shares of Rs.10/- per share at Rs.15/- to BOP in respect of portion of outstanding loan of Rs.20.813 million as at June 30, 2010. The remaining outstanding loan of Rs.250 million was to be paid by the Company in fifty-seven unequal monthly installments, which commenced from July 31, 2010 and was terminated during the year. The terms and conditions of finance agreements, letter of hypothecation, demand promissory note and other documents remain unchanged for the restructured agreement. The rate of markup ranges between 1 month KIBOR plus 0.5 percent to 1.5 percent per annum. In the event of default in payment of principal amount, markup or commission on the due dates, the bank charged liquidated damages @ 2% per annum on the principal amount during the delayed period.

21. LONG TERM FINANCING - secured

	Note	2013	2012
		----- (Rs. in '000') -----	
Bankers Equity Limited (BEL) - under liquidation (Term Finance Certificate)	21.1	-	35,648
Meezan Bank Limited (MBL) (Diminishing Musharakah)	21.2	899,908	-
Less: Current portion		(113,190)	(35,648)
		786,718	-

21.1 During the year, the Company has repaid entire liability in accordance with the arrangements for rescheduling / restructuring of outstanding liabilities vide order of Honorable High Court of Sindh dated 4 February 2011. As per the terms, upon successful repayment, the remaining 50% markup will be relinquished. Presently, the Company is waiting for clearance from the Court. These were secured by creation of an equitable mortgage and first floating charges on all the properties and assets of the Company ranking pari passu with the mortgages, floating charges and hypothecation created in favor of other lenders.

21.2 The Company obtained a Sukuk Bai Muajjal facility of Rs.900 million from MBL for settlement of various loans of National Bank of Pakistan (NBP), as stated in Note 20 and 23 to these financial statement, at a pricing of 3 months KIBOR plus 0.25% for a tenure of 5 months. This facility was converted into Diminishing Musharakah after expiry of 5 months. This amount is payable within 5 years in quarterly installments. The facility is secured against irrevocable Financial Guarantee of Rs. 900 million issued by NBP in favor of MBL. The Company has issued a counter guarantee in favour of NBP against aforementioned Financial Guarantee in addition to the existing securities with NBP. The facility is also secured against ranking charge on plant & machinery of the company with 25% margin.

22. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

This represents finance lease agreements entered into with leasing companies for plant & machinery and vehicles. Total lease rentals due under various lease agreements aggregate to Rs.5.480 million (2012: Rs.89.214 million). Overdue rental payments are subject to an additional charge up to 3 percent per month. Taxes, repairs, replacement and insurance costs are to be borne by the Company. In case of termination of agreement, the Company has to pay the entire rent for the unexpired period. Financing rates of approximately 14.01 percent to 17.78 percent (2012: 14.01 percent to 17.78 percent) per annum have been used as discounting factor. These liabilities was expired through payment during the year. The break up of finance lease liability is as follows:

	2013		2012	
	Minimum lease payment (MLP)	Present value of MLP	Minimum lease payment (MLP)	Present value of MLP
	----- (Rs. in '000') -----			
Up to one year	5,480	5,480	40,174	32,064
One year to five years	-	-	49,040	43,971
	5,480	5,480	89,214	76,035
Less: Finance charges allocated to future periods	-	-	(13,179)	-
	5,480	5,480	76,035	76,035
Less: Current portion	(5,480)	(5,480)	(32,064)	(32,064)
	-	-	43,971	43,971

	Note	2013	2012
		----- (Rs. in '000') -----	
23. DEFERRED LIABILITIES			
Deferred interest / mark up:			
Bankers Equity Limited - TFCs	21.1	89,271	84,964
Asian Development Bank / Asian Finance & Investment Corporation	20.1 & 20.2	186,824	221,875
Bankers Equity Limited - LMM	21.1	-	36,769
National Bank of Pakistan (Former NDFC)	23.1 & 20.5	144,384	346,526
Industrial Development Bank of Pakistan	20.7	-	47,906
		420,479	738,040
Less: Current portion	28	(420,479)	(738,040)
	23.2	-	-
Gratuity - vested contractual employees		55,260	48,846
Deferred tax liability	23.3	1,157,875	487,193
		1,213,135	536,039

23.1 It carries service fee at the rate of 2% (2012: 2 %) per annum on the outstanding mark up as at 30 June 2003, payable in quarterly installments till 31 December 2013.

23.2 The deferred interests / markups have not been discounted to their present value as currently, they have maturity of less than 12 months.

		Note	2013	2012
			----- (Rs. in '000') -----	
23.3	Deferred tax liability			
	Credit balance arising due to:			
	- accelerated tax depreciation		1,162,796	1,180,568
	- surplus on revaluation of fixed assets		736,892	765,233
			1,899,688	1,945,801
	Debit balance arising due to:			
	- available normal tax losses		(483,006)	(1,249,970)
	- available minimum tax losses		(174,347)	(155,584)
	- employees benefits and others		(84,460)	(53,054)
			(741,813)	(1,458,608)
			1,157,875	487,193

24. TRADE AND OTHER PAYABLES

	Note	2013	2012
Creditors	24.1	192,016	272,343
Accrued expenses	24.2	405,863	279,615
Advances from customers		55,119	128,882
Retention money		808	318
Deposits		13,053	13,045
Excise duty payable on cement		36,066	46,791
Royalty and excise duty		910	1,762
Employees' compensated absences	24.3	21,671	20,232
Workers profit participation fund	24.4	118,337	48,650
Unclaimed dividend		49,621	3,064
Others		1,468	1,466
		894,932	816,168

24.1 These are non-interest bearing and generally are of 30 to 90 days term.

24.2 This includes accrual of fuel price adjustment amounting to Rs. 253.111 million (2012: Rs. 167.170 million) payable to FESCO.

		2013	2012
		----- (Rs. in '000') -----	
24.3	Employees' compensated absences		
	Opening balance	20,232	15,817
	Charge for the year	5,549	9,373
		25,781	25,190
	Payment made during the year	(4,110)	(4,958)
	Closing balance	21,671	20,232
24.4	Workers profit participation fund		
	Opening balance	48,650	3,857
	Charge for the year	118,337	48,650
		166,987	52,507
	Payment made during the year	(48,650)	(3,857)
	Closing balance	118,337	48,650

	2013	2012
	----- (Rs. in '000') -----	

25. ACCRUED INTEREST / MARK UP

	2013	2012
Long term financing	233,973	475,402
Short term borrowing / murabaha	20,914	14,231
	254,887	489,633

26. SHORT TERM MURABAHA - secured

The Murabaha finance facility was obtained from Meezan Bank Limited on April 30, 2010 with a limit of Rs.550 million to finance the import of coal. The profit (Markup) rate for this facility is 3 months KIBOR + 0.75% (2012: 3 months KIBOR + 1.25%). Under the terms and conditions of the facility 15% cash margin held for the duration of LC will be used to retire the LC, while the bank will finance 85% of the LC amount at retirement. The facility is secured against pledge of imported coal with 15% margin. The facility was un-utilized as at year end.

27. SHORT TERM BORROWING - secured

	Note	2013	2012
		----- (Rs. in '000') -----	
National Bank of Pakistan-Cash finance account	27.1	497,086	20,776
United Bank Limited-Running finance account	27.2	-	101,332
JS Bank-Finance against imported merchandise	27.3	-	101,599
		497,086	223,707

27.1 The cash finance facility is obtained from National Bank of Pakistan. The facility limit is Rs.500 million (2012: Rs.500 million) and it carries markup ranging between the rate of 3 month KIBOR plus 0.5 to 1.5 percent (2012: 0.5 to 1.5 percent) per annum. The facility is secured against first joint pari passu charge over current and fixed assets of the Company at the margin of 25 percent and corporate guarantee of VHMEL. The facility will expire on December 31, 2013.

27.2 Represents short term finance facility limit up to Rs.160 million (2012:Rs.200 million) obtained from United Bank Limited. The facility carried markup rate of 1 month KIBOR plus 0.75 percent (2012: 1 month KIBOR plus 0.75%)per annum which was determined on daily product basis payable at the end of each quarter. The facility was secured against ranking charge over future stocks and book debts of the Company with a margin of 33.33%. The facility has been fully settled during the year.

27.3 The finance against imported merchandise (FIM) facility was obtained from JS Bank Limited carrying profit rate 1.50 percent above 3 months KIBOR. The facility is repayable up to November 2013 and is secured against imported merchandise with margin of 15%.

28. CURRENT PORTION OF NON CURRENT LIABILITIES

	Note	2013	2012
		----- (Rs. in '000') -----	
Long term loans - secured	20	1,177,180	2,097,906
Long term financing - secured	21	113,190	35,648
Liabilities against assets subject to finance lease	22	5,480	32,064
Deferred liabilities	23	420,479	738,040
		1,716,329	2,903,658

29. CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 The issue pertaining to interpretation of sub-section (2) of section 4 of the Central Excise Act, 1944 (the 1944 Act) has been adjudicated by the Honorable Supreme Court of Pakistan vide judgment dated 15-02-2007 (the Supreme Court Judgment) in appeal nos. 1388 and 1389 of 2002, 410 to 418 of 2005, 266, 267 & 395 of 2005 (the Appeal). By way of background it is pointed out that the controversy between the revenue and the assesses pertained to whether in view of the words of sub-section (2) of section 4 of the 1944 Act "duty shall be charged on the retail price fixed by the manufacturer, inclusive of all charges and taxes, other than sales tax..." retail prices would include the excise duty leviable on the goods. The Honorable Lahore High Court as well as the Honorable Peshawar High Court held that excise duty shall not be included as a component for determination of the value (retail price) for levying excise duty (the Judgments). The revenue being aggrieved of the judgments impugned the same before the Supreme Court of Pakistan vide the Appeals, in pursuance whereof leave was granted to determine in the aforesaid issue. The Honorable Supreme Court of Pakistan vide the Supreme Court Judgment upheld the Judgments and the Appeals filed by the revenue were dismissed. In the Supreme Court Judgment it has been categorically held that excise duty is not to be included as a component for determination of the value (retail price) for levying excise duty under subsection (2) of section 4 of the 1944 Act.

In view of the above, during the year ended June 30, 2008, the Company had filed a refund claim amounting to a sum of Rs.734.056 million before Collector, sales tax and federal excise duty, Government of Pakistan (the Department). During the year ended June 30, 2010, the aforesaid refund claim has been rejected by the Department, however, the Company has filed an appeal before Commissioner (Appeals) Inland Revenue, Lahore which has been decided in favor of the Company and same will be accounted for at the time of it's realization.

29.1.2 The Federal Board of Revenue had raised a demand of Rs.8.842 million for stamp duty on agreements signed with financial institutions. The Company had filed a petition as a result of which the demand was reduced to Rs.4.412 million by the Federal Board of Revenue. The Company filed a petition against the above decision in the Honorable High Court of Sindh which was allowed. The Federal Board of Revenue filed a civil petition against the said decision in the Honorable Supreme Court of Pakistan, which is pending. The management anticipates a favorable outcome of this petition, hence, no provision has been made against the above demand in these financial statements.

29.1.3 Demands of sales tax including additional tax and penalty on lime stone and clay amounting to Rs.4.518 million and Rs.8.292 million were raised by the Sales Tax Department. The case for Rs.4.518 million is pending in the Honorable Lahore High Court and case for Rs.8.292 million is decided by the Collector of Sales Tax (Appeal) on February 03, 2007 partially reducing the value of sales tax amount from Rs.8.292 million to Rs.2.80 million. The Company had deposited Rs.2.200 million and filed an appeal against the order of Collector Sales Tax (Appeal) in Sales Tax Tribunal, Lahore. The hearing of the case is yet to be fixed. The management anticipates a favorable outcome of this petition, hence, no provision has been made against the above demands in these financial statements.

29.1.4 The Commissioner Social Security raised a demand of Rs.0.7 million for the non payment of social security during the year 1994. An appeal was filed against the above mentioned decision and the case is pending in the Labour Court, Lahore. The management anticipates a favorable outcome of this petition, hence, no provision has been made in these financial statements.

29.1.5 The Collector of Sales Tax, Faisalabad disallowed input tax paid on machinery amounting to Rs.4.178 million vide sale tax order 57/2003. The Company had deposited Rs.4.123 million and filed an appeal which is pending in the Honorable Lahore High Court. The management anticipates a favorable outcome of the case.

29.1.6 The Company has challenged in the Honorable Lahore High Court, the applicability of the marking fee on the production of the cement at the rate of 0.15 percent as levied by The Pakistan Standards and Quality Control Act, 1996 on the grounds that this fee is charged without any nexus with services, in fact shows that it is being charged as a tax and thus is in violation of the rights guaranteed under Articles 4, 18, 25 and 77 of the Constitution of Pakistan, 1973. However, the Company on prudence grounds provided for the above fee in these financial statements. The management anticipates a favorable outcome of this petition.

29.1.7 On August 31, 2009, the Competition Commission of Pakistan (CCP) imposed a penalty on the Company via an order dated August 27, 2009 amounting to Rs.364 million, which is 7.5 percent of the turnover as reported in the last published financial statements as of June 30, 2009. CCP has also imposed penalties on 19 other cement manufacturing companies against cartelization by cement manufacturers under the platform of All Pakistan Cement Manufacturers Association (APCMA) to increase cement prices by artificially restricting production.

The penalized cement companies jointly filed a petition in the Honorable High Court challenging the imposition of penalties by the CCP and any adverse action against the cement companies has been stayed by the Honorable High Court. The management of the Company is expecting a favorable outcome. Hence, no provision has been made against the above demand in these financial statements.

29.1.8 During the year, the Company has not acknowledged a liability amounting to Rs.45.336 million (2012: Rs.12.0 million) of Workers Welfare Fund in the light of the decision of Honorable High Court Lahore dated 24 August 2011 whereby the Honorable High Court Lahore has struck down amendments regarding Workers Welfare Fund Ordinance, 1971 through Finance Act 2006 and 2008 as being unconstitutional. However, the department has filed an appeal against the decision, which is still pending for adjudication.

29.2 Commitments

Commitments in respect of outstanding letters of credit amount to Rs.23.844 million (2012: Rs.18.399 million) and in respect of bank guarantee issued in favor of Faisalabad Electric Supply Company Limited amounting to Rs. Nil (2012: Rs.26.702 million) and in favor of Meezan Bank Limited amounting to Rs.900.0 million (2012 Rs. Nil).

	Note	2013	2012
		----- (Rs. in '000') -----	
30. GROSS TURNOVER			
Local		8,166,139	7,241,654
Export		1,012,466	803,898
		9,178,605	8,045,552
31. COST OF SALES			
Raw material consumed	31.1	340,147	313,134
Packing material consumed		451,630	427,968
Fuel and power		3,291,469	3,508,137
Stores and spare parts consumed		170,665	190,355
Salaries, wages and benefits	31.2	266,799	229,717
Travelling and conveyance		23,302	22,984
Insurance		7,351	8,582
Repairs and maintenance		61,596	37,260
Depreciation	5.1.3	368,257	360,720
Provisions for slow moving parts and loose tools	9	-	49,394
Other manufacturing expenses		12,943	10,620
Total manufacturing cost		4,654,012	4,845,737
Work in process			
Opening balance		333,691	76,138
Closing balance	10	(163,395)	(333,691)
		170,296	(257,553)
Cost of goods manufactured		5,164,455	4,901,318
Finished goods			
Opening balance		48,348	47,197
Closing balance	10	(49,756)	(48,348)
		(1,408)	(1,151)
		5,163,047	4,900,167

		Note	2013	2012
			----- (Rs. in '000') -----	
31.1	Raw material consumed			
	Opening balance		8,538	6,851
	Quarrying / transportation / purchases and other overheads		383,428	314,821
			391,966	321,672
	Closing balance		(48,905)	(8,538)
			343,061	313,134
	Duty drawback on exports		(2,914)	-
			340,147	313,134
31.2	Includes employees' benefits as follows:			
	Defined contribution plan		3,653	3,191
	Gratuity - vested contractual employees		13,392	12,251
	Compensated absences		4,070	6,367
			21,115	21,809

32. DISTRIBUTION COST

	Note	2013	2012
Salaries, wages and benefits	32.1	31,201	30,558
Travelling and conveyance		951	679
Vehicle running expenses		2,464	2,706
Communication		1,497	1,319
Printing and stationery		1,087	897
Rent, rates and taxes		2,451	3,076
Utilities		2,264	1,332
Repairs and maintenance		1,331	1,318
Legal and professional charges		2,295	10,104
Insurance		365	318
Fee and subscription		569	637
Advertisements / sales promotion		152	1,206
Freight and handling charges	32.2	40,676	22,050
Entertainment		706	692
Depreciation	5.1.3	1,952	1,908
		89,961	78,800

		2013	2012
32.1	Includes employees' benefits as follows:		
	Defined contribution plan	1,029	1,049
	Compensated absences	1,161	1,160
		2,190	2,209

32.2 It represents freight and handling charges against export sales.

	Note	2013	2012
		----- (Rs. in ‘000’) -----	
33. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	33.1	34,165	38,688
Travelling and conveyance		1,125	1,728
Vehicle running expenses		1,679	2,482
Communication		1,015	937
Printing and stationery		1,451	1,085
Rent, rates and taxes		2,370	2,160
Utilities		143	1,316
Repairs and maintenance		1,466	1,344
Legal and professional charges		8,236	3,391
Insurance		347	337
Auditors' remuneration	33.2	1,900	1,755
Fee and subscription		1,155	1,400
Depreciation	5.1.3	6,838	4,051
Amortization		220	220
Entertainment		92	249
Others		76	764
		62,278	61,907
33.1 Includes employees' benefits as follows:			
Defined contribution plan		1,213	1,175
Compensated absences		317	1,846
		1,530	3,021
33.2 Auditors' remuneration			
Annual audit fee		1,000	1,000
Fee for half yearly review		400	400
Special certifications and other advisory services		160	100
Out of pocket expenses		340	255
		1,900	1,755
34. OTHER INCOME			
Income from financial assets			
Profit on bank deposits		53,519	8,477
Remeasurement gain on held for trading investment	15	26,186	-
Liabilities written back		29,994	4,570
		109,699	13,047
Income from non financial assets			
Scrap sales		1,584	2,316
Gain on disposal of fixed assets		1,513	3,125
Fair value gain on investment property	6	2,403	-
Rental income	6.3	3,455	-
Others		1,401	1,771
		10,356	7,212
		120,055	20,259
35. OTHER OPERATING EXPENSES			
Provision for doubtful debts	11.3	6,474	6,474
Provision for doubtful receivables	14.1	19,381	2,972
Workers profit participation fund	24.4	118,337	48,650
Others		73	26
		144,265	58,122

	2013	2012
	----- (Rs. in '000') -----	
36. FINANCE COST		
Mark-up on:		
Long term loans - local currency	37,089	125,755
Long term loans - foreign currency	39,864	61,113
Lease financing	5,929	17,969
	82,882	204,837
Profit on Murabaha finance	3,057	27,476
Markup on:		
Short - term borrowings / murabaha	68,907	85,558
Workers' Profit Participation Fund	3,292	141
	72,199	85,699
Fee, charges and commission		
Service charges	6,110	6,940
Guarantee Commission	3,199	-
Bank charges	2,833	3,072
	12,142	10,012
	170,280	328,024
37. TAXATION		
Current	42,576	65,739
Deferred	670,681	257,084
	713,257	322,823

37.1 The provision for current income tax is based on minimum taxation under Section 113 of the Income Tax Ordinance, 2001. Accordingly, tax charge reconciliation with the accounting profit is not reported.

	2013	2012
38. EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilution effect on the basic earning per share of the Company, which is based on:		
Profit after taxation (Rupees in '000)	1,535,142	601,517
Weighted average number of ordinary shares in issue ('000')	227,149	227,149
Earning per share - basic and diluted (Rupees)	6.76	2.65

39. TRANSACTIONS WITH RELATED PARTIES

The related parties include major shareholders, entities having directors in common with the Company, directors, other key management personnel and employees benefit plans. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment and transactions with such parties reflected elsewhere in these financial statements are as under:

	2013	2012
	----- (Rs. in '000') -----	
Entities having directors in common with the Company		
Guardian Modaraba		
Repayment of lease financing	2,000	-
Entities having nominee director on the Company		
National Bank of Pakistan		
Repayment of Loans	646,238	116,607
Finance cost	512,622	128,354
Staff retirement contribution plan		
Contribution to staff provident fund	5,895	5,415

Certain assets are being used by the employees of the Company in accordance with their terms of employment. Further, there are no transactions with key management personnel other than under the terms of employment as disclosed in note 41 to the financial statements.

The related party status of outstanding receivables and payables, if any, as at June 30, 2013 are disclosed in respective notes to the financial statements.

40. FINANCIAL RISKS AND MANAGEMENT OBJECTIVES

40.1 Capital risk management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business, sustain future development of the business and maximize shareholders value. The Company closely monitors the return on capital along with the level of distributions to ordinary shareholders. No changes were made in the objectives, policies or processes during the year ended June 30, 2013.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital, capital and revenue reserves. During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2013 and 2012 were as follows:

	Note	2013	2012
		----- (Rs. in '000') -----	
Long term loans - secured	20	-	115,728
Long term financing - secured		899,908	-
Liabilities against assets subject to finance lease	22	-	43,971
Deferred liabilities - gratuity	23	55,260	48,846
Trade and other payables	24	894,932	816,168
Accrued interest / markup	25	254,887	489,632
Short term murabaha - secured	26	-	43,853
Short term borrowing - secured	27	497,086	223,707
Current portion of non - current liabilities	28	1,716,329	2,903,658
Total debts		4,318,402	4,685,563
Less: Cash and bank balances	16	(1,464,792)	(268,909)
Short term investments		(776,186)	-
Net debts		2,077,424	4,416,654
Total equity		4,442,683	3,136,464
Total Capital		6,520,107	7,553,118
Gearing ratio		31.86%	58.47%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The management of the Company continuing with operational and infrastructure rehabilitation program with the objective of converting and maintaining the Company into profitable entity and has taken financial measures to support such rehabilitation program. In order to improve liquidity and profitability of the Company, the management is planning to take certain appropriate steps such as increase sales through export of cement to neighboring countries, cost control and curtailing financing cost by means of early payments.

40.2 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings and deposits. The Company is exposed to interest rate risk, liquidity risk and credit risk. The sensitivity analysis in the following sections relate to the position as at 30 June 2013 and 2012.

40.3 Liquidity risk

Liquidity risk reflects the Company's inability of raising funds to meet commitments. The Company's management closely monitors the Company's liquidity and cash flow position and foresees to continue positive future cash flows in the future as well. Further, the management is also in the process of evaluating other options such as restructuring and rescheduling of remaining loans and intends to settle these loans in near future.

The table below summarizes the maturity profile of the Company's financial liabilities at June 30, 2013 based on contractual un-discounted payment dates and present market interest rates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
			----- (Rs. in '000') -----			
30 June 2013						
Long term financing	-	-	113,190	786,720	-	899,910
Liabilities against assets subject to finance lease	5,480	-	-	-	-	5,480
Long term deposits	-	-	-	3,460	-	3,460
Deferred liabilities	186,824	161,464	72,192	542,453	670,681	1,633,614
Long term loans - secured	1,177,180	-	-	-	-	1,177,180
Trade and other payables	49,621	822,832	808	21,671	-	894,932
Accrued interest / mark up	225,492	16,176	13,220	-	-	254,888
Short term borrowings	-	497,086	-	-	-	497,086
	1,644,597	1,497,558	199,410	1,354,304	670,681	5,366,550
30 June 2012						
Long term financing	-	8,912	26,736	-	-	35,648
Liabilities against assets subject to finance lease	7,480	5,810	18,774	43,971	-	76,035
Long term deposits	-	-	-	3,400	-	3,400
Deferred liabilities	496,059	73,676	168,303	336,793	199,246	1,274,077
Long term loans - secured	1,788,686	75,879	233,341	115,729	-	2,213,635
Trade and other payables	3,064	792,554	318	20,232	-	816,168
Accrued interest / mark up	-	489,632	-	-	-	489,632
Short term borrowings	-	223,707	-	-	-	223,707
Short-term Murabaha	-	-	43,853	-	-	43,853
	2,295,289	1,670,170	491,325	520,125	199,246	5,176,155

40.4 Yield / markup rate

Yield / mark-up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield / mark-up rates. Sensitivity to yield / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company exposure to the risk of changes in market interest rates relates primarily to the long-term loans and short-term finances with floating interest rates.

The effective yield / mark up rate on the financial assets and liabilities are disclosed in their respective notes to the financial statements.

40.5 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit / (loss) before tax (through impact on floating rate borrowings). There is only immaterial impact on Company's equity. The analysis excludes the impact of movement in market variables on the carrying values of employees retirement obligation, provision and on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

	Increase / decrease basis points	Effect on profit before tax
	----- (Rs. in '000') -----	
2013		
Pak Rupee	+100	(29,678)
Pak Rupee	-100	29,678
2012		
Pak Rupee	+100	(30,087)
Pak Rupee	-100	30,087

40.6 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is mainly exposed to credit risk on trade debts, loans and advances, other receivables and bank balances aggregating to Rs.1,406.404 million (2012: Rs.275.369 million). The Company seeks to minimize the credit risk exposure through having exposure only to customers considered credit worthy.

	2013	2012
	----- (Rs. in '000') -----	
Long-term deposits	39,688	38,292
Trade debts	49,794	28,236
Advances	21,213	54,434
Other receivables	9,310	6,298
Bank balances	1,286,898	117,488

Credit quality of financial assets

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The credit quality of cash at bank (in current and deposit accounts) as per credit rating agencies are as follows:

Rating Short Term	Agency	2013	2012
		----- (Rs. in '000') -----	
A1+	PACRA	1,280,788	103,084
A1	PACRA	6,108	933
A2	PACRA	-	-
A-1+	JCR-VIS	-	13,369
Unrated		2	102
		1,286,898	117,488

40.7 Foreign exchange risk management

Foreign currency risk arises mainly where balances exists due to the transactions with foreign undertakings. The Company is exposed to foreign exchange risk with respect to foreign currency loans payable amounting to Rs.1,177.180 million (2012: Rs.1,322.891 million) as disclosed in note 20 to these financial statements and interest payable on foreign currency loans amounting to Rs.417.317 million (2012: Rs.423.850 million). The management has assessed that hedging its foreign currency borrowings will be more expensive than self assuming the risk. This risk management strategy is reviewed each year on the basis of market conditions.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar, Japanese Yen exchange rate, with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) at June 30, 2013:

	2013		2012	
	US Dollars	Japanese Yen	US Dollars	Japanese Yen
	----- (Rs. in '000') -----			
Foreign currency denominated monetary assets	-	-	-	-
Foreign currency denominated monetary liabilities	3,838	1,215,993	3,691	1,178,806

	Increase/ decrease in US dollars to Pak Rupee	Increase/ decrease in Japanese Yen to Pak Rupee	Effect on profit / (loss) before tax (Rs. in '000')
2013	+5%	+5%	(79,500)
	-5%	-5%	79,500
2012	+5%	+5%	(86,934)
	-5%	-5%	86,934

40.8 Other price risk

Equity price risk is the risk arising from uncertainties about future values of investment securities. As at balance sheet date, the Company is not exposed to equity price risk.

40.9 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction.

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

40.10 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value

	2013	Level 1	Level 2	Level 3
	----- (Rs. in '000') -----			
Held for trading				
Equity shares and mutual fund units	776,186	-	776,186	-

As at June 30, 2013 the Company held no liabilities that are measured at fair value or when value change from carrying value as a resulting remeasurement.

As at June 30, 2012 the Company held no assets or liabilities that are measured at fair value or when value change from carrying value as a resulting remeasurement.

40.11 Financial instruments by categories

	2013				
	Cash and cash equivalents	Loans and advances	Available for sale	Held for trading	Total
	----- (Rs. in '000') -----				
Assets as per balance sheet					
Long term loans	-	-	-	-	-
Long term deposits	-	39,688	-	-	39,688
Trade debts - unsecured	-	49,794	-	-	49,794
Loans and advances	-	21,213	-	-	21,213
Trade deposits and short term prepayments	-	5,341	-	-	5,341
Short term investments	-	-	-	776,186	776,186
Other receivables	-	9,311	-	-	9,311
Cash and bank balances	1,464,792	-	-	-	1,464,792
	1,464,792	125,347	-	776,186	2,366,325

	2012				
	Cash and cash equivalents	Loans and advances	Available for sale	Held for trading	Total
	----- (Rs. in '000') -----				
Assets as per balance sheet					
Long term deposits	-	38,292	-	-	38,292
Trade debts - unsecured, considered good	-	28,236	-	-	28,236
Loans and advances	-	54,434	-	-	54,434
Trade deposit and prepayments	-	10,585	-	-	10,585
Other receivables	-	25,679	-	-	25,679
Cash and bank balances	268,909	-	-	-	268,909
	268,909	157,226	-	-	426,135

	(Amortized cost) 2013	2012
	----- (Rs. in '000') -----	
Financial liabilities as per balance sheet		
Long term loans - secured	-	115,728
Long term financing - secured	786,718	-
Liabilities against assets subject to finance lease	-	43,971
Deferred liabilities	1,213,135	536,039
Trade and other payables	894,932	816,168
Accrued interest / mark up	254,887	489,632
Short term murabaha - secured	-	43,853
Short term borrowing - secured	497,086	223,707
	3,646,758	2,269,098

41. REMUNERATION OF CHIEF EXECUTIVE OFFICER AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year are as follows:

	Chief executive officer 2013	2012	Executives 2013	2012
Total numbers	1	1	23	23
	----- (Rs. in '000') -----			
Basic Salary	5,059	4,227	22,564	21,107
Contribution to provident fund trust	506	421	1,776	1,479
Allowances & benefits				
House Rent	2,277	1,902	10,088	9,498
Utilities	506	423	2,242	2,111
Others	2,309	1,929	14,776	11,998
	10,657	8,902	51,446	46,193

41.1 In addition, the chief executive and all the executives of the Company have been provided with free use of Company owned and maintained cars and other benefits in accordance with their entitlements as per rules of the Company.

41.2 No remuneration is paid / payable to the directors of the Company except meeting fee which is paid at the rate of Rs.5,000 per meeting.

42. NUMBER OF EMPLOYEES

	2013	2012
	----- (Numbers) -----	
Number of employees at year end (including permanent and contractual)	784	742
Average number of employees during the year	773	751

43. PROVIDENT FUND TRUST

The Company has maintained an employees provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance and the rules formulated for this purpose. The salient information of the fund is as follows:

	2013	2012
	----- (Rs. in '000') -----	
Size of the fund	93,283	70,883
Cost of investment made	84,900	68,126
Fair value of investment	92,169	76,233
Percentage of investment made	91%	96%

43.1 Breakup of investment

	2013	2012
Listed securities (Mutual Funds)	33,503	22,350
Certificates of investment	21,632	21,480
Term Finance Certificates	37,034	32,404

44. CASH GENERATED FROM OPERATIONS

	2013	2012
Profit before taxation	2,248,399	924,340
Adjustments for non cash and other items:		
Depreciation	377,047	366,680
Amortization of leasehold intangibles	220	220
Provision for doubtful debts and receivables	25,855	9,446
Provision for compensated absences and gratuity	18,940	21,624
Finance cost	170,280	328,024
Gain on disposal of property, plant and equipment	(1,513)	(3,125)
Gain on revaluation of investment property	(2,403)	-
Workers' profits participation fund	118,337	48,650
Unrealized profit on bank deposits and rental income	(8,078)	-
Unrealized gain on investment	(26,186)	-
Provision for slow moving of stores, spares parts and loose tools	-	49,394
Reversal of provision	(29,994)	(4,570)
Exchange (gain) / loss - unrealized	(191,720)	158,243
	450,785	974,586
Cash flows before working capital changes	2,699,184	1,898,926
Movement in working capital		
(Increase) / decrease in current assets:		
Stores , spare parts and loose tools	60,733	(427,832)
Stock in trade	110,930	(264,932)
Trade debts	(28,032)	(13,235)
Loans and advances	33,222	2,052
Deposits and short term prepayments	5,244	5,000
Other receivables	5,065	3,561
	187,162	(695,386)
(Decrease) / increase in current liabilities:		
Trade and other payables	(38,920)	81,977
Sales tax payable	50,040	(14,431)
	11,120	67,546
	198,282	(627,840)
	2,897,466	1,271,086

43. PROVIDENT FUND TRUST

	2013	2012
	----- (Rs. in '000') -----	

45. PRODUCTION CAPACITY

	2013	2012
Rated capacity - clinker		
- Line I (after optimization)	705,000	705,000
- Line II	1,290,000	1,290,000
	1,995,000	1,995,000
Actual production - clinker		
- Line I	323,020	424,113
- Line II	763,340	754,928
	1,086,360	1,179,041
Sales - cement		
- Local	1,032,716	988,521
- Exports	198,768	190,984
	1,231,484	1,179,505
Sales - clinker-export	2,065	8,872
	1,233,549	1,188,377

46. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issuance by the Board of Directors of the Company on September 19, 2013.

47. CORRESPONDING FIGURES

Certain immaterial prior year's figures have been reclassified, consequent upon certain changes in current year's presentation for more appropriate comparison and better presentation. However, no material reclassification has been made in these financial statements.

48. SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

Subsequent to the year ended June 30,2013, the Board of Directors has proposed a final cash dividend in their meeting held on September 19, 2013 for the year ended June 30,2013 of Rs.2.75 (2012: Nil) per share for the approval of the members at the annual general meeting in addition to interim dividend declared of Rs.1.25 per share declared by the Board of Directors in their meeting held on 25 April 2013.

49. GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

Syed Mazher Iqbal
Chief Executive Officer

Shafiuddin Ghani Khan
Chairman / Director

Pattern of Shareholding
As at June 30, 2013

Number of Shareholders	Number of Shares From	Number of Shares To	Total Shares Held
1697	1	100	49,982
1919	101	500	486,831
1466	501	1,000	1,069,944
1562	1,001	5,000	3,512,727
294	5,001	10,000	2,265,152
94	10,001	15,000	1,167,362
61	15,001	20,000	1,128,460
32	20,001	25,000	756,642
22	25,001	30,000	626,135
17	30,001	35,000	557,653
15	35,001	40,000	576,242
6	40,001	45,000	260,164
20	45,001	50,000	991,484
4	50,001	55,000	209,888
5	55,001	60,000	293,352
2	60,001	65,000	127,469
5	65,001	70,000	340,666
6	70,001	75,000	440,834
4	75,001	80,000	310,790
3	80,001	85,000	249,993
2	85,001	90,000	176,626
2	90,001	95,000	184,258
16	95,001	100,000	1,595,072
2	100,001	105,000	205,605
3	105,001	110,000	321,284
2	115,001	120,000	236,252
3	120,001	125,000	373,942
2	125,001	130,000	260,000
2	135,001	140,000	278,000
1	140,001	145,000	141,250
3	145,001	150,000	450,000
2	155,001	160,000	313,162
1	160,001	165,000	162,313
1	185,001	190,000	188,000
6	195,001	200,000	1,200,000
2	200,001	205,000	402,500
2	210,001	215,000	423,482
2	220,001	225,000	448,000
1	240,001	245,000	244,000
1	245,001	250,000	250,000
1	280,001	285,000	282,000
1	285,001	290,000	290,000
1	290,001	295,000	293,000
1	295,001	300,000	300,000
1	300,001	305,000	301,134
1	320,001	325,000	322,353
1	325,001	330,000	326,000
1	360,001	365,000	365,000
1	380,001	385,000	380,389
1	435,001	440,000	440,000
1	495,001	500,000	500,000
1	510,001	515,000	512,000
1	520,001	525,000	523,000
1	530,001	535,000	530,191
1	545,001	550,000	549,258
1	570,001	575,000	574,000
2	595,001	600,000	1,197,640
1	610,001	615,000	614,000
1	635,001	640,000	637,985
1	695,001	700,000	700,000
1	720,001	725,000	724,000
1	785,001	790,000	786,444
1	895,001	900,000	900,000
1	985,001	990,000	985,683
1	995,001	1,000,000	1,000,000
1	1,015,001	1,020,000	1,019,000
1	1,175,001	1,180,000	1,176,714
1	1,385,001	1,390,000	1,387,503
1	1,455,001	1,460,000	1,460,000
1	1,495,001	1,500,000	1,500,000
1	1,545,001	1,550,000	1,549,000
1	3,340,001	3,345,000	3,341,500
1	3,495,001	3,500,000	3,499,500
1	4,440,001	4,445,000	4,440,333
1	6,005,001	6,010,000	6,010,000
1	7,955,001	7,960,000	7,959,707
1	15,795,001	15,800,000	15,800,000
1	23,400,001	23,405,000	23,403,750
1	26,225,001	26,230,000	26,229,000
1	91,060,001	91,065,000	91,063,193
7,331			227,148,793

Categories of Shareholders / Shares held percentage

As at June 30, 2013

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officers, and their spouse and minor children	24,082,501	10.6021%
Associated Companies, undertakings and related parties. (Parent Company)	-	-
NIT and ICP	827,225	0.3642%
Banks, Development Financial Institutions, Non Banking Financial Institutions.	33,244,103	14.6354%
Insurance Companies	260,630	0.1147%
Modarabas and Mutual Funds	5,394,168	2.3747%
Share holders holding 10% and above	158,271,011	69.6772%
General Public		
a - Local	29,376,460	12.9327%
b - Foreign	-	-
Others (to be specified)		
a - Investment Companies	618,316	0.2722%
b - Joint Stock Companies	131,169,597	57.7461%
c - Pension Funds	116,252	0.0512%
d - Others	931,971	0.4103%
e - Foreign Companies	1,040,730	0.4582%
f - Leasing Companies	86,840	0.0382%

Other Information
As at June 30, 2013

Categories of Shareholders		Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):		-	-
Mutual Funds (Name Wise Detail)			
1	CDC - Trustee HBL - Stock Fund (CDC)	1,549,000	0.6819
2	CDC - Trustee MCB Dynamic Stock Fund (CDC)	150,000	0.0660
3	CDC - Trustee Pakistan Stock Market Fund (CDC)	200,500	0.0883
4	CDC - Trustee Pakistan Premier Fund (CDC)	120,000	0.0528
5	MCBFSL - Trustee Namco Balanced Fund (CDC)	3,341,500	1.4711
6	MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund (CDC)	25,000	0.0110
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	Mr. Shafiuddin Ghani Khan (CDC)	100	0.0000
2	Mr. Mohammad Aftab Alam (CDC)	100	0.0000
3	Mr. Faisal Imran Hussain (CDC)	50	0.0000
4	Shaikh Javed Ellahi	35,178	0.0155
5	Syed Anwar Ali (CDC)	100	0.0000
6	Mr. Cevdel Dal (CDC)	24,001,390	10.5664
7	Mr. Rafique Dawood (CDC)	19,340	0.0085
8	Mr. Saleem Shahzada (CDC)	26,243	0.0116
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		33,629,153	14.8049%
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	Vision Holding Middle East Limited	106,863,193	47.0455
2	National Bank of Pakistan	27,406,428	12.0654
3	Cevdet Dal	24,001,390	10.5664

There has been no trading in the shares by the Directors. CEO, CFO and Company Secretary during the year

Proxy Form

Pioneer Cement Limited

Registered Folio No./
CDC P/Id & A/C No. ______________________

I/We ____
Name

of ____
Address

being a member of PIONEER CEMENT LIMITED hereby appoint

____
Name

of ____
Address

or failing him ____
Name

of ____
Address

(also being a member of the Company) as my/ our proxy to attend, act and vote for me/ us and on my/ our behalf, at the 27th Annual General Meeting of the Company to be held on Wednesday, October 30, 2013 at 11:30 a.m. at 135 Ferozepur Road, Lahore and at any adjournment thereof.

As witness my hand this ________________ day of ________________ 2013.

____
Signature of the Shareholder/ Appointer

WITNESSES

1 Name ________________

Address ________________

CNIC # ________________

2 Name ________________

Address ________________

CNIC # ________________

Revenue Stamp

NOTE: Proxies in order to be effective must reach the Company's Registered Office not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC.

Pioneer Cement Limited

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