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## *Company Information*

### **Board of Directors**

Mr. Muhammad Rasheed (Chairman)  
Mrs. Tanveer Rasheed  
Mr. Mansoor Rasheed (Chief Executive)  
Mr. Saud Rasheed  
Ms. Rizwana Rasheed  
Mrs. Ayesha Mansoor  
Mrs. Amina Saud

### **Audit Committee**

Mr. Saud Rasheed (Chairman)  
Mrs. Ayesha Mansoor  
Mrs. Amina Saud

### **Chief Financial Officer**

Mr. Muhammad Kamran

### **Company Secretary**

Mr. Muhammad Kamran

### **Statutory Auditors**

Amin, Mudassar & Co.  
Chartered Accountants

### **Legal Advisor**

International Legal Services

### **Bankers**

The Bank of Punjab  
United Bank Limited  
National Bank of Pakistan  
Habib Bank Limited  
Bank Alfalah Limited  
KASB Bank Limited  
Saudi Pak Commercial Bank Limited

### **Registered Office**

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

### **Factory**

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

### **Share Registrar**

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

### **Website**

[www.dandotcement.com](http://www.dandotcement.com)

# *Notice of Annual General Meeting*

NOTICE is hereby given that 30th Annual General Meeting of the shareholders of Dandot Cement Company Limited for the financial year ended June 30, 2010 will be held on Saturday, January 29, 2011 at the registered office of the Company, 30 Sher Shah Block, New Garden Town, Lahore at 11:30 a.m. to transact the following business:

## **ORDINARY BUSINESS**

1. To confirm the minutes of the Annual General Meeting Held on December 01, 2009.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2010 together with Auditors' and Directors' Reports thereon.
3. To appoint Auditors and to fix their remuneration. The present Auditors, M/s. Amin, Mudassar & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

(By Order of the Board)

LAHORE:  
January 08, 2011

**(MUHAMMAD KAMRAN)**  
COMPANY SECRETARY

## **NOTES:**

1. The Register of Members and the Share Transfer Books of the Company will remain closed from January 20, 2011 to January 29, 2011 (both days inclusive) for determining entitlement to attend the Annual General Meeting.
2. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies, in order to be effective, must be received at the Registered Office of the Company not later than 48 hours before the time of the holding of the Meeting.
3. CDC shareholders are requested to bring their National Identity Card, Account and Participant's Numbers and will further have to follow the guidelines as laid down in SECP's Circular No. 1 dated January 26, 2000 while attending the Meeting for identification.
4. Members are requested to notify immediately changes, if any, in their registered addresses.



## *Vision*

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

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

## *Mission*

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

# Directors' Report to the Shareholders



The Board of Directors presents the 30th annual report along with the audited financial statements of the company for the year ended June 30, 2010.

## Operational Performance

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

|   |                                | 2010   | 2009      |         |
|---|--------------------------------|--------|-----------|---------|
| - | Clinker production             | M. Ton | 69,150    | 230,880 |
| - | Capacity utilization (Clinker) | %age   | 14.41%    | 48.10%  |
| - | Cement production              | M. Ton | 72,513    | 259,598 |
| - | Capacity utilization (Cement)  | %age   | 14.39%    | 51.51%  |
| - | Sales                          | M. Ton | 72,627    | 264,358 |
| - | (Decrease)/Increase in sales   | M. Ton | (191,731) | 54,121  |

During the year under review the operational performance of the company decreased from last year due to the fact that in October 2009, due to poor economic conditions, low prices of cement and financial crunch, management has decided the temporary shutdown of the operations of the company. However, subsequent to the balance sheet date, with the increase in cement prices and rise in demand of cement, the operations of the company have been resumed after arranging necessary funds by the management.

## Operating Results

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

|   | 2010                  | 2009    |           |
|---|-----------------------|---------|-----------|
|   | (Rupees in Thousands) |         |           |
| - | Net sales             | 233,286 | 1,146,063 |
| - | Gross loss            | 263,754 | 84,882    |
| - | Loss before taxation  | 556,982 | 457,657   |
| - | Net loss              | 436,126 | 310,177   |

The company's decreased financial performance is mainly attributable to the factors discussed above. Dividend has not been recommended by the board of directors for the current year due to the loss suffered by the company.

## Future Prospects

### Industry:

Demand of cement is directly linked to economic growth. Unfortunately prevailing economic conditions is not encouraging due to geo-political instability, out of control inflation, deteriorating Pak Rupee valuation, power shedding, rising utility prices and liquidity crunch. However, immense flood, during the year, has considerably created a demand of cement in the near future.

### Company:

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

## Significant Plans & Decisions

To overcome the financial crunch, management has the intention to reschedule its major obligations and planning to optimize the production capacity by necessary maintenance of the plant.

## Auditors' Observations

Due to the fact mentioned in note 5.3 of the financial statements, portion from loans has not been classified under current liabilities. Due to the closure of operations, the company was unable to pay dues of provident



fund; However, payments will be regularized in the subsequent year. Letters for the balance confirmations have been sent and many of them have been received to date. The directors have reasonable expectations that the company would be able to generate adequate resources in future to continue as going concern.

### **Compliance with Code of Corporate Governance**

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

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

- The financial statements prepared by the management present fairly the company's state of affairs, the results of its operations, cash flows and changes in equity;
- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Accounting Standards as applicable in Pakistan have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and is being monitored continuously. The review will continue for improvement.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the listing regulations wherever applicable to the company for the year ended June 30, 2010.
- Key operating and financial data of last 10 years in annexed.
- The outstanding statutory dues on account of taxes, duties, levies and charges are disclosed in notes to the annexed financial statements.
- As on June 30, 2010, the value of investments and assets of provident fund are Rs. 217 million (based on un-audited accounts).
- During the year, five meetings of the Board of Directors were held. Attendance by each director at the board meeting is as under:

|  | <b>No. of Meeting attended</b> |
|--|--------------------------------|
| Mr. Muhammad Rasheed                               | 4                              |
| Mrs. Tanveer Rasheed                               | 3                              |
| Mr. Mansoor Rasheed                                | 4                              |
| Mr. Saud Rasheed                                   | 4                              |
| Ms. Rizwana Rasheed                                | 0                              |
| Mrs. Aysha Mansoor                                 | 4                              |
| Mrs. Amina Saud                                    | 3                              |
| Mr. Kamran Rasool (resigned on November 10, 2009). | 1                              |

### **Note:**

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

### **Trading in Company's Shares**

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

### **Pattern of Shareholding**

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

### **External Auditors**

The present auditors, M/s Amin, Mudassar & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year 2010-11. The Audit Committee has recommended their re-appointment.

### **Acknowledgement**

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



**MUHAMMAD RASHEED**

Chairman

LAHORE: January 08, 2011



# Pattern of Shareholding

As at June 30, 2010

| Number of Shareholders | Shareholdings |            | Total Shares Held |
|------------------------|---------------|------------|-------------------|
|                        | From          | To         |                   |
| 128                    | 1             | 100        | 5,841             |
| 191                    | 101           | 500        | 62,504            |
| 83                     | 501           | 1,000      | 68,944            |
| 173                    | 1,001         | 5,000      | 436,013           |
| 42                     | 5,001         | 10,000     | 297,753           |
| 17                     | 10,001        | 15,000     | 213,748           |
| 11                     | 15,001        | 20,000     | 198,101           |
| 2                      | 20,001        | 25,000     | 44,979            |
| 2                      | 30,001        | 35,000     | 64,235            |
| 1                      | 40,001        | 45,000     | 41,902            |
| 1                      | 45,001        | 50,000     | 47,500            |
| 1                      | 50,001        | 55,000     | 50,999            |
| 3                      | 55,001        | 60,000     | 174,526           |
| 1                      | 60,001        | 65,000     | 60,606            |
| 3                      | 70,001        | 75,000     | 212,367           |
| 1                      | 80,001        | 85,000     | 83,879            |
| 2                      | 95,001        | 100,000    | 195,212           |
| 2                      | 155,001       | 160,000    | 315,063           |
| 2                      | 180,001       | 185,000    | 363,665           |
| 1                      | 210,001       | 215,000    | 211,862           |
| 1                      | 300,001       | 305,000    | 303,190           |
| 1                      | 310,001       | 315,000    | 314,800           |
| 1                      | 385,001       | 390,000    | 387,524           |
| 1                      | 395,001       | 400,000    | 399,500           |
| 1                      | 1,540,001     | 1,545,000  | 1,543,839         |
| 1                      | 2,040,001     | 2,045,000  | 2,043,349         |
| 1                      | 2,250,001     | 2,255,000  | 2,254,386         |
| 1                      | 2,280,001     | 2,285,000  | 2,284,457         |
| 1                      | 2,745,001     | 2,750,000  | 2,749,999         |
| 1                      | 2,940,001     | 2,945,000  | 2,942,500         |
| 1                      | 3,395,001     | 3,400,000  | 3,400,000         |
| 1                      | 11,150,001    | 11,155,000 | 11,150,500        |
| 1                      | 14,995,001    | 15,000,000 | 14,995,737        |
| 1                      | 22,920,001    | 22,925,000 | 22,920,500        |
| 1                      | 23,995,001    | 24,000,000 | 24,000,000        |
| 682                    |               |            | 94,839,980        |

| Categories of shareholders  | Share held | Percentage |
|---|------------|------------|
| Directors, Chief Executive Officers, and their spouse and minor children      | 28,403,623 | 29.94%     |
| Associated Companies, undertakings and related parties. (Parent Company)      | 46,953,431 | 49.50%     |
| NIT and ICP   | 61,706     | 0.06%      |
| Banks Development Financial Institutions, Non Banking Financial Institutions. | 6,593,000  | 6.95%      |
| Insurance Companies   | 182,625    | 0.19%      |
| Share holders holding 10% or more   | 75,354,554 | 79.45%     |
| General Public  |            |            |
| a. Local  | 2,366,361  | 2.49%      |
| b. Foreign  |            |            |
| Others (to be specified)  |            |            |
| Joint Stock Companies   | 7,872,028  | 8.30%      |
| Foreign Companies   | 262,981    | 0.27%      |
| Trusts  | 2,143,225  | 2.25%      |
| Other Companies   | 1,000      | 0.01%      |



# *Pattern of Shareholding*

As at June 30, 2010

## *Additional Information as Required by the Code of Corporate Governance*

|            | Categories of Shareholders   | Number of Shareholders | Number of Shares Held |
|------------|--|------------------------|-----------------------|
| <b>I</b>   | <b>ASSOCIATED COMPANIES, UNDERTAKINGS &amp; RELATED PARTIES</b>  | <b>1</b>               | <b>46,953,431</b>     |
|            | i. Three Stars Cement (Pvt) Ltd.   | 1                      | 46,953,431            |
| <b>II</b>  | <b>NIT AND ICP</b>   | <b>2</b>               | <b>61,706</b>         |
|            | i. National Investment Trust   | 1                      | 60,606                |
|            | ii. Investment Corporation of Pakistan   | 1                      | 1,100                 |
| <b>III</b> | <b>DIRECTORS, CHIEF EXECUTIVE OFFICER,<br/>THEIR SPOUSES AND MINOR CHILDREN</b>  | <b>7</b>               | <b>28,403,623</b>     |
|            | <b>Directors</b>   |                        |                       |
|            | i. MR. MUHAMMAD RASHEED  | 1                      | 500                   |
|            | ii. MRS. TANVEER RASHEED   | 1                      | 500                   |
|            | iii. MR. MANSOOR RASHEED   | 1                      | 14,996,237            |
|            | iv. MR. SAUD RASHEED   | 1                      | 13,404,886            |
|            | v. MS. RIZWANA RASHEED   | 1                      | 500                   |
|            | vi. MRS. AYESHA MANSOOR  | 1                      | 500                   |
|            | vii. MRS. AMINA SAUD   | 1                      | 500                   |
| <b>IV</b>  | <b>EXECUTIVES</b>  | <b>NIL</b>             | <b>NIL</b>            |
| <b>V</b>   | <b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>  | <b>1</b>               | <b>182,625</b>        |
|            | i. State Life Insurance Corporation of Pakistan  | 1                      | 182,625               |
| <b>VI</b>  | <b>BANKS, DEVELOPMENT FINANCE INSTITUTIONS,<br/>NON-BANKING FINANCE INSTITUTIONS, INSURANCE<br/>COMPANIES, MODARBAS AND MUTUAL FUNDS</b> | <b>7</b>               | <b>6,593,000</b>      |
| <b>VII</b> | <b>SHAREHOLDERS HOLDING TEN PERCENT<br/>OR MORE VOTING INTERESTS</b>   | <b>3</b>               | <b>75,354,554</b>     |
|            | i. Three Stars Cement (Pvt) Ltd  | 1                      | 46,953,431            |
|            | ii. Mr. Mansoor Rasheed  | 1                      | 14,996,237            |
|            | iii. Mr. Saud Rasheed  | 1                      | 13,404,886            |



**MUHAMMAD RASHEED**  
Chairman



## *Statement of Compliance with the Code of Corporate Governance*

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulations of the Karachi and Lahore 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 on its Board of Directors. At present the Board includes four non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs. None of the director is a member of a stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
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, have been taken by the Board.
8. The meetings of the Board was 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 of the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities.
10. The Board has approved the appointment of CFO and Company Secretary, including their remuneration and terms and conditions of employment, as determined by CEO. No new appointment of Head of internal audit was made during the year.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and it fully describes the salient matters required to be disclosed. The value of investments and assets of Provident Fund as disclosed in the Director's report was based on un-audited accounts.
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 three members, of whom two are 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 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 set up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the company and are involved in the internal audit function on a full time basis.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.
19. 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.
20. The management of the company is committed to good corporate governance, and appropriate steps are being taken to comply with the best practices.



**MUHAMMAD RASHEED**  
Chairman

LAHORE: January 08, 2011



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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Dandot Cement Company Limited ("The Company") to comply with the Listing Regulations of the Lahore and Karachi Stock Exchanges where the Company is listed.

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

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

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, except for para (11) of Company's Statement of Compliance with Code of Corporate Governance annexed to this report, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflected the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

AMIN, MUDASSAR & CO.  
CHARTERED ACCOUNTANTS  
Engagement Partner: Muhammad Amin  
Lahore: January 08, 2011

# *Auditors' Report to the Members*

We have audited the annexed balance sheet of the **Dandot Cement Company Limited** as at June 30, 2010 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- i) As referred in note no.5 to the financial statements current portion and overdue installments of Rs.348.22 million and short term loan of Rs.270 million obtained from the Bank of Punjab have not been classified under current liabilities.
- ii) As explained in note no.6.4 to the financial statements, the company did not pay dues of the provident fund trust.
- iii) We have not received reply of direct balance confirmation circulated in respect of loan from Bank of Punjab, loan from KASB Bank Limited, loan from Economic Affairs Division (EAD), ex-sponsors loan, trade creditors, amount receivables against long term loans, ex-associate and short term loans and advances as referred to note nos. 5, 12, 6.1, 6.2, 10.4, 17 and 22 to the financial statements.
- iv) These financial statements have been prepared on going concern basis despite the fact that the company has accumulated losses of Rs.2,576.48 million. Its current liabilities exceed the current assets by Rs.1,384.55 million. The company did not pay the installments due of long term loan, short term loan and amount due to employees benefits amounting Rs.986.03 million. Further note no.1.2 to the financial statements lacks proper cognizance of these factors.

Except for the contents of the preceding paragraphs (i) to (iv) and the extent to which these affect the annexed financial statements, we report that:

- (a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes described in note 2.1.1 to the financial statements with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2010 and of the loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

AMIN, MUDASSAR & CO.  
 CHARTERED ACCOUNTANTS  
 Engagement Partner: Muhammad Amin  
 Lahore: January 08, 2011



# Balance Sheet

|  | Note | 2010<br>Rupees  | 2009<br>Rupees  |
|--|------|-----------------|-----------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                 |                 |
| <b>SHARE CAPITAL AND RESERVES</b>  |      |                 |                 |
| Authorized capital 100,000,000 (2009:100,000,000)<br>ordinary shares of Rs.10/- each |      | 1,000,000,000   | 1,000,000,000   |
| Issued, subscribed and paid up capital   | 3    | 948,399,800     | 948,399,800     |
| Share premium reserve  |      | 31,800,740      | 31,800,740      |
| Accumulated loss   |      | (2,576,474,408) | (2,182,389,062) |
|  |      | (1,596,273,868) | (1,202,188,522) |
| <b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>  |      |                 |                 |
|  | 4    | 1,177,629,175   | 1,219,669,479   |
|  |      | (418,644,693)   | 17,480,957      |
| <b>NON CURRENT LIABILITIES</b>   |      |                 |                 |
| LOAN FROM BANKING COMPANIES  | 5    | 1,020,000,000   | 1,020,000,000   |
| OTHER LOANS  | 6    | 378,365,787     | 384,415,170     |
| LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE                                  | 7    | -               | -               |
| DEFERRED LIABILITIES   | 8    | 60,223,927      | 251,085,932     |
| LONG TERM ADVANCES AND DEPOSITS  | 9    | 7,357,685       | 7,268,720       |
|  |      | 1,465,947,399   | 1,662,769,822   |
| <b>CURRENT LIABILITIES</b>   |      |                 |                 |
| Trade and other payables   | 10   | 801,321,081     | 481,732,907     |
| Mark up accrued  | 11   | 664,113,130     | 417,087,296     |
| Short term borrowings  | 12   | 446,066,283     | 449,194,331     |
| Current portion of long term loans and liabilities                                   | 13   | 56,170,266      | 46,638,178      |
| Taxation   |      | 15,789,627      | 15,789,627      |
|  |      | 1,983,460,387   | 1,410,442,339   |
| <b>CONTINGENCIES AND COMMITMENTS</b>   |      |                 |                 |
|  | 14   | -               | -               |
|  |      | 3,030,763,093   | 3,090,693,118   |

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

**MUHAMMAD RASHEED**

Director

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

These Financial Statements have been signed by two directors instead of Chief Executive and one director as the Chief Executive is not in Pakistan for time being.

*As at June 30, 2010*



|   | Note | 2010<br>Rupees | 2009<br>Rupees |
|---|------|----------------|----------------|
| <b>ASSETS</b>                             |      |                |                |
| <b>NON CURRENT ASSETS</b>                 |      |                |                |
| <b>PROPERTY, PLANT AND EQUIPMENT</b>      |      |                |                |
| Operating fixed assets                    | 15   | 2,230,649,430  | 2,313,957,697  |
| Capital work in progress                  | 16   | 190,681,083    | 190,681,083    |
|   |      | 2,421,330,513  | 2,504,638,780  |
| <b>LONG TERM LOANS</b>                    | 17   | 201,910        | 230,850        |
| <b>LONG TERM SECURITY DEPOSITS</b>        | 18   | 10,324,955     | 10,324,955     |
| <b>DEFERRED COST</b>                      | 19   | -              | -              |
|   |      | 2,431,857,378  | 2,515,194,585  |
| <b>CURRENT ASSETS</b>                     |      |                |                |
| Stores, spares and loose tools            | 20   | 141,275,663    | 139,793,328    |
| Stock in trade                            | 21   | 41,859,618     | 19,223,714     |
| Loans and advances                        | 22   | 348,034,923    | 355,100,940    |
| Trade deposits and short term prepayments | 23   | -              | 607,362        |
| Balance with statutory authorities        | 24   | 53,969,551     | 46,773,613     |
| Interest accrued                          | 25   | 9,408,039      | 9,449,463      |
| Other receivables                         | 26   | 568,810        | 683,255        |
| Cash and bank balances                    | 27   | 3,789,111      | 3,866,858      |
|   |      | 598,905,715    | 575,498,533    |
|   |      | 3,030,763,093  | 3,090,693,118  |

  
**SAUD RASHEED**  
 Director



# *Profit and Loss Account*

For the Year Ended June 30, 2010

|                                   | Note | 2010<br>Rupees | 2009<br>Rupees |
|-----------------------------------|------|----------------|----------------|
| Sales (Net)                       | 28   | 233,285,900    | 1,146,062,796  |
| Cost of sales                     | 29   | 497,040,208    | 1,230,944,867  |
| Gross loss                        |      | (263,754,308)  | (84,882,071)   |
| Distribution cost                 | 30   | 1,548,906      | 5,970,180      |
| Administrative expenses           | 31   | 30,147,270     | 101,742,774    |
|                                   |      | 31,696,176     | 107,712,954    |
|                                   |      | (295,450,484)  | (192,595,025)  |
| Other operating income            | 32   | 3,312,111      | 949,439        |
| Other operating expenses          | 33   | 16,471,760     | -              |
|                                   |      | (308,610,133)  | (191,645,586)  |
| Finance cost                      | 34   | 248,372,182    | 266,011,769    |
| Loss before taxation              |      | (556,982,315)  | (457,657,355)  |
| Taxation:                         | 35   |                |                |
| Current - For the year            |      | 5,340          | 18,077         |
| Deferred                          | 8    | (120,862,005)  | (147,498,821)  |
|                                   |      | (120,856,665)  | (147,480,744)  |
| Net Loss for the year             |      | (436,125,650)  | (310,176,611)  |
| Loss per share- Basic and Diluted | 36   | (4.60)         | (3.27)         |

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

**MUHAMMAD RASHEED**  
Director

**SAUD RASHEED**  
Director

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

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# Cash Flow Statement

For the Year Ended June 30, 2010



|   | 2010<br>Rupees     | 2009<br>Rupees      |
|---|--------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                   |                    |                     |
| Loss before taxation  | (556,982,315)      | (457,657,355)       |
| Adjustments of items not involving movement of cash:          |                    |                     |
| Depreciation  | 79,855,710         | 84,290,335          |
| Gain on disposal of Fixed Assets                              | (3,034,524)        | (388,405)           |
| Amortization of deferred cost                                 | -                  | 28,383,561          |
| Profit on deposit and Pls accounts                            | (277,587)          | (464,734)           |
| Provision for doubtful balances                               | 16,467,950         | -                   |
| Finance cost  | 248,372,182        | 266,011,769         |
|   | 341,383,731        | 377,832,526         |
| Operating cash flows before working capital changes           | (215,598,584)      | (79,824,829)        |
| (Increase)/Decrease in operating assets:                      |                    |                     |
| Stores, spares and loose tools                                | (1,482,336)        | (3,897,402)         |
| Stock in trade  | (22,635,904)       | 22,942,048          |
| Loans and advances  | (9,233,749)        | (56,869,185)        |
| Deposits and short term prepayments                           | 607,362            | 5,744,828           |
| Other receivables   | (53,739)           | -                   |
| Increase/(Decrease) in trade and other payables               | 249,799,366        | 164,867,335         |
|   | 217,001,000        | 132,787,624         |
|   | 1,402,416          | 52,962,795          |
| Long term security deposits                                   | -                  | (10,000)            |
| Gratuity paid   | (211,190)          | (1,292,543)         |
| Finance cost paid   | (1,346,348)        | (8,974,714)         |
| Dividend paid   | -                  | (8,550)             |
| Interest received   | 319,011            | 462,353             |
| Income tax paid   | (7,201,278)        | (24,510,664)        |
| <b>Net Cash Flows From Operating Activities</b>               | <b>(7,037,389)</b> | <b>18,628,677</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |                    |                     |
| Fixed capital expenditure                                     | -                  | (51,701,352)        |
| Sale proceeds of Fixed Assets                                 | 6,487,080          | 524,000             |
| Long term loans   | 28,940             | 45,177              |
| <b>Net Cash Flows From Investing Activities</b>               | <b>6,516,020</b>   | <b>(51,132,175)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                   |                    |                     |
| Long term loans   | 3,498,081          | (6,879,583)         |
| Sponsors loans  | 777,953            | 319,063             |
| Past dues -CBA  | -                  | (40,234,039)        |
| Repayment of lease liability (Net)                            | (15,376)           | (673,511)           |
| Long term advances and deposits                               | 88,965             | 10,975              |
| Short term borrowings   | (3,906,001)        | 73,492,613          |
| <b>Net Cash Flows From Financing Activities</b>               | <b>443,622</b>     | <b>26,035,518</b>   |
| <b>Net increase / (decrease) in Cash and Cash Equivalents</b> | <b>(77,747)</b>    | <b>(6,467,980)</b>  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>     | <b>3,866,858</b>   | <b>10,334,838</b>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>           | <b>3,789,111</b>   | <b>3,866,858</b>    |

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

**MUHAMMAD RASHEED**  
Director

**SAUD RASHEED**  
Director

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

These Financial Statements have been signed by two directors instead of Chief Executive and one director as the Chief Executive is not in Pakistan for time being.



# *Statement of Comprehensive Income*

For the Year Ended June 30, 2010

|  | <b>2010<br/>Rupees</b> | <b>2009<br/>Rupees</b> |
|--|------------------------|------------------------|
| Loss after taxation                              | (436,125,650)          | (310,176,611)          |
| Other comprehensive income-net of taxation       | -                      | -                      |
| Total comprehensive loss for the year-net of tax | <u>(436,125,650)</u>   | <u>(310,176,611)</u>   |

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

**MUHAMMAD RASHEED**  
Director

**SAUD RASHEED**  
Director

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

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# Statement of Changes in Equity

For the Year Ended June 30, 2010

|  | Share Capital   | Share premium reserve | Accumulated loss | Total share capital & reserves | Surplus on revaluation of fixed assets | Total         |
|--|-----------------|-----------------------|------------------|--------------------------------|--|---------------|
|  | ( R U P E E S ) |                       |                  |                                |  |               |
| Balance as at June 30, 2008  | 948,399,800     | 31,800,740            | (1,915,158,133)  | (934,957,593)                  | 1,262,615,161                          | 327,657,568   |
| Total comprehensive loss for the year  | -               | -                     | (310,176,611)    | (310,176,611)                  | -                                      | (310,176,611) |
| Incremental depreciation due to revaluation charged to surplus - net of deferred tax   | -               | -                     | 42,945,682       | 42,945,682                     | (42,945,682)                           | -             |
| Balance as at June 30, 2009  | 948,399,800     | 31,800,740            | (2,182,389,062)  | (1,202,188,522)                | 1,219,669,479                          | 17,480,957    |
| Total comprehensive loss for the year  | -               | -                     | (436,125,650)    | (436,125,650)                  | -                                      | (436,125,650) |
| Transferred from surplus on revaluation account:                                       |                 |                       |                  |                                |  |               |
| - Incremental depreciation due to revaluation charged to surplus - net of deferred tax | -               | -                     | 40,727,721       | 40,727,721                     | (40,727,721)                           | -             |
| - Realised on disposal of assets - net of deferred tax                                 | -               | -                     | 1,312,583        | 1,312,583                      | (1,312,583)                            | -             |
| Balance as at June 30, 2010  | 948,399,800     | 31,800,740            | (2,576,474,408)  | (1,596,273,868)                | 1,177,629,175                          | (418,644,693) |

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



**MUHAMMAD RASHEED**  
Director



**SAUD RASHEED**  
Director

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

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# Notes to the Financial Statements

For the Year Ended June 30, 2010

## 1. THE COMPANY AND ITS OPERATIONS

- 1.1 The Company is a public limited Company incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges. The Company started its production on March 01, 1983 and has been engaged in production and marketing of cement. The company is a subsidiary of Three Stars Cement (Pvt) Ltd.
- 1.2 The company has accumulated loss of Rs. 2,576.47 million and its current liabilities exceed its current assets by Rs.1,384.55 million as at June 30, 2010. In spite of the adverse current ratio and large accumulated loss, the company has continued financial support from its sponsoring directors as they are planning to inject further working capital in the company. In October 2009, due to poor economic conditions, low prices of cement and financial crunch, management decided to temporarily shutdown of the operations of the company. However, subsequent to the balance sheet date, with the increase in cement prices and rise in demand of cement, the operations of the company have been resumed after arranging necessary funds by the management.

The directors of the company are confident that in view of the above factors and their full commitment and determination to promote the company's objectives in the long run the company will continue its operations as going concern.

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 (a) Accounting Convention

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

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgment are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) staff retirement benefits;
- b) taxation; and
- c) useful life of depreciable assets and provision for impairment there against.

### (b) Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards to the extent applicable in Pakistan with reference to the financial year covered by the financial statements and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such international accounting standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities & Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

### 2.1.1 Changes in Accounting Policies and Disclosures

Standards, amendments to published standards and interpretations that are effective for the annual periods beginning on or after January 01, 2009 and are relevant to the company.

IAS-1 - Presentation of Financial Statements (Revised)  
IFRS-7 - Financial Instruments: Disclosures (Amended)  
IAS-23 - Borrowing costs (Revised)

#### IAS-1 - "Presentation of Financial Statements"

The revised IAS-1 was issued in September 2007 and became effective for financial years beginning on or after January 01, 2009. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owners changes in equity presented as a single line. In addition, the standard has introduced a statement of comprehensive income, which presents all items of recognised income and expense, either as a single statement, or in two linked statements. The company has opted to present two linked statements and accordingly has presented a separate statement of comprehensive income in these financial statements.

### IFRS-7 - " Financial Instruments" (Amended)

The amended standards requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. The fair value measurement and liquidity risk disclosures are not significantly impacted by the amendments.

### IAS-23 "Borrowing Costs" (Revised)

The revised standard removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to acquisition, construction or production of a qualifying asset as part of the cost of that asset. The company current' accounting policy is in compliance with this amendments and therefore, there is no effect on the company's financial statements.

#### 2.1.2 Standards and Interpretations that Became Effective but not Relevant to the Company:

The following standards (revised or amended) and interpretations became effective for the current financial year are either not relevant or do not have any material effect on the financial statements of the company.

IAS 3 - Business combination (Revised)  
 IAS 27 Consolidated and Separate Financial Statements (Revised)  
 IAS 32 Financial Instruments: (Amended)  
 IAS 39 Financial Instruments: Recognition and Measurement ( Amended)  
 IFRS 8 Operating Segments  
 IFRIC 15 Agreement for the Construction of Real Estate  
 IFRIC 16 Hedge of Net Investment in a Foreign Operation  
 IFRIC 17 Distribution of Non-Cash Assets to Owners  
 IFRIC 18 Transfer of Assets from Customers

#### 2.1.3 Standards, Interpretations and Amendments to Approved Accounting Standards that are not yet Effective:

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

| Standards and Interpretation   | Effective Date (Accounting periods beginning on or after) |
|--|---|
| IAS 24 - Related party Disclosures (Revised)   | January 1, 2011   |
| IAS 32 - Financial Instruments: Presentation - Amendments relating to classification of Rights Issues                    | February 1, 2010  |
| IFRS 2 - Share-based payment: Amendment relating to Group - settled share-based Payment Transactions                     | January 1, 2010   |
| IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment) | January 1, 2011   |
| IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments   | July 1, 2010  |

#### 2.2 Employees Retirement Benefits

- The company has terminated gratuity benefits w.e.f. July 01, 2007. The obligation in respect of gratuity payable as of date of termination is fair in the opinion of management.
- The Company operates a funded contributory provident fund scheme for all eligible employees and contribution is based on the salaries of the employees and the liability is recognized in accounts on monthly basis.

#### 2.3 Taxation

##### Current

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



## Notes ....

### Deferred

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

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

### 2.4 Property, Plant and Equipment

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

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

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

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

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

### 2.5 Assets Subject to Finance Lease

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

### 2.6 Capital Work in Progress

Capital work in progress is stated at cost and represents expenditure incurred on fixed assets during their construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

### 2.7 Stores, Spares and Loose Tools

These are valued at moving average cost except items in transit which are valued at cost accumulated upto the Balance Sheet date.

### 2.8 Stock in Trade

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

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

### 2.9 Deferred Cost

This is amortised over a maximum period of five years.

### 2.10 Foreign Currency Translations

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

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

**2.11 Financial Instruments**

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

**2.12 Offsetting of Financial Assets and Financial Liabilities**

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

**2.13 Trade Debts**

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

**2.14 Revenue Recognition**

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

**2.15 Related Party Transactions**

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

**2.16 Dividend**

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

**2.17 Cash and Cash Equivalents**

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

**2.18 Loans, Advances and Deposits**

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

**2.19 Trade and Other Payables**

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

**2.20 Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

**2.21 Corresponding Figures**

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

**2.22 General**

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

|   | Note | 2010<br>Rupees | 2009<br>Rupees |
|---|------|----------------|----------------|
| <b>3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>  |      |                |                |
| 86,089,980 (2009: 86,089,980) ordinary shares of Rs.10/- each fully paid in cash              |      | 860,899,800    | 860,899,800    |
| 8,750,000 (2009: 8,750,000) ordinary shares of Rs.10/- each issued as fully paid bonus shares |      | 87,500,000     | 87,500,000     |
|   |      | 948,399,800    | 948,399,800    |





## Notes ....

|   | Note | 2010<br>Rupees | 2009<br>Rupees |
|---|------|----------------|----------------|
| <b>4. SURPLUS ON REVALUATION OF FIXED ASSETS</b>  |      |                |                |
| Opening balance as at July 01,  |      | 1,219,669,479  | 1,262,615,161  |
| Less:   |      |                |                |
| - Incremental depreciation due to revaluation of fixed assets (Net off deferred tax of Rs.22,122,708 (2009: Rs.23,124,598)) |      | (40,727,721)   | (42,945,682)   |
| - Realised on disposal of assets-net off deferred tax   |      | (1,312,583)    | -              |
| Balance as at June 30,  |      | 1,177,629,175  | 1,219,669,479  |

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

### 5. LOAN FROM BANKING COMPANIES- Secured

|                         |             |     |               |               |
|-------------------------|-------------|-----|---------------|---------------|
| Bank of Punjab Limited  |             |     |               |               |
| Demand finance facility | 750 Million | 5.1 | 750,000,000   | 750,000,000   |
| Bridge finance facility | 270 Million | 5.2 | 270,000,000   | 270,000,000   |
|                         |             |     | 1,020,000,000 | 1,020,000,000 |

5.1 The demand finance facility was sanctioned by the Bank of Punjab for Rs.750 Million. Principal is to be repaid in 28 equal quarterly installments of Rs.26.786 Million each with one year grace period from the date of disbursement. Mark up will be charged @ 3 month KIBOR + 400 BPS per annum (2009: 3 months KIBOR + 400 BPS per annum) with no floor and no cap payable quarterly in arrears. The rate shall be set at the end of quarter by adopting KIBOR of last working day of each quarter. The facility is secured by 1st pari pasu charge over fixed assets for Rs.1,443.75 Million and joint collateral guarantee of its holding company and directors.

5.2 The bridge finance facility was sanctioned by the Bank of Punjab for Rs.270 Million. Mark up will be charged @ 3 month KIBOR + 300 BPS per annum (2009: 3 month KIBOR + 300 BPS per annum) with no floor and no cap payable quarterly in arrears. The rate shall be set at the end of quarter by adopting KIBOR of last working day of each quarter. The facility is secured by 1st pari pasu charge over fixed assets for Rs.1,443.75 Million and joint collateral guarantee of its holding company and directors.

5.3 The company has filed a suit in the Lahore High Court, Lahore against BOP for declaration, permanent injunction, discharge, cancellation of documents, redemption of property and damages to the tune of Rs.1,926 Million on account of various breaches of its obligation committed by BOP. BOP has also filed its PLA in the same and the matter is pending adjudication before the honorable court. BOP has instituted a suit against the company for recovery of Rs.1,626.625 Millions along with markup / Cost of funds in the Lahore High Court, Lahore. PLA on behalf of the company has been filed in the same and the matter is pending adjudication.

### 6. OTHER LOANS - Unsecured

|   |     |             |             |
|---|-----|-------------|-------------|
| Economic Affairs Division, Government of Pakistan (EAD) | 6.1 | 35,232,000  | 35,732,000  |
| Ex-Sponsors' Loan                                       | 6.2 | 250,000,000 | 250,000,000 |
| Holding Company   | 6.3 | 53,674,731  | 53,674,731  |
| Provident Fund Trust                                    | 6.4 | 60,251,530  | 53,946,436  |
| Peace agreement arrears                                 | 6.5 | 35,362,375  | 37,669,388  |
|   |     | 434,520,636 | 431,022,555 |
| Less: Current portion shown under current liabilities   | 13  | 56,154,849  | 46,607,385  |
|   |     | 378,365,787 | 384,415,170 |

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



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

- (b) After taking over the control and management, the new management at that time arranged payment of Rs.133.908 million to the EAD, through Habib Bank Ltd for payment of outstanding balance and requested for restructuring of this loan. The competent authority has accorded its approval for restructuring of the loan amounting to Rs.132.44 million and balance have been waived. The Principal alongwith mark up @ 14% p.a. (11% mark up and 3% exchange risk fee) is to be repaid in ten equal half yearly installments effective July 2004. The rescheduled amount is to be secured by bank guarantee in favour of EAD. The company has requested EAD for grant of further time for payment of overdue installments.
- 6.2 This represents loan received from Ex-management Mr. A. Rafique Khan and Mr. Tausif Peracha as subordinated to Bank of Punjab loan facility. It is interest free, unsecured and is repayable after repayment of loan of Bank of Punjab.
- 6.3 This represents loan received from holding company (Three Stars Cement (Pvt) Ltd.). It is interest free, unsecured and repayable after December 2011 depending upon liquidity position of the company.
- 6.4 The Securities & Exchange Commission of Pakistan (SECP) had passed an order on August 13, 2009 that the company should provide mark-up on old dues till June 30, 2008 and an overdue current provident fund contributions till September 30, 2009 and repay all the principal portion of old dues and overdue current provident fund contributions along with mark-up there on in installments of Rs. 0.5 million per month from October 2009. The markup has been accounted for in the books of account and these financial statements in accordance with the SECP order. Due to closure of operations, the company was unable to pay current and old dues of provident fund.
- 6.5 This represents arrears payable to workers on account of increments on salaries for the financial years ended on June 30, 2007, June 30, 2008 and June 30, 2009. As per peace agreement with CBA union dated May 09, 2009 the arrears are payable in 72 equal monthly installments of Rs.530,407 payable along with the monthly salary payments. It is interest free and unsecured. Due to financial crunch the company could not pay the installments due.

| 7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE | Note | 2010<br>Rupees | 2009<br>Rupees |
|--|------|----------------|----------------|
| Opening balance  |      | 30,793         | 800,021        |
| Addition during the year                               |      | -              | -              |
|  |      | 30,793         | 800,021        |
| Less:  |      |                |                |
| Payments during the year                               |      | 15,376         | 673,511        |
| Adjustment against prepaid insurance                   |      | -              | 95,717         |
|  |      | 15,376         | 769,228        |
| Present value of minimum lease payments                |      | 15,417         | 30,793         |
| Less: Current portion shown under current liabilities  | 13   | 15,417         | 30,793         |
|  |      | -              | -              |

- 7.1 The Company has acquired asset under lease finance arrangements from NIB Bank Limited (Formerly PICIC Commercial Bank Limited). This lease finances is payable in monthly installments depending upon the terms of the lease agreement. The Company intends to exercise its option to purchase the leased assets upon completion of the respective lease term. Taxes, repairs and insurance costs are to be born by the lessee. There are no financial restrictions in the lease agreements.
- 7.2 The present value of minimum lease payments have been discounted at an implicit interest rate of 8% to 12% (2009: 8% to 12%) p.a. to arrive at their present value.



## Notes ....

7.3 The amount of future payments and period in which these payments will become due are:

|   | Upto one year | From one year to five years | 2010     | 2009   |
|---|---------------|-----------------------------|----------|--------|
|   |               |                             | (Rupees) |        |
| Minimum lease payments                  | 15,718        | -                           | 15,718   | 31,436 |
| Less: Future finance charges            | (301)         | -                           | (301)    | (643)  |
| Present value of minimum lease payments | 15,417        | -                           | 15,417   | 30,793 |

|   | Note | 2010 Rupees   | 2009 Rupees   |
|---|------|---------------|---------------|
| <b>8. DEFERRED LIABILITIES</b>  |      |               |               |
| Gratuity  |      | -             | 70,000,000    |
| Deferred taxation   | 8.1  | 60,223,927    | 181,085,932   |
|   |      | 60,223,927    | 251,085,932   |
| <b>8.1 Deferred taxation</b>  |      |               |               |
| Deferred tax (asset) / liability comprises of temporary differences arising due to: |      |               |               |
| Accelerated tax/(accounting) depreciation   |      | 711,240,616   | 730,731,293   |
| Liabilities against assets subject to finance lease                                 |      | 18,972        | (10,778)      |
| Unused tax losses carried forward   |      | (645,271,878) | (549,634,583) |
| Provision for doubtful balances   |      | (5,763,783)   | -             |
|   |      | 60,223,927    | 181,085,932   |
| Opening balance   |      | 181,085,932   | 328,584,753   |
| Charged/(Reversal) to profit and loss account                                       |      | (120,862,005) | (147,498,821) |
| Deferred tax liability as at June 30,   |      | 60,223,927    | 181,085,932   |
| <b>9. LONG TERM ADVANCES AND DEPOSITS</b>   |      |               |               |
| Un-secured - Interest free Advances from suppliers                                  |      | 23,325        | 23,325        |
| Security deposits   | 9.1  | 5,969,134     | 5,881,134     |
| Retention money   |      | 1,365,226     | 1,364,261     |
|   |      | 7,357,685     | 7,268,720     |

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

|                                     |      | 2010 Rupees | 2009 Rupees |
|-------------------------------------|------|-------------|-------------|
| <b>10. TRADE AND OTHER PAYABLES</b> |      |             |             |
| Trade creditors                     |      | 185,296,722 | 146,803,804 |
| Accrued expenses                    |      | 225,553,431 | 83,702,434  |
| Due to Gratuity Fund Trust          | 10.1 | 82,591,946  | 12,803,136  |
| Due to Provident Fund Trust         |      | 11,928,754  | -           |
| Past Dues - CBA                     | 10.2 | 5,098,229   | 5,519,324   |
| Excise duty                         |      | 135,167,228 | 95,155,086  |
| Royalty                             |      | 5,810,690   | 4,244,669   |
| Sales tax                           |      | 73,240,252  | 55,980,010  |
| Workers' profit participation fund  | 10.3 | 28,702,838  | 28,139,768  |
| Unclaimed dividend                  |      | 1,081,940   | 1,081,940   |
| Income tax withheld                 |      | 1,894,498   | 2,260,572   |
| Advances from customers             |      | 30,062,757  | 34,099,475  |
| Others                              |      | 14,891,796  | 11,942,689  |
|                                     |      | 801,321,081 | 481,732,907 |

|   | 2010<br>Rupees    | 2009<br>Rupees          |
|---|-------------------|-------------------------|
| <b>10.1 Gratuity</b>  |                   |                         |
| Opening balance   | 82,803,136        | 84,095,680              |
| Less: Paid during the year/Adjustment<br>Shown under deferred liabilities | 211,190<br>-      | 1,292,544<br>70,000,000 |
|   | 211,190           | 71,292,544              |
|   | <b>82,591,946</b> | <b>12,803,136</b>       |

10.1.1 The company has withdrawn gratuity benefits plan as stated in note no.2.2 to the financial statements.

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

|  |                   |                   |
|--|-------------------|-------------------|
| <b>10.3 Workers' profit participation fund</b> |                   |                   |
| Balance as at July 01,                         | 3,780,109         | 18,437,109        |
| Less: payments during the year                 | -                 | 14,657,000        |
|  | 3,780,109         | 3,780,109         |
| Interest on unpaid contribution                | 24,922,729        | 24,359,659        |
|  | <b>28,702,838</b> | <b>28,139,768</b> |

10.4 During the audit, balance confirmation requests were circulated to various parties for direct balance confirmation aggregating Rs.271.13 million. Upto the date of issuance of these financial statements, replies against balances of only Rs.43.41 million have been received.

**11. MARK UP ACCRUED**

|                     |             |             |
|---------------------|-------------|-------------|
| Mark up accrued on: |             |             |
| Secured loan        | 49,268,782  | 378,131,688 |
| Unsecured loan      | 614,844,348 | 38,955,608  |
|                     | 664,113,130 | 417,087,296 |

**12. SHORT TERM BORROWINGS**

|                                       |                    |                    |
|---------------------------------------|--------------------|--------------------|
| Running finances - secured            |                    |                    |
| KASB Bank Limited                     | 12.1 290,000,000   | 290,000,000        |
| Others - Secured                      |                    |                    |
| The Bank of Punjab                    | 12.2 57,256,073    | 57,256,073         |
| The Bank of Punjab                    | 12.3 83,600,000    | 83,600,000         |
|                                       | 140,856,073        | 140,856,073        |
| Bank Overdraft - unsecured            | 12.4 456,194       | 18,019,195         |
| Loan from Related Parties - unsecured |                    |                    |
| Director                              | 12.5 1,097,016     | 319,063            |
| Others                                | 12.6 13,657,000    | -                  |
|                                       | 14,754,016         | 319,063            |
|                                       | <b>446,066,283</b> | <b>449,194,331</b> |

12.1 This represents finance facility against the limit of Rs.290 million (2009: Rs.290 million). It carries mark up @ six months KIBOR plus 5% per annum (2009: 6 months KIBOR + 5% per annum) payable on quarterly basis with no floor and cap. The facility is to be repaid in bullet repayment on September 30, 2007. The facility is Ist Pari Passu charge on plant and machinery of the company amounting



## Notes ....

Rs.400 million. KASB has instituted a suit against the company for recovery of Rs.351,732,335.61 along with markup / cost of funds in the Lahore High Court, Lahore. PLA on behalf of the company has been filed in the same and the matter is pending adjudication.

- 12.2 This represents payments against over due documentary credits. Mark up has been charged @ KIBOR + 400 BPS( 2009: KIBOR + 400 BPS) per annum. These are secured by 1st pari passu charge on present and future current assets of the company amounting Rs. 134 Million and a joint collateral of cross corporate guarantee of Three Star Hosiery Mills (Pvt) Limited and personal guarantee of all the Directors of Dandot Cement Company Limited.
- 12.3 This represent forced finance created by the bank on account of Guarantee encashed by the SNGPL. It carries markup @KIBOR+ 4% (2009: @KIBOR+ 4%). It is secured by 1st pari passu charge on present and future current assets of the company amounting Rs. 134 Million and a joint collateral of cross corporate guarantee of Three Star Hosiery Mills (Pvt) Limited and personal guarantee of all the Directors of Dandot Cement Company Limited.
- 12.4 This represents temporary bank overdraft due to issuance of cheques near to the balance sheet date, however bank statements show the favourable balances.
- 12.5 This represents loan received from director Mr. Mansoor Rasheed. It is interest free and unsecured.
- 12.6 This represents loan received from Three Star Hosiery (Private) Limited and Active Apparel International (Private) Limited amounting of Rs.5,500,000 and Rs.8,157,000 respectively. It is interest free and unsecured.

|   | Note | 2010<br>Rupees    | 2009<br>Rupees    |
|---|------|-------------------|-------------------|
| <b>13. CURRENT PORTION OF LONG TERM LOANS AND LIABILITIES</b> |      |                   |                   |
| Other loans   | 6    | 56,154,849        | 46,607,385        |
| Liabilities against assets subject to finance lease           | 7    | 15,417            | 30,793            |
|   |      | <b>56,170,266</b> | <b>46,638,178</b> |

## 14. CONTINGENCIES AND COMMITMENTS

### Contingencies

- a) Company is in litigation with some suppliers and the matter is pending for decision in Court. Company's exposure in respect of these cases could be Rs.17,504,456 (2009: Rs.17,504,456).
- b) Sui Northern Gas Pipelines Ltd., (SNGPL) has charged the excess gas bill amounting to Rs.37.90 million in 2006. On complaint lodged with the Oil & Gas Regulatory Authority (OGRA) against excessive billing by SNGPL, the matter was decided in favour of the company. SNGPL has filed an appeal against the said decision of OGRA. The appeal has also been adjudicated by OGRA in favour of the company. However, the SNGPL has recovered the aforesaid amount as stated in para (d) of this note.
- c) SNGPL has charged mark up on late payment of the gas bills in the past at the rate which was in excess of the rate agreed in the Gas Sale Agreement (GSA). The company filed a complaint with the OGRA, who decided the matter and directed SNGPL to recompute mark up on late payment as per original GSA. SNGPL recomputed mark up amounting to Rs.10.312 million, as against Rs.2.729 million computed by the company. The matter has again been referred to OGRA for their decision. However, company has accounted for Rs.2.729 Million as liability. However, the SNGPL has recovered the aforesaid amount as stated in para (d) of this note.
- d) In June 2008 Sui Northern Gas Pipelines Ltd., (SNGPL) has charged the excess gas bill amounting to Rs.18.536 million. Company has lodged complaint with the review committee of Sui Northern Gas Pipelines Ltd., (SNGPL) which gave its decision that the disputed bill is correct.

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

## Notes ....



- e) Additional Collector of Sales Tax and Federal Excise, Rawalpindi has issued a letter in July 2006 in which the issue of capacity production tax of Rs. 114.77 million (2009: Rs. 114.77 million) pertaining to the period August 1991 to June 1993, has been raised. The Collector, Sales Tax and Federal Excise, LTU, Lahore has decided the case and levied penalty of Rs.145.09 million and Rs.2.11 million under Rule 210 of Central Excise Rules, 1994 and section 33(2)(cc) of the Sales Tax Act, 1990 respectively, in addition to the above amount. However, the company has filed an appeal before Collector Customs, Sales Tax and Federal Excise (Appeals), Lahore who dismissed the appeal. The company has filed appeal to Customs, Federal Excise & Sales Tax Appellate Tribunal Lahore Bench, Lahore. The Tribunal has not yet made any hearing because the company has preferred the forum of Alternative Dispute Resolution Committee FBR. The hearing is pending.
- f) During the year ended June 30, 2008 Pakistan Standards and Quality Control Authority (PSQCA) refused to renew the CM Licence of the company and raised a demand of Rs. 1.94 Million on account of marking fee for the period from June 1992 to June 2007. The company paid Rs.851,708 towards the demand raised by PSQCA during June 30, 2008. The company filed an appeal before the Additional District Judge, Lahore against PSQCA. The court decided the matter that renewed licence should be issued and claim for recovery of outstanding balance shall be dealt with separately.
- g) No provision has been made in the financial statements of Rs.30.33 million in respect of claim of salary of laid off/retrenched workers for the period from February 04, 2008 to May 17, 2008 since the matter of lay off/retrenchment of workers is subjudice.
- h) Competition Commission of Pakistan (the Commission), vide order dated August 27, 2009, has imposed penalty on 20 cement factories of Pakistan at the rate of 7.5% of the turnover value as disclosed in the last annual financial statements. The Commission has imposed penalty amounting Rs.41.71 million on the company for alleged violation of section 4(1) of the Competition Commission Ordinance, 2007. The Lahore High Court, Lahore has restrained the Commission from taking adverse action pursuant to this order till the next date of hearing.
- i) The company has not accounted for Rs.137,825,000 additional profit/liquidated damages on the loan payable to KASB Bank Limited as the matter is subjudice with the honourable Lahore High Court referred to note no.12 in the financial statements.

|   | Note | 2010<br>Rupees | 2009<br>Rupees |
|---|------|----------------|----------------|
| <b>Commitments</b>  |      |                |                |
| Atlas Bank Limited has issued Bank Guarantee in favour of Sui Northern Gas Pipelines Limited. | 14.1 | 1,500,000      | 1,500,000      |

- 14.1 This guarantee was secured by lien in favour of Atlas Bank Ltd on PLs TDR amounting Rs.1,500,000.



# Notes ....

## 15. OPERATING FIXED ASSETS

| Particulars                | COST / REVALUATION  |           |            |            |                     | Rate %  | DEPRECIATION        |              |              |            |                     | Book Value as at June 30, 2010 |
|----------------------------|---------------------|-----------|------------|------------|---------------------|---------|---------------------|--------------|--------------|------------|---------------------|--------------------------------|
|                            | As at July 01, 2009 | Additions | Deletions  | Adjustment | As at June 30, 2010 |         | As at July 01, 2009 | For the year | On disposals | Adjustment | As at June 30, 2010 |                                |
| <b>OWNED</b>               |                     |           |            |            |                     |         |                     |              |              |            |                     |                                |
| Free hold land             |                     |           |            |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 52,591,805          | -         | -          | -          | 52,591,805          | -       | -                   | -            | -            | -          | -                   | 52,591,805                     |
| Revaluation (2002)         | 20,389,552          | -         | -          | -          | 20,389,552          | -       | -                   | -            | -            | -          | -                   | 20,389,552                     |
|                            | 72,981,357          | -         | -          | -          | 72,981,357          | -       | -                   | -            | -            | -          | -                   | 72,981,357                     |
| Quarry on lease hold land  | 1,330,978           | -         | -          | -          | 1,330,978           | 20 Yrs. | 834,815             | 66,549       | -            | -          | 901,364             | 429,614                        |
| Building on free hold land |                     |           |            |            |                     |         |                     |              |              |            |                     |                                |
| Factory :                  |                     |           |            |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 188,292,137         | -         | -          | -          | 188,292,137         | 10      | 157,513,945         | 3,077,819    | -            | -          | 160,591,764         | 27,700,373                     |
| Revaluation (2002)         | 86,898,282          | -         | -          | -          | 86,898,282          | 10      | 46,374,183          | 4,052,410    | -            | -          | 50,426,593          | 36,471,689                     |
| Revaluation (2007)         | 6,903,666           | -         | -          | -          | 6,903,666           | 10      | 1,311,697           | 559,197      | -            | -          | 1,870,894           | 5,032,772                      |
|                            | 282,094,085         | -         | -          | -          | 282,094,085         | -       | 205,199,825         | 7,689,426    | -            | -          | 212,889,251         | 69,204,834                     |
| Office :                   |                     |           |            |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 17,527,908          | -         | -          | -          | 17,527,908          | 5       | 12,857,246          | 233,533      | -            | -          | 13,090,779          | 4,437,129                      |
| Revaluation (2002)         | 13,645,216          | -         | -          | -          | 13,645,216          | 5       | 4,235,364           | 470,493      | -            | -          | 4,705,857           | 8,939,359                      |
| Revaluation (2007)         | 1,248,858           | -         | -          | -          | 1,248,858           | 5       | 121,764             | 56,355       | -            | -          | 178,119             | 1,070,739                      |
|                            | 32,421,982          | -         | -          | -          | 32,421,982          | -       | 17,214,374          | 760,380      | -            | -          | 17,974,754          | 14,447,228                     |
| Residential :              |                     |           |            |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 38,550,278          | -         | -          | -          | 38,550,278          | 10      | 34,848,270          | 370,201      | -            | -          | 35,218,471          | 3,331,807                      |
| Revaluation (2002)         | 27,545,216          | -         | -          | -          | 27,545,216          | 10      | 14,699,795          | 1,284,542    | -            | -          | 15,984,337          | 11,560,879                     |
| Revaluation (2007)         | 19,571,075          | -         | -          | -          | 19,571,075          | 10      | 3,718,505           | 1,585,257    | -            | -          | 5,303,762           | 14,267,313                     |
|                            | 85,666,569          | -         | -          | -          | 85,666,569          | -       | 53,266,570          | 3,240,000    | -            | -          | 56,506,570          | 29,159,999                     |
| Machinery                  |                     |           |            |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 1,190,383,914       | -         | -          | -          | 1,190,383,914       | 3       | 874,969,333         | 9,462,437    | -            | -          | 884,431,770         | 305,952,144                    |
| Transfer From              |                     |           |            |            |                     |         |                     |              |              |            |                     |                                |
| Lease assets               | 60,441,960          | -         | -          | -          | 60,441,960          | 3       | 42,118,520          | 549,703      | -            | -          | 42,668,223          | 17,773,737                     |
| Revaluation (2002)         | 1,656,058,629       | -         | -          | -          | 1,656,058,629       | 3       | 518,931,943         | 34,113,801   | -            | -          | 553,045,744         | 1,103,012,885                  |
| Revaluation (2007)         | 648,188,836         | -         | -          | -          | 648,188,836         | 3       | 38,307,960          | 18,296,426   | -            | -          | 56,604,386          | 591,584,450                    |
|                            | 3,555,073,339       | -         | -          | -          | 3,555,073,339       | -       | 1,474,327,756       | 62,422,367   | -            | -          | 1,536,750,123       | 2,018,323,216                  |
| Office Equipment           | 9,017,481           | -         | -          | -          | 9,017,481           | 10      | 4,757,691           | 425,979      | -            | -          | 5,183,670           | 3,833,811                      |
| Furniture & Fixture        | 7,261,334           | -         | -          | -          | 7,261,334           | 10      | 5,954,104           | 130,723      | -            | -          | 6,084,827           | 1,176,507                      |
| Heavy Vehicles             |                     |           |            |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 110,874,816         | -         | 15,961,941 | -          | 94,912,875          | 20      | 108,251,419         | 506,390      | 15,870,495   | -          | 92,887,314          | 2,025,561                      |
| Revaluation (2002)         | 27,955,277          | -         | 3,536,280  | -          | 24,418,997          | 20      | 22,385,763          | 972,997      | 2,831,750    | -          | 20,527,010          | 3,891,987                      |
| Revaluation (2007)         | 9,698,577           | -         | 1,291,419  | -          | 8,407,158           | 20      | 3,491,487           | 1,084,381    | 506,236      | -          | 4,069,632           | 4,337,526                      |
|                            | 148,528,670         | -         | 20,789,640 | -          | 127,739,030         | -       | 134,128,669         | 2,563,768    | 19,208,481   | -          | 117,483,956         | 10,255,074                     |
| Light Vehicles             |                     |           |            |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 29,905,362          | 1,245,000 | 3,132,050  | -          | 28,018,312          | 20      | 20,497,800          | 1,931,688    | 1,260,652    | 864,236    | 22,033,072          | 5,985,240                      |
| Revaluation (2002)         | 4,571,974           | -         | -          | -          | 4,571,974           | 20      | 3,661,102           | 182,174      | -            | -          | 3,843,276           | 728,698                        |
|                            | 34,477,336          | 1,245,000 | 3,132,050  | -          | 32,590,286          | -       | 24,158,902          | 2,113,862    | 1,260,652    | 864,236    | 25,876,348          | 6,713,938                      |
| Railway Sidings            | 1,726,574           | -         | -          | -          | 1,726,574           | 5       | 1,272,604           | 22,699       | -            | -          | 1,295,303           | 431,272                        |
| Electric Installation      | 38,956,612          | -         | -          | -          | 38,956,612          | 10      | 34,946,778          | 400,983      | -            | -          | 35,347,761          | 3,608,851                      |
| Weighing Scales            | 80,958              | -         | -          | -          | 80,958              | 10      | 72,833              | 813          | -            | -          | 73,646              | 7,313                          |
| Library Books              | 72,403              | -         | -          | -          | 72,403              | 10      | 64,853              | 755          | -            | -          | 65,608              | 6,795                          |
|                            | 4,269,689,678       | 1,245,000 | 23,921,690 | -          | 4,247,012,988       | -       | 1,956,199,774       | 79,838,305   | 20,469,133   | 864,236    | 2,016,433,182       | 2,230,579,806                  |
| <b>LEASED</b>              |                     |           |            |            |                     |         |                     |              |              |            |                     |                                |
| Light Vehicles             | 1,894,000           | -         | 1,245,000  | -          | 649,000             | 20      | 1,426,207           | 17,406       | 864,236      | -          | 579,377             | 69,623                         |
| Rupees                     | 4,271,583,678       | 1,245,000 | 25,166,690 | -          | 4,247,661,988       | -       | 1,957,625,981       | 79,855,710   | 21,333,369   | 864,236    | 2,017,012,558       | 2,230,649,430                  |

|   | Note | 2010<br>Rupees    | 2009<br>Rupees    |
|---|------|-------------------|-------------------|
| 15.1 Depreciation for the year has been allocated as under: |      |                   |                   |
| Cost of sales   | 29   | 75,328,089        | 79,308,936        |
| Distribution cost   | 30   | 134,038           | 135,906           |
| Administrative expenses                                     | 31   | 4,393,583         | 4,845,493         |
|   |      | <b>79,855,710</b> | <b>84,290,335</b> |

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



# Notes....



## 15.3 The detail of property, plant and equipment disposed off during the year is as follows:

| Particulars                | Cost       | Accumulated depreciation | Book value | Sale proceeds | Mode of disposal | Particulars of purchases   |
|----------------------------|------------|--------------------------|------------|---------------|------------------|--|
| .....RUPEES.....           |            |                          |            |               |                  |  |
| Heavy Vehicles:            |            |                          |            |               |                  |  |
| Shovel Benati              | 12,178,510 | 11,390,392               | 788,118    | 1,700,000     | Negotiation      | M/s Maqsood & Brothers, Godown # 45, Baloch Market # 2, Darul Ahsan Town, Samundri Road, Faisalabad. |
| Komatsu Buldozer D-155A    | 8,611,130  | 7,818,090                | 793,040    | 2,700,000     | Negotiation      | M/s M. Maqbool, Godown # 45, Baloch Market # 2, Darul Ahsan Town, Samundri Road, Faisalabad.         |
|                            | 20,789,640 | 19,208,482               | 1,581,158  | 4,400,000     |                  |  |
| Light Vehicles:            |            |                          |            |               |                  |  |
| Toyota Corolla LEJ-07-1969 | 1,403,250  | 543,837                  | 859,413    | 1,100,000     | Negotiation      | Company's employee   |
| Honda Civic LEH-07-7379    | 1,597,000  | 692,743                  | 904,257    | 885,803       | Negotiation      | Company's employee   |
| Honda CD-70 LEL-09-9659    | 65,900     | 15,560                   | 50,340     | 52,720        | Negotiation      | Company's employee   |
| Honda CD-70 LEL-09-9660    | 65,900     | 8,512                    | 57,388     | 48,557        | Negotiation      | Company's employee   |
|                            | 3,132,050  | 1,260,652                | 1,871,398  | 2,087,080     |                  |  |
|                            | 23,921,690 | 20,469,134               | 3,452,556  | 6,487,080     |                  |  |
| Rupees 2009                | 852,875    | 717,281                  | 135,594    | 524,000       |                  |  |

## 15.4 OPERATING FIXED ASSETS

| Particulars                | COST / REVALUATION  |            |           |            |                     | Rate %  | DEPRECIATION        |              |              |            |                     | Book Value as at June 30, 2009 |
|----------------------------|---------------------|------------|-----------|------------|---------------------|---------|---------------------|--------------|--------------|------------|---------------------|--------------------------------|
|                            | As at July 01, 2008 | Additions  | Deletions | Adjustment | As at June 30, 2009 |         | As at July 01, 2008 | For the year | On disposals | Adjustment | As at June 30, 2009 |                                |
| <b>OWNED</b>               |                     |            |           |            |                     |         |                     |              |              |            |                     |                                |
| Free hold land             |                     |            |           |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 52,591,805          | -          | -         | -          | 52,591,805          | -       | -                   | -            | -            | -          | -                   | 52,591,805                     |
| Revaluation (2002)         | 20,389,552          | -          | -         | -          | 20,389,552          | -       | -                   | -            | -            | -          | -                   | 20,389,552                     |
|                            | 72,981,357          | -          | -         | -          | 72,981,357          | -       | -                   | -            | -            | -          | -                   | 72,981,357                     |
| Quarry on lease hold land  | 1,330,978           | -          | -         | -          | 1,330,978           | 20 Yrs. | 768,266             | 66,549       | -            | -          | 834,815             | 496,163                        |
| Building on free hold land |                     |            |           |            |                     |         |                     |              |              |            |                     |                                |
| Factory :                  |                     |            |           |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 186,848,945         | 1,443,192  | -         | -          | 188,292,137         | 10      | 154,254,501         | 3,259,444    | -            | -          | 157,513,945         | 30,778,192                     |
| Revaluation (2002)         | 86,898,282          | -          | -         | -          | 86,898,282          | 10      | 41,871,505          | 4,502,678    | -            | -          | 46,374,183          | 40,524,099                     |
| Revaluation (2007)         | 6,903,666           | -          | -         | -          | 6,903,666           | 10      | 690,367             | 621,330      | -            | -          | 1,311,697           | 5,591,969                      |
|                            | 280,650,893         | 1,443,192  | -         | -          | 282,094,085         | -       | 196,816,373         | 8,383,452    | -            | -          | 205,199,825         | 76,894,260                     |
| Office :                   |                     |            |           |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 17,527,908          | -          | -         | -          | 17,527,908          | 5       | 12,611,422          | 245,824      | -            | -          | 12,857,246          | 4,670,662                      |
| Revaluation (2002)         | 13,645,216          | -          | -         | -          | 13,645,216          | 5       | 3,740,109           | 495,255      | -            | -          | 4,235,364           | 9,409,852                      |
| Revaluation (2007)         | 1,248,858           | -          | -         | -          | 1,248,858           | 5       | 62,443              | 59,321       | -            | -          | 121,764             | 1,127,094                      |
|                            | 32,421,982          | -          | -         | -          | 32,421,982          | -       | 16,413,974          | 800,400      | -            | -          | 17,214,374          | 15,207,608                     |
| Residential :              |                     |            |           |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 38,550,278          | -          | -         | -          | 38,550,278          | 10      | 34,436,936          | 411,334      | -            | -          | 34,848,270          | 3,702,008                      |
| Revaluation (2002)         | 27,545,216          | -          | -         | -          | 27,545,216          | 10      | 13,272,526          | 1,427,269    | -            | -          | 14,699,795          | 12,845,421                     |
| Revaluation (2007)         | 19,571,075          | -          | -         | -          | 19,571,075          | 10      | 1,957,108           | 1,761,397    | -            | -          | 3,718,505           | 15,852,570                     |
|                            | 85,666,569          | -          | -         | -          | 85,666,569          | -       | 49,666,570          | 3,600,000    | -            | -          | 53,266,570          | 32,399,999                     |
| Machinery                  |                     |            |           |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 1,180,992,767       | 9,391,147  | -         | -          | 1,190,383,914       | 3       | 865,415,540         | 9,553,793    | -            | -          | 874,969,333         | 315,414,581                    |
| Transfer From Lease assets | 60,441,960          | -          | -         | -          | 60,441,960          | 3       | 41,551,816          | 566,704      | -            | -          | 42,118,520          | 18,323,440                     |
| Revaluation (2002)         | 1,656,058,629       | -          | -         | -          | 1,656,058,629       | 3       | 483,763,076         | 35,168,867   | -            | -          | 518,931,943         | 1,137,126,686                  |
| Revaluation (2007)         | 648,188,836         | -          | -         | -          | 648,188,836         | 3       | 19,445,665          | 18,862,295   | -            | -          | 38,307,960          | 609,880,876                    |
|                            | 3,545,682,192       | 9,391,147  | -         | -          | 3,555,073,339       | -       | 1,410,176,097       | 64,151,659   | -            | -          | 1,474,327,756       | 2,080,745,583                  |
| Office Equipment           | 7,043,368           | 1,974,113  | -         | -          | 9,017,481           | 10      | 4,333,874           | 423,817      | -            | -          | 4,757,691           | 4,259,790                      |
| Furniture & Fixture        | 7,092,351           | 168,983    | -         | -          | 7,261,334           | 10      | 5,817,858           | 136,246      | -            | -          | 5,954,104           | 1,307,230                      |
| Heavy Vehicles             |                     |            |           |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 110,874,816         | -          | -         | -          | 110,874,816         | 20      | 107,595,570         | 655,849      | -            | -          | 108,251,419         | 2,623,397                      |
| Revaluation (2002)         | 27,955,277          | -          | -         | -          | 27,955,277          | 20      | 20,993,384          | 1,392,379    | -            | -          | 22,385,763          | 5,569,514                      |
| Revaluation (2007)         | 9,698,577           | -          | -         | -          | 9,698,577           | 20      | 1,939,715           | 1,551,772    | -            | -          | 3,491,487           | 6,207,090                      |
|                            | 148,528,670         | -          | -         | -          | 148,528,670         | -       | 130,528,669         | 3,600,000    | -            | -          | 134,128,669         | 14,400,001                     |
| Light Vehicles             |                     |            |           |            |                     |         |                     |              |              |            |                     |                                |
| Cost                       | 24,695,437          | 6,062,800  | 852,875   | -          | 29,905,362          | 20      | 17,126,745          | 2,160,817    | 717,281      | 1,927,519  | 20,497,800          | 9,407,562                      |
| Revaluation (2002)         | 4,571,974           | -          | -         | -          | 4,571,974           | 20      | 3,433,384           | 227,718      | -            | -          | 3,661,102           | 910,872                        |
|                            | 29,267,411          | 6,062,800  | 852,875   | -          | 34,477,336          | -       | 20,560,129          | 2,388,535    | 717,281      | 1,927,519  | 24,158,902          | 10,318,434                     |
| Railway Sidings            | 1,726,574           | -          | -         | -          | 1,726,574           | 5       | 1,248,711           | 23,893       | -            | -          | 1,272,604           | 453,970                        |
| Electric Installation      | 38,956,612          | -          | -         | -          | 38,956,612          | 10      | 34,501,241          | 445,537      | -            | -          | 34,946,778          | 4,009,834                      |
| Weighing Scales            | 80,958              | -          | -         | -          | 80,958              | 10      | 71,930              | 903          | -            | -          | 72,833              | 8,125                          |
| Library Books              | 72,403              | -          | -         | -          | 72,403              | 10      | 64,014              | 839          | -            | -          | 64,853              | 7,550                          |
|                            | 4,251,502,318       | 19,040,235 | 852,875   | -          | 4,269,689,678       | -       | 1,870,967,706       | 84,021,830   | 717,281      | 1,927,519  | 1,956,199,774       | 2,313,489,904                  |
| <b>LEASED</b>              |                     |            |           |            |                     |         |                     |              |              |            |                     |                                |
| Light Vehicles             | 4,670,000           | -          | 2,776,000 | -          | 1,894,000           | 20      | 3,085,221           | 268,505      | 1,927,519    | -          | 1,426,207           | 467,793                        |
|                            | 4,670,000           | -          | 2,776,000 | -          | 1,894,000           | -       | 3,085,221           | 268,505      | 1,927,519    | -          | 1,426,207           | 467,793                        |
| Rupees                     | 4,256,172,318       | 19,040,235 | 3,628,875 | -          | 4,271,583,678       | -       | 1,874,052,927       | 84,290,335   | 2,644,800    | 1,927,519  | 1,957,625,981       | 2,313,957,697                  |



## Notes ....

|   | Note | 2010<br>Rupees             | 2009<br>Rupees             |
|---|------|----------------------------|----------------------------|
| <b>16. CAPITAL WORK IN PROGRESS</b>   |      |                            |                            |
| Building  | 16.1 | -                          | -                          |
| Advance for land  | 16.2 | 190,681,083                | 190,681,083                |
|   |      | 190,681,083                | 190,681,083                |
| <b>16.1 Opening balance</b>   |      | -                          | <b>1,361,830</b>           |
| Addition during the year  |      |                            | 81,362                     |
| Transferred to operating fixed assets   |      | -                          | 1,443,192<br>(1,443,192)   |
|   |      | -                          | -                          |
| 16.2 Due to financial crunch it has been mutually agreed between the parties that balance payment and transfer of title of land is extended upto June 30, 2011. |      |                            |                            |
| <b>17. LONG TERM LOANS - Considered good</b>  |      |                            |                            |
| Officers  |      |                            |                            |
| House building  |      | 121,500                    | 121,500                    |
| Special loans to officers   |      | 130,511                    | 136,511                    |
|   |      | 252,011                    | 258,011                    |
| Other Employees   |      |                            |                            |
| House building  |      | 59,839                     | 82,216                     |
| Special loans   |      | 40,500                     | 57,300                     |
|   |      | 100,339                    | 139,516                    |
| Less: Current portion recoverable within one year   | 22   | 352,350<br>150,440         | 397,527<br>166,677         |
|   |      | 201,910                    | 230,850                    |
| Terms of repayment for Staff Loans  |      | Equal monthly Installments | Equal monthly Installments |
| These are interest free and secured.  |      |                            |                            |
| <b>18. LONG TERM SECURITY DEPOSITS</b>  |      |                            |                            |
| Islamabad Electric Supply Company   |      | 9,486,000                  | 9,486,000                  |
| Others  |      | 838,955                    | 838,955                    |
|   |      | 10,324,955                 | 10,324,955                 |
| <b>19. DEFERRED COST</b>  |      |                            |                            |
| Unamortized cost brought forward  |      | -                          | 28,383,561                 |
| Less: Amortized during the year   | 31   | -                          | 28,383,561                 |
|   |      | -                          | -                          |
| 19.1 This represents discount on issuance of right shares issued at a discount of Rs.5 per share. It is being amortized over a period not exceeding five years. |      |                            |                            |
| <b>20. STORES, SPARES AND LOOSE TOOLS</b>   |      |                            |                            |
| General stores  |      | 56,842,999                 | 56,378,978                 |
| Spare parts   |      | 79,750,698                 | 78,732,384                 |
| Loose tools   |      | 4,681,966                  | 4,681,966                  |
|   |      | 141,275,663                | 139,793,328                |



# Notes....



|  | Note | 2010<br>Rupees | 2009<br>Rupees |
|--|------|----------------|----------------|
| <b>21. STOCK IN TRADE</b>  |      |                |                |
| Raw material   |      | 4,258,271      | 2,143,524      |
| Work in process  |      | 26,132,792     | 8,749,438      |
| Finished goods   |      | 11,468,555     | 8,330,752      |
|  |      | 41,859,618     | 19,223,714     |
| <b>22. LOANS AND ADVANCES</b>  |      |                |                |
| <b>Loans</b>   |      |                |                |
| <b>Considered good:</b>  |      |                |                |
| Current portion of long term loans to employees  | 17   | 150,440        | 166,677        |
| To past associated company<br>- Gharibwal Cement Limited   |      | 250,000,000    | 250,000,000    |
| Loan to employees  |      | 17,293,167     | 17,592,941     |
|  |      | 267,443,607    | 267,759,618    |
| <b>Considered doubtful:</b>  |      |                |                |
| Loan to employees  |      | 5,136,721      | -              |
|  |      | 272,580,328    | 267,759,618    |
| <b>Advances</b>  |      |                |                |
| <b>Considered good:</b>  |      |                |                |
| To employees   |      | 1,508,755      | 4,069,531      |
| To suppliers / contractors   |      | 66,512,086     | 67,301,316     |
| To related party - The Forwarder (Pvt) Limited   |      | 12,570,475     | 15,970,475     |
|  |      | 80,591,316     | 87,341,322     |
| <b>Considered doubtful:</b>  |      |                |                |
| To employees   |      | 2,607,603      | -              |
| To suppliers / contractors   |      | 8,555,442      | -              |
|  |      | 11,163,045     | -              |
|  |      | 91,754,361     | 87,341,322     |
|  |      | 364,334,689    | 355,100,940    |
| Less: Provision for doubtful loans and advances  |      | 16,299,766     | -              |
|  |      | 348,034,923    | 355,100,940    |
| 22.1   |      |                |                |
| During the audit, balance confirmation requests were circulated to various parties for direct balance confirmation aggregating Rs.168.23 million. upto the date of issuance of these financial statements, replies against balance of only Rs.0.91 million have been received. |      |                |                |
| <b>23. DEPOSITS AND SHORT TERM PREPAYMENTS</b>   |      |                |                |
| Prepayments  |      | -              | 607,362        |
|  |      | -              | 607,362        |
| <b>24. BALANCES WITH STATUTORY AUTHORITIES</b>   |      |                |                |
| Excise duty  |      | 369,752        | 369,752        |
| Income tax deducted at source  |      | 41,383,635     | 34,187,697     |
| Income tax refundable  |      | 12,216,164     | 12,216,164     |
|  |      | 53,969,551     | 46,773,613     |



## Notes ....

|                                    | Note   | 2010<br>Rupees     | 2009<br>Rupees       |
|------------------------------------|--|--------------------|----------------------|
| <b>25. INTEREST ACCRUED</b>        |  |                    |                      |
| Interest accrued on loan to GCL    |  | 9,388,555          | 9,388,555            |
| Interest accrued on Pls deposits   |  | 19,484             | 60,908               |
|                                    |  | <b>9,408,039</b>   | <b>9,449,463</b>     |
| <b>26. OTHER RECEIVABLES</b>       |  |                    |                      |
| Other receivables:                 |  |                    |                      |
| Considered good                    |  | 568,810            | 683,255              |
| Considered doubtful                |  | 168,184            |                      |
|                                    |  | <b>736,994</b>     | <b>683,255</b>       |
| Provision for doubtful receivables |  | 168,184            | -                    |
|                                    |  | <b>568,810</b>     | <b>683,255</b>       |
| <b>27. CASH AND BANK BALANCES</b>  |  |                    |                      |
| Cash in hand                       |  | 1,866              | 210,271              |
| Cash at banks in:                  |  |                    |                      |
| Current accounts                   |  | 818,220            | 1,580,070            |
| Deposit accounts                   |  | 2,969,025          | 2,076,517            |
|                                    |  | <b>3,787,245</b>   | <b>3,656,587</b>     |
|                                    |  | <b>3,789,111</b>   | <b>3,866,858</b>     |
| 27.1                               | It includes a separate bank account amounting Rs. 1.5 Million ( 2009: Rs. 1.5 Million), in compliance with requirements of Section 226 of the Companies Ordinance, 1984. |                    |                      |
| 27.2                               | Profit and loss sharing accounts bear mark up at the rates ranging from 5% to 10% (2009: 5% to 10%) per annum.   |                    |                      |
| <b>28. SALES - net</b>             |  |                    |                      |
| Local sales                        |  | 333,669,329        | 1,621,699,147        |
| Less: Excise duty                  |  | 50,702,400         | 234,426,680          |
| Sales tax                          |  | 45,694,939         | 222,079,887          |
| Special excise duty                |  | 2,381,025          | 11,619,928           |
| Commission                         |  | 2,139,100          | 9,326,356            |
|                                    |  | <b>100,917,464</b> | <b>477,452,851</b>   |
|                                    |  | <b>232,751,865</b> | <b>1,144,246,296</b> |
| Export sales                       |  | 534,035            | 1,816,500            |
|                                    |  | <b>233,285,900</b> | <b>1,146,062,796</b> |

# Notes....



|  | Note   | 2010<br>Rupees | 2009<br>Rupees |
|--|--------|----------------|----------------|
| <b>29. COST OF SALES</b>   |        |                |                |
| Raw materials consumed   | 29.1   | 41,916,795     | 80,943,355     |
| Salaries, wages and benefits   | 29.2   | 144,603,356    | 165,611,399    |
| Fuel, gas and electricity  |        | 202,357,208    | 643,790,151    |
| Stores and spares  |        | 8,015,441      | 57,100,493     |
| Rent, rates and taxes  |        | 256,588        | 144,438        |
| Vehicle running and maintenance  |        | 7,070,325      | 16,347,753     |
| Packing material   |        | 23,389,713     | 85,862,405     |
| Depreciation   | 15.1   | 75,328,089     | 79,308,936     |
| Others   |        | 14,623,850     | 31,058,031     |
|  |        | 517,561,365    | 1,160,166,961  |
| Work in process  |        |                |                |
| Opening  |        | 8,749,438      | 15,497,534     |
| Clinker purchased  |        | -              | 47,315,097     |
| Closing  |        | (26,132,792)   | (8,749,438)    |
|  |        | (17,383,354)   | 54,063,193     |
| Cost of goods manufactured   |        | 500,178,011    | 1,214,230,154  |
| Finished goods   |        |                |                |
| Opening  |        | 8,330,752      | 25,045,465     |
| Closing  |        | (11,468,555)   | (8,330,752)    |
|  |        | (3,137,803)    | 16,714,713     |
|  |        | 497,040,208    | 1,230,944,867  |
| <b>29.1 RAW MATERIALS CONSUMED</b>   |        |                |                |
| Opening balance  |        | 2,143,524      | 1,622,763      |
| Purchase of raw material   |        | 12,317,051     | 27,164,439     |
| Salaries, wages and benefits   | 29.1.1 | 24,660,458     | 28,489,751     |
| Gypsum   |        | 48,202         | 1,866,307      |
| Iron ore   |        | -              | 389,760        |
| Explosive  |        | -              | 212,742        |
| Diesel   |        | 29,020         | 1,014,137      |
| Electricity  |        | 2,057,792      | 5,313,019      |
| Royalty and excise duty  |        | 3,733,530      | 7,131,436      |
| Stores and spares  |        | 880,111        | 9,390,531      |
| Rent, rates and taxes  |        | 241,222        | 241,222        |
| Breaking of Gypsum   |        | 64,156         | 250,772        |
|  |        | 46,175,066     | 83,086,879     |
| Closing balance  |        | (4,258,271)    | (2,143,524)    |
|  |        | 41,916,795     | 80,943,355     |
| 29.2 Salaries, wages and other benefits include Rs. 5.62 million (2009:Rs.7.00 million) in respect of Provident Fund contribution by the company.    |        |                |                |
| 29.1.1 Salaries, wages and other benefits include Rs.1.150 million (2009:Rs.1.175 million) in respect of Provident Fund contribution by the company. |        |                |                |
| <b>30. DISTRIBUTION COST</b>   |        |                |                |
| Salaries, wages and benefits   | 30.1   | 999,560        | 1,484,200      |
| Travelling and daily allowances  |        | 338,993        | 531,252        |
| Vehicles running and maintenance   |        | 18,890         | 65,675         |
| Postage, telephone and telegrams   |        | -              | 19,823         |
| Printing and stationery  |        | -              | 4,944          |
| Advertisement  |        | 12,925         | -              |
| Entertainment  |        | 44,500         | 306,120        |
| Freight on export  |        | -              | 3,418,990      |
| Depreciation   | 15.1   | 134,038        | 135,906        |
| Others   |        | -              | 3,270          |
|  |        | 1,548,906      | 5,970,180      |



## Notes....

30.1 Salaries, wages and other benefits include Rs.nil (2009: Rs.nil ) in respect of Provident Fund contribution by the company.

|                                    | Note | 2010<br>Rupees    | 2009<br>Rupees     |
|------------------------------------|------|-------------------|--------------------|
| <b>31. ADMINISTRATIVE EXPENSES</b> |      |                   |                    |
| Directors' remuneration            |      | -                 | 2,060,000          |
| Salaries, wages and benefits       | 31.1 | 9,526,829         | 10,864,550         |
| Travelling and daily allowances    |      | 2,135,978         | 14,311,078         |
| Repairs and maintenance            |      | 1,103,246         | 5,478,478          |
| Vehicle running and maintenance    |      | 1,701,892         | 2,899,651          |
| Legal and professional             |      | 2,115,100         | 10,862,603         |
| Deferred cost amortized            | 19   | -                 | 28,383,561         |
| Auditors' remuneration             | 31.2 | 388,000           | 709,000            |
| Postage, telephone and telegrams   |      | 854,778           | 892,476            |
| Printing and stationery            |      | 109,296           | 356,490            |
| Advertisement                      |      | 224,821           | 299,220            |
| Entertainment                      |      | 1,816,157         | 4,372,652          |
| Rent, rates and taxes              |      | 2,134,000         | 3,907,200          |
| Fee and subscriptions              |      | 420,675           | 753,522            |
| Depreciation                       | 15.1 | 4,393,583         | 4,845,493          |
| Others                             | 31.3 | 3,222,915         | 10,746,800         |
|                                    |      | <b>30,147,270</b> | <b>101,742,774</b> |

31.1 Salaries, wages and other benefits include Rs.9,375 (2009: Rs.37,500 ) in respect of Provident Fund contribution by the company.

### 31.2 Auditors' remuneration

#### Amin, Mudassar & Co. Chartered Accountants

|  |                |                |
|--|----------------|----------------|
| Audit fee                                      | 250,000        | 225,000        |
| Tax advisory services                          | -              | 322,000        |
| Out of pocket expenses                         | -              | 25,000         |
| Certification services                         | 8,000          | 7,000          |
| Half year review fee                           | 55,000         | 55,000         |
| Code of Corporate Governance review report fee | 75,000         | 75,000         |
|  | <b>388,000</b> | <b>709,000</b> |

31.3 These include donations of Rs.210,000 (2009: Rs.8,379,967) to Bakhtawar Amin Memorial Trust, Multan. Mr. Muhammad Rasheed (Director), Mr. Mansoor Rasheed (Director) and Mr. Saud Rasheed (Director) are interested in donee to the extent that they are members in the Board of trustee of the Trust.

### 32. OTHER OPERATING INCOME

|   |                  |                |
|---|------------------|----------------|
| Income from financial assets            |                  |                |
| Profit on deposit and Pls accounts      | 277,587          | 464,734        |
| <b>Income from non financial assets</b> |                  |                |
| Sale of scrap                           | -                | 96,300         |
| Gain on disposal of fixed assets        | 3,034,524        | 388,405        |
|   | <b>3,034,524</b> | <b>484,705</b> |
|   | <b>3,312,111</b> | <b>949,439</b> |

### 33. OTHER OPERATING EXPENSES

|                                 |      |                   |          |
|---------------------------------|------|-------------------|----------|
| Exchange Loss                   |      | 3,810             | -        |
| Provision for doubtful balances | 33.1 | 16,467,950        | -        |
|                                 |      | <b>16,471,760</b> | <b>-</b> |

33.1 This include loans to employees, advance to employees, advances to suppliers / contractors and other receivables amounting Rs.5,136,721, Rs.2,607,603, 8,555,442 and 168,184 respectively.

# Notes....



|  | 2010<br>Rupees | 2009<br>Rupees |
|--|----------------|----------------|
| <b>34. FINANCE COST</b>                  |                |                |
| Interest/mark up:                        |                |                |
| Long term loans                          | 169,532,501    | 184,890,031    |
| Short term loans                         | 72,198,621     | 69,155,883     |
| Provident fund                           | 5,368,420      | 8,326,382      |
| Workers Profit Participation Fund (WPPF) | 563,070        | 1,858,766      |
| Bank charges                             | 709,570        | 1,780,707      |
|  | 248,372,182    | 266,011,769    |

## 35. TAXATION

### Current

The income tax assessments of the Company have been finalized upto tax year 2009. Provision for the current year represents tax deducted at source under section 154 of the Income Tax Ordinance, 2001 (2009: In view of available tax losses, the preceeding year's tax provision represented the tax deducted at source under section 154 of the Income Tax Ordinance, 2001). Minimum tax u/s 113 of the Income Tax Ordinance 2001 has not been made as the company suffered gross loss before depreciation charge. The assessed tax losses available for carry forward is Rs.1,843,633,936 (2009: Rs.1,570,384,524) upto the tax year 2010. Since the company is not liable to any tax under the Normal Tax Regime therefore no numerical tax reconciliation is given.

### Deferred

Deferred tax liability on all temporary differences as at June 30, 2010 has been duly provided and disclosed in note 8.

## 36. LOSS PER SHARE - BASIC AND DILUTED

|  |               |               |
|--|---------------|---------------|
| Loss for the year                                | (436,125,650) | (310,176,611) |
| Weighted average ordinary shares during the year | 94,839,980    | 94,839,980    |
| Loss per share (Rupees)                          | (4.60)        | (3.27)        |

## 37. TRANSACTIONS WITH RELATED PARTIES

### Three Stars Cement (pvt) Ltd. ( holding company)

|               |   |             |
|---------------|---|-------------|
| Loan received | - | 28,900,000  |
| Loan repaid   | - | 114,570,214 |

### Three Stars Hosiery Mills (pvt) Ltd.

(Associated company due to common directorship)

|                 |           |           |
|-----------------|-----------|-----------|
| Cement sold     | -         | 1,761,550 |
| Funds paid back | -         | 10,429    |
| Loan received   | 5,500,000 | -         |

### Active Apparels International (Pvt) Ltd.

(Associated company due to common directorship)

|                 |           |         |
|-----------------|-----------|---------|
| Loan received   | 9,758,000 | -       |
| Cement sold     | -         | 253,000 |
| Funds paid back | 1,601,000 | 75,040  |
| Waste purchased | -         | 38,040  |

### Forwarders (Pvt) Ltd.

(Associated company due to common directorship)

|  |           |            |
|--|-----------|------------|
| Advance against the clearing and demurrage charges | -         | 15,970,475 |
| Fund received back                                 | 3,400,000 | -          |

### Key Management Personnels

|                     |           |   |
|---------------------|-----------|---|
| Disposal of vehicle | 1,100,000 | - |
|---------------------|-----------|---|



## Notes....

### 38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

Credit risk  
Liquidity risk  
Market risk

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

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

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

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

#### 38.1 Credit Risk

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

|                             | 2010<br>Rupees | 2009<br>Rupees |
|-----------------------------|----------------|----------------|
| Long term security deposits | 10,324,955     | 10,324,955     |
| Loans and advances          | -              | -              |
| Interest accrued            | 9,408,039      | 9,449,463      |
| Other receivables           | 568,810        | 683,255        |
| Cash and bank balances      | 3,789,111      | 3,866,858      |
|                             | 24,090,915     | 24,324,531     |

Geographically there is no concentration of credit risk.

#### Credit Quality of Financial Assets

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

The company sales its product on the basis of advance from customers so company has no trade debts.

|                      | 2010<br>Rupees | 2009<br>Rupees |
|----------------------|----------------|----------------|
| <b>Cash at banks</b> |                |                |
| AAA                  | 1,353,465      | 260,220        |
| AA+                  | 770,420        | 1,454,392      |
| AA                   | 5,823          | 53,523         |
| A+                   | -              | 74,654         |
| A                    | -              | 30             |
| AA-                  | 1,633,105      | 111,377        |
| A-                   | 24,260         | 1,697,441      |
| BBB+                 | 172            | 4,950          |
|                      | 3,787,245      | 3,656,587      |

#### Credit Risk Management

In respect of trade receivables, the company does not have significant concentration of credit risk. The company has a policy of selling of its product on the basis of advance from customers.

### 38.2 Liquidity Risk

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

|   | 2010                   |                         |                        | 2009                   |                         |                        |
|---|------------------------|-------------------------|------------------------|------------------------|-------------------------|------------------------|
|   | Maturity upto one year | Maturity after one year | Total                  | Maturity upto one year | Maturity after one year | Total                  |
| ( R u p e e s )                                     |                        |                         |                        |                        |                         |                        |
| Financial Assets                                    |                        |                         |                        |                        |                         |                        |
| Long term loans                                     | 150,440                | 201,910                 | 352,350                | 166,677                | 230,850                 | 397,527                |
| Loans and advances                                  | 347,884,483            | -                       | 347,884,483            | 354,934,263            | -                       | 354,934,263            |
| Deposits and short term prepayments                 | -                      | -                       | -                      | 607,362                | -                       | 607,362                |
| Other receivables                                   | 568,810                | -                       | 568,810                | 683,255                | -                       | 683,255                |
| Accrued interest                                    | 9,408,039              | -                       | 9,408,039              | 9,449,463              | -                       | 9,449,463              |
| Cash and bank                                       | 3,787,245              | -                       | 3,787,245              | 3,656,587              | -                       | 3,656,587              |
|   | <b>361,799,017</b>     | <b>201,910</b>          | <b>362,000,927</b>     | <b>369,497,607</b>     | <b>230,850</b>          | <b>369,728,457</b>     |
| Financial liabilities                               |                        |                         |                        |                        |                         |                        |
| Long term loans and liabilities                     | 56,154,849             | 1,398,365,787           | 1,454,520,636          | 46,607,385             | 1,404,415,170           | 1,451,022,555          |
| Liabilities against assets subject to finance lease | 15,417                 | -                       | 15,417                 | 30,793                 | -                       | 30,793                 |
| long term advances and deposits                     | -                      | 1,365,226               | 1,365,226              | -                      | 1,364,261               | 1,364,261              |
| Trade and other payables                            | 718,729,135            | -                       | 718,729,135            | 468,929,771            | -                       | 468,929,771            |
| Mark up accrued                                     | 664,113,130            | -                       | 664,113,130            | 417,087,296            | -                       | 417,087,296            |
| Short term borrowings                               | 446,066,283            | -                       | 446,066,283            | 449,194,331            | -                       | 449,194,331            |
| Gratuity payable to trustees                        | 82,591,946             | -                       | 82,591,946             | 12,803,136             | 70,000,000              | 82,803,136             |
|   | <b>1,967,670,760</b>   | <b>1,399,731,013</b>    | <b>3,367,401,773</b>   | <b>1,394,652,712</b>   | <b>1,475,779,431</b>    | <b>2,870,432,143</b>   |
| Net liquidity                                       | <b>(1,605,871,743)</b> | <b>(1,399,529,103)</b>  | <b>(3,005,400,846)</b> | <b>(1,025,155,105)</b> | <b>(1,475,548,581)</b>  | <b>(2,500,703,686)</b> |

#### Liquidity Risk Management

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

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

### 38.3 Market Risk

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

#### 38.3.1 Currency Risk

The company is exposed to currency risk in respect of export sales, imports and resulting balances that are denominated in a currency other than functional currency. The company's exposure to currency risk as at the reporting date is Rs.nil (2009:Rs.nil):

##### Foreign Currency Risk Management

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





## Notes....

### 38.3.2 Interest Rate Risk

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

|                                  | 2010<br>Rupees | 2009<br>Rupees |
|----------------------------------|----------------|----------------|
| <b>Variable rate instruments</b> |                |                |
| Financial assets                 | 2,969,025      | 2,076,517      |
| Financial liabilities            | 1,196,103,490  | 1,196,618,866  |

The company is exposed to interest rate risk in respect of its variable rate instruments. A 100 basis points change in variable interest rates would have increased loss by Rs. 178.54 million (2009: Rs.14.76 million). This sensitivity analysis is based on assumption that all variables, with the exception of interest rates, remain unchanged.

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

### 38.4 Capital risk management

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

The company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policy and processes during the year ended June 30, 2010.

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

During 2010, the company's strategy was to minimize leveraged gearing. The gearing ratios as at June 30, 2010 and 2009 were as follows:

|  |                        |                        |
|--|------------------------|------------------------|
| Long term loans                          | 1,398,365,787          | 1,404,415,170          |
| Trade and other payable                  | 801,321,081            | 481,732,907            |
| Accrued interest                         | 664,113,130            | 417,087,296            |
| Current portion of long term finance     | 56,170,266             | 46,638,178             |
| Short term borrowings                    | 446,066,283            | 449,194,331            |
| <b>Total debt</b>                        | <b>3,366,036,547</b>   | <b>2,799,067,882</b>   |
| Cash and bank balances                   | 3,789,111              | 3,866,858              |
| <b>Net debt</b>                          | <b>3,362,247,436</b>   | <b>2,795,201,024</b>   |
| Share capital                            | 948,399,800            | 948,399,800            |
| Share premium reserve                    | 31,800,740             | 31,800,740             |
| Surplus on revaluation of fixed assets   | 1,177,629,175          | 1,219,669,479          |
| Reserves                                 | (2,576,474,408)        | (2,182,389,062)        |
| <b>Equity</b>                            | <b>(418,644,693)</b>   | <b>17,480,957</b>      |
|  | <b>(3,780,892,129)</b> | <b>(2,777,720,067)</b> |
| <b>Gearing ratio (Net debt / Equity)</b> | <b>(8.03)</b>          | <b>159.90</b>          |

### 38.5 Fair Value of Financial Assets and Liabilities

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



**38.6 Default and breaches of loans payable**

|                             | Carrying value   |             | Nature of default  |
|-----------------------------|------------------|-------------|--|
|                             | Principal amount | Mark up due |  |
| The Bank of Punjab          |                  |             |  |
| Long term demand finance    | 750,000,000      | 343,244,690 | Company failed to pay quarterly installments alongwith markup due thereon                                      |
| Short term finance facility | 270,000,000      | 116,091,798 | The company has not renewed the short term bridge finance facility   |
| Finance against PADs        | 57,256,073       | 22,737,235  | Company could not pay the amount on due date   |
| Finance against Guarantee   | 83,600,000       | 19,809,764  | The bank paid this amount against the Guarantee to SNGPL and the company could not pay the amount to the bank. |
| Economic Affairs Division   | 35,232,000       | 13,009,292  | Company failed to pay the half yearly installments alongwith markup due thereon.                               |
| KASB Bank Ltd               | 290,000,000      | 111,409,355 | The company has not renewed the short term bridge finance facility   |

**39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

|                         | 2010            |           |           | 2009            |           |           |
|-------------------------|-----------------|-----------|-----------|-----------------|-----------|-----------|
|                         | Chief Executive | Directors | Executive | Chief Executive | Directors | Executive |
|                         | ( R u p e e s ) |           |           |                 |           |           |
| Managerial remuneration | -               | -         | 560,000   | 875,000         | -         | 840,000   |
| House rent              | -               | -         | -         | -               | -         | -         |
| Medical                 | -               | -         | -         | -               | -         | -         |
| Others                  | -               | -         | -         | -               | -         | -         |
|                         | -               | -         | 560,000   | 875,000         | -         | 840,000   |
| Number of persons       | -               | -         | 1         | 1               | -         | 1         |

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

**40. PLANT CAPACITY AND ACTUAL PRODUCTION**

|                           | 2010<br>Tons | 2009<br>Tons |
|---------------------------|--------------|--------------|
| Ordinary Portland cement  |              |              |
| Plant capacity (Cement)   | 504,000      | 504,000      |
| Actual production         | 72,513       | 259,598      |
| %age of capacity utilised | 14           | 52           |

40.1 Shortfall in 2010 in production is mainly due to lock out of factory for 8 months, market constraints and plant stoppages for repair.

**41. DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on January 08, 2011 by the Board of Directors of the company.

**MUHAMMAD RASHEED**  
Director

**SAUD RASHEED**  
Director

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

These Financial Statements have been signed by two directors instead of Chief Executive and one director as the Chief Executive is not in Pakistan for time being.



# Summary of Last Ten Years' Financial Result

(Rupees in thousands)

| Description                    | 2010        | 2009        | 2008      | 2007      | 2006      | 2005      | 2004      | 2003        | 2002        | 2001        |
|--------------------------------|-------------|-------------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|
| <b>Trading Results:</b>        |             |             |           |           |           |           |           |             |             |             |
| Turnover                       | 233,286     | 1,146,063   | 556,149   | 914,555   | 1,412,957 | 1,087,164 | 812,211   | 590,353     | 747,191     | 610,498     |
| Gross Profit /(Loss)           | (263,754)   | (84,882)    | (236,620) | (207,432) | 220,436   | 66,682    | (6,951)   | (186,519)   | (64,479)    | (27,695)    |
| Operating Profit /(Loss)       | (295,450)   | (192,595)   | (328,986) | (284,902) | 150,667   | 3,784     | (41,819)  | (203,834)   | (79,633)    | (48,933)    |
| Profit /(Loss) Before Taxation | (556,982)   | (457,657)   | (556,402) | (438,154) | 63,940    | (61,759)  | (123,128) | (331,883)   | (246,549)   | (212,733)   |
| Profit /(loss) After Taxation  | (436,126)   | (310,177)   | (419,168) | (437,276) | 13,614    | 56,826    | (112,828) | 47,134      | (238,397)   | (264,281)   |
| <b>Balance Sheet:</b>          |             |             |           |           |           |           |           |             |             |             |
| Shareholders Equity            | (1,596,274) | (1,202,189) | (934,958) | (830,956) | (424,736) | (447,750) | (577,147) | (1,080,888) | (1,283,427) | (1,045,029) |
| Operating Fixed Assets         | 2,230,649   | 2,313,958   | 2,382,119 | 2,456,936 | 1,796,726 | 1,812,714 | 1,911,135 | 2,022,856   | 2,135,904   | 372,971     |
| Net Current Liabilities        | (1,384,555) | (834,944)   | (384,722) | (328,284) | (88,013)  | (251,999) | (292,712) | (550,929)   | (494,367)   | (423,228)   |
| Long term Liabilities          | 1,405,724   | 1,411,684   | 1,465,374 | 1,194,013 | 1,056,014 | 1,072,416 | 1,104,762 | 1,147,859   | 1,083,236   | 742,034     |
| <b>Significant Ratios</b>      |             |             |           |           |           |           |           |             |             |             |
| Gross Profit Ratio %           | (113.06)    | (7.41)      | (42.55)   | (22.68)   | 15.60     | 6.13      | (0.86)    | (31.59)     | (8.63)      | (4.54)      |
| Net Profit Ratio %             | (186.95)    | (27.06)     | (75.37)   | (47.81)   | (0.96)    | 6.96      | (13.89)   | 7.98        | (31.91)     | (43.29)     |
| Fixed Assets Turnover Ratio    | 0.10        | 0.50        | 0.23      | 0.37      | 0.79      | 0.60      | 0.42      | 0.29        | 0.35        | 1.64        |
| Current Ratio                  | 0.30        | 0.41        | 0.58      | 0.60      | 0.80      | 0.49      | 0.42      | 0.25        | 0.29        | 0.35        |

# *Form of Proxy*

The Secretary  
Dandot Cement Company Limited  
LAHORE.

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of Dandot Cement Company Limited, and holder of \_\_\_\_\_ Ordinary Shares as per Shares

Register Folio No. \_\_\_\_\_ hereby appoint Mr. \_\_\_\_\_ of \_\_\_\_\_ Folio

No. \_\_\_\_\_ who is also a member of Dandot Cement Company Limited as my/our proxy to attend and vote for and on my / our behalf at the 30th Annual General Meeting of the Company to be held on Saturday, January 29, 2011 at 11.30 a.m. and at any adjournment thereof.

As witnessed given under my / our hand (s) \_\_\_\_\_ day of January, 2011.

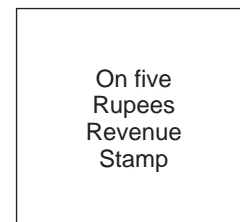
Signature

WITNESS:

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_



**Note:**

1. The Proxy in order to be valid must be signed across a Five Rupees Revenue Stamp and should be deposited in the Registered Office of the Company not later than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he is a member of the Company.
3. Signature should agree with the specimen signature registered with the Company.