ANNUAL REPORT 2015

Dandot Cement Company Limited

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Company Information

Board of Directors

Mr. Muhammad Azhar Sher	Chief Executive
Mr. Muhammad Sabir Sheikh	
Mr. Imran Bashir	
Mr. Muhammad Imran Iqbal	
Mr. Muhammad Amjad Aziz	Chairman
Syed Ansar Raza Shah	
Mr. Gul Hussain	

Audit Committee

Mr. Muhammad Sabir Sheikh	Member
Syed Ansar Raza Shah	Member / Chairman
Mr. Gul Hussain	Member

Human Resouces & Remuneration Committee

Mr. Muhammad Azhar Sher	Member
Syed Ansar Raza Shah	Member
Mr. Gul Hussain	Member / Chairman

Chief Financial Officer
Mr. Muhammad Kamran

Company Secretary
Mr. Muhammad Kamran

Statutory Auditors
Amin, Mudassar & Co.
Chartered Accountants, Lahore.

Internal Auditors
Parker Randall - A.J.S.
Chartered Accountants, Faisalabad.

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
Bank Al-Habib Limited

Registered Office
30-Sher Shah Block, New Garden Town, Lahore
Telephone: +92-42-35911485, Fax: +92-42-35831846

Factory
Dandot R.S., Distt. Jhelum.
Telephone: +92-544-211371, Fax: +92-544-211490

Share Registrar
Corplink (Pvt.) Limited.
Wings Arcade 1-K-Commercial, Model Town, Lahore.
Telephone: +92-42-35839182, Fax: +92-42-35869037

Website
www.dandotcement.com

Notice of Annual General Meeting

NOTICE is hereby given that 35th Annual General Meeting of the shareholders of Dandot Cement Company Limited for the financial year ended June 30, 2015 will be held on Saturday, November 28, 2015 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 last Extra Ordinary General Meeting held on May 11, 2015.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2015 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:
November 06, 2015.

(MUHAMMAD KAMRAN)
COMPANY SECRETARY

NOTES:

1. The Register of Members and the Share Transfer Books of the Company will remain closed from November 22, 2015 to November 28, 2015 (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

Strives to continue its path of market growth, consolidation and improvement, spanning the areas upto Abroad. Our vision is to establish a strong market presence, focused on customer brand loyalty and satisfaction, on long-term basis.

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

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 35th annual report along with the audited financial statements of the company for the year ended June 30, 2015.

Operational Performance

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

		2015	2014
– Clinker production	M. Ton	**264,850**	145,288
– Capacity utilization	% age	**55**	30
– Cement production	M. Ton	**299,108**	159,073
– Capacity utilization	% age	**59**	32
– Sales	M. Ton	**299,647**	155,111

During the year under review, cement production and sales have been increased by 140,035 M. Tons & 144,536 M. Ton respectively. The improvement is attributable to full year's operations as compared with seven months operations of last year.

Operating Results

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

	2015	2014 Before Re-statement
	(Rupees in Thousands)	
– Gross Sales	**2,710,592**	1,364,314
– Net sales	**2,138,895**	1,068,197
– Gross Loss	**287,347**	348,280
– Net loss	**497,258**	526,633
– Earnings / (Loss) Per Share	**(5.24)**	(5.55)

The reason of loss sustained by the company is mainly attributable to high input costs, power shutdowns with voltage fluctuations, frequent repair and maintenance and alternative fuel testing cost.

Dividend has not been recommended by the board of directors for the current year due to the loss sustained by the company.

Future Prospects

Industry:

Demand of cement in local market has been improved for last three years and it is expected that this trend will continue in the current financial year, considering the fact that substantial budget is allocated for public sector development projects by the Government, improved law and order situation, controlled inflation and low interest rates, stable economic outlook and reduced coal price will benefit the industry. The Government, however, has to overcome energy crises, hampering overall industrial growth. Proper and efficient utilization of allocated development budget and initiation of projects under Pak China Economic Corridor would help cement sector to grow.

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 financers, creditors, employees and shareholders.

Company's Plan

Sponsors of the company are also considering various options to arrange / inject further funds to make the machinery efficient especially by replacement of old electric installations / equipments to reduce the power and fuel cost which is the major cause of loss sustained by the company in past years.

Auditors' Observations

On the basis of the facts mentioned in note 1.2 of these financial statements, the management of the company is fully confident that the company will continue its operations as going concern. Letters for the balance confirmations have already been circulated and many of them have been received subsequently. However, as mentioned in auditors' report these balances have already been confirmed by external auditors' through alternative procedures. Markup on all dues of interest bearing liabilities has been accounted for in the books of accounts except KASB Bank Ltd. due to the facts mentioned in note 11.1

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 board of directors has outsourced the internal audit department to Parker Randall AJS Chartered Accountants who are suitably qualified & experienced for this purpose and are conversant with the policies and procedure of the company.
- 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, 2015
- 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.
- The estimated value of investment and assets of provident fund are referred in note 36.

During the year, four meetings of the Board of Directors were held. Attendance by each director at the board meeting is as under:

Directors Names	No. of Meeting attended
Mr. Muhammad Azhar Sher (CEO)	5
Mr. Muhammad Sabir Sheikh	3
Mr. Imran Bashir	5
Mr. Muhammad Imran Iqbal	5
Syed Ansar Raza Shah	5
Mr. Muhammad Amjad Aziz	5
Mr. Gul Hussain	0

Note:

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

During the year, four meetings of the audit committee were held. Attendance of the members was according to the guidance as per Code of Corporate Governance.

Trading in Company's Shares

During the year under review, 200,000 shares of the company have been purchased by the director, Mr. Muhammad Amjad Aziz. However, other than this transaction no trading in the shares of the company was carried out by other directors, CFO, company secretary and their spouses and minor children.

Corporate Social Responsibility

Your company being a responsible corporate citizen always conscious to discharge its obligations towards the people who work for it day and night, people around the work place and to the society as a whole.

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 2015-16. 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 AZHAR SHER
Chief Executive
Lahore: November 06, 2015

Pattern of Shareholding

As at June 30, 2015

No. of Shareholders	Shareholdings From	To	Total Shares Held
167	1	100	4,576
173	101	500	59,450
82	501	1,000	71,018
132	1,001	5,000	333,148
31	5,001	10,000	212,857
14	10,001	15,000	175,622
4	15,001	20,000	78,500
2	20,001	25,000	46,745
2	25,001	30,000	60,000
3	30,001	35,000	95,264
1	35,001	40,000	40,000
1	40,001	45,000	41,902
1	45,001	50,000	47,500
1	65,001	70,000	65,250
3	70,001	75,000	217,293
3	75,001	80,000	238,000
1	95,001	100,000	95,212
1	120,001	125,000	125,000
1	135,001	140,000	137,063
1	180,001	185,000	182,625
1	195,001	200,000	200,000
1	210,001	215,000	211,862
1	230,001	235,000	231,379
1	310,001	315,000	314,800
1	355,001	360,000	356,081
1	385,001	390,000	387,524
1	395,001	400,000	399,377
1	470,001	475,000	473,500
1	495,001	500,000	500,000
1	930,001	935,000	931,500
1	1,540,001	1,545,000	1,543,839
1	2,205,001	2,210,000	2,209,540
1	2,215,001	2,220,000	2,220,000
1	2,745,001	2,750,000	2,749,999
1	3,245,001	3,250,000	3,250,000
1	3,430,001	3,435,000	3,434,386
1	11,150,001	11,155,000	11,150,500
1	14,995,001	15,000,000	14,995,737
1	46,950,001	46,955,000	46,952,931
643			**94,839,980**

5. Categories Of Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	203,500	0.2146%
5.2 Associated Companies, undertakings and related parties. (Parent Company)	46,953,431	49.5081%
5.3 NIT and ICP	1,100	0.0012%
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	2,229,740	2.3511%
5.5 Insurance Companies	182,625	0.1926%
5.6 Modarabas and Mutual Funds	0	0.0000%
5.7 Share holders holding 10% or more	76,534,054	80.6981%
5.8 General Public		
a. Local	36,660,808	38.6554%
b. Foreign	4,543	0.0048%
5.9 Others (to be specified)		
1- Joint Stock Companies	6,125,977	6.4593%
2- Foreign Companies	330,031	0.3480%
3- Trusts	2,143,225	2.2598%
4- Other Companies	5,000	0.0053%

Catagories of Shareholding required under Code of Coprorate Governance (CCG)
As on June 30, 2015

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	THREE STARS CEMENT (PVT) LTD (CDC)	46,953,431	49.5081
Mutual Funds (Name Wise Detail)		-	0.0000
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	MR. MUHAMMAD AZHAR SHER (CDC)	500	0.0005
2	MR. MUHAMMAD SABIR SHEIKH (CDC)	500	0.0005
3	MR. IMRAN BASHIR (CDC)	500	0.0005
4	MR. MUHAMMAD IMRAN IQBAL	500	0.0005
5	MR. MUHAMMAD AMJAD AZIZ (CDC)	200,500	0.2114
6	SYED ANSAR RAZA SHAH (CDC)	500	0.0005
7	MR. GUL HUSSAIN (CDC)	500	0.0005
Executives:		-	0.0000
Public Sector Companies & Corporations:		-	0.0000
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		2,412,365	2.5436
Shareholders holding five percent or more voting interest in the listed company (Name Wise Detail)			
1	THREE STARS CEMENT (PVT) LTD (CDC)	46,953,431	49.5081
2	MR. MANSOOR RASHEED (CDC)	14,995,737	15.8116
3	MR. SAUD RASHEED (CDC)	14,584,886	15.3784

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S. No	NAME	SALE	PURCHASE
1	MR. MUHAMMAD AMJAD AZIZ (CDC)	0	200,000

MUHAMMAD AZHAR SHER
Chief Executive
Lahore: November 06, 2015

Statement of Compliance with the Code of Corporate Governance (CCG)

Dandot Cement Company Limited
Year Ending June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in the Regulation No. 35 of listing regulations of Karachi Stock Exchange Ltd and Lahore Stock Exchange Ltd for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner.

1- The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Syed Ansar Raza Shah
Executive Directors	Mr. Muhammad Azhar Sher Mr. Muhammad Amjad Aziz Mr. Muhammad Imran Iqbal
Non Executive Directors	Mr. Muhammad Sabir Sheikh Mr. Imran Bashir Syed Ansar Raza Shah Mr. Gul Hussain

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

3- All the resident director 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 and NBFI or, being a member of stock exchange, has been declared as a defaulter by the stock exchange.

4- All the directors of the company are re-elected on May 11, 2015. However, no casual vacancy occurred during the year.

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

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

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

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

9- All the directors on the Board are fully conversant with their duties and responsibilities as directors of corporate bodies. The directors were apprised of their duties and responsibilities through orientation courses. The board arranged two in house training programs for its directors during the year.

10- No new appointment of CFO, Company Secretary and head of Internal Audit has been approved by the board. The remuneration of CFO, Head of Internal Audit and Company Secretary has been revised during the year after due approval of the board.

11- The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12- The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

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

14- The company has complied with all the corporate and financial reporting requirements of the CCG.

15- The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.

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

17- The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a Non-Executive director.

18- The board of directors has outsourced the internal audit department to Parker and all A.J.S. Chartered Accountants who are suitably qualified and experienced for this purpose and are conversant with the policies and procedures of the company.

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

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

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

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

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

MUHAMMAD AZHAR SHER
Chief Executive
Lahore: November 06, 2015

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

We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2015, prepared by the Board of Directors of **Dandot Cement Company Limited** ("The Company") to comply with the Listing Regulation No.35 of the Karachi and Lahore Stock Exchanges, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related parties transactions by the Board upon recommendations of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Further, we would like to highlight below instance of non-compliance with the requirement of the code as reflected in clause (xi) and stated in the statement of compliance:

The Company has not arranged training course for its directors during the year as required under clause (xi) of the Code.

AMIN, MUDASSAR & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: MUHAMMAD AMIN
Lahore: November 06, 2015

Auditors' Report to the Members

We have audited the annexed balance sheet of the **Dandot Cement Company Limited** as at June 30, 2015 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:

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

(b) in our opinion:

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

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

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

(c) (1) These financial statements have been prepared on going concern basis despite the fact that the company has accumulated losses of Rs. 4,237.94 million, while its current liabilities exceed the current assets by Rs. 3,267.52 million and non-payment of some overdue contractual obligations. Due to these factors and equivocal disclosure in note 1.2 of these financial statements, a material uncertainty arises that may cast significant doubt on the Company's ability to continue as going concern and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

(2) We have not received reply of direct balance confirmation circulated in respect of loans from Economic Affairs Division (EAD), ex-sponsors, KASB Bank Limited, receivable from ex-associate and accrued interest from ex-associate as referred to note nos. 6.1, 11.2, 11.1, 20 and 22 respectively. However, carrying amount of aforesaid loans and balances has been confirmed through alternative procedures. Further, we have not received reply of direct balance confirmation circulated amounting Rs. 26.84 million and Rs. 12.45 million as referred to note no. 9.4 and 20.2 respectively. Had these balances been written off/ written back the loss for the year would have been lower by net amount Rs. 14.39 million.

(3) The company did not pay current dues of provident fund in full as explained in note no. 36 to the financial statements resulting in non-compliance of section 227 of the Companies Ordinance, 1984.

(4) The company has not provided markup in the financial statements on loan obtained from KASB Bank as referred to note no. 11.1 amounting Rs.33.984 million for the year. Had there been provision made for markup in the financial statements the loss for the year would have been higher by an amount Rs. 33.984 million.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in Para (1), (3), and (4) and possible effects of matter discussed in Para (2) above, 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, 2015 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: November 06, 2015

Balance Sheet

	Note	2015 Rupees	2014 Rupees (Re-stated)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (2014: 100,000,000) 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		**(4,237,939,635)**	(3,760,517,671)
		(3,257,739,095)	(2,780,317,131)
SURPLUS ON REVALUATION OF FIXED ASSETS	4	**995,952,154**	1,030,109,897
		(2,261,786,941)	(1,750,207,234)
NON CURRENT LIABILITIES			
Loan from banking companies	5	**945,769,924**	868,511,327
Other loans and liabilities	6	**15,542,798**	26,016,330
Deferred liabilities	7	**-**	-
Long term advances and deposits	8	**1,882,313**	1,882,313
		963,195,035	896,409,970
CURRENT LIABILITIES			
Trade and other payables	9	**2,007,216,326**	1,940,435,092
Markup accrued	10	**534,598,314**	514,094,819
Short term borrowings	11	**1,427,909,328**	1,185,698,828
Current portion of long term loans and liabilities	12	**87,514,823**	81,359,430
		4,057,238,791	3,721,588,169
CONTINGENCIES AND COMMITMENTS	13	**-**	-
		2,758,646,885	2,867,790,905

The annexed notes from 1 to 39 form an integral part of these financial statements.

MUHAMMAD AZHAR SHER
Chief Executive

As at June 30, 2015

	Note	2015 Rupees	2014 Rupees
ASSETS			
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	14	**1,958,250,558**	2,022,858,443
LONG TERM LOANS	15	**-**	2,800
LONG TERM SECURITY DEPOSITS	16	**10,674,715**	10,674,715
		1,968,925,273	2,033,535,958
CURRENT ASSETS			
Stores, spares and loose tools	17	**130,655,513**	149,040,673
Stock in trade	18	**84,998,141**	216,117,193
Trade debts	19	**137,401,993**	56,744,918
Loans and advances	20	**294,239,925**	292,218,913
Balance with statutory authorities	21	**111,575,781**	69,894,939
Interest accrued	22	**9,388,556**	9,388,556
Other receivables	23	**359,995**	386,967
Cash and bank balances	24	**21,101,708**	40,462,788
		789,721,612	834,254,947
		2,758,646,885	2,867,790,905

MUHAMMAD IMRAN IQBAL
Director

Profit and Loss Account
For the Year Ended June 30, 2015

	Note	2015 Rupees	2014 Rupees (Re-stated)
Sales			
Local sales		2,710,592,262	1,364,313,890
Less: Excise duty		121,508,164	62,044,400
Sales tax		433,810,884	227,656,913
Commission / discount		16,378,273	6,414,960
		571,697,321	296,116,273
Net sales		2,138,894,941	1,068,197,617
Cost of sales	25	2,426,241,483	1,416,478,467
Gross loss		(287,346,542)	(348,280,850)
Distribution cost	26	6,175,295	3,349,392
Administrative expenses	27	42,438,125	40,788,114
		48,613,420	44,137,506
		(335,959,962)	(392,418,356)
Other income	28	562,676	321,676
Other operating expenses	29	1,342	25,858,329
		(335,395,944)	(417,955,009)
Finance cost / (income)	30	161,861,741	(365,928,340)
Loss before taxation		(497,257,685)	(52,026,669)
Taxation	31	-	-
Loss after taxation		(497,257,685)	(52,026,669)
Loss per share - Basic and Diluted - Rupees	32	(5.24)	(0.55)

The annexed notes from 1 to 39 form an integral part of these financial statements.

MUHAMMAD AZHAR SHER
Chief Executive

MUHAMMAD IMRAN IQBAL
Director

Statement of Comprehensive Income
For the Year Ended June 30, 2015

	2015 Rupees	2014 Rupees (Re-stated)
Loss after taxation	**(497,257,685)**	(52,026,669)
Items that will not be reclassified to profit or loss:		
(Loss) / gain on remeasurement of staff retirement benefit obligation	**(14,322,022)**	5,155,734
Items that will be reclassified to profit or loss:	**-**	-
Other comprehensive (loss) / income - net of taxation	**(14,322,022)**	5,155,734
Total comprehensive loss for the year - net of tax	**(511,579,707)**	(46,870,935)

The annexed notes from 1 to 39 form an integral part of these financial statements.

MUHAMMAD AZHAR SHER
Chief Executive

MUHAMMAD IMRAN IQBAL
Director

Cash Flow Statement
For the Year Ended June 30, 2015

	Note	2015 Rupees	2014 Rupees (Re-stated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(497,257,685)	(52,026,669)
Adjustments of items not involving movement of cash:			
Depreciation		65,484,615	67,147,846
Gain on disposal of Fixed Assets		(176,270)	(110,831)
Gratuity		22,989,889	16,489,933
Profit on deposit and PLS accounts		(386,406)	(210,845)
Balances written back		1,342	-
Scrap on replacement of machinery		-	25,858,329
Finance cost		161,861,741	108,678,116
Rescheduling of BOP finance	5.1	-	(474,606,456)
		249,774,911	(256,753,908)
Operating cash flows before working capital changes		(247,482,774)	(308,780,577)
(Increase) / Decrease in operating assets:			
Stores, spares and loose tools		18,385,160	(24,691,255)
Stock in trade		131,119,052	908,567
Trade debts		(80,657,075)	(53,706,380)
Loans and advances		(2,021,012)	(17,940,083)
Other receivables		26,972	-
Increase in trade and other payables		29,856,942	170,962,827
		96,710,039	75,533,676
		(150,772,735)	(233,246,901)
Long term security deposits		-	(300,000)
Gratuity paid		(812,750)	(80,786)
Finance cost paid		(46,661,860)	(18,510,699)
Interest received		386,406	210,845
Income tax paid		(41,680,842)	(32,409,472)
Net Cash Flows From Operating Activities		(239,541,781)	(284,337,013)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(900,460)	(94,491,967)
Sale proceeds of fixed assets		200,000	168,000
Long term loans		2,800	1,245
Net Cash Flows From Investing Activities		(697,660)	(94,322,722)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans		(21,332,139)	(11,432,651)
Long term advances and deposits		-	350,000
Short term borrowings		242,210,500	427,003,446
Net Cash Flows From Financing Activities		220,878,361	415,920,795
Net increase / (decrease) in Cash and Cash Equivalents		(19,361,080)	37,261,060
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		40,462,788	3,201,728
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		21,101,708	40,462,788

The annexed notes from 1 to 39 form an integral part of these financial statements.

MUHAMMAD AZHAR SHER
Chief Executive

MUHAMMAD IMRAN IQBAL
Director

Statement of Changes in Equity
For the Year Ended June 30, 2015

	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, 2013 - restated	948,399,800	31,800,740	(3,748,790,059)	(2,768,589,519)	1,065,253,220	(1,703,336,299)
Total comprehensive loss for the year - restated	-	-	(46,870,935)	(46,870,935)	-	(46,870,935)
Transferred from surplus on revaluation account:						
- Incremental depreciation due to revaluation charged to surplus - net of deferred tax	-	-	35,143,323	35,143,323	(35,143,323)	-
Balance as at June 30, 2014 - restated	948,399,800	31,800,740	(3,760,517,671)	(2,780,317,131)	1,030,109,897	(1,750,207,234)
Total comprehensive loss for the year	-	-	(511,579,707)	(511,579,707)	-	(511,579,707)
Transferred from surplus on revaluation account:						
- Incremental depreciation due to revaluation charged to surplus - net of deferred tax	-	-	34,157,743	34,157,743	(34,157,743)	-
Balance as at June 30, 2015	**948,399,800**	**31,800,740**	**(4,237,939,635)**	**(3,257,739,095)**	**995,952,154**	**(2,261,786,941)**

The annexed notes from 1 to 39 form an integral part of these financial statements.

MUHAMMAD AZHAR SHER
Chief Executive

MUHAMMAD IMRAN IQBAL
Director

Notes to the Financial Statements
For the Year Ended June 30, 2015

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. The registered office of the company is situated at 30-Sher Shah Block, New Garden Town, Lahore.

1.2 Last year company has managed to reschedule the liability of The Bank of Punjab (BOP) amounting Rs. 1,857 million while dues of Large Taxpayer Units (LTU) amounting Rs. 460 million and Islamabad Electric Supply Company (IESCO) amounting Rs. 167 million had also been rescheduled. Upto June 30, 2015 the company has not defaulted even in a single installment of these dues and paid a sum of Rs. 484 million in aggregate against the said rescheduled liabilities. Further, after resumption of operations in 2013-14, the company is also complying the order passed in 2009 by Securities and Exchange Commission of Pakistan (SECP) related to old dues of provident fund.

Furthermore, sponsors of the company are also considering various options to arrange / inject further funds to make the machinery efficient especially by replacement of old electric installations / equipments to reduce the power and fuel cost which is the major cause of loss sustained by the company in past years. On the basis of these facts the management of the company is fully confident that the company will continue its operations as a going concern, inspite of the fact of accumulated loss of Rs. 4,237.94 million and current liabilities exceed its current assets by Rs. 3,267.52 million as at June 30, 2015.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 (a) **Accounting Convention**

Basis of preparation of Financial Statements

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 judgement in the process of applying the company's accounting policies. Estimates and judgement are continuously 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 judgement 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 standards and interpretations

Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

- IAS 32 (Amendments), 'Financial instruments: Presentation', on asset and liability offsetting is applicable on accounting periods beginning on or after January 1, 2014. These amendments are to the application guidance in IAS 32, 'Financial instruments: Presentations', and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The application of these amendments has no material impact on the Company's financial statements.

- IAS 19 (Amendment), 'Employee benefits' regarding employee or third party contributions to defined benefit plans is applicable on accounting period beginning on or after July 1, 2014. The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives.

  The application of this amendment has no material impact on the Company's financial statements.

2.1.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments to approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after July 1, 2014 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

2.1.3 Standards, interpretations and amendments to publish approved accounting standards that are not yet effective and have not been early adopted by the Company

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 01, 2015:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on the Company's financial statements.

- IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The amendments are not likely to have an impact on the Company's financial statements.

- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets / operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard is not likely to have an impact on the Company's financial statements.

- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and / or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on the Company's financial statements.

- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on the Company's financial statements.

- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on the Company's financial statements.

- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on the Company's financial statements.

  Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on the Company's financial statements.

- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

  - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

2.2 Employees Retirement Benefits

(a) The company operates a funded gratuity scheme for its all permanent employees. Such gratuity is payable on cessation of employment subject to a minimum qualifying period of five years service with the Company. Provision for gratuity is made in the financial statements to cover full obligation under the scheme.

The Company uses projected unit credit method to determine the present value of its defined benefit obligation and the related current service cost and where applicable, past service cost.

Actuarial valuation was conducted on June 30, 2015 on the projected unit credit method using the following significant assumptions.

	2015	2014
Discount rate p.a.	9.75%	13.25%
Expected p.a. rate of salary increase in future year	9.75%	12.25%

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

(b) 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, if any, fall under presumptive tax regime under Section 154 of the Income Tax Ordinance, 2001.

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 recognized 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 amount 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 14. Leasehold land for quarries are amortized 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 capitalized 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 capitalized.

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 as 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 excluding impairment and including borrowing 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. The company reviews the carrying amount of stores, spares parts and loose tools on a regular basis and provision is made for obsolescence.

2.8 Stock in Trade

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

Raw Materials	at weighted average cost.
Work in process	at average cost covering direct material, labour and manufacturing overheads.
Finished goods	at lower of cost and net realizable value.

Net realizable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to effect such sales.

2.9 Foreign Currency Transactions

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.

2.10 Financial Instruments

All financial assets and financial liabilities are recognized at cost or fair value 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.

2.11 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 recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.12 Trade Debts

Trade debts are recognised at invoice value. Provision for doubtful debts is based on managements assessment of customers' credit worthiness. Bad debts are written off when there is not realistic prospect of recovery.

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

2.13 Revenue Recognition

Revenue is recognised to the extent that is probable that the economic benefit will flow to the company. Revenue is recognised net of any discount, rebates and commission.

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

2.14 Borrowing Cost

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing cost eligible for capitalisation. All other borrowing costs are recognised in profit and loss account as incurred.

2.15 Impairment

The carrying value of the company's assets except for inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist the asset's recoverable amount is estimated and impairment losses are recognised in profit and loss account.

2.16 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.

2.17 Dividend

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

Notes.....

2.18 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 known amount of cash and which are subject to an insignificant risk of change in value.

2.19 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.

2.20 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.

2.21 Provisions

Provisions are recognized 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.

Provisions are measured at present value of expected expenditure, discounted at on pre-tax rate that reflects current market assessment of the time value of money and risk specific to the obligation.

2.22 Earnings Per Share (EPS)

The company presents basic and diluted EPS. Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by using profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the affects of all dilutive potential ordinary shares.

2.23 Functional and Presentation Currency

The financial statements are prepared in Pakistani Rupee, which is the Company's functional and presentation currency.

2.24 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 rearrangement to report.

2.25 General

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

Notes.....

	2015 Rupees	2014 Rupees
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
86,089,980 (2014: 86,089,980) ordinary shares of Rs.10/- each fully paid in cash	**860,899,800**	860,899,800
8,750,000 (2014: 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
4. SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance as at July 01,	**1,030,109,897**	1,065,253,220
Less:		
- Incremental depreciation due to revaluation of fixed assets	**(34,157,743)**	(35,143,323)
Balance as at June 30,	**995,952,154**	1,030,109,897

Revaluations of freehold land, buildings, plant & machinery and vehicles were carried out in year 2002 and 2007, as referred in note 14.2 to these financial statements resulting 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.

	Note	2015 Rupees	2014 Rupees (Re-stated)
5. LOAN FROM BANKING COMPANIES - Secured			
The Bank of Punjab Limited (BOP)			
Demand finance facility - 1	5.1	**744,011,820**	682,487,617
Demand finance facility - 2	5.2	**218,761,104**	188,464,710
		962,772,924	870,952,327
Less current portion:			
Payable within next 12 months		**(17,003,000)**	(2,441,000)
		945,769,924	868,511,327
5.1 Demand finance facility - 1 (DF - 1)			
Balance as at July 01,		**682,487,617**	-
Markup on DF - 1		**63,976,203**	-
Rescheduling of Demand Finance Facility and Bridge Finance Facility	5.3	**-**	686,567,617
		746,463,820	686,567,617
Less : payments made during the year		**(2,452,000)**	(4,080,000)
		744,011,820	682,487,617

	Note	2015 Rupees	2014 Rupees
5.2 Demand finance facility - 2 (DF - 2)			
Balance as at July 01,		**188,464,710**	-
Rescheduled markup on Demand Finance Facility and Bridge Finance Facility	5.4	**-**	188,464,710
Markup on DF - 2		**30,296,394**	-
		218,761,104	188,464,710

5.3 This represents restructured / rescheduled of entire outstanding principal amount of demand finance, bridge finance, forced demand finance and paid against documents (PADs) amounting Rs. 750.292 million, Rs. 270 million, Rs. 83.626 million and Rs. 57.256 million respectively. It is secured against ranking of Rs. 1,443.75 million on fixed assets, joint pari passu charge of Rs. 268 million on current assets, debt subordination agreement of directors, corporate guarantee of Three Star Hosiery Mills (Pvt) Limited and personal guarantee of the ex-sponsoring directors.

Repayments of restructured loan shall be made in 62 step-up monthly / quarterly installments started from March 31, 2014 in a period of 9.25 years. Markup is payable @ 4% per annum. The finance has been presented at amortized cost by using effective rate of markup.

The loan has been shown at amortised cost as required by IAS-39 "Financial Instruments". Last year, the aforesaid loan was shown at the rescheduled amount as per covenant of rescheduling agreement with the bank. Consequently, DF - 1 has been decreased by Rs. 474,606,456 with a corresponding increase in finance income with the same amount as referred to note no. 30. The relevent adjustment has been made as per International Accounting Standard 8 (IAS 8) "Accounting policies, Changes in Accounting Estimates and Errors" retrospectively. The aforesaid adjustment has decreased basic and diluted loss per share of the company for the year ended June 30, 2014 by Rs. 5.00.

5.4 This represents amortized cost of DF - 2 against payable amount Rs. 695.883 million calculated upto March 31, 2014 at cost of funds in respect of demand finance, bridge finance, forced demand finance, paid against documents (PADs) and finance against imported merchandise (FIM) facilities. The finance has been presented at amortized cost by using effective rate of markup. It does not carry markup. Repayments of this facility shall be made in 4 quarterly installments, starting from September, 2022.

Notes.....

	Note	2015 Rupees	2014 Rupees
6. OTHER LOANS AND LIABILITIES- Unsecured			
LOANS			
Economic Affairs Division, Government of Pakistan (EAD)	6.1	**35,232,000**	35,232,000
OTHER LIABILITIES			
Provident Fund Trust	6.2	**49,030,316**	55,030,316
Peace agreement arrears	6.3	**1,792,305**	14,672,444
		50,822,621	69,702,760
		86,054,621	104,934,760
Less current portion:			
Payable within next 12 months		**6,000,000**	9,205,852
Overdue		**64,511,823**	69,712,578
	12	**70,511,823**	78,918,430
		15,542,798	26,016,330

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 Yen=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 of that time, payment of Rs. 133.908 million to the EAD was made 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 markup @ 14% p.a. (11% markup 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.

6.2 The Securities & Exchange Commission of Pakistan (SECP) had passed an order in 2009 that the company should provide markup on all outstanding principal amount to that date and will pay an installment of Rs. 0.5 million per month to clear these dues from October, 2009. Since that order, company is providing markup in the books of accounts without any default. As mentioned in the note 1.2 of these Financial Statements, the company has regularized payments for compliance of SECP order.

6.3 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 dated May 09, 2009 these arrears were payable in 72 equal monthly installments of Rs. 530,407 each. It was interest free and unsecured.

Notes.....

	Note	2015 Rupees	2014 Rupees
7. DEFERRED LIABILITIES			
Deferred taxation	7.1	-	-
		-	-
7.1 Deferred taxation			
This is composed of the following:			
Deferred tax liability on taxable temporary differences arising in respect of:			
Accelerated tax depreciation		**581,965,080**	618,222,498
Deferred tax asset on deductible temporary differences arising in respect of:			
Unused tax losses carried forward		**(1,188,205,013)**	(1,079,334,354)
Provision for doubtful balances		**(726,503)**	(749,207)
		(1,188,931,516)	(1,080,083,561)
Deferred tax asset		**(606,966,436)**	(461,861,063)

Deferred tax asset amounting to Rs. 606.966 million (2014: Rs. 461.861 million) on unused tax losses, has not been recognized in these financial statements being prudent. Management is of the view that recognition of deferred tax asset shall be re-assessed as at June 30, 2016.

8. LONG TERM ADVANCES AND DEPOSITS

	Note	2015 Rupees	2014 Rupees
Un-secured - Interest free			
Security deposits	8.1	**1,852,334**	1,852,334
Retention money		**29,979**	29,979
		1,882,313	1,882,313

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

9. TRADE AND OTHER PAYABLES

	Note	2015 Rupees	2014 Rupees
Trade creditors		**714,205,181**	589,717,048
Accrued expenses		**482,732,150**	546,184,846
Due to Gratuity Fund Trust	9.1	**217,083,252**	180,584,091
Due to Provident Fund Trust		**52,808,853**	56,781,225
Past Dues - CBA	9.2	**1,146,593**	1,245,225
Excise duty		**138,880,050**	184,317,167
Royalty		**8,268,451**	5,942,497
Sales tax		**120,352,486**	137,306,725
Workers' profit participation fund	9.3	**31,229,989**	30,806,200
Unclaimed dividend		**1,081,940**	1,081,940
Income tax withheld		**33,111,418**	34,038,256
Advances from customers		**120,777,474**	57,853,182
Others		**85,538,489**	114,576,690
		2,007,216,326	1,940,435,092

	2015 Rupees	2014 Rupees
9.1 Gratuity		
Net liability as on July 01,	**180,584,091**	169,330,678
Charge to profit and loss account	**22,989,889**	16,489,933
Remeasurement chargeable in other comprehensive income	**14,322,022**	(5,155,734)
Payment to fund during the year	**(812,750)**	(80,786)
Net liability as on June 30,	**217,083,252**	180,584,091
The amount recognized in the balance sheet is as follows:		
Fair value of plan assets	**(185,678)**	(182,007)
Present value of defined benefit obligation	**163,256,359**	135,578,196
Deficit	**163,070,681**	135,396,189
Payable to outgoing members	**54,012,571**	45,187,902
Net liability as on June 30,	**217,083,252**	180,584,091
The amount recognized in profit and loss account is as follows:		
Current service cost	**5,688,373**	2,932,882
Interest cost	**17,325,632**	13,575,838
Expected return on plan assets	**(24,116)**	(18,787)
Total amount chargeable to profit and loss account	**22,989,889**	16,489,933
The movement in the present value of defined benefit obligation is as follows:		
Present value of defined benefit obligation	**135,578,196**	134,346,485
Current Service cost	**5,688,373**	2,932,882
Interest cost	**17,325,632**	13,575,838
Benefits paid	**(812,750)**	(80,786)
Benefits due but not paid	**(8,824,669)**	(10,024,788)
Actuarial (gain) / loss	**14,301,577**	(5,171,435)
Present value of defined benefit obligations as on June 30,	**163,256,359**	135,578,196
The movement in the fair value of plan assets is as follows:		
Fair value of plan assets as on July 01,	**182,007**	178,921
Expected return on plan assets	**24,116**	18,787
Contributions	**812,750**	80,786
Benefits paid	**(812,750)**	(80,786)
Actuarial (loss) / gain	**(20,445)**	(15,701)
Fair value of plan assets as on June 30,	**185,678**	182,007

Notes.....

Comparison of present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of gratuity fund for the current year and last four years is as follows:

	Present value of defined Benefit	Fair value of plan assets	Surplus / (Deficit)
	----------	R u p e e	s ----------
Year ended June 30, 2015	(163,256,359)	(185,678)	(163,442,037)
Year ended June 30, 2014	(135,578,196)	(182,007)	(135,760,203)
Year ended June 30, 2013	(134,346,485)	(178,921)	(134,525,406)
Year ended June 30, 2012	(139,839,578)	(216,742)	(140,056,320)
Year ended June 30, 2011	(137,364,954)	208,329	(137,156,625)

9.2 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.

		2015 Rupees	2014 Rupees
9.3	Workers' profit participation fund		
	Balance as at July 01,	**3,780,109**	3,780,109
	Less: payments during the year	**-**	-
		3,780,109	3,780,109
	Interest on unpaid contribution	**27,449,880**	27,026,091
		31,229,989	30,806,200

9.4 During the audit, balance confirmation requests were circulated to various parties for direct balance confirmation of loans and advances aggregating Rs. 1,890.439 million including long term advances and deposits as referred to note no. 8. Balance confirmed through alternative procedures amounting Rs. 30.245 million by the auditors and direct balance confirmations received upto date of issuance of financial statements amounting Rs. 1,833.356 million.

10. MARKUP ACCRUED

Markup accrued on:		
Secured loan	**395,551,449**	395,554,449
Unsecured loan	**139,046,865**	118,540,370
	534,598,314	514,094,819

10.1 This represents the markup payable on loans obtained from the banking companies and Economic Affairs Division (EAD) amounting Rs. 395.551 million and Rs. 37.671 million respectively.

Notes.....

	Note	2015 Rupees	2014 Rupees
11. SHORT TERM BORROWINGS			
FINANCIAL INSTITUTION:			
Running finances - secured			
KASB Bank Limited	11.1	**290,000,000**	290,000,000
INTEREST FREE AND UNSECURED LOANS:			
Ex-Sponsors' Loan	11.2	**250,000,000**	250,000,000
Loan from Related Parties			
Holding Company	11.3	**37,804,256**	37,804,256
Ex-Director	11.4	**37,065,450**	37,065,450
Others	11.5	**25,516,375**	25,516,375
		100,386,081	100,386,081
OTHERS	11.6	**787,523,247**	545,312,747
		1,427,909,328	1,185,698,828

11.1 This represents finance facility against the limit of Rs. 290 million (2014: Rs. 290 million). It carries markup @ six months KIBOR plus 3% per annum (2014: 6 months KIBOR + 3% per annum) payable on quarterly basis with no floor and cap. The facility was to be repaid in bullet repayment on September 30, 2007. The facility is secured by 1st pari passu charge on plant and machinery of the company amounting Rs. 400 million and lien over deposit of Rs. 176.5 million in saving account of Mr. Tauseef Peracha and Mr. A. Rafique Khan (Ex-Management).

KASB has instituted a suit against the company for recovery of Rs. 351,732,336 along with markup / cost of funds in the Honourable Lahore High Court, Lahore. PLA on behalf of the company has been filed against the same and the matter is pending adjudication.

11.2 This represents loan received from Ex-management Mr. A. Rafique Khan and Mr. Tausif Peracha. Terms and conditions related to the loan have not been reduced in writing.

11.3 This represents loan from holding company, Three Stars Cement (Pvt) Ltd. The terms and conditions of the repayment of loan have not yet been finalized and have not been reduced in writing.

11.4 This represents Rs. 37.065 million injected by the ex-director, Mr. Mansoor Rasheed to meet the working capital requirements of the company in the year 2010, 2011. Repayment of such loan is subject to availability of cash.

11.5 This represents loan from Three Star Hosiery (Private) Limited and Active Apparel International (Private) Limited amounting of Rs. 13,721,332 and Rs. 11,795,043 (2014: Rs. 13,721,332 and Rs. 11,795,043) respectively. Repayment of such loans is subject to availability of cash.

11.6 This represent amounts arranged by the management from time to time to meet the working capital requirements of the company and necessary maintenance of the plant and machinery. The terms and conditions of these loans have not yet been finalized and not reduced in writing.

	Note	2015 Rupees	2014 Rupees
12. CURRENT PORTION OF LONG TERM LOANS AND LIABILITIES			
Loan from banking companies		**17,003,000**	2,441,000
Other loans	6	**70,511,823**	78,918,430
		87,514,823	81,359,430

13. CONTINGENCIES AND COMMITMENTS

Contingencies

a) Company is in litigation with some suppliers / workers and their relatives. The matter is pending for decision in Court. Company's exposure in respect of these cases could be Rs. 23.315 million (2014: Rs. 17.505 million).

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 below.

SNGPL has charged markup 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 markup on late payment as per original GSA. SNGPL recomputed markup 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 below.

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 13(b) in previous paragraph. 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. Application filed by SNGPL in Civil Court and the same has been dismissed due to non prosecution of case. SNGPL filed an application for restoration of case which is pending adjudication.

c) 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 cement manufacturers including company challenged the commission order in the court and Honourable High Court granted stay to the companies against adverse action by the commission. Based on legal advice the company has not accounted for the liability of aforesaid amount.

d) The company has not accounted for Rs. 312.376 million (2014: Rs. 368.686 million) additional profit / liquidated damages on the loan payable to KASB Bank Limited as the matter is subjudice with the Honorable Lahore High Court referred to note no.11.1 in the financial statements.

e) The Deputy Commissioner Inland Revenue determined sales tax and federal excise duty liability of the company amounting Rs. 2.29 million (2014: Rs. 2.635 million) on account of inadmissible input tax and non payment of output sales tax along with surcharge and penalty. The company had filed appeal against the order of Deputy Commissioner Inland Revenue Appeals. Subsequent to the balance sheet the Commissioner (Appeals) decided the case against the company. The company has filed appeal against the decision of the Commissioner (Appeals) with Appellate Tribunal Inland Revenue. Consequently, the company has not accounted for liability of aforesaid amount. The company has also filed a petition subsequent to the balance sheet date in the Lahore High Court against the recovery of aforesaid amount. The same has been accepted in the favour of the company.

	Note	**2015 Rupees**	2014 Rupees
Commitments			
Atlas Bank Limited has issued Bank Guarantee in favour of Sui Northern Gas Pipelines Limited.	13.1	**1,500,000**	1,500,000
United Bank Limited has issued Bank Guarantee in favour of Department of Mines & Minerals Government of Punjab.	13.2	**139,165**	139,165

13.1 This guarantee was secured by lien in favour of Atlas Bank Ltd on PLS TDR amounting Rs. 1,500,000 (2014: Rs. 1,500,000).

13.2 This guarantee was secured by lien in favour of United Bank Ltd on PLS TDR amounting Rs. 140,000 (2014: Rs. 140,000).

13.3 The company has issued post dated cheques in favour of LTU's against rescheduling of Sales Tax and Excise duty payable amounting Rs. 226,238,975 (2014: Rs. 316,734,551).

Notes.....

14. OPERATING FIXED ASSETS

PARTICULARS	COST / REVALUATION					DEPRECIATION						Book Value
	As at July 01, 2014	Additions	Deletions	Adjustment	As at June 30, 2015	Rate %	As at July 01, 2014	For the year	On disposals	Adjustment	As at June 30, 2015	as at June 30, 2015
OWNED												
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.	1,167,560	66,549	-	-	1,234,109	96,869
Building on free hold land												
Factory :												
Cost	191,467,208	-	-	-	191,467,208	10	170,144,381	2,132,283	-	-	172,276,664	19,190,544
Revaluation (2002)	86,898,282	-	-	-	86,898,282	10	62,969,207	2,392,908	-	-	65,362,115	21,536,168
Revaluation (2007)	6,903,666	-	-	-	6,903,666	10	3,601,665	330,200	-	-	3,931,865	2,971,801
	285,269,156	-	-	-	285,269,156	-	236,715,253	4,855,390	-	-	241,570,643	43,698,513
Office :												
Cost	17,527,908	-	-	-	17,527,908	5	13,913,838	180,704	-	-	14,094,542	3,433,367
Revaluation (2002)	13,645,216	-	-	-	13,645,216	5	6,364,053	364,058	-	-	6,728,111	6,917,105
Revaluation (2007)	1,248,858	-	-	-	1,248,858	5	376,734	43,606	-	-	420,340	828,518
	32,421,982	-	-	-	32,421,982	-	20,654,625	588,368	-	-	21,242,993	11,178,989
Residential :												
Cost	38,550,278	-	-	-	38,550,278	10	36,364,280	218,600	-	-	36,582,880	1,967,398
Revaluation (2002)	27,545,216	-	-	-	27,545,216	10	19,960,123	758,509	-	-	20,718,632	6,826,584
Revaluation (2007)	19,571,075	-	-	-	19,571,075	10	10,210,290	936,079	-	-	11,146,369	8,424,707
	85,666,569	-	-	-	85,666,569	-	66,534,693	1,913,188	-	-	68,447,881	17,218,688
Machinery												
Cost	1,264,200,616		-	-	1,264,200,616	3	914,443,767	10,492,705	-	-	924,936,472	339,264,144
Transfer From Lease assets	60,441,960	-	-		60,441,960	3	44,706,998	472,049	-	-	45,179,047	15,262,913
Revaluation (2002)	1,645,780,112	-	-	-	1,645,780,112	3	676,368,919	29,082,336	-	-	705,451,255	940,328,857
Revaluation (2007)	643,182,943	-	-	-	643,182,943	3	123,502,159	15,590,424	-	-	139,092,583	504,090,360
	3,613,605,631	-		-	3,613,605,631	-	1,759,021,843	55,637,514	-	-	1,814,659,357	1,798,946,274
Office Equipment	10,535,000	900,460	-	-	11,435,460	10	6,666,821	414,247	-	-	7,081,068	4,354,392
Furniture & Fixture	7,394,634	-	-	-	7,394,634	10	6,514,755	87,988	-	-	6,602,743	791,891
Heavy Vehicles												
Cost	94,912,875	-		-	94,912,875	20	94,083,205	165,934		-	94,249,139	663,736
Revaluation (2002)	24,418,997	-		-	24,418,997	20	22,824,839	318,832		-	23,143,671	1,275,326
Revaluation (2007)	8,407,158	-		-	8,407,158	20	6,630,507	355,330		-	6,985,837	1,421,321
	127,739,030	-	-	-	127,739,030	-	123,538,551	840,096	-	-	124,378,647	3,360,383
Light Vehicles												
Cost	29,826,347	-	260,000	-	29,566,347	20	26,101,543	743,565	236,270	-	26,608,838	2,957,509
Transfer from Leased Vehicles	649,000	-	-		649,000	20	620,483	5,703			626,186	22,814
Revaluation (2002)	4,571,974	-	-	-	4,571,974	20	4,273,500	59,695	-	-	4,333,195	238,779
	35,047,321	-	260,000	-	34,787,321	-	30,995,526	808,963	236,270	-	31,568,219	3,219,102
Railway Sidings	1,726,574	-	-	-	1,726,574	5	1,375,301	17,564	-	-	1,392,865	333,709
Electric Installation	38,676,612	-	-	-	38,676,612	10	36,360,729	253,823	-	-	36,614,552	2,062,060
Weighing Scales	80,958	-	-	-	80,958	10	76,160	480	-	-	76,640	4,318
Library Books	72,403	-	-	-	72,403	10	67,945	446	-	-	68,391	4,012
Rupees	4,312,548,205	900,460	260,000	-	4,313,188,665	-	2,289,689,762	65,484,615	236,270	-	2,354,938,107	1,958,250,558

Vehicles include a Shehzor Mazda of amounting Rs. 649,000 is not in the name of the company due to that bank is unable to trace the relevant record of aforesaid vehicle. Consequently bank did not issue no objection certificate(N.O.C) for transfer of vehicle in the name of company.

	Note	2015 Rupees	2014 Rupees
14.1 Depreciation for the year has been allocated as under:			
Cost of sales	25	**62,738,841**	64,162,707
Distribution cost	26	**118,011**	110,456
Administrative expenses	27	**2,627,763**	2,874,683
		65,484,615	67,147,846

14.2 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.

14.3 Had there been no revaluation the related figures of Buildings, Plant & Machinery and Vehicles at June 30, 2015 would have been as follows :

Particulars	Cost as at June 30, 2015	Accumulated Depreciation upto June 30, 2015	Net Book Value as on June 30, 2015
	----------Rupees----------		
Buildings			
Factory	191,467,208	172,276,664	19,190,544
Office	17,527,908	14,094,542	3,433,367
Residential	38,550,278	36,582,880	1,967,398
Plant and Machinery	1,324,642,576	970,115,519	354,527,057
Heavy Vehicles	94,912,875	94,249,139	663,736
Light Vehicles	30,215,347	27,235,024	2,980,323
	1,697,316,192	1,314,553,768	382,762,425
2014 Rupees	**1,697,576,192**	**1,300,378,495**	**397,197,697**

14.4 Disposal of property, plant and equipment:

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Profit	Mode of Disposal	Particulars
		----------Rupees----------					
Light Vehicles							
Suzuki Mehran IDJ-5690	260,000	236,270	23,730	200,000	176,270	Negotiation	Mr. Usman-ur-Rehman
	260,000	236,270	23,730	200,000	176,270		
2014: Rupees	**280,000**	**222,831**	**57,169**	**168,000**	**110,831**		

14.5 OPERATING FIXED ASSETS

PARTICULARS	COST / REVALUATION					DEPRECIATION						Book Value
	As at July 01, 2013	Additions	Deletions	Adjustment	As at June 30, 2014	Rate %	As at July 01, 2013	For the year	On disposals	Adjustment	As at June 30, 2014	as at June 30, 2014
OWNED												
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	1,101,011	66,549	-	-	1,167,560	163,418
Building on free hold land												
Factory :												
Cost	188,292,137	3,175,071	-	-	191,467,208	10	168,098,565	2,045,816	-	-	170,144,381	21,322,827
Revaluation (2002)	86,898,282	-	-	-	86,898,282	10	60,310,421	2,658,786	-	-	62,969,207	23,929,075
Revaluation (2007)	6,903,666	-	-	-	6,903,666	10	3,234,776	366,889	-	-	3,601,665	3,302,001
	282,094,085	3,175,071	-	-	285,269,156		231,643,762	5,071,491	-	-	236,715,253	48,553,903
Office :												
Cost	17,527,908	-	-	-	17,527,908	5	13,723,624	190,214	-	-	13,913,838	3,614,070
Revaluation (2002)	13,645,216	-	-	-	13,645,216	5	5,980,834	383,219	-	-	6,364,053	7,281,163
Revaluation (2007)	1,248,858	-	-	-	1,248,858	5	330,833	45,901	-	-	376,734	872,124
	32,421,982	-	-	-	32,421,982		20,035,291	619,334	-	-	20,654,625	11,767,357
Residential :												
Cost	38,550,278	-	-	-	38,550,278	10	36,121,391	242,889	-	-	36,364,280	2,185,998
Revaluation (2002)	27,545,216	-	-	-	27,545,216	10	19,117,335	842,788	-	-	19,960,123	7,585,093
Revaluation (2007)	19,571,075	-	-	-	19,571,075	10	9,170,203	1,040,087	-	-	10,210,290	9,360,785
	85,666,569	-	-	-	85,666,569		64,408,929	2,125,764	-	-	66,534,693	19,131,876
Machinery												
Cost	1,190,383,914	90,302,696	-	16,485,994	1,264,200,616	3	911,149,652	9,780,109	-	6,485,994	914,443,767	349,756,849
Transfer From Lease assets	60,441,960	-	-	-	60,441,960	3	44,220,350	486,648	-	-	44,706,998	15,734,962
Revaluation (2002)	1,656,058,629	-	-	10,278,517	1,645,780,112	3	649,368,551	30,073,003	-	3,072,635	676,368,919	969,411,193
Revaluation (2007)	648,188,836	-	-	5,005,893	643,182,943	3	108,265,661	16,124,724	-	888,246	123,502,159	519,680,784
	3,555,073,339	90,302,696	-	31,770,404	3,613,605,631		1,713,004,234	56,464,484	-	10,446,875	1,759,021,843	1,854,583,788
Office Equipment	9,520,800	1,014,200	-	-	10,535,000	10	6,304,747	362,074	-	-	6,666,821	3,868,179
Furniture & Fixture	7,394,634	-	-	-	7,394,634	10	6,416,991	97,764	-	-	6,514,755	879,879
Heavy Vehicles												
Cost	94,912,875	-	-	-	94,912,875	20	93,875,788	207,417	-	-	94,083,205	829,670
Revaluation (2002)	24,418,997	-	-	-	24,418,997	20	22,426,299	398,540	-	-	22,824,839	1,594,158
Revaluation (2007)	8,407,158	-	-	-	8,407,158	20	6,186,344	444,163	-	-	6,630,507	1,776,651
	127,739,030	-	-	-	127,739,030		122,488,431	1,050,120	-	-	123,538,551	4,200,479
Light Vehicles												
Cost	29,826,347			-	29,826,347	20	25,170,342	931,201		-	26,101,543	3,724,804
Transfer from leased assets*	649,000	-	-	-	649,000	20	613,354	7,129	-	-	620,483	28,517
Revaluation (2002)	4,571,974	-	-	-	4,571,974	20	4,198,881	74,619	-	-	4,273,500	298,474
	35,047,321	-	-	-	35,047,321		29,982,577	1,012,949	-	-	30,995,526	4,051,795
Railway Sidings	1,726,574	-	-	-	1,726,574	5	1,356,813	18,488	-	-	1,375,301	351,273
Electric Installation	38,956,612	-	280,000	-	38,676,612	10	36,325,760	257,800	222,831	-	36,360,729	2,315,883
Weighing Scales	80,958	-	-	-	80,958	10	75,627	533	-	-	76,160	4,798
Library Books	72,403	-	-	-	72,403	10	67,450	495	-	-	67,945	4,458
	4,250,106,542	**94,491,967**	**280,000**	**31,770,404**	**4,312,548,205**	**-**	**2,233,211,623**	**67,147,845**	**222,831**	**10,446,875**	**2,289,689,762**	**2,022,858,443**

Vehicles include a Shehzor Mazda of amounting Rs. 649,000 is not in the name of the company due to that bank is unable to trace the relevant record of aforesaid vehicle. Consequently bank did not issue no objection certificate(N.O.C) for transfer of vehicle in the name of company.

	Note	2015 Rupees	2014 Rupees
15. LONG TERM LOANS - Considered good			
Other Employees			
House building		-	2,406
Special loans		3,200	8,000
		3,200	10,406
Less: Current portion recoverable within one year	20	3,200	7,606
		-	2,800

15.1 Terms of repayment for Staff Loans
These are interest free and secured.

15.2 Interest free loans have not been discounted as required by IAS 39 as amount involved is immaterial.

16. LONG TERM SECURITY DEPOSITS		
Islamabad Electric Supply Company	9,486,000	9,486,000
Others	1,188,715	1,188,715
	10,674,715	10,674,715
17. STORES, SPARES AND LOOSE TOOLS		
General stores	51,052,108	66,115,537
Spare parts	78,555,630	81,729,592
Loose tools	1,047,775	1,195,544
	130,655,513	149,040,673
18. STOCK IN TRADE		
Raw material	10,330,478	8,629,720
Work in process	36,857,832	164,261,184
Finished goods	37,809,831	43,226,289
	84,998,141	216,117,193
19. TRADE DEBTS	137,401,993	56,744,918

These are unsecured but considered good by the management.

	Total	Neither past due nor impaired	Past due but not impaired		
			1-90 days	90-180 days	More than 180 days
2015	137,401,993	-	131,595,552	2,497,457	3,308,984
2014	56,744,918	-	54,539,117	16,636	2,189,165

	Note	2015 Rupees	2014 Rupees
20. LOANS AND ADVANCES			
Loans			
Considered good:			
Current portion of long term loans to employees	15	**3,200**	7,606
To past associated company			
- Gharibwal Cement Limited (GCL)		**250,000,000**	250,000,000
Loan to employees		**23,962,689**	19,129,763
		273,965,889	269,137,369
Considered doubtful:			
Loan to employees		**1,623,323**	1,623,323
		275,589,212	270,760,692
Advances			
Considered good:			
To employees		**503,191**	845,558
To suppliers / contractors		**20,382,845**	22,235,986
		20,886,036	23,081,544
Considered doubtful:			
To employees		**35,000**	647,000
		20,921,036	23,728,544
		296,510,248	294,489,236
Less: Provision for doubtful loans and advances	20.1	**2,270,323**	2,270,323
		294,239,925	292,218,913
20.1 Provision for doubtful loans and advances			
Balance as at July 01,		**2,270,323**	2,270,323
Provision for the year		**-**	-
		2,270,323	2,270,323
Reversal of provision for doubtful balances		**-**	-
		2,270,323	2,270,323

20.2 During the audit, balance confirmation requests were circulated to various parties for direct balance confirmation of loans and advances aggregating Rs. 147.307 million including long term loans, long term security deposits, trade debts, interest accrued on loan to past associated company and other receivable as referred to note no. 15, 16, 19, 22 and 23 respectively. Balance confirmed through alternative procedures amounting Rs. 4.525 million by the auditors and direct balance confirmations received upto date of issuance of financial statements amounting Rs. 130.331 million.

21. BALANCES WITH STATUTORY AUTHORITIES		
Income tax due from the Government	**111,575,781**	69,894,939
	111,575,781	69,894,939
22. INTEREST ACCRUED		
Interest accrued on loan to Gharibwal Cement Limited	**9,388,556**	9,388,556
	9,388,556	9,388,556

	Note	2015 Rupees	2014 Rupees
23. OTHER RECEIVABLES			
Other receivables:			
Considered good		359,995	386,967
Considered doubtful		-	-
		359,995	386,967
Provision for doubtful receivables		-	-
		359,995	386,967
24. CASH AND BANK BALANCES			
Cash in hand		1,092,703	215,480
Cash at banks in:			
Current accounts		17,003,980	34,638,686
Saving accounts		627,862	3,351,917
Deposit accounts	24.1	2,377,163	2,256,705
		20,009,005	40,247,308
		21,101,708	40,462,788

24.1 It includes a separate bank account amounting Rs. 1.5 million (2014: Rs. 1.5 million) in compliance with requirements of Section 226 of the Companies Ordinance, 1984.

24.2 Profit and loss sharing accounts bear markup at the rates ranging from 7% to 10% (2014: 7% to 10%) per annum.

25. COST OF SALES

Raw materials consumed	25.1	163,814,837	96,480,269
Salaries, wages and benefits	25.2	249,300,999	181,277,300
Fuel, gas and electricity		1,520,839,157	861,574,435
Stores and spares		111,891,320	96,939,395
Rent, rates and taxes		234,404	398,176
Vehicle running and maintenance		24,737,909	18,831,574
Packing material		131,905,519	65,641,771
Depreciation	14.1	62,738,841	64,162,707
Others		27,958,687	23,417,875
		2,293,421,673	1,408,723,502
Work in process			
Opening		164,261,184	201,891,341
Closing		(36,857,832)	(164,261,184)
		127,403,352	37,630,157
Cost of goods manufactured		2,420,825,025	1,446,353,659
Finished goods			
Opening		43,226,289	13,351,097
Closing		(37,809,831)	(43,226,289)
		5,416,458	(29,875,192)
		2,426,241,483	1,416,478,467

	Note	2015 Rupees	2014 Rupees
25.1 RAW MATERIALS CONSUMED			
Opening balance		**8,629,720**	1,783,322
Purchase of raw material		**56,343,861**	37,212,823
Salaries, wages and benefits	25.1.1	**37,412,446**	26,436,372
Gypsum		**9,708,134**	3,544,012
Electricity		**15,559,496**	10,763,235
Royalty and excise duty		**23,761,010**	17,000,600
Stores and spares		**22,250,144**	8,244,195
Breaking of Gypsum		**480,504**	125,430
		174,145,315	105,109,989
Closing balance		**(10,330,478)**	(8,629,720)
		163,814,837	96,480,269

25.1.1 Salaries, wages and other benefits include Rs. 1.33 million (2014: Rs. 0.98 million) and Rs. 6.3 million (2014: Rs. 2.6 million) in respect of contribution of Provident Fund and Gratuity Fund respectively by the company.

25.2 Salaries, wages and other benefits include Rs. 6.83 million (2014: Rs. 5.26 million) and Rs. 31.48 million (2014: Rs. 13.89 million) in respect of contribution of Provident Fund and Gratuity Fund respectively by the company.

26. DISTRIBUTION COST			
Salaries, wages and benefits		**2,881,954**	1,799,475
Travelling and daily allowances		**518,022**	93,983
Vehicles running and maintenance		**296,475**	351,353
Depreciation	14.1	**118,011**	110,456
Freight		**2,360,833**	989,125
Others		**-**	5,000
		6,175,295	3,349,392
27. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	27.1	**13,404,308**	12,930,592
Rent, rates and taxes		**2,889,941**	4,777,584
Travelling and daily allowances		**2,375,283**	2,425,225
Repairs and maintenance		**1,357,641**	1,222,535
Vehicle running and maintenance		**354,110**	671,090
Legal and professional		**5,343,027**	3,044,970
Auditors' remuneration	27.2	**935,000**	855,000
Postage, telephone and telegrams		**1,193,056**	1,010,304
Printing and stationery		**582,636**	429,051
Advertisement		**154,000**	95,000
Entertainment		**2,651,156**	1,892,196
Fee and subscriptions		**2,259,155**	1,034,248
Security services		**154,304**	-
Depreciation	14.1	**2,627,763**	2,874,683
Others	27.3	**6,156,745**	7,525,636
		42,438,125	40,788,114

27.1 Salaries, wages and other benefits include Rs. nil (2014: Rs. nil) in respect of Provident Fund contribution by the company.

	2015 Rupees	2014 Rupees
27.2 Auditors' remuneration		
Amin, Mudassar & Co.		
Chartered Accountants		
Audit fee	**675,000**	625,000
Certification services	**10,000**	10,000
Half year review fee	**120,000**	110,000
Code of Corporate Governance review report fee	**130,000**	110,000
	935,000	855,000

27.3 This includes amount claimed by the company as input sales tax Rs. 3,494,249 (2014: 6,104,681). However, the Deputy Commissioner of Inland Revenue made this amount as inadmissible input sales tax and accordingly adjusted the aforesaid amount from the refund due to the company.

28. OTHER INCOME

Income from financial assets		
Profit on deposit and PLS accounts	**386,406**	210,845
Income from non financial assets		
Gain on disposal of fixed assets	**176,270**	110,831
	562,676	321,676

29. OTHER OPERATING EXPENSES

Balances written back	**1,342**	-
Provision for obsolescence of stores, spares and related items	**-**	25,858,329
	1,342	25,858,329

30. FINANCE COST

	Note	2015 Rupees	2014 Rupees (Re-stated)
Interest / markup on:			
Loans from financial institutions:			
Long term		**140,535,597**	210,867,250
Short term		**-**	280,341,117
		140,535,597	491,208,367
Other loans- long term		**4,932,479**	4,932,479
Provident fund		**15,574,016**	15,851,255
Workers Profit Participation Fund (WPPF)		**423,789**	489,146
Finance cost on unpaid tax liability		**-**	109,851,077
Bank charges		**395,860**	639,899
		161,861,741	622,972,223
Less:			
Finance income on demand finance - 2	5.2	**-**	(514,294,107)
Finance income on demand finance - 1	5.1	**-**	(474,606,456)
		-	(988,900,563)
		161,861,741	(365,928,340)

31. TAXATION

Current

Provision for the current year Rs. nil (2014: nil). 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. 3,713,140,666 (2014: Rs. 3,270,710,164) upto the tax year 2015. Since the company is not liable to any tax under the Normal Tax Regime therefore no numerical tax reconciliation has been given.

Deferred

Deferred tax liability on all temporary differences as at June 30, 2015 has been duly disclosed in note 7.

	2015 Rupees	2014 Rupees (Re-stated)
32. LOSS PER SHARE - BASIC AND DILUTED		
Loss for the year	**(497,257,685)**	(52,026,669)
Weighted average number of ordinary shares outstanding during the year (Number)	**94,839,980**	94,839,980
Loss per share (Rupees)	**(5.24)**	(0.55)

33. TRANSACTIONS WITH RELATED PARTIES

Balances of related parties have been disclosed in the relevant notes to the financial statements.

34. 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 analyze 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:

34.1 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 trade 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:

	2015 Rupees	2014 Rupees
Long term loans	**-**	2,800
Long term security deposits	**10,674,715**	10,674,715
Trade debts	**137,401,993**	56,744,918
Loans and advances	**273,857,080**	269,982,927
Interest accrued	**9,388,556**	9,388,556
Other receivables	**359,995**	386,967
Bank balances	**20,009,005**	40,247,308
	451,691,344	387,428,191

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.

Cash at banks

A-1+	**13,846,301**	37,596,979
A 1+	**3,919,854**	527,519
A-3	**2,242,850**	2,122,810
	20,009,005	40,247,308

Credit Risk Management

Due to the company long standing business relationship with counter parties and after giving due consideration to their strong financial standings, management does not expect non-performance by the counter parties on their obligation to the company. Accordingly the credit risk is minimal.

34.2 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:

	2015			2014		
	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	3,200	-	3,200	7,606	2,800	10,406
Long term security deposits	-	10,674,715	10,674,715	-	10,674,715	10,674,715
Trade debts	137,401,993	-	137,401,993	56,744,918	-	56,744,918
Loans and advances	273,853,880	-	273,853,880	269,975,321	-	269,975,321
Other receivables	359,995	-	359,995	386,967	-	386,967
Accrued interest	9,388,556	-	9,388,556	9,388,556	-	9,388,556
Cash and bank balances	21,101,708	-	21,101,708	40,462,788	-	40,462,788
	442,109,332	**10,674,715**	**452,784,047**	**376,966,156**	**10,677,515**	**387,643,671**
Financial liabilities						
Long term loans and liabilities	87,514,823	961,312,722	1,048,827,545	81,359,430	1,369,134,113	1,450,493,543
Long term advances and deposits	-	1,882,313	1,882,313	-	1,882,313	1,882,313
Trade and other payables	1,669,355,600	-	1,669,355,600	1,701,997,819	-	1,701,997,819
Markup accrued	534,598,314	-	534,598,314	514,094,819	-	514,094,819
Short term borrowings	1,427,909,328	-	1,427,909,328	1,185,698,828	-	1,185,698,828
Gratuity payable to trustees	217,083,252	-	217,083,252	180,584,091	-	180,584,091
	3,936,461,317	**963,195,035**	**4,899,656,351**	**3,663,734,987**	**1,371,016,426**	**5,034,751,413**
Net liquidity	**(3,494,351,985)**	**(952,520,320)**	**(4,446,872,304)**	**(3,286,768,831)**	**(1,360,338,911)**	**(4,647,107,742)**

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.

34.3 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.

Notes.....

34.3.1 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 (2014: 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 has not made any export sales during the year.

34.3.2 Interest Rate Risk

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

The company is exposed to interest rate risk in respect of its variable rate instruments. A 100 basis points increase in variable interest rates would have decreased profit by Rs. 12.880 million (2014: decreased profit by Rs. 9.65 million). A 100 basis points decrease in variable interest rate would have had an equal but opposite impact on profit. This sensitivity analysis is based on assumption that all variables, with the exception of interest rates, remain unchanged.

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

34.4 Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through long-term and short-term financing in addition to its equity. The Company has a gearing ratio of (74)% (2014: (61)%) as of the balance sheet date.

34.5 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.

34.6 Default and breaches of loans payable

	Carrying value		Nature of default
	Principal amount	Markup due	
	----- R u p e e s -----		
Economic Affairs Division	35,232,000	37,671,691	Company failed to pay the half yearly installments along with markup due thereon.
KASB Bank Ltd.	290,000,000	391,750,449	The company has not renewed the short term running finance facility

Notes.....

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief Executive	Directors	Executive	Chief Executive	Directors	Executive
	(R u p e e s)					
Managerial remuneration	2,125,000	-	1,175,000	-	-	900,000
House rent	-	-	-	-	-	-
Medical	-	-	-	-	-	-
Others	-	-	-	-	-	-
	2,125,000	**-**	**1,175,000**	**-**	**-**	**900,000**
Number of persons	**1**	**-**	**1**	**-**	**-**	**1**

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

36. PROVIDENT FUND

The company has maintained an employees' provident fund trust (Trust). Company has to contribute the amount of provident fund (Fund) to the Trust. Due to severe financial crunch, as referred in note 6.2 of these financial statements, the company was unable to pay such amount in full. However, markup, as return of investment, has been accrued in the books of accounts of the company. At the year ended June 30, 2015 figures of the fund are as follows:

	2015 Rupees	2014 Rupees
Unpaid contribution by the company	**101,839,169**	111,811,541
Profit on accrued unpaid contribution by the company	**78,810,490**	63,236,474
Size of fund	**180,649,659**	175,048,015
Percentage of accrued unpaid contribution on which profit is payable	56%	64%

The management has the intention to contribute the full amount of provident fund with related markup on attaining the profitable operations of the company. All the amount will be invested by the Trust as per the requirements of the Section 227 of the Companies Ordinance, 1984, once received from the company.

37. NUMBER OF EMPLOYEES

	2015	2014
	-------Number-------	
The detail of no. employees are as follows:		
Average no. of employees during the year	**724**	722
Number of employees as at June 30,	**709**	732

38. PLANT CAPACITY AND ACTUAL PRODUCTION

	2015 M. Tons	2014 M. Tons
Plant Capacity (Ordinary Portland cement)	**504,000**	504,000
Plant capacity (Clinker)	**480,000**	480,000
Actual production (Ordinary Portland cement)	**299,108**	159,073
%age of capacity utilized	**59**	32
Actual production (Clinker)	**264,850**	145,288
%age of capacity utilized	**55**	30

38.1 Operational performance of the company improved during the year due to the fact that company operated for whole year as compared to seven months last year.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on November 06, 2015 by the Board of Directors of the company.

MUHAMMAD AZHAR SHER
Chief Executive

MUHAMMAD IMRAN IQBAL
Director

Summary of Last Ten Years' Financial Result

Rupees in Thousands

Description	2015	2014 Re-statement	2014	2013 Re-statement	2013	2012	2011	2010	2009	2008	2007	2006
Trading Results:												
Net Sales	2,138,895	1,068,198	1,068,198	145,272	145,272	1,103,744	773,176	233,286	1,146,063	556,149	914,555	1,412,957
Gross Profit /(Loss)	(287,347)	(348,281)	(348,281)	(374,747)	(374,747)	(440,399)	(351,839)	(263,754)	(84,882)	(236,620)	(207,432)	220,436
Operating Profit /(Loss)	(335,396)	(417,955)	(417,955)	(444,371)	(444,371)	(489,369)	(384,520)	(295,450)	(192,595)	(328,986)	(284,902)	150,667
Profit /(Loss) Before Taxation	(497,258)	(52,027)	(526,633)	(463,639)	(463,639)	(506,774)	(392,030)	(556,982)	(457,657)	(556,402)	(438,154)	63,940
Profit /(loss) After Taxation	(497,258)	(52,027)	(526,633)	(466,807)	(466,807)	(506,774)	(339,163)	(436,126)	(310,177)	(419,168)	(437,276)	13,614
Balance Sheet:												
Shareholder's Equity	(3,257,739)	(2,780,317)	(3,254,924)	(2,768,590)	(2,796,642)	(2,366,059)	(1,896,526)	(1,596,274)	(1,202,189)	(934,958)	(830,956)	(424,736)
Operating Fixed Assets	1,958,251	2,022,858	2,022,858	2,016,895	2,016,895	2,085,626	2,155,354	2,230,649	2,313,958	2,382,119	2,456,936	1,796,726
Net Current Liabilities	(3,267,517)	(2,887,333)	(2,887,333)	(2,671,083)	(2,699,136)	(2,038,988)	(1,545,673)	(1,384,555)	(834,944)	(384,722)	(328,284)	(88,013)
Long term Liabilities	963,195	(896,410)	1,371,016	1,059,527	1,059,527	1,321,674	1,387,978	1,405,724	1,411,684	1,465,374	1,194,013	1,056,014
Significant Ratios												
Gross Profit Ratio %	(13.43)	(32.60)	(32.60)	(257.96)	(257.96)	(39.90)	(45.50)	(113.06)	(7.41)	(42.55)	(22.68)	15.60
Net Profit Ratio %	(23.25)	(4.87)	(49.30)	(321.33)	(321.33)	(45.91)	(43.87)	(186.95)	(27.06)	(75.37)	(47.81)	0.96
Fixed Assets Turnover Ratio	1.09	0.53	0.53	0.07	0.07	0.53	0.36	0.10	0.50	0.23	0.37	0.79
Current Ratio	0.19	0.22	0.22	0.20	0.20	0.25	0.32	0.30	0.41	0.58	0.60	0.80

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 35th Annual General Meeting of the Company to be held on **Saturday, November 28, 2015 at 11:30 a.m.** and at any adjournment thereof.

As witnessed given under my / our hand (s) _____ day of November 2015.

Signature

Witness:

Signature: _____

Name: _____

Address: _____

On five Rupees Revenue Stamp

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 th Company not later than 48 hours before the time of holding the meeting.
2. No person shall be act as proxy unless he is a member of the Company.
3. Signature should agree with the specimen signature registered with the Company.

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AFFIX
CORRECT
POSTAGE

The Company Secretary,

Dandot Cement Company Limited,
30-Sher Shah Block, New Garden Town,
Lahore - Pakistan.
Ph: +92-42-35911485

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