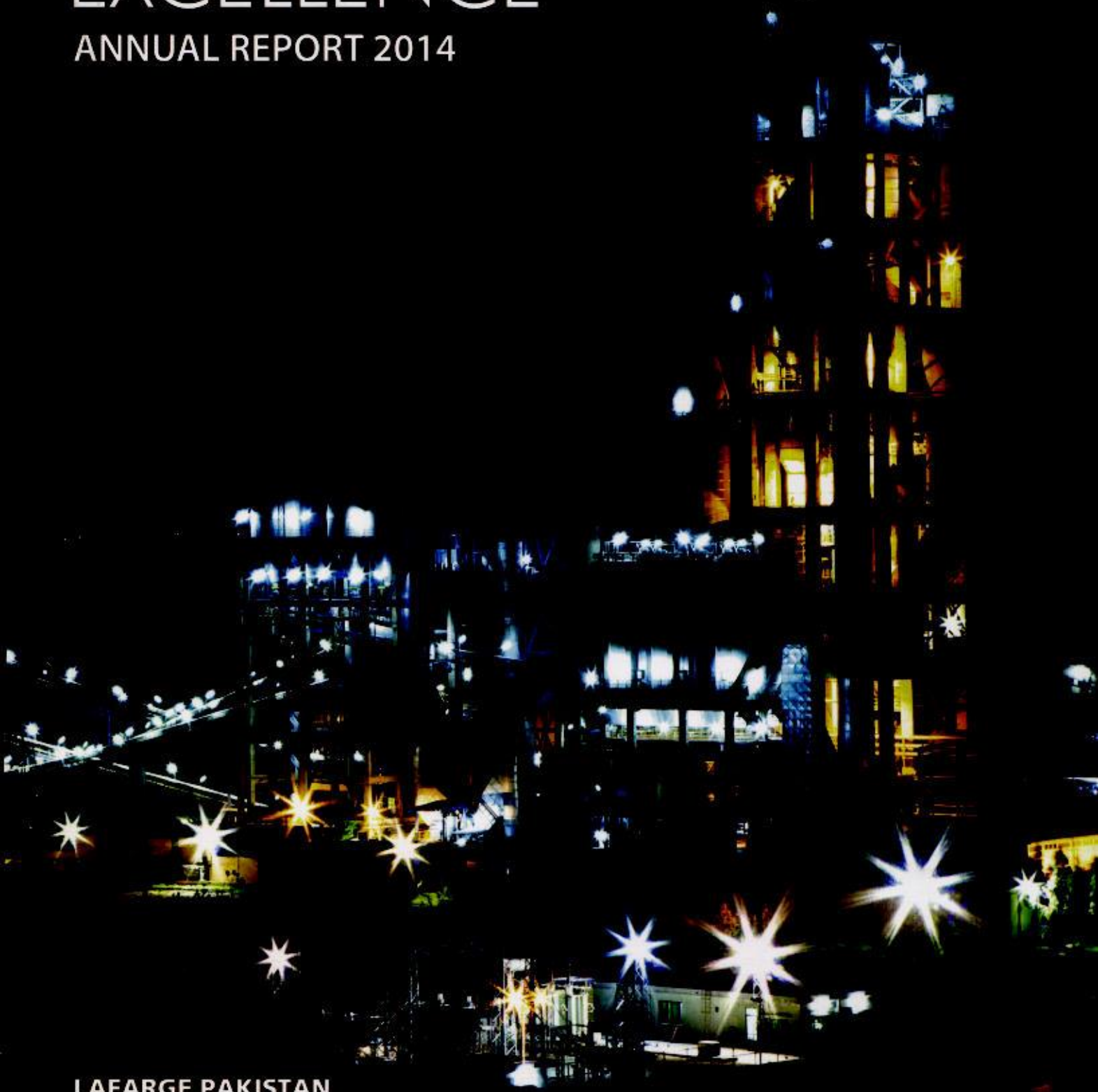
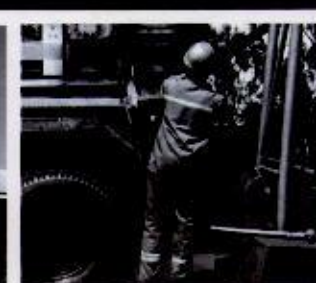
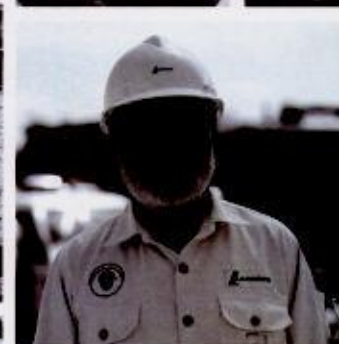
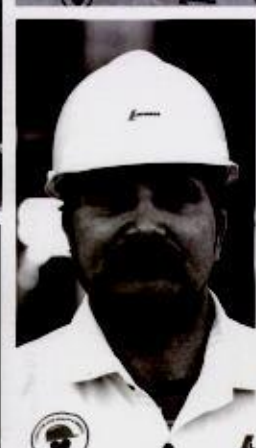


REDEFINING EXCELLENCE

ANNUAL REPORT 2014



LAFARGE PAKISTAN



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THE GROUP



KEY FIGURES

(at December 31, 2013)

62
countries

64,000
employees

15,198
revenue
in million euros

1,636
production sites

LAFARGE PROFILE

GROUP REVENUES BY DIVISION

(in million euros) (2013)



Legend:
 Cement (green)
 Aggregates (blue)
 Chemicals (red)
 Other (yellow)

KEY FIGURES BY GEOGRAPHIC AREA

(in million euros) (2013)



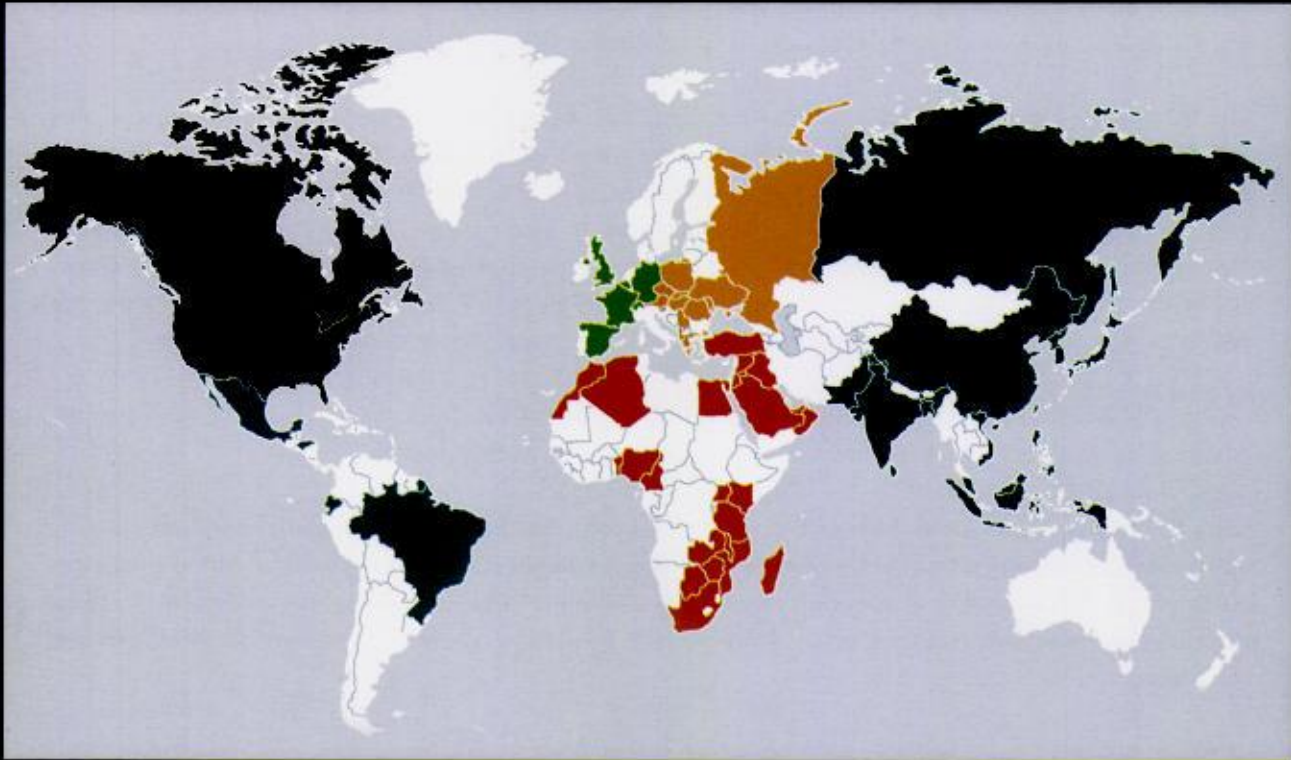
Legend:
 Europe (green)
 North America (blue)
 Latin America (red)
 Asia (yellow)
 Africa (orange)

NET INCOME GROUP SHARE

601 M€

LAFARGE WORLDWIDE

Legend: ■ Cement ■ Aggregates & Concrete ■ Other



56
countries

38,000
employees

9,657
revenue
in million euros

155
production sites



37
countries

25,000
employees

5,451
revenue
in million euros

1,481
production sites



The Company

Lafarge Pakistan- Innovation at its best

Lafarge Pakistan is a subsidiary of Lafarge Group, listed on the Paris stock exchange and a world leader of building materials. It is the first and only multinational cement manufacturer in Pakistan. The state-of-the-art plant is located at Kallar Kahar, District Chakwal in the province of Punjab. The plant commenced its commercial operations in December 2006 with an annual cement production capacity of 2.4m tons, thus pioneering to be the largest cement production line in country.

Our innovative product portfolio, which includes Ordinary Portland Cement (PAKCEM), high quality cement (Stallion) and innovative tile bond (Xtreme Bond) contribute to building better cities across Pakistan. Our ambition is to offer innovative solutions to address market needs for affordable housing and road infrastructure. Lafarge Pakistan has taken vital steps in introducing cutting-edge methodologies and created Stallion, early-setting cement specialized for the precast industry; Pakcem Eco introduced for Tajikistan Market, an optimized construction solution for an ideal balance between economy for user and strength; and Stallion, high quality cement specially made for Afghanistan.

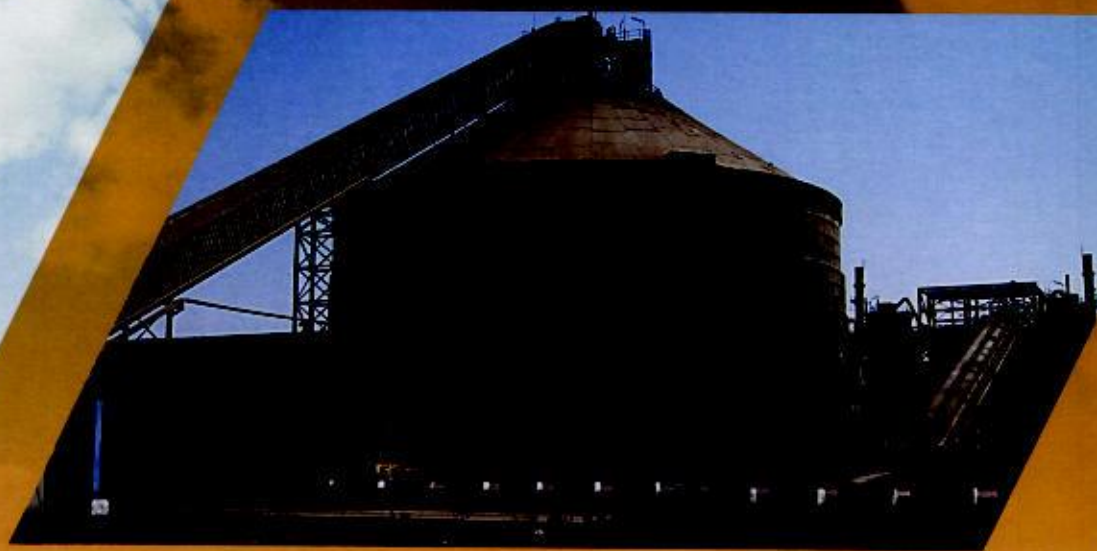
Lafarge's leadership in Health & Safety enables it to provide a safe and healthy working environment, ensuring the protection of its employees and stakeholders as its first priority.

Since its inception, the Company has been proactively contributing to the improvement and safety of life in the local communities. Our commitment extends to sharing best practices at work, at home and across communities. Company's corporate social responsibility and sustainability ambitions include volunteering initiatives, health & safety, environment, local job creation, community development and education.

Additionally, we are also at the forefront of Industrial Ecology, by recovering waste material as fuel for our cement kilns, while adopting innovative techniques to reduce our carbon footprint.

In Pakistan, the Company is well positioned to grow its business and contribute to 'Building Better Cities'. The Company's commitment to Building Better Cities, while ensuring it undertakes it under the highest standards of safety, quality and ethics, takes it beyond frontiers to deliver outstanding results and a safe and healthy working environment for its employees and continue contributing to the growth of the country.

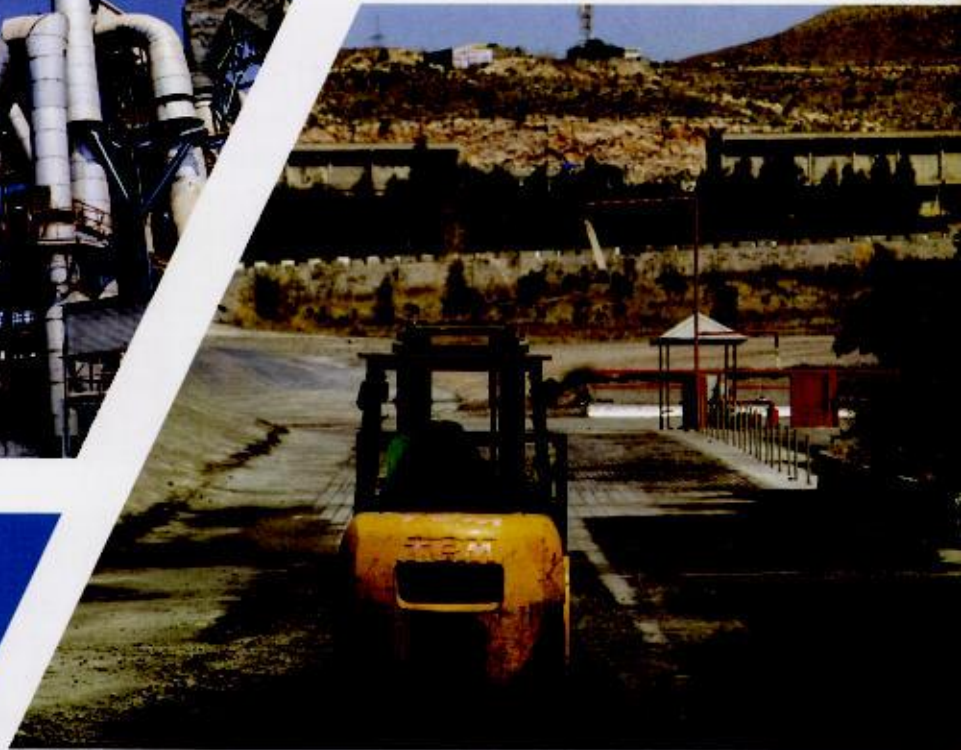
Looking ahead, we remain optimistic about the growth of the country, supported by the Government's commitment to infrastructure development and innovation.





VISION

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



MISSION

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

Corporate Social Responsibility and Sustainability Ambitions 2014

Lafarge Pakistan recognizes and values the communities it operates in. While we keenly adhere to our best practices, we also make sure the community at large can benefit from it. Health and Safety continued to be our key priority throughout 2014. Our CSR initiatives were also designed to extend Lafarge's Health and Safety culture to the local community with a vision of building better cities and lives.

Building Better Lives

The company recognizes the importance of being a responsible organization and continued its support for various social projects and activities in 2014 that contributed to building better lives of those around us.

Kallar Kahar Medical Unit

Bearing in mind the lack of adequate medical facilities available to the local communities nearby our Plant, Lafarge Pakistan launched the Kallar Kahar Medical Unit in December 2014, after the ground breaking on April 28, 2014. The fully equipped medical unit was sponsored by Lafarge Pakistan with a total project cost of Rs. 20.5 million. The administration and running of the Medical Unit was handed over to National Rural Support Program (NRSP). The annual running expenses of the unit, borne by Lafarge Pakistan for year 1 are Rs. 7.7 million. The Medical Unit is spread over an area of 165x126 sqft housing a pharmacy, laboratory, male and female wards and offers emergency services. It is a step towards diagnosing and curing illnesses, creating awareness about hygiene, health, safety and fulfilling medical needs of current and future generations of the surrounding villages. It has been launched to provide best healthcare treatment to local villagers within District Chakwal.

Kallar Kahar Parking Complex

The Parking Complex was launched in December 2014 along with its groundbreaking with the Medical Unit. It is situated across the road from our Plant in Chakwal. The Parking Complex, which has been built with an estimated cost of Rs. 73 million, is an innovative step to help reduce hazards, faced by passers-by on the main road, caused by heavy load vehicles carrying raw material and fuel. The facility aims to provide an organized parking facility for heavy load vehicles and a hygienic environment for the drivers to rest and eat. The complex has a capacity to park 60 trucks and offers facilities including a mosque, restaurant and a workshop.





Khandowa Slip Road

Lafarge Pakistan, as part of its commitment to Health & Safety, sponsored a 10x250 meters safety slip road at Khandowa, Kallar Kahar in July 2014 for a cost of Rs. 1.8 million. Previously, the road presented a hazard to the heavy load vehicles in case their brakes failed to function. The objective of constructing the slip road was to negate the probability of a life threatening accident in time by providing a safe exit to the enroute vehicles. Four major accidents have been avoided with its use in 2014. The slip road is a testimony of our growing commitment to Pakistan and the local community we operate in as we continue to ensure the safety of the human lives travelling on the road.

Along with the slip road, the Company has been taking steps to construct an approximately 1 km bypass road at Jalibee Chowk, Kallar Kahar for the safety of the local community.

Workforce Accommodation

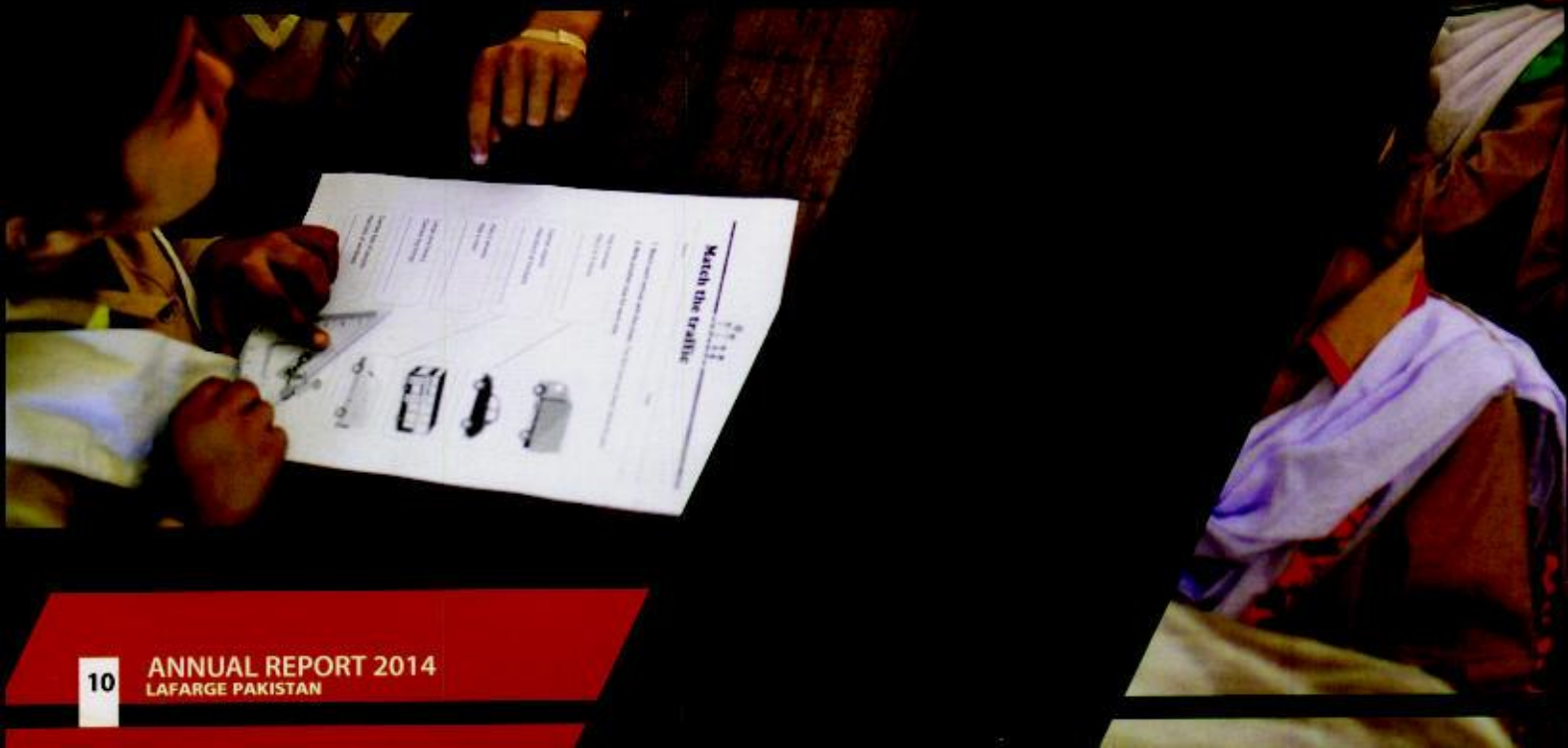
In December 2014, the Company launched the Workforce Accommodation that has been constructed in collaboration with a third party contractor. The accommodation can house up to 500 laborers in a comfortable and safe environment and is equipped with a hygienic mess.

Water Filtration Project

We are committed to reducing our water impact and enhancing water management in the communities we operate in. In order to provide clean drinking water to the local community of Chakwal, the Company contributed Rs 0.85 million for the installation of a water filtration plant in village Warala.

Health and Safety in Schools Program

Lafarge Pakistan's flagship program 'Health and Safety in School program' aims to extend our key value of Health and Safety for the benefit of school children and their safety on the road, at home and at school. For 2014, our focus remained reaching out to underprivileged, impoverished community schools in geographical areas where we operate. Through the program, our employees shared best practices on health and safety with over 1,500 school children in 13 schools.









Ramadan Dastarkhawan

During the month of Ramadan, Lafarge Pakistan arranged free Dastarkhawan meals for the needy outside its Head office and Plant. The Company provided daily free iftar to over 300 needy people outside the Head office in F-8 which cost Rs. 1.88 million. Over 6,500 iftars were served at the Plant through the entire month of Ramadan. Rs. 0.8 million was spent at the Plant on the Dastarkhawan initiative.

Sasta Dastarkhawan

The Company contributed Rs. 0.2 million to the 'Sasta Dastarkhawan' scheme launched by the Government of Punjab. Under this scheme, cooked food is distributed amongst the poor and needy, during the month of Ramadan.

Food donation drives at Lafarge Pakistan

Two food donation drives were arranged at our Plant during Ramadan and at the HO on the occasion of Eid-ul-Fitr.

Ration packs were distributed amongst the needy by our volunteers at the Plant. 920 ration packs, for a total cost of Rs.1.5 million were distributed to help the local communities around our Plant during the month of Ramadan. The ration packs included items of daily use such as oil, flour, sugar, wheat, dates, rice, lentils, spices and other dry food items.

The staff at Head office raised money on Eid-ul-Adha and volunteered to distribute hot meals to under privileged children in Islamabad area.



Thar drought donation drive

Lafarge Pakistan and staff donated a total amount of Rs 0.5 million for the drought affected community of Tharparkar. Rs 0.25 million of this amount came directly from employee contribution while same amount was matched by the Company. The donation was given to Eidhi Foundation to assist with the relief efforts in Thar.

School books donation drive

Lafarge Pakistan employees contributed Rs 30,000 for the children of Government Special Education Center at Pind Daddan Khan to buy academic books for handicap school going children.

Raise Your Hand

A Raise Your Hand Employee Volunteering Program was launched in 2014, providing our staff opportunities to positively contribute to communities we operate in. They were urged to dedicate at least four hours of their working time to locally selected projects in the realm of environment, health & safety, skills training, coaching and mentoring. In 2014, employees contributed 3,800 hours against a target of 1,244 hours to a range of activities including Health & Safety in Schools program, career counseling sessions in schools, sports and public speaking coaching.

Medical Camp

The Company has been organizing Free Medical Camps for local villagers since 2012. In February 2014, a medical camp was organized at Village Choji where over 260 patients were treated.

Fumigation services in surrounding villages

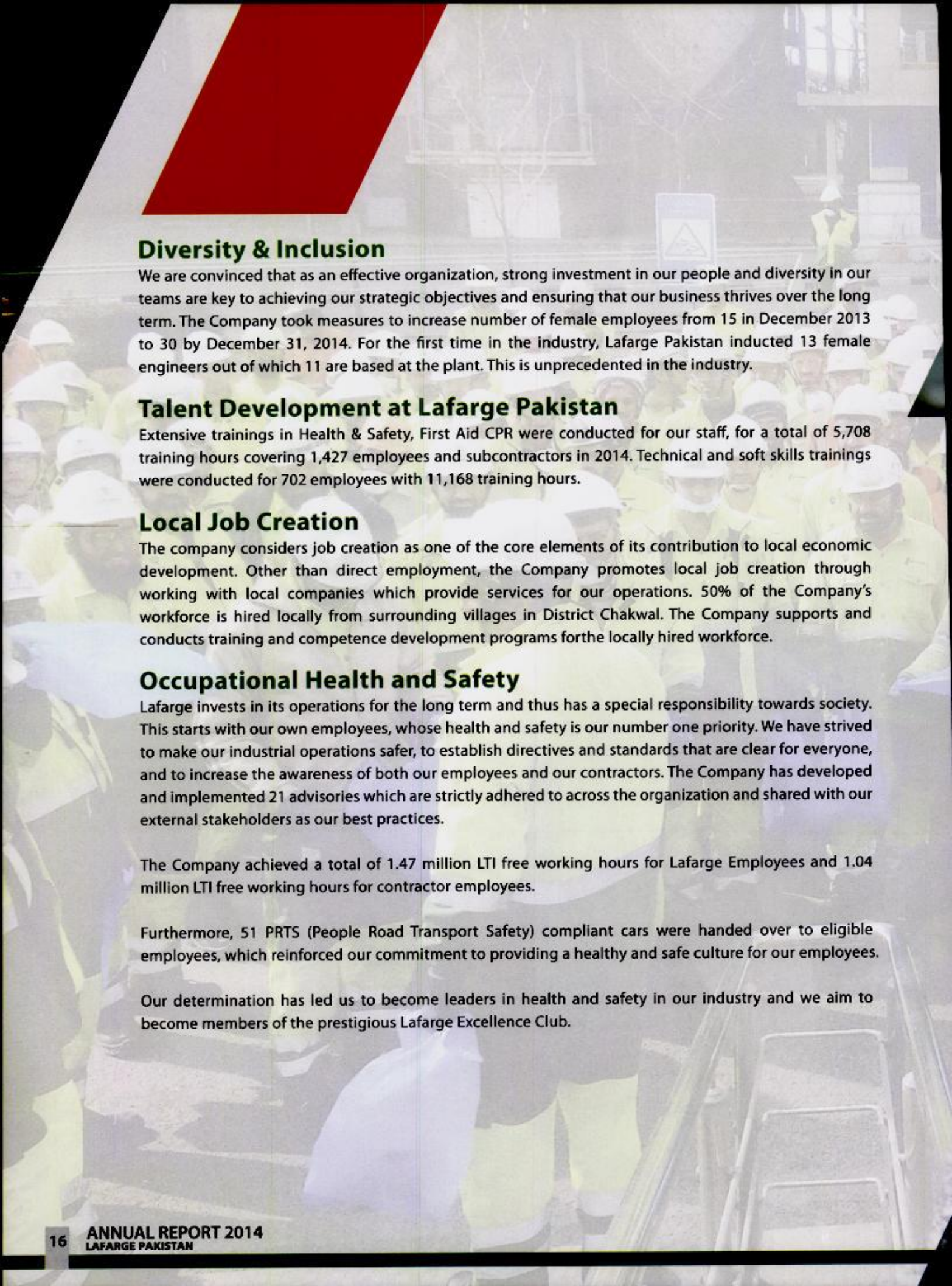
Lafarge Pakistan provided fumigation services twice a week in the surrounding villages of the Plant including Mallot, Choji and Warala.

Transport for pensioners from nearby villagers

The Company provided transport for pensioners in the nearby villages on a monthly basis throughout the year.







Diversity & Inclusion

We are convinced that as an effective organization, strong investment in our people and diversity in our teams are key to achieving our strategic objectives and ensuring that our business thrives over the long term. The Company took measures to increase number of female employees from 15 in December 2013 to 30 by December 31, 2014. For the first time in the industry, Lafarge Pakistan inducted 13 female engineers out of which 11 are based at the plant. This is unprecedented in the industry.

Talent Development at Lafarge Pakistan

Extensive trainings in Health & Safety, First Aid CPR were conducted for our staff, for a total of 5,708 training hours covering 1,427 employees and subcontractors in 2014. Technical and soft skills trainings were conducted for 702 employees with 11,168 training hours.

Local Job Creation

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

Occupational Health and Safety

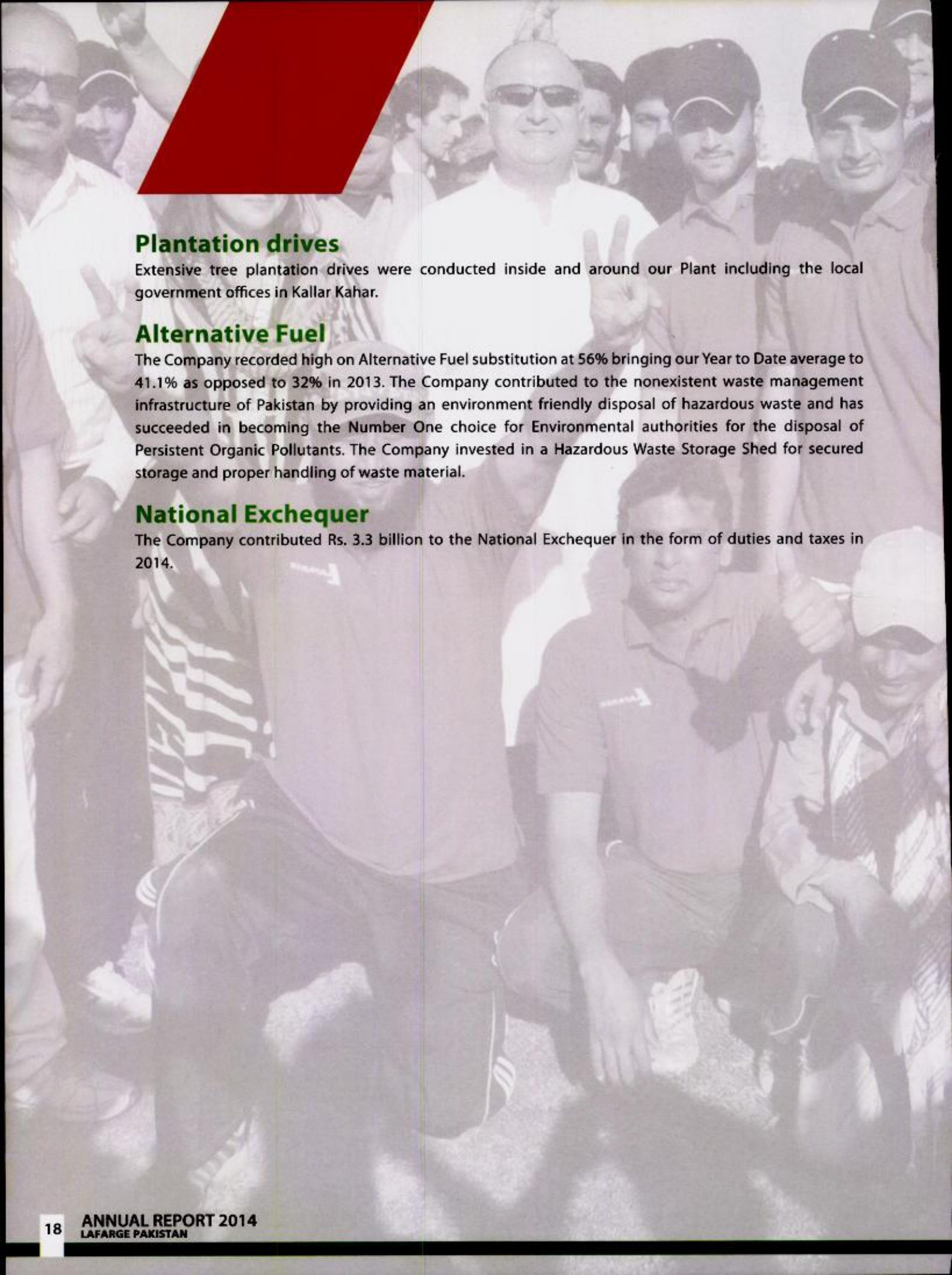
Lafarge invests in its operations for the long term and thus has a special responsibility towards society. This starts with our own employees, whose health and safety is our number one priority. We have strived to make our industrial operations safer, to establish directives and standards that are clear for everyone, and to increase the awareness of both our employees and our contractors. The Company has developed and implemented 21 advisories which are strictly adhered to across the organization and shared with our external stakeholders as our best practices.

The Company achieved a total of 1.47 million LTI free working hours for Lafarge Employees and 1.04 million LTI free working hours for contractor employees.

Furthermore, 51 PRTS (People Road Transport Safety) compliant cars were handed over to eligible employees, which reinforced our commitment to providing a healthy and safe culture for our employees.

Our determination has led us to become leaders in health and safety in our industry and we aim to become members of the prestigious Lafarge Excellence Club.





Plantation drives

Extensive tree plantation drives were conducted inside and around our Plant including the local government offices in Kallar Kahar.

Alternative Fuel

The Company recorded high on Alternative Fuel substitution at 56% bringing our Year to Date average to 41.1% as opposed to 32% in 2013. The Company contributed to the nonexistent waste management infrastructure of Pakistan by providing an environment friendly disposal of hazardous waste and has succeeded in becoming the Number One choice for Environmental authorities for the disposal of Persistent Organic Pollutants. The Company invested in a Hazardous Waste Storage Shed for secured storage and proper handling of waste material.

National Exchequer

The Company contributed Rs. 3.3 billion to the National Exchequer in the form of duties and taxes in 2014.

Activities - Pakcem - Symbol of Strength (TVC)



Activities - Events



LAFARGE PAKISTAN

Product Portfolio



PAKISTAN



TAJIKISTAN



AFGHANISTAN



INDIA

سریں تعمیر
سہر بہترین



LAFARGE HOUSE

Company Information

Board of Directors

Maj. Gen. (R) Rehmat Khan - Chairman
Mr. Amr Ali Reda - Chief Executive Officer
Mr. Shafqat Mahmood Malik
Mr. Fabrizio Angelo Olivares
Mr. Hugues Boissel Dombrevail
Ms. Jeannine Saleh
Mr. Shahid Anwar (Nominee NIT)

Audit Committee

Mr. Shahid Anwar - Chairman
Maj. Gen. (R) Rehmat Khan
Mr. Fabrizio Angelo Olivares
Mr. Hugues Boissel Dombrevail
Ms. Jeannine Saleh

Human Resource & Remuneration Committee

Maj. Gen. (R) Rehmat Khan - Chairman
Mr. Amr Ali Reda
Mr. Fabrizio Angelo Olivares
Mr. Hugues Boissel Dombrevail
Ms. Jeannine Saleh

Share Registrar

M/s THK Associates (Pvt.) Ltd.
2nd Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road,
Karachi- 75530.
UAN: +92(21) 111-000-322
Fax: +92(21) 35655595

Registered Office

18-B, Kaghan Road, F-8 Markaz,
Islamabad, Pakistan.
UAN: (051) 111 111 722
Fax: (051) 2817300
Web: www.lafargepakistan.com.pk
E-mail: company.secretary@lafarge.com

Plant Site

Choié Mallot Road, Tehsil, Kalar Kahar,
Distt. Chakwal - Pakistan

Chief Financial Officer

Mr. Shafqat Mahmood Malik

Company Secretary

Ms. Sehar Hussain

Auditors

M/s Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors

HaidermotaBNR & Co. Advocates and Corporate
Counsel, Islamabad.

Bankers

Allied Bank Ltd.
Citibank N.A.
Habib Bank Ltd.
MCB Bank Ltd.
NIB Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
Faysal Bank Ltd.
United Bank Ltd.
Meezan Bank Ltd.

Notice of 22nd Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of the shareholders of Lafarge Pakistan Cement Limited ("the Company") will be held on Wednesday, April 15, 2015, at 11:00 a.m. at the Registered Office, 18-B, Kaghan Road, F-8 Markaz, Islamabad to transact the following business:

1. To confirm the minutes of Extraordinary General Meeting held on October 21, 2014.
2. To receive and adopt the audited accounts of the Company for the year ended December 31, 2014 along with Directors' and Auditors' reports thereon.
3. To appoint Auditors for the year ending December 31, 2015 and to fix their remuneration. The retiring auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, will retire on the conclusion of this meeting. The Company has received a notice from one of the members under Section 253(2) of the Companies Ordinance, 1984, proposing the name of M/s KPMG Taseer Hadi & Co., Chartered Accountants, for appointment of statutory auditors for the year ending December 31, 2015. The Board has recommended their appointment as suggested by the Audit Committee.
4. To transact any other business which may be placed before the meeting with the permission of the chair.

By Order of the Board

Islamabad:
March 26, 2015

Sehar Husain
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from 09-04-2015 to 15-04-2015 (both days inclusive) to determine entitlement for attending Annual General Meeting.
2. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
3. CDC shareholders entitled to attend and vote at this meeting, shall produce his/her original CNIC or passport to prove his/her identity. Representatives of corporate members should bring the usual documents required for such purpose. The members are requested to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
4. Shareholders are requested to immediately notify to M/s THK Associates (Pvt.) Limited, the Share Registrar of the Company, of change in their address, if any.
5. Members who have not yet submitted a photocopy of their computerized National Identity Cards to the Company are requested to send the same at the earliest to the Share Registrar.



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the accounts of the Company for the year ended December 31, 2014 together with the audited accounts and Auditors' report thereon.

Local industry* demand grew by 7.6% from 25.30 million tons to 27.24 million tons YoY. Exports on the other hand, declined by 3% from 8.29 million tons to 8.05 million tons as compared to 2013. Exports to Afghanistan dropped by 20.5% given country developments. Overall, industry dispatches increased by 5% from 33.6 million tons in 2013 to 35.2 million tons in 2014.

Company's domestic sales volume witnessed a growth of 6.3 % from 1.20 million tons in 2013 to 1.27 million tons in 2014, while exports volume declined overall by 32.3% from 0.43 million tons in 2013 to 0.29 million tons in 2014. Due to Increased local production capacity in Tajikistan and political instability in Afghanistan, export revenues saw a decline by 41.35% in 2014. With the decrease in exports, overall sales volume saw a decline of 3.9% from 1.63 million tons in 2013 to 1.57 million tons in 2014. However, our overall net revenue increased by 0.33% from Rs. 10,302 million to Rs. 10,336 million YoY because of better performance in the domestic market. Company's exponential growth in sales turnover came during Q4 when the sales volume increased by 9.2% from 0.39 million tons in 2013 to 0.42 million tons in 2014 against the industry growth of 7.8% at 8.32 million tons in 2013 to 8.96 million tons in 2014.

Availability of electricity remained a key challenge for the cement industry along with competitive environment in export markets. Our innovation in cost optimization through sustainable and increased fuel substitution and reduced fuel consumption helped us mitigate these challenges. Despite the fact that during 2014, power shortage was more severe than last year, we successfully managed to meet local and export demands by managing our production and building stock according to the power availability schedule. Additionally, we achieved a new record of Alternate Fuel (AF) substitution of 56% bringing our YTD average to 41.1% as opposed to 32% in 2013. Profit before tax for the year increased by 6% from Rs. 1,201 million to Rs. 1,271 million. However, new levy of Alternate Corporate Tax (the Finance Act 2014), and amortization of deferred tax asset, negatively impacted our profitability. Resultantly, the Company posted a net profit of Rs. 540 million as compared to net profit after tax of Rs. 1,803 million during the same period last year.

The Company brought innovation to new heights by introducing innovative solutions contributing to topline. These included: high early strength cement (Stallion), tile adhesive (Xtreme Bond) and Pakcem Eco. Stallion, a specialized product, that caters to the needs of precast segment was launched in Pakistan to address customers' need for early setting cement. Xtreme Bond, a specialized tile adhesive, was made available in over 40 markets across Pakistan. Pakcem Eco was specifically launched for the Tajikistan market to counter local cement production and address the competitive landscape. In our quest to become a customer-centric organization, the Company deployed retail outlets, under Project Transformer termed as SOTS (Sale-on-the-SPOT), through exclusive business partners. Transformer offers the customers the convenience of on-call ordering and immediate delivery. It was launched in the twin cities of Rawalpindi and Islamabad.

Furthermore, the Company conducted testing of Soil Stabilized Bricks (SSB) to address local needs for affordable low cost housing. Our strategy to innovate fulfills Lafarge Pakistan's vision to move from a cement manufacturer to a construction solution provider.

This has been linked to a strong market understanding through research, supported by adoption and execution of marketing plans and brand transformation. It was also due to transformation in our distribution strategy and drive towards sales force effectiveness.

To extend 24/7 support and after sales services to its customers, the Company launched an SMS alert system and a Call Center Solution. SMS alerts automatically update customers on their orders dispatch status and enable them to find out their ledger balances as well.

* Source APCMA

The Call Center solution allows existing and potential customers to enquire about the Company's products, dispatch status as well as lodge complaints regarding products and customer service through a toll free number 0800-11722.

The Company contributed to the waste management infrastructure of Pakistan by providing an environment friendly disposal of hazardous waste and has succeeded in becoming Number One Choice for Environmental Authorities for the disposal of Persistent Organic Pollutants. The Company invested in a Hazardous Waste Storage Shed for secured storage and proper handling of Waste Material.

Lafarge Pakistan's Plant was awarded POM 2.0 Inside status by Lafarge Group in recognition of our commitment to delivering ambitious results in health & safety and business. POM 2.0 will enable our operations to become more agile, efficient and faster. The Plant's cement capacity increased from 2.40 million tons in 2013 to 2.48 million tons in 2014 based on revised clinker production capacity of 7,173 metric tons per day. This was certified by plant manufacturer, F.L Smidth, when the Company undertook a technical evaluation of the Plant's installed capacity during the year.

Health and Safety continued to be a key priority throughout 2014. We achieved a total of 1.47 million LTI (loss time injury) free working hours for permanent employees and 1.04 million LTI free working hours for outsourced employees. Additionally, 1,427 employees (including outsourced staff) were trained in Health & Safety in 2014. 60 employees were certified by American Heart Association (AHA) in CPR, First Aid and AED and all our Management Committee Members were certified in IOSH Managing Safely Training. Our Company introduced People Road Transport Safety (PRTS) compliant cars for the first time in the industry. 51 PRTS compliant cars were provided to entitled and job-need based employees. Our determination has led us to become leaders in Health and Safety in the industry as we are poised to become members of the prestigious Lafarge Excellence Club.

Lafarge Pakistan recognizes and values the communities it operates in. We invest in demonstrating a special responsibility towards the society. Our CSR initiatives were designed to extend Lafarge's Health and Safety culture to the local community with a vision of building better cities and lives. We opened doors to the Kallar Kahar Medical Unit and Parking Complex in 2014. The medical unit serves as a step towards diagnosing and curing illnesses, creating awareness about hygiene, health, safety and fulfilling medical needs of current and future generations of the surrounding villages.

The Company took various initiatives for the benefit of the local community including the construction of Khandowa Slip Road, workforce accommodation, Kallar Kahar Parking Complex, water filtration plant, Health & Safety in Schools Program, Ramazan Dastarkwan, food and charity donation drives by employees amongst others. With our volunteering program, our employees contributed 3,680 hours to numerous community service initiatives.

Our achievement as an organization to work for was reflected in the results of the Organization Climate Survey where over 90% of the employees ranked Lafarge as an 'Employer of Choice'. The Company laid emphasis on equal opportunities for all and made efforts to induct talent based on merit and non-discrimination. 30 from a staff of 317 employees are women with 11 based at the Plant, which is unprecedented in the industry.

Looking ahead, we remain optimistic about the growth of the cement industry of Pakistan, mainly driven by the Government's commitment to infrastructure development projects as well as our leadership in innovation.

A sale purchase agreement was signed on 23rd July 2014 between Sofmio SAS and Bestway Cement for sale of their 75.86% shares in Lafarge Pakistan. On January 21, 2015, after the receipt of the required regulatory approvals, Bestway Cement Limited made a public announcement of its offer to acquire further 12.07% (175,760,150 shares) voting shares of the Company. The offer will expire on March 25, 2015.

STATEMENT ON CORPORATE & FINANCIAL REPORTING FRAME WORK

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

- The financial statements for the year ended December 31, 2014 prepared by the management present fairly the Company's state of affairs, the result of its operations, cash flows and change in equity;
- The Company has maintained proper books of account;
- Appropriate accounting policies have been consistently applied in preparation of financial statements for the year ended December 31, 2014 and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no doubts upon the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of stock exchanges;
- Key operating and financial data of last six years is given below;

(Rs. '000)

Particulars	2009	2010	2011	2012	2013	2014
Issued, Subscribed and Paid up Capital	13,126,445	13,126,445	13,126,445	13,126,445	13,126,445	14,561,090
Capital reserve	198,966	198,966	202,743	202,743	1,637,388	196,660
Long term loan-secured	3,075,232	1,761,663	5,361,851	5,006,056	3,737,008	1,730,847
Current Liabilities	6,865,083	8,927,252	3,560,745	4,332,812	3,427,200	4,382,922
Property Plant & Equipment	16,687,998	16,291,971	15,792,184	15,313,382	14,824,043	14,515,594
Long term advance	77,869	61,977	54,265	41,318	30,989	20,659
Long term deposits	40,578	39,867	40,871	40,258	41,412	84,398
Deferred Tax Asset	749,347	749,347	803,011	1,199,316	1,906,850	1,384,016
Current Assets	2,145,492	2,358,841	2,525,674	2,930,523	3,390,715	3,218,189
Net Sales	8,129,961	6,880,767	7,804,378	9,624,089	10,302,148	10,336,120
Gross Profit	983,703	855,910	1,655,652	3,135,160	3,225,293	2,999,413
Financial Charges	1,082,955	980,678	1,064,480	1,052,757	666,640	458,855
Profit/(Loss) after Taxation	(1,278,965)	(948,495)	(118,421)	1,488,210	1,802,802	540,067
Earning Per Share (Rs.)	(0.97)	(0.72)	(0.09)	1.13	1.37	0.37

- Audited financial statements for the year ended December 31, 2014 show a net profit of Rs. 540 million. Keeping in view the low profitability, the Board is not considering any dividend distribution this year;
- There are no outstanding statutory payments on account of taxes, levies or charges except those reflected in Note No. 21 to the accounts;
- The Company maintained a provident fund scheme for its eligible employees. The value of investments by the fund was Rs. 202 million as on December 31, 2014 (un-audited) and Rs. 135 million as on June 30, 2014 (audited);
- During the year ended December 31, 2014, five meetings of Board of Directors were held and attendance of Directors is stated below:

Name of the Directors	No. of Board Meetings required to be attended	No. of Board Meetings Attended
Maj. Gen. (R) Rehmat Khan	5	4
Mr. Amr Ali Reda	5	5
Mr. Bilal Hamid Javaid	2	2
Mr. Fabrizio Angelo Olivares	5	5
Mr. Jean-Jerome Khodara	2	1
Mr. Dominique Brugier	2	2
Mr. Shahid Anwar (Nominee NIT)	5	5
Mr. Shafqat Mahmood Malik	4	4
Mr. Hugues Boissel Dombrevail	4	4
Ms. Jeannine Saleh	4	4

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

During the year ended December 31, 2014, five meetings of Audit Committee were held and attendance of members was as follows:

Name of the Member	No. of Meetings required to be attended	No. of Meetings Attended
Mr. Shahid Anwar (Nominee NIT)	5	5
Maj. Gen. (R) Rehmat Khan	5	4
Mr. Fabrizio Angelo Olivares	5	5
Mr. Jean Jerome Khodara	2	1
Mr. Hugues Boissel Dombrevail	3	3
Ms. Jeannine Saleh	3	3

During the year ended December 31, 2014, one meeting of Human Resources & Remuneration Committee was held which was attended by all the members except Mr. Hugues Boissel Dombrevail,

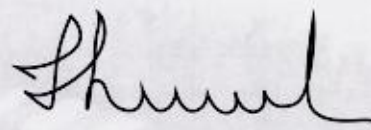
- The pattern of shareholding as on December 31, 2014 and its disclosures as required in the Code of Corporate Governance is annexed with the report;
- No Directors, CEO, CFO, Company Secretary, Company Auditors, their spouses and minor children have undertaken any transaction in Company's shares during the year.

The present auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, will retire on the conclusion of upcoming Annual General Meeting. The Company has received a notice from one of the members under Section 253(2) of the Companies Ordinance, 1984, proposing the name of M/s KPMG Taseer Hadi & Co., Chartered Accountants, for appointment of statutory auditors for the year ending December 31, 2015. The Board has recommended their appointment as suggested by the Audit Committee

M/s HLB Ijaz Tabussum & Co. Chartered Accountants, Islamabad were appointed as Cost Auditors for the year ended December 31, 2014.

The Directors wish to place on record their appreciation for the continued support of its shareholders, customers, suppliers, bankers, government agencies and most importantly our talent pool.

For and on behalf of the Board



Maj. Gen. (R) Rehmat Khan
Chairman

Islamabad:
March 10, 2015

Statement of Compliance with Code of Corporate Governance

For the Year Ended 31 December 2014

This statement is being presented to comply with the Code of Corporate Governance ("the Code") contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

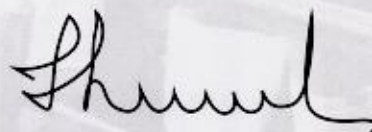
Category:	Names:
Independent Director	1. Mr. Shahid Anwar (Nominee National Investment Trust)
Executive Directors	1. Mr. Amr Ali Reda 2. Mr. Shafqat Mahmood Malik
Non-Executive Directors	1. Maj. Gen. (R) Rehmat Khan 2. Mr. Fabrizio Angelo Olivares 3. Mr. Hugues Boissel Dombrevail 4. Ms. Jeannine Saleh

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurred in the Board during the year was filled expeditiously.
5. The Company has adopted Code of Business Conduct, of Lafarge SA, France "The Ultimate Parent Company" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which these were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive Directors, have been taken by the Board.
8. During the year, the meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for the purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated, in time
9. Maj. Gen. (R) Rehmat Khan, Director of the Company is exempted from directors training programme due to 14 years of education and 15 years of experience on the board of listed companies which covered this year's compliance of Code of Corporate Governance.

10. The Board has approved appointment of CEO, CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Directors' Report for the year ended December 31, 2014 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were fully endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than those disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises five members; each of whom is a non-executive director and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises five members, of whom four are non-executive directors including the Chairman of the Committee.
18. The Board has set up an internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The Statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Closed Period' prior to the announcement of interim/final results, and business decision, which may materially affect the market price of Company's shares, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the Board



Maj. Gen. (R) Rehmat Khan
Chairman

Islamabad:
March 10, 2015

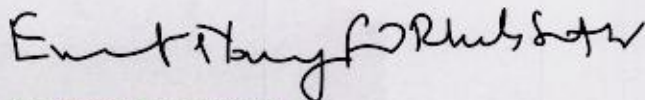
Auditors' Report to the Members

We have audited the annexed statement of financial position of Lafarge Pakistan Cement Limited (the Company) as at 31 December, 2014 and the related statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) In our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) In our opinion:
 - (i) the statement of financial position and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes in accounting policies, as stated in note 4.3 to the accompanying financial statements, with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manners required and respectively give a true and fair view of the state of the Company's affairs as at 31 December, 2014 and of the total comprehensive income, its cash flows and changes in equity for the year then ended;
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



Chartered Accountants

Audit Engagement Partner: Pervez Muslim

Date: 10 March, 2015

Place: Islamabad

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

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Lafarge Pakistan Cement Limited (the Company) for the year ended 31 December, 2014, to comply with the requirements of Listing Regulation No. 35 (Chapter XI) of Karachi, Lahore and Islamabad Stock Exchanges, where the Company is listed.

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

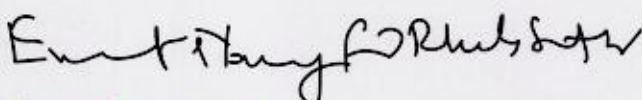
As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control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

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

Following instance of non-compliance with the requirement of the Code was observed which is not stated in the Statement:

- i) As per the requirements of clause V(e) of the Code, the Board of Directors were required to put in place, with effect from April 2014, a mechanism for undertaking an annual evaluation of the performance of the Board of Directors and of its committees. We observed that the Board has not put in place the aforementioned mechanism.

Based on our review, except for the above mentioned instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December, 2014.



Chartered Accountants

Audit Engagement Partner: Pervez Muslim

Date: 10 March, 2015

Place: Islamabad

Statement of Financial Position

As at 31 December, 2014

	Note	2014 (Rupees)	2013 (Rupees)
ASSETS			
NON - CURRENT ASSETS			
Fixed assets			
Tangible assets			
Property, plant and equipment	5	14,515,594,436	14,824,043,140
Intangible assets	6	20,718,901	2,852,573
		<u>14,536,313,337</u>	<u>14,826,895,713</u>
Long-term advance	7	20,659,000	30,988,500
Long-term deposits	8	84,397,692	41,412,007
Deferred taxation - net	9	1,384,015,511	1,906,850,311
		<u>16,025,385,540</u>	<u>16,806,146,531</u>
CURRENT ASSETS			
Stores and spares	10	1,059,560,374	835,915,563
Stock-in-trade	11	1,303,875,581	1,866,308,929
Trade debts	12	84,226,728	57,189,601
Advances	13	54,589,194	71,117,866
Short-term prepayments	14	63,316,049	60,095,523
Interest accrued		331,009	4,202,340
Other receivables	15	151,441,799	63,848,513
Tax refunds due from Government	16	363,552,184	283,226,085
Cash and bank balances	17	137,295,695	148,810,531
		<u>3,218,188,613</u>	<u>3,390,714,951</u>
TOTAL ASSETS		<u>19,243,574,153</u>	<u>20,196,861,482</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised			
2,250,000,000 (2013: 2,250,000,000) Ordinary shares of Rs. 10 each		22,500,000,000	22,500,000,000
Issued, subscribed and paid-up capital	18	14,561,090,270	13,126,444,880
Reserve for issue of shares		-	1,434,645,390
Reserves	19	(1,431,284,953)	(1,528,436,666)
		<u>13,129,805,317</u>	<u>13,032,653,604</u>
NON - CURRENT LIABILITIES			
Long-term financing	20	1,730,846,911	3,737,007,961
CURRENT LIABILITIES			
Trade and other payables	21	2,174,271,002	2,676,031,254
Accrued mark-up	22	36,168,639	25,918,324
Short-term borrowings	23	1,297,482,284	287,750,339
Current maturity of long-term financing		875,000,000	437,500,000
		<u>4,382,921,925</u>	<u>3,427,199,917</u>
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY AND LIABILITIES		<u>19,243,574,153</u>	<u>20,196,861,482</u>

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

Statement of Comprehensive Income

for the year ended 31 December, 2014

	Note	2014 (Rupees)	2013 (Rupees)
NET SALES	25	10,336,119,590	10,302,147,903
Cost of sales	26	(7,336,706,223)	(7,076,855,169)
GROSS PROFIT		2,999,413,367	3,225,292,734
Distribution costs	27	(343,132,643)	(308,846,222)
Administrative expenses	28	(993,135,401)	(991,821,821)
Other operating income	29	162,332,418	33,297,022
		(1,173,935,626)	(1,267,371,021)
OPERATING PROFIT		1,825,477,741	1,957,921,713
Finance costs	30	(458,855,279)	(666,640,320)
Other charges	31	(95,663,572)	(90,389,698)
PROFIT BEFORE TAXATION		1,270,958,890	1,200,891,695
Taxation - net	32	(730,891,431)	601,910,669
NET PROFIT FOR THE YEAR		540,067,459	1,802,802,364
OTHER COMPREHENSIVE INCOME FOR THE YEAR		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		540,067,459	1,802,802,364
EARNINGS PER SHARE - Basic and diluted	33	0.37	1.37

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

Anna Raza

CHIEF EXECUTIVE OFFICER

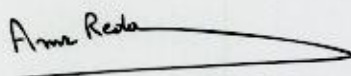
Amir
DIRECTOR

Statement of Cash Flows

For the Year Ended 31 December, 2014

	2014 (Rupees)	2013 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,270,958,890	1,200,891,695
Adjustments for non-cash charges and other items:		
Depreciation	635,311,429	633,902,504
Amortization of intangibles	451,094	216,947
Provision for obsolete packing material	-	28,947,045
Provision for Workers' Profit Participation Fund	68,331,123	64,564,070
Provision for Workers' Welfare Fund	27,332,449	25,825,628
Provision for shortfall in stamp duty	-	44,931,530
Exchange gain - net	(155,670,841)	-
Finance costs	458,855,279	666,640,320
Income from financial assets	(7,281,903)	(14,955,064)
Liabilities written back	-	(9,877,054)
Loss/(gain) on disposals/write offs of operating fixed assets	1,653,765	(7,471,197)
	1,028,982,395	1,432,724,729
Operating profit before working capital changes	2,299,941,285	2,633,616,424
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(223,644,811)	215,267,536
Stock-in-trade	562,433,348	(881,376,629)
Trade debts	(27,037,127)	5,801,212
Advances	16,528,672	(26,416,690)
Short-term prepayments	(3,220,526)	(6,758,970)
Other receivables	(31,286,869)	14,582,271
	293,772,687	(678,901,270)
(Decrease) / increase in current liabilities		
Trade and other payables	(390,629,133)	567,761,820
Cash generated from operations	2,203,084,839	2,522,476,974
Finance costs paid	(437,295,322)	(450,170,002)
Income tax paid	(263,565,103)	(218,771,962)
Net cash generated from operating activities	1,502,224,414	1,853,535,010
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(385,022,916)	(146,172,414)
Purchase of intangible assets	(18,317,422)	-
Proceeds from disposal of property, plant and equipment	200,000	7,471,197
Interest received on financial assets	11,153,234	11,431,252
Long-term advance realized	10,329,500	12,414,348
Long-term deposits paid	(42,985,685)	(1,153,953)
Net cash used in investing activities	(424,643,289)	(116,009,570)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term financing	(1,579,970,692)	(937,500,000)
Short-term borrowings - net	1,009,731,945	(765,040,572)
Dividend paid	(512,774,179)	(314,516,139)
Transaction costs on issue of shares	(6,083,035)	-
Net cash used in financing activities	(1,089,095,961)	(2,017,056,711)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,514,836)	(279,531,271)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	148,810,531	428,341,802
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	137,295,695	148,810,531

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


CHIEF EXECUTIVE OFFICER


DIRECTOR

Statement of Changes In Equity

For the Year Ended 31 December, 2014

	Share Capital Issued, subscribed and paid-up capital	Reserves				Total equity
		Capital Reserve			Revenue Reserve	
		Reserve for issue of shares	Share premium	Other	Accumulated losses	
Rupees						
Balance at 01 January, 2013	13,126,444,880	-	190,476,700	12,266,330	(3,140,188,717)	10,188,999,193
Total comprehensive income for the year	-	-	-	-	1,802,802,364	1,802,802,364
Transactions with owners, recorded directly in equity						
Reserve for issue of shares	-	1,434,645,390	-	-	-	1,434,645,390
Final dividend @ Rs. 0.30/- per share for the year ended 31 December, 2012	-	-	-	-	(393,793,346)	(393,793,346)
	-	1,434,645,390	-	-	(393,793,346)	1,040,852,044
Balance at 31 December, 2013	13,126,444,880	1,434,645,390	190,476,700	12,266,330	(1,731,179,699)	13,032,653,601
Total comprehensive income for the year	-	-	-	-	540,067,459	540,067,459
Transaction costs on issue of shares, charged to share premium account	-	-	(6,083,035)	-	-	(6,083,035)
Transactions with owners, recorded directly in equity						
Issue of 143,464,539 Ordinary shares @ Rs. 10 each during the year	1,434,645,390	(1,434,645,390)	-	-	-	-
Final dividend @ Rs. 0.30/- per share for the year ended 31 December, 2013	-	-	-	-	(436,832,708)	(436,832,708)
	1,434,645,390	(1,434,645,390)	-	-	(436,832,708)	(436,832,708)
Balance at 31 December, 2014	14,561,090,270	-	184,393,665	12,266,330	(1,627,944,948)	13,129,805,317

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

Amir Raza

CHIEF EXECUTIVE OFFICER

Amir Raza
DIRECTOR

Notes to The Financial Statements

For the Year Ended 31 December, 2014

1. THE COMPANY AND ITS OPERATIONS

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

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

- 1.2 On July 23, 2014, Pakistan Cement Holding Limited and Camden Holding PTE Limited entered into a binding Share Purchase Agreement with Bestway Cement Limited, for the purchase of 75.86% shares of the Company, for a purchase consideration of USD 217.79 million (corresponding to an enterprise value of USD 329.45 million), subject to the adjustments specified in the Share Purchase Agreement. On January 21, 2015, after the receipt of required regulatory approvals, Bestway Cement Limited has made a public announcement of its offer to acquire a further 12.07% (175,760,150 shares) voting shares of the Company through public offer at an offer price of Pak Rupee equivalent of USD 0.199414 per share, to comply with the requirements of Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2008. The offer will expire on March 25, 2015.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF PREPARATION

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Significant accounting judgments and estimates

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

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

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

4.1.1 Tangible fixed assets - Property, plant and equipment

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

Notes to The Financial Statements

For the Year Ended 31 December, 2014

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

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

4.1.3 Provision against trade debts, advances and other receivables

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

4.1.4 Taxation

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

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

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

4.1.5 Contingencies

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

4.2 Functional and presentation currency

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

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

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IAS 32 – Financial Instruments: Presentation - (Amendments)
– Offsetting Financial Assets and Liabilities

IAS 39 – Financial Instruments: Recognition and Measurement - (Amendments)
– Novation of Derivatives and Continuation of Hedge Accounting

IAS 36 – Impairment of Assets - (Amendments)
– Recoverable Amount Disclosures for Non-Financial Assets

IFRIC 21 – Levies

IFAS 3 – Profit and Loss Sharing on Deposits

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

Notes to The Financial Statements

For the Year Ended 31 December, 2014

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

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

Standard or Interpretation	IASB Effective date (annual periods beginning on or after)
IAS 16 & 38 – Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 1 – Presentation of Financial Statements – (Amendment) - Disclosure Initiative	01 January 2016
IAS 16 & 41 – Agriculture: Bearer Plants	01 January 2016
IFRS 10 – Consolidated Financial Statements	01 January 2015
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 – Fair Value Measurement	01 January 2015
IAS 27 – Separate Financial Statements	01 January 2015
IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions	01 July 2014
IAS 28 – Investment in Associates and Joint Ventures	01 January 2015

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

In addition to the above standards and interpretations, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2015. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (accounting periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2017

4.5 Tangible fixed assets - Property, plant and equipment

4.5.1 Operating fixed assets

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

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

Notes to The Financial Statements

For the Year Ended 31 December, 2014

additions is charged from the month in which the asset is available for use, and on disposals, up to the preceding month of disposal.

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

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

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

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

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

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

4.5.2 Capital Work-In-Progress

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

4.6 Intangible assets

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

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

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

4.7 Stores and spares

These are valued at the lower of weighted average cost and net realizable value, less impairment. Cost comprises invoice values and other direct costs. Cost is determined using weighted average method except for items in

Notes to The Financial Statements

For the Year Ended 31 December, 2014

transit, which are determined on the basis of costs incurred up to the reporting date. The provision for slow moving, damaged and obsolete items is charged to the statement of comprehensive income.

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

4.8 Stock-in-trade

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

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

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

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

4.9 Trade debts and other receivables

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

4.10 Advances

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

4.11 Cash and cash equivalents

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

4.12 Mark-up bearing borrowings

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

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

4.13 Trade and other payables

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

4.14 Staff retirement benefits

Defined contribution plan

The Company operates an approved contributory provident fund for all its employees. Equal monthly contributions are made to the fund by the Company and the employees, at the rate of 10% of the employee's basic salary.

Notes to The Financial Statements

For the Year Ended 31 December, 2014

The Company's contribution to the provident fund is recognized in the statement of comprehensive income, as incurred.

4.15 Provisions

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

4.16 Taxation

Taxation for the year comprises current and deferred taxes.

i) Current

The income of the Company falls under the final tax regime under sections 154 and 169 of the Income Tax Ordinance, 2001, to the extent of export sales. Provision for tax on other income, and revenue from sale of goods in the local market is based on taxable income at current rates, after considering rebates and tax credits available, if any. The tax charge as calculated above for other income, and revenue from sale of goods in the local market, is compared with the turnover tax and alternative corporate tax under section 113 of the Income Tax Ordinance, 2001, and the higher of the two amounts is provided for in the financial statements.

ii) Deferred

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

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

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

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

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

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

4.17 Revenue recognition

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

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

Notes to The Financial Statements

For the Year Ended 31 December, 2014

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

4.18 Borrowing costs

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

4.19 Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date, are translated to the functional currency at the exchange rates which approximate those prevailing on that date. Gains and losses on translation are taken to the statement of comprehensive income, currently. Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.20 Financial instruments

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

4.21 Offsetting of financial instruments

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

4.22 Impairment

i) Financial assets

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

ii) Non-Financial assets

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

Notes to The Financial Statements

For the Year Ended 31 December, 2014

4.23 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to income on a straight-line basis over the period of the lease.

4.24 Dividend

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

	Note	2014 (Rupees)	2013 (Rupees)
5. TANGIBLE FIXED ASSETS - PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	14,305,968,978	14,655,885,378
Capital Work-In-Progress	5.2	209,625,458	168,157,762
		<u>14,515,594,436</u>	<u>14,824,043,140</u>

Notes to The Financial Statements

For the Year Ended 31 December, 2014

5.1 Operating fixed assets

2014

	COST		Useful life years	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at 01 January	Additions/Transfers*		As at 01 January	Charge for the year	On Write offs **/ Disposals ***	
	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees
Freehold land	82,104,837	-	-	-	-	-	82,104,837
Building on freehold land	4,555,751,118	-	(2,136,575)**	945,127,650	152,955,904	(789,777)**	3,471,394,366
		15,579,779*	(800,000)***			(233,821)***	
Plant and machinery	13,038,557,586	11,828,637	-	13,302,010,415	419,318,306	-	9,621,712,334
		251,624,192*					
Office equipment	13,265,801	50,744	(22,491)**	13,294,054	326,181	(22,080)**	1,697,147
Furniture and fittings	25,340,347	490,421	(4,012)**	25,826,756	3,379,405	(3,850)**	7,342,439
Computers and low voltage equipment	402,572,677	6,148,847	(224)**	408,721,300	16,326,928	-	198,109,217
Laboratory equipment	714,683,331	1,526,183	-	716,209,514	21,745,468	-	471,101,347
Workshop equipment	352,086,565	-	-	352,086,565	11,140,313	-	245,108,167
Major spare parts and stand-by equipment	235,582,444	-	-	235,582,444	8,725,315	-	105,891,684
Vehicles	45,142,307	-	(271,500)**	44,870,807	1,393,609	(271,500)**	37,097,906
	19,485,087,013	20,044,832	(2,434,802)**	19,749,101,014	635,311,429	(1,087,207)**	14,305,988,978
		267,203,971*	(800,000)***			(233,821)***	

2013

	COST		Useful life years	ACCUMULATED DEPRECIATION			WRITTEN DOWN VALUE
	As at 01 January	Additions/Transfers*		As at 01 January	Charge for the year	on Disposals	
	Rupees	Rupees		Rupees	Rupees	Rupees	Rupees
Freehold land	82,104,837	-	-	-	-	-	82,104,837
Building on freehold land	4,451,433,099	633,753	-	795,633,200	149,494,450	-	3,610,623,468
		103,684,266*					
Plant and machinery	13,007,743,190	4,789,311	-	2,839,661,168	421,118,607	-	9,777,577,811
		26,025,085*					
Office equipment	11,631,899	1,633,902	-	9,791,852	1,500,954	-	1,972,995
Furniture and fittings	21,154,291	4,186,056	-	12,652,307	2,456,455	-	10,231,585
Computers and low voltage equipment	386,814,992	6,682,341	-	179,585,935	14,699,220	-	208,287,522
		9,075,344*					
Laboratory equipment	712,350,712	2,332,619	-	201,761,119	21,601,580	-	223,362,699
Workshop equipment	352,086,565	-	-	83,611,058	11,140,313	-	94,751,371
Major spare parts and stand-by equipment	235,582,444	-	-	18,004,396	10,313,224	-	28,317,620
Vehicles	49,066,848	4,708,123	(8,632,664)	43,030,760	1,577,701	(8,632,664)	35,975,797
	19,309,988,877	24,946,105	(8,632,664)	4,183,931,795	633,902,504	(8,632,664)	14,855,885,378
		138,784,695*					

*These represent transfers from Capital Work-In-Progress made during the year. (refer note 5.2.1).

Notes to The Financial Statements

For the Year Ended 31 December, 2014

	Note	2014 (Rupees)	2013 (Rupees)
5.1.1 The depreciation charge for the year has been allocated as follows:			
Cost of Sales	26	631,158,964	630,679,286
Distribution Costs	27	352,102	392,343
Administrative expenses	28	3,800,363	2,830,875
		<u>635,311,429</u>	<u>633,902,504</u>

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

	Original cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal	Particulars of buyers
2014	Rupees					
Building on freehold land	800,000	293,821	506,179	200,000	Negotiation	Tasneem
Air conditioners						Izhar Ul Haq
	<u>800,000</u>	<u>293,821</u>	<u>506,179</u>	<u>200,000</u>		
2013	<u>8,632,664</u>	<u>8,632,664</u>	-	<u>7,471,197</u>		

	Note	2014 (Rupees)	2013 (Rupees)
5.2 Capital Work-In-Progress			
Plant and machinery		98,903,977	45,388,716
Civil and development works		<u>102,878,317</u>	<u>102,372,386</u>
		201,782,294	147,761,102
Advances to suppliers and contractors		<u>7,843,164</u>	<u>20,396,660</u>
		<u>209,625,458</u>	<u>168,157,762</u>

5.2.1 Movement in Capital Work-In-Progress is as follows:

Balance at the beginning of the year		168,157,762	187,344,969
Additions during the year		364,978,084	119,597,488
Transfers to operating fixed assets during the year		(267,203,971)	(138,784,695)
Transfers to ECOCEM Pakistan (Private) Limited	15	<u>(56,306,417)</u>	-
		<u>209,625,458</u>	<u>168,157,762</u>

Notes to The Financial Statements

For the Year Ended 31 December, 2014

	Note	2014 (Rupees)	2013 (Rupees)
6. INTANGIBLE ASSETS			
Licensed computer software			
Cost			
Opening balance		11,533,253	11,533,253
Additions during the year		18,317,422	-
		29,850,675	11,533,253
Accumulated amortization			
Opening balance		8,680,680	8,463,733
Amortization for the year	28	451,094	216,947
		9,131,774	8,680,680
Written down value		20,718,901	2,852,573
Amortization rate		6.66% - 20%	6.66% - 20%

7. LONG-TERM ADVANCE

Considered good - unsecured			
Sui Northern Gas Pipelines Limited	7.1	30,988,500	41,318,000
Current maturity shown under current assets			
Sui Northern Gas Pipelines Limited	13	(10,329,500)	(10,329,500)
		20,659,000	30,988,500

7.1 This represents the outstanding balance of an advance given by the Company to Sui Northern Gas Pipelines Limited (SNGPL), during the year ended 30 June, 2005, for the construction of a gas pipeline for the Company's cement manufacturing plant in Chakwal. The advance is recoverable over 10 years, commencing 28 March, 2007 in equal annual installments of Rs. 10.33 million each, carrying mark-up at the rate of 1.5% (2013: 1.5%) per annum.

	Note	2014 (Rupees)	2013 (Rupees)
8. LONG-TERM DEPOSITS			
Security deposits - considered good			
Islamabad Electric Supply Company Limited	8.1	37,789,030	37,789,030
Saba Generation Company (Private) Limited	8.2	41,990,400	-
Others		4,618,262	3,622,977
		84,397,692	41,412,007

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

8.2 This represents the amount deposited by the Company for the supply of up to 10 megawatts of electricity to the Company's cement manufacturing plant in Chakwal. Saba Generation Company (Private) Limited has installed its equipment on a rental basis at the Company's plant for generation of electricity.

Notes to The Financial Statements

For the Year Ended 31 December, 2014

	Note	2014 (Rupees)	2013 (Rupees)
9. DEFERRED TAXATION - NET			
Debit balances arising in respect of:			
Brought forward tax losses		4,781,476,645	5,078,950,942
Provision for obsolete inventory, stores and spares and doubtful debts		1,352,620	14,895,575
Provision for Alternative Corporate Taxation		103,238,805	-
		4,886,068,070	5,093,846,517
Credit balance arising on account of:			
Accelerated tax depreciation and amortization		(3,502,052,559)	(3,186,996,206)
		<u>1,384,015,511</u>	<u>1,906,850,311</u>

9.1 The income tax credits for which no deferred tax asset has been recognized in these financial statements, in view of the policy of the Company (refer note 4.16), amounts to Rs. 237.21 million (2013: 147.75 million)

	Note	2014 (Rupees)	2013 (Rupees)
10. STORES AND SPARES			
In hand			
Spare parts		674,579,268	590,276,110
Fuel		315,599,768	211,012,256
		990,179,036	801,288,366
In transit			
Spare parts and fuel		73,772,429	39,018,288
		1,063,951,465	840,306,654
Provision for obsolete spare parts		(4,391,091)	(4,391,091)
		<u>1,059,560,374</u>	<u>835,915,563</u>

11. STOCK-IN-TRADE			
Raw materials		34,293,719	58,079,619
Packing material		146,561,803	217,782,140
Work-in-process		1,033,710,165	1,486,367,557
Finished goods			
In hand		115,483,045	130,582,634
In transit		2,669,938	2,444,024
		118,152,983	133,026,658
Provision for obsolete packing material	11.1	(28,843,089)	(28,947,045)
		<u>1,303,875,581</u>	<u>1,866,308,929</u>
11.1 Provision for obsolete packing material			
Balance at the beginning of the year		28,947,045	-
Provision for the year		-	28,947,045
Obsolete packing material consumed during the year		(103,956)	-
		<u>28,843,089</u>	<u>28,947,045</u>

Notes to The Financial Statements

For the Year Ended 31 December, 2014

	Note	2014 (Rupees)	2013 (Rupees)
12. TRADE DEBTS			
Unsecured - considered good		84,226,728	57,189,601
Considered doubtful		-	20,386,446
Provision against doubtful debts	12.1	-	(20,386,446)
		<u>84,226,728</u>	<u>57,189,601</u>
12.1 Provision against doubtful debts			
Balance at the beginning of the year		20,386,446	20,386,446
Written off during the year		(20,386,446)	-
		<u>-</u>	<u>20,386,446</u>
13. ADVANCES			
Considered good - unsecured			
Suppliers and contractors		38,496,246	54,971,244
Employees		5,763,448	5,817,122
		<u>44,259,694</u>	<u>60,788,366</u>
Current portion of long-term advance			
Sui Northern Gas Pipelines Limited	7	10,329,500	10,329,500
		<u>54,589,194</u>	<u>71,117,866</u>
14. SHORT-TERM PREPAYMENTS			
Insurance		36,984,797	35,681,901
Rent		24,506,928	22,374,137
Others		1,824,324	2,039,485
		<u>63,316,049</u>	<u>60,095,523</u>
15. OTHER RECEIVABLES			
Considered good			
Due from related parties			
ALSAFWA Cement Company		-	465,897
Lafarge Building Material Holding, Egypt S.A.E		11,183,078	11,271,473
Lafarge International Limited		49,912	5,201,732
Lafarge SA, France		4,515,852	3,914,610
Industrial Performance Middle East and Africa		3,634,450	3,637,986
Lafarge Cement WAPCO Nigeria PLC		529,835	315,594
Lafarge Aggregate and Concrete Iraq		3,542,102	2,262,957
HIMA Cement Limited		2,755,671	-
ECOCHEM Pakistan (Private) Limited		8,411,440	-
Others		1,031,884	3,210,640
	15.1	<u>35,654,224</u>	<u>30,280,889</u>
ECOCHEM Pakistan (Private) Limited	15.2 & 5.2.1	56,306,417	-
		<u>91,960,641</u>	<u>30,280,889</u>
Export rebate		10,535,722	12,748,756
Director General - Mines and Minerals	15.3	38,843,783	-
Others		10,101,653	20,818,868
		<u>151,441,799</u>	<u>63,848,513</u>

Notes to The Financial Statements

For the Year Ended 31 December, 2014

- 15.1** These represent receivables from related parties on account of expenditure incurred by the Company on behalf of these related parties.
- 15.2** This represents an amount receivable on account of sale of shredding equipment to ECOCEM Pakistan (Private) Limited (ECOCEM), under the Refuse Derived Fuel Off-take Agreement and the Resource and Service Agreement, signed between the Company and ECOCEM, on 29th April, 2014. As per the terms of the agreements, ECOCEM will provide shredded Refuse Derived Fuel to the Company and the Company shall provide its resources and various services, including land space, electricity, and security to ECOCEM.
- 15.3** This represents an amount refundable from the Director General - Mines and Minerals, in respect of an erroneous demand issued to the Company. The entire amount has been recovered, subsequent to the year end, by the Company.

	Note	2014 (Rupees)	2013 (Rupees)
16. TAX REFUNDS DUE FROM GOVERNMENT			
Advance tax at the beginning of the year		283,226,085	194,896,030
Income tax paid during the year		263,565,103	218,771,962
Provision for current taxation for the year	32	(208,056,630)	(105,624,281)
Provision in respect of Workers' Welfare Fund transferred to/(from) corporate tax provision	21.3	24,817,626	(24,817,626)
		<u>363,552,184</u>	<u>283,226,085</u>

17. CASH AND BANK BALANCES

In hand		2,681,967	2,964,043
At banks in:			
Current accounts		86,233,310	14,956,799
Deposit accounts	17.1	48,380,418	130,889,689
		<u>134,613,728</u>	<u>145,846,488</u>
		<u>137,295,695</u>	<u>148,810,531</u>

17.1 These carry mark-up at rates ranging from 7% to 8% (2013: 6% to 8%) per annum.

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014 (Rupees)	2013 (Rupees)
Number of Shares				
		Ordinary shares of Rs. 10/- each fully paid in cash		
<u>1,456,109,027</u>	<u>1,312,644,488</u>		<u>14,561,090,270</u>	<u>13,126,444,880</u>

18.1 During the year, 143,464,539 Ordinary shares @ Rs. 10 each, were issued to Pakistan Cement Holding Limited (PCH). PCH and Camden Holding PTE Limited (CHL), respectively, held 56.33% (2013: 51.55%) and 19.53% (2013: 21.67%) Ordinary shares of Rs. 10 each of the Company at the close of the current year. Lafarge SA, France, is the ultimate parent of the Company by virtue of its indirect holdings in PCH and CHL, through Lafarge Building Materials Holding, Egypt S.A.E.

	Note	2014 (Rupees)	2013 (Rupees)
19. RESERVES			
Capital reserves			
Share premium	19.1	184,393,665	190,476,700
Other	19.2	12,266,330	12,266,330
		<u>196,659,995</u>	<u>202,743,030</u>
Revenue reserve			
Accumulated losses		(1,627,944,948)	(1,731,179,696)
		<u>(1,431,284,953)</u>	<u>(1,528,436,666)</u>

Notes to The Financial Statements

For the Year Ended 31 December, 2014

19.1 This represents premium on Ordinary shares issued during the year ended 30 June, 1995 and 1996. During the year, transaction costs amounting to Rs. 6,083,635, were charged to the share premium account.

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

	Note	2014 (Rupees)	2013 (Rupees)
20. LONG-TERM FINANCING			
Secured			
From banking companies	20.1	2,605,846,911	3,032,037,269
Unsecured			
From a Related Party	20.2	-	1,142,470,692
		2,605,846,911	4,174,507,961
Current portion shown under current liabilities		(875,000,000)	(437,500,000)
		<u>1,730,846,911</u>	<u>3,737,007,961</u>

20.1 This represents the outstanding balance of a term finance facility, of Rs. 4,000 million (2013: Rs. 4,000 million), obtained by the Company from a consortium of banks.

The terms of the lending agreement were mutually rescheduled in 2013, with the Company repaying two installments aggregating to Rs. 937.5 million during the year ended 31 December, 2013. The balance amount, as at 31 December, 2014, is now repayable in 6 equal bi-annual installments of Rs. 437.5 million each, commencing on 16 June, 2015.

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

The loan is presented net of transaction costs amounting to Rs. 19.15 million (2013: Rs. 30.5 million). The effective interest rate on the loan is 5.50% (2013: 5.50%) payable semi-annually.

The loan is secured against (i) a first mortgage charge of Rs. 5,333 million, ranking pari passu among syndicate members, on the properties of the Company; and (ii) a first charge by way of hypothecation, on the Company's assets, of Rs. 5,333 million. Allied Bank Limited is the security trustee and MCB Bank Limited is the Agent on behalf of all the lenders. The terms of the lending agreement state that the Company shall not alter the rights attached to its shares. As the Company is in the process of altering the rights to its shares, (refer note 1.2 to the financial statements), it has, after obtaining specific approval from the Agent, furnished an undertaking issued by Bestway Cement Limited (BCL) (dated 18 October, 2014), wherein BCL has confirmed that it will retain the majority (at least 51%) shareholding along with management control in LPCL, during the tenor of the lending, in pursuance of its acquisition of a 75.86% stake in the Company. The Ultimate Parent Company and Lafarge Building Material Holdings, Egypt S.A.E., with the mutual consent of the Company, have withdrawn their Letter of Awareness and autonomous corporate guarantee, respectively.

20.2 This loan received from the Parent Company, amounting to USD 10.8 million (2013: USD 10.8 million) was repaid during the year. The loan carried mark-up at the rate of six months LIBOR+1% (2013: LIBOR+1%) per annum. The effective interest rate on the loan for the year was 0.70% (2013: 0.70%) payable semi-annually. The loan was payable on September 02, 2015 but was repaid by the Company in full on 31 July, 2014.

Notes to The Financial Statements

For the Year Ended 31 December, 2014

	Note	2014 (Rupees)	2013 (Rupees)
21. TRADE AND OTHER PAYABLES			
Trade creditors		452,859,792	545,033,084
Other Payables			
Accrued liabilities		927,284,162	602,794,054
Advances from customers		89,511,004	69,174,716
Royalty and technical assistance fees	21.1	307,543,792	1,017,627,053
Payable to employees provident fund		370,466	4,167,644
Security deposits		26,796,866	20,325,439
Retention money		19,687,074	5,497,812
Federal Excise Duty payable		55,211,455	38,319,420
Withholding tax payable		1,173,281	3,134,040
Sales tax payable (net)		44,677,227	27,757,110
Workers' Profit Participation Fund payable	21.2	68,331,123	133,184,705
Workers' Welfare Fund payable	21.3	77,975,703	25,825,628
Payable to related parties		44,797,325	45,018,921
Unclaimed dividend		3,335,736	79,277,207
Others		9,784,466	13,962,891
Provision for shortfall in stamp duty		44,931,530	44,931,530
		<u>2,174,271,002</u>	<u>2,676,031,254</u>
21.1 Royalty and technical assistance fees			
Royalty and technical assistance fees		307,543,792	694,076,715
Payables to other Group Companies		-	323,550,338
		<u>307,543,792</u>	<u>1,017,627,053</u>
21.2 Workers' Profit Participation Fund payable			
Balance at the beginning of the year		133,184,705	62,044,064
Allocation for the year	31	68,331,123	64,564,070
Interest on funds utilized by the Company		-	6,576,571
Payments to the Fund during the year		(133,184,705)	-
		<u>68,331,123</u>	<u>133,184,705</u>
21.3 Workers' Welfare Fund payable			
Balance at the beginning of the year		25,825,628	24,817,626
Allocation for the year	31	27,332,449	25,825,628
Transfer from/(to) corporate tax provision	16	24,817,626	(24,817,626)
		<u>77,975,703</u>	<u>25,825,628</u>
22. ACCRUED MARK-UP			
On long-term financing		12,438,904	18,802,034
On short-term borrowings		23,729,735	7,116,290
		<u>36,168,639</u>	<u>25,918,324</u>
23. SHORT-TERM BORROWINGS			
Secured			
From banking companies			
Running finance	23.1	<u>1,297,482,284</u>	<u>287,750,339</u>

Notes to The Financial Statements

For the Year Ended 31 December, 2014

- 23.1 The Company has arranged short-term running finance facilities from various commercial banks with an aggregate sanctioned limit of Rs. 2,500 million (2013: Rs. 2,450 million). Mark-up is payable on a quarterly basis in arrears, at the rate of 3 months KIBOR + 0.50% to 1.25% (2013: 3 months KIBOR + 0.60% to 1.25%) per annum.
- 23.2 These facilities are secured against a ranking hypothecation charge over the assets of the Company excluding land, building, cash and cash equivalents.
- 23.3 Unavailed credit facilities from various banks, amounted to Rs. 1,202.52 million (2013: Rs. 2,162.25 million) at the end of the year, which may be utilized interchangeably as running finance, money market loan and export refinance facility.

24. CONTINGENCIES AND COMMITMENTS

24.1. Contingencies:

- a) The Company has issued post dated cheques, aggregating to Rs. 4.07 million (2013: Rs. 4.07 million) in favor of the Collector of Customs against the import duty payable on polypropylene sacks.
- b) The Company has issued i) a bank guarantee of Rs. 146 million (2013: Rs. 146 million) in favor of Sui Northern Gas Pipelines Limited, in lieu of security deposits against supply of natural gas to its cement manufacturing plant in Chakwal; ii) a bank guarantee of Rs. 104.84 million (2013: Rs Nil) to Controller Military Accounts, Defense Purchase, Rawalpindi, against cement dispatches; and iii) a bank guarantee of Rs. 0.97 million (2013: Rs. Nil) to Bureau of Indian Standards, against exports to India.
- c) In 1998, a demand was raised by the Revenue Authority, District Chakwal, Punjab, in respect of a shortfall in stamp duty and penalty thereon, amounting to Rs. 44.93 million and Rs. 224.66 million, respectively, in respect of land mortgaged by the Company against long-term foreign currency financing. During the course of appellate procedures, the Chief Revenue Authority, Board of Revenue, Punjab, reiterated the demand.

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

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

The legal counsel of the Company is of the view that the maximum exposure to the Company is to the extent of the amount of the principal shortfall in stamp duty, of Rs. 44.93 million, and that the penalty of Rs. 179.73 million is expected to be waived off by the Honorable Supreme Court of Pakistan, based on earlier decisions in cases of a similar nature and substance. Accordingly, on the basis of the advice of its legal counsel, the Company has recorded a provision of Rs. 44.93 million in these financial statements, being the principal amount of the shortfall in stamp duty, with no provision for the above referred penalty, pending a final decision in this matter.

- d) In August 2009, the Competition Commission of Pakistan (CCP) issued an order against 21 cement manufacturers, including the Company, whereby it alleged that the Company was involved in forming a cartel with other cement manufacturers to control the local cement market, and imposed a fine of Rs. 405 million on the Company. The Company filed appeals before the Honorable Lahore High Court and the Honorable Supreme Court of Pakistan, against the decision of the CCP. The Honorable Lahore High Court has passed an interim order restraining the CCP from taking any adverse action against the 21 cement manufacturers. Pending the outcome of the

Notes to The Financial Statements

For the Year Ended 31 December, 2014

appeals, no provision has been made against the above referred fine in these financial statements, as the management and its legal counsel are confident that the matter will ultimately be decided in favor of the Company.

- e) In 2002, State Life Insurance Corporation of Pakistan (an initial shareholder of the Company) filed two suits with the Honorable Sindh High Court against Mr. Khawaja Mohammad Jawed (the then Chairman of the Chakwal Group - the previous parent of the Company), for recovery of an aggregate amount of Rs. 461 million plus interest/markup, (at the rates ranging from 16% to 20%), on account of agreements of sale and repurchase of shares, executed at various times in August 1995, between State Life Insurance Corporation of Pakistan and the then Chairman of the Chakwal Group. During the year, the Company received a letter from Chakwal Group stating that the Company is also a party to the case and can be held liable to pay the damages by the Honorable Sindh High Court. The legal advisor of the Company is of the opinion that the Company can be extricated from the case, provided that it can be shown to the Court that the then Chairman of the Chakwal Group was not authorised to act in this regard on behalf of the Company. No provision has been made against the aforementioned case in these financial statements, as the management and its legal counsel are confident that the matter will ultimately be decided in favor of the Company.
- f) The Deputy Commissioner Inland Revenue (DCIR), vide a demand notice dated 25 October, 2011, raised an aggregate sales tax demand of Rs. 690 million against the Company, in pursuance of an audit conducted for the period from January 2007 to December 2007. The Company filed an appeal against the said order before the Commissioner Inland Revenue (Appeals) CIR(A). The CIR(A) endorsed the view of the DCIR, but reduced the demand of sales tax, Federal Excise Duty and default surcharge to Rs. 489 million. The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of the CIR(A). The ATIR, vide its order dated 30 March, 2012, set aside the orders of the CIR(A) and directed the DCIR for a fresh consideration of the matter. The Company then filed an appeal before the Honorable Islamabad High Court against the order of the ATIR. In the meanwhile, in the re-assessment, as directed by the ATIR, the DCIR vide its order dated 31 October, 2012 repeated its earlier action and raised a demand of Rs. 489 million. The Company has filed an appeal before the CIR(A) against the aforementioned order of the DCIR. The CIR(A) vide its order dated 20 December, 2012 remanded back the order of the DCIR.

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

- g) The Taxation Officer, vide orders dated 23 April, 2010 and 05 May, 2010, raised an aggregate demand of Rs. 54.16 million against the Company, on account of Federal Excise Duty on royalty and fee for technical services, paid for the years 2006 to 2008. On appeal, the CIR (A), vide an order dated 20 September, 2010, set aside the demand in favor of the Company. The Tax Department filed an appeal before the ATIR against the decision of the CIR (A). The ATIR, vide its order dated 06 August, 2012, decided the matter against the Company. The Company has filed an appeal before the Honorable Islamabad High Court against the decision of the ATIR. However, as the amount demanded by the tax authorities has already been paid by the Company, no provision for a potential liability is required in these financial statements.
- h) The DCIR, vide an order dated 14 March, 2011, raised a demand of Income Tax of Rs. 268.56 million by subjecting reversal of interest and penal charges on foreign currency loans to tax, for the tax year 2005. The Company filed an appeal with the CIR(A) against the order of the DCIR, which was decided against the Company. The Company filed an appeal before the ATIR against the aforementioned order of CIR(A). The ATIR decided the appeal in the favour of the Company. However, the tax department being aggrieved by the order of the ATIR, has filed a reference application with the Honorable Islamabad High Court. Pending the outcome of the appeal, no provision has been made in these financial statements for the demand raised by the taxation authorities as management is confident that the matter will ultimately be decided in the favour of the Company.
- i) The Taxation Officer, vide an order dated 31 January, 2012, raised a demand of Federal Excise Duty on royalty and fees for technical services paid by the Company, for the years 2009 and 2010. Under the said order, an aggregate demand of Rs. 33.63 million was raised, on account of Federal Excise Duty and default surcharge and penalty thereon. The Company filed an appeal against the said order before the CIR(A). However, the CIR(A) endorsed the view of the taxation officer and decided the appeal against the Company. The Company has filed an appeal against the said order of the CIR(A) before the ATIR. As the amount demanded by the

Notes to The Financial Statements

For the Year Ended 31 December, 2014

taxation authorities along with the default surcharge and penalty, has already been adjusted by the taxation authorities against the income tax refund of the Company, for the tax year 2011, no provision for a potential liability is required in this regard in these financial statements.

- j) The DCIR, vide a demand notice, dated 28 June, 2013, reduced the tax refund of the Company from Rs. 122.656 million to Rs. 71.483 million for the tax year 2010. The reduction in refund is owing to the alleged suppression of sales, amounting to Rs. 331.904 million, charging of minimum tax, and re-apportionment of expenses between local and export sales. The Company filed a rectification application with the DCIR and also filed an appeal with the CIR (A), against the order of the DCIR. The CIR (A), vide its order dated 30 January, 2014 has remanded the case back to the DCIR for reconsideration. No provision and/or adjustment has been made in these financial statements as management is confident that the matter will ultimately be decided in the favour of the Company.
- k) The DCIR issued a show cause notice to the Company, on account of alleged non payment of FED on Industrial Franchise Fee amounting to Rs. 26.089 million, for the period from January 2011 to December 2011. The Company filed a reply to the show cause; however, the DCIR, vide its order dated 23 September, 2013, asserted that the Company has made a partial payment of FED amounting to Rs. 16.418 million and raised a demand for the balance amount of Rs. 9.671 million. The Company filed an appeal against the order of the DCIR before the CIR(A). The CIR(A), vide its order dated 16 December, 2013, has vacated the demand of Rs. 9.671 million, with an observation, that the DCIR may take action against the Company on account of the late payment of FED. The Company has filed an appeal against the above mentioned observation of the CIR(A), before the ATIR. Further the tax department, also being aggrieved by the order of the CIR(A), has filed an appeal before the ATIR. Currently, both the appeals are pending decision with the ATIR. Pending the outcome of the appeals, no provision has been made in these financial statements for any amounts, as management is confident that the matter will ultimately be decided in the favour of the Company.
- l) The DCIR, vide a demand notice dated 6 January, 2014, raised an aggregate sales tax demand of Rs. 297.9 million by alleging that the Company has made a shortfall in payment of sales tax, owing to an unlawful adjustment of input tax credit and suppression of the output tax, for the period from July 2010 to June 2011. The Company filed an appeal before the CIR(A) against the order of the DCIR. During the year, the CIR(A) directed the taxation officer to re-examine the matter and pending the outcome of the matter, no provision has been made in these financial statements for the demand raised by the taxation authorities, as management is confident that the matter will ultimately be decided in favour of the Company.
- m) The tax authorities amended the assessment of the Company for the tax year 2008, and reduced its tax losses, by Rs. 2,582.87 million, on account of a waiver of custom duties, amounting to Rs. 815.18 million, alleged suppression of sales amounting to Rs. 1,189.35 million and computation of profits attributable to exports. However, no tax demand was raised by the taxation authorities. The Company filed an appeal before the CIR(A) against the amended order. During the year, the CIR(A) set aside the matters of additions to income, on account of waiver of custom duties and taxes, amounting to Rs. 815.18 million and suppression of sales amounting to Rs. 1,189.5 million; the matter of computation of profits attributable to exports was decided against the Company. The Company has filed an appeal against the decision of the CIR(A) before the ATIR. The taxation officer, also being aggrieved by the decision of the CIR(A) has initiated the re-assessment proceedings which are in progress.
- n) The tax authorities amended the assessment of the Company for the tax year 2010, alleging suppression of sales by Rs. 331.9 million, on the basis of consumption of gypsum and further reduced the tax loss, by not agreeing to the mode of computation of export profits of the Company. The Company filed a rectification application with the Taxation Officer as well as an appeal before the CIR(A), against the amended assessment order. During the year, the CIR(A) decided the appeal in favour of the Company by setting aside the entire assessment for fresh consideration. The re-assessment proceedings are in progress.

Notes to The Financial Statements

For the Year Ended 31 December, 2014

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

	2014 (Rupees)	2013 (Rupees)
24.2 Commitments:		
a) Outstanding letters of credit	10,927,472	180,732,826
b) Commitments against capital Work-In-Progress	88,540,136	50,788,825
c) Rentals under operating lease agreements in respect of land	132,693,028	134,367,988
d) Commitments against Morabaha facility for import of coal with Meezan Bank Limited	78,166,932	-
e) Commitments against operating lease facilities acquired from Meezan Bank Limited	58,375,528	250,000,000
f) The amount of future payments under operating leases and the period in which these leases and payments will become due are as follows:		
Not later than one year	53,741,988	-
Later than one year and not later than five years	137,623,075	-
	191,365,063	-

25. NET SALES

Gross Sales

Local	11,468,794,191	10,012,922,984
Export	1,562,344,512	2,627,008,104
	13,031,138,703	12,639,931,088

Less:

Sales tax and Federal Excise Duty	(2,422,770,131)	(2,012,031,072)
Discounts and commissions to dealers	(272,248,982)	(325,752,113)
	(2,695,019,113)	(2,337,783,185)
	10,336,119,590	10,302,147,903

Notes to The Financial Statements

For the Year Ended 31 December, 2014

	Note	2014 (Rupees)	2013 (Rupees)
26. COST OF SALES			
Raw materials consumed	26.1	587,663,129	682,162,814
Packing material consumed		618,567,964	608,571,567
Stores and spares consumed		193,073,423	267,260,933
Fuel and power		3,953,998,537	4,942,904,899
Depreciation	5.1.1	631,158,964	630,679,286
Salaries, wages and other benefits	26.2	358,881,105	277,709,878
Rent, rates and taxes		36,312,538	18,372,365
Travelling and conveyance		92,261,227	76,209,963
In-plant transportation charges		80,627,351	73,404,739
Insurance		59,097,746	57,251,924
Communication		4,360,062	4,437,983
Utilities		10,240,071	10,892,688
Consumables		31,116,976	25,255,977
Office canteen		38,533,899	30,864,886
Repairs and maintenance		97,984,584	93,747,069
Legal and professional charges		23,438,739	12,750,379
Provision for obsolete packing material		-	28,947,045
Fees and subscriptions		484,726	739,542
Other factory overheads		51,374,115	37,414,068
		6,869,175,156	7,879,578,005
Work-in-process			
Opening stock		1,486,367,557	712,794,686
Closing stock		(1,033,710,165)	(1,486,367,557)
		452,657,392	(773,572,871)
Cost of goods manufactured		7,321,832,548	7,106,005,134
Finished goods			
Opening stock		133,026,658	103,876,693
Closing stock		(118,152,983)	(133,026,658)
		14,873,675	(29,149,965)
		7,336,706,223	7,076,855,169
26.1 Raw materials consumed			
Opening stock		58,079,619	97,769,084
Purchases during the year		563,877,229	642,473,349
Closing stock		(34,293,719)	(58,079,619)
		587,663,129	682,162,814
26.2	Included herein is a sum of Rs. 13,129,790 (2013: Rs. 10,914,417) on account of contributions to the employees' provident fund.		

Notes to The Financial Statements

For the Year Ended 31 December, 2014

	Note	2014 (Rupees)	2013 (Rupees)
27. DISTRIBUTION COSTS			
Salaries, wages and other benefits	27.1	137,907,447	100,341,870
Travelling and conveyance		30,175,489	18,150,492
Freight and handling charges		16,718,076	76,718,714
Advertisement and sales promotion expenses		107,415,945	59,284,673
Repairs and maintenance		12,119,114	14,163,980
Rent, rates and taxes		10,129,176	12,797,129
Legal and professional charges		10,284,370	9,465,580
Utilities		2,374,793	3,136,985
Office canteen		6,362,265	5,446,219
Printing and stationery		840,035	1,122,156
Telephone and postage		2,906,158	3,342,937
Fees and subscriptions		2,716,042	1,733,873
Depreciation	5.1.1	352,102	392,343
Software expenses		11,398	-
Security charges		2,739,668	2,676,199
Insurance		80,565	73,072
		<u>343,132,643</u>	<u>308,846,222</u>

27.1 Included herein is a sum of Rs. 3,714,858 (2013: Rs. 3,327,405) on account of contributions to the employees' provident fund.

	Note	2014 (Rupees)	2013 (Rupees)
28. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits	28.1	299,084,139	228,781,652
Travelling and conveyance		41,487,529	32,013,485
Repairs and maintenance		14,768,402	15,001,805
Rent, rates and taxes		32,734,165	26,086,404
Legal and professional charges		22,821,822	12,609,461
Auditors' remuneration	28.2	3,189,000	2,187,000
Utilities		5,182,883	9,101,750
Advertisement		955,087	1,794,850
Corporate Social Responsibility		6,020,285	4,500,931
Royalty and technical assistance fees		516,843,399	580,659,777
Office canteen		9,031,945	8,941,579
Printing and stationery		5,618,895	3,019,378
Telephone and postage		5,277,215	5,622,476
Fees and subscriptions		7,353,130	7,056,957
Depreciation	5.1.1	3,800,363	2,830,875
Amortization of intangible assets	6	451,094	216,947
Security charges		7,097,348	3,039,117
Software expenses		357,025	344,428
Insurance		1,101,260	3,081,419
Provision for shortfall in stamp duty		-	44,931,530
Unclaimable Sales tax		6,587,397	-
Others		3,373,018	-
		<u>993,135,401</u>	<u>991,821,821</u>

28.1 Included herein is a sum of Rs 4,961,897 (2013: Rs. 2,987,170) on account of contributions to the employees' provident fund.

Notes to The Financial Statements

For the Year Ended 31 December, 2014

	Note	2014 (Rupees)	2013 (Rupees)
28.2 Auditors' remuneration			
Annual statutory audits		1,287,000	1,257,000
Half-yearly audit		650,000	-
Half-yearly review		430,000	430,000
Other certifications		440,000	300,000
Out of pocket expenses		382,000	200,000
		<u>3,189,000</u>	<u>2,187,000</u>
29. OTHER OPERATING INCOME			
From financial assets			
Mark-up on long-term advance		522,933	645,598
Return on deposit accounts		6,758,970	14,309,466
		<u>7,281,903</u>	<u>14,955,064</u>
From non-financial assets			
Exchange gain - net		155,670,841	-
Scrap sales		1,033,439	993,707
(Loss)/ gain on disposals/write offs of operating fixed assets		(1,653,765)	7,471,197
Liabilities written-back		-	9,877,054
		<u>155,050,515</u>	<u>18,341,958</u>
		<u>162,332,418</u>	<u>33,297,022</u>
30. FINANCE COSTS			
Mark-up/interest on:			
Long-term financing			
From banking companies		342,489,941	350,506,068
From a related party		8,350,660	16,338,284
Short-term borrowings		67,757,651	44,457,298
		<u>418,598,252</u>	<u>411,301,650</u>
Interest on Workers' Profit Participation Fund		3,197,210	6,576,571
Exchange loss - net		-	195,159,594
Bank charges		37,059,817	44,808,724
Imputed interest on long-term payable		-	8,793,781
		<u>40,257,027</u>	<u>255,338,670</u>
		<u>458,855,279</u>	<u>666,640,320</u>
31. OTHER CHARGES			
Workers' Profit Participation Fund	21.2	68,331,123	64,564,070
Workers' Welfare Fund	21.3	27,332,449	25,825,628
		<u>95,663,572</u>	<u>90,389,698</u>
32. TAXATION - NET			
Current			
Current year		172,894,836	105,624,281
Prior year		35,161,794	-
	16 & 32.1	<u>208,056,630</u>	<u>105,624,281</u>
Deferred			
		522,834,801	(707,534,950)
		<u>730,891,431</u>	<u>(601,910,669)</u>

Notes to The Financial Statements

For the Year Ended 31 December, 2014

32.1 This represents tax paid by the Company as final tax, under sections 154 and 169, to the extent of direct export receipts and minimum tax and Alternative Corporate Tax under section 113 of the Income Tax Ordinance, 2001. The prior year charge, represents the provision for Alternative Corporate Tax for the tax year 2014.

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

33. EARNINGS PER SHARE - Basic and Diluted	2014 (Rupees)	2013 (Rupees)
Profit attributable to ordinary shareholders (Rupees)	540,067,459	1,802,802,364
Weighted average number of ordinary shares in issue	1,440,731,833	1,316,176,562
Basic earnings per share (Rupees)	0.37	1.37

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

34. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	2014	2013	2014	2013	2014	2013
	Chief Executive Officer		Executive Director		Executives	
	Rupees					
Managerial remuneration	37,182,066	34,237,162	4,723,342	6,949,800	187,028,326	125,358,037
House rent and utilities allowance	15,373,045	5,764,892	2,314,438	3,405,402	91,643,880	61,425,438
Bonus	16,049,166	4,819,136	1,423,852	3,006,913	36,657,464	40,829,945
Provident fund	-	-	472,329	703,821	17,420,630	11,215,606
Other benefits	19,250,829	4,084,478	1,705,567	2,394,347	54,970,245	47,662,455
	87,855,106	48,905,668	10,639,528	16,460,283	387,720,545	286,491,481
Number of persons	1	1	1	1	142	117

34.1 During the year, Rs. 8,049,988 (2013: Rs. 7,096,203) was paid to a Non-Executive Director in connection with services rendered and Rs. 25,000 (2013: Rs. 25,000) was paid to another Non-Executive Director for attending meetings of the Board of Directors.

34.2 The Chief Executive Officer, the Executive Director, the Chairman of the Board of Directors and certain Executives are provided with Company maintained cars and medical benefits, in accordance with their entitlement.

Notes to The Financial Statements

For the Year Ended 31 December, 2014

35. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of the Ultimate Parent Company, the Parent Company, associated undertakings, Directors, the employees' provident fund and key management personnel. Details of transactions with related parties, during the year, are as follows:

	2014 (Rupees)	2013 (Rupees)
Ultimate Parent Company		
- Expenses incurred on behalf of Ultimate Parent Company	3,736,370	11,256,234
- Master Brand Agreement	166,079,625	169,985,440
- Intellectual Property	276,799,375	283,309,067
- Services Agreement	81,326,598	127,365,270
- Payments received during the year	3,134,130	8,289,325
- Payments made during the year	826,512,305	-
Parent Company		
- Mark-up accrued on loan	8,350,660	16,338,284
- Mark-up paid during the year	12,930,953	16,739,043
- Repayment of loan	1,069,632,653	-
- Dividend paid	221,442,391	182,706,966
Associates		
- Services provided by the Company	114,626,993	32,196,834
- Services received by the Company	53,621,753	46,514,086
- Payment received against services	34,329,534	41,703,430
- Payment made during the year	40,156,281	-
- Sale of cement	-	12,204,881
- Receipts against sales	-	23,977,100
- Dividend paid	153,589,189	-
Other related parties		
- Contributions to the Provident Fund Trust	21,806,545	19,355,741

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

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

36.1 CREDIT RISK

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

Notes to The Financial Statements

For the Year Ended 31 December, 2014

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

Exposure to credit risk

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

	2014 (Rupees)	2013 (Rupees)
Long-term advance	20,659,000	30,988,500
Long-term deposits	84,397,692	41,412,007
Trade debts	84,226,728	77,576,047
Advances	16,092,948	16,146,622
Interest accrued	331,009	4,202,340
Other receivables	151,441,799	63,848,513
Bank balances	134,613,728	145,846,488
	<u>491,762,904</u>	<u>380,020,517</u>

Geographically there is no concentration of credit risk.

The Company's most significant customer is a Government institute, from whom Rs. 30.37 million (2013: Rs. 12.62 million) was outstanding at the year end and which is included in the total carrying amount of trade debtors, at the year end.

The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. Credit risk and bank balances, as at 31 December, 2014, with each of the counterparties, is as follows:

Name of Bank	Long-term Rating	Short-term Rating	Rating Agency	Rupees
United Bank Limited	AA+	A-1+	JCR-VIS	50,427,951
Faysal Bank Limited	AA	A1+	PACRA	303,311
Citibank N.A.	A2	P-1	Moody's	2,508,740
MCB Bank Limited	AAA	A1+	PACRA	6,149,778
NIB Bank Limited	AA-	A1+	PACRA	9,209,089
Habib Bank Limited	AAA	A-1+	JCR-VIS	3,275,806
Standard Chartered Bank	AAA	A1+	PACRA	51,769,562
Askari Bank Limited	AA	A1+	PACRA	9,589,006
Meezan Bank Limited	AA	A-1+	JCR-VIS	1,380,484

36.1.1 As at 31 December, 2014, the ageing analysis of trade debts in aggregate is as follows:

	Total	1-90 days	91-180 days	181 days and over
	<u>Rupees</u>			
2014	84,226,728	82,295,565	94,436	1,836,727
2013	77,576,047	54,868,896	320,705	22,386,446

The allowance account in respect of trade debts is used to record impairment losses, unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written-off against the financial asset directly. Based on past experience, the management believes that no further impairment allowance is necessary in respect of trade debts. The trade debts are essentially due from local distributors, contractors and Government institutes, and the Company is actively pursuing the recovery of these debts; the Company does not expect these parties to fail to meet their obligations.

Notes to The Financial Statements

For the Year Ended 31 December, 2014

36.2 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 Company uses different methods which assist it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition the Company maintains lines of credit, as mentioned in notes 20 & 23 to the financial statements.

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

	Contractual cash flows			
	Carrying Amount	Less than one year	One to five years	Total
2014	Rupees			
Long-term financing including accrued interest	2,618,285,815	1,130,543,750	1,982,312,500	3,112,856,250
Trade and other payables	1,926,902,213	1,926,902,213	-	1,926,902,213
Short-term borrowings including accrued interest	1,321,212,019	1,321,212,019	-	1,321,212,019
	5,866,400,047	4,378,657,982	1,982,312,500	6,360,970,482

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

The contractual cash flows relating to long and short-term borrowings, have been determined on the basis of current mark-up rates. The mark-up rates have been disclosed in notes 20 and 23 to these financial statements.

36.3 MARKET RISK

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

The Company is exposed to currency risk and interest rate risks only.

36.3.1 INTEREST / MARK-UP RATE RISK MANAGEMENT

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

Notes to The Financial Statements

For the Year Ended 31 December, 2014

At the reporting date, the interest rate profile of the Company's interest bearing financial liabilities is as follows:

	2014 (Rupees)	2013 (Rupees)
Financial liabilities		
Floating rate liabilities		
Long-term financing	2,605,846,911	4,174,507,961
Short-term borrowings	1,297,482,284	287,750,339
	<u>3,903,329,195</u>	<u>4,462,258,300</u>

Sensitivity analysis

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

		2014	2013
Change in interest rate	± Percentage	1%	1%
Effect on profit/loss for the year	± Rupees	39,033,292	44,622,583
Effect on accumulated losses	± Rupees	39,033,292	44,622,583

36.3.2 CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk due to transactions denominated in foreign currencies, primarily on account of imports relating to plant and machinery, and equipment and payables to related parties.

Exposure to currency risk

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

	US Dollar	Euro	Egyptian Pound	Great Britain Pound
2014				
Trade and other payables	(171,460)	(1,641,764)	(2,638,889)	(20,488)
Advances to suppliers	55,816	36,022	-	3,640
Cash in hand	13,620	2,857	-	-
Net exposure	<u>(102,024)</u>	<u>(1,602,885)</u>	<u>(2,638,889)</u>	<u>(16,848)</u>
Exchange rates				
Average rates (Rs.)	101.08	134.34	14.30	166.63
Reporting date rates (Rs.)	100.43	122.12	14.07	156.10
2013				
Trade and other payables	(298,856)	(4,126,843)	(2,690,056)	(20,098)
Long-term financing	(10,849,973)	-	-	-
Accrued mark-up	(143,848)	-	-	-
Advances to suppliers	3,609	30,627	-	5,368
Cash in hand	10,844	2,844	-	-
Net exposure	<u>(11,278,224)</u>	<u>(4,093,372)</u>	<u>(2,690,056)</u>	<u>(14,730)</u>
Exchange rates				
Average rates (Rs.)	101.63	134.97	14.78	158.95
Reporting date rates (Rs.)	105.30	145.22	15.18	174.18

Notes to The Financial Statements

For the Year Ended 31 December, 2014

Sensitivity analysis

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

		2014	2013
Change in exchange rate	± Percentage	5%	5%
Effect on profit for the year	± Rupees	12,287,863	91,271,862
Effect on accumulated losses	± Rupees	12,287,863	91,271,862

36.4 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

36.5 DETERMINATION OF FAIR VALUE

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

Non - derivative financial assets

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

Non - derivative financial liabilities

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

36.6 CAPITAL RISK MANAGEMENT

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

The Company monitors its capital on the basis of the Company's gearing ratio, which is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings less cash and cash equivalents. Capital signifies equity as shown in the statement of financial position plus net debt.

Notes to The Financial Statements

For the Year Ended 31 December, 2014

	2014 (Rupees)	2013 (Rupees)
Long-term financing	2,618,285,815	4,193,309,995
Short-term borrowings	1,321,212,019	294,866,629
Total debt	3,939,497,834	4,488,176,624
Cash and cash equivalents	(137,295,695)	(148,810,531)
Net debt	3,802,202,139	4,339,366,093
Issued, subscribed and paid-up capital	14,561,090,270	13,126,444,880
Reserve for issue of shares	-	1,434,645,393
Reserves	(1,431,284,953)	(1,528,436,669)
Total capital	13,129,805,317	13,032,653,604
Total capital and net debt	16,932,007,456	17,372,019,697
Gearing ratio	22%	25%

37. PROVIDENT FUND TRUST AND NUMBER OF EMPLOYEES

37.1 PROVIDENT FUND TRUST

The details of the Provident Fund are as follows:

Size of the trust (Rupees)	227,278,266	182,260,082
Cost of investments made (Rupees)	105,815,000	122,763,938
Percentage of investments made (%)	47%	67%
Fair value of investments made (Rupees)	201,803,891	147,426,740

37.1.1 Break-up of fair value of investments

	2014		2013	
	(Rupees)	% of full	(Rupees)	% of full
With scheduled bank Savings account	56,964,566	28%	33,763,938	23%
Quoted Investments				
National Investment Trust	28,870,225	14%	12,385,612	8%
UBL's United Composite Islamic Fund - UCIF	5,041,783	2%	9,857,966	7%
UBL's Separately Managed Account (SMA)	38,233,523	19%	-	0%
	72,145,531	36%	22,243,578	
	129,110,097	64%	56,007,516	15%
Other Investments				
Defense Saving Certificates	19,531,562	10%	17,795,848	12%
Certificates of Islamic Investment of Meezan Bank Limited	41,535,181	21%	41,933,450	28%
Term Deposit Receipts of Bank Islami Pakistan Limited	11,627,051	6%	21,329,670	14%
MCB Islamic Bank	-	0%	10,360,256	7%
	72,693,794	36%	91,419,224	62%
	201,803,891	100%	147,426,740	100%

Notes to The Financial Statements

For the Year Ended 31 December, 2014

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

		2014 (Number)	2013 (Number)
38. NUMBER OF EMPLOYEES			
Number of employees of the Company at the reporting date		313	306
Average number of employees during the year		304	305
		2014 (Metric Ton)	2013 (Metric Ton)
39. PLANT CAPACITY AND ACTUAL PRODUCTION			
Installed capacity	39.1	2,485,445	2,400,000
Actual production		1,560,222	1,640,694

39.1 During the year, the Company revised its estimate of the installed capacity of its plant, based on performance tests and a technical evaluation by the plant manufacturer.

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

40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 10, 2015 by the Board of Directors of the Company.

41. GENERAL

Figures have been rounded off to the nearest Rupee.


CHIEF EXECUTIVE OFFICER


DIRECTOR

Pattern of Shareholding

As at December 31, 2014

NUMBER OF SHAREHOLDERS	SHAREHOLDING		NUMBER OF SHARES HELD
	FROM	TO	
247	1	100	7,929
1,082	101	500	474,892
1,189	501	1,000	1,142,785
2,443	1,001	5,000	7,346,480
885	5,001	10,000	7,406,765
309	10,001	15,000	4,141,412
245	15,001	20,000	4,597,740
168	20,001	25,000	4,011,826
114	25,001	30,000	3,296,800
65	30,001	35,000	2,163,008
58	35,001	40,000	2,229,800
31	40,001	45,000	1,342,776
118	45,001	50,000	5,871,825
12	50,001	55,000	642,950
25	55,001	60,000	1,471,650
10	60,001	65,000	629,801
18	65,001	70,000	1,234,435
15	70,001	75,000	1,115,000
12	75,001	80,000	945,750
10	80,001	85,000	824,323
12	85,001	90,000	1,062,017
4	90,001	95,000	378,000
71	95,001	100,000	7,090,000
7	100,001	105,000	715,620
6	105,001	110,000	650,000
5	110,001	115,000	566,750
6	115,001	120,000	710,000
12	120,001	125,000	1,494,500
4	125,001	130,000	515,000
8	130,001	135,000	1,064,300
4	135,001	140,000	557,500
4	140,001	145,000	573,000
21	145,001	150,000	3,141,319
5	150,001	155,000	767,500
3	155,001	160,000	479,500
2	160,001	165,000	321,025
4	165,001	170,000	674,800
6	170,001	175,000	1,043,375
4	175,001	180,000	720,000
3	180,001	185,000	551,250
4	185,001	190,000	750,250
2	190,001	195,000	386,000
36	195,001	200,000	7,190,950
6	200,001	205,000	1,215,645
2	205,001	210,000	420,000
2	210,001	215,000	429,000
1	215,001	220,000	218,000
6	220,001	225,000	1,350,000
2	225,001	230,000	456,900
2	235,001	240,000	480,000
10	245,001	250,000	2,496,500
1	255,001	260,000	258,000
2	260,001	265,000	522,000
4	265,001	270,000	1,067,000

Pattern of Shareholding

As at December 31, 2014

NUMBER OF SHAREHOLDERS	SHAREHOLDING		NUMBER OF SHARES HELD
	FROM	TO	
1	275,001	280,000	280,000
1	280,001	285,000	284,100
1	285,001	290,000	290,000
6	295,001	300,000	1,800,000
2	300,001	305,000	605,500
3	305,001	310,000	922,750
1	310,001	315,000	312,193
1	315,001	320,000	318,000
1	320,001	325,000	321,500
1	335,001	340,000	340,000
1	345,001	350,000	350,000
2	355,001	360,000	717,500
2	360,001	365,000	730,000
1	365,001	370,000	368,500
1	375,001	380,000	377,000
2	385,001	390,000	780,000
2	395,001	400,000	800,000
1	400,001	405,000	401,700
3	410,001	415,000	1,242,000
1	420,001	425,000	424,500
1	425,001	430,000	427,995
2	445,001	450,000	900,000
1	455,001	460,000	458,500
1	465,001	470,000	470,000
1	485,001	490,000	489,000
14	495,001	500,000	6,999,000
1	510,001	515,000	513,000
1	515,001	520,000	520,000
2	520,001	525,000	1,042,100
1	535,001	540,000	540,000
1	540,001	545,000	542,000
1	580,001	585,000	582,000
6	595,001	600,000	3,600,000
1	610,001	615,000	615,000
1	620,001	625,000	621,000
1	640,001	645,000	640,500
1	645,001	650,000	650,000
1	650,001	655,000	655,000
1	675,001	680,000	680,000
1	690,001	695,000	691,500
3	695,001	700,000	2,100,000
2	720,001	725,000	1,442,930
4	745,001	750,000	3,000,000
2	795,001	800,000	1,600,000
1	800,001	805,000	801,000
2	825,001	830,000	1,659,500
1	840,001	845,000	842,000
1	865,001	870,000	870,000
2	895,001	900,000	1,800,000
1	920,001	925,000	921,500
1	940,001	945,000	944,500
1	945,001	950,000	947,500
1	950,001	955,000	951,776
4	995,001	1,000,000	4,000,000

Pattern of Shareholding

As at December 31, 2014

NUMBER OF SHAREHOLDERS	SHAREHOLDING		NUMBER OF SHARES HELD
	FROM	TO	
1	1,000,001	1,005,000	1,000,500
1	1,055,001	1,060,000	1,058,000
1	1,100,001	1,105,000	1,100,050
1	1,115,001	1,120,000	1,115,500
1	1,120,001	1,125,000	1,125,000
1	1,265,001	1,270,000	1,269,000
1	1,370,001	1,375,000	1,375,000
1	1,395,001	1,400,000	1,400,000
1	1,460,001	1,465,000	1,460,424
5	1,495,001	1,500,000	7,498,000
1	1,605,001	1,610,000	1,608,000
1	1,705,001	1,710,000	1,707,500
1	1,795,001	1,800,000	1,800,000
1	1,900,001	1,905,000	1,900,426
1	1,905,001	1,910,000	1,910,000
1	1,930,001	1,935,000	1,931,000
1	1,945,001	1,950,000	1,950,000
1	1,965,001	1,970,000	1,968,000
1	1,995,001	2,000,000	2,000,000
1	2,300,001	2,305,000	2,305,000
1	2,320,001	2,325,000	2,322,000
1	2,395,001	2,400,000	2,396,719
2	2,495,001	2,500,000	5,000,000
1	2,525,001	2,530,000	2,529,900
1	2,590,001	2,595,000	2,592,500
1	2,645,001	2,650,000	2,650,000
1	2,810,001	2,815,000	2,815,000
1	3,000,001	3,005,000	3,000,500
1	3,405,001	3,410,000	3,407,500
1	3,870,001	3,875,000	3,872,000
1	4,700,001	4,705,000	4,704,500
1	5,095,001	5,100,000	5,097,000
1	6,295,001	6,300,000	6,300,000
1	7,395,001	7,400,000	7,400,000
1	8,650,001	8,655,000	8,651,000
1	9,835,001	9,840,000	9,837,000
1	9,995,001	10,000,000	10,000,000
1	11,895,001	11,900,000	11,900,000
1	12,165,001	12,170,000	12,168,000
1	13,980,001	13,985,000	13,982,909
1	19,995,001	20,000,000	19,999,980
1	27,020,001	27,025,000	27,023,500
1	284,420,001	284,425,000	284,424,423
1	820,155,001	820,160,000	820,157,004
7,476			1,456,109,027

Pattern of Shareholding

As at December 31, 2014

CATEGORIES OF SHAREHOLDERS	SHARES HELD	%
Directors, Chief Executive, their Spouse and Minor Children	7,300	0.00
Associated Companies Undertakings & Related Parties	1,104,581,427	75.86
NIT/CP	13,982,909	0.96
Banks, Development Finance Institutions and Non Banking Financial Institution	44,982,368	3.09
Insurance Companies	24,315,980	1.67
Modarabas and Mutual Funds	16,265,400	1.12
Shareholders holding 10% (*detail given below)		
Genreal Public		
a. Local	171,440,094	11.77
b. Foreign	8,124,666	0.56
Others		
i. Foreign Companies	24,115,000	1.66
ii. Joint Stock Companies	43,991,847	3.02
iii. Citibank N.A. as custodian of Global Depository Receipts	1,100,050	0.08
iv. Trustee of FFC Emp. Gr. Fund Trust	500,000	0.03
v. Trustees Hommie & Jamshed Nusserwanjee C.T	50,000	0.00
vi. Trustee National Bank of Pakistan Employees Pension Fund	1,900,426	0.13
vii. Trustee National Bank of Pakistan Emp Benevolent Fund Trust	66,685	0.00
viii. Trustees of Khatida Adamjee Foundation	300,000	0.02
ix. Institute of Business & Technology	9,000	0.00
x. Trustees Kuakab Mir Memorial Welfare Trust	45,000	0.00
xi. Trustees Resource Development Foundation	5,000	0.00
xii. Trustees Aal - Bawany Foundation (200)	10,000	0.00
xiii. Trustees of FFC Employees Provident Fund	200,000	0.01
xiv. Trustee Greaves Pakistan (Pvt.) Ltd Employees Provident Fund	25,000	0.00
xv. Trustee Karachi Parsi Anjuman Trust Fund	20,000	0.00
xvi. Trustee - Pak Gums & Chemical Ltd Executive Staff Pension Fund	375	0.00
xvii. Trustee Cherat Cement Company Ltd. Staff Gratuity Fund	50,000	0.00
xviii. Trustee Kaukab Mir Memorial Welfare Trust	500	0.00
xix. Trustee - Greaves Pakistan (Pvt.) Ltd. - Staff Gratuity Fund	20,000	0.00
TOTAL	1,456,109,027	100

Detail of Pattern of Shareholding

as per Requirements of Code of Corporate Governance

Associated Companies Undertakings & Related Parties

	SHARES
i. Pakistan Cement Holding Limited	820,157,004
ii. Camden Holding PTE Limited	284,424,423

Mutual Funds

i. M/S KASB Premier Fund Limited	24,000
ii. CDC - Trustee Meezan Balanced Fund	2,500,000
iii. CDC - Trustee Faysal Balanced Growth Fund	750,000
iv. CDC - Trustee Alfalah GHP Value Fund	842,000
v. CDC - Trustee AKD Index Tracker Fund	84,000
vi. CDC - Trustee Pak. Int Element Islamic Asset Allocation Fund	368,500
vii. CDC - Trustee Faysal Asset Allocation Fund	1,125,000
viii. CDC - Trustee Alfalah GHP Islamic Fund	513,000
ix. CDC - Trustee MCB Dynamic Allocation Fund	1,500,000
x. CDC - Trustee IGI Stock Fund	900,000
xi. CDC - Trustee Alfalah GHP Alpha Fund	200,000
xii. CDC - Trustee NIT - Equity Market Opportunity Fund	198,000
xiii. CDC - Trustee AKD Aggressive Income Fund - MT	66,500
xiv. CDC - Trustee KSE Meezan Index Fund	691,500
xv. CDC - Trustee KASB Income Opportunity Fund - MT	95,000
xvi. CDC - Trustee UBL Assest Allocation Fund	700,000
xvii. CDC - Trustee PIML Strategic Mutli Asset Fund	225,000
xviii. CDC - Trustee First Capital Mutual Fund	124,500
xix. CDC - Trustee PIML Islamic Equity Fund	225,000
xx. CDC - Trustee Faysal Asset Allocation Fund - MT	68,500
xxi. CDC - Trustee Faysal Savings Growth Fund - MT	1,115,500
xxii. CDC - Trustee Faysal Income & Growth Fund - MT	76,500
xxiii. CDC - Trustee Askari High Yield Scheme - MT	2,529,900

Directors, Chief Executive, their Spouse and Minor Children

i. Maj. Gen. (R) Rehmat Khan	2,175	
ii. Mr. Amr Ali Reda	2,900	
iii. Mr. Shafqat Mahmood Malik	500	
iv. Mr. Fabrizio Angelo Olivares	725	
v. Mr. Hugues Boissel Dombrevail	500	
vi. Ms. Jeannine Saleh	500	7,300

Executives

Public Sector Companies & Corporations	19,999,980
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Banks, Development Finance Institutions, Non Banking Finance

Institutions, Insurance Companies, Takaful, Modarabas & Pension Funds	65,563,768
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Shareholders holding 5% and above Voting Interests

* i. Pakistan Cement Holding Limited	820,157,004
* ii. Camden Holding PTE Limited	284,424,423

Proxy Form

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

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

I/We _____ of _____
being a member (s) of LAFARGE PAKISTAN CEMENT LIMITED (the 'Company') hereby appoint
Mr./Mrs./Miss _____ of _____ (being member(s) of Company) as my/our
Proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company
to be held on April 15, 2015 at 11:00a.m. at the Registered Office, 18-B, Kaghan Road, F-8 Markaz,
Islamabad and at every adjournment thereof.

Signed this _____ day of _____ 2015.

1. Witness:

Signature _____
Name _____
Address _____

**AFFIX
REVENUE
STAMP**

2. Witness:

Signature _____
Name _____
Address _____

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

NOTES:

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote instead of him/her at the meeting.
2. The instrument appointing a proxy should be signed by the member (s) or by his/her attorney duly authorized in writing. If the member is a corporation, its common seal should be affixed on the instrument.
3. CDC shareholders are requested to bring with them their National Identity Cards alongwith the participants' ID number and their account numbers at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.
4. The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or notarially certified copy thereof, should be deposited at the Company's office not later than 48 hours before the time of holding the meeting.

AFFIX
CORRECT
POSTAGE

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



Address: 18 B. Kaghan Road,
F-8 Markaz, Islamabad
UAN: +92-51-111 111 722
Fax: +92-51-281 7300
Toll Free No. 0800-11722
URL: www.lafargepakistan.com.pk