

DEWAN CEMENT LIMITED

Annual
Report
➤ 2015

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COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dewan Muhammad Yousuf Farooqui
Syed Muhammad Anwar
Mr. Haroon Iqbal

Chairman Board of Directors
Chief Executive Officer

Non-Executive Directors

Dewan Abdul Rehman Farooqui
Mr. Ghazanfar Babar Siddiqui
Mr. Ishtiaq Ahmad

Independent Director

Mr. Aziz-ul-Haque

AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque
Dewan Abdul Rehman Farooqui
Mr. Ghazanfar Baber Siddiqi

Chairman
Member
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Aziz-ul-Haque
Syed Muhammad Anwar
Mr. Ishtiaq Ahmad

Chairman
Member
Member

CHIEF FINANCIAL OFFICER

Mr. Imran Ahmed Javed

COMPANY SECRETARY

Mr. Muhammad Hanif German

AUDITORS

Faruq Ali & Co.
Chartered Accountants

COST AUDITORS

Rafaqat Mansha Mohsin Dossani Masoom & Co.
Chartered Accountants

LEGAL ADVISOR

Muhammad Azhar Faridi (Advocate)

SHARES REGISTRAR TRANSFER AGENT

BMF Consultants Pakistan (Pvt.) Limited
Anum Estate, Room No. 310 & 311, 3rd Floor,
49, Darul Aman Society, Main Shahrah-e-Faisal,
Adjacent to Baloch Colony Bridge, Karachi, Pakistan.

REGISTERED ADDRESS

Block-A, 7th Floor, Finance & Trade Centre,
Shahrah-e-Faisal, Karachi, Pakistan.

CORPORATE OFFICE

Block-A, 2nd Floor, Finance & Trade Centre,
Shahrah-e-Faisal, Karachi, Pakistan.

FACTORY

1. Deh Dhando, Dhabeji District, Malir, Karachi.
2. Kamilpur Near Hattar District, Haripur, Khyber Pakhtoonkhuwa

WEBSITE

www.yousufdewan.com

The Vision Statement

*"The vision of Dewan Cement Limited is to become leading market player
in the cement sector".*

The Mission Statement

- o To assume leadership role in the technological advancement of the industry and to achieve the highest level of qualitative and quantitative indigenization.*
- o To be the finest organization in its industry, and to conduct its business responsibly and in a straight forward manner.*
- o To seek long-term and good relations with our suppliers and Sales Agents with fair, honest and mutually profitable dealings.*
- o To achieve the basic aim of benefiting its customers, employees and shareholders and to fulfill its commitments to the society.*
- o To create a work environment highlighting team work, which motivates, recognizes and rewards achievements at all levels of the organization, because "In ALLAH we believe, and in people we trust".*
- o To be honest, initiative and be able to respond effectively to changes in all aspects of life, including technology, culture and environment.*
- o To be a contributing corporate citizen for the betterment of society and to exhibit a socially responsible behaviour.*
- o To conduct with integrity and strive to be the best.*

NOTICE OF THE THIRTY SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Sixth Annual General Meeting of **Dewan Cement Limited** ("DCL" or "the Company") will be held on **Thursday, October 29, 2015, at 10:00 a.m.** at Dewan Cement Limited Factory Site, at Deh Dhandō, Dhabeji, District Malir, Karachi, Pakistan; to transact the following businesses upon recitation from Holy Qur'aan and other religious recitals:

1. To confirm the minutes of the preceding Extra Ordinary General Meeting of the Company held on Monday, June 29, 2015;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2015, together with the Directors' and Auditors' Reports thereon;
3. To appoint the Statutory Auditors' of the Company for the ensuing year, and to fix their remuneration;
4. To consider any other business with the permission of the Chair.

By order of the Board



Muhammad Hanif German
Company Secretary

Karachi: October 1, 2015

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 22, 2015 to October 29, 2015 (both days inclusive).
2. Members are requested to immediately notify change in their addresses, if any, at our Shares Registrar Transfer Agent BMF Consultants Pakistan (Private) Limited, located at Anum Estate Building, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, adjacent to Baloch Colony Bridge, Karachi, Pakistan.
3. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company at the above-said address, not less than 48 hours before the meeting.
4. CDC Account holders will further have to observe the following guidelines, as laid down in Circular 01 dated January 20, 2000, issued by the Securities and Exchange Commission of Pakistan:

a) For Attending Meeting:

- i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC), or original passport at the time of attending the meeting.
- ii) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) at the time of meeting.

b) For Appointing Proxies:

- i) In case of individual, the account holder or sub-account holder, and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- ii) Two persons, whose names, addresses, and CNIC numbers shall be mentioned on the form, shall witness the proxy.
- iii) Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished along with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be produced (unless it has been provided earlier) along with the proxy form to the Company.



DIRECTORS' REPORT

The management of your company takes pleasure in presenting to you the Thirty sixth Annual Report of the company together with the audited accounts for the financial year ended June 30, 2015. This is the 12th annual report since the management and controlling shares of the company were taken over by Yousuf Dewan Companies.

OVERVIEW

The Cement industry dispatches for the financial year 2014 - 2015 were 35.40 million metric tons which includes 28.20 million tons domestic and 7.20 million tons exports. There is an increase of 3.27% in total dispatches of industry as compared to the previous financial year, which were 34.28 million tons including 26.14 million domestic and 8.14 million tons exports. The domestic dispatches has increased by 7.88% and exports decreased by 11.57%

COMPANY'S PERFORMANCE:

The highlights of the accounts are tabulated below:

	June 30, 2015	June 30, 2014
	(Rupees in '000')	
Sales		
- Local - net	9,920,401	8,225,897
- Export	<u>1,324,845</u>	<u>1,737,561</u>
	11,245,246	9,963,458
Gross profit	1,588,649	1,128,904
Net Profit before tax	731,864	483,323
Net Profit after tax	709,668	437,442
Basic Earnings per share	Rs. 1.81	Rs. 1.12
Diluted Earnings per share	Rs. 1.72	Rs. 1.12

Dispatch	Qty in Tons 2015	Qty in tons 2014	% Increase/ (Decrease)
Local Dispatches	1,465,044	1,236,327	18.50
Export Dispatches	244,911	309,780	(20.94)

The continuous hike in electricity tariff and interruption in power supplies has compelled the company to look for other sources from where they can cover both these issues. Your company has therefore decided to set up a waste heat recovery plant. For this machinery has been finalized and an agreement has been reached.

FUTURE OUTLOOK

The demand of cement in domestic market is expected to increase as the Government has allocated substantial funds for Public Sector Development Projects (PSDP). This will be a key trigger for increase of cement demand in domestic market for the next financial year. China-Pakistan Economic Corridor connecting Gawadar to Kashgar and spanning 3,000km will cost \$46 billion. Besides transport infrastructure, it will provide Pakistan with telecommunications and energy infrastructure boosting the requirement of cement exponentially.

As far as Exports of cement is concerned, the exports sales volume which has been on a declining curve for the last few years, may stabilize in the future.

The demand in East & South African countries is fast growing and thus opening a window of opportunity for Pakistani Cement and Clinker. The consumption of cement in Sri Lanka, Tanzania and Qatar is increasing day by day.

Furthermore, the demand of cement in Afghanistan will also increase through land route. The export of cement by sea and road to India is also a growing market.

ONGOING LITIGATIONS

As far as creditors mentioned in the financial statements are concerned, a number of recovery suits have been instituted by Banks / Financial Institutions. These suits are being successfully defended by our Counsels. Further the cases are not being persuade by the banks as restructuring is under process. The counsels have submitted their observations / opinion in respect of litigation being handled by them and all of them are of the view that these suits can be successfully defended.

OBSERVATIONS IN THE AUDITORS' REPORT

Advance for Pre-IPO Investment:

The auditors do not concur with the management assertion regarding the classification of advance for Pre-IPO investment amounting to Rs. 3,460 million as long term liability.

The management is of the view that since IPO was not closed by the arrangers so TFC's could not be issued. We have offered them revised terms of restructuring and are very much hopeful that it will be closed in near future. It is pertinent to mention here that almost 27% of the loan has been restructured.

Provision for markup:

The Company has not made provision of markup amounting to Rs. 780.998 million on its markup bearing liability.

The management has approached its bankers / financial institutions for restructuring of its long-term obligations. The management is confident that the Company's restructuring proposals given by the management will be accepted by the financial institutions / bankers. Therefore the Company has not made any provision for markup as the markup will not be paid.

Going Concern Assumption:

The auditors have added an emphasis of matter paragraph on the company's ability to continue as a going concern. However, the management is of the view that the Company's restructuring proposals will be accepted by the financial institutions / bankers and preparation of the financial statement on going concern assumption is justified.

STATEMENT OF CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAMEWORK

We are pleased to report that your Company is fully compliant to the provisions of the Code of Corporate Governance as incorporated in the listing regulations of stock exchanges.



- a) The annexed financial statements prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity;
- b) Proper books of accounts of the company have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable prudent judgment;
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements except for the departures disclosed in financial statements;
- e) The system of internal control is sound in design and is effectively implemented and monitored. The process of review will continue and any weaknesses in control will be removed;
- f) The doubts about the company's ability to continue as a going concern and its mitigating factors are disclosed in note 3 to the financial statements;
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- h) Key operating and financial data for last six years is summarized and annexed;
- i) There are no outstanding taxes and levies other than those disclosed in the annexed financial statements;
- j) The pattern of shareholding of the Company as at June 30, 2015 is annexed;
- k) The value of investment of provident fund based on their respective latest accounts is Rs. 88.605 million.

DIVIDEND

The Board is not in a position to recommend dividend for the period under review.

TRADING IN COMPANY SHARES

None of the Directors, CFO, Company Secretary, their spouses and minor children have traded in the shares of the Company during the year other than that has already been disclosed in the pattern of shareholding.

BOARD MEETING

During the year seven meetings of the Board of Directors were held, Directors' attendance in these meeting is as under:

Name of Directors	No. of meetings Attended
Dewan M. Yousuf Farooqui	3
Dewan Abdul Baqi Farooqui	2
Dewan Abdul Rehman Farooqui	5
Mr. Haroon Iqbal	5
Syed Muhammad Anwar	5
Mr. Aziz-ul-Haque	5
Mr. Ghazanfar Baber Siddiqui	5

No casual vacancy occurred during the year.

AUDIT COMMITTEE MEETING

During the year four meetings of the audit committee were held, members' attendance in these meeting is as under:

Name of Members	No. of meetings Attended
Mr. Aziz-ul-Haque	4
Dewan Abdul Rehman Farooqui	4
Mr. Haroon Iqbal	4

HUMAN RESOURCES & REMUNERATION COMMITTEE MEETING

During the year one meeting of the HR Committee was held, Members' attendance in this meeting is as under:

Name of Members	No. of meetings Attended
Mr. Haroon Iqbal	1
Mr. Aziz-ul-Haque	1

AUDITORS APPOINTMENT

The present auditors M/s. Faruq Ali & Co., Chartered Accountants, retire and being eligible, have offered their services for re-appointment as auditors for the ensuing year ending June 30, 2016.

The audit committee and the Board of Directors have recommended appointment of M/s. Faruq Ali & Co., Chartered Accountants as auditors of the company for the coming year.

VOTE OF THANKS

The Board would like to place on record its gratitude to its valuable shareholders, Federal and Provincial government functionaries, banks, development financial institutions, and customers for their cooperation, continued support and patronage.

The Board also expresses its thanks to the executives, staff members and workers of the company and wishes to place on record its appreciation for the efforts they are making in turning around the company.

CONCLUSION

In conclusion, we bow, beg and pray to Almighty Allah, Rahman-o-Rahim, in the name of our beloved prophet, Muhammad, Peace be upon him for continued showering of His Blessings, Guidance, Strength, Health and Prosperity to us, our company, Country and Nation; and pray to Almighty Allah to bestow peace, harmony, brotherhood and unity in true Islamic spirit to whole of Muslim Ummah, amen, Summa-Ameen.

On behalf of the Board of Directors



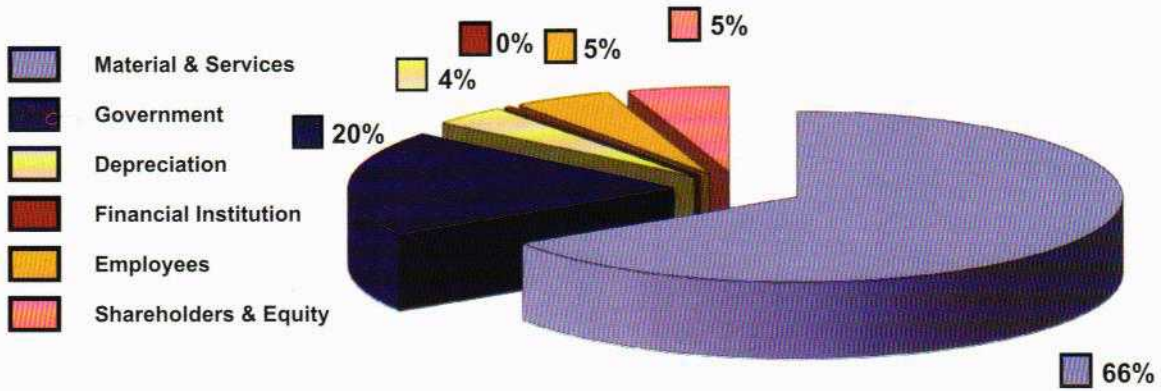
Dewan M. Yousuf Farooqui
Chairman Board of Director

Dated: September 29, 2015
Place: Karachi

KEY OPERATING AND FINANCIAL STATISTICS FOR LAST SIX YEARS

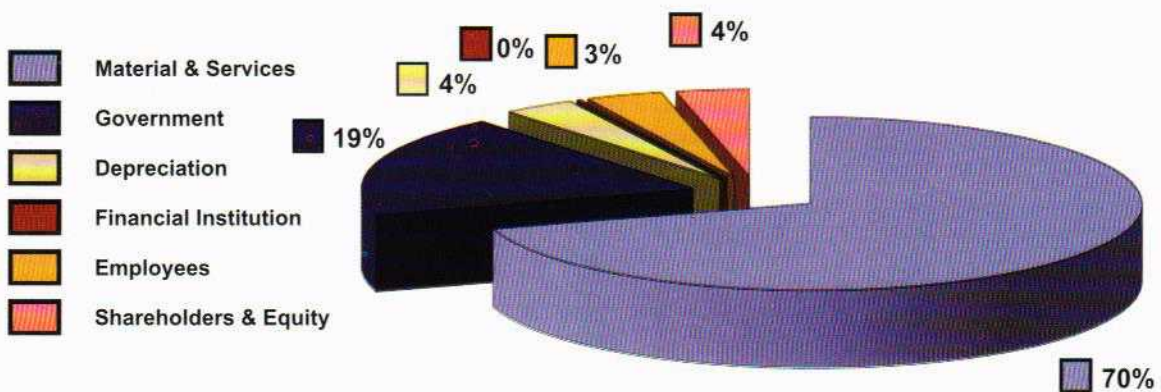
Particulars	2015	2014	2013	2012	2011	2010
	------(Tons. in thousands)-----					
QUANTITATIVE DATA						
Clinker Production	1,561	1,478	1,467	1,247	1,169	835
Cement Production	1,713	1,529	1,416	1,300	1,217	918
Cement Despatch	1,710	1,546	1,453	1,291	1,213	937
	------(Rs. in million)-----					
ASSETS EMPLOYED						
Fixed Assets	21,292	20,654	19,448	19,503	19,312	19,680
"Investment & Long-term advances, deposits & Deferred costs"	110	105	46	46	54	57
Current Assets	3,237	2,611	2,103	1,493	1,226	1,133
Total Assets Employed	24,639	23,370	21,597	21,042	20,592	20,870
FINANCED BY						
Shareholder equity	6,808	5,041	4,543	4,030	3,590	3,628
Surplus on revaluation of fixed asset	4,836	4,731	3,709	3,837	3,975	4,046
Redeemable capital	3,460	3,460	3,560	3,850	3,850	3,850
"Long-term Loan & Long-term Liabilities/Disposits/Import bill"	2,492	2,411	2,438	1,198	1,189	2,000
Deferred Liabilities	1,702	2,026	1,775	1,667	1,615	1,623
Obligation under finance lease	-	-	-	-	-	14
Current Liabilities	5,341	5,700	5,572	6,460	6,373	5,709
Total Funds Invested	24,639	23,370	21,597	21,042	20,592	20,870
TURNOVER & PROFIT						
Turnover (Net)	11,245	9,963	8,658	7,047	5,089	3,495
Operating Profit / (Loss)	756	437	425	430	(345)	(611)
Profit / (Loss) Before Taxation	732	483	486	424	(338)	(619)
Profit / (Loss) After Taxation	710	437	450	383	(362)	(623)
Accumulated Profit / (Loss)	1,338	521	23	(491)	(931)	(575)

**WEALTH GENERATED AND DISTRIBUTED DURING
2014-2015**



Total Revenue Rs. 14,100.436 million

**WEALTH GENERATED AND DISTRIBUTED DURING
2013-2014**



Total Revenue Rs. 12,315.283 million

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

The statement is being presented to comply with the Code of Corporate Governance ("CCG") contained in Regulation No 35 of listing regulation of Karachi, Lahore and Islamabad Stock Exchanges, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non executive directors and directors representing minority interests on its Board of Directors. At present the board includes One Independent Director, three Non-Executive Directors and three Executive Directors of the Company.
2. One Director has confirmed that he is not serving as director in more than seven listed companies including the Company, however six directors are serving as directors in more than seven listed Yousuf Dewan companies.
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 a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurring on the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by the director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified on clause (xi) of CCG, two directors are exempted from the requirement of directors' training program and four out of five Directors are qualified under the directors training program.
10. There was no change in the position of CFO, Company Secretary and Head of Internal Audit during the year.
11. The Directors report for this has prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The director, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of CCG.
15. The board has formed an Audit Committee. It comprises of three members of whom one is an independent director, who is also the chairman and others are non executive directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed Human Resource and Remuneration Committee. It comprises of three members, majority of the members are non-executive directors, and the chairman of the committee is an independent director.
18. The board has set up an effective internal audit function. The staffs are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation Accountants (IFAC) guidelines on code of ethics are adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.



21. The closed period, prior to the announcement of interim / final results, and business decisions, which may materially effect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all the other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

Dewan M. Yousuf Farooqui

Chairman Board of Director

September 29, 2015
Karachi



222-A, Karachi Memon Telephone : (021) 34301966
Cooperative Housing Society : (021) 34301967
Justice Inaamullah Road, : (021) 34301968
Near Hill Park, Karachi-74800. : (021) 34301969
E-mail: faac@cyber.net.pk Fax : (021) 34301965

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Dewan Cement Limited ('the Company') for the year ended June 30, 2015 to comply with the requirements of Listing Regulations No. 35 of the Karachi and Lahore 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 of Compliance 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 a 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 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 under taken at arm's length price or not.

Following instances of non-compliance with the requirements of the Code were observed which are not stated in the Statement of Compliance:

- a) The board includes one independent director, whereas in our view he does not meet the criteria of independence on account of his cross directorship in other associated companies;
- b) Chairman of the Company has not been elected from non-executive directors;
- c) The Chairman of the audit committee is not an independent director due to the reason referred in paragraph (a) above.

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

Further, we highlight that six directors of the Company are serving as directors in more than seven listed companies as reflected in the note 2 in the Statement of Compliance.

Dated: September 29, 2015

KARACHI:

Engagement partner: Fasih-uz-Zaman

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

 **FARUQ ALI & CO**
CHARTERED ACCOUNTANTS

222-A, Karachi Memon
Cooperative Housing Society
Justice Inaullah Road,
Near Hill Park, Karachi-74800.
E-mail: faac@cyber.net.pk

Telephone : (021) 34301966
:(021) 34301967
:(021) 34301968
:(021) 34301969
Fax : (021) 34301965

We have audited the annexed balance sheet of **DEWAN CEMENT LIMITED** as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- a) The company has classified 'advances for investment in term finance certificates' amounting to Rs.3,460 million (refer note 20 to the financial statements) as long term liability for the reason mentioned in said note. We do not concur with the management's assertion regarding its classification as long term liability. In our opinion the entire liability should be classified as current liability as per terms of agreement with the investors.
- b) The company has not made provision of markup for the year amounting to Rs. 780.998 million (up to June 30, 2014: Rs.5,471.942 million) (refer note 35.1) on account of restructuring proposal offered to the lenders as described in note 3 to the financial statements. In our opinion, since the restructuring has not been finalized, therefore the provision of markup should be made in these financial statements. Had the provision of markup been made in the financial statements, the profit after taxation would have been lower by Rs. 780.998 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.6,252.940 million.
- c) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984:
- d) in our opinion:

- i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
- ii) the expenditure incurred during the year was for the purpose of the company's business; and
- iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- e) in our opinion and to the best of our information and according to the explanations given to us, except for the matters discussed in paragraph (a) and (b) above, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the Profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and
- f) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

without further qualifying our opinion, we draw attention of the members to note 3 to the financial statements which indicates that as of June 30, 2015 the Company's current liabilities exceeded its current assets by Rs.2,103.630 million and majority of the lenders have gone into litigation for recovery of their liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions (refer note 28.1 (c) to the financial statements). These conditions, along with other matters as set forth in note 3, indicate the existence of material uncertainty which may cast significant doubt about company's ability to continue as going concern therefore the company may be unable to realize its assets and discharge its liabilities in the normal course of business. The amounts of current liabilities reported in said note do not include the effect of matters discussed in para (a) and (b) above. The going concern assumption used in preparation of these financial statements is largely dependent on the acceptance of restructuring proposal which is in advanced stage as disclosed in note 3 and pending litigations as disclosed in note 28, the ultimate outcome of which cannot be ascertained.

Dated: September 29, 2015
Place: Karachi

Engagement partner: Fasih-uz-Zaman



CHARTERED ACCOUNTANTS

BALANCE SHEET

AS AT JUNE 30, 2015

ASSETS

NON CURRENT ASSETS

Property, plant and equipment
Long term deposits
Long term loans

CURRENT ASSETS

Stores and spare parts
Stock in trade
Trade debts - Unsecured
Loans and advances - Unsecured
Trade deposits and short term payments
Other receivables - Considered good
Short term investments
Taxation - Net
Cash and bank balances

	June 30, 2015	June 30, 2014
Note	(Rupees in '000')	
6	21,291,521	20,653,656
7	108,798	100,228
8	1,500	4,291
9	834,095	652,081
10	765,142	653,149
11	575,669	600,920
12	286,317	178,033
13	91,932	99,966
14	114,757	103,392
15	23,620	10,551
	216,381	163,532
16	328,880	149,722
	<u>3,236,793</u>	<u>2,611,346</u>
	<u>24,638,612</u>	<u>23,369,521</u>

EQUITY AND LIABILITIES

SHARE CAPITAL AND RESERVES

Authorised capital
500,000,000 (2014: 500,000,000) Ordinary shares of Rs. 10/- each
Issued, subscribed and paid up capital
Advance against issue of shares capital
Reserves - Net

SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax

NON CURRENT LIABILITIES

Long term financing
Advances for investment in term finance certificates
Liabilities against assets subject to finance lease
Long term deposits and payables
Deferred taxation

CURRENT LIABILITIES

Trade and other payables
Short term borrowings
Markup payable
Current and overdue portion of long term borrowings
Sales tax payable

CONTINGENCIES AND COMMITMENTS

17	5,000,000	5,000,000
	4,341,133	3,891,133
	500,000	--
	<u>1,967,321</u>	<u>1,150,327</u>
	6,808,454	5,041,460
18	4,836,301	4,731,433
19	1,162,892	1,190,367
20	3,460,000	3,460,000
21	--	--
22	1,328,544	1,220,265
23	1,701,998	2,026,201
	<u>7,653,434</u>	<u>7,896,833</u>
24	1,522,683	1,835,289
25	560,875	560,875
26	1,037,300	1,038,963
27	2,120,083	2,201,480
	99,482	63,188
	<u>5,340,423</u>	<u>5,699,795</u>
28	--	--
	<u>24,638,612</u>	<u>23,369,521</u>

The annexed notes form an integral part of these financial statements.



Syed Muhammad Anwar
Chief Executive Officer



Dewan M. Yousuf Farooqui
Chairman Board of Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

		June 30, 2015	June 30, 2014
	Note	(Rupees in '000')	
Turnover - Net	29	11,245,246	9,963,458
Cost of sales	30	(9,656,597)	(8,834,554)
Gross profit		<u>1,588,649</u>	<u>1,128,904</u>
Operating expenses			
Distribution cost	31	(324,000)	(231,626)
Administrative expenses	32	(437,743)	(389,151)
Other operating expenses	33	(70,636)	(70,974)
		<u>(832,379)</u>	<u>(691,751)</u>
Operating profit		<u>756,270</u>	<u>437,153</u>
Other income	34	19,458	68,206
Finance cost	35	(43,864)	(22,036)
		<u>(24,406)</u>	<u>46,170</u>
Profit before taxation		<u>731,864</u>	<u>483,323</u>
Taxation - Net	36	22,196	45,881
Profit after taxation		<u>709,668</u>	<u>437,442</u>
Earning per share - Basic	37	1.81	1.12
Earning per share - Diluted	37	1.72	1.12

The annexed notes form an integral part of these financial statements.



Syed Muhammad Anwar
Chief Executive Officer



Dewan M. Yousuf Farooqui
Chairman Board of Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2015

	June 30, 2015	June 30, 2014
	(Rupees in '000')	
Profit after taxation	709,668	437,442
Revaluation during the year	--	1,392,542
Related deferred tax	--	(448,552)
	--	943,990
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	--	--
Items that will not be subsequently reclassified to profit or loss:		
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment	158,872	90,939
Related deferred tax	(51,546)	(30,253)
	107,326	60,686
	816,994	1,442,118
Less: Component of comprehensive income not reflected in equity	--	(943,990)
Total comprehensive income for the year	816,994	498,128

The annexed notes form an integral part of these financial statements.



Syed Muhammad Anwar
Chief Executive Officer



Dewan M. Yousuf Farooqui
Chairman Board of Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2015

June 30, 2015 June 30, 2014

(Rupees in '000')

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	731,864	483,323
Adjustments for non cash and other items:		
Depreciation	530,419	435,479
Gain on disposal of fixed assets	(582)	(312)
Workers' profit participation fund	39,305	26,103
Amortization of interest free loan	--	(39,133)
Unwinding of discount	29,058	10,045
Dividend income	(320)	(363)
Workers' welfare fund	14,936	12,635
Gain on remeasurement of short term investment	(10,359)	(2,006)
Finance cost	14,806	11,991
Exchange loss	12,580	28,421
Cash inflow before working capital changes	<u>1,361,707</u>	<u>966,183</u>

Movement in working capital

(increase)/decrease in current assets

Stores and spare parts	(182,014)	(129,151)
Stock in trade	(111,993)	17,859
Trade debts - Unsecured	25,251	(159,256)
Loans and advances - Unsecured	(108,284)	73,182
Trade deposits and short term payments	8,034	(76,508)
Other receivables - Considered good	(11,365)	(87,185)
	<u>(380,371)</u>	<u>(361,059)</u>

Increase/(decrease) in current liabilities

Trade and other payables	(341,816)	106,802
Sales tax payable	36,294	(12,287)
	<u>(305,522)</u>	<u>94,515</u>
	<u>(685,893)</u>	<u>(266,544)</u>

Cash generated from operations

Payment for:		
Income tax	(187,054)	(163,585)
Workers' profit participation fund	(28,844)	(78,573)
Workers' Welfare fund	(10,094)	(8,621)
Finance cost	(15,140)	(9,097)
Net cash inflow from operating activities	<u>434,680</u>	<u>439,763</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Fixed capital expenditures	(1,169,943)	(248,800)
Sale proceeds of fixed assets	2,241	937
Long term loans - Net	2,791	(1,528)
Dividend received	320	363
Short term investment	(2,710)	--
Long term deposits	(8,570)	(56,716)
Net cash used in investing activities	<u>(1,175,871)</u>	<u>(305,744)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long term financing	(135,716)	(246,886)
Issuance of share capital	450,000	--
Advance against shares	500,000	--
Long term deposits and payables	108,279	198,522
Liabilities against assets subject to finance lease - Net	(2,214)	--
Net cash Inflow / (outflow) from financing activities	<u>920,349</u>	<u>(48,364)</u>
Net increase in cash and cash equivalents	179,158	85,655
Cash and cash equivalents at the beginning of the year	149,722	64,067
Cash and cash equivalents at the end of the year	<u>328,880</u>	<u>149,722</u>

The annexed notes form an integral part of these financial statements.



Syed Muhammad Anwar
Chief Executive Officer



Dewan M. Yousuf Farooqui
Chairman Board of Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	Issued, subscribed & paid up capital	Advance against issue of share capital	RESERVES			Total Equity
			CAPITAL		Total reserves	
			Merger reserve	REVENUE Accumulated profit		
----- (Rupees in '000') -----						
Balance as on July 01, 2013 - Restated	3,891,133	--	629,444	22,755	652,199	4,543,332
Total comprehensive income for the year:						
Profit for the year	--	--	--	437,442	437,442	437,442
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	--	60,686	60,686	60,686
	--	--	--	498,128	498,128	498,128
Balance as at June 30, 2014	3,891,133	--	629,444	520,883	1,150,327	5,041,460
Total comprehensive income for the year:						
Profit for the year	--	--	--	709,668	709,668	709,668
Receipts	--	500,000	--	--	--	500,000
Issue of shares	450,000	--	--	--	--	450,000
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - Net of tax	--	--	--	107,326	107,326	107,326
	450,000	500,000	--	816,994	816,994	1,766,994
Balance as at June 30, 2015	4,341,133	500,000	629,444	1,337,877	1,967,321	6,808,454

The annexed notes form an integral part of these financial statements.



Syed Muhammad Anwar
Chief Executive Officer



Dewan M. Yousuf Farooqui
Chairman Board of Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1 THE COMPANY AND ITS OPERATIONS

Dewan Cement Limited (the Company / DCL) was incorporated in Pakistan as a public limited company in March, 1980. Its shares are quoted on the Karachi and Lahore Stock Exchanges since June, 1989. The registered office of the Company is situated at 7th Floor, Block A, Finance and Trade Centre, Shahrah-e-Faisal, Karachi. The principal activity of the Company is manufacture and sale of cement. The Company has two production facilities at Deh Dhando, Dhabeji Karachi, Sindh and Kamilpur Hattar Industrial Estate, district Khyber Pakhtunkhwa.

2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except that certain fixed assets and certain investments have been included at fair values in accordance with the relevant International Financial Reporting Standards (IFRSs).

3 GOING CONCERN ASSUMPTION

The financial statements for the year ended June 30, 2015 reflect as of that date company's current liabilities exceeded its current assets by Rs.2,103.630 million (2014:Rs.3,088.449 million). The company's short term borrowing facilities have expired and not been renewed and the company has been unable to ensure scheduled payments of long term borrowings due to the liquidity problems. Following course, majority of the lenders have gone into litigation for repayment of liabilities through attachment and sale of company's hypothecated / mortgaged properties and certain lenders have also filed winding up petitions. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern therefore the company may be unable to realize its assets and discharge its liabilities in the normal course of business. The liquidity crunch presently faced by the company is due to the fact that the banks / financial institutions did not give due committed support to the company for completion of its line II project in south.

However, the management is of the view that operating cash flows of the company are and will remain positive on account of expected increase in demand of cement and positive margins on account of increasing trend in cement prices, the company as a going concern would be a viable unit. The company was able to reach at settlement with certain lenders (as detailed in note 19) and expects that all debt will be restructured in near future. The restructuring of entire debt of the Company is in advanced stage as the term sheet has been finalized and circulated by the coordinating bank to all the lenders for their internal approvals. The terms and conditions of restructuring will be disclosed upon finalization of restructuring, thereafter the court cases will be withdrawn by lenders.

Accordingly, these financial statements have been prepared on a going concern basis.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

4.1 Property, plant and equipment

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

4.2 Stores and spare parts

The Company reviews the net realizable value (NRV) of stores and spare parts to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

4.3 Stock in trade

The Company reviews the NRV of stock in trade to assess any diminution in the respective carrying value. NRV is estimated with reference to the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to make the sale.

4.4 Trade debts

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

4.5 Future estimation of export sales

Provision for deferred tax has been calculated based on an estimate that the future ratio of export sales to total sales will remain at the same level as average of last three years including the current financial year. Any change in the estimate in future years will affect the provision in this regard in those years.

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan with the exception of departure of IFRS as mentioned in note 20.1 and 35.1 to the financial statements, for which the management concludes that classification of liabilities into current (note 20.1) and provisioning of markup (note 35.1) would conflict with the overall objective of financial statements. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provision or directives of the Companies Ordinance, 1984, shall prevail.

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

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

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.
- IFRS 10 'Consolidated Financial Statements' - (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways.

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

- IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard is not likely to have an impact on Company's financial statements.
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard is not likely to have an impact on Company's financial statements.
- Amendments to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The adoption of the amended standard is not likely to have an impact on Company's financial statements.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not).

A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The adoption of these amendments is not likely to have an impact on Company's financial statements

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). These amendments are not likely to have an impact on Company's financial statements. The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- "IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods."
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

5.2 Fixed assets and depreciation

5.2.1 Property, plant and equipment

Property, plant and equipment are stated at cost or revalued amounts less accumulated depreciation or accumulated impairment, if any, except capital work-in-progress which is stated at historical cost and freehold land which is stated at revalued amount.

The value of leasehold land is being amortised over the lease period in equal installments.

Quarry development cost is amortised over its estimated useful life.

Depreciation on additions is charged from the month in which the asset is available for use, whereas on disposals, no depreciation is charged in the month of disposal.

Depreciation on all tangible fixed assets, except plant and machinery, is charged to profit and loss account using the reducing balance method at the rates mentioned in note 6.1 to the financial statements. Depreciation on plant and machinery is charged using units of production method.

For revalued assets, valuations are conducted frequently enough to ensure that the fair value of revalued assets do not differ materially from its carrying amount. Surplus arising on revaluation is credited to surplus on revaluation of fixed assets account. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred to unappropriated profit, net of the related deferred tax.

The carrying values of property, plant and equipment are reviewed for impairment on periodic basis. If any indication exists that the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements which increases the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount of the relevant assets. The are included in the profit and loss account. When revalued assets are sold, the relevant undepreciated surplus is transferred directly by the Company to its unappropriated profit account.

5.2.2 Surplus on revaluation of fixed assets

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

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

- an amount equal to incremental depreciation for the year net of deferred taxation is transferred from "Surplus on Revaluation of Fixed Assets account" to accumulated profit through other comprehensive income to record realization of surplus to the extent of the incremental depreciation charge for the year.

5.2.3 Assets subject to finance lease

The Company accounts for fixed assets acquired under finance lease by recording the assets and the related liability at the amounts which are determined on the basis of discounted value of minimum lease payments. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged to profit and loss account applying the same basis as for owned assets.

5.2.4 Capital work-in-progress

All expenditure connected with specific assets incurred during development, installation and construction period are carried as capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

5.2.5 Borrowing costs

The Company capitalizes borrowing costs relating to qualifying assets, during the period in which these are acquired and developed for the intended use. Other borrowing costs are charged to profit and loss account.

5.2.6 Intangible assets

Computer software costs that are directly associated with computer and computer controlled machines which cannot operate without the related specific software, are included in the costs of the respective assets. Software which are not an integral part of the related hardware are classified as intangible assets.

5.3 Investments

At fair value through profit and loss

These investments are initially recognized at fair value. Subsequent to initial recognition, these are measured at fair value (generally the quoted market price). All realized and unrealized gains and losses arising from changes in fair value of investments are taken to profit and loss account in the period in which such gains and losses arise.



5.4 Stores and spare parts

These are valued at lower of average cost and net realisable value (NRV). Stores and spare parts in-transit are valued at invoice value plus other charges incurred thereon.

Provision / write off, if required, is made in the accounts for slow moving, obsolete and unusable items to bring their carrying value down to NRV.

5.5 Stock in trade

These are valued at lower of cost and net realisable value (NRV). Cost is determined as follows:

- Raw and packing material - at average cost
- Work-in-process and finished goods - at average cost of goods produced

NRV is the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessarily to be incurred to make the sale.

5.6 Trade debts and other receivables

Trade debts are recognized at invoice value (which is generally the fair value) less provision for uncollectible amounts, if any. Provision for doubtful debts is based on management's assessment of customers' credit worthiness. Bad debts are written off when there is no realistic prospect of recovery.

5.7 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 can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.8 Taxation

5.8.1 Current

Provision for current taxation is based on taxable income at the current rates of taxation or based on turnover at the specified rates, whichever is higher, after taking into account tax credits and rebates available.

5.8.2 Deferred

Deferred tax is recognized using the balance sheet liability method on all temporary differences between the amounts used for financial reporting purpose and amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan, if considered material.

5.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

5.10 Revenue recognition

- Sales are recorded on passage of title to the customers which generally coincides with dispatch of goods to customers.
- Dividend income is recognized when right to receive the dividend is established.
- Profit on bank deposits, interest income and other revenues are accounted for on accrual basis.

5.11 Employee benefits**5.11.1 Provident fund**

The Company operates separate defined contributory provident funds for all its employees who are eligible for the plan. Equal contributions are made by the Company and employees to the funds at the rate of 8.33% of basic salary.

5.11.2 Compensated absences

The Company accounts for compensated absences on the basis of unavailed earned leaves balance of each employee at the end of the year using current salary levels.

5.12 Foreign currency translation

Transactions in foreign currencies are converted into Pak Rupees (functional currency) at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees using exchange rates prevailing on the balance sheet date. Non-monetary assets and liabilities are stated using exchange rates that existed when the values were determined. All exchange differences are included in the profit and loss account.

5.13 Government Grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity.

Government grants related to assets, including non-monetary grants at fair value, are deducted from the cost of respective assets.

5.14 Financial instruments

Financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are removed from the balance sheet when the obligation is extinguished, discharged, cancelled or expired.

Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the government are not financial instruments of the Company.

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

5.15 Related party transactions

All transactions with related parties are priced using the methods prescribed under the Companies Ordinance, 1984 as approved by the Board of Directors of the Company.

6 PROPERTY, PLANT AND EQUIPMENT

June 30, 2015 June 30, 2014
Note (Rupees in '000')

Operating assets - Owned	6.1	18,668,622	18,969,408
Assets subject to finance lease	6.2	1,039	1,299
Capital work in progress	6.5	2,621,860	1,682,949
		21,291,521	20,653,656

6.1 Operating assets - Owned

June 30, 2015												
COST / REVALUATION					ACCUMULATED DEPRECIATION					Book Value as at June 30, 2015	Rate %	
As at July 01, 2014	Additions	Transfer	Revaluation	(Disposal)	As at June 30, 2015	As at July 01, 2014	Adjustment for disposal	Transfer	For the year			As at June 30, 2015
(Rupees in '000')												
Leasehold land	129,480	--	--	--	129,480	9,480	--	--	1,295	10,775	118,705	1
Freehold land	209,374	4,827	--	--	214,201	--	--	--	--	--	214,201	--
Quarry	915	--	--	--	915	915	--	--	--	915	--	--
Buildings on leasehold land and quarry development	1,082,121	--	--	--	1,082,121	531,732	--	--	42,617	574,349	507,772	5to 10
Buildings and civil works on Freehold land	1,167,112	--	--	--	1,167,112	685,235	--	--	47,943	733,178	433,934	5to 10
Roads	124,966	196,236	--	--	321,202	77,936	--	--	2,352	80,288	240,914	5
Plant and machinery	20,256,855	--	--	--	20,256,855	2,800,751	--	--	416,048	3,216,799	17,040,056	UOP
Electric installation	51,158	888	--	--	52,046	28,717	--	--	1,166	29,883	22,163	5
Furniture and fixture	102,209	2,745	--	--	104,954	74,452	--	--	3,099	77,551	27,403	10to 20
Equipment	20,632	1,375	--	--	22,007	13,722	--	--	588	14,310	7,697	10to 20
Computers	56,163	3,531	--	--	59,694	46,888	--	--	3,652	50,540	9,154	33
Vehicles	143,707	21,430	--	(2,242)	162,895	105,456	(583)	--	11,399	116,272	46,623	20
	23,344,692	231,032	--	(2,242)	23,573,482	4,375,284	(583)	--	530,159	4,904,860	18,668,622	

June 30, 2014												
COST / REVALUATION					ACCUMULATED DEPRECIATION					Book Value as at June 30, 2014	Rate %	
As at July 01, 2013	Additions	Transfer	Revaluation	(Disposal)	As at June 30, 2014	As at July 01, 2013	Adjustment for disposal	Transfer	For the year			As at June 30, 2014
(Rupees in '000')												
Leasehold land	124,500	--	--	4,980	129,480	8,235	--	--	1,245	9,480	120,000	1
Freehold land	136,883	4,398	--	68,293	209,374	--	--	--	--	--	209,374	--
Quarry	915	--	--	--	915	915	--	--	--	915	--	--
Buildings on leasehold land and quarry development	1,079,109	--	--	3,012	1,082,121	485,120	--	--	46,612	531,732	550,389	5to 10
Buildings and civil works on Freehold land	1,020,946	10,406	--	135,760	1,167,112	647,822	--	--	37,413	685,235	481,877	5to 10
Roads	124,966	--	--	--	124,966	75,461	--	--	2,475	77,936	47,030	5
Plant and machinery	19,076,357	--	--	1,180,498	20,256,855	2,465,789	--	--	334,962	2,800,751	17,456,104	UOP
Electric installation	51,158	--	--	--	51,158	27,536	--	--	1,181	28,717	22,441	5
Furniture and fixture	98,350	3,859	--	--	102,209	71,795	--	--	2,657	74,452	27,757	10to 20
Equipment	20,632	--	--	--	20,632	12,994	--	--	728	13,722	6,910	10to 20
Computers	48,256	7,967	--	(60)	56,163	44,967	(13)	--	1,934	46,888	9,275	33
Vehicles	122,114	24,184	689	(3,280)	143,707	101,666	(2,702)	564	5,928	105,456	38,251	20
	21,903,986	50,814	689	1,392,543	23,344,692	3,942,300	(2,715)	564	435,135	4,375,284	18,969,408	

6.1.1 Had there been no revaluation, the net book value of the specific items of property, plant and equipment would have been as follows:

	June 30, 2015	June 30, 2014
	(Rupees in '000')	
Leasehold land	1,306	1,415
Freehold land	67,069	60,756
Buildings on leasehold land and quarry development	356,279	382,063
Buildings and civil works on freehold land	419,801	466,173
Plant and machinery	10,919,759	11,198,010
	<u>11,764,214</u>	<u>12,108,417</u>

6.2 Assets subject to finance lease

	COST			ACCUMULATED DEPRECIATION				Book Value as at June 30, 2015	Rate %	
	As at July 01, 2014	Additions	(Transfer)	As at June 30, 2015	As at July 01, 2014	For the year	(Transfer)			As at June 30, 2015
	----- (Rupees in '000') -----									
Vehicles:	7,413	--	--	7,413	6,114	260	--	6,374	1,039	20
2015	7,413	--	--	7,413	6,114	260	--	6,374	1,039	

	COST			ACCUMULATED DEPRECIATION				Book Value as at June 30, 2014	Rate %	
	As at July 01, 2013	Additions	(Transfer)	As at June 30, 2014	As at July 01, 2013	For the year	(Transfer)			As at June 30, 2014
	----- (Rupees in '000') -----									
Vehicles:	8,102	--	(689)	7,413	6,334	344	(564)	6,114	1,299	20
2014	8,102	--	(689)	7,413	6,334	344	(564)	6,114	1,299	

6.3 The depreciation charge for the year has been allocated as follows:

	June 30, 2015	June 30, 2014
	(Rupees in '000')	
Cost of sales - Manufacturing overheads	520,240	430,817
Distribution cost	516	180
Administrative expenses	9,663	4,482
	<u>530,419</u>	<u>435,479</u>

6.4 Detail of assets disposed off during the year:

Particulars	Cost	Accumulated depreciation	Book Value	Sale proceeds/ disposal value	Gain	Mode of Disposal	Particulars of Buyer
------(Rupees in '000')-----							
Vehicles:							
Toyota Carolla	2,178	581	1,597	2,178	581	Insurance claim	Premier Insurance Company Limited
Motorbike	64	2	62	63	1	--/--	--/--
June 30, 2015	<u>2,242</u>	<u>583</u>	<u>1,659</u>	<u>2,241</u>	<u>582</u>		
June 30, 2014	<u>3,340</u>	<u>2,715</u>	<u>625</u>	<u>937</u>	<u>312</u>		

6.5 Capital work in progress

	June 30, 2015	June 30, 2014
	(Rupees in '000')	
	Note	
Opening balance	1,682,949	1,484,963
Additions	<u>1,135,147</u>	<u>208,392</u>
	<u>2,818,096</u>	<u>1,693,355</u>
Less: Capitalized during the year	196,236	10,406
	6.5.1 <u>2,621,860</u>	<u>1,682,949</u>

6.5.1 Breakup is as follows:

Owned		
Plant and machinery	6.5.2 2,544,365	1,204,269
Buildings on leasehold land and quarry development	<u>77,495</u>	<u>478,680</u>
	<u>2,621,860</u>	<u>1,682,949</u>

6.5.2 Included herein a sum of Rs. 407.400 million (2014: Rs. 32.376) million in respect of machinery and equipments in transit.

7 LONG TERM DEPOSITS

	June 30, 2015	June 30, 2014
	(Rupees in '000')	
Electricity and gas deposits	106,800	98,800
Others	1,998	1,428
	<u>108,798</u>	<u>100,228</u>



		June 30, 2015	June 30, 2014
8	LONG TERM LOANS	Note	(Rupees in '000')
	Considered good		
	Executives	8.1 & 8.2	2,600
	Employees	8.2	505
			<u>3,105</u>
			<u>5,383</u>
	Less: Due within one year, shown under current loans and advances	12	1,605
			<u>1,500</u>
			<u>2,068</u>
			<u>4,291</u>

8.1 Reconciliation of carrying amount of loans to executives

	Opening Balance	Disbursement	Repayment	Closing Balance
	----- (Rupees in '000) -----			
June 30, 2015	5,383	2,421	(5,204)	2,600
June 30, 2014	4,888	6,052	(5,557)	5,383

8.2 Represents interest free unsecured loans to executives and employees for purchase of vehicles and house building purposes. These are repayable in lump sum or by way of monthly installments within a period of 5 years or retirement date whichever is earlier. Maximum aggregate amount due from executives at the end of any month during the year was Rs. 8.240 million (2014: Rs. 8.334 million).

9 STORES AND SPARE PARTS

Stores and spare parts - In hand	787,827	642,690
Stores and spare parts - In transit	52,137	15,260
	<u>839,964</u>	<u>657,950</u>
Less: Provision for obsolescence and slow moving stocks	5,869	5,869
	<u>834,095</u>	<u>652,081</u>

10 STOCK IN TRADE

Raw and packing material	120,104	114,043
Work-in-process	536,939	446,908
Finished goods	108,099	92,198
	<u>765,142</u>	<u>653,149</u>

11 TRADE DEBTS - Unsecured

Considered good	575,669	600,920
Considered doubtful	54,952	54,953
	<u>630,621</u>	<u>655,873</u>
Less: Provision for doubtful debts	54,952	54,953
	<u>575,669</u>	<u>600,920</u>

		June 30, 2015	June 30, 2014	
12	LOANS AND ADVANCES - Unsecured	Note	(Rupees in '000')	
	Current portion of loans due from:			
	Executives	8	1,605	2,068
	Advances - Unsecured			
	Considered good			
	Employees - against salaries		3,514	899
	Employees - against expenses		3,706	5,316
			7,220	6,215
	Suppliers and contractors		277,492	169,750
	Considered doubtful			
	Suppliers and contractors		91,434	63,631
	Less: Provision for doubtful advances		91,434	63,631
			--	--
			<u>286,317</u>	<u>178,033</u>
13	TRADE DEPOSITS AND SHORT TERM PAYMENTS			
	Trade deposits - Considered good			
	Short term deposits		6,580	8,131
	Margin against bank guarantees	28.1(b)	8,813	15,813
	Margin against letter of credits		72,138	72,138
	Others		--	188
			87,531	96,270
	Short term prepayments		4,401	3,696
			<u>91,932</u>	<u>99,966</u>
14	OTHER RECEIVABLES - Considered good			
	Excise duty recoverable	14.1	2,705	2,705
	Sales tax claim	14.2	13,502	13,502
	Export rebate receivable		18,849	14,933
	Other receivable	14.3	79,701	72,252
			<u>114,757</u>	<u>103,392</u>

14.1 Represents claims of Central Excise Duty (CED) duty filed by the Company before the collector of Central Excise Karachi and large tax payer unit for the different periods.

14.2 Represents claims of Sales tax filed before the collector of sales tax and large tax payer unit for the different periods.

14.3 This represent amount paid under protest by the Company on the basis of decision of the Custom Tribunal. However the company has filed reference before the Honorable High Court against the decision of the Tribunal. In the reference numerous legal issues has been raised on the basis of which the company anticipate that the order of the Tribunal will be vacated and amount will be refunded.

15 SHORT TERM INVESTMENTS

At fair value through profit and loss

June 30, 2015	June 30, 2014		June 30, 2015	June 30, 2014
Number of Share		Note	(Rupees in '000')	
267,805	159,408	Cherat Cement Limited	23,307	10,435
17,717	17,717	Crescent Standard Investment Bank Limited	181	30
6,930	6,930	Trust Commercial Bank Limited	37	7
2,603	2,603	Royal Bank of Scotland Limited	41	24
475	475	Standard Chartered Bank Limited	11	12
92,500	92,500	Zeal Pak Cement Limited	43	43
<u>388,030</u>	<u>279,633</u>		<u>23,620</u>	<u>10,551</u>

16 CASH AND BANK BALANCES

Cash in hand		992	282
Cash at banks:			
- Deposit / PLS saving accounts	16.1	4,943	12,067
- Current accounts		322,945	137,373
		327,888	149,440
		<u>328,880</u>	<u>149,722</u>

16.1 These represent term deposit accounts and PLS saving accounts with commercial banks carrying profit ranging from 3.23% to 5.38% (2014: 3.5% to 7%) per annum. Deposits have a maturity of less than three months.

17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

June 30, 2015	June 30, 2014		June 30, 2015	June 30, 2014
Number of Share			(Rupees in '000')	
381,125,000	336,125,000	Ordinary Shares of Rs. 10/- each issued as fully paid in cash	3,811,250	3,361,250
21,250,000	21,250,000	Ordinary Shares of Rs. 10/- each issued as fully paid Bonus shares	212,500	212,500
31,738,343	31,738,343	Ordinary Shares of Rs. 10/- each issued on conversion of loan from sponsors	317,383	317,383
<u>434,113,343</u>	<u>389,113,343</u>		<u>4,341,133</u>	<u>3,891,133</u>

17.1 131,625,455 (2014: 131,625,455) shares are held by associated companies.

	June 30, 2015	June 30, 2014
17.2 Reconciliation of shares	Number of Shares	
At the beginning of the year	389,113,343	389,113,343
Ordinary shares issued during the year	45,000,000	--
At the end of the year	<u>434,113,343</u>	<u>389,113,343</u>

	June 30, 2015	June 30, 2014
18 SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax	(Rupees in '000')	
Gross surplus		
Opening balance	6,709,328	5,407,724
Surplus arising due to revaluation of Property, plant and equipment	--	1,392,543
Transfer to unappropriated profit in respect of incremental depreciation charged during the current year	<u>(158,872)</u>	<u>(90,939)</u>
	6,550,456	6,709,328
Less: Related deferred tax		
Opening balance	1,977,895	1,698,867
Related deferred tax liability of current revaluation	--	448,552
Depreciation charged during the year	<u>(51,546)</u>	<u>(30,253)</u>
Effect of reduction in effective tax rate on account of a portion of the income of the Company being assessed under Final Tax Regime	<u>(212,194)</u>	<u>(139,271)</u>
	1,714,155	1,977,895
	<u>4,836,301</u>	<u>4,731,433</u>

18.1 Leasehold land, free hold land, Buildings on leasehold land and quarry development, Buildings and civil works on freehold land and plant and machinery owned by the company has further been revalued at June 30, 2014 by independent valuer M/s ISOTEC using prevailing market value being the basis of revaluation. The surplus arising from revaluation is Rs. 1,392.543 million. The entire closing balance of surplus on revaluation of Property, plant and equipment is not available for distribution to shareholders, accordingly the carrying amounts of these fixed assets have been reduced by debiting to existing surplus on revaluation of fixed assets.

	Carrying Amounts	Revalued Amount	Increase in surplus
------(Rupees in '000')-----			
Leasehold land	115,020	120,000	4,980
Freehold land	141,082	209,375	68,293
Buildings on leasehold land & quarry development	547,378	550,390	3,012
Buildings and civil works on Freehold land	346,116	481,875	135,759
Plant and machinery	16,275,609	17,456,107	1,180,498
	<u>17,425,205</u>	<u>18,817,747</u>	<u>1,392,543</u>



19 LONG TERM FINANCING

June 30, 2015 June 30, 2014

	Note	(Rupees in '000')	
Long-term loan financial institution - Secured			
Long term loan - I	19.1	93,333	93,333
Long term loan - II	19.2	200,000	200,000
Long term loan - III	19.3	300,000	300,000
Long term loan - IV	19.4	75,000	75,000
Long term loan - V	19.5	500,000	500,000
Long term loan - VI	19.6	350,000	350,000
Long term loan - VII	19.7	164,999	164,999
Long term loan - VIII	19.8	250,000	250,000
Restructured long term financing - I	19.9	--	17,383
Restructured long term financing - II	19.10	543,246	643,246
Restructured long term financing - III	19.11	140,000	150,000
Restructured long term financing - IV	19.12	583,072	583,072
Restructured long term financing - V	19.13	91,667	100,000
		<u>3,291,317</u>	<u>3,427,033</u>
Less: Present value adjustment		<u>(87,492)</u>	<u>(105,225)</u>
		<u>3,203,825</u>	<u>3,321,808</u>
Add: Interest charged to profit and loss account		<u>23,713</u>	<u>12,388</u>
		<u>3,227,538</u>	<u>3,334,196</u>
Less: Current maturity		<u>(122,456)</u>	<u>(208,912)</u>
Over due portion		<u>(1,942,190)</u>	<u>(1,934,917)</u>
	27	<u>(2,064,646)</u>	<u>(2,143,829)</u>
		<u>1,162,892</u>	<u>1,190,367</u>

19.1 Represents loan obtained from a Development Financial Institution (DFI) carrying mark up at the rate of KIBOR plus 2.5% per annum with sales price of Rs. 120 million and purchase price of Rs. 234.4 million. The loan is repayable in 9 equal semi-annual installments commencing one year after the date of disbursement of loan i.e. April 26, 2006. The loan is secured by way of hypothecation ranking charge over fixed assets to be converted in to first pari passu charge within 90 days from the date of disbursement.

19.2 Represents loan obtained from a DFI carrying mark up at the rate of KIBOR plus 3.25% per annum with sales price of Rs. 200 million and purchase price of Rs. 289.375 million. The loan is repayable in 8 equal semi-annual installments starting two years after the date of disbursement of loan i.e. November 1, 2006. The loan is secured by way of ranking charge convertible to a first pari-passu charge within ninety days of the disbursement of the facility over all present and future fixed assets of the Company with a margin of 25 percent.

19.3 Represents loan obtained from a DFI carrying mark up at the rate of KIBOR plus 4.5% per annum with sales price of Rs. 300 million and purchase price of Rs. 637.685 million. The loan is repayable in 6 equal semi-annual installments commencing thirty months after the date of disbursement of loan i.e. November 7, 2006. The loan is secured by way of first pari-passu charge over all present and future fixed assets of the Company and corporate guarantees provided by certain group companies.

- 19.4** Represents loan obtained from a DFI carrying mark up at the rate of KIBOR plus 3% per annum with sales price of Rs. 75 million and purchase price of Rs. 117.729 million. The loan is repayable in 8 equal semi-annual installments commencing two years after the date of disbursement of loan i.e. July 28, 2006. The loan is secured by way of hypothecation ranking charge over all present and future fixed assets of the Company with 25 percent margin to be converted in to first pari-passu charge in favour of the DFI within 120 days from the date of first drawdown of the facility.
- 19.5** Represents loan obtained from a commercial bank carrying mark up at the rate of KIBOR plus 2.5% per annum with sales price of Rs. 500 million and purchase price of Rs. 975.562 million. The loan is repayable in 10 equal semi-annual installments commencing 30 months after the date of disbursement of loan i.e. October 31, 2006. The loan is secured by creating first pari-passu charge by way of hypothecation over the hypothecated assets in the sum of Rs. 666.667 million in favour of the bank and creation of first pari-passu charge by way of mortgage by deposit of title deeds in respect of the mortgaged properties in the sum of Rs. 666.667 million in favour of the bank.
- 19.6** Represents long-term financing obtained from a commercial bank disbursed on June 06, 2006 with sale price of Rs. 500 million and purchase price of Rs. 700 million. The loan is repayable in 10 equal semi-annual installments which commenced from December 2006. This carries mark-up at the rate of KIBOR plus 2.5% per annum. The loan is secured by creating first pari passu hypothecation charge over present and future plant and machinery and creation of first pari passu equitable mortgage charge over all land and building.
- 19.7** Represents loan obtained from a commercial bank carrying mark up at the rate of 3 months KIBOR plus 2% per annum with sales price of Rs. 165 million and purchase price of Rs. 239.309 million. The loan is repayable in 13 equal quarterly installments beginning one year after the date of restructuring of terms of loan i.e. June 28, 2008. The loan is secured by creating first pari-passu charge by way of hypothecation over the hypothecated assets in the sum of Rs. 240 million in favour of the bank. Initially a ranking charge is created which will be upgraded to 1st pari passu charge with in 120 days of draw down.
- 19.8** Represent medium term finance obtained from a commercial bank carrying markup at the rate of 3 months KIBOR plus 2% per annum with sales price of Rs.250 million and purchase price of 353.136 million. The loan is repayable in eight equal quarterly installments commencing from the fifth quarter from date of disbursement. The financing is secured by ranking hypothecation charge and equitable mortgage over fixed assets of the company valuing 333.33 million with 25% margin. The charge was to be converted into first pari passu within 180 days from date of disbursement.
- 19.9** A settlement has been reached on January 10, 2012 with a lender and consequently a compromise decree has been passed by Honorable High Court. Now the liability is payable as Rs.5.0 million down payment and in equal sixteen quarterly installments of Rs.4.762 million each. The loan is secured by way of first pari passu charge on fixed assets of the Company including land, building and machinery with 25% margin on facility amount.
- 19.10** A settlement has been reached on October 18, 2012 with a lender by way of compromise agreement executed between the Company and bank, and consequently a compromise decree has been passed by Honorable High Court.



The entire principle amounts of demand finance, export re-finance, advance against TFCs and liability against letter of credits aggregating Rs.843.246 million are now repayable in 33 equal installments of Rs.25 million each and last installment of Rs. 18.246 million. The settlement of markup will be subject to the over all restructuring proposal offered to other lenders.

The loan is secured against joint pari-passu charge in the sum of Rs. 426.667 million and 186.66 million over present and future fixed assets of the Company and ranking charges of Rs.345 million and Rs.134 million over present and future current assets of the Company.

- 19.11** Advance for investment in term finance certificates (note 20) from a lender has been restructured for which a compromise agreement has been executed dated January 15, 2013 thereby the liability has been acknowledged at principal outstanding amount of Rs.150 million which is now repayable in 35 equal installments of Rs.4.160 million each and last installment of Rs.4.400 million commencing after grace period of one year. The liability is secured by first pari passu charge over plant and machinery and land and buildings.
- 19.12** A compromise agreement has been executed on January 30, 2013 with the lender in respect of liability of Old Series (A & B) of TFCs (note 27.1), thereby the liability has been acknowledged by the company to the extent of Rs.583.072 million, representing the principal outstanding which is now repayable in 36 equal installments of Rs.16.196 million each commencing after grace period of two years. The liability is secured by first pari passu charge over plant and machinery and land and buildings. The settlement of markup will be subject to the over all restructuring proposal offered to other lenders.
- 19.13** Advance for investment in term finance certificates (note 20) from a lender has been restructured for which a compromise agreement has been executed dated September 13, 2013 thereby the liability has been acknowledged at principal outstanding amount of Rs.100 million which is now repayable in 36 equal installments of Rs.2.777 million each commencing after grace period of one year. The liability is secured by first pari passu charge over plant and machinery and land and buildings.
- 19.14** The loans disclosed in 19.11 and 19.13 above have been measured at amortized cost in accordance with International Accounting Standard 39, Financial Instruments: Recognition and Measurement, and have been discounted using the weighted average interest rate of ranging 11.17% per annum.
- 19.15** The lenders listed in 19.1 to 19.8 are in litigation with the company as more fully explained in note 28.1(c) to the financial statements.

June 30, 2015 June 30, 2014

20	ADVANCES FOR INVESTMENT IN TERM FINANCE CERTIFICATES	Note	(Rupees in '000')	
	Secured	20.1	<u>3,460,000</u>	<u>3,460,000</u>
20.1	It represents private placement (Pre-IPO) investment of Rs. 3,460 million received as advanced against issue of rated, listed and secured term finance certificates out of total issue of Rs. 5,000 million for a tenure of six years. The company was required to complete the public offering on or before 270 days of signing of the respective agreements. i.e.			

October 05, 2008. The company was unable to complete the requisite formalities of public offering due to the factors beyond its control (Force Majeure) i.e. global recession and unforeseen shut down of stock exchanges. Following course, certain investors have filed suits and winding up petitions in Hon'able High Court of Sindh as more fully explained in note 28.1 (c). Till the matter is resolved suitably with investors, management has decided to classify the same as long term liability which is a departure with the requirements of IAS-1 "presentation of financial statements".

The principal terms and conditions for the proposed issue of rated, listed and secured Term Finance Certificates (TFCs) were as follows:

- a) The tenor was six years inclusive of a grace period of 18 months.
- b) Profit payments payable semiannually in arrears on the outstanding principal amount and calculated on a 365-days year basis. The first profit payment will fall due six months from the issue date and subsequently every six months thereafter.
- c) Carries a floating rate of return of KIBOR plus 2 percent per annum.
- d) Will be redeemed in nine equal semi annual installments starting from the twenty-fourth month of the issue.
- e) Secured by first pari passu charge over plant and machinery and land and buildings.

21 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2015		June 30, 2014	
	Lease Payment		Lease Payment	
	Minimum	Present Value	Minimum	Present Value
------(Rupees in '000')-----				
Less than one year	46,210	46,210	48,424	48,424
within one to five years	--	--	--	--
Total	46,210	46,210	48,424	48,424
Less: Financial Charges allocated to the future periods present value of minimum lease payments	--	--	--	--
	46,210	46,210	48,424	48,424
Less: Overdue portion of lease liability	46,210	46,210	48,424	48,424
	--	--	--	--

21.1 Represents finance leases entered into with leasing companies for lease of vehicles and machinery. Total lease rentals due under various lease agreements aggregate Rs. 46.210 million (2014: Rs. 48.424 million) payable in monthly / quarterly installments latest by January 2012. Overdue rental payments are subject to an additional charge upto 3% per month. Taxes, repairs, replacement and insurance costs are to be borne by the lessee. In case of termination of agreement, the lessee has to pay the entire rent for unexpired period. Financing rates ranging from 17.76% to 20.57% per annum have been used as discounting factor. Purchase options can be exercised by the lessee, paying 10% of the leased amount.

		June 30, 2015	June 30, 2014
22	LONG TERM DEPOSITS AND PAYABLES	Note	(Rupees in '000')
	Security deposits	1,077,138	974,791
	Retention money	68,346	67,724
	Provision in respect of supplier's credit	22.1 183,060	177,750
		<u>1,328,544</u>	<u>1,220,265</u>
22.1	Represents bills payable in respect of plant and machinery imported. In respect of such liability, in prior years, a memorandum of understanding was signed alongwith a repayment plan. However, in view of certain disputes, this amount is still appearing as payable. The matter is currently under litigation and the amount that would actually be payable and its timing are now considered to be uncertain. In view of litigation and dispute in respect of amount involved, as well as, the expected time that litigation would entail, the management is confident that this provision is not payable within the next twelve months and has, accordingly, been included in non current liabilities.		
23	DEFERRED TAXATION		
	Deferred taxation comprises temporary difference relating to:		
	Accelerated tax depreciation	3,009,649	3,288,706
	Surplus on revaluation of fixed assets	1,948,636	2,190,322
	Provisions and others	(53,336)	(57,357)
		<u>4,904,949</u>	<u>5,421,671</u>
	Effect of reduction in effective tax rate on account of transfer of income of the company being assessed under Final Tax Regime	(590,217)	(525,817)
		<u>4,314,732</u>	<u>4,895,854</u>
	Accumulated tax losses and available tax credits	(2,612,734)	(2,869,653)
		<u>1,701,998</u>	<u>2,026,201</u>
24	TRADE AND OTHER PAYABLES		
	Creditors	24.1 611,075	700,508
	Book debts	--	34,698
	Accrued liabilities	169,311	339,522
	Advance from customers	537,985	586,877
	Custom duty	15,495	15,495
	Creditors for capital expenditure	18,992	20,794
	Excise duty and royalty payable	65,432	51,245
	Workers' profits participation fund	24.2 40,785	28,997
	Provident fund payable	3,670	3,180
	Dividend payable	12,927	12,927
	Tax deducted at source	11,067	17,007
	Workers' welfare fund	24.3 20,845	16,003
	Unpaid and unclaimed dividend	1,780	1,780
	Security deposits	1,288	270
	Compensated absences	19	19
	Others	12,012	5,967
		<u>1,522,683</u>	<u>1,835,289</u>
24.1	This includes an amount of Rs.54.289 million (2014: Rs.54.289 million) representing overdue letters of credit which carry markup at the rate of 2% (2014:2%) over 1 month kibar.		

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		June 30, 2015	June 30, 2014
24.2 Workers' profits participation fund	Note	(Rupees in '000')	
Opening balance		28,997	78,573
Provision for the year		39,305	26,103
Interest on fund utilised in the Company's business	35	1,329	2,894
		<u>69,631</u>	<u>107,570</u>
Payments made during the year		<u>(28,846)</u>	<u>(78,573)</u>
		<u>40,785</u>	<u>28,997</u>
24.3 Workers' welfare fund			
Opening balance		16,003	11,989
Provision for the year		14,936	12,635
		<u>30,939</u>	<u>24,624</u>
Payments made during the year (adjustment against tax refundable)		<u>(10,094)</u>	<u>(8,621)</u>
		<u>20,845</u>	<u>16,003</u>
25 SHORT TERM BORROWINGS			
From financial institutions:			
Running finance under markup arrangement	25.1	189,875	189,875
Export refinance	25.2	121,000	121,000
Bridge finance			
- From syndicate	25.3	250,000	250,000
		<u>560,875</u>	<u>560,875</u>
25.1	Represents utilized portion of facility of Rs.200 million (2014: Rs.200 million). The finance carries mark up at 6 months KIBOR plus 3% (2014: 6 months KIBOR plus 3%) per annum, payable quarterly in arrears. The facility is secured by way of first pari passu charge of Rs.234 million on Company's stocks / book debts. This facility was valid upto 30 June 2009. The facility has expired and not been renewed by the bank.		
25.2	The finance carries mark up at 7.5% per annum, payable quarterly. The facility is secured by way of pari passu charge of Rs. 237 million on stocks and book debts of the Company. These financing arrangement has expired and not been renewed by the bank.		
25.3	The syndicated finance facility was obtained from two banks having share of Rs. 150 million and Rs. 100 million respectively. The syndicated loan carries mark up at 6 months KIBOR plus 2% per annum payable after 6 months. The facility is secured by way of first pari passu of Rs. 333.33 million on the Company's fixed assets. The facility was valid upto 12 September 2008 and has not been renewed by the banks.		
25.4	The company is in litigations with all of the lenders as more fully explained in note 28.1(c) to the financial statements.		
26 MARKUP PAYABLE			
Advances for investment in term finance certificates	20	464,491	464,491
Debentures - Term Finance Certificates		178,636	178,636
Long term financing		342,519	344,182
Short term borrowings		51,654	51,654
		<u>1,037,300</u>	<u>1,038,963</u>



		June 30, 2015	June 30, 2014
	Note	(Rupees in '000')	
27	CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS		
Term Finance Certificates - Old TFCs - Series B	27.1	9,227	9,227
Liabilities against assets subject to finance lease	21	46,210	48,424
Long term financing	19	<u>2,064,646</u>	<u>2,143,829</u>
		<u>2,120,083</u>	<u>2,201,480</u>

27.1 During the financial year June 30, 2008, a meeting of the old TFCs holders was held in which it was resolved that prepayment by the Company of entire outstanding principal amount with respect to series "A" and series "C" TFCs along with markup for the period starting from July 15, 2007 to the date of prepayment and present value of series "B" TFCs calculated by using discount rate of 12.43% be made. Accordingly, on March 13, 2008 the Company made early repayment of Rs. 3,806,531 million in respect of old TFCs out of total prepayment amount of Rs. 4,404,772 million and Rs.5.942 million were paid during the financial year ended June 30, 2009. During the previous year, in respect of liability amounting to Rs.583.072 million payable to a lender, a compromise agreement has been executed whereby the liability is now payable in 36 equal installments commencing after two year grace period. Accordingly the liability was transferred to long term financing (note 19.12).

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

- (a) The Company is a party to legal proceedings pending in various courts and agencies in which it appears as defendant and plaintiff aggregating to Rs.337.625 million, the outcome of which cannot be established at this stage. The management, based on the strength of its cases and the advice of its lawyers, believes that no additional liability will arise out of these proceedings; hence no provision has been made in these financial statements.
- (b) Guarantees amounting to Rs.1.2 million (2014: Rs.1.2 million) have been furnished in favour of the Ministry of Commerce, in respect of import license fee on import of machinery and equipment. The guarantees have expired and the matter is presently pending under dispute with the said ministry. The recovery of an equivalent amount included in "trade deposits and short-term prepayments" as margin against bank guarantees is also dependent on the outcome of the above matter. The management anticipates a favourable outcome of the dispute.
- (c) In respect of liabilities towards banks / financial institutions disclosed in note 19, 20, 21, 24.1 and 25 to the financial statements, certain banks / financial institutions have filed suits in Honorable High Court of Sindh at Karachi for recovery of their liabilities through attachment and sale of Company's hypothecated / mortgaged properties. The aggregate suits amount is Rs. 7,164.957 million, out of total suits amount certain Banks /Financial institutions having suits to the extent of Rs.1,198.827 million have also filed winding up petition u/s 305 of the Companies Ordinance, 1984. Since the company is in dispute with banks / financial institutions therefore the estimated financial effect of litigations is not being disclosed, as it may have adverse affect on company's position in the suits.

The default of the Company is attributable to the Arrangers of the proposed Term Finance Certificates [TFCs] as they took the Company towards engineered default. The Company withdrew the foreign currency Convertible Bond issue which was completed with regard to the investors and approvals from SECP and SBP were also in place in all respect; and converted this into local TFCs under the firm commitment of major banks of the Company that it would be closed within a few weeks. Unfortunately, the TFC issue has so far not been closed.

The management has disputed the claim and is strongly contesting the case.

The management has filed counter claims alleging that the banks claims are highly exaggerated as they have charged markup on markup and other levies higher than the rate of markup agreed and other charges in violation of State Bank of Pakistan rules and all other applicable laws of Pakistan. The management is hopeful that the decision will be in favor of the company and the base less suits shall be rejected by the concerned courts. Since all the cases are pending before Honorable Courts therefore the ultimate outcome cannot be established at this stage.

(d) On August 27, 2009, The Competition Commission of Pakistan has imposed a penalty of Rs. 6,312 million on the cement industry including a penalty of Rs. 345 million on the company. The company has filed a petition against the order in the Honorable Lahore High Court on legal and factual grounds and a hearing is scheduled on October 13, 2009. Further, the Competition Ordinance, 2007 will require reconsideration and approval of National Assembly in line with the judgment of Honorable Supreme Court of Pakistan dated July 31, 2009. In view of above, management is hopeful that there will be no adverse outcome for the company. Accordingly, no liability has been accounted for in the books of the company.

(e) On January 03, 2008, the Company has filed a refund claim for the period from June 17, 1994 to April 18, 1999, amounting to Rs. 608.015 million before Collector of Sales Tax and Federal Excise (the department) in view of Supreme Court judgment regarding the value of goods for the purpose of imposition of excise duty, under section 4(2) of the Central Excise Act, 1944 (the "1944 Act"). In the Supreme Court judgment it has been categorically held that no excise duty could be added to the retail price for levying excise duty under section 4(2) of the 1944 Act.

The department had filed petition for review of the judgment of the Supreme Court of Pakistan. Our refund application was returned with the comments that since the cases are subjudiced in review, the decision on refund will be taken after fate of review petitions is decided. On January 20, 2009, these petitions are dismissed as withdrawn by the Honorable Supreme Court of Pakistan. The company has approached the Department for processing of refund, on account of inherent uncertainties involved in refund verification and processing, as a matter of prudence the company has not accounted for the above refund in the books of account of the Company.

(f) During the year the company filed a suit in High Court of Sindh at Karachi against orders passed by Deputy Commission Inland Revenue wherein the department unlawfully demanded extra sales tax and excise duty amounting to Rs. 1,599.932 million on alleged suppressed sales. The said demand has been created by comparing the cost of fuel and power with the other cement companies, thereby determined the figures of sales based on additional power consumption. The company has also filed an appeal before appellate tribunal against these orders. The honorable court granted stay order on the proceeding of appellate tribunal till its decision. The case is pending for adjudication and the management is hopeful that the case will be decided in favor of the company as the same is based on hypothetical assumptions, hence no provision is made in these financial statements.

(g) Guarantees issued by commercial banks on behalf of the company amounting to Rs. 105.525 million (2014: Rs.105.525 millions).



	June 30, 2015	June 30, 2014
29 TURNOVER - Net	Note	(Rupees in '000')
Turnover - Local	12,775,591	10,577,722
Less: Federal excise duty	631,207	494,357
Sales tax	2,146,080	1,779,027
Sales incentives	77,903	78,441
	<u>2,855,190</u>	<u>2,351,825</u>
	9,920,401	8,225,897
Turnover - Export	1,324,845	1,737,561
	<u>11,245,246</u>	<u>9,963,458</u>
30 COST OF SALES		
Raw and packing materials consumed		
Opening stock	114,043	109,516
Purchases	1,167,819	1,104,467
	<u>1,281,862</u>	<u>1,213,983</u>
Closing stock	<u>(120,104)</u>	<u>(114,043)</u>
	1,161,758	1,099,940
Manufacturing overheads		
Stores and spares consumed	542,590	407,643
Fuel and power	6,409,092	6,119,209
Salaries, wages and benefits	30.1 469,357	283,279
Repairs and maintenance	418,602	325,745
Depreciation	6.3 520,240	430,817
Insurance	12,665	10,308
Laboratory chemicals and quality control	2,236	2,676
Travelling and conveyance	1,730	19,588
Transportation	30,240	15,755
Vehicle running expense	11,865	6,165
Consultancy	2,586	5,627
Printing and stationery	2,861	2,308
Communication	1,282	1,007
Rates and taxes	944	1,007
Handling charges	108,823	21,401
Others	65,658	59,693
	<u>8,600,771</u>	<u>7,712,228</u>
Manufacturing cost	9,762,529	8,812,168
Work in process - Opening	446,908	476,751
Work in process - Closing	<u>(536,938)</u>	<u>(446,908)</u>
	(90,030)	29,843
Cost of goods manufactured	<u>9,672,499</u>	<u>8,842,011</u>
Finished goods - Opening	92,198	84,741
Finished goods - Closing	<u>(108,100)</u>	<u>(92,198)</u>
	(15,902)	(7,457)
	<u>9,656,597</u>	<u>8,834,554</u>

30.1 This includes Rs. 10.454 million (2014: Rs.8.862 million) in respect of the Company's contribution for provident funds and Rs. 3.301 million (2014: Rs.1.591 million) recognised against contribution to Employees Old Age Benefits Institution (EOBI).

31	DISTRIBUTION COST	Note	June 30, 2015	June 30, 2014
			(Rupees in '000')	
	Salaries, allowances and benefits	31.1	33,349	18,110
	Export expenses	31.2	232,131	192,483
	Rent, rates and taxes		6,485	3,964
	Postage		--	2,153
	Advertisement		7,047	6,381
	Insurance		120	215
	Repairs and maintenance		21,704	3,343
	Depreciation	6.3	516	180
	Traveling and conveyance		5,672	290
	Communication		1,128	2,610
	Others		15,848	1,897
			<u>324,000</u>	<u>231,626</u>

31.1 These include Rs.1.217 million (2014: Rs. 0.750 million) in respect of the Company's contribution for provident funds and Rs.0.189 million (2014: Rs. 0.099 million) recognized against contribution to EOBI.

31.2 Represents freight and handling charges and commission on cement exported during the year.

32 ADMINISTRATIVE EXPENSES

	Salaries, allowances and benefits	32.1	150,562	132,451
	Legal and professional charges		41,003	44,222
	Repairs and maintenance		107,643	82,936
	Insurance		1,561	1,526
	Depreciation	6.3	9,663	4,482
	Rent, rates and taxes		22,204	12,300
	Fee and subscription		13,132	5,318
	Vehicle running expenses		19,843	37,466
	Communication		10,079	5,850
	Utilities		11,039	10,235
	Newspaper and periodicals		255	801
	Travelling, conveyance and cartage		28,002	18,778
	Printing and stationery		4,871	5,782
	Entertainment		5,622	5,941
	Security service charges		11,550	12,484
	Other expenses		714	8,579
			<u>437,743</u>	<u>389,151</u>

32.1 This includes Rs. 4.631 million (2014: Rs.4.313 million) in respect of the Company's contribution for provident funds and Rs. 0.460 million (2014: Rs.0.470 million) recognized against contribution to EOBI.



		June 30, 2015	June 30, 2014
33	OTHER OPERATING EXPENSES	Note	(Rupees in '000')
	Worker's profit participation fund		26,103
	Workers' welfare fund		12,635
	Auditor's remuneration	33.1	3,815
	Exchange loss		28,421
			<u>70,636</u>
			<u>70,974</u>
33.1	Auditor's remuneration		
	Audit fee		2,600
	Review of half-yearly interim condensed financial statements		900
	Review of Code of Corporate Governance		300
	Out of pocket expenses		15
			<u>3,815</u>
			<u>3,815</u>
34	OTHER INCOME		
	Income from financial assets		
	Profit on bank deposits		6,514
	Gain on remeasurement of available-for-sale investment		2,006
	Dividend income		363
	Income from non financial assets / others		
	Liabilities no longer payable - Written back		--
	Gain on disposal of operating assets		312
	Amortization of interest free loans	19	39,133
	Others		
	Export rebate		14,933
	Scrap sales		4,653
	Others		292
			<u>19,458</u>
			<u>68,206</u>
35	FINANCE COST		
	Interest on workers' profits participation fund		2,894
	Unwinding of discount		10,045
	Bank charges		7,496
	Commission on bank guarantees		1,601
			<u>43,864</u>
			<u>22,036</u>

35.1 Company has not made the provision of markup for the year amounting to Rs. 780.998 million (Up to June 30, 2014: Rs.5,471.942 million) keeping in view of the financial restructuring proposed to the lenders as disclosed in note 3. Management is hopeful that the restructuring proposal will be accepted by the lenders. Had the provision been made the profit for the year would have been lower by Rs. 780.998 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs. 6,252.940 million. The said non provisioning is a departure from the requirements of IAS-23 'Borrowing Costs'.

36 TAXATION	June 30, 2015	June 30, 2013
	(Rupees in '000')	
Current	134,205	99,635
Prior	--	4,100
Deferred	(112,009)	(57,854)
	<u>22,196</u>	<u>45,881</u>

36.1 Relationship between accounting profit and tax expense for the year

- Provision for current taxation is based on minimum tax liability at the rate of 1% of the net turnover, therefore the relationship between accounting profit and tax expense for the year cannot be given.
- The assessments of the company deemed to have been finalized upto and including tax year 2014.
- Change in applicable income tax rate from 34% to 33% is due to change in relevant Income Tax Laws.

37 EARNING PER SHARE - Basic and Diluted

Profit after taxation		<u>709,668</u>	<u>437,442</u>
		Number of shares '000	
Weighted average number of outstanding shares		392,442	389,113
Add: dilutive effect		<u>20,579</u>	--
Weighted average number of outstanding shares including dilutive effect		<u>413,021</u>	<u>389,113</u>
Earning per share - Basic	(Rupees)	<u>1.81</u>	<u>1.12</u>
Earning per share - Diluted	(Rupees)	<u>1.72</u>	<u>1.12</u>

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	------(Rupees in '000')-----							
Remuneration	3,869	8,385	17,379	11,955	79,862	59,055	101,109	79,395
House rent	1,741	3,773	7,821	5,380	35,938	26,575	45,499	35,728
LFA	152	67	219	297	1,985	2,461	2,356	2,825
Medical	213	134	26	593	1,353	4,921	1,592	5,648
Retirement benefits	--	134	--	593	--	4,919	--	5,646
Utilities	387	838	1,738	1,196	7,986	5,906	10,111	7,940
Others	56	4	22	7	779	239	858	250
	<u>6,418</u>	<u>13,335</u>	<u>27,204</u>	<u>20,021</u>	<u>127,903</u>	<u>104,076</u>	<u>161,525</u>	<u>137,432</u>
Number of persons	<u>1</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>81</u>	<u>63</u>	<u>84</u>	<u>68</u>

The directors and certain executives are also provided with free use of Company owned and maintained cars and other benefits in accordance with their entitlements as per rules of the Company.



39 RELATED PARTY DISCLOSURES

Related parties comprise related group companies, associate, directors and executives and staff provident fund. The Company in the normal course of business carries out transactions with various related parties. Material transactions and balances with related parties are given below:

	June 30, 2015	June 30, 2014
	(Rupees in '000')	
Associated companies		
Purchase of vehicles	18,000	14,927
Employee benefit fund		
Company's and employees contributions during the year	32,604	27,850

40 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has the overall responsibility for the establishment and oversight of company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

40.1 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company's credit risk is primary attributable to its receivables and balances with banks.

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date is:

Long term loans	3,105	6,359
Long term deposit	108,798	100,228
Trade debts - Net of provision	575,669	600,920
Loans and advances	286,317	178,033
Trade deposits and other receivable	87,531	96,270
Other receivable	114,757	103,392
Short term investment	23,620	10,551
Bank balances	327,888	149,440
	<u>1,527,685</u>	<u>1,245,193</u>

The company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The company believes that it is not exposed to any major concentration of credit risk as its customers are credit worthy and dealing banks possess good credit ratings.

The provision for debts considered doubtful has already been made and management believes that no further provision is necessary. Further credit risk in respect of trade debts is mitigated by the security deposits amounting to Rs. 1,077.138 million (2014: Rs.974.791 million). The credit quality of the company's receivable can be assessed with their past performance of nominal defaults. The credit quality of the company's banks can be assessed by their external credit ratings:

Name of Bank	Rating Agency	Rating	
		Short term	Long term
Habib Bank Limited	JCR-VIS	A-1+	AAA
United Bank Limited	JCR-VIS	A-1+	AA+
Allied Bank Limited	PACRA	A1+	AA+
BankIslami Pakistan Limited	PACRA	A1	A
Bank Alfalah Limited	PACRA	A1+	AA
National Bank of Pakistan	JCR-VIS	A-1+	AAA
The Bank of Punjab	PACRA	A1+	AA-
Faysal Bank Limited	PACRA	A1+	AA
Meezan Bank Limited	JCR-VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA

40.2 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements. At present the company is facing liquidity problems and have been unable to make timely repayment of its liabilities resulting in overdues, further, the short term finance facilities have expired and not been renewed by the lenders. However, the company has offered a restructuring proposal to its lenders as explained in note 3 to the financial statements, which the management expects that the same will be accepted by lenders in the proposed manner. The following are the contractual maturities of the financial liabilities, including estimated markups:

2015

Financial Liabilities - Recognized

	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	More than five years
-----Rupees in '000'-----							
Long term financing	3,227,538	3,291,318	2,003,641	61,006	120,744	547,568	558,359
Term finance certificates and advances	3,469,227	3,469,227	3,469,227	--	--	--	--
Short term borrowing	560,875	--	--	--	--	--	--
Lease liabilities	46,210	46,210	46,210	--	--	--	--
Long term deposits and payables	1,328,544	1,328,544	--	--	--	1,328,544	--
Trade and other payables	1,522,683	1,522,683	1,522,683	--	--	--	--
Mark up payable	1,037,300	1,037,300	1,037,300	--	--	--	--
	11,192,377	10,695,282	8,079,061	61,006	120,744	1,876,112	558,359

2014

Financial Liabilities - Recognized

	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	More than five years
-----Rupees in '000'-----							
Long term financing	3,334,196	3,685,599	2,214,272	126,932	231,569	642,974	469,852
Term finance certificates and advances	3,469,227	3,469,227	3,469,227	--	--	--	--
Short term borrowing	560,875	602,718	602,718	--	--	--	--
Lease liabilities	48,424	48,424	48,424	--	--	--	--
Long term deposits and payables	1,220,265	1,220,265	--	--	--	1,220,265	--
Trade and other payables	1,835,289	1,835,289	1,835,289	--	--	--	--
Mark up payable	1,038,963	1,038,963	1,038,963	--	--	--	--
	11,507,239	11,900,485	9,208,893	126,932	231,569	1,863,239	469,852

All the financial liabilities of the company are non derivative financial liabilities. The contractual cash flows relating to the above financial liabilities have been determined on the basis of markup rates effective as at June 30, however the company's restructuring proposal offered to the lenders have not been taken into account in determination of contractual cash flows.

40.3 Market Risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of financial instruments. The company is exposed to currency risk and interest rate risk only.

40.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The financial instruments of the company exposed to currency risk were as follows:

Assets / (liabilities)	2015		2014	
	Rupee	US Dollar	Rupee	US Dollar
	------(in '000')-----			
Supplier credit	(183,060)	(1,800)	(177,750)	(1,800)
Advances from customers	(537,985)	(5,290)	(586,877)	(5,943)
	<u>(721,045)</u>	<u>(7,090)</u>	<u>(764,627)</u>	<u>(7,743)</u>

The following significant exchange rate applied during the year:

	Average rate		Balance sheet date	
	2015	2014	2015	2014
US Dollar	<u>100.60</u>	<u>99.05</u>	<u>101.70</u>	<u>98.75</u>

Sensitivity analysis

At reporting date, if PKR had strengthened by 5% against the US Dollar with all other variables held constant profit for the year would have been lower / higher by the amounts shown below, mainly as a result of foreign exchange difference on translation of foreign currency liabilities.

	2015		2014	
	Gross exposure	Net of tax exposure	Gross exposure	Net of tax exposure
	------(in '000')-----			
Supplier credit	(9,153)	(6,041)	(8,888)	(5,866)
Advances from customers	(26,899)	(17,754)	(29,344)	(19,367)
	<u>(36,052)</u>	<u>(23,794)</u>	<u>(38,231)</u>	<u>(25,233)</u>

The 5% weakening of the PKR against US Dollar would have had an equal but opposite impact on the profit for the year on the basis that all other variables remain constant.

June 30, 2015 June 30, 2014

(Rupees in '000')

40.3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. The company's exposure to the risk of changes in interest rates relates primarily to the following:

Fixed rate instruments**Financial Assets**

Balance with banks	<u>4,943</u>	<u>12,067</u>
--------------------	--------------	---------------

Variable rate instruments**Financial liabilities**

Advances for investment in term finance certificates	3,460,000	3,460,000
Long term financing	3,291,317	3,427,033
Liabilities against assets subject to finance lease	46,210	48,424
Short term borrowings	560,875	560,875
Trade payables	54,289	54,289
	<u>7,412,691</u>	<u>7,550,621</u>

Fair value sensitivity analysis for fixed rate instruments:

The company does not account for any fixed rate financial assets at fair value through profit and loss, therefore a change in interest rates at the reporting date would not affect profit and loss.

Cash flow sensitivity analysis for variable rate instruments:

Since the company has not made provision of markup on its borrowings on account of restructuring proposal offered to lenders, therefore sensitivity analysis cannot be given.

40.4 Capital risk management

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

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

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

40.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction. The carrying values of financial instruments reflected in these financial statements approximate their fair values.



41 CAPACITY - Clinker

June 30, 2015 June 30, 2014

Annual installed capacity

In Metric Tones

- South unit (Line I)	900,000	900,000
- South unit (Line II)	960,000	960,000
- North unit (Line I)	540,000	540,000
- North unit (Line II)	540,000	540,000
	<u>2,940,000</u>	<u>2,940,000</u>

Actual production for the year

- South unit (Line I)	322,749	113,245
- South unit (Line II)	705,592	766,462
- North unit (Line I)	143,636	91,076
- North unit (Line II)	437,278	507,138
	<u>1,609,255</u>	<u>1,477,921</u>

The under utilization of capacity was due to maintenance of plant and downfall in demand of cement.

42 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on financial statements of the Fund:

	June 30, 2015 Un-audited	June 30, 2014 Audited
	(Rupees in '000')	
Size of the fund - Total assets	<u>154,902</u>	<u>135,174</u>
Percentage of investments made	<u>77.88%</u>	<u>81.21%</u>
Fair value of investments	<u>120,636</u>	<u>109,777</u>

42.1 The cost of above investments amounted to Rs.88.605 million (2014: Rs.81.805 million).

42.2 "The break-up of fair value of investments is:"

	2015 (Percentage)	2014 (Percentage)	2015 (Rupees in '000')	2014 (Rupees in '000')
Defence saving certificates	39.85%	39.80%	48,071	43,690
Short term saving certificates	57.94%	57.22%	69,901	62,816
Saving account	2.21%	2.98%	2,664	3,271
	<u>100</u>	<u>100%</u>	<u>120,636</u>	<u>109,777</u>

43 NUMBER OF EMPLOYEES

Number of employees at June 30

June 30, 2015 June 30, 2014
Number

Regular	<u>693</u>	<u>669</u>
Contractual	<u>552</u>	<u>560</u>

Average number of employees during the year

Regular	<u>713</u>	<u>643</u>
Contractual	<u>541</u>	<u>566</u>

44 OPERATING SEGMENTS

These financial statements have been prepared on the basis of single reportable segments.

- 44.1** Revenue from sales of cement represents 100% of the gross sales of the Company.
- 44.2** 9.40% (2014: 16.43%) of the gross sales of the Company are made to customers located outside Pakistan.
- 44.3** All non-current assets of the Company at 30 June 2015 are located in Pakistan.
- 44.4** Revenues of Rs.1,830.593 million and Rs.1,263.816 million are derived from two customers.

45 CORRESPONDING FIGURES

The corresponding figures have been reclassified, restated and rearranged wherever necessary to facilitate comparison.

46 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue on **September 29, 2015** by the Board of Directors of the Company.

47 GENERAL

- 47.1** Figures have been rounded off to the nearest thousand of Rupees, unless otherwise stated.



Syed Muhammad Anwar
Chief Executive Officer



Dewan M. Yousuf Farooqui
Chairman Board of Director

Pattern of Shareholding under Regulation 37(xx)(i) of the Code of Corporate Governance As at June 30, 2015

Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1. Associated Companies	5	131,625,455	30.32%
2. NIT and ICP	8	507,459	0.12%
3. Directors, CEO, their Spouses & Minor Children	8	143,539,689	33.07%
4. Executives	-	-	0.00%
5. Public Sector Companies & Corporations	64	5,180,873	1.19%
6. Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	29	12,708,918	2.93%
7. Individuals	7,296	140,550,949	32.38%
TOTAL	7,410	434,113,343	100.00%

DETAILS OF CATAGORIES OF SHAREHOLDERS

Names	Number of Shareholders	Number of Shares held	% of Shareholding
1. Associated Companies			
1.1 Dewan Motors (Pvt.) Limited	1	18,125,000	4.18%
1.2 Dewan Mushdaq Motors Company (Pvt) Ltd.	1	18,125,000	4.18%
1.3 Dewan Development (Private) Limited	1	30,000,000	6.91%
1.4 Dewan Farooque Motors (Pvt.) Limited	1	27,968,455	6.44%
1.5 Dewan Automotive Engineering Limited	1	37,407,000	8.62%
2. NIT and ICP	5	131,625,455	30.32%
2.1 INVESTMENT CORPORATION OF PAKISTAN	2	2,150	0.00%
2.2 IDBP (ICP UNIT)	1	1,000	0.00%
2.3 National Bank of Pakistan	2	41,698	0.01%
2.4 National Bank Of Pakistan Employees Pension Fund	1	438,813	0.10%
2.5 National Bank Of Pakistan Emp Benevolent Fund Trust	1	15,398	0.00%
2.6 National Bank of Pakistan, Trustee Deptt.	1	8,400	0.00%
	8	507,459	0.12%
3. Directors, CEO, their Spouses & Minor Children			
Directors and CEO			
3.1 Dewan Muhammad Yousuf Farooqui	1	140,000,606	32.25%
3.3 Dewan Abdul Baqj Farooqui	1	3,334,708	0.77%
3.4 Dewan Abdul Rehman Farooqui	1	1,375	0.00%
3.5 Mr. Haroon Iqbal	1	1,375	0.00%
3.6 Mr. Aziz-ul-Haque	1	1,375	0.00%
3.7 Syed Muhammad Anwar	1	1,375	0.00%
3.8 Mr. Ghazanfar Babar Siddiqi	1	1,375	0.00%
	7	143,342,189	33.02%
Spouses of Directors and CEO			
3.9 Mrs. Heena Yousuf	1	197,500	0.05%
	-	-	-
Minor Children of Directors and CEO	8	143,539,689	33.07%

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/ INTERESTS IN THE COMPANY

Names	Number of Shareholders	Number of Shares held	% of Shareholding
1 Dewan Farooque Motors (Pvt.) Limited	1	27,968,455	6.44%
2 Dewan Development (Private) Limited	1	30,000,000	6.91%
3 Dewan Automotive Engineering Limited	1	37,407,000	8.62%
4 Dewan Muhammad Yousuf Farooqui	1	140,000,606	32.25%

DETAILS OF TRADING IN THE SHARES OF THE COMPANY BY DIRECTORS, CEO, CFO, COMPANY SECRETARY, THEIR SPOUSES AND MINOR CHILDREN

Name	Date of conversion of loan	No. of Shares
Dewan Muhammad Yousuf Farooqui (Conversion of loan)	4-Jun-15	45,000,000

THE COMPANIES ORDINANCE, 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

FORM 34

1. Incorporation Number 0007605
2. Name of the Company DEWAN CEMENT LIMITED
3. Pattern of holding of the shares held by the Shareholders as at 3 0 0 6 2 0 1 5

4. Number of Shareholders	Shareholdings			Total Shares held
751	1	-	100	Shares 35,949
1,699	101	-	500	Shares 661,104
1071	501	-	1,000	Shares 1,011,330
2,096	1,001	-	5,000	Shares 6,231,399
700	5,001	-	10,000	Shares 5,941,820
411	10,001	-	20,000	Shares 6,533,664
191	20,001	-	30,000	Shares 4,885,873
67	30,001	-	40,000	Shares 2,426,553
105	40,001	-	50,000	Shares 5,033,019
36	50,001	-	60,000	Shares 2,057,376
23	60,001	-	70,000	Shares 1,558,250
38	70,001	-	80,000	Shares 2,870,175
10	80,001	-	90,000	Shares 858,925
50	90,001	-	100,000	Shares 4,963,125
14	100,001	-	120,000	Shares 1,516,890
9	120,001	-	140,000	Shares 1,135,000
18	140,001	-	160,000	Shares 2,721,545
2	160,001	-	180,000	Shares 339,500
14	180,001	-	200,000	Shares 2,755,000
1	200,001	-	220,000	Shares 206,000
4	220,001	-	240,000	Shares 937,179
13	240,001	-	260,000	Shares 3,249,000
3	260,001	-	280,000	Shares 829,990
19	280,001	-	300,000	Shares 5,657,500
3	300,001	-	320,000	Shares 948,250
1	320,001	-	340,000	Shares 325,000
2	340,001	-	360,000	Shares 710,000
1	360,001	-	380,000	Shares 378,500
6	380,001	-	400,000	Shares 2,377,500
2	400,001	-	420,000	Shares 821,000
1	420,001	-	440,000	Shares 438,813
3	440,001	-	460,000	Shares 1,367,000
1	460,001	-	480,000	Shares 464,000
6	480,001	-	500,000	Shares 3,000,000
1	500,001	-	600,000	Shares 550,000
3	600,001	-	650,000	Shares 1,894,799
3	650,001	-	700,000	Shares 2,051,589
1	700,001	-	760,000	Shares 750,750
1	760,001	-	800,000	Shares 767,500
3	800,001	-	900,000	Shares 2,633,550
3	900,001	-	1,000,000	Shares 2,950,000
2	1,000,001	-	1,100,000	Shares 2,116,000
2	1,100,001	-	1,300,000	Shares 2,600,000

Number of Shareholders	Shareholdings			Total Shares held
1	1,300,001	-	1,500,000	Shares 1,484,000
1	1,500,001	-	2,000,000	Shares 1,763,500
1	2,000,001	-	2,500,000	Shares 2,500,000
1	2,500,001	-	2,900,000	Shares 2,828,647
1	2,900,001	-	3,000,000	Shares 2,928,500
3	3,000,001	-	3,400,000	Shares 10,001,375
1	3,400,001	-	4,000,000	Shares 3,479,500
1	4,000,001	-	4,600,000	Shares 4,200,000
2	4,600,001	-	10,000,000	Shares 20,000,000
1	10,000,001	-	11,000,000	Shares 10,003,000
1	11,000,001	-	12,000,000	Shares 11,738,343
2	12,000,001	-	20,000,000	Shares 36,250,000
1	20,000,001	-	28,000,000	Shares 27,968,455
1	28,000,001	-	30,000,000	Shares 30,000,000
1	30,000,001	-	40,000,000	Shares 37,407,000
1	40,000,001	-	145,000,000	Shares 140,000,606
7410			TOTAL	434,113,343

5. Categories of Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer, their spouses & minor children	143,539,689	33.07%
5.2 Associated Companies, undertakings and related parties	131,625,455	30.32%
5.3 NIT and ICP	507,459	0.12%
5.4 Banks, Development Financial Institutions, Non-Banking Finance Companies	1,028,668	0.24%
5.5 Insurance Companies	-	0.00%
5.6 Modarabas and Mutual Funds	11,680,250	2.69%
5.7 Shareholders holding 5%	235,376,061	54.22%
5.8 General Public		
a. Local	138,380,086	31.88%
b. Foreign	2,170,863	0.50%
5.9 Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	5,180,873	1.19%

FORM OF PROXY

I/We-----of----- being member(s) of Dewan Cement Limited and holder of-----Ordinary Shares as per Share Register Folio No.----- and/or CDS Participant I.D. No. -----and Sub Account No.----- hereby appoint-----of----- or failing him/her-----of-----as my proxy to vote for me and on my behalf at the 36th Annual General Meeting of the company to be held on Thursday, October 29, 2015 at 10:00 a.m. and / or any adjournment there of.

Signed this-----day of-----2015

1. Signature:-----

Witness:-----

Name:-----

Address:-----

C.N.I.C. No:-----

Passport No.:-----

Signature on
Five Rupees
Revenue Stamp

The Signature should agree with the specimen registered with the company

2. Signautre:-----

Witness:-----

Name:-----

Address:-----

C.N.I.C. /Passport No.:-----

NOTES:

A member of the Company entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company, duly completed at our shares registrar transfer agent BMF Consultants Pakistan (Pvt.) Ltd. Anum Estate, Room No. 310 & 311, 3rd Floor, 49, Darul Aman Society, Main Shahrah-e-Faisal, Adjacent to Baloch Colony Bridge, Karachi, Pakistan, not less than 48 hours before the meeting. CDC account holders will further have the following guidelines as laid down by the Securities & Exchange Commission of Pakistan.

a. For Attending Meeting:

- i. In case of individual, the account holder of sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

b. For Appointing Proxies.

- i. In case of individual, the account holder of sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall submit the proxy form as per the above requirements.
- ii. Two persons, whose names, addresses and CNIC numbers shall be mentioned on the form to witness the proxy.
- iii. Attested copies of CNIC or passport of the beneficial owners and proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- v. In case of corporate entity, the Board of Directors' Resolution/Power of Attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) alongwith the proxy form of the Company.



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