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A YOUSUF DEWAN COMPANY

COMPANY INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dewan Muhammad Yousuf Farooqui	CEO & Chairman Board of Director
Mr. Haroon Iqbal	
Syed Muhammad Anwar	

Non-Executive Directors

Dewan Abdul Baqi Farooqui
Dewan Abdul Rehman Farooqui
Mr. Ishtiaq Ahmad

Independent Director

Mr. Aziz-ul-Haque

AUDIT COMMITTEE MEMBERS

Mr. Aziz-ul-Haque	Chairman
Mr. Haroon Iqbal	Member
Syed Muhammad Anwar	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Haroon Iqbal	Chairman
Dewan Muhammad Yousuf Farooqui	Member
Mr. Aziz-ul-Haque	Member

CHIEF FINANCIAL OFFICER

Mr. Imran Ahmed Javed

COMPANY SECRETARY

Mr. Muhammad Hanif German

REGISTERED OFFICE

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

HEAD 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

AUDITORS

Faruq Ali & Co.
Chartered Accountants

COST AUDITORS

Rafaqat Mansha Mohsin Dossani Masoom & Co.
Chartered Accountants

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.

LEGAL ADVISOR

Sardar M. Ajaz Khan (Advocate)

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 THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty Third Annual General Meeting of **Dewan Cement Limited** ("***DCL***" or "***the Company***") will be held on **Wednesday, October 24, 2012, at 03:00 p.m.** at Dewan Cement Limited Factory Site, at Deh Dhando, 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 Annual General Meeting of the Company held on Wednesday, October 26, 2011;
2. To receive, consider, approve and adopt the annual audited financial statements of the Company for the year ended June 30, 2012, togetherwith 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: September 28, 2012

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 17, 2012 to October 24, 2012 (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 abovesaid 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, alongwith 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 alongwith 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, alongwith 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 third Annual Report of the company together with the audited accounts for the financial year ended June 30, 2012. This is the ninth annual report since the management and controlling shares of the company were taken over by Yousuf Dewan Companies.

OVERVIEW

The aggregate sales volume of Pakistan Cement Industry witnessed a modest growth of 3.45 during the financial year ended June 30, 2012 and achieved sales volume of 32.52 million tons as compared to last year sales volume of 31.43 million tons. The overall sales volume increased by 1.09 million tons.

The domestic demand registered an increase of 8.84% and achieved volume of 23.95 million tons against the last year volume of 22.00 million tons.

The export sales volume of the industry decreased by 9.12% and achieved a volume of 8.57 million tons as compared to last year volume of 9.43 million tons.

COMPANY'S PERFORMANCE:

The highlights of the accounts are tabulated below:

	June 30, 2012	June 30, 2011
	(Rupees in '000')	
Sales		
- Local – net	6,475,721	4,622,487
- Export	570,830	466,349
	7,046,551	5,088,836
Depreciation	380,065	368,680
Gross profit/(Loss)	872,683	(56,450)
Financial charges	27,266	10,044
Taxation-net (Income)/Charge	40,769	24,310
Net Profit/(Loss) after tax	383,142	(362,061)
Basic Earning/(Loss) per share	Re. 0.98	Re. (0.97)

ONGOING LITIGATIONS

As far as loan liabilities 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. 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. It may also be pointed out that there is vested interest working to destabilize our group of companies and are instrumental in bringing about cartelization in Banks / Financial Institutions to achieve their vested interests and trying to engineer default in repayment of loans etc. We have instituted suits and complaints against them in courts / forums of appropriate jurisdictions.

FUTURE OUTLOOK

There are strong indications of domestic growth within country in cement sales following year, reason for the growth is the construction activities after the announcement in the recent budget in which substantial funds were allocated for public sector development projects. Due to the upcoming elections, better utilization of development funds is expected which will support growth in consumption of cement.

Export sales volume which has been declining for the last few years may stabilize in future due to increase in consumption of cement in Afghanistan and an expected increase in export volumes to India, Further the export of cement / clinker by sea route to various African countries are expected to increase as these countries are emerging as fast growing export markets. Other new growing markets for Pakistani cement / clinker are Sri Lanka, Tanzania and Qatar.

OBSERVATIONS IN THE AUDITORS' REPORT

The auditors have qualified their report on the following basis, which are duly explained.

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. 3,850 million as long term liability.

The management is of the view that since the funds were obtained for a period of six years, all of them are offered restructuring of their investments. Till the matter is resolved suitably with investors, management has decided to classify the same as long term liability.

Provision for markup:
The Company has not made provision of markup amounting to Rs. 1,084 million on its markup bearing liability.

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

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, 2012 is annexed;

k) The value of investment of provident fund based on their respective latest accounts is Rs. 54.11 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 four 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	4
Dewan Abdul Baqi Farooqui	1
Dewan Abdul Rehman Farooqui	3
Mr. Haroon Iqbal	4
Syed Muhammad Anwar	4
Mr. Istiaq Ahmed	4
Mr. Aziz-ul-Haque	4

No casual vacancy occurred during the year.

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, 2013.

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 also 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

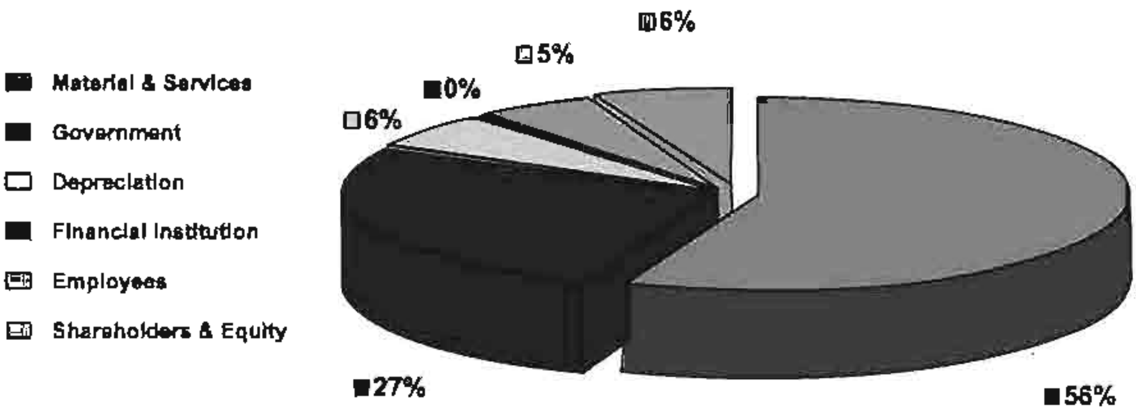
Dewan M. Yousuf Farooqui
CEO & Chairman Board of Director

Dated: September 28, 2012
Place: Karachi

KEY OPERATING AND FINANCIAL STATISTICS FOR LAST SIX YEARS

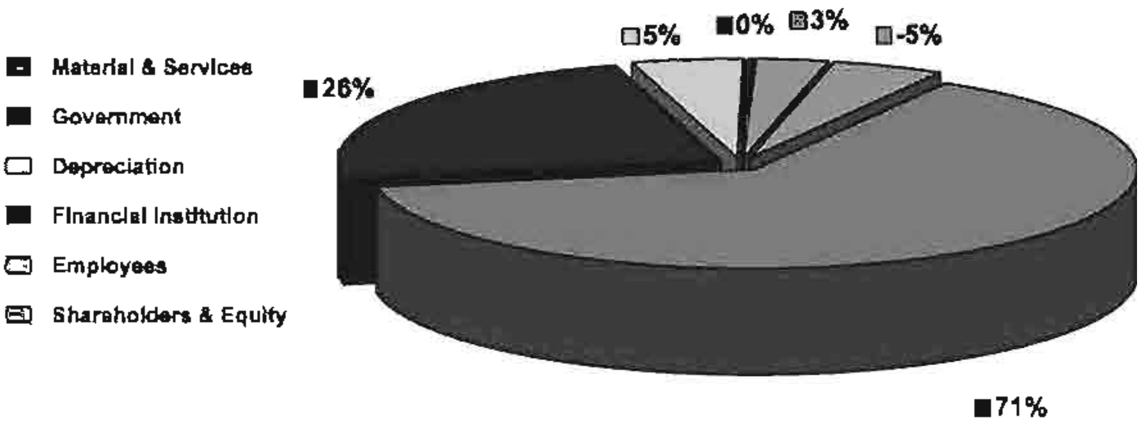
Particular	2012	2011(restated)	2010	2009	2008	2007
	(Tons. In thousands)					
QUANTITATIVE DATA						
Clinker Production	1,247	1,169	835	1,356	1,339	1,444
Cement Production	1,300	1,217	918	1,379	1,556	1,584
Cement Despatch	1,291	1,213	937	1,355	1,568	1,585
ASSETS EMPLOYED	(Rs. In million)					
Fixed Assets	19,492	19,312	19,680	20,015	19,927	19,333
Investment & Long-term advances, deposits & Deferred costs	45	54	57	72	75	54
Current Assets	1,505	1,226	1,133	1,510	1,609	2,815
Total Assets Employed	**21,042**	**20,592**	**20,870**	**21,597**	**21,611**	**22,202**
FINANCED BY						
Shareholder equity	4,030	3,590	3,628	4,222	4,308	4,704
Surplus on revaluation of fixed asset	3,837	3,975	4,046	4,008	4,015	4,091
Redeemable capital	3,850	3,850	3,850	3,850	3,850	4,111
Long-term Loan & Long-term Liabilities/Disposits/Import bill	1,198	1,189	2,000	2,625	3,221	3,433
Deferred Liabilities	1,667	1,615	1,623	1,750	2,066	2,192
Obligation under finance lease	-	-	14	31	89	135
Current Liabilities	6,460	6,373	5,708	5,110	4,061	3,536
Total Funds Invested	**21,042**	**20,592**	**20,870**	**21,597**	**21,611**	**22,202**
TURNOVER & PROFIT						
Turnover (Net)	7,047	5,089	3,495	5,683	4,598	4,330
Operating Profit / (Loss)	444	(345)	(611)	56	(538)	718
Profit / (Loss) Before Taxation	424	(338)	(619)	(376)	(582)	165
Profit / (Loss) After Taxation	383	(362)	(623)	(163)	(499)	207
Accumulated Profit (Loss)	(491)	(931)	(619)	19	105	501

WEALTH GENERATED AND DISTRIBUTED DURING 2011 -2012



Total Revenue Rs. 6,394.928 million

WEALTH GENERATED AND DISTRIBUTED DURING 2010-2011



Total Revenue Rs. 6,861.277 million

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

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. The condition of maximum number of seven directorships to be held by a director in listed companies as per clause ii of the CCG will be applicable after election of next Board of Directors of the Company in October, 2014.

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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the board during this period.

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, some directors are exempted from the requirement of directors' training program and rest of the Directors to be trained within specified time.

10. There was no change in the position of CFO, Company Secretary and Head of Internal Audit during the year. The Directors report for this have prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.

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

12. The director, CEO and executives do not hold any interest in the shares of the company other than the disclosed in the pattern of shareholding.

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

14. The board has formed an Audit Committee. It comprises three members who are non-executive directors including the chairman of the committee. The condition of clause 1(b) of the CCG in relation to the independent director will be applicable on election of the next Board of Directors of the Company.

15. 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.

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

17. 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.

18. 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.

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

20. The 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).

21. 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
CEO & Chairman Board of Director

September 28, 2012
Karachi

FARUQ ALI & CO
CHARTERED ACCOUNTANTS

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

Telephone :(021) 34301966
:(021) 34301967
:(021) 34301968
:(021) 34301969
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') to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transaction which are not executed at arm's length price recording proper justifications for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2012.

Dated: September 28, 2012
KARACHI:

Chartered Accountants

Engagement partner: S. Naseem uz Zaman.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Dewan Cement Limited as at June 30, 2012 and the related profit and loss account, 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.3,850 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 agreements with the investors.

b) The company has not made provision of markup for the year amounting to Rs. 1,083.660 million (up to June 30, 2011: Rs.2,588.973 million) (refer note 35.1) on account of restructuring proposal offered to the lenders as described in note 3 to the financial statements. Non-provisioning of markup is based on management's hope that the restructuring proposal will be accepted by lenders in the proposed manner. In our opinion, since the proposal has not been accepted by the lenders so far and the lenders, instead of accepting the restructuring proposal, have preferred filing suits against the company, 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. 1,083.660 million and markup payable would have been higher and shareholders' equity would have been lower by Rs.3,672.633 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, 2012 and of the Profit, 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, 2012 the Company has accumulated losses of Rs.490.574 million and its current liabilities exceeded its current assets by Rs.4,955.110 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 loss and current liabilities reported in said note do not include the effect of matters discussed in para (a) and (b) above. The management is still hopeful that the restructuring proposal offered to the lenders will be accepted in proposed manner and cases will be withdrawn. The going concern assumption used in preparation of these financial statements is largely dependent on the acceptance of restructuring proposal offered to lenders and pending litigations as disclosed in note 28, the ultimate outcome of which cannot be ascertained.

Dated: September 28, 2012
Place: Karachi

CHARTERED ACCOUNTANTS

Engagement partner: S. Naseem uz Zaman.

BALANCE SHEET
AS AT JUNE 30, 2012

	Note	June 30, 2012	June 30, 2011 (Restated)
		Rupees In '000'	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	19,491,501	19,311,801
Long term deposits	7	42,342	42,242
Long term loans	8	2,892	1,248
CURRENT ASSETS			
Stores and spare parts	9	457,303	383,699
Stock-in-trade	10	240,131	149,471
Trade debts - Unsecured	11	417,830	409,929
Loans and advances - Unsecured	12	156,295	133,567
Trade deposits and short term payments	13	26,254	28,874
Other receivables - Considered good	14	18,358	19,974
Short-term investments	15	4,401	1,410
Taxation - Net		58,270	37,525
Cash and bank balances	16	125,785	71,787
		1,504,627	1,236,236
		21,041,362	20,591,527
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
500,000,000 (2011: 500,000,000) Ordinary shares of Rs. 10/- each		5,000,000	5,000,000
Issued, subscribed and paid up capital	17	3,891,133	3,891,133
Reserve - Net		138,870	(301,423)
		4,030,003	3,589,710
SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax	18	3,837,214	3,975,389
NON CURRENT LIABILITIES			
Long term financing	19	186,638	200,209
Advances for investment in term finance certificates	20	3,850,000	3,850,000
Liabilities against assets subject to finance lease	21	--	--
Long term deposits and payables	22	1,011,163	987,532
Deferred taxation	23	1,666,608	1,615,281
		6,714,409	6,653,022
CURRENT LIABILITES			
Trade and other payables	24	1,827,230	1,704,785
Short term borrowings	25	660,875	660,875
Markup payable	26	1,038,963	1,038,963
Current and overdue portion of long-term borrowings	27	2,886,274	2,887,303
Sales tax payable		46,394	81,480
		6,459,736	6,373,406
CONTINGENCIES AND COMMITMENTS	28	--	--
		21,041,362	20,591,527

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

Dewan Abdul Rehman Farooqui
Director

Dewan M. Yousuf Farooqui
CEO & Chairman Board of Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

	Note	June 30, 2012	June 30, 2011 (Restated)
		--------(Rupees in '000')----------	
Turnover - Net	29	7,046,551	5,088,836
Cost of sales	30	(6,173,868)	(5,145,286)
Gross profit / (loss)		872,683	(56,450)
Operating expenses			
Distribution cost	31	(74,446)	(81,652)
Administrative expenses	32	(314,523)	(202,737)
Other operating expenses	33	(39,544)	(4,085)
		(428,513)	(288,474)
Operating profit / (loss)		444,170	(344,924)
Other operating income	34	7,007	17,217
Finance cost	35	(27,266)	(10,854)
		(20,259)	6,363
Profit / (loss) before taxation		423,911	(338,561)
Taxation - Net	36	40,769	24,310
Profit / (loss) after taxation		383,142	(362,871)
Other comprehensive income for the year:			
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment		86,848	77,957
Related deferred tax		(29,697)	(26,578)
		57,151	51,379
Component of comprehensive income not reflected in equity		--	--
Total comprehensive income / (loss) for the year		**440,293**	**(311,492)**
Profit / (loss) per share - Basic and diluted	37	Re. 0.98	Re. (0.97)

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

Dewan Abdul Rehman Farooqui
Director

Dewan M. Yousuf Farooqui
CEO & Chairman Board of Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012

	June 30, 2012	June 30, 2011 (Restated)
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	423,911	(338,561)
Adjustments for non cash and other items:		
Depreciation	380,065	368,680
Gain on disposal of fixed assets	(193)	–
Worker's profit participation fund	24,186	–
Advances and other receivable written off	2,370	–
Workers' Welfare fund	9,113	–
(Gain) / loss on remeasurement of short term investment	(2,991)	63
Finance cost	27,266	10,854
Liabilities written back	–	(16,328)
Cash outflow before working capital changes	863,727	24,708
Movement in working capital		
(increase)/decrease in current assets		
Stores and spare parts	(73,604)	(47,683)
Stock in trade	(90,660)	(29,447)
Trade debts - Unsecured	(7,901)	(61,946)
Loans and advances - Unsecured	(22,728)	12,925
Trade deposits and short term payments	1,014	7,413
Other receivables - Considered good	852	(15)
	(193,027)	(118,753)
Increase/(decrease) in current liabilities		
Trade and other payables	82,495	44,447
Sales tax payable	(35,086)	72,522
	47,409	116,969
	(145,618)	(1,784)
Cash generated from operations	718,109	22,924
Income tax paid	(91,211)	(13,610)
Finance cost paid	(5,942)	(3,567)
Net cash inflow from operating activities	620,956	5,747
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(559,778)	(859)
Sale proceeds of fixed assets	205	–
Long term loans - Net	(1,644)	(198)
Long term deposits	(100)	(500)
Net cash (used in) investing activities	(561,317)	(1,557)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	(14,523)	–
Dividend paid	(2)	–
Long term deposits and payables	8,961	20,158
Liabilities against assets subject to finance lease - Net	(77)	(12,577)
Net cash (outflow) / inflow from financing activities	(5,641)	7,581
Net (decrease) in cash and cash equivalents	53,998	11,771
Cash and cash equivalents at the beginning of the year	71,787	60,016
Cash and cash equivalents at the end of the year	125,785	71,787

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

Dewan Abdul Rehman Farooqui
Director

Dewan M. Yousuf Farooqui
CEO & Chairman Board of Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2012

	Issued, subscribed and paid up capital	RESERVES			Total Equity
		CAPITAL	REVENUE		
		Merger reserve	Accumulated loss	Total reserves	
	----------------------------(Rupees in '000')----------------------------				
Balance as at June 30, 2010	3,573,750	629,444	(575,095)	54,349	3,628,099
Effect of exchange difference relating to prior years	--		(44,280)	(44,280)	(44,280)
Balance as on July 01, 2010 - Restated	3,573,750	629,444	(619,375)	10,069	3,583,819
Total comprehensive (loss) for the year:					
Loss for the year - restated	--	--	(362,871)	(362,871)	(362,871)
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of tax	--	--	51,379	51,379	51,379
	--	--	(311,492)	(311,492)	(311,492)
Transactions with owners:					
Issue of shares to sponsors on conversion of loan	317,383	--	--	--	317,383
Balance as at June 30, 2011 - Restated	**3,891,133**	**629,444**	**(930,867)**	**(301,423)**	**3,589,710**
Total comprehensive income for the year					
Profit for the year	--	--	383,142	383,142	383,142
Incremental depreciation transferred from surplus on revaluation of property, plant and equipment - net of tax	--	--	57,151	57,151	57,151
	--	--	440,293	440,293	440,293
Balance as at June 30, 2012	**3,891,133**	**629,444**	**(490,574)**	**138,870**	**4,030,003**

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

Dewan Abdul Rehman Farooqui
Director

Dewan M. Yousuf Farooqui
CEO & Chairman Board of Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012 reflect as of that date company has accumulated losses of Rs.490.574 million (2011:Rs.930.867 million) and its current liabilities exceeded its current assets by Rs.4,955.109 million (2011:Rs.5,137.170 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 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 one of the lenders and expects that all debt will be restructured in near future. Accordingly, the company has approached its lenders for the restructuring of its entire debt in the following manner:

(a) All the debt obligations of the company be converted into a Privately Placed TFC of eight years inclusive of grace period of 3 years

(b) Principal to be repaid in equal half-yearly installments with first such payment falling due after six months from the end of grace period; and

(c) Mark-up payable as on December 31, 2008 to be freezed and paid quarterly over a period of four years from the date of restructuring.

The management believes that the restructuring proposal presented is workable and would enable the company to service its debts. Therefore, the management is confident that the proposal will be accepted by its lenders in near future, and 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 asses 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, amendments or interpretations which became effective during the year

The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after July 1, 2011:

- *IFRS 7, 'Financial Instruments: Disclosures'* (effective January 1, 2011). The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment does not have any significant impact on the company's financial statements, other than certain additional disclosures.

- *IFRS 7, 'Financial Instruments: Disclosures'* (effective January 1, 2011). This amendment aims to promote transparency in the reporting of transfer transactions and improve users' understandings of ht risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assts. The amendment does not have any impact on the Company's financial statements during the current year.

- *IAS 1, 'Presentation of financial statements'* (effective January 1, 2011). The amendment clarifies the tan entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements which have been made in these financial statements.

- *IAS 24 (revised), 'Related party disclosures'* issued in November 2009. It superseded IAS 24, 'Related Party Disclosure', issued in 2003. IAS 24 (revised in mandatory for periods beginning on or after January 1, 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company complies with the requirements of revised IAS.

- *IAS 34, 'Interim financial reporting'* (effective January 1, 2011). The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and adds disclosure requirement around:

  - The circumstances likely to affect fair values of financial instruments and their classifications.

  - Transfers of financial instruments between different levels of the fair value hierarchy.

  - Changes in classification of financial assets; and

  - Changes in contingent liabilities and assets.

New / revised accounting standards, amendments to published accounting standards, and interpretation 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 2012:

- *Amendments to IAS 12* – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on financial statements of the Company.

- *IAS 19 Employee Benefits (amended 2011)* - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial gains / losses as at 30 June 2012 would need to be recognized in other comprehensive income.

- *Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)* - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- *IAS 27 Separate Financial Statements (2011)* - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- *IAS 28 Investments in Associates and Joint Ventures (2011)* - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)* – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

- *Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)* – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.

- IAS 1 *Presentation of Financial Statements is amended to clarify that* only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 *Property, Plant and Equipment* is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 *Inventories*.

- IAS 32 *Financial Instruments: Presentation* - is amended to clarify that IAS 12 *Income Taxes* applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 *Interim Financial Reporting* is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 *Operating Segments*. IAS 34 now requires the disclosure of a measure of total assets *and* liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

i) Provision for taxes
ii) Estimation of residual values and useful lives of property, plant and equipment.
iii) Staff retirement benefits

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 or 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 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.

5.14 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

	Note	June 30, 2012	June 30, 2011
		(Rupees in '000')	
Operating assets - Owned	6.1	18,385,881	18,503,627
Assets subject to finance lease	6.2	2,583	3,229
Capital work in progress	6.4	1,103,037	804,945
		19,491,501	19,311,801

6.1 Operating assets - Owned

	2012									
	COST / REVALUATION				ACCUMULATED DEPRECIATION					
	As at July 01, 2011	Additions	(Disposal)	As at June 30, 2012	As at July 01, 2011	Adjustment for disposal	For the year	As at June 30, 2012	Book Value as at June 30, 2012	Rate %
	(Rupees in '000')									
Leasehold land	124,500	--	--	124,500	5,745	--	1,245	6,990	117,510	1
Freehold land	134,858	1,439	--	136,297	--	--	--	--	136,297	-
Quarry	915	--	--	915	915	--	--	915	--	-
Buildings on leasehold land and quarry development	848,693	230,416	--	1,079,109	382,296	--	51,781	434,077	645,032	5 to 10
Buildings and civil works on Freehold land	1,020,946	--	--	1,020,946	560,467	--	45,974	606,441	414,505	5 to 10
Roads	124,966	--	--	124,966	70,112	--	2,743	72,855	52,111	5
Plant and machinery	19,076,357	--	--	19,076,357	1,878,410	--	266,014	2,144,424	16,931,933	UOP
Electric installation	34,726	16,086	--	50,812	25,221	--	1,078	26,299	24,513	5
Furniture and fixture	84,354	13,234	--	97,588	65,637	--	2,936	68,573	29,015	10 to 20
Equipment	20,632	--	--	20,632	11,842	--	610	12,452	8,180	10 to 20
Computers	45,273	385	--	45,658	42,917	--	825	43,742	1,916	33
Vehicles	122,495	126	(697)	121,924	91,526	(684)	6,213	97,055	24,869	20
	21,638,715	**261,686**	**(697)**	**21,899,704**	**3,135,088**	**(684)**	**379,419**	**3,513,823**	**18,385,881**	

	2011 (Restated)							
	COST / REVALUATION			ACCUMULATED DEPRECIATION				
	As at July 01, 2010	Additions	As at June 30, 2011	As at July 01, 2010	For the year	As at June 30, 2011	Book Value as at June 30, 2011	Rate %
	(Rupees in '000')							
Leasehold land	124,500	--	124,500	4,500	1,245	5,745	118,755	1
Freehold land	133,999	859	134,858	--	--	--	134,858	-
Quarry	915	--	915	915	--	915	--	-
Buildings on leasehold land and quarry development	848,693	--	848,693	333,566	48,730	382,296	466,397	5 to 10
Buildings and civil works on Freehold land	1,020,946	--	1,020,946	509,389	51,078	560,467	460,479	5 to 10
Roads	124,966	--	124,966	67,225	2,887	70,112	54,854	5
Plant and machinery	19,076,357	--	19,076,357	1,626,907	251,503	1,878,410	17,197,947	UOP
Electric installation	34,726	--	34,726	24,721	500	25,221	9,505	5
Furniture and fixture	84,354	--	84,354	63,548	2,089	65,637	18,717	10 to 20
Equipment	20,632	--	20,632	10,823	1,019	11,842	8,790	10 to 20
Computers	45,273	--	45,273	41,758	1,159	42,917	2,356	33
Vehicles	122,495	--	122,495	83,863	7,663	91,526	30,969	20
	21,637,856	**859**	**21,638,715**	**2,767,215**	**367,873**	**3,135,088**	**18,503,627**	

6.1.1 The Company revalued its leasehold, freehold land, buildings on leasehold, buildings on freehold lands and plant and machinery on September 29, 2010. The revaluation exercise was carried out by M/s Isotec (The House of Professional Engineers). Such revaluation resulted in net reduction of carrying amounts of such assets by Rs.46.509 million in aggregate, accordingly the carrying amounts of these fixed assets have been reduced by debiting to existing surplus on revaluation of fixed assets.

6.1.2 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, 2012	June 30, 2011
	-----------(Rupees in '000')----------	
Leasehold land	1,598	1,673
Freehold land	54,341	52,074
Buildings on leasehold land and quarry development	440,940	239,629
Buildings and civil work on freehold land	562,722	625,165
Plant and machinery	11,681,855	11,869,228
	12,741,456	12,787,769

6.2 Assets subject to finance lease

	COST			ACCUMULATED DEPRECIATION			Book Value as at June 30, 2012	Rate %
	As at July 01, 2011	Additions / (disposals)	As at June 30, 2012	As at July 01, 2011	For the year	As at June 30, 2012		
	----------------------------(Rupees in '000')----------------------------							
Vehicles	9,300	--	9,300	6,071	646	6,717	2,583	20
2012	9,300	--	9,300	6,071	646	6,717	2,583	

	COST			ACCUMULATED DEPRECIATION			Book Value as at June 30, 2011	Rate %
	As at July 01, 2010	Additions / (disposals)	As at June 30, 2011	As at July 01, 2010	for the year	As at June 30, 2011		
	----------------------------(Rupees in '000')----------------------------							
Vehicles	9,300	--	9,300	5,263	808	6,071	3,229	20
2011 (Restated)	9,300	--	9,300	5,263	808	6,071	3,229	

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

	June 30, 2012	June 30, 2011
	-----------(Rupees in '000')----------	
Cost of sales - Manufacturing overheads	376,332	364,147
Distribution cost	186	139
Administrative expenses	3,547	4,394
	380,065	368,680

6.4 Capital work in progress

Opening balance	804,945	804,945
Additions	298,092	--
	1,103,037	804,945
Less: capitalized during the year	--	--
	1,103,037	804,945

	Note	June 30, 2012	June 30, 2011
		-----------(Rupees in '000')----------	
Breakup is as follows:			
Owned			
Plant and machinery		827,975	773,795
Buildings on leasehold land and quarry development		243,912	--
Assets subject to finance lease			
Computers		31,150	31,150
		1,103,037	804,945

	Note	June 30, 2012	June 30, 2011 (Restated)
		------------- Rupees in '000' -------------	
7 LONG TERM DEPOSITS			
Electricity and gas deposits		41,546	41,546
Others		796	696
		42,342	42,242
8 LONG TERM LOANS			
Considered good			
Executives	8.1 & 8.2	5,165	2,090
Employees	8.2	439	73
		5,604	2,163
Less: Due within one year, shown under current loans and advances	12	2,712	915
		2,892	1,248

8.1 Reconciliation of carrying amount of loans to executives

	Opening Balance	Disbursement	Repayment	Closing Balance
	------------------------- (Rupees in '000') -------------------------			
June 30, 2012	2,090	3,795	(720)	5,165
June 30, 2011	1,750	500	(160)	2,090

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. 5.165 million (2011: Rs. 1.695 million).

	June 30, 2012	June 30, 2011
	-----------(Rupees in '000')----------	
9 STORES AND SPARE PARTS		
Stores and spare parts - In hand	444,201	379,967
Stores and spare parts - In transit	14,339	4,969
	458,540	384,936
Less: Provision for obsolescence	1,237	1,237
	457,303	383,699

		Note	June 30, 2012	June 30, 2011
			-----------(Rupees in '000')----------	
10	**STOCK IN TRADE**			
	Raw and packing material		60,741	47,176
	Work-in-process		84,642	54,441
	Finished goods		94,748	47,854
			240,131	149,471
11	**TRADE DEBTS - Unsecured**			
	Considered good		417,830	409,929
	Considered doubtful		54,953	54,953
			472,783	464,882
	Less: Provision for doubtful debts		54,953	54,953
			417,830	409,929
12	**LOANS AND ADVANCES - Unsecured**			
	Current portion of loans due from:			
	Executives	8	2,712	915
	Advances - Unsecured			
	Considered good			
	Employees - against salaries		858	845
	- against expenses		3,342	4,757
			4,200	5,602
	Suppliers and contractors		149,383	127,050
	Considered doubtful			
	Suppliers and contractors		63,631	63,631
	Less: Provision for doubtful advances		63,631	63,631
			--	--
			156,295	133,567
13	**TRADE DEPOSITS AND SHORT TERM PAYMENTS**			
	Trade deposits - Considered good			
	Short-term deposits		12,048	11,759
	Margin against bank guarantees	28.1(b)	12,843	12,843
	Others		585	184
			25,476	24,786
	Short term prepayments		778	2,482
	Sales tax on advances		--	1,606
			26,254	28,874
14	**OTHER RECEIVALBES - Considered good**			
	Excise duty recoverable	14.1	2,705	2,705
	Furnace oil claim		--	764
	Sales tax claim	14.2	13,502	13,502
	Others		2,151	3,003
			18,358	19,974

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.

15 SHORT TERM INVESTMENTS

At fair value through profit or loss

June 30, 2012	June 30, 2011		June 30, 2012	June 30, 2011
Number of shares			(Rupees in '000')	
144,917	144,917	Cherat Cement Limited	4,292	1,304
17,717	17,717	Crescent Standard Investment Bank Limited	30	30
6,930	6,930	Trust Commercial Bank Limited	7	7
2,603	2,603	Royal Bank of Scotland Ltd.	24	24
475	475	Standard Chartered Bank Limited	5	2
92,500	92,500	Zeal Pak Cement Limited	43	43
265,142	265,142		4,401	1,410

16 CASH AND BANK BALANCES

		June 30, 2012	June 30, 2011
Cash in hand		159	372
Cash at banks:			
- Deposit / PLS saving accounts	16.1	299	1,532
- Current accounts		125,327	69,883
		125,626	71,415
		125,785	71,787

16.1 These represent term deposit accounts and PLS saving accounts with commercial banks carrying profit ranging from 5.45% to 8.78% (2011: 5.45% to 8.78%) per annum. Deposits have a maturity of less than three months.

17 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

June 30, 2012	June 30, 2011		June 30, 2012	June 30, 2011
(No. of Shares)			(Rupees in '000')	
336,125,000	336,125,000	Ordinary shares of Rs. 10/- each issued as fully paid in cash	3,361,250	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
389,113,343	389,113,343		3,891,133	3,891,133

17.1 148,307,273 (2011: 148,307,273) Shares are held by associated companies.

	Note	June 30, 2012	June 30, 2011
18 SURPLUS ON REVALUATION OF FIXED ASSETS - Net of tax		----------(Rupees in '000')----------	
Gross surplus			
Opening balance		5,590,669	5,668,626
Transfer to unappropriated profit in respect of incremental depreciation charged during the current year		(86,848)	(77,957)
		5,503,821	5,590,669
Less: Related deferred tax			
Opening balance		1,615,280	1,623,102
Depreciation charged during the year		(29,697)	(26,578)
Effect of reduction in effective tax rate on account of a portion of the income of the Company being assessed under Final Tax Regime		81,024	18,756
		1,666,607	1,615,280
		3,837,214	3,975,389

18.1 The balance of surplus on revaluation of fixed assets is not available for distribution to shareholders.

19 LONG TERM FINANCING

	Note	June 30, 2012	June 30, 2011
Long-term loan financial institution - Secured			
Long term loan - I	19.1	93,333	93,333
Long term loan - II	19.2	55,477	70,000
Long term loan - III	19.3	200,000	200,000
Long term loan - IV	19.4	300,000	300,000
Long term loan - V	19.5	75,000	75,000
Long term loan - VI	19.6	310,369	310,369
Long term loan - VII	19.7	500,000	500,000
Long term loan - VIII	19.8	350,000	350,000
Long term loan - IX	19.9	165,000	165,000
Long term loan - X	19.10	250,000	250,000
		2,299,179	2,313,702
Less: Current maturity		(133,047)	(396,019)
Over due portion		(2,107,333)	(1,845,313)
	27	(2,240,380)	(2,241,332)
		58,799	72,370
Unsecured			
From investors (former DHCL)	19.12	26,553	26,553
Others	19.13	101,286	101,286
		127,839	127,839
		186,638	200,209

19.1 Represents loan obtained from a Development Financial Institution (DFI) carrying mark up at the rate of KIBOR plus 2.5% 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 During the period under review a settlement has been reached with Pak Oman Investment Company Limited 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.

19.3 Represents loan obtained from a DFI carrying mark up at the rate of KIBOR plus 3.25% 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.

19.4 Represents loan obtained from a DFI carrying mark up at the rate of KIBOR plus 4.5% 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.

19.5 Represents loan obtained from a DFI carrying mark up at the rate of KIBOR plus 3% 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.

19.6 Represents disbursed amount of loan facility amounting to Rs. 320 million obtained from a commercial bank carrying mark up at the rate of KIBOR plus 2.9% with sales price of Rs. 320 million and purchase price of Rs. 563.200 million. The loan is repayable in 10 equal semi-annual installments commencing thirty 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. 426.667 million in favour of the bank, 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. 426.667 million in favour of the bank and execution of a demand promissory note of Rs. 563.200 million in favour of the bank.

19.7 Represents loan obtained from a commercial bank carrying mark up at the rate of KIBOR plus 2.5% 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.

19.8 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 percent 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.

19.9 Represents loan obtained from a commercial bank carrying mark up at the rate of 3 months KIBOR plus 2% 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.

19.10 Represent medium term finance obtained from a commercial bank carrying markup @ three 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.

19.11 All of the lenders (except one as mentioned in note 19.2) have gone into litigation with the company as more fully explained in note 28.1(c) to the financial statements.

19.12 These are unsecured, interest free borrowings from an investor as a long-term finance. The specific terms, conditions and security arrangements have not yet been finalized.

19.13 Represents unsecured interest free borrowing from certain individuals and are expected to be due after one year. The terms and conditions for repayment are yet to be finalized.

		June 30, 2012	June 30, 2011
		(Rupees in '000')	
20 ADVANCES FOR INVESTMENT IN TERM FINANCE CERTIFICATES			
Secured	20.1	3,850,000	3,850,000

20.1 It represents private placement (Pre-IPO) investment of Rs. 3,850 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 Majure) 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

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. 53.596 million (2011: Rs. 53.713 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. The movement in the finance lease liability is as follows:

	2012		2011 (Restated)	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in '000')			
Less than one year	53,595	53,595	53,713	53,672
Within one to five years	--	--	--	--
Total	53,595	53,595	53,713	53,672
Less: Financial charges allocated to the future periods	--	--	41	--
Present value of minimum lease payments	53,595	53,595	53,672	53,672
Less: Overdue portion of lease liability	53,595	53,595	53,672	53,672
	--	--	--	--

22 LONG TERM DEPOSITS AND PAYABLES

	Note	June 30, 2012	June 30, 2011 (Restated)
		(Rupees in '000')	
Security deposits		776,355	767,695
Retention money		65,248	64,947
Provision in respect of supplier's credit	22.1	169,560	154,890
		1,011,163	987,532

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

	June 30, 2012	June 30, 2011
	(Rupees in '000')	
Deferred taxation comprises temporary difference relating to:		
Accelerated tax depreciation	3,305,389	3,165,246
Surplus on revaluation of fixed assets	1,857,083	1,886,780
Provisions and others	(25,752)	(26,701)
	5,136,720	5,025,325
Effect of reduction in effective tax rate on account of transfer of income of the company being assessed under Final Tax Regime	(526,857)	(723,123)
	4,609,863	4,302,202
Accumulated tax losses	(2,943,255)	(2,686,921)
	1,666,608	1,615,281

23.1 The company has not recognized deferred tax asset amounting to Rs.25.532 million arising due to available tax losses, as sufficient future taxable profits may not be available against which the said asset could be utilized. The deferred tax liability carried in the financial statements represents the related deferred tax liability arising due to surplus on revaluation of property, plant and equipment.

24 TRADE AND OTHER PAYABLES

		June 30, 2012	June 30, 2011
Creditors	24.1	940,109	589,588
Book debts		23,194	18,864
Accrued liabilities		154,157	198,741
Advance from customers		483,849	440,608
Custom duty		8,143	26,823
Creditors for capital expenditure		29,725	23,374
Excise duty and royalty payable		65,231	323,307
Workers' profits participation fund	24.2	80,494	49,654
Dividend payable		12,927	12,929
Tax deducted at source		11,819	12,098
Workers' Welfare Fund		12,481	3,368
Unpaid and unclaimed dividend		1,780	1,780
Security deposits		270	270
Compensated absences		19	19
Others		3,032	3,362
		1,827,230	1,704,785

24.1 Included an aggregate amount of Rs. 345.123 million (2011: Rs. 351.866 million) representing overdue letters of credit which carry markup at the rate 15.50% per annum (2011: 15.50% per annum).

24.2 Workers' profits participation fund (WPPF)

	June 30, 2012	June 30, 2011
Opening balance	49,654	43,177
Provision for the year	24,186	-
Interest on WPPF	6,654	6,477
	80,494	49,654
Payments made during the year	-	-
	80,494	49,654

25 SHORT TERM BORROWINGS

	Note	June 30, 2012	June 30, 2011
		-----(Rupees in '000')-----	
Running finance under markup arrangement	25.1	189,875	189,875
Export refinance			
- Export refinance	25.2	100,000	100,000
- Export refinance	25.3	121,000	121,000
		221,000	221,000
Bridge finance			
- From syndicate	25.4	250,000	250,000
		660,875	660,875

25.1 Represents utilized portion of facility of Rs. 200 million (2011: Rs. 200 million). The finance carries mark up at 6 months KIBOR plus 3% (2011: 6 months KIBOR plus 3%), payable quarterly in arrears. The facility is secured by way of first pari passu charge of Rs.234 million (2011: 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 ranking charge on present and future current assets of the Company of Rs. 133 million. This facility is valid upto 24 August 2008 which has not been renewed by the bank. These financing arrangement has expired and not been renewed by the bank.

25.3 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.

25.4 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.

25.5 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

	Note	June 30, 2012	June 30, 2011
		-----(Rupees in '000')-----	
Advances for investment in term finance certificates	20	464,491	464,491
Debentures - Term Finance Certificates		178,636	178,636
Long-term financing		344,182	344,182
Short-term borrowings		51,654	51,654
		1,038,963	1,038,963

		June 30, 2012	June 30, 2011 (Restated)
		------------(Rupees in '000')------------	

27 CURRENT AND OVERDUE PORTION OF LONG TERM BORROWINGS

Debentures - Term Finance Certificates	27.1		
- Old TFCs - Series A		554,268	554,268
- Old TFCs - Series B		38,031	38,031
Liabilities against assets subject to finance lease	21	53,595	53,672
Long term financing	19	2,240,380	2,241,332
		2,886,274	2,887,303

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.

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 (2011: 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. 8,255 million, out of total suits amount certain Banks /Financial institutions having suits to the extent of Rs.1,311.585 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. During the year company has again 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) Guarantees issued by commercial banks on behalf of the company amounting to Rs. 108.289 million (2011:108.289 millions).

29 TURNOVER - Net

	June 30, 2012	June 30, 2011
	(Rupees in '000')	
Turnover - Local	8,201,872	6,394,928
Less: Federal excise duty	586,387	766,545
Special excise duty	–	73,019
Sales tax	1,131,134	917,583
Sales incentives	8,630	15,294
	1,726,151	1,772,441
	6,475,721	4,622,487
Turnover - Export	570,830	466,349
	7,046,551	5,088,836

30 COST OF SALES

	Note	June 30, 2012	June 30, 2011
		(Rupees in '000')	
Raw and packing materials consumed			
Opening stock		47,176	26,761
Purchases		788,363	675,047
		835,539	701,808
Closing stock		(60,741)	(47,176)
		774,798	654,632
Manufacturing overheads			
Stores and spares consumed		213,948	208,308
Fuel and power		4,446,507	3,569,607
Salaries, wages and benefits	30.1	204,170	169,706
Repairs and maintenance		106,853	84,450
Depreciation	6.3	376,332	364,147
Insurance		12,852	14,677
Laboratory chemicals and quality control		2,129	1,132
Travelling and conveyance		15,915	13,462
Transportation		14,201	11,483
Vehicle running expense		4,832	3,514
Consultancy		6,348	5,482
Printing and stationery		860	1,253
Communication		749	741
Rates and taxes		1,038	2,568
Handling charges		16,522	15,019
Others		52,909	34,137
		5,476,165	4,499,686
Manufacturing cost		6,250,963	5,154,318
Work-in-process - Opening		54,441	60,598
Work-in-process - Closing		(84,642)	(54,441)
		(30,201)	6,157
Cost of goods manufactured		6,220,762	5,160,475
Finished goods - Opening		47,854	32,665
Finished goods - Closing		(94,748)	(47,854)
		(46,894)	(15,189)
		6,173,868	5,145,286

30.1 This includes Rs. 6.465 million (2011: Rs. 5.538 million) in respect of the Company's contribution for provident funds and Rs. 2.231 million (2011: Rs. 1.80 million) recognised against contribution to Employees Old Age Benefits Institution (EOBI).

			June 30, 2012	June 30, 2011
31	**DISTRIBUTION COST**		------------(Rupees in '000')------------	
	Salaries, wages and benefits	31.1	13,731	7,302
	Export expenses	31.2	45,676	64,572
	Rent, rates and taxes		4,611	5,690
	Postage		1,478	1,034
	Advertisement		1,568	315
	Insurance		527	961
	Repairs and maintenance		1,409	805
	Depreciation	6.3	186	139
	Traveling and conveyance		315	22
	Communication		3,064	130
	Others		1,881	782
			74,446	81,652

31.1 These include Rs. 0.352 million (2011: Rs. 0.366 million) in respect of the Company's contribution for provident funds and Rs. 0.059 million (2011: Rs. 0.042 million) recognized against contribution to EOBI.

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

			June 30, 2012	June 30, 2011
32	**ADMINISTRATIVE EXPENSES**		------------(Rupees in '000')------------	
	Salaries, wages and benefits	32.1	98,971	60,391
	Legal and professional charges		46,391	42,911
	Repairs and maintenance		69,553	42,942
	Insurance		1,428	3,515
	Depreciation	6.3	3,547	4,394
	Rent, rates and taxes		11,159	7,984
	Fee and subscription		5,477	2,784
	Vehicle running expenses		27,099	12,898
	Communication		4,444	5,219
	Utilities		9,836	3,496
	Newspaper and periodicals		182	174
	Travelling, conveyance and cartage		12,020	2,505
	Printing and stationery		3,317	2,862
	Entertainment		2,636	779
	Security service charges		7,351	4,526
	Other expenses		11,112	5,357
			314,523	202,737

32.1 This includes Rs. 2.468 million (2011: Rs.2.097 million) in respect of the Company's contribution for provident funds and Rs. 0.407 million (2011: Rs.0.398 million) recognized against contribution to EOBI.

	Note	June 30, 2012	June 30, 2011
		------------(Rupees in '000')------------	
33 OTHER OPERATING EXPENSES			
Worker's profit participation fund		24,186	--
Workers' Welfare fund		9,113	--
Auditors' remuneration	33.1	3,875	3,875
Advances and other receivable written off		2,370	--
Un realised loss on remeasurement of short term investments		--	63
Donations		--	147
		39,544	4,085

33.1 Auditors' remuneration

	June 30, 2012	June 30, 2011
Audit fee	2,600	2,600
Review of half-yearly interim condensed financial statements	900	900
Review of Code of Corporate Governance	300	300
Out of pocket expenses	75	75
	3,875	3,875

34 OTHER OPERATING INCOME

	June 30, 2012	June 30, 2011
Income from financial assets		
Profit on bank deposits	2,914	221
Gain on remeasurement of available-for-sale	2,991	--
Gain on sale of property, plant and equipment	193	--
Income from non financial assets / others		
Liabilities no longer payable - Written back	--	16,328
Others	909	668
	7,007	17,217

	June 30, 2012	June 30, 2011 (Restated)
	------------(Rupees in '000')------------	
35 FINANCE COST		
Interest on workers' profits participation fund	6,654	6,477
Exchange loss	14,670	810
Finance lease charges	4	26
Bank charges	2,671	2,217
Commission on bank guarantees	3,267	1,324
	27,266	10,854

35.1 Company has not made the provision of markup for the year amounting to Rs. 1,083.660 million (Up to June 30, 2011: Rs.2,588.973 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. 1,083.660 millions and accrued markup would have been higher and shareholders' equity would have been lower by Rs. 3,672.633 million. The said non provisioning is a departure from the requirements of IAS-23 'Borrowing Costs"

	June 30, 2012	June 30, 2011
	(Rupees in '000')	

36 TAXATION

	June 30, 2012	June 30, 2011
Current	70,466	50,888
Deferred	(29,697)	(26,578)
	40,769	24,310

36.1 Relationship between accounting loss and tax expense for the year

Provision for current taxation is based on minimum tax liability at the rate of 1% of the turnover, therefore the relationship between accounting loss and tax expense for the year cannot be given.

37 PROFIT / (LOSS) PER SHARE - Basic and Diluted

There is no dilutive effect on basic earnings per share, which is based on:

	June 30, 2012	June 30, 2011
	(Rupees in '000')	
Profit / (loss) after taxation	383,142	(362,871)
	(Number of shares '000')	
Weighted average ordinary shares in issue during the year	389,113	374,853
		(Restated)
Profit / (loss) per share - Basic and diluted	Re. 0.98	Re. (0.97)

38 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
	(Rupees in '000')							
Remuneration	4,299	4,299	4,368	3,693	34,073	34,367	42,740	42,359
House rent	1,934	1,934	1,966	1,662	15,333	15,465	19,233	19,061
LFA	--	--	182	153	1,420	1,432	1,602	1,585
Medical	--	--	364	308	2,839	2,864	3,203	3,172
Retirement benefits	--	--	364	308	2,838	2,863	3,202	3,171
Utilities	430	430	437	369	3,407	3,437	4,274	4,236
Others	4	--	7	7	124	253	135	260
	6,667	6,663	7,688	6,500	60,034	60,681	74,389	73,844
Number of persons	1	1	2	2	36	60	39	63

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. 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, 2012	June 30, 2011
	(Rupees in '000')	
Employee benefit fund		
Contributions during the year	18,570	16,004

40 CAPACITY - Clinker

	June 30, 2012	June 30, 2011
	In Metric Tonnes	
Annual installed capacity		
- 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
	2,940,000	2,940,000
Actual production for the year		
- South unit (Line I)	58,799	59,086
- South unit (Line II)	675,545	647,531
- North unit (Line I)	191,697	133,279
- North unit (Line II)	320,654	328,795
	1,246,695	1,168,691

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

41 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.

41.1 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:

	June 30, 2012	June 30, 2011 (Restated)
	------------(Rupees in '000')------------	
Loans	5,604	2,163
Deposits	67,818	67,028
Trade debts	417,830	409,929
Short term investment	4,401	1,410
Cash and bank balances	125,785	71,787
	621,438	552,317

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 posses 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. 776.355 million (2011: Rs.767.695 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+	AA+
United Bank Limited	JCR-VIS	A-1+	AA+
Allied Bank Limited	PACRA	A1+	AA
Bank Islami Pakistan Limited	PACRA	A1	A
Bank Al Falah Limited	PACRA	A1+	AA
National bank of Pakistan	JCR-VIS	A-1+	AAA

41.2 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:

	Carrying Amounts	Contractual Cash flows	Six months or less	Six to twelve months	One to two years	Two to five years
	(Rupees in '000')					
2012						
Financial Liabilities - Recognized						
Long term financing	2,299,178	2,391,888	2,307,478	24,242	2,854	57,314
Term Finance Certificates and advances	4,442,299	4,442,299	4,442,299	--	--	--
Short term borrowing	660,875	710,740	710,740	--	--	--
Lease liabilities	53,595	53,595	53,595	--	--	--
Long term deposits and payables	1,011,163	951,403	--	--	--	951,403
Trade and other payables	1,827,230	1,827,230	1,827,230		--	--
Mark up payable	1,038,963	1,038,963	1,038,963	--	--	--
	11,333,303	11,416,118	10,380,305	24,242	2,854	1,008,717
2011 - (Restated)						
Financial Liabilities - Recognized						
Long term financing	2,313,702	2,342,885	1,171,688	1,171,197	--	--
Term Finance Certificates and advances	4,442,299	4,442,299	4,442,299	--	--	--
Short term borrowing	660,875	704,938	704,938	--	--	--
Lease liabilities	53,672	53,713	26,857	26,857	--	--
Long term deposits and payables	987,532	987,532	--	--	--	942,442
Trade and other payables	1,704,785	1,704,785	1,704,785		--	--
Mark up payable	1,038,963	1,038,963	1,038,963	--	--	--
	11,201,828	11,275,115	9,089,530	1,198,054	--	942,442

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.

41.3 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.

41.3.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The company's financial instruments are in its functional currency therefore it is not exposed to any significant currency risk.

41.3.2 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:

	June 30, 2012	June 30, 2011
	(Rupees in '000')	
Fixed rate instruments at carrying amounts:		
Financial Assets		
Balance with banks	299	1,532
Variable rate instruments at carrying amounts:		
Financial liabilities		
Advances for investment in term finance certificates	3,850,000	3,850,000
Loans	2,299,178	2,313,702
Lease liabilities	53,595	53,672
Short term borrowings	660,875	660,875
Trade payables	345,123	351,866
	7,208,771	7,230,115

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

41.4 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.

41.5 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.

42 CORRESPONDING FIGURES

The corresponding figures have been reclassified, restated and rearranged wherever necessary to facilitate comparison, significant reclassifications were as follows:

Exchange difference amounting to Rs.45.090 million arising on restatement of liability in foreign currency relating to prior years remained unrecorded, out of which Rs.0.810 million pertains to financial year ended June 30, 2011 and Rs.44.280 million pertains upto financial year ended June 30, 2010. Which has now been recorded retrospectively by restating the comparatives and opening balances of retained earnings. There is no material impact on loss per share for the year ended June 30, 2011. Shareholders' equity as of June 30, 2011 has been reduced by Rs.45.090 million due to aforementioned restatement.

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue on September 28, 2012 by the Board of Directors of the Company.

44 GENERAL

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

Dewan Abdul Rehman Farooqui
Director

Dewan M. Yousuf Farooqui
CEO & Chairman Board of Director

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2012

	Categories of Shareholders	Number of Shareholders	Number of Shares held	% of Shareholding
1.	Associated Companies	5	131,625,455	33.83%
2.	NIT and ICP	6	10,101,487	2.60%
3.	Directors, CEO, their Spouses & Minor Children	8	87,047,189	22.38%
4.	Executives	-	-	0.00%
5.	Public Sector Companies & Corporations	69	19,060,861	4.90%
6.	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Modarbas & Mutual Funds	34	3,549,474	0.91%
7.	Individuals	6,680	137,708,877	35.39%
	TOTAL	6,802	389,113,343	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	4.66%
1.2	Dewan Mushtaq Motors Company (Pvt) Ltd.	1	18,125,000	4.66%
1.3	Dewan Development (Private) Limited	1	30,000,000	7.71%
1.4	Dewan Farooque Motors (Pvt.) Limited	1	27,968,455	7.19%
1.5	Dewan Automotive Engineering Limited	1	37,407,000	9.61%
		5	131,625,455	33.83%
2.	NIT and ICP			
2.1	INVESTMENT CORPORATION OF PAKISTAN	1	2,150	0.00%
2.2	IDBP (ICP UNIT)	1	1,000	0.00%
2.3	National Bank of Pakistan	1	5,042,909	1.30%
2.4	National Investment Trust Limited	1	123,604	0.03%
2.5	National Bank of Pakistan, Trustee Deptt. NI(U)T Fund	1	4,921,424	1.26%
2.6	National Bank of Pakistan, Trustee Deptt.	1	10,400	0.00%
		6	10,101,487	2.60%
3.	Directors, CEO, their Spouses & Minor Children			
	Directors and CEO			
3.1	Dewan Muhammad Yousuf Farooqui	1	83,528,106	21.47%
3.3	Dewan Abdul Baqi Farooqui	1	3,334,708	0.86%
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. Ishtiaq Ahmed	1	1,375	0.00%
		7	86,869,689	22.33%
	Spouses of Directors and CEO			
3.9	Mrs. Heena Yousuf	1	197,500	0.05%
	Minor Children of Directors and CEO	-	-	-
		8	87,047,189	22.38%

	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 Muhammad Yousuf Farooqui	1	83,528,106	21.47%
2	Dewan Automotive Engineering Limited	1	37,407,000	9.61%
3	Dewan Development (Private) Limited	1	30,000,000	7.71%
4	Dewan Farooque Motors Limited	1	27,968,455	7.19%

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

Name		Date of Sale / Purchase	No. of Shares
Dewan Muhammad Yousuf Farooqui	P	14-Sep-11	12,294,231
Dewan Muhammad Yousuf Farooqui	S	9-Jan-12	1,690,500
Dewan Farooque Motors Limited	S	30-Apr-12	16,681,818

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2012

4.

Number of Shareholders	Shareholdings				Total Shares held
780	1	-	100	Shares	40,205
1,572	101	-	500	Shares	579,929
812	501	-	1,000	Shares	734,097
1,818	1,001	-	5,000	Shares	5,265,105
704	5,001	-	10,000	Shares	5,783,668
250	10,001	-	15,000	Shares	3,278,712
182	15,001	-	20,000	Shares	3,432,307
144	20,001	-	25,000	Shares	3,455,447
77	25,001	-	30,000	Shares	2,184,781
33	30,001	-	35,000	Shares	1,107,675
36	35,001	-	40,000	Shares	1,396,351
17	40,001	-	45,000	Shares	737,852
73	45,001	-	50,000	Shares	3,619,297
16	50,001	-	55,000	Shares	853,715
18	55,001	-	60,000	Shares	1,044,673
8	60,001	-	65,000	Shares	497,241
18	65,001	-	70,000	Shares	1,236,750
21	70,001	-	75,000	Shares	1,552,318
6	75,001	-	80,000	Shares	471,542
9	80,001	-	85,000	Shares	741,774
10	85,001	-	90,000	Shares	887,225
5	90,001	-	95,000	Shares	465,328
44	95,001	-	100,000	Shares	4,397,500
6	100,001	-	105,000	Shares	614,707
5	105,001	-	110,000	Shares	540,557
2	110,001	-	115,000	Shares	226,754
2	115,001	-	120,000	Shares	236,125
4	120,001	-	125,000	Shares	497,114
1	125,001	-	130,000	Shares	128,499
1	130,001	-	135,000	Shares	131,000
4	135,001	-	140,000	Shares	553,625
3	140,001	-	145,000	Shares	429,563
8	145,001	-	150,000	Shares	1,196,142
1	150,001	-	160,000	Shares	157,045
2	160,001	-	165,000	Shares	330,000
3	165,001	-	170,000	Shares	501,923
1	170,001	-	175,000	Shares	174,000
3	175,001	-	180,000	Shares	539,500
1	180,001	-	190,000	Shares	185,000
2	190,001	-	195,000	Shares	388,622

Number of Shareholders	Shareholdings				Total Shares Held
10	195,001	-	200,000	Shares	1,990,186
2	200,001	-	235,000	Shares	469,150
3	235,001	-	250,000	Shares	750,000
1	250,001	-	260,000	Shares	258,300
1	260,001	-	270,000	Shares	269,024
1	270,001	-	275,000	Shares	275,000
2	275,001	-	290,000	Shares	580,000
2	290,001	-	295,000	Shares	588,860
5	295,001	-	300,000	Shares	1,498,000
1	300,001	-	315,000	Shares	314,750
3	315,001	-	325,000	Shares	962,441
2	325,001	-	330,000	Shares	657,000
2	330,001	-	335,000	Shares	668,438
1	335,001	-	370,000	Shares	367,000
3	370,001	-	375,000	Shares	1,119,729
1	375,001	-	395,000	Shares	394,700
1	395,001	-	400,000	Shares	400,000
1	400,001	-	415,000	Shares	410,000
1	415,001	-	420,000	Shares	420,000
2	420,001	-	425,000	Shares	850,000
1	425,001	-	450,000	Shares	450,000
1	450,001	-	455,000	Shares	451,607
1	455,001	-	460,000	Shares	458,000
4	460,001	-	500,000	Shares	1,985,621
1	500,001	-	555,000	Shares	553,349
1	555,001	-	600,000	Shares	600,000
2	600,001	-	650,000	Shares	1,273,450
3	650,001	-	700,000	Shares	2,051,589
2	700,001	-	750,000	Shares	1,455,420
3	750,001	-	800,000	Shares	2,350,750
5	800,001	-	1,000,000	Shares	4,779,934
2	1,000,001	-	1,040,000	Shares	2,062,500
1	1,040,001	-	1,080,000	Shares	1,079,765
1	1,080,001	-	1,125,000	Shares	1,122,500
1	1,125,001	-	1,210,000	Shares	1,210,000
1	1,210,001	-	1,255,000	Shares	1,252,000
1	1,255,001	-	1,320,000	Shares	1,317,000
2	1,320,001	-	1,500,000	Shares	2,966,647
2	1,500,001	-	1,900,000	Shares	3,599,553
2	1,900,001	-	2,000,000	Shares	3,950,000
1	2,000,001	-	2,275,000	Shares	2,275,000
1	2,275,001	-	3,005,000	Shares	3,002,300

Number of Shareholders	Shareholdings				Total Shares Held
3	3,005,001	-	3,335,000	Shares	10,001,375
1	3,335,001	-	4,925,000	Shares	4,921,424
1	4,925,001	-	5,045,000	Shares	5,042,909
1	5,045,001	-	6,200,000	Shares	6,200,000
2	6,200,001	-	10,000,000	Shares	20,000,000
2	10,000,001	-	12,000,000	Shares	23,710,843
2	12,000,001	-	18,125,000	Shares	36,250,000
2	18,125,001	-	30,000,000	Shares	57,968,455
1	30,000,001	-	37,410,000	Shares	37,407,000
1	37,410,001	-	83,528,106	Shares	83,528,106
6802	TOTAL				389,113,343

5.	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, their spouses and minor children	87,067,189	22.38%
5.2	Associated Companies, undertakings and related parties	131,625,455	33.83%
5.3	NIT and ICP	10,101,487	2.60%
5.4	Banks, Development Financial Institutions, Non-Banking Finance Companies	2,159,709	0.56%
5.5	Insurance Companies	30,000	0.01%
5.6	Modarabas and Mutual Funds	1,359,765	0.35%
5.7	Shareholders holding 10%	83,528,106	21.47%
5.8	General Public		
	a. Local	137,680,977	35.38%
	b. Foreign	27,900	0.01%
	Others (Joint Stock Companies, Brokrage Houses, Employees Funds & Trustees)	19,060,861	4.90%

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 33rd Annual General Meeting of the company to be held on Wednesday, October 24, 2012 at 03:00 p.m. and / or any adjournment there of.

Signed this--------------day of-----------------2012

1. Signature:-----------------------

 Witness: -----------------------

 Name: -----------------------

 Address: -----------------------

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

 Passport No.: -----------------------

2. Signautre:-----------------------

 Witness: -----------------------

 Name: -----------------------

 Address: -----------------------

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

Signature on Five Rupees Revenue Stamp

The Signature should agree with the specimen registered with the company

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 or 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 benefical 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.