CONTENTS

Vision

To be a premier manufacturing concern engaged in the nation building through optimum utilization of resources for the benefits of its stakeholders.

Mission

To build on our core competencies by making regular investment in the field of technology to bring about improvements in the quality of our product. We strive to develop an organization having a strong team of dedicated professionals with satisfied customers and shareholders.

Core Values

- *Achieve excellence in business*
- *Sustain development through technological advancements.*
- *Commitment to quality*
- *Continuous development of work force.*
- *Compliance to the practices of ISO 9001:2000*

Statement Of Ethics & Business Practices

The business policy of the company is based on the principles of honesty, integrity and professionalism at every stage.

Product Quality

Regularly update ourselves with technological advancements in the field of cement production to produce cement under higher standards and maintain all relevant technical and professional standards.

Dealing with Employees

Provide congenial work atmosphere where all employees are treated with respect and dignity. Recognize and reward employees based on their performance and their ability to meet goals and objectives.

Financial Reporting & Internal Controls

To implement an effective and transparent system of financial reporting and internal control to safeguard the interest of shareholders and fulfill the regulatory requirements.

Adherence to laws of the land

To fulfil all statutory requirements of the government and its regulatory bodies and follow relevant and applicable laws of the country.

Environmental protection

To protect environment and ensure health and safety of the workforce and well being of the people living in the adjoining areas of our plants.

We recognize the need for working with optimum efficiency to attain desired levels of performance. We endeavour to conduct our business with honesty and integrity and produce and supply cement with care and competence, so that customers receive the quality they truly deserve.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ashraf Ali Jatoi	Chairman
Mr. Jehangir Akbar	Chief Executive
Mr. Mushtaq Ahmed Jatoi	Director
Mr. Muhammad Moosa	Director
Mr. Abdul Hameed Baig	Director
Engr. B. V. Seetlani	Director
Mr. S. Ali Abbas Rizvi	Director
Mr. Sarwar Khan	Director

AUDIT COMMITTEE

Mr. Ashraf Ali Jatoi	Chairman
Mr. Abdul Hameed Baig	Member
Mr. Syed Ali Abbas Rizvi	Member

COMPANY SECRETARY

Mr. M. Asghar Khan

CHIEF FIANCIAL OFFICER

Mr. Nouman Maqbool

STATUTORY AUDITORS

Hameed Khan & Co.
Chartered Accountants

COST AUDITORS

Abdul Waheed Khan & Co.
Chartered Accountants

BANKERS

The Bank of Punjab
Allied Bank of Pakistan Limited
National Bank of Pakistan
MCB Bank Limited
Meezan Bank Limited

REGISTERED OFFICE

7th Floor, PIC Tower, 32-A, Lalazar Drive,
Moulvi Tamiz-ud-Din Khan Road, Karachi.
Tel: 35611484- 35611486
Fax: 35615806
E-mail: zpcfl@yahoo.com
website: www.zealpak.com.pk

FACTORY

Tando Mohammad Khan Road,
S.I.T.E. Hyderabad.
Tel. (0223) 886599, 886499

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 57th Annual General Meeting of Zeal Pak Cement Factory Limited will be held on Saturday the 30th November, 2013 at 11:30 A.M. at Haji Abdullah Haroon Muslim Gymkhana, Awan-e-Saddar Road, Karachi to transact the following business:

ORDINARY BUSINESS

1 To read and confirm the minutes of last E.O.G.M held on 30th March, 2013.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2013 together with Directors and Auditors reports thereon.
3. To appoint Auditors for the year 2013-2014 and to fix their remuneration. The present Auditors, M/s. Hameed Khan & Co., Chartered Accountants retire and being eligible, offer themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi: November 11, 2013

(M. ASGHAR KHAN)
Company Secretary

NOTES:

1. No activity in the Share Transfer Books of the Company is allowed in compliance with the order dated July 9, 2009 of the Hon'able High Court of Sindh Karachi, therefore, the Share Transfer Books will remain closed till further order.
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies must be received at the registered office of the company not less than 48 hours before meeting.
3. CDC accountholders are requested to bring their original computerized CNIC alongwith their account numbers and participants ID numbers in CDC for verification.
4. Members are requested to notify any change in their addresses promptly to share Registrar of the Company.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

The Directors of the Company take pleasure in presenting before you 57th Annual Report of the Company together with its audited accounts for the year ended June 30, 2013 and auditors report thereon.

Production:

During the year the production of clinker stood at Nil tonnes as compared to last year's production of 21,400 tonnes. Similarly the production of cement during the year under review, at 58,038 as against 19,500 tonnes produced in the last year. The Production of pure slag was 28,656 tonnes which was 46,082 tonnes last year. The production of Paper bags was 1,331,760 bags as compare to the corresponding year's 1,324,600 bags.

Sales:

During the year the Company dispatched 77,844 tonnes cement as against 72,852 tonnes during the preceding year. In the same line the sales revenue for the year under review to Rs. 499.336 million as against Rs. 466.438 million of last year.

Financial Results:

During the current financial year, the gross loss of the Company reduced to Rs. 24.145 million as against Rs. 87.878 million in the last year. Similarly operating loss for the year was Rs. 372.586 million whereas in the preceding year the operating loss was Rs. 263.762 million.

Loss Per Share:

During the year the loss per share to Rs. 0.93 as compare to last year Rs. 0.74 per share.

Dividend:

In view of losses no dividend has been recommended for the year 2012-2013 by your Board of Directors.

Suspension of Trading in the Shares of the Company:

In order to comply with the Order dated July 9, 2009 of the Hon'able High Court of Sindh at Karachi, the Karachi Stock Exchange (Guarantee) Limited (KSE) and Central Depository Company of Pakistan Limited (CDC) have imposed restriction on the shares of the Company with effect from Monday July 13, 2009, whereby no activity as to transfers, pledging, withdrawal etc. in the said shares shall be allowed in the Central Depository System (CDS) till further order.

The management is in process of taking the measures by defending the case which was filed in the Hon'able High Court of Sindh at Karachi.

Observations in the Auditors' Report

The auditors have made certain qualifications in their report, which are explained as follows:

1. 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 also be accepted by the financial institutions / bankers. These conditions mitigate the risk and preparation of the financial statement on going concern assumption is justified.The management is of the view that these conditions are temporary and expected to be reversed in near future.

2. The Company has only received an amount against old scrap which were laying in the factory area and the book value of such old scrap could not be ascertained.

3. Due to heavy and continuous losses of ZPCFL in the previous years, most of the staff working in stores of ZPCFL was relieved from their duties. Accordingly a detail listing of Stores and Spares which were mostly old and obsolete could not be prepared by the management which could be physically verified by the auditors. The management will try to make a detail listing along with the valuation of Stores and Spares in the subsequent financial year.

4. The management is in the process of collecting all the related information, documentations and in due course of time the titles of such fixed assets will be transferred in the name of Zeal Pak Cement Factory Limited.

5. The management is trying to approach the related suppliers advising them to make available the required supporting documents and send those to the auditors.

6. The management is trying to approach the related suppliers advising them to make available the required supporting documents and send those to the auditors.

7. The management is making steps to ensure that no un-reconciled balances occur at the cut off date and all inter division balances will be recovered at the year end.

8. Detail working of Incremental Depreciation on Property, Plant and Equipments amounting to Rs. 34.576 million was available with the Ex. General Manager (Accounts) who has already left the company near to the completion of financial year No proper handing over of Company's files were made to the new Chief Financial Officer hence due to the lack of information, it could not be prepared by the responsible official. The management will prepare a detail working of Incremental Depreciation on Property, Plant and Equipments with the available records in the subsequent financial year.

9. Rohri Cement has filed suit in the Honarable High Court of Sindh for recovery of shares and no activity in the Share Transfer Books of the Company is allowed in compliance with the order dated July 9, 2009 of the Hon'able High Court of Sindh at Karachi, therefore, the Share Transfer Books will remain closed till further order.

Statement on Corporate Governance and Financial Reporting Framework.

The Directors of the Company are well aware of their responsibilities under the Code of Corporate Governance incorporated in the Listing Regulations of the Karachi Stock Exchange (Guarantee) Limited. All necessary steps are being taken to ensure Good Corporate Governance in the Company as required by the Code.

a) The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

b) Proper books of accounts of the Company have been maintained.

c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d) International Accounting Standard, as applicable in Pakistan, have been followed in preparation of financial statement and there has been no departure there from.

e) The system of internal control is being continuously reviewed by internal auditors. The process of review will continue to monitor the effective implementation and any weaknesses in controls will be removed.

f) There are no significant doubts upon Company's ability to continue as a going concern in future.

g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h) The Board of Directors has adopted a mission statement and statement of overall corporate strategy.

i) We have prepared and circulated a Statement of Ethics and Business Practices among directors and employees.

j) Key operating and financial date for last six year in summarized form is annexed.

k) During the year 4 meetings of the Board of Directors of the Company were held. The attendance of Directors including outgoing Directors were as under.

Name of Directors	Meetings Attended
Mr. Ashraf Ali Jatoi	4
Mr. Jehangir Akbar	4
Mr. Mushtaq Ahmed Jatoi	4
Mr. Muhammad Moosa	2
Mr. Abdul Hameed Baig	1
Engr. B. V. Seetlani	1
Mr. S. Ali Abbas Rizvi	4
Mr. Sarwar Khan	1
Out Going Directors	
Mr. Nawab Ali Jatoi	2
Mr. M.A.S. Bokhari	2
Mr. Nawab Ahmed Khanzada	2
Mr. Faiz Muhammad Brohi	3

Pattern of Shareholding:

The pattern of shareholding is annexed.

Appointment of Auditors:

Hameed Khan & Co., Chartered Accountants retire and are eligible for appointment for the year 2013-2014. Audit Committee of Board of Directors recommended their appointment as auditors for the above year.

Acknowledgement:

I, on my behalf and on behalf of the Board of Directors of the Company wish to place on record the appreciation for our officers and staff for their devotion to their duties. I also wish to convey appreciation to our stockists who have been extending cooperation to the Company.

For and on Behalf of the Board

Karachi: November 11th, 2013

(JEHANGIR AKBAR)
Chief Executive

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KEY OPERATING AND FINANCIAL DATA

YEAR WISE STATISTICAL SUMMARY

	2013	2012	2011	2010	2009	2008
						(in Metric Tons)
Clinker Production	--	21,400	20,200	42,460	112,180	61,780
Cement Production	58,038	19,500	21,775	50,009	143,715	87,745
Cement Dispatched	77,844	72,852	75,024	48,755	142,307	87,988
Bags Production (in No.s)	1,331,760	1,324,600	546,730	705,100	84,000	1,103,775
ASSETS EMPLOYED						**(Rs. in '000)**
Fixed Assets	2,414,789	1,640,403	1,707,540	1787,380	1,901,009	2,030,061
Long Term Deposits	7,575	7,575	7,270	7984	7,224	7,418
Current Assets	419,661	577,792	555,418	758,566	998,895	942,667
Total Assets Employed	**2,842,026**	**2,225,770**	**2,270,228**	**2,553,931**	**2,907,128**	**2,980,145**
FINANCED BY						
Shareholders Equity	(1,981,093)	(1,619,155)	(1,339,180)	899,940	(398,054)	73,226
Surplus on Re-valuation of Fixed Assets	1,128,442	1,163,018	1,201,262	1,240,970	1,300,814	1,352,086
Long Term Liabilities	1,113,649	296,949	267,608	226,471	244,998	123,842
Deferred Liabilities	13,720	13,730	13,813	13,389	15,296	12,167
Current Liabilities	2,567,308	2,371,228	2,126,725	1,973,042	1,764,074	1,418,824
Total Funds Invested	**2,842,026**	**2,225,770**	**2,207,228**	**2,553,931**	**2,907,128**	**2,980,145**
TURNOVER & LOSS						
Turnover (Net)	54,744	95,619	131,535	227,757	569,065	319,051
Operating Profit/(Loss)	(372,586)	(263,762)	(421,123)	(489,754)	(462,389)	(509,119)
Loss Before Taxation	(394,017)	(311,855)	(477,250)	(560,590)	(521,592)	(738,392)
Loss After Taxation	(396,514)	(318,218)	(478,948)	(561,730)	(522,554)	(679,785)
Loss c/f	(6,270,382)	(5,908,444)	(5,189,230)	(4,687,343)	(4,216,063)	(662,606)
RATIOS & STATISTICS						
Operating Profit/(Loss) to sales in %	(75)	(57)	(320)	(215)	(81)	(160)
Current Ratio	0.16	0.24	0.26	0.38	0.57	0.66
Paid up value per share (Rs.)	10	10	10	10	10	10
Loss per share (Rs.)	(0.93)	(0.74)	(1.12)	(1.31)	(1.22)	(1.59)

ZEAL PAK CEMENT FACTORY LTD.
PATTERN OF SHARE HOLDING
Shareholders Statistics As At June 30, 2012

Number of Shareholders	Shareholding From	To	Total Shares Held	Percentage
2,002	1	100	35,180	0.0082
2,835	101	500	205,487	0.0480
1,711	501	1,000	416,000	0.0972
1,311	1,001	5,000	2,472,253	0.5778
320	5,001	10,000	1,942,115	0.4539
160	10,001	15,000	1,022,981	0.2391
80	15,001	30,000	2,185,793	0.5109
13	30,001	35,000	432,643	0.1011
45	35,001	75,000	2,769,485	0.6473
4	75,001	80,000	312,500	0.0730
5	80,001	85,000	413,054	0.0965
2	85,001	90,000	178,000	0.0416
2	90,001	95,000	185,900	0.0435
6	95,001	100,000	597,500	0.1397
2	100,001	105,000	203,200	0.0475
1	110,001	115,000	113,500	0.0265
3	115,001	120,000	355,150	0.0830
3	120,001	125,000	370,960	0.0867
1	125,001	130,000	129,000	0.0302
2	130,001	135,000	264,000	0.0617
1	135,001	140,000	140,000	0.0327
4	140,001	145,000	574,001	0.1342
3	145,001	150,000	446,500	0.1044
1	155,001	160,000	160,000	0.0374
1	160,001	165,000	163,720	0.0383
2	175,001	180,000	354,563	0.0829
1	180,001	185,000	181,000	0.0423
4	195,001	200,000	791,633	0.1850
1	205,001	210,000	210,000	0.0491
1	245,001	250,000	248,000	0.0580
1	295,001	300,000	299,001	0.0699
1	300,001	305,000	303,000	0.0708
1	310,001	315,000	313,000	0.0732
1	375,001	380,000	377,000	0.0881
1	385,001	390,000	387,000	0.0905
1	415,001	420,000	417,500	0.0976
1	520,001	525,000	525,000	0.1227
1	620,001	625,000	625,000	0.1461
1	800,001	805,000	800,500	0.1871
1	985,001	990,000	987,124	0.2307
1	1,120,001	1,125,000	1,122,383	0.2623
1	1,800,001	1,900,000	1,898,220	0.4437
1	4,175,001	4,180,000	4,176,000	0.9761
1,505	91,601,001	344,030,000	252,429,000	59.0010
2,685	344,030,001	349,439,526	5,409,526	1.2644
2,001	139,895,001	139,900,000	139,895,154	32.6981
14,732			**427,838,526**	**100.0000**

Zeal Pak Cement Factory Limited

Shareholders analysis as on 30-06-2012

S. No.	Shareholders Category	Total No. of Shareholders	Holding (No. Of Shares)	Total	Percentage %
I-	<u>Director</u>				
1	Mr. Ashraf Ali Jatoi		5,000		
2	Mr. Nawab Ali Jatoi		5,000		
3	Mr. Mushtaq Ahmed Jatoi		5,000		
4	Mr. Mohammad Moosa		2,500		
5	Mr. Nawab Ahmed Khanzada		904		
6	Syed Ali Abbas Rizvi		Nil		
7	Mr. Faiz Muhammad Brohi		Nil		
8	Mr. Jehangir Akber (Chief Executive)	8	2,500	20,904	0.0048
II-	<u>Insurance Companies</u>				
1	Cooperative Insurance Socity of Pakistan Ltd.		5,444		
2	Pakistan Insurance Corporation		17,787		
3	Stat Life Insurance Corp. of Pakistan	3	142,508	165,739	0.0387
III-	Investement Companies	5	1,163,500	1,163,500	0.2719
IV-	Joint Stock Companies	94		30,347,080	7.0931
V-	Individuals	14,608		241,619,959	56.4745
VI-	Financial institution	6		2,973,224	0.6949
VII-	Leasing Companies	1		135,000	0.0316
VIII-	Modarba Management Companies	1		10,760,000	2.5150

List of Shareholders holding more than 10% of the total issued capital.

	Name		Holding(No. Of Shares)		%
IX-	M/s. Sardar M. Ashraf D. Baluch (Pvt) Ltd.			*324,466,588	15.5732
X-	Others	6		74,025,058	17.3021
	Grand Total:	14,732		427,838,526	100%

Note: * The shares of merged companies to the extent of 257,838,526 out of 324,466,588 are under prejudice in the Hon'able High Court of sindh, Karachi. In Suit no 970 of 2009

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This Statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practice of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1) The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes six independent non-executive directors.

2) The directors have confirmed that non of them is serving as director in more than ten listed Companies, including this company.

3) All the resident directors of the company are registered as tax payers 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) The Company has prepared a 'Statement of Ethics and Business Practices', which has been approved by the Board of Directors and signed by the employees of the Company.

5) 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 alongwith the dates on which they were approved or amended has been maintained.

6) All powers of the Board have been dully exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

7) The meeting of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, alongwith agenda and working papers, were circulated well in time before the meetings. The minutes of the meetings were appropriately recorded and circulated.

8) The Board has arranged an in-house orientation course in which directors have been provided with copy of "Role of Directors under the Companies Ordinance, 1984 and The Code of Corporate Governance" issued by the Institute of Chartered Accountants of Pakistan. The directors are well conversant with their duties and responsibilities.

9) The Company Secretary and Head of Internal Audit department were appointed prior to the enforcement of the Code of Corporate Governance. However, such next appointment, if any, including their remuneration and terms and conditions of employment, as determined by the CEO, will be referred to the Board of Directors for approval.

10) The Director's report for this year has been prepared in compliance with requirements of the Code 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 directors, CEO and executives do not hold any interest in the shares on the Company other than that disclosed in the pattern of shareholding.

13) The Company has complied with all the corporate and financial reporting requirements of the Code.

14) The Board has formed and audit committee. It presently comprises three members, all of whom are non-executive directors including the Chairman of the committee.

15) The meeting of the audit committee were held at least once every quarter prior to approval of the interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

16) The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.

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

18) 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.

19) The related party transactions have been placed before the audit committee and approved by the Board of Directors to comply with the reqiurements of listing regulations of karachi Stock Exchange. All transactions with related parties were made on an arm’s lenght basis.

20) We confirm that all other material principles contained in the Code of Corporate Governance have been complied with.

For and on Behalf of the Board

(JEHANGIR AKBAR)
Chief Executive

Karachi: November 11th, 2013

HAMEED KHAN & CO.
Chartered Accountants
16-A, Link Farid Kot Road, Near A.G. Office,
Lahore - Pakistan.
Tel: 7234562 - 7239271 Fax: 92-042-7351851
E-mail: hameed@brain.net.pk

KS INTERNATIONAL

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 **ZEAL PAK CEMENT FACTORY LIMITED** to comply with the Listing Regulation of Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

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

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

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

Based on our review nothing has come to our attention which causes us to believe that the Statement 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, 2013.

Hameed Khan & Co.

HAMEED KHAN & CO.
CHARTERED ACCOUNTANTS

Lahore.
Dated: November 11, 2013

Audit Engagement Partner
Abdul Waheed Khan

HAMEED KHAN & CO.
Chartered Accountants
16-A, Link Farid Kot Road, Near A.G. Office,
Lahore - Pakistan.
Tel: 7234562 - 7239271 Fax: 92-042-7351851
E-mail: hameed@brain.net.pk

KS INTERNATIONAL

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **ZEAL PAK CEMENT FACTORY LIMITED** as at June 30, 2013 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 ended June 30, 2013 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

1. The Company incurred a net loss of Rs. 396.514 million (2012 Rs.318.217 million) for the year ended June 30, 2013. As of that date the company's accumulated loss exceeded its share capital by Rs. 1981.093 million. These conditions indicate the existence of material uncertainty as to the company's ability to continue as a going concern

2. (a) The company has received a total amount of Rs.107.766 million from the sale of Plant & Machinery and Heavy Equipments in the prior years. No adjustment for profit and loss has been made in the current year's accounts and the total amount received against the sale of these assets were credited to the Advances from Customers account (note-10) and was shown as a liability on June 30, 2013

   (b) The company has not transferred the legal title of land, building and vehicles of PSCIL, RCPL & ZPIL in the name of Zeal Pak Cement Factory Ltd.

(c) Further fixed assets could not be physically verified due to non availability of fixed asset register.

3. We were unable to physically check the Stores and Spares relating to ZPCF on June 30, 2013 amounting to Rs.154.737 million since a detail listing were not made available for our verification. Further we could not check the valuation of such stores and spares.

4. As stated in Note 18 to the financial statement, Advances to Suppliers and Contractors include a total amount of Rs. 76.136 million which could not be verified due to absence of any statements or confirmations from the contractors.

5. As stated in note 10 to the financial statements Advances from Customers includes a total amount of Rs 753.207 millions which could not be verified due to absence of any statements or confirmations from the customers.

6. As stated in note 10 to the financial statements Trade Creditors includes a total amount of Rs 218.389 millions which could not be verified due to absence of any statements or supporting documents from the suppliers.

7. As stated in note 20 to the financial statements, Inter Division Balances as on June 30, 2013 represents net difference of Rs. 82.764 million (2012 Rs.51.128 million) among the various divisions which could not be reconciled or confirmed.

8. We were unable to check the Incremental Depreciation on Property, Plant and Equipments amounting to Rs. 34.576 million as stated in Profit & Loss account since a detail working was not provided to us for our verification.

9. Zeal Pak Cement Factory Ltd has not transferred the shares in the name of Directors of Rohri Cement (Pvt) Ltd, Pakistan Slag Cement Ltd and Zeal Pak Industries (Pvt) Ltd.

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, the financial statements do not give a true and fair view of the financial position of Zeal Pak Cement Factory Ltd as of June 30, 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Hameed Khan & Co.

HAMEED KHAN & CO.
CHARTERED ACCOUNTANTS

Lahore.
Dated: November 11, 2013

Audit Engagement Partner
Abdul Waheed Khan

BALANCE SHEET
AS AT JUNE 30, 2013

	Note	2013	2012
		(Rupees In'000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
427,838,526 (2012: 427,838,526)			
Ordinary shares of Rs. 10/- each		4,278,385	4,278,385
Issued, subscribed and paid-up-capital	4	4,278,385	4,278,385
Capital reserve	5	10,904	10,904
Accumulated Loss		(6,270,382)	(5,908,444)
		(1,981,093)	(1,619,154)
Surplus on Revaluation of property, plant and equipment	6	1,128,442	1,163,018
NON CURRENT LIABILITIES			
Long Term Deposits	7	6,564	6,564
Long Term Financing	8	1,107,085	290,386
Deferred and other liabilities	9	13,720	13,730
CURRENT LIABILITIES			
Trade and other payable	10	2,296,409	1,895,823
Accrued interest / mark-up		56,687	185,484
Short term borrowings	11	197,476	275,682
Provision for taxation		16,736	14,239
		2,567,308	2,371,228
CONTINGENCIES & COMMITMENTS	12	-	-
		2,842,026	**2,225,770**
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	13	2,414,789	1,640,403
Long-term deposits	14	7,575	7,575
CURRENT ASSETS			
Stores, spares and loose tools	15	107,091	130,131
Stock-in-trade	16	32,095	69,940
Trade debts	17	10,000	210,270
Loans and advances	18	86,381	29,968
Trade deposits and prepayments	19	15,783	16,533
Other Receivables	20	85,918	81,375
Taxes Recoverable	21	75,799	37,581
Cash and bank balances	22	6,594	1,994
		419,661	577,792
		2,842,026	**2,225,770**

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE **DIRECTOR**

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees In'000)	
Sales - Net	23	54,744	95,619
Cost of Sales	24	78,889	183,297
Gross (Loss)		(24,145)	(87,678)
Administrative expenses	25	257,511	47,194
Distribution cost	26	592	393
		258,103	47,586
Other Operating Expenses	27	1,445	1,695
Other Operating (Loss)	28	(88,892)	(126,802)
		348,440	176,084
Operating (Loss)		(372,586)	(263,762)
Finance Cost	29	21,431	48,093
Loss before taxation		(394,017)	(311,854)
Taxation	30	(2,497)	(6,363)
Loss after taxation		(396,514)	(318,217)
Accumulated loss brought forward		(5,908,444)	(5,628,470)
Transfer to accumulated loss in respect of incremental depreciation charged during the year on property, plant & equipment		34,576	38,243
Accumulated loss carried forward		**(6,270,382)**	**(5,908,444)**
Loss per share - Basic	31	(0.93)	(0.74)

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE **DIRECTOR**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees In'000)	
Cash Flow From Operating Activities			
Cash generated from operations	**32**	138,817	28,832
Payments for			
Finance cost		(19,079)	(49,219)
Income tax refunded		979	13,899
		(18,100)	(35,320)
Net Cash generated from operating activities		120,717	(6,488)
Cash Flow From Investing Activities			
Work in progress		(854,609)	(22,847)
Long term deposits		-	(306)
Net cash (used in) investing activities		(854,609)	(23,153)
Cash Flow From Financing Activities			
Long term loans / financing		816,699	29,342
Net cash (Out flow) from Financing Activities		816,699	29,342
Net increase in cash & cash equivalent		82,806	(298)
Cash & cash equivalent at the beginning of the year		(273,688)	(273,390)
Cash & cash equivalents at the end of the year	33	**(190,882)**	**(273,688)**

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE **DIRECTOR**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Share Capital	Capital Reserve	Accumulated (Loss)	Total
			(Rupees In'000)	
Balance as on June 30, 2011	4,278,385	10,904	(5,628,470)	(1,339,180)
Total comprehensive loss for the year				
Loss after taxation	--	--	(318,217)	(318,217)
Transfer to accumulated loss in respect of incremental depreciation charged during the year on property, plant & equipment	--	--	38,243	38,243
Balance as on June 30, 2012	**4,278,385**	**10,904**	**(5,908,444)**	**(1,619,154)**
Total comprehensive loss for the year				
Loss after taxation	--	--	(396,514)	(396,514)
Transfer to accumulated loss in respect of incremental depreciation charged during the year on property, plant & equipment	--	--	34,576	34,576
Balance as on June 30, 2013	4,278,385	10,904	(6,270,382)	(1,981,093)

The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE **DIRECTOR**

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013

1. THE COMPANY AND ITS OPERATIONS

1.1 Zeal Pak Cement Factory Limited (The Company) was incorporated in Pakistan as a public limited company on 9th May 1957 under Companies Act 1913 (now Companies Ordinance, 1984) and its shares are quoted on Karachi Stock Exchange. The Company is principally engaged in the manufacturing and sale of Cement, Clinker, Paper Bags and Slag Cement.

Central Depository Company of Pakistan Ltd (CDC) in compliance with the order of Honourable Court of Sind dated July 09, 2009 has imposed restrictions on the shares of Zeal Pak Cement Factory Ltd with effect from the start of day on Monday July 13, 2009 whereby no activity as to transfer, pledging, withdrawal etc in the said shares shall be allowed in the Central Depository Company of Pakistan Ltd (CDC) till further order.

1.2 The registered office of the company is situated at 7th Floor, PIC Tower, 32/A Lalazar Drive M.T. Khan Road, Karachi.

2. GOING CONCERN ASSUMPTION

The Company incurred a net loss of Rs. 396.514 million (2012 Rs. 318.217 million) for the year ended June 30, 2013. As of that date the company's accumulated loss exceeded its share capital by Rs.1,981.093 million. Its current liabilities exceed its current assets by Rs 2,147.647 as at the balance sheet date. These conditions indicate the existence of material uncertainty which may cause significant doubt about the company' ability to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICES

3.1 Accounting convention

These accounts have been prepared under historical cost convention, as modified by capitalization of certain exchange differences, except for the revalued assets which are stated at revalued amounts.

3.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such international Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 of directives issued by the Securities and Exchange Commission of Pakistan differs with the requirements of Companies Ordinance, 1984 or the requirement of such directives take precedence.

3.4 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

3.5 Significant accounting judgments and estimates

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. Estimate and judgments 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. 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.

Staff retirement benefits

Certain actuarial assumption has been adopted as disclosed in note 9.2 to the financial statements for valuation of present value of defined benefit obligations.

Property, plant and equipment

The Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in future years might effect the remaining amounts of respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

Income Taxes

In making the estimates for income taxes payable by the Company, the management considers current Income Tax law and the decisions of appellate authorities on certain cases issued in past

3.6 Standards, amendments or interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

New/revised accounting standards, amendments to published accounting standards, and interpretations 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.

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below:

- 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 circumstances, 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 for recognition of actuarial gains and losses is already in compliance with the amendment.

- 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 Statement (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 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.

3.7 Standards, Interpretations issued by the IASB that are applicable to the company but are not yet notified by the SECP

IFRS 10, ‘Consolidated Financial Statements’, applicable from January 01, 2013, build on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IFRS 11, ‘Joint Arrangements’, applicable from January 01, 2013 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

IFRS 12, ‘Disclosures of interest in other entities’, this standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13, ‘Fair value measurement’, this standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

3.8 Staff retirement benefits

Unfunded

The Company operates an unfunded gratuity scheme covering all employees eligible to the benefit. Provisions are made based on actuarial recommendations. The most recent actuarial valuation was carried out with effective date of June 30, 2013 using the projected unit credit method. The transitional liability arising out of change in accounting policy is recognized over a period of five years on straight line basis. The unrecognized actuarial gains or losses at each valuation date are amortized over the average remaining working lives of the employees in excess of 10% of the present value of the defined benefit obligation.

3.9 Taxation

Current

Provision for current taxation is based on the taxable income for the period determined in accordance with the prevailing law for taxation of income. The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any. The charge for current taxation also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the period for such years.

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying amounts.

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

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and adjusted to the appropriate extent, if it is probable that sufficient taxable profits will not be available to allow all or part of the deferred tax assets to be utilized.

The tax rates enacted at the balance sheet date are used to determine deferred income tax.

3.10 Trade and other payable

Short term liabilities for trade and other payables are carried at cost.

3.11 Property, plant & equipments

Owned:

Property, plant & equipments are stated at cost less accumulated depreciation, except land and capital work-in-progress which are stated at cost and assets as mentioned in note 13 to the accounts which are carried at revalued amounts.

Depreciation Policy

Depreciation on operating assets is charged to income applying the reducing balance method at the rates specified in note 13.1 to the financial statements.

Depreciation on additions is charged from the month in which the assets become available for use, while on disposal depreciation is charged up to the month of disposal.

Normal repairs and maintenance are charged to income as and when incurred. Major renewals and replacements are capitalized and the assets so replaced, if any, are retired.

Gain or loss on sale or retirement of assets is included in income currently.

Leased:

The company accounts for assets acquired under finance lease by recording the assets and related liability. Assets are recorded at lower of present value of minimum lease payments under the lease agreements and fair value of the assets. The aggregate amount of obligation relating to these assets are accounted for at net present value of liabilities. Financial charges are allotted to accounting periods in a manner so as to provide a constant periodic rate of charge on outstanding liabilities. Depreciation is charged on leased assets on a basis similar to that of owned assets

3.12 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account.

3.13 Deferred cost

These are amortized over a period of five years on straight line basis.

3.14 Stores, spares and loose tools

These are valued at moving average cost less provision for obsolescence. Goods in transit at the balance sheet date are valued at invoice value plus other charges paid thereon.

Loose tools are amortized @ 10% per annum using reducing balance method.

3.15 Stock-in-trade

These are valued at lower of average cost and net realizable value. Physical quantities of cement and clinker stocks are based on volumetric measurement carried out by the technical experts of the company. Costs in relation to finished goods and work-in-process include prime cost and appropriate proportion of production overheads.

Net realizable value signifies the selling price less the estimated cost of completion and costs necessarily to be incurred in order to make the sale.

3.16 Trade debts

Trade debts originated by the company are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of full amount is no longer probable. Bad debts are written off as incurred.

3.17 Loans, advances and other receivables

Loans, advances and other receivables are recognized initially at cost and subsequently measured at amortized cost.

3.18 Short term and long term loans

Loans and other receivable are recognized initially at cost and subsequently at their amortized / residual cost

3.19 Cash and bank balances

Cash in hand and at banks are carried at nominal amounts.

3.20 Foreign currency translation

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates.

3.21 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, 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 obligation.

3.22 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances, net of short term borrowings.

3.23 Transaction with related parties

Transactions with related parties are based on the policy that all the transactions between the Company and related parties are carried out at arm's length. Prices for these transactions are determined on the basis of comparable uncontrolled price method, except for the pricing policy as disclosed in note 36, which sets the price by reference to comparable goods sold in an economically comparable market to a buyer unrelated to seller.

3.24 Financial instruments

All the financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently

Financial instruments carried on the balance sheet include receivables, cash and bank balances, creditors, borrowings, trade and other payables,. The particular recognition method adopted is disclosed in the individual policy statements associated with each item.

3.25 Off setting of financial assets and liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.