

The Company entered into lease agreement to acquire vehicle. The rentals under these lease agreements are payable monthly up to the period ending June 2009. Mark up rate @ 8% has been used as discounting factors. The cost of operating and maintaining the lease vehicle is borne by the company. The Company intends to exercise its option to purchase the leased vehicle at its residual value of Rs. 0.178 millions upon the completion of the lease period.

| <b>7. LONG TERM DEPOSITS</b> |     | <b>2010</b>             | <b>2009</b>  |
|------------------------------|-----|-------------------------|--------------|
|                              |     | <b>(Rupees in '000)</b> |              |
| From cement stockists        | 7.1 | 4,416                   | 4,416        |
| Others - Interest free       |     | 3,648                   | 2,148        |
|                              |     | <u>8,064</u>            | <u>6,564</u> |

**7.1** This represents interest free security deposit from cement stockists and are repayable on cancellation or withdrawal of the dealership.

| <b>8. LONG TERM FINANCING</b>                        |     | <b>2010</b>    | <b>2009</b>    |
|--|-----|----------------|----------------|
| Supplier Credit - secured                            | 8.1 | 30,000         | 30,000         |
| Other financing - unsecured (Related Party)          | 8.2 | 30,351         | 37,968         |
| Subordinated Loan (Related Party)                    | 8.3 | 15,000         | 15,000         |
| M/s. Sardar Mhammad Ashraf D. Baloch (Related Party) | 8.4 | 62,701         | 63,094         |
| M/s. National Transport Company                      | 8.5 | 80,355         | 68,958         |
| Deedar Ali jatoi                                     |     | <u>218,407</u> | <u>215,020</u> |

**8.1** Slag Division has previously purchased a cement plant under supplier's credit scheme from M/s. M. J. Corporation. The plant has a value of Rs. 30.000 million. The credit is secured against first charge on the plant supplied. The credit carries a mark up rate of 10% per annum (2008: 10% per annum). During the year on request of the company, the supplier has agreed to defer the repayment of credit till December 30, 2009. According to the revised repayment schedule credit is now repayable in 16 equal quarterly installments of Rs.1.875 million commencing from January 1

**8.2** This represents interest free, unsecured financing from M/s. Sardar Muhammad Ashraf D. Baluch (Private) Limited (SMADB) to Slag Division repayable after December, 2009.

**8.3** This represents amount payable to M/s Sardar Mohammad Ashraf D. Baluch (Pvt.) Ltd. on account of purchase of plant and machinery at Papersack Division. This is interest free and unsecured and shall be treated as subordinated to the principal amounts of the long term debt owing to the creditors of the Company from time to time and to all debts of the Company from time to time owing to the banks and financial institutions and accordingly may only be repaid by the Company in whole or in part provided that upon such repayment, the Company shall comply with the debt equity ratio requirements of the Prudential Regulations of State Bank of Pakistan as applicable to the Company for the time being.

**8.4** Papersack division has previously availed financing facility from M/s. Sardar Mohammad Ashraf D. Baloach (Private) Limited. The loan is interest free unsecured and repayable on availability of funds.

**8.5** This represents unsecured and interest free loan from M/s. National Transport Company to Papersack Division and is payable on availability of funds.

This represents interest free loan received from Deedar Ali Jatoi to Rohri Division and is payable at an indefinite date in future.

| <b>9. DEFERRED AND OTHER LIABILITIES</b> |     | <b>2010</b>             | <b>2009</b>   |
|--|-----|-------------------------|---------------|
|  |     | <b>(Rupees in '000)</b> |               |
| Deffered taxation                        | 9.1 | --                      | --            |
| Employees retirement benefits            | 9.2 | 13,389                  | 15,296        |
|  |     | <u>13,389</u>           | <u>15,296</u> |

| <b>9.1 Deferred Taxation</b>                      |  | <b>2010</b>             | <b>2009</b>      |
|---|--|-------------------------|------------------|
|   |  | <b>(Rupees in '000)</b> |                  |
| Deferred tax liability arising due to:            |  |                         |                  |
| Accelerated tax depreciation                      |  | 85,865                  | 85,865           |
| Revaluation, net off related depreciation         |  | 194,849                 | 194,849          |
| Deferred tax asset arising due to:                |  |                         |                  |
| Carried forward tax losses                        |  | (679,795)               | (679,795)        |
| Staff gratuity, lease transactions and provisions |  | (24,778)                | (24,778)         |
|   |  | <u>(423,859)</u>        | <u>(423,859)</u> |
| Deffered tax assets not provided                  |  | 423,859                 | 423,859          |
|   |  | <u>-</u>                | <u>-</u>         |

  

| <b>9.2 Employees Retirements Benefits</b> |     | <b>2010</b>   | <b>2009</b>   |
|---|-----|---------------|---------------|
| <b>Employees Gratuity:</b>                |     |               |               |
| <b>Movement in balance</b>                |     |               |               |
| Opening balance                           |     | 15,296        | 12,167        |
| Less: Payment made                        |     | -             | -             |
|   |     | <u>12,167</u> | <u>12,167</u> |
| Provision for the year                    | 9.3 | 3,129         | 3,129         |
|   | 9.4 | <u>15,269</u> | <u>15,269</u> |

  

| <b>9.3 Charge for the year</b> |     | <b>2010</b>  | <b>2009</b>  |
|--------------------------------|-----|--------------|--------------|
| Current Service Cost           |     | 1,909        | 1,909        |
| Interest Cost                  |     | 317          | 317          |
| Curtailment and settlement     |     | -            | -            |
| Past Service Cost              |     | 903          | 903          |
|                                | 9.5 | <u>3,129</u> | <u>3,129</u> |

  

| <b>9.4 Balance sheet reconciliation</b>      |  | <b>2010</b>   | <b>2009</b>   |
|--|--|---------------|---------------|
| Present value of defined benefit obligations |  | 9,286         | 11,279        |
| Unrecognized transitional liability          |  | -             | -             |
| Unrecognized acuarial gain                   |  | 4,103         | 4,017         |
|  |  | <u>13,389</u> | <u>15,296</u> |

  

| <b>9.5 Allocation of Charge for the year</b> |  | <b>2010</b>    | <b>2009</b>  |
|--|--|----------------|--------------|
| Cost of sales                                |  | (1,429)        | 3,682        |
| Distribution cost                            |  | --             | 74           |
| Administrative Expenses                      |  | (478)          | 158          |
|  |  | <u>(1,907)</u> | <u>3,129</u> |

  

| <b>9.6 Principal Actuarial Assumption</b>                 |  | <b>2010</b>   | <b>2009</b>   |
|---|--|---------------|---------------|
| Expected rate of increase in salaries                     |  | 11% per annum | 11% per annum |
| Discount factor used                                      |  | 12% per annum | 12% per annum |
| Average expected remaining working life time of employees |  | 7 years       | 9 years       |

**10. TRADE AND OTHER PAYBLE**

|                                       |      | 2010<br>(Rupees in '000) | 2009      |
|---------------------------------------|------|--------------------------|-----------|
| Trade Creditors                       |      | 258,727                  | 247,104   |
| Accrued Expenses                      |      | 95,170                   | 109,003   |
| Royalty and excise duty on lime stone |      | 5,481                    | 4,892     |
| Advances from customers               |      | 361,893                  | 62,234    |
| Due to related parties                | 10.1 | 370,939                  | 537,080   |
| Due to inter divisions                |      | 20,670                   | 6,936     |
| Unclaimed dividend                    |      | 2,037                    | 2,037     |
| Sales Tax Payable                     |      | 4,093                    | 9,279     |
| Excise duty payable                   |      | 12,533                   | 17,929    |
| Income tax deducted at source         |      | 3,384                    | 3,521     |
| Workers Profit Participatin Fund      | 10.2 | 5,787                    | 5,260     |
| Discount Payable                      |      | 590                      | 590       |
| Others                                |      | 7,306                    | 2,447     |
|                                       |      | 1,148,610                | 1,008,312 |

**10.1** This related to the amount due to the following ralated parties:

|   |         |         |
|---|---------|---------|
| Sardar Mohammad Ashraf D. Baluch (Private Limited). | 269,593 | 145,938 |
| Lilley International (Private) Limited              | 251,216 | -       |
| Indus Steel Pipe (Private) Limited.                 | 16,271  | 19,804  |
|   | 537,080 | 165,742 |

**10.2 Workers' profit participation fund**

|                  |       |       |
|------------------|-------|-------|
| Opening balance  | 5,261 | 4,783 |
| Interest on WPPF | 526   | 478   |
|                  | 5,787 | 5,260 |

The Company retains workers profit participation fund for its business operations. Interest is allocated @ 10% (2009: 10%).

**12. SHORT TERM BORROWINGS**

|                            |      |         |         |
|----------------------------|------|---------|---------|
| From Bank - Secured        |      |         |         |
| Short term running finance | 11.1 | 700,000 | 700,000 |
| Demand Finance Unsecured   | 11.2 | 6,238   | 6,238   |
| Bank overdraft - Unsecured | 11.3 | 3,512   | 3,512   |
|                            |      | 700,388 | 709,750 |

- 11.1** ZPCFL has short-term running finance facilities from The Bank of Punjab amounting to Rs. 700 million (2008: Rs. 700 million). The facilities carry markup @ 3 months KIBOR plus 3.50% and 6.5% per annum. (2008: @ 3 months KIBOR plus 3.50% and 1% over and above the profit rate of deposit). These finances are secured by first Pari - Passu charge on fixed assets of the company (land and building) for Rs. 602.27 million and by ranking first pari-passu charge on plant and machinery / stocks for Rs. 587.187 million, registered charge on present and future assets of the company and personal guarantees of sponsor directors.
- 11.2** This represents the encashment of bank guarantees by Saudi Pak Commercial Bank Limited against short supply of cement to DGP (Army) and Pakistan Railway, against which a forced demand finance was created by the bank without any agreement with the company.
- 11.3** This represents the amount payable to the banks on June 30, 2010

**12. CONTINGENCIES AND COMMITMENTS**
**12.1 Contingencies**

- a)** Contingent liabilities of ZPCFL in respect of claims not acknowledged as debts amounted to Rs. 6.805 million (2008: Rs. 6.805 million) representing claims by Sui Southern Gas Limited relating to supply of gas as the same is under litigation.
- b)** Guarantee issued on behalf of ZPCFL by commercial banks to Rs. 9.370 million (2008: Rs. 9.370 million).
- c)** ZPCFL has claimed an amount of Rs. 0.895 million from Mustehkam Cement Limited against a counter claim of Rs. 0.162 million by Mustehkam Cement Ltd.
- d)** Collectorate of customs, sales tax and central excise Hyderabad has passed orders for the recovery of sales tax, central excise duty and penalty of Rs. 111.180 million. ZPCFL has filed appeal against the order and the tribunal bench Karachi has set aside three cases amounting to Rs. 84.35 million. The set aside proceeding has not yet started.
- e)** There are certain civil court cases against ZPCFL which are pending in the court. The financial implication of these cases are approximate to Rs. 203 million.
- f)** Sui Southern Gas company has filed a Civil Suit against RCPL for recovery of Rs. 26.164 million against various Sui Gas bills before the Court of IInd senior Civil Judge Sukkur. The suit was decreed on 23-08-2010 by the learned IInd Senior Civil Judge, Sukkur in favour of Sui Southern Gas Company Ltd. being aggrieved and dissatisfied by the judgment and decree dated 23-08-2010. RCPL filed an appeal before the District and Session Judge, Sukkur on 6-10-2010 which is pending for hearing.
- g)** There are nos of cases pending against the company with various courts in the Province of Sindh for the disputed land of the factories. The company has filed nos of appeals, suits and petitions in the civil courts for the judgements passed against the company. All such matters are still pending before the court of law for ultimate decisions. The financial implication of these cases are uncertain.
- g)** The Karachi Stock Exchange (Guarantee) Limited as per letter No.KSE/N-3809 Dated July 13, 2009, has received copy of a notice dated July 13, 2009 from Central Depository Company of Pakistan Ltd.(CDC) notifying that pursuant to the order dated: July 09,2009 of the Honourable Court of Sindh at Karachi suit No.970 of 2009 titled "Syed Shoaib Khursheed Vs .Al-Mal Securities & Services Limited and others"issued on July 10,2009 and received on July 11,2009,the CDC has in order to comply with the aforesaid court order, imposed restriction on the shares of Zeal Pak Cement Factory Limited with effect from start of day on Monday July 13,2009 whereby no activity as to transfer ,pledging, withdrawal etc.in the said shares shall beallowed in the Central Depository System (CDS) till further order Ultimate outcome of the suit is still unknwon.

**12.2 Commitments**

Commitments relating to letters of credit amounts to Rs. NIL (2009: Rs. NIL million).

|                                      |      | 2010             | 2009             |
|--------------------------------------|------|------------------|------------------|
|                                      |      | (Rupees in '000) |                  |
| <b>PROPERTY, PLANT AND EQUIPMENT</b> |      |                  |                  |
| Operating Assets                     | 13.1 | 1,772,057        | 1,886,003        |
| Capital Work in Progress             | 13.6 | 15,323           | 15,007           |
|                                      |      | <u>1,787,380</u> | <u>1,901,009</u> |

**13.1 Operating Assets**

| Particulars                            | Cost / Revaluation |           |          |                    | Rate %   | Depreciation       |          |                |                    | Net Book value     |                    |
|--|--------------------|-----------|----------|--------------------|----------|--------------------|----------|----------------|--------------------|--------------------|--------------------|
|  | As at July 01,2009 | Addition  | Transfer | As at June 30,2010 |          | As at July 01,2009 | Transfer | For the year   | As at June 30,2010 | As at June 30,2010 | As at June 30,2009 |
| (Rupees in '000)                       |                    |           |          |                    |          |                    |          |                |                    |                    |                    |
| <b>Owned:</b>                          |                    |           |          |                    |          |                    |          |                |                    |                    |                    |
| Free hold land                         | 656,961            | -         | -        | 656,961            | -        | -                  | -        | -              | 656,961            | 656,961            |                    |
| Land (Leasehold)                       | 111,851            | -         | -        | 111,851            | -        | -                  | -        | -              | 111,851            | 111,851            |                    |
| Building on free hold land             | 321,483            | -         | -        | 321,483            | 5 to 10  | 111,728            | -        | 15,034         | 126,763            | 194,721            | 209,755            |
| Building on leasehold land             | 36,880             | -         | -        | 36,880             | 5        | 8,667              | -        | 1,411          | 10,078             | 26,802             | 28,213             |
| Plant and Machinery                    | 1,531,706          | -         | -        | 1,561,706          | 10       | 701,492            | -        | 94,432         | 795,924            | 765,782            | 860,214            |
| Electric installation                  | 7,220              | -         | -        | 7,220              | 10       | 4,004              | -        | 355            | 4,360              | 2,860              | 3,216              |
| Gas Installation                       | 53                 | -         | -        | 53                 | 10       | 25                 | -        | 3              | 28                 | 25                 | 28                 |
| Furniture and Fixtures & Equipments    | 28,957             | -         | -        | 28,981             | 10 to 15 | 25,293             | -        | 568            | 25,861             | 3,121              | 3,689              |
| Cars and jeeps                         | 22,382             | -         | -        | 22,382             | 20       | 20,550             | -        | 406            | 20,956             | 1,426              | 1,831              |
| Office premises                        | 4,498              | -         | -        | 4,498              | 5        | 3,366              | -        | 57             | 3,423              | 1,075              | 1,131              |
| Road and railway sidings               | 11,044             | -         | -        | 11,044             | 5 to 10  | 6,216              | -        | 696            | 6,912              | 4,132              | 4,828              |
| Locomotives, dumpers, shovels & trucks | 72,317             | -         | -        | 72,317             | 20       | 71,699             | -        | 117            | 71,816             | 501                | 618                |
| Generator                              | 6,719              | -         | -        | 6,719              | 10 to 15 | 3,608              | -        | 460            | 4,068              | 2,651              | 3,111              |
| Laboratory equipment                   | 312                | -         | -        | 312                | 10       | 146                | -        | 17             | 163                | 149                | 166                |
| Library books                          | 4                  | -         | -        | 4                  | 10       | 4                  | -        | -              | 4                  | -                  | -                  |
| Sub Total                              | 2,812,386          | 25        | 30,000   | 2,842,411          |          | 956,798            | -        | 113,555        | 1,070,353          | 1,772,058          | 1,885,612          |
| <b>Leased:</b>                         |                    |           |          |                    |          |                    |          |                |                    |                    |                    |
| Vehicles                               | 1,189              | -         | (1,189)  | -                  | 20       | 702                | -        | 78             | (0)                | (0)                | 390                |
| Plant and Machinery                    | -                  | -         | -        | -                  | 5        | 6,787              | (6,787)  | -              | -                  | -                  | -                  |
| Sub Total                              | 1,189              | -         | (30,000) | -                  |          | 7,489              | (6,787)  | 78             | (0)                | (0)                | 390                |
| <b>Rupees in ('000') - 2010</b>        | <b>2,843,600</b>   | <b>25</b> | <b>-</b> | <b>2,842,411</b>   |          | <b>829,756</b>     | <b>-</b> | <b>78</b>      | <b>1,070,353</b>   | <b>1,886,003</b>   | <b>1,886,003</b>   |
| <b>Rupees in ('000') - 2009</b>        | <b>2,843,575</b>   | <b>-</b>  | <b>-</b> | <b>2,843,600</b>   |          | <b>684,763</b>     | <b>-</b> | <b>113,633</b> | <b>957,597</b>     | <b>2,013,689</b>   |                    |

**13.2** The legal title of land, building and vehicles of PSCIL, RCPL and ZPIL have not yet been transferred in the name of ZPCFL. The company is in the process of transferring the legal title of these assets in the name of ZPCFL.

|   | Note | 2010             | 2009           |
|---|------|------------------|----------------|
|   |      | (Rupees in '000) |                |
| <b>13.3</b> Depreciation charge for the year has been allocated as follows: |      |                  |                |
| Cost of sales   | 24   | 112,534          | 126,536        |
| Administrative  | 25   | 990              | 1,173          |
| Distribution cost   | 26   | 109              | 132            |
|   |      | <u>113,633</u>   | <u>127,841</u> |

**13.4 Details of Disposal of Fixed Asset:**

| PARTICULARS    | COST  | Accumulated Depreciation | Written Down value | Sale Proceed | Gain on Sale | Mode of Disposal | Particular of Purchaser |
|----------------|-------|--------------------------|--------------------|--------------|--------------|------------------|-------------------------|
| Motor Vehicle  | 1,189 | 877                      | 312                | 708          | 396          | Negotiation      | Mazhar Naveed           |
| Car No AGH 044 |       |                          |                    |              |              |                  |                         |

**13.5** Had there been no revaluation the related figures of free hold land, Building on free hold land, road & railway sidings and plant & machinery at June 30, 2010 would have been as follows:-

|                            | June 2010        |                          |                    | June 2009        |                          |                    |           |         |
|----------------------------|------------------|--------------------------|--------------------|------------------|--------------------------|--------------------|-----------|---------|
|                            | Cost             | Accumulated Depreciation | Written Down Value | Cost             | Accumulated Depreciation | Written Down Value |           |         |
| Free Hold Land             | 50,618           | -                        | 50,618             | 50,618           | -                        | 50,618             |           |         |
| Land (Lease Hold)          | 6,722            | -                        | 6,722              | 6,722            | -                        | 6,722              |           |         |
| Building on free hold land | 96,511           | 68,234                   | 3,551              | 10,140,210       | 28,277                   | 96,511             | 65,043    | 31,469  |
| Building on leasehold land | 45,452           | 32,059                   | 741                | 4,993,934        | 13,393                   | 45,452             | 31,355    | 14,096  |
| Road and railway sidings   | 2,408            | 2,360                    | 7                  | 11,475,410       | 48                       | 2,408              | 2,354     | 54      |
| Plant and machinery        | 1,436,316        | 1,194,990                | 32,740             | 10,765,625       | 241,326                  | 1,436,316          | 1,436,316 | 270,530 |
| (Rupees in '000')          | <u>1,638,026</u> | <u>1,297,644</u>         | <u>340,489</u>     | <u>1,638,026</u> | <u>1,264,537</u>         | <u>373,489</u>     |           |         |

**13.6** This represents stores and spares amounting to Rs. 5,007 million held for capital expenditure(ZPCFL) and Plant & machinery (Cement Mill No. 3 Rohri Division) amounting to Rs. 10 millionk.

|                               | Note | 2010             | 2009         |
|-------------------------------|------|------------------|--------------|
|                               |      | (Rupees in '000) |              |
| <b>14. LONG TERM DEPOSITS</b> |      |                  |              |
| Non Interest bearing          | 14.1 | 7,984            | 7,224        |
|                               |      | <u>7,984</u>     | <u>7,224</u> |

**14.1** This includes Rs. 1.482 million deposited with Karachi Electric Supply Corporation Limited against supply of electricity to Slag Division.

|  | Note | 2010<br>(Rupees in '000) | 2009<br>(Rupees in '000) |
|--|------|--------------------------|--------------------------|
| <b>15. STOR SPARE, AND LOOSE TOOLS</b>   |      |                          |                          |
| Store  |      | 95,636                   | 94,736                   |
| Spare  |      | 109,490                  | 110,126                  |
| Loose Tools  |      | 774                      | 847                      |
|  |      | 205,901                  | 205,709                  |
| Less: Provision for slow moving stores and spares  |      | 47,495                   | 41,117                   |
|  |      | <u>158,405</u>           | <u>164,593</u>           |
| <b>15. STORE, SPARE, AND LOOSE TOOLS</b>   |      |                          |                          |
| Stores   |      | 94,736                   | 77,190                   |
| Spare  |      | 110,126                  | 127,352                  |
| Loose Tools  |      | 847                      | 905                      |
|  |      | 205,709                  | 205,448                  |
| Less: Provision for slow moving stores and spares  |      | 41,117                   | 27,795                   |
|  |      | <u>164,593</u>           | <u>177,653</u>           |
| <b>16. STOCK - IN - TRADE</b>  |      |                          |                          |
| Raw material and packing material  |      | 162,467                  | 185,493                  |
| Work-in-process  |      | 22,512                   | 23,355                   |
| Finished goods   |      | 7,558                    | 11,355                   |
|  |      | 192,537                  | 220,203                  |
| Less: Provision for obsolete stock   |      | 140,709                  | 36,968                   |
|  |      | <u>51,828</u>            | <u>183,234</u>           |
| <b>17. TRADE DEBTS - Considered good</b>   |      |                          |                          |
| Considered good  | 17.1 | 239,756                  | 327,272                  |
| Considered doubtful  |      | 107,838                  | 24,931                   |
|  |      | 347,594                  | 352,203                  |
| Less: Provision for doubtful debts   |      | (107,838)                | (24,931)                 |
|  |      | <u>239,756</u>           | <u>327,272</u>           |
| <b>17.1</b> Trade debts includes Rs. 2.442 million due from Sardar Muhammad Ashraf D. Baloch (Private) Limited (2009: Rs. 2,442 Million) |      |                          |                          |
| <b>18. LOAN AND ADVANCES</b>   |      |                          |                          |
| <b>Loan - Considered doubtful</b>  |      | 815                      | 815                      |
| Less: Provision for doubtful loan  |      | (815)                    | (815)                    |
|  |      | --                       | --                       |
| <b>Advances - Considered good</b>  |      |                          |                          |
| To employees   |      | 1,819                    | 3,172                    |
| To suppliers and contractors   |      | 14,830                   | 19,300                   |
|  |      | 16,649                   | 22,472                   |
| <b>Advances - Considered doubtful</b>  |      | 22,674                   | 18,917                   |
| <b>Less: Provision for doubtful advances</b>   |      | (22,674)                 | (18,917)                 |
|  |      | --                       | --                       |
|  |      | <u>16,649</u>            | <u>22,472</u>            |

|  | Note | 2009<br>(Rupees in '000) | 2008           |
|--|------|--------------------------|----------------|
| <b>19. TRADE DEPOSITS &amp; SHORT TERM PRE-PAYMENTS</b>                        |      |                          |                |
| Other deposits   |      | 16,769                   | 16,769         |
| Octroi deposits  |      | 2,461                    | 2,461          |
|  |      | <u>19,570</u>            | <u>19,230</u>  |
| Provision for doubtful deposit   |      | (2,461)                  | (2,461)        |
|  |      | <u>17,109</u>            | <u>16,769</u>  |
| <b>20. OTHER RECEIVABLES</b>   |      |                          |                |
| <b>Considered good</b>   |      |                          |                |
| Receivable from employees union against electricity and expenses               |      | 26,249                   | 26,049         |
| Due from providend fund  |      | 1,304                    | 1,304          |
| Loan to employee union   |      | 90,074                   | 90,211         |
| Due from related parties   | 20.1 | -                        | 27,786         |
| Due from inter divisions   |      | 53,076                   | 53,076         |
| Letter of Credit   |      | 1,961                    |                |
| Others   |      | 1,560                    | 349            |
| <b>Considered doubtful</b>   |      |                          |                |
| Due from SCCP and other cement units   |      | 3,323                    | 3,323          |
| Less: Provision for doubtful receivable  |      | (3,323)                  | --             |
|  |      | --                       | 3,323          |
| Other receivables  |      | 7,189                    | 7,189          |
| Less: Provision for doubtful receivable  |      | (7,189)                  | (7,189)        |
|  |      | --                       | --             |
|  |      | <u>172,927</u>           | <u>200,186</u> |
| <b>20.1 This relates to the amount due from the following related parties:</b> |      |                          |                |
| Indus Conductor and Cables (Private) Limited                                   |      | 82,976                   | 83,176         |
| Shabaz Cement Limited  |      | 7,098                    | 7,035          |
|  |      | <u>90,074</u>            | <u>90,211</u>  |
| <b>21. TAXES RECOVERABLE</b>   |      |                          |                |
| Advance income tax   |      | 36,486                   | 24,132         |
| Sales tax recoverable  | 21.1 | 40,482                   | 39,586         |
| Central excise duty  |      | 375                      | 967            |
|  |      | <u>77,343</u>            | <u>64,685</u>  |

**21.1** This amount has been paid under protest against demand of additional sales tax for the year 1996-97. On a petition filed by the Company the Honourable High Court of Sindh remanded the case to CBR who did not allow relief to the Company. The Company has filed an appeal before Custom, Excise and Sales Tax Appellate Tribunal against which the Tribunal passed an order dated 02-03-2005 through which the imposition of additional sales tax and penalty aggregating Rs. 30.950 million have been set aside and the same will be recovered in due course. The management is confident that the appeal for rest of the amount will also be decided in favour of the company.

|  | Note | 2010<br>(Rupees in '000) | 2009<br>(Rupees in '000) |
|--|------|--------------------------|--------------------------|
| <b>22. CASH &amp; BANK BALANCE</b>         |      |                          |                          |
| Cash in hand                               |      | 1,180                    | 1,180                    |
| Cash to banks:                             |      |                          |                          |
| Current accounts                           |      | 1,316                    | 18,263                   |
| Saving accounts                            |      | --                       | 13                       |
| Dividend account                           |      | 228                      | 228                      |
|  |      | <u>1,797</u>             | <u>19,685</u>            |
| <b>SALES - NET</b>                         |      |                          |                          |
| Gross Sales                                |      |                          |                          |
| - Cement                                   |      | 260,420                  | 780,947                  |
| - Pure Slag                                |      | 33,706                   | 21,911                   |
| - Bags and bricks                          |      | 12,713                   | 15,764                   |
|  |      | <u>306,839</u>           | <u>818,623</u>           |
| Less:                                      |      |                          |                          |
| - Excise duty                              |      | 36,153                   | 134,225                  |
| - Sales tax                                |      | 34,158                   | 109,406                  |
| - Trade discount                           |      | 8,770                    | 5,927                    |
|  |      | <u>79,082</u>            | <u>249,558</u>           |
|  |      | <u>227,757</u>           | <u>569,065</u>           |
| <b>24. COST OF SALES</b>                   |      |                          |                          |
| <b>Raw &amp; Packing Material Consumed</b> |      |                          |                          |
| Opening stock                              |      | 185,493                  | 172,101                  |
| Purchases including expenses               |      | 95,479                   | 138,488                  |
|  |      | <u>280,972</u>           | <u>310,589</u>           |
| Closing stock                              |      | (162,468)                | (185,493)                |
|  |      | <u>118,504</u>           | <u>125,096</u>           |
| Stores, spares and tools consumed          |      | 21,467                   | 87,996                   |
| Fuel & power                               |      | 176,427                  | 517,936                  |
| Salaries, wages & other benefits           | 24.1 | 46,683                   | 69,924                   |
| Repair and maintenance                     |      | 5,073                    | 9,692                    |
| Rent, rates & taxes                        |      | 817                      | 427                      |
| Store adjustment account                   |      | -                        | 13,646                   |
| Provision for slow moving sotres & spares  |      | -                        | 25,375                   |
| Depreciation                               | 13.3 | 110,121                  | 126,536                  |
| Other expenses                             |      | 14,578                   | 14,578                   |
|  |      | <u>866,110</u>           | <u>866,110</u>           |
|  |      | <u>991,206</u>           | <u>991,206</u>           |
| <b>Work-in-Process</b>                     |      |                          |                          |
| Opening                                    |      | 23,355                   | 28,288                   |
| Closing                                    |      | (22,512)                 | (23,355)                 |
|  |      | <u>843</u>               | <u>4,933</u>             |
| Cost of goods manufactured                 |      | 605,100                  | 996,139                  |
| <b>Finished Goods</b>                      |      |                          |                          |
| Opening                                    |      | 11,355                   | 5,328                    |
| Closing                                    |      | (7,558)                  | (11,355)                 |
|  |      | <u>3,797</u>             | <u>(6,027)</u>           |
|  |      | <u>608,897</u>           | <u>990,112</u>           |

2010      2009  
(Rupees in '000)

24.1. This includes Rs. 1.429 million (2009: Rs. 1.682 million) in respect of gratuity.

## 25. ADMINISTRATIVE EXPENSES

|   |      |         |        |
|---|------|---------|--------|
| Salaries, allowances and other benefits         | 25.1 | 6,462   | 7,164  |
| Vehicles running expenses                       |      | 1,336   | 1,622  |
| Rent, rates and taxes                           |      | 1,548   | 1,897  |
| Insurance                                       |      | -       | 21     |
| Legal and professional charges                  |      | 869     | 3,912  |
| Depreciation                                    | 13.3 | 990     | 1,173  |
| Repair and maintenance                          |      | 302     | 429    |
| Communications                                  |      | 821     | 1,013  |
| Stationery and general expenses                 |      | 595     | 748    |
| Utilities                                       |      | 2,891   | 7,801  |
| Donations                                       | 25.2 | 595     | 283    |
| Fee and Subscription                            |      | 181     | 237    |
| Others  |      | 1,672   | 3,490  |
| Provision for doubtful advances and receivables |      | 21,585  | 7,305  |
| Provision for bad debts                         |      | 65,079  | --     |
|   |      | 104,927 | 37,094 |

25.1. This includes Rs. 0.158 million (2008: Rs. 0.316 million) in respect of gratuity.

25.2. Recipients of donations do not include any donee in whom a director or his spouse had any interest.

## 26. DISTRIBUTION COST

|   |      |       |       |
|---|------|-------|-------|
| Salaries, allowances and other benefits | 31.1 | 456   | 583   |
| Marking fee                             |      | 654   | 325   |
| Depreciation                            | 17.3 | 132   | 356   |
| Advertisement                           |      | 102   | 240   |
| Entertainment                           |      | 1,099 | 913   |
| Travelling and conveyance               |      | 214   | 145   |
| Others                                  |      | 40    | --    |
|   |      | 2,697 | 2,561 |

26.1 This includes Rs. 0.074 million (2008: Rs. 0.147 million) in respect of gratuity.

## 27. OTHER OPERATING EXPENSES

|  |      |       |       |
|--|------|-------|-------|
| Sales Tax and Excise Duty (Time Bar)           |      | --    | 433   |
| Surcharge / penalty of sales tax & excise duty |      | 2,706 | 502   |
| Auditors' remuneration                         | 27.1 | 1,380 | 1,555 |
|  |      | 4,086 | 2,490 |

### 27.1 Auditors' remuneration

|                    |  |       |       |
|--------------------|--|-------|-------|
| Statutory Audit    |  | 975   | 975   |
| Half yearly review |  | 320   | 230   |
| Cost audit         |  | 85    | 260   |
|                    |  | 1,380 | 1,555 |

|  |      | 2010             | 2009             |
|--|------|------------------|------------------|
|  |      | (Rupees in '000) |                  |
| <b>28. OTHER OPERATING INCOME</b>  |      |                  |                  |
| <b>Income from Non-Financial Assets</b>  |      |                  |                  |
| Sales of scrap   |      | 113              | 1,850            |
| Others   |      | 826              | 2,415            |
|  |      | <u>939</u>       | <u>4,265</u>     |
| <b>29. FINANCE COST</b>  |      |                  |                  |
| Markup on short-term running finances  |      | 66,798           | 57,076           |
| Markup on long term finance  |      | 3,000            | -                |
| Markup on lease finance  |      | -                | 5                |
| Bank charges   |      | 512              | 1,645            |
| Interest on WPPF   |      | 526              | 478              |
|  |      | <u>70,836</u>    | <u>59,203</u>    |
| <b>30. TAXATION</b>  |      |                  |                  |
| Current  | 30.1 | 1,140            | -                |
| Prior year   |      | -                | (961)            |
|  |      | <u>1,140</u>     | <u>(961)</u>     |
| <b>30.1</b> The income tax assessments of the company has been finalized upto and including tax year 2008 by deeming provisions of income tax ordinance 2001.  |      |                  |                  |
| <b>30.2</b> After considering the available tax losses no provision for current deferred taxation except current tax is required. The deferred tax assets amounting to Rs. 354.819 million (2009: Rs. 519.317 million) arises due to timing difference in respect of mainly accelerated tax depreciation allowance after adjusting available brought forward losses amounting to Rs. 919.256 million (2009: Rs. 775.253 million) as on June 30, 2010 has not been reflected in these accounts. |      |                  |                  |
| <b>31. LOSS PER SHARE-BASIC</b>  |      |                  |                  |
| There is no diluted effect on basic loss per share which is based on:  |      |                  |                  |
| Loss after taxation  |      | (522,554)        | (522,554)        |
| Weighted average number of ordinary shares   |      | 427,838,526      | 427,838,526      |
| Loss per share - Basic   |      | <u>(1.31)</u>    | <u>(1.22)</u>    |
| <b>32. CASH GENERATED FROM / (USED IN) OPERATIONS</b>  |      |                  |                  |
| (Loss) before taxation   |      | (521,592)        | (521,592)        |
| Adjustment for non cash charges and other items:   |      |                  |                  |
| Depreciation   |      | 127,841          | 127,841          |
| Provision for staff retirement benefits  |      | 3,129            | 3,129            |
| Provision for slow moving stores & spares  |      | 25,375           | 25,375           |
| Provision for doubtful advances and receivables  |      | 3,792            | 3,792            |
| Provision for bad debts  |      | 3,512            | 3,512            |
| Intrest on WPPF  |      | 478              | 478              |
| Finance cost   |      | 58,725           | 58,725           |
| Profit on sale of fixed assets   |      | (396)            | --               |
| Working capital charges  |      | 378,950          | 222,852          |
|  |      | <u>(181,640)</u> | <u>(298,740)</u> |
|  |      | 240,235          | 336,772          |
|  | 32.1 | <u>58,595</u>    | <u>38,032</u>    |

2010            2009  
(Rupees in '000)

### 32.1 Working capital charges

|  |         |          |
|--|---------|----------|
| (Increases) / decrease in current assets     |         |          |
| Store, spares and loose tools                | (191)   | 12,315   |
| Stock in trade                               | 27,665  | (2,434)  |
| Trade debts                                  | 15,762  | 15,062   |
| Loans and advances                           | 15,762  | 14,891   |
| Due from associated undertaking              | 137     | (27,808) |
| Trade deposits and short term pre-payments   | 340     | 26,184   |
| Other receivables                            | 24,121  | 2,112    |
| Taxes recoverable                            | 304     | 14,119   |
|  | 60,763  | (29,812) |
| Increase / (decrease) in current liabilities |         |          |
| Trade and other payable                      | 54,697  | 261,882  |
| Due to associated undertaking                | 73,930  | 43,904   |
| Accrued markup                               | 50,846  | 1,174    |
|  | 240,235 | 336,772  |

### 33. CASH AND CASH EQUIVALENTS

|                        |           |           |
|------------------------|-----------|-----------|
| Cash and Bank balances | 1,797     | 19,685    |
| Short term borrowings  | (700,388) | (709,750) |
|                        | (698,591) | (690,065) |

### 34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS & EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive and Directors of the Company are as follows:

|                         | Chief Executive  |      | Directors |       | Executives |      | Total |       |
|-------------------------|------------------|------|-----------|-------|------------|------|-------|-------|
|                         | 2010             | 2009 | 2010      | 2009  | 2010       | 2009 | 2010  | 2009  |
|                         | (Rupees in '000) |      |           |       |            |      |       |       |
| Managerial remuneration | 510              | 450  | 1,300     | 1,128 | -          | -    | 1,810 | 1,578 |
| Housing                 | 100              | 80   | 700       | 549   | -          | -    | 800   | 629   |
| Utilities               | 36               | 18   | 50        | 24    | -          | -    | 86    | 42    |
| Medical expence         | 50               | 30   | -         | -     | -          | -    | 50    | 30    |
|                         | 696              | 578  | 2,050     | 1,701 | -          | -    | 2,746 | 2,279 |
| Number of Persons       | 1                | 1    | 3         | 3     | -          | -    | 4     | 4     |

In addition to the above, the Chief Executive and Directors are provided with company maintained cars (monthly petrol ceiling). The residential telephone, gas and electric bills are paid by the company.

### 35. FINANCIAL RISK MANAGEMENT

35.1 The Company has exposures to the following risks from its use of financial instruments:

Market Risk  
Credit Risk  
Liquidity Risk

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

#### a) Market Risk

##### i) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures. Primarily with the respect to the United States Dollar (USD). Currently the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. The company's exposure to currency risk was as follows:

|                              | 2010<br>(Rupees in '000) | 2009<br>(Rupees in '000) |
|------------------------------|--------------------------|--------------------------|
| Trade debts                  | --                       | --                       |
| Gross balance sheet exposure | --                       | --                       |
| Outstanding letter of credit | 53,076                   | 53,076                   |
| Net exposure                 | <u>53,076</u>            | <u>53,076</u>            |

The following significant exchange rates were applied during the year:

|  |       |       |
|--|-------|-------|
| Average rate (Rupees per US Dollar)        | 84.00 | 80.00 |
| Reporting date rate (Rupees per US Dollar) | 85.47 | 81.34 |

##### Sensitive analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rs. 2.654 million (2008: Rs. 2.654 million) respectively higher / lower, mainly as a result of exchange gains / (losses) on translation of foreign exchange denominated financial instruments. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

##### ii) Other Price Risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in marker prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risk.

##### iii) Interest Rate Risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, lease liabilities and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was:

|   | 2010<br>(Rupees in '000) | 2009    |
|---|--------------------------|---------|
| <b>Floating rate instruments</b>                    |                          |         |
| <b>Financial Liabilities</b>                        |                          |         |
| Long term financing                                 | 218,407                  | 215,020 |
| Liabilities against assets subject to finance lease | --                       | 120     |
| Short term borrowings                               | 700,388                  | 709,750 |
| <b>Financial Assets</b>                             |                          |         |
| Bank Balances - Saving Accounts                     | --                       | 13      |

#### Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs. 9.282 million (2008: Rs. 8.272 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. The analysis is prepared assuming the amounting of liabilities outstanding at balance sheet dates were outstanding for the whole year.

#### b) Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:-

|   |         |         |
|---|---------|---------|
| Long term deposits                        | 7,224   | 7,224   |
| Trade debts                               | 327,272 | 327,272 |
| Loans and advances                        | 22,472  | 22,472  |
| Trade deposits and short term prepayments | 16,769  | 16,769  |
| Other Receivables                         | 200,186 | 200,186 |
| Cash and bank balances                    | 19,685  | 19,685  |

#### 35.1.1 Counterparties

The Company conducts the following major types of transactions with the counterparties:

##### Trade Debts

Trade debts are essentially due from local customers and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed by business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letter of credit or other form of credit insurance.

### Impairment Losses

Based on age analysis, relationship with customers and past experience the management does not expect any party to fail to meet their obligations. The management believes that trade debts are considered goods and hence no impairment allowance is required in the is regard.

### c) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs. 700 million worth short term borrowing limits available from financial institutions and Rs. 19.685 million cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

#### Contractual maturities of financial liabilities as at June 30, 2010:

|                              | Carrying<br>Amount | Contractual<br>cash flows | Less than<br>1 year | Between<br>1 to 5 year | 5 year<br>and above |
|------------------------------|--------------------|---------------------------|---------------------|------------------------|---------------------|
| ----- (Rupees in '000) ----- |                    |                           |                     |                        |                     |
| Long-term finances           | 218,407            | 272,094                   | 47,754              | 224,340                | --                  |
| Finance lease                | -                  | -                         | -                   | --                     | --                  |
| Trade and other payables     | 1,148,610          | 1,148,610                 | 1,148,610           | --                     | --                  |
| Accrued interest / mark-up   | 95,114             | 95,114                    | 95,114              | --                     | --                  |
| Short term finances          | 700,388            | 700,388                   | 700,388             | --                     | --                  |

#### Contractual maturities of financial liabilities as at June 30, 2009:

|                            |           |           |           |         |    |
|----------------------------|-----------|-----------|-----------|---------|----|
| Long-term finances         | 215,020   | 254,771   | 30,431    | 224,340 | -- |
| Finance lease              | 120       | 130       | 130       | --      | -- |
| Trade and other payables   | 1,008,312 | 1,008,312 | 1,008,312 | --      | -- |
| Accrued interest / mark-up | 44,270    | 44,270    | 44,270    | --      | -- |
| Short term finances        | 709,750   | 709,750   | 709,750   | --      | -- |

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest mark up have been disclosed in Note 10, Note 12 and Note 15 to these financial statements.

### 35.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**35.3 Effective interest rates**
**2009**
**2008**

Effective interest rates applicable to the financial assets and financial liabilities are as follows:

|   |                |                |
|---|----------------|----------------|
| - Short term running finance                        | 6.5% to 17.88% | 6.5% to 17.88% |
| - Liability against assets subject to finance lease | 8%             | 8%             |

**35.4 Foreign exchange risk management**

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Inappropriate cases the management takes out forward contract to mitigate the risk. The management believes that it is not exposed to foreign exchange risk as most of the transactions are in local currencies.

**35.5 Off-balance sheet financial instruments**

Off balance sheet financial liabilities are disclosed in note 16 to the accounts.

**36. TRANSACTIONS WITH RELATED PARTIES**

Related parties comprise holding company, associated undertakings, directors and key management personnel. Remuneration and benefits to directors and key management personnel under terms of their employment are disclosed in note 39 to the accounts. Transaction with related parties are carried out in the normal course of business and other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

|   |      | <b>2010</b>             | <b>2009</b>    |
|---|------|-------------------------|----------------|
|   |      | <b>(Rupees in '000)</b> |                |
| <b>Sales of goods</b>                         |      |                         |                |
| Sardar Muhammad Ashraf D. Baluch (Pvt) Ltd.   | RCPL | <u>1,848</u>            | <u>7,969</u>   |
| <b>Expenses paid by related parties:</b>      |      |                         |                |
| Sardar Muhammad Ashraf D. Baluch (Pvt) Ltd.   |      | 75,343                  | 211,721        |
| Indus Steel Pipes Ltd.                        |      | --                      | 426            |
|   |      | <u>75,343</u>           | <u>212,147</u> |
| <b>Expenses incurred for related parties:</b> |      |                         |                |
| Sardar Muhammad Ashraf D. Baluch (Pvt) Ltd.   |      | 29,122                  | 86,334         |
| Indus Steel Pipes Ltd.                        |      | 1,903                   | 5,929          |
|   |      | <u>31,025</u>           | <u>92,263</u>  |

**37. PLANT CAPACITY AND ACTUAL PRODUCTION**

(Metric Tons)

|  | <b>2010</b>            | <b>2009</b>            |
|--|------------------------|------------------------|
| <b>Rated capacity</b>                    |                        |                        |
| Zeal Pak Cement Factory                  | 1.755 million          | 1.755 million          |
| Papersack Division (50,000 Bags per day) | <u>15,000,000 No.s</u> | <u>15,000,000 No.s</u> |
| <b>Actual production</b>                 |                        |                        |
| Cement                                   | 77,361                 | 143,715                |
| Paper Bags                               | 643,740                | 84,000                 |

The uneconomical wet process operations was the main reason for the production below installed capacity level and less demand of bags.

### 38. CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

|                              | (Rupees in '000) |           |
|------------------------------|------------------|-----------|
|                              | 2010             | 2009      |
| Total borrowings             | 1,013,909        | 972,358   |
| Less: Cash and bank balances | (1,797)          | (19,685)  |
| Net debt                     | 1,012,112        | 952,673   |
| Total equity                 | (899,940)        | (398,054) |
| Total capital employed       | 112,172          | 602,615   |
| Gearing ratio                | 902%             | 158%      |

### 39. NUMBER OF EMPLOYEES

|  |     |     |
|--|-----|-----|
| Total numbers of employees as at June 30 | 391 | 427 |
|--|-----|-----|

### 40. RE-ARRANGEMENT AND RE-CLASSIFICATION

Corresponding figures have been re-arranged and re-classified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. Significant re-arrangements and re-classification are as follows:

| From                                  | To                  | Reason                          | Amount<br>(Rupees '000) |
|---------------------------------------|---------------------|---------------------------------|-------------------------|
| <b>Balance sheet items</b>            |                     |                                 |                         |
| Trade Creditors                       | Long Term Financing | Better Presentation of balances | 3,321                   |
| <b>Profit and loss account items:</b> |                     |                                 |                         |
| Profit on bank deposit                | Other               | Better Presentation of balances | 251,116                 |

### 41. DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on February 07, 2011 by the Board of Directors of the company.

### 42. GENERAL

Figures have been rounded off to nearest thousand rupees.



CHIEF EXECUTIVE



DIRECTOR



### FORM OF PROXY

Folio No. ....

I/We.....

of.....

being a member(s) of Zeal-Pak Cement Factory Limited as a holder of .....

Ordinary shares as specified below, hereby appoint .....

of.....

who is also a member of Zeal-Pak Cement Factory Limited, as my proxy to vote for me/our and on my/our behalf at the Annual General Meeting of the Company to be held on 26th March 2010 at 11:00 A.M. at Haji Abdullah Haroon Muslim Gymkhana, Awan-e-Saddar Road, Karachi and at any adjournment there of.

Signed this..... day of ..... 2010

Signature

Rupees Five  
Revenue Stamp

Witness

Name.....

Address ..... Specification .....

..... Shares held .....

The proxy must be signed across a Rupees Five revenue stamp and it should be deposited at the Registered Office of the Company not less than 48 hours before the meeting.