PIONEER CEMENT LTD.

Cost Auditors' Report

For the year ended June 30, 2012

JAVAID IQBAL & COMPANY

Cost & Management Accountants

Management Consultants

384 N Samanabad, Lahore – Pakistan Tel: 92-42-37531110, 37587137 Fax: 92-42-37520121

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01. Corporate Information

Board of Directors

Chairman

Mr. Shafiuddin Ghani Khan

Members

Mr. Cevdet Dal
Mr. Faisal Imran Hussain Malik
Mr. Javed Haider (NBP)
Mr. Mohammad Aftab Alam
Mr. Rafique Dawood (FDIB)
Syed Anwer Ali
Syed Mazher Iqbal (MD & CEO)
Mr. Shazib Masud
Mr. Saleem Shahzada

Audit Committee

Chairman

Mr. Rafique Dawood (FDIB)

Member

Mr. Javed Haider (NBP)
Mr. Mohammad Aftab Alam
Mr. Shafiuddin Ghani Khan
Mr. Saleem Shahzada

Human Resource Committee

Mr. Mohammad Aftab Alam
Syed Mazher Iqbal (MD & CEO)
Mr. Shafiuddin Ghani Khan

Chief Financial Officer

Mr. Waqar Naeem

Company Secretary

Syed Anwar Ali

Chief Internal Auditor

Mr. Jamal-ud-Din

Executive Director Operation

Sh. Javed Elahi

Statutory Auditors
Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)

Cost Auditors
Javed Iqbal & Company

Legal Advisor
Hassan & Hassan

Bankers
Askari Commercial Bank Limited
Bank Al Habib Limited
Habib Bank Limited
JS Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
The Bank of Punjab
United Bank Limited

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Fax: (042) 37503573-74
Email: pioneer@pioneercement.com
Website: **www.pioneercement.com**

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Multan, Pakistan.
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Fax: (061) 6510405

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Fax: (041) 2630923

Marketing and Shares Office

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Email: shares@pioneercement.com

Factory

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02. THE COMPANY AND MANUFACTURING PROCESS

1. THE COMPANY AND ITS OPERATION

The company was incorporated in Pakistan on February 09, 1986 as a public limited company and is quoted on all stock exchanges in Pakistan. Its main business activity is manufacturing and sale of cement.

The company commenced its operations with an installed capacity of 2,000 tons per day clinker which was increased to 2,350 tons per day in the year 2005. In the year 2006, another production line of 4,300 tons per day clinker capacity was added which increased the production capacity to 6,650 tons per day.

2. MANUFACTURING PROCESS

The company is using the Dry Process Technology for manufacturing of cement. It owns leased lime stone quarries. The process consists of the following departments:-

(i) Lime Stone / Clay / Shale Quarries and Transportation

(ii) Crushing

(iii) Raw Mill (Raw Meal)

(iv) Kiln

(v) Grinding (Cement Mill)

(vi) Packing and Storage

The major raw materials include:

(i) Lime Stone

(ii) Clay / Shale

(iii) Gypsum

Packing – Paper / Polyproplyene bags are used in packing.

4. FACTORY LOCATION

The company's cement manufacturing plant is located in Chenki, District Khushab, Punjab.

COST AUDITORS' REPORT

We, **Javaid Iqbal & Co,** Cost & Management Accountants having been appointed to conduct an audit of cost accounts of **PIONEER CEMENT LIMITED**, have examined the books of account and the statement prescribed under clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984 and the other relevant records for the year ended June 30, 2012, and report that:-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of this audit.
2. In our opinion:
   - (a) proper cost accounting records as required by clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984 (XLVII of 1984), and as required by these rules, have been kept by the company;
   - (b) proper returns, statements and schedules for the purpose of audit of cost accounts have been received from offices of the company situated in Pakistan;
   - (c) the said books and records give the information required by the rules in the manner so required; and
3. In our opinion and, subject to best of our information:-
   - (a) the annexed statement of capacity utilization and stock-in-trade are in agreement with the books of account of the company and exhibit true and fair view of the company's affairs; and
   - (b) cost accounting records have been properly kept so as to give a true and fair view of the cost of production, processing, manufacturing and marketing of the under mentioned products of the company, namely,
     - Ordinary Portland Cement

The matters contained in the Annexed Form part of this report.

JavaidIqbal& Company
Cost and Management Accountants

December 14, 2012
Lahore

1. CAPACITY (Ton)

(a) Clinker:	**Annual Licensed / Installed Capacity**	**Annual Utilized Capacity**	**% of Rated Operational**
- Line-I (300 days x 2,350 T/D)	705,000	424,113	60%
- Line-II (300 days x 4,300 T/D)	1,290,000	754,928	59%
Total	**1,995,000**	**1,179,041**	**59%**

- The company has not utilized its full production capacity due to certain plant modifications and low demand due to recessionary condition.

(b) The company is engaged in the manufacturing and sale of portland cement.

2. COST ACCOUNTING SYSTEM

- Manufacturing of cement is a continuous process and accordingly, the company uses process cost accounting system as prescribed by SECP as per Cement Industry (Cost Accounting Records) Order, 1994.

The company has classified the manufacturing process into six major stages / departments for accurately maintaining cost accounting records shown as under:

i) Lime stone / Clay / Shale Quarries and Transportation
ii) Crushing
iii) Raw Mill
iv) Kiln
v) Grinding (Cement Mill)
vi) Packing and Storage

The company is operating EXCEL based inhouse software which generates cost statements relating to the six stages / departments and accordingly allocates cost thereon.

3. PRODUCTION

Qty. in Tons

(a)

	Production		**Increase / (Decrease)**	
	Y e a r s			
– Clinker	**2012**	**2011**	**Tons**	**%**
– Line-I				
Ordinary Portland	424,113	419,679	4,434	1
- Line-II				
Ordinary Portland	754,928	769,619	(14,691)	(2)
	1,179,041	**1,189,298**	**(10,257)**	**(1)**
– Cement				
Ordinary Portland	**1,177,691**	**1,284,927**	**(107,236)**	**(8)**

(b) The plant design facilitates production of various types of cement as per production requirements within the installed capacity limits.

(c) There was no addition in production capacity during the last two years.

4. RAW MATERIAL

(a) Major Raw Materials Consumed

Particulars	2012			2011			2010		
	Quantity (Tons)	**Value Rs. in '000**	**Rate per Ton**	**Quantity (Tons)**	**Value Rs. in '000**	**Rate per Ton**	**Quantity (Tons)**	**Value Rs. in '000**	**Rate per Ton**
Limestone	1,391,718	165,264	119	1,535,994	175,452	114	1,506,361	160,803	107
Shale / Clay	326,965	22,162	68	188,684	13,899	74	182,731	11,539	63
Laterite	84,974	70,832	834	70,533	46,529	660	52,694	36,072	685
Bauxite	2,392	1,400	585	24,078	14,369	597	20,405	12,370	606
Gypsum	51,937	28,233	544	55,742	29,093	522	62,255	29,213	469
Fly Ash	-	-	-	-	-	-	-	-	-
Silica Sand	-	-	-	-	-	-	774	500	646
Additives	29,984	3,561	119	34,393	3,929	114	40,061	4,276	107
Direct raw material cost		291,451			283,271			254,773	
Add / (less):									
Material handling and other cost		21,683			13,098			11,658	
Duty drawback on exports					(9,409)			(3,059)	
Total cost of raw material consumed		**313,134**			**286,960**			**263,372**	

- The increase in raw material cost during the year is due to inflationary rise in prices as compared to last year.

(b) Major Raw Materials consumption per unit of production compared with standard requirements.

Description		Budget Standard Tons	ACTUAL 2012 Tons	ACTUAL 2011 Tons	ACTUAL 2010 Tons	% Increase / (Decrease) as compared to Budget 2012	2011	2010
Limestone	- Clinker	1.28	1.18	1.29	1.29	(7.81)	0.78	0.78
Clay / Shale	- Clinker	0.17	0.28	0.16	0.16	64.71	(5.88)	(5.88)
Laterite/Iron Ore	- Clinker	0.06	0.07	0.06	0.05	16.67	0.00	(16.67)
Bauxite	- Clinker	0.02	0.00	0.02	0.02	(100.00)	0.00	0.00
TOTAL	**- Clinker**	**1.53**	**1.53**	**1.53**	**1.52**	**0.00**	**0.00**	**(0.65)**
Gypsum	**- Cement**	**0.05**	**0.04**	**0.04**	**0.05**	**(12.00)**	**(20.00)**	**0.00**
Additives	**- Cement**	**0.05**	**0.03**	**0.03**	**0.03**	**(50.00)**	**(40.00)**	**(40.00)**

(c) Explanation of Variances

- The variances from budget / standards are attributed to chemical contents of raw materials.

(d) Method of Accounting

- The company is maintaining raw material records using weighted average cost.
- Limestone and shale / clay are extracted from leased mines.
- Laterite / Iron ore, Bauxite and Gypsum are purchased from open market. The quantities and values are recorded in the stores ledgers and general ledgers from receiving reports.

5. WAGES AND SALARIES

(a) Total wages and salaries paid for all categories of employees

	2012 Rs. in '000	2011 Rs. in '000	2010 Rs. in '000	% Increase / (Decrease) Base 2011	Base 2010
– Direct labor cost on production	171,229	131,546	133,843	30	28
– Indirect labor cost on production	58,487	68,750	70,600	(15)	(17)
– Total direct and indirect labor cost	**229,717**	**200,296**	**204,443**	**15**	**12**
– Employees' cost on administration	38,688	32,709	52,048	18	(26)
– Employees' cost on selling and distribution	30,558	24,701	22,730	24	34
Total employees cost	**298,963**	**257,706**	**279,221**	**16**	**7**

- As compared to last year, wages and salaries increased during the year due to provision in gratuity & two bonus charged to account for the current year as well as previous year because last year bonus was annonuced in current year.

(b) Salaries and perquisites of chief executive, directors and executives

	Chief Executive 2012	Chief Executive 2011	Executives 2012	Executives 2011
Total number	1	1	23	20
	……….(Rupees in '000')……….			
Basic salary	4,227	3,372	21,107	16,661
Contribution to provident fund and gratuity	421	337	1,479	1,327
Allowances and benefits	4,254	3,151	23,607	16,925
	8,902	**6,860**	**46,193**	**34,913**

- In addition, the chief executive and some executives of the company have been provided with free use of company owned and maintained cars and other benefits in accordance with their entitlements as per rules of the company.

- No remuneration is paid / payable to the directors of the company except meeting fee which is paid at the rate of Rs. 5,000 per meeting.

(c) Total man-days of direct labor

Available: **300 days x 428 workers = 128,400 days**

Worked: 206 days x 428 workers = 88,168 days

Worked	Available	% Worked
88,168	128,400	69

(d) Average number of production workers employed

2012	2011	% of Increase/(Decrease)
428	461	(7)

(e) Direct labor cost per Ton

	2012	2011	2010	% of Increase/(Decrease) Base 2011	Base 2010
Direct labor cost (Rs. in '000)	171,229	131,546	133,843	30	28
Production in Tons - Cement	1,177,691	1,284,927	1,266,968	(8)	(7)
Cost per Ton (Rs. / Ton)	145	102	106	42	38

- As compared to last year, direct labor cost increased due to annual increase in salaries.

(f) Comments on Incentives Scheme

– Defined Benefit Plan

The company operates under mentioned gratuity schemes:

- Contractual Workers

The company operates unfunded gratuity scheme for its contractual workers.

- Defined Contribution Plan

The company also operates an approved contributory provident fund for all its permanent employees and equal monthly contributions are made both by the company and the employees at the rate of 10 percent of

- Compensated Absences

Accrual for compensated absences is made to the extent of the value of accrued absences of the employees at the balance sheet date using their current salary levels.

6. STORES AND SPARE PARTS

(a) Expenditure per unit of output

		2012	2011	Increase/ (Decrease) %
Stores and spares	(Rs. in '000)	190,355	141,171	35
Production	(Qty. in Tons)	1,177,691	1,284,927	(8)
Cost per Ton	(Rs. / Ton)	**162**	**110**	**47**

- As compared to last year, cost of stores and spares consumed increased by 35% due to extensive plant maintenance.

(b) System of stores

- These are valued at lower of weighted average cost and net realizable value. Cost comprises invoice value and other direct costs. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

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

(c) Proportion of closing inventory of stores representing items which showed no movement for over twenty four months.

- There are no slow moving items as such except necessary consumable items (with life of over a year) of stores / spares to meet emergency requirements compatible with size of cement production of the company.

7. DEPRECIATION

(a) Method of depreciation

- Depreciation is calculated on straight line method except plant and machinery and coal firing system on which depreciation is charged on the basis of units of production method. Depreciation on additions is charged from the month in which the asset is available for use and on disposals upto the month of disposal.

- Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized. Gains and losses on disposals of assets, if any, are included in the profit and loss account.

- As stated by the management fixed assets register is maintained but physical verification of fixed assets was not carried out.

(b) Basis of allocation of depreciation on common assets to the different departments.

Depreciation on common assets is allocated as under:

	2012		2011	
	Rs. in '000	% age	Rs. in '000	% age
(i) Cost of sales	360,720	98.8	374,377	98.8
(ii) Administration and general	2,547	0.7	2,267	0.6
(iii) Selling and distribution	1,908	0.5	2,422	0.6
	365,175	**100**	**379,066**	**100**

(c) Basis of charging depreciation to cost of production

- Depreciation is allocated to cost of production on the value of assets employed.

8. OVERHEADS

(a) Total amounts of overheads

	2012	2011	2010
	Rs. in '000	Rs. in '000	Rs. in '000
(i) Factory	489,560	446,449	467,329
(ii) Administration and general	61,907	52,321	78,835
(iii) Selling and distribution	78,800	150,576	158,842
(iv) Financial charges	328,024	357,916	392,658
	958,291	**1,007,262**	**1,097,664**

(i) Factory Overheads

	2012	2011	2010	% Increase / (Decrease)	
				Based on 2011	Based on 2010
	Rs. in '000	Rs. in '000	Rs. in '000		
Travelling and conveyance	22,984	25,558	26,114	(10)	(12)
Insurance	8,582	8,592	10,120	(0)	(15)
Repairs and maintenance	37,260	32,807	42,318	14	(12)
Communication	-	640	1,815	(100)	(100)
Depreciation	360,720	365,976	376,054	(1)	(4)
Provision for slow moving parts and loose tools	49,394	-	-	100	100
Other manufacturing expenses	10,620	12,876	10,908	(18)	(3)
	489,560	**446,449**	**467,329**	**10**	**5**

- As compared to last year, factory overheads increased due to provision made for slow moving parts/loose tools and if exclude provision, then there is a decrease in factory overhead compared to last year.

(ii) Administration Overheads

	2012	2011	2010	% Increase / (Decrease)	
				Based on 2011	Based on 2010
	Rs. in '000	Rs. in '000	Rs. in '000		
Salaries, wages and benefits	38,688	32,709	52,048	18	(26)
Travelling and conveyance	1,728	1,022	1,807	69	(4)
Vehicle running expenses	2,482	3,087	3,551	(20)	(30)
Communication	937	985	1,696	(5)	(45)
Printing and stationery	1,085	838	1,352	29	(20)
Utilities	1,316	1,538	3,574	(14)	(63)
Repair and maintenance	1,344	1,217	1,737	10	(23)
Rent, rates and taxes	2,160	246	959	778	125
Legal and professional charges	3,391	4,216	3,081	(20)	10
Insurance	337	309	428	9	(21)
Auditors' remuneration	1,755	1,785	2,695	(2)	(35)
Fee and subscription	1,400	1,664	3,081	(16)	(55)
Entertainment	249	301	539	(17)	(54)
Depreciation	2,547	2,267	2,202	12	16
Amortization	1,724	109	-	1,482	100
Others	764	28	85	2,629	799
	61,907	**52,321**	**78,835**	**18**	**(21)**

- As compared to last year, administration overheads mainly increased due to increase in salaries and benefits, rent, rates and taxes and amortization cost.

(iii) Selling and Distribution Overheads

	2012	2011	2010	% Increase / (Decrease)	
				Based on 2011	Based on 2010
	Rs. in '000	Rs. in '000	Rs. in '000		
Salaries, wages and benefits	30,558	24,701	22,730	24	34
Travelling and conveyance	679	388	378	75	80
Vehicle running expenses	2,706	2,427	2,101	11	29
Communication	1,319	1,179	1,513	12	(13)
Printing and stationery	897	565	586	59	53
Rent, rates and taxes	3,076	1,478	1,803	108	71
Utilities	1,332	1,009	1,272	32	5
Repairs and maintenance	1,318	1,275	792	3	66
Legal and professional charges	10,104	6,926	5,921	46	71
Insurance	318	296	490	7	(35)
Fee and subscription	637	407	433	57	47
Advertisements / sales promotion	1,206	3,071	1,727	(61)	(30)
Freight and handling Charges	22,050	103,946	116,138	(79)	(81)
Entertainment	692	486	573	42	21
Depreciation	1,908	2,422	2,385	(21)	(20)
	78,800	**150,576**	**158,842**	**(48)**	**(50)**

- As compared to last year, selling and distribution overheads decreased mainly due to decrease in freight and handling charges on exports.

(iv) Financial Charges

	2012	2011	2010	% Increase / (Decrease)	
				Based on 2011	Based on 2010
	Rs. in '000	Rs. in '000	Rs. in '000		
- Mark-up on long term financing/loans/lease/profit on murhaba financing	171,200	202,389	270,590	(15)	(37)
- Interest on long / short term finances	146,812	142,584	106,804	3	37
- Fee, charges and commission	10,012	12,943	15,264	(23)	(34)
	328,024	**357,916**	**392,658**	**(8)**	**(16)**

- As compared to last year, finance cost decreased due to repayment of the long term financing / loans.

(b) Reason for any significant variances

- Reasons are already stated against each para shown above.

(c) Basis of allocation of overheads

- The allocation was made on activity based on %age basis.

(d) Cost of packing (OPC)

	Quantity in Tons	
	2012	2011
Packed cement	1,179,505	1,275,973
Bulk cement	-	-
	1,179,505	**1,275,973**

	2012		2011		% Increase / (Decrease)	
	Rs. In '000'	Rupees / Ton	Rs. In '000'	Rupees / Ton	Rupees / Ton	%
Packing material	427,968	362.84	449,538	352.31	10.53	3
Power	17,028	14.44	12,000	9.40	5.03	54
Store and spares	3,434	2.91	2,976	2.33	0.58	25
Salaries and other benefits	28,806	24.42	16,728	13.11	11.31	86
Insurance	172	0.15	139	0.11	0.04	34
Repair and maintenance	591	0.50	427	0.33	0.17	50
Depreciation	8,686	7.36	6,759	5.30	2.07	39
Other overheads	2,637	2.24	14,709	11.53	(9.29)	(81)
	489,321	**414.85**	**503,276**	**394.43**	**20.43**	**5**

- As compared to last year, cost of packing decreased mainly due to decrease in packing material and other overheads.

9. ROYALTY / TECHNICAL AID PAYMENTS

	2012			2011		
	Production in Tons	Rupees in '000	Rupees / Ton	Productio n in Ton	Rupees in '000	Rupees / Ton
Limestone / Clay	1,748,667	50,186	28.70	1,759,071	53,805	30.59

- Royalty and excise duty is paid to the Provincial Govt. on the quantity of limestone / clay extracted and transported to mill from extraction site at statutory rates.

10. ABNORMAL NON-RECURRING FEATURES

(a) Features affecting production

NONE

(b) Special expenses

NONE

11. COST OF PRODUCTION
(As per Schedule-1 attached)

	2012			2011			Increase / (Decrease) % Rs. P/Ton
	Qty. in Tons	Rs. In 000	Rs. Per Ton	Qty. in Ton	Rs. In 000	Rs. Per Ton	
Cement							
OPC	1,177,691	4,822,481	4,095	1,284,927	4,554,606	3,545	16
Clinker consumed for sale							
OPC	8,872	29,443	3,319	2,490	7,146	2,870	16
Provision for slow moving parts and loose tools		49,394					
		4,901,318			**4,561,752**		

– As compared to last year, the per ton cost of production increased due to increase in cost of coal, electricity, salaries and wages.

12. SALES
(As per Schedule-2 attached)

	2012			2011			Increase / (Decrease) % Rs. P/Ton
	Qty. in Tons	Rs. In 000	Rs. Per Ton	Qty. in Ton	Rs. In 000	Rs. Per Ton	
Local							
- OPC	988,521	5,720,174	5,787	1,003,048	4,315,511	4,302	34
– Clinker	-	-	-	-	-	-	-
	988,521	5,720,174	5,787	1,003,048	4,315,511	4,302	34
Export							
- OPC	190,984	741,006	3,880	272,925	950,764	3,484	11
– Clinker	8,872	25,948	2,925	2,490	6,613	2,656	10
	199,856	766,953	3,838	275,415	957,377	3,476	10
Total	**1,188,377**	**6,487,127**	**5,459**	**1,278,463**	**5,272,888**	**4,124**	**32**

– Average selling price per ton of cement increased as compared to previous year.
- Cement was exported to Afghanistan, India and Madagascar.
- Clinker was exported to India.

13. PROFITABILITY
(As per Schedule-3 attached)

Profit / (Loss) Before Tax	2012 Qty. in Tons	2012 Rs. In 000	2012 Rs. Per Ton	2011 Qty. in Ton	2011 Rs. In 000	2011 Rs. Per Ton	Increase / (Decrease) % Rs. P/Ton
Local							
- OPC	988,521	1,142,844	1,156	1,003,048	318,600	318	264
– Clinker	-	-	-	-	-	-	-
	988,521	1,142,844	1,156	1,003,048	318,600	318	264
Export							
- OPC	190,984	(165,615)	(867)	272,925	(246,243)	(902)	(4)
– Clinker	8,872	(3,495)	(394)	2,490	(533)	(214)	84
	199,856	(169,110)	(846)	275,415	(246,776)	(896)	(6)
Provision for slow moving parts and loose tools		(49,394)					
Total	**1,188,377**	**924,340**	**778**	**1,278,463**	**71,824**	**56**	**1,285**

- The company earned a huge profit of Rs. 924,340 million as against profit of Rs. 71.824 million last year mainly due to significant improvement in retention prices in higher retention areas.

14. COST AUDITORS' OBSERVATIONS AND CONCLUSIONS

(a) Matters which appear to him to be clearly wrong in principle or apparently unjustifiable.

NONE

(b) Cases where the company funds have been used in a negligent or inefficient manner.

NONE

(C) Factors which could have been controlled but have not been done resulting in increase in the cost of production.

N O N E

(d) (i) The adequacy or otherwise of Budgetary Control System, if any, in vogue in the company.

- The company prepares its budget on annual basis. A monthly report comparing actual results with budget is generated alongwith the reasons for major variances. On the basis of such variances, corrective measures are initiated, implemented and followed up.

(ii) The scope and performance of Internal Audit, if any.

- A full fledged internal audit department is effectively functioning. The audit findings are reported to the top management as well as to the board of directors by the audit committee and corrective measures are promptly taken wherever necessary.

(e) Suggestion for improvements in performance.

(i) rectification of general imbalance in production facilities

Cement grinding capacity of 1,620,000 M.Ton is not in harmony with clinker capacity of 1,995,000 M.Ton. Management may consider to rectify the imbalance in the plant.

(ii) fully utilization of installed capacity

- Optimum plant capacity has not been fully utilized in the year under review. Efforts should be made to utilize the capacity at the maximum level.

(iii) Comments on areas offering scope for

(a) Cost reduction
- The management should fully utilize the plant capacity and increase production in order to reduce per ton cost.

(b) Increased productivity
- Same as at (a) above.

(c) Key limiting factors causing production bottlenecks
- As stated at item e(i) above, grinding capacity of cement is lower than clinker production capacity.

(d) Improved inventory policies
- Present inventory policies are satisfactory.

(e) Energy conservancy
- The company is using **`Coal'** as one of the cheapest source of energy.

(iv) **State of technology**
- The company uses **'Dry Process'** which is the latest technology in cement production.

(v) **Plant**
- The operation was started with installation of an absolutely new plant, however during the year 2005-2006, a second line (Kiln-II) was installed and commissioned which included both new and used equipment.

15 RECONCILIATIONS WITH FINANCIAL STATEMENTS

- The cost accounts are reconciled with audited financial statements for the year ended June 30, 2012 as per reconciliation statement annexed herewith.

16 COST STATEMENTS

- Copies of all cost statements on the formats prescribed by Securities and Exchange Commission of Pakistan under clause (e) of sub-section (1) of section 230 of the Companies Ordinance, 1984, duly authenticated by the Chief Executive and Chief Financial Officer of the company, and verified by us are appended to the report.

17 MISCELLANEOUS

- Figures have been rounded off to the nearest thousand.

- Previous year's figures have been re-arranged and regrouped where necessary for the purpose of comparison. There has been no material rearrangement/reclassification during the year.

Javaid Iqbal & Company
Lahore: **Cost & Management Accountants**