

*Half Yearly Report
December 31, 2011
(Un-Audited)*

ZEALPAK

HEAD OFFICE:

7th Floor, P.R.C. Tower, 32/A, Lalazar Drive
Moulvi Tameezuddin Khan Road, Karachi.

ZEAL ▼ PAK
CEMENT FACTORY LIMITED

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ashraf Ali Jatoi	Chairman
Mr. Jehangir Akbar	Chief Executive
Mr. Nawab Ali Jatoi	Director
Mr. Mushtaq Ahmed Jatoi	Director
Mr. Muhammad Moosa	Director
Mr. Mushtaq Ali Shah Bokhari	Director
Mr. Faiz Muhammad Brohi	Director
Mr. Nawab Ahmed Khanzada	Director

AUDIT COMMITTEE

Mr. Ashraf Ali Jatoi	Chairman
Mr. Faiz Muhammad Brohi	Member
Mr. Mushtaq Ali Shah Bokhari	Member

COMPANY SECRETARY

Mr. M. Asghar Khan

CHIEF FINANCIAL OFFICER

Mr. Musaddiq Kamal

STATUTORY AUDITORS

Hameed Khan & Co.
Chartered Accountants

COST AUDITORS

Siddiqi & Company
Cost & Management Accountants

BANKERS

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

REGISTRERED OFFICE

7th Floor, PRC Tower, 32-A, Lalazar Drive,
Moulvi Tamiz-ud-Din Khan Road, Karachi.
Tel: 5611484-5611486-5611557
Fax: 35615806
E-mail: zpcf@cyber.net.pk
website: www.zealpak.com.pk

FACTORY

Tando Mohammad Khan Road,
S.I.T.E. Hyderabad.
Tel. (0223) 886447 & 886499
Fax: (0223) 886498

Zeal Pak Cement Factory Limited
DIRECTORS' REPORT
TO THE SHAREHOLDERS

The Directors of your Company are pleased to present the Half Yearly Report for the period ended July to December, 2011.

MARKETING

During the period under review, the sales revenue of the Company stood at Rs. 61.621 million as compared to Rs. 50.284 million of the corresponding period of the previous year. The sale of Cement and Pure Slag including purchased during the period under review was 38,073.00 tonnes as compared to 20,119.00 tonnes for the same period of last year.

PRODUCTION

The production of Cement and Clinker stood at 1,800 tonnes and 450 tonnes respectively as compared to 15,180 tonnes and 12,580 tonnes during the corresponding period of the previous year.

FINANCIAL

During the period the Company has reported a loss after taxation amounting to Rs. 179.019 million as compared to Rs. 179.242 million in the corresponding period of the last year.

FUTURE PROSPECTS

The management is making all efforts for the improving operational and financial results by increasing production and sale and by reducing cost of production and financial charges.

AUDITORS' QUALIFICATIONS

The management is considering for providing the provisions against trade debts, other receivables and advances to contractors.

ACKNOWLEDGEMENT

The Board would like to place on record their appreciation to customers and employees of the Company for their continued support, co-operation and dedication.

For and on behalf of the Board



JEHANGIR AKBAR
Chief Executive

Karachi: February 29, 2012



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



AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed balance sheet of Zeal Pak Cement Factory Ltd, as at December 31, 2011 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as interim condensed financial information) for the half year then ended. Management is responsible for the preparation and presentation for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the quarters ended December 31, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2011.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of the persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

1. Trade Debts, Other Receivables and Advances to Contractors amounting to Rs. 188.674 million and Rs. 33.440 million respectively are outstanding in the books since previous years. These Debts, Receivables and Advances to Contractors are dormant and seem to be doubtful of recovery. No provisions against these debts, receivables and advances to contractors have been made in these accounts.
2. Inter Division Balances as on December 31, 2011 represents net difference of Rs 25.871 million among the various divisions which could not be reconciled

Qualified Conclusion

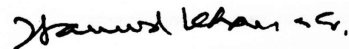
Based on our review except for the effects of short provision for bad debts, other

receivables and advances to contractors and unreconciled balances of inter divisions as described in the preceding paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information as of and for the six months ended December 31, 2011 is not prepared, in all material respects, in accordance with approved accounting standards in Pakistan for interim financial reporting.

Emphasis of Matters

Without qualifying our review report:-

- We draw attention to Note 8 to the interim condensed financial statements that after the merger, the company is in the process of transferring legal title of land, building and vehicles of Slag Division, Rohri Division & Papersack Division in the name of Zeal Pak Cement Factory Ltd.
- We draw attention to Note 5 to the financial statements which indicate that the Company has accumulated loss of Rs. 5,787.533 million and its current liabilities exceed its current assets by Rs. 1,699.624 million as at December 31, 2011. These conditions indicate the existence of material uncertainty, which cause significant doubt about the Company's ability to continue as a going concern.
- We draw attention to Note 6 to the financial statements that 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



Lahore.
Dated: February 20, 2012

Hameed Khan & Co.
Chartered Accountants

Audit Engagement Partner:
Abdul Waheed Khan

Zeal Pak Cement Factory Limited
INTERIM CONDENSED BALANCE SHEET (UNAUDITED)
AS AT DECEMBER 31, 2011

		(Un-audited) December 31, 2011	(Audited) June 30, 2011
	Note	(Rupees in '000)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
427,838,526 (2011: 427,838,526)			
Ordinary shares of Rs. 10/- each		<u>4,278,385</u>	<u>4,278,385</u>
Issued, subscribed and paid-up-capital	6	4,278,385	4,278,385
Capital reserve		10,904	10,904
Accumulated (Loss)		<u>(5,787,533)</u>	<u>(5,628,470)</u>
		<u>(1,498,244)</u>	<u>(1,339,181)</u>
Surplus on Revaluation of property, plant and equipment		1,181,406	1,201,262
NON-CURRENT LIABILITIES			
Long-term deposits		6,564	6,564
Long term financing		273,244	261,044
Deferred and other liabilities		14,616	13,813
CURRENT LIABILITIES			
Trade and other payable		1,817,069	1,705,805
Accrued interest / mark-up		160,600	138,459
Short term borrowings		274,010	274,586
Provision for taxation		10,277	7,876
		2,261,956	2,126,726
Contingencies and Commitments	7	--	--
		<u>2,239,544</u>	<u>2,270,228</u>
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	1,669,942	1,707,541
Long-term deposits		7,270	7,270
CURRENT ASSETS			
Stores, spares and loose tools	9	137,458	138,743
Stock-in-trade	10	33,623	46,938
Trade debts		204,910	196,810
Loans and advances		26,800	21,561
Trade deposits and pre-payments		16,533	16,533
Other receivables		56,073	49,081
Taxes recoverable		85,675	84,555
Cash and bank balances		1,260	1,196
		562,332	758,567
		<u>2,239,544</u>	<u>2,270,228</u>

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



Chief Executive


Director

Zeal Pak Cement Factory Limited
INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEARLY ENDED DECEMBER 31, 2011

	Note	Half year Ended		Quarter Ended	
		December 31, 2011 (Rupees in '000)	December 31, 2010	December 31, 2011 (Rupees in '000)	December 31, 2010
Sales - Net		61,621	50,284	27,730	26,647
Cost of Sales	11	68,360	(192,077)	(30,762)	(125,122)
Gross (Loss)		(6,739)	(141,793)	(3,032)	(98,475)
Administrative expenses		(23,905)	(5,276)	(10,757)	(2,684)
Distribution cost		(119)	(291)	(54)	(141)
		(24,024)	(5,566)	(10,811)	(2,825)
Other Operating Expenses		-	(320)	-	(320)
Other Operating (Loss) Income		(123,667)	407	(55,650)	188
		(147,691)	(5,479)	(66,461)	(2,957)
Operating (Loss)		(154,429)	(147,272)	(69,493)	(101,432)
Finance Cost		(22,189)	(31,718)	(9,985)	(13,980)
(Loss) before taxation		(176,618)	(178,990)	(79,478)	(115,412)
Taxation		(2,401)	(252)	(1,081)	(134)
(Loss) after taxation		(179,019)	(179,242)	(80,559)	(115,546)
(Loss) per share (Rs.)- Basic	12	(0.42)	(0.40)	(0.19)	(0.26)

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



Chief Executive


Director

Zeal Pak Cement Factory Limited
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEARLY ENDED DECEMBER 31, 2011

	December 31 2011	December 31 2010
(Rupees in '000)		
Cash Flow From Operating Activities		
(Loss) before taxation	(176,618)	(178,990)
Adjustment for non cash charges and other items:		
Depreciation	45,281	57,977
Provision for staff retirement benefits	803	162
Finance cost	22,189	31,718
	(108,345)	(89,133)
Working Capital Changes:		
(Increase) / decrease in current assets		
Store, spares and loose tools	1,285	(7,843)
Stock in trade	13,315	(7,788)
Trade debts	(8,100)	63,168
Loans, advances	(5,239)	4,871
Trade deposits and short term pre-payments	-	300
Other receivables	(6,992)	(202,784)
Taxes recoverable	(246)	36,463
	(5,977)	(113,613)
(Decrease) / Increase in current liabilities		
Trade and other payable	111,264	648,558
Payments for	(3,057)	445,812
Finance cost	(48)	(17,620)
Income tax	(773)	(19,640)
	(821)	(37,260)
Net Cash (outflow) from operating activities	(3,878)	(408,552)
Cash Flow From Investing Activities		
Capital work in progress	(7,682)	-
Long term deposits	-	(299)
Net cash (outflow) from investing activities	(7,682)	(299)
Cash Flow From Financing Activities		
Long term financing	12,200	16,612
Net cash (Out flow) from Financing Activities	12,200	16,612
Net increase (decrease) in cash & cash equivalent	639	424,865
Cash and cash equivalents at the beginning of the period	(273,390)	(698,591)
Cash & Cash equivalents at the end of the period	(272,751)	(273,726)

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


Chief Executive


Director

Zeal Pak Cement Factory Limited
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEARLY ENDED DECEMBER 31, 2011


	Half year Ended		Quarter Ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	(Rupees in '000)		(Rupees in '000)	
(Loss) after taxation	(179,019)	(179,242)	(80,559)	(115,546)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	19,956	29,922	(8,934)	20,622
Total Comprehensive Income / (Loss)	(159,063)	(149,320)	(89,493)	(94,924)

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

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEARLY ENDED DECEMBER 31, 2011

	Share Capital	Capital Reserve	Accumulated Loss	Total
Balance as on July 1, 2010	4,278,385	10,904	(5,189,230)	(899,941)
Total comprehensive loss for the half year ended December 31, 2010	--	--	(149,320)	(149,320)
Balance as on December 31, 2010	4,278,385	10,904	(5,338,550)	(1,049,261)
Balance as on July 1, 2011	4,278,385	10,904	(5,628,471)	(1,339,181)
Total Comprehensive loss for the half year ended December 31, 2011	--	--	(159,063)	(159,063)
Balance as on December 31, 2011	4,278,385	10,904	(5,787,533)	(1,498,244)

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


Chief Executive


Director

Zeal Pak Cement Factory Limited
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEARLY ENDED DECEMBER 31, 2011

1. COMPANY AND ITS OPERATIONS

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.

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

2. BASIS OF PRESENTATION

This interim condensed financial information is un-audited and have been prepared in accordance with the requirements of International Accounting Standards, (IAS) 34 "Interim Financial Reporting". This interim condensed financial information is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed financial statements are the same as were applied in preparation of the last annual published financial statements of the company, except amendments in the International Accounting Standard 1 (Revised)' which became for the financial periods beginning on or after 1 January 2009. The application of this standard has resulted in certain increased disclosures including the statement of other comprehensive income which has been reflected in the Company's condensed interim financial information.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of this interim condensed financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use of judgment that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumption and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at end for the year ended June 30, 2010.

- 4.2 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at end for the year ended June 30, 2010.

5. GOING CONCERN ASSUMPTION

The Company has accumulated loss of Rs. 5,787.533 million (June 30, 2011 Rs. 5,628.470 million) and net loss for the half year ended December 31, 2011 of Rs. 179.019 million. The current liabilities of the company exceed its current assets by Rs.1,699.624 million as at the balance sheet date. These factors raise doubts about the company being a

concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of business. However, any adjustments relating to the recoverability of recorded assets and liabilities have not been incorporated in these accounts as the management is confident to obtain continue support from its sponsoring directors and lenders and improvement in the quality of its products to help them achieve better results in future.

	Un-audited December 31, 2011	Audited June 30, 2011
6. ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL	(Rupees in '000)	
2,400,000 (2011: 2,400,000) Ordinary Shares of Rs. 10/- each fully paid in cash	24,000	24,000
1,956,000 (2011: 1,956,000) Ordinary Shares of Rs. 10/- each issued as fully paid bonus shares	19,560	19,560
4,356,000 (2011: 4,356,000) Ordinary shares of Rs. 10/- each fully paid in cash	43,560	43,560
161,288,000 (2011: 161,288,000) Ordinary shares of Rs. 10/- paid in cash issued at discount of Rs. 6/- per share	1,612,880	1,612,880
5,242,608 (2011:5,242,608) Ordinary shares of Rs. 10/- issued to PSCIL on merger	52,426	52,426
226,340,000 (2011:226,340,000) Ordinary shares of Rs. 10/- Issued to RCPL on merger	2,263,400	2,263,400
26,255,918 (2011: 26,255,918) Ordinary shares of Rs. 10/- issued to ZPIL on merger	262,559	262,559
<u>427,838,526</u>	<u>4,278,385</u>	<u>4,278,385</u>

The Corporate formalities in respect of issue of shares in the name of RCPL, PSCIL and ZPIL were yet to be completed and the share were not transferred to the shareholders of RCPL, PSCIL and ZPIL on December, 31 2011

7. CONTINGENCIES AND COMMITMENTS

There is no significant change in the status of contingencies and commitments and they are same as disclosed in the last published annual financial statements for the year ended June 30, 2011.

	Un-audited December 31, 2011	Audited June 30, 2011
8. PROPERTY, PLANT AND EQUIPMENT	(Rupees in '000)	
Opening written down value	1,671,040	1,772,058
Less: Depreciation charged for the period	<u>45,281</u>	<u>101,018</u>
	1,625,759	1,671,040
Capital Work in Progress	<u>44,183</u>	<u>36,501</u>
	<u>1,669,942</u>	<u>1,707,541</u>

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.

	Un-audited December 31, 2011 (Rupees in '000)	Audited June 30, 2011
9. STORES, SPARES & LOOSE TOOLS		
Stores	93,840	95,172
Spare	109,266	109,224
Loose Tools	702	697
	<u>203,808</u>	<u>205,093</u>
Less: Provision for slow moving stores and spares	(66,350)	(66,350)
	<u><u>137,458</u></u>	<u><u>138,743</u></u>

10. STOCK IN TRADE		
Raw and packing material	162,102	163,942
Wrok-in-process	10,750	15,032
Finished goods	1,480	8,674
	<u>174,333</u>	<u>187,648</u>
Less: Provision for obsolete stock	140,710	140,710
	<u><u>33,623</u></u>	<u><u>46,938</u></u>

	Half Year Ended		Quarter ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	(Rupees in '000)		(Rupees in '000)	
11. COST OF SALES				
Raw & Packing Material Consumed	32,584	38,589	14,663	27,500
Stores and spare parts consumed	2,273	5,342	1,023	3,385
Fuel & Power	10,280	78,043	4,626	57,953
Salaries, wages & benefits	5,525	16,463	2,486	7,719
Repair and Maintenance	203	1,306	91	677
Rent, rates & taxes	240	196	108	-
Depreciation	11,290	50,251	5,080	25,388
Other expenses	1,240	5,878	558	2,844
	<u>63,634</u>	<u>196,068</u>	<u>28,635</u>	<u>125,466</u>
Add / (Less) Inventory Adjustment	4,727	(3,991)	2,127	(344)
Cost of Sales	<u><u>68,360</u></u>	<u><u>192,077</u></u>	<u><u>30,762</u></u>	<u><u>125,122</u></u>
12. (Loss) Per Share (Rs.) - Basic				
Loss after taxation	(179,019)	(179,242)	(80,559)	(115,546)
	Number of Share		Number of Share	
Weighted average number of ordinary shares	<u><u>427,838,526</u></u>	<u><u>427,838,526</u></u>	<u><u>427,838,525</u></u>	<u><u>427,838,525</u></u>
Loss per share - basic	<u><u>(0.42)</u></u>	<u><u>(0.40)</u></u>	<u><u>(0.19)</u></u>	<u><u>(0.26)</u></u>

13. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise holding company, associated undertakings, directors and key management personnel. Transactions 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:


	December 31, 2011	December 31, 2010
	(Rupees in '000)	
Expenses paid by related parties		
Sardar Muhammad Ashraf D. Baluch (Pvt) Ltd.	-	8,150
Fund received from related parties		
Sardar Muhammad Ashraf D. Baluch (Pvt) Ltd.	6,787	442,219
Expense incurred for related parties		
Sardar Muhammad Ashraf D. Baluch (Pvt) Ltd.	20,727	-

14. DATE OF AUTHORIZATION

The interim condensed financial statements are authorized for issue on February 29, 2012 by the Board of directors of the company.

15. GENERAL

15.1 Figures have been rounded off to the nearest thousand rupee.


Chief Executive


Director