BESTWAY CEMENT LIMITED

Director's Report

The Board of Directors take pleasure in presenting their report together with the Company's Financial Statements for the year ended 30 June 2013 and the Auditors' Report thereon.

Overview of the Economy

The country recorded a modest GDP growth of 3.6% for the fiscal year ended 30 June 2013 which is a slight improvement over growth of 2.4% for the year before. While inflation and interest rates gradually declined during the year, deepening power crisis and poor law and order situation remained major obstacles in economic growth. General sentiment in the economy also remained uncertain due to national elections which took place in May 2013. Going forward, smooth transition of power to the newly elected democratic government should bode well for the country and provide some certainty and direction to the economy.

Industry Overview

During the year under review, despatches of cement by the industry increased by a modest 2.4% to 33.3 million tonnes. Despatches in the domestic market increased by 4% due to increasing construction activity. However, exports, predominantly exports by sea, contracted by 2.2% due to slow demand and competitive prices in some foreign markets.

Merger of Mustehkam Cement Limited into Bestway Cement Limited

The scheme of amalgamation of Mustehkam Cement Limited into Bestway Cement Limited was approved by the shareholders in the Extraordinary General Meeting of the Company held on 6 May 2013. Both companies have been in the business of manufacture and sale of cement and were under common management.

The Scheme was sanctioned by the Honourable High Court of Islamabad on 30 September 2013 and submitted to the Registrar SECP on 14 October 2013 ("Effective Date"). As a consequence, the Company is to issue 0.66 ordinary shares of Rs. 10 each to the shareholders of Mustehkam Cement Limited (other than the Company) within ninety days of the Effective Date.

The Appointed Date for the Scheme is 31 December 2012. As the result, separate financial statements for Mustehkam Cement Limited were no longer required from 1 January 2013. The Company's financial statements for the year ended 30 June 2013 therefore comprise of full year for Bestway and six months for Farooqia Plant (formerly Mustehkam Cement Limited).

The merger is expected to result in higher operational efficiency and economies of scale.

Production and Sales

	2013 Tonnes Merged*	2012 Tonnes	Increase Tonnes	Percentage Increase
Clinker production	3,708,894	2,909,257	799,637	27.49%
Cement production	3,985,429	3,280,503	704,926	21.49%
Cement sales	3,976,740	3,269,587	707,153	21.63%

**Figures for the 2013 comprise of full year for Bestway and six months for Farooqia Plant (formerly Mustehkam Cement Limited).*

Overall, it was another highly competitive year for cement producers. Your Company was able to maintain its market share in the north zone at around 17% and retained its position as one of the largest cement producers in the country. Despite depressed international market, Bestway Cement continued to be one of the largest exporters of cement to Afghanistan and India. Whilst the overall exports of the industry declined, Bestway Cement registered an increase of 12% in its export volumes.

Operating Highlights

The Company recorded sales of Rs. 29.8 billion compared to Rs. 22.9 billion during the preceding year, which is an increase of 30.2%. Net turnover amounted to Rs. 24.1 billion compared to Rs. 17.8 billion for the preceding year. This increase of 35.3% was mainly due to addition of Farooqia plant in Company's capacity pursuant to merger of Mustehkam Cement Limited into Bestway Cement Limited. The increase in turnover is also attributable to increase in domestic demand and better retention prices during the year.

Gross Profit swell to Rs. 9.9 billion from Rs. 5.7 billion last year. This increase was due to addition of Farooqia plant, higher turnover and lower cost of production.

During the year under review, Bestway managed to reduce its financial charges to Rs. 1.0 billion from Rs. 1.9 billion as compared to last year. This decrease of 47% resulted from healthy cash flows and reduced mark up rates during the year.

Profit before taxation for the year ended 30 June 2013 stood at Rs. 8.7 billion as compared to Rs. 4.5 billion for the previous year. Profit after taxation for the year amounted to Rs. 6.3 billion as compared to Rs. 3.6 billion for the year ended 30 June 2012.

Your Company is among the largest tax payers in the country. During the year under review Bestway Cement contributed more than Rs. 4.6 billion on account of sales tax and excise duty and Rs. 311 million on account of income tax. In addition, your Company pays large amounts on account of various indirect taxes to Federal, provincial and local governments.

Earnings per share of the Company for the year ended 30 June 2013 stood at Rs. 10.86 as against restated EPS of Rs. 6.18 for the year ended 30 June 2012.

Balance Sheet

Your Company continued to discharge its repayment obligations on all types of loans on a timely basis. The Company's total borrowings as at 30 June 2013 stood at Rs. 7.4 billion compared to Rs. 11.2 billion for the same period last year.

The capital and reserves of your Company grew to Rs. 24 billion as compared to Rs. 18.5 billion for the year ended 30 June 2012.

Net current assets on 30 June 2013 stood at Rs. 1.2 billion as against net current liabilities of Rs. 2.9 billion on 30 June 2012.

Other Investments

Your Company's investment in United Bank Limited continues to be highly profitable for the Company. The Bank's profit before tax for the year ended 31 December 2012 stood at Rs. 28.4 billion as against Rs. 23.6 billion for the corresponding period last year which represents an increase of 20.2%.

We are delighted to inform you that the Bank paid out a cash dividend of 85% for the year ended 31 December 2012 thus providing a return of Rs. 890 million on your investment in the Bank as compared to Rs. 796 million for the year ended 31 December 2011.

Appropriation

The Board of Directors feels pleasure in recommending a final dividend of Rs. 2.00 per share. An interim dividend of Rs. 2.00 per share that was declared on 29 April 2013 has already been paid out during the year. The total dividend is to be approved by the shareholders at the Annual General Meeting to be held on 30 November 2013

Plants' performance

Your Company's management follows an elaborate plan of preventative maintenance, which it has adopted right from the beginning. This proactive approach ensures efficient and stable operations with minimum disruptions. Our well-knit team of dedicated managers, engineers, technicians and other members of the management and administrative staff play key role in the successful implementation of this approach.

During the year under review, all our cement plants and the Waste Heat Recovery plant operated satisfactorily.

Quality Assurance

Bestway Cement is a company driven by efficiency and quality consciousness. Strict quality control procedures are applied to ensure that these aims are achieved. Some of the best quality control equipment in Pakistan is in use at the plants. Bestway's laboratories are equipped with state-of-the-art technology including X-ray Fluorescent Analyser and Diffractometer. Bestway Cement introduced this technology in Pakistan for the first time. By virtue of this equipment, the Company has been able to consistently produce better quality cement than is currently available in the country.

Marketing

Bestway is the 2nd largest cement producer in Pakistan. Your Company continues to be among the top brands both in the domestic market and various international markets where it is firmly established as the premium brand. Bestway Cement continues to maintain its position as the largest exporter of cement to Afghanistan and India. Your Company has been able to maintain its status as a market leader due to its consistently superior quality, effective marketing strategy, customer care and sheer dedication of its marketing team.

Your Company is among the few in the country which are certified to export its cement to South Africa, India and Sri Lanka. It has recently acquired EC-Certificate of Conformity also. These certifications enable Bestway to pursue export opportunities in India, South Africa, its neighbouring countries, the European Community and countries where EC certification is required, Sri Lanka and various other regional and international markets.

Training and development

Bestway places great importance on the training, development and education of its personnel. In order to keep its workforce abreast with best operational techniques and practices, technical and general managerial training courses are organised for various departments and categories of personnel. Staff members are also sent on courses, workshops and seminars organised externally by other institutions. The Company actively encourages and assists its employees in pursuit of professional development and career enhancement.

As part of its commitment to skills development and grooming of workforce, Bestway regularly employs freshly qualified graduates, professionals and even unskilled human resource. There are carefully planned training programs in place to ensure that these personnel are equipped with necessary knowledge, hands on experience and confidence to become skilled and productive resource.

At any given time Bestway employs more than 100 trainee engineers, management trainees and apprentices. Trainee engineers undergo intensive training in electrical, mechanical and mining departments while management trainees are inducted in marketing, finance, personnel and administration where they are carefully trained to become effective managers in the future. Apprentices are employed in various technical departments at all the factories. While some of those trainees and apprentices are retained in the Company, others move on to other industries where they successfully build upon the foundation provided to them at Bestway Cement through the training imparted to them for the advancement of their careers and contributing towards the development of the country.

Health, Safety and Environment

Your Company attaches highest priority to the health and safety of its personnel who are an essential and valuable component of its operations. Initiatives including safety meetings, incident reporting, safety audits, good housekeeping and hygiene controls are actively and consistently pursued to instil safe behaviour in all personnel.

Bestway Cement actively pursues protection and up gradation of the environment by ensuring that its plants continue to comply with established environmental quality standards at all times. Our plants not only meet the stringent environmental quality standards prescribed by the Environment Protection Authority of Pakistan, they even surpass the international standards for emissions. Not only does Bestway have a robust environmental control mechanism in place to ensure a cleaner environment, it also conducts a quarterly review of its production facilities through an independent expert.

Your Company always participates in various environment uplift programmes including the Tree Plantation drive each year by planting thousands of plants and trees in our factory areas and surrounding hills in order to contribute our share towards the improvement of environment.

You would be delighted to learn that for the fourth year running your Company has been given the prestigious Environment Excellence Award by the National Forum for Environment and Health.

Social Responsibility

Your Company regards itself as a responsible corporate citizen. Right from the outset, Bestway Cement has taken its social responsibilities, particularly towards the local community, very seriously and takes pride in its active participation in the development and welfare of the under-privileged.

Bestway Foundation, the charitable trust of the Bestway Group to which your Company is a major contributor, was established in the year 1997. It works in close association with Bestway Cement and its main goal is provision of education in rural communities. The Foundation is also certified from the Pakistan Centre for Philanthropy.

Quality education is fundamental to building a strong and vibrant society. This aspect has long been neglected especially in the rural areas where masses are still deprived of good educational facilities. Bearing this in mind the Foundation had embarked upon construction of a brand new college building in a far flung and backward area of Gujar Khan Tehsil to provide free and quality educational facilities to girls who would otherwise have had to go without higher education due to lack of a Girls College in the area. The project was entirely funded by the Foundation and completed and became operational in 2011 with a cost of Rs. 30 million. The college consists of numerous classrooms, laboratories, facilities for extracurricular activities and accommodation for the residence of the faculty members.

In keeping with its philosophy, The Foundation has recently decided to establish a large state-of-the-art school in District Chakwal. The project is at planning stage, suitable land has been identified for it and construction work should commence very soon after necessary planning has been done.

In August 2005, the Foundation had adopted 29 dysfunctional government schools in underprivileged rural areas as a Public-Private Partnership initiative. It spent a huge amount of money on renovating the dilapidated buildings, provision of furniture, science and computer laboratories and necessary teaching aids, hiring of new teaching staff and proper retraining of the few existing teachers. Through tireless work and huge investment those schools have been turned into centres of excellence where more than 4,300 students are educated every year. The Foundation has remained fully committed to the initiative ever since and devotes a vast amount of resources and time annually on ensuring that quality education is imparted from those schools.

The Foundation continues to provide scholarships to nearly 300 talented students throughout the country, a vast majority of whom are medical and engineering students, who for want of sufficient resources are unable to continue their higher studies.
During the year the Foundation also provided financial assistance of more than Rs. 61 million to various educational and health institutions. Some of the beneficiaries of that

assistance include Institue of Business Administration, Ghulam Ishaq Khan Institute, Northern University, Shalimar Hospital, and Special Education and Training Center.

In addition to pursuing its core objective of improving education, Bestway Foundation also provides financial assistance to a large number of widows and indigents of the local community in the shape of monthly stipends.

In the area of basic health, free medical facilities are provided to the local community through dispensaries located at our factory premises. During the year under review alone, more than 18,000 patients benefited from those free dispensaries.

Your Company also contributes generously towards various welfare causes such as flood relief activities and projects of social and communal uplift.

Future Prospects

Power tariffs have continued to escalate unabated and further increases cannot be ruled out. On the other hand coal prices have remained fairly stable and major increase in prices in the near future does not seem likely.

Given the present state of the economy, inflation and interest rates will see an upturn which would increase the Company's cost of of doing business. However government's plan of spending on infrastructure should encourage economic activity in the country thus having some positive impact on cement demand in the domestic market.

Bestway is one of the most efficient and lowest cost producers in the industry. This would enable Bestway to easily absorb a portion of cost pressures. Increasing cement consumption should result in higher prices which will help the Company to maintain healthy margins.

Bestway is firmly established as the leading brand in Afghanistan and India and your Company will seek to expand its share in those markets. Afghanistan continues to generate good demand for Pakistani cement, in particular Bestway. With smoother and increased movement of goods across the Wagah border likely in the future, Indian market holds a lot of promise for your Company.

Your Company is among the few in the country which are certified to export its cement to South Africa, India and Sri Lanka. It recently acquired EC-Certificate of Conformity also. Bestway will continue to pursue export opportunities in regional and international markets in addition to South Africa, its neighbouring countries, Sri Lanka and all such countries where EC certification is applicable.

Like always, your management is cognisant of the challenges that lie ahead and will continue to make all out efforts to ensure further growth and superior returns in the ensuing years.

The Directors are pleased to state that:

- The financial statements prepared by the management of the Company fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been adopted and consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored. The system itself is also subject to continuous review for enhancement wherever and whenever necessary.
- There are no doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- None of the directors, executives, spouses and minor children transacted any shares of the Company during the year under review.
- Key financial data for the last six years is given in subsequent pages.
- Outstanding taxes, duties and charges have been disclosed in the financial statements.
- A statement of the pattern of shareholding in the Company as at 30 June 2013 of certain classes of shareholders whose disclosure is required under the Code of Corporate Governance is in subsequent pages.
- During the year, PICG & ICAP training programs were arranged for four Directors of the Company.
- Attendance by each director in the 11 Board Meetings held during the year was as follows:

	No. of meetings attended
Sir Mohammed Anwar Pervez	04
Zameer Mohammed Choudrey	04
Arshad Mehmood Chaudhary	04
Muhammad Irfan Anwar Sheikh	11
Mazhar Rafi	05
Ghulam Sarwar Malik	11
Mehmood Afzal	11
Syed Asif Shah	06

Leave of absence was granted to Directors who could not attend some of the Board meetings.

- Attendance by each director in the 4 Audit Committee meetings held during the year was as follows:

	No. of meetings attended
Syed Asif Shah	04
Ghulam Sarwar Malik	04
Mehmood Afzal	04

- Attendance by each director in the 3 HR and Remuneration Committee meetings held during the year was as follows:

	No. of meetings attended
Muhammad Irfan Anwar Sheikh	03
Ghulam Sarwar Malik	03
Arshad Mehmood Chaudhary	03

Auditors

The present auditors, Messrs KPMG Taseer Hadi & Co., Chartered Accountants retire at the conclusion of the Meeting and, being eligible, have offered themselves for reappointment. The Audit Committee of the Company having considered the matter recommend the retiring auditors for reappointment.

Acknowledgements

The Directors wish to place on record their appreciation for the continued support, contribution and confidence demonstrated in the Company by its shareholders, members of staff, customers, suppliers, our Bankers particularly, Allied Bank Limited, Habib Bank Limited, MCB Bank Limited, United Bank Limited, Standard Chartered Bank (Pakistan) Limited, Faysal Bank Limited, The Bank of Punjab, Askari Bank Limited, Bank Al-Habib Limited, Soneri Bank Limited, NIB Bank Limited, Meezan Bank Limited, Bank Alfalah Limited, Dubai Islamic Bank Pakistan Limited, Barclays Bank PLC, Pakistan, National Bank of Pakistan, Summit Bank Limited and various Government agencies throughout the year.

For and on behalf of the Board

Chief Executive
08 November 2013
Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

Telephone + 92 (51) 282 3558
+ 92 (51) 282 5956
Fax + 92 (51) 282 2671
Internet www.kpmg.com.pk

AUDITORS' REPORT TO THE MEMBERS OF BESTWAY CEMENT LIMITED

We have audited the annexed balance sheet of Bestway Cement Limited ("the Company") as at 30 June 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion-

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

KPMG Taseer Hadi & Co.

Date: 08 November 2013
Islamabad

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner:
Muhammad Rehan Chughtai

BESTWAY CEMENT LIMITED
BALANCE SHEET
AS AT 30 JUNE 2013

	Note	30 June 2013	30 June 2012	1 July 2011
		....Rupees in thousand....		
			Restated	Restated
SHARE CAPITAL AND RESERVES				
Authorised share capital				
700,000,000 (2012: 700,000,000) ordinary shares of Rs. 10 each		**7,000,000**	7,000,000	7,000,000
Issued, subscribed and paid up share capital	4	**5,793,849**	5,782,020	5,782,020
Share premium		**3,225,770**	3,225,770	3,225,770
Exchange translation reserve		**1,043,087**	898,517	669,838
Cash flow hedge reserve		**(1,097)**	(4,062)	(9,884)
Surplus / (deficit) on revaluation of available for sale investments		**378,473**	(111,923)	(166,440)
Unappropriated profit		**13,514,938**	8,680,896	5,109,961
		23,955,020	18,471,218	14,611,265
NON CURRENT LIABILITIES				
Long term financing - secured	5	**4,815,972**	3,368,611	6,155,833
Liability against assets subject to finance lease - secured	6	-	57,143	109,754
Long term murabaha - secured	7	-	1,705,000	1,765,000
Long term musharaka - secured	8	**200,000**	300,000	300,000
Long term shirkat-ul-melk - secured	9	**100,000**	200,000	-
Deferred liabilities	10	**4,029,599**	1,508,052	806,936
		9,145,571	7,138,806	9,137,523
CURRENT LIABILITIES				
Trade and other payables	11	**4,422,079**	2,125,264	1,630,404
Markup accrued		**68,827**	347,362	195,752
Short term borrowings - secured	12	**952,645**	3,204,103	4,104,960
Current portion of long term financing	5	**1,052,778**	2,292,778	3,530,556
Current portion of liability against assets subject to finance lease	6	**59,061**	54,347	47,802
Current portion of long term murabaha	7	-	60,000	120,000
Current portion of long term musharaka	8	**100,000**	-	-
Current portion of shirkat-ul-melk	9	**100,000**	-	-
		6,755,390	8,083,854	9,629,474
		39,855,981	33,693,878	33,378,262
CONTINGENCIES AND COMMITMENTS	13			

	Note	30 June 2013	30 June 2012	1 July 2011
		....Rupees in thousand....		
			Restated	Restated
NON CURRENT ASSETS				
Property, plant and equipment	14	**23,470,214**	15,803,678	16,433,331
Intangible asset	15	**38,293**	45,068	25,596
Investment property	16	**347,883**	347,883	345,814
Long term investments	17	**7,933,979**	12,242,618	11,378,421
Long term advances	18	**12,009**	16,012	20,015
Long term deposits	19	**90,266**	71,602	71,451
		31,892,644	28,526,861	28,274,628
CURRENT ASSETS				
Stores, spare parts and loose tools	20	**3,510,782**	2,493,464	2,377,548
Stock in trade	21	**2,223,435**	1,302,786	1,190,298
Trade debts - considered good	22	**288,672**	419,490	276,922
Advances	23	**214,043**	131,877	257,774
Deposits and prepayments	24	**64,598**	11,864	31,649
Interest accrued		**140**	39	76
Other receivables		**1,321**	7,478	29,121
Due from Government agencies	25	**1,337,677**	633,390	826,104
Bank balances	26	**322,669**	166,629	114,142
		7,963,337	5,167,017	5,103,634
		39,855,981	33,693,878	33,378,262

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013	2012
		....(Rupees in thousand)....	
			Restated
Turnover - net	27	**24,074,046**	17,788,956
Cost of sales	28	**14,103,717**	12,093,170
Gross profit		**9,970,329**	5,695,786
Administrative expenses	29	**595,465**	260,505
Distribution cost	30	**797,798**	283,278
Other expenses		**378,397**	161,805
Finance cost	31	**1,009,128**	1,915,904
Other income	32	**(55,370)**	(63,989)
		2,725,418	2,557,503
Share of profit in associated company		**1,436,217**	1,363,170
Profit before taxation		**8,681,128**	4,501,453
Taxation	33	**(2,392,857)**	(930,518)
Profit for the year		**6,288,271**	3,570,935
		....(Rupees)....	
Earnings per share - basic and diluted - restated	37	**10.86**	6.18

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	....(Rupees in thousand)...	
		Restated
Profit for the year	**6,288,271**	3,570,935
Exchange translation reserve	**144,570**	228,679
Surplus on revaluation of available for sale investment	**544,884**	60,575
Related deferred tax liability on surplus on revaluation of available for sale investment	**(54,488)**	(6,058)
Gain on cash flow hedge reserve	**3,295**	6,469
Related deferred tax liability on cash flow hedge reserve	**(330)**	(647)
Other comprehensive income for the year - Net of tax	**637,931**	289,018
Total comprehensive income for the year	**6,926,202**	3,859,953

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013	2012
		....(Rupees in thousand)....	
			Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		8,681,128	4,501,453
Adjustments for:			
Gain on disposal of operating fixed assets		(4,868)	(8,891)
Depreciation		873,954	720,449
Amortization		6,775	3,839
Rental income from investment property		(19,267)	(23,804)
Profit on deposit accounts		(20,268)	(11,686)
Gain on remeasurement of investment property to fair value		-	(2,069)
Share of profit in associated company		(1,436,217)	(1,363,170)
Finance cost		1,009,128	1,915,904
Provision for staff retirement benefits		35,433	45,586
		444,670	1,276,158
		9,125,798	5,777,611
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(177,931)	22,845
Stock in trade		(506,089)	(112,488)
Trade debts		170,110	(142,568)
Advances		(23,006)	125,897
Deposits and prepayments		(48,521)	19,785
Other receivables		6,157	21,643
Due from Government agencies		(105,470)	(122,443)
Increase in current liabilities			
Trade and other payables		822,015	499,664
		137,265	312,335
Cash generated from operations		9,263,063	6,089,946
Finance cost paid		(1,341,497)	(1,764,294)
Staff retirement benefits paid		(14,596)	(16,841)
Income tax (paid) / refunded during the year		(310,976)	50,306
		(1,667,069)	(1,730,829)
Net cash generated from operating activities		7,595,994	4,359,117
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in operating fixed assets		(287,757)	(217,042)
Additions in capital work in progress		(166,982)	(44,867)
Proceeds from sale of operating fixed assets		10,510	17,933
Rent received from investment property		23,548	18,998
Decrease in long term advances		4,003	4,003
Profit on deposit accounts received		20,167	11,722
Addition to long term deposits		(239)	(151)
Dividend received		889,673	796,023
Additions in long term investments		(4,426)	(1,326)
Net cash generated from investing activities		488,497	585,293
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - disbursements		1,910,000	300,000
- repayments		(4,552,639)	(4,325,000)
Long term shirkat-ul-melk - disbursements		-	200,000
Liability against asset subject to finance lease - repayments		(52,429)	(46,066)
Long term murabaha - repayments		(1,765,000)	(120,000)
Dividend paid		(880,038)	-
Decrease in short term borrowings		(2,944,767)	(172,315)
Net cash used in financing activities		(8,284,873)	(4,163,381)
Net (decrease)/increase in cash and cash equivalents		(200,382)	781,029
Cash and cash equivalents at beginning of the year		(538,707)	(1,319,736)
Cash and cash equivalents transferred from MCL under Scheme of amalgamation		109,113	-
Cash and cash equivalents at end of the year	38	(629,976)	(538,707)

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

			Capital Reserves			Revenue reserve	
	Issued, subscribed and paid up share capital	Share premium	Exchange translation reserve	Cash flow hedge reserve (net of tax)	Surplus / (deficit) on revaluation of available for sale investment (net of tax)	Unappropriated profit	Total
			............(Rupees in thousand)..........				
Balance at 30 June 2011 - as previously reported	5,782,020	3,225,770	-	-	-	1,964,379	10,972,169
Effect of retrospective change to equity accounting for investment in associate (Note 17.1.2)	-	-	669,838	(9,884)	(166,440)	3,145,582	3,639,096
Balance at 30 June 2011 - restated	5,782,020	3,225,770	669,838	(9,884)	(166,440)	5,109,961	14,611,265
Balance at 01 July 2011 - restated	**5,782,020**	**3,225,770**	**669,838**	**(9,884)**	**(166,440)**	**5,109,961**	**14,611,265**
Total comprehensive income for the year							
Other comprehensive income for the year - restated	-	-	228,679	5,822	54,517	-	289,018
Profit for the year - restated	-	-	-	-	-	3,570,935	3,570,935
Total comprehensive income for the year - restated	-	-	228,679	5,822	54,517	3,570,935	3,859,953
Balance at 30 June 2012 - restated	**5,782,020**	**3,225,770**	**898,517**	**(4,062)**	**(111,923)**	**8,680,896**	**18,471,218**
Balance at 30 June 2012 - as previously reported	5,782,020	3,225,770	-	-	-	5,024,881	14,032,671
Effect of retrospective change to equity accounting for Investment in associate in (Note 17.1.2)	-	-	898,517	(4,062)	(111,923)	3,656,015	4,438,547
Balance at 30 June 2012 - restated	5,782,020	3,225,770	898,517	(4,062)	(111,923)	8,680,896	18,471,218
Balance at 1 July 2012 - restated	5,782,020	3,225,770	898,517	(4,062)	(111,923)	8,680,896	18,471,218
Total comprehensive income for the year							
Other comprehensive income for the year	-	-	144,570	2,965	490,396	-	637,931
Profit for the year	-	-	-	-	-	6,288,271	6,288,271
Total comprehensive income for the year	-	-	144,570	2,965	490,396	6,288,271	6,926,202
Transactions with owners, recorded directly into equity							
Amount recognized pursuant to Scheme of amalgamation (Note 1.1.1)	-	-	-	-	-	(297,825)	(297,825)
Allocated shares pursuant to Scheme of amalgamation (Note 1.1)	11,829	-	-	-	-	-	11,829
Dividend - Interim @ Rs. 2 per share	-	-	-	-	-	(1,156,404)	(1,156,404)
Balance at 30 June 2013	5,793,849	3,225,770	1,043,087	(1,097)	378,473	13,514,938	23,955,020

The annexed notes from 1 to 40 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1. THE COMPANY AND ITS OPERATIONS

Bestway Cement Limited ("the Company") is a public company incorporated in Pakistan on December 22, 1993 under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange (Guarantee) Limited since April 9, 2001. The Company is principally engaged in production and sale of cement. The Company's registered office is situated at Bestway Building, 19-A, College Road F-7 Markaz, Islamabad.

1.1 Amalgamation of Mustehkam Cement Limited with the Company

Mustehkam Cement Limited ("MCL") was incorporated as a public listed company for the production and sale of cement.

MCL was the subsidiary of the Company by virtue of its 98.58% shareholding at 31 December 2012. Shareholders of the Company in their Extra Ordinary General Meeting dated 06 May 2013 approved the proposed Scheme of amalgamation (the Scheme) of MCL with the Company. The Scheme was sanctioned by the Honourable High Court of Islamabad and submitted to the registrar on 14 October 2013 ("Effective Date"). The Appointed Date for the Scheme is 31 December 2012. Pursuant to the Scheme, the Company is to issue the shares to the shareholders of MCL (other than the Company) within ninety days from the Effective Date.

The Scheme envisages the amalgamation by:

a) Issue of 0.66 ordinary shares Rs. 10 each of the Company for each share of MCL to the shareholders of MCL (other than the Company) in consideration of vesting of MCL in the Company.
b) Deemed transfer of all assets and liabilities of MCL to the Company at their respective book values, as disclosed in the financial statements of MCL as of the Appointed Date i.e., 31 December 2012 and attached with the Scheme.

The amalgamation and the transfer to and vesting of MCL in the Company is deemed to have been so transferred and vested in the Company under this Scheme from the Appointed Date. Consequently, the financial results of MCL have been amalgamated with the Company from the Appointed Date. Accordingly, the assets and liabilities and items of profit and loss of MCL have been included in these financial statements from 31 December 2012 and therefore the comparative figures of balance sheet, profit and loss, statement of comprehensive income and statement of changes in equity relates to the Company only.

1.1.1 Details of the assets and liabilities transferred by MCL and used for amalgamation, on the basis of their respective book values on the Appointed Date are presented below:

	31 December 2012 Rupees in thousand
NON CURRENT ASSETS	
Property, plant and equipment	7,907,715
Long term deposits	18,425
Total non-current assets	7,926,140
CURRENT ASSETS	
Stores, spare parts and loose tools	825,011
Stock in trade	414,560
Trade debts	39,292
Advances	59,160
Deposits and prepayments	4,213
Due from Government of Pakistan	560,900
Cash and bank balances	147,779
Total current assets	2,050,915
TOTAL ASSETS	9,977,055

NON CURRENT LIABILITIES	31 December 2012
	Rupees in thousand
Long term financing - secured	2,550,000
Deferred liabilities	326,094
Total non-current liabilities	2,876,094
CURRENT LIABILITIES	
Trade and other payables	996,099
Markup payable	53,834
Short term borrowings - secured	484,666
Current portion of long term financing	300,000
Total current liabilities	1,834,599
TOTAL LIABILITIES	4,710,693
NET ASSETS	**5,266,362**

Amount recorded in retained earnings is made up as follows:

Cost of investment in MCL	5,552,358
Allocated shares / share capital to be issued on amalgamat	11,829
	5,564,187
Net assets of MCL as at 31 December 2012	(5,266,362)
Amount recognised in reserves	**297,825**

1.1.2 Breakup of amounts recorded in profit and loss account in respect of the Company and Mustehkam Cement Limited are as follows:

	BCL operations (01 July 2012 - 30 June 2013)	Operations of MCL amalgamated (01 January 2013 - 30 June 2013)	Total (01 July 2012 - 30 June 2013)
	Rupees in thousand	Rupees in thousand	Rupees in thousand
Gross turnover	26,153,471	3,656,573	29,810,044
Less: Government levies			
Sales tax	(2,968,289)	(391,222)	(3,359,511)
Excise duty	(1,123,956)	(139,871)	(1,263,827)
Less: Rebates and discounts	(941,535)	(171,125)	(1,112,660)
Turnover - Net	21,119,691	2,954,355	24,074,046
Cost of sales	12,388,566	1,715,151	14,103,717
Gross profit	8,731,125	1,239,204	9,970,329
Administrative expenses	589,318	6,147	595,465
Distribution cost	794,773	3,025	797,798
Other expenses	325,927	52,470	378,397
Finance cost	846,793	162,335	1,009,128
Other operating income	(51,705)	(3,665)	(55,370)
Share of profit in associated company	1,436,217	-	1,436,217
Profit before taxation	7,662,236	1,018,892	8,681,128
Taxation	2,078,001	314,856	2,392,857
Profit for the year	**5,584,235**	**704,036**	**6,288,271**

1.1.3 Intercompany transactions from 01 January 2013 to 30 June 2013 have been eliminated.

1.1.4 For restatement pursuant to Scheme of amalgamation, refer Note 17.1.2.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standard Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following:

- investment property and certain investments have been measured at fair value; and

- liability related to staff retirement benefit are measured at values determined through actuarial valuation.

2.3 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupees (PKR), which is the Company's functional and presentation currency. Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information's about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is discussed in the ensuing paragraphs :

2.4.1 Property, plant and equipment

The Company reviews the useful lives and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment loss.

2.4.2 Provision for inventory obsolescence and doubtful receivables

The Company reviews the carrying amount of stores, spare parts and loose tools and stock in trade on a regular basis. Provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spare parts and loose tools, further carrying amount of stock in trade is adjusted where the net realisable value is below the cost. Further the carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realizability of these receivables, appropriate amount of provision is made.

2.4.3 Taxation

The Company takes into account the current income tax law and decisions taken by the taxation authorities. Instances where the Company's views differ from the views taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

The Company also regularly reviews the trend of proportion of incomes between Presumptive Tax Regime income and Normal Tax Regime income and the change in proportions, if significant, is accounted for in the year of change.

2.4.4 Provision of staff retirement gratuity

The Company adopts certain actuarial assumptions as disclosed in note 10.2 to these financial statements for determination of present value of defined benefit obligations. Any change in these assumptions in future years might affect unrecognized gains and losses in those years.

2.4.5 Provisions and contingencies

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

2.4.6 Impairment of financial assets

In making an estimates of future cash flows from the Company's financial assets including investment in associate, the management considers estimated future cash flows and its ultimate net disposal value.

2.4.7 Fair value of investment property

The Company regularly reviews the fair value of investment property, the estimate of fair values are directly linked to market value conditions. Any change in estimate will effect the carrying value of investment property with corresponding impact on profit and loss account.

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2013:

IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy is to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial losses amounting to Rs. 24 million at 30 June 2013 would need to be recognized in other comprehensive income.

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

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

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on financial statements of the Company.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendments have no impact on financial statements of the Company.

Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations. The amendments have no impact on financial statements of the Company.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position. The amendments have no impact on financial statements of the Company.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendments have no impact on financial statements of the Company.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12. The amendments have no impact on financial statements of the Company.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The amendments have no impact on financial statements of the Company.

The amendments in IAS 16 would result in reclassification of certain plant specific spares as property, plant and equipment when the amended standard becomes applicable. The amendments have no impact on financial statements of the Company.

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

- IFRIC 21 - Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The amendments have no impact on financial statements of the Company.

- IAS 39 - Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments have no impact on financial statements of the Company.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments have no impact on financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Employees' Benefits

Gratuity - Defined benefit plan

The Company maintains an unfunded gratuity scheme for all its eligible employees. Annual provision for gratuity is made on the basis of actuarial valuation carried out by using the Projected Unit Credit Method. Latest valuation was conducted as at 30 June 2013.

The amount recognised in the balance sheet represents the present value of defined benefits as adjusted for unrecognized actuarial gains and losses. The Company uses the corridor approach as defined in IAS 19 " Employee Benefits" for recognition of actuarial gains or losses. The actuarial gains / losses in excess of corridor limit (10% of higher of present value of obligation and fair value of plan assets) are recognized over the expected remaining working life of its employees.

Compensated absences

The Company recognises provision for compensated absences on an undiscounted basis and are expensed as the related services is provided. A liability is recognized for the amount expected to be paid under compensated absences if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. The compensated absences are payable to employees at the time of retirement / termination of service. The provision is determined on the basis of last drawn salary and accumulated leaves balance at the reporting date.

3.2 Taxation

Income tax expense comprises current and deferred tax. Income tax is recognized in profit and loss account except to the extent that it relates to items recognized directly in comprehensive income or equity, in which case it is recognized in comprehensive income or equity.

Current

The Company accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates, if any, and any adjustment to tax payable in respect of previous year in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is recognized using the balance sheet liability method, providing for temporary difference between the carrying value of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authorities on the same taxable entity, but the Company intends to settle current tax liabilities and assets on a net basis or the tax assets and liabilities will be realised and settled simultaneously.

The effects on deferred taxation of the portion of income expected to fall under presumptive tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax is charged or credited to income.

3.3 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting the expected future cash flows at a pre tax discount rate that reflects current market assessment of time value of money and risk specific to the liability. The unwinding of discount is recognized as finance cost.

3.4 Borrowing cost

Markup, interest and other charges on borrowings are capitalized up to the date when the qualifying assets are substantially ready for their intended use. Borrowing cost is included in the related property, plant and equipment acquired/ constructed out of the proceeds of such borrowings. All other markup, interest and related charges are charged to the profit and loss account in the period in which they are incurred.

3.5 Property, plant and equipment

Tangible assets

Owned

These are measured at cost, which includes purchase price, import duties, directly attributable costs and related borrowing costs less accumulated depreciation and impairment loss, if any. Freehold land and capital work in progress are stated at cost less impairment loss, if any.

Normal repairs and maintenance are charged to the profit and loss account as and when incurred whereas major improvements and modifications are capitalized.

Depreciation is charged to income applying the reducing balance method except leasehold land, buildings and plant and machinery. Buildings and plant and machinery are depreciated on straight line method. Leasehold land is amortized over the remaining period of the lease. Rates of depreciation / estimated useful lives are mentioned in note 14.1.

Depreciation is charged on prorated basis from the month in which an asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off. Days in excess of fifteen days are considered as full month for the purpose of calculation of depreciation.

Gains and losses on disposals of property, plant and equipment are taken to the profit and loss account.

Leased

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Assets acquired by way of finance lease are stated at amounts equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease less accumulated depreciation and impairment losses, if any. Outstanding obligations under the lease less finance charges allocated to the future periods are shown as liability. Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Company.

3.6 Intangible assets

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably. These are stated at cost less accumulated amortization and impairment losses, if any.

Amortization of intangible assets, having finite useful life, is charged by applying straight line method over their estimated useful lives, so as to write off the cost of assets at amortization rate as mentioned in note 15 to the financial statements.

Subsequent expenditure is capitalised only when it increases the future economic benefit embodied in the specific asset to which it relates. All other expenditure is recognised in profit and loss account as incurred.

3.7 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services or for administration purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Investment property is stated at its fair value at the balance sheet date. Gain or losses, arising from the change in the fair value of investment property are recognized in profit or loss for the period in which they arise.

3.8 Impairment

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss account.

Impairment loss recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy.

All individually significant assets are assessed for specific impairment. All individually significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit and loss account.

3.9 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. All monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rate of exchange ruling on the balance sheet date and exchange differences, if any, are charged to income for the year.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Pak Rupees at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Pak Rupees at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When a foreign operation is disposed off in its entirety or partially such that control, significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.10 Investments

Investments in subsidiary and associated company

Subsidiary is that enterprise in which the Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and / or appoint more than 50% of its directors. Investments in subsidiary is stated at cost and the carrying amount is adjusted for impairment, if any.

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.
Investment in associates is accounted for under the equity method and are recognised initially at cost. The cost of the investment includes transaction costs. The financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, from the date that significant influence commences until the date that significant influence ceases.
When the Company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The Company has an associate which is a banking company engaged in commercial banking and related services. The applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment properties has been deferred for banking companies by the State Bank of Pakistan whereas IAS 39 and IAS 40 are applicable to the the Company. Accordingly, equity accounting of the associate is based on financial statements prepared under accounting framework applicable to banking companies in Pakistan and financial impact of this difference in applicable accounting framework on financial statements could not be determined due to lack of relevant information, except that surplus / deficit on revaluation of available for sale investments of the associate has been aligned to the the Company accounting policy.

3.11 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at weighted average cost and net realisable value except for items in transit which are stated at cost incurred upto the balance sheet date less impairment, if any.

For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.

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

3.12 Stock in trade

Stocks of raw materials, work in process and finished goods are valued at the lower of weighted average cost and net realisable value. Cost of work in process and finished goods comprises of direct materials, labour and appropriate manufacturing overheads. Net realisable value signifies estimated selling price less estimated cost of completion and estimated cost to sell.

3.13 Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risk and rewards of ownership have been transferred to the customers, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of transfer of risk and rewards varies depending on the individuals terms of the sale agreements. For some international shipments transfer occurs on the loading of goods onto the relevant carrier at the port.

Return on deposit is accounted for on a time proportion basis. Dividend income is recognized when the right to receive such income is established. Rental income on investment property is recognized when due.

3.14 Markup bearing borrowings

Markup bearing borrowings are recognized initially at cost representing the fair value of consideration received less attributable transaction costs. Subsequent to initial recognition, markup bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the profit and loss account over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset as explained in note 3.4.

3.15 Financial instruments

Financial assets and liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of an instrument. Financial assets are derecognised when the Company looses control of the contractual rights that comprise the financial asset. The Company de-recognizes the financial assets and liabilities when it ceases to be a party to such contractual provision of the instruments. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

Trade and other payables

Liabilities for trade and other payables are initially recognised at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost.

Trade debts and other receivables

Trade debts and other receivables are initially recognised at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using effective interest method, less any impairment losses. Known bad debts are written off, when identified.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to setoff the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

3.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balance, short term running finance facilities, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change.

3.17 Dividend

Dividend distribution to the shareholders is recognised as liability in the period in which it is declared.

3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

3.19 Business combination:

Common control transactions are accounted for as business combination under common control at carrying amounts in the financial statements.

4. Issued, subscribed and paid up share capital

2013	2012		2013	2012
Number of shares			**....(Rupees in thousand)....**	
514,163,552	514,163,552	Ordinary shares of Rs.10 each issued for cash	**5,141,636**	5,141,636
64,038,422	64,038,422	Ordinary shares of Rs. 10 each issued as fully paid bonus share	**640,384**	640,384
1,182,944	-	Allocated ordinary shares of Rs. 10 each pursuant to Scheme of amalgamation (note 4.2)	**11,829**	-
579,384,918	578,201,974	**Total**	**5,793,849**	5,782,020

4.1 Bestway (Holdings) Limited, U.K. is the parent company controlling 319,885,740 i.e. 55.32% shares (2012: 319,885,740 i.e. 55.32% shares) of the Company and 41,470,129 are held by nominee directors.

4.2 These shares are deemed issued to the shareholders of MCL (other than the Company) pursuance to the Scheme of amalgamation.

	Note	2013	2012
5. Long term financing - secured		**....(Rupees in thousand)....**	
Loans from banking companies	5.1	**3,943,750**	2,468,056
Syndicate term finance facilities	5.2	**1,925,000**	3,193,333
		5,868,750	5,661,389
Current portion of long term financing		**(1,052,778)**	(2,292,778)
		4,815,972	3,368,611

5.1 Loans from banking companies	Note	2013	2012
Term Finance from MCB Bank Limited		-	412,500
Term Finance from Allied Bank Limited	5.1.1	**333,333**	555,556
Term Finance from Habib Bank Limited	5.1.2	**300,000**	1,200,000
Term Finance from Habib Bank Limited	5.1.3	**1,591,667**	-
Term Finance from Soneri Bank Limited	5.1.4	**300,000**	300,000
Term Finance from Faysal Bank Limited	5.1.5	**500,000**	-
Term Finance from Soneri Bank Limited	5.1.6	**262,500**	-
Term Finance from Allied Bank Limited	5.1.7	**656,250**	-
		3,943,750	2,468,056

5.2 Syndicate term finance facilities	Note	2013	2012
Term finance from syndicate		-	266,667
Term finance from syndicate		-	1,560,000
Term finance from syndicate	5.2.1	**1,025,000**	1,366,667
Term finance from syndicate	5.2.2	**900,000**	-
		1,925,000	3,193,334

5.1.1 This represents term finance facility of Rs. 1,000 million. This facility is repayable in 09 equal semi annual installments started from June 2011. Markup is payable on semi annual basis at the rate of six months' KIBOR plus 1.00% (2012: six months' KIBOR plus 1.50%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and buildings of the Company for an amount of Rs. 1,333.34 million (2012: Rs. 1,333.34 million). The Company has prepaid principal installment falling due in December, 2013.

5.1.2 This represents term finance facility of Rs. 3,000 million. This facility is repayable in 10 equal semi annual installments started from December 2009. Markup is payable on quarterly basis at the rate of three months' KIBOR plus 1.00% (2012: three months' KIBOR plus 1.25%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future current and movable assets of the Company and equitable mortgage ranking pari passu charge over the immovable assets of the Company including land and buildings for an amount of Rs. 1,600 million (2012: Rs. 3,200 million). The Company has prepaid principal installment falling due in December, 2013.

5.1.3 This represents the utilized portion of demand finance facility of Rs. 2,000 million. This facility is repayable in 06 equal semi annual installments after a period of 18 months from the date of first disbursement. Mark is payable on quarterly basis at the rate of three month's KIBOR plus 1.00% (2012: Nil) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company (with 25% margin), equitable mortgage ranking pari passu over the immovable fixed assets of the Company including land and buildings for an amount of Rs. 2,666.67 million (2012: Rs. 2,666.67 million). The Company has availed Rs. 1,910 million during the year and prepaid principal installment falling due on January, 2014.

5.1.4 This represents term finance facility of Rs. 300 million. This facility is repayable in 08 equal semi annual installments starting from December 2014. Markup is payable on semi annual basis at the rate of six months' KIBOR plus 1.00% (2012: six months' KIBOR plus 1.25%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company including land and building for an amount of Rs. 400 million (2012: Rs. 400 million).

5.1.5 This represents term finance facility of Rs. 800 million and transferred to the Company under the Scheme of amalgamation. This facility is repayable in 06 equal semi annual installments starting from June 2014. Mark up is payable on semi annual basis at the rate of six months' KIBOR plus 1.00% (2012: six months' KIBOR plus 2.00%) per annum. The facility is secured by first pari passu hypothecation and mortgage charge (with 25% margin) on all present and future current and fixed assets including land and buildings of the Company amounting to Rs. 800 million (2012: Rs. 1,067 million). The principal installments of Rs. 300 million falling due in 2014 has been prepaid.

5.1.6 This represents term finance facility of Rs. 300 million and transferred to the Company under the Scheme of amalgamation. This facility is repayable in 08 equal semi annual installments starting from June 2014. Mark up is payable on semi annual basis at the rate of six months' KIBOR plus 1.00% (2012: six months' KIBOR plus 1.50%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company including land and buildings for an amount of Rs. 400 million (with 25% margin) (2012: Rs. 400 million). The principal installment falling due in 2014 has been prepaid.

5.1.7 This represents term finance facility of Rs. 1,000 million and transferred to the Company under the Scheme of amalgamation. This facility is repayable in 08 equal semi annual installments starting from September 2014. Mark up is payable on semi annual basis at the rate of six months' KIBOR plus 1.00% (2012: six months' KIBOR plus 1.80%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future fixed assets of the Company (with 25% margin) and equitable mortgage over land and buildings of the Company for an amount of Rs. 1,333.34 million (2012: Rs. 1,333.34 million). The first installment falling due in 2014 has been prepaid.

5.2.1 This represents a syndicated term finance facility of Rs. 2,050 million from a syndicate of Allied Bank Limited, Habib Bank Limited, The Bank of Punjab and Faysal Bank Limited with the participation of Rs. 1,000 million, Rs. 500 million, Rs. 300 million and Rs. 250 million respectively. This facility is repayable in 06 equal semi annual installments started from December, 2012. Mark up is payable on semi annual basis at the rate of six months' KIBOR plus 1.00% (2012: six months' KIBOR plus 2.25%) per annum. The facility is secured by first pari passu hypothecation charge on all the present and future assets of the Company excluding land and buildings for an amount of Rs. 2,733.33 million (2012: Rs. 2,733.33 million) in favour of syndicate. The Company has prepaid principal installment falling due in December, 2013.

5.2.2 This represents syndicated term finance facility of Rs. 3,000 million from the syndicate of Allied Bank Limited, Summit Bank Limited, Standard Chartered Bank (Pakistan) Limited, Askari Bank Limited, Bank Al-Habib Limited and MCB Bank Limited with the participation of Rs. 1,400 million, Rs. 500 million, Rs. 400 million, Rs. 300 million, Rs. 200 million and Rs. 200 million respectively and has been transferred to the Company under the Scheme of amalgamation. This facility is repayable in 10 equal semi annual installments started from November 2010. Mark up is payable on semi annual basis at the rate of six months' KIBOR plus 0.75% (2012: six months' KIBOR plus 0.75%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future fixed assets of the Company with 25% margin and equitable mortgage over land and building of the Company inclusive of 25% margin representing the amount of Rs. 4,000 million (2012: Rs. 4,000 million). The Company has prepaid principal installment falling due in 2013.

5.2.3 The agreements for facilities described in note 5.1.5, 5.1.6, 5.1.7 and 5.2.2 are being transferred in the name of the Company.

6. Liability against assets subject to finance lease - secured

	2013		
	Minimum lease payments	**Finance cost for future periods**	**Present value of minimum lease payments**
	---------Rupees in thousand-------		
Not later than one year	**63,616**	**4,556**	**59,061**
Later than one year and not later than five years	**-**	**-**	**-**
	63,616	**4,556**	**59,061**
	2012		
	---------Rupees in thousand-------		
Not later than one year	65,321	10,973	54,347
Later than one year and not later than five years	63,164	6,021	57,143
	128,485	16,994	111,490

6.1 This represents finance lease facility of Rs. 227.05 million for acquisition of plant and machinery obtained from Meezan Bank Limited, repayable in 10 semi annual installments started from November 2009. Markup is payable on a biannual basis at six months' KIBOR plus 1% (2012: six months' KIBOR plus 2.05%) per annum with a floor and cap of 2.5% and 28% respectively. The facility is secured by way of ownership of leased assets.

		2013	2012
7. Long term murabaha - secured	Note	....(Rupees in thousand)....	
Faysal Bank Limited		-	90,000
Meezan Bank Limited		-	1,675,000
		-	1,765,000
Current portion of long term murabaha		-	(60,000)
		-	1,705,000

7.1 This facility has been repaid during the year.

8. Long term musharaka - secured

	Note	2013	2012
Meezan Bank Limited	8.1	**300,000**	300,000
Less: Current portion of long term musharaka		**(100,000)**	-
		200,000	300,000

8.1 This represents utilized amount of diminishing musharaka finance facility of Rs. 300 million. This facility is repayable in six semi annual installments starting from December 2013. Mark up is payable on semi annual basis at the rate of six months' KIBOR plus 1.00% (2012: six months' KIBOR plus 1.85%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company excluding land and buildings for an amount of Rs. 400 million (2012: Rs. 400 million).

		2013	2012
9. Long term shirkat-ul-melk - secured	Note	....(Rupees in thousand)....	
Dubai Islamic Bank Pakistan Limited	9.1	**200,000**	200,000
Less: Current portion of shikat-ul-melk		**(100,000)**	-
		100,000	200,000

9.1 This represents utilized amount of shirkat-ul melk cum ijarah facility of Rs. 200 million. This facility is repayable in four semi annual installments starting from December 2013. Mark up is payable on semi annual basis at six months' KIBOR plus 0.90% (2012: six months' KIBOR plus 1.10%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future fixed assets of the Company excluding land and buildings for an amount of Rs. 267 million (2012: Rs. 267 million).

10. Deferred liabilities

	Note	30 June 2013	30 June 2012	1 July 2011
		....(Rupees in thousand)....		
			Restated	Restated
Deferred taxation	10.1	**3,866,567**	1,380,165	707,794
Provision for gratuity	10.2	**140,140**	105,769	87,475
Provision for compensated absences	10.3	**22,892**	22,118	11,667
		4,029,599	1,508,052	806,936

Deferred tax liability is recognised on following major temporary differences:

	Note	30 June 2013	30 June 2012	1 July 2011
Taxable temporary differences				
Accelerated depreciation		**4,272,550**	2,964,852	2,975,038
Accelerated amortization		**6,963**	7,378	414
Cash flow hedge		**(122)**	(451)	(1,098)
Surplus / (deficit) on revaluation of available for sale investments		**42,053**	(12,436)	(18,493)
Share of profit in associated company		**460,878**	406,224	349,509
		4,782,322	3,365,567	3,305,370
Deductible temporary differences				
Liability against assets subject to finance lease		**(15,663)**	(30,437)	(43,013)
Unabsorbed tax losses		**(900,092)**	(1,954,965)	(2,554,563)
		(915,755)	(1,985,402)	(2,597,576)
	10.1.1	**3,866,567**	1,380,165	707,794

10.1.1 Movement of deferred tax liability is as follows:

	30 June 2013	30 June 2012	1 July 2011
	....(Rupees in thousand)....		
		Restated	Restated
Opening balance	**1,380,165**	707,794	307,870
Transferred from MCL under Scheme of amalgamation	**311,786**	-	-
Charge on cash flow hedge reserve	**329**	647	931
Charge on revaluation of available for sale investment	**54,489**	6,057	4,845
Charge recognised in profit and loss account for the year	**2,119,798**	665,667	394,148
Closing balance	**3,866,567**	1,380,165	707,794

10.1.2 The tax rate is revised from 35% to 34% effective from 01 July 2013, therefore deferred tax is calculated at the rate of 34%.

10.2 The amount recognised in the balance sheet is as follow:

	2013	2012
	....(Rupees in thousand)....	
Present value of defined benefit obligation	**164,451**	125,607
Net actuarial losses not recognized	**(24,311)**	(19,837)
Net liability at end of the year	**140,140**	105,770

The movement in present value of defined benefit obligation is as follows:	**2013**	2012
	....(Rupees in thousand)....	
Opening balance	**105,769**	87,475
Transferred from MCL under Scheme of amalgamation	**10,994**	-
Charge for the year	**37,973**	31,752
Benefits paid during the year	**(14,596)**	(13,457)
Closing balance	**140,140**	105,770

Expense recognised in profit and loss account:

Current service cost	**19,333**	15,467
Interest cost	**14,921**	13,817
Actuarial losses recognised	**3,719**	2,468
	37,973	31,752

Actuarial Assumptions

Valuation discount rate	**11.50%**	12.50%
Salary increase rate	**11.50%**	12.50%

Assumption regarding future mortality are based on EFU 1961-66 ultimate mortality tables.

Expected gratuity expense for the next financial year is Rs. 40.05 million (2012: Rs.35.76 million).

Historical information
Present value of the defined benefit obligation

	2013	2012	2011	2010	2009
			....(Rupees in thousand)....		
Present value of defined benefit obligation	**164,451**	125,607	105,421	85,085	68,599
Net actuarial losses not recognized	**(24,311)**	(19,837)	(17,946)	(20,435)	(19,076)
Net liability at end of the year	**140,140**	105,770	87,475	64,650	49,523

10.3 Actuarial valuation of compensated absences has not been carried out since the management believes that the effect of actuarial valuation would not be material.

11. Trade and other payables

	Note	2013	2012
		....(Rupees in thousand)....	
Payable to contractors and suppliers		**1,407,980**	430,905
Accrued liabilities	11.1	**1,825,528**	1,227,128
Advances from customers		**86,440**	82,691
Security deposits		**44,831**	23,798
Retention money		**7,910**	4,246
Workers' Profit Participation Fund		**538,255**	161,805
Workers Welfare Fund payable	11.2	**4,352**	-
Excise duty payable		**23,894**	116,587
Advance rent of investment property		**7,168**	2,887
Other payables	11.3	**137,811**	19,265
Donation payable to Bestway foundation		**61,231**	55,639
Unclaimed dividend		**276,679**	313
		4,422,079	2,125,264

11.1 This includes an amount of Rs.11.32 million (2012: Rs. 1.29 million) payable to Sui Northern Gas Pipeline Limited (SNGPL) against gas consumption during the month of June 2013. The Company has issued bank guarantees in the normal course of business to SNGPL for commercial and industrial use of gas for an amount of Rs. 1,252.41 million (2012: Rs. 806.64 million).

11.2 A demand of Rs. 19.720 million for Workers' Welfare Fund was raised by the income tax assessing officer for assessment year 1987-88 to 1996-97. The Company filed appeals against the decisions of the assessing officer. Appellate Authorities have decided the case in favour of the Company for assessment years 1987-88 to 1994-95 involving Rs. 15.368 million and against the Company for assessment years 1995-96 and 1996-97 involving Rs. 4.35 million. The Company has made necessary adjustments in the financial statements.

11.3 This includes an amount of Rs 42 million on account of provision recorded on a prudent basis which the management feels will ultimately required to be paid to land owners of the land acquired for hattar plant as ordered by the Honorable Peshawar High Court. However, the Company has filed an appeal in the Honorable Supreme Court of Pakistan.

12. Short term borrowings - secured

	Note	2013	2012
Running finance from banking companies		....(Rupees in thousand)....	
Habib Bank Limited		-	30,044
Barclays Bank Plc, Pakistan	12.1	**25,446**	-
Askari Bank Limited		-	1
Soneri Bank Limited	12.2	**1,498**	122,712
Allied Bank Limited	12.3	**653,718**	12,542
Meezan Bank Limited		-	500,000
Habib Bank Limited	12.4	**13,591**	40,037
Allied Bank Limited	12.5	**37,864**	-
Habib Bank Limited	12.6	**220,528**	-
		952,645	705,336

	2013	2012
	....(Rupees in thousand)....	
Foreign currency import finance		
Habib Bank Limited	-	542,832
MCB Bank Limited	-	264,983
Bank Alfalah Limited	-	269,980
Faysal Bank Limited	-	370,279
	-	1,448,074
Export refinance		
Soneri Bank Limited	-	100,000
Allied Bank Limited	-	350,000
Bank Alfalah Limited	-	50,693
Standard Chartered Bank (Pakistan) Limited	-	450,000
Askari Bank Limited	-	100,000
	-	1,050,693
	952,645	3,204,103

12.1 This represents the utilized amount of a running finance facility of Rs. 500 million for a period of one year (2012: Rs. 500 million). Markup is payable on quarterly basis at the rate of one month KIBOR plus 1.00% (2012: one month KIBOR plus 2.50%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 667 million (with 25% margin) and ranking charge over fixed assets of the Company of the same amount.

12.2 This represents the utilized amount of a running finance facility of Rs. 300 million for a period of one year (2012: Rs. 300 million). Markup is payable on quarterly basis at the rate of three months' KIBOR plus 0.60% (2012: three months' KIBOR plus 1.00%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 400 million (2012: Rs. 400 million).

12.3 This represents the utilized amount of a running finance facility of Rs. 1,000 million for a period of one year (2012: Rs. 1,000 million). Markup is payable on quarterly basis at the rate of one month KIBOR plus 0.60% (2012: one month KIBOR plus 1.00%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and buildings of the Company for an amount of Rs. 1,333.33 million (2012: Rs. 1,333.33 million).

12.4 This represents the utilized amount of running finance facility of Rs. 970 million for a period of one year (2012: Rs. 365 million). Markup is payable on quarterly basis at the rate of three month's KIBOR plus 0.60% (2012: three months' KIBOR plus 1.50%) per annum. The facility is secured by first pari passu hypothecation charge over all present and future movables assets and receivables of the Company for an amount of Rs. 234 million and first pari passu hypothecation charge over all present and future current assets of the Company for an amount of Rs. 100 million (2012: Rs.100 million) and first pari passu hypothecation charge over all present and future movables and current assets of the Company for an amount of Rs. 960 million.

12.5 This represents the utilized amount of running finance facility of Rs. 150 million (2012: Rs. 150 million) for a period of one year and has been transferred to the Company under the Scheme of amalgamation. Markup is payable on quarterly basis at the rate of one month's KIBOR plus 0.60% (2012: one month's KIBOR plus 1.00%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company excluding land and buildings for an amount of Rs. 200 million (with 25% margin) (2012: Rs. 200 million).

12.6 This represents the utilized portion of running finance facility of Rs. 500 million (2012: Nil) for a period of one year and has been transferred to the Company under the Scheme of amalgamation. Markup is payable on quarterly basis at the rate of three month's KIBOR plus 0.60% (2012: Nil) per annum . The facility is secured by first pari passu hypothecation charge on all present and future current and movable assets of the Company (with 25% margin) for an amount of Rs. 400 million (2012: Rs. 400 million).

12.7 The agreements for facilities described in note 12.5 and 12.6 are being transferred in the name of the Company.

12.8 Unavailed facilities

The Company has running finance facilities and other short term borrowing facilities for an amount of Rs. 10,143 million (2012: Rs. 2,409 million) which the Company has not availed at the year end.

Facilities of letters of guarantee and letters of credit amounting to Rs. 354.40 million (2012: Rs. 200 million) and Rs. 4,759.40 million (2012: Rs. 3,720 million) respectively are available to the Company. Facilities of letters of guarantee are secured by first pari passu charge on present and future assets of the Company.

13. Contingencies and commitments

	Note	**2013**	2012
		....(Rupees in thousand)....	
In respect of bank guarantees	13.1.1	**50,265**	28,317
In respect of letters of credits		**321,415**	225,042

13.1 Contingencies and commitments of Bestway Cement Limited

13.1.1 All bank guarantees are secured by way of charge over operating fixed assets of the Company.

13.1.2 Competition Commission of Pakistan (CCP) issued a show cause notice dated 28 October 2008 to 21 cement companies (including the Company) under section 30 of the Competition Ordinance, 2007. On 27 August 2009, CCP imposed a penalty of Rs. 710 million on the Company and MCL. The cement manufacturers (including the Company) has challenged the CCP order in Honourable High Court and the Honourable High Court has passed an interim order restraining CCP from taking any adverse action against these 21 cement companies.

Against the above referred order of CCP dated 27 August 2009 an appeal was also filed as abundant caution in the Honourable Supreme Court of Pakistan under Section 42 of the Competition Ordinance, 2007. During the year, the case was fixed for hearing on time to time, however because of non availability of defendant, the hearings of the case were adjourned. These appeals are still pending and management is confident of a favourable outcome of the case.

13.1.3 A demand of Rs. 2.528 million was raised by the Sales Tax Authorities in September 1997 disallowing input sales tax adjustment of Rs. 2.528 million paid on import of dump truck having C&F value of Rs. 8.511 million in November 1996. The Company went into appeal before the Collector Customs, Central Excise and Sales Tax (Appeals) which was decided in favour of the Company. On appeal by the Department, Customs, Central Excise & Sales Tax Appellate Tribunal, Peshawar, decided the matter in favour of the Department. The Company filed appeal against the decision of the Tribunal before the Honorable Peshawar High Court, which was dismissed. The management has filed appeal before the Honorable Supreme Court of Pakistan against the order of the Honorable Peshawar High Court where the matter is pending. No provision has been made in the financial statements as the management is confident of a favourable outcome of the case.

13.1.4 The Deputy Collector of Sales Tax & Central Excise, Abbottabad, has confirmed a demand for payment of sales tax on clay and limestone amounting to Rs. 1.525 million (principal Rs.0.268 million and additional tax Rs.1.263 million) on the basis of decision against Fauji Cement Company Limited by Lahore High Court. In addition, the Honorable Supreme Court of Pakistan in case of Attock Cement Limited confirmed the levy of sales tax on limestone and clay. The Company filed an appeal before Collector Appeal, Peshawar, mainly against the levy of additional tax on the grounds that sales tax on limestone and clay had not been paid on relevant time due to the reported decision of the Honorable Balochistan High Court which was remained in field. However, the principal demand has been paid on 26 March 2009 by the Company and hearing proceedings before the Collector Appeal has been concluded but order is yet to be received. The Company is therefore confident that levy of additional tax will be settled in favor of the Company.

13.1.5 Sales Tax Department has concluded sales Tax Audit under Section 25 and raised a tax demand of Rs. 52,749,082 vide Order -IN-Original No. 01 of 2010 dated 27 March 2010 mainly consisting of misconstructed / duplicate demand raised on account of sales tax and federal excise duty relating to sale of clinker and rejection of input tax on certain eligible items. On second appeal by the Company, the Honourable Appellate Tribunal Inland Revenue vide order dated 24 February 2011 has set aside the assessment for denovo consideration, resultantly no demand exits at the moment. The Company has also filed an appeal before Islamabad High Court against the set-aside order and prayed for annulment of the assessment. No Provision has been made in the financial statements as the management is confident of a favorable outcome of the case.

13.1.6 There are certain other cases outstanding as on 30 June 2013 other than those as disclosed in these financial statements. The management assess and claim favorable outcome in these cases and the lawyers have also asserted management claims in respect of favorable outcome.

13.1.7 Tax related contingencies are disclosed in note 33 to these financial statements.

13.2 Share of contingencies in associated company

	2013	2012
	....(Rupees in thousand)....	
Contingent liabilities in respect of guarantees given	**837,188**	885,174
Contingent liabilities in respect of performance and bid bonds, warranties etc	**8,604,166**	8,085,931
Trade related contingent liabilities	**12,367,589**	10,870,777
Others	**1,807,141**	1,708,524

BESTWAY CEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

14 Property, plant and equipment

	Note	2013	2012
		....(Rupees in thousand)....	
Operating fixed assets	14.1	23,109,681	15,786,137
Capital work in progress	14.2	360,533	17,541
		23,470,214	15,803,678

14.1 Operating fixed assets

	Owned									Leased	
	Free hold land	Lease hold land	Buildings on freehold land	Plant and machinery	Quarry equipment	Other equipment	Furniture and fixtures	Vehicles	Office equipment	Plant and machinery	Total
	....(Rupees in thousand)....										
Tangible assets											
Cost											
Balance at 01 July 2011	478,593	37,094	5,011,486	13,913,616	913,617	91,395	80,907	174,282	77,336	227,054	**21,005,380**
Additions during the year	5,680	-	6,604	169,970	1,079	2,407	3,416	21,977	5,909	-	**217,042**
Transferred from CWIP	-	-	2,797	130,105	-	-	-	-	-	-	**132,902**
Adjustments	-	-	-	(165,896)	-	(590)	-	-	-	-	**(166,486)**
Disposals	-	-	-	-	-	-	-	(23,305)	(15)	-	**(23,320)**
Balance at 30 June 2012	484,273	37,094	5,020,887	14,047,795	914,696	93,212	84,323	172,954	83,230	227,054	**21,165,518**
Balance at 01 July 2012	484,273	37,094	5,020,887	14,047,795	914,696	93,212	84,323	172,954	83,230	227,054	**21,165,518**
Transferred from MCL under Scheme of amalgamation at carrying value (note 1.1.1)	646,240	2,423	1,158,480	5,991,243	47,309	27,760	6,932	12,054	9,571	-	**7,902,012**
Additions during the year	47,934	-	1,436	103,518	69,085	8,578	3,443	40,815	12,948	-	**287,757**
Transferred from capital work in process	-	-	8,784	18,961	-	-	-	-	-	-	**27,745**
Adjustments	-	-	-	(19,318)	-	-	-	-	-	-	**(19,318)**
Disposals	-	-	-	-	-	-	-	(19,241)	(4)	-	**(19,245)**
Balance at 30 June 2013	1,178,447	39,517	6,189,587	20,142,199	1,031,090	129,550	94,698	206,582	105,745	227,054	**29,344,469**
Depreciation											
Balance at 01 July 2011	-	17,091	1,060,750	2,862,825	507,632	48,083	33,057	109,918	38,875	22,705	**4,700,936**
Charge for the year	-	1,253	165,825	455,378	61,004	5,827	4,948	12,542	6,104	7,568	**720,449**
Adjustments	-	-	-	(27,227)	-	(499)	-	-	-	-	**(27,726)**
Disposals	-	-	-	-	-	-	-	(14,277)	(1)	-	**(14,278)**
Balance at 30 June 2012	-	18,344	1,226,575	3,290,976	568,636	53,411	38,005	108,183	44,978	30,273	**5,379,381**
Balance at 01 July 2012	-	18,344	1,226,575	3,290,976	568,636	53,411	38,005	108,183	44,978	30,273	**5,379,381**
Charge for the year	-	1,337	187,182	582,803	58,709	7,803	5,083	16,045	7,423	7,568	**873,953**
Adjustments	-	-	-	(4,942)	-	-	-	-	-	-	**(4,942)**
Disposals	-	-	-	-	-	-		(13,604)	-	-	**(13,604)**
Balance at 30 June 2013	-	19,681	1,413,757	3,868,837	627,345	61,214	43,088	110,624	52,401	37,841	**6,234,788**
Carrying value - 2013	**1,178,447**	**19,836**	**4,775,830**	**16,273,362**	**403,745**	**68,336**	**51,610**	**95,958**	**53,344**	**189,213**	**23,109,681**
Carrying value - 2012	484,273	18,750	3,794,312	10,756,819	346,060	39,801	46,318	64,771	38,252	196,781	15,786,137
Life in years / rates of depreciation per annum		30yrs	30yrs	30yrs - 5%	15%	10-15%	10%	20%	15%	30yrs	

14.1.1 Depreciation on operating fixed assets has been allocated as follows:

	Note	2013	2012
		....(Rupees in thousand)....	
Cost of sales	28	**861,947**	711,341
Administrative expenses	29	**7,721**	6,179
Distribution cost	30	**4,286**	2,931
		873,954	720,451

14.1.2 Disposal of operating fixed assets

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to
	----------Rupees in thousand----------					
Vehicles						
Honda Civic QE 875	1,885	1,146	1,655	509	Negotiation	Mr. Munir Sohail
Honda City KU 721	905	248	273	25	Negotiation	Company Executive
Mitsubishi Lancer LG 694	905	272	373	101	Negotiation	Company Executive
Suzuki Alto KX 758	513	141	258	117	Negotiation	Company Executive
Suzuki Cultus LB 317	616	166	207	41	Negotiation	Company Executive
Honda City KU 720	913	244	358	114	Negotiation	Company Executive
Suzuki Cultus KH 481	616	156	167	11	Negotiation	Company Executive
Suzuki Alto KZ 266	514	147	202	55	Negotiation	Company Executive
Honda City KB 836	938	235	491	256	Negotiation	Company Executive
Mitsubishi Lancer MG 653	1,009	340	564	224	Negotiation	Company Executive
Suzuki Cultus LB 318	616	160	272	112	Negotiation	Company Executive
Suzuki Cultus MG 865	633	222	361	139	Negotiation	Company Executive
Suzuki Cultus MG 864	633	218	280	62	Negotiation	Company Executive
Suzuki Alto MG 168	520	176	331	155	Negotiation	Company Executive
Toyota Corolla HG-275	1,027	152	710	558	Negotiation	Company Executive
Honda City IDN-6445	845	105	707	602	Negotiation	Mr. Sajawal Khan
Suzuki Cultus HY-647	604	101	473	372	Negotiation	Mr. Sajawal Khan
Hyundai Shahzore HY-297	719	105	603	498	Negotiation	Mr. Tariq Zaman
Honda City MY-758	932	303	373	70	Negotiation	Company Executive
Honda Civic HH-863	1,132	155	910	755	Negotiation	Mr. Aamir Imtiaz
Suzuki Cultus KC-982	607	156	156	-	Negotiation	Company Executive
Honda Civic LD-475	1,494	468	468	-	Negotiation	Mr. Abdul Latif
Suzuki Cultus ND 794	664	222	317	95	Negotiation	Company Executive
Office Equipment						
Mobile Phone	4	4	1	(3)	Negotiation	Company Executive
2013	**19,244**	**5,642**	**10,510**	**4,868**		
2012	23,320	9,042	17,933	8,891		

14.2 Capital work in progress

	Note	2013	2012
		....(Rupees in thousand)....	
Opening balance		**17,541**	128,887
Transferred from MCL under Scheme of amalgamation (Note 1.1.1)		**5,703**	-
Additions during the year	14.2.1	**365,034**	44,867
		388,278	173,754
Transferred to operating fixed assets:			
Plant and machinery		**(18,961)**	(130,105)
Buildings on freehold land		**(8,784)**	(2,797)
		(27,745)	(132,902)
Transferred to intangible assets		**-**	(23,311)
	14.2.2	**360,533**	17,541

14.2.1 This includes borrowing cost capitalised amounting to Rs 0.86 million calculated at a rate of 11.71% per annum (2012: Rs 6.5 million at 14.85% per annum).

	Note	2013	2012
14.2.2 Break up of capital work in progress is as follows:		....(Rupees in thousand)....	
Plant and machinery and other equipment		**281,128**	5,885
Advances for capital work in progress		**79,406**	11,656
		360,534	17,541

15. Intangible asset

	Note	2013	2012
Cost			
Opening balance at 01 July		**53,411**	30,100
Additions during the year		**-**	23,311
Closing balance at 30 June		**53,411**	53,411
Amortization			
Opening balance at 01 July		**8,343**	4,504
Charge for the year	15.1	**6,775**	3,839
Closing balance at 30 June		**15,118**	8,343
Carrying value		**38,293**	45,068
Amortisation rate		**15%**	15%

15.1 Amortization on intangible asset has been allocated as follows:

	Note	2013	2012
Cost of sales	28	**6,775**	3,839
		6,775	3,839

16. Investment property

	Note	2013	2012
Opening balance		**347,883**	345,814
Gain on remeasurement of investment property to fair value	16.1	**-**	2,069
Closing balance		**347,883**	347,883

16.1 On the basis of an exercise to determine the fair value carried out on 30 June 2013, the management concludes that there is no change in fair value during the year.

17. Long term investments

	Note	30 June 2013	30 June 2012	1 July 2011
		....(Rupees in thousand)....		
			Restated	Restated
Investments in related parties - at cost - quoted				
Associated company -				
United Bank Limited	17.1	7,933,979	6,694,686	5,831,816
Subsidiary (MCL) -at cost (quoted)		-	5,547,932	5,546,605
		7,933,979	12,242,618	11,378,421

17.1

Cost of investment (93,649,694 ordinary shares (2012: 93,649,694 ordinary shares of Rs. 10 each)	1,862,803	1,862,803	1,862,803
Post acquisition profits brought forward	4,062,238	3,495,091	3,023,444
	5,925,041	5,357,894	4,886,247
Profit for the year	1,436,217	1,363,170	939,896
Dividend received during the year	(889,673)	(796,023)	(468,249)
	546,544	567,147	471,647
Company's share of the associate's exchange reserve	1,043,087	898,517	669,838
Company's share of the associate's surplus/ (deficit) on revaluation of available for sale investment	420,525	(124,359)	(184,934)
Company's share of the cash flow hedge reserve	(1,218)	(4,513)	(10,982)
	7,933,979	6,694,686	5,831,816

17.1.1 This represents 7.65% share (2012: 7.65%) in the equity of 1,224.2 million (2012: 1,224.2 million) shares of Rs. 10 each in UBL, an associated undertaking. Bestway Group as a whole controls 51.07% (2012: 51.07 %) equity in UBL.

Summarized financial statements of the associated company is as follows:

	Assets	Liabilities	Income	Profit after tax
2013 (Rupees, 000)	**1,035,111**	**930,365**	**59,927**	**22,264**
2012 (Rupees, 000)	892,769	803,172	73,823	17,886

Market value of investment in associated company as of the year end was Rs. 11,528 million (2012: Rs. 7,340 million).

The reporting date of United Bank Limited is 31 December. For the purpose of applying equity method of accounting, assets, liabilities and profit and loss account are based on the un-audited consolidated condensed interim financial statement of the period ended 30 June 2013.

17.1.2 As stated in note 1.1, pursuant to the Scheme of amalgamation, the assets and liabilities of MCL, which was subsidiary of the Company, have been transferred to the Company from the Appointed date i.e. 31 December 2012. Accordingly the consolidated financial statements are no longer required and prepared and status of these financial statements has changed from separate to individual financial statements of the Company. Pursuant to the change in status of these financial statements and requirements of IAS 28 'Investments in Associates' investment in United Bank Limited (associate), which was previously carried at cost is now being recognised using the equity method of accounting. This has resulted in increase in the balance of investments as at 30 June 2011 by Rs. 3,969 million, deferred tax liability as at 30 June 2011 by Rs. 330 million, and accumulated profits as at 30 June 2011 by Rs. 3,146 million.

In addition exchange translation reserve, cash flow hedge reserve and deficit on available for sale securities of Rs. 669 million, Rs. 9.8 million and Rs. 166 million respectively are also recognized as at 30 June 2011 to reflect the Company's share in post acquisition changes in other comprehensive income of UBL. Further due to this change, profit after tax for the year ended 30 June 2012 has increased by Rs. 510 million with the corresponding increase in deferred tax liability during the year ended 30 June 2012 by Rs. 63.4 million, exchange translation reserve by Rs. 228 million, cash flow hedge reserve by Rs. 5.8 million and surplus/ (deficit) on available of sale securities by Rs. 54 million . Earnings per share for the year ended 30 June 2012 have also increased by Rs. 0.89 due to this change.

18. Long term advances

	Note	2013	2012
		....(Rupees in thousand)....	
Advance for gas pipe line	18.1	**16,012**	20,015
Current portion of advance for gas pipe line	23	**(4,003)**	(4,003)
		12,009	16,012

18.1 This represents outstanding amount of long term advance of Rs. 40.03 million (2012: Rs. 40.03 million) given to Sui Northern Gas Pipelines Limited to facilitate gas pipeline laying for the Company's plant located at Chakwal. The advance along with markup at the rate of 1.5% per annum is recoverable in 10 equal annual installments which started from March 2008.

19. Long term deposits

This includes security deposits amounting to Rs. 70.09 million (2012: Rs 64.18 million) given for the electricity connections of the plants.

20. Stores, spare parts and loose tools

	Note	2013	2012
		....(Rupees in thousand)....	
Stores, spare parts and loose tools		**3,100,565**	2,217,836
Stores and spare parts in transit		**410,217**	275,628
		3,510,782	2,493,464
		3,510,782	2,493,464

21. Stock in trade

	Note	2013	2012
Raw and packing material		**282,378**	171,709
Work in process		**1,470,344**	847,087
Finished stock	21.1	**470,713**	283,990
		2,223,435	1,302,786

21.1 This includes a stock amounting to Rs. 103 million (2012: Rs. Nil) which has been dispatched to customer but risk and rewards are not yet transferred.

22. Trade debts - considered good

This includes Rs. 72.06 million (2012: Rs. 71.80 million) receivable from customers against export sales.

23. Advances

	Note	2013	2012
		....(Rupees in thousand)....	
Advances to executives and employees- considered good		**4,287**	4,907
Advances to suppliers and contractors - considered good		**205,753**	121,198
Advance to a related party - unsecured		-	1,769
Current portion advance for gas pipe line	18	**4,003**	4,003
		214,043	131,877

24. Deposits and prepayments

		2013	2012
Security deposits		**4,773**	3,637
Prepayments		**59,825**	8,227
		64,598	11,864

25. Due from Government agencies

	Note	2013	2012
Advance tax - net	25.1	**408,046**	259,699
Customs duty	25.2	**28,373**	28,373
Capital value tax	25.2	**11,729**	11,729
Excise duty refundable	25.3	**615,146**	211,146
Sales tax - net		**274,383**	122,443
		1,337,677	633,390

25.1 This includes an amount of Rs. 14.70 million (2012: Rs. 14.70 million) pertaining to tax suffered by the Company on a sale and lease back transaction for which the claim of refund has been lodged.

25.2 This represents customs duties paid in excess of 5% of the value assessed by the custom authorities for import of off high way dump trucks and the amount paid as Capital Value Tax (CVT) on this import. The collector of customs assessed 30% duty and CVT @ 7.5% of the assessed value on import of off high way dump trucks and did not allow exemption available to the Company under SRO No. 575(1) 2006 dated 06 June 2006. The Company deposited these amounts under protest as guarantee for clearance and filed an appeal before Honourable Sindh High Court. The Honourable High Court granted the leave of appeal and held that exemption for import of off high way dump trucks is available to the Company under SRO No. 575(1) 2006 dated 06 June 2006, therefore the excess amounts paid should be refunded to the Company. Collector of customs filed an appeal in Honourable Supreme Court against the order of Honourable High Court, however no stay was granted against the refund accrued to the Company.

The Company has obtained legal opinion on the basis of which it decided to account for these as refund in the books of account of the Company.

25.3 The Honourable Supreme Court of Pakistan in its judgment dated 14 April 2007 in a comparable case for levy of excise duty, dismissed the appeal filed by the Federal Board of Revenue (FBR) and upheld the decisions made by the Honourable High Courts of Peshawar, Sindh and Punjab. [The dispute related to levy of excise duty on the retail price inclusive of excise duty or retail price excluding excise duty]. The FBR's point of view was that excise duty be calculated on a declared retail price inclusive of excise duty whereas the concerned respondents contended that the excise duty would not be included in retail price for calculation of excise duty payable to the Government. The full bench of Supreme Court upheld the judgments made by High Courts and dismissed the appeal of FBR. The FBR moved a review petition before Supreme Court of Pakistan which is pending. Based on the legal opinion, the management believes that the Company's claim is valid and the amount is fully recoverable.

The Company has filed a claim for Rs. 615.15 million relating to duty paid during the period June 1998 to April 1999 which pursuant to the above decision was otherwise not leviable and payable under the law. Commissioner Appeals rejected the claim of the Company, and the Company has filed an appeal with Income Tax Appellate Tribunal (ITAT) against unlawful rejection of refund claims. A number of hearings were conducted during the year but the case is yet to be discussed.

The Company has obtained legal opinion on the basis of which it decided to account for this amount as refund in the books of account of the Company.

26. Bank balances

	Note	**2013**	2012
		....(Rupees in thousand)....	
Current accounts	26.1	**259,570**	47,612
Deposit accounts	26.2 & 26.3	**63,099**	119,017
		322,669	166,629

26.1 This includes Rs. 46.45 million (2012: Rs. 9.14 million) held in current accounts maintained with United Bank Limited, a related party.

26.2 Deposit accounts carry interest rates ranging from 1% to 10% (2012: 0.5% to 9%) per annum.

26.3 This includes an amount of US $ 0.21 million (2012: US $ 0.41 million) in US Dollar saving account out of which US $ Nil (2012: US $ 0.41 million) are under lien with Habib Bank Limited.

27. Turnover - net

	Note	2013	2012
		....(Rupees in thousand)....	
Gross turnover			
- Local		25,025,989	20,175,156
- Export		4,784,055	2,723,956
		29,810,044	22,899,112
Government levies			
Sales tax		(3,359,511)	(2,684,319)
Excise duties		(1,263,827)	(1,339,135)
		25,186,706	18,875,658
Rebates and discounts		(1,112,660)	(1,086,702)
		24,074,046	17,788,956

28. Cost of sales

	Note	2013	2012
Raw and packing materials consumed	28.1	2,186,543	1,664,285
Fuel and power		10,115,073	8,616,161
Stores, spare parts and loose tools consumed		558,985	512,518
Repairs and maintenance		81,883	53,557
Salaries, wages and benefits	28.2	432,617	358,064
Support services		184,237	138,792
Insurance		24,238	21,474
Equipment rental		6,840	1,913
Utilities		9,456	5,568
Travelling, conveyance and subsistence		39,492	30,387
Communication		4,875	4,232
Printing and stationery		4,268	3,558
Entertainment		3,840	2,732
Depreciation	14.1.1	861,947	711,341
Amortization	15.1	6,775	3,839
Other manufacturing expenses		17,229	11,384
		14,538,298	12,139,805
Opening work in process		847,087	858,215
Transferred from MCL under Scheme of amalgamation (note 1.1.1)		303,997	-
Closing work in process		(1,470,344)	(847,087)
Cost of goods manufactured		14,219,038	12,150,933
Opening finished stock		283,990	226,227
Transferred from MCL under Scheme of amalgamation (note 1.1.1)		71,402	-
Closing finished stock		(470,713)	(283,990)
		14,103,717	12,093,170

28.1 Raw and packing materials consumed

	2013	2012
	....(Rupees in thousand)....	
Opening balance	**171,709**	105,856
Transferred from MCL under Scheme of amalgamation (note 1.1.1)	**39,161**	-
Purchases made during the year	**2,258,051**	1,730,138
Closing balance	**(282,378)**	(171,709)
	2,186,543	1,664,285

28.2 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 27.22 million (2012: Rs. 24.64 million).

29. Administrative expenses	Note	2013	2012
		....(Rupees in thousand)....	
Salaries, wages and benefits	29.1	**446,545**	116,758
Rent, rates and taxes		**1,594**	1,582
Repairs and maintenance		**7,961**	5,285
Insurance		**1,891**	2,228
Utilities		**3,356**	3,234
Travelling, conveyance and subsistence		**13,877**	14,614
Communication		**1,787**	1,664
Printing and stationery		**2,988**	2,246
Entertainment		**700**	1,249
Advertisements		**675**	1,125
Charitable donations	29.2	**79,553**	78,971
Legal and professional charges		**15,682**	19,900
Fees and subscription		**3,277**	1,721
Management charges	29.3	**435**	503
Equipment rental		**-**	2
Auditors' remuneration	29.4	**4,556**	2,510
Depreciation	14.1.1	**7,721**	6,179
Other		**2,867**	734
		595,465	260,505

29.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 7.01 million (2012: Rs. 8.20 million).

29.2 A provision at 1.25% of the accounting profit after tax for an amount of Rs. 78.60 million has been made for donation to Bestway Foundation (2012: Rs.76.50 million). The chief executive and the following directors are among the trustees of the Foundation: Sir Mohammad Anwar Pervaz, M. Irfan A. Sheikh, Zameer Mohammad Chaudrey, Arshad Mehmood Chaudhary and Ghulam Sarwar Malik. None of the trustees or their spouses have a beneficial interest in the Foundation.

29.3 This represents management charges of the parent company.

29.4 Auditors' remuneration

	2013	2012
	....(Rupees in thousand)....	
Annual audit fee	2,862	1,200
Fee of half year review	393	300
Statutory certifications	106	140
Taxation services	870	720
Out of pocket expenses	325	150
	4,556	2,510

30. Distribution cost

	Note	2013	2012
Salaries, wages and benefits	30.1	39,744	33,961
Support services		736	626
Rent, rates and taxes		7,213	5,419
Repairs and maintenance		1,398	809
Utilities		821	764
Travelling, conveyance and subsistence		7,163	6,332
Communication		1,007	1,224
Printing and stationery		1,719	2,027
Entertainment		1,095	719
Advertising and promotion		6,324	2,617
Depreciation	14.1.1	4,286	2,931
Fees and subscription		65,916	1,768
Freight and handling - Local		51,229	37,263
- Export		607,474	184,977
Other		1,673	1,841
		797,798	283,278

30.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 3.10 million (2012: Rs. 3.62 million).

31. Finance cost

	2013	2012
	....(Rupees in thousand)....	
Markup on long term financing	761,946	1,204,789
Markup on long term murabaha	17,166	237,290
Markup on long term musharaka	35,069	44,357
Markup on liability against assets subject to finance lease	11,944	20,033
Markup on short term borrowings	167,313	251,307
Exchange loss - net	4,203	145,922
Bank charges and commissions	11,487	12,206
	1,009,128	1,915,904

32. Other operating income

	2013	2012
Income from financial assets	....(Rupees in thousand)....	
Profit on deposit accounts	**20,268**	11,686
Income from non financial assets		
Gain on disposal of operating fixed assets	**4,868**	8,891
Rental income from investment property	**19,267**	23,804
Gain on remeasurement of investment property to fair value	-	2,069
Management fee from related party - net	**4,915**	4,995
Other	**6,052**	12,544
	35,102	52,303
	55,370	63,989

33. Taxation

	2013	2012
	....(Rupees in thousand)....	
		Restated
Current	**273,059**	264,851
Deferred	**2,119,798**	665,667
	2,392,857	930,518

33.1 Numerical reconciliation between tax expense / (credit) and product of accounting profit multiplied by the applicable tax rate is as follows:

	2013	2012
	....(Rupees in thousand)....	
		Restated
Accounting profit	**8,681,128**	4,501,453
Tax on accounting profit at applicable rate of 35% (2012: 35%)	**3,038,395**	1,575,509
Tax effect of low rates on certain income	**(365,798)**	(428,726)
Minimum tax	**184,092**	264,851
Tax effect of permanent differences	**(3,087)**	(410,253)
Tax effect of income taxable under final tax regime	**(326,481)**	(70,118)
Tax effect on exempt income	**(24)**	(744)
Tax rate revision 34%-35%	**(134,239)**	-
	2,392,858	930,519

33.2 The assessments of the Company upto and including the Tax Year 2012 stood finalized under the Self Assessment Scheme envisaged in the Income Tax Ordinance, 2001 [the Ordinance].

33.3 The tax authority's requirement to furnish a reconciliation for various expenses incurred during the tax year 2005 with information in withholding tax statements filed by the Company was contested on the legal ground of time limitation as laid down in section 174(3) of the Ordinance. Tax authority framed an order and charged tax of Rs.99.08 million under section 161 of the Ordinance along with default surcharge of Rs.124.93 million. Commissioner Inland Revenue (Appeals) CIR(A), passed an order by setting aside the assessment order. The Company preferred appeal before the ATIR, and the ATIR has stayed the re-assessment proceedings till disposal of appeal by the ATIR.

The tax authority amended the assessment of the Company for the tax year 2006 and reduced losses by Rs. 181.41 million by disallowing certain expenses and disallowing the exemption claimed by the Company on profit derived from US dollars accounts. The Company filed a rectification application before the tax authority and also preferred an appeal with the CIR(A), who has annulled the order of the tax authority. Feeling aggrieved with the order of the CIR(A), the tax department has filed an appeal before the ATIR which is subjudice to-date.

The tax authority amended the assessment of the Companyfor the tax year 2007 thereby making various disallowances and charging tax on property income and dividend income under the presumptive mode of taxation [PTR] and charged Rs. 29.26 million. CIR (A) annulled the order of the tax authorities on all the issues except for upholding the taxation of property income and dividend income under PTR and disallowance of deduction claimed on account of donations paid during the year. The Company as well as the tax authorities have filed cross appeals before the ATIR on the issues not decided by the CIR (A) in their favour. The appeals are sub-judice before the ATIR, till to date.

The tax authorities have rectified the assessment of the Company for the tax year 2010 thereby charging minimum tax under section 113 of the Ordinance amounting to Rs. 48.99 million. The Company filed appeal before the CIR(A) which was rejected by the CIR(A). Being dissatisfied with the appellate order of the CIR(A), the Company has filed second appeal before the ATIR, which is subjudice to-date.

The following are the tax contingencies transferred to the Company under the Scheme of amalgamation:

The tax authority amended the assessment of the MCL for the tax year 2010, thereby, charging minimum tax of Rs. 10.32 million in terms of section 113 of the Ordinance and disallowing credit of tax paid during the year. The Company is in stage of appeal before the ATIR, which is subjudice to-date. In addition to appeals, the Company has also moved a rectification application with the tax authority for grant of credit of tax paid during the year, which is pending adjudication to-date.

The tax authorities' requirement to furnish a reconciliation for various expenses incurred during the tax year 2007 with the information in withholding tax statements was contested on the legal ground of time limitation as laid down in section 174(3) of the Ordinance. But, the tax authority did not accept it and treated MCL as assessee in default and charged tax under section 161 of the Ordinance along with default surcharge. The Company preferred an appeal before the CIR(A), who set aside the assessment order with the direction to frame the assessment order after proper examination of records. The Company also moved a rectification application with the tax authority which is pending for adjudication.

For the Assessment Year 1998-99, the Taxation Officer charged additional tax amounting to Rs. 10.39 million in terms of section 87 of the repealed Income Tax Ordinance, 1979 for non-payment of advance tax. At that time, no appeal was filed with the CIR(A) against the impugned order on instructions of the Government of Pakistan [GoP] as MCL was a State owned Enterprise then, and GoP insisted to resolve the disputes with the Federal Board of Revenue through inter-ministerial consultations. After MCL's privatization, it pursued it's case before the appellate authorities and accordingly filed an appeal with the CIR (A) with the request for condonation of delay in time for filing of appeal within the prescribed time. This request for condonation of delay was not accepted. MCL filed appeal with the ATIR where the request for condonation in filing of appeal was also not entertained. Accordingly, the Company filed a reference with the High Court, which is subjudice to date.

The management of the Company is confident of the favourable outcome of appeals filed by it and accordingly no provision has been recognised in these financial statements in respect of tax demand by tax authorities through amendments / rectifications of assessments.

34. Remuneration of the chief executive, directors and executives

The aggregate amounts charged in the financial statements for the year with respect to remuneration, including benefits and perquisites, were as follows:

	Chief Executive		**Directors, including Chairman**		**Executives**	
	....(Rupees in thousand)....					
	2013	2012	**2013**	2012	**2013**	2012
Managerial remuneration and allowances	**18,000**	18,000	**50,351**	48,010	**24,885**	24,285
Bonus	**93,000**	-	**222,853**	2,813	**6,100**	1,174
Provision for gratuity	-	-	**1,749**	5,211	**1,475**	3,987
Compensated absences	-	-	**3,051**	1,679	**2,115**	2,225
	111,000	18,000	**278,004**	57,713	**34,575**	31,671
Number of persons	**1**	1	**5**	5	**12**	5

34.1 The directors and executives excluding chairman and chief executive are also provided with medical insurance facility as per their entitled limits.

35. Transactions with related parties

The Company is a subsidiary of Bestway (Holdings) Limited, UK ("the parent company") therefore all subsidiaries and associated undertakings of the Parent Company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. Balances with related parties are shown in the notes 14.1.2, 17 and 26.1 and transactions with related parties are disclosed in notes 29.2 and 34 to the financial statements. Transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

	Note	**2013**	2012
Transactions with parent company		....(Rupees in thousand)....	
Management charges		**435**	503
Dividend paid		**639,771**	-
Transactions with subsidiary company (2013: for six months period till 31 December 2012)			
Sale of cement		**1,644**	4,334
Packing material received		**2,027**	-
Sale of coal		**28,848**	599,887
Purchase of coal		**107,942**	439,941
Stores, spare parts and loose tools given		**1,728**	11,181
Stores, spare parts and loose tools received		**3,411**	9,944
Advances given		**132,748**	254,500
Recoveries made		**10,289**	595,117
Mark up on advances given		-	20,647
Management fee		**18,000**	30,000
Expenses incurred on behalf of subsidiary company		**393**	15,332
Expenses incurred by subsidiary company on the Company's behalf		**917**	20,148

Transactions with associated undertakings under common directorship

		2013	2012
		....(Rupees in thousand)....	
Service / bank charges		**4,341**	4,646
Dividend received		**889,673**	796,023
Sale of cement		**86**	7,302
Utility expense paid		**72**	-
Transactions with key management personnel			
Remuneration, allowances and benefits	35.1	**506,519**	75,712

35.1 Remuneration, allowances and benefits

Dividend paid	**82,940**	-
Managerial remuneration and allowances	**93,236**	90,294
Bonus	**321,953**	3,987
Provision for gratuity	**3,224**	9,198
Compensated absences	**5,166**	3,904
	506,519	107,383

36. Financial instruments

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

Credit risk
Liquidity risk
Market 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.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Company through its audit committee of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

36.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2013	2012
	....(Rupees in thousand)....	
Long term deposits	90,266	71,602
Long term advances	16,012	20,015
Trade debts	288,672	419,490
Advances	4,287	6,676
Deposits	4,773	3,637
Markup accrued	140	39
Other receivables	1,321	7,478
Bank balances	322,669	166,629
	728,140	695,566

The maximum exposure to the credit risk for trade debts at reporting date by geographical region is:

Domestic	216,608	347,685
Middle east and African countries	497	9,944
Asia - other than domestic	71,567	61,861
	288,672	419,490

The maximum exposure to the credit risk for trade debts at reporting date by counter party is:

End user customers	3,468	17,047
Dealers	285,204	402,444
	288,672	419,491

The maximum exposure to credit risk for trade debts at the reporting date are with dealers and represents debtors within the country. Included in these an amount of Rs. 66.78 million (2012: Rs. 59.7 million) secured against the letter of credits.

The Company's most significant domestic customer is a dealer from whom Rs. 22.72 million (2012: Rs. 39.45 million) is outstanding at the year end.

The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets except as mentioned above.

Impairment losses

The aging of trade debts at the reporting date is:	Gross 2013	Impairment 2013	Gross 2012	Impairment 2012
	....(Rupees in thousand)....			
Not past due	-	-	-	-
Past due 1-30 days	279,981	-	414,333	-
Past due 31-60 days	135	-	1,833	-
Past due 61-90 days	2	-	-	-
Over 90 days	8,554	-	3,324	-
	288,672	-	419,490	-

Based on past experience, the management believes that no impairment allowance is necessary in respect of trade debts. The allowance accounts in respect of trade debts are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible. The amount considered irrecoverable is written off against the financial asset directly.

36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

2013	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	After five years
	....(Rupees in thousand)....						
Financial liabilities							
Long term financing	5,934,271	7,175,515	304,700	1,355,329	3,005,489	2,509,997	-
Liabilities against assets subject to finance lease	60,324	63,616	33,964	29,652	-	-	-
Long term musharaka	300,083	353,006	65,176	62,578	117,664	107,588	-
Long term shirkat-ul-melk	200,109	224,988	60,017	57,472	107,499	-	
Trade and other payables	4,304,577	4,304,577	4,304,577	-	-	-	-
Short term borrowings	954,495	955,761	955,761	-	-	-	-
	11,753,859	**13,077,463**	**5,724,195**	**1,505,031**	**3,230,652**	**2,617,585**	-

2012	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	After five years
	....(Rupees in thousand)....						
Financial liabilities							
Long term financing	5,719,840	6,830,216	1,551,956	1,367,594	2,522,889	1,305,283	82,494
Liabilities against assets subject to finance lease	114,072	128,484	32,660	32,660	63,164	-	-
Long term murabaha	1,979,329	1,792,429	1,726,150	34,186	32,093	-	-
Long term musharaka	300,114	414,691	20,808	20,808	138,262	234,813	-
Long term shirkat-ul-melk	200,144	259,004	13,032	13,104	123,004	109,864	
Trade and other payables	1,923,099	1,923,099	1,923,099	-	-	-	-
Short term borrowings	3,275,845	3,498,286	3,153,932	344,354	-	-	-
	13,512,443	14,846,209	8,421,637	1,812,706	2,879,412	1,649,960	82,494

36.2.1 The contractual cash flow relating to long and short term borrowings, murabaha and musharaka have been determined on the basis of expected markup rates. The markup rates have been disclosed in note 5, 6, 7, 8, 9 and 12 to these financial statements.

36.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rates only.

36.3.1 Currency risk

	2013	2012
	US Dollars in thousand	
Exposure to currency risk		
Trade debts	**728**	759
Bank balances	**531**	412
Secured bank loans	-	(15,310)
Trade Creditors	**(3,963)**	-
Net exposure	**(2,704)**	(14,139)

The following significant exchange rates applied during the year	**2013**	2012	**2013**	2012
	Average rates		**Reporting date spot rates**	
Rupees / Dollars	**96.51**	89.18	**98.94**	94.58

Sensitivity analysis

A five percent strengthening of the PKR against US Dollar at 30 June would have increased profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular markup rates, remain constant. This analysis is performed on the same basis for 2012.

	Profit or loss Rupees in thousand
30 June 2013	
Effect in US Dollar - gain	**13,377**
	13,377
30 June 2012	
Effect in US Dollar - gain	66,863
	66,863

A five percent weakening of the PKR against US Dollar at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

36.3.2 Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market markup rates. Majority of the markup rate exposure arises from short and long term borrowings from banks and short term deposits with banks. At the balance sheet date the markup rate profile of the Company's markup bearing financial instruments is:

	Carrying Amount	
	2013	2012
Fixed rate instruments	**....(Rupees in thousand)....**	
Financial assets	**79,111**	139,032
Financial liabilities	-	4,173,767
Variable rate instruments		
Financial assets	-	1,769
Financial liabilities	**7,449,282**	7,068,214

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in markup rates throughout the year would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Profit or loss	
	100 basis points	**100 basis points**
Cash flow sensitivity (net)	**....(Rupees in thousand)....**	
Variable rate instruments	**136,953**	**(136,953)**
30 June 2013	**136,953**	**(136,953)**
Variable rate instruments	94,984	(94,984)
30 June 2012	94,984	(94,984)

36.4 Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

		2013		2012	
Assets carried at amortized cost	Note	**Carrying**	**Fair value**	Carrying	Fair value
		.......(Rupees in thousand).......			
Long term advances	18	**16,012**	**16,012**	20,015	20,015
Long term deposits	19	**90,266**	**90,266**	71,602	71,602
Trade debts	22	**288,672**	**288,672**	419,490	419,490
Advances	23	**4,287**	**4,287**	6,676	6,676
Deposits	24	**4,773**	**4,773**	3,637	3,637
Markup accrued		**140**	**140**	39	39
Other receivables		**1,321**	**1,321**	7,478	7,478
Bank balances	26	**322,669**	**322,669**	166,629	166,629
		728,140	**728,140**	695,566	695,566
Liabilities carried at amortized cost					
Long term financing	5	**5,868,750**	**5,868,750**	5,661,389	5,661,389
Liability against assets subject to finance lease	6	**59,061**	**59,061**	111,490	111,490
Long term murabaha	7	**-**	**-**	1,765,000	1,765,000
Long term musharaka	8	**300,000**	**300,000**	300,000	300,000
Long term shirkat-ul-melk	9	**200,000**	**200,000**	200,000	200,000
Trade and other payables	11	**4,304,577**	**4,304,577**	1,923,099	1,923,099
Markup accrued		**68,827**	**68,827**	347,362	347,362
Short term borrowings	12	**952,645**	**952,645**	3,204,103	3,204,103
		11,753,860	**11,753,860**	13,512,443	13,512,443

36.5 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Non - derivative financial assets

The fair value of non-derivative financial assets is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

36.6 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements except for the maintenance of debt to equity ratios under the financing agreements.

BESTWAY CEMENT LIMITED
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37. Earnings per share (basic and diluted)	**2013**	2012 Restated
Profit for the year (Rupees in thousand)	**6,288,271**	3,570,935
Weighted average number of ordinary shares in issue (Number)	**578,793,425**	578,201,974
Earnings per share - basic and diluted (Rupees)	**10.86**	6.18

There is no dilution effect on earnings per share of the Company.

37.1 Weighted average ordinary shares includes shares allocated under Scheme of amalgamation on proportionate basis.

38. CASH AND CASH EQUIVALENTS	**2013**	2012
	....(Rupees in thousand)....	
Cash and bank balances	**322,669**	166,629
Short term running finances	**(952,645)**	(705,336)
	(629,976)	(538,707)

39. Plant capacity and production of clinker

		Metric Tones	Metric Tones
Available capacity	- Hattar	**1,170,000**	1,170,000
	- Farooqia	**554,850**	-
	- Chakwal	**3,420,000**	3,420,000
Actual production	- Hattar	**1,005,545**	951,106
	- Farooqia	**465,407**	-
	- Chakwal	**2,237,942**	1,958,151

39.1 Farooqia plant represents six months capacity and production transferred pursuant to the Scheme of amalgamation.

40. General

40.1 Number of persons employed	**2013**	2012
Employees on year end (Number)	**1,764**	1,365
Average employees during the year (Number)	**1,773**	1,406

Average employees during the year 2013 include the effect of employees of MCL transferred pursuant to the Scheme. As at 31 December 2012, 250 employees transferred from MCL pursuant to Scheme.

40.2 Post Balance Sheet Events

The Board of Directors in their meeting held on 08 November 2013 has proposed a final dividend of Rs. 2 per share.

40.2 These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 08 November 2013.

CHIEF EXECUTIVE **DIRECTOR & CFO**