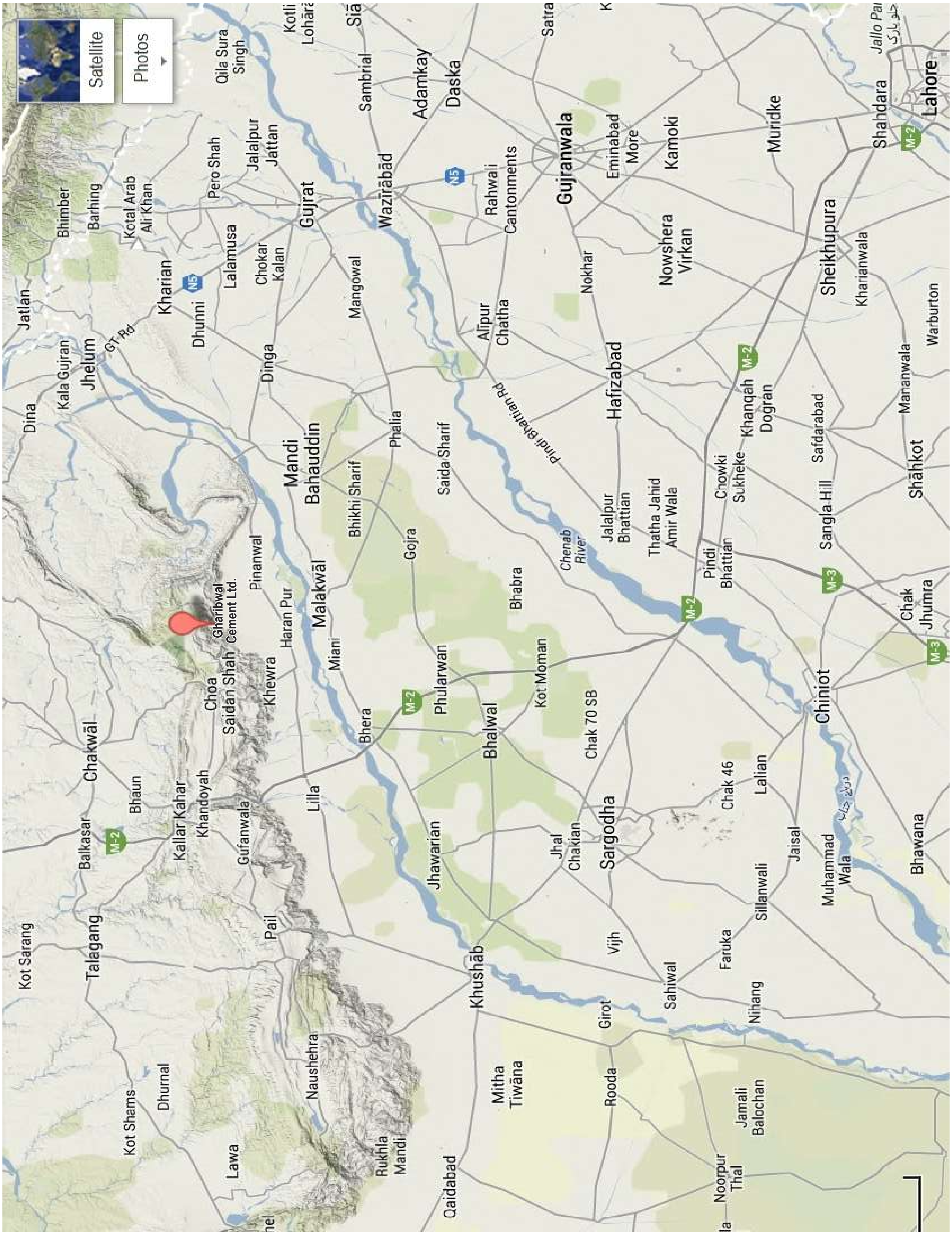
دیرپا - مضبوط
PAIDAR CEMENT

GHARIBWAL CEMENT LIMITED

Annual Report 2013

CONTENTS


Satellite
Photos
Gharibwal Cement Ltd.
Choa Saidan Shah
Khewra
Pinanwal
Haran Pur
Malakwal
Miani
Bhera
Phularwan
Bhalwal
Kot Moman
Chak 70 SB
Sargodha
Jhal Chakian
Jhawarian
Lilla
Khushab
Mitha Tiwana
Qaidabad
Rukhla Mandi
Naushehra
Pail
Gufanwala
Khandoyah
Kallar Kahar
Balkasar
Bhaun
Chakwal
Talagang
Kot Sarang
Dhurnal
Kot Shams
Lawa
Dina
Kala Gujran
Jhelum
Jatlan
GT Rd
Dhunni
Kharian
Bhimber
Barhing
Kotal Arab Ali Khan
Lalamusa
Pero Shah
Chokar Kalan
Jalalpur Jattan
Gujrat
Qila Sura Singh
Dinga
Mandi Bahauddin
Bhikhi Sharif
Mangowal
Phalia
Gojra
Bhabra
Saida Sharif
Wazirabad
Sambrial
Adamkay
Daska
Alipur Chatha
Rahwali Cantonments
Gujranwala
Eminabad More
Kamoki
Nokhar
Nowshera Virkan
Muridke
Hafizabad
Pindi Bhattian Rd
Chenab River
Jalalpur Bhattian
Thatha Jahid Amir Wala
Pindi Bhattian
Chowki Sukheke
Khangah Dogran
Safdarabad
Sangla Hill
Sheikhupura
Kharianwala
Shahdara
Lahore
Warburton
Mananwala
Shahkot
Chak Jhumra
Chiniot
Lalian
Chak 46
Jaisal
Sillanwali
Muhammad Wala
Bhawana
Vijh
Faruka
Sahiwal
Girot
Nihang
Rooda
Jamali Balochan
Noorpur Thal
M-2
M-3
N5

HISTORY

1961
Gharibwal Cement Limited (GCL) was incorporated on December 29, 1960 in Lahore as a Public Limited Company under the name of “Ismail Cement Industries Limited”. The Company was established to produce and supply cement for construction of Mangla Dam.

1962
Shares were quoted on Karachi Stock Exchange. Installation of the cement plant of clinker capacity 1,200 TPD was initiated.

1965
Commercial production of the plant was commissioned.

1967
Cement was supplied for construction of Qadirabad Barrage.

1968
Cement was supplied for construction of Rasul Barrage.

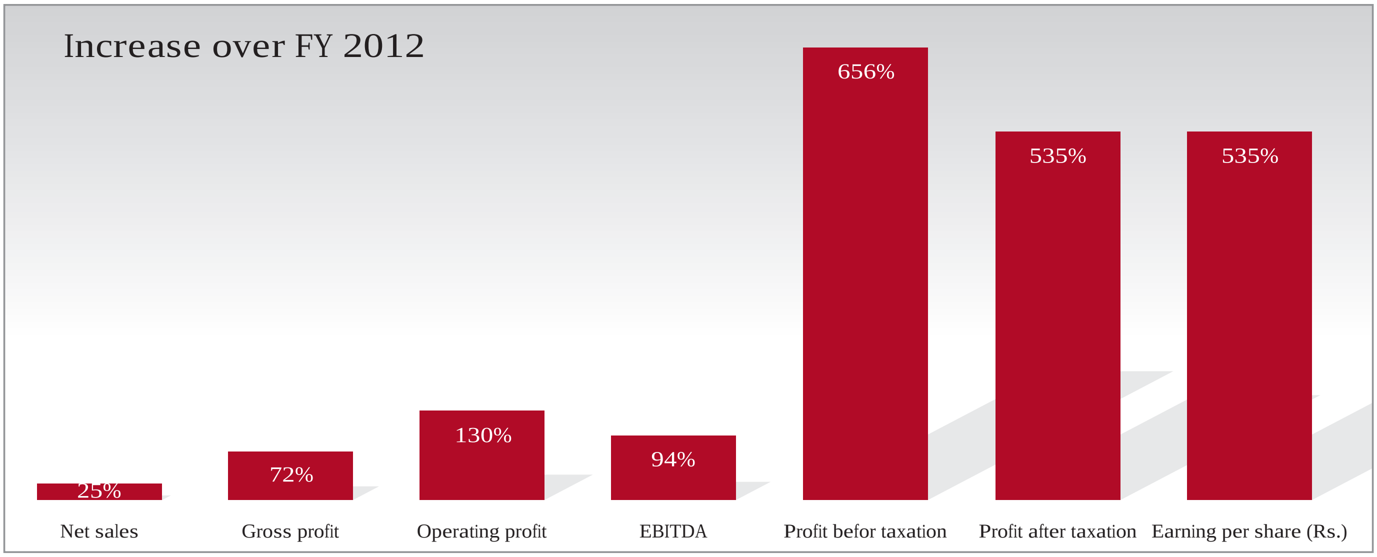
1969
Third kiln was commissioned on trial basis which increased the production capacity to 1,800 TPD.

1972
The Company was taken over by the Government of Pakistan and its name was changed to Gharibwal Cement Limited.

1993
The existing sponsors of the Company, who are currently on the Board of Directors of the Company, acquired the majority of the controlling shares in September 1992 from the Privatization Commission of Pakistan. The company was listed on Karachi and Lahore Stock Exchanges.

2009
New cement plant of clinker capacity of 6,700 TPD was commissioned with new brand “Paidar Cement”.

2013
The Company made highest sales and earned highest net profit of its life.



OUR VISION

Gharibwal Cement Limited is envisioned to be a leading partner in nation-building and the most preferred cement brand in the market we serve; by maintain our reputation as “Symbol of Quality”.

OUR MISSION

Gharibwal Cement Limited is committed to be a profitable company by providing high quality products and services to our customers through a competent, efficient and motivated team supported by the latest technology in an eco-friendly manner, thereby achieving the financial objectives of our shareholders, whilst adding value to community.

CORE VALUES

We will execute our mission by standing firm around our core values and the beliefs that reflect what is truly important to us as an organization. These are not values that change from time to time but rather they are the foundations of our company culture:

Profit Oriented Unless we continue to meet our profit objective, we will not be able to achieve our other corporate objective.

Customer Oriented Our clients are the reason of our being and we work to meet their expectations and provide them with the added value product they need.

Quality Oriented We stand for quality in all our processes and products, knowing that high standards are the only possible way to succeed and deliver value to our clients.

Employee Oriented We consider people as our most valuable assets and provide an environment whereby our people can excel, develop and grow with the Company.

Technology Oriented GCL believes that innovation and high efficiency are part of its competitive advantage that can only be achieved through the use of the latest technologies.

Safety A safe environment, a safe product and a safe organization are our commitments.

Transparency Long-term profitable growth can only be built on an organization that is clear and transparent in our dealings with customers, employees and any other stakeholders.

Integrity GCL is committed to enforcing good corporate governance practices and interacting with its stakeholders according to its value system and principles.

CODE OF CONDUCT

Gharibwal Cement Limited (GCL) places the highest value on the integrity of the Company as integrity is a bedrock principle of all our behaviors. All employees must abide by and uphold the Code of Business Conduct and all laws. All directors, officers and employees and all representatives, including all agents, consultants, independent contractors and suppliers of GCL, are responsible for complying with all applicable laws and regulations and complying with this Code of Business Conduct and other policies of the Company. Violations of law or this Code or other policies of the Company are subject to disciplinary action, which may include termination. The policies in this Code apply across GCL.

GCL provides this Code of Conduct to its employees for their guidance in recognizing and resolving properly the ethical and legal issues they may encounter in conducting the Company's business. The Code and its terms may be modified or eliminated at any time by the BOD. Directors, officers and employees and other representatives of the Company are responsible for being familiar with its contents. The Code does not include all of the policies of the Company. Each GCL employee shall comply with the letter and spirit of the Code of Business Conduct and with the policies and procedures of the Company, and shall communicate any suspected violations promptly.

1. Relationship with the Company and Each Other
   GCL most important resource is its employees whose skills, energy and commitment to excellence and the Company's vision and values are the source of the Company's character and central to its leadership and success.

2. We Respect the Individual and Diversity
   Company recognizes the dignity of each individual, respects each employee, provides compensation and benefits that are competitive, promotes self-development through training that broadens work-related skills, and values diversity and different perspectives and ideas.

3. We Live Our Values
   As representatives of the Company to the outside world, and regardless of the pressures inherent in conducting business, GCL employees are expected to act responsibly and in a manner that reflects favorably on Company. We will carry out our assignments guided by the principles set forth in our vision and values and in compliance with this Code of Business Conduct and our corporate policies.

4. We Avoid Conflicts of Interest
   Each of us and our immediate families should avoid any situation that may create or appear to create a conflict between our personal interests and the interests of the Company.

5. We Invite Full Participation and Support Diversity
   GCL is committed to an all-inclusive work culture. We believe and recognize that all people should be respected for their individual abilities and contributions. The Company aims to provide challenging, meaningful and rewarding opportunities for personal and professional growth to all employees without regard to gender, race, ethnicity, sexual orientation, physical or mental disability, age, pregnancy, religion, veteran status, national origin etc.

6. We Work in a Positive Environment
   GCL endeavors to provide all employees an environment that is conducive to conducting business and allows individuals to excel, be creative, take initiatives, seek new ways to solve problems, generate opportunities and be accountable for their actions. The Company also encourages teamwork in order to leverage our diverse talents and expertise through effective collaboration and cooperation.

7. We Do Not Employ Child or Forced Labor
   GCL does not and will not employ child labor or forced labor. GCL defines a child as anyone under the age of eighteen.

8. We Provide a Safe Workplace
   It's GCL policy to establish and manage a safe and healthy work environment and to manage its business in ways that are sensitive to the environment. The Company will comply with all regulatory requirements regarding health, safety and protection of the environment.

9. We Safeguard Company Property and Business Information
   Safeguarding Company assets is the responsibility of all directors, officers and employees and Company representatives. All employees, directors' must use and maintain such assets with care and respect while guarding against waste and abuse.

   Similarly, all directors, officers and employees and Company representatives are not expected to share any business secrets, inside information or strategies with GCL competitors either directly or indirectly.

10. We Maintain Accurate Books and Records and Report Results with Integrity
GCL financial, accounting, and other reports and records will accurately and fairly reflect the transactions and financial condition of the Company in reasonable detail, and in-accordance with generally accepted and Company-approved accounting principles, practices and procedures and applicable government regulations.

11. Our Relationship with Our Customers
GCL serves many industrial, corporate and non-corporate enterprises, dealers and distributors as well as of governmental bodies and individual consumers, for whom we design, develop, manufacture and market quality products.

12. We Obey All Laws and Regulations
Our customer relationships are critical to GCL. In meeting our customers' needs, the Company is committed to doing business with integrity and according to all applicable laws. Products must be designed and produced to internal standards and to comply with external regulations, the standards of the appropriate approval entities, and any applicable contractual obligations.

13. We Provide Quality Products and Services
Committed to be a Six Sigma Company, we strive to provide products and services that meet or exceed our customers' expectations for quality, reliability and value, and to satisfy their requirements with on-time deliveries.

14. We Seek Business Openly and Honestly
Sales and marketing are the lifeblood of the organization, and we commit that we will market our products fairly and vigorously based on their proven quality, integrity, reliability, delivery and value to our customer.

15. We Follow Accurate Billing Procedures
It is the Company's policy to reflect accurately on all invoices to customers the sale price and other terms of sales. Every employee has the responsibility to maintain accurate and complete records. No false, misleading or artificial entries may be made in GCL books and records.

16. Our Relationship with our Suppliers
GCL suppliers are our partners in Six Sigma Plus. The high caliber of the materials, goods and services they provide is linked directly to the quality, reliability, values and prompt delivery of the Company's products to our customers and, thus, leads to customer's satisfaction.

17. We Will Not Be Influenced by Gifts
We will not be influenced by gifts or favors of any kind from our suppliers or potential suppliers. The Company expects each employee to exercise reasonable judgment and discretion in accepting any gratuity or gift offered to the employee in connection with employment at GCL.

18. We Do Not Make Improper Political Contributions
Company funds generally can not to be used for political contributions, directly or indirectly, in support of any party or candidate.

19. We Protect the Environment
GCL abides by all applicable health, safety and environmental laws and regulations. We will also abide by Company's own standards.

20. We Comply with Export Control and Import Laws
GCL will comply with all Export Control and Import laws and regulations that govern the exportation and importation of commodities and technical data, including items that are hand-carried as samples or demonstration units in luggage.

21. Supervisory Personnel
Managers and supervisors have key roles in the Integrity and Compliance Program and are expected to demonstrate their personal commitment to the Company's standards of conduct and to lead their employees accordingly.

22. Trading in Company's Shares
All executives and directors of the company who purchase company shares must inform the company secretary in writing about their sale and purchase transactions. However, no employee, director or executive of the company is allowed to trade during 'closed period', as intimated prior to the announcement of interim/final results, and business decisions, and all directors, employees and officers are prohibited to take advantage from any price sensitive information which may materially affect the market price of company's securities.

23. Smoking & Use Of Alcohol
Employees are prohibited from smoking at restricted places and they are also prohibited to use Alcohol inside organization at any place during working hours.

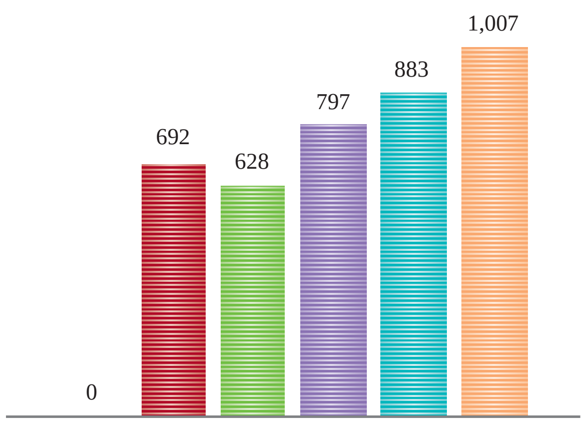
COMPANY PROFILE

BOARD OF DIRECTORS	Chairman & CEO Mr. Muhammad Tousif Peracha	Directors Mr. Abdur Rafique Khan Mrs. Tabassum Tousif Peracha Mian Nazir Ahmed Peracha Mr. Muhammad Rahman Mr. Mustafa Tousif Ahmed Paracha Mr. Ali Rashid Khan
AUDIT COMMITTEE	Chairman Mian Nazir Ahmed Peracha	Members Mr. Muhammad Tousif Peracha Mr. Mustafa Tousif Ahmed Paracha
HRR COMMITTEE	Chairman Mian Nazir Ahmed Peracha	Members Mr. Muhammad Rahman Mr. Ali Rashid Khan
CFO & COMPANY SECRETARY	Mr. Muhammad Shamail Javed ACA	
CHIEF ACCOUNTANT	Mr. Farukh Naveed	
EXTERNAL AUDITORS	Hyder Bhimji & Co. Chartered Accountants	
INTERNAL AUDITORS	Aftab Nabi & Co. Chartered Accountants	
LEGAL ADVISOR	Raja Muhammad Akram	
BANKERS TO THE COMPANY	Allied Bank Limited Askari Bank Limited Faysal Bank Limited First Credit and Investment Bank Habib Bank Limited KASB Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Saudi Pak Industrial & Agricultural Investment Company Silk Bank Limited The Bank of Khyber The Bank of Punjab United Bank Limited	
REGISTERED & HEAD OFFICE	28-B/III, Gulberg III, P.O. Box 1285, Lahore. UAN : 042 - 111-210-310, Fax : 042 - 35871039 & 59 E-mail: info@gharibwalcement.com www.gharibwalcement.com	
WORKS	Ismailwal, Distt. Chakwal	
SHARES REGISTRAR	M/s. Corplink (Pvt.) Limited Shares Registrar, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel: 042-35916714	

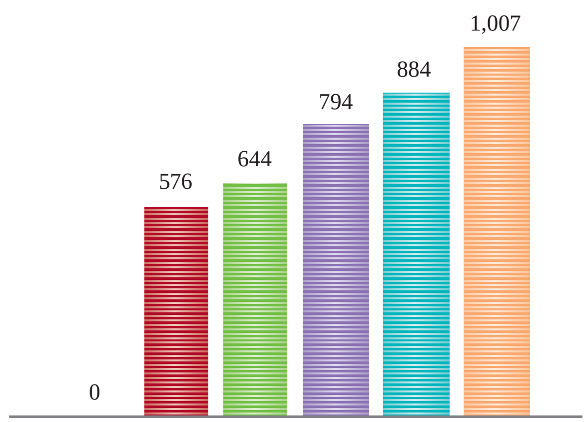
SUMMARY OF SIX YEARS' FINANCIAL RESULTS

	2008	2009	2010	2011	2012	2013
Cement capacity ('000 Ton)	568	2,678	2,678	2,110	2,110	2,110
Cement production ('000 Ton)	-	692	628	797	883	1,007
Net sales (Million Rs.)	-	2,438	2,113	3,327	4,976	6,230
Gross profit (Million Rs.)	(75)	233	(419)	166	989	1,699
Operational profit (Million Rs.)	(140)	22	(928)	(171)	798	1,837
EBITDA (Million Rs.)	(75)	264	(687)	154	1,124	2,180
Net profit (Million Rs.)	(516)	(870)	(998)	(971)	(241)	1,051
Non-current assets (Million Rs.)	9,292	9,792	12,103	11,575	11,551	11,692
Current assets (Million Rs.)	1,128	1,237	819	951	977	1,210
Total assets (Million Rs.)	10,420	11,029	12,922	12,526	12,528	12,902
Non-current liabilities (Million Rs.)	5,785	3,360	4,087	4,280	5,936	5,816
Current liabilities (Million Rs.)	1,799	5,703	4,835	5,217	3,851	3,152
Share capital and reserves (Million Rs.)	2,836	1,966	4,000	3,029	2,741	3,934
Total liabilities (Million Rs.)	10,420	11,029	12,922	12,526	12,528	12,902
Gross profit to sales ratio	-	10%	(20%)	5%	20%	27%
EBITDA to sales ratio	-	11%	(33%)	5%	23%	35%
Net profit to sales ratio	-	(36%)	(47%)	(29%)	(5%)	17%
Return on equity	(18%)	(44%)	(25%)	(32%)	(9%)	27%
Return on assets	(5%)	(8%)	(8%)	(8%)	(2%)	8%
Return on capital employed	(2%)	0%	(11%)	(2%)	9%	19%
Interest cover ratio (Times)	(0.49)	0.30	(0.58)	0.20	1.14	2.83
Current ratio (Times)	0.63	0.22	0.17	0.18	0.25	0.38
EPS (Rs.)	(4.43)	(3.75)	(4.30)	(3.08)	(0.60)	2.62
Breakup value per share						
with revaluation surplus (Rs.)	12.23	8.48	9.99	9.59	6.96	9.83
without revaluation surplus (Rs.)	7.74	4.12	(0.19)	2.40	1.47	4.15

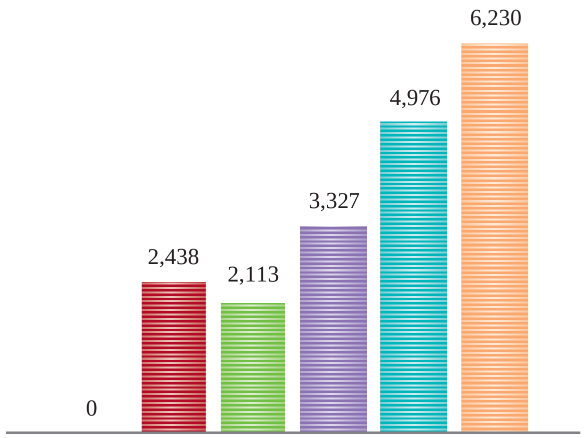
CEMENT PRODUCTION



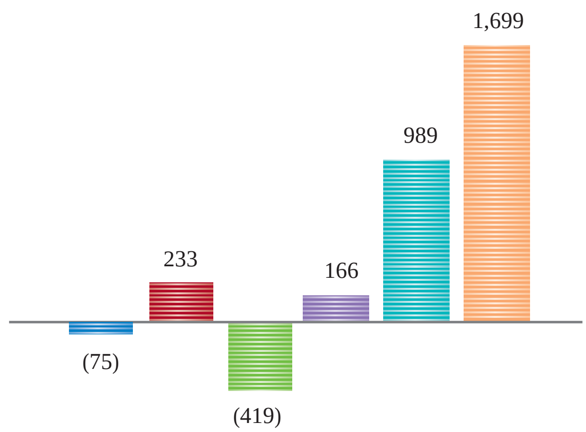
CEMENT DISPATCH



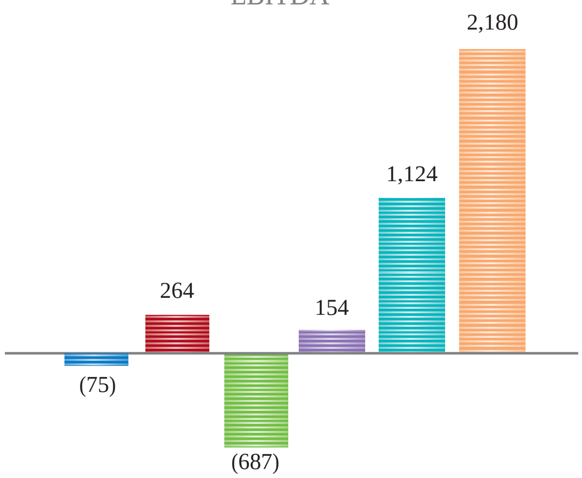
NET SALES



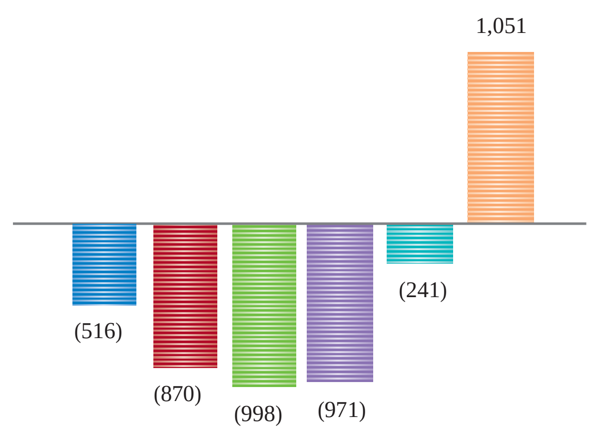
GROSS PROFIT



EBITDA



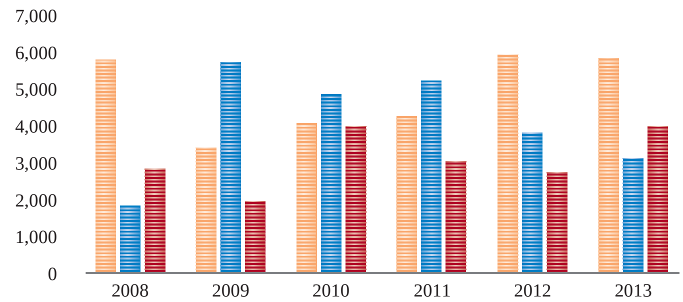
NET PROFIT



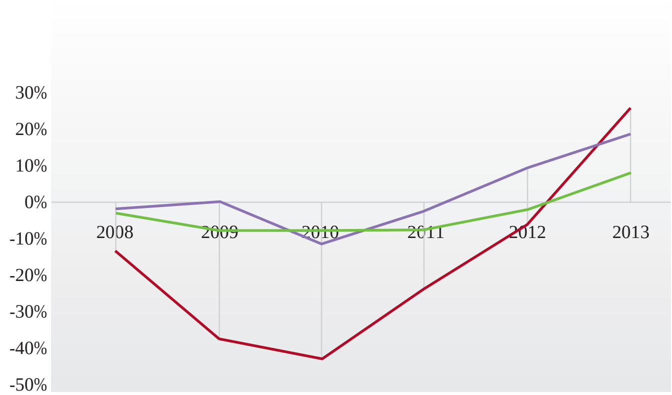
2008 2009 2010 2011 2012 2013

ASSETS

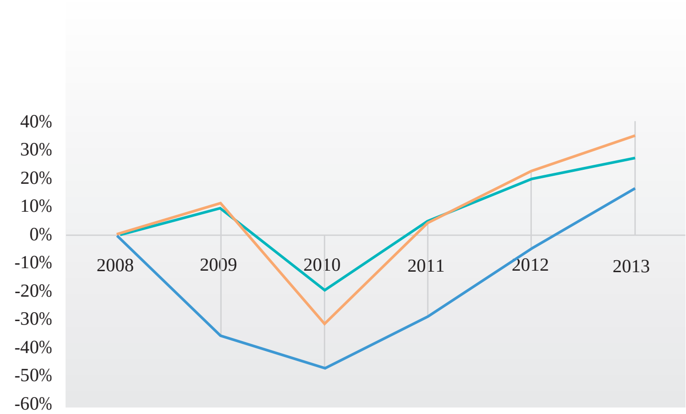
LIABILITIES



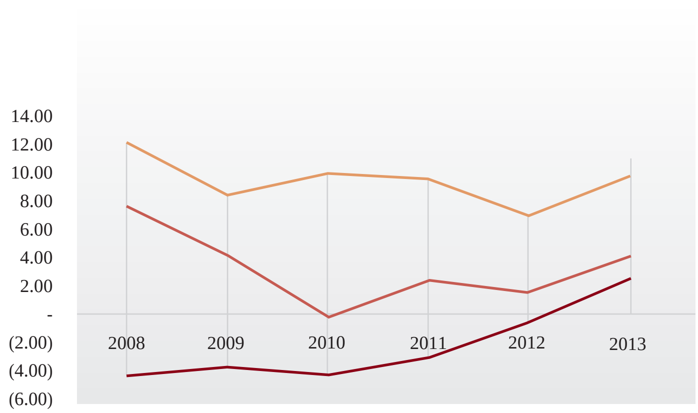
INVESTMENT RATIO



PROFITABILITY RATIO



EPS & BVPS



Non-current assets Current assets

Non-current liabilities Current liabilities Share capital and reserves

Return on equity Return on assets Return on capital employed

GP ratio EBITDA ratio NP ratio

EPS BVPS with surplus BVPS without surplus

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2013

Sr. No	Number of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held	Percentage
1	888	1	100	35,210	0.01%
2	571	101	500	162,004	0.04%
3	322	501	1,000	248,940	0.06%
4	412	1,001	5,000	1,006,008	0.25%
5	92	5,001	10,000	651,436	0.16%
6	29	10,001	15,000	361,442	0.09%
7	18	15,001	20,000	331,010	0.08%
8	8	20,001	25,000	181,889	0.05%
9	4	25,001	30,000	111,480	0.03%
10	7	30,001	35,000	233,473	0.06%
11	4	35,001	40,000	154,390	0.04%
12	2	40,001	45,000	83,399	0.02%
13	6	45,001	50,000	292,297	0.07%
14	1	50,001	55,000	54,000	0.01%
15	1	70,001	75,000	73,000	0.02%
16	1	90,001	95,000	90,205	0.02%
17	2	95,001	100,000	200,000	0.05%
18	1	100,001	105,000	102,500	0.03%
19	1	105,001	110,000	109,000	0.03%
20	2	115,001	120,000	236,443	0.06%
21	1	120,001	125,000	120,500	0.03%
22	1	125,001	130,000	127,500	0.03%
23	1	150,001	155,000	153,747	0.04%
24	1	190,001	195,000	190,789	0.05%
25	1	245,001	250,000	250,000	0.06%
26	1	260,001	265,000	263,618	0.07%
27	1	395,001	400,000	400,000	0.10%
28	1	505,001	510,000	508,586	0.13%
29	2	515,001	520,000	1,035,145	0.26%
30	1	520,001	525,000	520,074	0.13%
31	2	525,001	530,000	1,060,000	0.26%
32	1	1,335,001	1,340,000	1,339,000	0.33%
33	1	1,840,001	1,845,000	1,840,025	0.46%
34	1	2,530,001	2,535,000	2,533,691	0.63%
35	1	2,995,001	3,000,000	3,000,000	0.75%
36	1	3,605,001	3,610,000	3,610,000	0.90%
37	1	3,775,001	3,780,000	3,779,538	0.94%
38	1	3,895,001	3,900,000	3,900,000	0.97%
39	1	4,080,001	4,085,000	4,082,112	1.02%
40	1	4,280,001	4,285,000	4,282,112	1.07%
41	1	4,595,001	4,600,000	4,600,000	1.15%
42	1	5,345,001	5,350,000	5,350,000	1.34%
43	1	5,380,001	5,385,000	5,381,028	1.34%
44	1	6,665,001	6,670,000	6,666,666	1.67%
45	1	7,805,001	7,810,000	7,809,211	1.95%
46	1	11,415,001	11,420,000	11,415,662	2.85%
47	1	16,060,001	16,065,000	16,062,541	4.01%
48	1	17,930,001	17,935,000	17,933,497	4.48%
49	1	44,995,001	45,000,000	45,000,000	11.24%
50	1	68,450,001	68,455,000	68,453,942	17.10%
51	1	173,885,001	173,890,000	173,886,850	43.44%
	2,405			400,273,960	100.00%

Categories of shareholders	Share held	Percentage
Directors, Chief Executive, their spouse and minor child	293,227,499	63.57%
NIT and ICP	630	0.00%
Banks Development Finnacial Institution, Non-banking Financial Institutions	46,348,747	11.58%
Insurance Companies	418	0.00%
Modarabas and Mutual Funds	218	0.00%
General Public (Local)	39,763,989	13.94%
Joint Stock Companies	4,699,817	1.17%
Foreign Companies	8,364,224	2.09%
Associations	43,637	0.01%
Government Authority	14,872	0.00%
Investment Companies	7,809,211	1.95%
Others	698	0.00%
Total	400,273,960	100.00%

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2013

	Category of Shareholders	No. of Shareholders	Percentage
I	Associated Companies, Undertakings and Related Parties:	-	-
II	Mutual Funds (Name Wise Detail)		
	Prudential stock fund ltd	218	0.00%
III	Directors and their Spouse and Minor Children (Name Wise Detail):		
	Mr. Abdur Rafique Khan	74,547,156	18.62%
	Mr. Muhammad Tousif Peracha	202,456,530	50.58%
	Mr. Mustafa Tousif Ahamad Paracha	500	0.00%
	Mian Nazir Ahmed Peracha	500	0.00%
	Mr. Ali Rashid Khan	16,062,541	4.01%
	Mrs. Tabassum Tousif Peracha	6,025	0.00%
	Mr. Muhammad Rehman	500	0.00%
	Mrs. Salma Khan w/o Mr. Abdur Rafique Khan	153,747	0.04%
IV	Executives:		
	Mr. Muhammad Ishaque Khokhar (CDC)	3,143	0.00%
V	Public Sector Companies & Corporations:	-	-
VI	Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:	54,158,594	13.53%
VII	Shareholders holding five percent or more voting interest in the listed company:		
	Mr. Muhammad Tousif Peracha (CDC)	202,456,530	50.58%
	Mr. Abdur Rafique Khan (CDC)	74,547,156	18.62%
	Silk Bank Limited (CDC)	45,000,000	11.24%

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

Name	Transfer	Purchase
Mr. Abdur Rafique Khan	130,000	0.00%

TO OUR SHAREHOLDERS

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 53rd Annual General Meeting of Gharibwal Cement Limited will be held on Tuesday October 22, 2013 at 12:30 p.m at Registered Office of the company (28-B/III, Gulberg-III, Lahore) to transact the following businesses:

Ordinary Business

1. To confirm minutes of last Annual General Meeting (AGM) held on October 31, 2012.

2. To receive, consider and adopt the Audited Financial Statements of the company for the year ended June 30, 2013 together with Auditor's and Director's report thereon.

3. To appoint Auditors' of the Company for the year ending June 30, 2014 and to fix their remuneration.

Other Business

4. To transact any other business with the permission of chair

By Order of the Board

Date: September 04, 2013
Place: Lahore

Muhammad Shamail Javed
Company Secretary

NOTES:

1. The share transfer books of the company will remain closed from October 15 to October 22, 2013 both days inclusive. Transfer received by the Share Registrar of the Company, M/s Corplink (Private) Limited, 1-K Commercial, Model Town Lahore up to October 14, 2013 will be considered in time for the purpose of attendance at AGM.

2. A member who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and account /sub account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/ her proxy to attend, speak and vote instead of him/her.

4. Forms of proxy to be valid must be properly filled in/executed and received at the Company's head office situated at 28/B-III, Gulberg-III, Lahore not later than 48- hours before the time of meeting.

5. Members are requested to notify the Shares Registrar of the Company promptly of any change in their addresses and also provide Copy of their CNIC for updating record.

DIRECTORS' REPORT
TO THE SHAREHOLDERS

The Directors of your company are pleased to present the Annual Report of the Company along with the audited financial statements and Auditors' Report thereon for the year ended June 30, 2013.

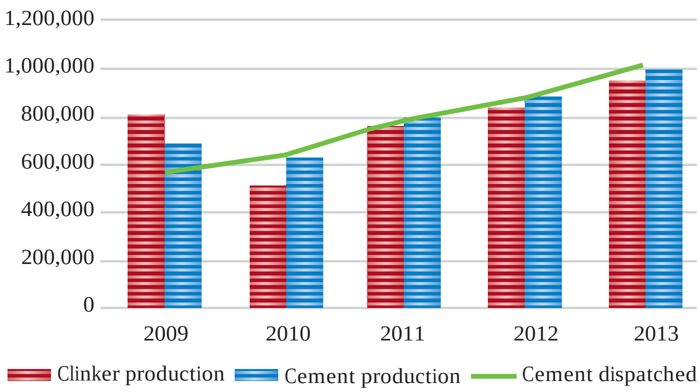
OVERVIEW

The financial year under review was concluded as the best performing year and observed favourable key performance indicators over the preceding year. The sales volume and net sales increased by 14% and 25% respectively over the preceding year. Gross profit registered a growth of 72% whereas your Company earned a profit after taxation of Rs. 1.050 billion which was increased by 535% over the last year. Finance cost decreased by 22% mainly due to repayment of principal amounts and reduction in interest rate. Earnings per share stood at Rs. 2.62 as compared with loss per share Rs. 0.60 of the last year.

a)- Production and Sales Volume:

Brief summary of production and sales in volume along with comparison of last year is given below:

Particulars	FY 2013	FY 2012	% increase
	Ton	Ton	%
Clinker production	953,966	838,242	14%
Cement production	1,007,453	882,555	14%
Cement dispatched	1,006,973	883,664	14%



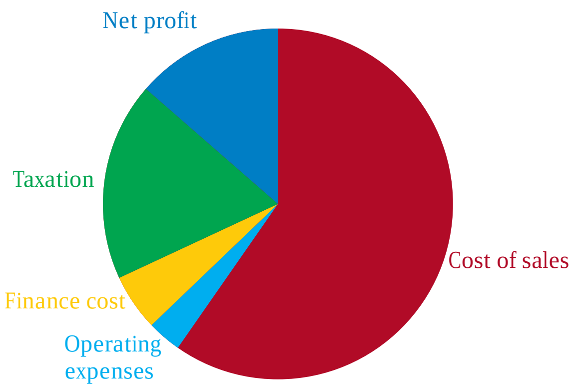
b)- Financial Performance:

Comparative financial results of the Company for the year under review are summarized below:

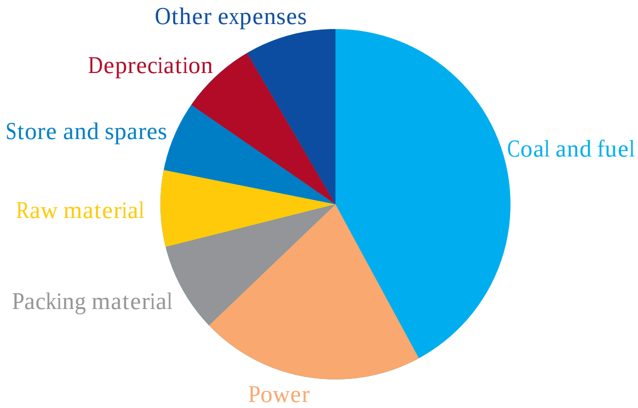
Particulars	FY 2013		FY 2012		Variance	
	Rs. '000	% of sales	Rs. '000	% of sales	Rs. '000	% increase
Net sales	6,230,216	100%	4,976,032	100%	1,254,184	25%
Gross profit	1,699,214	27%	989,130	20%	710,084	72%
Operating profit	1,836,956	29%	797,550	16%	1,039,406	130%
EBITDA	2,180,415	35%	1,123,639	23%	1,056,776	94%
Profit before taxation	1,066,020	17%	(191,674)	-4%	1,257,694	656%
Profit after taxation	1,050,545	17%	(241,434)	-5%	1,291,979	535%
Earnings per share (Rs.)	2.62		(0.60)		3.23	535%

Major portion of wealth generated during the year was utilized by the Company on account of cost of sales and operating expenses whereas 17% of the wealth was available to recover the accumulated losses of the past years despite low capacity utilization, energy crises and working capital. 18% of the wealth was distributed to government against Excise Duty, Sales Tax and Income Tax, 5% of the wealth was allocated to the financers

WEALTH DISTRIBUTION



COST OF SALE



Majority of the cost of sales comprises fuel and power expenses. The finance cost for the year decreased by 22% due to repayment of principal amounts and reduction of interest rate by SBP.

Further the management of your Company succeeded in rescheduling and realignment of borrowings by the banks and financial institutions.

The Company made payment of Federal Excise Duty and Sales Tax arrears amounting to Rs. 467.044 million under Amnesty Scheme and saved default surcharge of about Rs. 281.751 million. These measures helped the Company to improve its profitability and current ratio.

FUTURE OUTLOOK

The management of the Company anticipates a growth in cement demand in future years due to announcement of mega projects by the government at steady upward selling prices which will generate cash from operation sufficient enough not to only meet working capital requirement but also to pay off the debts within due time.

The management of your Company is also working on feasibility of various projects for energy efficiency which will decreased the energy cost in coming years.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is a responsible corporate citizen and fully recognizes its responsibility towards community, employees and environment.

BOARD & AUDIT COMMITTEE MEETINGS

During the year under report, four Board (BOD) and Audit Committee (AC) meetings were held. Attendance by each director is as under:

Sr.#	Name of Directors	No. of Meetings Attended	
		BOD	AC
1	Mr. Muhammad Tousif Peracha	2	2
2	Mr. Abdur Rafique Khan	4	
3	Mrs. Tabassum Tousif Peracha	1	
4	Mian Nazir Ahmed Peracha	4	4
5	Mr. Muhammad Ishaque Khokhar (resigned on 04/09/2013)	4	
6	Mr. Muhammad Niaz Peracha (resigned on 30/04/2013)	4	4
7	Mr. Muhammad Rehman (Elected- w.e.f. March 01, 2012)	2	
8	Mr. Mustafa Tousif Ahmed Paracha (appointed on 30/04/2013)	-	-
9	Mr. Ali Rashid Khan (appointed on 04/09/2013)	-	-

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

In compliance with the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting Frame Work:

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

ii. Proper books of account of the Company have been maintained.

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

iv. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

v. The system of internal control is sound in design and has been effectively implemented and monitored.

vi. Management feels that there is no significant doubt on the Company's ability to continue as going concern.

vii. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations. Company has also constituted Audit Committee and HRR Committee and its members are disclosed in annual report.

viii. The detail of trading in shares of the Company, if any, carried out by the directors, CEO, CFO, and Company Secretary and their spouses and minor children is provided in pattern of shareholding annexed with this report.

ix. No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which these financial statements relate and the date of Directors' report.

x. Key operating and financial data for six years is provided in this annual report.

xi. The pattern of shareholding is provided in this annual report.

xii. Value of investment of Provident Fund Trust as per latest audited accounts is Rs. 57.1 million.

xiii. The Company has fulfilled its major statutory and financial obligations, except as disclosed in the Financial Statements in detail.

xiv. No dividend or bonus shares are declared because of heavy financial commitments and statutory payments in the current and coming financial year.

xv. Company has arranged in house training program for its directors, however, most of directors meet criteria as laid down in code of corporate governance.

xvi. The Statement of compliance with the best practices of Code of Corporate Governance is provided in this annual report.

AUDITORS

Hyder Bhimji & Co., Chartered Accountants being the retiring auditors are eligible for reappointment and Board has also endorsed their re-appointment for another term as per recommendation of the Audit Committee.

ACKNOWLEDGEMENT

The Board is thankful to the bankers and financial institutions that extended assistance in financing the Company, suppliers and dealers for their continuous support and cooperation.

We would also like to appreciate the commitment and hardworking of every worker and employee of Gharibwal family.

We are very grateful to you, our shareholders, for your confidence and faith that you have always reposed in us.

For and on behalf of the Board

MUHAMMAD TOUSIF PERACHA
Chief Executive Officer

Lahore: September 04, 2013

STATEMENT PURSUANT
TO SECTION 218 OF THE COMPANIES ORDINANCE, 1984

Dear Members,

This is to inform you that BOD's in their meeting held on September 04, 2013 has revised the terms of conditions of employment of Mr. MuhammadTousifperacha (CEO) and Mr. AbdurRafique Khan (Director) and following resolution was passed unanimously:

Resolved that Company is hereby authorized to pay Rs. 1.0 million per month to Mr. Muhammad TousifPeracha (Chairman/CEO) and Rs. 0.5 million per month to Mr. AbdurRafique Khan (Director) as remuneration w.e.f. July 01, 2013.

Further Resolved that this remuneration shall be subject to such increments, other allowances and applicable benefits, bonuses, adjustments and other entitlements/perquisites as may be granted at any time and from time to time by the Board of Directors of the Company and/or in accordance with the policies of the Company.

Previously, no remuneration was paid to them and this information is provided as required under section 218 of Companies Ordinance, 1984 and no other director is interested in this business except Mr. Muhammad TousifPeracha (Chairman/CEO) and Mr. AbdurRafique Khan (Director) to the extent of above business only.

FORM OF PROXY

The Secretary
Gharibwal Cement Limited
28-B/III, Gulberg III,
LAHORE.

I/We ______________________ of ____________________________ being a member of

Gharibwal Cement Limited, and holder of ________________ Ordinary Shares as per Shares Register

Folio No.______________ hereby appoint Mr./Mrs./Ms. ____________________________

of ____

Folio No. ____________who is also a member of Gharibwal Cement Limited as my/our proxy to attend and vote for and on my / our behalf at the 53rd Annual General Meeting of the Company to be held on Tuesday, October 22, 2013 at 12:30 pm at the registered office of the Company (Gharibwal Cement Limited 28-B/III, Gulberg III,Lahore.) and at any adjournment thereof.

As witnessed given under my / our hand (s) ___________day of ___________ , 2013.

Signature

WITNESS:

Signature ________________

Name ________________

Address ________________

On five
Rupees
Revenue
Stamp

Note:

1. The Proxy in order to be valid must be signed across a Five Rupees Revenue Stamp and should be deposited in the Registered Office of the Company not later than 48 hours before the time of holding the meeting.

2. No person shall act as proxy unless he is a member of the Company.

3. Signature should agree with the specimen signature registered with the Company.

CODE OF CORPORATE GOVERNANCE

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

A member of
KRESTON INTERNATIONAL
with affiliated offices worldwide

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Fax: 042 - 37359515
E-mail: info-lhr@hyderbhimgi.com
: hyderbhimjilahoreoffice@gmail.con

REVIEW REPORT TO THE MEMBERS
on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Gharibwal Cement Limited (the company) for the year ended June 30, 2013 to comply with the Listing Regulations of the respective stock exchanges, where the company is listed.

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

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

Further, listing regulations require the company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the company for the year ended June 30, 2013.

Lahore: 04 September 2013

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner - Syed Aftab Hameed, FCA

STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 34 of listing regulations of Karachi and Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Nil
Executive Directors	Mr. Muhammad Tousif Peracha
	Mr. Abdur Rafique Khan
Non-Executive Directors	Mr. Muhammad Rehman
	Mian Nazir Ahmed Peracha
	Mrs. Tabbasum Tousif Peracha
	Mr. Mustafa Tousif Ahmed Paracha
	Mr. Ali Rashid Khan

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Any casual vacancy in the board is filled by the directors within the prescribed time.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged two in house training programs for its directors during the year.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function and has outsourced the internal audit function to M/S Aftab Nabi & Company, Chartered Accounts, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

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

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied except as required under provisions of clause i(a),i(b) to some extent, i(d) & vi and these shall take effect when the board is reconstituted on expiry of its current term

For and on behalf of the Board

Lahore: 04 September 2013

Muhammad Tousif Peracha
Chief Executive Officer

FINANCIAL STATEMENTS

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

A member of
KRESTON INTERNATIONAL
with affiliated offices worldwide

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Fax: 042 - 37359515
E-mail: info-lhr@hyderbhimgi.com
: hyderbhimjilahoreoffice@gmail.con

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Gharibwal Cement Limited as at June 30, 2013 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year 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 purpose 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 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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 June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore: 04 September 2013

HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS
Engagement Partner - Syed Aftab Hameed, FCA

BALANCE SHEET
AS AT JUNE 30, 2013

	Note	2013	2012
		(Rupees in 000s)	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	11,476,898	11,497,131
Long term loans	7	-	1,552
Long term deposits	8	72,456	52,641
Deferred tax asset	20.2	142,761	-
		11,692,115	11,551,324
CURRENT ASSETS			
Stores, spares and loose tools	9	647,243	383,978
Stock in trade	10	167,020	112,122
Trade debts	11	188,929	129,592
Advances, deposits and other receivables	12	170,113	320,810
Cash and bank balances	13	22,718	16,777
		1,196,023	963,279
Non current assets held for sale	14	13,812	13,812
Total current assets		1,209,835	977,091
TOTAL ASSETS		12,901,950	12,528,415
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
470,000,000 ordinary shares of Rs. 10 each		4,700,000	4,700,000
Issued, subscribed and paid up capital	15	4,002,739	4,002,739
General reserves		332,000	332,000
Accumulated loss		(2,671,643)	(3,794,382)
		1,663,096	540,357
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	16	2,270,769	2,200,202
NON CURRENT LIABILITIES			
Redeemable capital	17	199,840	-
Long term borrowings	18	3,600,854	3,640,384
Liabilities against assets subject to finance lease	19	-	-
Deferred income	18.1.4	212,004	6,810
Deferred liabilities	20	1,803,180	2,289,252
		5,815,878	5,936,446
CURRENT LIABILITIES			
Trade and other payables	21	862,653	852,326
Accrued markup / profit	22	590,943	951,078
Short term borrowings	23	621,510	469,333
Current portion of non-current liabilities	24	770,791	1,073,270
Taxes and duties payable	25	306,310	505,403
		3,152,207	3,851,410
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		12,901,950	12,528,415

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer

Director

PROFIT AND LOSS ACCOUNT STATEMENT

FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees in 000s)	
Sales - net	27	6,230,216	4,976,032
Cost of sales	28	(4,531,002)	(3,986,902)
Gross profit		1,699,214	989,130
Selling and distribution expenses	29	(17,140)	(25,383)
General and administrative expenses	30	(140,517)	(161,123)
Other operating expenses	31	(82,754)	(19,907)
Other Income	32	378,153	14,833
		137,742	(191,580)
Profit from operations		1,836,956	797,550
Finance cost	33	(770,936)	(989,224)
Profit before taxation		1,066,020	(191,674)
Taxation	34	(15,475)	(49,760)
Profit after taxation		1,050,545	(241,434)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		1,050,545	(241,434)
		Rupees	
Earnings per share (basic & diluted)	35	2.62	(0.60)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer

Director

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

	Share Capital	General Reserves	Accumulated Loss	Total
	(Rupees in 000s)			
Balance as at June 30, 2011	4,002,739	332,000	(3,576,437)	758,302
Correction of prior year error (Note 5.21)	-	-	(46,978)	(46,978)
Balance as at June 30, 2011 - Restated	4,002,739	332,000	(3,623,415)	711,324
Total Comprehensive loss for the year ended June 30, 2012	-	-	(241,434)	(241,434)
Incremental depreciation on revaluation of property, plant & equipment [net off deferred tax of Rs. 37.944 million]	-	-	70,467	70,467
Balance as at June 30, 2012	4,002,739	332,000	(3,794,382)	540,357
Total Comprehensive income for the year ended June 30, 2013	-	-	1,050,545	1,050,545
Incremental depreciation on revaluation of property, plant & equipment [net off deferred tax of Rs. 38.873 million]	-	-	72,194	72,194
Balance as at June 30, 2013	4,002,739	332,000	(2,671,643)	1,663,096

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer

Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees in 000s)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before taxation		1,066,020	(191,674)
Adjustment for non-cash and other items:			
Depreciation		343,459	326,089
Provision for retirement benefits		17,370	18,129
Finance cost		770,936	881,849
Taxes and duties		45,454	36,924
Provision for slow moving stores items		-	11,744
Provision for doubtful debts		26,178	8,163
Interest income accrued		-	(13,197)
Waiver of markup and default surcharge		(376,754)	-
		826,643	1,269,701
Operating profit before working capital changes		1,892,663	1,078,027
Increase / (decrease) in working capital:			
Stores, spares and loose tools		(263,265)	(66,185)
Stock in trade		(54,898)	3,062
Trade debts		(59,337)	(67,628)
Advance, deposit and other receivable		126,071	60,111
Trade and other payables		(58,885)	(418,948)
		(310,314)	(489,588)
Cash inflow from operation		1,582,349	588,439
Finance cost paid		(612,973)	(247,103)
Retirement benefits paid		(12,049)	(18,204)
Net decrease in long term loans & deposits		(19,815)	(11,684)
Net increase/(decrease) in taxes & duties		(618,353)	8,047
Net cash inflow from operating activities		319,159	319,495
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(323,226)	(257,027)
Net cash outflow from investing activities		(323,226)	(257,027)
CASH FLOW FROM FINANCING ACTIVITIES			
Change in long term borrowings		(221,295)	(436,605)
Change in short term borrowings		230,573	(68,035)
Change in directors' loan		(15,896)	461,000
Change in liabilities against assets subject to finance lease		(5,400)	(14,312)
Net cash outflow from financing activities		(12,018)	(57,952)
Net (decrease)/increase in cash and cash equivalents		(16,085)	4,516
Cash and cash equivalents at beginning of the year		16,777	12,261
Cash and cash equivalents at end of the year - detailed as under:		692	16,777
Cash and bank balances	13	22,718	16,777
Less: temporary bank over drafts	23.2	22,026	-
		692	16,777

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive Officer

Director

1 LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan on December 29, 1960 as a Public Limited Company; its shares are quoted on Karachi and Lahore Stock Exchanges. It is principally engaged in production and sale of cement. The registered office of the Company is situated at 28-B/III, Gulberg III, Lahore.

2 STATEMENT OF COMPLIANCE

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards 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 or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, Interpretations and amendments to published approved accounting standards adopted during the year

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), which became effective during the year but are considered not to be relevant or have any significant effect on the company's operations and are, therefore, not disclosed in these financial statements.

2.3 Standards, interpretations and amendments to approved accounting standards that are issued but not yet effective

There were certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2013, but, except for the amendments to IAS 19 "Employee Benefits", are considered not to be relevant or have any significant effect on the company's operations, other than presentation / disclosures and are, therefore, not disclosed in these financial statements.

The amendments to IAS 19 require immediate recognition of actuarial gains / losses in other comprehensive income in the period of initial recognition, this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

		IASB Effective date (periods beginning on or after)
IFRS-9	Financial Instruments	January 01, 2015
IFRS-10	Consolidated Financial Statements	January 01, 2013
IFRS-11	Joint Arrangements	January 01, 2013
IFRS-12	Disclosure of Interest in Other Entities	January 01, 2013
IFRS-13	Fair Value Measurement	January 01, 2013
IFRIC-21	Levies	January 01, 2014

3 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention except for freehold land, factory building and plant & machinery which have been carried at revalued amount as referred to in the relevant notes while staff retirement benefits - staff gratuity and compensated absences have been recognized at present value. The financial statements are presented in Company's functional currency of Pakistan Rupee.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of setting up and applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized in the period in which the estimate is 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. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4.2 Provision for doubtful receivables

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

4.3 Useful life and residual values of property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment, if any.

4.4 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable.

4.5 Provision for defined employees' benefits

Defined benefit plans are provided for permanent employees of the Company subject to completion of a prescribed qualifying period of service. The plans are structured as separate legal entities managed by trustees except compensated absences for which liability is recognized in the Company’s financial statements. These plans are evaluated with reference to uncertain events and based upon actuarial assumptions including inter alia, discount rates, expected rates of return on plan assets, expected rates of salary increases, medical cost rates and mortality rates.

The actuarial valuations are conducted by independent actuaries on annual basis. Gratuity costs primarily represent the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

4.6 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future events.

4.7 Stock in trade and stores and spare parts

The company reviews the net realizable value of stock–in–trade and stores & spare parts to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant & equipment and depreciation

Owned

Operating fixed assets, except freehold land which is stated at revalued amount, are stated at cost or revalued amounts less accumulated depreciation and impairment, if any.

Depreciation is charged at the rates stated in note 6.1 applying reducing balance method except plant and machinery on which depreciation is charged on the basis of units of production method. The useful life and residual value of major components of fixed assets is reviewed annually to determine that expectations are not significantly different from the previous estimates. Adjustment in depreciation rate for current and future periods is made if expectations are significantly different from the previous estimates. Depreciation is charged from the month when an asset becomes available for use, whereas no depreciation is charged in the month of its disposal. Gain/loss on disposal of fixed assets is taken to profit and loss account.

Normal repairs and maintenance are charged to profit and loss account as and when incurred. Major improvements and modifications are capitalized and assets replaced, if any, other than those kept as stand-by, are retired.

Leased

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to produce a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

Depreciation is charged at the rates stated in note 6.1 by applying reducing balance method. Financial charges and depreciation on leased assets are charged to profit and loss account.

5.2 Capital Work in Progress

Capital work in progress and stores held for capital expenditure are stated at cost less any identified impairment loss and represents expenditure on property, plant and equipment during the construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for its intended use.

5.3 Stores and spares

These are valued at lower of moving (monthly weighted) average cost and net realizable value except items-in-transit which are valued at cost accumulated to the balance sheet date. Stores, spares and loose tools are regularly reviewed by the management to assess their net realizable value (NRV). Provision is made for slow moving and obsolete store items when so identified.

5.4 Stock-in-trade

These are stated at the lower of cost and net realizable value (NRV). The methods used for the calculation of cost are as follows:

Raw materials	Lower of annual average cost and NRV
Work in process and finished goods	Lower of annual average cost (comprising quarrying cost, transportation, government levies, direct cost of raw material, labour and other manufacturing overheads) and NRV
Packing materials	Lower of simple moving average cost and NRV

Stock-in-trade is regularly reviewed by the management and any obsolete items are brought down to their net realizable value. Net realizable value signifies the selling price in the ordinary course of business less cost necessary to be incurred to affect such sale.

5.5 Trade debts

Trade debts are carried at invoice amount on transaction date less any estimate of provision for doubtful receivables. Known bad debts are written off as and when identified.

5.6 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cash-in-hand, current, escrow, saving and deposit accounts with commercial banks net of temporary bank overdrafts.

5.7 Assets classified as held for sale

These are measured at the lower of carrying amount and fair value less cost to sell.

5.8 Surplus on revaluation of property, plant and equipments

The surplus arising on revaluation of these assets is credited to the "Surplus on revaluation of property, plant and equipment" account shown below equity in the balance sheet in accordance with the requirements of section 235 of the Companies Ordinance 1984. The Company has adopted the following accounting treatment of depreciation on revalued assets in accordance with the provisions of the above said section:

- Depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge for the year is taken to the profit and loss account; and

- An amount equal to incremental depreciation for the year net of deferred taxation is transferred from " Surplus on Revaluation of Fixed Assets account" to accumulated profits/losses through Statement of Changes in equity to record realization of surplus to the extent of the incremental depreciation charge for the year.

5.9 Employees benefits

(a) Defined benefit plan

The Company operates a funded gratuity scheme for all its permanent employees subject to completion of a prescribed qualifying period of service. Contribution to the fund is made annually on the basis of actuarial recommendation to cover obligation under the scheme.

The cost of defined benefit plan is determined using actuarial valuation. The actuarial valuation involves making assumptions disclosed in note 21.5. Due to long term nature of these plans, such estimates are subject to significant uncertainty.

Actuarial gains or losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses for each individual plan exceeds 10% of the higher of the present value of the defined benefit obligation and fair value of plan assets. These gains or losses are recognized in the profit and loss account over the expected average remaining working lives of the employees participating in the plan.

(b) Defined contribution plan

The Company also operates a funded contributory provident fund scheme for its employees. Equal monthly contributions @ 10% of the basic salaries are made by the Company and the employees to the fund. Contribution of the Company is charged to the profit and loss account for the year.

(c) Compensated absences

Provisions are made to cover the obligation for accumulated compensated absences on the basis of actuarial valuation and are charged to profit and loss account. Actuarial gains and losses are recognized immediately.

5.10 Trade and other payables

Trade and other payables are carried at cost, which is the fair value of the consideration to be paid for goods and services.

5.11 Ijarah

Ijarah payments under an Ijarah are recognized as an expense in the profit and loss account on a straight-line basis over the Ijarah term.

5.12 Provisions

Provisions are recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

5.13 Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or minimum taxation at the rate of 0.5% of the turnover, in case there is gross profit, whichever is higher. For income covered under Final Taxation Regime (FTR), taxation is based on the applicable tax rates under such Regime.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the balance sheet date. In this regard, the effect on deferred taxation of the portion of income subjected to Final Tax Regime is adjusted in accordance with the requirements of Accounting Technical Release – 27 of the Institute of Chartered Accountants of Pakistan, if considered material.

Deferred tax liability is recognized for all taxable temporary differences and deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and unused tax credits, if any, to the extent that it is probable that future taxable profits will be available against which these can be utilized. The Company recognizes deferred tax liability on surplus on revaluation of fixed assets which is adjusted against the related surplus.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

5.14 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees (functional and presentation currency) at the rates of exchange approximating those appearing on the dates of transactions. Assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevalent on the balance sheet date. All exchange differences arising from foreign currency transactions / translations are charged to profit and loss account.

5.15 Financial instruments

Financial assets are long term deposits, long term advances, trade debtors, advances & other receivables and cash and bank balances. These are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred; and the company has transferred substantially all the risks and rewards of ownership.

Financial liabilities are recognized according to the substance of the contractual arrangements entered into. Significant financial liabilities are long term loans & finances, short term loans & borrowing and trade payables. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the profit and loss account for the period in which it arises.

5.16 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the company intends either to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

Equity instruments are recorded at their face value. All incremental external costs directly attributable to the equity transaction are charged directly to equity net of any related income tax benefit.

5.17 Revenue recognition

Sale of goods

Revenue from sales is recognized when the significant risks and rewards of ownership of the goods have passed to customers, which coincide with the dispatch of goods to customers.

Interest Income

Interest income is accounted for on accrual basis.

Scrap sales

These are recognized on physical delivery to customer.

Dividend Income

It is recognized when the company's right to receive payment is established.

5.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are charged to profit and loss account in the period of incurrence.

5.19 Impairment of assets

The management assesses at each balance sheet date whether there is any indication that an asset is impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount by charging the impairment loss against profit and loss account for the year.

5.20 Related party transactions

All transactions with related parties are executed at arm's length prices, determined in accordance with the pricing method as approved by the Board of Directors.

5.21 Correction of prior periods error

Amounts totalling Rs. 46.978 million were wrongly classified as input sales tax claimable during the financial years 2009 to 2011 and as such were shown as adjustable against the sales tax liabilities of the company for those years. Since such a classification was found to be the misinterpretation of fact during those periods, therefore, the same is being rectified as "prior period errors" in accordance with the para 42(b) of IAS 8, "Accounting policies, Changes in accounting estimates and Errors". The effect of this adjustment in these financial statments is, as under:

	After Restatement	Before Restatement
	(Rupees in 000s)	
Statement of changes in equity		
Accumulated loss as at June 30, 2011	(3,623,415)	(3,576,437)
Balance sheet		
Taxes and duties payable	505,403	458,425

	Note	2013	2012
		(Rupees in 000s)	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - Tangible	6.1	11,036,096	11,177,058
Capital work in progress	6.2	440,802	320,073
		11,476,898	11,497,131

6.1 OPERATING FIXED ASSETS - TANGIBLE

	COST / REVALUED AMOUNT					ACCUMULATED DEPRECIATION				Book Value Revaluation Modle as at 30-06-2013	Rate of Depreciation
	Balance as at 01-07-2012	Addition	Deletion	Transfer /Adjustment	Balance as at 30-06-2013	Balance as at 01-07-2012	For the year	Adjustment /Deletion	Balance as at 30-06-2013		
Owned assets											
Land - freehold	83,377	-	-	-	83,377	-	-	-	-	83,377	
Buildings and foundations	2,975,862	44,100	-	-	3,019,962	735,917	126,989	-	862,906	2,157,056	5%-10%
Building on Leasehold land	19,796	-	-	-	19,796	14,799	500	-	15,299	4,497	10%
Heavy vehicles	122,452	-	-	-	122,452	115,170	1,456	-	116,626	5,826	20%
Plant and machinery	9,055,563	146,148	-	-	9,201,711	547,218	192,813	-	740,031	8,461,680	unit of prod.
Infrastructure	116,779	-	-	-	116,779	16,997	6,985	-	23,982	92,797	7%
Tools and equipments	1,403	315	-	-	1,718	1,341	25	-	1,366	352	10%
Furniture, fixtures and office equipment	47,642	1,277	-	-	48,919	33,611	1,477	-	35,088	13,831	10%
Transport assets	50,790	11,510	(1,316)	-	60,984	39,120	2,705	(463)	41,362	19,622	20%
	12,473,664	203,350	(1,316)	-	12,675,698	1,504,173	332,950	(463)	1,836,660	10,839,038	
Assets subject to finance lease											
Plant and machinery	283,486	-	-	-	283,486	76,791	10,335	-	87,126	196,360	5%
Vehicles	1,859	-	-	-	1,859	987	174	-	1,161	698	20%
	285,345	-	-	-	285,345	77,778	10,509	-	88,287	197,058	
Rupees in 000s - 2013	12,759,009	203,350	(1,316)	-	12,961,043	1,581,951	343,459	(463)	1,924,947	11,036,096	

	COST / REVALUED AMOUNT					ACCUMULATED DEPRECIATION				Book Value Revaluation Modle as at 30-06-2012	Rate of Depreciation
	Balance as at 01-07-2011	Addition	Deletion	Transfer /Adjustment	Balance as at 30-06-2012	Balance as at 01-07-2011	For the year	Adjustment /Deletion	Balance as at 30-06-2012		
Owned Assets											
Land - freehold	83,377	-	-	-	83,377	-	-	-	-	83,377	
Buildings and foundations	2,973,166	2,696	-	-	2,975,862	601,728	134,189	-	735,917	2,239,945	5%-10%
Building on Leasehold land	19,796	-	-	-	19,796	14,244	555	-	14,799	4,997	10%
Heavy vehicles	122,452	-	-	-	122,452	113,350	1,820	-	115,170	7,282	20%
Plant and machinery	9,030,100	25,463	-	-	9,055,563	379,539	167,679	-	547,218	8,508,345	unit of prod.
Infrastructure	103,020	13,759	-	-	116,779	10,430	6,567	-	16,997	99,782	7%
Tools and equipments	1,403	-	-	-	1,403	1,334	7	-	1,341	62	10%
Furniture, fixtures and office equipment	47,319	323	-	-	47,642	32,083	1,528	-	33,611	14,031	10%
Transport assets	30,542	2,744	-	17,504	50,790	24,166	1,557	13,397	39,120	11,670	20%
	12,411,175	44,985	-	17,504	12,473,664	1,176,874	313,902	13,397	1,504,173	10,969,491	
Assets subject to finance lease											
Plant and machinery	283,486	-	-	-	283,486	65,912	10,879	-	76,791	206,695	5%
Vehicles	21,362	-	(1,999)	(17,504)	1,859	13,239	1,308	(13,560)	987	872	20%
	304,848	-	(1,999)	(17,504)	285,345	79,151	12,187	(13,560)	77,778	207,567	
Rupees in 000s - 2012	12,716,023	44,985	(1,999)	-	12,759,009	1,256,025	326,089	(163)	1,581,951	11,177,058	

6.1.1 Vehicle subject to finance lease is in the name of an employee of the company.

6.1.2 The revaluation of the Company's freehold land, building and plant & machinery situated at its plant site was again carried out on January 30, 2011 by an independent valuer - Messrs Diemen Associates (Pvt) Ltd, Lahore. The revaluation exercise was carried out on the basis of depreciated replacement cost method except freehold land which was revalued on the basis of reassessed replacement cost as at June 30, 2010. This revaluation produced incremental revaluation surplus of Rs. 2,363.048 million. Had the revaluations of these assets not been made, the carrying value of these assets would have been as under:

	Note	2013	2012
		(Rupees in 000s)	
Factory land		19,914	19,914
Building and foundation		1,436,116	1,468,243
Building and foundation on leasehold land		106	117
Heavy vehicles		786	983
Plant and machinery		5,849,881	5,838,163
		7,306,803	7,327,420

6.1.3 Depreciation charge for the year has been allocated as under:

	Note	2013	2012
Cost of sales	28	310,952	291,478
Selling and distribution expenses	29	218	329
General and administrative expenses	30	32,289	34,282
		343,459	326,089

6.1.4 The carrying amount of temporarily idle property, plant and equipment, as included in note 6.1, is as under:

	2013	2012
Building and foundations	252,812	280,903
Railway sidings	2,239	2,407
	255,051	283,310

6.1.5 During the year, one vehicle having cost of Rs. 1.316 million and book value of Rs. 0.852 million had been sold to Mr. Atiq ul Rehman (Ex-employee) as per company policy against his final dues of Rs. 0.382 million resulting in loss of Rs. 0.470 million.

6.2 CAPITAL WORK-IN-PROGRESS

	Opening Balance	Additions / Adjustment	Transfer to operating fixed assets	Closing Balance
	(Rupees in 000s)			
Civil work and buildings	72,183	172,510	(29,979)	214,714
Plant and machinery	196,497	116,554	(145,691)	167,360
Intangible assets	4,220	417	-	4,637
Advances for capital expenditure	-	8,650	-	8,650
	272,900	298,131	(175,670)	395,361
Stores and spares held for capital expenditure	122,318	(1,732)	-	120,586
Less: provision for impairment	(75,145)	-	-	(75,145)
	47,173	(1,732)	-	45,441
	320,073	296,399	(175,670)	440,802

	Note	2013	2012
		(Rupees in 000s)	
7 LONG TERM LOANS - secured and considered good			
House building loans to Executive (related party)		-	1,277
Emergency loans and house repair loans		-	428
		-	1,705
Less: Current portion shown under current assets		-	(153)
		-	1,552
7.1 A reconciliation of the house building loans to executive (related party) is as follows:			
Opening balance		1,277	1,798
Loan given during the year		-	-
Deducted/adjusted during the year		(1,277)	(521)
Closing balance		-	1,277
8 LONG TERM DEPOSITS			
Ijarah facility		2,148	5,474
Lease key money		8,558	8,558
Rented premises		1,790	1,790
Utilities and supplies		68,518	45,377
		81,014	61,199
Less: Current portion shown under current assets			
Lease key money	12	(8,558)	(8,558)
		72,456	52,641
9 STORES, SPARES AND LOOSE TOOLS			
General stores	9.1	625,377	392,278
Spares		53,540	26,638
Loose tools		4,044	780
		682,961	419,696
Less: Provision for slow moving and obsolete items		(35,718)	(35,718)
		647,243	383,978

9.1 This includes store-in-transit amounting to Rs. 55.767 million (2012: Rs. 30.075 million).

	Note	2013	2012
10 STOCK IN TRADE			
Raw material		93,898	37,770
Work in process		48,100	57,751
Finished goods		14,698	12,792
Packing material		10,324	3,809
		167,020	112,122

	2013	2012
	(Rupees in 000s)	
11 TRADE DEBTS - unsecured		
Considered good	188,929	129,592
Considered doubtful	8,003	3,971
	196,932	133,563
Less: provision for doubtful debts	(8,003)	(3,971)
	188,929	129,592

11.1 As at June 30, 2013, the ageing analysis of unimpaired trade debts is as follows:

	Total	Neither past due nor impaired	past due but not impaired		
			1 - 90 days	90 - 180 days	More than 180 days
2013 (Rupees in 000s)	188,929	-	186,729	1,064	1,136
2012 (Rupees in 000s)	129,592	-	128,033	960	599

	Note	2013	2012
		(Rupees in 000s)	
12 ADVANCES, DEPOSITS AND OTHER RECEIVABLES -			
Considered good			
Advances to staff	12.1	6,609	15,723
Long term loans - current maturity	7	-	153
Advances to suppliers		58,066	97,374
Deposits-Utilities and others (including current portion of long term deposits)	8	94,808	143,685
Prepayments and other receivables	12.2	10,630	10,630
Accrued interest from related party-Balochistan Glass Limited		-	53,245
		170,113	320,810
Considered doubtful			
Advances to suppliers		30,113	8,443
Other receivables		2,774	2,298
		32,887	10,741
		202,999	331,551
Less: provision for balances doubtful of recovery		(32,887)	(10,741)
		170,113	320,810

12.1 This includes advances amounting to Rs. 6.454 million (2012: Rs. 6.481 million) given for the company's business. No advances were given to Chief Executive, Directors and Executives of the company during the year (2012: Nil).

12.2 This includes fixed deposit of Rs. 10 million (2012: Rs. 10.000 million) with First Dawood Investment Bank under lien against Privately Placed Term Finance Certificate (PPTFC) (Note 17). Also referred to the note 26.7.

	2013	2012
	(Rupees in 000s)	

13 CASH AND BANK BALANCES

	2013	2012
Cash in hand	310	1,750
Cash at bank - in		
Current accounts	9,584	11,434
Saving accounts	12,824	3,593
	22,408	15,027
	22,718	16,777

14 NON-CURRENT ASSETS HELD FOR SALE

This represents the portion of plant & machinery of wet process, which was abandoned and held for sale in due course of time. The members of the Company in Extra Ordinary General Meeting held on May 30, 2011 had already approved the disposal of the plant and machinery of the wet process.

15 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2013	2012		Note	2013	2012
Numbers				(Rupees in 000s)	
		Ordinary shares of Rs. 10 each:			
386,842,543	386,842,543	fully paid in cash		3,868,425	3,868,425
13,431,417	13,431,417	fully paid as bonus shares		134,314	134,314
400,273,960	400,273,960			4,002,739	4,002,739

16 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2013	2012
Opening balance	3,518,933	3,746,448
Incremental depreciation for the year	(111,067)	(108,410)
Correction of incremental depreciation accounted for as deferred tax	-	(119,105)
	3,407,866	3,518,933)
Deferred Tax Attributed to Surplus:		
Opening balance	(1,318,731)	(1,475,780)
Change in tax rate	142,761	-
Correction of incremental depreciation accounted for as deferred tax	-	119,105
Incremental depreciation for the year	38,873	37,944
	(1,137,097)	(1,318,731)
	2,270,769	2,200,202

17 REDEEMABLE CAPITAL

	Note	2013	2012
Privately placed term finance certificates (PPTFC)		389,020	389,020
Less: current maturity shown under current liabilities	24	(189,180)	(389,020)
		199,840	-

17.1 This represents redeemable capital in the form of PPTFC issued on January 18, 2008 to the financial institutions aggregating to Rs. 400.000 million (i.e. 80,000 certificates of Rs 5,000 each), registered with Central Depository Company. Proceeds from these TFC were used to swap higher interest debts.

The company entered into the restructuring agreement with all the TFC holders through its Trustee on December 28, 2010; and the company is committed to redeem these certificates in 24 unequal quarterly installments along with profit @ 3 months KIBOR plus 0% p.a. (2012: 3 months KIBOR plus 0% p.a.), where last installment will be paid on or before September 30, 2016. Profit accrued till March 31, 2010 is deferred and will be payable in unequal installments till September 30, 2016 starting from September 30, 2010; whereas profit accrued from April 01, 2010 to March 31, 2011 is also deferred and will be payable in unequal quarterly installments till June 2015 starting from June 30, 2011 and accordingly these are grouped under deferred markup as mentioned in note 20.1. These facilities are secured under 'First Joint Pari Passu Hypothecation Agreement' as mentioned in note 18.1.11.

17.2 The management of the Company has put forward various rescheduling proposals to the TFC holders which are favourably being considered by them. The management of the Company is confident that their efforts will be fruitful and the TFC holders will, as per term of the restructuring agreement as mentioned in note 17.1, become agree to rescheduling as done by other banks and financial institutions and accordingly the Company did not make overdue payments of principal as well as current and deferred profit amounting to Rs. 239.025 (2012 : Rs. 119.619 million). Accordingly, the payments after 12 months as per aforesaid restructuring agreement are shown under non-current liabilities.

	Note	2013	2012
		(Rupees in 000s)	
18 LONG TERM BORROWINGS			
Banks and financial institutions	18.1	2,384,144	2,450,190
Related parties	18.2	966,710	940,194
Dandot Cement Company Limited	18.3	250,000	250,000
		3,600,854	3,640,384
18.1 Borrowings from banks and financial institutions - Secured			
National Bank of Pakistan	18.1.1	657,066	657,066
Saudi Pak Industrial & Agricultural Investment Co. Ltd.	18.1.1	139,649	139,649
NIB Bank Limited	18.1.2	380,185	424,103
KASB Bank Limited	18.1.3	73,184	243,459
Bank of Punjab	18.1.4	1,111,816	1,031,990
Bank of Khyber	18.1.5	131,812	142,499
Silk Bank Limited	18.1.6	74,375	90,000
First Credit Investment Corporation	18.1.7	39,520	45,600
Faysal Bank Limited	18.1.8	95,500	101,650
Bank Islamic Pakistan Limited	18.1.9	187,375	214,375
Askari Bank Limited	18.1.10	42,402	-
Term Finance Facility		-	5,778
		2,932,884	3,096,169
Less: current and overdue portion shown under current liabilities	24	(548,740)	(645,979)
		2,384,144	2,450,190

18.1.1 This represents the principal amounts of long term borrowings and short term borrowings outstanding as at March 31, 2010, which were converted to a "Consolidated Term Finance" facility as a result of restructuring agreement executed with the consortium of banks and financial institutions on June 30, 2010. However, members of this consortium except for these two members, have entered into rescheduling agreement on bilateral basis as mentioned in notes 18.1.2 to 18.1.8.

This facility is repayable uptil September 30, 2016 in 24 unequal quarterly installments carrying markup @ 3 months KIBOR plus 0%. Markup accrued till March 31, 2010 is deferred and will be payable in unequal installments till September 30, 2016 starting from September 30, 2010; whereas markup accrued from April 01, 2010 to March 31, 2011 is also deferred and will be payable in unequal quarterly installments till June 2015 starting from June 30, 2011; and accordingly these are grouped under deferred markup as mentioned in note 20.1. This facility is secured under 'First Joint Pari Passu Hypothecation Agreement" as mentioned in note 18.1.11.

Various proposals for rescheduling are under consideration by these bank and financial institution and the management of the Company is confident that these will be rescheduled in due course of time; and in anticipation of this, the Company did not make overdue payments of principals as well as current and deferred markup amounting to Rs. 458.765 million (2012 : Rs. 160.569 million).

18.1.2 The principal will be repaid in unequal quarterly installments till December 31, 2020 starting from March 31, 2012. Markup is charged @ 3 months KIBOR plus 0% (2012: @ 3 months KIBOR plus 0%). Markup from January 01, 2012 onward is deferred and will be payable in unequal quarterly installments till December 31, 2021 starting from March 31, 2016; and accordingly grouped under deferred markup as mentioned in note 20.1. This facility is secured under the ' First Joint Pari Passu Hypothecation Agreement' as mentioned in note 18.1.11.

During the year, the Company made upfront payment of Rs. 80 million for adjustment of frozen/deferred markup amounting to Rs. 175 million accrued till December 31, 2011; and the remaining Rs. 95 million is waived by the bank as mentioned in note 32.

18.1.3 The principal will be repaid in equal monthly installments till May 31, 2020 starting from June 30, 2012. Markup is charged @ 1 month KIBOR plus 0% (upto March 31, 2012 @ 3 months KIBOR plus 0%) and will be payable in two years after the payment of the whole principal amount; and accordingly grouped under deferred markup as mentioned in note 20.1. This facility is secured under the ' First Joint Pari Passu Hypothecation Agreement' as mentioned in note 18.1.11.

During the year, a sum of Rs. 280.332 million was paid over and above the repayment schedule for settlement of principal and markup accrued till December 31, 2012, out of this Rs. 257.332 million was contributed by the sponsoring directors. After this payment, the Principal amount will now be fully repaid by September 2015 and accordingly the markup will be paid within two years in equal monthly installments from the repayment of principal i.e. September 2017.

18.1.4 During the year, the bank restructured and rescheduled this term finance on bilateral basis, previously this was a part of Consolidated Term Finance as mentioned in Note 18.1.1. According to this new agreement, the principal will be repaid in unequal monthly installments till December 31, 2022 starting from January 31, 2013. Markup amounting to Rs. 612.718 million accrued till December 31, 2012 is deferred and out of this Rs. 400.714 million will be payable in equal monthly installments till December 31, 2022 starting from January 31, 2013; and accordingly grouped under deferred markup as mentioned in note 20.1, whereas the balance of Rs. 212.004 million will be waived at tail-end subject to fulfillment of repayment schedule. Markup is charged @ 3 month KIBOR plus 0% with floor of BOP's cost of fund. Current markup accrued from January 01, 2013 will be payable on quarterly basis. This facility is secured under the ' First Joint Pari Passu Hypothecation Agreement' as mentioned in note 18.1.11.

18.1.5 During the year, the the bank restructured and rescheduled this term finance on bilateral basis, previously this was a part of Consolidated Term Finance as mentioned in note 18.1.1. According to this new agreement, the principal will be repaid in unequal monthly installments till December 20, 2019 starting from January 20, 2013. Markup payable amounting to Rs. 95.243 million accrued till December 31, 2012 is deferred and will be payable in equal monthly installments till December 20, 2019 starting from January 20, 2013, whereas markup from January 01, 2013 onward is also deferred and will be payable in unequal monthly installments till December 20, 2019 starting from January 20, 2015; and accordingly grouped under deferred markup as mentioned in note 20.1. Markup is charged @ 3 month KIBOR plus 0%. This facility is secured under the ' First Joint Pari Passu Hypothecation Agreement' as mentioned in note 18.1.11.

18.1.6 During the year, the the bank restructured and rescheduled this term finance on bilateral basis, previously this was a part of Consolidated Term Finance as mentioned in note 18.1.1. According to this new agreement, the principal will be repaid in equal quarterly installments till September 30, 2018 starting from December

31, 2012. Markup amounting to Rs. 16.375 million accrued till September 30, 2011 is deferred and will be payable in equal quarterly installments till September 30, 2018 starting from December 31, 2012, whereas markup from October 01, 2011 onward is also deferred and will be payable in equal quarterly installments till September 30, 2020 starting from December 31, 2018; and accordingly grouped under deferred markup as mentioned in note 20.1. Markup is charged @ 3 month KIBOR plus 0%. This facility is secured under the 'First Joint Pari Passu Hypothecation Agreement' as mentioned in note 18.1.11.

18.1.7 During the year, the the bank has restructured and rescheduled this term finance on bilateral basis, previously this was a part of Consolidated Term Finance as mentioned in note 18.1.1. According to this new agreement, the principal will be repaid in equal monthly installments till February 28, 2022 starting from March 31, 2013. Markup amounting to Rs. 30.736 million accrued till Feruary 28, 2013 is deferred and shall be paid in equal monthly installments till February 28, 2023 starting from March 31, 2017, whereas markup from March 01, 2013 onward is also deferred and shall be paid in equal monthly installments till February 28, 2022 starting from March 31, 2015; and accordingly grouped under deferred markup as mentioned in note 20.1. Markup will be charged @ 3 month KIBOR plus 0%. This facility is secured under the ' First Joint Pari Passu Hypothecation Agreement' as mentioned in note 18.1.11.

18.1.8 During the year, the the bank has restructured and rescheduled this term finance on bilateral basis, previously this was a part of Consolidated Term Finance as mentioned in note 18.1.1. According to this new agreement, the principal will be repaid in unequal semi annual installments till December 31, 2019 starting from June 30, 2013. Markup is deferred and shall be paid in unequal quarterly installments till December 31, 2020 starting from March 31, 2019; and accordingly grouped under deferred markup note as mentioned in 20.1. Markup will be charged @ 6 month KIBOR plus 0% (upto December 31, 2012 : 3 months KIBOR plus 0%). This facility is secured under the ' First Joint Pari Passu Hypothecation Agreement' as mentioned in note 18.1.11.

18.1.9 This represents the finance facility under which Company irrevocably agreed to purchase musharika units from the bank in trenches at its applicable unit purchase price on or before September 30, 2016. However, it was rescheduled during the year and the principal outstanding as on June 30, 2012 will be paid in unequal monthly installments till March 30, 2017 starting from September 30, 2012, whereas profit is also deferred and will be paid in equal monthly installments till March 30, 2019 starting from April 30, 2017; and accordingly grouped under deferred markup as mentioned in note 20.1. Profit is charged @ 3 months KIBOR plus 0%. This facility is secured against the ' First Joint Pari Passu Hypothecation Agreement' as mentioned in note 18.1.11.

18.1.10 This facility is obtained under Musharakah arrangement which will redeemed on quarterly basis till July 05, 2017 starting from October 05, 2013. Profit is charged @ 3 months KIBOR plus 1.5% and is payable on quarterly basis. This facility is secured against first pari passu charge to the extent of Rs. 120 million over all present and future movable and operating fixed assets.

18.1.11 The Company has entered into a First Joint Pari Passu Hypothecation Agreement as mentioned in note 18.1.1 above with the members of syndicates and banks and financial institutions. As a result of this agreement, the consolidated term finance, frozen markup, deferred markup, lease finances for gas based power generators, long term loans and short term loans are secured by way of first pari passu charge over the fixed assets of the Company to the extent of Rs. 10,019.157 million. In addition to this, Bank of Punjab has exclusive charge to the extent of Rs. 600.000 million on three dual fuel Wartsila Generators.

	Note	2013	2012
		(Rupees in 000s)	
18.2 Borrowings from related parties - Unsecured			
Mr. Muhammad Tousif Peracha - Sponsoring Director	18.2.1	724,785	681,123
Mr. Abdur Rafique Khan - Sponsoring Director	18.2.2	205,109	259,071
GCL Employees' Gratuity Fund Trust	18.2.3	36,816	-
		966,710	940,194

18.2.1 Markup is charged @ 3 months KIBOR plus 2% (till May 31, 2013 : @ 3 months KIBOR; 2012 : @ 1 month KIBOR). This is payable after 12 months of the balance sheet date.

18.2.2 Markup is charged @ 3 months KIBOR (2012 : @ 1 month KIBOR). This is payable after 12 months of the balance sheet date.

18.2.3 This sum will be repaid after 12 months from the balance sheet date and carries interest @ 13% p.a payable on quarterly basis.

18.3 This advance is interest free and unsecured and is subordinated to the counter balances payable by Dandot Cement Company Limited to the Company's sponsoring directors. This advance will be converted to sponsoring directors' loans on its settlement; and the sponsoring directors have undertaken not to withdraw this balance within 12 months from the settlement thereof.

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These represent overdue portion of finance leases entered into with leasing companies against purchase of plant & machinery and vehicles.

The amount of future rental payments of the leases and period in which these will become due are as follows:

	2013		2012	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
	(Rupees in 000s)			
Up to one year	40,816	32,871	46,216	38,271
One year to five years	-	-	-	-
	40,816	32,871	46,216	38,271
Less: Over due finance charges	(7,945)	-	(7,945)	-
	32,871	32,871	38,271	38,271
Less: Overdue portion shown under current liabilities (Note 23)	(32,871)	(32,871)	(38,271)	(38,271)
Rupees in 000s	-	-	-	-

	Note	2013	2012
		(Rupees in 000s)	
20 DEFERRED LIABILITIES			
Deferred markup	20.1	939,315	927,188
Deferred taxation	20.2	-	-
Deferred Excise Duty and Sales Tax	25	706,690	1,205,972
Employees' benefits	20.3	21,470	20,387
Retention money	26.6	135,705	135,705
		1,803,180	2,289,252

	Note	2013	2012
		(Rupees in 000s)	

20.1 Deferred Markup

	Note	2013	2012
Redeemable capital	17.1	129,378	129,378
National Bank of Pakistan	18.1.1	170,579	170,579
Saudi Pak Industrial & Agricultural Investment Co. Ltd.	18.1.1	63,506	63,506
NIB Bank Limited	18.1.2	67,618	200,986
KASB Bank Limited	18.1.3	6,272	114,807
Bank of Punjab	18.1.4	384,019	370,058
Bank of Khyber	18.1.5	101,676	64,403
Silk Bank Limited	18.1.6	37,902	18,205
First Credit Investment Corporation	18.1.7	32,113	20,189
Faysal Bank Limited	18.1.8	50,427	23,770
Bank Islami Pakistan Limited	18.1.9	87,989	40,357
		1,131,479	1,216,238
Less: Current and overdue portion shown under current liabilities	22	(192,164)	(289,050)
		939,315	927,188

20.2 Deferred taxation

	2013	2012
Deferred tax on taxable temporary differences:		
- Accelerated depreciation for tax purposes	2,350,985	2,395,131
- Leased assets	42,691	46,926
	2,393,676	2,442,057
Deferred tax on deductible temporary differences:		
- Lease finance liabilities	(6,696)	(8,424)
- Provisions for retirement benefits	(15,478)	(3,192)
	(22,174)	(11,616)
	2,371,502	2,430,441
Deferred tax on unused tax losses	(2,667,717)	(2,850,581)
Net deferred tax assets	(296,215)	(420,140)
Deferred tax assets not recognized in the financial statements	153,454	420,140
Deferred tax gain recognized for the year	(142,761)	-
Deferred tax attributed to surplus on revaluation of property, plant and equipment, due to change in tax rates	142,761	-
Net deferred tax gain recognized for the year	-	-

20.3 Employee benefits

	Note	2013	2012
Accumulated Compensation Absences	20.3.1	20,894	19,811
Frozen Termination Benefits	20.3.2	576	576
		21,470	20,387

	2013	2012
	(Rupees in 000s)	

20.3.1 Accumulated compensation absences

	2013	2012
Net liability - opening balance	19,811	15,411
Expense for the period	2,587	7,485
Payments made during the year	(1,504)	(3,085)
Net liability - closing balance	20,894	19,811
Reconciliation of the present value of defined benefit obligation		
Present value of defined benefit obligations-opening	19,811	15,411
Current service cost	2,174	2,460
Interest cost	2,575	2,158
Benefits paid	(1,504)	(3,085)
Actuarial (gain) / loss	(2,162)	2,867
Present value of defined benefit obligations-closing	20,894	19,811
Expense recognized in Profit and Loss account		
Current service cost	2,174	2,460
Interest cost	2,575	2,158
Actuarial (gain) / loss	(2,162)	2,867
	2,587	7,485

Principal actuarial assumptions

The latest actuarial valuation was carried out as at June 30, 2013 under the 'Projected Unit Credit Method'. The main assumptions used for actuarial valuation are as follows:

	2013	2012
Discount rate	10% p.a.	13% p.a.
Expected rate of future salary increase	9% p.a.	12% p.a.
Average number of leaves accumulated per annum by the employees	12 days	10 days

20.3.2 Frozen termination benefits

These are termination benefits of two employees payable under golden handshake scheme and are frozen on their reappointment. These shall be paid when they leave the Company.

21 TRADE AND OTHER PAYABLES

	Note	2013	2012
		(Rupees in 000s)	
Trade creditors	21.1	410,779	418,053
Accrued liabilities	21.2	251,860	257,331
Ijarah payable	21.3	14,188	9,664
Advances from customers		74,305	115,425
Workers' Profit Participation Fund - related party	21.4	56,106	-
Employees' Provident Fund Trust - related party		1,086	438
Employees' Gratuity Fund Trust - related party	21.5	35,307	31,069
Other payables		19,022	20,346
		862,653	852,326

21.1 These include a balance payable to Pak Hy-Oils Limited (an associated company) for Rs. 4.496 million (2012: Rs. 2.658 million).

21.2 These include termination benefits payable to employees for Rs. 6.226 million (2012: Rs. 8.289 million) who had opted for golden handshake scheme.

	Note	2013	2012
		(Rupees in 000s)	
21.3 Ijarah Payable			
Askari Bank Limited	21.3.1	8,716	-
First Punjab Modaraba	21.3.2	5,472	9,635
Meezan Bank Limited		-	29
		14,188	9,634

21.3.1 This represents the Ijarah finance facility obtained for Rs. 120.000 million for import of cement packing (stationery machine), wagon loading machines, belt conveyors and associated equipments.

This facility is rescheduled during the financial year 2011 and will be repaid in quarterly installments till June 2014; profit rate is also revised at 3 months KIBOR plus 1% p.a. w.e.f. June 2011. This facility is secured against the exclusive ownership of the bank on such machinery & equipment to the extent of Rs. 120.000 million and personal guarantees of the sponsoring directors.

21.3.2 This includes three trenches of Ijarah facility amounting to Rs. 12.598 million obtained for transport vehicles, carrying profit @ 6 months KIBOR plus 4.25%. This facility is secured against the exclusive ownership of the First Punjab Modaraba on the transport vehicles. This also includes an overdue ijara facility of rotary kiln fan, which is secured against the exclusive ownership of such machinery.

21.3.3 The total of future Ijarah payments are as under

	2013		2012	
	within 1 year	between 1-5 years	within 1 year	between 1-5 years
	(Rupees in 000s)			
Askari Bank Limited	45,895	-	38,885	53,300
First Punjab Modaraba	6,140	13,954	13,339	8,442

	Note	2013	2012
		(Rupees in 000s)	
21.4 Due to workers' profit participation fund			
Opening balance		-	18,093
Allocation for the year	31	56,106	-
		56,106	18,093
Payment made during the year		-	(18,093)
Closing balance		56,106	-
21.5 Gratuity Fund			
The amounts recognized in the balance sheet are as follows:			
Movement in the liability recognized in the balance sheet			
Net liability - opening balance		31,069	34,175
Expense for the period		14,783	10,644
Contribution by the company		(10,545)	(13,750)
Net liability - closing balance		35,307	31,069
Reconciliation of the liability as at 30th June:			
Present value of defined benefit obligations as at 30th June		51,504	41,304
Fair value of plan assets		(465)	(465)
Un-recognized actuarial gain		(15,732)	(9,770)
		35,307	31,069

	2013	2012
	(Rupees in 000s)	
Reconciliation of the present value of defined benefit obligation		
Present value of defined benefit obligations-opening	41,304	38,107
Current service cost	9,040	5,373
Interest cost	5,369	5,335
Benefits paid	(10,545)	(13,750)
Actuarial loss	6,336	6,239
Present value of defined benefit obligations-closing	51,504	41,304
Expense recognized in profit and loss account		
Current service cost	9,040	5,373
Interest cost	5,369	5,335
Expected return on plan assets	(60)	(64)
Actuatial losses recognized	434	-
	14,783	10,644
Reconciliation of fair value of plan assets		
Fair value of plan assets - as at June 30,	465	465
Contribution to the fund by the company	10,545	13,750
Benefits paid	(10,545)	(13,750)
Expected return on plan assets	60	64
Actuarial gain	(60)	(64)
Fair value of plan assets - as at June 30,	465	465
Plan assets comprise of:		
Debt instrument	465	465
Cash and bank	-	-
	465	465
Actual return on plan assets		
Expected return on plan assets	60	64
Actuarial (gain)/loss	(60)	(64)
	-	-

Principal actuarial assumptions

The latest actuarial valuation was carried out as at June 30, 2013 under the 'Projected Unit Credit Method'. The main assumptions used for actuarial valuation are as follows:

	2013	2012
Discount rate	10% p.a.	13% p.a.
Expected rate of future salary increase	9% p.a.	12% p.a.
Expected rate of return	13% p.a.	14% p.a.
Average working life time of employees	11 years	13 years

21A As per latest available audited accounts (2009) total size of the Provident Fund Trust is Rs. 81.6 million, whereas the breakup of cost and fair value of the investment amounting to Rs. 57.1 is: held in National Saving Rs. 20 million (35%), Due from GCL Rs. 26.6 million (46.6%) and Cash & Bank in saving account Rs. 10.5 million (18.4%). The Trust, having been managed by CBA, is in process of completing its accounts and to comply with provisions of section 227 of the Companies Ordinance 1984.

	Note	2013	2012
		(Rupees in 000s)	

22 ACCURED MARKUP / PROFIT

	Note	2013	2012
Payable to banks and financial institutions:			
Redeemable capital		101,976	62,044
Long term borrowings		240,909	397,450
Short term borrowings		43,845	12,187
Deferred markup and profit	20.1	192,164	289,050
Lease finances		7,945	7,945
		586,839	768,676
Payable to related parties:			
Pak Hy-Oils Limited		-	8,454
Sponsoring Directors		687	170,531
		687	178,985
Payable to other parties		3,417	3,417
		590,943	951,078

23 SHORT TERM BORROWINGS

	Note	2013	2012
Banks and financial institutions			
Bills payable against letters of credit	23.1	406,605	426,567
Temporarily bank overdraft	23.2	22,026	-
Related parties - unsecured			
Director	23.3	37,170	42,766
Other	23.4	155,709	-
		192,879	42,766
		621,510	469,333

23.1 These represent outstanding amounts of bills payable for coal, packing material and furnace oil purchased under local letters of credit facilities aggregating to Rs. 476.000 million (2012: Rs. 487.000 million) available from commercial banks. These facilities are secured against lien on import/local L/C documents, accepted draft/bill of exchange, 1st pari passu charge over all present and future fixed assets, to some extent, and personal guarantees of the sponsoring directors.

23.2 This represents cheques issued from a bank which are cleared subsequent to the balance sheet date.

23.3 This unsecured loan carries mark-up at the rate of 22.5% p.a. The Company intend to pay this loan at priority basis.

23.4 This unsecured advance is obtained for payment of Excise Duty and Sales Tax under Amnesty Scheme. This includes a sum of Rs. 100 million carring markup @ 20% p.a.

	Note	2013	2012
		(Rupees in 000s)	

24 CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2013	2012
Redeemable Capital [PPTFCs]	17	189,180	389,020
Borrowings from banks and financial institutions	18.1	548,740	645,979
Liabilities against assets subject to finance lease	19	32,871	38,271
		770,791	1,073,270

	Note	2013	2012
		(Rupees in 000s)	
25 TAXES AND DUTIES PAYABLE			
Excise duty payable		383,361	712,211
Sales tax payable		260,930	408,931
Provision for default surcharge		225,390	383,272
		869,681	1,504,414
Less: payable after 12 months	20	(706,690)	(1,205,972)
		162,991	298,442
Provision for current income tax		-	49,085
Withholding tax payable		67,136	88,853
Excise duties		28,464	23,865
Royalty on raw material		27,466	24,905
Import tax payable		12,719	12,719
Other local taxes		7,534	7,534
		306,310	505,403

26 CONTINGENCIES AND COMMITMENTS

26.1 District Council - Chakwal served notices dated 25-07-1998 & 05-08-1998, whereby the Company had been directed to deposit an amount of Rs. 5.400 million being 'exit tax' pertaining to the year 1996-97 plus 0.108 million as Talkana / Revenue Commission (2% of total revenue) and also for the deposit of such tax on the prescribed rate in future. The Supreme Court of Pakistan had issued a stay order in respect of the payment of Rs.5.400 million as demanded by the District Council.

The Company also filed a writ petition in the Lahore High Court (the Court) against imposition of export tax on raw materials by District Council, Chakwal (the Council) and claimed refund of amounts already paid on this account. The Court vide its judgment dated 18-02-1997 directed the Council to refrain from collecting export tax on raw materials brought by the Company from its quarries to its factory. The Court further directed the Council to refund to the Company the sum of Rs.45.948 million recovered from it during the period from 1985-86 to 1996-97.

The Lahore High Court Rawalpindi Bench vide its order dated 17-03-1997 on a revision application by the District Council, suspended the operation of the judgment dated 18-02-1997. The matter is still pending for adjudication with the Lahore High Court - Rawalpindi Bench.

26.2 The Company, through a writ petition in the Lahore High Court - Rawalpindi Bench, challenged the refusal of Islamabad Electric Supply Company (IESCO) in accepting the decision by the Electric Inspector and Advisory Board in favour of the Company wherein it was held that with effect from May 1999, the Company be treated as permanently disconnected from IESCO and no bill be issued to the Company by IESCO after May 1999. The Lahore High Court, vide its order dated October 24, 2000, accepted the Company's petition and directed the IESCO not to issue any bills to the Company which was challenged by the IESCO in the Supreme Court of Pakistan (SCP). SCP dismissed the appeal filed by the IESCO and directed to pursue the writ petition already pending before Lahore High Court - Rawalpindi bench. The petition is yet to be fixed for hearing before the Lahore High Court - Rawalpindi bench.

Based on the legal opinion, the management is confident that the Company has good case and there are reasonable chances of success in the pending Petition in the Lahore High Court.

26.3 The Competition Commission of Pakistan (the CCP) took suo moto action under the Competition Ordinance, 2007 and issued Show Cause Notice on 28 October 2008 for increase in the prices of cement across the country. The similar notices were also issued to All Pakistan Cement Manufacturers Association (APCMA) and its member cement manufacturers. The Company has filed a Writ Petition in the Lahore High Court. The Lahore High Court, vide its order dated August 24, 2009 allowed the CCP to issue the final order. The CCP accordingly passed an order on August 28, 2009 and imposed a penalty amounting to Rs 39.126 million which has been challenged in the Court of law.

The Company's legal counsel is confident that the Company has a good case and there are reasonable chances of success to avoid the penalty, hence, no provision for the above has been made in these financial statements.

26.4 The Pakistan Standards and Quality Control Authority (PSQCA) charged a marking fee @ 0.15% of the total production of cement to manufacturer for the renewal of license and imposed liability amounting to Rs. 24.000 million but management disagreed with this amount of liability.

Based on the legal opinion, the management is confident that the Company has good case and there are reasonable chances of success in the pending Petition in the court.

26.5 Lahore High Court has granted stay order against the impugned order of the Member (Colonies), Board of Revenue, Government of Punjab for cancelling registered sales deed in respect of 400 kanals land purchased by the Company from the Government of Punjab to set up its new plant and converting this into long term lease. Adjudication in this appeal is pending.

Based on the legal opinion, the management is confident that the Company has good case and there are reasonable chances of success in the Petition pending before the Lahore High Court.

26.6 Due to non performance of contractual obligations by the supplier, namely Tianjin Cement Industry Design & Research Institute Company (TCDRI), of new cement production line of 6,700 TPD capacity, the Company proceeded for the encashment of performance guarantees in the sum of US$ 2.690 million and Euro 0.708 million. However, the Chinese Court on the case filed by the TCDRI rendered its judgment against the Company, thereby restraining it from encashment of such guarantees and also ordered to pay a sum of RMB 0.174 million as court fees. The Company has filed an appeal in superior court against this order. The Company's legal counsels dealing with this case are hopeful for a favourable decision. The Company has also held retention money from supplier's bills in the sum of Rs. 135.705 million that can be adjusted in case the supplier succeeded in restraining the encashment of performance guarantees. Pending the outcome of this case, no adjustment has been made in these financial statements at this stage.

26.7 A litigation is pending for adjudication between First Dawood Investment Bank and an associate of the Company in which the Company's associate has proposed to adjuste the deposit of Rs. 10 million with First Dawood Investment Bank as mentioned in note 12.2, against the loan payable by the associate. Although the bank has not been confirming this deposit for the last couple of the year, yet the management of the company considers this deposits as good for recovery in view of the appeal filed by the company's associate. Accordingly no adjustment has been made in these financial statements at the balance sheet date.

27 SALES - net

	2013	2012
	(Rupees in 000s)	
Local sales	7,190,991	5,986,051
Export sales	457,809	260,259
	7,648,800	6,246,310
Less:		
Sales tax	(997,833)	(825,662)
Federal Excise Duty	(368,013)	(410,180)
Discount to dealers	(52,738)	(34,436)
	(1,418,584)	(1,270,278)
	6,230,216	4,976,032

	Note	2013	2012
		(Rupees in 000s)	
28 COST OF SALES			
Raw materials consumed		309,019	315,588
Packing materials consumed		385,279	335,420
Stores and spares consumed		296,738	150,650
Salaries, wages and benefits	28.1	167,450	122,740
Fuel and power consumed		2,844,116	2,627,842
Rent, rates and taxes		42,792	42,438
Repair and maintenance		130,806	83,262
Insurance		15,855	8,907
Vehicle running and traveling		6,930	6,035
Other expenses		13,320	6,212
Depreciation	6.1.3	310,952	291,478
		4,523,257	3,990,572
Adjustment of work-in-process inventory			
Opening balance		57,751	51,745
Closing balance		(48,100)	(57,751)
		9,651	(6,006)
Cost of goods manufactured		4,532,908	3,984,566
Adjustment of finished goods inventory			
Opening balance		12,792	15,128
Closing balance		(14,698)	(12,792)
		(1,906)	2,336
		4,531,002	3,986,902

28.1 Salaries, wages and benefits include contribution to provident fund aggregating Rs. 2.094 million (2012: Rs. 1.609 million) and gratuity fund aggregating Rs. 12.441 million (2012 : Rs. 8.270 million).

	Note	2013	2012
		(Rupees in 000s)	
29 SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and benefits	29.1	8,974	5,744
Vehicle running and traveling		1,193	1,007
Professional charges		4,218	3,923
Advertisement and sale promotion		2,109	1,090
Forwarding on export sales		-	12,767
Others		428	523
Depreciation	6.1.3	218	329
		17,140	25,383

29.1 Salaries, wages and benefits include contribution to gratuity fund aggregating Rs. 0.426 million (2012 : Rs. 0.387 million).

	Note	2013	2012
		(Rupees in 000s)	

30 GENERAL AND ADMINISTRATION EXPENSES

	Note	2013	2012
Salaries, wages and benefits	30.1	54,485	29,491
Vehicle running and traveling		12,627	12,836
Legal and professional charges		13,542	58,092
Auditors' remuneration	30.2	1,715	1,720
Communication expenses		7,202	6,622
Insurance		849	470
Rent, rates and taxes		3,264	2,974
Fee and subscription		3,363	5,773
Utilities		1,279	1,722
Repair and maintenance		4,508	3,562
Miscellaneous		5,394	3,579
Depreciation	6.1.3	32,289	34,282
		140,517	161,123

30.1 Salaries, wages and benefits include contribution to gratuity fund aggregating Rs. 1.916 million (2012 : Rs. 1.987 million).

30.2 Auditors' remuneration

	2013	2012
Hyder Bhimji & Co.		
Audit fee	1,000	1,000
Half year review fee	500	500
Certification fee	-	50
Out-of-pocket expenses	215	170
	1,715	1,720

31 OTHER OPERATING EXPENSES

	Note	2013	2012
Workers' Profit Participation Fund	21.4	56,106	-
Provision for doubtful debts		4,032	
Provision for balances doubtful of recovery		22,146	8,163
Provision for slow moving stores items		-	11,744
Loss on disposal of property, plant and equipment	6.1.5	470	-
		82,754	19,907

32 OTHER INCOME

	Note	2013	2012
Income from financial assets			
Profit on bank deposits		1,395	299
Old credit balances written back - net		4	1,337
Waiver of markup	18.1.2	95,000	-
Waiver of default surcharge on excise duty and sales tax arrears paid under Amnesty Scheme		281,754	-
Income from balances due from related party			
Interest on amounts advanced to Balochistan Glass Limited (BGL)		-	13,197
		378,153	14,833

	Note	2013	2012
		(Rupees in 000s)	
33 FINANCE COST			
Banks and financial institutions:			
Redeemable capital		39,932	49,246
Long term borrowings		328,432	499,984
Short term borrowings		91,092	65,908
Lease finance charges		148	351
Ijarah rentals		55,773	18,643
		515,377	634,132
Related parties:			
Directors' loan		105,555	108,010
Employees Provident Fund Trust		-	3,246
		105,555	111,256
Foreign exchange loss		(40)	540
Late payment surcharge - utilities bills		251	78,998
Provision for Default Surcharge on taxation		140,803	155,596
Bank charges and others		8,990	8,702
		770,936	989,224

	Note	2013	2012
34 TAXATION			
Current tax			
Current period		9,600	49,760
Prior period		5,875	-
Deferred tax	20.2	-	-
		15,475	49,760

34.1 This represents minimum tax on local turnover and tax on income chargeable under Final Tax regime (FTR), therefore, no numerical tax reconciliation is required.

	2013	2012
35 EARNINGS PER SHARE - Basic and diluted		
Weighted average number of ordinary shares	400,273,960	400,273,960
Profit after tax (Rupees in thousands)	1,050,545	(241,434)
Earnings per share - after tax (Rupees)	2.62	(0.60)

There is no dilutive effect on the basic earnings per share of the company.

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Taken as a whole, the company is exposed to market risk comprising interest rate risk, currency risk and other price / equity risk, credit risk and liquidity risk. The company's principal financial liabilities comprise long term borrowings, short term borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for company's operations. The company has various financial assets such as loans, deposits, trade debts, prepayments and other receivables and cash and bank balances, which are directly related to its operations. The company's finance departments oversees the management of these risks and provide assurance to the company's senior management that the company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with company policies and risk appetite. No changes were made in the objectives, policies, procedures and assumptions during the year ended June 30, 2013. The policies for managing each of these risks are summarized below:

36.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk, and other price risk, such as equity risk. Financial instruments susceptible to / affected by market risk include loans, borrowings and deposits. The sensitivity analysis in the following sections relate to the position as at June 30, 2012 and 2013.

36.1.1 Yield/Mark-up rate risk

Yield/mark-up rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in the market yield/mark-up rates. Sensitivity to yield/mark-up rate risk arises from mismatch of financial assets and liabilities that mature or reprice in a given period. Significant interest rate risk exposure are primarily managed by a mix of borrowings at fixed and variable interest rates.

The effective yield/mark-up rate on the financial assets and liabilities to which the company is exposed to are disclosed in their respective notes to the financial statements.

36.1.2 Currency risk / Foreign Exchange risk

Currency risk arises due to fluctuation in foreign exchange rates. The company also has transactional currency exposure. Such exposure arises mainly on sales and purchases of certain materials by the company that are denominated in a currency other than the functional currency i.e. Pakistani Rupee, primarily U.S. Dollars (USD). Payables exposed to foreign currency are not covered through any forward foreign exchange contracts or through hedging.

36.1.3 Other price risk / Equity Price risk

Other price risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investments securities. As at balance sheet date, the Company is not exposed to equity price risk as the Company do not have any investments in equity market.

36.2 Credit risk and concentration of credit risk

Credit risk is the risk representing accounting loss that would be recognized at the reporting date if one party to a financial instrument will fail to discharge an obligation or its failure to perform duties under the contract as contracted. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is mainly exposed to credit risk on trade debts amounting to Rs. 188.929 million (2012: Rs. 129.592 million). Company seeks to minimize the credit risk exposure through having exposure only to customers and suppliers considered credit worthy and also by obtaining advance against sales from customers. The carrying values of financial assets which are neither past due nor impaired are as under:

	Note	2013	2012
		(Rupees in 000s)	
FINANCIAL ASSETS			
Long term loans	7	-	1,705
Long term deposits	8	70,308	47,167
Trade debts	11	188,929	129,592
Advances, deposits and other receivables	12	94,808	143,685
Cash and bank balances	13	22,718	16,777
		376,763	338,926

Credit quality of financial assets
The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

Due to Company's long standing relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company.

36.3 Liquidity risk

Liquidity risk reflects the company's inability in raising funds to meet commitments. The Company's production remained below its installed normal capacity. Due to this situation the working capital of the Company is negative as at the balance sheet date. The Company's Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer. As a result of these efforts, the working capital improved over the last year. Management also foresees that the said negative working capital position will become favorable in the period to come due to increased revenues from the continuous operation of plant and increase in demand and price of the cement and rescheduling of borrowings.

The table below summaries the maturity profiles of company's financial liabilities as on June 30, 2013 and 2012 based on contractual undiscounted payments date and present market interest rates.

	Within 6 months	More than 6 months and up to 12 months	More than 1 year and up to 5 years	More than 5 years and up to 10 years	Total
	(Rupees in 000s)				
June 30, 2013					
Redeemable capital	149,212	39,968	199,840	-	389,020
Long term financing	359,707	161,721	2,795,187	832,979	4,149,594
Finance leases	32,871	-	-	-	32,871
Deferred liabilities	133,784	58,380	716,421	380,069	1,288,654
Trade and other payables	752,218	110,435	-	-	862,653
Markup and profits payable	232,411	358,532	-	-	590,943
Short term borrowings	584,340	37,170	-	-	621,510
	2,244,544	766,206	3,711,448	1,213,048	7,935,245
June 30, 2012					
Redeemable capital	389,020	-	-	-	389,020
Long term financing	336,889	299,112	3,134,509	265,853	4,036,363
Finance leases	38,271	-	-	-	38,271
Deferred liabilities	240,073	48,977	1,792,283	361,264	2,442,597
Trade and other payables	814,545	173,486	-	-	988,031
Accrued interest/markup	951,078	-	-	-	951,078
Short term borrowings	-	719,316	-	-	719,316
	2,769,876	1,240,891	4,926,792	627,117	9,564,676

36.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

36.5 Capital risk Management

The primary objective of the Company's capital management is to safeguard the company's ability to continue as a going concern, maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, so that it can continue to provide returns for shareholders thereby maximizing their wealth, benefits for other stakeholders and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the company may return capital to shareholders or issue new shares. No changes were made in the capital structure during the year ended June 30, 2013.

The Company monitors capital by using a debt equity ratio, which is net debt divided by total capital plus debt. Net debt includes interest bearing borrowings and equity comprises of share capital, revenue reserves and surplus on revaluation of fixed assets. The gearing ratios as at June 30, 2013 and 2012 were as follows:

	Note	2013	2012
		(Rupees in 000s)	
FINANCIAL LIABILITIES			
Redeemable capital	17	389,020	389,020
Long term financing	18	3,899,594	4,036,363
Short term borrowings	23	179,008	184,604
Debts		4,278,442	4,220,967
Equity		3,933,865	2,740,559
Total capital (equity + debt)		8,212,307	6,961,526
Debt to equity ratio (times)		1.09	1.54

The Company finances its operations / expansion projects through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The sponsoring directors, being the majority shareholder of the Company, has extended their commitments to support and assist the company in ensuring that it remains viable in achieving its objectives in the long run, accordingly, they had already allowed their loan for conversion into equity and rendered their personal properties for repayment of company's obligations towards banking companies and financial institutions. In order to improve liquidity and profitability of the Company, the management is planning to take certain appropriate steps such as increase sales through export of cement to African countries.

37 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS & EXECUTIVES

The aggregated amount charged in the financial statements on these accounts are as under:

Particulars	Chief Executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012
	(Rupees in 000s)					
Managerial Remuneration	-	-	900	900	19,963	31,175
Perquisites and benefits						
House rent	-	-	360	360	7,985	6,529
Entertainment	-	-	90	90	1,996	1,963
Utilities and others	-	-	150	150	9,982	12,292
Contribution to:						
Retirement benefits	-	-	200	4	4,513	210
	-	-	1,700	1,504	44,439	52,169
Number of persons	-	-	1	1	25	51

The chief executive, directors and executives are entitled to free use of the company's transport for business use.

38 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies/undertakings, directors of the Company, key management staff and staff retirement funds. Details of transactions with related parties during the year other than those which have been disclosed elsewhere in these financial statements are stated below:

	2013	2012
	(Rupees in 000s)	
Balochistan Glass Limited (BGL) - associated undertaking		
Advance given to BGL	-	76,876
Advance received back from BGL	-	(77,299)
Trade liability undertaken by BGL	(24,810)	(95,500)
Balance of BGL taken over by the CEO	(28,435)	(15,894)
Expenses incurred on behalf of BGL	-	265
Supply of goods	-	230

All transactions were carried out on commercial terms and conditions and were valued at arm's length price using Comparable Uncontrollable Price method. Remuneration and benefits to key management personnel under the terms of their employment are given in note 37.

39 CAPACITY AND PRODUCTION - TONS

	Capacity		Actual	
	2013	2012	2013	2012
	(Rupees in 000s)			
Clinker (M. Ton)	2,010,000	2,010,000	953,966	838,242
Cement (M. Ton)	2,110,500	2,110,500	1,007,453	882,555

The under utilization of the plant is mainly due to cut throat competition in the industry due to excessive supply and comparatively less demand in the market.

40 CORRESPONDING FIGURES

Correspondence figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Major reclassification made in the corresponding figures for better presentation are as under:

		Reclassification	
	(Rupees in 000s)	From	To
Stores and spares consumed in Power House	27,429	Fuel and power consumed	Stores and spares consumed
IESCO WAPDA security deposit	42,900	Short term deposit	Long term deposit
Retention money - TCDRI	135,705	Trade and other payable	Deferred liabilities
Cash and bank balances	3,644	Saving accounts	Current accounts

41 GENERAL

	2013	2012
	Numbers	
41.1 Number of employees at end of the year	408	386
Average number of employees during the year	400	378

41.2 These financial statements have been authorized for issue by the Board of Directors of the Company in its meeting held on September 04, 2013.

41.3 Figures have been rounded off to the nearest of thousands rupees, unless otherwise stated.

Chief Executive Officer

Director

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