Contents

Sir M.A. Pervez
O.B.E, H.Pk.
Chairman

Zameer M. Choudrey
B.A. (Hons), F.C.A.
Chief Executive

Board of Directors

Sir Mohammed Anwar Pervez, O.B.E, H.Pk.	Chairman
Mr. Zameer Mohammed Choudrey	Chief Executive
Mr. Arshad Mehmood Chaudhary	Director
Mr. Muhammad Irfan A. Sheikh	Director Finance & CFO
Mr. Mazhar Rafi	Director
Mr. Ghulam Sarwar Malik	Director Projects, Procurement and Coordination
Mr. Mehmood Afzal	Director Works

Company Secretary

Mr. Kaleem Ashraf, ACA

Statutory Auditors

KPMG Taseer Hadi & Co., Chartered Accountants.

Cost Auditors

BDO Ebrahim & Co., Chartered Accountants.

Legal Advisors

Raja M. Bashir, Advocate Supreme Court.

Audit Committee

Mr. Mazhar Rafi	Chairman
Mr. Mehmood Afzal	
Mr. Ghulam Sarwar Malik	

Registered/ Head Office

Bestway Building, 19-A, College Road,
F-7 Markaz, Islamabad.
Tel: +92 (0) 51 265 4856 ~ 63
Fax: +92 (0) 51 265 4865
E-mail: management@bestway.com.pk

COMPANY INFORMATION

Plant Sites

Hattar
Suraj Gali Road, Village Shadi, Hattar, Distt. Haripur,
Khyber Pakhtunkhwa Pakistan.
Tel: +92 (0) 303 771 1057 ~ 58, Fax: +92 (0) 303 771 1056
E-mail: gmworks1@bestway.com.pk

Chakwal
Village Tatral, Near PSO Petrol Pump
22 Km Kallar Kahar, Choa Saiden Shah Road
Chakwal, Pakistan.
Tel: +92 (0) 543 584 560 ~ 3
Email: gmworks3@bestway.com.pk

Marketing Head Office

House 293-A, Peshawar Road, Rawalpindi
Tel: +92(0) 51 551 3110, 512 5128-30
Fax: +92(0) 51 551 3109, 512 5127
E-mail: gmmkt@bestway.com.pk

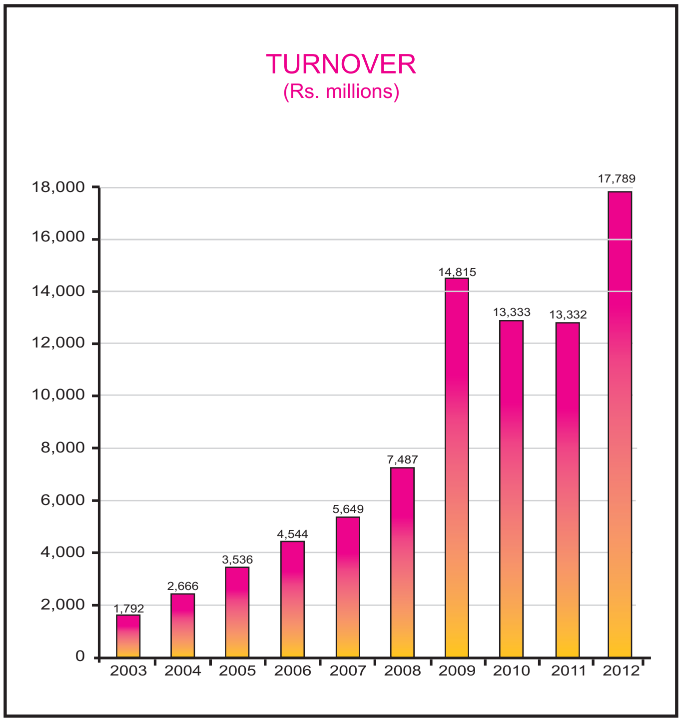
Shares Department

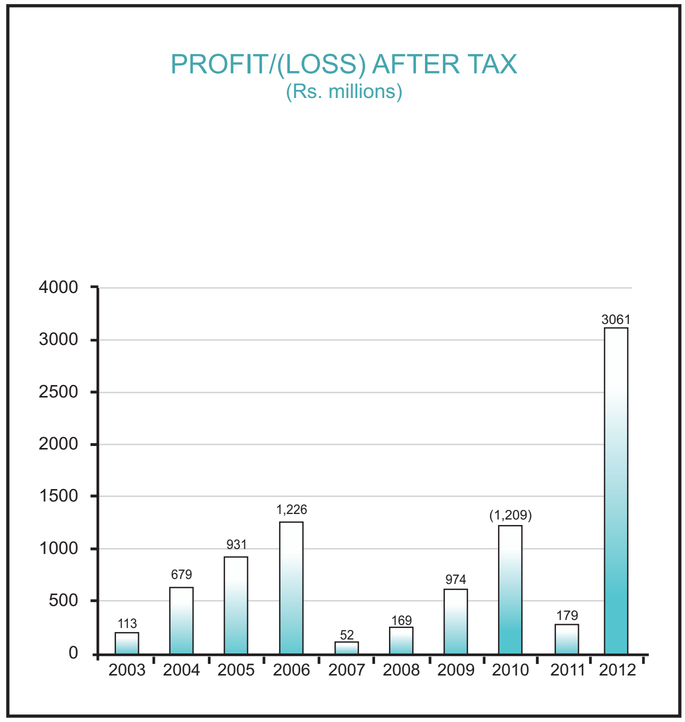
Technology Trade (Pvt.) Ltd. Dagia House, 241-C, Block-2,
P.E.C.H.S, Shahrah-e-Quaideen, Karachi
Tel: (+92-21) 3439 1316-7 & 19, 3438 7960-61 Fax: (+92-21) 3439 1318
For Open Ended Funds: (+92-21) 3431 3207

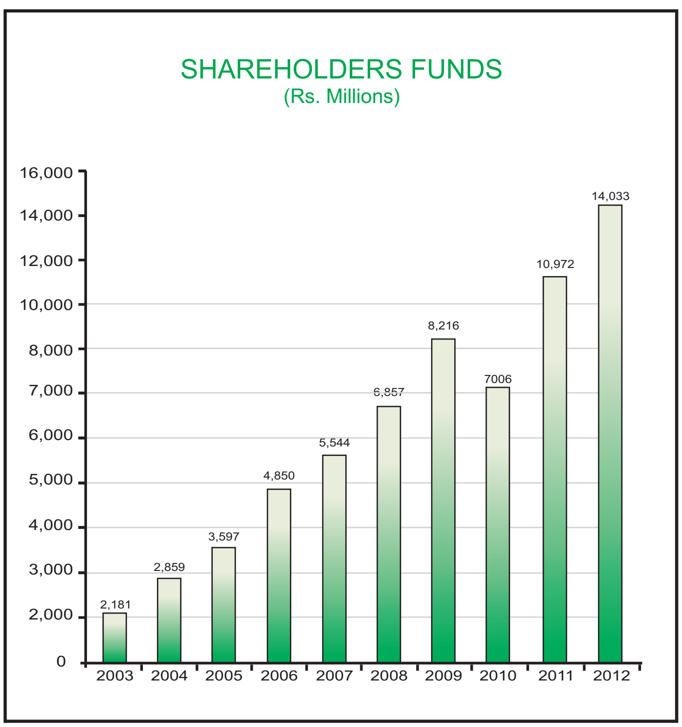
Bankers

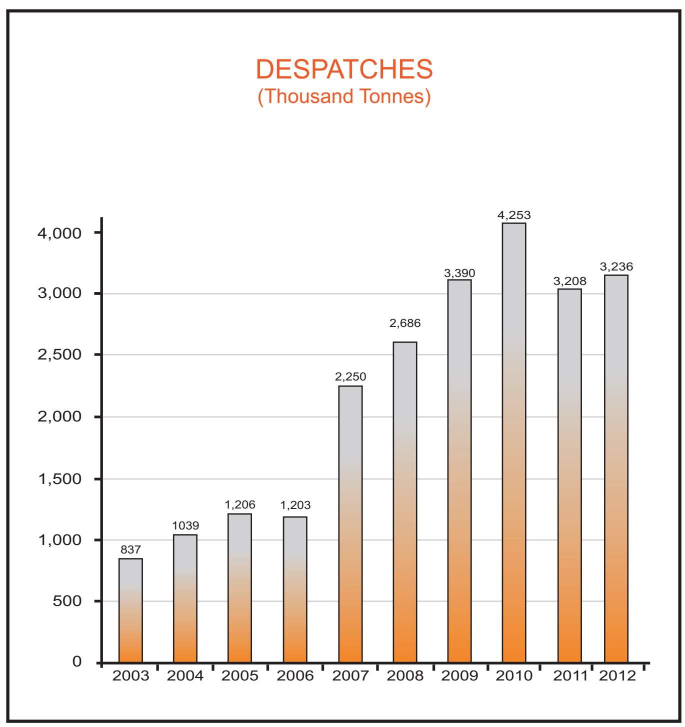
HabibBank Limited,
Allied Bank Limited,
MCB Bank Limited,
Standard Chartered Bank (Pakistan) Limited,
Faysal Bank Limited,
United Bank Limited,
Askari Bank Limited,
Soneri Bank Limited,
Meezan Bank Limited,
The Bank of Punjab,
Silkbank Limited,
Bank Alfalah Limited,
HSBC Bank Middle East Limited,
NIB Bank Limited,
Dubai Islamic Bank Pakistan Ltd,
Barclays Bank PLC, Pakistan,
Habib Metropolitan Bank Limited,
National Bank of Pakistan,
Bank Al-Habib Limited,

RESULTS AT A GLANCE









NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th Annual General Meeting of Bestway Cement Limited (the Company) will be held at Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad at 11:30 a.m. on Wednesday, 31st October, 2012 to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 18th Annual General Meeting of the members held on October 31, 2011.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2012 together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors of the Company for the year ending June 30, 2013 and fix their remuneration. The retiring auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants being eligible, offer their services for reappointment.
4. Any other business with the permission of the chair.

By Order of the Board

October 9, 2012 — **Kaleem Ashraf**
Islamabad — Company Secretary

NOTES

The share transfer books of the Company will remain closed from October 30, 2012 to November 6, 2012 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received in order at Technology Trade (Private) Limited, Dagia House, 241-C, Block-2, P.E.C.H.S., Off: Shahrah-e-Qaideen, Karachi upto the close of business on October 29, 2012 will be treated in time to attend the Annual General Meeting.

1. A member entitled to attend, speak and vote at the Annual General Meeting may appoint a proxy to attend and vote in place of the member. The Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, 19-A, College Road, F-7 Markaz, Islamabad not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she herself/himself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member with the Company, all such instruments shall be rendered invalid.

For CDC Account Holders/Corporate Entities:

In addition to the above the following requirements have to be met:

4. The proxy form shall be witnessed by two persons whose names, addresses and NIC number shall be mentioned on the form.
5. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
6. The proxy shall produce his original NIC or original passport at the time of meeting.
7. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
8. Members are requested to promptly notify any changes in their addresses.

DIRECTORS' REPORT

The Board of Directors take pleasure in presenting their report together with the Company's Financial Statements for the year ended 30 June 2012 and the Auditors' Report thereon.

Overview of the Economy

During the year under review, the inflationary pressure started to ease and the economy has begun to show some signs of improvement. Pakistan recorded a modest GDP growth of just 2.4% for the fiscal year ended 30 June 2011. The growth rate for the year ended 30 June 2012 however rose to 3.4%. Easing inflation and improving GDP enabled the State Bank of Pakistan to lower interest rate and further reductions in interest rate are likely. Consequently, domestic cement consumption grew during the year under review.

Industry Overview

Despite the prevailing economic climate both in the domestic and the global markets, cement sales for the industry remained respectable. During the year under review, overall despatches of cement by the industry increased by 3.5% to 32.5 million tonnes. Despatches in the domestic market increased by 8.9% mainly due to the increase in construction activity. However, exports, predominantly exports by sea, contracted by 8.9% due to slow demand in the Middle East.

Production and Sales

	2012 Tonnes	2011 Tonnes	Increase / (Decrease) Tonnes	Percentage Increase / (Decrease)
Clinker production	2,909,257	2,977,599	(68,342)	(2.3) %
Cement production	3,280,503	3,242,958	37,545	1.2 %
Cement sales	3,269,587	3,207,616	61,971	1.9 %

Overall, it was another highly competitive year for cement producers. Your Company was able to maintain its market share in the north zone at around 13% and retained its position as one of the largest cement producers in the country. Despite depressed international market, Bestway Cement continued to be one of the largest exporters of cement to Afghanistan and India. Whilst the overall exports of the industry declined, Bestway Cement registered an increase of 6.6% in its export volumes.

Operating Highlights

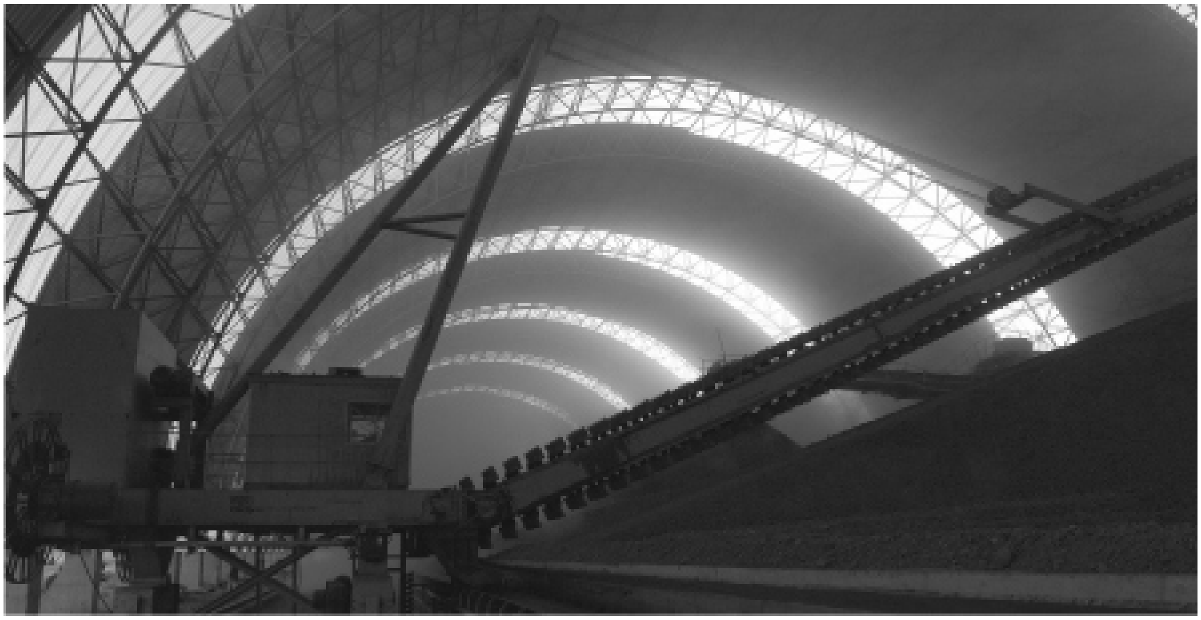
The Company recorded sales of Rs. 22.9 billion compared to Rs. 18.6 billion during the preceding year, which is an increase of 23.1%. Net turnover amounted to Rs. 17.8 billion compared to Rs. 13.3 billion for the preceding year. This increase of 33.8% was partly due to increase in domestic demand and partly due to increase in the net retention prices. Gross Profit nearly doubled to Rs. 5.7 billion from Rs. 2.9 billion last year. The increase in gross profit was due to higher turnover, lower cost of production on the back of declining coal prices and efficient utilization of the waste heat recovery power plant.

Your Company is among the largest tax payers in the country. During the year under review Bestway Cement contributed more than Rs. 4.0 billion on account of sales tax and excise duty and Rs. 0.9 billion on account of income tax. In addition, your Company pays large amounts on account of various indirect taxes to Federal, provincial and local governments.

During the year under review, your Company managed to reduce its financial charges to Rs.1.9 billion from Rs. 2.5 billion in the same period last year. This decrease of 24% resulted primarily from an equity injection of Rs. 3.8 billion through a rights issue in May 2011, healthy cash flows and declining interest rates during the current year.

Profit before taxation for the year ended 30 June 2012 stood at Rs. 3.9 billion as compared to Rs. 0.4 billion for the previous year. Profit after taxation for the year amounted to Rs. 3.1 billion as compared to Rs. 0.2 billion for the year ended 30 June 2011.

Earnings per share of the Company for the year ended 30 June 2012 stood at Rs. 5.29 as against Rs. 0.57 for the year ended 30 June 2011.



Balance Sheet

For the year ended June 2011, your Company reduced its debt by Rs. 3.1 billion with the help of an equity injection. For the year ended June 2012, your Company has further reduced its debt by Rs. 4.9 billion with the help of healthy cash flows and internal cash generation.

Bestway Cement has continued to discharge its repayment obligations on all types of loans on a timely basis. The Company's total borrowings as at 30 June 2012 stood at Rs. 11.2 billion compared to Rs. 16.1 billion for the same period last year.

The capital and reserves of your Company grew to Rs. 14 billion as compared to Rs. 10.9 billion for the year ended 30 June 2011.

Net current liabilities on 30 June 2012 stood at Rs. 2.9 billion as against Rs. 4.5 billion on 30 June 2011.

Other Investments

Your Company's investment in United Bank Limited continues to be highly profitable for the Company. The Bank's profit before tax for the year ended 31 December 2011 stood at Rs. 23.6 billion as against Rs. 17.7 billion for the corresponding period last year which represents an increase of 33.6%.

We are delighted to inform you that the Bank paid out a cash dividend of 85% for the year ended 31 December 2011 thus providing a return of Rs. 796 million on your investment in the Bank as compared to Rs. 468 million for the year ended 31 December 2010.

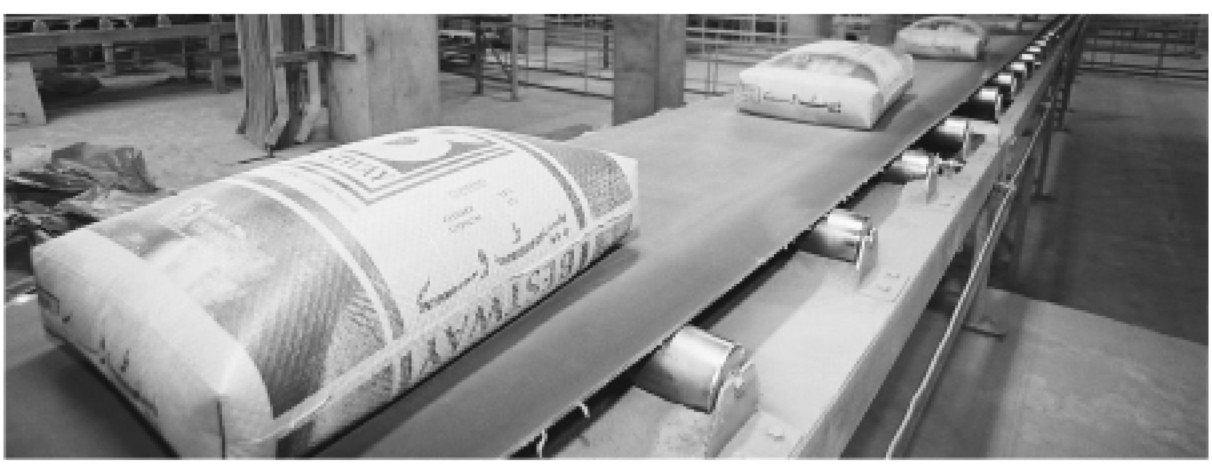
Plants' performance

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

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

Quality Assurance

Bestway Cement is a company driven by efficiency and quality consciousness. Strict quality



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

Marketing

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

We are pleased to inform you that Bestway has now acquired certification from the South African Bureau of Standardisation and is actively pursuing export opportunities to South Africa and its neighbouring countries.

Training and development

The Company places great importance on the training, development and education of its personnel. In order to keep its workforce abreast with best operational techniques and practices, technical and general managerial training courses are organised for various

departments and categories of personnel. Staff members are also sent on courses, workshops and seminars organised externally by other institutions. The Company actively encourages and assists its employees in pursuit of professional development and career enhancement.
As part of its commitment to skills development and grooming of workforce, Bestway regularly employs freshly qualified graduates, professionals and even unskilled human resource. There are carefully planned training programs in place to ensure that these personnel are equipped with necessary knowledge, hands on experience and confidence to become skilled and productive resource.

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

Health, Safety and Environment

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

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

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

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

Social Responsibility

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

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

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

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

The Foundation continues to provide scholarships to nearly 300 talented students throughout the country, a vast majority of whom are medical and engineering students, who for want of sufficient resources are unable to continue their higher studies.

During the year the Foundation also provided financial assistance of more than Rs. 28 million to various educational and health institutions. Some of the beneficiaries of that assistance include Lahore University of Management Sciences, Forman Christian College University, Gulab Devi Hospital, Shalimar Hospital, and Special Education and Training Center.

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

In the area of basic health, free medical facilities are provided to the local community through dispensaries located at our factory premises. During the year under review alone, more than 20,000 patients benefited from those free dispensaries.

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

Future Prospects

The industry continues to grapple with increasing power costs and it seems unlikely that there will be a respite from it in the foreseeable future. On the other hand international coal prices have been on the decline for some months and lower demand for coal for industrial use is likely to keep the coal prices at bay for the near future.

Declining trend in rate of inflation has enabled easing of monetary policy and lowering of interest rates. Further reduction in interest rates is likely in the coming months which should reduce your Company's cost of borrowing even further and also encourage increased economic activity in the country thus having some positive impact on cement demand in the domestic market.

On the export front, your Company has acquired certification from the South African Bureau of Standardisation and is pursuing export opportunities to South Africa and its neighbouring countries. Regional markets like Sri Lanka and the Middle East are also likely to present your Company with export opportunities in the year ahead. Bestway is firmly established as the leading brand in Afghanistan and India and your Company will seek to expand its share in those markets. Afghanistan continues to generate good demand for Pakistani cement. With smoother and increased movement of goods across the Wagah border likely in the near future, Indian market holds a lot of promise for your Company.

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

Corporate Governance

Statement on Compliance with Code of Corporate Governance is annexed.

Pattern of shareholding

Pattern of shareholding as required under the Code of Corporate Governance is given in the accounts..

Shares transacted by CEO, Directors, CFO, Company Secretary and their spouses and minor children

None of the directors transacted of any shares of the Company during the year under review.

Presentation of Financial Statements

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

Books of Account

The Company has maintained proper books of account.

Accounting Policies

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

Application of International Accounting Standards

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal Control System

The system of internal controls is sound in design and has been effectively implemented. The system itself is also subject to continuous review for enhancement wherever and whenever necessary.

Going Concern

There are no doubts about the Company's ability to continue as a going concern.

Listing Regulations

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Financial highlights

Key financial data for the last ten years is annexed.

Board Meetings

Attendance by each director in the 9 Board Meetings held during the year was as given below:

	No. of meetings attended
Sir Mohammed Anwar Pervez	01
Zameer Mohammed Choudrey	01
Arshad Mehmood Chaudhary	01
Muhammad Irfan Anwar Sheikh	09
Mazhar Rafi	09
Ghulam Sarwar Malik	09
Mehmood Afzal	09

The directors who could not attend a Board Meeting were duly granted leave of absence from the Board in accordance with the Law.

Holding Company

Bestway (Holdings) Limited of United Kingdom is the ultimate parent company of the Company.

Auditors

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

Acknowledgements

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

For and on behalf of the Board

Chief Executive
29 September 2012
Islamabad

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.35 of listing regulations of the Karachi Stock Exchange (Guarantee) Limited (KSE) 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 Code of Corporate Governance 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 does not include independent non-executive directors and directors representing minority shareholders.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding Mustehkam Cement Limited, a listed subsidiary of the Company).

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. No casual vacancy occurred in the Board of Directors of the Company during the year ended June 30, 2012.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company alongwith its supporting policies & 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 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 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 through its training and development department arranged training programmes for its Directors during the year for updating their knowledge about reporting framework and requirements of the revised Code of Corporate Governance.

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

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

12. The financial statements of the Company were duly endorsed by the CEO and the 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 shareholdings.

14. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.

15. The board has formed an audit committee. It comprises of three members, and all the members including the Chairman of the Committee are executive directors and the appointment has been made with the approval of board of directors including non-executive directors.

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 Code of Corporate Governance. 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 of five members, of whom none are non-executive Directors and Chairman of the Committee is an executive Director.

18. The board has set up an effective internal audit function which is working since inception. The members of the department 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 programme of the Institute of Chartered Accountants of Pakistan, 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 the International Federation of Accountants' (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

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 of the KSE 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 the Company's securities, was determined and intimated to the Directors, employees and the Stock Exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through the Stock Exchange.

23. We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied.

For and On behalf of Board

Zameer M. Choudrey

Chief Executive

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating Results						Rupees in millions				
Turnover (net)	17,789	13,332	13,333	14,814	7,487	5,649	4,544	3,536	2,666	1,792
Cost of sales	12,093	10,419	11,564	10,044	6,479	4,637	2,250	1,987	1,596	1,334
Gross profit	5,696	2,914	1,769	4,770	1,008	1,013	2,294	1,549	1,070	458
Operating profit	5,152	2,405	571	3,163	587	871	2,144	1,431	1,009	405
Financial charges	1,916	2,489	2,223	2,286	1,236	1,212	469	140	139	269
Profit/(loss) before taxation	3,934	424	(1,412)	1,205	(419)	56	1,730	1,298	994	159
Profit/(loss) after taxation	3,061	179	(1,209)	974	169	52	1,226	931	679	113
Balance Sheet						Rupees in millions				
Shareholders' funds	14,033	10,972	7,006	8,216	6,857	5,544	4,850	3,597	2,859	2,181
Operating fixed assets	15,849	16,459	16,896	16,991	16,004	14,175	10,689	5,069	3,200	3,306
Long term financing	5,574	8,221	11,571	11,786	12,507	12,380	9,459	3,148	1,895	1,701
Net current liabilities	2,917	4,526	4,310	2,606	1,622	607	624	221	80	1,289
Significant Financial Ratios						Percentages				
Gross profit ratio	32.02	21.86	13.27	32.20	13.46	17.93	50.48	43.81	40.14	25.56
Net profit ratio	17.21	1.34	(9.07)	6.57	2.26	0.92	26.98	26.33	25.47	6.31
Interest coverage ratio	3.05	1.17	0.36	1.53	0.66	1.05	4.69	10.27	8.15	1.59
Return on equity	52.94	3.10	(37.11)	29.90	7.09	2.02	52.37	43.75	35.10	5.84
Earnings/(loss) per share	5.29	0.57	(3.71)	3.17	0.59	0.20	5.24	3.98	3.19	0.58
Dividend	-	-	-	-	-	-	10.00	10.00	10.00	7.50
						In thousand metric tonnes				
Despatches of cement	3,270	3,208	4,253	3,390	2,685	2,250	1,203	1,206	1,039	837

To the Members on Directors' Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Directos'Statement of Compliance with the Best Practices("the Statement") contained in the Code of Corporate Governance prepared by the Board of Directors of Bestway Cement Limited, ("the Company") to comply with the Listing Regulations No.35 of Karachi Stock Exchange Limited 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 financial statements we are required to obtained 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 covers all risks or controls, or to form an opinion on the effectiveness of such control, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulations 35 notified by the Karachi Stock Exchange Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval 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 procedure 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 does not appropriately reflect the 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, 2012.

Islamabad
29 September 2012

KPMG Taseer Hadi & Co.
Chartered Accountants
Riaz Pesnani

We have audited the annexed unconsolidated balance sheet of Bestway Cement Limited ("the Company")as at 30 June 2012 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the unconsolidated financial 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 unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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 30 June 2012 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 (XVIII of 1980).

Islamabad
29 September, 2012

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner: Riaz Pesnani

PROXY FORM

I/We ______________________________________ of ____________________________
______________________________ being member(s) of Bestway Cement Limited
holding ________________________ ordinary shares hereby appoint ________________
__________________ of _____________________ or failing him/ her ______________
____________ of ____________________________ who is / are member (s) of Bestway
Cement Limited as my / our proxy in my/ our absence to attend and vote for me/ us and
on my/ our behalf at the Annual General Meeting of the Company to be held on ________
__________________ and at any adjournment there of.

As witness my/ our hand/ seal this _______________ day of __________________ 2012.

Signed by the said ___________________________

In the presence of

1. Signature ________________ Name __________________
   Address ____

2. Signature ________________ Name __________________
   Address ____

Shareholders No. ________________

____
Signature on Revenue Stamp of Rs. 5
(Signature should agree with the specimen registered with the Company)

Important:

1. This form of proxy, duly completed and signed, must be received at the Registered Office of the Company, 19-A, College Road, F-7 Markaz, Islamabad not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/ she himself/ herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account the following requirements have to be met:

(i) The form of proxy shall be witnessed by two persons whose names, addresses and NIC number shall be mentioned on the form.

(ii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the form of proxy.

(iii) The proxy shall produce his original NIC or original passport at the time of meeting.

(iv) In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with form of proxy to the Company.

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2012

	Note	2012 Rupees	2011 Rupees
SHARE CAPITAL AND RESERVES			
Authorised share capital			
700,000,000 (2011: 700,000,000) ordinary shares of Rs. 10 each		**7,000,000,000**	7,000,000,000
Issued, subscribed and paid up share capital	4	**5,782,019,740**	5,782,019,740
Share premium		**3,225,770,245**	3,225,770,245
Unappropriated profit		**5,024,881,011**	1,964,378,938
		14,032,670,996	10,972,168,923
NON CURRENT LIABILITIES			
Long term financing - secured	5	**3,368,611,118**	6,155,833,339
Liability against assets subject to finance lease - secured	6	**57,142,948**	109,754,039
Long term murabaha - secured	7	**1,705,000,000**	1,765,000,000
Long term musharaka - secured	8	**300,000,000**	300,000,000
Long term shirkat-ul-melk - secured	9	**200,000,000**	-
Deferred liabilities	10	**1,114,716,064**	477,018,764
		6,745,470,130	8,807,606,142
CURRENT LIABILITIES			
Trade and other payables	11	**2,125,262,951**	1,630,407,258
Markup accrued		**347,362,356**	195,752,140
Short term borrowings - secured	12	**3,204,101,889**	4,104,960,036
Current portion of long term financing	5	**2,292,777,778**	3,530,555,556
Current portion of liability against assets subject to finance lease	6	**54,347,414**	47,802,130
Current portion of long term murabaha	7	**60,000,000**	120,000,000
		8,083,852,388	9,629,477,120
		28,861,993,514	29,409,252,185
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE

	Note	**2012 Rupees**	2011 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	14	**15,803,677,225**	16,433,331,467
Intangible assets	15	**45,067,833**	25,596,250
Investment property	16	**347,883,288**	345,814,453
Long term investments	17	**7,410,734,815**	7,409,408,407
Long term advances	18	**16,012,000**	20,015,000
Long term deposits	19	**71,602,187**	71,450,847
		23,694,977,348	24,305,616,424
CURRENT ASSETS			
Stores, spare parts and loose tools	20	**2,493,463,224**	2,377,548,437
Stock in trade	21	**1,302,786,178**	1,190,297,675
Trade debts - considered good	22	**419,490,406**	276,921,829
Advances	23	**131,876,477**	257,774,295
Deposits and prepayments	24	**11,864,826**	31,649,484
Interest accrued		**39,451**	76,190
Other receivables		**7,476,884**	29,121,344
Due from Government agencies	25	**633,389,941**	826,104,396
Bank balances	26	**166,628,779**	114,142,111
		5,167,016,166	5,103,635,761
		28,861,993,514	29,409,252,185

DIRECTOR & CFO

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 30 JUNE 2012

	Note	2012 Rupees	2011 Rupees
Turnover - net	27	**17,788,955,131**	13,332,366,906
Cost of sales	28	**12,093,168,245**	10,418,537,089
Gross profit		**5,695,786,886**	2,913,829,817
Administrative expenses	29	**260,503,960**	157,092,809
Distribution cost	30	**283,278,843**	351,032,163
Other operating expenses		**161,805,010**	-
Finance cost	31	**1,915,903,878**	2,489,299,031
Other operating income	32	**(860,009,758)**	(507,731,792)
		1,761,481,933	2,489,692,211
Profit before taxation		**3,934,304,953**	424,137,606
Taxation	33	**(873,802,880)**	(244,907,381)
Profit for the year		**3,060,502,073**	179,230,225
Earnings per share - basic and diluted	37	**5.29**	0.57

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

UNCONSOLIDATED STATEMENT OF COMPRIHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

	2012 Rupees	2011 Rupees
Profit for the year	**3,060,502,073**	179,230,225
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**3,060,502,073**	179,230,225

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	2012 Rupees	2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**3,934,304,953**	424,137,606
Adjustments for:		
Gain on disposal of operating fixed assets	**(8,890,537)**	(1,431,291)
Depreciation	**720,450,327**	712,332,951
Amortization	**3,839,438**	4,503,750
Rental income from investment property	**(23,803,614)**	(21,172,260)
Profit on deposit accounts	**(11,685,568)**	(493,248)
Gain on remeasurement of investment property to fair value	**(2,068,835)**	(5,098,619)
Finance cost	**1,915,903,878**	2,482,388,585
Provision for staff retirement benefits	**45,586,525**	34,426,074
Dividend income	**(796,022,824)**	(468,248,720)
	1,843,308,790	2,737,207,222
	5,777,613,743	3,161,344,828
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	**22,845,429**	(210,284,305)
Stock in trade	**(112,488,503)**	(404,834,856)
Trade debts	**(142,568,577)**	20,266,208
Advances	**125,897,818**	167,911,086
Deposits and prepayments	**19,784,658**	(24,030,338)
Other receivables	**21,644,460**	(28,542,202)
Due from Government agencies	**(122,442,939)**	357,706
Increase in current liabilities		
Trade and other payables	**499,661,999**	70,644,497
	312,334,345	(408,512,204)
Cash generated from operations	**6,089,948,088**	2,752,832,624
Finance cost paid	**(1,764,293,662)**	(2,565,525,903)
Staff retirement benefits paid	**(16,841,090)**	(13,526,880)
Income tax refund received / (paid) during the year	**50,306,378**	(177,830,408)
	(1,730,828,374)	(2,756,883,191)
Net cash generated from / (used in) operating activities	**4,359,119,714**	(4,050,567)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in operating fixed assets	**(210,821,958)**	(157,725,711)
Additions in intangible assets	**-**	(100,000)
Additions in capital work in progress	**(44,866,592)**	(72,786,279)
Increase in stores held for capitalization	**(6,221,058)**	(50,507,380)
Proceeds from sale of operating fixed assets	**17,932,824**	3,183,169
Rent received from investment property	**18,997,308**	22,508,040
Decrease in long term advances	**4,003,000**	4,003,000
Profit on deposit accounts received	**11,722,307**	479,548
Addition to long term deposits	**(151,340)**	(1,000,000)
Dividend received	**796,022,824**	468,248,720
Additions in long term investments	**(1,326,408)**	(1,313,225,859)
Net cash generated from / (used in) investing activities	**585,290,907**	(1,096,922,752)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - disbursements	**300,000,000**	-
- repayments	**(4,324,999,999)**	(3,419,414,443)
Long term musharaka - disbursements	**-**	300,000,000
Long term shirkat-ul-melk - disbursements	**200,000,000**	-
Liability against asset subject to finance lease - repayments	**(46,065,807)**	(40,187,178)
Long term murabaha - repayments	**(120,000,000)**	(120,000,000)
Proceeds against issue of right shares	**-**	3,786,815,745
Increase in short term borrowings	**(900,858,147)**	520,124,562
Net cash (used in) / generated from financing activities	**(4,891,923,953)**	1,027,338,686
Net increase / (decrease) in cash and cash equivalents	**52,486,668**	(73,634,633)
Cash and cash equivalents at beginning of the year	**114,142,111**	187,776,744
Cash and cash equivalents at end of the year	**166,628,779**	114,142,111

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Issued, subscribed and paid up share capital	Capital reserve Share premium	Revenue reserve Unappropriated profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance at 01 July 2010	3,257,475,910	1,963,498,330	1,785,148,713	7,006,122,953
Total comprehensive income for the year				
Profit for the year	-	-	179,230,225	179,230,225
Total comprehensive income for the year	-	-	179,230,225	7,185,353,178
Transactions with owners, recorded directly in equity				
Issue of share capital	2,524,543,830	-	-	2,524,543,830
Premium on issue of right shares	-	1,262,271,915	-	1,262,271,915
Total transactions with owners, recorded directly in equity	2,524,543,830	1,262,271,915	-	3,786,815,745
Balance at 30 June 2011	**5,782,019,740**	**3,225,770,245**	**1,964,378,938**	**10,972,168,923**
Balance at 01 July 2011	**5,782,019,740**	**3,225,770,245**	**1,964,378,938**	**10,972,168,923**
Total comprehensive income for the year				
Profit for the year	-	-	3,060,502,073	3,060,502,073
Total comprehensive income for the year	-	-	3,060,502,073	3,060,502,073
Balance at 30 June 2012	**5,782,019,740**	**3,225,770,245**	**5,024,881,011**	**14,032,670,996**

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

These unconsolidated financial statements are separate financial statements of the company in which investment in subsidiary and associates is accounted for on the basis of direct equity interest rather than on the basis of reported results.

2.2 Basis of measurement

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

- investment property have been measured at fair value; and

- liability related to staff retirement benefit are measured at present value.

2.3 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. The unconsolidated financial statements are presented in Pakistan Rupees (PKR), which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

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

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

Informations about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the unconsolidated financial statements is discussed in the ensuing paragraphs.

2.4.1 Property, plant and equipment

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

2.4.2 Provision for inventory obsolescence and doubtful receivables

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

2.4.3 Taxation

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

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

2.4.4 Provision of staff retirement gratuity

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

2.4.5 Provisions and contingencies

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

2.4.6 Impairment of financial assets

In making an estimates of future cash flows from the Company’s financial assets including investments in subsidiaries and associates, the management considers estimated future dividend stream and their terminal value.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2012:

Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on unconsolidated financial statements of the Company.

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

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on unconsolidated financial statements of the Company.

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

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

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the unconsolidated statement of financial position or subject to master netting agreement or similar arrangement.

Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to unconsolidated statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Staff retirement benefits

Gratuity

The Company maintains an unfunded gratuity scheme for all its eligible employees. Annual provision for gratuity is made on the basis of actuarial valuation carried out by using the Projected Unit Credit Method. Latest valuation was conducted as at 30 June 2012.

The amount recognised in the balance sheet represents the present value of defined benefits as adjusted for unrecognized actuarial gains and losses. The Company uses the corridor approach as defined in IAS 19 " Employee Benefits" for recognition of actuarial gains or losses. The actuarial gains / losses in excess of corridor limit (10% of higher of present value of obligation and fair value of plan assets) are recognized over the expected remaining working life of its employees. Past service cost resulting from changes to defined benefit plans to the extent the benefits are already vested is recognised immediately and remaining unrecognised past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested.

Compensated absences

The Company recognises provision for compensated absences payable to employees at the time of retirement / termination of service. The provision is determined on the basis of last drawn salary and accumulated leaves balance at the reporting date.

3.2 Taxation

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

Current

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

Deferred

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

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

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

3.3 Provisions

A provision is recognized in the unconsolidated balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.4 Borrowing cost

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

3.5 Property, plant and equipment

Tangible assets

Owned

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

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

Capital work in progress is stated at cost including where appropriate, related borrowing costs less impairment loss, if any. These costs are transferred to operating fixed assets as and when assets are available for use.

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

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

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

Leased

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

3.6 Intangible assets

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

Amortisation of intangible assets, having finite usefull life, is charged by applying straight line method, so as to write off the cost of assets at amortisation rate as mentioned in note 15 to the unconsolidated financial statements.

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

3.7 Investment property

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

3.8 Impairment

Non-financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized as expense in the profit and loss account.

statement, cash and cash equivalents comprise cash and bank balance, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change.

3.17 Dividend

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

3.18 Earnings per share

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

4. Issued, subscribed and paid up share capital

2012	2011		2012	2011
Number of shares			Rupees	Rupees
514,163,552	514,163,552	Ordinary shares of Rs.10 each issued for cash	**5,141,635,520**	5,141,635,520
64,038,422	64,038,422	Ordinary shares of Rs. 10 each issued as fully paid bonus share	**640,384,220**	640,384,220
578,201,974	578,201,974	**Total**	**5,782,019,740**	5,782,019,740

Bestway (Holdings) Limited, U.K. is the parent company controlling 319,885,740 i.e. 55.32% shares (2011: 319,885,740 i.e. 55.32% shares) of the Company.

5. Long term financing - secured	**Note**	**2012 Rupees**	2011 Rupees
Loans from banking companies	5.1	**2,468,055,556**	3,376,388,889
Syndicate term finance facilities	5.2	**3,193,333,340**	6,310,000,006
		5,661,388,896	9,686,388,895
Current portion of long term financing		**(2,292,777,778)**	(3,530,555,556)
		3,368,611,118	6,155,833,339

		Note	2012 Rupees	2011 Rupees
5.1	**Loans from banking companies**			
	Term Finance from MCB Bank Limited	5.1.1	**412,500,000**	687,500,000
	Term Finance from Allied Bank Limited	5.1.2	**555,555,556**	888,888,889
	Term Finance from Habib Bank Limited	5.1.3	**1,200,000,000**	1,800,000,000
	Term Finance from Soneri Bank Limited	5.1.4	**300,000,000**	-
	Demand Finance from Habib Bank Limited	5.1.5	**-**	-
			2,468,055,556	3,376,388,889
5.2	**Syndicate term finance facilities**			
	Term finance from syndicate		**-**	860,000,000
	Term finance from syndicate	5.2.1	**266,666,674**	800,000,006
	Term finance from syndicate	5.2.2	**1,560,000,000**	2,600,000,000
	Term finance from syndicate	5.2.3	**1,366,666,666**	2,050,000,000
			3,193,333,340	6,310,000,006

5.1.1 This represents term finance facility of Rs. 1,100 million. This facility is repayable in 08 equal semi annual installments started from April 2010. Markup is payable on quarterly basis at three months' KIBOR plus 0.55% (2011: three months' KIBOR plus 0.55%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and buildings of the Company for an amount of Rs. 1,283.34 million (2011: Rs. 1,283.34 million).

5.1.2 This represents term finance facility of Rs. 1,000 million. This facility is repayable in 09 equal semi annual installments started from June 2011. Markup is payable on semi annual basis at six months' KIBOR plus 1.5% (2011: six months' KIBOR plus 2.45%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and buildings of the Company for an amount of Rs. 1,333.34 million (2011: Rs. 1,333.34 million). The Company has prepaid an installment falling due in December 2012.

5.1.3 This represents term finance facility of Rs. 3,000 million. This facility is repayable in 10 equal semi annual installments started from December 2009. Markup is payable on quarterly basis at three months' KIBOR plus 1.25% (2011: three months' KIBOR plus 1.25%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future current and movable assets of the Company and equitable mortgage ranking pari passu charge over the immovable assets of the Company including land and buildings for an amount of Rs. 3,200 million (2011: Rs. 3,200 million).

5.1.4 This represents term finance facility of Rs. 300 million obtained during the year. This facility is repayable in 08 equal semi annual installments starting from December 2014. Markup is payable on semi annual basis at the rate of six months' KIBOR plus 1.25% (2011: Nil) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company including land and buildings for an amount of Rs. 400 million (2011: Nil). At present, ranking charge on all present and future assets of the Company has been registered and charge up-gradation to first pari passu is in process.

5.1.5 This represents demand finance facility of Rs. 2,000 million obtained during the year. This facility is repayable in 06 equal semi annual installments after a period of 18 months from the date of first disbursement. Markup is payable on quarterly basis at the rate of three months' KIBOR plus 1.10% (2011: Nil) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company, equitable mortgage ranking pari passu over the immoveable fixed assets of the Company including land and buildings for an amount of Rs. 2,666.67 million (2011: Nil). At present, ranking charge on all present and future assets of the Company has been registered and charge up-gradation to first pari passu is in process.

5.2.1 This represents a syndicated term finance facility of Rs. 3,200 million from a syndicate of Habib Bank Limited, MCB Bank Limited and Allied Bank Limited with the participation of Rs. 1,000 million, Rs. 1,000 million, and Rs. 1,200 million respectively. This facility is repayable in 12 equal semi annual installments started from May 2007. Markup is payable on semi annual basis at six months' KIBOR plus 1.25 % (2011: six months' KIBOR plus 1.25 %) per annum. The facility is secured by first pari passu hypothecation charge on all the present and future assets of the Company and first pari passu equitable mortgage over immovable properties of the Company for an amount of Rs. 1,777.79 million (2011: Rs. 1,777.79 million) in favour of syndicate and pledge over 85.29% shares of Mustehkam Cement Limited.

5.2.2 This represents a syndicated term finance facility of Rs. 5,200 million from a syndicate of Allied Bank Limited, Bank Alfalah Limited, Standard Chartered Bank (Pakistan) Limited, Askari Bank Limited, Faysal Bank Limited , Habib Bank Limited, Silk Bank Limited, HSBC Bank Middle East Limited, Bank Al Habib Limited, Habib Metropolitan Bank Limited and Soneri Bank Limited with the participation of Rs. 550 million, Rs. 1,000 million, Rs. 600 million, Rs. 500 million, Rs. 500 million, Rs. 500 million, Rs. 500 million, Rs. 400 million, Rs. 300 million, Rs. 250 million and Rs. 100 million respectively. This facility is repayable in 10 equal semi annual installments started from April 2009. Markup is payable on semi annual basis at rate of six months' KIBOR plus 2.05 % (2011: six months' KIBOR plus 2.05 %) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company and equitable mortgage over immovable properties of the Company for an amount of Rs. 4,786.67 million (2011: Rs. 4,786.67 million).

5.2.3 This represents a syndicated term finance facility of Rs. 2,050 million from a syndicate of Allied Bank Limited, Habib Bank Limited, The Bank of Punjab and Faysal Bank Limited with the participation of Rs. 1,000 million, Rs. 500 million, Rs. 300 million and Rs. 250 million respectively. This facility is repayable in 06 equal semi annual installments starting from December, 2012. Mark up is payable on semi annual basis at six months' KIBOR plus 2.25% (2011: six months' KIBOR plus 2.25%) per annum. The facility is secured by first pari passu hypothecation charge on all the present and future assets of the Company excluding land and buildings for an amount of Rs. 2,733.33 million (2011: Rs. 2,733.33 million) in favour of syndicate. The Company has prepaid installments falling due on 25 December 2012 and on 25 June 2013.

6. Liability against assets subject to finance lease - secured

	2012			2011
	Minimum lease payments	Finance cost for future periods	Present value of minimum lease payments	Present value of minimum lease payments
	Rupees	Rupees	Rupees	Rupees
Not later than one year	**65,320,624**	**10,973,210**	**54,347,414**	47,802,130
Later than one year and not later than five years	**63,163,632**	**6,020,684**	**57,142,948**	109,754,039
Current portion of liability against assets subject to finance lease	**-**	**-**	**(54,347,414)**	(47,802,130)
	128,484,256	**16,993,894**	**57,142,948**	109,754,039

6.1 This represents lease finance facility of Rs. 227.05 million (present value of Rs. 111.49 million (2011: Rs. 157.56 million)) for acquisition of plant and machinery obtained from Meezan Bank Limited, repayable in 10 semi annual installments started from November 2009. Markup is payable on a biannual basis at six months' KIBOR plus 2.05% (2011: six months' KIBOR plus 2.05%) per annum with a floor and cap of 2.5% and 28% respectively. The facility is secured by way of ownership of leased assets.

7. Long term murabaha - secured	Note	2012 Rupees	2011 Rupees
Faysal Bank Limited		**-**	60,000,000
Faysal Bank Limited	7.1	**90,000,000**	150,000,000
Meezan Bank Limited	7.2	**1,675,000,000**	1,675,000,000
		1,765,000,000	1,885,000,000
Current portion of long term murabaha		**(60,000,000)**	(120,000,000)
		1,705,000,000	1,765,000,000

7.1 This represents murabaha finance facility of Rs. 300 million. This facility is repayable in 10 equal semi annual installments started from April 2009. Markup is payable on semi annual basis at rate of six months' KIBOR plus 2.05% (2011: six months' KIBOR plus 2.05%) per annum. The facility is secured by first pari passu hypothecation charge on the present and future assets of the Company and equitable mortgage over immovable properties of the Company for an amount of Rs. 280 million (2011: Rs. 280 million).

7.2 This represents commodity murabaha finance facility of Rs. 1,675 million (2011: Rs. 1,675 million). This facility is repayable in bullet installment at the time of maturity. Markup is payable on annual basis at the rate of two years' KIBOR (2011: two years' KIBOR) per annum. The facility is secured by standby letter of credit(s) (SBLCs) of worth USD 19.78 million, for which security has been arranged by the directors of the parent Company, and ranking hypothecation charge on all present and future both current and fixed assets of the Company excluding land and buildings for an amount of Rs. 285 million (2011: Rs. 285 million).

8. Long term musharaka - secured		2012 Rupees	2011 Rupees
Meezan Bank Limited	8.1	**300,000,000**	300,000,000

8.1 This represents diminishing musharakah finance facility of Rs. 300 million. This facility is repayable in six equal semi annual installments starting from December 2013. Mark up is payable on semi annual basis at the rate of six months' KIBOR plus 1.85% per annum (2011: six months' KIBOR plus 1.85%). The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company excluding land and buildings for an amount of Rs. 400 million (2011: Rs. 400 million).

9.	**Long term shirkat-ul-melk - secured**	**Note**	**Rupees**	Rupees
	Dubai Islamic Bank Pakistan Limited	9.1	**200,000,000**	-

9.1 This represents shirkat-ul-melk cum ijarah facility of Rs. 200 million. This facility is repayable in four equal semi annual installments starting from December 2013. Mark up is payable on semi annual basis at six months' KIBOR plus 1.10% per annum (2011: Nil). The facility is secured by first pari passu hypothecation charge over all present and future fixed assets of the Company excluding land and buidlings for an amount of Rs. 267 million (2011: Nil). At present, ranking charge over all present and future fixed assets of the Company has been registered and charge up-gradation to first pari passu is in process.

			2012	2011
10.	**Deferred liabilities**	**Note**	**Rupees**	Rupees
	Deferred taxation	10.1	**986,828,334**	377,876,469
	Provision for gratuity	10.2	**105,769,396**	87,475,267
	Provision for compensated absences	10.3	**22,118,334**	11,667,028
			1,114,716,064	477,018,764

10.1 Deferred tax liability is recognised on following major temporary differences:

Taxable temporary differences			
Accelerated depreciation		**2,964,852,032**	2,975,037,586
Accelerated amortization		**7,378,015**	414,311
		2,972,230,047	2,975,451,897
Deductible temporary differences			
Liability against assets subject to finance lease		**(30,436,869)**	(43,012,834)
Unabsorbed tax losses		**(1,954,964,844)**	(2,554,562,594)
		(1,985,401,713)	(2,597,575,428)
	10.1.1	**986,828,334**	377,876,469

10.1.1 Movement of deferred tax liability is as follows:

Opening balance	**377,876,469**	307,869,780
Charge for the year	**608,951,865**	70,006,689
Closing balance	**986,828,334**	377,876,469

	Note	2012 Rupees	2011 Rupees
10.2 The amount recognised in the balance sheet is as follow:			
Present value of defined benefit obligation		**125,606,147**	105,421,459
Net actuarial losses not recognized		**(19,836,751)**	(17,946,192)
Net liability at end of the year		**105,769,396**	87,475,267

The movement in present value of defined benefit obligation is as follows;

	2012 Rupees	2011 Rupees
Opening balance	**87,475,267**	64,649,982
Charge for the year	**31,751,552**	27,957,907
Benefits paid during the year	**(13,457,423)**	(5,132,622)
Closing balance	**105,769,396**	87,475,267

Expense recognised in profit and loss account:

	2012 Rupees	2011 Rupees
Current service cost	**15,466,552**	14,248,679
Interest cost	**13,816,985**	10,727,491
Actuarial losses recognised	**2,468,015**	2,981,737
	31,751,552	27,957,907

Actuarial Assumptions	**2012**	2011
Valuation discount rate	12.5%	14%
Salary increase rate	12.5%	14%

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

Expected gratuity expense for the next financial year is Rs. 35,761,434 (2011: Rs. 30,444,749).

Historical information

Present value of the defined benefit obligation

	2012	2011	2010	2009	2008
(Rupees)	**105,769,396**	87,475,267	64,649,982	49,522,737	36,351,025

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

11. Trade and other payables	**Note**	**2012 Rupees**	2011 Rupees
Payable to contractors and suppliers		**430,905,008**	604,402,510
Accrued liabilities	11.1	**1,282,767,453**	618,667,079
Advances from customers		**82,691,135**	73,358,403
Security deposits		**23,798,062**	24,998,062
Retention money		**4,245,564**	4,307,874
Workers' Profit Participation Fund		**161,805,010**	-
Sales tax payable		**-**	98,682,028
Excise duty payable		**116,586,671**	181,396,544
Advance rent of investment property		**2,887,434**	7,693,740
Other payables	11.2	**19,263,264**	16,587,668
Unclaimed dividend		**313,350**	313,350
		2,125,262,951	1,630,407,258

11.1 This includes an amount of Rs. 1.29 million (2011: Rs. 71.52 million) payable to Sui Northern Gas Pipelines Limited (SNGPL) against gas consumption during the month of June 2012. The Company has issued bank guarantees in the normal course of business to SNGPL for commercial and industrial use of gas for an amount of Rs. 806.64 million (2011: Rs. 976.938 million).

11.2 This includes an unsecured and interest free amount of Rs. 6.660 million (2011: Rs. 6.529 million) payable to parent company.

12. Short term borrowings - secured

	Note	2012 Rupees	2011 Rupees
Running finance from banking companies			
Habib Bank Limited	12.1	**30,043,759**	32,122,827
Barclays Bank Plc, Pakistan		**-**	39,564
Bank Al Habib Limited		**-**	579
Askari Bank Limited	12.2	**593**	494,342,269
Soneri Bank Limited	12.3	**122,711,558**	79,939,727
Allied Bank Limited	12.4	**12,542,485**	467,957,630
Meezan Bank Limited	12.5	**500,000,000**	-
Habib Bank Limited	12.6	**40,036,845**	358,394,636
Habib Bank Limited		**-**	1,080,976
		705,335,240	1,433,878,208
Foreign currency import finance			
Habib Bank Limited	12.7	**542,831,759**	556,674,708
MCB Bank Limited	12.8	**264,982,612**	395,576,529
Bank Alfalah Limited	12.9	**269,980,257**	-
Faysal Bank Limited	12.10	**370,279,021**	-
Allied Bank Limited		**-**	284,918,642
Soneri Bank Limited		**-**	290,911,949
		1,448,073,649	1,528,081,828

	Note	2012 Rupees	2011 Rupees
Export refinance			
Soneri Bank Limited	12.11	**100,000,000**	100,000,000
Allied Bank Limited	12.12	**350,000,000**	339,000,000
Barclays Bank Plc, Pakistan		**-**	65,000,000
Bank Alfalah Limited	12.13	**50,693,000**	-
Standard Chartered Bank (Pakistan) Limited	12.14	**450,000,000**	450,000,000
Faysal Bank Limited		**-**	90,000,000
Askari Bank Limited	12.15	**100,000,000**	99,000,000
		1,050,693,000	1,143,000,000
		3,204,101,889	4,104,960,036

12.1 This represents utilized amount of running finance facility of Rs. 400 million (2011: Rs. 400 million) for a period of one year. Markup is payable on quarterly basis at the rate of one month's KIBOR plus 1.00% (2011: one month's KIBOR plus 1.00%) per annum. The facility is secured by ranking hypothecation charge on all present and future book debts, receivables and other movable assets of the Company for an amount of Rs. 533.34 million (2011: Rs. 533.34 million) and lien over US Dollar account upto USD 0.4085 million (2011: USD 0.412 million) of the Company (refer note 26.3).

12.2 This represents the utilized amount of running finance facility of Rs. 400 million (2011:Rs. 500 million) for a period of one year. Mark up is payable on quarterly basis at the rate of three months' KIBOR plus 1.00% per annum (2011: three months' KIBOR plus 1.00% per annum). The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company excluding land and buildings for an amount of Rs. 533.333 million (2011: Rs. 666.67 million).

12.3 This represents the utilized amount of a running finance facility of Rs. 300 million (2011: Rs. 375 million) for a period of one year. Mark up is payable on quarterly basis at the rate of three months' KIBOR plus 1.00% per annum (2011: three months' KIBOR plus 1.00% per annum). The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 400 million (2011: Rs. 500 million).

12.4 This represents the utilized amount of running finance facility of Rs. 1,000 million (2011: Rs. 1,000 million) for a period of one year. Mark up is payable on quarterly basis at the rate of one months' KIBOR plus 1.00% per annum (2011: one months' KIBOR plus 1.50% per annum). The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and buildings of the Company for an amount of Rs. 1,333.34 million (2011: Rs. 1,333.34 million).

12.5 This represents istisna facility of Rs. 500 million (2011: Nil) for a period of 180 days with extension of further 90 days. Markup is payable on maturity at the rate of six months' KIBOR plus 0.75% per annum and at one months' KIBOR plus 0.75% per annum (2011: Nil). The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 267 million, ranking charge on all present and future fixed assets excluding land and buildings of the Company for an amount of Rs. 400 million, ranking charge on all present and future current assets of the Company for an amount of Rs. 133 million and ranking charge on all present and future current and fixed assets excluding land and buildings of the Company for an amount of Rs. 500 million (2011: Nil)

12.6 This represents the utilized amount of running finance facility of Rs. 365 million (2011: Rs. 365 million) for a period of one year . Markup is payable on quarterly basis at the rate of three months' KIBOR plus 1.50% (2011: three months' KIBOR plus 1.50%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 100 million and first pari passu hypothecation charge on all present and future fixed assets of the Company excluding land and buildings for an amount of Rs. 322 million (2011: Rs. 100 million & Rs. 322 million).

12.7 This represents foreign currency import finance facility of USD 5.739 million obtained for import of coal. Out of total balance outstanding as on 30 June 2012, USD 2.439 million are repayable on 13 August 2012 and USD 3.300 million are repayable on 13 October 2012. The facility carries mark up at the rate of six months' LIBOR plus 2.00% to 2.50% (2011: six months' LIBOR plus 2.75%) per annum payable at the time of maturity. The facility is secured by first pari passu hypothecation charge on all present and future current and movable assets of the Company for an amount of Rs. 960 million (2011: Rs. 960 million).

12.8 This represents foreign currency import finance facility of USD 2.801 million obtained for import of coal repayable on 13 October 2012. The facility carries mark up at the rate of six months' LIBOR plus 2.00% (2011: six months' LIBOR plus 4.70%) per annum payable at the time of maturity. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company excluding land and buildings for an amount of Rs. 668 million (2011: Rs. 668 million).

12.9 This represents foreign currency import finance facility of USD 2.854 million obtained for import of coal repayable on 17 September 2012. The facility carries mark up at the rate of 3.10% (2011: Nil) per annum payable at the time of maturity. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company excludings land and buildings for an amount of Rs. 666.67 million (2011: Nil). At present, ranking charge on all present and future assets of the Company has been registered and charge up-gradation to first pari passu is in process.

12.10 This represents foreign currency import finance facility of USD 3.914 million obtained for import of coal repayable on 14 September 2012. The facility carries mark up at the rate of six months' LIBOR plus 2.50% (2011: Nil) per annum payable at maturity. The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and buildings of the Company for an amount of Rs. 533.34 million (2011: Nil).

12.11 This represents utilised amount of export refinance facility of Rs. 300 million (2011: Rs. 100 million) for a period of one year with maximum tenor of 180 days. Mark up is payable at the time of maturity of the facility or on quarterly basis whichever comes earlier at the rate defined by State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 400 million (2011: Rs. 134 million). Facilities in note 12.3 & 12.11 are interchangeable.

12.12 This represents export refinance facility of Rs. 350 million (2011: Rs. 350 million) for a period of one year with maximum tenor of 180 days. Mark up is payable at the time of maturity of the facility or on quarterly basis whichever comes earlier at the rate defined by State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and buildings for an amount of Rs. 466.67 million (2011: Rs. 466.67 million). This facility is sublimit of facility mentioned in note 12.4.

12.13 This represents the utilized amount of export refinance facility of Rs. 250 million (2011: Nil) for a period of one year with maximum tenor of 180 days. Mark up is payable at the time of maturity of the facility or on quarterly basis whichever comes earlier at the rate defined by the State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company excluding land and buildings for an amount of Rs. 333.34 million (2011: Nil). At present, ranking charge on all present and future assets of the Company has been registered and charge up-gradation to first pari passu is in process.

12.14 This represents export refinance facility of Rs. 450 million (2011: Rs. 450 million) for a period of one year with maximum tenor of 180 days. Mark up is payable at the time of maturity of the facility or on quarterly basis whichever comes earlier at the rate defined by State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company excluding land and buildings for an amount of Rs. 600 million (2011: Rs. 600 million).

12.15 This represents export refinance facility of Rs. 100 million (2011: Rs. 100 million) for a period of one year with maximum tenor of 180 days. Mark up is payable at the time of maturity of the facility or on quarterly basis whichever comes earlier at the rate defined by State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company excluding land and buildings for an amount of Rs. 133.34 million (2011: Rs. 133.34 million).

12.16 Unavailed facilities

The Company has running finance facilities and other short term borrowings facilities for an amount of Rs. 2,409 million (2011: Rs. 1,267 million) which the Company has not availed as at the year end.

Facilities of letters of guarantee and letters of credit amounting to Rs. 200 million (2011: Rs. 380.93 million) and Rs. 3,720 million (2011: Rs. 4,210.19 million) respectively are available to the Company. Facilities of letters of guarantee are secured by first pari passu charge on present and future assets of the Company.

13. Contingencies and commitments	Note	**2012 Rupees**	2011 Rupees
In respect of bank guarantees	13.1	**28,317,121**	70,329,762
In respect of letters of credits		**225,042,214**	958,887,579

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

13.2 Competition Commission of Pakistan (CCP) issued a show cause notice dated 28 October 2008 to 21 cement companies (including the Company) under section 30 of the Competition Ordinance, 2007. On 27 August 2009, CCP imposed a penalty of Rs. 562 million on the Company. The cement manufacturers (including the Company) have challenged the CCP order in Honourable High Court and the Honourable High Court has passed an interim order restraining CCP from taking any adverse action against these 21 cement companies.

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

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

14 Property, plant and equipment

	Note	2012 Rupees	2011 Rupees
Operating fixed assets	14.1	**15,617,927,147**	16,142,455,755
Capital work in progress	14.2	**17,540,804**	128,887,496
Stores held for capitalization		**168,209,274**	161,988,216
		15,803,677,225	16,433,331,467

14.1 Operating fixed assets

	Owned									Leased	
	Freehold land	Leasehold land	Buildings on freehold land	Plant and machinery	Quarry equipment	Other equipment	Furniture and fixtures	Vehicles	Office equipment	Plant and machinery	Total
	Rupees										
Tangible assets											
Cost											
Balance at 01 July 2010	475,248,949	37,093,572	5,004,946,721	13,729,388,757	823,192,272	86,829,702	79,238,961	172,171,287	71,303,512	227,054,048	**20,706,467,781**
Additions during the year	3,344,414	-	6,407,888	83,074,736	90,424,581	4,773,906	1,668,061	7,757,558	6,032,924	-	**203,484,068**
Transferred from CWIP	-	-	131,478	27,840,068	-	-	-	-	-	-	**27,971,546**
Adjustments	-	-	-	(88,675,984)	-	(208,800)	-	-	-	-	**(88,884,784)**
Disposals	-	-	-	-	-	-	-	(5,647,338)	-	-	**(5,647,338)**
Balance at 30 June 2011	478,593,363	37,093,572	5,011,486,087	13,751,627,577	913,616,853	91,394,808	80,907,022	174,281,507	77,336,436	227,054,048	**20,843,391,273**
Balance at 01 July 2011	478,593,363	37,093,572	5,011,486,087	13,751,627,577	913,616,853	91,394,808	80,907,022	174,281,507	77,336,436	227,054,048	**20,843,391,273**
Additions during the year	5,680,492	-	6,603,863	163,749,145	1,079,207	2,406,525	3,416,202	21,977,141	5,909,383	-	**210,821,958**
Transferred from CWIP	-	-	2,797,294	130,104,969	-	-	-	-	-	-	**132,902,263**
Adjustments		-	-	(165,896,077)	-	(589,886)	-	-	-	-	**(166,485,963)**
Disposals	-	-	-	-	-	-	-	(23,304,878)	(14,860)	-	**(23,319,738)**
Balance at 30 June 2012	484,273,855	37,093,572	5,020,887,244	13,879,585,614	914,696,060	93,211,447	84,323,224	172,953,770	83,230,959	227,054,048	**20,997,309,793**
Depreciation											
Balance at 01 July 2010	-	15,749,000	895,107,426	2,458,093,096	450,614,788	41,752,493	27,838,470	98,794,803	32,537,442	15,136,936	**4,035,624,454**
Charge for the year	-	1,342,191	165,642,322	447,802,412	57,016,930	6,385,911	5,218,606	15,018,686	6,337,425	7,568,468	**712,332,951**
Adjustments	-	-	-	(43,070,703)	-	(55,724)	-	-	-	-	**(43,126,427)**
Disposals	-	-	-	-	-	-	-	(3,895,460)	-	-	**(3,895,460)**
Balance at 30 June 2011	-	17,091,191	1,060,749,748	2,862,824,805	507,631,718	48,082,680	33,057,076	109,918,029	38,874,867	22,705,404	**4,700,935,518**
Balance at 01 July 2011	-	17,091,191	1,060,749,748	2,862,824,805	507,631,718	48,082,680	33,057,076	109,918,029	38,874,867	22,705,404	**4,700,935,518**
Charge for the year	-	1,253,336	165,825,351	455,378,164	61,003,644	5,826,740	4,948,388	12,542,135	6,104,101	7,568,468	**720,450,327**
Adjustments	-	-	-	(27,227,213)	-	(498,534)	-	-	-	-	**(27,725,747)**
Disposals	-	-	-	-	-	-	-	(14,276,523)	(929)	-	**(14,277,452)**
Balance at 30 June 2012	-	18,344,527	1,226,575,099	3,290,975,756	568,635,362	53,410,886	38,005,464	108,183,641	44,978,039	30,273,872	**5,379,382,646**
Carrying value - 2012	**484,273,855**	**18,749,045**	**3,794,312,145**	**10,588,609,858**	**346,060,698**	**39,800,561**	**46,317,760**	**64,770,129**	**38,252,920**	**196,780,176**	**15,617,927,147**
Carrying value - 2011	478,593,363	20,002,381	3,950,736,339	10,888,802,772	405,985,135	43,312,128	47,849,946	64,363,478	38,461,569	204,348,644	16,142,455,755
Life in years / rates of depreciation per annum		30yrs	30yrs	30yrs	15%	10-15%	10%	20%	15%	30yrs	

	Note	2012 Rupees	2011 Rupees
14.1.1 Depreciation on operating fixed assets has been allocated as follows:			
Cost of sales	28	**711,340,597**	702,174,701
Administrative expenses	29	**6,178,708**	6,766,304
Distribution cost	30	**2,931,022**	3,391,946
		720,450,327	712,332,951

14.1.2 Disposal of operating fixed assets

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to
	Rupees	Rupees	Rupees	Rupees		
Vehicles						
Honda Civic	1,220,430	409,631	473,291	63,660	Negotiation	Employee
Suzuki Cultus	598,600	98,755	98,755	-	Negotiation	Employee
Suzuki Alto	539,418	162,223	406,000	243,777	Negotiation	Mr. Muhammad Fahad Azhar Watto
Suzuki Cultus	626,900	191,728	279,880	88,152	Negotiation	Employee
Honda Civic	1,020,510	312,107	389,583	77,476	Negotiation	Employee
Suzuki Alto	504,974	154,439	261,810	107,371	Negotiation	Mr. Rashid Mehmood
Cement Bulker	6,870,017	3,114,408	6,975,721	3,861,313	Auction	Trans Pak Enterprises
Cement Bulker	6,870,017	3,114,408	6,975,721	3,861,313	Auction	Trans Pak Enterprises
Suzuki Alto	514,474	138,144	181,092	42,948	Negotiation	Employee
Suzuki Alto	512,940	148,704	214,989	66,285	Negotiation	Employee
Hyundai Shahzore	799,672	232,826	575,000	342,174	Insurance claim	IGI Insurance Limited
Suzuki Cultus	604,180	122,482	231,927	109,445	Negotiation	Employee
Mitsubishi Lancer	1,028,330	340,122	340,122	-	Negotiation	Employee
Suzuki Alto	513,940	146,129	174,585	28,456	Negotiation	Employee
Mitsubishi Lancer	1,080,476	342,249	342,249	-	Negotiation	Employee
Office Equipment						
Digital Camera	14,860	13,931	12,099	(1,832)	Insurance claim	IGI Insurance Limited
2012	**23,319,738**	**9,042,286**	**17,932,824**	**8,890,538**		
2011	5,647,338	1,751,878	3,183,169	1,431,291		

	Note	2012 Rupees	2011 Rupees
14.2 Capital work in progress			
Opening balance		**128,887,496**	84,072,763
Additions during the year	14.2.1	**44,866,592**	72,786,279
		173,754,088	156,859,042
Transferred to operating fixed assets:			
Plant and machinery		**(130,104,969)**	(27,840,068)
Buildings on freehold land		**(2,797,294)**	(131,478)
		(132,902,263)	(27,971,546)
Transferred to intangible assets		**(23,311,021)**	-
	14.2.2	**17,540,804**	128,887,496

14.2.1 This includes borrowing cost capitalised amounting to Rs. 6.498 million (2011: Rs. 9.137 million) at capitalisation rate of 14.85% (2011: 14.59%) per annum.

		Note	2012 Rupees	2011 Rupees
14.2.2	Break up of capital work in progress is as follows:			
	Plant and machinery and other equipment		**5,885,294**	89,303,181
	Advances for capital work in progress		**11,655,510**	30,447,235
	Borrowing cost		**-**	9,137,080
			17,540,804	128,887,496
15.	**Intangible assets**			
	Cost			
	Opening balance at 01 July		**30,100,000**	30,000,000
	Additions during the year		**23,311,021**	100,000
	Closing balance at 30 June		**53,411,021**	30,100,000
	Amortization			
	Opening balance at 01 July		**4,503,750**	-
	Charge for the year	15.1	**3,839,438**	4,503,750
	Closing balance at 30 June		**8,343,188**	4,503,750
	Carrying value		**45,067,833**	25,596,250
	Amortisation rate		**15%**	15%
15.1	**Amortization on intangible assets has been allocated as follows:**			
	Cost of sales	28	**3,839,438**	4,503,750
			3,839,438	4,503,750
16.	**Investment property**			
	Opening balance		**345,814,453**	340,715,834
	Gain on remeasurement of investment property to fair value	16.1	**2,068,835**	5,098,619
	Closing balance		**347,883,288**	345,814,453

16.1 The investment property is a portion of head office buildings held for commercial purposes. On 30 June 2012, an independent exercise was carried out to calculate the fair value of investment property. To assess the land prices, market research was carried out in the area around the plot where the investment property is situated. Fair value of investment property is based on independent valuer's judgment about average prices prevalent on the said date and has been prepared on openly available / provided information after making relevant inquiries from the market. Valuation was carried out by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

		Note	2012 Rupees	2011 Rupees
17.	**Long term investments**			
	Investments in related parties - at cost - quoted			
	Subsidiary company - Mustehkam Cement Limited	17.1	**5,547,931,865**	5,546,605,457
	Associated company - United Bank Limited	17.2	**1,862,802,950**	1,862,802,950
			7,410,734,815	7,409,408,407
17.1	**Subsidiary company - Mustehkam Cement Limited (MCL)**			
	127,272,527 shares (2011: 127,176,457 shares) of Rs. 10 each Market value Rs.15.05 (2011: Rs.10.39) per share. Equity held 98.46% (2011: 98.39%)		**5,547,931,865**	5,546,605,457
17.2	**Associated company - United Bank Limited (UBL)**			
	93,649,694 shares (2011: 93,649,694 shares) of Rs. 10 each Market value Rs. 78.38 (2011: Rs. 61.19) per share	17.2.1	**1,862,802,950**	1,862,802,950

17.2.1 This represents 7.65% share (2011: 7.65%) in the equity of 1,224.2 million (2011: 1,224.2 million) shares of Rs. 10 each in UBL, an associated undertaking. Bestway Group holds 51.07% (2011: 51.07%) equity in UBL.

		Note	2012 Rupees	2011 Rupees
18.	**Long term advances**			
	Advance for gas pipe line	18.1	**20,015,000**	24,018,000
	Current portion of advance for gas pipe line	23	**(4,003,000)**	(4,003,000)
			16,012,000	20,015,000
			16,012,000	20,015,000

18.1 This represents outstanding amount of long term advance of Rs. 40.03 million (2011: Rs. 40.03 million) given to Sui Northern Gas Pipelines Limited to facilitate gas pipeline laying for the Company's plant located at Chakwal. The advance along with markup at the rate of 1.5% per annum is recoverable in 10 equal annual installments which started from March 2008.

19. Long term deposits

This includes security deposits amounting to Rs. 64.182 million (2011: Rs. 64.182 million) given for the electricity connections of the plants.

		2012 Rupees	2011 Rupees
20.	**Stores, spare parts and loose tools**		
	Stores, spare parts and loose tools	**2,217,835,608**	2,185,240,668
	Stores and spare parts in transit	**275,627,616**	192,307,769
		2,493,463,224	2,377,548,437

		Note	2012 Rupees	2011 Rupees
21.	**Stock in trade**			
	Raw and packing material		**171,709,317**	105,855,678
	Work in process		**847,086,870**	858,215,213
	Finished stock		**283,989,991**	226,226,784
			1,302,786,178	1,190,297,675

22. Trade debts - considered good

This includes Rs. 71.8 million (2011: Rs. 35.024 million) receivable from customers against export sales.

		Note	2012 Rupees	2011 Rupees
23.	**Advances**			
	Advances to directors and executives - considered good		**4,906,947**	2,563,700
	Advances to suppliers and contractors - considered good		**121,197,808**	115,186,623
	Advance to a related party - unsecured	23.1	**1,768,722**	136,020,972
	Current portion advance for gas pipe line	18	**4,003,000**	4,003,000
			131,876,477	257,774,295

23.1. This represents amount due from Mustehkam Cement Limited, a related party and carries markup at Company's weighted average borrowing rate of 13.85% (2011: 14.59%) per annum. The Company has taken approval in its Annual General Meeting for giving advances to the related party to meet its urgent working capital requirements upto Rs. 200 million.

		Note	2012 Rupees	2011 Rupees
24.	**Deposits and prepayments**			
	Security deposits		**3,637,481**	3,946,240
	Prepayments		**8,227,345**	27,703,244
			11,864,826	31,649,484
25.	**Due from Government agencies**			
	Advance tax - net		**259,699,038**	574,856,432
	Customs duty	25.1	**28,372,522**	28,372,522
	Capital value tax	25.1	**11,729,200**	11,729,200
	Excise duty refundable	25.2	**211,146,242**	211,146,242
	Sales tax		**122,442,939**	-
			633,389,941	826,104,396

25.1 This represents customs duties paid in excess of 5% of the value assessed by the custom authorities for import of off high way dump trucks and the amount paid as Capital Value Tax (CVT) on this import. The collector of customs assessed 30% duty and CVT @ 7.5% of the assessed value on import of off high way dump trucks and did not allow exemption available to the Company under SRO No. 575(1) 2006 dated 06 June 2006. The Company deposited these amounts under protest as guarantee for clearance and filed an appeal before Honourable Sindh

High Court. The Honourable High Court granted the leave of appeal and held that exemption for import of off high way dump trucks is available to the Company under SRO No. 575(1) 2006 dated 06 June 2006, therefore the excess amounts paid should be refunded to the Company. Collector of customs filed an appeal in Honourable Supreme Court against the order of Honourable High Court, however no stay was granted againts the refund accrued to the Company.

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

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

The Company has filed a claim for Rs. 211.146 million relating to duty paid during the period June 1998 to April 1999 which pursuant to the above decision was otherwise not leviable and payable under the law. Commissionar Appeals rejected the claim of the Company, and the Company has filed an appeal with Income Tax Appellate Tribunal (ITAT) against unlawful rejection of refund claims. A number of hearings were conducted during the year but the case is yet to be discussed.

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

26. **Bank balances**	Note	**2012 Rupees**	2011 Rupees
Cash at banks			
Current accounts	26.1	**47,611,666**	48,324,796
Deposit accounts	26.2 & 26.3	**119,017,113**	65,817,315
		166,628,779	114,142,111

26.1 This includes Rs. 9.14 million (2011: Rs. 10.33 million) held in current accounts maintained with United Bank Limited, a related party.

26.2 Deposit accounts carry interest rates ranging from 0.5% to 9% (2011: 1% to 5%) per annum.

26.3 This includes an amount of US Dollar 0.411 million (2011: US Dollar 0.416 million) in US Dollar saving accounts. US Dollar 0.408 million (2011: US Dollar 0.412 million) are under lien with Habib Bank Limited.

		Note	2012 Rupees	2011 Rupees
27.	**Turnover - net**			
	Gross turnover		**22,899,111,558**	18,558,980,692
	Government levies			
	Sales tax		**(2,684,319,012)**	(2,267,597,201)
	Excise duties		**(1,339,135,272)**	(2,077,790,187)
			18,875,657,274	14,213,593,304
	Rebates and discounts		**(1,086,702,143)**	(881,226,398)
			17,788,955,131	13,332,366,906
28.	**Cost of sales**			
	Raw and packing materials consumed	28.1	**1,664,284,530**	1,648,236,695
	Fuel and power		**8,616,160,897**	7,414,826,970
	Stores, spare parts and loose tools consumed		**512,518,242**	523,997,191
	Repairs and maintenance		**53,556,724**	40,553,757
	Salaries, wages and benefits	28.2	**358,063,761**	294,649,364
	Support services		**138,791,780**	128,854,434
	Insurance		**21,474,164**	24,120,832
	Equipment rental		**1,913,125**	4,159,887
	Utilities		**5,567,796**	4,709,093
	Travelling, conveyance and subsistence		**30,387,209**	27,062,274
	Communication		**4,231,600**	4,547,471
	Printing and stationery		**3,557,824**	3,790,063
	Entertainment		**2,731,662**	2,368,783
	Depreciation	14.1.1	**711,340,597**	702,174,701
	Amortization	15.1	**3,839,438**	4,503,750
	Other manufacturing expenses		**11,383,759**	6,202,265
			12,139,803,108	10,834,757,530
	Opening work in process		**858,215,213**	547,211,031
	Closing work in process		**(847,086,870)**	(858,215,213)
	Cost of goods manufactured		**12,150,931,451**	10,523,753,348
	Opening finished stock		**226,226,784**	121,010,525
	Closing finished stock		**(283,989,990)**	(226,226,784)
			12,093,168,245	10,418,537,089
28.1	Raw and packing materials consumed			
	Opening balance		**105,855,678**	117,241,263
	Purchases made during the year		**1,730,138,169**	1,636,851,110
	Closing balance		**(171,709,317)**	(105,855,678)
			1,664,284,530	1,648,236,695

28.2 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 24.64 million (2011: Rs. 22.68 million)

		Note	2012 Rupees	2011 Rupees
29.	**Administrative expenses**			
	Salaries, wages and benefits	29.1	**116,757,863**	99,056,233
	Rent, rates and taxes		**1,581,740**	1,269,174
	Repairs and maintenance		**5,284,641**	4,133,465
	Insurance		**2,227,718**	2,590,228
	Utilities		**3,233,891**	2,433,496
	Travelling, conveyance and subsistence		**14,613,649**	10,338,090
	Communication		**1,663,592**	1,664,203
	Printing and stationery		**2,246,049**	2,567,732
	Entertainment		**1,249,272**	406,650
	Advertisements		**1,125,090**	953,185
	Charitable donations	29.2	**78,970,593**	6,773,705
	Legal and professional charges		**19,900,119**	3,294,365
	Fees and subscription		**1,720,738**	11,046,963
	Management charges	29.3	**503,375**	559,141
	Equipment rental		**1,600**	-
	Auditors' remuneration	29.4	**2,510,000**	2,414,200
	Depreciation	14.1.1	**6,178,708**	6,766,304
	Other		**735,322**	825,675
			260,503,960	157,092,809

29.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 8.20 million (2011: Rs. 9.22 million).

29.2 A provision at 2.5% of the accounting profit after tax for an amount of Rs. 76.5 million (2011: Rs. 4.48 million) has been made for donation to Bestway Foundation. The chief executive and directors are among the trustees of the Foundation. None of the trustees or their spouses have a beneficial interest in the Foundation.

29.3 This represents management charges of the parent company.

29.4 **Auditors' remuneration**

	2012	2011
Annual audit fee	**900,000**	900,000
Audit of consolidated financial statements	**300,000**	300,000
Fee of half year review	**300,000**	300,000
Statutory certifications	**140,000**	140,000
Taxation services	**720,000**	600,000
Out of pocket expenses	**150,000**	174,200
	2,510,000	2,414,200

	Note	2012 Rupees	2011 Rupees
30. Distribution cost			
Salaries, wages and benefits	30.1	**33,960,905**	25,274,323
Support services		**626,287**	552,176
Rent, rates and taxes		**5,419,248**	4,398,180
Repairs and maintenance		**809,083**	1,016,900
Utilities		**764,023**	823,242
Travelling, conveyance and subsistence		**6,332,496**	6,098,634
Communication		**1,224,174**	1,099,562
Printing and stationery		**2,026,860**	2,014,542
Entertainment		**719,452**	249,655
Advertising and promotion		**2,617,417**	4,156,780
Depreciation	14.1.1	**2,931,022**	3,391,946
Fees and subscription		**1,767,832**	595,932
Freight and handling - Local		**37,262,668**	37,982,215
- Export		**184,976,559**	263,305,214
Other		**1,840,817**	72,862
		283,278,843	351,032,163

30.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 3.62 million (2011: Rs. 2.34 million).

	2012 Rupees	2011 Rupees
31. Finance cost		
Markup on long term financing	**1,204,788,967**	1,772,600,420
Markup on long term murabaha	**237,290,374**	255,373,473
Markup on long term musharaka	**44,357,096**	128,466
Markup on liability against assets subject to finance lease	**20,032,777**	25,725,199
Markup on short term borrowings	**251,307,073**	417,412,083
Exchange loss - net	**145,921,693**	6,910,446
Bank charges and commissions	**12,205,898**	11,148,944
	1,915,903,878	2,489,299,031

		2012 Rupees	2011 Rupees
32.	**Other operating income**		
	Income from financial assets		
	Profit on deposit accounts	**11,685,568**	493,248
	Income from non financial assets		
	Gain on disposal of operating fixed assets	**8,890,537**	1,431,291
	Dividend income from UBL (associated company)	**796,022,824**	468,248,720
	Rental income from investment property	**23,803,614**	21,172,260
	Gain on remeasurement of investment property to fair value	**2,068,835**	5,098,619
	Management fee from related parties - net	**4,994,507**	8,679,782
	Other	**12,543,873**	2,607,872
		848,324,190	507,238,544
		860,009,758	507,731,792
33.	**Taxation**		
	Current	**264,851,015**	174,900,692
	Deferred - current	**1,131,083,012**	70,006,689
	- prior	**(522,131,147)**	-
		608,951,865	70,006,689
		873,802,880	244,907,381

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

	2012	2011
Accounting profit	**3,934,304,953**	424,137,606
Tax on accounting profit at applicable rate of 35% (2011: 35%)	**1,377,006,734**	148,448,162
(Over) / under provision last year	**(359,886,259)**	5,292,509
Tax effect of low rates on certain income	**(286,939,253)**	(110,986,196)
Minimum tax	**264,851,015**	114,416,907
Tax effect of permanent differences	**(50,366,971)**	27,754,104
Tax effect of income taxable under final tax regime	**(70,118,543)**	58,223,735
Tax effect on inadmissible income	**-**	1,784,517
Tax effect on exempt income	**(743,843)**	(26,357)
	873,802,880	244,907,381

33.2 The assessments of the Company up to and including the Tax Year 2011 have been finalized under the self assessment scheme envisaged under the Income Tax Ordinance, 2001 [the Ordinance]. Further, during the year, the Company has revised its returns of total income for the Tax Years 2008 to 2011, which stood also assessed in terms of section 122(3) of the Ordinance.

Assessments for the Assessment Year 2000-2001to 2002-2003 were finalized by the tax authorities mainly by curtailing business expenditure claimed by the Company and charging surcharge on minimum tax. The appeals for Assessment Year 2000-2001 were decided against the Company by the Appellant Tribunal Inland Revenue [ATIR] against which the Company filed reference with the Islamabad High Court which is pending adjudication. The appeal filed with the Commissioner Inland Revenue (Appeals) [the CIR(A)] for the Assessment Year 2001-2002 was decided against the Company and for the Assessment Year 2002-2003 certain issues were decided in favour of the Company. Against these orders the Company is in appeal with the ATIR which are pending adjudication.

Assessment for the Tax Year 2005 was rectified in terms of section 221 of the Ordinance by tax authorities on the issue of set off of brought forward assessed business losses there by raising a demand of Rs. 63.28 million. Later on another rectified order was framed under section 221 of the Ordinance whereby demand was reduced to Rs. 6.30 million after allowing adjustments of tax refunds and minimum tax paid for previous years.

During the year, the tax authority also issued tax refunds claimed for the Tax Years 2009 and 2010. However, at the time of issuing the refunds, the tax authority curtailed the amount of refunds due to alleged non-verifiability of the tax payments claimed by the Company or being adjustment against outstanding tax demand of sales tax and federal excise duty. Feeling aggrieved with the curtailments so made by the tax authority, the Company filed appeals before the CIR (A). The appeal for the Tax Year 2010 was decided by the CIR (A) in the favour of the Company, however, the appeal effect order and issuance of balance amount of tax refund is still awaited. The appeal for the Tax Year 2009 is still sub-judice before the CIR (A).

The tax authorities initiated audit proceedings for the Tax Years 2006 through 2008 out of which the audit proceedings for the Tax Years 2006 and 2007 have been concluded.

While concluding the audit proceedings, the tax authority amended the assessment of the Company thereby (a) disallowing the finance cost attributable to funds utilized for acquiring the share of Mustehkam Cement Limited, (b) disallowing the deduction claimed on account of donations paid to Bestway Foundation, and (c) dislodging the exemption claimed by Company on interest derived from US dollars accounts. The Company being aggrieved with the amended assessment order has preferred appeal before the CIR (A) which is sub-judice till to date. Further, the Company has also filed application for rectification of certain mistakes floating on the surface of the order, which is also pending disposal till to date.

Similarly, on conclusion of audit proceedings for the Tax Year 2007, the tax authorities amended the assessment of the Company thereby making various disallowances and charging tax on property income and dividend income under the presumptive mode of taxation [PTR] amounting to Rs. 8.42 million. On appeal filed by the Company, the CIR (A) annulled the order of the tax authorities on all the issues except the taxation of property income and dividend income under PTR and disallowance of deduction claimed on account of donations paid during the year. The Company as well as the tax authorities filed cross appeals before the ATIR on the issues not decided in their favour by the CIR (A). The appeals are sub-judice before the ATIR, till to date.

The tax authorities amended the assessment of the Company for the Tax Year 2009 thereby making various disallowances. The Company filed appeal with the CIR (A) and simultaneously moved rectification application with the tax authorities. While disposing of the rectification application, the tax authorities allowed partial relief to the Company. The remaining issues were decided by the CIR (A) in favour of the Company except the issue of disallowance of deductions claimed on account of donations. The Company as well as the tax authorities have filed cross appeals with the ATIR on the issues not decided in their favour by the CIR(A). These appeals are sub-judice before the ATIR, till to date.

The tax authorities have rectified the assessment of the Company for the Tax Year 2010 thereby charging minimum tax under section 113 of the Income Tax Ordinance, 2001 amounting to Rs. 48.99 million. The Company has filed appeal with the CIR (A) which was rejected by the CIR (A). The Company being dissatisfied with the appellate order of the CIR (A) has filed second appeal before the ATIR.

The management of the Company is confident of the favorable outcome of appeals filed by it and accordingly no provision has been recognized in these financial statements in respect of tax charged by the tax authorities through amendment / rectification of assessments.

34. Remuneration of the chief executive, directors and executives

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

	Chief Executive		Directors, including Chairman		Executives	
	Rupees		Rupees		Rupees	
	2012	2011	**2012**	2011	**2012**	2011
Managerial remuneration and allowances	**18,000,000**	18,000,000	**48,009,597**	43,503,003	**114,469,948**	92,626,272
Bonus	**-**	-	**2,812,796**	1,696,800	**9,874,368**	-
Provision for gratuity	**-**	-	**5,210,531**	1,417,167	**13,371,018**	5,064,730
Compensated absences	**-**	-	**1,678,931**	2,027,939	**9,799,472**	7,068,636
	18,000,000	18,000,000	**57,711,855**	48,644,909	**147,514,806**	104,759,638
Number of persons	**1**	1	**5**	5	**71**	60

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

35. Transactions with related parties

The Company is a subsidiary of Bestway (Holdings) Limited, UK ("the parent company") therefore all subsidiaries and associated undertakings of the Parent Company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. Balances with related parties and a guarantee arranged by directors of the Parent Company are shown elsewhere in the notes to the unconsolidated financial statements. Transactions with related parties are as follows:

	Note	**2012** Rupees	2011 Rupees
Transactions with parent company			
Management charges		**503,375**	559,141
Transactions with subsidiary company			
Investment in issue of right shares		**-**	1,313,292,119

	Note	2012 Rupees	2011 Rupees
Purchase of clinker		-	48,635,594
Sale of cement		**4,334,475**	716,346
Purchase of packing material		-	13,220,919
Sale of packing material		-	21,619,319
Sale of coal		**599,887,191**	1,255,761,831
Purchase of coal		**439,940,895**	226,450,800
Stores, spare parts and loose tools given		**11,181,170**	16,258,967
Stores, spare parts and loose tools received		**9,943,753**	9,244,075
Advances given		**254,500,000**	556,115,853
Recoveries made		**595,116,952**	1,738,160,429
Mark up on advances given		**18,736,356**	20,382,434
Management fee		**30,000,000**	30,000,000
Expenses incurred on behalf of subsidiary company		**15,332,409**	813,086
Expenses incurred by subsidiary company on Company's behalf		**20,147,951**	-
Transactions with associated undertakings under common directorship			
Management fee		**720,000**	680,000
Service / bank charges		**4,645,822**	3,735,498
Dividend received		**796,022,824**	468,248,720
Sale of cement		**7,301,600**	3,618,080
Transactions with key management personnel			
Remuneration, allowances and benefits	35.1	**75,711,855**	66,644,909

35.1 Remuneration, allowances and benefits

	2012 Rupees	2011 Rupees
Managerial remuneration and allowances	**66,009,597**	61,503,003
Bonus	**2,812,796**	1,696,800
Provision for gratuity	**5,210,531**	1,417,167
Compensated absences	**1,678,931**	2,027,939
	75,711,855	66,644,909

36. Financial instruments

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

Credit risk
Liquidity risk
Market risk

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

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

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

36.1 Credit risk

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

	2012	2011
	Rupees	Rupees
Long term deposits	**71,602,187**	71,450,847
Long term advances	**20,015,000**	24,018,000
Trade debts	**419,490,406**	276,921,829
Advances	**6,675,669**	138,584,672
Deposits	**3,637,481**	3,946,240
Interest accrued	**39,451**	76,190
Other receivables	**7,476,884**	29,121,344
Bank balances	**166,628,779**	114,142,111
	695,565,857	658,261,233

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

Domestic	**347,685,037**	241,898,294
Middle east and African countries	**9,944,367**	542,852
Asia - other than domestic	**61,861,002**	34,480,683
	419,490,406	276,921,829

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

End user customers	**17,046,501**	5,641,048
Dealers	**402,443,905**	271,280,781
	419,490,406	276,921,829

The maximum exposure to credit risk for trade debts at the reporting date are with dealers and represents debtors within the country. Included in these is an amount of Rs. 59.7 million (2011: Rs. 35.02 million) secured against the letter of credits.

The Company's most significant domestic customer is a dealer from whom Rs. 39.45 million (2011: Rs. 21.655 million) is outstanding at the year end.

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

Impairment losses

The aging of trade debts at the reporting date is:

	Gross 2012	**Impairment 2012**	Gross 2011	Impairment 2011
	Rupees		Rupees	
Not past due	**-**	**-**	-	-
Past due 1-30 days	**414,333,046**	**-**	271,764,469	-
Past due 31-60 days	**1,833,201**	**-**	1,833,201	-
Past due 61-90 days	**-**	**-**	-	-
Over 90 days	**3,324,159**	**-**	3,324,159	-
	419,490,406	**-**	276,921,829	-

Based on past experience, the management believes that no impairment allowance is necessary in respect of trade debts.

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

36.2 Liquidity risk

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

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	After five years
2012	Rupees						
Financial liabilities							
Long term financing	5,661,388,896	6,830,216,113	1,551,956,198	1,367,594,073	2,522,889,114	1,305,283,015	82,493,713
Liabilities against assets subject to finance lease	111,490,362	128,484,256	32,660,312	32,660,312	63,163,632	-	-
Long term murabaha	1,765,000,000	1,792,429,158	1,726,149,698	34,186,307	32,093,153	-	-
Long term musharaka	300,000,000	414,690,808	20,807,835	20,807,836	138,262,027	234,813,110	-
Long term shirkat-ul-melk	200,000,000	259,004,000	13,032,000	13,104,000	123,004,000	109,864,000	
Trade and other payables	2,039,684,382	2,039,684,382	2,039,684,382	-	-	-	-
Markup accrued	347,362,356	347,362,356	347,362,356	-	-	-	-
Short term borrowings	3,204,101,889	3,498,285,205	3,153,931,558	344,353,647	-	-	-
	13,629,027,885	**15,310,156,278**	**8,885,584,339**	**1,812,706,175**	**2,879,411,926**	**1,649,960,125**	**82,493,713**
2011							
Financial liabilities							
Long term financing	9,686,388,895	12,183,678,662	2,048,363,908	2,704,756,220	3,915,157,930	3,515,400,604	-
Liabilities against assets subject to finance lease	157,556,169	198,467,487	33,209,810	33,209,810	66,419,620	65,628,247	-
Long term murabaha	1,885,000,000	2,148,636,343	74,983,367	71,566,833	1,969,744,548	32,341,595	-
Long term musharaka	300,000,000	475,891,028	23,509,233	23,380,767	46,890,000	382,111,028	-
Trade and other payables	1,549,355,115	1,549,355,115	1,549,355,115	-	-	-	-
Markup accrued	195,752,140	195,752,140	195,752,140	-	-	-	-
Short term borrowings	4,104,960,036	4,558,508,055	2,910,492,085	1,648,015,970	-	-	-
	17,879,012,355	21,310,288,830	6,835,665,658	4,480,929,600	5,998,212,098	3,995,481,474	-

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

36.3 Market risk

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

36.3.1 Currency risk

Exposure to currency risk	**2012** **US Dollars**	2011 US Dollars
Trade debts	**759,182**	406,966
Bank balances	**412,478**	431,237
Secured bank loans	**(15,310,148)**	(17,756,005)
Net exposure	**(14,138,489)**	(16,917,802)

The following significant exchange rates applied during the year

	Average rates		**Reporting date spot rates**	
Rupees / Dollars	**89.18**	86.00	**94.58**	86.06

Sensitivity analysis

A five percent strengthening of the PKR against US Dollar at 30 June would have increased profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2011.

	Profit or loss **Rupees**
30 June 2012	
Effect in US Dollar - loss	**66,862,752**
	66,862,752
30 June 2011	
Effect in US Dollar - loss	72,797,302
	72,797,302

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

36.3.2 Interest rate risk

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

	Carrying Amount	
	2012	2011
	Rupees	Rupees
Fixed rate instruments		
Financial assets	**139,032,113**	89,835,315
Financial liabilities	**4,173,766,649**	4,346,081,828
Variable rate instruments		
Financial assets	**1,768,722**	201,838,287
Financial liabilities	**7,068,214,498**	11,787,823,272

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates throughout the year would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011

	Profit or loss	
	100 basis points increase	**100 basis points decrease**
Cash flow sensitivity (net)	**Rupees**	**Rupees**
Variable rate instruments	**94,983,514**	**(94,983,514)**
30 June 2012	**94,983,514**	**(94,983,514)**
Variable rate instruments	315,576,632	(315,576,632)
30 June 2011	315,576,632	(315,576,632)

Fair value versus carrying amounts

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

Assets carried at amortized cost	Note	2012 Carrying amount	2012 Fair value	2011 Carrying amount	2011 Fair value
		Rupees		Rupees	
Long term advances	18	**20,015,000**	**20,015,000**	24,018,000	24,018,000
Long term deposits	19	**71,602,187**	**71,602,187**	71,450,847	71,450,847
Trade debts	22	**419,490,406**	**419,490,406**	276,921,829	276,921,829
Advances	23	**6,675,669**	**6,675,669**	138,584,672	138,584,672
Deposits	24	**3,637,481**	**3,637,481**	3,946,240	3,946,240
Interest accrued		**39,451**	**39,451**	76,190	76,190
Other receivables		**7,476,884**	**7,476,884**	29,121,344	29,121,344
Bank balances	26	**166,628,779**	**166,628,779**	114,142,111	114,142,111
		675,550,857	**675,550,857**	634,243,233	634,243,233
Liabilities carried at amortized cost					
Long term financing	5	**5,661,388,896**	**5,661,388,896**	9,686,388,895	9,686,388,895
Liability against assets subject to finance lease	6	**111,490,362**	**111,490,362**	157,556,169	157,556,169
Long term murabaha	7	**1,765,000,000**	**1,765,000,000**	1,885,000,000	1,885,000,000
Long term musharaka	8	**300,000,000**	**300,000,000**	300,000,000	300,000,000
Long term shirkat-ul-melk	9	**200,000,000**	**200,000,000**	-	-
Trade and other payables	11	**2,039,684,382**	**2,039,684,382**	1,549,355,115	1,549,355,115
Markup accrued		**347,362,356**	**347,362,356**	195,752,140	195,752,140
Short term borrowings	12	**3,204,101,889**	**3,204,101,889**	4,104,960,036	4,104,960,036
		13,629,027,885	**13,629,027,885**	17,879,012,355	17,879,012,355

36.5 Determination of fair values

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

Non-derivative financial assets

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

Non-derivative financial liabilities

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

36.6 Capital management

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

37. Earnings per share (basic and diluted)

	2012	2011
	Rupees	Rupees
Profit for the year (Rupees)	**3,060,502,073**	179,230,225
Weighted average number of ordinary shares in issue (Number)	**578,201,974**	311,776,814
Earnings per share - basic and diluted (Rupees)	**5.29**	0.57

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

38. Plant capacity and production of clinker

		2012 Metric Tonnes	2011 Metric Tonnes
Available capacity	- Hattar	**1,170,000**	1,170,000
	- Chakwal	**3,420,000**	3,420,000
Actual production	- Hattar	**951,106**	787,063
	- Chakwal	**1,958,151**	2,190,536

39. General

39.1 These unconsolidated financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 29 September 2012.

CHIEF EXECUTIVE **DIRECTOR & CFO**

Held by the Shareholders as at June 30, 2012

No. of Shareholders	Share Holding From	Share Holding To	Total Shares Held
79	1	100	3,150
46	101	500	14,849
30	501	1000	24,036
46	1001	5000	110,992
9	5001	10000	59,987
40	10001	100000	1,790,429
37	100001	1000000	11,727,007
6	1000001	2000000	8,682,264
1	2000001	3000000	2,698,994
5	3000001	4000000	17,771,510
1	4000001	5000000	4,323,753
3	6000001	7000000	18,528,155
2	12000001	13000000	24,661,707
1	15000001	16000000	15,191,463
5	18000001	19000000	93,621,963
1	24000001	25000000	24,936,429
1	37000001	38000000	37,562,231
1	135000001	136000000	135,770,976
1	180000001	181000000	180,722,079
315			578,201,974

Shareholders as at June 30, 2012

Categories of Shareholders	Shares Held	Percentage
DIRECTORS, CEO AND THEIR SPOUSES AND MINOR CHILDREN		
MAZHAR RAFI	17,618	
RAKHSHANDA CHOUDREY	185,425	
MAHMOOD AFZAL	8,000	
MOHAMMAD IRFAN ANWAR SHEIKH	81,301	
ARSHAD MEHMOOD CHAUDHAREY	3,912,156	
RAKHSHINDA CHOUDREY	6,169,971	
MOHAMMED ANWAR PERVEZ	12,647,560	
ZOHRA PERVEZ	12,014,147	
ZOHRA PERVEZ	64,194	
GHULAM SARWAR MALIK	75,150	
MOHAMMAD IRFAN ANWAR SHEIKH	69,882	
ZAMEER MOHAMMED CHOUDREY	6,188,213	
	41,433,617	07.17

Categories of Share holders
as at June 30, 2011

Categories of Shareholders	Shares Held	Percentage
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
MAP RICE MILLS (PVT) LTD.	576,062	
BESTWAY (HOLDINGS) LIMITED (00212)	3,392,685	
BESTWAY (HOLDINGS) LIMITED	180,722,079	
BESTWAY NORTHERN LIMITED	15,191,463	
BESTWAY CASH & CARRY LIMITED	135,770,976	
	335,653,265	58.05
MODARABAS AND MUTUAL FUNDS.		
CDS - TRUSTEE AND INDEX TRACKER FUND	23,943	
	23,943	00.00
FOREIGN INVESTORS.		
HIRA NAJIB BALAGAMWALA	8,000	
	8,000	00.00
OTHERS		
FAIR DEAL SECURITIES (PVT) LTD.	50	
DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD.	150	
FAIR DEAL SECURITIES (PVT) LTD.	500	
DARSON SECURITIES (PVT) LTD.	100	
A 1 SUPPORT SERVICES (PVT) LTD.	256,383	
PAK PEARL RICE MILLS (PVT) LTD (00154).	819,794	
MAAN SECURITIES (PRIVATE) LIMITED	3150	
N. H. CAPITAL FUND LIMITED	3	
PACE INVESTMENT & SECURITIES (PRIVATE) LTD.	6	
YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LTD.	3,000	
PRUDENTIAL SECURITIES LTD.	500	
IGI FINEX SECURITIES LIMITED	1	
ADHI SECURITIES (PVT) LTD.	900	
	1,084,537	00.19
INDIVIDUALS		
LOCAL - INDIVIDUALS	199,998,612	
	199,998,612	34.59
GRAND TOTAL	**578,201,974**	**100.00**

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated Financial statements comprising consolidated balance sheet of Bestway Cement Limited (“the Holding Company”)and its subsidiary as at 30 June 2012 and the related consolidated profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Bestway Cement limited and its subsidiary company. These financial statements are the responsibility of the Holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conduct in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Bestway Cement limited and its subsidiary as at 30 June 2012 and the results of their operations for the year then ended.

Islamabad
29 September , 2012

KPMG Taseer Hadi & CO.
Chartered Accountants
Engagement Partner: Riaz Pesnani

	Note	2012 Rupees	2011 Rupees
SHARE CAPITAL AND RESERVES			
Authorised share capital			
700,000,000 (2011: 700,000,000) ordinary shares of Rs. 10 each		**7,000,000,000**	7,000,000,000
Issued, subscribed and paid up share capital	4	**5,782,019,740**	5,782,019,740
Share premium		**3,225,770,245**	3,225,770,245
Exchange translation reserve		**898,516,775**	669,838,385
Cash flow hedge reserve		**(4,061,515)**	(9,883,895)
Deficit on revaluation of available for sale investments		**(111,923,111)**	(166,440,194)
Unappropriated profit		**8,982,569,565**	5,075,936,811
		18,772,891,699	14,577,241,092
Non-controlling interests		**80,837,062**	79,155,348
		18,853,728,761	14,656,396,440
NON CURRENT LIABILITIES			
Long term financing - secured	5	**6,418,611,118**	8,793,333,338
Liability against assets subject to finance lease - secured	6	**57,142,948**	109,754,039
Long term murabaha - secured	7	**1,705,000,000**	1,765,000,000
Long term musharaka - secured	8	**300,000,000**	300,000,000
Long term shirkat-ul-melk - secured	9	**200,000,000**	-
Deferred liabilities	10	**1,830,692,720**	1,000,249,488
		10,511,446,786	11,968,336,865
CURRENT LIABILITIES			
Trade and other payables	11	**2,805,815,704**	2,224,490,874
Markup accrued		**417,969,419**	276,248,733
Short term borrowings - secured	12	**3,947,343,438**	5,246,110,865
Current portion of long term financing	5	**2,892,777,778**	4,688,888,890
Current portion of liability against assets subject to finance lease	6	**54,347,414**	47,802,130
Current portion of long term murabaha	7	**60,000,000**	120,000,000
		10,178,253,753	12,603,541,492
		39,543,429,300	39,228,274,797
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

	Note	2012 Rupees	2011 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	14	**24,027,309,495**	25,031,259,675
Intangible assets	15	**45,067,833**	25,596,250
Goodwill		**1,135,192,353**	1,135,192,353
Investment property	16	**347,883,288**	345,814,453
Long term investments	17	**6,694,687,445**	5,831,817,548
Long term advances	18	**16,012,000**	20,015,000
Long term deposits		**89,676,874**	89,495,534
		32,355,829,288	32,479,190,813
CURRENT ASSETS			
Stores, spare parts and loose tools	19	**3,411,626,756**	3,200,299,217
Stock in trade	20	**1,740,804,102**	1,454,067,129
Trade debts - considered good	21	**462,301,006**	311,501,612
Advances	22	**157,477,616**	150,773,424
Deposits and prepayments	23	**12,924,626**	41,631,465
Interest accrued		**39,451**	76,190
Other receivables		**7,553,118**	30,369,297
Due from Government agencies	24	**1,204,722,553**	1,422,638,175
Bank balances	25	**190,150,784**	137,727,475
		7,187,600,012	6,749,083,984
		39,543,429,300	39,228,274,797

DIRECTOR & CFO

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 Rupees	2011 Rupees
Turnover - net	26	**22,573,628,083**	17,074,382,123
Cost of sales	27	**15,628,827,895**	13,532,789,160
Gross profit		**6,944,800,188**	3,541,592,963
Administrative expenses	28	**334,474,172**	192,320,872
Distribution cost	29	**290,531,798**	358,037,366
Other operating expenses		**188,183,617**	-
Finance cost	30	**2,570,714,191**	3,275,907,499
Other operating income	31	**(91,577,095)**	(51,776,345)
		3,292,326,683	3,774,489,392
Share of profit in associated company	17.1	**1,363,170,483**	939,896,213
Profit before taxation		**5,015,643,988**	706,999,784
Taxation	32	**(1,106,003,111)**	(19,195,227)
Profit for the year		**3,909,640,877**	687,804,557
Attributable to:			
Shareholders of Bestway Cement Limited		**3,904,310,982**	729,817,198
Non-controlling interests		**5,329,895**	(3,622,187)
		3,909,640,877	726,195,011

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

CONSOLIDATED STATEMENT OF COMPREHENSIVES INCOME FOR THE YEAR ENDED 30 JUNE 2012

	2012 **Rupees**	2011 Rupees
Profit for the year attributable to:		
Shareholders of Bestway Cement Limited	**3,904,310,982**	729,817,198
Non-controlling interests	**5,329,895**	(3,622,187)
	3,909,640,877	726,195,011
Other comprehensive income:		
Exchange translation reserve	**228,678,390**	90,621,288
Surplus on revaluation of available for sale investments	**60,574,537**	48,450,815
Related deferred tax liability on surplus on revaluation of available for sale investments	**(6,057,454)**	(4,845,081)
Gain on cash flow hedge reserve	**6,469,311**	9,310,168
Related deferred tax asset on cash flow hedge reserve	**(646,931)**	(931,017)
Other comprehensive income for the year - net of tax	**289,017,853**	142,606,173
Total comprehensive income for the year	**4,198,658,730**	868,801,184
Total comprehensive income for the year attributable to:		
Shareholders of Bestway Cement Limited	**4,193,328,835**	872,423,371
Non-controlling interests	**5,329,895**	(3,622,187)
	4,198,658,730	868,801,184

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

	2012 Rupees	2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**5,015,643,988**	706,999,784
Adjustments for:		
Gain on disposal of operating fixed assets	**(8,890,538)**	(1,431,291)
Depreciation	**1,075,740,863**	1,063,802,527
Amortization of intangible	**3,839,438**	4,503,750
Provision for slow moving and obsolete stores, spare parts and loose tools	**39,000,000**	-
Rental income from investment property	**(23,803,614)**	(21,172,260)
Profit on deposit accounts	**(13,572,761)**	(493,808)
Share of profit in associated company	**(1,363,170,483)**	(939,896,213)
Gain on remeasurement of investment property to fair value	**(2,068,835)**	(5,098,619)
Finance cost	**2,570,714,191**	3,266,628,434
Provision for staff retirement benefits	**51,912,159**	38,498,267
	2,329,700,420	3,405,340,787
	7,345,344,408	4,112,340,571
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	**(76,831,701)**	(610,240,019)
Stock in trade	**(286,736,973)**	(388,233,512)
Trade debts	**(150,799,394)**	4,355,564
Advances	**(6,704,192)**	106,737,375
Deposits and prepayments	**28,706,839**	(33,052,519)
Other receivables	**22,816,179**	(28,959,497)
Due from Government agencies	**(97,060,579)**	(73,080,168)
Increase / (decrease) in current liabilities		
Trade and other payables	**586,131,136**	(23,034,516)
	19,521,315	(1,045,507,292)
Cash generated from operations	**7,364,865,723**	3,066,833,279
Finance cost paid	**(2,428,993,505)**	(3,351,683,618)
Staff retirement benefits paid	**(18,348,054)**	(16,609,170)
Income tax paid	**(852,168)**	(225,398,182)
	(2,448,193,727)	(3,593,690,970)
Net cash generated from / (used in) operating activities	**4,916,671,996**	(526,857,691)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in operating fixed assets	**(253,674,001)**	(152,753,998)
Additions in capital work in progress	**(52,693,336)**	(122,110,738)
Decrease in stores held for capitalization	**28,727,509**	-
Additions in intangible assets	**-**	(100,000)
Proceeds from sale of operating fixed assets	**17,932,824**	3,183,169
Rent received from investment property	**18,997,308**	22,508,040
Decrease in long term advance	**4,003,000**	4,003,000
Profit on deposit accounts received	**13,609,500**	480,108
Additions to long term deposits	**(181,340)**	(2,000,000)
Dividend received	**796,022,824**	468,248,720
Purchase of shares from minority shareholders	**(1,326,409)**	-
Net cash generated from investing activities	**571,417,879**	221,458,301
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) / increase in short term borrowings	**(1,298,767,427)**	604,202,726
Long term financing- disbursements	**2,150,000,000**	-
- repayments	**(6,320,833,332)**	(4,298,581,110)
Long term murabaha - repayments	**(120,000,000)**	(120,000,000)
Long term musharaka - proceeds	**-**	300,000,000
Long term shirkat-ul-melk - disbursements	**200,000,000**	-
Repayment of liability against assets subject to finance lease	**(46,065,807)**	(40,187,178)
Net cash (used) / generated from financing activities	**(5,435,666,566)**	232,481,939
Net increase / (decrease) in cash and cash equivalents	**52,423,309**	(72,917,451)
Cash and cash equivalents at beginning of the year	**137,727,475**	210,644,926
Cash and cash equivalents at end of the year	**190,150,784**	137,727,475

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	Attributable to shareholders of Bestway Cement Limited								
			Capital reserves			Revenue reserve			
	Issued, subscribed and paid up share capital	Share premium	Exchange translation reserve	Cash flow hedge reserve	Surplus on revaluation of available for sale investments	Unappropriated profit	Total	Non-controlling interests	Total equity
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance at 01 July 2010	3,257,475,910	1,963,498,330	579,217,097	(18,263,046)	(210,045,928)	4,271,289,486	9,843,171,849	157,375,906	10,000,547,755
Total comprehensive income for the year									
Profit / (loss) for the year	-	-	-	-	-	729,817,198	729,817,198	(3,622,187)	726,195,011
Other comprehensive income for the year - net of tax	-	-	90,621,288	8,379,151	43,605,734	-	142,606,173	-	142,606,173
Total comprehensive income for the year - (loss)	-	-	90,621,288	8,379,151	43,605,734	729,817,198	872,423,371	(3,622,187)	868,801,184
Transactions with owners, recorded directly in equity									
Issue of right shares	2,524,543,830	-	-	-	-	-	2,524,543,830	154,504	2,524,698,334
Premium on issue of right shares	-	1,262,271,915	-	-	-	-	1,262,271,915	77,252	1,262,349,167
Effect of dilution of non-controlling interests due to purchase of unsubscribed right issue	-	-	-	-	-	74,830,127	74,830,127	(74,830,127)	-
Total transactions with owners, recorded directly in equity	2,524,543,830	1,262,271,915	-	-	-	74,830,127	3,861,645,872	(74,598,371)	3,787,047,501
Balance at 30 June 2011	**5,782,019,740**	**3,225,770,245**	**669,838,385**	**(9,883,895)**	**(166,440,194)**	**5,075,936,811**	**14,577,241,092**	**79,155,348**	**14,656,396,440**
Balance at 01 July 2011									
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	3,904,310,982	3,904,310,982	5,329,895	3,909,640,877
Other comprehensive income for the year - net of tax	-	-	228,678,390	5,822,380	54,517,083	-	289,017,853	-	289,017,853
Total comprehensive income for the year	-	-	228,678,390	5,822,380	54,517,083	3,904,310,982	4,193,328,835	5,329,895	4,198,658,730
Transactions with owners, recorded directly in equity									
Effect of dilution of non-controlling interests due to purchase of minority shares by Parent Company	-	-	-	-	-	2,321,772	2,321,772	(3,648,181)	(1,326,409)
Total transactions with owners, recorded directly in equity	-	-	-	-	-	2,321,772	2,321,772	(3,648,181)	(1,326,409)
Balance at 30 June 2012	**5,782,019,740**	**3,225,770,245**	**898,516,775**	**(4,061,515)**	**(111,923,111)**	**8,982,569,565**	**18,772,891,699**	**80,837,062**	**18,853,728,761**

The annexed notes from 1 to 37 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

1. THE GROUP AND ITS OPERATIONS

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

The Parent Company has 98.46% (2011: 98.39%) holding in Mustehkam Cement Limited ("the Subsidiary Company"). The Subsidiary Company is a public company incorporated in Pakistan on July 29, 1954 under the Companies Act, 1913 since repealed and replaced by the Companies Ordinance, 1984 and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Subsidiary Company is also engaged in production and sale of cement. The Subsidiary Company's registered office is situated at Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad.

2. STATEMENT OF COMPLIANCE, BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING ESTIMATES

2.1 Statement of compliance

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

2.2 Basis of consolidation

These consolidated financial statements include the financial statements of the Parent Company and the Subsidiary Company together constituting "the Group".

Subsidiaries are those enterprises in which the Parent Company directly or indirectly controls, beneficially owns or holds more than 50 percent of the voting securities or otherwise has power to elect and appoint more than 50 percent of its directors. The financial statements of the Subsidiary Company are included in the consolidated financial statements from the date the control commences until the date the control ceases. The financial statements of the Subsidiary Company have been consolidated on a line-by-line basis.

All material inter company balances, transactions and resulting unrealized profits / (losses) have been eliminated.

Non controlling interest is that part of net results of the operations and of net assets of the Subsidiary Company attributable to interests which are not owned by the Parent Company. Non controlling interest is presented as a separate item in the consolidated financial statements.

Investment in associates

Associates are those entities in which the Parent Company has significant influence but not control over the financial and operating policies. Investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is initially recognized at cost and the carrying value is increased or decreased to recognize the Parent Company's share of the profit and loss of the associate after the date of its acquisition and the Parent Company's share in the associates' equity that has not been recognized in the associate's profit and loss account. The Parent Company's share of profit and loss of associates is included in the consolidated profit and loss for the year. This method is applied from the date when significant influence commences until the date when the significant influence ceases.

When the associates' share of losses exceed the carrying amount of investment in associates, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Parent Company has incurred obligation in respect of the associate.

Acquisitions of non controlling interest

Acquisitions of non controlling interest are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result. Adjustments to non controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the Subsidiary Company.

2.3 Basis of measurement

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

- investment property have been measured at fair value; and
- liability related to staff retirement benefit are measured at present value.

2.4 Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pakistan Rupees, which is the Group's functional and presentation currency.

2.5 Use of estimates and judgments

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

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

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

2.5.1 Property, plant and equipment

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

2.5.2 Provision for inventory obsolescence and doubtful receivables

The Group reviews the carrying amount of stores, spare parts and loose tools and stock in trade on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spare parts and loose tools. Further the carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

2.5.3 Taxation

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

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

2.5.4 Provision of staff retirement gratuity

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

2.5.5 Provisions and contingencies

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

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2012:

Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after 1 January 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on consolidated financial statements of the Group.

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

Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of Consolidated other comprehensive income that would be reclassified to Consolidated profit or loss in the future if certain conditions are met from those that would never be reclassified to conslidated profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on consolidated financial statements of the Group.

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

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

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.

Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the consolidated statement of financial position or subject to master netting agreement or similar arrangement.

Annual Improvements 2009–2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following five standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to consolidated statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Staff retirement benefits

Gratuity

The Group maintains an unfunded gratuity scheme for all its eligible employees. Annual provision for gratuity is made on the basis of actuarial valuation carried out by using the Projected Unit Credit Method. Latest valuation was conducted as at 30 June 2012.

The amount recognised in the balance sheet represents the present value of defined benefits as adjusted for unrecognized actuarial gains and losses. The Group uses the corridor approach as defined in IAS 19 " Employee Benefits" for recognition of actuarial gains or losses. The actuarial gains / losses in excess of corridor limit (10% of higher of present value of obligation or fair value of plan assets) are recognized over the expected remaining working life of its employees. Past service cost resulting from changes to defined benefit plans to the extent the benefits are already vested is recognised immediately and remaining unrecognised past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested.

Compensated absences

The Group recognises provision for compensated absences payable to employees at the time of retirement / termination of service. The provision is determined on the basis of last drawn salary and accumulated leaves due at the reporting date.

3.2 Taxation

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

Current

Provision for taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates, if any, in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

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

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

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

3.3 Provisions

A provision is recognized in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

3.4 Borrowing cost

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs relate to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

3.5 Property, plant and equipment

Tangible assets

Owned

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

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

Capital work in progress is stated at cost including where appropriate, related borrowing costs less impairment loss, if any. These costs are transferred to operating fixed assets and intangible as and when assets are available for use.

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

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

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

Leased

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

3.6 Intangible assets

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

Amortisation is charged by applying straight line method, so as to write off the cost of assets at amortisation rate as mentioned in note 15 to the consolidated financial statements.

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

3.7 Investment property

Investment property is stated at its fair value at the consolidated balance sheet date. Gains or losses, if any, arising from changes in the fair value of investment property are recognized as profit or loss for the period in which they arise.

3.8 Goodwill

Goodwill represents the excess of cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of Subsidiary Company. Goodwill is initially recognised as an asset at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses, if any, and charged to the consolidated profit and loss account.

3.9 Impairment

Non-financial assets

The carrying amount of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized as an expense in the consolidated profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. For non-financial assets, financial assets measured at amortized cost, available-for-sale financial assets that are debt securities, the reversal is recognised in consolidated profit and loss account.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

3.10 Foreign currency transactions

Foreign currency transactions are recorded on exchange rates prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Exchange gains and losses are included in the consolidated profit and loss account.

3.11 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at weighted average cost except for items in transit which are stated at cost incurred upto the balance sheet date less impairment, if any. For items which are slow moving and/ or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Group reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.

3.12 Stock in trade

Stocks of raw materials, work in process and finished stocks are valued at the lower of weighted average cost and net realisable value. Cost of work in process and finished stock comprises of direct materials, labour and appropriate manufacturing overheads. Net realisable value signifies estimated selling price less costs necessary to be incurred to effect such sale.

3.13 Revenue recognition

Revenue from sales is recognized on dispatch of goods when significant risks and rewards of ownership are transferred to the buyer. Return on investments is recognised on effective yield method. Dividend income is recognized when the right to receive such income is established. Rental income on investment property is recognised when due.

3.14 Markup bearing borrowings

Markup bearing borrowings are recognized initially at cost, less attributable transaction costs. Subsequent to initial recognition, markup bearing borrowings are stated at original cost less subsequent repayments, while the difference between the original recognized amounts (as reduced by periodic payments) and redemption value is recognized in the consolidated profit and loss account over the period of borrowings on an effective rate basis. The borrowing cost on qualifying asset is included in the cost of related asset as explained in note 3.5.

3.15 Financial instruments

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

Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

Trade debts and other receivables

Trade debts and other receivables are recognized at original invoice amount less allowance for estimated irrecoverable amounts.

Offsetting of financial assets and financial liabilities

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

3.16 Cash and cash equivalents

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

3.17 Dividend

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

4 Issued, subscribed and paid up share capital

2012	2011		**2012**	2011
Number of shares			**Rupees**	Rupees
514,163,552	514,163,552	Ordinary shares of Rs.10 each issued for cash	**5,141,635,520**	5,141,635,520
64,038,422	64,038,422	Ordinary shares of Rs. 10 each issued as fully paid bonus share	**640,384,220**	640,384,220
578,201,974	578,201,974	**Total**	**5,782,019,740**	5,782,019,740

Bestway (Holdings) Limited, U.K. is the ultimate parent company controlling 319,885,740 i.e. 55.32% shares (2011: 319,885,740 i.e. 55.32% shares) of the Parent Company. Bestway (Holdings) Limited, U.K. through associated companies and nominee directors holds 65.22% (2011: 65.22%).

		Note	2012 Rupees	2011 Rupees
5.	**Long term financing - secured**			
	Loans from banking companies	5.1	**4,318,055,556**	4,772,222,222
	Syndicate term finance facilities	5.2	**4,993,333,340**	8,710,000,006
			9,311,388,896	13,482,222,228
	Current portion of long term financing		**(2,892,777,778)**	(4,688,888,890)
			6,418,611,118	8,793,333,338
5.1	**Loans from banking companies**			
	Term Finance from MCB Bank Limited	5.1.1	**412,500,000**	687,500,000
	Term Finance from Allied Bank Limited	5.1.2	**555,555,556**	888,888,889
	Term Finance from Habib Bank Limited	5.1.3	**1,200,000,000**	1,800,000,000
	Term Finance from Soneri Bank Limited	5.1.4	**300,000,000**	-
	Demand Finance from Habib Bank Limited	5.1.5	**-**	-
	Term Finance from Habib Bank Limited		**-**	1,000,000,000
	Term Finance from Habib Bank Limited		**-**	395,833,333
	Term Finance from Faysal Bank Limited	5.1.6	**800,000,000**	-
	Term Finance from Soneri Bank Limited	5.1.7	**300,000,000**	-
	Term Finance from Allied Bank Limited	5.1.8	**750,000,000**	-
			4,318,055,556	4,772,222,222
5.2	**Syndicate term finance facilities**			
	Term Finance from syndicate		**-**	860,000,000
	Term Finance from syndicate	5.2.1	**266,666,674**	800,000,006
	Term Finance from syndicate	5.2.2	**1,560,000,000**	2,600,000,000
	Term Finance from syndicate	5.2.3	**1,366,666,666**	2,050,000,000
	Term Finance from syndicate	5.2.4	**1,800,000,000**	2,400,000,000
			4,993,333,340	8,710,000,006

5.1.1 This represents term finance facility of Rs. 1,100 million obtained by the Parent Company. This facility is repayable in 08 equal semi annual installments started from April 2010. Markup is payable on quarterly basis at three months' KIBOR plus 0.55% (2011: three months' KIBOR plus 0.55%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and buildings of the Parent Company for an amount of Rs. 1,283.34 million (2011: Rs. 1,283.34 million).

5.1.2 This represents term finance facility of Rs. 1,000 million obtained by the Parent Company. This facility is repayable in 09 equal semi annual installments started from June 2011. Markup is payable on semi annual basis at six months' KIBOR plus 1.5% (2011: six months' KIBOR plus 2.45%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and buildings of the Parent Company for an amount of Rs. 1,333.34 million (2011: Rs. 1,333.34 million). The Parent Company has prepaid an installment falling due in December 2012.

5.1.3 This represents term finance facility of Rs. 3,000 million obtained by the Parent Company. This facility is repayable in 10 equal semi annual installments started from December 2009. Markup is payable on quarterly basis at three months' KIBOR plus 1.25% (2011: three months' KIBOR plus

1.25%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future current and movable assets of the Parent Company and equitable mortgage ranking pari passu charge over the immovable assets of the Parent Company including land and buildings for an amount of Rs. 3,200 million (2011: Rs. 3,200 million).

5.1.4 This represents term finance facility of Rs. 300 million obtained during the year obtained by the Parent Company. This facility is repayable in 08 equal semi annual installments starting from December 2014. Markup is payable on semi annual basis at the rate of six months' KIBOR plus 1.25% (2011: Nil) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Parent Company including land and buildings for an amount of Rs. 400 million (2011: Nil). At present, ranking charge on all present and future assets of the Parent Company has been registered and charge up-gradation to first pari passu is in process.

5.1.5 This represents demand finance facility of Rs. 2,000 million obtained during the year by the Parent Company. This facility is repayable in 06 equal semi annual installments after a period of 18 months from the date of first disbursement. Markup is payable on quarterly basis at the rate of three months' KIBOR plus 1.10% (2011: Nil) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Parent Company, equitable mortgage ranking pari passu over the immoveable fixed assets of the Parent Company including land and buildings for an amount of Rs. 2,666.67 million (2011: Nil). At present, ranking charge on all present and future assets of the Parent Company has been registered and charge up-gradation to first pari passu is in process.

5.1.6 This represents term finance facility of Rs. 800 million obtained by the Subsidiary Company. This facility is repayable in 06 equal semi annual installments starting from June 2014. Mark up is payable on semi annual basis at the rate of six months' KIBOR plus 2.00% (2011: Nil) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Subsidiary Company and first pari passu equitable mortgage over immovable properties of the Subsidiary Company for an amount of Rs. 1,067 million (2011: Nil).

5.1.7 This represents term finance facility of Rs. 300 million obtained by the Subsidiary Company. This facility is repayable in 08 equal semi annual installments starting from June 2014. Mark up is payable on semi annual basis at the rate of six months' KIBOR plus 1.50% (2011: Nil) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Subsidiary Company including land and buildings for an amount of Rs. 400 million (2011: Nil).

5.1.8 This represents term finance facility of Rs. 1,000 million obtained by the Subsidiary Company. This facility is repayable in 08 equal semi annual installments starting from September 2014. Mark up is payable on semi annual basis at the rate of six months' KIBOR plus 1.80% (2011: Nil) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Subsidiary Company and first pari passu equitable mortgage over immovable properties of the Subsidiary Company for an amount of Rs. 1,333.34 million (2011: Nil).

5.2.1 This represents a syndicated term finance facility of Rs. 3,200 million obtained by the Parent Company, from a syndicate of Habib Bank Limited, MCB Bank Limited and Allied Bank Limited with the participation of Rs. 1,000 million, Rs. 1,000 million, and Rs. 1,200 million respectively . This facility is repayable in 12 equal semi annual installments started from May 2007. Markup is payable on semi annual basis at six months' KIBOR plus 1.25 % (2011: six months' KIBOR plus 1.25 %) per annum. The facility is secured by first pari passu hypothecation charge on all the present and future assets of the Parent Company and first pari passu equitable mortgage over immovable properties of the Parent Company for an amount of Rs. 1,777.79 million (2011: Rs. 1,777.79 million) in favour of syndicate and pledge over 85.29% shares of Subsidiary Company.

5.2.2 This represents a syndicated term finance facility of Rs. 5,200 million obtained by the Parent Company, from a syndicate of Allied Bank Limited, Bank Alfalah Limited, Standard Chartered Bank (Pakistan) Limited, Askari Bank Limited, Faysal Bank Limited , Habib Bank Limited, Silk Bank Limited, HSBC Bank Middle East Limited, Bank Al Habib Limited, Habib Metropolitan Bank Limited and Soneri Bank Limited with the participation of Rs. 550 million, Rs. 1,000 million, Rs. 600 million, Rs. 500 million, Rs. 500 million, Rs. 500 million, Rs. 500 million, Rs. 400 million, Rs. 300 million, Rs. 250 million and Rs. 100 million respectively . This facility is repayable in 10 equal semi annual installments started from April 2009. Markup is payable on semi annual basis at rate of six months' KIBOR plus 2.05 % (2011: six months' KIBOR plus 2.05 %) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Parent Company and equitable mortgage over immovable properties of the Parent Company for an amount of Rs. 4,786.67 million (2011: Rs. 4,786.67 million).

5.2.3 This represents a syndicated term finance facility of Rs. 2,050 million obtained by the Parent Company, from a syndicate of Allied Bank Limited, Habib Bank Limited, The Bank of Punjab and Faysal Bank Limited with the participation of Rs. 1,000 million, Rs. 500 million, Rs. 300 million and Rs. 250 million respectively . This facility is repayable in 06 equal semi annual installments starting from December, 2012. Mark up is payable on semi annual basis at six months' KIBOR plus 2.25% (2011: six months' KIBOR plus 2.25%) per annum. The facility is secured by first pari passu hypothecation charge on all the present and future assets of the Parent Company excluding land and buildings for an amount of Rs. 2,733.33 million (2011: Rs. 2,733.33 million) in favour of syndicate. The Parent Company has prepaid installments falling due on 25 December 2012 and on 25 June 2013.

5.2.4 This represents a syndicated term finance facility of Rs. 3,000 million obtained by the Subsidiary Company, from syndicate of Allied Bank Limited, Summit Bank Limited, Standard Chartered Bank (Pakistan) Limited, Askari Bank Limited, Bank Al Habib Limited and MCB Bank Limited with participation of Rs. 1,400 million, Rs. 500 million, Rs. 400 million, Rs. 300 million, Rs. 200 million and Rs. 200 million respectively This facility is repayable in 10 equal semi annual installments started from November 2010. Markup is payable on semi annual basis at six months' KIBOR plus 0.75% (2011: six months' KIBOR plus 0.75%) per annum. This facility is secured by first pari passu mortgage charge on all present and future immovable properties and first pari passu hypothecation charge on all present and future moveable properties of the Subsidiary Company for an amount of Rs. 4,000 million (2011: Rs. 4,000 million).

6. Liability against assets subject to finance lease - secured

	2012			2011
	Minimum lease payments	**Finance cost for future periods**	**Present value of minimum lease payments**	Present value of minimum lease payments
	Rupees	**Rupees**	**Rupees**	Rupees
Not later than one year	**65,320,624**	**10,973,210**	**54,347,414**	47,802,130
Later than one year but not later than five years	**63,163,632**	**6,020,684**	**57,142,948**	109,754,039
Current portion of liability against assets subject to finance lease	**-**	**-**	**(54,347,414)**	(47,802,130)
	128,484,256	**16,993,894**	**57,142,948**	109,754,039

6.1 This represents lease finance facility of Rs. 227.05 million (present value of Rs. 111.49 million (2011: Rs. 157.56 million) obtained by the Parent Company, for acquisition of plant and machinery from Meezan Bank Limited, repayable in 10 semi annual installments starting from November 2009. Markup is payable on a biannual basis at six months' KIBOR plus 2.05% (2011: six months' KIBOR plus 2.05%) per annum with a floor and cap of 2.5% and 28% respectively. The facility is secured by way of ownership of leased assets.

7. Long term murabaha - secured	Note	2012 Rupees	2011 Rupees
Faysal Bank Limited		**-**	60,000,000
Faysal Bank Limited	7.1	**90,000,000**	150,000,000
Meezan Bank Limited	7.2	**1,675,000,000**	1,675,000,000
		1,765,000,000	1,885,000,000
Current portion of long term murabaha		**(60,000,000)**	(120,000,000)
		1,705,000,000	1,765,000,000

7.1 This represents murabaha finance facility of Rs. 300 million obtained by the Parent Company. This facility is repayable in 10 equal semi annual installments started from April 2009. Markup is payable on semi annual basis at rate of six months' KIBOR plus 2.05% (2011: six months' KIBOR plus 2.05%) per annum. The facility is secured by first pari passu hypothecation charge on the present and future assets of the Parent Company and equitable mortgage over immovable properties of the Parent Company for an amount of Rs. 280 million (2011: Rs. 280 million).

7.2 This represents commodity murabaha finance facility of Rs. 1,675 million (2011: Rs. 1,675 million) obtained by the Parent Company. This facility is repayable in bullet installment at the time of maturity. Markup is payable on annual basis at the rate of two years' KIBOR (2011: two years' KIBOR) per annum. The facility is secured by standby letter of credit(s) (SBLCs) of worth USD 19.78 million, for which security has been arranged by the directors of the ultimate Parent Company, and ranking hypothecation charge on all present and future both current and fixed assets of the Parent Company excluding land and buildings for an amount of Rs. 285 million (2011: Rs. 285 million).

8. Long term musharaka - secured			
Meezan Bank Limited	8.1	**300,000,000**	300,000,000
		300,000,000	300,000,000

8.1 This represents diminishing musharakah finance facility of Rs. 300 million obtained by the Parent Company. This facility is repayable in six equal semi annual installments starting from December 2013. Mark up is payable on semi annual basis at the rate of six months' KIBOR plus 1.85% per annum (2011: six months' KIBOR plus 1.85%). The facility is secured by first pari passu hypothecation charge on all present and future assets of the Parent Company excluding land and buildings for an amount of Rs. 400 million (2011: Rs. 400 million).

9. Long term shirkat-ul-melk - secured			
Dubai Islamic Bank Pakistan Limited	9.1	**200,000,000**	-

9.1 This represents shirkat-ul-melk cum ijarah facility of Rs. 200 million obtained by the Parent Company. This facility is repayable in four equal semi annual installments starting from December 2013. Mark up is payable on semi annual basis at six months' KIBOR plus 1.10% per annum (2011: Nil). The facility is secured by first pari passu hypothecation charge over all present and future fixed assets of the Parent Company excluding land and buidlings for an amount of Rs. 267 million (2011: Nil). At present, ranking charge over all present and future fixed assets of the Parent Company has been registered and charge up-gradation to first pari passu is in process.

10. Deferred liabilities	**Note**	**2012 Rupees**	2011 Rupees
Deferred taxation	10.1	**1,689,867,087**	892,987,960
Provision for gratuity	10.2	**115,393,213**	94,039,789
Provision for compensated absences	10.3	**25,432,420**	13,221,739
		1,830,692,720	1,000,249,488

10.1 Deferred tax liability is recognised on following major temporary differences:

Taxable temporary differences		
Accelerated depreciation	**3,977,559,510**	3,959,422,851
Fair value of identifiable assets	**642,032,106**	686,928,964
Profits of associate	**406,223,953**	349,509,187
Deductible temporary differences		
Liability against assets subject to finance lease	**(30,436,869)**	(43,012,834)
Cash flow hedge reserve	**(451,279)**	(1,098,210)
Deficit on revaluation of available for sale investments	**(12,435,901)**	(18,493,355)
Unabsorbed tax losses	**(3,292,624,433)**	(4,040,268,643)
	(3,335,948,482)	(4,102,873,042)
	1,689,867,087	892,987,960

10.2 The amount recognised in the consolidated balance sheet is as follows:

Present value of defined benefit obligation	**137,738,726**	114,667,127
Net actuarial losses not recognized	**(22,345,513)**	(20,627,338)
Net liability at end of the year	**115,393,213**	94,039,789

Movement in the present value of defined benefit obligation is as follows:

Opening balance	**94,039,789**	69,552,586
Charge for the year	**35,970,217**	31,291,735
Benefits paid during the year	**(14,616,793)**	(6,804,532)
Closing balance	**115,393,213**	94,039,789

	Note	2012 Rupees	2011 Rupees
Expense recognised in consolidated profit and loss account is as follows:			
Current service cost		**18,276,804**	16,698,824
Interest cost		**15,030,223**	11,494,909
Actuarial losses recognised		**2,663,190**	3,098,002
		35,970,217	31,291,735
Actuarial assumptions			
Valuation discount rate		**12.5%**	14%
Salary increase rate		**12.5%**	14%
Mortality rate		**EFU (61-66) Mortality Table**	EFU (61-66) Mortality Table

Expected gratuity expense for the next financial year is Rs. 40,349,266 (2011: Rs. 34,310,131).

Historical information

Present value of the defined benefit obligation

	2012	2011	2010	2009	2008
Rupees	**115,393,213**	94,039,789	94,039,789	53,705,502	39,618,179

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

11. Trade and other payables

	Note	2012 Rupees	2011 Rupees
Payable to contractors and suppliers		**621,788,039**	931,825,389
Accrued liabilities	11.1	**1,665,355,444**	810,058,171
Advances from customers		**126,647,213**	97,823,128
Security deposits		**27,267,943**	26,558,329
Workers' Profit Participation Fund		**190,341,000**	1,970,768
Workers' Welfare Fund		**4,351,852**	4,351,852
Retention money		**6,298,590**	8,311,966
Sales tax payable		**-**	98,622,103
Excise duty payable		**141,133,834**	220,028,207
Current portion of advance rent		**2,887,434**	7,693,740
Other payables	11.2	**19,150,038**	16,652,904
Unclaimed dividend		**594,317**	594,317
		2,805,815,704	2,224,490,874

11.1 This includes an amount of Rs. 1.29 million (2011: Rs. 71.52 million) payable to Sui Northern Gas Pipelines Limited (SNGPL) against gas consumption during the month of June 2012. The Group has issued bank guarantees in the normal course of business to SNGPL for commercial and industrial use of gas for an amount of Rs. 1,032.3 million (2011: Rs. 1,202.84 million).

11.2 This includes an unsecured and interest free amount of Rs. 6.660 million (2011: Rs. 6.529 million) payable to ultimate parent company.

		Note	2012 Rupees	2011 Rupees
12.	**Short term borrowings - secured**			
	Running finance from banking companies			
	Habib Bank Limited	12.1	**30,043,759**	32,122,827
	Barclays Bank Limited		**-**	39,564
	Bank Al Habib Limited		**-**	579
	Askari Bank Limited	12.2	**593**	494,342,269
	Soneri Bank Limited	12.3	**122,711,558**	79,939,727
	Allied Bank Limited	12.4	**12,542,485**	467,957,630
	Meezan Bank Limited	12.5	**500,000,000**	-
	Habib Bank Limited	12.6	**40,036,845**	358,394,636
	Habib Bank Limited		**-**	1,080,976
	Allied Bank Limited	12.7	**77,241,549**	145,467,345
	Bank Al Habib Limited		**-**	398,385,513
	NIB Bank Limited		**-**	177,845,150
	Habib Bank Limited		**-**	348,489,432
			782,576,789	2,504,065,648
	Foreign currency import finance			
	Habib Bank Limited	12.8	**542,831,759**	556,674,708
	MCB Bank Limited	12.9	**264,982,612**	395,576,529
	Bank Alfalah Limited	12.10	**269,980,257**	-
	Faysal Bank Limited	12.11	**370,279,021**	-
	Allied Bank Limited		**-**	284,918,642
	Soneri Bank Limited		**-**	290,911,949
	NIB Bank Limited		**-**	70,963,389
			1,448,073,649	1,599,045,217
	Export refinance			
	Soneri Bank Limited	12.12	**100,000,000**	100,000,000
	Allied Bank Limited	12.13	**350,000,000**	339,000,000
	Barclays Bank Plc, Pakistan		**-**	65,000,000
	Bank Alfalah Limited	12.14	**50,693,000**	-
	Standard Chartered Bank (Pakistan) Limited	12.15	**450,000,000**	450,000,000
	Faysal Bank Limited		**-**	90,000,000
	Askari Bank Limited	12.16	**100,000,000**	99,000,000
	Habib Bank Limited	12.17	**300,000,000**	-
	Faysal bank Limited	12.18	**198,000,000**	-
	Standard Chartered Bank Limited	12.19	**168,000,000**	-
			1,716,693,000	1,143,000,000
			3,947,343,438	5,246,110,865

12.1 This represents utilized amount of running finance facility of Rs. 400 million (2011: Rs. 400 million) obtained by the Parent Company, for a period of one year. Markup is payable on quarterly basis at the rate of one month's KIBOR plus 1.00% (2011: one month's KIBOR plus 1.00%) per annum. The facility is secured by ranking hypothecation charge on all present and future book debts, receivables and other movable assets of the Parent Company for an amount of Rs. 533.34 million (2011: Rs. 533.34 million) and lien over US Dollar account upto USD 0.4085 million (2011: USD 0.412 million) of the Parent Company (refer note 25.2).

12.2 This represents the utilized amount of running finance facility of Rs. 400 million (2011:Rs. 500 million) obtained by the Parent Company, for a period of one year . Mark up is payable on quarterly basis at the rate of three months' KIBOR plus 1.00% per annum (2011: three months' KIBOR plus 1.00% per annum). The facility is secured by first pari passu hypothecation charge on all present and future assets of the Parent Company excluding land and buildings for an amount of Rs. 533.333 million (2011: Rs. 666.67 million).

12.3 This represents the utilized amount of a running finance facility of Rs. 300 million (2011: Rs. 375 million) obtained by the Parent Company, for a period of one year. Mark up is payable on quarterly basis at the rate of three months' KIBOR plus 1.00% per annum (2011: three months' KIBOR plus 1.00% per annum). The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Parent Company for an amount of Rs. 400 million (2011: Rs. 500 million). Facilities in Note 12.3 and 12.12 are interchangeble.

12.4 This represents the utilized amount of running finance facility of Rs. 650 million (2011: Rs. 650 million) obtained by the Parent Company, for a period of one year Mark up is payable on quarterly basis at the rate of one months' KIBOR plus 1.00% per annum (2011: one months' KIBOR plus 1.50% per annum). The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and buildings of the Parent Company for an amount of Rs. 866.67 million (2011: Rs. 866.67 million).

12.5 This represents istisna facility of Rs. 500 million (2011: Nil) obtained by the Parent Company, for a period of 180 days with extension of further 90 days. Markup is payable on maturity at the rate of six months' KIBOR plus 0.75% per annum and at one months' KIBOR plus 0.75% per annum (2011: Nil). The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Parent Company for an amount of Rs. 267 million, ranking charge on all present and future fixed assets excluding land and buildings of the Parent Company for an amount of Rs. 400 million, ranking charge on all present and future current assets of the Parent Company for an amount of Rs. 133 million and ranking charge on all present and future current and fixed assets excluding land and buildings of the Parent Company for an amount of Rs. 500 million (2011: Nil).

12.6 This represents the utilized amount of running finance facility of Rs. 365 million (2011: Rs. 365 million) obtained by the Parent Company, for a period of one year. Markup is payable on quarterly basis at the rate of three months' KIBOR plus 1.50% (2011: three months' KIBOR plus 1.50%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Parent Company for an amount of Rs. 100 million and first pari passu hypothecation charge on all present and future fixed assets of the Parent Company excluding land and buildings for an amount of Rs. 322 million (2011: Rs. 100 million & Rs. 322 million).

12.7 This represents the utilized amount of running finance facility of Rs. 150 million (2011: Rs. 150 million) obtained by the Subsidiary Company.Markup is payable on quarterly basis at one month's KIBOR plus 1% (2011: one month's KIBOR plus 1.5%) per annum . The facility is secured by first pari passu hypothecation charge on all present and future assets (excluding land and buildings) of the Subsidiary Company for an amount of Rs. 200 million (2011: Rs. 200 million).

2.8 This represents foreign currency import finance facility of USD 5.739 million obtained for import of coal obtained by the Parent Company. Out of total balance outstanding as on 30 June 2012, USD 2.439 million are repayable on 13 August 2012 and USD 3.300 million are repayable on 13 October 2012. The facility carries mark up at the rate of six months' LIBOR plus 2.00% to 2.50% (2011: six months' LIBOR plus 2.75%) per annum payable at the time of maturity. The facility is secured by first pari passu hypothecation charge on all present and future current and movable assets of the Parent Company for an amount of Rs. 960 million (2011: Rs. 960 million).

12.9 This represents foreign currency import finance facility of USD 2.801 million obtained by the Parent Company, for import of coal repayable on 13 October 2012 . The facility carries mark up at the rate of six months' LIBOR plus 2.00% (2011: six months' LIBOR plus 4.70%) per annum payable at the time of maturity. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Parent Company excluding land and buildings for an amount of Rs. 668 million (2011: Rs. 668 million).

12.10 This represents foreign currency import finance facility of USD 2.854 million obtained by the Parent Company, for import of coal repayable on 17 September 2012. The facility carries mark up at the rate of 3.10% (2011: Nil) per annum payable at the time of maturity. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Parent Company excludings land and buildings for an amount of Rs. 666.67 million (2011: Nil). At present, ranking charge on all present and future assets of the Parent Company has been registered and charge up-gradation to first pari passu is in process.

12.11 This represents foreign currency import finance facility of USD 3.914 million obtained by the Parent Company, for import of coal repayable on 14 September 2012.The facility carries mark up at the rate of six months' LIBOR plus 2.50% (2011: Nil) per annum payable at maturity. The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and buildings of the Parent Company for an amount of Rs. 533.34 million (2011: Nil).

12.12 This represents utilised amount of export refinance facility of Rs. 300 million (2011: Rs. 100 million) obtained by the Parent Company, for a period of one year with cap of Rs. 300 million out of total exposure of Rs. 450 million (also refer note 12.3) with maximum tenor of 180 days.Mark up is payable at the time of maturity of the facility or on quarterly basis whichever comes earlier at the rate defined by State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Parent Company for an amount of Rs. 400 million (2011: Rs. 134 million). Facilities in Note 12.3 and 12.12 are interchangeble.

12.13 This represents export refinance facility of Rs. 350 million (2011: Rs. 350 million) obtained by the Parent Company, for a period of one year with maximum tenor of 180 days. Mark up is payable at the time of maturity of the facility or on quarterly basis whichever comes earlier at the rate defined by State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Parent Company excluding land and buildings for an amount of Rs. 466.67 million (2011: Rs. 466.67 million). This facility is sublimit of facility mentioned in note 12.4.

12.14 This represents the utilized amount of export refinance facility of Rs. 250 million (2011: Nil) obtained by the Parent Company, for a period of one year with maximum tenor of 180 days.Mark up is payable at the time of maturity of the facility or on quarterly basis whichever comes earlier at the rate defined by the State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Parent Company excluding land and buildings for an amount of Rs. 333.34 million (2011: Nil). At present, ranking charge on all present and future assets of the Parent Company has been registered and charge up-gradation to first pari passu is in process.

12.15 This represents export refinance facility of Rs. 450 million (2011: Rs. 450 million) for a period of one year with maximum tenor of 180 days obtained by the Parent Company. Mark up is payable at the time of maturity of the facility or on quarterly basis whichever comes earlier at the rate defined by State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Parent Company excluding land and buildings for an amount of Rs. 600 million (2011: Rs. 600 million).

12.16 This represents export refinance facility of Rs. 100 million (2011: Rs. 100 million) obtained by the Parent Company, for a period of one year with maximum tenor of 180 days . Mark up is payable at the time of maturity of the facility or on quarterly basis whichever comes earlier at the rate defined by State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Parent Company excluding land and buildings for an amount of Rs. 133.34 million (2011: Rs. 133.34 million).

12.17 This represents export refinance facility of Rs. 300 million (2011: Nil) obtained by the Subsidiary Company, for a period of one year with maximum tenor of 180 days. Mark up is payable at the time of maturity or on quarterly basis whichever comes earlier at the rate defined by the State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future current and movable assets of the Subsidiary Company for an amount of Rs. 400 million (2011: Nil).

12.18 This represents the utilized amount of export refinance facility of Rs. 200 million (2011: Nil) obtained by the Subsidiary Company, for a period of one year with maximum tenor of 180 days.Mark up is payable at the time of maturity or on quarterly basis whichever comes earlier at the rate defined by the State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Subsidiary Company and first pari passu equitable mortgage over immovable properties of the Subsidiary Company for an amount of Rs. 267 million (2011: Nil).

12.19 This represents the utilized amount of export refinance facility of Rs. 500 million (2011: Nil) obtained by the Subsidiary Company, for a period of one year with maximum tenor of 180 days. Mark up is payable at the time of maturity or on quarterly basis whichever comes earlier at the rate defined by the State Bank of Pakistan plus 1.00% per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Subsidiary Company excluding land and buildings for an amount of Rs. 666.67 million (2011: Nil).

12.20 The Group has running finance facilities and other short term borrowings facilities for an amount of Rs. 3,141 million (2011: Rs. 1,417 million) which the Group has not availed as at the year end.

Facilities of letters of guarantee and letters of credit amounting to Rs. 200 million (2011: Rs. 418.53 million) and Rs. 3,720 million (2011: Rs. 5,035.57 million) respectively are available to the Group. Facilities of letters of guarantee are secured by first pari passu charge on present and future assets of the Group.

13. Contingencies and commitments

		2012 Rupees	2011 Rupees
13.1	**Contingencies of Parent and Subsidiary company**		
13.1.1	In respect of bank guarantees	**28,317,121**	96,085,688

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

13.1.2 Competition Commission of Pakistan (CCP) issued a show cause notice dated 28 October 2008 to 21 cement companies (including the Parent Company and Subsidiary Company) under section 30 of the Competition Ordinance, 2007. On 27 August 2009, CCP imposed a penalty of Rs. 562 million on the Company. The cement manufacturers (including the Parent Company and Subsidiary Company) have challenged the CCP order in Honourable High Court and the Honourable High Court has passed an interim order restraining CCP from taking any adverse action against these 21 cement companies.

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

13.1.3 Income tax related contingencies are disclosed in note 32 to these consolidated financial statements.

		2012 Rupees	2011 Rupees
13.2	**Commitments of Parent and Subsidiary company**		
	In respect of letters of credit	**382,813,001**	958,887,579
13.3	**Share in contingencies and commitments of associated company**		
	Contingencies		
	Direct credit substitutes	**885,173,621**	1,578,480,000
	Transactions related	**8,085,930,737**	7,566,814,000
	Trade related	**10,870,776,684**	9,817,784,000
	Others	**1,708,523,613**	2,290,258,000
	Commitments		
	In respect of sale of forward foreign exchange contract	**7,401,408,584**	6,571,834,000
	In respect of purchase of forward foreign exchange contract	**11,349,278,906**	10,031,805,000
	Others	**3,482,198,757**	3,647,964,000

14. Property, plant and equipment

	Note	2012 Rupees	2011 Rupees
Operating fixed assets	14.1	**23,806,503,862**	24,662,143,785
Capital work in progress	14.2	**29,760,860**	149,343,608
Stores held for capitalisation		**191,044,773**	219,772,282
		24,027,309,495	25,031,259,675

14.1 Operating fixed assets

	Owned									Leased	
	Freehold land	Leasehold land	Buildings on free hold land	Plant and machinery	Quarry equipment	Other equipment	Furniture and fixtures	Vehicles	Office equipment	Plant and machinery	Total
	Rupees										
Cost											
Balance at 01 July 2010	1,101,783,824	40,652,466	5,467,673,347	22,355,746,354	880,140,298	125,397,078	86,265,692	195,310,692	84,272,792	227,054,048	**30,564,296,591**
Additions during the year	4,785,938	-	14,410,608	149,814,717	90,424,581	10,328,931	3,009,966	10,795,440	8,309,636	-	**291,879,817**
Transferred from CWIP	-	-	14,251,461	42,588,433	-	-	-	-	-	-	**56,839,894**
Adjustments	-	-	-	(192,222,825)	-	(208,800)	-	-	-	-	**(192,431,625)**
Disposals	-	-	-	-	-	-	-	(5,647,338)	-	-	**(5,647,338)**
Balance at 30 June 2011	1,106,569,762	40,652,466	5,496,335,416	22,355,926,679	970,564,879	135,517,209	89,275,658	200,458,794	92,582,428	227,054,048	**30,714,937,339**
Balance at 01 July 2011	1,106,569,762	40,652,466	5,496,335,416	22,355,926,679	970,564,879	135,517,209	89,275,658	200,458,794	92,582,428	227,054,048	**30,714,937,339**
Additions during the year	5,680,492	-	9,763,246	196,035,665	1,079,207	6,357,154	4,165,182	23,761,875	6,831,180	-	**253,674,001**
Transferred from CWIP	-	-	13,353,355	135,611,708	-	-	-	-	-	-	**148,965,063**
Adjustments	-	-	-	(209,504,474)	-	(589,886)	-	-	-	-	**(210,094,360)**
Disposals	-	-	-	-	-	-	-	(23,304,878)	(14,860)	-	**(23,319,738)**
Balance at 30 June 2012	1,112,250,254	40,652,466	5,519,452,017	22,478,069,578	971,644,086	141,284,477	93,440,840	200,915,791	99,398,748	227,054,048	**30,884,162,305**
Depreciation											
Balance at 01 July 2010	-	16,490,437	1,094,289,644	3,206,197,954	485,550,378	53,327,769	29,404,592	109,599,383	36,195,199	15,136,936	**5,046,192,292**
Charge for the year	-	1,510,038	209,196,785	742,782,002	60,552,213	11,052,950	5,770,056	17,962,573	7,407,442	7,568,468	**1,063,802,527**
Adjustments	-	-	-	(53,250,082)	-	(55,723)	-	-	-	-	**(53,305,805)**
Disposals	-	-	-	-	-	-	-	(3,895,460)	-	-	**(3,895,460)**
Balance at 30 June 2011	-	18,000,475	1,303,486,429	3,895,729,874	546,102,591	64,324,996	35,174,648	123,666,496	43,602,641	22,705,404	**6,052,793,554**
Balance at 01 July 2011	-	18,000,475	1,303,486,429	3,895,729,874	546,102,591	64,324,996	35,174,648	123,666,496	43,602,641	22,705,404	**6,052,793,554**
Charge for the year	-	1,421,183	209,905,236	754,246,358	64,008,635	8,949,876	5,604,131	15,138,143	8,898,833	7,568,468	**1,075,740,863**
Adjustments	-	-	-	(36,099,988)	-	(498,534)	-	-	-	-	**(36,598,522)**
Disposals	-	-	-	-	-	-	-	(14,276,523)	(929)	-	**(14,277,452)**
Balance at 30 June 2012	-	19,421,658	1,513,391,665	4,613,876,244	610,111,226	72,776,338	40,778,779	124,528,116	52,500,545	30,273,872	**7,077,658,443**
Carrying value - 2012	**1,112,250,254**	**21,230,808**	**4,006,060,352**	**17,864,193,334**	**361,532,860**	**68,508,139**	**52,662,061**	**76,387,675**	**46,898,203**	**196,780,176**	**23,806,503,862**
Carrying value - 2011	1,106,569,762	22,651,991	4,192,848,987	18,460,196,805	424,462,288	71,192,213	54,101,010	76,792,298	48,979,787	204,348,644	24,662,143,785
Life in years/ rates of depreciation per annum	-	30yrs	30yrs	30yrs - 5%	15%	10%	10%	20%	15%	30yrs	

	Note	2012 Rupees	2011 Rupees

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

	Note	2012 Rupees	2011 Rupees
Cost of sales	27	**1,064,212,901**	1,051,011,961
Administrative expenses	28	**7,387,823**	8,082,462
Distribution cost	29	**4,140,137**	4,708,104
		1,075,740,861	1,063,802,527

14.1.2 Disposal of operating fixed assets

Description	Cost	Book value	Sale proceeds	Gain	Mode of disposal	Sold to
	Rupees	Rupees	Rupees	Rupees		
Vehicles						
Honda Civic	1,220,430	409,631	473,291	63,660	Negotiation	Employee
Suzuki Cultus	598,600	98,755	98,755	-	Negotiation	Employee
Suzuki Alto	539,418	162,223	406,000	243,777	Negotiation	Mr. Muhammad Fahad Azhar Watto
Suzuki Cultus	626,900	191,728	279,880	88,152	Negotiation	Employee
Honda Civic	1,020,510	312,107	389,583	77,476	Negotiation	Employee
Suzuki Alto	504,974	154,439	261,810	107,371	Negotiation	Mr. Rashid Mehmood
Cement Bulker	6,870,017	3,114,408	6,975,721	3,861,313	Auction	Trans Pak Enterprises
Cement Bulker	6,870,017	3,114,408	6,975,721	3,861,313	Auction	Trans Pak Enterprises
Suzuki Alto	514,474	138,144	181,092	42,948	Negotiation	Employee
Suzuki Alto	512,940	148,704	214,989	66,285	Negotiation	Employee
Hyundai Shahzore	799,672	232,826	575,000	342,174	Insurance claim	IGI Insurance Limited
Suzuki Cultus	604,180	122,482	231,927	109,445	Negotiation	Employee
Mitsubishi Lancer	1,028,330	340,122	340,122	-	Negotiation	Employee
Suzuki Alto	513,940	146,129	174,585	28,456	Negotiation	Employee
Mitsubishi Lancer	1,080,476	342,249	342,249	-	Negotiation	Employee
Office Equipment						
Digital Camera	14,860	13,931	12,099	(1,832)	Insurance claim	IGI Insurance Limited
2012	**23,319,738**	**9,042,286**	**17,932,824**	**8,890,538**		
2011	5,647,338	1,751,878	3,183,169	1,431,291		

14.2 **Capital work in progress**	Note	2012 Rupees	2011 Rupees
Opening balance		**149,343,608**	84,072,764
Additions during the year	14.2.1	**52,693,336**	122,110,738
		202,036,944	206,183,502
Transferred to operating fixed assets:			
Plant and machinery		**(135,611,708)**	(42,588,433)
Buildings on free hold land		**(13,353,355)**	(14,251,461)
		(148,965,063)	(56,839,894)
Transferred to intangible assets:			
Intangible assets		**(23,311,021)**	-
		(172,276,084)	(56,839,894)
	14.2.2	**29,760,860**	149,343,608

14.2.1 This includes borrowing cost capitalised amounting to Rs. 6.498 million (2011: Rs. 9.137 million) at capitalisation rate of 14.85% (2011: 14.59%) per annum

14.2.2 Break up of capital work in progress is as follows:

	Note	**2012 Rupees**	2011 Rupees
Plant and machinery and other equipment		**17,067,469**	92,602,114
Building and civil works		**1,037,880**	15,641,038
Advances for capital work in progress		**11,655,511**	30,447,236
Borrowing cost		**-**	10,653,220
		29,760,860	149,343,608

15. Intangible assets

	Note	2012	2011
Cost			
Opening balance at 01 July		**30,100,000**	30,000,000
Additions during the year		**23,311,021**	100,000
Closing balance at 30 June		**53,411,021**	30,100,000
Amortization			
Opening balance at 01 July		**4,503,750**	-
Charge for the year	15.1	**3,839,438**	4,503,750
Closing balance at 30 June		**8,343,188**	4,503,750
Carrying value		**45,067,833**	25,596,250
Amortisation rate		**15%**	15%

15.1 Amortization on intangible assets has been allocated as follows:

	Note	2012	2011
Cost of sales	27	**3,839,438**	4,503,750
		3,839,438	4,503,750

16 Investment property

	Note	2012	2011
Opening balance		**345,814,453**	340,715,834
Gain on remeasurement of investment property to fair value		**2,068,835**	5,098,619
Closing balance	16.1	**347,883,288**	345,814,453

16.1 The investment property is a portion of head office buildings held for commercial purposes. On 30 June 2012, an independent exercise was carried out to calculate the fair value of investment property. To assess the land prices, market research was carried out in the area around the plot where the investment property is situated. Fair value of investment property is based on independent valuer's judgment about average prices prevalent on the said date and has been prepared on openly available / provided information after making relevant inquiries from the market. Valuation was carried out by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

		Note	2012 Rupees	2011 Rupees
17.	**Long term investments**			
	Equity accounted investment - quoted			
	Associated company - United Bank Limited (UBL)	17.1	**6,694,687,445**	5,831,817,548
			6,694,687,445	5,831,817,548

		2012	2011
17.1	**Associated company - United Bank Limited (UBL)**		
	Cost of investment 93,649,694 shares (2011: 93,649,694 shares) of Rs. 10 each	**1,862,802,950**	1,862,802,950
	Share of post acquisition profits brought forward	**3,495,091,867**	3,023,444,374
		5,357,894,817	4,886,247,324
	Share of profit for the year	**1,363,170,483**	939,896,213
	Dividend income for the year	**(796,022,824)**	(468,248,720)
		567,147,659	471,647,493
	Parent Company's share of the associate's exchange translation reserve	**898,516,775**	669,838,385
	Parent Company's share of the associate's deficit on revaluation of available for sale investments	**(124,359,012)**	(184,933,549)
	Parent Company's share of the associate's cash flow hedge reserve	**(4,512,794)**	(10,982,105)
		6,694,687,445	5,831,817,548

17.1.1 This represents 7.65% interest (2011: 7.65%) in the equity of 1,224,179,687 (2011: 1,224,179,687) ordinary shares of Rs. 10 each in UBL, an associated company. Bestway Group as a whole has 51.07% (2011: 31.07 %) controlling interest in UBL.

17.1.2 Summarised financial information of the associated company is as follows:

	Assets	Liabilities	Income	Profit after tax
2012 (Rupees, 000)	**892,769,286**	**803,171,621**	**73,822,890**	**17,885,827**
2011 (Rupees, 000)	772,692,668	694,727,134	65,716,329	12,286,225

Market value of investment in associated company as of the year end was Rs. 7,340 million (2011: Rs. 5,730 million).

The reporting date of United Bank Limited is 31 December. For the purpose of applying equity method of accounting, assets, liabilities and profit and loss account are based on the un-audited consolidated condensed interim financial statements of the period ended 30 June 2012.

		Note	2012 Rupees	2011 Rupees
18.	**Long term advances**			
	Advance for gas pipe line	18.1	**20,015,000**	24,018,000
	Current portion of advance for gas pipe line	22	**(4,003,000)**	(4,003,000)
			16,012,000	20,015,000

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

		Note	2012 Rupees	2011 Rupees
19.	**Stores, spare parts and loose tools**			
	Stores, spare parts and loose tools		**3,185,020,269**	2,994,083,232
	Stores and spare parts in transit		**317,500,900**	258,110,398
			3,502,521,169	3,252,193,630
	Provision for slow moving and obsolete stores, spare parts and loose tools		**(90,894,413)**	(51,894,413)
			3,411,626,756	3,200,299,217
20.	**Stock in trade**			
	Raw and packing material		**205,926,971**	148,085,201
	Work in process		**1,214,453,492**	1,019,355,974
	Finished stock		**320,423,639**	286,625,954
			1,740,804,102	1,454,067,129

21. Trade debts- considered good

This includes Rs. 71.8. million (2011: Rs. 35.024 million) receivable from customers against export sales.

		Note	2012 Rupees	2011 Rupees
22	**Advances**			
	Advances to directors and executives - considered good		**5,187,119**	2,847,123
	Advances to suppliers and contractors - considered good		**146,967,249**	143,923,301
	Advances to related party - unsecured		**1,320,248**	-
	Current portion of advance for gas pipe line	18	**4,003,000**	4,003,000
			157,477,616	150,773,424
23.	**Deposits and prepayments**			
	Security deposits		**4,447,281**	4,756,040
	Prepayments		**8,477,345**	36,875,425
			12,924,626	41,631,465
24.	**Due from Government agencies**			
	Advance tax - net		**360,552,264**	675,528,465
	Sales tax		**188,922,325**	91,861,746
	Customs duty	24.1	**28,372,522**	28,372,522
	Capital value tax	24.1	**11,729,200**	11,729,200
	Excise duty refundable	24.2	**615,146,242**	615,146,242
			1,204,722,553	1,422,638,175

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

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

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

The Group has filed a claim for Rs. 611.146 million relating to duty paid during the period from June 1998 to April 1999 which pursuant to the above decision was otherwise not leviable and payable under the law. Commissioner Appeals rejected the claim of the Group, and the Group has filed an appeal with the Income Tax Appellate Tribunal (ITAT) against unlawful rejection of refund claims. A number of hearings were conducted during the year but the case is yet to be discussed.

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

			2012	2011
25.	**Bank balances**	**Note**	**Rupees**	Rupees
	Cash at banks			
	Current accounts	25.1	**71,045,769**	69,538,276
	Deposit accounts	25.2	**119,105,015**	68,189,199
			190,150,784	137,727,475

25.1 This includes Rs. 9.14 million (2011: Rs. 10.33 million) held in current accounts maintained with United Bank Limited, an associated company.

25.2 This includes an amount of US Dollar 0.411 million (2011: US Dollar 0.416 million) in US Dollar deposit accounts. US Dollar 0.408 million (2011: US Dollar 0.412 million) are under lien with Habib Bank Limited.

25.3 Deposit accounts carry interest rates ranging from 0.5% to 9% (2011:1% to 5%) per annum.

		Note	2012 Rupees	2011 Rupees
26.	**Turnover - net**			
	Gross turnover		**29,042,201,119**	23,751,453,886
	Government levies			
	Sales tax		**(3,294,481,383)**	(2,806,404,888)
	Excise duties		**(1,633,879,638)**	(2,570,754,210)
			24,113,840,098	18,374,294,788
	Rebates and discounts		**(1,540,212,015)**	(1,299,912,665)
			22,573,628,083	17,074,382,123
27.	**Cost of sales**			
	Raw and packing materials consumed	27.1	**2,124,926,959**	2,055,894,015
	Fuel and power		**11,226,594,963**	9,485,306,780
	Stores, spare parts and loose tools consumed		**628,152,308**	628,351,172
	Repairs and maintenance		**71,602,838**	52,932,880
	Salaries, wages and benefits	27.2	**443,270,713**	368,752,523
	Support services		**187,912,025**	177,365,101
	Insurance		**27,533,814**	31,194,894
	Equipment rental		**7,591,540**	11,039,987
	Utilities		**6,925,556**	5,787,803
	Traveling, conveyance and subsistence		**38,690,847**	34,911,578
	Communication		**4,502,668**	4,895,440
	Professional charges		**1,091,471**	915,358
	Printing and stationery		**4,809,561**	5,154,570
	Entertainment		**2,731,662**	2,368,783
	Depreciation	14.1.1	**1,064,212,901**	1,051,011,961
	Amortization on intangible		**3,839,438**	4,503,750
	Other manufacturing expenses		**13,333,834**	8,203,440
			15,857,723,098	13,928,590,035
	Opening work in process		**1,019,355,974**	780,333,422
	Closing work in process		**(1,214,453,492)**	(1,019,355,974)
	Cost of goods manufactured		**15,662,625,580**	13,689,567,483
	Opening finished stock		**286,625,954**	129,847,631
	Closing finished stock		**(320,423,639)**	(286,625,954)
			15,628,827,895	13,532,789,160
27.1	Raw and packing materials consumed			
	Opening balance		**148,085,201**	155,652,564
	Purchases made during the year		**2,182,768,729**	2,048,326,652
	Closing balance		**(205,926,971)**	(148,085,201)
			2,124,926,959	2,055,894,015

27.2 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 30.649 million (2011: Rs. 26.55 million).

	Note	**2012 Rupees**	2011 Rupees
28. Administrative expenses			
Salaries, wages and benefits	28.1	**144,743,131**	123,097,535
Rent, rates and taxes		**1,581,740**	1,269,174
Repairs and maintenance		**5,284,641**	4,133,465
Insurance		**2,254,750**	2,590,228
Utilities		**3,233,891**	2,433,496
Traveling, conveyance and subsistence		**14,931,624**	10,531,341
Communication		**1,678,827**	1,818,646
Printing and stationery		**2,374,624**	2,756,023
Entertainment		**1,257,016**	417,026
Advertisements		**1,232,434**	1,234,415
Provision for slow moving and obsolete stores, spare parts and loose tools		**39,000,000**	-
Charitable donations	28.2	**78,970,593**	6,773,705
Legal and professional charges		**22,159,921**	4,469,285
Fees and subscription		**3,114,288**	17,698,173
Management charges	28.3	**503,375**	559,141
Equipment rental		**1,600**	-
Auditors' remuneration	28.4	**3,470,000**	3,374,000
Depreciation	14.1.1	**7,387,823**	8,082,462
Miscellaneous		**1,293,894**	1,082,757
		334,474,172	192,320,872

28.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 8.42 million (2011: Rs. 9.348 million).

28.2 A provision at 2.5% of the accounting profit after tax of the Parent Company for an amount of Rs. 76.5 million (2011: Rs. 4.48) has been made for donation to Bestway Foundation ("Foundation"). The chief executive and directors are among the trustees of the Foundation. None of the trustees or their spouses have a beneficial interest in the Foundation.

28.3 This represents management charges of the ultimate Parent Company.

		Note	2012 Rupees	2011 Rupees
28.4	**Auditors' remuneration**			
	Annual audit fee		**1,300,000**	1,300,000
	Audit fee of consolidated financial statements		**300,000**	300,000
	Fee for half yearly review		**400,000**	400,000
	Statutory certifications		**280,000**	280,000
	Taxation services		**1,020,000**	900,000
	Out of pocket expenses		**170,000**	194,000
			3,470,000	3,374,000
29.	**Distribution cost**			
	Salaries, wages and benefits	29.1	**36,982,366**	29,059,306
	Support services		**812,979**	737,708
	Rent, rates and taxes		**5,419,248**	4,398,180
	Repairs and maintenance		**1,260,595**	1,037,461
	Utilities		**764,023**	823,242
	Traveling, conveyance and subsistence		**6,332,496**	6,098,634
	Communication		**1,262,562**	1,160,296
	Printing and stationery		**2,131,100**	2,203,020
	Entertainment		**871,385**	299,181
	Advertising and promotion		**2,767,420**	4,156,780
	Depreciation	14.1.1	**4,140,137**	4,708,104
	Fees and subscription		**2,417,831**	895,932
	Freight and handling - local		**37,974,128**	39,073,263
	- export		**185,246,153**	263,305,214
	Miscellaneous		**2,149,375**	81,045
			290,531,798	358,037,366

29.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 3.714 million (2011: Rs. 2.38 million).

			2012 Rupees	2011 Rupees
30.	**Finance cost**			
	Markup on long term financing		**1,723,741,926**	2,356,067,754
	Markup on long term murabaha		**237,290,374**	255,373,473
	Markup on long term musharaka		**44,357,096**	128,466
	Markup on liability against assets subject to finance lease		**20,032,777**	25,725,199
	Markup on short term borrowings		**365,250,585**	604,356,468
	Exchange loss - net		**154,416,783**	9,279,065
	Bank charges and commissions		**25,624,650**	24,977,074
			2,570,714,191	3,275,907,499

		2012 Rupees	2011 Rupees
31.	**Other operating income**		
	Income from financial assets		
	Profit on deposit accounts	**13,572,761**	493,808
		13,572,761	493,808
	Income from non financial assets		
	Gain on disposal of operating fixed assets	**8,890,537**	2,075,291
	Rental income from investment property	**23,803,614**	21,172,260
	Gain on remeasurement of investment property to fair value	**2,068,835**	5,098,619
	Management fee from related party	**720,000**	680,000
	Sale of scrap	**29,818,770**	19,091,014
	Others	**12,702,578**	3,165,353
		91,577,095	51,776,345
32.	**Taxation**		
	Current	**315,828,367**	215,648,308
	Deferred - current	**1,312,305,890**	(234,843,535)
	- prior	**(522,131,146)**	-
		1,106,003,111	(19,195,227)

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

	2012 Rupees	2011 Rupees
Accounting profit	**5,015,643,988**	706,999,784
Tax on accounting profit at applicable rate of 35% (2011: 35%)	**1,755,475,396**	247,449,924
Under provision last year	**(522,131,146)**	-
Tax effect of low rates on certain income	**(311,275,033)**	(129,555,072)
Minimum tax	**315,828,367**	141,599,292
Tax effect of permanent differences	**(61,032,087)**	(338,671,266)
Tax effect of income taxable under final tax regime	**(70,118,543)**	58,223,735
Tax effect on inadmissible income	**-**	1,784,517
Tax effect on exempt income	**(743,843)**	(26,357)
	1,106,003,111	(19,195,227)

32.2 Parent company

The assessments of the Parent Company up to and including the Tax Year 2011 have been finalized under the self assessment scheme envisaged under the Income Tax Ordinance, 2001 [the Ordinance]. Further, during the year, the Parent Company has revised its returns of total income for the Tax Years 2008 to 2011, which stood also assessed in terms of section 122(3) of the Ordinance.

Assessments for the Assessment Year 2000-2001to 2002-2003 were finalized by the tax authorities mainly by curtailing business expenditure claimed by the Parent Company and charging surcharge on minimum tax. The appeals for Assessment Year 2000-2001 were decided against the Parent Company by the Appellant Tribunal Inland Revenue [ATIR] against which the Parent Company filed reference with the Islamabad High Court which is pending adjudication. The appeal filed with the Commissioner Inland Revenue (Appeals) [the CIR(A)] for the Assessment Year 2001-2002 was decided against the Parent Company and for the Assessment Year 2002-2003 certain issues were decided in favour of the Parent Company. Against these orders the Parent Company is in appeal with the ATIR which are pending adjudication.

Assessment for the Tax Year 2005 was rectified in terms of section 221 of the Ordinance by tax authorities on the issue of set off of brought forward assessed business losses there by raising a demand of Rs. 63.28 million. Later on another rectified order was framed under section 221 of the Ordinance whereby demand was reduced to Rs. 6.30 million after allowing adjustments of tax refunds and minimum tax paid for previous years.

The tax authorities initiated audit proceedings for the Tax Years 2006 through 2008 out of which the audit proceedings for the Tax Years 2006 and 2007 have been concluded.

While concluding the audit proceedings, the tax authority amended the assessment of the Parent Company thereby (a) disallowing the finance cost attributable to funds utilized for acquiring the share of Mustehkam Cement Limited, (b) disallowing the deduction claimed on account of donations paid to Bestway Foundation, and (c) dislodging the exemption claimed by Parent Company on interest derived from US dollars accounts. The Parent Company being aggrieved with the amended assessment order has preferred appeal before the CIR (A) which is sub-judice till to date. Further, the Parent Company has also filed application for rectification of certain mistakes floating on the surface of the order, which is also pending disposal till to date.

Similarly, on conclusion of audit proceedings for the Tax Year 2007, the tax authorities amended the assessment of the Parent Company thereby making various disallowances and charging tax on property income and dividend income under the presumptive mode of taxation [PTR] amounting to Rs. 8.42 million. On appeal filed by the Parent Company, the CIR (A) annulled the order of the tax authorities on all the issues except the taxation of property income and dividend income under PTR and disallowance of deduction claimed on account of donations paid during the year. The Parent Company as well as the tax authorities filed cross appeals before the ATIR on the issues not decided in their favour by the CIR (A). The appeals are sub-judice before the ATIR, till to date.

The tax authorities amended the assessment of the Parent Company for the Tax Year 2009 thereby making various disallowances. The Parent Company filed appeal with the CIR (A) and simultaneously moved rectification application with the tax authorities. While disposing of the rectification application, the tax authorities allowed partial relief to the Parent Company. The remaining issues were decided by the CIR (A) in favour of the Parent Company except the issue of disallowance of deductions claimed on account of donations. The Parent Company as well as the tax authorities have filed cross appeals with the ATIR on the issues not decided in their favour by the CIR(A). These appeals are sub-judice before the ATIR, till to date.

No provision has been made in these unconsolidated financial statements in respect of outstanding issues as management is confident of a favourable outcome.

The tax authorities have rectified the assessment of the Parent Company for the Tax Year 2010 thereby charging minimum tax under section 113 of the Income Tax Ordinance, 2001 amounting to Rs. 48.99 million. The Parent Company had filed appeal with the CIR (A) which was rejected by the CIR (A). The Parent Company being dissatisfied with the appellate order of the CIR (A) has filed second appeal before the ATIR.

The management of the Parent Company is confident of the favorable outcome of appeals filed by it and accordingly no provision has been recognized in these financial statements in respect of tax charged by the tax authorities through amendment / rectification of assessments.

32.3 Subsidiary company

The assessments of the Subsidiary Company upto and including the Tax Year 2011 stood finalized under section 120 of the Income Tax Ordinance, 2001 [the Ordinance]. During the year, the Subsidiary Company revised its returns of total income for the Tax Years 2010 and 2011, which stood assessed in terms of section 122 of the Ordinance. Further, the tax authority also ammended the assessment of the Subsidiary Company for the Tax Year 2010, thereby, charging minimum tax under section 113 of the Ordinance and disallowing credit of tax paid during the year. Being aggreived with the ammended assessment order framed by the tax authority, the Subsidiary Company filed appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)], which was rejected by the CIR(A). The Subsidiary Company has also filed rectification application with the tax authority to allow the credit of tax paid during the year, which is pending adjudication till to-date. The Subsidiary Company being aggrived with the appellate order of the CIR(A) has filed second appeal before the Appellate Tribunal Inland Revenue [ATIR], which is sub judice till to-date.

For the Assessment Year 1998-99 the Taxation Officer raised additional tax demand under section 87 of the 1979 Ordinance amounting to Rs. 10.388 million for nonpayment of advance tax. No appeal was filed with the Commissioner (Appeals) now Commissioner Inland Revenue (Appeals) [CIR (A)] against the impugned order upon instructions of the Government of Pakistan, being a State owned Enterprise, which insists upon resolution of disputes with the Federal Board of Revenue through inter ministerial consultations. As the Subsidiary Company is no more a State owned Enterprise, it therefore, pursued the case before the appellate authorities and accordingly filed an appeal with the CIR (A) with the request for condonation of delay in filing of appeal within the prescribed time. This request for condonation of delay was not accepted. The Subsidiary Company filed appeal with the Income Tax Appellate Tribunal now Appellate Tribunal Inland Revenue where the request for condonation in filing of appeal was also not entertained. Accordingly the Subsidiary Company filed a reference with the Honourable High Court; and believes for a favourable outcome of this reference therefore no provision has been made in these financial statement against this liability.

32.4 Associated company

The Group's share of associates' income tax related contingencies amounts to Rs. 574.21 million (2011: Rs. 559.062 million) which are in appeal at various forums.

33. Remuneration of the chief executive, directors and executives

	Chief Executive		Directors, including Chairman		Executives	
	Rupees					
	2012	2011	**2012**	2011	**2012**	2011
Managerial remuneration and allowances	**18,000,000**	18,000,000	**48,009,597**	43,503,003	**123,032,499**	98,674,027
Bonus	**-**	-	**2,812,796**	1,696,800	**9,874,368**	-
Provision for gratuity	**-**	-	**5,210,531**	1,417,167	**13,888,122**	5,401,995
Compensated absences	**-**	-	**1,678,931**	2,027,939	**10,355,095**	7,340,465
	18,000,000	18,000,000	**57,711,855**	48,644,909	**157,150,084**	111,416,487
Number of persons	**1**	1	**5**	5	**78**	66

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

34. Transactions with related parties

The Group is controlled by the Bestway (Holdings) Limited, U.K. ("ultimate parent company"), therefore all subsidiaries and associated undertakings of the ultimate parent company are related parties of the Group. Other related parties comprise of associate company, directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. Balances with related parties are shown elsewhere in the notes to these consolidated financial statements. Transactions with related parties are as follows:

		2012	2011
Transactions with ultimate parent company	**Note**	**Rupees**	Rupees
Management charges		**503,375**	559,141
Transactions with associated undertakings under common directorship			
Management fee		**720,000**	680,000
Service / bank charges		**4,645,822**	3,735,498
Dividend received		**796,022,824**	468,248,720
Sale of cement		**7,301,600**	3,618,080
Transactions with key personnel			
Remuneration to chief executive, directors and executives	34.1	**75,711,855**	66,644,909

	2012 Rupees	2011 Rupees
34.1 Remuneration, allowances and benefits		
Managerial remuneration and allowances	**66,009,597**	61,503,003
Bonus	**2,812,796**	1,696,800
Provision for gratuity	**5,210,531**	1,417,167
Compensated absences	**1,678,931**	2,027,939
	75,711,855	66,644,909

35. Financial instruments

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

Credit risk

Liquidity risk

Market risk

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

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

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

35.1 Credit risk

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

	2012 Rupees	2011 Rupees
Long term deposits	**89,676,874**	89,495,534
Long term advance	**20,015,000**	24,018,000
Trade debts	**462,301,006**	311,501,612
Advances	**6,507,367**	2,847,123

	2012 Rupees	2011 Rupees
Deposits	**4,447,281**	4,756,040
Interest accrued	**39,451**	76,190
Other receivables	**7,553,118**	30,369,297
Bank balances	**190,150,784**	137,727,475
	780,690,881	600,791,271

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

Domestic	**390,495,637**	276,478,077
Middle east and African countries	**9,944,367**	542,852
Asia - other than domestic	**61,861,002**	34,480,683
	462,301,006	311,501,612

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

End user customers	**17,046,501**	5,641,048
Dealers	**445,254,505**	305,860,564
	462,301,006	311,501,612

The maximum exposure to credit risk for trade debts at the reporting date are with dealers and represents debtors within the country. Included in these is an amount of Rs. 59.7 million (2011: Rs. 35.02 million) secured against the letter of credits.

The Group's most significant domestic customer is a dealer from whom Rs. 39.45 million (2011: Rs. 26.06 million) is outstanding at the year end.

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

Impairment losses

The aging of trade debts at the reporting date is:

	Gross 2012	Impairment 2012	Gross 2011	Impairment 2011
	Rupees		Rupees	
Not past due	-	-	-	-
Past due 1-30 days	**447,420,648**	-	303,828,309	-
Past due 31-60 days	**8,037,126**	-	1,833,200	-
Past due 61-90 days	**2,067,975**	-	-	-
Over 90 days	**4,775,257**	-	5,840,103	-
	462,301,006	-	311,501,612	-

Based on past experience, the management believes that no impairment allowance is necessary in respect of trade debts.

The allowance accounts in respect of trade debts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. The amount considered irrecoverable is written off against the financial asset directly.

35.2 Liquidity risk

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

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	After five years
2012	Rupees						
Financial liabilities							
Long term loans	9,311,388,896	11,730,339,133	2,036,121,355	1,890,866,484	3,684,953,105	3,995,858,771	122,539,418
Liability against assets subject to finance lease	111,490,362	128,484,256	32,660,312	32,660,312	63,163,632	-	-
Long term murabaha	1,765,000,000	1,792,429,158	1,726,149,698	34,186,307	32,093,153	-	-
Long term musharaka - secured	300,000,000	414,690,808	20,807,835	20,807,836	138,262,027	234,813,110	
Long term shirkat-ul-melk	200,000,000	259,004,000	13,032,000	13,104,000	123,004,000	109,864,000	
Trade and other payables	2,676,281,057	2,679,168,492	2,679,168,492	-	-	-	-
Markup accrued	417,969,419	417,969,420	417,969,420	-	-	-	-
Short term borrowings	3,947,343,438	4,334,405,987	3,866,673,151	467,732,836	-	-	-
	18,729,473,172	**21,756,491,254**	**10,792,582,263**	**2,459,357,775**	**4,041,475,917**	**4,340,535,881**	**122,539,418**
2011							
Financial liabilities							
Long term loans	13,482,222,228	17,189,622,698	3,034,213,703	3,512,475,707	5,413,561,729	5,229,371,559	-
Liability against assets subject to finance lease	157,556,169	198,467,487	33,209,810	33,209,810	66,419,620	65,628,247	-
Long term murabaha	1,885,000,000	2,149,810,220	76,157,244	71,566,833	1,969,744,548	32,341,595	-
Long term musharaka - secured	300,000,000	476,019,494	23,637,699	23,380,767	46,890,000	382,111,028	
Trade and other payables	2,126,667,746	2,126,549,659	2,126,549,659	-	-	-	-
Markup accrued	276,248,733	276,248,733	276,248,733	-	-	-	-
Short term borrowings	5,246,110,865	5,888,823,088	3,083,693,685	2,805,129,403	-	-	-
	23,473,805,741	28,305,541,379	8,653,710,533	6,445,762,520	7,496,615,897	5,709,452,429	-

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

35.3 Market risk

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

35.3.1 Currency risk

Exposure to currency risk	2012 US Dollars	2011 US Dollars
Trade debts	**759,202**	406,966
Bank balances	**418,579**	431,237
Secured bank loans	**(15,310,569)**	(18,580,586)
Net exposure	**(14,132,788)**	**(17,742,383)**

The following significant exchange rates applied during the year

	Average rate		Reporting date spot rates	
	2012	2011	**2012**	2011
Rupees/ Dollars	89.18	85.83	94.58	86.06

Sensitivity analysis

A five percent strengthening of the Pakistan Rupee against US Dollar at 30 June 2012 would have increased profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2011.

	Profit or loss Rupees
30 June 2012	
Effect in US Dollar - gain	**66,833,954**
	66,833,954
30 June 2011	
Effect in US Dollar - gain	76,345,474
	76,345,474

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

35.3.2 Interest rate risk

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

	Carrying Amount	
	2012 Rupees	2011 Rupees
Fixed rate instruments		
Financial assets	**20,015,000**	24,018,000
Financial liabilities	**4,839,766,649**	4,417,045,217
Variable rate instruments		
Financial assets	**119,105,015**	68,189,199
Financial liabilities	**10,295,456,047**	16,353,844,045

Fair value sensitivity analysis for variable rate instruments

The Group does not hold any financial asset or liability at fair value through profit and loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates throughout the year would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Profit or loss	
	100 basis points increase Rupees	**100 basis points decrease Rupees**
Cash flow sensitivity (net)		
Variable rate instruments	136,609,709	(136,609,709)
30 June 2012	**136,609,709**	**(136,609,709)**
Variable rate instruments	315,576,632	(315,576,632)
30 June 2011	315,576,632	(315,576,632)

35.4 Fair value of financial assets and liabilities

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

		2012		2011	
Assets carried at amortized cost	*Note*	**Carrying amount**	**Fair value**	Carrying amount	Fair value
		Rupees		Rupees	
Long term deposits		**89,676,874**	**89,676,874**	89,495,534	89,495,534
Long term advance	*18*	**20,015,000**	**20,015,000**	24,018,000	24,018,000
Trade debts	*21*	**462,301,006**	**462,301,006**	311,501,612	311,501,612
Advances	*22*	**6,507,367**	**6,507,367**	2,847,123	2,847,123
Deposits	*23*	**4,447,281**	**4,447,281**	4,756,040	4,756,040
Interest accrued		**39,451**	**39,451**	76,190	76,190
Other receivables		**7,553,118**	**7,553,118**	30,369,297	30,369,297
Bank balances	*25*	**190,150,784**	**190,150,784**	137,727,475	137,727,475
		780,690,881	**780,690,881**	600,791,271	600,791,271
Liabilities carried at amortized cost					
Long term loans	*5*	**9,311,388,896**	**9,311,388,896**	13,482,222,228	13,482,222,228
Liability against assets subject to finance lease	*6*	**111,490,362**	**111,490,362**	157,556,169	157,556,169
Long term murabaha	*7*	**1,765,000,000**	**1,765,000,000**	1,885,000,000	1,885,000,000
Long term musharaka - secured	*8*	**300,000,000**	**300,000,000**	300,000,000	300,000,000
Long term shirkat-ul-melk - secured	*9*	**200,000,000**	**200,000,000**	-	-
Trade and other payables	*11*	**2,676,281,057**	**2,676,281,057**	2,126,667,746	2,126,667,746
Markup accrued		**417,969,419**	**417,969,419**	276,248,733	276,248,733
Short term borrowings	*12*	**3,947,343,438**	**3,947,343,438**	5,246,110,865	5,246,110,865
		18,729,473,172	**18,729,473,172**	23,473,805,741	23,473,805,741

35.5 Determination of fair values

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

Non - derivative financial assets

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

Non-derivative financial liabilities

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

35.6 Capital management

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

36. Plant capacity and production of clinker	**Note**	**2012 Tonnes**	2011 Tonnes
Available capacity			
Parent Company:			
Hattar		**1,170,000**	1,170,000
Chakwal		**3,420,000**	3,420,000
Subsidiary Company:			
Hattar plant		**1,109,700**	1,109,700
Actual production			
Parent Company:			
Hattar		**951,106**	787,063
Chakwal	36.1	**1,958,151**	2,190,536
Subsidiary Company:			
Hattar plant		**871,437**	849,729

36.1 During the year the actual production from Chakwal remained limited due to shut down for the maintenance work.

37. General

These consolidated financial statements were authorized for issue by the Board of Directors of the Parent Company in their meeting held on 29 September 2012.

CHIEF EXECUTIVE **DIRECTOR & CFO**