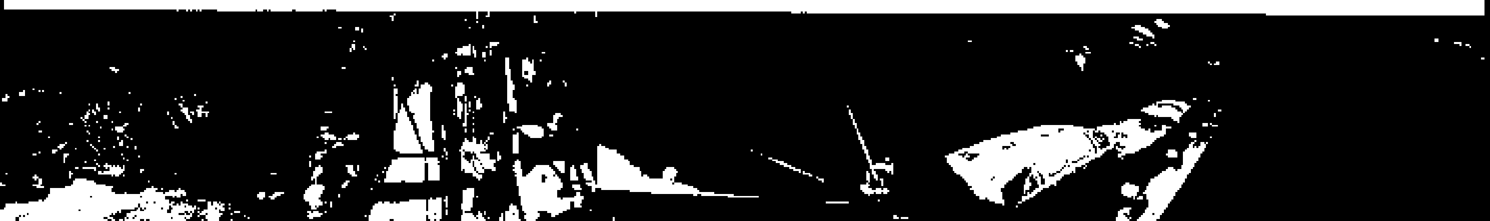
Building on Strength

Annual Report

2004



BESTWAY

Contents

VISION

To Produce High Quality Cement at the Lowest Cost

CORPORATE MISSION

Our mission is to:

- Consistently produce high quality cement
- Endeavor to be the lowest cost producer
- Achieve 20% of the market share of North Zone in the short term and ultimately 30% in the longer term
- Consistently maintain a high standard of customer service
- Continue to invest in human resource through training, development and promotions from within whenever possible in order to meet future expansion needs
- Continue to set aside adequate funds from net profits for fulfilling its various social responsibilities particularly in the field of education and health

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
Syed Asif Shah	Director Administration & Marketing
Mr. Ghulam Sarwar Malik	Director Procurement, Projects & Coordination
Mr. Mehmood Afzal	Director Works

Company Secretary

Mr. Kaleem Ashraf, ACA

Audit Committee

Syed Asif Shah	Chairman
Mr. Mehmood Afzal	
Mr. Ghulam Sarwar Malik	

Human Resource & Remuneration Committee

Mr. Muhammad. Irfan A. Sheikh	Chairman
Mr. Ghulam Sarwar Malik	
Mr. Arshad Mehmood Chaudhary	

Registered/ Head Office

Bestway Building, 19-A, College Road,
F-7 Markaz, Islamabad.
Tel: +92 (0) 51 265 4856 ~ 64
Fax: +92 (0) 51 265 4865
E-mail: management@bestway.com.pk

Plant Sites

Hattar
Suraj Gali Road, Village Shadi, Hattar, Distt. Haripur,
Khyber Pakhtunkhwa Pakistan.
Tel: +92 (0) 995 639 261 ~ 3, Fax: +92 (0) 995 639 265
E-mail: gmworks1@bestway.com.pk

Farooqia
12 k.m, Taxila-Haripur Road,
Farooqia, Teh. & Distt. Haripur,
Khyber Pakhtunkhwa Pakistan.
Tel: +92 (0) 995 639 501~3 Fax: +92 (0) 995 639 505
E-mail: gmworks2@bestway.com.pk

Chakwal
Village Tatral, Near PSO Petrol Pump
22 Km Kallar Kahar, Choa Saiden Shah Road
Chakwal, Pakistan.
Tel: +92 (0) 543 584 560~62 Fax: +92 (0) 543 584 274
Email: gmworks3@bestway.com.pk

Marketing Head Office
House 293-A, Peshawar Road, Rawalpindi
Tel: +92(0) 51 551 3110, 512 5128-9
Fax: +92(0) 51 551 3109
E-mail: gmmkt@bestway.com.pk

Statutory Auditors
KPMG Taseer Hadi & Co., Chartered Accountants.

Cost Auditors
BDO Ebrahim & Co., Chartered Accountants.

Legal Advisors
Raja M. Bashir, Advocate Supreme Court.

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

Directors' Report

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 2014 and the Auditors' Report thereon.

Overview of the Economy

The country recorded GDP growth of 4.14% for the fiscal year ended 30 June 2014 which is a slight improvement over growth of 3.7% for the year before. Large Scale Manufacturing (LSM) grew by 5.3% as compared to 4.08% while the construction sector registered a growth of 11.3% against contraction of 1.7% in the last year. Acceleration in the construction activity in the country primarily resulted from execution of various infrastructure projects and increased investment in small scale construction. While inflation and interest rates inched up during the year, power shortage remained the single largest impediment to economic growth.

Industry Overview

During the year under review, despatches of cement by the industry increased by a 2.5% to 34.3 million tonnes. Despatches in the domestic market increased by 4.3% due to increasing construction activity. However, exports contracted by 2.9% due to slower demand and competitive prices.

Acquisition of Lafarge Pakistan Cement Limited

Subsequent to the competitive bidding for acquisition of 75.86% shares in Lafarge Pakistan Cement Limited (LPCL), your Company's bid was declared successful and Bestway entered into a binding agreement on 23 July 2014 for the purchase of those shares at the price of US$ 217.8 million with total entreprise value of US$ 328.9 million.

Completion of acquisition and transfer of management entails various regulatory processes which are expected to complete around January 2015.

LPCL owns a state of the art 2.4 million tonnes per annum cement plant located in District Chakwal, Punjab. LPCL's acquisition will result in Bestway's capacity increasing to 8 million tonnes per annum representing 18% of total capacity in Pakistan and making it the largest cement manufacturer in the country.

The Board of Directors and management of your Company is excited about the addition of LPCL to Bestway's existing portfolio and committed to add efficiencies and synergies where possible resulting in better returns.

Pursuant to the acquisition of LPCL the Company shall also acquire 300,000 shares representing 50% of the issued share capital of Ecocen Pakistan (Pvt.) Limited held by Lafarge Industrial Ecology International for a consideration of Rs. 30 million.

Production and Sales

	2014 Tonnes	2013 Tonnes	Increase Tonnes	Percentage Increase
Clinker production	3,869 025	3,708,894	160 131	4.32%
Cement production	4 368 750	3,985,429	383 321	9.62%
Cement sales	4,371,841	3,976,740	395,101	9.94%

Figures for the 2014 comprise of full year for Bestway Cement including Farooqia Plant while 2013 comprise of full year for Bestway and six months of Farooqia Plant (formerly Mustehkam Cement Limited).

Year ended 30 June 2014 was yet another year of fierce competition for cement producers. Your Company was, however, able to successfully maintain its market share in the north zone at around 17% and retained its position as one of the largest cement producers in the country. Despite depression and competition in international markets, Bestway continued to be one of the largest exporters of cement to Afghanistan and India.

Operating Highlights

The Company recorded sales of Rs. 37.2 billion compared to Rs. 29.8 billion during the preceding year, which is an increase of 24.8%. Net turnover amounted to Rs. 29.0 billion compared to Rs. 24.1 billion for the preceding year. This increase of 20.3% was mainly due to addition of Farooqia plant in Company's capacity for the whole of this year compared to just six months in the last year pursuant to merger of Mustehkam Cement Limited into Bestway Cement Limited. The increase in turnover is also attributable to increase in domestic demand and better retention prices during the year.

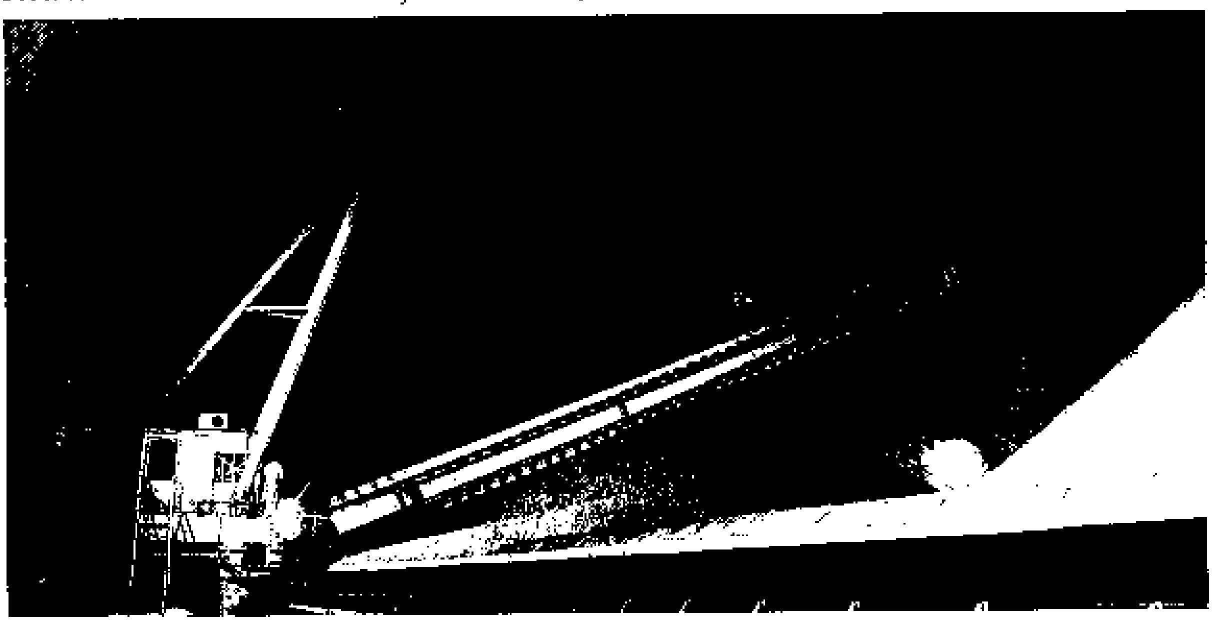
Gross profit increased to Rs. 11.4 billion from Rs. 9.9 billion last year. This increase was due to addition of Farooqia plant and higher turnover.

During the year under review, Bestway managed to reduce its financial charges to Rs. 462 million from Rs. 1.0 billion of last year. This decrease of 54.21% resulted mainly from healthy cash flows inspite of slightly higher mark up rates compared with last year.

Profit before taxation for the year ended 30 June 2014 stood at Rs. 11.11 billion as compared to Rs. 8.7 billion for the previous year. Profit after taxation for the year amounted to Rs. 8.6 billion as compared to Rs. 6.3 billion for the year ended 30 June 2013.

Your Company is among the largest tax payers in the country. During the year under review Bestway Cement contributed to the exchequer more than Rs.6.5 billion on account of sales tax and excise duty and Rs. 695 million on account of income tax. In addition, your Company pays large amounts on account of various indirect taxes to the federal, provincial and local governments.

Earnings per share of the Company for the year ended 30 June 2014 stood at Rs. 14.76 as against restated EPS of Rs. 10.86 for the year ended 30 June 2013.



Balance Sheet

Your Company continued to discharge its repayment obligations on all types of loans on a timely basis. The Company's total borrowings as at 30 June 2014 stood at Rs. 2.4 billion compared to Rs. 7.4 billion for the same period last year.

The capital and reserves of your Company grew to Rs. 29 billion as compared to Rs. 24 billion for the year ended 30 June 2013.

Net current assets on 30 June 2014 stood at Rs. 785 million as against net current assets of Rs. 1,221 million on 30 June 2013.

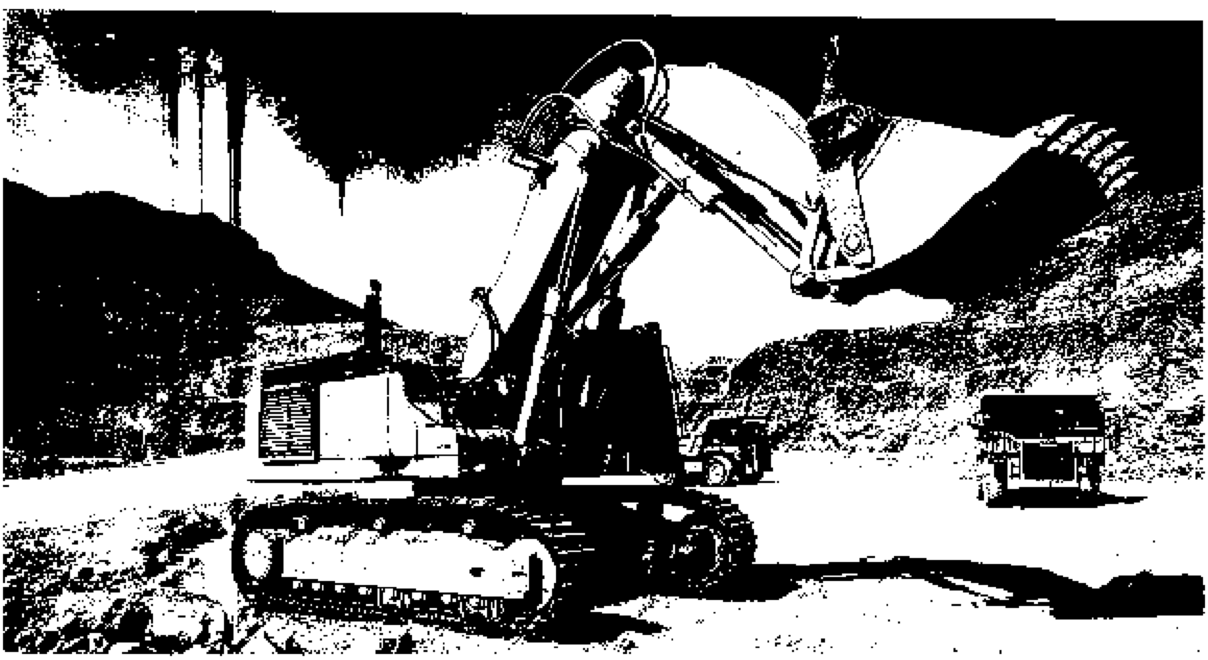
Other Investments

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 2013 stood at Rs. 28.96 billion as against Rs. 28.32 billion for the corresponding period last year which represents an increase of 2.26%.

We are delighted to inform you that the Bank paid out a cash dividend of 105% for the year ended 31 December 2013 thus providing a return of Rs. 983 million on your investment in the Bank as compared to Rs. 890 million for the year ended 31 December 2012.

Appropriation

The directors and management team of your Company are mindful of providing a superior return to the shareholders. In view of superb performance by your Company during the current period, the Directors feel great pleasure in recommending a final dividend of Rs. 2.5 per share. Interim dividends of Rs. 2.0 per share and Rs 2.5 per share were declared on 25 February 2014 and 24 April 2014 respectively which have already been paid out during the year. The total dividend is to be approved by the shareholders at the Annual General Meeting to be held on 23 September 2014.



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.

Alternative Energy & CPP Initiatives

Cement manufacturing is an energy-intensive process. Power represents one of the largest costs of production. Given the ever-increasing cost of electricity in the country the management of your Company decided to setup two waste heat recovery power plants at Hattar and Farooqia with generation capacities of 7.5 MV and 6 MV respectively.

The implementation of these projects will not only generate 13.5~14 MW power but also reduce emission of waste gases and have a very positive impact on environment. These projects will significantly reduce Company's dependence on external source of electricity thus helping in reduction of cost of production. The projects are making good progress and are expected to be fully operational before the end of financial year 2014-15.

In order to further reduce reliance on external power, your Company undertook three other captive power projects during the year. Three gas-fired gensets having rated capacity of 9.6 MV were successfully installed and commissioned at Hattar plant. A coal-fired boiler of 25 tonnes per hour capacity was installed at Chakwal plant for effective utilisation of existing power generating system of 14~15 MV installed with waste heat recovery power plant which previously remained unutilised during single kiln operation. Four gas-fired gensets having rated capacity of 12.8 MV were also installed at Chakwal plant but so far remain non-operational due to non-availability of gas.

Quality Assurance

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

Marketing

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

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

Acquisition of Lafarge Pakistan Cement Limited will further strengthen Bestway's standing in both domestic and international markets.

Training and Development

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

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

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

Health, Safety and Environment

Your Company attaches highest priority to the health and safety of its personnel who are an essential and valuable component of its operations. Initiatives including safety meetings, incident reporting, safety audits, good housekeeping and hygiene controls are actively and consistently pursued to instil safe behaviour in all personnel. Bestway Cement actively pursues protection and up gradation of the environment by ensuring that its plants continue to comply with established environmental quality standards at all times. Our plants not only meet the stringent environmental quality standards prescribed by the Environment Protection Authority of Pakistan, they even surpass the international standards for emissions. Not only does Bestway have a robust environmental control mechanism in place to ensure a cleaner environment, it also conducts a quarterly review of its production facilities through an independent expert.

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

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

Social Responsibility

Your Company regards itself as a responsible corporate citizen. Right from the outset, Bestway Cement has taken its social responsibilities, particularly towards the local community, very seriously and takes pride in its active participation in the development and welfare of the under-privileged. Bestway Foundation, the charitable trust of the Bestway Group to which your Company is a major contributor, was established in the year 1997. It works in close association with Bestway Cement and its main goal is provision of education in rural communities. The Foundation is also certified from the Pakistan Centre for Philanthropy.

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

In keeping with its philosophy, the Foundation decided to establish a large state-of-the-art school in District Chakwal. Suitable land has been earmarked for the project. Building plans have been finalized and necessary arrangements are being made to commence the construction work very soon.

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 a large number of 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. 50 million to various educational and health institutions. Some of the beneficiaries of that assistance include Institue of Business Administration, Muhammad Gulistan Khan Foundation, Layton Rahmatulla Benevolent Trust, National Society for Mentally and Emotionally Handicapped Children.

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 14,000 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

Once completed, Bestway's recent acquisition of Lafarge Pakistan Cement Limited should enable the Company to have deeper and wider market penetration, broader product offering and even better margins through economies of scale.

Power tariffs have continued to escalate unabated and further increases are on the horizon. However, Bestway's decision to set up waste heat recovery power plants at Hattar and Farooqia plants should help the Company to mitigate the impact of power tariff hikes in the future.

Coal prices have remained fairly stable and no major increase in prices is anticipated in the foreseeable future. As fuel represents one of the largest costs of production, stable coal prices bode well for the Company.

Inflation has kept below double digits and is likely to remain under check which should enable the central bank to reduce the interest rates. This, coupled with the Government's focus on infrastructure development should encourage economic activity in the country resulting in positive impact on cement demand in the domestic market.

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

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

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

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

The Directors are pleased to state that:

- The financial statements prepared by the management of the Company fairly present its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of account.
- Appropriate accounting policies have been adopted and consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgement.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored. The system itself is also subject to continuous review for enhancement wherever and whenever necessary.
- There are no doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance,

as detailed in the listing regulations.

- None of the directors, executives, spouses and minor children transacted any shares of the Company during the book closure periods notified in the year under review.
- Key financial data for the last six years is given in subsequent pages.
- Outstanding taxes, duties and charges have been disclosed in the financial statements.
- A statement of the pattern of shareholding in the Company as at 30 June 2014 of certain classes of shareholders whose disclosure is required under the Code of Corporate Governance is in subsequent pages.

Attendance by each director in the 11 Board Meetings held during the year was as follows:

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

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

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

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

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

Auditors

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

Acknowledgement

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

For and on behalf of the Board

Chief Executive
30 August 2014
Islamabad

Statement of Value Addition

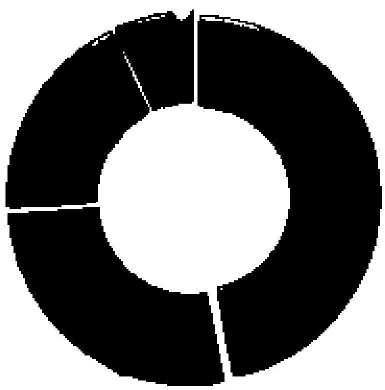
	2014		2013	
	Rs '000	%	Rs '000	%
Gross turnover	37,190,420	176	29,810,044	176
Less: Operating expenses	(17,830,355)	(84)	(14,377,565)	(85)
	19,360,065	91	15,432,479	91
Add: Share of profit from associate	1,662,211	8	1,436,217	8
Other income	138,371	1	55,371	0
Total value added	21,160,647	100	16,924,066	100
Distributed as follows:				
Employee remuneration and benefits	1,023,180	5	1,103,879	7
To Government as:				
Company taxation	2,562,419	12	2,386,162	14
Levies	6,523,946	31	4,623,337	27
Royalty and excise duty	288,725	1	167,915	1
Workers fund	596,702	3	378,397	2
	9,971,792	47	7,562,506	45
To shareholders as:				
Dividend**	4,055,694	19	2,312,808	14
To society as:				
Charitable donations	86,069	* 0	79,553	* 0
Financial charges to providers of finance	462,030	2	1,009,128	6
Retained in business				
Depreciation	1,061,031	5	873,954	5
Amortization	5,919	0	6,775	0
Net earnings	4,494,932	21	3,975,463	23
	5,561,882	26	4,856,192	29
	21,160,647	100	16,924,066	100

* Negligble

** Includes appropriation proposed by BOD after the balance sheet date.

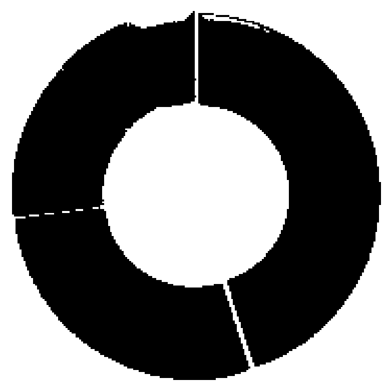
Wealth Distribution

2014



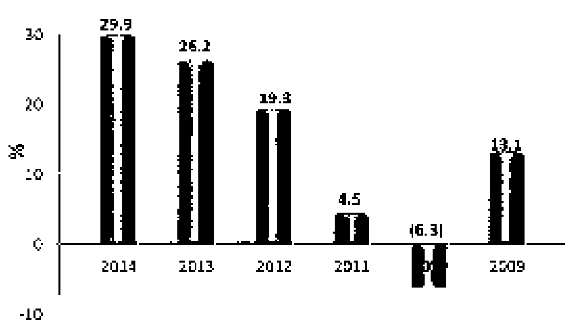
- 47% Government
- 27% Retained in Business
- 19% Shareholders
- 5% Employee's Remuneration & Benefits
- 2% Finance Costs

2013

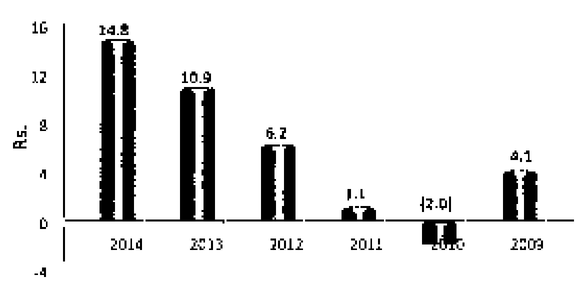


- 45% Government
- 28% Retained in Business
- 14% Shareholders
- 7% Employee's remuneration & Benefits
- 6% Finance Costs

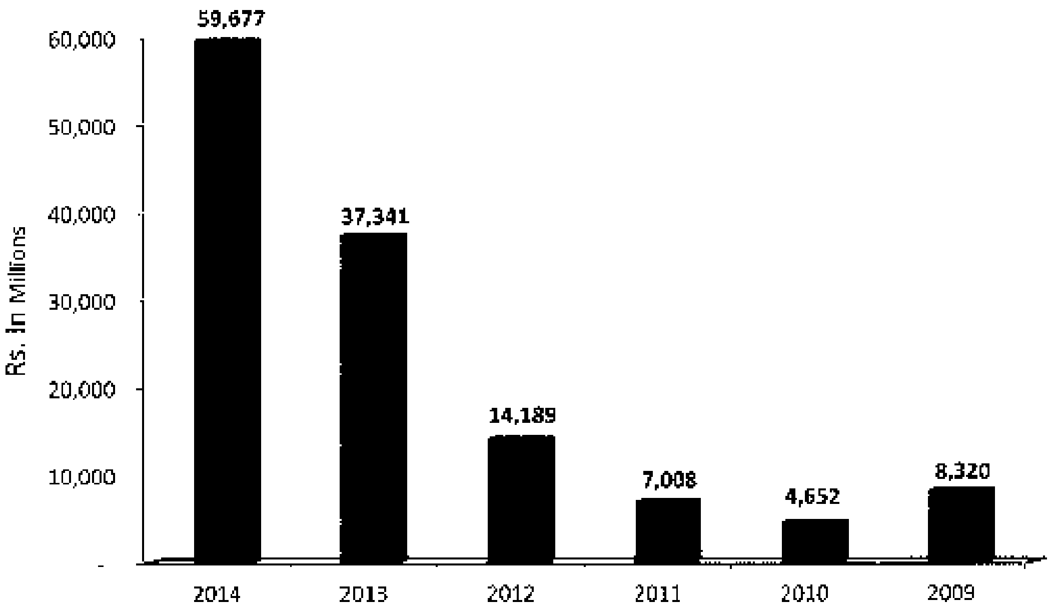
Return on Equity



Earnings per share- Restated

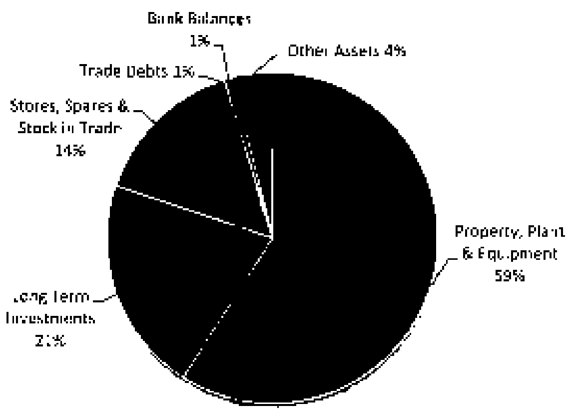


Market Capitalisation

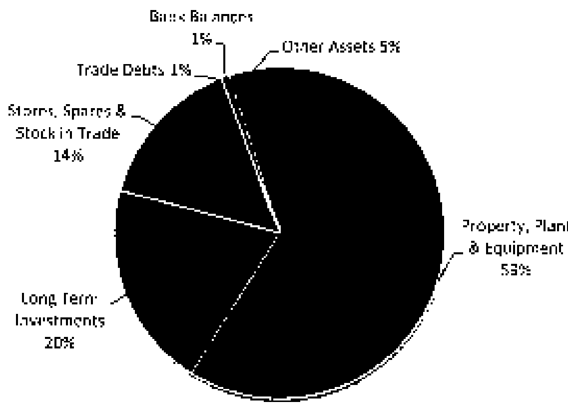


Assets

2014

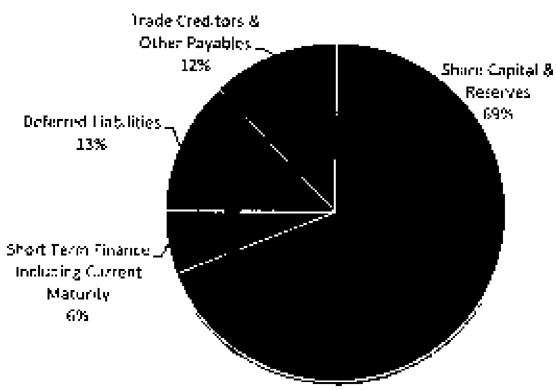


2013

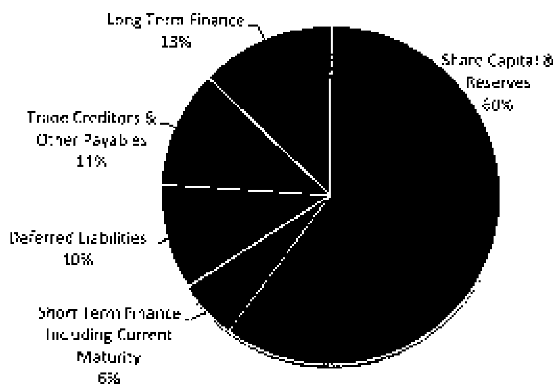


Shareholders' Fund & Liabilities

2014



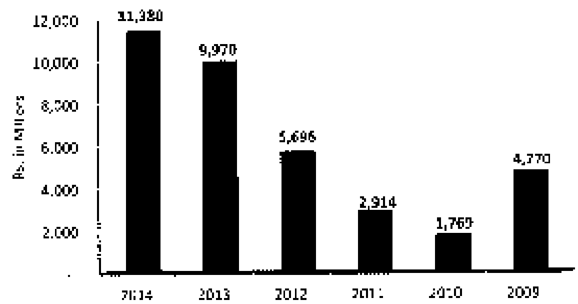
2013



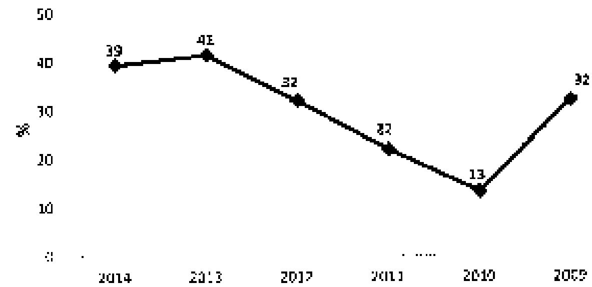
Profitability at a Glance

Profitability

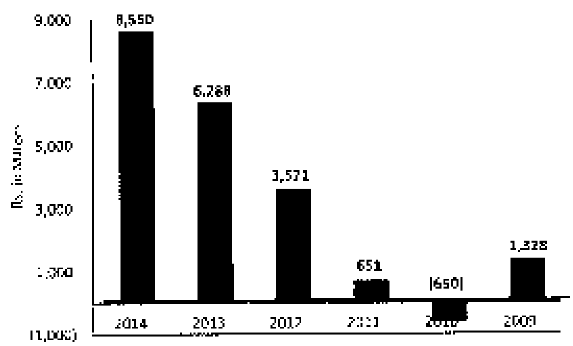
Gross Profit



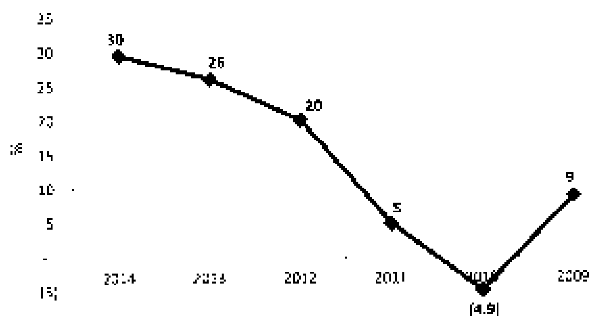
Gross Profit Ratio



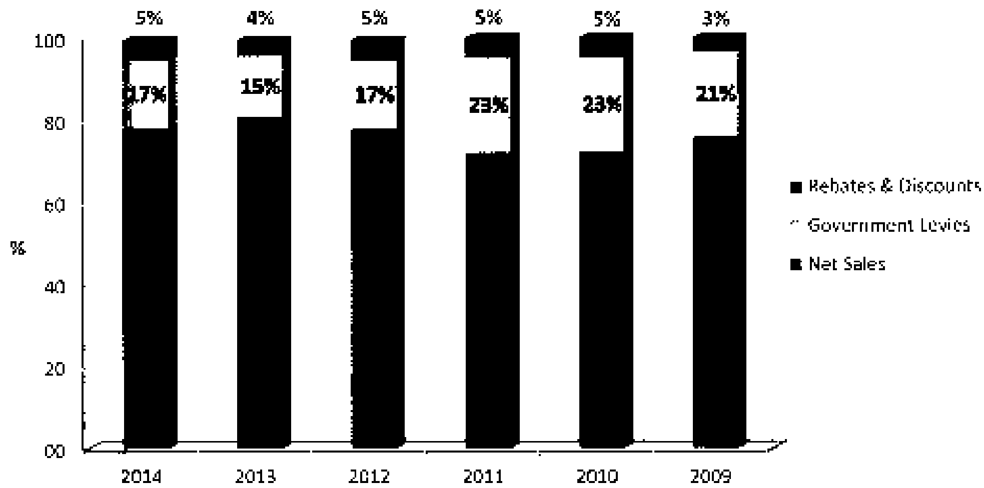
Net Profit



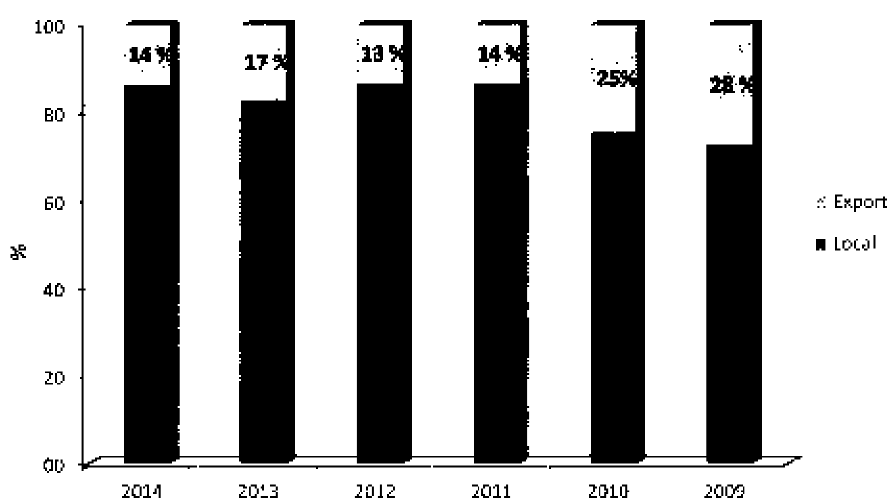
Net Profit Ratio



Gross Turnover Breakup



Gross Turnover by Market



Key Operating and Financial Data for Six Years

	2014	2013	2012	2011	2010	2009
Operating Results			Rupees in millions			
Turnover (net)	28,951	24,074	17,769	13,332	13,333	14,614
Cost of sales	17,570	14,104	12,093	10,419	11,564	10,044
Gross profit	11,380	9,970	5,696	2,914	1,769	4.770
Operating profit	10,371	8,577	5,152	2,405	571	3.163
Financial charges	462	1,009	1,916	2,489	2,223	2,286
Profit/(loss) before taxation - Restated	11,113	8,681	4,501	896	(853)	1.559
Profit/(loss) after taxation - Restated	8,551	6,288	3,571	651	(650)	1.328
Balance Sheet			Rupees in millions			
Shareholders' funds - Restated	28,575	23,955	18.471	14,611	10,312	10,121
Operating fixed assets	24,256	23,508	15,849	16,459	16,896	16,991
Long term financing	-	5,116	5,574	8,221	11,571	11,786
Liability subject to finance lease	-	-	57	110	154	194
Net current liabilities	785	1,208	2,917	4,526	4,310	2,606
Significant Financial Ratios			Percentages			
Gross profit ratio	39.31	41.41	32.02	21.86	13.27	32.20
Net profit ratio	29.54	26.12	20.07	4.88	(4.88)	8.96
Interest coverage ratio	25.05	9.60	3.35	1.36	0.62	1.68
Return on equity	29.92	26.25	19.33	4.46	(6.30)	13.12
Earnings/(loss) per share	14.76	10.86	6.19	1 12	(2.00)	4.08
Dividend	65.00	20.00	-	-	-	-
			In thousand metric tonnes			
Despatches of cement	4,372	3,977	3,270	3,208	4,253	3,390

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Listing Regulation # 35 of listing regulations of the Karachi Stock Exchange 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 CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At the time of latest elections of directors, no shareholder other than the retiring directors contested the election. Hence at present the board does not include independent directors, non-executive directors as one third of total number of directors and directors representing minority shareholders. Further the Chairman of the Board is also an Executive Director. Representative position on the board is as follows:

Name of the Director	Representative Position
Sir Mohammed Anwar Pervez	Executive
Mr. Zameer Mohammed Choudrey	Executive
Mr. Arshad Mehmood Chaudhary	Non-Executive
Mr. M. Irfan A Sheikh	Executive
Mr. Ghulam Sarwar Malik	Executive
Mr. Mehmood Afzal	Executive
Syed Asif Shah	Executive

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this 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 on the board of directors of the Company during the year ending 30 June 2014.

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 and procedures.

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

7. All the powers of the board have been duly exercised and decision 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 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, alongwith the agenda and working papers were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated.

9. The Company has arranged Orientation Courses for its Directors during the preceding years to make them aware of their duties and responsibilities. Moreover in compliance with the requirements of the CCG, two directors have obtained certification under "the Board Development Series" program offered by the Institute of Chartered Accountants of Pakistan.

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 CCG 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 by 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 CCG.

15. The Board has formed an audit committee. It comprises of three members, and all of the members including the Chairman of the Committee are executive directors.

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

17. **The Board has formed an HR and Remuneration Committee. It comprises of three members out of which only one member is a non-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 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 the 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 CCG have been complied with.

For and on behalf of the Board

Zameer Mohammed Choudrey
Chief Executive

30 August 2014
Islamabad

Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Bestway Cement Limited, ("the Company") for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No.35 of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirments of the Code . 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 of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recomendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternative pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2014.

Further, we highlight below instances of non -compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

i. As stated in paragraph 01, the Board of Directors does not include independent director, non executive directors as one third of total number of directors and directors representing minority share holders and further the Chairman of the Board is an executive director. Consequently, as stated in paragraph 15, all the members including the Chairman of the audit committee are executive directors and as stated in paragraph 17, HR and remuneration committee includes only one non-executive director.

Date: 30 August 2014
Islamabad

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner
Muhammad Rehan Chughtai

The role of the Board Audit Committee in the context of the Board's broader governance framework is to oversee:

- The integrity of financial statements;
- The appointment, remuneration, qualification, independence and performance of External Auditors
- The performance and leadership of Internal audit function
- The outcome of Internal Audit activities
- The effectiveness of system of internal controls and risk management
- Compliance with legal and regulatory requirements
- Compliance by management with constraints imposed by Board

The Audit Committee has concluded its review of the conduct and operations of the Company during 2014, and report that:

- The Financial Statements, Directors Report and other information in the Annual Report have been reviewed by the Chief Executive Officer and the Chief Financial Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.

- Appropriate accounting policies have been consistently applied. Applicable International Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended 30 June 2014, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.

- The preparation of Financial Statements is in conformity with International Financial Reporting Standards as applicable in Pakistan and requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments were continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances.

- Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and the external reporting is consistent with Management processes and adequate for shareholder needs.

- The Company has issued a "Statement of Compliance with the Code of Corporate Governance" which has also been reviewed and certified by the Auditors of the Company.

- Understanding and compliance with Company codes and policies has been affirmed by the Management and employees of the Company individually. Employees have confirmed and signed their understanding of the Company's code of ethics.

- All direct or indirect trading and holdings of Company's shares by Directors & executives or their spouses were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction which were notified by the Company Secretary to the Board within the stipulated time. All such holdings have been disclosed in the

Pattern of Shareholdings. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.

- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

Internal Audit

- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy. The internal control framework has been effectively implemented through an independent in-house Internal Audit function established by the Board which is independent of the External Audit function.

- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.

- The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required

- The Head of Internal Audit has direct access to the Chairman of the Board Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.

- During the year four Board Audit Committee meetings were held to ensure that the Audit Function effectively performed its assigned task.

- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory Auditors of the Company, KPMG Taseer Hadi & Co., Chartered Accountants, have completed their Audit assignment of the Company's Financial Statements and the Statement of Compliance with the Code of Corporate Governance for the financial year ended 30 June 2014 and shall retire on the conclusion of the 21st Annual General Meeting.

- The Audit Committee has reviewed and discussed Audit observations and Audit Management Letter with the External Auditors.

- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors attended the General Meeting of the Company during the year and have indicated their willingness to continue as Auditors.

- The Audit Committee has recommended the reappointment of KPMG Taseer Hadi & Co., Chartered Accountants, as External Auditors of the Company for the year ending 30 June 2015.

Syed Asif Shah
Chairman, Board Audit Committee

30 August 2014
Islamabad.

Auditors' Report to the Members

We have audited the annexed balance sheet of Bestway Cement Limited ("the Company")as at 30 June 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of 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 balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as mentioned in not 3.1 to which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with 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 2014 and of the profit, its cash flows and changes in equity for the year then ended; and

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

KPMG Taseer Hadi & Co.

Islamabad
30 August 2014

KPMG Taseer Hadi & Co.
Chartered Accountants
Engagement Partner:
M. Rehan Chughtai

Balance Sheet as at 30 June 2014

	Note	2014	2013
		....Rupees in thousands....	
			Restated
SHARE CAPITAL AND RESERVES			
Authorised share capital			
700,000,000 (2013: 700,000,000) ordinary shares of Rs. 10 each		**7,000,000**	7,000,000
Issued, subscribed and paid up share capital	4	**5,793,849**	5,793,849
Share premium		**3,225,770**	3,225,770
Exchange translation reserve		**1,069,489**	1,043,087
Cash flow hedge reserve		**-**	(1,097)
Surplus on revaluation of available for sale investments		**202,138**	378,473
Unappropriated profit		**18,283,450**	13,504,017
		28,574,696	23,944,099
NON CURRENT LIABILITIES			
Long term financing - secured	5	**-**	4,815,972
Long term musharaka - secured	6	**-**	200,000
Long term shirkat-ul-melk - secured	7	**-**	100,000
Long term advance		**5,988**	-
Deferred liabilities	8	**5,349,783**	4,053,910
		5,355,771	9,169,882
CURRENT LIABILITIES			
Trade and other payables	9	**4,899,142**	4,422,079
Markup accrued		**12,324**	68,827
Short term borrowings - secured	10	**2,373,832**	952,645
Current portion of long term financing	5	**-**	1,052,778
Current portion of liability against assets subject to finance lease		**-**	59,061
Current portion of long term musharaka	6	**-**	100,000
Current portion of shirkat-ul-melk	7	**-**	100,000
Provision for taxation - net		**160,738**	-
		7,446,036	6,755,390
		41,376,503	39,869,371

CONTINGENCIES AND COMMITMENTS 11

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE

Balance Sheet as at 30 June 2014

	Note	2014	2013
		....Rupees in thousands....	
			Restated
NON CURRENT ASSETS			
Property, plant and equipment	12	**24,224,368**	23,470,214
Intangible asset	13	**32,374**	38,293
Investment property	14	**345,785**	347,883
Long term investment	15	**8,444,559**	7,933,979
Long term advance		**8,006**	12,009
Long term deposits	16	**90,323**	90,266
		33,145,415	31,892,644
CURRENT ASSETS			
Stores, spare parts and loose tools	17	**4,044,671**	3,510,782
Stock in trade	18	**1,932,612**	2,223,435
Trade debts - considered good	19	**571,981**	288,672
Advances	20	**400,784**	214,043
Deposits and prepayments	21	**21,518**	64,598
Interest accrued		**704**	140
Other receivables		**1,820**	1,321
Due from Government agencies	22	**1,040,736**	1,351,067
Bank balances	23	**216,262**	322,669
		8,231,088	7,976,727
		41,376,503	39,869,371

DIRECTOR & CFO

Profit and Loss Account for the year ended 30 June 2014

	Note	2014	2013
		....(Rupees in thousands)....	
			Restated
Turnover - net	24	**28,950,528**	24,074,046
Cost of sales	25	**17,570,204**	14,103,717
Gross profit		**11,380,324**	9,970,329
Administrative expenses	26	**302,155**	595,465
Distribution cost	27	**706,974**	797,798
Other expenses	28	**596,702**	378,397
Finance cost	29	**462,030**	1,009,128
Other income	30	**(138,371)**	(55,370)
		1,929,490	2,725,418
Share of profit in associated company	15.1	**1,662,211**	1,436,217
Profit before taxation		**11,113,045**	8,681,128
Taxation	31	**(2,562,419)**	(2,386,162)
Profit for the year		**8,550,626**	6,294,966
		....(Rupees)....	
Earnings per share - basic and diluted	35	**14.76**	10.88

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

Statement of Comprehensive Income for the year ended 30 June 2014

	2014	2013
	....(Rupees in thousands)...	
		Restated
Profit for the year	**8,550,626**	6,294,966
Exchange translation reserve	**26,402**	144,570
(Deficit) / surplus on revaluation of available for sale investment	**(195,928)**	544,884
Related deferred tax liability on surplus /(deficit) on revaluation of		
Available for sale investments	**19,593**	(54,488)
Gain on cash flow hedge reserve	**1,219**	3,295
Related deferred tax liability on cash flow hedge reserve	**(122)**	(330)
Other comprehensive income for the year - net of tax	**(148,836)**	637,931
Items that will never be reclassified to profit and loss		
Actuarial loss on gratuity valuation (Note 8.2.1)	**(7,165)**	(4,475)
Tax adjustment on gratuity valuation	**1,973**	1,232
	(5,192)	(3,243)
Total comprehensive income for the year	**8,396,598**	6,929,654

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

Cash Flow Statement for the year ended 30 June 2014

	Note	2014	2013
		....(Rupees in thousands)....	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		11,113,045	8,681,128
Adjustments for:			
Gain on disposal of operating fixed assets		(24,284)	(4,868)
Depreciation		1,061,031	873,954
Amortization		5,919	6,775
Rental income from investment property		(24,639)	(19,267)
Profit on deposit accounts		(51,794)	(20,268)
Gain on remeasurement of investment property to fair value		(31,791)	-
Share of profit in associated company		(1,662,211)	(1,436,217)
Finance cost		462,030	1,009,128
Provision for staff retirement benefits		38,752	35,434
		(226,987)	444,670
		10,886,058	9,125,798
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(327,402)	(177,931)
Stock in trade		290,823	(506,089)
Trade debts		(283,309)	170,110
Advances		(186,741)	(23,006)
Deposits and prepayments		43,080	(48,521)
Other receivables		(499)	6,157
Due from Government agencies		(111,104)	(105,470)
Increase in current liabilities			
Trade and other payables		329,734	822,015
		(245,418)	137,265
Cash generated from operations		10,640,640	9,263,063
Finance cost paid		(518,533)	(1,341,497)
Staff retirement benefits paid		(13,962)	(14,596)
Income tax paid		(694,882)	(310,976)
		(1,227,377)	(1,667,069)
Net cash generated from operating activities		9,413,263	7,595,994
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in operating fixed assets		(959,737)	(287,757)
Additions in capital work in progress		(1,046,563)	(166,982)
Proceeds from sale of operating fixed assets		42,802	10,510
Rent received from investment property		30,945	23,548
Decrease in long term advance		4,003	4,003
Profit on deposit accounts received		51,230	20,167
Addition to long term deposits		(57)	(239)
Dividend received		983,322	889,673
Additions in long term investment		-	(4,426)
Net cash (used in) / generated from investing activities		(894,055)	488,497
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - disbursements		-	1,910,000
- repayments		(5,868,750)	(4,552,639)
Long term shirkat-ul-melk - repayments		(200,000)	-
Liability against asset subject to finance lease - repayments		(59,061)	(52,429)
Long term murabaha - repayments		-	(1,765,000)
Long term musharika - repayments		(300,000)	-
Dividend paid		(3,618,991)	(880,038)
Increase in short term borrowings		-	(2,944,767)
Net cash used in financing activities		(10,046,802)	(8,284,873)
Net decrease in cash and cash equivalents		(1,527,594)	(200,382)
Cash and cash equivalents at beginning of the year		(629,976)	(538,707)
Cash and cash equivalents transferred from MCL under Scheme of amalgamation		-	109,113
Cash and cash equivalents at end of the year	36	(2,157,570)	(629,976)

The annexed notes from 1 to 38 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

Statement of Changes In Equity for the year ended 30 June 2014

	Issued, subscribed and paid up share capital	Capital Reserves: Share premium	Capital Reserves: Exchange translation reserve	Capital Reserves: Cash flow hedge reserve (net of tax)	Capital Reserves: Surplus / (deficit) on revaluation of available for sale investment (net of tax)	Revenue reserve: Unappropriated profit	Total
	............(Rupees in thousands)............						
Balance at 01 July 2012	5,782,020	3,225,770	898,517	(4,062)	(111,923)	8,680,896	18,471,218
Effect of change in accounting policy (note 8.2.1)	-	-	-	-	-	(14,373)	(14,373)
Balance at 01 July 2012 - as restated	5,782,020	3,225,770	898,517	(4,062)	(111,923)	8,666,523	18,456,845
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	6,294,966	6,294,966
Other comprehensive income for the year	-	-	144,570	2,965	490,396	(3,243)	634,688
Total comprehensive income for the year	-	-	144,570	2,965	490,396	6,291,723	6,929,654
Transactions with owners, recorded directly into equity							
Amount recognized pursuant to Scheme of amalgamation	-	-	-	-	-	(297,825)	(297,825)
Allocated shares pursuant to Scheme of amalgamation	11,829	-	-	-	-	-	11,829
Dividend - Interim @ Rs. 2 per share	-	-	-	-	-	(1,156,404)	(1,156,404)
Total transactions with owners, recorded directly into equity	11,829	-	-	-	-	(1,454,229)	(1,442,400)
Balance at 30 June 2013	**5,793,849**	**3,225,770**	**1,043,087**	**(1,097)**	**378,473**	**13,504,017**	**23,944,099**
Profit for the year	-	-	-	-	-	8,550,626	8,550,626
Other comprehensive income	-	-	26,402	1,097	(176,335)	(5,192)	(154,028)
Total comprehensive income for the year	-	-	26,402	1,097	(176,335)	8,545,434	8,396,598
Transactions with owners, recorded directly into equity							
Dividend - Final 2013 @ Rs. 2 per share	-	-	-	-	-	(1,158,770)	(1,158,770)
Dividend - Interim @ Rs. 2 per share	-	-	-	-	-	(1,158,770)	(1,158,770)
Dividend - Interim @ Rs. 2.5 per share	-	-	-	-	-	(1,448,462)	(1,448,462)
Total transactions with owners, recorded directly into equity	-	-	-	-	-	(3,766,002)	(3,766,002)
Balance at 30 June 2014	**5,793,849**	**3,225,770**	**1,069,489**	**-**	**202,138**	**18,283,450**	**28,574,696**

The annexed notes from 1 to 38 form an integral part of these 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 22 December 1993 under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange Limited since 09 April 2001. The Company is principally engaged in production and sale of cement. The Company's registered office is situated at Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

- investment property has been measured at fair value;
- liability related to staff retirement benefit are measured at values determined through actuarial valuation; and
- available for sale investments have been measured at fair value.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

2.4.1 Property, plant and equipment

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

2.4.2 Provision for inventory obsolescence and doubtful receivables

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

2.4.3 Taxation

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

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

2.4.4 Provision of staff retirement gratuity

The Company adopts certain actuarial assumptions as disclosed in note 8.2 to these financial statements for determination of present value of defined benefit obligations. Any change in these assumptions in future years might affect profit and loss 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 assets

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

2.4.7 Fair value of investment property

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

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 July 2014:

IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation is not likely to have an impact on Company's financial statements.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not likely to have an impact on Company's financial statements.

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

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novation (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. The amendment has no impact of the financial statements of the Company.

Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendment has no impact on the financial statements of the Company.

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. The amendment has no affect on the financial statemtens of the Company.

IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The amendment has no impact on the financial statements of the Company. This standard has no impact on the financial statements of the Company.

IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The standard is not likely to have material impact on the financial statements of the Company.

IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. This standard has no impact of the financial statements of the Company except for certain additional disclosures.

Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments has no impact on the financial statements of the Company.

Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendment has no impact on the financial statements of the Company.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition. The amendment has no impact on the financial statements of the Company.

IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves. The amendment has no impact on the financial statements of the Company.

IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities. The amendment has no impact on the financial statements of the Company.

Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset. The amendment has no impact on the financial statements of the Company.

IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity. The amendment has no impact on the financial statements of the Company except for certain additional disclosures.

IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination. The amendment has no impact on the financial statements of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as stated in note 3.1.

3.1 Employees' Benefits

Gratuity - Defined benefit plan

The Company maintains an unfunded gratuity scheme for all its eligible employees. Annual provision for gratuity is made on the basis of actuarial valuation carried out by using the Projected Unit Credit Method. Latest valuation was conducted as at 30 June 2014.

Change in accounting policy - defined benefit plan

IAS 19 (as revised in June 2011) "Employee Benefit" became effective during the period. The amendments to IAS 19 changed accounting for defined benefit plans. The most significant change relates to the accounting for change in defined benefit obligations and fair value of plan assets when they occur, and hence eliminate 'corridor limit' permitted under the previous version of IAS 19 and accelerate the recognition of past service cost. Now, all actuarial gain and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in June 2011), which is calculated by applying the discount rate on net defined liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. Effects of retrospective application of this change in accounting policy has been disclosed in note 8.2.1. Third balance sheet as at beginning of the proceeding period is not presented because the retrospective change in accounting policy does not have a material effect on the financial statements.

Compensated absences

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

3.2 Taxation

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

Current

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

Deferred

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

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

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

3.3 Provisions

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

3.4 Borrowing cost

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

3.5 Property, plant and equipment

Tangible assets

Owned

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

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

Depreciation is charged to income applying the reducing balance method except leasehold land, buildings and plant and machinery. Buildings and plant and machinery are depreciated on straight line method. Leasehold land is amortized over the remaining period of the lease. Rates of depreciation / estimated useful lives are mentioned in note 12.1.

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

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

Leased

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

3.6 Intangible assets

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

Amortization of intangible assets, having finite useful life, is charged by applying straight line method over their estimated useful lives, so as to write off the cost of assets at amortization rate as mentioned in note 13 to the financial statements.

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

3.7 Investment property

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

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

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification became its cost for subsequent accounting.

3.8 Impairment

Non-financial assets

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

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

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

Financial assets

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

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

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

3.9 Foreign currency

Foreign currency transactions

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

Foreign operations

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

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

3.10 Investments

Investments in subsidiary and associated company

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

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Investment in associates is accounted for under the equity method and are recognised initially at cost. The cost of the investment includes transaction costs. The financial statements include the Company's share of the profit or loss and other comprehensive income of equity-accounted investees, from the date that significant influence commences until the date that significant influence ceases.

When the Company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The Company has an associate which is a banking company engaged in commercial banking and related services. The applicability of International Accounting Standard 39, Financial

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

3.11 Stores, spare parts and loose tools

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

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

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

3.12 Stock in trade

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

3.13 Revenue recognition

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

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

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

3.14 Markup bearing borrowings

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

3.15 Financial instruments

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

Trade and other payables

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

Trade debts and other receivables

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

Avaiable for sale financial assets

Available for sale financial assets are recognised initially at fair value plus directly attributable transaction cost.

Subsequent to initial recognition, they are measured at fair value and changed therein, other than impairment losses and foreign currency differences on available for sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit and loss.

Offsetting of financial assets and financial liabilities

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

3.16 Cash and cash equivalents

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

3.17 Dividend

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

3.18 Earnings per share

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

3.19 Business Combination

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

4 Issued, subscribed and paid up share capital

2014	2013		2014	2013
Number of shares			....(Rupees in thousands)....	
515,346,496	514,163,552	Ordinary shares of Rs.10 each issued for cash	**5,153,465**	5,141,636
64,038,422	64,038,422	Ordinary shares of Rs. 10 each issued as fully paid bonus share	**640,384**	640,384
-	1,182,944	Allocated ordinary shares of Rs. 10 each pursuant to scheme of amalgamation	-	11,829
579,384,918	579,384,918	**Total**	**5,793,849**	5,793,849

4.1 Bestway (Holdings) Limited, U.K. is the parent company controlling 319,885,740 i.e. 55.32% (2013: 319,885,740 i.e. 55.32%) ordinary shares of Rs. 10 each of the Company and 38,164,582 (2013: 41,470,129) ordinary shares of Rs. 10 each and 39,121,271 (2013:39,121,271) ordinary shares of Rs. 10 each are held by nominee directors and associated company respectively.

5 Long term financing - secured	Note	2014	2013
		....(Rupees in thousands)....	
Loans from banking companies	5.1	-	3,943,750
Syndicate term finance facilities	5.2	-	1,925,000
		-	5,868,750
Current portion of long term financing		-	(1,052,778)
		-	4,815,972

		Note	2014	2013
			....(Rupees in thousands)....	
5.1	**Loans from banking companies**			
	Term Finance from Allied Bank Limited	5.3	-	333,333
	Term Finance from Habib Bank Limited	5.3	-	300,000
	Term Finance from Habib Bank Limited	5.3	-	1,591,667
	Term Finance from Soneri Bank Limited	5.3	-	300,000
	Term Finance from Faysal Bank Limited	5.3	-	500,000
	Term Finance from Soneri Bank Limited	5.3	-	262,500
	Term Finance from Allied Bank Limited	5.3	-	656,250
			-	3,943,750
5.2	**Syndicate term finance facilities**			
	Term finance from syndicate	5.3	-	1,025,000
	Term finance from syndicate	5.3	-	900,000
			-	1,925,000

5.3 These facilities have been repaid during the year.

6 Long term musharaka - secured

	Note	2014	2013
Meezan Bank Limited	6.1	-	300,000
Less: Current portion of long term musharaka		-	(100,000)
		-	200,000

6.1 This facility has been repaid during the year.

7 Long term shirkat-ul-melk - secured

	Note	2014	2013
Dubai Islamic Bank Pakistan Limited	7.1	-	200,000
Less: Current portion of shirkat-ul-melk		-	(100,000)
		-	100,000

7.1 This facility has been repaid during the year.

8 Deferred liabilities

	Note	2014	2013 Restated
Deferred taxation	8.1	**5,130,486**	3,866,567
Provision for gratuity	8.2	**199,730**	164,451
Provision for compensated absences	8.3	**19,567**	22,892
		5,349,783	4,053,910

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

	Note	2014	2013
		....(Rupees in thousands)....	
Taxable temporary differences			
Accelerated depreciation		**4,571,911**	4,272,550
Accelerated amortization		**7,348**	6,963
Cash flow hedge		**-**	(122)
Surplus on revaluation of available for sale investments		**22,460**	42,053
Share of profit in associated company		**528,767**	460,878
		5,130,486	4,782,322
Deductible temporary differences			
Liability against assets subject to finance lease		**-**	(15,663)
Unabsorbed tax losses		**-**	(900,092)
		-	(915,755)
	8.1.1	**5,130,486**	3,866,567

8.1.1 Movement of deferred tax liability is as follows:

	2014	2013
Opening balance	**3,866,567**	1,380,165
Transferred from MCL under Scheme of amalgamation	**-**	311,786
Charge on cash flow hedge reserve	**122**	329
(Credit) / charge on revaluation of available for sale investments	**(19,593)**	54,489
Charge recognised in profit and loss account for the year	**1,283,390**	2,119,798
Closing balance	**5,130,486**	3,866,567

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

	2014	2013
Present value of defined benefit obligation	**199,730**	164,451
Net liability at end of the year	**199,730**	164,451
		Restated
Opening balance	**164,451**	125,605
Transferred from MCL under Scheme of amalgamation	-	10,994
Charge for the year	**42,076**	37,973
Actuarial loss on gratuity valuation	**7,165**	4,475
Benefits paid during the year	**(13,962)**	(14,596)
Closing balance	**199,730**	164,451

	Note	2014	2013
		....(Rupees in thousands)....	
Expense recognised in profit and loss account:			
Current service cost		**23,967**	19,333
Interest cost		**18,109**	14,921
Actuarial losses recognised		-	3,719
		42,076	37,973

Actuarial Assumptions

	2014	2013
Valuation discount rate	**13.25%**	11.50%
Salary increase rate	**12.50%**	11.50%

Assumption regarding future mortality are based on EFU 1961-66 ultimate mortality tables. Expected gratuity expense for the next financial year is Rs. 50.327 million (2013: Rs. 40.05 million).

Historical information

Present value of the defined benefit obligation

	2014	2013	2012	2011	2010
		....(Rupees in thousands)....			
Present value of defined benefit obligation	**199,730**	164,451	125,605	105,421	85,085
Net liability at end of the year	**199,730**	164,451	125,605	105,421	85,085

8.2.1 Effect due to change in accounting policy is given blow:

	30 June 2013	01 July 2012
	....(Rupees in thousands)....	
Present value of defined benefit obligation as previously reported	140,140	105,769
Effect of change in accounting policy	24,311	19,836
	164,451	125,605
Related tax effect	6,695	5,463
unappropriated profit	17,616	14,373

This change has also resulted in recognition of experience adjustment on defined benefit obligation amounting to Rs. 5.2 million, net of tax in other comprehensive income for the year ended 30 June 2014.

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

9 Trade and other payables

	Note	2014	2013
		....(Rupees in thousands)....	
Payable to contractors and suppliers		**1,417,099**	1,407,980
Accrued liabilities	9.1	**1,893,907**	1,825,528
Advances from customers		**90,788**	86,440
Security deposits		**47,874**	44,831
Retention money		**15,383**	7,910
Workers' Profit Participation Fund		**695,770**	538,255
Workers Welfare Fund payable		**105,595**	4,352
Excise duty payable		**37,189**	23,894
Advance rent of investment property		**7,486**	7,168
Other payables	9.2	**67,143**	137,811
Donation payable to Bestway Foundation - unsecured		**97,218**	61,231
Dividend Payable		**423,690**	276,679
		4,899,142	4,422,079

9.1 This includes an amount of Rs. 27.46 million (2013: Rs. 11.32 million) payable to Sui Northern Gas Pipeline Limited (SNGPL) against gas consumption during the month of June 2014. The Company has issued bank guarantees in the normal course of business to SNGPL for commercial and industrial use of gas for an amount of Rs. 1,252.41 million (2013: Rs. 1,252.41 million).

9.2 This includes an amount of Rs. 42 million (2013: Rs. 42 million) on account of provision, recorded on a prudent basis, which the management feels will ultimately be required to be paid to owners of the land acquired for Hattar plant as ordered by the Honorable Peshawar High Court. However, the Company has filed an appeal before the Honorable Supreme Court of Pakistan.

10 Short term borrowings - secured

	Note	2014	2013
Running finance from banking companies			
Barclays Bank Plc, Pakistan	10.1	**1,351**	25,446
Soneri Bank Limited	10.2	**247,953**	1,498
Allied Bank Limited	10.3	**1,008,438**	653,718
Habib Bank Limited	10.4	**450,549**	13,591
Allied Bank Limited		**-**	37,864
Habib Bank Limited		**-**	220,528
Askari Bank Limited	10.5	**165,541**	-
Meezan Bank Limited	10.6	**500,000**	-
		2,373,832	952,645

10.1 This represents the utilized amount of a running finance facility of Rs. 300 million for a period of one year (2013: Rs. 500 million). Markup is payable on quarterly basis at the rate of one month KIBOR plus 1.00% (2013: one month 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. 667 million and ranking charge over fixed assets of the Company of the same amount (2013: Rs. 667 million).

10.2 This represents the utilized amount of a running finance facility of Rs. 300 million for a period of one year (2013: Rs. 300 million). Markup is payable on quarterly basis at the rate of three month's KIBOR plus 0.40% (2013: three months' KIBOR plus 0.60%) 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. 634 million (2013: Rs. 400 million).

10.3 This represents the utilized amount of a running finance facility of Rs. 1,150 million for a period of one year (2013: Rs. 1,000 million). Markup is payable on quarterly basis at the rate of one month KIBOR plus 0.40% (2013: one month KIBOR plus 0.60%) per annum. The facility is secured by lien over saving accounts and first pari passu hypothecation charge on all present and future assets excluding land and buildings of the Company for an amount of Rs. 1,333.33 million (2013: Rs. 1,333.33 million).

10.4 This represents the utilized amount of running finance facility of Rs. 970 million for a period of one year (2013: Rs. 970 million). Markup is payable on quarterly basis at the rate of three month's KIBOR plus 0.60% (2013: three months' KIBOR plus 0.60%) per annum. The facility is secured by first pari passu hypothecation charge over all present and future movables assets and current assets of the Company for an amount of Rs. 1,294 million (2013: Rs. 1,294 million).

10.5 This represents the utilized amount of a running finance facility of Rs. 415 million for a period of one year (2013: Rs. 300 million). Markup is payable on quarterly basis at the rate of three month's KIBOR plus 0.40% (2013: three months' KIBOR plus 0.60%) 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. 1,157.13 million (2013: Rs. 400 million).

10.6 This represents the utilized amount of running finance facility of Rs. 500 million (2013: Rs. Nil) for a period of one year. Mark up is payable on quarterly basis at the rate of six month's KIBOR plus 0.40% per annum. The facility is secured by pari passu charge on all present and future current and fixed assets of the Company excluding land and buildings for an amount of Rs. 1,333.34 million (2013: Rs. Nil) and ranking charge by way of equitable mortgage without requirement of notation in revenue records for Rs 1,333.34 million (2013: Rs. Nil) on all present and future land and buildings of the Company.

10.7 Unavailed facilities

The Company has running finance facilities and other short term borrowing facilities for an amount of Rs. 7,126 million (2013: Rs. 10,143 million) which the Company has not availed at the year end.

Facilities of letters of guarantee and letters of credit amounting to Rs. 309.08 million (2013: Rs. 354.4 million) and Rs. 5,626.03 million (2013: Rs. 4,759.4 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.

11 Contingencies and commitments

	Note	2014	2013
		....(Rupees in thousands)....	
In respect of bank guarantees	11.1.1	**40,457**	50,265
In respect of letters of credits		**1,024,567**	321,415

11.1 Contingencies and commitments

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

11.1.2 Competition Commission of Pakistan (CCP) issued a show cause notice dated 28 October 2008 to 21 cement companies (including the Company) under section 30 of the Competition Ordinance, 2007. On 27 August 2009, CCP imposed a penalty of Rs. 710 million on the Company and MCL. The cement manufacturers (including the Company) 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 the year, the case was fixed for hearing on time to time, however because of non availability of defendant, the hearings of the case were adjourned. These appeals are still pending and management is confident of a favorable outcome of the case.

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

11.1.4 Based on an audit for the period from July 2009 to June 2010, DCIR vide Order-in-Original No. 23 of 2013 dated 30 April 2013 raised aggregate sales tax demand of Rs. 639.17 million against the Company mainly on suppression of production. On appeal by the Company, the CIR(A) vide order dated 25 July 2013, set aside the order in original and directed the DCIR for a fresh consideration of the matter. The Company has filed an appeal before the Honorable ATIR against the order of the CIR(A), which is pending for adjudication. The management is confident of a favorable outcome of the case.

11.1.5 Initially DCIR raised assessment against the Company for the tax years 2010 to 2012 for alleged suppression of production worked back by using "Standard Gypsum Consumption Formula". On appeal by the Company, the CIR(A) vide order dated 25 July 2013, set aside the assessment for denovo consideration with directions. The Company has filed an appeal before the Honorable ATIR against the set-aside order of the CIR(A), which is pending for adjudication.

Onward the DCIR completed the re-assessment assuming production at 98 % of rated capacity, without confronting the Company and raised an aggregate demand of Rs. 10,309 million (BCL Rs. 6,982 million and MCL Rs. 3,327 million) for the tax years 2010 to 2012. On appeal by the Company, the CIR(A) vide order dated 22 May 2014 endorsed the view of the DCIR but reduced assumed production of the plant to 86.66 % of rated capacity using weighted average capacity utilization of another cement manufacturer. The Company has filed an appeal before the Honorable ATIR against the order of the CIR(A), which is pending for adjudication.

Management is confident that the matter will ultimately be decided in favor of the Company.

11.1.6 The DCIR, vide different orders in original, raised an aggregate demand of Rs. 10.94 million against the Company for the years 2006 to 2012, on account of Federal Excise Duty on management fee paid to Bestway (Holdings) Limited and management fee received from Mustehkam Cement Limited (Now merged with the Company) and MAP Rice Mills (Pvt) Limited. On appeals by the Company, the CIR(A) has partially confirmed the issue. The Company as well as the Department filed cross appeals before the ATIR against the decision of the CIR(A). The ATIR, vide its order dated 26 June 2014, decided the matter against the Company. The Company intends to file an appeal before the Honorable Islamabad High Court against the decision of the ATIR. The Company anticipates a favorable outcome in this matter, however, in the meantime, the amount demanded has been paid by the Company and will be refunded to the Company on favorable outcome.

11.1.7 Sales Tax Department has raised tax demand of Rs. 52.75 million vide order dated 27 March 2010 mainly for misconstructed / duplicate demand of Sales Tax and Federal Excise Duty on sale of clinker and rejection of input tax on certain eligible items. On first appeal, the CIR (A) confirmed the order while on second appeal by the Company the Honorable Appellate Tribunal Inland Revenue vide order dated 24 February 2011 has set aside the assessment for denovo consideration, resultantly no demand exists at the moment. The Company has also filed an appeal before Islamabad High Court against the set aside order praying for annulment of the assessment.

In re-assessment proceedings the Department again maintained the assessment at a tax demand of Rs. 52.75 million vide order dated 14 September 2012. On appeal, the CIR(A), vide an order dated 21 November 2012, set aside the assessment for denovo consideration, hence no demand as of today.

11.1.8 There are certain other cases outstanding as on 30 June 2014 other than those disclosed in these financial statements. The management assess and claims favorable outcome in these cases and the lawyers have also asserted management claims in respect of favorable outcome.

11.1.9 Income tax related contingencies are disclosed in note 31 to these financial statements.

11.2 Share of contingencies in associated company

	2014	2013
	....(Rupees in thousands)....	
Contingent liabilities in respect of guarantees given	**892,629**	837,188
Contingent liabilities in respect of performance and bid bonds, warranties, etc.	**9,423,063**	8,604,166
Trade related contingent liabilities	**13,028,977**	12,367,589
Others	**962,093**	1,807,141

12 Property, plant and equipment

	Note	2014	2013
		....(Rupees in thousands)....	
Operating fixed assets	12.1	23,731,904	23,109,681
Capital work in progress	12.2	492,464	360,533
		24,224,368	23,470,214

12.1 Operating fixed assets

	Owned									Leased	
	Free hold land	Lease hold land	Buildings on free hold land	Plant and machinery	Quarry equipment	Other equipment	Furniture and fixtures	Vehicles	Office equipment	Plant and machinery	Total
	....(Rupees in thousands)....										
Tangible assets											
Cost											
Balance at 01 July 2012	484,273	37,094	5,020,887	14,047,795	914,696	93,212	84,323	172,954	83,330	227,054	21,165,618
Transferred from MCL under Scheme of amalgamation at carrying value	646,240	2,423	1,158,480	5,991,243	47,309	27,760	6,932	12,054	9,471	-	7,901,912
Additions during the year	47,934	-	1,436	103,518	69,085	8,578	3,443	40,815	12,948	-	287,757
Transfers	-	-	8,784	18,961	-		-	-	-	-	27,745
Adjustments	-	-	-	(19,318)	-	-		-	-	-	(19,318)
Disposals	-	-	-	-	-	-	-	(19,245)	-	-	(19,245)
Balance at 30 June 2013	1,178,447	39,517	6,189,587	20,142,199	1,031,090	129,550	94,698	206,578	105,749	227,054	29,344,469
Balance at 01 July 2013	1,178,447	39,517	6,189,587	20,142,199	1,031,090	129,550	94,698	206,578	105,749	227,054	29,344,469
Additions during the year	7,528	-	3,570	323,809	564,962	5,089	7,991	33,933	12,856	-	959,738
Transfers		-	4,048	1,137,638	-	-	-	-	-	(227,054)	914,632
Transfer from investment property (Note 14.2)	-	-	33,889	-	-	-		-	-	-	33,889
Adjustments	-	-	-	(249,406)	-	-	-	-	-	-	(249,406)
Disposals	-	-	-	(7,255)	(28,001)	-	-	(15,624)	-	-	(50,880)
Balance at 30 June 2014	1,185,975	39,517	6,231,094	21,346,985	1,568,051	134,639	102,689	224,887	118,605	-	30,952,442
Depreciation											
Balance at 01 July 2012	-	18,344	1,226,375	3,290,976	568,636	53,411	38,005	108,183	44,979	30,273	5,379,381
Charge for the year	-	1,337	187,382	582,803	58,709	7,803	5,083	16,045	7,421	7,568	873,953
Adjustments	-	-	-	(4,942)	-	-		-	-	-	(4,942)
Disposals	-	-	-	-	-	-	-	(13,604)	-	-	(13,604)
Balance at 30 June 2013		19,681	1,413,757	3,868,837	627,345	61,214	43,088	110,624	52,401	37,841	6,234,788
Balance at 01 July 2013	-	19,681	1,413,757	3,868,837	627,345	61,214	43,088	110,624	52,401	37,841	6,234,788
Charge for the year	-	1,351	207,950	714,007	84,774	9,900	5,565	21,070	8,846	7,568	1,061,031
Transfer	-	-	-	45,409	-	-	-	-	-	(45,409)	-
Adjustments		-	-	(42,919)	-	-	-	-	-		(42,919)
Disposals	-	-	-	(1,884)	(22,205)	-	-	(8,273)	-	-	(32,362)
Balance at 30 June 2014	-	21,032	1,621,707	4,583,450	689,914	71,114	48,653	123,421	61,247		7,220,538
Carrying value - 2014	1,185,975	18,485	4,609,387	16,763,535	878,137	63,525	54,036	101,466	57,358	-	23,731,904
Carrying value - 2013	1,178,447	19,836	4,775,830	16,273,362	403,745	68,336	51,610	95,954	53,348	189,213	23,109,681
Life in years / rates of depreciation per annum		30yrs	30yrs	30yrs - 5%	15%	10-15%	10%	20%	15%	30yrs	

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

	Note	2014	2013
		....(Rupees in thousands)....	
Cost of sales	25	**1,047,644**	861,947
Administrative expenses	26	**8,151**	7,720
Distribution cost	27	**5,236**	4,286
		1,061,031	873,953

12.1.2 Disposal of operating fixed assets

Description	Cost	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Sold to
	---------Rupees in thousands---------					
Vehicles						
Suzuki Cultus NG-374	702	240	360	120	Negotiation	Executives
Mitsubishi Lancer MS-342	998	289	289	-	Negotiation	Executives
Honda Civic MY-138	1,555	494	879	385	Negotiation	Executives
Suzuki Cultus NG-325	728	245	307	62	Negotiation	Executives
Suzuki Alto NK-461	602	211	211	0	Negotiation	Executives
Honda Civic KB-864	1,306	261	260	(1)	Negotiation	Executives
Suzuki Cultus NT-315	768	250	343	93	Negotiation	Executives
Suzuki Alto NK-462	602	207	304	97	Negotiation	Executives
Suzuki Alto KX-756	519	104	189	85	Negotiation	Executives
Suzuki Alto NK-470	602	193	192	(1)	Negotiation	Executives
Suzuki Alto NK-468	602	196	296	100	Negotiation	Executives
Mitsubishi Lancer LG-695	905	188	711	523	Negotiation	Mr. Khalid Rasheed Sheikh
Suzuki Alto NK-463	602	207	298	91	Negotiation	Executives
Suzuki Alto NC-385	540	148	285	137	Negotiation	Executives
Suzuki Cultus MK-227	630	154	234	80	Negotiation	Executives
Dumper	3,965	980	3,530	2,550	Negotiation	Bashir Khan and Brother
Plant and machinery						
Wheel Loader	3,628	2,691	1,850	(841)	Negotiation	Frontier Punjab Carriage
Wheel Loader	3,628	2,681	1,850	(831)	Negotiation	Al Rehman & Co
Quary Equipment						
Nissan Dumper TKG-358	3,166	845	4,085	3,240	Negotiation	Mr. Tour Khan
Nissan Dumper TKG-184	3,220	858	4,085	3,227	Negotiation	Mr. Tour Khan
Quarry Equipment	3,100	2,509	5,775	3,266	Negotiation	M/s Maqsood & Bros/M/s Chatta
Quarry Equipment	18,512	4,567	16,470	11,903	Negotiation	Bashir Khan and Brothers
2014	**50,880**	**18,518**	**42,802**	**24,284**		
2013	19,245	5,641	10,510	4,869		

12.2 Capital work in progress

	Note	2014	2013
		....(Rupees in thousands)....	
Opening balance		**360,533**	17,541
Transferred from MCL under Scheme of amalgamation		**-**	5,703
Additions during the year	12.2.1	**1,046,563**	365,034
		1,407,096	388,278
Transferred to operating fixed assets:			
Plant and machinery		**(910,584)**	(18,961)
Buildings on freehold land		**(4,048)**	(8,784)
		(914,632)	(27,745)
	12.2.2	**492,464**	360,533

12.2.1 This includes borrowing cost capitalised amounting to Rs. 38.731 million calculated at a rate of 10.33% per annum (2013: Rs. 0.86 million at 11.71% per annum).

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

	2014	2013
Plant and machinery and other equipment	**477,223**	281,127
Advances for capital work in progress	**15,241**	79,406
	492,464	360,533

13 Intangible asset

	Note	2014	2013
Cost			
Opening balance		**53,411**	53,411
Additions during the year		**-**	-
Closing balance		**53,411**	53,411
Amortization			
Opening balance		**15,118**	8,343
Charge for the year	13.1	**5,919**	6,775
Closing balance		**21,037**	15,118
Carrying value		**32,374**	38,293
Amortisation rate		**15%**	15%

13.1 Amortization on intangible asset has been allocated as follows:

	Note	2014	2013
Cost of sales	25	**5,919**	6,775
		5,919	6,775

14 Investment property

	Note	2014	2013
Opening balance		**347,883**	347,883
Surplus on remeasurement of investment property to fair value	14.1	**31,791**	-
Transfer to property, plant and equipment	14.2	**(33,889)**	-
Closing balance		**345,785**	347,883

14.1 The investment property is a portion of head office building held for letting. On 30 June 2014, an independent exercise was carried out to calculate the fair value of investment property. To assess the land and building 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 on the investment property being valued.

14.2 During the year, portion of building measuring 1,474 square feet was transferred from investment property to owner occupied property due to start of owner occupation of this previously rented portion.

15	**Long term investment**	Note	**2014**	2013
			....(Rupees in thousands)....	
	Investment in related party - at cost - quoted			
	Associated company - United Bank Limited	15.1	**8,444,561**	7,933,979
			8,444,561	7,933,979

15.1	Cost of investment (93,649,694 ordinary shares (2013: 93,649,694 ordinary shares of Rs. 10 each)	**1,862,803**	1,862,803
	Post acquisition profits brought forward - net of dividend	**4,608,783**	4,062,239
		6,471,586	5,925,042
	Profit for the year	**1,662,211**	1,436,217
	Dividend received during the year	**(983,322)**	(889,673)
		678,889	546,544
	Company's share of the associate's exchange reserve	**1,069,489**	1,043,087
	Company's share of the associate's surplus on revaluation of available for sale investment	**224,597**	420,525
	Company's share of the cash flow hedge reserve	**-**	(1,219)
		8,444,561	7,933,979

15.1.1 This represents 7.65% share (2013: 7.65%) in the equity of 1,224.18 million (2013: 1,224.18 million) shares of Rs. 10 each in UBL, an associated undertaking. Bestway Group as a whole controls 61.38% (2013: 51.07 %) equity in UBL.

Summarized financial statements of the associated company are as follows:

		Assets	Liabilities	Income	Profit after tax
2014	**(Rupees in million)**	**1,103,687**	**991,103**	**80,734**	**21,810**
2013	(Rupees in million)	1,035,111	930,365	59,927	22,264

Market value of investment in associated company as of the year end was Rs. 15,786 million (2013: Rs. 11,528 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 for the period ended 30 June 201

16. Long term deposits

This includes security deposits amounting to Rs. 70.29 million (2013: Rs. 70.09 million) given for the electricity connections of the plants.

17 Stores, spare parts and loose tools

	Note	2014	2013
		....(Rupees in thousands)....	
Stores, spare parts and loose tools		**3,174,169**	3,100,565
Stores and spare parts in transit		**870,502**	410,217
		4,044,671	3,510,782

18 Stock in trade

	Note	2014	2013
Raw and packing material		**231,037**	282,378
Work in process		**1,303,695**	1,470,344
Finished stock	18.1	**397,880**	470,713
		1,932,612	2,223,435

18.1 This includes a stock amounting to Rs. 4.9 million (2013: Rs. 103 million) which has been dispatched to customer but risk and rewards are not yet transferred.

19 Trade debts - considered good

This includes Rs. 159.01 million (2013: Rs. 72.06 million) receivable from customers against export sales.

20 Advances

	Note	2014	2013
		....(Rupees in thousands)....	
Advances to executives and employees- considered good		**2,666**	4,287
Advances to suppliers and contractors - considered good		**394,115**	205,753
Current portion of long term advance		**4,003**	4,003
		400,784	214,043

21 Deposits and prepayments

	2014	2013
Security deposits	**4,875**	4,773
Prepayments	**16,643**	59,825
	21,518	64,598

		Note	2014	2013
			....(Rupees in thousands)....	
22	**Due from Government agencies**			
	Advance tax - net		-	421,436
	Customs duty	22.1	**28,373**	28,373
	Capital value tax	22.1	**11,729**	11,729
	Excise duty	22.2	**615,146**	615,146
	Sales tax - net		**385,487**	274,383
			1,040,735	1,351,067

22.1 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 against the refund accrued to the Company.

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

22.2 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. 615.15 million (2013: 615.15 million) relating to duty paid during the period June 1998 to April 1999 which pursuant to the above decision was otherwise not leviable and payable under the law. Commissioner Appeals rejected the claim of the Company, and the Company has filed an appeal with Income Tax Appellate Tribunal (ITAT) against unlawful rejection of refund claims. A number of hearings were conducted during the year but the case is yet to be discussed.

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

23	Bank balances	Note	2014	2013
			....(Rupees in thousands)....	
	Current accounts	23.1	**146,326**	259,570
	Deposit accounts	23.2 & 23.3	**69,936**	63,099
			216,262	322,669

23.1 This includes Rs. 62.22 million (2013: Rs. 46.45 million) held in current accounts maintained with United Bank Limited, a related party.

23.2 Deposit accounts carry interest rates ranging from 1% to 10 % (2013: 1% to 10%) per annum.

23.3 This includes an amount of US$ 0.42 million (2013: US $ 0.21 million) in US Dollar deposit account.

			2014	2013
24	**Turnover - net**			
	Gross turnover			
	- Local		**32,169,414**	25,025,989
	- Export		**5,021,006**	4,784,055
			37,190,420	29,810,044
	Government levies			
	Sales tax		**(5,106,100)**	(3,359,511)
	Excise duties		**(1,417,846)**	(1,263,827)
			30,666,474	25,186,706
	Rebates and discounts		**(1,715,946)**	(1,112,660)
			28,950,528	24,074,046
25	**Cost of sales**			
	Raw and packing materials consumed	25.1	**2,680,760**	2,186,543
	Fuel and power		**11,718,999**	10,115,073
	Stores, spare parts and loose tools consumed		**803,265**	558,985
	Repairs and maintenance		**91,240**	81,883
	Salaries, wages and benefits	25.2	**584,279**	432,617
	Support services		**250,354**	184,237
	Insurance		**29,767**	24,238
	Equipment rental		**17,434**	6,840
	Utilities		**9,454**	9,456
	Travelling, conveyance and subsistence		**59,227**	39,492
	Communication		**3,930**	4,875
	Printing and stationery		**5,756**	4,268
	Entertainment		**4,268**	3,840

	Note	2014	2013
		....(Rupees in thousands)....	
Depreciation	12.1.1	1,047,644	861,947
Amortization	13.1	5,919	6,775
Other manufacturing expenses		18,426	17,229
		17,330,722	14,538,298
Opening work in process		1,470,344	847,087
Transferred from MCL under Scheme of amalgamation		-	303,997
Closing work in process		(1,303,695)	(1,470,344)
Cost of goods manufactured		17,497,371	14,219,038
Opening finished stock		470,713	283,990
Transferred from MCL under Scheme of amalgamation		-	71,402
Closing finished stock		(397,880)	(470,713)
		17,570,204	14,103,717

25.1 Raw and packing materials consumed

	2014	2013
Opening balance	282,378	171,709
Transferred from MCL under Scheme of amalgamation	-	39,161
Purchases made during the year	2,629,419	2,258,051
Closing balance	(231,037)	(282,378)
	2,680,760	2,186,543

25.2 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 30.87 million (2013: Rs. 27.22 million).

26 Administrative expenses

	Note	2014	2013
Salaries, wages and benefits	26.1	141,614	446,545
Rent, rates and taxes		1,756	1,594
Repairs and maintenance		6,223	7,961
Insurance		1,690	1,891
Utilities		3,468	3,356
Travelling, conveyance and subsistence		15,617	13,877
Communication		2,346	1,787
Printing and stationery		3,669	2,988
Entertainment		1,166	700
Advertisements		862	675
Donation	26.2	86,069	79,553
Legal and professional charges		12,925	15,682
Fees and subscription		12,209	3,277

	Note	2014	2013
		....(Rupees in thousands)....	
Management charges	26.3	**550**	435
Auditors' remuneration	26.4	**2,753**	4,556
Depreciation	12.1.1	**8,151**	7,720
Other		**1,087**	2,868
		302,155	595,465

26.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 5.94 million (2013: Rs. 7.01 million).

26.2 A provision at 1% (2013: 1.25%) of the accounting profit after tax for an amount of Rs. 85.51 million has been made for donation to Bestway Foundation, Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad, (2013: Rs.78.60 million). The Chief Executive and the following directors are among the trustees of the Foundation:

- Sir Mohammed Anwar Pervez
- M. Irfan A. Sheikh,
- Zameer Mohammed Choudrey
- Arshad Mehmood Chaudhary
- Ghulam Sarwar Malik.

None of the trustees or their spouses have a beneficial interest in the Foundation.

26.3 This represents management charges of the parent company.

26.4 Auditors' remuneration

	2014	2013
Annual audit fee	**1,500**	2,862
Fee of half year review	**500**	393
Statutory certifications	**75**	106
Taxation services	**603**	870
Out of pocket expenses	**75**	325
	2,753	4,556

27 Distribution cost

	Note	2014	2013
Salaries, wages and benefits	27.1	**45,780**	39,744
Support services		**1,153**	736
Rent, rates and taxes		**10,900**	7,213
Repairs and maintenance		**1,280**	1,398
Utilities		**850**	821
Travelling, conveyance and subsistence		**6,520**	7,163
Communication		**1,097**	1,007
Printing and stationery		**1,627**	1,719
Entertainment		**1,301**	1,095
Advertising and promotion		**6,052**	6,324
Depreciation	12.1.1	**5,236**	4,286
Fees and subscription		**32,086**	65,916

	2014	2013
	....(Rupees in thousands)....	
Freight and handling - Local	**83,128**	51,229
- Export	**500,937**	607,474
Other	**9,027**	1,673
	706,974	797,798

27.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 3.14 million (2013: Rs. 3.10 million).

28 Other expenses

	2014	2013
Workers' (Profit) Participation Fund	**495,458**	378,397
Workers' Welfare Fund	**101,244**	-
	596,702	378,397

29 Finance cost

	2014	2013
Markup on long term financing	**398,544**	761,946
Markup on long term murabaha	-	17,166
Markup on long term musharaka	**21,984**	35,069
Markup on liability against assets subject to finance lease	**4,230**	11,944
Markup on short term borrowings	**22,245**	167,313
Exchange loss - net	-	4,203
Bank charges and commissions	**15,027**	11,487
	462,030	1,009,128

30 Other income

	2014	2013
Income from financial assets		
Profit on deposit accounts	**51,794**	20,267
Exchange gain - net	**1,682**	-
	53,476	20,267
Income from non financial assets		
Gain on disposal of operating fixed assets	**24,284**	4,869
Rental income from investment property	**24,639**	19,267
Gain on remeasurement of investment property to fair value	**31,791**	-
Management fee from related party - net	**1,200**	4,915
Other	**2,981**	6,052
	84,895	35,103
	138,371	55,370

31 Taxation

	2014	2013
	....(Rupees in thousands)....	
		Restated
Current	**1,279,029**	266,364
Deferred	**1,283,390**	2,119,798
	2,562,419	2,386,162

31.1 Numerical reconciliation between tax expense and accounting profit multiplied by the applicable tax rate is as follows:

	2014	2013
Accounting profit	**11,113,045**	8,681,128
Tax on accounting profit at applicable rate of 34% (2013: 35%)	**3,778,435**	3,038,395
Tax effect of low rates on certain income	**(570,978)**	(372,493)
Minimum Tax	**(407,990)**	184,092
Tax effect of permanent difference	**(63,418)**	(3,087)
Tax effect of income taxable under final tax regime	**(391,923)**	(326,482)
Tax effect on exempt income	-	(24)
Tax effect of change in proportion of export sales to local sales	**218,293**	-
Tax rare revision 34%-35%	-	(134,239)
	2,562,419	2,386,162

31.2 The assessments for the Assessment Year 2000-2001 through 2002-2003 were finalized by the tax authorities mainly by curtailing business expences claimed by the Company and levying surcharge on minimum tax. The appeal for Assessment Year 2000-2001 was 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. Appeals by the Company against these orders are pending before ATIR.

The assessments of the Company upto and including Tax Years 2013 stood finalized under the self assessment scheme envisaged under the Income Tax Ordinance, 2001 [the Ordinance].

The tax authorities levied tax of Rs. 99.08 million under section 161 of the Ordinance along with default surcharge of Rs.124.93 million for tax year 2005 by rejecting the legal ground of time limitation raised by the Company. On Company's appeal the CIR(A) passed an order by setting aside the assessment order which was agitated by the Company before the ATIR which is pending for adjudication. The ATIR stayed the re-assessment proceedings till disposal of appeal by the ATIR.

The tax authorities initiated audit proceedings for the Tax Year 2008 and 2011. The audit proceedings are yet to be concluded.

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

The tax authority amended assessment of the Company for the tax year 2007 charging tax of Rs. 29.26 million by making various disallowances and levying tax on property income and dividend income under the presumptive mode of taxation [PTR]. CIR (A) annulled the order of the tax authorities on all the issues except for upholding the taxation of property income and dividend income under PTR and disallowance of deduction claimed on account of donations paid during the year. The Company as well as the tax authorities have filed cross appeals before the ATIR which are pending for adjudication.

The tax authority has rectified the assessment of the Company for the Tax Year 2010 thereby charging minimum tax under section 113 of the Ordinance amounting to Rs. 48.99 million. The Company's appeal before CIR(A) did not succed and the Company is in appeal before the ATIR, which is subjudice till to date.

Income tax assessments of the Company for the Tax Years 2010 to 2012 were amended on alleged concealment of sales by working back production taking gypsum consumed in excess of five per cent of cement produced and raised tax demand of Rs. 19,478 million (BCL Rs. 15,970 million and MCL Rs. 3,508 million). On appeal by the Company the CIR (A) cancelled the assessments for the tax year 2010 and 2011 and set aside the assessment for the tax year 2012 for denovo consideration. The DCIR has again taken up the same issues through notice dated 12 November 2013 for all the years under consideration. On detailed reply by the Company the DCIR chage the dimensions of the case to under utilization of installed capacity and confronted the Company to assess the sales by assuming 98% capacity utilization. The Company has filed an appeal before ATIR which is subjudice till to date.

The tax authority issued show cause notices to the Company for amendment of assessment for the Tax Year s 2007 through 2011, thereby, disallowing the expenses allocable towards exports sales by contending that the Company did not allocate the expenses towards exports sales in terms of its return to total income. The tax authority also required the company to explain the basis of claiming exemption on the profit from US Dollars account for the Tax Year 2007 and 2008. On detailed reply filed by the Company on the show cause notices, the tax authority have not so far framed any order.

The following tax contingencies stand transferred to the Company from Mustehkam Cement Limited under the Scheme of amalgamation:

The tax authorty has rectified the assessment of the Company for the tax year 2010 thereby charging minimum tax under section 113 of the Ordinance amounting to Rs. 10.32 million. The Company's appeal before CIR(A) did not suceed and the Company is in appeal before the ATIR, which is subjudice till to date.

The tax authority has leveid tax of Rs. 9.59 million under section 161 of the Ordinance along with default surcharge of Rs. 14.76 million for tax year 2007 by rejecting the legal ground of time limitation raised by the Company. On Company's appeal the CIR(A) passed an order setting aside the assessment order which has been agitated by the Company before the ATIR which is pending for adjudication.

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

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

32 Remuneration of the chief executive, directors and executives

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

	Chief Executive		Directors, including Chairman		Executives	
	....(Rupees in thousands)....					
	2014	2013	**2014**	2013	**2014**	2013
Managerial remuneration and allowances	**24,000**	18,000	**60,010**	51,834	**167,202**	116,954
Bonus	**-**	93,000	**6,002**	220,488	**29,245**	20,376
Provision for gratuity	**-**	-	**2,394**	1,749	**9,748**	6,792
Compensated absences	**-**	-	**4,086**	3,051	**9,154**	8,324
	24,000	111,000	**72,492**	277,122	**215,349**	152,446
Number of persons	**1**	1	**5**	5	**106**	78

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

33. Transactions and balances with related parties

The Company is a subsidiary of Bestway (Holdings) Limited, UK ("the parent company") therefore all subsidiaries and associated undertakings of the Parent Company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. Balances with related parties are shown in the notes 4, 9, 15 and 23.1 and transactions with related parties are disclosed in notes 12.1.2, 26.2, 26.3 and 32 to the financial statements. Transactions with related parties other than those disclosed elsewhere in these financial statements are as follows:

Transactions with parent company		2014	2013
		....(Rupees in thousands)....	
Management charges		**550**	435
Dividend paid		**656,068**	639,771
Payable balance at year end - unsecured		**421,003**	-

Transactions with subsidiary company (2013: for six months period till 31 December 2012)

	Note	2014	2013
		....(Rupees in thousands)....	
Sale of cement		-	1,644
Packing material received		-	2,027
Sale of coal		-	28,848
Purchase of coal		-	107,942
Stores, spare parts and loose tools given		-	1,728
Stores, spare parts and loose tools received		-	3,411
Advances given		-	132,748
Recoveries made		-	10,289
Management fee - income		-	18,000
Expenses incurred on behalf of subsidiary company		-	393
Expenses incurred by subsidiary company on the Company's behalf		-	917
Transactions with associated undertakings under common directorship			
Management fee		**1,200**	1,200
Service / bank charges		**6,097**	4,341
Donations		**85,507**	78,600
Dividend received		**983,322**	889,673
Sale of cement		**5,796**	86
Utility expense paid		**59**	72
Transactions and balances with key management personnel			
Remuneration, allowances and benefits	33.1	**534,416**	623,508
Advances given during the year		**1,082**	-
Repayments		**2,069**	-
Balance of advances at the year end - unsecured		**1,379**	2,366

33.1 Remuneration, allowances and benefits

	2014	2013
Dividend paid	**222,574**	82,940
Managerial remuneration and allowances	**251,212**	186,788
Bonus	**35,247**	333,864
Provision for gratuity	**12,143**	8,541
Provision for compensated absences	**13,240**	11,375
	534,416	623,508

34 Financial instruments

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

Credit risk
Liquidity risk
Market risk

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

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

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

34.1 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:

	2014	2013
	....(Rupees in thousands)....	
Long term deposits	**90,323**	90,266
Long term advances	**8,006**	16,012
Trade debts	**571,981**	288,672
Advances	**6,669**	4,287
Deposits	**4,875**	4,773
Interest accrued	**704**	140
Other receivables	**1,820**	1,321
Bank balances	**216,262**	322,669
	900,640	728,140

	2014	2013
	....(Rupees in thousands)....	
The maximum exposure to the credit risk for trade debts at reporting date by geographical region is:		
Domestic	**412,971**	216,108
Middle east and African countries	-	497
Asia - other than domestic	**159,010**	72,067
	571,981	288,672
The maximum exposure to the credit risk for trade debts at the reporting date by counter party is:		
End user customers	**14,393**	3,468
Dealers	**557,588**	285,204
	571,981	288,672

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.79.05 million (2013: Rs. 66.78 million) secured against the letter of credits.

The Company's most significant domestic customer is a dealer from whom Rs. 35.90 million (2013: Rs. 22.72 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 2014	**Impairment 2014**	Gross 2013	Impairment 2013
		....(Rupees in thousands)....		
Past due 1-30 days	**558,863**	-	279,981	-
Past due 31-60 days	**601**	-	135	-
Past due 61-90 days	**6,566**	-	2	-
Over 90 days	**5,951**	-	8,554	-
	571,981	-	288,672	-

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.

34.2 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:

2014	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	After five years
	....(Rupees in thousands)....						
Financial liabilities							
Markup accrued	12,324	12,324	12,324	-	-	-	-
Trade and other payables	3,962,314	3,962,314	3,962,314	-	-	-	-
Short term borrowings	2,373,832	2,373,832	2,373,832	-	-	-	-
	6,348,470	6,348,470	6,348,470	-	-	-	-

2013	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	After five years
	....(Rupees in thousands)....						
Financial liabilities							
Long term financing	5,868,750	7,155,515	304,700	1,335,329	3,005,489	2,509,997	-
Liabilities against assets subject to finance lease	59,061	63,616	33,964	29,652	-	-	-
Long term musharaka	300,000	353,006	65,176	62,578	117,664	107,588	-
Long term shirkat-ul-melk	200,000	224,988	60,017	57,472	107,499	-	
Markup accrued	68,827	68,827	68,827	-	-	-	-
Trade and other payables	3,761,970	3,761,970	3,761,970	-	-	-	-
Short term borrowings	952,645	952,645	952,645	-	-	-	-
	11,211,253	12,580,567	5,247,299	1,485,031	3,230,652	2,617,585	-

34.2.1 The contractual cash flow relating to long and short term borrowings, murabaha and musharaka have been determined on the basis of expected markup rates.

34.3 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.

34.3.1 Currency risk

	2014	2013
Exposure to currency risk	US Dollars in thousand	
Trade debts	**1,605**	728
Bank balances	**417**	531
Trade creditors	**(5,665)**	(3,963)
Net exposure	**(3,643)**	(2,704)

The following significant exchange rates applied during the year

	2014	2013	2014	2013
	Average rates		Reporting date spot rates	
Rupees / Dollars	**99.05**	96.51	**98.75**	98.94

Sensitivity analysis

A five percent strengthening of the PKR against US Dollar at 30 June would have increased profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular markup rates, remain constant. This analysis is performed on the same basis for 2013.

	Profit or loss Rupees in thousand
30 June 2014	
Effect in US Dollar - gain	**17,987**
	17,987
30 June 2013	
Effect in US Dollar - gain	13,377
	13,377

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.

34.3.2 Interest rate risk

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

	Carrying Amount	
	2014	2013
Fixed rate instruments	....(Rupees in thousands)....	
Financial assets	**81,945**	79,111
Variable rate instruments		
Financial liabilities	**2,373,832**	7,449,282

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in markup rates throughout the year would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

Cash flow sensitivity (net)	Profit or loss 100 basis points	100 basis points
	....(Rupees in thousands)....	
Variable rate instruments	45,079	(45,079)
30 June 2014	**45,079**	**(45,079)**
Variable rate instruments	136,953	(136,953)
30 June 2013	136,953	(136,953)

34.4 Fair value versus carrying amounts

hc 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	2014 Carrying value	2014 Fair value	2013 Carrying amount	2013 Fair value
		......(Rupees in thousands).......			
Long term advances		12,009	12,009	16,012	16,012
Long term deposits	16	90,323	90,323	90,266	90,266
Trade debts	19	571,981	571,981	288,672	288,672
Advances	20	2,666	2,666	4,287	4,287
Deposits	21	4,875	4,875	4,773	4,773
Interest accrued		704	704	140	140
Other receivables		1,820	1,820	1,321	1,321
Bank balances	23	216,262	216,262	322,669	322,669
		900,640	900,640	728,140	728,140
Liabilities carried at amortized cost					
Long term financing	5	-	-	5,868,750	5,868,750
Liability against assets subject to finance lease		-	-	59,061	59,061
Long term musharaka - secured	6	-	-	300,000	300,000
Long term shirkat-ul-melk - secured	7	-	-	200,000	200,000
Trade and other payables	9	3,962,314	3,962,314	3,761,970	3,761,970
Markup accrued		12,324	12,324	68,827	68,827
Short term borrowings	10	2,373,832	2,373,832	952,645	952,645
		6,348,470	6,348,470	11,211,253	11,211,253

34.5 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.

34.6 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.

35 Earnings per share (basic and diluted)

	2014	2013
	....(Rupees in thousands)....	
Profit for the year (Rupees in thousands)	8,550,626	6,294,966
Weighted average number of ordinary shares in issue (Number)	579,384,918	579,384,918
Earnings per share - basic and diluted (Rupees)	14.76	10.86

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

36 Cash and cash equivalents

	2014	2013
Bank balances	216,262	322,669
Short term running finances	(2,373,832)	(952,645)
	(2,157,570)	(629,976)

37 Plants capacity and production of clinker

		Metric Tonnes	Metric Tonnes
Available capacity	- Hattar	1,170,000	1,170,000
	- Farooqia	1,109,700	544,850
	- Chakwal	3,420,000	3,420,000
Actual production	- Hattar	952,146	1,005,545
	- Farooqia	758,942	465,407
	- Chakwal	2,157,937	2,237,942

The capacity utilisation of all the plants during the year was according to market demand in that area.

38 General

38.1 Number of persons employed

	2014	2013
Employees at year end (Number)	1,705	1,961
Average employees during the year (Number)	1,916	1,964

38.2 The comparative figures of profit and loss account and statement of comprehensive income include six months operations of MCL from 01 January 2013 to 30 June 2013. Accordingly comparative figures are not comparable.

38.3 Post Balance Sheet Events

38.3.1 The Company has entered into a binding share purchase agreement dated 23 July 2014 (the Share Purchase Agreement) with Pakistan Cement Holding Limited and Camden Holding PTE Limited (the"Sellers") for purchase of approximately 75.86% shares in Lafarge Pakistan Cement Limited ("LPCL") at purchase consideration of US$ 217,794,657 subject to the adjustments specified in the Share Purchase Agreement. The consummation of the transaction contemplated by the Share Purchase Agreement is subject to satisfaction of regulatory approvals and other conditions precedent specified therein.

38.3.2 Pursuant to the share purchase Agreement with the sellers, the Company has agreed to acquire 300,000 shares representing 50% of the issued share capital in Ecocem Pakistan (Pvt.) Limited held by Lafarge Industrial Ecology International for a consideration f Rs. 30 million. Ecocem is in the business of sorting and selling solid municipal waste. The transaction is subject to successful completion of the acquisition of 75.86% shares in Lafarge Pakistan Cement Limited.

38.3.3 The Board of Directors in their meeting held on 30 August 2014 has proposed a final dividend of Rs. 2.5 per share.

38.4 These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 30 August 2014.

CHIEF EXECUTIVE **DIRECTOR & CFO**

As at June 30, 2014

Share Holding

No. of Shareholders	From	To	Total Shares Held
3,959	1	100	80,273
425	101	500	92,360
92	501	1,000	66,693
82	1001	5,000	194,852
14	5001	10,000	97,915
38	1,0001	100,000	1,848,499
40	10,0001	1,000,000	16,761,444
6	1,000,001	2,000,000	8,823,890
1	2,000,001	3,000,000	2,698,994
3	3,000,001	4,000,000	11,271,126
1	4,000,001	5,000,000	4,323,753
3	6,000,001	7,000,000	18,528,155
2	9,000,001	10,000,000	19,529,836
1	12,000,001	13,000,000	12,014,147
1	15,000,001	16,000,000	15,191,463
1	17,000,001	18,000,000	17,153,461
4	18,000,001	19,000,000	74,887,066
1	28,000,001	29,000,000	28,188,568
1	31,000,001	32,000,000	31,139,368
1	135,000,001	136,000,000	135,770,976
1	180,000,001	181,000,000	180,722,079
4,677			579,384,918

As at June 30, 2014

Share Holding

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their Spouses and Minor Children		
Mohammad Irfan Anwar Sheikh	151,183	
Rakhshanda Choudrey	185,425	
Arshad Mehmood Chaudhary	3,966,286	
Zameer Mohammed Choudrey	12,358,1842	
Mohammed Anwar Pervez	21,640,779,	
Ghulam Sarwar Malik	40,150	
Mahmood Afzal	8,000	
	38,350,007	**6.62**

Pattern of Holding of Shareholding

As at June 30, 2014

Categories of Shareholders	Shares Held	Percentage
Associated Companies, Undertakings and Related Parties		
Bestway Cash & Carry Limited	135,770,976	
MAP Rice Mills (Pvt.) LTD.	606,062	
Bestway Northern Limited.	15,191,463	
Bestway (Holding) Limited.	184,114,764	
	335,683,265	57.94
MODARABS AND MUTUAL FUND.		
NH Capital Fund	3	
KASB Premier Fund Limited	198	
	201	0.00
Banks Development Financial Institutions, Non Banking Financial Institutions.		
United Bank Ltd.	248	
United Bank Ltd.	44	
United Bank Ltd.	22	
Allied Bank of Pakistan Ltd.	1,359	
MCB Bank Ltd.	46	
Allied Bank of Pakistan Ltd.	44	
National Bank of Pakistan	252	
Islamic Investment Bank Ltd.	1,650	
Habib Bank Ltd-cloth Mkt Com. Center	1,452	
MCB Bank Ltd.	75	
Bank of Bahawal Pur Ltd.	11	
Commerce Bank Ltd.	294	
Allied Bank of Pakistan, Head Office	660	
Habib Bank Ltd.	537	
National Bank of Pakistan	218,309	
	225,003	0.04
Insurance Companies		
State Life Insurance Corporation	5,320	
Muslim Insurance Co. Ltd.	264	
The Eastern Federal Union Insurance	1,023	
American Express Co. Inc. Lahore	61	
	6,668	0.00

As at June 30, 2014

Categories of Shareholders	Shares Held	Percentage
NIT and ICP		
National Bank of Pakistan	363	
Investment Corporation of Pakistan	564	
	927	00.00
Others		
IGI Finex Securities Limited	1	
Adhi Securities (Pvt) Limited.	900	
Yousuf Yaqoob Kolia and Company (Pvt) Ltd	9,000	
First Capital Equities Limited	161	
Prudential Securities Limited	500	
Ibrahim Agencies (Pvt) Limited	1,716	
Y.S. Securities & Services (Pvt) Ltd.	44	
Yousuf Yaqoob Kolia and Company (Pvt) Lt	37,500	
Trustee National Bank of Pakistan Employ	40,959	
Trustee National Bank of Pakistan Emp Be	1,437	
Askari Securities Limited	1,320	
Sarfraz Mahmood (Private) Ltd	71	
ACE Securities (Pvt.) Limited	72	
Deputy Administrator Abandoned Properties	4,136	
Securities & Exchange Commission of Pakistan	1	
Pak Pearl Rice Mills (Pvt) Ltd (00154)	791,294	
A1 Support Services (Pvt) Ltd	306,253	
Trustee of Bestway Foundation	6,169,971	
Darson Securities (Pvt) Limited	100	
Fair Deal Securities (Pvt) Ltd.	500	
Muhammad Ahmed Nadeem Securities (SMC-Pvt.)	64	
Dr. Arslan Razaque Securities (SMC-Pvt)	150	
Invest Capital Markets Limited	547	
Fair Deal Securities (Pvt) Ltd	50	
Fikree's (SMC-Pvt) Ltd.	136	
CDC - Trustee National Investment (Unit)	447,020	
Bestway Foundation	17,153,461	
Naeem's Securities Limited	2,292	
Kazi & Kazi Ltd.	79	
Adamjee Sons Ltd.	9	
M/s. Mamoon Ji Ali Bhoy	209	
M/s. Technical Services Association	154	
Habib Bank Ltd. A/c Ahmed Motors Ltd.	44	
The Ahmediyya Anjuman Isheut-i-islam	246	
Ahmed Motors Ltd.	158	

As at June 30, 2014

Categories of Shareholders	Shares Held	Percentage
M.F. Corporation Ltd.	440	
M/S. Sheriar F. Irani Investment	96	
Gharib Wal Cement Ltd.	3,740	
Punjab Cooperative Board for Liquidation	374	
NH Securities (Pvt.) Ltd.	44	
M/S. Mir Afzal Khan & Bros.	180	
	24,975,429	4.31
Individuals		
Local - Individuals	**180,143,418**	
	180,143,418	**31.09**
Grand Total	**579,384,918**	**100.00**

Notice is hereby given that the 21st Annual General Meeting of Bestway Cement Limited (the Company) will be held on September 23, 2014 at 11:00 a.m. at Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 20th Annual General Meeting held on November 30, 2013.

2. To receive, consider and adopt the audited accounts for the year ended June 30, 2014 together with the Directors' and Auditors' Reports thereon and Statement of Compliance with the Code of Corporate Governance.

3. To approve and declare final cash dividend of 25 % in addition to 45 % interim dividends already paid, as recommended by the Board of Directors.

4. To appoint auditors of the Company and fix their remuneration for the year 2014-15. The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

5. Any other business with the permission of the chair.

By Order of the Board

September 03, 2014
Islamabad

Kaleem Ashraf
Company Secretary

NOTES

The Share Transfer Books of the Company will be closed from September 16, 2014 to September 23, 2014 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received in order at the office of the Share Registrar M/s Technology Trade (Private) Limited, Dagia House, 241-C, Block - 2, P.E.C.H.S., Off. Shahrah-e-Qaideen, Karachi at the close of business on September 15, 2014 will be treated in time for entitlement to attend Annual General Meeting and receive the final dividend.

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 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 CNIC number shall be mentioned on the form.
5. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
6. The proxy shall produce his original CNIC 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. Shareholders are informed that Govt. has prescribed 15% withholding tax on dividend payment to non filers while filers of income tax returns will be liable to withholding tax @10%. Shareholders are advised to provide their NTN to Shares Registrars of the Company for availing the benefit of withholding tax rate applicable to filers.
9. Members are also requested to provide copies of their valid CNIC's, mandatory for dispatch of dividend warrants and also promptly notify any changes in their addresses.

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.

Signed this ________________ day of ________________ 2014.

Witness 1:
Signature ________________
Name: ________________
CNIC No. or Passport No. ________________
Address: ________________

Revenue Stamp
of Rs. 5/-

Witness 2:
Signature ________________
Name: ________________
CNIC No. or Passport No. ________________
Address: ________________

____
(Signature should agree with the specimen signature registered with the Registrar)

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.

BESTWAY CEMENT LIMITED

A Company of Bestway Group, U.K