

Company Information

Board of Directors

Sir Mohammed Anwar Pervez
Mr. Zameer Mohammed Choudrey
Mr. Arshad Mehmood Chaudhary
Mr. Muhammad Irfan A Sheikh
Mr. Mazhar Rafi
Mr. Arshad Hameed
Mr. Ghulam Sarwar Malik

Chairman
Chief Executive
Director
Director Finance & CFO
Director Administration & Marketing
Director Procurement & Coordination
Director Projects

Company Secretary

Mr. Mazhar Rafi

Statutory Auditors

KPMG Taseer Hadi & Co., Chartered Accountants.

Cost Auditors

B D O Ebrahim & Co., Chartered Accountants.

Legal Advisors

Raja M. Bashir, Advocate Supreme Court.

Audit Committee

Mr. Mazhar Rafi
Mr. Arshad Hameed
Mr. Ghulam Sarwar Malik

Chairman

Registered Office

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

Head Office

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

Plant Sites

Hattar

Suraj Gali Road, Village Shadi, Hattar, Distt.Haripur,
N.W.F.P. Pakistan.
Tel: (92) 0303-771-1057 - 58,Fax: (92) 0303-71-1056
E-mail: bclhtr@isb.paknet.com.pk

Chakwal

Village Tatra.1. Near PSO Petrol Pump
22Km Kallar Kahar, Choa Saiden Shah Road
Chakwal, Pakistan, Tel: (92-543) 584560-3
E-mail: bclpro@yahoo.com

Shares Department

10th Floor, Mehdi Towers/A-115
S,M.C.H.S, Shahrah-e-Faisal, Karachi.
Tel: (92-21) 452-6983 - 84, Fax: (92-21) 452-6985

Marketing Office

167-A, Adamjee Road, Rawalpindi Cantt.
Tel (92-51) 551-3110, 51,492, 552-0962 Fax: (92-51) 551-3109
E-mail: bdrwp@isb.paknet.com.pk

Bankers

Habib Bank Limited
Allied Bank Limited
MCB Bank Limited
United Bank Limited
Standard Chartered Bank (Pakistan) Limited
Faysal Bank Limited
Bank of Punjab
NIB Bank
Askari Commercial Bank Limited
Bank Al-Habib Limited
The Royal Bank of Scotland
Saudi Pak Commercial Bank Limited
Hongkong and Shanghai Banking Corporation
Habib Metropolitan Bank Limited
Soneri Bank Limited

BESTWAY CEMENT LIMITED

Directors' Report

The Directors take pleasure in presenting the Company's un-audited accounts for the six months ended 31st December 2008.

Industry Overview

The industry was able to attain an overall capacity utilisation of 69% for the six months ended 31st December 2008 as against 77% for the corresponding period last year. Despatches of cement by the industry stood at 14.34 million tonnes that are slightly higher than 13.96 million tonnes for the same period last year. Total capacity for the period under review was 20.7 million tonnes as compared to 19.4 million tonnes for the corresponding period last year. The decrease in capacity utilization is primarily due to decline in local sales volume by 18% which stood at 9.25 million tonnes in the current period as compared to 10.9 million tonnes for the corresponding period last year while exports inclined by 70% period on period basis as the industry exported 5.1 million tonnes of cement and clinker as against 3 million tonnes for the corresponding period of last year.

Production and Sales

	Half Year Ended 31 December		Quarter Ended 31 December	
	2008 Tonnes	2007 Tonnes	2008 Tonnes	2007 Tonnes
Clinker production	1,660,243	1,248,189	852,827	704,362
Cement production	1,416,648	1,165,257	625,480	596,073
Despatches	1,606,623	1,142,949	714,276	575,054

The capacity utilisation of the Company during the six months under review stood at 68% as against the 69% of industry average. Despite fierce competition, the market share of your Company has increased to 15% of the market in the north zone and its position as one of the largest cement producers in the country has further strengthened due to commencement of production at Chakwal line II. Bestway Cement's share was an impressive 10% of total exports of the industry.

Operating Highlights

The turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs.7,420 million for the period as compared to Rs.2,783 million for the corresponding period last year, which is an increase of 167%. The increase in turnover is attributed mainly to increase in sales volume, increase in local prices of cement and increase in export sales proceeds due to rupee depreciation.

Financial charges stood at Rs.1,052 million for the period ended December 31, 2008 as against Rs.572 million for the corresponding period last year. This increase was primarily due to increase in interest rates and charging out of borrowing costs relating to Chakwal Line II to profit and loss account consequent to its capitalization.

Profit before tax for the period under review amounted to Rs.584 million as compared to loss of Rs.472 million during the period ended December 31, 2007 and profit after

taxation for the period under review stood at Rs.556 million as compared to Rs.345 million loss for the same period last year. Higher retention prices, increase in sales volume and increased export proceeds were the main contributing factors for the higher profits.

Waste Heat Recovery Power Plant

Work on the waste heat recovery project is progressing satisfactorily and as per schedule. Implementation of Waste Heat Recovery Power Plant will significantly reduce Company's dependence on external source of electricity and will also result in reduction in cost of production.

Future Outlook

Global economic and domestic political situation has taken its toll on the sales of cement in both domestic and international markets. Persistently high inflation, devaluation of rupee, steep rise in interest rates and shortage of liquidity in the banking system further aggravated the situation. As a result, local sales saw a decline of 18% during the first half of current financial year. Exports however, continued to grow and during the first half export of cement and clinker saw a rise of 70% period on period. The demand of cement in Afghanistan and certain parts of UAE, Asia and Africa still exists. Going forward, the inflation seems to be coming under control and interest rates are starting to decline. Further, the liquidity in the banking system has improved. These factors along with the declining coal prices bode well for the cement industry. Going forward therefore, the demand for cement is expected to rise.

Your management is cognisant of the opportunities and challenges that lie ahead and will be making all out efforts to ensure further growth and superior returns in the ensuing years.

Acknowledgements

The Directors wish to place on record their appreciation for the continued support, contribution and confidence demonstrated in the Company by its shareholders, members of staff, customers, suppliers, our bankers and various government agencies throughout the period.

For and on behalf of the Board

Chief Executive
February 27, 2009
Islamabad

BESTWAY CEMENT LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2008

	Unaudited December 31, 2008	Audited June 30, 2008		Unaudited December 31, 2008	Audited June 30, 2008
Note	Rupees	Rupees	Note	Rupees	Rupees
Share capital and reserves			Non-current assets		
Authorised share capital					
350,000,000 ordinary shares of Rs. 10 each	<u>3,500,000,000</u>	3,500,000,000	Property, plant and equipment	6 <u>16,232,716,360</u>	16,004,481,991
Issued, subscribed and paid up share capital	<u>2,832,587,750</u>	2,832,587,750	Investment property	291,330,764	291,330,764
Share premium account	<u>901,277,930</u>	901,277,930	Long term investments	5,297,902,301	5,297,902,301
Unappropriated profit	<u>2,576,529,708</u>	2,020,561,237	Long term advances and deposits	<u>102,474,847</u>	102,474,847
Advance for issue of right shares	<u>1,472,024,108</u>	1,102,077,293		<u>21,924,424,272</u>	21,696,189,903
	<u>7,782,419,496</u>	6,856,504,210			
Non-current liabilities			Current assets		
Long term financing - secured	<u>12,399,970,002</u>	12,506,666,668	Stores, spare parts and loose tools	<u>1,980,459,464</u>	1,719,953,575
Liabilities against assets subject to finance lease	<u>210,331,146</u>	258,138,491	Stock in trade	<u>1,155,332,719</u>	729,726,744
Deferred liabilities	<u>425,130,868</u>	441,207,639	Trade debts- considered good	<u>501,881,046</u>	365,120,641
Long term advance	<u>6,999,840</u>	12,249,720	Advances, deposits, prepayments and other receivables	<u>1,356,469,272</u>	555,926,016
	<u>13,042,431,856</u>	13,218,262,518	Cash and bank balances	<u>337,846,967</u>	348,573,988
				<u>5,331,989,468</u>	3,719,300,964
Current liabilities					
Trade and other payables	<u>1,178,214,661</u>	1,542,716,339			
Markup payable	<u>370,511,273</u>	286,999,641			
Short term borrowings - secured	<u>2,306,742,758</u>	1,507,674,825			
Current portion of liabilities against assets subject to finance lease	<u>22,760,362</u>	-			
Current portion of long term financing	<u>2,553,333,334</u>	2,003,333,334			
	<u>6,431,562,388</u>	5,340,724,139			
	<u>27,256,413,740</u>	<u>25,415,490,867</u>		<u>27,256,413,740</u>	<u>25,415,490,867</u>
Contingencies and Commitments					

The annexed notes from 1 to 9 form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2008

	For the six months ended		For the three months ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	Rupees	Rupees	Rupees	Rupees
Turnover - net	7,420,186,961	2,783,093,625	3,202,483,031	1,452,448,823
Cost of sales	5,059,476,984	2,611,826,140	2,191,606,314	1,306,620,749
GROSS PROFIT	2,360,709,977	171,267,485	1,010,876,717	145,828,074
Administration and general expenses	57,478,499	65,099,133	26,282,789	33,523,529
Distribution cost	779,974,590	29,274,479	287,473,668	17,418,539
Finance cost	1,051,682,639	571,943,956	551,685,196	291,423,881
Other income	(135,618,511)	(23,296,346)	(26,577,260)	(15,296,115)
Workers' Profit Participation Fund	23,578,713	-	7,271,754	-
	1,777,095,930	643,021,222	846,136,147	327,069,834
PROFIT/ (LOSS) BEFORE TAXATION	583,614,047	(471,753,737)	164,740,570	(181,241,760)
Taxation - Current	48,819,471	13,915,468	31,866,574	7,262,244
- Deferred	(21,173,895)	(140,677,328)	(103,445,265)	(60,447,952)
	27,645,576	(126,761,860)	(71,578,691)	(53,185,708)
PROFIT/ (LOSS) AFTER TAXATION	555,968,471	(344,991,877)	236,319,261	(128,056,052)
EARNINGS PER SHARE - basic and diluted	1.96	Restated (1.22)	0.83	Restated (0.45)

The annexed notes from 1 to 9 form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2008

For the six months ended

	December 31, 2008 Rupees	December 31, 2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation	583,614,047	(471,753,737)
Adjustment for:		
Depreciation	277,684,111	231,808,609
Gain on disposal of fixed assets	(103,890)	(912,821)
Rental income	(11,509,423)	(10,322,805)
Profit on deposit accounts	(229,487)	(1,835,767)
Finance cost	1,051,682,639	571,943,956
Provision for staff retirement benefits	6,824,640	7,804,561
	1,324,348,590	798,485,733
Operating profit before working capital changes	1,907,962,637	326,731,996
Decrease/ (increase) in stores, spare parts and loose tools	8,705,808	(345,976,087)
Increase in stock in trade	(425,605,975)	(386,787,751)
Increase in trade debts	(136,760,405)	(91,180,622)
Increase in advances, deposits, prepayments and other receivables	(311,817,266)	(245,626,390)
(Decrease)/ increase in trade and other payables	(418,481,029)	263,756,782
	(1,283,958,867)	(805,814,068)
Cash from/ (used in) operations	624,003,770	(479,082,072)
Finance cost paid	(968,171,007)	(853,209,085)
Staff retirement benefits paid	(1,727,514)	(1,358,390)
Income tax paid	(132,445,352)	(34,013,291)
	(1,102,343,873)	(888,580,766)
NET CASH USED IN OPERATING ACTIVITIES	(478,340,103)	(1,367,662,838)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in capital work in progress	(1,267,905,501)	(1,028,848,023)
Additions in fixed assets	(179,212,939)	(48,763,021)
Proceeds from encashment of performance guarantee	326,970,000	-
Proceeds from sale of fixed assets	260,936	1,489,221
Additions to long term investments and advances	-	(11,657,224)
Profit received on deposit accounts	229,487	1,835,767
NET CASH USED IN INVESTING ACTIVITIES	(1,119,658,017)	(1,085,943,280)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short term borrowings	799,067,933	1,992,125,281
Repayments of long term financing	(726,696,666)	(1,517,165,691)
Disbursement of long term financing	1,170,000,000	1,295,000,200
Lease installments paid	(25,046,983)	-
Proceeds from issue of right shares	369,946,815	42,319,770
NET CASH GENERATED FROM INVESTING ACTIVITIES	1,587,271,099	1,812,279,560
Net decrease in cash and cash equivalents	(10,727,021)	(641,326,558)
Cash and cash equivalents at beginning of the period	348,573,988	886,327,763
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	337,846,967	245,001,205

The annexed notes from 1 to 9 form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2008

	Issued, subscribed and paid up share capital	Share premium account	Surplus on remeasurement of available for sale investment to fair value	Advance for issue of right shares	Unappropriated profit/ (loss)	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2007 as reported earlier	2,575,079,770	-	437,623,819	1,116,466,140	1,851,979,758	5,981,149,487
Adjustment of surplus on remeasurement of available for sale investment	-	-	(437,623,819)	-	-	(437,623,819)
Balance as at June 30, 2007 as restated as per audited financial statements	2,575,079,770	-	-	1,116,466,140	1,851,979,758	5,543,525,668
Changes in equity for the six months ended December 31, 2007						
Advance for issue of shares received during the period	-	-	-	42,319,770	-	42,319,770
Right issues (01right share for every 10 shares held as on June 30, 2007)	257,507,980	-	-	(257,507,980)	-	-
Premium on issue of right shares (@ Rs. 35 per right share)	-	901,277,930	-	(901,277,930)	-	-
Net loss after tax for the period	-	-	-	-	(344,991,877)	(344,991,877)
Total recognised income and expense for the period	-	-	-	-	(344,991,877)	(344,991,877)
Balance as at December 31, 2007	2,832,587,750	901,277,930	-	-	1,506,987,881	5,240,853,561
Balance as at June 30, 2008	2,832,587,750	901,277,930	-	1,102,077,293	2,020,561,237	6,856,504,210
Changes in equity for the six months ended December 31, 2008						
Advance for issue of shares received during the period	-	-	-	369,946,815	-	369,946,815
Net profit after tax for the period	-	-	-	-	555,968,471	555,968,471
Total recognised income and expense for the period	-	-	-	-	555,968,471	555,968,471
Balance as at December 31, 2008	2,832,587,750	901,277,930	-	1,472,024,108	2,576,529,708	7,782,419,496

The annexed notes from 1 to 9 form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2008

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

- 2.1** This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.
- 2.2** This condensed interim financial information is unaudited and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.
- 2.3** This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2008. Comparative balance sheet is extracted from the annual audited financial statements for the year ended June 30, 2008 whereas comparative profit and loss account, statement of changes in equity and cash flow statement are stated from unaudited condensed interim financial information for the six months period ended December 31, 2007.
- 2.4** Accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2008.

3 LONG TERM FINANCING - secured

	Six months ended	
	December 31, 2008	December 31, 2007
	Rupees	Rupees
Balance at the beginning of period	14,510,000,002	14,083,832,359
Disbursements during the period	1,170,000,000	1,295,000,200
Repayments during the period	(726,696,666)	(1,517,165,691)
Balance at the end of period	14,953,303,336	13,861,666,868
Less: Current portion shown under current liabilities	(2,553,333,334)	(1,453,333,334)
	12,399,970,002	12,408,333,534

4 SHORT TERM BORROWINGS - secured

During the period, the Company has obtained running finance facilities from banks having maturity of one month on rollover basis. These facilities carry markup ranging from 01 month KIBOR plus 0.35% per annum to 3 months KIBOR plus 1.5% per annum. These facilities are secured against first pari passu hypothecation charge on present and future assets of the Company excluding land and building amounting to Rs. 422 million and ranking hypothecation charge on current assets of the Company amounting to Rs. 667 million.

5 CONTINGENCIES AND COMMITMENTS

	December 31, 2008	June 30, 2008
	Rupees	Rupees
In respect of letters of credit and contracts for Chakwal plant	557,350,268	1,065,028,774
In respect of bank guarantees	102,532,043	71,415,746

- 5.1** All bank guarantees are secured by way of charge over fixed assets of the Company.
- 5.2** Tax returns for Tax Years 2003 to 2006 (years ended 30 June 2003 to 2006) stand assessed under section 120 of the Income Tax Ordinance 2001 [2001 Ordinance]. However, assessment for the Tax Year 2005 was rectified in terms of section 221 of the 2001 Ordinance by tax authorities by rejecting the set off of brought forward business losses relating to assessment years pending in appeal and thereby raising a demand of Rs. 40.55 million. As the determination of loss is consequential to the orders of the appellate forum and the Company is confident of a favourable outcome, hence, no provision has been made in these financial statements.

BESTWAY CEMENT LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2008

6 PROPERTY, PLANT AND EQUIPMENT

	Note	Six months ended	
		December 31, 2008	December 31, 2007
		Rupees	Rupees
Fixed assets	6.1	14,605,062,409	9,608,237,671
Capital work in progress	6.2	1,627,653,951	5,726,656,757
		16,232,716,360	15,334,894,428
6.1 Fixed assets			
Book value at the beginning of the period		15,514,948,030	9,792,103,067
Additions during the period		308,995,979	48,763,021
Book value of disposals/ adjustments during the period		(941,197,489)	(576,400)
Depreciation charge for the period		(277,684,111)	(232,052,017)
Book value at the end of the period		14,605,062,409	9,608,237,671
6.2 Capital work in progress			
Balance at the beginning of the period		489,533,961	4,383,271,686
Additions during the period		1,138,119,990	1,343,385,071
Balance at the end of the period		1,627,653,951	5,726,656,757

7 TRANSACTIONS WITH RELATED PARTIES

Bestway (Holdings) Limited, U.K. is the ultimate parent company of the Company, therefore all subsidiaries and associated undertakings of Bestway (Holdings) Limited, U.K are related parties of the Company. Other related parties comprise of subsidiary company, associated undertakings, major shareholders, entities with common directorships, directors and key management personnel . Transactions with related parties during the period are as follows:

	Six months ended	
	December 31, 2008	December 31, 2007
	Rupees	Rupees
Parent company		
Management fee (expense)	821,099	680,406
Right shares issued at premium	-	361,127,655
Subsidiary company		
Purchase of clinker	-	92,862,799
Sale of coal	200,514,728	61,275,922
Purchase of coal	243,411,900	
Advances given	488,445,924	183,545,287
Recoveries made	313,607,393	55,739,870
Management fee (income)	12,000,000	9,000,000
Markup on advances given	3,330,145	880,594
Sale of cement	18,172,883	-
Stores, spare parts and loose tools given	6,165,659	-
Stores, spare parts and loose tools received	1,648,156	-
Expenses incurred on their behalf	1,514,098	-
Associated undertakings under common directorship		
Service and bank charges	1,216,807	1,246,398
Expenses incurred on their behalf	5,335,783	-
Management fee (income)	240,000	240,000
Office rent received	300,048	272,772
Utility expense paid	31,838	60,330
Dividend received	116,094,725	-
Sale of cement	126,000	-

BESTWAY CEMENT LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2008

TRANSACTIONS WITH RELATED PARTIES (continued)

	Six months ended	
	December 31, 2008	December 31, 2007
	Rupees	Rupees
Other related parties		
- Major Shareholders		
Right shares issued at premium	-	481,736,925
- Key management personnel		
Remuneration and allowances	68,649,818	45,813,516
Right shares issued at premium	-	176,549,715

8 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue by the Board of Directors of the Company in the meeting held on ----
 -----.

9 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR & CFO