

## **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](mailto: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](mailto: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](mailto: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](mailto: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 quarter ended 30th September 2008.

### **Industry Overview**

The industry was able to attain an overall capacity utilisation of 83% for the quarter ended 30<sup>th</sup> September 2008 as against 79% for the corresponding period of last year. Despatches of cement by the industry stood at 7.33 million tonnes that are slightly higher than 7.30 million tonnes for the same period last year. Sales volumes in the domestic market registered a decline of 16% while exports inclined by 60% year on year.

### **Production and Sales**

	<b>2008 Tonnes</b>	<b>2007 Tonnes</b>	<b>Increase Tonnes</b>	<b>Percentage Increase</b>
Clinker production	812,098	543,827	268,271	49%
Cement production	795,534	569,184	226,350	40%
Cement sales	822,201	567,895	254,306	45%
Clinker sales	124,810	-	124,810	100%

The capacity utilisation of the Company during the three months under review stood at 86% as against the 79% of industry average. Despite fierce competition, the market share of your Company has increased to 16% of the market in the north zone and its position as one of the largest cement producers in the country further strengthened due to commencement of production activities of Chakwal line II. Bestway Cement's share was an impressive 12% of total exports of the industry at 2.5 million tonnes.

### **Operating Highlights**

The turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs.4,218 million for the quarter as compared to Rs.1,331 million for the corresponding period of last year, which is an increase of 292%. Profit before tax for the period under review amounted to Rs.419 million as compared to loss of Rs.291 million during the quarter ended September 30, 2007. This was primarily due to increased sales volume and stable selling prices during the period.

Financial charges stood at Rs.500 million for the quarter ended September 30, 2008 as against Rs.281 million for the corresponding quarter of last year.

Profit after taxation for the period under review stood at Rs.320 million as compared to Rs.217 million loss for the same period of last year. Higher net retention prices in the local market and increased exports were the contributing factors for the higher profit.

### **Waste Heat Recovery Power Plant**

Work on the waste heat recovery project is progressing satisfactorily. This project is expected to be operational during fourth quarter of 2008-09.

**Equity Injection**

The Company has announced 15% right shares issue at a premium of Rs. 25 per share. The equity funds will help to reduce the leveraging and consequentially the cost of debt servicing in a rapidly increasing interest rate environment

**Future Outlook**

Despite of the decline in local sales the current financial year has so far seen a reasonable growth in sales volumes. With the start of winter season approaching, the growth momentum in both domestic as well as the export market would decelerate during the next quarter of current financial year. Looming global economic crisis and worsening economic condition in the country is also likely to hit the domestic consumption of cement and may adversely impact the demand for cement both domestically and internationally. These factors coupled with more production capacity coming online in the future both within the country and the region, the markets are likely to become more competitive. Your management is cognisant of the 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  
October 31, 2008  
Islamabad

**BESTWAY CEMENT LIMITED**  
**BALANCE SHEET AS AT SEPTEMBER 30, 2008**

	Unaudited September 30 2008 Rupees	Audited June 30 2008 Rupees
Note		
<b>Share capital and reserves</b>		
Authorised share capital 350,000,000 ordinary shares of Rs. 10 each	3,500,000,000	3,500,000,000
Issued, subscribed and paid up share capital	2,832,587,750	2,832,587,750
Share premium account	901,277,930	901,277,930
Unappropriated profit	2,340,210,447	2,020,561,237
Advance for issue of right shares	1,102,077,293	1,102,077,293
	7,176,153,420	6,856,504,210
<b>Non-current liabilities</b>		
Long term financing - secured	13,006,666,668	12,506,666,668
Liabilities against assets subject to finance lease	232,259,246	258,138,491
Deferred liabilities	525,775,954	441,207,639
Long term advance	9,624,780	12,249,720
	13,774,326,648	13,218,262,518
<b>Current liabilities</b>		
Trade and other payables	1,611,246,543	1,542,716,339
Markup payable	666,067,772	286,999,641
Short term borrowings - secured	1,069,344,491	1,507,674,825
Current portion of long term financing	2,003,333,334	2,003,333,334
	5,349,992,139	5,340,724,139
	26,300,472,206	25,415,490,867

**Contingencies and commitments**

5

The annexed notes from 1 to 10 form an integral part of these financial statements.

CHIEF EXECUTIVE

	Unaudited September 30 2008 Rupees	Audited June 30 2008 Rupees
Note		
<b>Non-current assets</b>		
<b>Fixed Assets</b>		
Property, plant and equipment	15,430,926,423	15,514,948,029
Capital work in progress	511,287,314	489,533,961
	15,942,213,737	16,004,481,991
Investment property	291,330,764	291,330,764
Long term investments	5,297,902,302	5,297,902,302
Long term advances and deposits	102,474,847	102,474,847
	21,633,921,651	21,696,189,904
<b>Current assets</b>		
Stores, spare parts and loose tools	2,083,673,548	1,719,953,575
Stock in trade	743,198,064	729,726,744
Trade debts- considered good	722,557,677	365,120,641
Advances, deposits, prepayments and other receivables	590,420,985	555,926,016
Cash and bank balances	526,700,281	348,573,988
	4,666,550,555	3,719,300,963
	26,300,472,206	25,415,490,867

DIRECTOR & CFO

**BESTWAY CEMENT LIMITED**  
**PROFIT AND LOSS ACCOUNT - UNAUDITED**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

	<b>September 30 2008 Rupees</b>	<b>September 30 2007 Rupees</b>
<b>Turnover - net</b>	4,217,703,930	1,330,644,802
Cost of sales	<u>2,867,870,670</u>	<u>1,305,205,391</u>
<b>Gross profit</b>	1,349,833,260	25,439,410
Administration and general expenses	31,195,710	31,575,604
Distribution cost	492,500,922	11,855,940
Finance cost	499,997,443	280,520,075
Other income	(109,041,251)	(8,000,231)
Workers' Profit Participation Fund	16,306,959	-
	<u>930,959,784</u>	<u>315,951,388</u>
<b>Profit/ (Loss) before taxation</b>	<u>418,873,477</u>	<u>(290,511,978)</u>
Taxation	99,224,267	(73,576,152)
<b>Profit/ (Loss) after taxation</b>	<u><u>319,649,210</u></u>	<u><u>(216,935,826)</u></u>
<b>Earnings/ (Loss) per share (basic and diluted)</b>	<u><u>1.13</u></u>	<u><u>(0.77)</u></u>

The annexed notes from 1 to 10 form an integral part of these financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR & CFO**

**BESTWAY CEMENT LIMITED**  
**CASH FLOW STATEMENT - UNAUDITED**  
**FOR THE YEAR PERIOD SEPTEMBER 30, 2008**

	<b>September 2008</b>	<b>September 2007</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (Loss) before taxation	418,873,477	(290,511,978)
Adjustments for:		
Gain on disposal of property, plant and equipment	(109,443)	(253,439)
Depreciation	164,373,114	116,401,398
Rental income	(5,486,374)	(5,122,380)
Profit on deposit accounts	(27,723)	(51,624)
Finance cost	499,997,443	280,520,075
Provision for staff retirement benefits	86,677,872	3,833,134
Exchange (gain)/ loss	(11,126,714)	47,198
	<u>734,298,175</u>	<u>395,374,362</u>
	1,153,171,651	104,862,384
Increase in stores, spare parts and loose tools	(363,719,973)	(219,848,220)
Increase in stock in trade	(13,471,320)	(22,191,089)
(Increase)/ decrease in trade debts	(357,437,036)	20,346,463
Increase in advances, deposits, prepayments and other receivables	(85,782,757)	(82,768,292)
Increase in trade and other payables	68,530,203	365,683,022
	<u>(751,880,884)</u>	<u>61,221,885</u>
Cash generated from operations	401,290,768	166,084,271
Finance cost paid	(146,808,557)	(37,926,276)
Staff retirement benefits paid	(2,109,557)	(610,048)
Income tax paid	(45,075,045)	(9,252,636)
	<u>(193,993,159)</u>	<u>(47,788,960)</u>
<b>Net cash generated from operating activities</b>	<b>207,297,608</b>	<b>118,295,310</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in capital work in progress	(22,014,295)	(682,448,303)
Additions in property, plant and equipment	(80,242,066)	(27,536,931)
Proceeds from sale of property, plant and equipment	260,943	634,557
Additions to long term advances and deposits	-	(115,800)
Profit earned on deposit accounts	27,723	51,624
Additions to long term investments	-	(118,204)
<b>Net cash used in investing activities</b>	<b>(101,967,695)</b>	<b>(709,533,058)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Decrease)/ Increase in short term finances	(438,330,333)	1,781,482
Long term financing - repayments	-	(99,991,667)
- disbursements	500,000,000	-
Advance for issue of right shares	-	15,979,352
<b>Net cash generated/ (used in) from financing activities</b>	<b>61,669,667</b>	<b>(82,230,833)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>166,999,580</b>	<b>(673,468,581)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>348,573,988</b>	<b>886,327,763</b>
Exchange gain/ (loss)	11,126,714	(47,198)
<b>Cash and cash equivalents at end of the period</b>	<b>526,700,281</b>	<b>212,811,984</b>

The annexed notes from 1 to 10 form an integral part of these financial statements.

**BESTWAY CEMENT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY - UNAUDITED**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2008**

	Issued, subscribed and paid up share capital	Share premium account	Advance for issue of right shares	Unappropriated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at July 01, 2007</b>	2,575,079,770	-	1,116,466,140	1,851,979,758	5,543,525,668
<b>Changes in equity for the quarter ended September 30, 2007</b>					
Loss after tax for the period	-	-	-	(216,935,826)	(216,935,826)
Advance for issue of shares received during the period	-	-	15,979,352	-	15,979,352
<b>Balance as at September 30, 2007</b>	2,575,079,770	-	1,132,445,492	1,635,043,932	5,342,569,194
<b>Changes in equity for the nine months ended June 30, 2008</b>					
Profit after tax for the period	-	-	-	385,517,305	385,517,305
Advance for issue of shares received during the period	-	-	1,128,417,711	-	1,128,417,711
Issue of right shares	257,507,980	-	(257,507,980)	-	-
Premium on issue of right shares	-	901,277,930	(901,277,930)	-	-
<b>Balance as at June 30, 2008</b>	2,832,587,750	901,277,930	1,102,077,293	2,020,561,237	6,856,504,210
<b>Changes in equity for the quarter ended September 30, 2008</b>					
Profit after tax for the period	-	-	-	319,649,210	319,649,210
<b>Balance as at September 30, 2008</b>	<u>2,832,587,750</u>	<u>901,277,930</u>	<u>1,102,077,293</u>	<u>2,340,210,447</u>	<u>7,176,153,420</u>

The annexed notes from 1 to 10 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR & CFO

**BESTWAY CEMENT LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 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.

**2. BASIS OF PREPARATION**

These interim condensed financial statements are unaudited and are being submitted to shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".

**3. ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these interim condensed financial statements are the same as those applied in preparation of annual financial statements of the Company for the year ended June 30, 2008.

	<b>Unaudited September 30, 2008 Rupees</b>	<b>Audited June 30, 2008 Rupees</b>
<b>4. LONG TERM FINANCING</b>	<b>Note</b>	
Balance at the beginning of period/year	14,510,000,002	14,083,832,359
Disbursements during the period/year	500,000,000	2,930,000,000
	15,010,000,002	17,013,832,359
Repayments during the period/year	-	(2,503,832,357)
	15,010,000,002	14,510,000,002
Amount payable within 12 months shown as current liabilities	(2,003,333,334)	(2,003,333,334)
Balance at the end of the period/year	<u>13,006,666,668</u>	<u>12,506,666,668</u>

**5. CONTINGENCIES AND COMMITMENTS**

- 5.1** Letters of credit issued by various banks in respect of credits and contracts for Chakwal plant outstanding at the period end amounted to Rs. 1,780,575,643 (June 30, 2008 : Rs 1,598,206,040).
- 5.2** Certain banks have issued guarantees aggregating Rs. 48,813,975 (June 30, 2008: Rs.71,115,746 ) on behalf of the Company in the ordinary course of business. All bank guarantees are secured by way of charge over fixed assets of the Company.

**6. PROPERTY, PLANT AND EQUIPMENT**

Book value at the beginning of the period/year		15,514,948,030	9,792,103,067
Additions during the period/year	<b>6.1</b>	80,592,607	6,156,325,421
Book value of disposals during the period/year		(241,100)	(1,542,122)
Depreciation charge for the period/year		(164,373,114)	(431,938,336)
Book value at the end of the period/year		<u>15,430,926,423</u>	<u>15,514,948,030</u>

**6.1 Additions during the period/year**

Freehold land	1,305	20,539,659
Buildings	11,917,281	1,325,666,463
Plant and machinery	55,782,543	4,772,191,907
Quarry equipment	2,000,000	11,392
Other equipment	797,800	10,260,554
Furniture and fixture	680,765	11,161,124
Office equipment	1,177,588	3,431,308
Vehicles	8,235,325	13,063,014
	<u>80,592,607</u>	<u>6,156,325,421</u>

**BESTWAY CEMENT LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

	Unaudited September 30, 2008 Rupees	Audited June 30, 2008 Rupees
<b>7. CAPITAL WORK IN PROGRESS</b>		
Balance at the beginning of the period/year	489,533,961	4,383,271,686
Additions during the period/year	21,753,352	2,217,447,724
	511,287,314	6,600,719,410
Transfers to property, plant and equipment:		
Plant and machinery and other equipment	-	(4,728,791,404)
Buildings on free hold land	-	(1,312,839,791)
Stores & Spares	-	(69,554,254)
	-	(6,111,185,448)
Balance at the end of the period/year	511,287,314	489,533,961
<b>7.1 Balance at the end of the period/ year represents</b>		
Plant and machinery and other equipment-owned	335,738,405	202,443,648
Building and civil works	23,318,027	6,583,284
Advances against capital expenditure	138,387,164	249,425,697
Borrowing cost	5,347,709	27,643,641
Other directly attributable expenses	8,496,009	3,437,690
	511,287,314	489,533,961

**8. TRANSACTIONS WITH RELATED PARTIES**

Bestway (Holdings) Limited, U.K. is the ultimate parent 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, entities with common directorships, directors and key management personnel . Transactions with related parties during the period are disclosed below:

	Unaudited	
	Quarter ended September 30, 2008 Rupees	2007 Rupees
<b>Transactions with parent company</b>		
Management charges (expense)	674,681	390,256
<b>Transactions with subsidiary company</b>		
Advances given	446,883	9,047,479
Recoveries made	229,577	256,164
Purchase of clinker	-	61,811,393
Sale of cement	8,416,600	-
Management fee (income)	6,000,000	4,500,000
Markup on advances given	-	132,036
Sale of coal	17,807,114	71,211,459
Advance given for purchase of cement	-	380,023
Stores, spare parts and loose tools given	2,120,845	3,568,326
Stores, spare parts and loose tools returned	430,674	128,561
<b>Transactions with associated undertakings under common directorship</b>		
Service/bank charges	748,862	487,995
Management charges (income)	120,000	120,000
Office rent paid	150,024	136,386
Utility expense paid	18,000	24,680
Dividend received	116,094,725	-
Sale of cement	126,000	-
<b>Other related parties</b>		
Remuneration including benefits and perquisites of key management personnel	34,944,909	25,401,258

**BESTWAY CEMENT LIMITED  
NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED SEPTEMBER 30, 2008**

**9. DATE OF AUTHORISATION**

The interim condensed financial statements were authorised for issue by the Board of Directors of the Company in the meeting held on October 31, 2008.

**10. GENERAL**

Figures have been rounded off to the nearest rupee.

**CHIEF EXECUTIVE**

**DIRECTOR & CFO**