



BESTWAY CEMENT LIMITED  
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#### BOARD OF DIRECTORS

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

#### COMPANY SECRETARY

Mr. Kaleem Ashraf, ACA

#### STATUTORY AUDITORS

KPMG Taseer Hadi & Co. Chartered Accountants

#### COST AUDITORS

BDO Ebrahim & Co. Chartered Accountants.

#### LEGAL ADVISORS

Raja M. Bashir, Advocate Supreme Court.

#### AUDIT COMMITTEE

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

#### REGISTERED / HEAD OFFICE

Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad.  
Tel: (92-51) 265 4856 ~63 , Fax: (92-51) 265 4865/265 4992  
E-mail: management@bestway.com.pk

#### PLANT SITE

Hattar  
Suraj Gali Road, Village Shadi, Hattar, Distt. Haripur.  
Khyber Pakhtunkhwa Pakistan.  
Tel: (92) 0303 771 1057 ~ 58, Fax: (92) 0303 711056  
E-mail: gmworks1@bestway.com.pk



#### Chakwal

Village Tatal, Near PSO Petrol Pump  
22 Km Kallar Kahar, Choa Saiden Shah Road  
Chakwal. Pakistan  
Ph: 0543 584560 ~ 3  
Email: gmworks3@bestway.com.pk

#### MARKETING HEAD OFFICE

House# 293-A, Peshawar Road Rawalpindi  
Tel: (92-51) 551 3110, 551 4492, 552 0962 Fax: (92-51) 551 3109  
E-mail: gmmkt@bestway.com.pk

#### SHARES DEPARTMENT

Progressive Management Services (Pvt) Ltd.  
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

#### BANKERS

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



The Directors take pleasure in presenting the Company's un-audited accounts for the quarter ended 30<sup>th</sup> September 2010.

#### Industry Overview

During the quarter under review, the industry witnessed significant contraction in despatches due to unprecedented flooding caused by heavy monsoon. The local despatches stood at just 4.6 million tonnes as against 5.5 million tonnes while exports stood at 2.3 million tonnes as against 2.9 million tonnes in the same period of last year.

#### Production and Sales

	2010 Tonnes	2009 Tonnes	Decrease Tonnes	Percentage Decrease
Clinker production	643,599	834,798	191,199	23%
Cement production	715,956	1,103,603	387,647	35%
Cement sales	695,371	1,097,459	402,088	37%
Clinker sales	-	3,439	3 439	-

The capacity utilisation of the Company during the three months under review stood at 58% as against 93% for the same period of last year. Significantly lower off take of cement and shutdown at Hattar plant for maintenance resulted in short fall in capacity utilisation.

#### Operating Highlights

The turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs.2,563 million for the quarter as compared to Rs. 4,089 million for the corresponding period of last year.

Financial charges stood at Rs. 612 million for the quarter ended 30<sup>th</sup> September 2010 as against Rs. 503 million for the corresponding quarter of last year which is an increase of 22%. This was primarily due to higher cost of financing and increased borrowings during the period.

Loss before tax for the period under review amounted to Rs.290 million as compared to profit of Rs. 101 million during the quarter ended 30<sup>th</sup> September 2009. Loss after taxation stood at Rs. 186 million as compared to a profit of Rs. 53 million for the same period of last year. This was primarily due to significantly lower off take of cement and increased production costs during the period.

#### Waste Heat Recovery Power Plant CDM Registration

We feel immense pleasure in informing our shareholders that our waste heat recovery project has been registered with UNFCCC under the Clean Development Mechanism. It is a



matter of great pride that this is the first project in cement industry and only the ninth project in Pakistan to have been registered to date.

#### Future Outlook

Unprecedented flooding caused by heavy monsoon during the 1<sup>st</sup> quarter of 2010-2011 adversely affected the demand for cement; however the devastation caused by the floods is likely to generate additional demand for cement for the rehabilitation of infrastructure and housing.

In the recent past the cement industry has had to contend with low selling prices due to fierce competition, high interest rates, increasing power tariffs and increase in duties, taxes and royalty on raw materials. Selling prices have however started firming up with further improvement likely in the coming months.

On the export front, regional markets like the UAE are likely to remain depressed for the foreseeable future, while other markets like Afghanistan continue to generate good demand for Pakistani cement. Bestway is already firmly established as the leading brands in Afghanistan and your Company will continue to expand its share in that market. Other markets like Africa, India and Srilanka are likely to continue to generate some demand for our cement for few more years to come.

Your management is cognisant of the challenges that lie ahead and will continue to make all out efforts to ensure further growth and superior returns in the future.

#### 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  
29 October 2010  
Islamabad



**BESTWAY CEMENT LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2010**

		Unaudited 30 September 2010 Rupees	Audited 30 June 2010 Rupees
Share capital and reserves			
Authorised share capital			
350,000,000 (2010: 350,000,000) ordinary shares of Rs. 10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid up share capital		3,257,475,910	3,257,475,910
Share premium account		1,963,498,330	1,963,498,330
Unappropriated profit		1,599,283,970	1,785,148,713
		6,820,258,210	7,006,122,953
Non-current liabilities			
Long term financing - secured	4	9,686,358,893	9,686,358,893
Liabilities against assets subject to finance lease		154,309,556	154,309,556
Long term murabaha - secured	5	1,885,000,000	1,885,000,000
Deferred liabilities		273,190,355	386,112,881
		11,998,858,804	12,111,781,330
Current liabilities			
Trade and other payables		1,323,296,656	1,558,426,981
Markup payable		673,633,168	278,889,458
Short term borrowings - secured	6	4,114,452,923	3,584,835,474
Current portion of long term financing	4	3,419,444,445	3,419,444,445
Current portion of liabilities against assets subejct to finance lease		50,402,872	43,433,791
Current portion of long term murabaha	5	120,000,000	120,000,000
		9,701,230,063	9,005,030,149
		28,520,347,078	28,122,934,432
Contingencies and commitments	7		
The annexed notes from 1 to 11 form an integral part of this financial information.			
CHIEF EXECUTIVE			



**BESTWAY CEMENT LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2010**

		Unaudited 30 September 2010 Rupees	Audited 30 June 2010 Rupees
Non-current assets			
Property, plant and equipment	8	16,745,966,776	16,896,396,926
Investment property		340,715,834	340,715,834
Long term investments		6,096,182,548	6,096,182,548
Long term advances		24,018,000	24,018,000
Long term deposits		70,450,847	70,450,847
		23,277,334,006	23,427,764,155
Stores, spare parts and loose tools		2,630,178,677	2,167,264,132
Stock in trade		1,066,764,010	785,462,819
Trade debts- considered good		135,144,840	297,188,037
Advances		322,720,143	395,685,381
Deposits and prepayments		16,480,939	7,619,146
Interest accrued		36,625	62,490
Other receivables		32,569,218	30,579,142
Due from Government agencies		892,252,910	823,532,386
Cash and bank balances		146,865,708	187,776,744
		5,243,013,072	4,695,170,277
		28,520,347,078	28,122,934,432
DIRECTOR & CFO			



**BESTWAY CEMENT LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT/  
STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED FOR THE  
QUARTER ENDED 30 SEPTEMBER 2010**

	Quarter ended 30 September	
	2010 Rupees	2009 Rupees
Turnover - net	2,563,215,411	4,088,879,485
Cost of sales	2,208,892,841	2,895,144,703
Gross profit	354,322,569	1,193,734,783
Administrative expenses	33,704,522	29,751,566
Distribution cost	98,270,385	567,191,893
Other operating expenses	-	6,721,645
Finance cost	612,067,415	502,664,474
Other income	(100,184,642)	(13,359,916)
	643,857,680	1,092,969,662
(Loss)/ Profit before taxation	(289,535,111)	100,765,121
Taxation - Current	15,235,175	20,766,326
- Deferred	(118,905,544)	27,471,466
	(103,670,368)	48,237,792
(Loss)/ Profit after taxation	(185,864,743)	52,527,329
(Loss)/ Earnings per share (basic and diluted)	(0.57)	0.16

The annexed notes from 1 to 11 form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO



**BESTWAY CEMENT LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED  
FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

	Quarter ended 30 September	
	2010 Rupees	2009 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)/ profit before taxation	(289,535,111)	100,765,121
Adjustments for:		
Gain on disposal of property, plant and equipment	(292,354)	(113,363)
Depreciation	178,594,495	155,332,734
Rental income from investment property	(3,246,057)	(3,569,285)
Profit on deposit accounts	(145,234)	-
Profit on held to maturity investment	-	(2,201)
Finance cost	612,067,415	502,664,474
Provision for staff retirement benefits	9,544,401	5,491,257
Dividend Income	(93,649,744)	-
Exchange loss/ (gain)	214,518	(11,893,966)
	703,087,440	647,909,650
	413,552,329	748,674,771
(Increase)/ decrease in current assets		
Stores, spare parts and loose tools	(462,914,545)	(674,878,930)
Stock in trade	(281,301,191)	460,443,107
Trade debts	162,043,196	34,712,795
Advances	72,965,238	(10,067,244)
Deposits and prepayments	(8,861,793)	1,663,246
Accrued profit	25,865	89,941
Other receivables	(1,990,076)	(195,364,316)
Due from government agencies	(68,720,524)	(46,164,138)
Increase/ (decrease) in current liabilities		
Trade and other payables	(195,399,059)	301,790,095
	(784,152,890)	(127,775,444)
Cash (used in)/ generated from operations	(370,600,562)	620,899,327
Finance cost paid	(210,354,624)	(113,750,782)
Staff retirement benefits paid	(3,561,383)	(3,750,238)
Income tax paid	(51,720,385)	(70,327,462)
	(265,636,392)	(187,828,482)
	(636,236,954)	433,070,844
Net cash (used in)/ generated from operating activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in capital work in progress	(15,508,245)	(274,805,057)
Additions in fixed Assets	(15,433,703)	(1,374,745)
Additions in long term investments - net	-	(87,571)
Decrease in stores held for capitalisation	-	43,796,989
Additions in stores held for capitalization	752,691	-
Proceeds from sale of fixed assets	2,317,267	1,622,605
Dividend received from associated company- UBL	93,649,744	-
Profit received on deposit accounts	145,234	-
Net cash generated from/ (used in) investing activities	65,922,987	(230,847,780)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/ (decrease) in short term borrowings	529,617,449	(536,069,281)
Net cash generated from financing activities	529,617,449	(536,069,281)
Net decrease in cash and cash equivalents	(40,696,518)	(333,846,218)
Cash and cash equivalents at beginning of the period	187,776,744	452,291,805
Exchange (loss)/ gain	(214,518)	11,893,966
Cash and cash equivalents at end of the period	146,865,708	130,339,553

The annexed notes from 1 to 11 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 QUARTER ENDED 30 SEPTEMBER 2010**

	Capital reserve		Revenue reserve		Total
	Issued, subscribed and paid up share capital	Share premium account	Unappropriated profit	Other comprehensive income	
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 July 2009	3,257,475,910	1,963,498,330	2,994,585,223	-	8,215,559,463
<b>Changes in equity for the quarter ended 30 September 2009</b>					
Profit after tax for the period	-	-	52,527,329	-	52,527,329
Total comprehensive income for the period	-	-	52,527,329	-	52,527,329
Balance as at 30 September 2009	3,257,475,910	1,963,498,330	3,047,112,552	-	8,268,086,792
Balance as at 30 June 2010	3,257,475,910	1,963,498,330	1,785,148,713	-	7,006,122,953
<b>Changes in equity for the quarter ended 30 September 2010</b>					
Loss after tax for the period	-	-	(185,864,743)	-	(185,864,743)
Total comprehensive (expense)/ income for the period	-	-	(185,864,743)	-	(185,864,743)
Balance as at 30 September 2010	3,257,475,910	1,963,498,330	1,599,283,970	-	6,820,258,210

The annexed notes from 1 to 11 form an integral part of this financial information.

DIRECTOR & CFO

CHIEF EXECUTIVE



**BESTWAY CEMENT LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION - UNAUDITED FOR THE QUARTER ENDED**  
**30 SEPTEMBER 2010**

**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 (Guaranteed) Limited since April 9, 2001. The Company is engaged in production and sale of cement. The Company's registered office is situated at Bestway Building, 19-A, College Road F-7 Markaz, Islamabad.

**2 BASIS OF PREPARATION**

2.1 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 and in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting".

2.3 This condensed interim financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2010. Comparative figures of the balance sheet are extracted from the audited annual financial statements for the year ended June 30, 2010 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 three months period ended September 30, 2010.

**3. ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies, related judgments, estimates and assumptions adopted for preparation of this condensed interim financial information are the same as those applied in preparation of the annual audited financial statements for the year ended June 30, 2010.

**4 LONG TERM FINANCING - secured**

	Unaudited 30 September 2010 Rupees	Audited 30 June 2010 Rupees
Balance at the beginning of period/ year	13,105,803,338	14,626,636,670
Disbursements during the period/ year	-	2,050,000,000
Repayments during the period/ year	-	(3,570,833,332)
Balance at the end of period/ year	13,105,803,338	13,105,803,338
Less: Current portion shown under current liabilities	(3,419,444,445)	(3,419,444,445)
	<u>9,686,358,893</u>	<u>9,686,358,893</u>



**BESTWAY CEMENT LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION - UNAUDITED FOR THE QUARTER ENDED**  
**30 SEPTEMBER 2010**

	Unaudited 30 September 2010 Rupees	Audited 30 June 2010 Rupees
5 LONG TERM MURABAHA - secured		
Balance at beginning of the period/ year	2,005,000,000	450,000,000
Disbursements during the period/ year	-	1,675,000,000
Repayments during the period/ year	-	(120,000,000)
	<u>2,005,000,000</u>	<u>2,005,000,000</u>
Current portion of long term murabaha	(120,000,000)	(120,000,000)
Balance at end of the period/ year	<u>1,885,000,000</u>	<u>1,885,000,000</u>

6 SHORT TERM BORROWINGS - secured

During the period, the Company has obtained short term finance facilities amounting to USD 7.881 million (equivalent to Rs. 682 million) from banks having maturity of six months on rollover basis. These facilities carry markup ranging from three month's LIBOR plus 2.75% per annum to six months' LIBOR plus 3.25% per annum. These facilities are secured against first pari passu hypothecation charge on present and future current assets of the Company amounting to Rs. 376 million and present and future all assets of the Company excluding land and building amounting to Rs. 533 million.

7 CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

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

Against the above referred order of CCP dated 27 August 2009 an appeal was also filed as abundant caution in the Honourable Supreme Court of Pakistan under Section 42 of the Competition Ordinance, 2007. These appeals are still pending and management is confident of a favourable outcome of the case.

Tax related contingencies are same as disclosed in the annual financial statements for the year ended 30 June 2010.



**BESTWAY CEMENT LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL**  
**INFORMATION - UNAUDITED FOR THE QUARTER ENDED**  
**30 SEPTEMBER 2010**

		Unaudited 30 September 2010 Rupees	Audited 30 June 2010 Rupees
7.2 Commitments	Note		
7.2.1 In respect of letters of credit and contracts		862,071,993	685,764,775
7.2.2 In respect of bank guarantees		68,329,762	68,329,762
7.3 All bank guarantees are secured by way of charge over operating fixed assets of the Company.			
8 PROPERTY, PLANT AND EQUIPMENT			
Fixed assets		16,505,657,622	16,670,843,327
Capital work in progress		99,581,009	84,072,763
Intangible Assets		30,000,000	30,000,000
Stores held for capitalisation		110,728,145	111,480,836
8.1 Movement in property, plant and equipment	8.1	<u>16,745,966,776</u>	<u>16,896,396,926</u>
Carrying value at beginning of the period/ year		16,896,396,926	16,991,285,086
Additions during the period/ year	8.2	28,537,991	623,122,597
Carrying value of disposals/ adjustments during the period/ year		(373,646)	(51,287,072)
Depreciation charge for the period/ year		(178,594,495)	(666,723,685)
Carrying value at end of the period/ year		<u>16,745,966,776</u>	<u>16,896,396,926</u>
8.2 Additions in property, plant and equipment			
Freehold land		267,870	5,486,587
Buildings on freehold land		3,081,592	198,189,897
Plant and machinery		3,323,280	2,599,567,355
Other equipment		2,734,067	7,455,967
Furniture and fixture		213,408	1,939,202
Vehicle		1,748,000	(989,850)
Office equipment		1,661,529	11,679,256
Capital work in progress		15,508,246	-
		<u>28,537,991</u>	<u>2,823,328,414</u>



9 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:

	Quarter ended 30 September,	
	2010 Rupees	2009 Rupees
Parent company		
Management fee (expense)	1,358,864	196,560
Subsidiary company		
Sale of coal	358,936,642	-
Purchase of coal	73,063,472	-
Sale of gypsum	661,780	-
Sale of cement	277,300	-
Sale of packing material	752,060	-
Advances given	213,847,665	551,000,000
Recoveries made	623,847,665	309,704,422
Purchase of clinker	48,635,594	-
Management fee (income)	7,500,000	7,500,000
Markup on advances given	8,594,413	19,149,742
Stores, spare parts and loose tools given	5,529,018	2,282,960
Stores, spare parts and loose tools received	4,742,946	3,008,647
Expenses incurred on their behalf	158,083	-



	Quarter ended 30 September,	
	2010 Rupees	2009 Rupees
Associated undertakings under common directorship		
Service and bank charges	1,062,065	764,213
Management fee (income)	120,000	120,000
Office rent received	181,800	165,027
Utility expense received	15,000	20,678
Dividend received	93,649,744	-
Sale of cement	1,022,180	74,100

TRANSACTIONS WITH RELATED PARTIES (continued)

Other related parties

- Key management personnel

Remuneration and allowances	31,569,329	26,426,671
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10 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 29 October 2010.

11 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR & CFO





Consolidated  
Financial Information  
September 2010



**BESTWAY CEMENT LIMITED**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2010**

	Note	September 2010 Rupees	June 2010 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
350,000,000 (2010: 350,000,000) ordinary shares of Rs. 10 each		<u>3,500,000,000</u>	<u>3,500,000,000</u>
Issued, subscribed and paid up share capital		3,257,475,910	3,257,475,910
Share premium		1,963,498,330	1,963,498,330
Exchange reserve		646,835,524	579,217,097
Cash flow hedge reserve		(11,595,718)	(13,189,978)
Unappropriated profit		<u>4,133,072,804</u>	<u>4,271,289,486</u>
		9,989,286,850	10,058,290,845
Minority interest		<u>154,728,064</u>	<u>157,375,906</u>
		<u>10,144,014,914</u>	<u>10,215,666,751</u>
<b>NON CURRENT LIABILITIES</b>			
Long term financing - secured	5	<u>13,482,192,226</u>	<u>13,482,192,226</u>
Liability against assets subject to finance lease-secured		154,309,556	154,309,555
Long term murabaha-secured	6	<u>1,885,000,000</u>	<u>1,885,000,000</u>
Long term advances		-	-
Deferred liabilities		<u>1,102,874,015</u>	<u>1,225,693,196</u>
		<u>16,624,375,797</u>	<u>16,747,194,977</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		<u>2,106,110,842</u>	<u>2,246,189,610</u>
Markup payable		877,533,631	361,303,917
Short term borrowings - secured	7	<u>5,269,143,002</u>	<u>4,641,908,139</u>
Current portion of long term financing	5	<u>4,298,611,112</u>	<u>4,298,611,112</u>
Current portion of liability against assets subject to finance lease		50,402,872	43,433,792
Current portion of long term murabaha	6	<u>120,000,000</u>	<u>120,000,000</u>
		<u>12,721,801,458</u>	<u>11,711,446,570</u>
		<u>39,490,192,169</u>	<u>38,674,308,298</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
The annexed notes 1 to 12 form an integral part of these consolidated financial statements.			
<b>CHIEF EXECUTIVE</b>			



**BESTWAY CEMENT LIMITED**  
**CONDENSED INTERIM CONSOLIDATED BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2010**

	Note	September 2010 Rupees	June 2010 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	9	25,508,270,528	25,755,960,207
Goodwill		1,135,192,353	1,135,192,353
Investment property		340,715,834	340,715,834
Long term investments		5,635,366,736	5,445,240,148
Long term advance		24,018,000	24,018,000
Long term deposits		<u>87,495,534</u>	<u>87,495,534</u>
		<u>32,731,058,986</u>	<u>32,788,622,076</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		<u>3,137,530,566</u>	<u>2,686,048,335</u>
Stock in trade		<u>1,557,936,192</u>	<u>1,065,833,617</u>
Trade debts- considered good		151,435,713	315,857,176
Advances		310,461,093	257,510,799
Deposits and prepayments		19,662,523	8,578,946
Interest accrued		36,625	62,490
Other receivables		3,331,876	1,341,800
Due from government agencies		<u>1,398,841,175</u>	<u>1,339,808,133</u>
Cash and bank balances		<u>179,897,418</u>	<u>210,644,926</u>
		<u>6,759,133,183</u>	<u>5,885,686,222</u>
		<u>39,490,192,169</u>	<u>38,674,308,298</u>
<b>DIRECTOR &amp; CFO</b>			



**BESTWAY CEMENT LIMITED**  
**CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS**  
**ACCOUNT (UNAUDITED) FOR THE QUARTER ENDED**  
**30 SEPTEMBER 2010**

	Quarter ended 30 September	
	2010 Rupees	2009 Rupees
<b>Turnover-net</b>	<b>3,311,017,484</b>	4,246,477,625
Cost of sales	<b>2,835,874,339</b>	3,160,995,518
<b>Gross profit</b>	<b>475,143,146</b>	1,085,482,107
Administrative expenses	<b>40,546,266</b>	43,231,249
Distribution cost	<b>100,104,337</b>	568,558,459
Other operating expenses	-	6,721,645
Finance cost	<b>803,053,139</b>	524,826,228
Other operating income	<b>(7,001,632)</b>	(15,898,632)
	<b>936,702,110</b>	1,127,438,949
Share of profit in associated company	<b>213,705,198</b>	178,631,708
<b>(Loss)/ profit before taxation</b>	<b>(247,853,767)</b>	136,674,866
Taxation - Current	<b>(23,202,325)</b>	(21,721,651)
Deffered	<b>130,191,568</b>	(52,072,117)
	<b>106,989,243</b>	(73,793,768)
<b>(Loss)/ profit for the period</b>	<b>(140,864,524)</b>	62,881,098
<b>Attributable to:</b>		
Shareholders of the Bestway Cement Limited	(138,216,682)	75,804,884
Non-controlling interest	<b>(2,647,842)</b>	(12,923,786)
	<b>(140,864,524)</b>	62,881,098

The annexed notes 1 to 12 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR & CFO



**BESTWAY CEMENT LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF**  
**COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER ENDED**  
**30 SEPTEMBER 2010**

	Quarter ended 30 September	
	2010 Rupees	2009 Rupees
<b>(Loss)/ profit for the period attributable to:</b>		
Shareholders of the Parent Company	<b>(138,216,682)</b>	1,068,892,075
Non-controlling interest	<b>(2,647,842)</b>	(15,534,222)
	<b>(140,864,524)</b>	1,053,357,853
<b>Other comprehensive income:</b>		
Exchange translation reserve	<b>67,618,427</b>	327,043,686
Gain/(Loss) on cash flow hedge reserve	<b>2,452,708</b>	(19,671,288)
Related deferred tax (liability)/ asset on cash flow hedge reserve	<b>(858,448)</b>	6,884,951
Other comprehensive income for the year - net of tax	<b>69,212,687</b>	314,257,349
<b>Total comprehensive income for the period</b>	<b>(71,651,837)</b>	1,367,615,202
<b>Total comprehensive income for the period attributable to:</b>		
Shareholders of the Parent Company	<b>(68,090,741)</b>	1,383,149,424
Non-controlling interest	<b>(3,561,096)</b>	(15,534,222)
	<b>(71,651,837)</b>	1,367,615,202

The annexed notes 1 to 12 form an integral part of these consolidated financial statements.

CHIEF EXECUTIVE

DIRECTOR & CFO



**BESTWAY CEMENT LIMITED**  
**CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT**  
**(UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

	Quarter ended 30 September	
	2010	2009
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)/ profit before taxation	(247,853,767)	136,674,866
Adjustments for:		
Gain on disposal of property, plant and equipment	(292,354)	(113,363)
Depreciation	309,152,393	203,694,196
Rental income from investment property	(3,246,057)	(3,569,285)
Profit on deposit accounts	(145,234)	(2,201)
Share of profit in associated company	(213,705,198)	(178,631,708)
Finance cost	803,053,139	524,826,227
Provision for staff retirement benefits	10,654,315	7,582,542
Exchange Loss/( gain)	214,518	(11,893,966)
	<b>905,685,522</b>	<b>541,892,442</b>
	<b>657,831,755</b>	<b>678,567,308</b>
<b>(Increase)/ decrease in current assets</b>		
Stores, spare parts and loose tools	(451,482,233)	(758,847,247)
Stock in trade	(492,102,575)	599,119,695
Trade debts	164,421,462	36,401,571
Advances	52,724,127	(33,203,645)
Deposits and prepayments	(11,083,577)	1,423,725
Accrued Profit	25,865	89,941
Other receivables	(1,990,076)	119,131,799
Due from Government agencies	(58,442,313)	(29,429,145)
<b>Increase/ (decrease) in current liabilities</b>		
Trade and other payables	(206,021,926)	331,642,317
	<b>(1,003,951,248)</b>	<b>266,329,011</b>
Cash (used in)/ generated from operations	(346,119,493)	944,896,319
Finance cost paid	(279,854,343)	(176,111,624)
Staff retirement benefits paid	(4,140,376)	(6,334,720)
Income tax paid	(60,278,264)	(72,449,371)
	<b>(344,272,983)</b>	<b>(254,895,715)</b>
<b>Net cash (used in)/ generated from operating activities</b>	<b>(690,392,476)</b>	<b>690,000,604</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in capital work in progress	(30,283,456)	(517,172,001)
Additions in fixed assets	(22,906,295)	(4,114,069)
(Increase)/decrease in stores held for capitalization	(10,297,870)	69,393,705
Additions in long term investments - net	-	(87,571)
Proceeds from sale of fixed assets	2,317,267	1,622,605
Profit received on deposit accounts	145,234	-
Dividend received	93,649,744	-
<b>Net cash generated/ (used in) from investing activities</b>	<b>32,624,624</b>	<b>(450,357,331)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/(decrease) in short term borrowings	627,234,863	(579,174,282)
Decrease in long term security deposits	-	670,000
<b>Net cash generated/ (used in) from financing activities</b>	<b>627,234,863</b>	<b>(578,504,282)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(30,532,989)</b>	<b>(338,861,009)</b>
Cash and cash equivalents at beginning of the period	210,644,925	462,165,420
Exchange (loss)/ gain	(214,518)	11,893,966
<b>Cash and cash equivalents at end of the period</b>	<b>179,897,418</b>	<b>135,198,377</b>
The annexed notes 1 to 12 form an integral part of these consolidated financial statements.		
<b>CHIEF EXECUTIVE</b>		<b>DIRECTOR &amp; CFO</b>



**BESTWAY CEMENT LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES**  
**IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED**  
**30 SEPTEMBER 2010**

	Attributable to shareholders of the Parent Company		Non Controlling Interest		Total	
	Issued, subscribed and paid up share capital	Share premium	Exchange reserve	Cash flow hedge reserve		Unappropriated profit
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Balance as at 01 July, 2009</b>	3,257,475,910	1,963,498,330	486,648,272	(12,786,337)	4,290,726,308	10,407,070,121
<b>Total comprehensive income for the year</b>	-	-	-	-	9,925,562,483	(81,507,638)
Loss for the year	-	-	-	-	(264,470,503)	(264,470,503)
Others comprehensive income for the year - net of tax	-	-	92,568,825	(403,641)	92,165,184	(265,304,894)
<b>Total comprehensive income for the year</b>	-	-	92,568,825	(403,641)	92,165,184	(265,304,894)
<b>Transaction with owners, recorded directly in equity</b>	-	-	-	-	(172,306,319)	(208,34,301)
Issue of right shares	-	-	-	-	-	-
Premium on issue of right shares	-	-	-	-	-	578,750
Effect of dilution in non-controlling interest due to purchase of unsubscribed non-controlling shares by Parent Company	-	-	-	-	305,033,681	1,157,500
Total transaction with owners, recorded directly in equity	-	-	-	-	305,033,681	(93,597,431)
<b>Balance as at 30 June, 2010</b>	3,257,475,910	1,963,498,330	579,217,097	(13,189,978)	4,271,289,466	10,152,906,751
<b>Total comprehensive income for the period ended 30 September 2010</b>	-	-	-	-	(138,216,682)	(2,647,842)
Loss for the period	-	-	-	-	(138,216,682)	(2,647,842)
<b>Total comprehensive income/ (expense) for the period</b>	-	-	-	-	(138,216,682)	(2,647,842)
<b>Transactions with owners, recorded directly in equity</b>	-	-	-	-	-	-
Parent Company's share of associate's exchange translation reserve-net	-	-	67,618,427	-	67,618,427	67,618,427
Cash flow hedge reserve	-	-	1,594,260	-	1,594,260	1,594,260
<b>Balance as at 30 September, 2010</b>	3,257,475,910	1,963,498,330	646,835,524	(11,595,718)	4,133,072,806	10,144,014,914
The annexed notes 1 to 12 form an integral part of these consolidated financial statements.						
						<b>DIRECTOR &amp; CFO</b>
						<b>CHIEF EXECUTIVE</b>



**1 LEGAL STATUS AND OPERATIONS**

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

The Parent Company has 95.03% (2009: 86.59%) holding in Mustehkam Cement Limited ("the Subsidiary Company"). The Subsidiary Company is a public company incorporated in Pakistan on July 29, 1954 under the Companies Act, 1913 since repealed and replaced by the Companies Ordinance, 1984 and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Subsidiary Company is engaged in production and sale of cement. The Subsidiary Company's registered office is situated at Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad.

**2 BASIS OF CONSOLIDATION**

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

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

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

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

**3 BASIS OF PREPARATION**

**3.1** This condensed interim consolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

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

**3.3** This condensed interim consolidated financial information does not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended June 30, 2010. Comparative figures of the balance sheet are extracted from the audited annual consolidated financial statements for the year ended June 30, 2010 whereas comparative profit and loss account, statement of changes in equity and cash flow statement are stated from unaudited condensed interim consolidated financial information for the three months period ended September 30, 2010.



**4 ACCOUNTING POLICIES AND ESTIMATES**

The accounting policies, related judgments, estimates and assumptions adopted for preparation of this condensed interim consolidated financial information are the same as those applied in preparation of the annual audited consolidated financial statements for the year ended June 30, 2010

**5 LONG TERM FINANCING - secured**

	Unaudited	Audited
	30 September 2010	30 June 2010
	Rupees	Rupees
Balance at the beginning of period/year	17,780,803,338	17,780,803,338
Disbursements during the period/year	-	-
Balance at the end of period/year	17,780,803,338	17,780,803,338
Less: Current portion shown under current liabilities	(4,298,611,112)	(4,298,611,112)
	<b>13,482,192,226</b>	<b>13,482,192,226</b>

**6 LONG TERM MURABAHA - secured**

Balance at the beginning of period/year	2,005,000,000	450,000,000
Disbursements during the period/year	-	1,675,000,000
Repayments during the period/year	-	(120,000,000)
	<b>2,005,000,000</b>	<b>2,005,000,000</b>
Less: Current portion shown under current liabilities	(120,000,000)	(120,000,000)
Balance at the end of period/year	<b>1,885,000,000</b>	<b>1,885,000,000</b>

**7 SHORT TERM BORROWING - secured**

During the period, the Group has obtained short term finance facilities amounting to USD 7.881 million (equivalent to Rs. 682 million) from banks having maturity of six months on rollover basis. These facilities carry markup ranging from three month's LIBOR plus 2.75% per annum to six months LIBOR plus 3.25% per annum. These facilities are secured against first pari passu hypothecation charge on present and future current assets of the Group amounting to Rs. 376 million and present and future all assets of the Company excluding land and building amounting to Rs. 533 million.



**8 CONTINGENCIES AND COMMITMENTS**

	Unaudited 30 September 2010 Rupees	Audited 30 June 2010 Rupees
In respect of letters of credit and contracts	<u>959,945,997</u>	<u>710,599,823</u>
In respect of bank guarantees	<u>68,329,762</u>	<u>68,329,762</u>

**8.1** All bank guarantees are secured by way of charge over fixed assets of the Group.

**8.2** Competition Commission of Pakistan (CCP) has issued a show cause notice dated October 28, 2008 to 21 cement manufactures (including the Group) under section 30 of the Competition Ordinance, 2007. On August 27, 2009, CCP imposed a penalty of Rs. 636 million on the Group. The cement manufacturers (including the Group) 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 manufactures.

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. These appeals are still pending and management is confident of a favourable outcome of the case.

**8.3** Tax related contingencies are same as disclosed in the annual financial statements for the year ended June 30, 2010.

**8.4 Share of contingencies & commitments in associated company**

**Contingencies**

Direct credit substitutes	<u>1,523,645,222</u>	<u>1,617,110,015</u>
Transactions related	<u>7,894,687,239</u>	<u>7,595,060,378</u>
Trade related	<u>9,503,569,985</u>	<u>9,101,532,573</u>
Tax related	<u>-</u>	<u>469,000,000</u>
Others	<u>1,613,233,148</u>	<u>1,581,325,610</u>

**Commitments**

In respect of sale of forward foreign exchange contracts	<u>4,028,849,015</u>	<u>3,633,708,308</u>
In respect of purchase of forward foreign exchange contracts	<u>7,367,782,473</u>	<u>7,044,624,135</u>
Others	<u>3,208,081,739</u>	<u>3,925,269,468</u>



	Note	Unaudited 30 September 2010 Rupees	Audited 30 June 2010 Rupees
		<u>Rupees</u>	<u>Rupees</u>
Fixed assets	9.1	<u>25,229,833,293</u>	25,518,104,298
Capital work in progress	9.2	<u>144,356,221</u>	84,072,764
Stores held for capitalisation		<u>134,081,014</u>	123,783,145
Intangible assets		<u>30,000,000</u>	30,000,000
		<u>25,508,270,528</u>	<u>25,755,960,207</u>

**9.1 Fixed assets**

Book value at the beginning of the period/ year	<u>25,518,104,298</u>	17,972,580,058
Additions during the period/ year	<u>21,255,034</u>	233,717,826
Transfer from CWIP	-	8,370,104,431
Book value of disposals/ adjustments during the period/ year	<u>(373,646)</u>	(59,139,886)
Depreciation charge for the period/ year	<u>(309,152,393)</u>	(999,158,131)
Book value at the end of the period/ year	<u>25,229,833,293</u>	<u>25,518,104,298</u>

**9.2 Capital work in progress**

Balance at the beginning of the period/ year	<u>84,072,764</u>	7,073,141,108
Additions during the period/ year	<u>240,625,983</u>	1,411,036,087
Transfers during the period/ year	<u>(210,342,526)</u>	(8,397,104,431)
Balance at the end of the period/ year	<u>114,356,221</u>	<u>87,072,764</u>

**10 TRANSACTIONS WITH RELATED PARTIES**

The Group is controlled by the ultimate parent company, therefore, all subsidiaries and associated undertakings of the ultimate parent company are related parties of the Group. Other related parties comprise of directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. The transactions with related parties are as follows:



**BESTWAY CEMENT LIMITED**  
**SELECTED NOTES TO THE CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL INFORMATION (UNAUDITED) FOR THE QUARTER**  
**ENDED 30 SEPTEMBER 2010**

	<b>Quarter ended 30 September</b>	
	<b>2010</b>	<b>2009</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Parent company</b>		
Management fee (expense)	<b>1,358,864</b>	196,560
<b>Associated undertakings under common directorship</b>		
Service and bank charges	<b>1,348,589</b>	853,961
Management fee (income)	<b>120,000</b>	120,000
Office rent received	<b>181,800</b>	165,207
Utility expense paid	<b>15,000</b>	20,678
Dividend received	<b>93,649,744</b>	-
Sale of cement	<b>1,022,180</b>	74,100
<b>Other related parties</b>		
<b>- Key management personnel</b>		
Remuneration and allowances	<b>33,629,242</b>	28,308,543

**11 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 **29 October 2010**.

**12 GENERAL**

Figures have been rounded off to the nearest rupee.

**CHIEF EXECUTIVE**

**DIRECTOR & CFO**