

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 nine months ended 31st March 2009.

Industry Overview

During the period under review, despatches of cement by the industry stood at 21.8 million tonnes which is only slightly lower than 21.9 million tonnes for the same period last year. The industry was able to attain an overall capacity utilisation of 70% for the nine months ended 31st March 2009 as against 79% for the corresponding period last year. This drop in capacity utilisation resulted primarily from increase in the production capacity of the industry to 31.0 million tonnes from 29.1 million tonnes for the corresponding period last year. Local sales volumes were down by 17% to 13.95 million tonnes in the current period as compared to 16.75 million tonnes for the same period last year while exports inclined by 51% as the industry exported 7.86 million tonnes of cement and clinker compared with 5.17 million tonnes during the same period last year.

Production and Sales

	Nine Months Ended 31 March		Quarter Ended 31 March	
	2009 Tonnes	2008 Tonnes	2009 Tonnes	2008 Tonnes
Clinker production	2,428,256	1,963,011	768,013	714,822
Cement production	2,252,054	1,831,223	835,406	665,966
Despatches	2,420,451	1,845,450	813,828	702,501

The capacity utilisation of the Company during the nine months under review stood at 68% as against industry average of 70%. Your Company has been able to maintain its market share of 15% in the north zone and 10% of the exports market thus maintaining its position as one of the leading cement producer in the country.

Operating Highlights

The turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs.10,825 million for the period as compared to Rs.4,772 million for the corresponding period last year, which is an increase of 127%. The increase in turnover is mainly attributable to increase in overall sales volume, higher local prices of cement and increase in export sales proceeds due to rupee depreciation.

Financial charges stood at Rs.1,649 million for the period ended March 31, 2009 as against Rs.842 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 Rs829 million as compared to loss of Rs.400 million during the period ended March 31, 2008 and profit after taxation for the period under review stood at Rs.729 million as compared to Rs.298 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 at full pace and the Project is expected to be complete before the end of the current financial year. This Project will significantly reduce Company's dependence on external source of electricity thus resulting in appreciable reduction in cost of production.

Future Outlook

Due to the global economic slowdown, deceleration in cement sales in both the domestic and export markets has continued. Domestic market also hugely suffered from domestic economic, political and security issues. While export volumes continue to grow, albeit at a slower rate, the domestic market has taken a beating. However, recent positive developments on the political front, support from IMF and encouraging signals from the international community to provide substantial economic assistance to Pakistan bodes well for the future. Declining inflation and interest rates alongwith higher flow of funds into the country from various sources should encourage economic activity in the country which will have direct positive impact on the cement industry. As regards the international market for cement, then recent measures being taken by various governments across the world to come out of recession should also begin to bear fruit in the near future thus presenting opportunities to the cement industry to further boost its exports. Afghanistan, certain parts of the UAE, Asia and Africa continue to be the main markets for the cement industry of Pakistan.

Your management is cognisant of the challenges and opportunities 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
April 29, 2009
Islamabad

BESTWAY CEMENT LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2009

	Unaudited March 31 2009 Rupees	Audited June 30 2008 Rupees		Unaudited March 31 2009 Rupees	Audited June 30 2008 Rupees
Note			Note		
Share capital and reserves			Non-current assets		
Authorised share capital 350,000,000 ordinary shares of Rs. 10 each	3,500,000,000	3,500,000,000	Property, plant and equipment	6	16,662,638,567
Issued, subscribed and paid up share capital	3,257,475,912	2,832,587,750	Investment property		291,330,764
Share premium account	1,963,498,335	901,277,930	Long term investments		5,297,902,302
Unappropriated profit	2,749,609,235	2,020,561,237	Long term advances and deposits		98,471,847
Advance for issue of right shares	-	1,102,077,293			22,350,343,480
	7,970,583,482	6,856,504,210			21,696,189,904
Non-current liabilities			Current assets		
Long term financing - secured	3	12,596,092,402	Stores, spare parts and loose tools		1,517,944,487
Liabilities against assets subject to finance lease		210,331,146	Stock in trade		1,201,443,042
Deferred liabilities		475,006,472	Trade debts- considered good		389,047,309
Long term advance		4,374,900	Advances, deposits, prepayments and other receivables		1,884,973,764
		13,285,804,920	Cash and bank balances		348,700,896
		13,218,262,518			5,342,109,498
Current liabilities					3,719,300,963
Trade and other payables		988,445,322			27,692,452,979
Markup payable		825,553,992			25,415,490,867
Short term borrowings - secured	4	1,736,761,881			
Current portion of liabilities against assets subject to finance lease		31,970,048			
Current portion of long term financing	3	2,853,333,334			
		6,436,064,577			
		27,692,452,979			
		25,415,490,867			
Contingencies and commitments					
	5				

The annexed notes from 1 to 9 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED
FOR THE NINE MONTHS ENDED MARCH 31, 2009

	For the nine months ended		For the three months ended	
	March 31 2009 Rupees	March 31 2008 Rupees	March 31 2009 Rupees	March 31 2008 Rupees
Turnover - net	10,825,446,846	4,772,294,254	3,405,259,885	1,989,200,630
Cost of sales	7,482,128,685	4,385,976,319	2,422,651,701	1,774,150,179
Gross profit	3,343,318,161	386,317,935	982,608,184	215,050,450
Administration and general expenses	79,944,556	102,097,137	22,466,057	36,998,004
Distribution cost	994,313,869	51,316,773	214,339,281	22,042,294
Finance cost	1,648,779,569	841,842,323	597,096,930	269,898,367
Other income	(239,824,136)	(209,348,537)	(104,205,625)	(186,052,191)
Workers' Profit Participation Fund	31,014,008	-	7,435,296	-
	2,514,227,866	785,907,696	737,131,939	142,886,474
Profit/ (Loss) before taxation	829,090,295	(399,589,761)	245,476,245	72,163,976
Taxation - Current	71,825,864	24,308,956	23,006,393	10,393,488
- Deferred	28,216,433	(125,513,741)	49,390,329	15,163,587
Profit/ (Loss) after taxation	729,047,998	(298,384,976)	173,079,523	46,606,901
Earnings/ (Loss) per share (basic and diluted)	2.24	(0.92)	0.53	0.14

The annexed notes from 1 to 9 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED
FOR THE NINE MONTHS ENDED MARCH 31, 2009

	For the nine months ended	
	March 2009	March 2008
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/ (Loss) before taxation	829,090,295	(399,589,761)
Adjustments for:		
Gain on disposal of property, plant and equipment	(841,402)	(1,236,912)
Depreciation	428,539,371	347,769,277
Rental income	(26,601,594)	(15,523,230)
Profit on deposit accounts	(301,238)	(2,012,815)
Finance cost	1,648,779,569	841,842,323
Provision for staff retirement benefits	10,447,176	10,554,466
Dividend Income	(193,491,209)	(185,751,564)
Exchange (gain)/ loss	(57,084,592)	11,904,071
	1,809,446,080	1,007,545,616
	2,638,536,375	607,955,855
Increase/ decrease in working capital		
Stores, spare parts and loose tools	357,483,127	(143,205,476)
Stock in trade	(471,716,299)	(484,758,504)
Trade debts	(23,926,668)	(28,806,762)
Advances, deposits, prepayments and other receivables	(1,037,707,376)	(122,505,252)
Trade and other payables	(633,971,702)	323,421,484
	(1,809,838,917)	(455,854,510)
Cash generated from operations	828,697,458	152,101,345
Finance cost paid	(1,126,062,515)	(917,835,464)
Staff retirement benefits paid	(4,864,775)	(4,044,125)
Income tax paid	(187,342,294)	(54,445,197)
	(1,318,269,584)	(976,324,786)
Net cash used in operating activities	(489,572,126)	(824,223,441)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in capital work in progress	(1,678,671,535)	(1,150,748,435)
Additions in property, plant and equipment	(237,821,443)	(75,153,601)
Proceeds from the encashment of performance guarantees	674,903,451	-
Proceeds from sale of property, plant and equipment	260,943	2,161,012
Dividend received from associated company- UBL	116,094,725	-
Additions to long term advances and deposits	4,003,000	(25,807,740)
Profit earned on deposit accounts	301,238	2,012,815
Net cash used in investing activities	(1,120,929,623)	(1,247,535,950)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short term finances	229,087,056	2,375,940,923
Long term financing - repayments	(726,696,666)	(2,242,152,391)
- disbursements	1,666,122,400	1,294,986,700
Proceeds from issue of right shares	385,031,274	42,319,770
Net cash generated from financing activities	1,553,544,064	1,471,095,002
Net decrease in cash and cash equivalents	(56,957,684)	(600,664,389)
Cash and cash equivalents at beginning of the period	348,573,988	886,327,763
Exchange gain/ (loss)	57,084,592	(11,904,071)
Cash and cash equivalents at end of the period	348,700,896	273,759,303

The annexed notes from 1 to 9 form an integral part of these financial statements.

BESTWAY CEMENT LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED
FOR THE NINE MONTHS ENDED MARCH 31, 2009

	Issued, subscribed and paid up share capital	Share premium account	Advance for issue of right shares	Unappropriated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2007	2,575,079,770	-	1,116,466,140	1,851,979,758	5,543,525,668
Changes in equity for the half year ended March 31, 2008					
Loss after tax for the period	-	-	-	(298,384,976)	(298,384,976)
Right issues (1 right 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 right share)	-	901,277,930	(901,277,930)	-	-
Advance for issue of shares received during the period	-	-	42,319,770	-	42,319,770
Balance as at March 31, 2008	2,832,587,750	901,277,930	-	1,553,594,782	5,287,460,462
Changes in equity for the half year ended June 30, 2008					
Profit after tax for the period	-	-	-	466,966,455	466,966,455
Advance for issue of shares received during the period	-	-	1,102,077,293	-	1,102,077,293
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 period ended March 31, 2009					
Profit after tax for the period	-	-	-	729,047,998	729,047,998
Advance for issue of shares received during the period	-	-	385,031,274	-	385,031,274
Right issues (1 right share for every 10 shares held as on June 30, 2008)	424,888,162	-	(424,888,162)	-	-
Premium on issue of right shares (@ Rs. 25 right share)	-	1,062,220,405	(1,062,220,405)	-	-
Balance as at March 31, 2009	3,257,475,912	1,963,498,335	-	2,749,609,235	7,970,583,482

The annexed notes from 1 to 9 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2009

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 nine months period ended March 31, 2008.
- 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 e

3 LONG TERM FINANCING - secured

	Nine months ended	
	March 31, 2009	March 31, 2008
	Rupees	Rupees
Balance at the beginning of period	14,510,000,002	14,083,832,359
Disbursements during the period	1,666,122,400	1,294,986,700
Repayments during the period	(726,696,666)	(2,242,152,391)
Balance at the end of period	15,449,425,736	13,136,666,668
Less: Current portion shown under current liabilities	(2,853,333,334)	(1,453,333,334)
	12,596,092,402	11,683,333,334

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

	March 31, 2009	June 30, 2008
	Rupees	Rupees
In respect of letters of credit and contracts for Chakwal plant	867,175,018	1,065,028,774
In respect of bank guarantees	85,115,746	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 NINE MONTHS ENDED MARCH 31, 2009

6 PROPERTY, PLANT AND EQUIPMENT

	Note	Nine months ended	
		March 31, 2009	March 31, 2008
		Rupees	Rupees
Fixed assets	6.1	14,624,218,581	9,518,181,876
Capital work in progress	6.2	2,038,419,986	6,031,458,883
		16,662,638,567	15,549,640,759
6.1 Fixed assets			
Book value at the beginning of the period		15,514,948,030	9,792,103,067
Additions during the period		482,482,009	75,153,602
Book value of disposals/ adjustments during the period		(944,672,087)	(924,100)
Depreciation charge for the period		(428,539,371)	(348,150,693)
Book value at the end of the period		14,624,218,581	9,518,181,876
6.2 Capital work in progress			
Balance at the beginning of the period		489,533,961	4,383,271,686
Additions during the period		1,548,886,024	1,655,877,878
Transfers during the period		-	(7,690,681)
Balance at the end of the period		2,038,419,986	6,031,458,883

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:

	Nine months ended March 31,	
	2009	2008
	Rupees	Rupees
Parent company		
Management fee (expense)	821,099	1,144,919
Subsidiary company		
Purchase of clinker	-	92,862,799
Sale of coal	249,806,377	150,809,945
Purchase of coal	243,411,900	-
Advances given	1,189,080,373	251,920,702
Recoveries made	313,607,393	158,399,435
Management fee (income)	18,000,000	13,500,000
Markup on advances given	26,954,076	14,093,155
Sale of cement	18,172,883	-
Stores, spare parts and loose tools given	9,563,010	-
Stores, spare parts and loose tools received	3,632,512	-
Expenses incurred on their behalf	1,514,098	-
Associated undertakings under common directorship		
Service and bank charges	2,076,864	1,660,257
Expenses incurred on their behalf	6,780,873	-
Management fee (income)	360,000	360,000
Office rent received	465,075	472,500
Utility expense paid	37,652	74,944
Dividend received	193,491,209	-
Sale of cement	126,000	-

BESTWAY CEMENT LIMITED
SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2009

TRANSACTIONS WITH RELATED PARTIES (continued)

	Nine months ended March 31,	
	2009	2008
	Rupees	Rupees
Other related parties		
- Key management personnel		
Remuneration and allowances	102,974,727	45,813,516

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 **29 April 2009**.

9 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR & CFO