Company Information

Board of Directors

Sir Mohammed Anwar Pervez	Chairman
Mr. Zameer Mohammed Choudrey	Chief Executive
Mr. Arshad Mehmood Chaudhary	Director
Mr. Muhammad lrfan A Sheikh	Director Finance & CFO
Mr. Mazhar Rafi	Director Administration & Marketing
Mr. Arshad Hameed	Director Procurement & Coordination
Mr. Ghulam Sarwar Malik	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	Chairman
Mr. Arshad Hameed	
Mr. Ghulam Sarwar Malik	

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-1l5
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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of Bestway Cement Limited (the Company) will be held at Bestway Building, 19-A, College Road, F-7 Markaz, Islamabad at 11:00 a.m. on Friday, 31st October, 2008 to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on May 19, 2008.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 2008 together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors of the Company and fix their remuneration for the year 2008-09. The present auditors M/s KPMG Taseer Hadi & Co. retire and being eligible, offer themselves for reappointment.

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

SPECIAL BUSINESS

5. To approve extension in period for utilization of advance limit available on term basis of Rs.200 million sanctioned to Mustehkam Cement Limited.

October 10th, 2008
Islamabad

Mazhar Rafi
Company Secretary

NOTES

The share transfer books of the Company will remain closed from October 30, 2008 to November 6, 2008 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received in order at Progressive Management Services (Pvt.) Ltd, 10th Floor, Mehdi Towers, A-115, S.M.C.H.S., Shahrah-e-Faisal, Karachi upto the close of business on October 29, 2008 will be treated in time to attend the Annual General Meeting.

1. A member entitled to attend, speak and vote at the Annual General Meeting may appoint a proxy to attend and vote in place of the member. The Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, 19-A, College Road, F-7 Markaz, Islamabad not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she herself/himself is a member of the Company, except that a corporation may appoint a person who is not a member.

3. If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member with the Company, all such instruments shall be rendered invalid.

For CDC Account Holders/Corporate Entities:

In addition to the above the following requirements have to be met:

4. The proxy form shall be witnessed by two persons whose names, addresses and NIC number shall be mentioned on the form.
5. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
6. The proxy shall produce his original NIC or original passport at the time of meeting.
7. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
8. Members are requested to promptly notify any changes in their addresses.

DRAFT RESOLUTIONS PROPOSED TO BE CONSIDERED IN THE MEETING

Item no.5*:* Extension in period of availability for utilization of advance limit available on term basis of Rs.200 million sanctioned to Mustehkam Cement Limited.

To consider and, if appropriate, pass the following resolution with or without modification(s) as special resolution:

"**RESOLVED** that the period of availability for utilization of advance limit available on term basis of Rs.200,000,000 (Rupees two hundred million) sanctioned to Mustehkam Cement Limited, as per approval of the Company accorded vide resolution No.7 of its meeting held on October 31, 2007 be extended from "one and a half year" to "till such time as the management of the Company deems appropriate", other terms and conditions remaining the same."

STATEMENT OF MATERIAL FACTS UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

Item no.5: **Extension in period of availability for utilization of advance limit available on term basis of Rs.200 million sanctioned to Mustehkam Cement Limited.**

As per requirement of section 160 of the Companies Ordinance, 1984 following material information is provided for extension in period of availability for utilization of advance limit available on term basis of Rs.200 million sanctioned to Mustehkam Cement Limited as per approval of the Company accorded vide Resolution No.7 of its meeting held on October 31, 2007.

"As Mustehkam Cement Limited has taken up a programme for its upgradation, balancing and modernization which will be advantageous for the Company due to enhancement of production capacity of its Dry Process Line from 1000 tonnes per day to 3000 tonnes per day for which, they are likely to utilize the sanctioned limit for a period beyond the originally sanctioned time limit of one and a half year. The actual time of utilization of advance is dependent upon the successful completion of the programme and thereafter successful operation of the line."

BESTWAY CEMENT LIMITED

Directors' Report

The Directors take pleasure in presenting their report together with the Company's Financial Statements for the year ended 30th June 2008 and the Auditors' Report thereon.

Holding Company

Bestway (Holdings) Limited of United Kingdom is the ultimate parent company of the Company.

Industry Overview

During the year under review, despatches of cement by the industry increased by 32% to 30.14 million tonnes as against 24.29 million tonnes for last year. The domestic market grew by 6.6% while exports recorded a healthy increase of 142%. Overall capacity utilisation for the industry stood at 78% for the year under review as against 81% for last year. The decline in capacity utilisation was mainly due to slower growth in domestic market and additional capacity coming online during the year.

Production and Sales

Hattar

	2008 Tonnes	2007 Tonnes	Increase/ (Decrease) Tonnes	Percentage Increase/ (Decrease)
Clinker production	1,120,027	1,143,441	(23,414)	(2%)
Cement production	1,166,737	1,170,392	(3,655)	(0.3%)
Cement sales	1,164,540	1,163,161	1,379	0.12%
Clinker sales	22,048	-	22,048	100%

Chakwal

	2008 Tonnes	2007 Tonnes	Increase Tonnes	Percentage Increase
Clinker production	1,540,775	1,061,053	479,722	45%
Cement production	1,453,523	1,119,117	334,406	30%
Cement sales	1,446,470	1,086,812	359,658	33%
Clinker sales	53,342	-	53,342	100%

Despite fierce competition your Company was able to retain 11% of the market in the north zone and its position as one of the largest cement producers in the country. Bestway Cement remains one of the largest exporters of cement to Afghanistan. The industry as a whole exported 7,716,628 tonnes during the year as against 3,188,424 tonnes during the year ended 30th June 2007. Bestway Cement's share stood at 7.3% of total exports at 565,716 tonnes as against 304, 001 tonnes in 2007 which represents an increase of 86%.

Operating Highlights

The Company recorded sales of Rs. 10,670 million compared to Rs. 8,409 million during the preceding year. Net turnover amounted to Rs. 7,487 million compared to Rs. 5,649 million in the corresponding period last year, which represents an increase of 33%, after payment of Rs. 2,771 million towards Sales Tax and Excise Duty and Rs. 412 million as rebates and discounts to customers. Gross Profit decreased to Rs. 1,008 million from Rs. 1,013 million last year. The increase in sales couldn't result in proportionate increase in profits mainly due to low retentions and high energy costs.

Finance cost increased to Rs.1,236 million for the year ended 30th June 2008 from Rs. 1,212 million last year. Loss before taxation for the year ended 30th June 2008 stood at Rs. 419 million as compared to Rs. 56 million profit for the previous year. Profit after taxation for the year ended 30th June 2008 amounted to Rs.169 million as compared to Rs. 52 million profit of last year, which is an increase of 227%. Earnings per share of the Company for the year ended 30th June 2008 on its increased paid up capital stood at Rs.0.51 as compared to last year's restated EPS of Rs.0.10.

Balance Sheet

This year the capital and reserves of your Company have increased to Rs.6.86 billion as compared to Rs.5.98 billion.

Your Company has continued to discharge its repayment obligations on all types of loans on time. The net current liabilities on 30th June 2008 stood at Rs.5,372 million as against Rs. 3,414 million on 30th June 2007.

Chakwal line II

Work on Line-2 of 6,000 tpd cement capacity completed in the fourth quarter and production was started in the month of June 2008 resulting in capitalisation of project on 30th June 2008.

Waste Heat Recovery Power Plant

The management of your Company decided to setup a waste heat recovery power plant at Chakwal. The kiln preheater and clinker cooler outlet release a lot of exit gases at high temperature which leads to the wastage of heat energy. The implementation of this project will reduce emission of waste gases and will have a very positive impact on Environment besides generating 14~15 MW power. This project will significantly reduce Company's dependence on external source of electricity and will also help in reduction in cost of production. The project is expected to be operational during fourth quarter of 2008-09.

Other Investments

Bestway's investment in United Bank Limited continues to prove highly successful as the bank continued to show steady performance for yet another year. Profit before tax for the year ended 31st December 2008 stood at Rs.13 billion as against Rs.14.2 billion for the corresponding period of last year which represents a decrease of 8% year on year. The bank's balance sheet further strengthened during the year with a staggering 21% growth in Performing Advances to Rs. 293 billion, which is one of the highest growth rates amongst the large network banks. Customer deposits and other accounts increased by 20% to Rs.402 billion.

We are delighted to inform you that the Bank announced a cash dividend of 30% and 25% bonus shares for the year ended 31st December 2007 thus providing a return of Rs.186 million along with 15.5 million bonus shares on your investment in the Bank.

Plant performance

Your Company's management follows an elaborate plan of preventative maintenance, which it has adopted, right from the beginning. This proactive approach ensures efficient and stable operations with minimum disruptions. Our well-knit team of dedicated managers, engineers, technicians and other members of the management and administrative staff play key role in the successful implementation of this approach.

Hattar plant continued to operate smoothly throughout the year at well above its rated capacity.

Chakwal Line-1 after commencing operation in June 2007 and, barring a few teething problems, operated smoothly.

Chakwal Line-11 after commencing operation in June 2008 is also operating smoothly.

Marketing

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

Bestway continues to be among the top brands both in the domestic market and in Afghanistan where it is now firmly established as the best brand. Your Company has been able to maintain its status as a market leader due to its consistently superior quality, effective marketing strategy, customer care and sheer dedication of its marketing team. With the successful completion of Chakwal Line-2 your Company has become the 2nd largest cement producer in Pakistan.

In recognition of its performance, your Company continues to win awards for being the leading exporter, including a trophy from the Rawalpindi Chamber of Commerce & Industry for the 6th consecutive year.

Training and development

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

Health, Safety and Environment

Your Company attaches highest priority to the health and safety of its personnel who are an essential and valuable component of its operations. Initiatives including safety meetings, incident reporting, safety audits, good housekeeping and hygiene controls are actively and consistently pursued to instil safe behaviour in all personnel.

Bestway Cement actively pursues protection and up gradation of the environment by ensuring that its plants continue to comply with established environmental quality standards at all times. Our plant not only meets the stringent environmental quality standards prescribed by the Environment Protection Authority of Pakistan, it even surpasses the international standards for emissions. Your Company always participates in various environment uplift programmes including the Tree Plantation drive each year by planting thousands of plants and trees in our factory areas and surrounding hills in order to contribute our share towards the improvement of environment.

Social Responsibility

Your Company regards itself as a responsible corporate citizen. Right from the outset, Bestway Cement has taken its social responsibilities, particularly towards the local community, very seriously and takes pride in its active participation in the development and welfare of the under-privileged.

Bestway Foundation, the charitable trust of the Bestway Group to which your Company is a major contributor, was established in the year 1997. The Foundation is also certified from the Pakistan Centre for Philanthropy. During the year ended 30th June 2008, your Company contributed nearly Rs.14 million to the Foundation for its various social causes.

Bestway Foundation's main goal is provision of education in rural communities. Quality education is fundamental to building up a strong and vibrant society. This aspect has long been neglected especially in the rural areas where masses are still deprived of good educational facilities. Bearing this in mind the Foundation embarked upon an ambitious plan of revitalising primary and secondary education in rural areas. Bestway Foundation (in collaboration with the District Government Education Department) adopted 29 schools in the far-flung corners of Rawalpindi District, which lacked basic infrastructure, facilities and sufficient number of teachers. You will be pleased to learn that the Foundation has been able to achieve desired results and the schools being supported by the Foundation have shown marked improvement and students have shown very good results in the Secondary School Examinations of 2008 also.

In addition, the Foundation continues to provide scholarships to talented students who, for want of sufficient resources are unable to continue with their higher studies. Financial assistance is also provided to a large number of widows and indigents of the local community in the shape of monthly stipends. In the area of basic health, free medical facilities are provided to the local community through a dispensary located at our factory premises.

Future Prospects

Cement industry has benefited from sustained economic growth in the last few years. The year under review however witnessed a slowdown in domestic cement consumption due to political and economic uncertainty in the country. Election of a democratic government should bring about political stability in the country which should encourage more economic activity in the country thus positively impacting demand for cement. On the export front, there remains a huge shortage of cement in numerous Middle Eastern and Asian countries most notably UAE, Qatar and India. Besides, there are other potential markets including some African and Central Asian states.

While there are huge opportunities for cement industry in the future, there are potential threats also. Looming global economic crisis may adversely impact the demand for cement both domestically and internationally. Also, worsening economic condition in the country is likely to hit the domestic consumption of cement. 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.

Corporate Governance

Statement on Compliance with Code of Corporate Governance is annexed.

Pattern of shareholding

Pattern of shareholding as required under the Code of Corporate Governance is given in the accounts.

Shares transacted by CEO, Directors, CFO, Company Secretary and their spouses and minor children

Following transactions have been transacted during the year under review by Directors of the Company.

	Right Subscription	**Additional Subscription**	**Sold During Year**
Mohammad Anwar Pervez	999,807	-	-
Zameer M. Choudrey	486,586	28,600	-
Arshad Mehmood Chaudhary	183,518	10,786	-
M. Irfan A. Sheikh	11,118	8,045	-
Mazhar Rafi	665	8,000	-
Ghulam Sarwar Malik	5,213	8,000	5,000
Arshad Hameed	13,310	8,000	-
Zohra Pervez	949,735	55,821	-
Rakhshinda Choudrey	499,723	29,372	-

Presentation of Financial Statements

The financial statements prepared by the management of the Company fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

Books of Account

The Company has maintained proper books of account.

Accounting Policies

Appropriate accounting policies have been adopted and consistently applied in preparation of financial statements, except for the change in estimate as mentioned in the note 3.6, and accounting estimates are based on reasonable and prudent judgement.

Application of International Accounting Standards

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal Control System

The system of internal controls is sound in design and has been effectively implemented. The system itself is also subject to continuous review for enhancement wherever and whenever necessary.

Going Concern

There are no doubts about the Company's ability to continue as a going concern.

Listing Regulations

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Financial highlights

Key financial data for the last eight years is annexed.

Board Meetings

Attendance by each director in the 30 Board Meetings held during the year was as given below:

	No. of meetings attended
Sir Mohammed Anwar Pervez	04
Mr. Zameer Mohammed Choudrey	08
Mr. Arshad Mehmood Chaudhary	03
Mr. Muhammad Irfan Anwar Sheikh	30
Mr. Mazhar Rafi	30
Mr. Arshad Hameed	28
Mr. Ghulam Sarwar Malik	27

The directors who could not attend a Board Meeting were duly granted leave of absence from the Board in accordance with the Law.

Auditors

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

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 particularly, 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, First Women Bank Limited and various Government agencies throughout the year.

For and on behalf of the Board

Chief Executive
30th September, 2008
Islamabad

STATEMENT OF COMPLIANCE WITH THE
CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.37 of listing regulations of the Karachi Stock Exchange (Guarantee) Limited (KSE) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board does not include independent non-executive directors and directors representing minority shareholders.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board of Directors of the Company during the year ended June 30, 2008.

5. Bestway Group enjoys an enviable reputation for having high ethical standards. The Board considers this to be central to the Company's success and goodwill and is fully conscious of its responsibility to ensure adherence to these ethical standards. The Company has prepared "Statement of Ethics and Business Practices" which has been duly communicated, acknowledged and signed by all the directors and employees of the Company.

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condtions of employment of CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors of the Company have given a declaration that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the listing regulations of the stock exchange.

   The directors also attended orientation courses during the year for the changes in the corporate legislatures and to apprise their duties and responsibilities.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The Directors' Report for the FY 2007-08 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises of three members, and all the members including the Chairman of the Committee are executive directors and the appointment has been made with the approval of Board of Directors including non-executive directors.

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

17. The Company has had a fully functional audit department since inception. The members of the department are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their

spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants' (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations of the KSE and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. The management of the Company is committed to good corporate governance and appropriate steps are being taken to comply with best practices.

21. We confirm that all other material principles contained in the Code have been complied.

For and On behalf of Board

Zameer M. Choudrey

Chief Executive

BESTWAY CEMENT LIMITED
JUNE 30, 2008
Eight Years Key Data

	2008	2007	2006	2005	2004	2003	2002	2001
Operating Results				Rupees in millions				
Turnover (net)	7,487	5,649	4,544	3,536	2,666	1,792	1,738	2,078
Cost of sales	6,479	4,637	2,250	1,987	1,596	1,334	1,118	1,591
Gross profit	1,008	1,013	2,294	1,549	1,070	458	621	487
Operating profit	587	871	2,144	1,431	1,009	405	570	431
Financial charges	1,236	1,212	469	140	139	269	245	354
(Loss)/profit before taxation	(419)	56	1,730	1,298	994	159	329	191
Profit after taxation	169	52	1,226	931	679	113	236	178
Balance Sheet								
Shareholders' funds	6,857	5,544	4,850	3,597	2,859	2,181	2,213	2,003
Operating fixed assets	16,004	14,175	10,689	5,069	3,200	3,306	3,287	3,456
Long term finance	12,507	12,380	9,459	3,148	1,895	1,701	1,579	1,993
Net current liabilities	1,622	607	624	221	80	1,289	168	50
Significant Financial Ratios				Percentages				
Gross profit ratio	13.46	17.93	50.48	43.81	40.14	25.56	35.73	23.44
Net profit ratio	2.26	0.92	26.98	26.33	25.47	6.31	13.58	8.57
Interest coverage ratio	0.66	1.05	4.69	10.27	7.69	1.59	2.34	1.54
Return on equity	7.09	2.02	52.37	43.75	35.10	5.84	12.20	9.20
Earnings per share	0.51	0.20	5.24	3.98	3.19	0.58	1.22	0.92
Dividend	-	-	10.00	10.00	10.00	7.50	7.50	5.00
				In thousand metric tonnes				
Despatches of cement	2,610	2,250	1,203	1,206	1,039	837	650	751

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor
State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

Telephone +92 (51) 282 3558
Fax +92 (51) 282 2671
Internet www.kpmg.com.pk

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Bestway Cement Limited, ("the Company") to comply with the Listing Regulations of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as the whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2008.

KPMG Taseer Hadi & Co.

ISLAMABAD
30 SEP 2008

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor
State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

Telephone +92 (51) 282 3558
Fax +92 (51) 282 2671
Internet www.kpmg.com.pk

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Bestway Cement Limited ("the Company") as at 30 June 2008 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2008 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KPMG Taseer Hadi & Co.

ISLAMABAD

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

30 SEP 2008

BESTWAY CEMENT LIMITED
BALANCE SHEET AS AT 30 JUNE 2008

	Notes	2008 Rupees	2007 Rupees Restated
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
350,000,000 (2007: 300,000,000) ordinary shares of Rs. 10 each		**3,500,000,000**	3,000,000,000
Issued, subscribed and paid up share capital	4	**2,832,587,750**	2,575,079,770
Share premium account		**901,277,930**	-
Unappropriated profit		**2,020,561,237**	1,851,979,758
Advance for issue of right shares	5	**1,102,077,293**	1,116,466,140
		6,856,504,210	5,543,525,668
Non-current liabilities			
Long term financing - secured	6	**12,506,666,668**	12,380,000,005
Liability against assets subject to finance lease	7	**258,138,491**	230,976,141
Deferred liabilities	8	**441,207,639**	1,055,573,197
Long term advances	9	**12,249,720**	23,607,975
		13,218,262,518	13,690,157,318
Current liabilities			
Trade and other payables	10	**1,542,716,340**	693,718,916
Markup payable		**286,999,641**	256,189,604
Short term borrowings - secured	11	**1,507,674,824**	756,384,619
Current portion of long term financing	6	**2,003,333,334**	1,703,832,354
		5,340,724,139	3,410,125,493
		25,415,490,867	22,643,808,478
Contingencies and commitments	12		

	Notes	2008 Rupees	2007 Rupees Restated
ASSETS			
Non-current assets			
Property, plant and equipment	13	**16,004,481,991**	14,175,374,753
Investment property	14	**291,330,764**	277,155,456
Long term investments	15	**5,297,902,301**	5,077,151,793
Long term advances and deposits	16	**102,474,847**	307,325,047
		21,696,189,903	19,837,007,049
Current assets			
Stores, spare parts and loose tools	17	**1,719,953,575**	1,062,334,034
Stock in trade	18	**729,726,744**	290,830,696
Trade debts- considered good	19	**365,120,641**	84,633,511
Advances, deposits, prepayments and other receivables	20	**555,926,017**	482,675,425
Cash and bank balances	21	**348,573,987**	886,327,763
		3,719,300,964	2,806,801,429
		25,415,490,867	22,643,808,478

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

BESTWAY CEMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2008

	Notes	2008 Rupees	2007 Rupees
Turnover-net	22	**7,487,162,751**	5,649,378,012
Cost of sales	23	**6,478,902,770**	4,636,508,040
Gross profit		**1,008,259,981**	1,012,869,972
Administration and general expenses	24	**119,917,940**	103,121,152
Distribution cost	25	**300,827,927**	38,278,894
Finance cost	26	**1,236,140,238**	1,211,745,924
Other income	27	**(229,490,785)**	(396,632,200)
		1,427,395,320	956,513,770
(Loss)/ profit before taxation		**(419,135,339)**	56,356,202
Taxation	28	**587,716,818**	4,817,471
Profit after taxation		**168,581,479**	51,538,731
			Restated
Earnings per share (basic and diluted)	32	**0.60**	0.18

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

BESTWAY CEMENT LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	2008 Rupees	2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/ profit before taxation	**(419,135,339)**	56,356,202
Adjustments for:		
Gain on disposal of fixed assets	**(1,498,190)**	(253,439)
Depreciation	**431,413,560**	426,098,157
Rental income	**(20,723,655)**	(19,794,210)
Excise duty refundable	**-**	(211,146,242)
Profit on deposit accounts	**(2,215,671)**	(7,912,491)
Profit on held to maturity investment	**(6,671)**	(5,808)
Gain on revaluation of investment property	**(14,175,308)**	-
Finance cost	**1,105,775,168**	1,211,745,924
Provision for staff retirement benefits	**17,990,113**	14,430,813
Dividend income	**(185,751,564)**	(148,601,250)
	1,330,807,782	1,264,561,454
	911,672,443	1,320,917,656
Increase in stores, spare parts and loose tools	**(657,619,541)**	(264,044,066)
Increase in stock in trade	**(438,896,048)**	(140,561,389)
Increase in trade debts	**(280,487,130)**	(51,442,555)
Increase in advances, deposits, prepayments and other receivables	**(21,366,143)**	(10,468,568)
Increase in trade and other payables	**858,362,824**	114,772,427
	(540,006,038)	(351,744,151)
Cash generated from operations	**371,666,405**	969,173,505
Finance cost paid	**(1,047,802,788)**	(1,121,541,505)
WPPF paid	**-**	(84,034,307)
Staff retirement benefits paid	**(7,146,369)**	(2,898,212)
Income tax paid	**(89,302,165)**	(64,174,959)
	(1,144,251,322)	(1,272,648,983)
Net cash used in operating activities	**(772,584,917)**	(303,475,478)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in capital work in progress	**(2,145,285,947)**	(3,349,163,264)
Additions in fixed assets	**(116,776,973)**	(340,145,103)
Proceeds from sale of fixed assets	**3,040,312**	806,528
Increase in long term advances and deposits	**(4,149,800)**	(205,124,200)
Profit received on deposit accounts	**2,140,904**	10,475,112
Dividend received from associated company-UBL	**185,751,564**	148,601,250
Increase in long term advances	**-**	19,667,340
Additions to long term investments	**(11,743,837)**	(1,960,727)
Net cash used in investing activities	**(2,087,023,777)**	(3,716,843,064)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/ (decrease) in short term borrowings	**751,290,205**	(353,943,071)
Long term financing - disbursements	**2,930,000,000**	5,000,000,000
- repayments	**(2,503,832,350)**	(1,041,633,328)
Advance for issue of right shares	**1,144,397,063**	1,116,466,140
Dividend paid	**-**	(233,805,261)
Net cash from financing activities	**2,321,854,918**	4,487,084,480
Net (decrease)/ increase in cash and cash equivalents	**(537,753,776)**	466,765,938
Cash and cash equivalents at beginning of the year	**886,327,763**	419,561,825
Cash and cash equivalents at end of the year	**348,573,987**	886,327,763

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

BESTWAY CEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Issued, subscribed and paid up share capital	Capital reserve		Revenue reserve		Total
		Share premium account	Advance for issue of right shares	Surplus on remeasurement of available for sale investment to fair value	Unappropriated profit	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2006	2,340,981,610	-	-	240,343,819	2,268,637,347	4,849,962,776
Changes in equity for the year ended June 30, 2007						
Surplus on remeasurement of available for sale investment to fair value	-	-	-	197,280,000	-	197,280,000
Net income recognised directly in equity	-	-	-	197,280,000	-	197,280,000
Profit after tax for the year ended June 30, 2007	-	-	-	-	51,538,731	51,538,731
Total recognised income for the year	-	-	-	197,280,000	51,538,731	248,818,731
Final dividend for the year ended June 30, 2006 @ 10% (Re 1 per share)	-	-	-	-	(234,098,160)	(234,098,160)
Bonus shares issued for the year ended June 30, 2006 @ 10%	234,098,160	-	-	-	(234,098,160)	-
Advance for issue of shares received during the year	-	-	1,116,466,140	-	-	1,116,466,140
Balance as at June 30, 2007 as reported in previous year's financial statements	**2,575,079,770**	**-**	**1,116,466,140**	**437,623,819**	**1,851,979,758**	**5,981,149,487**
Adjustment of surplus on remeasurement of available for sale investment (note 15.1.3)	-	-	-	(437,623,819)	-	(437,623,819)
Balance as at June 30, 2007 as restated	**2,575,079,770**	**-**	**1,116,466,140**	**-**	**1,851,979,758**	**5,543,525,668**
Changes in equity for the year ended June 30, 2008						
Profit after tax for the year ended June 30, 2008	-	-	-	-	168,581,479	168,581,479
Total recognised income for the year	-	-	-	-	168,581,479	168,581,479
Advance for issue of shares received during the year	-	-	1,144,397,063	-	-	1,144,397,063
Issue of right shares	257,507,980	-	(257,507,980)	-	-	-
Premium on issue of right shares	-	901,277,930	(901,277,930)	-	-	-
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**

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

1. THE COMPANY AND ITS OPERATION

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.

1.1 The Company has successfully completed installation of line II in Chakwal and has accordingly transferred associated capital work in progress to fixed assets as of 30 June 2008. This has resulted in increasing the total installed capacity from 9,600 to 15,300 tonnes per day clinker capacity.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that investment property is stated at fair value.

2.3 Functional currency

The company's functional currency is Pakistani Rupee. Figures in these financial statements have been rounded off to the nearest Rupee, unless otherwise stated.

2.4 Use of estimates and judgments

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

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

Informations about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is discussed in the ensuing paragraph.

2.4.1 Property, plant and equipment

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

2.4.2 Provision for inventory obsolescence and doubtful receivables

The Company reviews the carrying amount of stores, spares and loose tools and stock in trade on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form of related stores, spares and loose tools and stock in trade. Further the carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the realisability of these receivables, appropriate amount of provision is made.

2.4.3 Taxation

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

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

2.4.4 Provision of staff retirement gratuity

The Company adopts certain actuarial assumptions as disclosed in note 8.2 to these financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

2.4.5 Contingencies

The Company reviews the status of all the legal cases on a regular basis. Based on the expected outcome and lawyers' judgments, appropriate disclosure or provision is made.

3. SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied to all the years presented in these financial statements, unless otherwise stated.

3.1 Staff retirement benefits

Gratuity

The Company maintains an unfunded gratuity scheme for all its eligible employees. Annual provision for gratuity is made on the basis of actuarial valuation carried out by using the Projected Unit Credit Method. Latest valuation was conducted as at June 30, 2008.

The amount recognized in the balance sheet represents the present value of defined benefits as adjusted for unrecognized actuarial gains and losses. The Company uses the corridor approach as defined in IAS 19 " Employee Benefits" for recognising actuarial gains or losses. Past service cost resulting from changes to defined benefit plans to the extent the benefits are already vested is recognised immediately and remaining unrecognised past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested.

Compensated absences

The Company recognises provision for compensated absences payable to employees at the time of retirement / termination of service. The provision is determined on the basis of last drawn salary and accumulated leaves due at the reporting date.

3.2 Taxation

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

Current

The Company accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates if any, or half a percent of turnover, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001.

Deferred

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

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

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

3.3 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made.

3.4 Borrowing cost

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

3.5 Property, plant and equipment

Owned

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

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

Capital work in progress is stated at cost including where appropriate, related borrowing costs less impairment loss, if any. These costs are transferred to fixed assets as and when assets are available for use.

Depreciation is charged to income applying the reducing balance method except leasehold land, buildings and plant and machinery. Buildings and plant and machinery are depreciated on straight line method. Leasehold land is amortized over the remaining period of the lease. Rates of depreciation/ estimated useful life are mentioned in note 13.1.

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

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

Leased

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

3.6 Investment property

Investment property is stated at its fair value at the balance sheet date. Gains or losses, if any, arising from changes in the fair value of investment property are recognized as profit or loss for the period in which they arise.

3.7 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognized as expense in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. For non-financial assets, financial assets measured at amortized cost, available-for-sale financial assets that are debt securities, the reversal is recognised in profit and loss account. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

3.8 Foreign currency transactions

Foreign currency transactions are recorded on exchange rates prevailing on the dates of transactions. Monetary assets and liabilities in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

3.9 Investments

Investments in subsidiaries and associated companies

Investments in subsidiaries and associates are stated at cost and the carrying amount is adjusted for impairment, if any.

Subsidiaries are those enterprises in which the Company directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and/or appoint more than 50% of its directors.

Associates are those entities in which the Company has significant influence and which is neither a subsidiary nor a joint venture of the Company.

Held to maturity investments

Investments with fixed or determinable payments and fixed maturity and where the Company has positive intent and ability to hold to maturity are classified as held to maturity. These are initially recognized at cost and are subsequently carried at amortized cost using the effective interest rate method.

3.10 Stores, spare parts and loose tools

These are valued at lower of moving average cost and net realisable value, while items considered obsolete are carried at nil value. Cost comprises purchase price and other costs incurred in bringing the stores, spare parts and loose tools at their present location for intended use less recoverable government levies. Items in transit are valued at costs accumulated up to the balance sheet date.

3.11 Stock in trade

Stocks of raw materials, work in process and finished goods are valued at the lower of weighted average cost and net realisable value. Cost of work in process and finished goods comprises of direct materials, labour and appropriate manufacturing overheads. Net realisable value signifies estimated selling price less costs necessary to be incurred to effect such sale.

Materials in transit are stated at cost comprising invoice purchase price plus other charges paid thereon.

3.12 Revenue recognition

Revenue from sales is recognized on dispatch of goods when significant risks and rewards of ownership are transferred to the buyer. Return on investments is recognised on effective yield method. Dividend income is recognized when the right to receive such income is established. Rental income on investment property is recognised when due.

3.13 Mark-up bearing borrowings

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

3.14 Financial instruments

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

Trade and other payables

Liabilities for trade and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

Trade debts and other receivables

Trade debts and other receivables are recognized at original invoice amount less allowance for estimated irrecoverable amounts.

Offsetting of financial assets and financial liabilities

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

3.15 Cash and cash equivalents

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

3.16 Dividend

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

3.17 New accounting standards, interpretations and amendments not yet effective

The following standards, amendments and interpretations of approved accounting standards, effective for accounting periods beginning on or after 1 July 2008 are either not relevant to Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures:

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income.

Revised IAS 23 - Borrowing costs (effective from 01 January 2009). Revised IAS 23 removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of the standard is not likely to have an effect on Company's financial statements.

IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not likely to have an effect on the Company's financial statements.

Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which become mandatory for the company’s financial statements, with retrospective application required, are not expected to have any impact on the financial statements.

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for periods beginning on or after 1 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard is not likely to have any effect on the Company’s financial statements.

Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value and transaction costs other than share and debt issue costs to be expensed. The application of this standard is not likely to have an effect on the Company’s financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group looses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the Company’s financial statements.

IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not expected to have significant impact on the Company's financial statements other than increase in disclosures.

IFRS 8 – Operating Segments (effective for annual periods beginning on or after 28 April 2008). The application of the standard is not likely to have an effect on the Company's financial statements.

IFRIC 12 – Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008) IFRIC 12 provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private concession arrangements. IFRIC 12 is not relevant to the Company's operations.

IFRIC 13 - Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008). IFRIC 13 addresses the accounting by entities that operate, or otherwise participate in, customer loyalty programmes for their customers. The application of IFRIC 13 is not likely to have an effect on the Company's financial statements.

IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 01 January 2008). IFRIC 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements (MFR) for such asset. IFRIC 14 is not expected to have any material impact on the Company's financial statements.

IFRIC 15- Agreement for the Construction of Real Estate. (effective for annual period beginning on or after 1 October 2009). The amendment clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Company.

IFRIC 16- Hedge of Net Investment in a Foreign Operation. (effective for annual period beginning on or after 1 October 2008).IFRIC clarifies what risk in foreign operation can be hedged and which entity in the group can hold hedge instrument. The amendment is not relevant to the Company.

The IASB's annual improvements project published in May 2008, contains a number of amendments which would generally be applicable for financial periods beginning on or after 1 January 2009. These amendments extend to 35 standards and include changes in terminology and accounting requirements.

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged Items. The amendments shall be applied for annual periods beginning on or after 1 July 2009. The amendment clarifies how the existing principles underlying hedge accounting should be applied in two particular situations, (a) a one-sided risk in a hedged item, and (b) inflation in a financial hedged item.

IAS 27 'Consolidated and separate financial statements' (effective from 1 January 2009). The amendment removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor.

3.18 Initial Application of a standard or an interpretation

During the year, amendments to International Accounting Standards (IAS) 1, "Presentation of Financial Statements" relating to capital disclosures became effective and have resulted in certain disclosures. The related disclosures have been made in note 34 to these financial statements.

4. Issued, subscribed and paid up share capital

2008 (No. of shares)	2007		2008 Rupees	2007 Rupees
219,220,353	193,469,555	Ordinary shares of Rs.10 each issued for cash	**2,192,203,530**	1,934,695,550
64,038,422	64,038,422	Ordinary shares of Rs. 10 each issued as fully paid bonus share	**640,384,220**	640,384,220
283,258,775	257,507,977	**Total**	**2,832,587,750**	2,575,079,770

Bestway (Holdings) Limited, U.K. is the ultimate parent company controlling 192,857,599 i.e. 68.08% shares (2007 : 175,325,091 i.e. 68.08% shares) of the Company.

During the year the Company issued 25,750,798 ordinary shares of Rs. 10 each issued at a premium of Rs. 35 per share paid in cash.

5. Advance for issue of right shares

This represents advances received from sponsors of the Company against issue of right shares. The Board of Directors of the Company in their meeting held on June 23, 2008 has announced issuance of three right shares for every 20 shares held i.e. 15% at a premium of Rs. 25 per share.

		Notes	2008 Rupees	2007 Rupees
6.	**Long term financing- secured**			
	Loans from banking companies	6.1	**2,930,000,000**	900,000,000
	Long term morabaha	6.2	**540,000,000**	625,000,000
	Syndicate term finance facilities	6.3	**11,040,000,002**	12,558,832,359
			14,510,000,002	14,083,832,359
	Less: Current portion of long term financing		**(2,003,333,334)**	(1,703,832,354)
			12,506,666,668	12,380,000,005
6.1	**Loans from banking companies**			
	Term finance from Standard Chartered Bank (Pakistan) Limited		**-**	800,000,000
	Term finance from Standard Chartered Bank (Pakistan) Limited		**-**	100,000,000
	Term finance from MCB Bank Limited	6.1.1	**430,000,000**	-
	Term finance from Habib Bank Limited	6.1.2	**2,500,000,000**	-
			2,930,000,000	900,000,000
6.2	**Long term morabaha**			
	Faysal Bank Limited		**-**	25,000,000
	Faysal Bank Limited	6.2.1	**240,000,000**	300,000,000
	Faysal Bank Limited	6.2.2	**300,000,000**	300,000,000
			540,000,000	625,000,000
6.3	**Syndicate term finance facilities**			
	Term finance from syndicate		**-**	101,014,710
	Term finance from syndicate		**-**	24,484,315
	Term finance from syndicate	6.3.1	**3,440,000,000**	4,300,000,000
	Term finance from syndicate	6.3.2	**2,400,000,002**	2,933,333,334
	Term finance from syndicate	6.3.3	**5,200,000,000**	5,200,000,000
			11,040,000,002	12,558,832,359

6.1.1 This represents the utilised amount of demand finance facility of Rs. 1,100 million. The facility is repayable in 8 biannual installments starting from April 2010. Mark up is payable on a quarterly basis at three months' KIBOR plus 0.55% per annum. This facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and buildings of the Company for an amount of Rs. 1,467 million.

6.1.2 This represents the utilised amount of a term finance facility of Rs. 3,000 million. The facility is repayable in 10 equal biannual installments starting from December 2009. Mark up is payable on a quarterly basis at three months' KIBOR plus 1.25% per annum. The facility is secured by way of first pari passu hypothecation charge on all present and future movable assets of the Company and equitable mortgage ranking pari passu over immovable assets of the Company including land and buildings for an amount of Rs. 4,000 million.

6.2.1 This represents morabaha finance facility of Rs. 300 million repayable in 10 equal biannual installments which started from November 2007. Mark up is payable on a quarterly basis at six months' KIBOR plus 1.10 % per annum. The facility is secured by way of first pari passu hypothecation charge on the Company's present and future assets and equitable mortgage ranking pari passu over the Company's immovable properties for an amount of Rs. 400 million.

6.2.2 This represents morabaha finance facility of Rs. 300 million repayable in 10 equal biannual installments starting from April 2009. Mark up is payable on a biannually basis at six months' KIBOR plus 1.25% per annum. The facility is secured by way of first pari passu hypothecation charge on present and future assets of the Company and equitable mortgage over immovable properties of the Company for an amount of Rs. 400 million.

6.3.1 This represents a syndicated term finance facility of Rs. 4,300 million from a syndicate of Habib Bank Limited, MCB Bank Limited, Bank of Punjab, Allied Bank Limited and Standard Chartered Bank (Pakistan) Limited with the participation of Rs. 1,500 million, Rs. 1,200 million, Rs. 600 million, Rs. 500 million and Rs. 500 million respectively. This facility is repayable in 10 equal biannual installments which started from November 2007. Mark up is payable on quarterly a basis at six months' KIBOR plus 1.1 % per annum. The facility is secured by way of first pari passu charge on all the Company's present and future assets and first pari passu equitable mortgage over Company's immovable properties for an amount of Rs. 5,733 million in favour of syndicate.

6.3.2 This represents a syndicated term finance facility of Rs. 3,200 million from a syndicate of Habib Bank Limited, MCB Bank Limited and Allied Bank Limited with the participation of Rs. 1,000 million, Rs. 1,000 million, and Rs. 1,200 million respectively. This facility is repayable in 12 equal biannual installments which started from May 2007. Mark up is payable on quarterly basis at six months' KIBOR plus 1.25 % per annum. The facility is secured by way of first pari passu charge on all the present and future assets of the Company and first pari passu equitable mortgage over immovable properties of the Company for an amount of Rs. 4,267 million in favour of syndicate and pledge over 85.29% shares of Mustehkam Cement Limited.

6.3.3 This represents a syndictaed term finance facility of Rs. 5,200 million from a syndicate of Allied Bank Limited, Bank Alfalah Limited, Standard Charterd Bank (Pakistan) Limited, Askari Bank Limited, The Royal Bank of Scotland, Habib Bank Limited, Saudi Pak Commercial Bank Limited, Hongkong and Shanghai Banking Corporation, Bank Al Habib Limited, Habib Metropolitan Bank Limited and Soneri Bank Limited with participation of Rs. 550 million, Rs. 1,000 million, Rs. 600 million, Rs. 500 million, Rs. 500 million, Rs. 500 million, Rs. 500 million, Rs. 400 million, Rs. 300 million, Rs. 250 million, and Rs. 100 million respectively. This facility is repayable in 10 equal biannual installments starting from April 2009. Mark up is payable on biannual basis at six months' KIBOR plus 1.25 % per annum. The facility is secured by way of first pari passu hypothecation charge on all present and future assets of the Company and equitable mortgage over immovable properties of the Company for an amount of Rs. 6,933 million in favour of syndicate.

7. Liability against assets subject to finance lease

	2008			2007
	Minimum lease payments	**Finance cost for future periods**	**Present value of minimum lease payments**	Present value of minimum lease payments
	Rupees	**Rupees**	**Rupees**	Rupees
Not later than one year	**59,705,570**	**59,705,570**	**-**	-
Later than one year and not later than five years	**267,596,656**	**68,416,233**	**199,180,423**	120,058,472
Later than five years	**66,899,164**	**7,941,096**	**58,958,068**	110,917,669
	394,201,390	**136,062,899**	**258,138,491**	230,976,141

7.1 This represents lease finance facility of Rs. 227.05 million (present value of Rs. 258 million (2007: Rs. 231 million)) for acquisition of plant and machinery, obtained from Meezan Bank Limited, repayable in ten biannual installments starting from November 2009 together with mark up. It carries mark up at six months' KIBOR plus 1.25% per annum with a floor and cap of 1.25% and 28% respectively. The effective mark up charged during the year is 13.47% per annum. The facility is secured by way of a promissory note amounting to Rs. 419 million.

	Notes	2008 Rupees	2007 Rupees
8. Deferred liabilities			
Deferred taxation	8.1	**392,368,409**	1,017,577,710
Provision for gratuity	8.2	**36,351,025**	28,009,841
Provision for compensated absences	8.4	**12,488,205**	9,985,646
		441,207,639	1,055,573,197

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

	2008 Rupees	2007 Rupees
Taxable temporary differences		
Accelerated depreciation	**2,652,553,024**	1,957,414,500
Deductible temporary differences		
Staff retirement benefit	**-**	(13,298,421)
Unabsorbed tax losses	**(2,260,184,615)**	(926,538,369)
	(2,260,184,615)	(939,836,790)
	392,368,409	1,017,577,710

8.1.1 Based on the company’s estimate of future export sales, adjustment of Rs. 1,552 million has been made in the taxable temporary differences at the year end. This has resulted in increase in after tax profit by Rs. 543.294 million with corresponding decrease in deferred tax liability by the same amount. This change will have no impact on future profits.

8.1.2 Movement of deferred tax liability is as follows:

	2008 Rupees	2007 Rupees
Opening balance	**1,017,577,710**	1,049,450,237
Credit for the year	**(625,209,301)**	(31,872,527)
Closing balance	**392,368,409**	1,017,577,710

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

	2008	2007
Present value of defined benefit obligation	**53,423,438**	42,020,555
Net actuarial losses not recognized	**(17,072,413)**	(14,010,714)
Net liability at end of the year	**36,351,025**	28,009,841

The amount in the present value of defined benefit obligation is as follows;

	2008	2007
Present value of defined benefit obligation at beginning of the year	**28,009,841**	19,789,808
Charge for the year	**13,649,281**	10,455,070
Benefits paid during the year	**(5,308,097)**	(2,235,037)
Present value of defined benefit obligation at end of the year	**36,351,025**	28,009,841

Expense recognised in profit and loss account:

	2008	2007
Current service cost	**8,045,988**	6,706,059
Interest cost	**4,202,056**	2,928,347
Actuarial losses recognised	**1,401,237**	820,664
	13,649,281	10,455,070

Actuarial Assumptions	2008	2007
Valuation discount rate	**12%**	10%
Salary increase rate	**12%**	10%

8.3 Historical information

	2008	2007	2006	2005	2004
Present value of the defined benefit obligation (Rupees)	**36,351,025**	28,009,841	19,789,808	17,125,978	14,674,259

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

9. Long term advances

	Notes	2008 Rupees	2007 Rupees
Advance rents	9.1	**23,607,975**	44,331,630
Current portion of advance rents	10	**(11,358,255)**	(20,723,655)
		12,249,720	23,607,975

9.1 This represents advance rent received in respect of investment property held for rental purposes.

10. Trade and other payables

	Notes	2008 Rupees	2007 Rupees
Payable to contractors and suppliers		**930,137,346**	247,485,408
Accrued liabilities	10.1	**296,910,159**	277,723,373
Advances from customers	10.2	**53,097,769**	36,199,570
Due to subsidiary company - unsecured		**1,163,817**	-
Security deposits		**23,769,125**	26,765,776
Retention money		**37,061,613**	39,355,137
Sales tax and excise duty payable		**169,662,479**	26,997,160
Current portion of advance rents	9	**11,358,255**	20,723,655
Other payables	10.3	**19,242,427**	18,155,487
Unclaimed dividend		**313,350**	313,350
		1,542,716,340	693,718,916

10.1 This includes an amount of Rs. 36.13 million (2007: Rs. 89.29 million) relating to accrual of gas bill for the month of June 2008, against which the Company has issued bank guarantees to SNGPL for commercial and industrial use of gas for an amount of Rs. 804.99 million (2007: Rs. 537.86 million).

10.2 This includes an amount of Rs. 8.491 million (2007: Rs. 2.21 million) for despatch of cement against which the Company has issued guarantee to Controller of Military Accounts for an amount of Rs. 179.264 million (2007: Rs. 149.09 million).

10.3 This includes an amount of Rs. 6.16 million (2007: Rs. 4.99 million) payable to Bestway (Holdings) Limited, UK (the parent company).

11. Short term borrowings -secured

	Notes	2008 Rupees	2007 Rupees
Running finance from banking companies			
Habib Bank Limited		**-**	128,306,554
First Women Bank Limited	11.1	**199,996,700**	-
Allied Bank Limited	11.2	**110,459,784**	-
		310,456,484	128,306,554
Short term loans from banking companies			
Habib Bank Limited		**-**	290,000,000
Foreign currency import finances			
Faisal Bank Limited		**-**	74,623,457
Habib Bank Limited	11.3	**719,401,001**	68,805,756
NIB Bank Limited	11.4	**374,688,920**	194,648,852
MCB Bank Limited	11.5	**103,128,419**	-
		1,197,218,340	338,078,065
		1,507,674,824	756,384,619

11.1 This represents the utilised amount of Running Finance facility of Rs.500 million (2007:Rs. Nil) for a period of one year. Mark up is payable on quarterly basis at one month's KIBOR (2007: Nil%). The facility is secured by lien for an amounting of US Dollar 8.7 million on US Dollar account of a director of the ultimate parent company.

11.2 This represents the utilised amount of Running Finance facility of Rs.1,000 million (2007:Rs. Nil) for a period of one year. Mark up is payable on quarterly basis ranges between one month's KIBOR plus 0.5% per annum (2007: Nil%). The facility is secured by way of first pari passu hypothecation charge on present and future assets of the Company excluding land and buildings for an amount of Rs. 1,333 million.

11.3 This represents Foreign Currency Import Finance of US Dollar 10.578 million (2007:US Dollar 1.138 million) obtained for import of raw materials for a period of six months. The facility carries mark up at the rate of six months' LIBOR plus 2.5 % (2007: six months' LIBOR plus 1.15%) payable on maturity. The facility is secured by way of ranking hypothecation charge over all the present and future current and movable assets of the Company for an amount of Rs. 960 million.

11.4 This represents Foreign Currency Import Finance of US Dollar 5.509 million (2007:US Dollar 3.219 million) obtained for import of raw materials for a period of six months. The facility carries mark up at the rate of six months' LIBOR plus 3.00 % (2007: six months' LIBOR plus 1.5%) payable on maturity. The facility is secured by way of ranking hypothecation charge over all the present and future current assets of the Company for an amount of Rs. 388.80 million.

11.5 This represents Foreign Currency Import Finance of US Dollar 1.516 million (2007:US Dollar Nil) obtained for import of raw materials for a period of six months. The facility carries mark up at the rate of six months' LIBOR plus 3.00 % (2007: Nil%) payable on maturity. The facility is secured by way of first pari passu hypothecation charge on present and future assets of the Company for an amount of Rs. 334 million.

11.6 Unavailed facilities

During the year, the Company has also obtained running finance facilities and other short term borrowings facilities for an amount of Rs. 3,597 million which the Company has not availed as at the year end.

		2008	2007
		Rupees	Rupees
12.	**Contingencies and commitments**		
12.1	**Contingencies**		
12.1.1	In respect of bank guarantees (other than disclosed in notes 10.1 and 10.2). These are secured by way of charge over fixed assets of the Company.	**71,115,746**	68,569,696
12.1.2	Tax related contingencies are disclosed in note 28 to these financial statements		
12.2	**Commitments**		
	In respect of letters of credits for coal and stores, spare parts and loose tools	**766,079,012**	530,780,241
	In respect of contracts for Chakwal plant	**62,968,404**	816,439,841
	In respect of contracts for Waste Heat Recovery plant	**769,158,625**	-

13. Property, plant and equipment

	Notes	2008 Rupees	2007 Rupees
Fixed assets	13.1	**15,514,948,030**	9,792,103,067
Capital work in progress	13.2	**489,533,961**	4,383,271,686
		16,004,481,991	14,175,374,753

13.1 Fixed assets

	Free hold land	Lease hold land	Buildings on freehold land	Plant and machinery	Quarry equipment	Other equipment	Furniture and fixtures	Vehicles	Office equipment	Total
	Rupees									
Owned										
Cost										
Balance as at July 01, 2006	414,097,488	36,891,572	3,284,396,682	7,207,843,973	544,891,389	46,475,711	43,708,556	114,895,886	37,639,955	**11,730,841,212**
Additions during the year	25,070,705	202,000	161,169,333	81,245,491	127,115,278	12,180,272	17,027,286	34,804,506	11,068,650	**469,883,521**
Disposals	-	-	-	(554,882)	-	(2,910,244)	-	(2,781,320)	(15,000)	**(6,261,446)**
Balance as at June 30, 2007	439,168,193	37,093,572	3,445,566,015	7,288,534,582	672,006,667	55,745,739	60,735,842	146,919,072	48,693,605	**12,194,463,287**
Balance as at July 01, 2007	439,168,193	37,093,572	3,445,566,015	7,288,534,582	672,006,667	55,745,739	60,735,842	146,919,072	48,693,605	**12,194,463,287**
Additions during the year	20,539,659	-	13,782,218	44,527,705	11,392	10,260,554	11,161,124	13,063,013	3,431,308	**116,776,973**
Transferred from CWIP	-	-	1,311,884,245	4,500,610,154	-	-	-	-	-	**5,812,494,399**
Disposals	-	-	-	-	-	-	-	(6,417,665)	-	**(6,417,665)**
Balance as at June 30, 2008	459,707,852	37,093,572	4,771,232,478	11,833,672,441	672,018,059	66,006,293	71,896,966	153,564,420	52,124,913	**18,117,316,994**
Depreciation										
Balance as at July 01, 2006	-	10,380,236	354,325,975	1,332,326,481	200,904,587	21,244,048	6,928,659	40,480,497	12,111,340	**1,978,701,823**
Depreciation charge for the year	-	1,342,191	108,636,976	217,855,259	65,827,076	4,211,517	4,347,154	19,406,409	4,696,983	**426,323,565**
Disposals	-	-	-	(254,882)	-	(176,805)	-	(2,228,231)	(5,250)	**(2,665,168)**
Balance as at June 30, 2007	-	11,722,427	462,962,951	1,549,926,858	266,731,663	25,278,760	11,275,813	57,658,675	16,803,073	**2,402,360,220**
Balance as at July 01, 2007	-	11,722,427	462,962,951	1,549,926,858	266,731,663	25,278,760	11,275,813	57,658,675	16,803,073	**2,402,360,220**
Depreciation charge for the year	-	1,342,191	113,081,413	222,481,915	60,792,959	4,991,276	5,343,083	18,837,758	5,067,740	**431,938,335**
Disposals	-	-	-	-	-	-	-	(4,875,543)	-	**(4,875,543)**
Balance as at June 30, 2008	-	13,064,618	576,044,364	1,772,408,773	327,524,622	30,270,036	16,618,896	71,620,890	21,870,813	**2,829,423,012**
	459,707,852	**24,028,954**	**4,195,188,114**	**10,061,263,668**	**344,493,437**	**35,736,257**	**55,278,070**	**81,943,530**	**30,254,100**	**15,287,893,982**
Leased										
Cost										
Transferred from CWIP	-	-	-	227,054,048	-	-	-	-	-	**227,054,048**
Balance as at June 30, 2008	-	-	-	**227,054,048**	-	-	-	-	-	**227,054,048**
Carrying value -2008	**459,707,852**	**24,028,954**	**4,195,188,114**	**10,288,317,716**	**344,493,437**	**35,736,257**	**55,278,070**	**81,943,530**	**30,254,100**	**15,514,948,030**
Carrying value -2007	439,168,193	25,371,145	2,982,603,064	5,738,607,724	405,275,004	30,466,979	49,460,029	89,260,397	31,890,532	9,792,103,067
Life in years/ Rates of depreciation	-	30yrs	30yrs	30yrs	15%	10-15%	10%	20%	15%	

		2008 Rupees	2007 Rupees
13.1.1	**Depreciation on fixed assets has been allocated as follows:**		
	Cost of sales	**420,596,360**	415,409,604
	Administration and general expenses	**7,020,918**	6,810,684
	Distribution cost	**3,796,282**	3,877,869
	Depreciation on assets used at Chakwal project (Capitalised)	**524,775**	225,408
		431,938,335	426,323,565

13.1.2 Disposal of fixed assets

Description	Cost	Book value	Sale proceeds	Gain	Mode of disposal	Sold to
	Rupees	Rupees	Rupees	Rupees		
Vehicles						
Suzuki Cultus	578,400	149,097	347,200	198,103	Auction	Ch. Muhammad Saleem
Suzuki Alto	491,540	118,116	290,000	171,884	Auction	Employee
Suzuki Baleno	732,390	169,593	361,000	191,407	Auction	Employee
Toyota Corolla	885,090	232,021	232,021	-	Negotiation	Employee
Toyota Coaster	1,225,000	77,166	620,000	542,834	Auction/ Negotiation	Mr. Muhammad Nazir
Toyota Coaster	1,110,620	454,910	500,000	45,090	Auction/ Negotiation	Mr. Muhammad Nazir
Suzuki Baleno	734,190	178,107	310,791	132,684	Negotiation	Employee
Suzuki Cultus	581,800	122,012	338,200	216,188	Auction	Ch. Muhammad Saleem
Others	78,635	41,100	41,100	-	Insurance Claim	-
TOTAL	**6,417,665**	**1,542,122**	**3,040,312**	**1,498,190**		

		Notes	2008 Rupees	2007 Rupees
13.2	**Capital work in progress**			
	Opening balance		**4,383,271,686**	936,567,384
	Additions during the year	13.2.1	**2,145,810,722**	3,576,442,720
			6,529,082,408	4,513,010,104
	Transferred to fixed assets:			
	Plant and machinery and other equipment		**(4,727,664,202)**	(124,799,323)
	Buildings on free hold land		**(1,311,884,245)**	(4,939,095)
			(6,039,548,447)	(129,738,418)
		13.2.2	**489,533,961**	4,383,271,686

13.2.1 This includes borrowing cost capitalised amounting to Rs. 685.12 million (2007: Rs. 248.79 million) at capitalisation rate of 11.95% per annum (2007: 12.56% per annum).

		Note	2008 Rupees	2007 Rupees
13.2.2	Break up of capital work in progress is as follows:			
	Plant and machinery and other equipment-owned		**316,058,048**	2,750,653,102
	Plant and machinery and other equipment-leased		**-**	227,054,048
	Building and civil works		**1,308,093**	750,526,549
	Advances for CWIP		**135,985,511**	330,489,232
	Stores and spares held for Chakwal project		**-**	28,726,263
	Borrowing cost		**27,643,641**	248,790,090
	Other directly attributable expenses		**8,538,668**	47,032,402
			489,533,961	4,383,271,686
14.	**Investment property**			
	Opening balance		**277,155,456**	277,155,456
	Gain on remeasurement of investment property to fair value	14.1	**14,175,308**	-
			291,330,764	277,155,456

14.1 On 26 June, 2008, an independent exercise was carried out to calculate the fair value of investment property. To assess the land prices, market research was carried out in the area around the plot where the investment property is situated. Fair value of investment property is based on independent valuer's judgment about average prices prevalent on the said date and has been prepared on openly available/ provided information after making relevant inquiries from the market. Valuation was carried out by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued.

		Notes	2008 Rupees	2007 Rupees Restated
15.	**Long term investments**			
	Associated company-at cost (quoted)	15.1	**1,862,802,950**	1,862,802,950
	Subsidiary company-at cost (quoted)	15.2	**3,435,047,837**	3,214,304,000
	Held to maturity investment-at amortised cost	15.3	**51,514**	44,843
			5,297,902,301	5,077,151,793
15.1	**Associated company-at cost (United Bank Limited)**			
	77,396,484 shares (2007: 61,917,188 shares) of Rs. 10 each			
	Market value Rs. 85.09 per share (2007: Rs. 219.95 per share)	15.1.1	**1,862,802,950**	1,862,802,950

15.1.1 Movement of investment in UBL is as follows:

	Rupees
Opening balance as at June 30, 2007 as dislcosed in the previous year's financial statements	2,300,426,769
Adjustment of surplus on reameasurement of available for sale investments (Note 15.1.3)	(437,623,819)
Restated balance as at June 30, 2007 and carried forward	1,862,802,950

15.1.2 This represents 7.65% share (2007: 7.65%) in the equity of 1,011.7 million shares of Rs. 10 each in UBL, an associated company.

15.1.3 As per the directive of the Securities and Exchange Commission of Pakistan, the Company has adjusted an amount of Rs. 437 million relating to surplus on revaluation of investment in associate, previously included in equity, to bring the investment at cost as per the requirements of International Accounting Standard (IAS) - 28 "Investments in associates" and IAS -27 "Consolidated and Separate Financial Statements". Accordingly comparative figures have been restated in the statement of changes in equity and long term investments.

		2008 Rupees	2007 Rupees
15.2	**Subsidiart company-at cost (Mustehkam Cement Limited)**		
	13,014,595 shares (2007: 10,563,491 shares) of Rs. 10 each		
	Market value Rs. 88 per share (2007: Rs. 136.7). Equity held 86.59% (2007: 85.74%)	**3,435,047,837**	3,214,304,000
15.3	**Held to maturity investment-at amortised cost**		
	Defence Saving Certificates (DSCs)	**51,514**	44,843

The fair value of DSCs is not expected to be materially different from its carrying value.

16. Long term advances and deposits

	Notes	**2008 Rupees**	2007 Rupees
Advance against issue of right shares		**-**	209,000,000
Advance for gas pipe line	16.1	**36,027,000**	40,030,000
Less current portion shown under current assets	20	**4,003,000**	4,003,000
		32,024,000	36,027,000
Security deposits	16.2	**70,450,847**	62,298,047
		102,474,847	307,325,047

16.1 This represents outstanding amount of long term portion of advance of Rs. 32.024 million paid to Sui Northern Gas Pipelines Limited to facilitate gas pipeline laying for the Company's plant located at Chakwal. The advance along with mark up at the rate of 1.5% per annum is recoverable in 10 equal yearly installments which started from March 2008.

16.2 This includes security deposits amounting to Rs. 70.09 million (2007: Rs. 56.145 million) given for electricity connections at plant sites.

17. Stores, spare parts and loose tools

	2008 Rupees	2007 Rupees
Stores, spare parts and loose tools	**1,646,329,547**	915,926,126
Stores and spare parts in transit	**73,624,028**	146,407,908
	1,719,953,575	1,062,334,034

18. Stock in trade

	2008	2007
Raw and packing material	**179,277,943**	40,592,557
Work in process	**333,571,286**	138,500,911
Finished stock	**147,163,008**	111,737,228
Stock in transit	**69,714,507**	-
	729,726,744	290,830,696

19. Trade debts- considered good

This includes Rs. 249.18 million (Rs: Nil) receivable from customers against export sales.

20. Advances, deposits, prepayments and other receivables

	Notes	**2008 Rupees**	2007 Rupees
Due from executives - unsecured, considered good		**605,258**	786,402
Advances to suppliers and contractors - considered good	20.1	**147,278,231**	126,241,213
Due from subsidiary company - unsecured, considered good	20.2	**-**	5,025,932
Short term security deposits		**2,779,549**	3,078,669
Prepayments		**14,095,505**	2,860,061
Accrued profits		**98,671**	23,904
Advance tax - net of provision	20.3	**122,862,358**	71,052,676
Claims and tax refunds due from the Government :			
Excise duty		**5,444,958**	8,808,726
Customs duty	20.4	**28,372,522**	28,372,522
Capital value tax	20.4	**11,729,200**	11,729,200
Insurance claims receivable - considered good		**2,017,019**	3,159,651
Margin on letter of credits		**4,754,957**	2,709,301
Excise duty refundable	20.5	**211,146,242**	211,146,242
Current portion of long term advance to SNGPL	16	**4,003,000**	4,003,000
Other receivables-considered good	20.6	**738,547**	3,677,926
		555,926,017	482,675,425

20.1 This includes Rs. Nil (2007: Rs. 17.453 million) given to Mustehkam Cement Limited against purchase of clinker.

20.2 This represents amount due from Mustehkam Cement Limited and carries mark up at Company's weighted average borrowing rate of 11.65% per annum (2007: 10.27% per annum). The Company has taken approval in its Annual General Meeting of giving advances to the subsidiary to meet its urgent working capital requirement upto Rs. 200 million. The Company has a credit balance as at the year end.

20.3 This includes an amount of Rs. 14.70 million (2007: Rs. 14.70 million) pertaining to tax suffered by the Company on a sale and lease back transaction for which the claim of refund has been lodged.

20.4 This represents customs duties paid in excess of 5% of the value assessed by the custom authorities for import of off high way dump trucks and the amount paid as Capital Value Tax (CVT) on this import. The collector of customs assessed 30% duty and CVT @ 7.5% of the assesed value on import of off high way dump trucks and did not allow exemption available to the Company under SRO No. 575(1) 2006 dated June 06, 2006. The Company deposited these amounts under protest as guarantee for clearance and filed an appeal before Honorable Sindh High Court. The Honorable High Court granted the leave of appeal and held that exemption for import of off high way dump trucks is available to the Company under SRO No. 575(1) 2006 dated June 06, 2006, therefore the excess amounts paid should be refunded to the Company.

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

20.5 The Honourable Supreme Court of Pakistan in its judgment dated April 14, 2007 in a comparable case for levy of excise duty, dismissed the appeal filed by the Federal Board of Revenue (FBR) and upheld the decisions made by the Honorable High Courts of Peshawar, Sindh and Punjab. The dispute related to levy of excise duty on the retail price inclusive of excise duty or retail price excluding excise duty. The FBR's point of view was that excise duty be calculated on a declared retail price inclusive of excise duty whereas the concerned respondents contended that the excise duty would not be included in retail price for calculation of excise duty payable to the Government. The full bench of Supreme Court upheld the judgments made by High Courts and dismissed the appeal of FBR. The FBR moved a review petition before Supreme Court of Pakistan which is pending.

The Company has accordingly also filed a claim for Rs. 211.146 million relating to duty paid during the period from June 1998 to April 1999 which pursuant to the above decision was otherwise not leviable and payable under the law. The Additional Collector of Federal Excise has initiated the process on the claim and the Company is confident of a favourable outcome.

20.6 This includes an amount of Rs. Nil (2007: Rs. 1.289 million) receivable from Bestway Foundation, an associated undertaking

21. Cash and bank balances

	Notes	2008 Rupees	2007 Rupees
Cash in hand		**128,050**	-
Cash at banks			
Current accounts		**59,899,965**	5,543,903
Deposit accounts	21.1	**47,545,972**	280,783,860
Short term investments	21.2	**241,000,000**	600,000,000
		348,573,987	886,327,763

21.1 This includes an amount of US Dollar 0.513 million (2007: US Dollar 4.402 million) in US Dollar saving accounts. US Dollar 0.50 million (2007: US Dollar 2.858 million) are under lien with Habib Bank Limited.

21.2 This represents investment in term deposit receipts with maturity of 15 days and carries mark-up at the rate of 8.8% per annum (2007 : 12.5% per annum).

22. Turnover- net

	2008 Rupees	2007 Rupees
Gross turnover	**10,669,558,026**	8,409,438,858
Less: Government levies		
Sales tax	**(1,117,609,945)**	(962,447,643)
Excise duties	**(1,653,121,041)**	(1,490,915,835)
	7,898,827,040	5,956,075,380
Less: Rebates and discounts	**(411,664,289)**	(306,697,368)
	7,487,162,751	5,649,378,012

23. Cost of sales

	Notes	2008 Rupees	2007 Rupees
Raw and packing materials consumed	23.1	**1,006,360,042**	742,602,296
Rent, rates and taxes		**741,839**	1,125,419
Fuel and power		**4,818,902,311**	3,230,697,890
Stores and spares consumed		**226,808,323**	116,911,612
Repairs and maintenance		**15,565,685**	15,555,053
Salaries, wages and benefits	23.2	**179,511,562**	148,957,835
Support services		**60,723,891**	60,217,032
Insurance		**14,597,024**	17,866,446
Equipment rental		**2,880,734**	11,364,925
Utilities		**4,381,061**	3,763,074
Traveling, conveyance and subsistence		**16,363,174**	15,775,689
Communication expenses		**3,131,372**	2,649,786
Printing and stationery		**1,984,003**	2,901,549
Entertainment		**1,297,552**	657,256
Depreciation	13.1.1	**420,596,360**	415,409,604
Other manufacturing expenses		**5,268,499**	2,699,404
		6,779,113,432	4,789,154,870
Opening work in process		**138,500,911**	86,458,154
Closing work in process		**(333,571,286)**	(138,500,911)
Cost of goods manufactured		**6,584,043,057**	4,737,112,113
Opening finished stocks		**111,737,228**	11,133,155
Closing finished stocks		**(147,163,008)**	(111,737,228)
Closing stocks in transit		**(69,714,507)**	-
Cost of sales		**6,478,902,770**	4,636,508,040

23.1 Raw and packing materials consumed

	2008 Rupees	2007 Rupees
Opening raw and packing material	**40,592,557**	52,677,996
Raw and packing material purchased during the year	**1,145,045,428**	730,516,857
Closing raw and packing material	**(179,277,943)**	(40,592,557)
	1,006,360,042	742,602,296

23.2 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 12.974 million (2007: Rs. 10.805 million)

24. Administration and general expenses

	Notes	2008 Rupees	2007 Rupees
Salaries, wages and benefits	24.1	**71,067,335**	63,215,453
Rent, rates and taxes		**939,780**	826,480
Repairs and maintenance		**2,184,770**	1,636,106
Insurance		**386,209**	437,781
Utilities		**2,500,015**	1,832,035
Traveling, conveyance and subsistence		**6,353,976**	6,143,030
Communication expenses		**1,796,358**	1,399,335
Printing and stationery		**1,478,518**	1,498,275
Entertainment		**327,407**	1,175,003
Advertisements		**690,396**	1,426,335
Charitable donations	24.2	**14,412,895**	6,584,268
Legal and professional charges		**2,545,325**	2,804,250
Fees and subscription		**3,989,644**	3,830,687
Management fee	24.3	**1,970,092**	1,612,819
Equipment rental		**-**	160,000
Auditors' remuneration	24.4	**1,607,000**	1,455,500
Depreciation	13.1.1	**7,020,918**	6,810,684
Miscellaneous expenses		**647,302**	273,111
		119,917,940	103,121,152

24.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 3.646 million (2007: Rs. 1.854 million).

24.2 This amount includes an amount of Rs. Nil (2007: Rs. 1.288 million) for donation made to Bestway Foundation, an associated undertaking. An amount of Rs. 14.05 million (2007 : Nil) is paid to University of Engineering and Technology Taxila through Bestway Foundation. The chief executive and directors are among the trustees of the Foundation. None of the trustees or their spouses have a beneficial interest in the Foundation.

24.3 This represents management fee of the parent company.

24.4 Auditors' remuneration

	2008 Rupees	2007 Rupees
Audit fee	**575,000**	500,000
Audit of consolidated financial statements	**300,000**	300,000
Taxation services	**650,000**	600,000
Out of pocket expenses	**82,000**	55,500
	1,607,000	1,455,500

25. Distribution cost

	Notes	2008 Rupees	2007 Rupees
Salaries, wages and benefits	25.1	**16,916,720**	12,185,555
Support services		**436,514**	639,527
Rent, rates and taxes		**2,580,716**	2,364,601
Repairs and maintenance		**461,188**	591,156
Utilities		**650,826**	640,336
Traveling, conveyance and subsistence		**2,970,385**	2,034,971
Communication expenses		**1,472,471**	1,270,335
Printing and stationery		**1,174,673**	1,580,139
Entertainment		**357,675**	720,949
Advertising and promotion		**2,259,546**	2,907,202
Depreciation	13.1.1	**3,796,282**	3,877,869
Fees and subscription		**2,743,081**	1,944,214
Freight and handling -local		**38,831,403**	7,373,205
-export		**225,920,756**	-
Miscellaneous expenses		**255,691**	148,835
		300,827,927	38,278,894

25.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 1.370 million (2007: Rs. 1.065 million).

26. Finance cost

	2008 Rupees	2007 Rupees
Finance cost on long term finance	**875,189,591**	1,068,970,550
Finance cost on short term borrowings	**218,395,558**	134,791,780
Exchange loss	**130,365,070**	-
Bank charges and commissions	**12,190,019**	7,983,594
	1,236,140,238	1,211,745,924

27. Other income

	2008	2007
Income from financial assets		
Profit on deposit accounts	**2,215,671**	7,912,491
Exchange gain	**-**	1,890,873
Profit on held to maturity investment	**6,671**	5,808
	2,222,342	9,809,172
Income from assets other than financial assets		
Gain on disposal of fixed assets	**1,498,190**	253,439
Dividend income from United Bank Limited (associated company)	**185,751,564**	148,601,250
Excise duty refundable	**-**	211,146,242
Rental income from investment property	**20,723,655**	19,794,210
Surplus on remeasurement of investment property to fair value	**14,175,308**	-
Management fee from related parties-net	**1,336,665**	2,046,241
Return on short term deposit receipt	**1,874,712**	2,553,095
Other	**1,908,349**	2,428,551
	227,268,443	386,823,028
	229,490,785	396,632,200

28. Taxation

	2008 Rupees	2007 Rupees
Current	**37,492,483**	36,689,998
Deferred - current	**(292,448,836)**	(31,872,527)
- prior	**(332,760,465)**	-
	(625,209,301)	(31,872,527)
	(587,716,818)	4,817,471

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

	2008	2007
Accounting profit (Rupees)	**(419,135,339)**	56,356,202
Applicable tax rate	**35%**	35%
	Rupees	Rupees
Tax on accounting profit	**(146,697,369)**	19,724,671
Tax effect of low rates on certain income	**42,989,815**	(40,786,651)
Tax effect of permanent differences	**21,792,246**	(3,380,485)
Tax effect of export sales restriction	**(543,293,993)**	-
Minimum tax	**37,492,483**	29,259,936
	(587,716,818)	4,817,471

Provision for minimum tax at half a percent of turnover has been made in accordance with section 113 of the Income Tax Ordinance, 2001 due to brought forward tax losses of the Company.

28.2 Tax returns for Tax Years 2003 to 2007 (years ended 30 June 2003 to 2007) stand assessed under section 120 of the Income Tax Ordinance 2001 [Ordinance]. The tax authorities are empowered to amend the assessments within five years from the date of the assessment. The assessment for the Tax Year 2005 was rectified in terms of section 221 of the Ordinance by the tax authorities on the issue of set off of brought forward assessed losses there by raising a tax demand of Rs. 40.55 million. Later on the aforesaid rectified order was further rectified under section 221 of the Ordinance in terms of which the demand of Rs. 40.55 million was reduced to Rs. 38 million. The assessment for the Tax Year 2007 was also rectified in terms of section 221 of the Ordinance whereby Workers Welfare Fund of Rs. 1.3 million was charged against which the Company filed appeal with Commissioner (Appeals) which is pending decision to date.

No provision has been made in these financial statements in respect of outstanding issues as management is confident of a favourable outcome.

29. Remuneration of the chief executive, directors and executives

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

	Chief Executive Rupees		Directors, including chairman Rupees		Executives Rupees	
	2008	2007	**2008**	2007	**2008**	2007
Managerial remuneration and allowances	**18,000,000**	18,000,000	**33,480,000**	31,933,248	**42,934,778**	31,242,490
Bonus	**-**	-	**1,020,000**	4,770,665	**591,950**	4,408,807
Provision for gratuity	**-**	-	**1,099,762**	803,596	**3,185,235**	2,092,498
Compensated absences	**-**	-	**1,574,136**	331,356	**3,496,227**	1,697,663
	18,000,000	18,000,000	**37,173,898**	37,838,865	**50,208,190**	39,441,458
Number of persons	**1**	1	**5**	5	**32**	22

29.1 The directors excluding chairman and the executives are also provided with medical insurance facility as per their entitled limits.

30. Transactions with related parties

The Company is a subsidiary of Bestway (Holdings) Limited, UK ("the parent company") therefore all subsidiaries and associated undertakings of the Parent Company are related parties of the Company. Other related parties comprise of directors, key management personnel, entities with common directorships and entities over which the directors are able to exercise influence. Balances with related parties are shown elsewhere in the notes to the financial statements. Transactions with related parties are as follows:

	2008 Rupees	2007 Rupees
Transactions with parent company		
Management fee (expense)	**1,970,092**	1,612,819
Dividend paid	**-**	159,386,447
Issuance of bonus shares	-	159,386,447
Transactions with subsidiary company		
Purchase of cement	-	3,779,180
Purchase of clinker	**92,862,799**	57,485,455
Sale of cement	**-**	77,550
Purchase of packing material	**-**	9,213,081
Sale of packing material	**3,193,437**	-
Sale of coal	**180,825,449**	54,493,551
Stores, spare parts and loose tools given	**7,859,710**	-
Stores, spare parts and loose tools received	**1,708,350**	-
Advances given	**181,307,795**	517,664,351
Recoveries made	**349,136,162**	514,175,202
Mark up on advances given	**4,297,795**	12,575,876
Management fee (income)	**20,400,000**	18,000,000
Transactions with associates undertakings under common directorship		
Management fee (income)	**480,000**	480,000
Service/ bank charges	**2,586,219**	2,991,777
Charitable donations	**14,050,000**	1,288,468
Dividend received	**185,751,564**	148,601,250
Sale of cement	**702,370**	-
Utility expense paid	**-**	39,470
Transactions with key management personnel		
Sale of cement	**118,300**	-
Remuneration and allowances	**55,173,898**	55,838,865

BESTWAY CEMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

31. Financial assets and liabilities

Particulars	Interest / Markup bearing								Non-interest/Markup bearing	Total
	Effective rate of interest	Maturity up to one year Rupees	Maturity after one year and upto two years Rupees	Maturity after two years and upto three years Rupees	Maturity after three years and upto four years Rupees	Maturity after four years and upto five years Rupees	Maturity after five years Rupees	Sub total Rupees	Rupees	Rupees
Financial assets										
Long term investments		-	-	51,514	-	-	-	51,514	-	51,514
Long term advances and deposits	1.50%	4,003,000	4,003,000	4,003,000	4,003,000	4,003,000	16,012,000	36,027,000	70,450,847	106,477,847
Trade debts- considered good		-	-	-	-	-	-	-	365,120,641	365,120,641
Advances, deposits and other receivables	5.00%	605,258	-	-	-	-	-	605,258	10,388,743	10,994,001
Cash and bank balances	2-12.5%	288,545,972	-	-	-	-	-	288,545,972	60,028,015	348,573,987
June 30, 2008		**293,154,230**	**4,003,000**	**4,054,514**	**4,003,000**	**4,003,000**	**16,012,000**	**325,229,744**	**505,988,246**	**831,217,990**
Financial liabilities										
Long term financing - secured	11-15%	2,003,333,334	2,803,333,334	2,553,333,334	2,553,333,334	2,553,333,334	2,043,333,332	14,510,000,002	-	14,510,000,002
Liability against assets subject to finance lease	11.63%	-	49,795,106	49,795,106	49,795,106	49,795,105	58,958,068	258,138,491	-	258,138,491
Trade and other payables	11.65%	1,163,817	-	-	-	-	-	1,163,817	1,307,434,020	1,308,597,837
Markup payable		-	-	-	-	-	-	-	286,999,641	286,999,641
Short term borrowings - secured	5-13%	1,507,674,824	-	-	-	-	-	1,507,674,824	-	1,507,674,824
June 30, 2008		**3,512,171,975**	**2,853,128,440**	**2,603,128,440**	**2,603,128,440**	**2,603,128,439**	**2,102,291,400**	**16,276,977,134**	**1,594,433,661**	**17,871,410,795**
Financial assets										
Long term investments		-	-	-	44,843	-	-	44,843	-	44,843
Long term advances and deposits	1.50%	4,003,000	4,003,000	4,003,000	4,003,000	4,003,000	20,015,000	40,030,000	271,175,847	311,205,847
Trade debts- considered good		-	-	-	-	-	-	-	84,633,511	84,633,511
Advances, deposits and other receivables	5-10.27%	5,812,334	-	-	-	-	-	5,812,334	33,627,257	39,439,591
Cash and bank balances	1-8.8%	880,783,860	-	-	-	-	-	880,783,860	5,543,903	886,327,763
June 30, 2007		**890,599,194**	**4,003,000**	**4,003,000**	**4,047,843**	**4,003,000**	**20,015,000**	**926,671,037**	**394,980,518**	**1,321,651,555**
Financial liabilities										
Long term financing - secured	10-12%	1,703,832,354	2,803,333,334	2,553,333,334	2,553,333,334	2,553,333,334	1,916,666,669	14,083,832,359	-	14,083,832,359
Liability against assets subject to finance lease	11.30%	-	-	45,410,810	45,410,810	45,410,810	90,821,618	227,054,048	-	227,054,048
Trade and other payables		-	-	-	-	-	-	-	630,522,187	630,522,187
Markup payable		-	-	-	-	-	-	-	256,189,604	256,189,604
Short term borrowings - secured	6-12%	756,384,619	-	-	-	-	-	756,384,619	-	756,384,619
June 30, 2007		**2,460,216,973**	**2,803,333,334**	**2,598,744,144**	**2,598,744,144**	**2,598,744,144**	**2,007,488,287**	**15,067,271,026**	**886,711,791**	**15,953,982,817**

31.1 CREDIT RISK

Credit risk represents the accounting loss that would be recognized at the reporting date if the counter parties failed completely to perform as contracted. The company's credit risk is primarily attributable to its trade debts and its balances at bank. The credit risk on liquid funds is limited because the counter parties are bank with reasonably higher credit rating. The company has no significant concentration credit risk as exposure is spread over a large number of counter parties in case of trade debts. To manage exposure to credit risk, the company applies credit limits to its customers and also obtain collaterals, where considered necessary.

31.2 CURRENCY RISK

Currency risk is the risk that the value of financial instrument will fluctuate due to change in foreign exchange rates. Currency risk arises mainly where receivable and payable exist due to transactions with foreign buyer and supplier. The company, where considered necessary, uses forward contracts and foreign currency forward options against payable exposed to foreign currency risk.

31.3 FAIR VALUE OF ASSETS

The carrying value of assets and liabilities reflected in the financial statements approximates their fair value except for long term investment, which are stated at cost (Note 16)

31.4 INTEREST / MARKUP RATE RISK EXPOSURE

The Company is exposed to interest/markup rate risk on some of the financial assets and liabilities for an amount of Rs. 325 million (2007: Rs. 926 million) and Rs. 16.2 billion (2007: Rs. 15.06 billion) respectively. The rates of interest/markup and their maturities are given in the respective notes.

31.5 LIQUIDITY RISK

Liquidity risk represents an enterprise's inability in raising funds to meet commitments. The Company manages its liquidity position to ensure availability of funds and to take appropriate measures for new requirements

32. Earnings per share (basic and diluted)

	2008	2007 Restated
Profit after tax (Rupees)	**168,581,479**	51,538,731
Weighted average number of ordinary shares in issue	**283,258,775**	283,258,775
Earnings per share - basic and diluted (Rupees)	**0.60**	0.18

The number of ordinary shares outstanding at June 30, 2007 has been adjusted to reflect the issuance of right shares during the year.

33. Plant capacity and production of clinker

		Note	2008 Metric Tonnes	2007 Metric Tonnes
Available capacity	Hattar		**1,170,000**	1,170,000
	Chakwal line-I		**1,710,000**	1,710,000
	Chakwal line-II		**1,710,000**	-
Actual production	Hattar		**1,120,027**	1,143,441
	Chakwal line-I		**1,537,472**	1,061,053
	Chakwal line-II	33.1	**1,943**	-

33.1 As explained in note 1.1, the Company has completed installation of line-II in Chakwal as on 30 June 2008 thereby increasing total available capacity against actual production of 1,943 tonnes.

34. Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitors the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

35. General

35.1 Available facilites of letter of guarantee and letter of credit

Facilities of letter of guarantee and letter of credit amounting to Rs. 150 million and Rs. 250 million respectively are available to the Company. Letter of guarantee is secured by first pari passu charge on present and future assets of the Company.

35.2 These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on 30 September 2008.

CHIEF EXECUTIVE **DIRECTOR & CFO**

BESTWAY CEMENT LIMITED
PATTERN OF HOLDING OF SHARES HELD BY THE SHARE HOLDERS
AS AT JUNE 30, 2008

	SHARE HOLDING		
No. OF SHARE HOLDERS	**FROM**	**TO**	**TOTAL SHARES HELD**
65	1	100	3,638
53	101	500	15,375
51	501	1000	40,691
48	1001	5000	108,871
10	5001	10000	63,255
7	10001	15000	90,678
5	15001	20000	92,615
4	20001	25000	87,487
1	25001	30000	28,668
4	30001	35000	127,757
2	35001	40000	78,339
1	45001	50000	49,046
3	50001	55000	160,505
2	55001	60000	114,585
7	65001	70000	464,648
1	80001	85000	81,301
1	110001	115000	112,960
1	115001	120000	119,790
8	145001	150000	1,171,280
1	160001	165000	161,141
2	170001	175000	345,841
4	215001	220000	878,460
1	220001	225000	222,942
1	225001	230000	229,190
1	230001	235000	234,256
1	240001	245000	240,112
1	260001	265000	264,942
2	275001	280000	556,358
1	285001	290000	289,159
1	290001	295000	292,820
1	495001	500000	497,794
1	505001	510000	507,310
1	585001	590000	585,640
6	600001	1100000	5,113,598
2	1100001	1600000	2,770,343
3	1600001	2100000	5,716,061
1	2100001	2600000	2,346,952
3	2600001	3100000	8,649,740
1	4100001	4600000	4,323,753
4	5100001	5600000	21,492,496
1	10100001	10600000	10,447,085
1	10600001	11100000	10,997,879
1	13100001	13600000	13,175,976
1	60100001	110100000	72,149,517
1	110100001	160100000	117,757,921
318			283,258,775

BESTWAY CEMENT LIMITED
SHARE HOLDERS HOLDING 10% OR MORE VOTING INTEREST IN THE COMPANY
AS AT JUNE 30, 2008

		SHARES HELD	PERCENTAGE
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES			
00055	BESTWAY CASH & CARRY LIMITED	117757921	41.57
00001	BESTWAY (HOLDING) LIMITED	75099678	26.51
06122-3699			

BESTWAY CEMENT LIMITED
DETAIL OF CATROGORIES OF SHARE HOLDERS
AS AT JUNE 30, 2008

CATEGORIES OF SHARE HOLDERS		NO. OF SHARE HOLDERS	SHARES HELD
MODARABAS			
03277-52602	AL-ZAMAN LEASING MODARABA		1650
JOINT STOCK COMPANIES		1	1650
00307-15812	ADHI SECURITIES (PVT) LIMITED.		1000
04184-22	AZEE SECURITIES (PRIVATE) LIMITED		20,054
03855-21	DARSON SECURITIES (PRIVATE) LIMITED		100
07286-27	DR. ARSLAN RAZAQUE SECURITIES (SMC-PVT) LTD		150
03863-7371	HI-TECH COMPUTERS ASSOCIATES PVT LTD		53
05587-915	INVEST FORUM PVT. LTD		1000
07260-29	M.R. SECURITIES (SMC-PVT) LTD.		1000
01552-43664	MUHAMMAD AHMAD NADEEM SEC (smc-Pvt) LTD (isb)		50
04184-12753	PACE INVESTMENT & SECURITIES (PRIVATE) LIMITED 5002		6
06122-1370	PAK PEARL RICE MILLS (PVT) LTD (00154)		819794
06916-20	PASHA SECURITIES (PVT) LTD.		30
01917-33	PRUDENTIAL SECURITIES LIMITED		500
364-90504	SHAMALIK BROTHER PVT LIMITED		3437
06759-5466	SHAMALIK BROTHERS PVT LIMITED		1652
09787-1022	STOCK MASTER SECURITIES PVT LIMITED		300
61221776	SUPPORT SERVICES (PVT) LTD (00211)		222942
03210-28	Y.S. SECUIRTIES & SERVICE PRIVATE LTD		105
		17	1072173
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES			
06122-3699	BESTWAY (HOLDING) LTD (00212)		2,950,161
00001	BESTWAY (HOLDINGS) LIMITED		72,149,517
00055	BESTWAY CASH & CARRY LIMITED		117,757,921
00059	BESTWAY NORTHERN LIMITED		13,175,976
		4	206,033,575
DIRECTORS, CEO AND THEIR SPOUSES AND MINOR CHILDREN			
00871	ARSHAD HAMEED		8,000
03350-17471	ARSHAD HAMEED		146,410
00004	ARSHAD MEHMOOD CHAUDERY		2,029,486
07476-1048	GHULAM SERVER MALIK		65,348
06122-1198	M. IRFAN A. SHEIKH (00139)		49,046
344	MAZHAR RAFI		15,320
00002	MOHAMMED ANWAR PERVEZ		10,997,879
00048	MOHAMMED IRFAN ANWER SHEIKH		81,301
05264-8917	RAKSHANDA CHOUDREY		5,365,193
00015	RAKSHANDA CHOUDREY		161,141
00008	RIZWAN PERVEZ		5,381,055
00066	SHUAIB ARSHAD CHAUDREY		240,112
00067	TAHIRA ARSHAD CHAUDREY		234,256
00003	ZAMEER MOHAMMAD CHOUDREY		5,381,055
898	ZOHRA PERVEZ		55,821
05264-8875	ZOHRA PERVEZ		10,447,085
		16	40,658,508

Bestway Cement Limited
DETAIL OF CATEGORIES OF SHARE HOLDERS
AS AT JUNE 30, 2008

CATAEGORIES OF SHARE HOLDERS		NO. OF SHARE HOLDERS	SHARES HELD
EXECUTIVES OF THE COMPANY / MODARABA			
00875	COL. MUHAMMAD TARIQ		6,000
00874	IJAZ AHMED		6,000
00876	IRSHAD ALI AMEER		6,000
00884	KALEEM AHMED		1,000
00895	KAMAL AHMED		2,000
00894	KAUSAR HUSSAIN		3,000
00364-45326	M.MUSADDAQ ALI KHAN (6915)		6,000
00882	MEHRAB KHAN		4,000
06122-5157	MR SHUJAAT KHAN SHERWANI (00778)		12,480
10611-3800	MUHAMMAD MEHRAB KHAN		27
05264-8826	MUHAMMAD SAADAT ALAM		38,658
00879	MURTAZ ALI		5,000
00878	NAEEM ULLAH		5,000
00883	SADAT ALAM		4,000
00890	SAKHI ZAMAN		3,000
00885	SHABBIR HUSSAIN		4,000
00887	SHABIR AHMED		3,000
05264-8867	SHAHID SOHAIL KHAN		23,425
00880	SHAYAN AHMED		5,000
00888	TANVEER AHMED		3,000
00889	ZAIGHAM ABBAS		3,000
		21	143,590
OTHERS			
11148-571	TRUSTEE KAUKAB MIR MEMORIAL WELFARE TRUST		11,600
		1	11,600
CATEGORIES TOTAL		60	247,921,096
INDIVIDUALS		258	35,337,679
GRAND TOTAL		318	283,258,775