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: gmworks1@bestway.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: dw@bestway.com.pk

Shares Department

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

Marketing Office

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

Bankers

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 16th 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 Saturday, 31st October, 2009 to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on July 21, 2009.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 2009 together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors of the Company and fix their remuneration for the year 2009-10. 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.

October 10th, 2009
Islamabad

Mazhar Rafi
Company Secretary

NOTES

The share transfer books of the Company will remain closed from October 30, 2009 to November 6, 2009 (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, 2009 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.

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 2009 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 grew by just 2.12% to 30.78 million tonnes as against 30.14 million tonnes for last year. The domestic market contracted by 13.50% however, exports continued to grow and recorded a healthy increase of 47.52%. Capacity utilisation for the industry declined to 67.42% for the year under review as against 78% for last year. This was mainly due to contraction in domestic market during the year as a consequence of the economic and law & order situation in the country.

Production and Sales

Hattar

	2009 Tonnes	**2008 Tonnes**	**Decrease Tonnes**	**Percentage Decrease**
Clinker production	1,074,607	1,120,027	(45,420)	(4.1) %
Cement production	1,068,705	1,166,737	(98,032)	(8.4) %
Cement sales	1,061,763	1,164,540	(102,777)	(8.8) %
Clinker sales	1,221	22,048	(20,827)	(94.5) %

Chakwal

	2009 Tonnes	**2008 Tonnes**	**Increase Tonnes**	**Percentage Increase**
Clinker production	2,183,928	1,540,775	643,153	41.7 %
Cement production	2,161,503	1,453,523	707,980	48.7 %
Cement sales	2,162,611	1,446,470	716,141	49.5 %
Clinker sales	164,010	53,342	110,668	207.5 %

2009 was another year of fierce competition however your Company was able to increase its share to 14.53 % of the market in the north zone as compared to 11% last year and retained its position as one of the largest cement producers in the country. Bestway Cement continued to be one of the largest exporters of cement to Afghanistan and India. The industry as a whole exported 11.38million tonnes during the year as against 7.72 million tonnes during the year ended 30th June 2008. Bestway Cement's share stood at 9.44 % of total exports at 1.07 million tonnes as against 0.57 million tonnes in 2008 which represents an increase of 90 %.

Operating Highlights

The Company recorded sales of Rs. 19,577 million compared to Rs. 10,670 million during the preceding year. Net turnover amounted to Rs. 14,815 million compared to Rs. 7,487 million in the corresponding period last year, which represents an increase of 98%, after payment of Rs. 4,124 million towards Sales Tax and Excise Duty and Rs. 638 million as rebates and discounts to customers. Gross Profit increased to Rs. 4,770 million from Rs. 1,008 million last year.

Finance cost increased to Rs.2,286 million for the year ended 30th June 2009 from Rs. 1,236 million last year. Profit before taxation for the year ended 30th June 2009 stood at Rs. 1,205 million as compared to loss of Rs. 419 million for the previous year. Profit after taxation for the year ended 30th June 2009 amounted to Rs.974 million as compared to Rs. 169 million last year, which is an increase of 478%. Earnings per share (EPS) of the Company for the year ended 30th June 2009 on its increased paid up capital stood at Rs.3.11 as compared to last year's restated EPS of Rs.0.59.

Balance Sheet

The capital and reserves of your Company have increased to Rs.8.22 billion as compared to Rs.6.86 billion at the end of last financial year.

Your Company has continued to discharge its repayment obligations on all types of loans on time. The net current liabilities on 30th June 2009 stood at Rs.7,401 million as against Rs. 5,340 million 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 nearing completion and is expected to be fully operational during second quarter of 2009-10.

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.14.1 billion as against Rs.13.8 billion for the corresponding period of last year which represents an increase of 2% year on year. The bank's balance sheet further strengthened during the year with a staggering 21.9% growth in Performing Advances to Rs. 368 billion, which is one of the highest growth rates amongst the large network banks. Customer deposits and other accounts increased by 19.6% to Rs.492 billion.

We are delighted to inform you that the Bank announced a cash dividend of 25% and 10% bonus shares for the year ended 31st December 2008 thus providing a return of Rs.193 million along with 7.7 million bonus shares on your investment in the Bank.

Plants' 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 around its rated capacity. Both production lines at Chakwal also continued to operate smoothly throughout the year.

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 and India 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. Since 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 7th 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 2009, your Company contributed nearly Rs.24.4 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 2009 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

Domestic demand for cement has seen steady growth in recent years. However, the year under review witnessed a sharp decline in cement off take due to unfavourable economic, political and law & order atmosphere prevailing in the country. High cost of borrowing, higher cost of inputs, cut in developmental expenditure by the Government and curtailed spending by the private sector meant lower demand for cement. Going forward, a substantially higher PSDP allocation and development-oriented foreign assistance should result in some improvement in domestic demand for cement. A reduction in interest rates is also on the horizon which should further encourage economic activity in the country. The pace of economic activity in the country may however be somewhat affected by the law and order situation.

On the export front, the cement industry in Pakistan enjoyed another good year despite global economic slow down. While some regional markets like the UAE have seen severe decline in construction activity, other markets like Afghanistan continue to generate good demand for Pakistani cement. Bestway is already firmly established as one of the leading brands in Afghanistan and your Company will continue to expand its share in that market. Other regional markets like India and Srilanka are likely to continue to generate some demand for our cement for few more years to come. We are constantly exploring other international markets and your Company has been able to make good inroads into markets like Africa. Given the huge gap between supply and demand of cement in numerous African countries, it is anticipated that Africa will prove to be a good market for many years to come.

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

	Right Subscription	Sold During Year
Mohammad Anwar Pervez	1,649,681	-
Zameer M. Choudrey	807,158	-
Arshad Mehmood Chaudhary	549,337	-
M. Irfan A. Sheikh	19,640	-
Mazhar Rafi	2,298	-
Ghulam Sarwar Malik	9,802	52,700
Arshad Hameed	23,161	15,161

Zohra Pervez	1,575,435	-
Rakhshinda Choudrey	829,062	-

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 33 Board Meetings held during the year was as given below:

	No. of meetings attended
Sir Mohammed Anwar Pervez	03
Mr. Zameer Mohammed Choudrey	07
Mr. Arshad Mehmood Chaudhary	04
Mr. Muhammad Irfan Anwar Sheikh	33

Mr. Mazhar Rafi	30
Mr. Arshad Hameed	28
Mr. Ghulam Sarwar Malik	32

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, The Bank of Punjab, Askari Bank Limited, Bank Al-Habib Limited, The Royal Bank of Scotland Limited, SILKBANK Limited, HSBC Bank Middle East Limited, Habib Metropolitan Bank Limited, Soneri Bank Limited, First Women Bank Limited, NIB Bank Limited, Meezan Bank Limited, Bank Alfalah Limited, Barclays Bank PLC, Pakistan, National Bank of Pakistan and various Government agencies throughout the year.

For and on behalf of the Board

Chief Executive
30th September, 2009
Islamabad

Bestway Cement Limited

Registered Office: Bestway Building,19-A,College Road,F-7 Markaz ,Islamabad

Phone : 051-2654856
Fax : 051-2654865

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in 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, 2009.

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 and Company Secretary, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The Directors' Report for the FY 2008-09 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 with.

For and On behalf of Board

Zameer M. Choudrey

Chief Executive

BESTWAY CEMENT LIMITED
JUNE 30, 2009
Nine Years Key Data

	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating Results					Rupees in millions				
Turnover (net)	14,814	7,487	5,649	4,544	3,536	2,666	1,792	1,738	2,078
Cost of sales	10,044	6,479	4,637	2,250	1,987	1,596	1,334	1,118	1,591
Gross profit	4,770	1,008	1,013	2,294	1,549	1,070	458	621	487
Operating profit	3,163	587	871	2,144	1,431	1,009	405	570	431
Financial charges	2,286	1,236	1,212	469	140	139	269	245	354
Profit/ (loss) before taxation	1,205	(419)	56	1,730	1,298	994	159	329	191
Profit after taxation	974	169	52	1,226	931	679	113	236	178
Balance Sheet									
Shareholders' funds	8,216	6,857	5,544	4,850	3,597	2,859	2,181	2,213	2,003
Operating fixed assets	16,991	16,004	14,175	10,689	5,069	3,200	3,306	3,287	3,456
Long term finance	11,786	12,507	12,380	9,459	3,148	1,895	1,701	1,579	1,993
Net current liabilities	2,606	1,622	607	624	221	80	1,289	168	50
Significant Financial Ratios					Percentages				
Gross profit ratio	32.20	13.46	17.93	50.48	43.81	40.14	25.56	35.73	23.44
Net profit ratio	6.57	2.26	0.92	26.98	26.33	25.47	6.31	13.58	8.57
Interest coverage ratio	1.53	0.66	1.05	4.69	10.27	8.15	1.59	2.34	1.54
Return on equity	29.90	7.09	2.02	52.37	43.75	35.10	5.84	12.20	9.20
Earnings per share	3.17	0.59	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	3,390	2,685	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

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

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the board of directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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.

KPMG Taseer Hadi & Co.

Islamabad

3 0 SEP 2009

KPMG TASEER HADI & Co.
Chartered Accountants
Engagement Partner: Riaz Akbar Ali Pesnani

KPMG Taseer Hadi & Co.
Chartered Accountants
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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 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here in after referred to as the "financial statements") 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 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 above said 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 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 2009 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

30 SEP 2009

KPMG TASEER HADI & Co.
Chartered Accountants
Engagement Partner: Riaz Akbar Ali Pesnani

BESTWAY CEMENT LIMITED
BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
SHARE CAPITAL AND RESERVES			
Authorised share capital			
350,000,000 (2008: 350,000,000) ordinary shares of Rs. 10 each		**3,500,000,000**	3,500,000,000
Issued, subscribed and paid up share capital	4	**3,257,475,910**	2,832,587,750
Share premium		**1,963,498,330**	901,277,930
Unappropriated profit		**2,994,585,223**	2,020,561,237
Advance for issue of right shares		**-**	1,102,077,293
		8,215,559,463	6,856,504,210
NON CURRENT LIABILITIES			
Long term financing-secured	5	**11,455,803,336**	12,026,666,668
Liability against assets subject to finance lease-secured	6	**194,033,624**	258,138,491
Long term murabaha-secured	7	**330,000,000**	480,000,000
Long term advances	8	**1,749,960**	12,249,720
Deferred liabilities	9	**613,414,947**	441,207,639
		12,595,001,867	13,218,262,518
CURRENT LIABILITIES			
Trade and other payables	10	**1,355,336,265**	1,542,716,340
Markup payable		**341,291,606**	286,999,641
Short term borrowings - secured	11	**2,385,747,374**	1,507,674,824
Current portion of long term financing	5	**3,170,833,334**	1,943,333,334
Current portion of liabilities against assets subject to finance lease	6	**38,672,516**	-
Current portion of long term murabaha	7	**120,000,000**	60,000,000
		7,411,881,095	5,340,724,139
		28,222,442,425	25,415,490,867
CONTINGENCIES AND COMMITMENTS	12		

	Note	2009 Rupees	2008 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	13	**16,991,285,086**	16,004,481,991
Investment property	14	**336,340,149**	291,330,764
Long term investments	15	**5,297,909,985**	5,297,902,301
Long term advances	16	**720,741,010**	32,024,000
Long term deposits	17	**70,450,847**	70,450,847
		23,416,727,077	21,696,189,903
CURRENT ASSETS			
Stores, spare parts and loose tools	18	**1,779,660,333**	1,719,953,575
Stock in trade	19	**1,056,308,381**	729,726,744
Trade debts- considered good	20	**585,065,905**	365,120,641
Advances	21	**288,323,020**	151,886,489
Deposits and prepayments	22	**9,041,107**	21,630,011
Interest accrued		**89,941**	98,671
Other receivables	23	**72,295,479**	2,755,566
Due from Government agencies	24	**562,639,377**	379,555,280
Cash and bank balances	25	**452,291,805**	348,573,987
		4,805,715,348	3,719,300,964
		28,222,442,425	25,415,490,867

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

BESTWAY CEMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
Turnover-net	26	**14,814,797,196**	7,487,162,751
Cost of sales	27	**10,044,450,173**	6,478,902,770
Gross profit		**4,770,347,023**	1,008,259,981
Administrative expenses	28	**140,138,550**	119,917,940
Distribution cost	29	**1,395,877,311**	300,827,927
Other operating expenses	30	**71,506,461**	-
Finance cost	31	**2,286,086,256**	1,236,140,238
Other operating income	32	**(327,972,309)**	(229,490,785)
		3,565,636,269	1,427,395,320
Profit/(loss) before taxation		**1,204,710,754**	(419,135,339)
Taxation	33	**(230,686,768)**	587,716,818
Profit for the year		**974,023,986**	168,581,479
			Restated
Earnings per share (basic and diluted)	36	**3.17**	0.59

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

BESTWAY CEMENT LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	2009 Rupees	2008 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	**1,204,710,754**	(419,135,339)
Adjustments for:		
Gain on disposal of operating fixed assets	**(841,402)**	(1,498,190)
Depreciation	**584,903,235**	431,413,560
Rental income from investment property	**(21,746,044)**	(20,723,655)
Profit on deposit accounts	**(918,961)**	(2,215,671)
Profit on held to maturity investment	**(7,684)**	(6,671)
Gain on remeasurement of investment property to fair value	**(45,009,385)**	(14,175,308)
Finance cost	**2,286,086,256**	1,105,775,168
Provision for staff retirement benefits	**21,191,221**	17,990,113
Dividend income	**(193,491,208)**	(185,751,564)
	2,630,166,028	1,330,807,782
	3,834,876,782	911,672,443
(Increase)/ decrease in current assets		
Stores, spare parts and loose tools	**209,096,326**	(657,619,541)
Stock in trade	**(326,581,637)**	(438,896,048)
Trade debts	**(219,945,264)**	(280,487,130)
Advances	**(136,436,531)**	(20,855,874)
Deposits and prepayments	**12,588,904**	(12,981,980)
Other receivables	**(69,539,913)**	9,107,943
Due from Government agencies	**73,715,604**	3,363,768
Increase/ (decrease) in current liabilities		
Long term advances	**(10,499,760)**	-
Trade and other payables	**(236,165,612)**	858,362,824
	(703,767,883)	(540,006,038)
Cash generated from operations	**3,131,108,899**	371,666,405
Finance cost paid	**(2,257,226,642)**	(1,047,802,788)
Staff retirement benefits paid	**(9,139,100)**	(7,146,369)
Income tax paid	**(256,799,701)**	(89,302,165)
	(2,523,165,443)	(1,144,251,322)
Net cash from/ (used in) operating activities	**607,943,456**	(772,584,917)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in operating fixed assets	**(333,442,537)**	(116,776,973)
Additions in capital work in progress	**(2,061,473,547)**	(2,145,285,947)
Additions in stores held for capitalization	**(121,277,984)**	-
Proceeds from encashment of performance guarantees	**674,903,451**	-
Proceeds from sale of operating fixed assets	**1,622,605**	3,040,312
Increase in long term advances	**(688,717,010)**	(4,149,800)
Profit on deposit accounts received	**927,691**	2,140,904
Dividend received	**193,491,208**	185,751,564
Additions to long term investments	**-**	(11,743,837)
Net cash used in investing activities	**(2,333,966,123)**	(2,087,023,777)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance for issue of right shares	**385,031,267**	1,144,397,063
Long term financing- disbursements	**2,570,000,000**	2,930,000,000
- repayments	**(2,003,363,332)**	(2,503,832,350)
Increase in short term borrowings	**878,072,550**	751,290,205
Net cash from financing activities	**1,829,740,485**	2,321,854,918
Net increase/ (decrease) in cash and cash equivalents	**103,717,818**	(537,753,776)
Cash and cash equivalents at beginning of the year	**348,573,987**	886,327,763
Cash and cash equivalents at end of the year	**452,291,805**	348,573,987

The annexed notes from 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE **DIRECTOR & CFO**

BESTWAY CEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

		Capital reserve		Revenue reserve	
	Issued, subscribed and paid up share capital	Share premium account	Advance for issue of right shares	Unappropriated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2007	2,575,079,770	-	1,116,466,140	1,851,979,758	5,543,525,668
Changes in equity for the year ended June 30, 2008					
Profit for the year	-	-	-	168,581,479	168,581,479
Total recognised income and expense for the year	-	-	-	168,581,479	168,581,479
Advance for issue of right shares received during the year	-	-	1,144,397,063	-	1,144,397,063
Issue of share capital	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**
Changes in equity for the year ended June 30, 2009					
Profit for the year	-	-	-	974,023,986	974,023,986
Total recognised income and expense for the year	-	-	-	974,023,986	974,023,986
Advance for issue of right shares received during the year	-	-	385,031,267	-	385,031,267
Issue of share capital	424,888,160	-	(424,888,160)	-	-
Premium on issue of right shares	-	1,062,220,400	(1,062,220,400)	-	-
Balance as at June 30, 2009	**3,257,475,910**	**1,963,498,330**	**-**	**2,994,585,223**	**8,215,559,463**

The annexed notes from 1 to 39 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 (Gurauntee) Limited since April 9, 2001. The Company is engaged in production and sale of cement. The Company's registered office is situated at Bestway Building, 19-A, College Road F-7 Markaz, Islamabad.

2. BASIS OF PREPARATION

2.1 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 the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under 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 and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistan Rupee which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and 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 the 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.

Judgments made by the management in application of the approved accounting standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.4.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life, residual value used in the calculation of depreciation. Further where applicable, an estimate of recoverable amount of asset is made for possible impairment on an annual basis.

2.4.2 Provision for inventory obsolescence and doubtful receivables

The Company reviews the net realisable value of stock in trade and stores, spare parts and loose tools to assess any dimunition in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated costs to make the sales. 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 obligation. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

2.4.5 Provisions and 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.

2.5 Initial adoption of a standard or an interpretation

The following standards, amendments and interpretations became effective during the current year.

IFRS-7 Financial Instruments: Disclosures (effective for annual periods beginning on or after 18 April 2008) supersedes IAS - 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS-32 Financial Instruments: Disclosure and Presentation.

The application of the standard is not expected to have significant impact on the Company's financial statements other than increase in disclosures.

IAS-29 Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 18 April 2008). The Company does not have any operations in Hyperinflationary Economies and therefore the application of the standard is not likely to have an effect on the Company's financial statements.

IFRIC-13 Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operates or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods and services. The application of IFRIC-13 is not likely to have an effect on the Company's financial statements.

IFRIC-14, IAS 19 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. There is no effect on this interpretation on the Company's current financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the period presented in these financial statements.

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 carried out as of June 30, 2009.

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, and changes to profit and loss account.

3.2 Taxation

Taxation 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 liability 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

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalised as part of the cost of that asset. Borrowing cost includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

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.

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.

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

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 lives are mentioned in note 13.1.

Depreciation 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.

3.8 Foreign currencies

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

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.

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

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, less any impairment.

3.10 Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at weighted average cost except for items in transit which are stated at cost incurred upto the balance sheet date. For items which are slow moving and/ or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated net realizable value. The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis and provision is made for obsolescence.

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 make such sale.

Materials in transit are stated at cost comprising invoice value and 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 Markup bearing borrowings

Markup 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 declared.

3.17 Standards, interpretations and amendments not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures in certain cases.

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 for annual periods beginning on or after 01 January 2009) 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 revised IAS 23 will become mandatory for the Company’s 2010 financial statements and will constitute a change in accounting policy for the Company. In accordance with the transitional provisions, the Company will apply the revised IAS 23 to qualifying assets for which capitalization of borrowing costs commences on or after the effective date. Therefore there will be no impact on prior periods in the Company’s 2010 financial statements.

Amendments to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009) – 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 require retrospective application, are not expected to have any impact on the Company's financial statements.

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for annual 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, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis. 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 loses 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 8 – Operating Segments (effective for annual periods beginning on or after 1 January 2009) introduces the "management approach" to segment reporting. IFRS 8 will require a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Company's "chief operating decision maker" in order to assess each segment's performance and to allocate resources to them. Currently the Company presents segment information in respect of its business and geographical segments. This standard will have no effect on the Company's reported total profit or loss or equity.

IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 1 October 2009) 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's operations.

IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 October 2008) clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. The amendment is not relevant to the Company's operations.

The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2009 financial statements. These amendments are unlikely to have an impact on the company's accounts except for the following:

Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged Items (effective for annual periods beginning on or after 1 July 2009 clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment is not likely to have an effect on the Company's financial statements.

IAS 27 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 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. The amendment is not likely to have an effect on Company's financial investments.

IFRIC – 17 Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 1 July 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement. As the Company does not distribute non-cash assets to its shareholders, this interpretation has no impact on the Company's financial statements.

IFRIC 18 Transfers of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). The interpretation is not relevant to the Company's operations.

IFRS 4 - Insurance Contracts (effective for annual periods beginning on or after 1 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires that an entity issuing insurance contracts (an insurer) to disclose information about those contracts. The standard is not applicable to the Company's operations.

Amendment to IFRS 7 - Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 1 January 2009). These amendments have been made to bring the disclosure requirements of IFRS 7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures about the relative reliability of fair value measurements. The amendment is not likely to have an effect on Company’s financial statements.

Amendments to IAS 39 and IFRIC 9 - Embedded derivatives (effective for annual periods beginning on or after 1 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instrument when financial assets are reclassified out of the fair value. The amendments are not likely to have an effect on Company's financial statements.

The International Accounting Standards Board made certain amendments to existing standards as part of its Second annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Company’s 2010 financial statements. These amendments are unlikely to have an impact on the Company’s financial statements.

Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2010). Currently effective IFRSs requires attribution of group share-based payment transactions only if they are equity-settled. The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transaction to account for the transaction in its separate or individual financial statements.

4. Issued, subscribed and paid up share capital

2009	2008		2009	2008
Number of shares			Rupees	Rupees
261,709,169	219,220,353	Ordinary shares of Rs.10 each issued for cash	**2,617,091,690**	2,192,203,530
64,038,422	64,038,422	Ordinary shares of Rs. 10 each issued as fully paid bonus share	**640,384,220**	640,384,220
325,747,591	283,258,775	**Total**	**3,257,475,910**	2,832,587,750

Bestway (Holdings) Limited, U.K. is the parent company controlling 222,358,381 i.e. 68.26% shares (2008 : 192,857,599 i.e. 68.08% shares) of the Company.

During the year the Company issued 42,488,816 (2008: 25,750,798) ordinary shares of Rs. 10 (2008: Rs. 10) each issued at a premium of Rs. 25 (2008: Rs. 35) per share paid in cash.

		Note	2009 Rupees	2008 Rupees
5.	**Long term financing- secured**			
	Loans from banking companies	5.1	**5,500,000,000**	2,930,000,000
	Syndicate term finance facilities	5.2	**9,126,636,670**	11,040,000,002
			14,626,636,670	13,970,000,002
	Current portion of long term financing		**(3,170,833,334)**	(1,943,333,334)
			11,455,803,336	12,026,666,668
5.1	**Loans from banking companies**			
	Term Finance from MCB Bank Limited	5.1.1	**1,100,000,000**	430,000,000
	Term Finance from Allied Bank Limited	5.1.2	**1,000,000,000**	-
	Term Finance from Habib Bank Limited	5.1.3	**400,000,000**	-
	Term Finance from Habib Bank Limited	5.1.4	**3,000,000,000**	2,500,000,000
			5,500,000,000	2,930,000,000
5.2	**Syndicate term finance facilities**			
	Term finance from syndicate	5.2.1	**2,579,970,000**	3,440,000,000
	Term finance from syndicate	5.2.2	**1,866,666,670**	2,400,000,002
	Term finance from syndicate	5.2.3	**4,680,000,000**	5,200,000,000
			9,126,636,670	11,040,000,002

5.1.1 This represents term finance facility of Rs. 1,100 million. This facility is repayable in 8 equal semi annual installments starting from April 2010. Markup is payable on quarterly basis at three months' KIBOR plus 0.55% per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and building of the Company for an amount of Rs. 1,466.67million.

5.1.2 This represents the term finance facility of Rs. 1,000 million. This facility is repayable in 9 equal semi annual installments starting from June 2011. Markup is payable on semi annual basis at six months' KIBOR plus 2.45% per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets excluding land and building of the Company for an amount of Rs. 1,333.34 million.

5.1.3 This represents the term finance facility of Rs. 400 million. This facility is repayable in 6 equal semi annual installments starting from June 2011. Markup is payable on semi annual basis at six months' KIBOR plus 1.20% per annum. The facility is secured by ranking hypothecation charge on all present and future book debts, receivables and other movable assets of the Company for an amount of Rs. 471 million. The facility is also secured by way of lien on US Dollars 5 million of directors of the ultimate parent company.

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

5.2.1 This represents a syndicated term finance facility of Rs. 4,300 million from a syndicate of Habib Bank Limited, MCB Bank Limited, The 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 semi annual installments started from November 2007. Markup is payable on semi annual basis at six months' KIBOR plus 1.10 % per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company and first pari passu equitable mortgage over immovable properties of the Company for an amount of Rs. 4,586.67 million in favour of syndicate.

5.2.2 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 semi annual installments started from May 2007. Markup is payable on quarterly basis at six months' KIBOR plus 1.25 % per annum. The facility is secured by first pari passu hypothecation 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. 4,266.67 million in favour of syndicate and pledge over 85.29% shares of Mustehkam Cement Limited.

5.2.3 This represents a syndicated 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, Silk Bank Limited, HSBC Bank Middle East Limited, Bank Al Habib Limited, Habib Metropolitan Bank Limited and Soneri Bank Limited with the 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 semi annual installments started from April 2009. Markup is payable on semi annual basis at rate of six months' KIBOR plus 2.05 % (2008: six months' KIBOR plus 1.25%) per annum. The facility is secured by 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. 6,933.33 million.

In accordance with the financing agreements entered into by the Company with various banks as mentioned in notes 5 and 7 to these financial statements, the Company is required to maintain certain debt covenants such as current ratio, leverage ratio, debt service coverage ratio and interest coverage ratio. Although, the Company is non compliant with these covenants as at the balance sheet date, except debt service coverage ratio, the banks have not taken any adverse steps against the Company for non compliance with debt covenants.

6. Liability against assets subject to finance lease-secured

	2009			2008
	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	**66,762,592**	**28,090,076**	**38,672,516**	-
Later than one year and not later than five years	**267,050,368**	**73,016,744**	**194,033,624**	199,180,423
Later than five years	**-**	**-**	**-**	58,958,068
Current portion of liabilities against assets subject to finance lease	**-**	**-**	**(38,672,516)**	-
	333,812,960	**101,106,820**	**194,033,624**	258,138,491

6.1 This represents lease finance facility of Rs. 227.05 million (present value of Rs. 232.71 million (2008: Rs. 258.13 million)) for acquisition of plant and machinery obtained from Meezan Bank Limited, repayable in 10 semi annual installments starting from November 2009. Markup is payable on a biannual basis at six months' KIBOR plus 2.05% (2008: six months' KIBOR plus 1.25%) per annum with a floor and cap of 2.5% (2008: 1.25%) and 28% (2008: 28%) respectively. The facility is secured by way of a promissory note amounting to Rs. 419 million.

7 Long term murabaha-secured	**Note**	**2009 Rupees**	2008 Rupees
Faysal Bank Limited	7.1	**180,000,000**	240,000,000
Faysal Bank Limited	7.2	**270,000,000**	300,000,000
		450,000,000	540,000,000
Current portion of long term murabaha		**(120,000,000)**	(60,000,000)
		330,000,000	480,000,000

7.1 This represents murabaha finance facility of Rs. 300 million. This facility is repayable in 10 equal semi annual installments started from November 2007. Markup is payable on semi annual basis at six months' KIBOR plus 1.10 % per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company and equitable mortgage over the immovable properties of the Company for an amount of Rs. 320 million.

7.2 This represents murabaha finance facility of Rs. 300 million. This facility is repayable in 10 equal semi annual installments started from April 2009. Markup is payable on semi annual basis at rate of six months' KIBOR plus 2.05% (2008: six months' KIBOR plus 1.25%) per annum. The facility is secured by first pari passu hypothecation charge on the present and future assets of the Company and equitable mortgage over immovable properties of the Company for an amount of Rs. 400 million.

8. Long term advances	**Note**	**2009 Rupees**	2008 Rupees
Advance rents	8.1	**12,249,720**	23,607,975
Current portion of advance rents	10	**(10,499,760)**	(11,358,255)
		1,749,960	12,249,720

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

9. Deferred liabilities	**Note**	**2009 Rupees**	2008 Rupees
Deferred taxation	9.1	**552,523,596**	392,368,409
Provision for gratuity	9.2	**49,522,737**	36,351,025
Provision for compensated absences	9.3	**11,368,614**	12,488,205
		613,414,947	441,207,639

		2009 Rupees	2008 Rupees
9.1	Deferred tax liability is recognised on following major temporary differences:		
	Taxable temporary differences		
	Accelerated depreciation	**2,467,378,905**	2,652,553,024
	Deductible temporary differences		
	Liability against assets subject to finance lease	**(63,528,776)**	-
	Unabsorbed tax losses	**(1,851,326,533)**	(2,260,184,615)
		(1,914,855,309)	(2,260,184,615)
		552,523,596	392,368,409
9.1.1	Movement of deferred tax liability is as follows:		
	Opening	**392,368,409**	1,017,577,710
	Charge/ (credit) for the year	**160,155,187**	(625,209,301)
	Closing balance	**552,523,596**	392,368,409
9.2	The amount recognised in the balance sheet is as follow:		
	Present value of defined benefit obligation	**68,599,173**	53,423,438
	Net actuarial losses not recognized	**(19,076,436)**	(17,072,413)
	Net liability at end of the year	**49,522,737**	36,351,025
	The movement in present value of defined benefit obligation is as follows;		
	Opening balance	**36,351,025**	28,009,841
	Charge for the year	**18,919,917**	13,649,281
	Benefits paid during the year	**(5,748,205)**	(5,308,097)
	Closing balance	**49,522,737**	36,351,025
	Expense recognised in profit and loss account:		
	Current service cost	**10,554,093**	8,045,988
	Interest cost	**6,410,812**	4,202,056
	Actuarial losses recognised	**1,955,012**	1,401,237
		18,919,917	13,649,281

	Actuarial Assumptions	**2009**	2008
	Valuation discount rate	**13%**	12%
	Salary increase rate	**13%**	12%

Expected gratuity expense for the next financial year is Rs. 21,836,239 (2008: Rs. 18,919,917)

Historical information

Present value of the defined benefit obligation

	2009	2008	2007	2006	2005
(Rupees)	**49,522,737**	36,351,025	28,009,841	19,789,808	17,125,978

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

10.	**Trade and other payables**	Note	**2009 Rupees**	2008 Rupees
	Payable to contractors and suppliers		**290,124,710**	930,137,346
	Accrued liabilities	10.1	**538,049,574**	296,910,159
	Advances from customers	10.2	**177,511,469**	53,097,769
	Due to related parties		**-**	1,163,817
	Security deposits		**23,498,062**	23,769,125
	Workers' Profit Participation Fund		**47,412,246**	-
	Workers' Welfare Fund		**24,094,215**	-
	Retention money		**25,624,071**	37,061,613
	Sales tax payable		**17,326,545**	14,825,893
	Excise duty payable		**179,142,726**	154,836,586
	Current portion of advance rents	8	**10,499,760**	11,358,255
	Other payables	10.3	**21,739,537**	19,242,427
	Unclaimed dividend		**313,350**	313,350
			1,355,336,265	1,542,716,340

10.1 This includes an amount of Rs. Nil (2008: Rs. 36.133 million) payable to Sui Northern Gas Pipelines Limited (SNGPL) against gas consumption during the month of June 2009. The Company has issued bank guarantees in the normal course of business to SNGPL for commercial and industrial use of gas for an amount of Rs. 804.997 million (2008: Rs 804.997 million).

10.2 This includes Rs. 146.45 million (2008 Rs: Nil) advance from customers against export sales.

10.3 This includes an amount of Rs 6.658 million (2008: Rs 6.16 million) payable to Bestway (Holding) Limited, U.K. (parent company).

		Note	2009 Rupees	2008 Rupees
11.	**Short term borrowings -secured**			
	Running finance from banking companies			
	Habib Bank Limited	11.1	**35,248,523**	-
	First Women Bank Limited		**-**	199,996,700
	Barclays Bank Limited	11.2	**303,031,113**	-
	Bank Al Habib Limited	11.3	**499,694,381**	-
	Soneri Bank Limited	11.4	**122,149,900**	-
	Meezan Bank Limited	11.5	**200,000,000**	-
	Allied Bank Limited	11.6	**478,734,518**	110,459,784
	Habib Bank Limited	11.7	**315,000,000**	-
	NIB Bank Limited	11.8	**124,630,817**	-
			2,078,489,252	310,456,484
	Foreign currency import finance			
	NIB Bank Limited		**-**	374,688,920
	Habib Bank Limited		**-**	719,401,001
	MCB Bank Limited	11.9	**230,101,122**	103,128,419
			230,101,122	1,197,218,340
	Export refinance			
	Soneri Bank Limited	11.10	**77,157,000**	-
			2,385,747,374	1,507,674,824

11.1 This represents running finance facility of Rs. 400 million for a period of one year (2008: Rs. 400 million). Markup is payable on quarterly basis at the rate of one month's KIBOR plus 1.00% (2008: one month's KIBOR plus 0.20%) per annum. The facility is secured by ranking hypothecation charge on all present and future book debts, receivables and other movable assets of the Company for an amount of Rs. 150 million and lien over US Dollar account upto 0.476 million of the Company.

11.2 This represents running finance facility of Rs. 500 million for a period of one year (2008: Rs. NIL). Markup is payable on quarterly basis at the rate of one month's KIBOR plus 1.70% per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company and ranking hypothecation charge on all present and future fixed assets excluding land and building of the Company for an amount of Rs. 667 million.

11.3 This represents running finance facility of Rs. 500 million for a period of one year (2008: Rs. 500 million). Markup is payable on quarterly basis at the rate of three months' KIBOR plus 1.50% (2008: three months' KIBOR plus 0.50%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 666.67 million.

11.4 This represents running finance facility of Rs. 375 million for a period of one year (2008: Rs. NIL). Markup is payable on quarterly basis at the rate of three months' KIBOR plus 1 % per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 500 million.

11.5 This represents istisna facility of Rs. 200 million for a period of 1 year (2008: Rs. NIL) currently disbursed for 180 days. Markup is payable at the time of maturity at the rate of six months' KIBOR plus 0.75% per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 267 million.

11.6 This represents running finance facility of Rs. 1,000 million for a period of one year (2008: Rs. 1,000 million). Markup is payable on quarterly basis at the rate of one month's KIBOR plus 1.50% (2008: one month's KIBOR plus 0.5%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future assets of the Company excluding land and building for an amount of Rs. 1,333.33 million.

11.7 This represents running finance facility of Rs. 365 million for a period of one year (2008: Rs. NIL). Markup is payable on quarterly basis at the rate of three months' KIBOR plus 1.50% per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 100 million and first pari passu hypothecation charge on all present and future fixed assets of the company excluding land and building and equitable mortgage charge over land and building for an amount of Rs. 322 million.

11.8 This represents running finance facility of Rs. 225 million for a period of one year (2008: Rs. NIL). Markup is payable on quarterly basis at the rate of three months' KIBOR plus 1.75% (2008: three months' KIBOR plus 1%) per annum. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 250 million and ranking charge on all present and future current assets of the Company for an amount of Rs. 388.80 million.

11.9 This represents utilized amount of US Dollar 2.82 million (2008: US Dollar 1.516 million) of foreign currency import finance facility of US Dollar 6.85 million obtained for import of raw materials for a period of six months. The facility carries Markup at the rate of six months' LIBOR plus 3.00 % p (2008: six months' LIBOR plus 3.00 %) per annum payable on maturity. The facility is secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 668 million.

11.10 This represents export refinance facility of Rs. 100 million for a period of one year (2008: Rs. NIL) Markup is payable at the time of settlement of the facility or on quarterly basis which comes earlier at the rate defined by State Bank of Pakistan plus 1.00% per annum. The facility is also secured by first pari passu hypothecation charge on all present and future current assets of the Company for an amount of Rs. 134 million.

11.11 Unavailed facilities

The Company has running finance facilities and other short term borrowings facilities for an amount of Rs. 655 million (2008: Rs. 3,597 million) which the Company has not availed as at the year end.

Facilities of letter of guarantee and letter of credit amounting to Rs. 229.63 million (2008: Rs. 150 million) and 3,806 million (2008: 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.

			2009	2008
12.	**Contingencies and commitments**	**Note**	**Rupees**	Rupees
	In respect of bank guarantees	12.1	**85,115,746**	71,115,746
	In respect of letters of credits		**894,060,562**	1,598,206,040

12.1 All bank guarantees are secured by way of charge over operating fixed assets of the Company.

12.2 Competition Commission of Pakistan (CCP) has issued a show cause notice dated October 28, 2008 to 21 cement companies (including the Company) under section 30 of the Competition Ordinance, 2007. Subsequent to the year end on 27 August 2009, CCP has imposed a penalty of Rs. 562 million on the Company. The cement manufacturers (including the Company) has challenged the CCP order in High Court (Court) and the Court has passed an order restraining CCP from taking any adverse action against these 21 cement companies until the listing of case for hearing on October 2, 2009.

12.3 Tax related contingencies are disclosed in note 33 to these financial statements

13. Property, plant and equipment

	Note	2009 Rupees	2008 Rupees
Operating fixed assets	13.1	**14,479,115,613**	15,514,948,030
Capital work in progress	13.2	**2,390,891,489**	489,533,961
Stores held for capitalization		**121,277,984**	-
		16,991,285,086	16,004,481,991

13.1 Operating fixed assets

	Owned									Leased	
	Free hold land	**Lease hold land**	**Buildings on freehold land**	**Plant and machinery**	**Quarry equipment**	**Other equipment**	**Furniture and fixtures**	**Vehicles**	**Office equipment**	**Plant and machinery**	**Total**
	Rupees										
Cost											
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	-	-	-	-	-	227,054,048	**6,039,548,447**
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	227,054,048	**18,344,371,042**
Balance as at July 01, 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	227,054,048	**18,344,371,042**
Additions during the year	10,054,510	-	28,051,318	95,298,733	151,174,213	13,367,442	5,402,793	22,582,545	7,510,983	-	**333,442,537**
Transferred from CWIP	-	-	7,473,028	152,642,991	-	-	-	-	-	-	**160,116,019**
Adjustments	-	-	-	(951,792,763) *	-	-	-	-	-	-	**(951,792,763)**
Disposals	-	-	-	-	-	-	-	(2,985,828)	(11,640)	-	**(2,997,468)**
Balance as at June 30, 2009	469,762,362	37,093,572	4,806,756,824	11,129,821,402	823,192,272	79,373,735	77,299,759	173,161,137	59,624,256	227,054,048	**17,883,139,367**
Depreciation											
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**
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**
Balance as at July 01, 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**
Charge for the year	-	1,342,191	157,754,471	326,014,198	57,341,198	5,342,983	5,685,522	18,688,766	5,165,438	7,568,468	**584,903,235**
Adjustments		-	-	(8,086,228)	-	-	-	-	-	-	**(8,086,228)**
Disposals	-	-	-	-	-	-	-	(2,214,734)	(1,531)	-	**(2,216,265)**
Balance as at June 30, 2009	-	14,406,809	733,798,835	2,090,336,743	384,865,820	35,613,019	22,304,418	88,094,922	27,034,720	7,568,468	**3,404,023,754**
Carrying value -2009	**469,762,362**	**22,686,763**	**4,072,957,989**	**9,039,484,659**	**438,326,452**	**43,760,716**	**54,995,341**	**85,066,215**	**32,589,536**	**219,485,580**	14,479,115,613
Carrying value -2008	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	227,054,048	15,514,948,030
Life in years/ rates of depreciation	-	30yrs	30yrs	30yrs	15%	10-15%	10%	20%	15%	30yrs	

* This includes Rs. 674.903 million representing the amount decapitalized from plant and machinery consequent upon encashment of performance guarantees due to non-compliance with contracted specification of plant and machinery supplied by the manufacturer/ supplier.

	Note	2009 Rupees	2008 Rupees
13.1.1 Depreciation on operating fixed assets has been allocated as follows:			
Cost of sales	27	**573,955,696**	420,596,360
Administrative expenses	28	**7,159,219**	7,020,918
Distribution cost	29	**3,788,320**	3,796,282
Depreciation on assets used at Chakwal project (Capitalised)		**-**	524,775
		584,903,235	431,938,335

13.1.2 Disposal of operating fixed assets

Description	Cost	Book value	Sale proceeds	Gain	Mode of disposal	Sold to
	Rupees	Rupees	Rupees	Rupees		
Vehicles						
Toyota Corolla	918,903	72,218	654,000	581,782	Negotiation	Employee
Honda citi	836,435	305,934	410,306	104,372	Negotiation	Employee
Suzuki Cultus	598,600	241,100	350,943	109,843	Negotiation	Employee
Suzuki Cultus	631,890	151,842	197,186	45,344	Negotiation	Employee
Others	11,640	10,109	10,170	61	Insurance Claim	-
TOTAL	**2,997,468**	**781,203**	**1,622,605**	**841,402**		

	Note	2009 Rupees	2008 Rupees
13.2 Capital work in progress			
Opening balance		**489,533,961**	4,383,271,686
Additions during the year	13.2.1	**2,061,473,547**	2,145,810,722
		2,551,007,508	6,529,082,408
Transferred to operating fixed assets:			
Plant and machinery and other equipment		**(152,642,991)**	(4,727,664,202)
Buildings on free hold land		**(7,473,028)**	(1,311,884,245)
		(160,116,019)	(6,039,548,447)
	13.2.2	**2,390,891,489**	489,533,961

13.2.1 This includes borrowing cost capitalised amounting to Rs.188.43 million (2008: Rs. 685.12 million) at capitalisation rate of 15.08% per annum (2008: 11.95% per annum).

	Note	2009 Rupees	2008 Rupees
13.2.2 Break up of capital work in progress is as follows:			
Plant and machinery and other equipment		**2,050,465,243**	324,596,716
Building and civil works		**105,489,629**	1,308,093
Advances for capital work in progress		**46,502,100**	135,985,511
Borrowing cost		**188,434,517**	27,643,641
		2,390,891,489	489,533,961

	Note	2009 Rupees	2008 Rupees
14. Investment property			
Opening balance		**291,330,764**	277,155,456
Gain on remeasurement of investment property to fair value	14.1	**45,009,385**	14,175,308
		336,340,149	291,330,764

14.1 On June 26, 2009, 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.

	Note	2009 Rupees	2008 Rupees
15. Long term investments			
Investments in related parties-at cost-quoted			
Subsidiary company-Mustehkam Cement Limited	15.1	**3,435,047,837**	3,435,047,837
Associated company-United Bank Limited	15.2	**1,862,802,950**	1,862,802,950
		5,297,850,787	5,297,850,787
Other investments			
Held to maturity investment-at amortised cost	15.3	**59,198**	51,514
		5,297,909,985	5,297,902,301

		Note	2009 Rupees	2008 Rupees
15.1	**Subsidiary company - Mustehkam Cement Limited (MCL)**			
	13,014,741 shares (2008: 13,014,741 shares) of Rs. 10 each			
	Market value Rs. 42.75 per share (2008: Rs. 88). Equity held 86.59% (2008: 86.59%)		**3,435,047,837**	3,435,047,837
15.2	**Associated company - United Bank Limited (UBL)**			
	85,136,131 shares (2008: 77,396,484 shares) of Rs. 10 each			
	Market value Rs. 38.29 (2008: Rs. 85.09 per share)	15.2.1	**1,862,802,950**	1,862,802,950

15.2.1 This represents 7.65% share (2008: 7.65%) in the equity of 1,112.8 million (2008: 1,011.7 million) shares of Rs. 10 each in UBL, an associated undertaking. Bestway Group as a whole controls 30.3% (2008: 30.3 %) equity in UBL. Increase in number of shares represent bonus shares received during the year.

		2009 Rupees	2008 Rupees
15.3	**Held to maturity investment-at amortised cost**		
	Defense Saving Certificates (DSCs)	**59,198**	51,514

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

		Note	2009 Rupees	2008 Rupees
16.	**Long term advances**			
	Advance against issue of right shares	16.1	**692,720,010**	-
	Advance for gas pipe line	16.2	**32,024,000**	36,027,000
	Current portion advance for gas pipe line	21	**(4,003,000)**	(4,003,000)
			28,021,000	32,024,000
			720,741,010	32,024,000

16.1 This represents advance subsacription money given to Mustehkam Cement Limited (a subsidiary undertaking) against issue of right shares at 1.77 shares for every 1 share held by the Company. This advance of Rs. 692.71 million to MCL will bear markup at borrowing cost to the Company (15.08 % per annum) from date of advance till the date of acceptance of right issue.

16.2 This represents outstanding amount of long term advance of Rs. 40.03 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 markup at the rate of 1.5% per annum is recoverable in 10 equal annual installments which started from March 2008.

		Note	2009 Rupees	2008 Rupees
17.	**Long term deposits**			
		17.1	**70,450,847**	70,450,847

17.1 This includes security deposits amounting to Rs. 64.182 million (2008: Rs 64.182 million) given for the electricity connections of the plants.

		Note	2009 Rupees	2008 Rupees
18.	**Stores, spare parts and loose tools**			
	Stores, spare parts and loose tools		**1,594,862,258**	1,646,329,547
	Stores and spare parts in transit		**184,798,075**	73,624,028
			1,779,660,333	1,719,953,575
19.	**Stock in trade**			
	Raw and packing material		**72,714,881**	179,277,943
	Work in process		**654,426,964**	333,571,286
	Finished stock	19.1	**329,166,536**	216,877,515
			1,056,308,381	729,726,744

19.1 This includes Rs. 141.26 million (2008: Rs. 69.71 million) stock in transit.

		Note	2009 Rupees	2008 Rupees
20.	**Trade debts- considered good**			
	Trade debts	20.1	**585,065,905**	365,120,641

20.1 This includes Rs. 405.89 million (2008: Rs. 249.08) receivable from customers against export sales.

		Note	2009 Rupees	2008 Rupees
21.	**Advances**			
	Advances to directors and executives - considered good		**575,897**	605,258
	Advances to suppliers and contractors - considered good		**126,730,525**	147,278,231
	Advance for export related expenses	21.1	**157,013,598**	-
	Current portion advance for gas pipe line	16	**4,003,000**	4,003,000
			288,323,020	151,886,489

21.1 This represents advance paid for transportation of cement/ clinker against export despatches from plant site to Karachi, the stock was in Karachi at the year end.

		Note	2009 Rupees	2008 Rupees
22	**Deposits and prepayments**			
	Security deposits		**4,410,490**	2,779,549
	Prepayments		**1,037,616**	14,095,505
	Margin on letter of credits		**3,593,001**	4,754,957
			9,041,107	21,630,011

		Note	2009 Rupees	2008 Rupees
23	**Other receivables**			
	Due from related parties			
	Mustehkam Cement Limited	23.1	**69,748,944**	-
	Bestway Power Limited		**1,771,974**	-
			71,520,918	-
	Insurance claims receivable		**-**	2,017,019
	Others		**774,561**	738,547
			72,295,479	2,755,566

23.1 This represents amount due from related party and carries markup at Company's weighted average borrowing rate of 15.08% p.a.(2008: 11.65%). The Company has taken approval in its Annual General Meeting for giving advances to the related party to meet its urgent working capital requirement upto Rs. 200 million.

		Note	2009 Rupees	2008 Rupees
24	**Due from Government agencies**			
	Advance tax - net	24.1	**309,130,478**	122,862,358
	Excise duty		**2,260,935**	5,444,958
	Customs duty	24.2	**28,372,522**	28,372,522
	Capital value tax	24.2	**11,729,200**	11,729,200
	Excise duty refundable	24.3	**211,146,242**	211,146,242
			562,639,377	379,555,280

24.1 This includes an amount of Rs. 14.70 (2008: 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.

24.2 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.

24.3 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 Honourable 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 filed a claim for Rs. 211.146 million relating to duty paid during the period June 1998 to April 1999 which pursuant to the above decision was otherwise not leviable and payable under the law. The Company has accrued the claim based on this decision and legal opinion.

		Note	2009 Rupees	2008 Rupees
25.	**Cash and bank balances**			
	Cash in hand		**-**	128,050
	Cash at banks			
	Current accounts		**72,328,800**	59,899,965
	Deposit accounts	25.1	**379,963,005**	47,545,972
	Short term investments		**-**	241,000,000
			452,291,805	348,573,987

25.1 This includes an amount of US Dollar 0.478 million (2008: US Dollar 0.513 million) in US Dollar saving accounts. US Dollar 0.476 million (2008: US Dollar 0.50 million) are under lien with Habib Bank Limited.

25.2 Deposit accounts carry interest rates ranging from 1% to 5% (2008: 1% to 2%) per annum.

		Note	2009 Rupees	2008 Rupees
26.	**Turnover- net**			
	Gross turnover		**19,576,807,743**	10,669,558,026
	Government levies			
	Sales tax		**(1,960,357,113)**	(1,117,609,945)
	Excise duties		**(2,163,368,265)**	(1,653,121,041)
			15,453,082,365	7,898,827,040
	Rebates and discounts		**(638,285,169)**	(411,664,289)
			14,814,797,196	7,487,162,751

27. Cost of sales

	Note	2009 Rupees	2008 Rupees
Raw and packing materials consumed	27.1	**1,450,068,038**	1,006,360,042
Rent, rates and taxes		**34,495**	741,839
Fuel and power		**7,614,037,240**	4,818,902,311
Stores, spare parts and loose tools consumed		**385,314,722**	226,808,323
Repairs and maintenance		**22,239,490**	15,565,685
Salaries, wages and benefits	27.2	**248,822,437**	179,511,562
Support services		**101,710,229**	60,723,891
Insurance		**20,018,007**	14,597,024
Equipment rental		**9,441,214**	2,880,734
Utilities		**6,426,115**	4,381,061
Travelling, conveyance and subsistence		**28,613,170**	16,363,174
Communication		**4,393,172**	3,131,372
Printing and stationery		**3,128,210**	1,984,003
Entertainment		**2,185,257**	1,297,552
Depreciation	13.1.1	**573,955,696**	420,596,360
Other manufacturing expenses		**7,207,380**	5,268,499
		10,477,594,872	6,779,113,432
Opening work in process		**333,571,286**	138,500,911
Closing work in process		**(654,426,964)**	(333,571,286)
Cost of goods manufactured		**10,156,739,194**	6,584,043,057
Opening finished stock		**216,877,515**	111,737,228
Closing finished stock		**(329,166,536)**	(216,877,515)
		10,044,450,173	6,478,902,770

27.1 Raw and packing materials consumed

	2009 Rupees	2008 Rupees
Opening balance	**179,277,943**	40,592,557
Purchases made during the year	**1,343,504,976**	1,145,045,428
Closing balance	**(72,714,881)**	(179,277,943)
	1,450,068,038	1,006,360,042

27.2 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 17.90 million (2008: Rs. 12.97 million)

			2009	2008
28.	**Administrative expenses**	**Note**	**Rupees**	Rupees
	Salaries, wages and benefits	28.1	**80,037,199**	71,067,335
	Rent, rates and taxes		**1,011,760**	939,780
	Repairs and maintenance		**2,798,243**	2,184,770
	Insurance		**448,731**	386,209
	Utilities		**1,862,494**	2,500,015
	Travelling, conveyance and subsistence		**8,552,981**	6,353,976
	Communication		**1,887,990**	1,796,358
	Printing and stationery		**1,646,420**	1,478,518
	Entertainment		**277,115**	327,407
	Advertisements		**271,267**	690,396
	Charitable donations	28.2	**25,248,032**	14,412,895
	Legal and professional charges		**1,755,342**	2,295,325
	Fees and subscription		**3,424,049**	3,989,644
	Management charges	28.3	**1,338,529**	1,970,092
	Auditors' remuneration	28.4	**2,032,000**	1,857,000
	Depreciation	13.1.1	**7,159,219**	7,020,918
	Miscellaneous		**387,179**	647,302
			140,138,550	119,917,940

28.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 3.42 million (2008: Rs. 3.65 million).

28.2 A provision at 2.5% of the accounting profit after tax for an amount of Rs. 24.35 million has been made for donation to Bestway Foundation (2008: Rs. Nil). 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.

28.3 This represents management charges of the parent company.

			2009	2008
28.4	**Auditors' remuneration**	**Note**	**Rupees**	Rupees
	Audit fee		**800,000**	575,000
	Audit of consolidated financial statements		**300,000**	300,000
	Fee of half year review		**250,000**	250,000
	Taxation services		**600,000**	650,000
	Out of pocket expenses		**82,000**	82,000
			2,032,000	1,857,000
29.	**Distribution cost**			
	Salaries, wages and benefits	29.1	**22,252,686**	16,916,720
	Support services		**490,267**	436,514
	Rent, rates and taxes		**2,827,857**	2,580,716
	Repairs and maintenance		**623,558**	461,188
	Utilities		**578,517**	650,826
	Travelling, conveyance and subsistence		**3,224,167**	2,970,385
	Communication		**1,316,036**	1,472,471
	Printing and stationery		**2,439,118**	1,174,673
	Entertainment		**499,605**	357,675
	Advertising and promotion		**2,183,590**	2,259,546
	Depreciation	13.1.1	**3,788,320**	3,796,282
	Fees and subscription		**2,732,932**	2,743,081
	Freight and handling-Local		**47,814,072**	38,831,403
	-Export		**1,304,378,438**	225,920,756
	Miscellaneous		**728,148**	255,691
			1,395,877,311	300,827,927

29.1 Salaries, wages and benefits include staff retirement benefits amounting to Rs. 2.46 million (2008: Rs. 1.37 million).

		2009	2008
30.	**Other operating expenses**	**Rupees**	Rupees
	Workers' Profit Participation Fund	**47,412,246**	-
	Workers' Welfare Fund	**24,094,215**	-
		71,506,461	-

		2009	2008
31.	**Finance cost**	**Rupees**	Rupees
	Markup on long term financing	**2,248,331,875**	875,189,591
	Markup on short term borrowings	**27,525,662**	218,395,558
	Exchange loss-net	**-**	130,365,070
	Bank charges and commissions	**10,228,719**	12,190,019
		2,286,086,256	1,236,140,238
32.	**Other operating income**		
	Income from financial assets		
	Profit on deposit accounts	**918,961**	2,215,671
	Exchange gain-net	**57,267,631**	-
	Profit on held to maturity investment	**7,684**	6,671
		58,194,276	2,222,342
	Income from non financial assets		
	Gain on disposal of operating fixed assets	**841,402**	1,498,190
	Dividend income from UBL (associated company)	**193,491,208**	185,751,564
	Rental income from investment property	**21,746,044**	20,723,655
	Gain on remeasurement of investment property to fair value	**45,009,385**	14,175,308
	Management fee from related parties-net	**660,887**	1,336,665
	Return on short term deposit receipt	**3,103,907**	1,874,712
	Other	**4,925,200**	1,908,349
		269,778,033	227,268,443
		327,972,309	229,490,785
33.	**Taxation**		
	Current	**70,531,581**	37,492,483
	Deferred - current	**160,155,187**	(292,448,836)
	- prior	**-**	(332,760,465)
		160,155,187	(625,209,301)
		230,686,768	(587,716,818)

33.1 Numerical reconciliation between tax expense/ (credit) and product of accounting profit/ (loss) multiplied by the applicable tax rate is as follows:

	2009	2008
	Rupees	Rupees
Accounting profit/ (loss)	**1,204,710,754**	(419,135,339)
Tax on accounting profit/ (loss) at applicable rate of 35% (2008: 35%)	**421,648,764**	(146,697,369)
Tax effect of low rates on certain income	**(17,872,909)**	42,989,815
Tax effect of permanent differences	**(44,136,066)**	21,792,246
Tax effect of change in export sales ratio/ accounting estimate	**(128,953,021)**	(543,293,993)
Minimum tax	**-**	37,492,483
	230,686,768	(587,716,818)

33.1 Returns of total income for the Tax Years 2003 to 2006 and 2008 (years ended 30 June 2003 to 2006 and 2008) stand assessed in terms of 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 original 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 losses thereby creating a tax demand of Rs. 40.55 million. Subsequently 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.

Appeal filed by the Company with the Income Tax Appellate Tribunal for assessment year 2000-2001 was decided against the Company. A miscellaneous application has been filed by the Company with the Income Tax Appellate Tribunal which is pending adjudication. Further the Company contested the order of the Appellate Tribunal with the High Court which is also pending decision to date.

The case of the Company was selected for audit of its income tax affairs for the Tax Years 2006 to 2008. The tax audit for Tax Year 2007 was finalized and order under section 122(4) of the Ordinance was passed which was contested by the Company with Commissioner (Appeals). The Commissioner (Appeals) deleted additions/ disallowances of Rs. 614 million out of Rs. 621 million made through the amendment of original assessment as a result of audit. The Company preferred further appeal with the Income Tax Appellate Tribunal on the taxation of income from property under final tax regime and disallowance of donations made by the Company which is pending decision to date. The selection of cases for audit in terms of section 177 of the Ordinance for the Tax Years 2006 and 2008 was challenged by the Company on legal grounds. No further action has been taken by the Taxation Officer for these Tax Years.

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

34. 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	
	2009	2008	**2009**	2008	**2009**	2008
Managerial remuneration and allowances	**18,000,000**	18,000,000	**36,713,333**	33,480,000	**63,096,462**	42,934,778
Bonus	**-**	-	**2,140,000**	1,020,000	**3,429,450**	591,950
Provision for gratuity	**-**	-	**1,320,175**	1,099,762	**5,377,571**	3,185,235
Compensated absences	**-**	-	**1,386,082**	1,574,136	**4,002,843**	3,496,227
	18,000,000	18,000,000	**41,559,590**	37,173,898	**75,906,326**	50,208,190
Number of persons	**1**	1	**5**	5	**39**	32

34.1 The Directors and executives excluding chairman and chief executive are also provided with medical insurance facility as per their entitled limits.

35. 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:

	Note	2009 Rupees	2008 Rupees
Transactions with parent company			
Management charges		**1,338,529**	1,970,092
Transactions with subsidiary company			
Advance against issue of right shares		**692,720,010**	-
Purchase of clinker		**-**	92,862,799
Sale of cement		**54,070,009**	-
Purchase of packing material		**13,818,777**	
Sale of packing material		**-**	3,193,437
Sale of coal		**245,517,510**	180,825,449
Purchase of coal		**266,595,676**	-
Stores, spare parts and loose tools given		**11,911,122**	7,859,710
Stores, spare parts and loose tools received		**4,828,040**	1,708,350
Advances given		**804,272,503**	181,307,795
Recoveries made		**784,675,356**	349,136,163
Mark up on advances given		**53,149,361**	4,297,795
Management fee		**25,000,000**	20,400,000
Transactions with associated undertakings under common directorship			
Management fee		**480,000**	480,000
Service/ bank charges		**2,845,807**	2,586,219
Charitable donations		**24,350,600**	14,050,000
Dividend received		**193,491,208**	185,751,564
Sale of cement		**189,150**	702,370
Transactions with key management personnel			
Sale of cement		**-**	118,300
Remuneration, allowances and benefits	35.1	**59,559,590**	55,173,898

35.1 Remuneration, allowances and benefits

	2009	2008
Managerial remuneration and allowances	**54,713,333**	51,480,000
Bonus	**2,140,000**	1,020,000
Provision for gratuity	**1,320,175**	1,099,762
Compensated absences	**1,386,082**	1,574,136
	59,559,590	55,173,898

36. Earnings per share (basic and diluted)

	2009	2008 Restated
Profit for the year (Rupees)	**974,023,986**	168,581,479
Weighted average number of ordinary shares in issue	**307,420,129**	287,960,871
Earnings per share - basic and diluted (Rupees)	**3.17**	0.59

The number of ordinary shares outstanding at June 30, 2008 have been adjusted to reflect the issuance of right shares during the year.

37 Financial instruments

The Company has exposures to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors of the Company oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board.

37.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2009	2008
	Rupees	Rupees
Long term deposits	**70,450,847**	70,450,847
Long term advances	**32,024,000**	36,027,000
Trade debts	**585,065,905**	365,120,641
Deposits	**8,003,491**	7,534,506
Interest accrued	**89,941**	98,671
Due from Government agencies	**253,508,899**	256,692,922
Other receivables	**72,295,479**	2,755,566
Cash and bank balances	**452,291,805**	348,573,987
	1,473,730,367	1,087,254,140

The maximum exposure to the credit risk for trade debts at reporting date by geographical region is:

Domestic	**179,177,231**	116,039,919
Middle east and African countries	**387,266,726**	212,008,005
Asia - other than domestic	**18,621,948**	37,072,717
	585,065,905	365,120,641

The maximum exposure to the credit risk for trade debts at reporting date by counter party is:

End user customers	**16,141,625**	6,346,712
Dealers	**568,924,280**	358,773,929
	585,065,905	365,120,641

The maximum exposure to credit risk for trade debts at the reporting date are with dealers and represents debtors within the country. Included in the these an amount of Rs. 405.889 million secured against the letter of credits.

The Company's most significant domestic customer is a dealer from whom Rs.22.99 million (2008: Rs. 17.39 million) is outstanding at the year end.

The Company has placed funds in financial institutions with high credit ratings. The Company assesses the credit quality of the counter parties as satisfactory. The Company does not hold any collateral as security against any of its financial assets except as mentioned above.

Impairment losses

The aging of trade debts at the reporting date is:

	Gross 2009	**Impairment 2009**	Gross 2008	Impairment 2008
	Rupees		Rupees	
Not past due	**-**	**-**	-	-
Past due 1-30 days	**298,735,083**	**-**	216,576,969	-
Past due 31-60 days	**165,973,453**	**-**	123,477,500	-
Past due 61-90 days	**74,426,753**	**-**	9,642,219	-
Over 90 days	**45,930,616**	**-**	15,423,953	-
	585,065,905	**-**	365,120,641	-

Based on past experience, the management believes that no impairment allowance is necessary in respect of trade debts.

The allowance accounts in respect of trade debts are used to record impairment losses unless the Company is satisfied that no recovery of the amount owing is possible. The amount considered irrecoverable is written off against the financial asset directly.

37.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including expected interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Six months or less	Six to twelve months	One to two years	Two to five years	After five years
2009				Rupees			
Financial liabilities							
Long term loans	14,626,636,670	20,138,281,761	2,576,963,423	2,494,823,580	5,020,581,373	9,800,208,667	245,704,718
Long term murabaha	450,000,000	715,903,329	93,626,959	84,992,876	163,855,891	373,427,603	-
Liabilities against assets subject to finance lease	232,706,139	333,812,960	33,381,296	39,033,387	78,066,774	183,331,503	-
Trade and other payables	1,355,336,265	1,355,336,265	1,355,336,265	-	-	-	-
Markup accrued	341,291,606	341,291,606	341,291,606	-	-	-	-
Short term borrowings	2,385,747,374	2,882,176,501	255,034,880	2,627,141,621	-	-	-
	19,391,718,054	25,766,802,422	4,655,634,429	5,245,991,464	5,262,504,038	10,356,967,773	245,704,718
2008							
Financial liabilities							
Long term loans	13,970,000,002	21,662,149,500	1,657,608,260	2,238,096,690	4,980,052,310	11,327,787,314	1,458,604,926
Long term murabaha	540,000,000	872,234,794	67,547,261	95,406,575	178,523,840	498,674,378	32,084,740
Liabilities against assets subject to finance lease	258,138,491	394,201,390	29,852,785	29,852,785	72,414,683	262,081,137	-
Trade and other payables	1,542,716,340	1,542,716,340	1,542,716,340	-	-	-	-
Markup accrued	286,999,641	286,999,641	286,999,641	-	-	-	-
Short term borrowings	1,507,674,824	1,577,567,225	51,839,598	1,525,727,627	-	-	-
	18,105,529,298	26,335,868,890	3,636,563,885	3,889,083,677	5,230,990,833	12,088,542,829	1,490,689,666

37.2.1 The contractual cash flow relating to long and short term borrowings and murabaha have been determined on the basis of expected markup rates. The markup rates have been disclosed in note 5, 6 and 11 to these financial statements.

37.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk and interest rates only.

37.3.1 Currency risk

Exposure to currency risk	**2009 US Dollars**	2008 US Dollars
Trade debts	**4,985,367**	3,662,521
Secured bank loans	**(2,826,240)**	(17,604,081)
Net exposure	**2,159,128**	(13,941,560)

The following significant exchange rates applied during the year

	Reporting date spot rates	
Rupees/ Dollars	81.416	68.008

Sensitivity analysis

A five percent strengthening of the PKR against US Dollar at 30 June would have increased profit and loss account by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2008.

	Profit or loss Rupees
30 June 2009	
Effect in US Dollar - gain	8,789,378
	8,789,378
30 June 2008	
Effect in US Dollar - loss	(47,406,881)
	(47,406,881)

A five percent weakening of the PKR against US Dollar at 30 June would have had the equal but opposit effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

37.3.2 Interest rate risk

The interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks and short term deposits with banks. At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments is:

	Carrying Amount	
	2009	2008
	Rupees	Rupees
Fixed rate instruments		
Financial assets	32,083,198	277,078,514
Financial liabilities	307,258,122	1,197,218,340
Variable rate instruments		
Financial assets	**379,963,005**	47,545,972
Financial liabilities	**17,387,832,062**	15,078,594,977

Fair value sensitivity analysis for variable rate instruments

The Company does not hold any financial asset or liability at fair value through profit and loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2008.

	Profit or loss	
	100 basis points increase	**100 basis points decrease**
	Rupees	**Rupees**
Cash flow sensitivity (net)		
Variable rate instruments	98,977,899	(98,977,899)
30 June 2009	**98,977,899**	**(98,977,899)**
Variable rate instruments	188,497,055	(188,497,055)
30 June 2008	188,497,055	(188,497,055)

37.4 Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities reflected in financial statements approximate their respective fair values.

37.5 Capital 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 except for the maintenance of debt to equity ratios under the financing agreements.

38. Plant capacity and production of clinker

		Note	**2009** **Metric Tonnes**	2008 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**	1,710,000
Actual production	Hattar		**1,074,607**	1,120,027
	Chakwal line-I		**824,128**	1,537,472
	Chakwal line-II	38.1	**1,359,800**	1,943

38.1 During the year Chakwal line-I has operated smoothly, however after starting of line-II in June 2008 its operations remained limited. Chakwal line-II has operated in full capacity during the year as compared to one day of year 2008.

39. General

39.1 These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on September 30, 2009.

CHIEF EXECUTIVE **DIRECTOR & CFO**