



BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mr. Kaleem Ashraf, ACA

STATUTORY AUDITORS

KPMG Taseer Hadi & Co. Chartered Accountants

COST AUDITORS

BDO Ebrahim & Co. Chartered Accountants.

LEGAL ADVISORS

Raja M. Bashir, Advocate Supreme Court.

AUDIT COMMITTEE

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

REGISTERED / HEAD OFFICE

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

PLANT SITE

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



Chakwal

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

MARKETING HEAD OFFICE

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

SHARES DEPARTMENT

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

BANKERS

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

BESTWAY CEMENT LIMITED

Directors' Report

The Directors take pleasure in presenting the Company's un-audited accounts for the six months ended 31st December 2010.

Industry Overview

During the six months ended 31st December 2010 despatches by the industry shrank by 11% due to unprecedented flooding caused by heavy monsoon in first quarter of the current financial year and cut back of government spending on public sector development projects. However, growth in the second quarter somewhat diluted the negative impact of the first quarter. The local despatches stood at just 10.1 million tonnes as against 11 million tonnes while exports stood at 4.6 million tonnes as against 5.6 million tonnes in the same period of last year.

Production and Sales

	Half Year Ended 31 st December		Quarter Ended 31 st December	
	2010 Tonnes	2009 Tonnes	2010 Tonnes	2009 Tonnes
Clinker production	1,270,194	1,974,857	626,546	1,140,059
Cement production	1,511,178	2,158,494	795,222	1,054,891
Despatches- cement	1,477,075	2,143,325	781,704	1,054,866
- clinker	-	3,439	-	-

The capacity utilisation of the Company during the six months under review stood at 62% as against 90% for the same period of last year. Significantly lower off take of cement and shutdown at Hattar plant for maintenance resulted in short fall in capacity utilisation.

Operating Highlights

The turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs. 5,682 million for the half year as compared to Rs. 7,088 million for the corresponding period of last year.

Financial charges stood at Rs. 1,244 million for the half year ended 31st December 2010 as against Rs. 1,041 million for the corresponding period of last year which is an increase of 20%. This was primarily due to higher cost of financing and increased borrowings during the period.

Loss before tax for the period under review amounted to Rs. 560 million as compared to Rs 374 million during the six months ended 31st December 2009. Loss after taxation stood at Rs 477 million as compared to Rs 383 million loss for the same period of last year. This was primarily due to significantly lower off take of cement and increased production costs during the period.

Waste Heat Recovery Power Plant - CDM Registration

We feel immense pleasure in informing our shareholders that our waste heat recovery project has been registered with UNFCCC under the Clean Development Mechanism. It is a matter of great pride that this is the first project in cement industry and only the ninth project in Pakistan to have been registered to date.

Future Outlook

The devastation caused by the floods in the first quarter is likely to increase demand for cement for the rehabilitation of infrastructure and housing.

The cement industry has had to contend with high interest rates, increasing fuel and power costs and increase in duties, taxes and royalty on raw materials. However, selling prices during the period have shown signs of improvement and are likely to rise further in the coming months. Increasing volumes coupled with rising prices bodes well for the future.

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

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

Acknowledgements

The Directors wish to place on record their appreciation for the continued support, contribution and confidence demonstrated in the Company by its shareholders, members of staff, customers, suppliers, our bankers and various government agencies throughout the period.

For and on behalf of the Board

Chief Executive
28th February 2011
Islamabad

BESTWAY CEMENT LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2010

	Unaudited 31 December 2010 Rupees	Audited 30 June 2010 Rupees		Unaudited 31 December 2010 Rupees	Audited 30 June 2010 Rupees
Note			Note		
SHARE CAPITAL AND RESERVES			NON CURRENT ASSETS		
Authorised share capital 350,000,000 (30 June 2010: 350,000,000) ordinary shares of Rs. 10 each	3,500,000,000	3,500,000,000	Property, plant and equipment	16,607,608,090	16,896,396,926
Issued, subscribed and paid up share capital	3,257,475,910	3,257,475,910	Investment property	340,715,834	340,715,834
Share premium account	1,963,498,330	1,963,498,330	Long term investments	6,096,182,548	6,096,182,548
Unappropriated profit	1,308,098,051	1,785,148,713	Long term advances	24,018,000	24,018,000
	6,529,072,291	7,006,122,953	Long term deposits	70,450,847	70,450,847
				23,138,975,319	23,427,764,155
NON CURRENT LIABILITIES			CURRENT ASSETS		
Long term financing - secured	7,921,081,116	9,686,358,893	Stores, spare parts and loose tools	2,731,413,752	2,167,264,132
Liabilities against assets subject to finance lease	132,187,539	154,309,555	Stock in trade	911,521,732	785,462,819
Long term murabaha - secured	1,825,000,000	1,885,000,000	Trade debts - considered good	272,163,845	297,188,037
Deferred liabilities	304,521,870	386,112,881	Advances	601,196,050	395,685,381
	10,182,790,525	12,111,781,329	Deposits and prepayments	38,181,037	7,619,146
CURRENT LIABILITIES			Interest accrued	45,553	62,490
Trade and other payables	1,265,822,437	1,558,426,981	Other receivables	30,622,938	30,579,142
Markup payable	384,240,625	278,889,458	Due from Government agencies	841,953,587	823,532,386
Short term borrowings - secured	6,625,053,292	3,584,835,474	Cash and bank balances	117,495,975	187,776,744
Current portion of long term financing	3,530,555,556	3,419,444,445		5,544,594,469	4,695,170,277
Current portion of liabilities against assets subejct to finance lease	46,035,062	43,433,792		28,683,569,788	28,122,934,432
Current portion of long term murabaha	120,000,000	120,000,000		28,683,569,788	28,122,934,432
	11,971,706,972	9,005,030,150			
	28,683,569,788	28,122,934,432			
CONTINGENCIES AND COMMITMENTS					

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010

	For the six months ended		For the three months ended	
	31 December		31 December	
	2010	2009	2010	2009
	Rupees	Rupees	Rupees	Rupees
Turnover - net	5,681,529,077	7,087,545,469	3,118,313,666	2,998,665,984
Cost of sales	4,834,692,357	5,557,937,483	2,625,799,516	2,662,792,780
Gross profit	846,836,720	1,529,607,986	492,514,150	335,873,204
Administrative expenses	69,953,120	64,084,255	36,248,598	34,332,689
Distribution cost	198,626,665	816,369,624	100,356,280	249,177,731
Other operating expenses	-	-	-	(6,721,645)
Finance cost	1,244,319,674	1,041,048,352	632,252,259	519,428,534
Other operating income	(106,411,652)	(18,188,740)	(6,227,010)	(4,828,824)
	1,406,487,807	1,903,313,491	762,630,127	791,388,485
Loss before taxation	(559,651,087)	(373,705,505)	(270,115,977)	(455,515,281)
Taxation	(82,600,425)	9,532,059	21,069,944	14,324,006
Loss for the period	(477,050,662)	(383,237,564)	(291,185,921)	(469,839,287)
Loss per share (basic and diluted)	(1.46)	(1.18)	(0.89)	(1.44)

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010

	For the six months ended		For the three months ended	
	31 December		31 December	
	2010	2009	2010	2009
	Rupees	Rupees	Rupees	Rupees
Loss for the period	(477,050,662)	(383,237,564)	(291,185,921)	(469,839,287)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period - (loss)	(477,050,662)	(383,237,564)	(291,185,921)	(469,839,287)

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CONDENS INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010

	Six months ended	
	31 December	
	2010	2009
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(559,651,087)	(373,705,505)
Adjustments for:		
Gain on disposal of property, plant and equipment	(712,714)	(181,789)
Depreciation	357,621,199	314,473,546
Rental income from investment property	(9,485,909)	(6,194,225)
Profit on deposit accounts	(267,070)	(203,961)
Profit on held to maturity investment	-	(4,401)
Finance cost	1,244,319,674	1,041,048,352
Provision for staff retirement benefits	18,823,423	6,562,590
Dividend income	(93,649,744)	-
	1,516,648,859	1,355,500,112
	956,997,772	981,794,607
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(564,149,620)	48,822,108
Stock in trade	(126,058,913)	7,850,243
Trade debts	25,024,192	16,155,014
Advances	(205,510,669)	(43,318,045)
Deposits and prepayments	(30,561,891)	(4,218,497)
Accrued profit	16,937	89,941
Other receivables	(43,796)	(297,315,075)
Due from Government agencies	(9,056,226)	(41,193,619)
Decrease in current liabilities		
Trade and other payables	(222,882,742)	(119,517,501)
	(1,133,222,728)	(432,645,431)
Cash (used in) / generated from operations	(176,224,956)	549,149,176
Finance cost paid	(1,158,489,252)	(882,367,567)
Staff retirement benefits paid	(7,065,057)	(3,750,236)
Income tax paid	(80,349,821)	(141,770,911)
	(1,245,904,130)	(1,027,888,714)
Net cash (used in) operating activities	(1,422,129,086)	(478,739,538)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in operating fixed assets	(48,988,885)	(171,148,502)
Additions in capital work in progress	(23,347,669)	(278,931,110)
Decrease in stores held for capitalisation	1,526,423	42,076,382
Additions in long term investments - net	-	(105,548,152)
Proceeds from sale of operating fixed assets	2,690,482	1,622,605
Increase in long term advances	-	(1,749,960)
Dividend received from associated company- UBL	93,649,744	-
Profit on held to maturity investment	-	4,401
Profit received on deposit accounts	267,070	203,961
Net cash generated from / (used in) investing activities	25,797,165	(513,470,375)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short term borrowings	3,040,217,818	1,904,512,791
Long term financing - repayments	(1,654,166,666)	(1,216,666,666)
Long term morabaha - repayments	(60,000,000)	(60,000,000)
Net cash generated from financing activities	1,326,051,152	627,846,125
Net decrease in cash and cash equivalents	(70,280,769)	(364,363,788)
Cash and cash equivalents at beginning of the period	187,776,744	452,291,805
Cash and cash equivalents at end of the period	117,495,975	87,928,017

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010

	Issued, subscribed and paid up share capital	Capital reserve Share premium account	Revenue reserve Unappropriated profit	Total
	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2009	3,257,475,910	1,963,498,330	2,994,585,223	8,215,559,463
<i>Changes in equity for the period ended 31 December 2009</i>				
Total comprehensive income for the period				
Loss for the period	-	-	(383,237,564)	(383,237,564)
Total comprehensive income for the period - (loss)			(383,237,564)	(383,237,564)
Balance as at 31 December 2009	<u>3,257,475,910</u>	<u>1,963,498,330</u>	<u>2,611,347,659</u>	<u>7,832,321,899</u>
Balance as at 30 June 2010	3,257,475,910	1,963,498,330	1,785,148,713	7,006,122,953
<i>Changes in equity for the period ended 31 December 2010</i>				
Total comprehensive income for the period				
Loss for the period	-	-	(477,050,662)	(477,050,662)
Total comprehensive income for the period - (loss)	-	-	(477,050,662)	(477,050,662)
Balance as at 31 December 2010	<u>3,257,475,910</u>	<u>1,963,498,330</u>	<u>1,308,098,051</u>	<u>6,529,072,291</u>

The annexed notes from 1 to 9 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. The disclosures in the condensed interim financial information do not include the information reported for full annual financial statements and should therefore be read in conjunction with the financial statements for the year ended 30 June 2010. Comparative balance sheet is extracted from annual financial statements as of 30 June 2010 whereas comparative profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are stated from unaudited condensed interim financial information for the six months period ended 31 December 2009.

The condensed interim financial information is unaudited and is being submitted to the members as required under Section 245 of the Companies Ordinance, 1984.

This condensed interim financial information is separate financial information of the Company in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest rather than on the basis of reported results. Condensed interim consolidated financial information is prepared separately.

3 SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and estimates applied by the Company for the preparation of this condensed interim financial information are the same as those applied by the Company in preparation of annual financial statements for the year ended 30 June 2010.

4 LONG TERM FINANCING - secured

During the six months period ended 31 December 2010 the Company made repayments towards principal loan outstanding amounting to Rs. 1,654 million (31 December 2009: Rs. 1,217 million) whereas repayments of Rs. 3,531 million (31 December 2009: Rs. 3,308 million) are due within next twelve months.

5 SHORT TERM BORROWINGS - secured

During the period, the Company obtained / availed following short term borrowing facilities;

Nature of facilities	Sanctioned amount	Utilised amount	Markup rate	Securities
Running finance from banking companies	Rs. 195.61 million	Rs. 195.61 million	3 months KIBOR plus 1% to 3 months KIBOR plus 1.7% per annum	First pari passu charge over present and future current assets of the Company excluding land and building amounting to Rs. 260.81 million
Foreign currency import finance	Rs. 1,193 million	Rs. 1,146 million	3 months LIBOR and six months LIBOR plus margin ranging from 2.75% to 3.5% per annum.	First pari passu charge by way of hypothecation on all present and future assets of the Company amounting to Rs. 1,609.52 million.
Export refinance	Rs. 640 million	Rs. 639 million	SBP rate plus 1% per annum.	First pari passu hypothecation charge on all present and future assets of the Company excluding land and building amounting to Rs. 853.34 million.

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 Contingencies are the same as disclosed in the annual financial statements for the year ended 30 June 2010, except for the guarantees as disclosed below.

6.1.2 Guarantees

6.2 Commitments

In respect of letters of credit and contracts

Unaudited	Audited
31 December	30 June
2010	2010
Rupees	Rupees
70,329,762	68,329,762
421,073,548	685,764,775

BESTWAY CEMENT LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION - (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2010

7 PROPERTY, PLANT AND EQUIPMENT

During the six months period ended 31 December 2010 the Company acquired property, plant and equipment aggregating Rs. 108.519 million (31 December 2009: Rs. 408 million) and property, plant and equipment with the carrying value of Rs. 17.865 million (31 December 2009: Rs. 26.288 million) were disposed off during the same period.

8 TRANSACTIONS WITH RELATED PARTIES

Bestway (Holdings) Limited, U.K. is the ultimate parent company of the Company, therefore all subsidiaries and associated undertakings of Bestway (Holdings) Limited, U.K are related parties of the Company. Other related parties comprise of subsidiary company, associated undertakings, major shareholders, entities with common directorships, directors and key management personnel . Transactions with related parties during the period are as follows:

	Six months ended 31 December	
	2010	2009
	Rupees	Rupees
Parent company		
Management fee (expense)	1,002,521	656,621
Subsidiary company		
Sale of coal	373,302,294	155,156,083
Purchase of coal	65,457,685	-
Sale of cement	516,925	2,983,783
Sale of packing material	12,661,212	-
Purchase of packing material	6,494,820	-
Advances given	501,858,353	570,833,147
Recoveries made	661,347,665	486,268,517
Purchase of clinker	48,635,594	-
Management fee (income)	15,000,000	15,000,000
Markup on advances given	11,862,770	41,326,798
Stores, spare parts and loose tools given	8,480,020	3,846,100
Stores, spare parts and loose tools received	2,723,170	-
Expenses incurred on their behalf	81,253	45,532
Associated undertakings under common directorship		
Service and bank charges	1,614,040	764,213
Management fee (income)	320,000	120,000
Office rent received	363,600	165,027
Utility expense received	36,730	20,678
Dividend received	93,649,744	-
Sale of cement	1,266,080	-
Recoveries made	-	1,811,973
Other related parties		
- Key management personnel		
Remuneration and allowances	62,997,367	65,747,680

9 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue by the Board of Directors of the Company in the meeting held on **28 February 2011**.

CHIEF EXECUTIVE

DIRECTOR & CFO