

Company Information

Board of Directors

Sir Mohammed Anwar Pervez
Mr. Zameer Mohammed Choudrey
Mr. Arshad Mehmood Chaudhary
Mr. Muhammad Irfan A Sheikh
Mr. Mazhar Rafi
Mr. Arshad Hameed
Mr. Ghulam Sarwar Malik

Chairman
Chief Executive
Director
Director Finance & CFO
Director Administration & Marketing
Director Coordination
Director Works

Company Secretary

Mr. Mazhar Rafi

Statutory Auditors

KPMG Taseer Hadi & Co., Chartered Accountants.

Cost Auditors

S. Ebrahim & Co., Chartered Accountants.

Legal Advisors

Raja M. Bashir, Advocate Supreme Court.

Audit Committee

Mr. Mazhar Rafi
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

Bestvay 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 Site

Hattar

SwajGali Road, VillageShadi, Hattar, Distt.Haripur,

N.W.F.P. Pakistan.

Tel: (92) 0303-771-1057 - 58, Fax: (92) 0303-71-1056

E-mail: bclhtr@isb.paknet.com.pk

Chakwal

Village Tatra.1. Near PSG Petrol Pump

22Km KallarKahar, ChoaSaiden Shall Road

Chakwal, Pakistan, Tel: (92-543) 584560-3

Marketing Office

167-A, Adamjee Road, Rawalpindi Cantt.

Tel (92-51) 551-3110, 51,492, 552-0962 Fax: (92-51) 551-3109

E-mail: bdrwp@isb.paknet.com.pk

Shares Department

10th Floor, Mehdi Towers/A-115

8,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.

Bank of Punjab.

Faysal Bank Limited.

Union Bank Limited.

Askari Commercial Bank Limited.

Bank Al-Habib Limited.

NIB Bank Limited.

National Bank of Pakistan.

United Bank Limited.

Citibank N. A.

Bank Alfalah Limited.

BESTWAY CEMENT LIMITED
HALF YEARLY REVIEW

The Directors take pleasure in presenting the Company's accounts, limited reviewed by the auditors, for the 6 months ended 31st December, 2005.

Industry Overview

Demand for cement continued to grow during the period under review. During the period under review industry dispatches stood at 8.8 million tonnes as against 7.8 million tonnes for the same period last year, which represents a growth of nearly 13%. The overall capacity utilisation achieved by the industry stood at 86% for the half year under review as against 89% for the corresponding period of last year. This minor decline in capacity utilisation was the consequence of increase in the industry's production capacity to 20.4 million tonnes, which existed at the end of the half year under review from 17.6 million tonnes at the end of the corresponding period of last year. Despatches and the capacity utilisation for the period under review would have been higher had some of the units not remained closed for capacity enhancements or maintenance during the period under review.

Production and Sales

	<u>Half Year</u>		<u>Quarter</u>	
	2005	2004	2005	2004
	(In tonnes)			
Production:				
Clinker	507,638	551,704	267,164	305,367
Cement	551,630	581,544	300,267	268,655
Despatches	548,884	577,892	293,047	270,593

Clinker and cement production was lower by 44,066 and 29,914 respectively compared with the corresponding period of last year due to management's decision to optimise the plant output through modification and up gradation. As a consequence, the plant remained closed for nearly one month during the half year under review.

The despatches during the period under review were restricted due to unfulfilled demand, which had resulted from non-availability of stock. Despatches to domestic market were lower by 1% while exports to Afghanistan were lower by 17%. Total despatches of 548,884 include 120,305 tonnes of cement exported to Afghanistan as against 145,607 tonnes exported in the corresponding period last year. Despite restricted despatches, the capacity utilisation for your Company during the period under review was 89% as compared to an average of 86% for the industry.

Operating Highlights

Turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs.2,060 million for the half year ended 31st December 2005 as compared to Rs.1,619 million for the corresponding period of last year, which is an increase of 27%. Operating profit for the period under review increased from Rs.651 million to Rs.992 million which represents an increase of 52%.

Financial charges stood at Rs.203 million for the half year ended 31st December, 2005 as against Rs.51 million for the corresponding period of last year, representing an increase of 398%. This increase was mainly as a consequence of increased cost of borrowing and additional borrowings by your Company to finance the acquisition of Mustehkam Cement Limited.

Profit before taxation for the period under review increased by 31% to Rs.758 million as compared to Rs.578 million for the same period of last year. Profit after taxation for the half year

amounted to Rs.659 million as compared to Rs.407 million for the corresponding period of last year, which represents an impressive increase of 62%.

Chakwal Project

The directors are pleased to inform you that the work on the new cement plant of 6,000 tpd cement capacity in Chakwal continues at a brisk pace. Civil works are nearing completion and most of the equipment has arrived at site. Erection of mechanical and electrical equipment has also commenced. The management anticipates that the project will be completed by the end of current financial year.

Mustehkam Cement Limited

Subsequent to your Company's successful bid for Mustehkam Cement Limited in September 2005, upon making full and final payment for the acquisition to the Privatisation Commission of Pakistan the management of Mustehkam was transferred to Bestway on 16th November 2005. Right from the outset your management has made all out efforts to revive Mustehkam's plant which had remained shut since January 1999. The directors feel delighted in reporting that due to the tireless efforts of the staff and management we were successful in restarting the 1,000 tonnes per day dry process line during December 2005 and commercial production commenced just before the end of same month. Efforts are now underway to ensure smooth operation of that line and earliest resumption of the two semi-dry process lines of 550 tonnes per day each.

Auditors' Review Report

The auditors have issued modified report on the financial statements ended 31st December 2005 as they were of different opinion from management on treatment of investment property in the balance sheet. Subsequent to 31st December 2005 a valuation of the building was carried out in order to assess the fair value of the building. The building was valued at Rs.583,061,450 whereas its historical cost stood at Rs.565,233,179. The Company has relocated its head office from rental premises to its own new building on January 2, 2006. The auditors were of the view that the building should be stated at revalued amount of Rs. 583,061,450 as was valued by the independent valuer; such part of the building which was in the occupation of the Company be treated as a Fixed Asset and depreciation of Rs.1.105 million be provided thereon; the remainder be stated as an Investment Property and gain of Rs.14.77 million on revaluation be recognized in the Financial Statements of 31st December 2005.

However the management felt that restatement of Financial Statements as per the auditors interpretation would be inappropriate and not in accordance with applicable International Accounting Standards as the commencement of owner-occupation of part of the Investment Property had occurred in January 2006 and this event could not be regarded as an Adjusting Event. Hence the entire building had been treated as an Investment Property in the Financial Statements for the half year ended 31st December 2005. Being prudent, it was decided to state the entire building as an Investment Property at its cost in the Balance Sheet as at 31st December 2005 thus neither splitting the property between Investment Property and a Fixed Asset nor recognizing gain on revaluation or depreciation on the Fixed Asset portion of the building.

The Company had sought both formal and informal advice in this regard and was advised that the Company had adopted correct treatment of the building as at 31st December 2005.

Future Outlook

As we approach the end of the winter season we expect to move into a period of surging demand. Government's continued emphasis on infrastructure development including the recent announcement of dams, reservoirs, huge reconstruction requirement as a result of the devastating earthquake in the north of the country, adequate availability of water during the 2nd half and acute shortage of housing will continue to derive the domestic market. While there may be some pressure on the prices as a result of more capacity coming online, robust demand for cement

should ensure future price stability. Growth in export of cement is also expected to continue and selling prices are likely to remain stable. The management remains optimistic that the current financial year will also bring rich rewards and recent acquisition of Mustehkam Cement Limited will add further value to your investment.

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, 2006
Islamabad.

BESTWAY CEMENT LIMITED
BALANCE SHEET AS AT DECEMBER 31, 2005

	Reviewed December 2005 Rupees	Audited June 2005 Rupees		Reviewed December 2005 Rupees	Audited June 2005 Rupees
Note			Note		
Capital and reserves			Tangible fixed assets		
<i>Authorised share capital</i>			Operating assets		
	2,500,000,000	2,500,000,000		3,067,812,663	3,147,107,941
				5,509,708,042	1,962,291,302
<i>Issued, subscribed and paid up share capital</i>				8,577,520,705	5,109,399,242
			Investment Property		
	2,340,981,610	2,128,165,100		565,233,179	563,803,179
<i>Accumulated profit</i>			Long term deposits and prepayments		
	1,702,171,531	1,468,417,190		24,766,047	24,766,047
	4,043,153,141	3,596,582,290	Long term investments		
Long term finance	9,215,482,351	3,148,463,686	6	5,070,283,623	1,862,819,950
Deferred liabilities	590,649,319	594,653,794	Current assets		
Current liabilities			Stores, spares and loose tools		
	642,428,155	753,639,569		769,852,163	578,150,212
	399,966,668	469,966,667		86,272,727	93,439,984
	950,489,633	460,711,430		50,630,498	47,691,775
	1,992,884,455	1,684,317,666		368,664,915	138,310,607
Contingencies and commitments	5	-		328,945,411	605,636,439
	-	-		1,604,365,712	1,463,229,018
	15,842,169,267	9,024,017,437		15,842,169,267	9,024,017,437

The annexed notes 1 to 10 form an integral part of these financial statements

CHIEF EXECUTIVE

DIRECTOR/ CFO

BESTWAY CEMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED DECEMBER 31, 2005

	Reviewed Six Months Ended December 31 2005 Rupees	Reviewed Six Months Ended December 31 2004 Rupees	Reviewed Quarter Ended December 31 2005 Rupees	Reviewed Quarter Ended December 31 2004 Rupees
Sales - net	2,059,478,209	1,619,263,276	1,120,145,129	766,640,537
Cost of sales	996,930,404	914,785,226	501,636,477	438,710,076
Gross profit	1,062,547,805	704,478,050	618,508,652	327,930,461
Operating expenses				
Administration and general	58,904,304	43,627,279	31,254,328	22,240,511
Selling and distribution	11,814,761	9,735,581	6,063,768	4,698,249
	70,719,065	53,362,859	37,318,096	26,938,760
Operating profit	991,828,740	651,115,190	581,190,555	300,991,701
Financial charges	203,210,751	50,638,165	135,848,129	26,565,316
Other income	(9,681,166)	(7,607,463)	(5,658,694)	(2,654,266)
Workers profit participation fund	39,914,958	30,404,224	22,550,056	13,854,033
	233,444,543	73,434,926	152,739,492	37,765,082
Profit before taxation	758,384,197	577,680,264	428,451,064	263,226,618
Provision for taxation (current)	107,301,634	13,750,416	94,648,640	7,732,321
(deferred)	(8,304,797)	156,525,895	(2,773,981)	74,077,282
Profit after taxation	659,387,360	407,403,953	336,576,405	181,417,015
Accumulated profit brought forward	1,468,417,191	537,585,375	1,791,228,146	763,572,313
Profit available for appropriation	2,127,804,551	944,989,328	2,127,804,551	944,989,328
Issue of bonus shares	(212,816,510)		(212,816,510)	
Dividend for the year 2005	(212,816,510)		(212,816,510)	
Accumulated profit carried forward	1,702,171,531	944,989,328	1,702,171,531	944,989,328
Earning per share	2.82	1.91	1.44	0.85

The annexed notes 1 to 10 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR/ CFO

BESTWAY CEMENT LIMITED
CASH FLOW STATEMENT FOR THE YEAR
FROM JULY 01, 2005 TO DECEMBER 31, 2005

	Reviewed Dec. 31, 2005 Rupees	Reviewed Dec. 31, 2004 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	758,384,197	577,680,264
Adjustments for:		
Gain on disposal of fixed assets	(269,202)	-
Depreciation	96,560,747	97,693,475
Profit on investments	(724,630)	(816,022)
Financial charges	203,210,751	50,638,165
Provision for staff retirement benefits	4,300,323	1,470,759
Exchange gain	(147,526)	(5,126,246)
	<u>302,930,464</u>	<u>143,860,132</u>
Operating profit before working capital changes	1,061,314,661	721,540,396
Increase in current assets	(509,433,809)	(241,177,513)
Increase in current liabilities	173,932,713	276,807,328
	<u>(335,501,097)</u>	<u>35,629,815</u>
Cash generated from operations	725,813,564	757,170,211
Financial charges paid	(232,407,716)	(44,343,656)
Income tax paid	(16,002,332)	(10,337,144)
	<u>(248,410,048)</u>	<u>(54,680,800)</u>
Net cash generated from operating activities	477,403,516	702,489,411
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in capital work in progress	(3,412,273,924)	(541,096,424)
Additions in fixed assets	(21,121,863)	(126,121,684)
Proceeds from sale of fixed assets	1,380,255	156,484
Long term security deposits, prepayments, receipts/(payments)	-	-
Long term Investments	(3,207,463,673)	-
Income from Investments	1,031,414	519,246
Exchange loss on purchase of foreign currency	(246,024)	(653,958)
Net cash used in investing activities	(6,640,123,815)	(667,196,336)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions in long term finances	5,997,018,666	30,515,687
(Decrease)/ Increase in short term finances	(111,211,415)	218,258,344
Dividend Paid	(171,532)	(193,469,555)
Net cash generated from financing activities	5,885,635,719	55,304,476
NET CASH (USED)/ GENERATED DURING THE PERIOD	(277,084,580)	90,597,551
CASH EQUIVALENTS		
Cash and cash equivalents at 01st July	605,636,439	293,181,265
Exchange gain on US\$ bank accounts	393,550	5,780,203
Cash and cash equivalents at 31st December	328,945,411	389,559,020

CHIEF EXECUTIVE

DIRECTOR/ CFO

BESTWAY CEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

	<u>Issued, subscribed and paid up capital</u> Rupees	<u>Unappropriated profit</u> Rupees	<u>Reserve for issue of bonus shares</u> Rupees	<u>Total</u> Rupees
Balance as at June 30, 2004	1,934,695,550	924,524,484	-	2,859,220,034
Profit after taxation for the half year ended December 31, 2004	-	407,403,953	-	407,403,953
Balance as at December 31, 2004	1,934,695,550	1,331,928,437	-	3,266,623,987
Profit after taxation for the six months ended June 30, 2005	-	523,427,859	-	523,427,859
	1,934,695,550	1,855,356,296	-	3,790,051,846
Appropriation:				
Dividend paid for the year 2004	-	(193,469,555)	-	(193,469,555)
Bonus issue for year 2004	-	(193,469,550)	193,469,550	-
	1,934,695,550	1,468,417,191	193,469,550	3,596,582,291
Reserve for issue of bonus shares	193,469,550		(193,469,550)	-
Balance as at June 30, 2005	2,128,165,100	1,468,417,191	-	3,596,582,291
Profit after taxation for the half year ended December 31, 2005	-	659,387,360	-	659,387,360
	2,128,165,100	2,127,804,551	-	4,255,969,651
Appropriation:				
Dividend paid for the year 2005	-	(212,816,510)	-	(212,816,510)
Bonus issue for year 2005	212,816,510	(212,816,510)		-
Balance as at December 31, 2005	2,340,981,610	1,702,171,531	-	4,043,153,141

The annexed notes 1 to 10 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR/ CFO

BESTWAY CEMENT LIMITED
NOTES TO THE ACCOUNTS (REVIEWED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2005

1. LEGAL STATUS AND OPERATIONS

Bestway Cement Limited is a public company incorporated on December 22, 1993 under the Companies Ordinance, 1984 and formally listed on the Karachi Stock Exchange on April 9, 2001. The Company is engaged in production and sale of cement.

2. BASIS OF PREPARATION

These accounts and explanatory notes have been prepared in accordance with the requirements of the International Accounting Standards No. 34 "Interim Financial Reporting" and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

The financial statements comprise of the balance sheet as at December 31, 2005 and the profit and loss account, statement of changed in equity and the cash flow statement for the six months period ended December 31, 2005 which have been subjected to a review but not audited.

3. ACCOUNTING POLICIES

The accounting policies adopted in these half yearly accounts are the same as those applied in the preparation of the financial statements for the year ended 30th June 2005.

4. LONG TERM FINANCES

	Dec. 31, 2005 Rupees	June 30, 2005 Rupees
Opening balances	3,618,430,353	2,324,900,000
Add: Disbursements during the period	<u>6,305,000,000</u>	<u>2,002,998,000</u>
	9,923,430,353	4,327,898,000
Less: Repayments during the period	<u>(307,981,334)</u>	<u>(709,467,647)</u>
	9,615,449,019	3,618,430,353
Less: Current portion showing under current liabilities	(399,966,668)	(469,966,667)
	<u>9,215,482,351</u>	<u>3,148,463,686</u>

5. Long Term Investments

This amount includes investment of 10,507,934 shares representing 85.29% of the share capital of Mustehkam Cement Limited which was acquired by the Company. These were acquired consequent upon the offer by the Privatisation Commission, Government of Pakistan for sale of shares held by State Cement Corporation of Pakistan (Pvt) Limited (SCCP) held by SCCP on November 10, 2005 through the privatisation process and the agreement for the share purchase was signed on that date. The management of Company was transferred in the meeting of Board of Directors, held on November 16, 2005, in which previous Directors of the Company resigned and Bestway Cement Limited appointed new Directors to fill the casual vacancies.

6. CONTINGENCIES AND COMMITMENTS

In respect of letter of credits	<u>377,558,621</u>	<u>2,262,342,904</u>
In respect of insurance guarantee against excise duty on exports.	<u>30,000,000</u>	<u>34,500,000</u>
In respect of bank guarantees	6.1 <u>144,586,964</u>	<u>150,828,195</u>

6.1 All bank guarantees are secured by way of charge on the fixed assets of the Company.

7. The Company is in process to setup a modern cement plant in District Chakwal, Punjab with a production capacity of 6,000 Tons cement per day. Capital work in progress includes Rs. 371 million (June 2005: Rs. 424 million) paid as advances to different suppliers and contractors for various activities of the project.

8. This includes Rs. 3,207 Million representing investment of 10,507,934 shares (85.29%) in Mustehkam Cement limited.

9. DATE OF AUTHORIZATION

The financial statements were authorised for issue in the meeting of Board of Directors of the Company held on February 27, 2006.

10. GENERAL

Figures have been rounded off to the nearest rupee.

Figures of the previous year/period have been rearranged, wherever necessary, for the purpose of comparison.

CHIEF EXECUTIVE

DIRECTOR / CFO