

## **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](mailto: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](mailto: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](mailto: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](mailto: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 31<sup>st</sup> December, 2006.

*Industry Overview*

Demand for cement continued its upward trend during the six months ended 31<sup>st</sup> December 2006. During the period under review industry dispatches stood at 11.04 million tonnes as against 8.76 million tonnes for the same period last year, which represents a handsome growth of 26%. The overall capacity utilisation achieved by the industry stood at 74% for the half year under review as against 86% for the corresponding period of last year. This decline in capacity utilisation was the consequence of increase in the industry's production capacity to 30.04 million tonnes, which existed at the end of the half year under review from 20.4 million tonnes at the end of the corresponding period of last year.

*Production and Sales*

	<u>Half Year</u>		<u>Quarter</u>	
	2006	2005	2006	2005
	(In tonnes)			
<b>Production</b>				
Clinker	1,055,184	507,638	552,841	267,164
Cement	1,056,504	551,630	628,464	300,267
<b>Despatches</b>	1,030,854	548,884	616,489	293,047

The capacity utilisation of the Company during the half year under review stood at 68% which is 6% lower than the industry average. This was mainly due to teething problems occurring at the Chakwal plant during the course of operations. The plant is expected to achieve stable operation soon.

*Operating Highlights*

Turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs.2,634 million for the half year ended 31<sup>st</sup> December 2006 as compared to Rs.2,060 million for the corresponding period of last year, which is an increase of 28%. Operating profit for the period under review decreased from Rs.992 million to Rs.334 million. This was primarily due to fierce competition in the market resulting in sharply declining selling prices.

Financial charges stood at Rs.603 million for the half year ended 31<sup>st</sup> December, 2006 as against Rs.203 million for the corresponding period of last year. This increase was mainly a consequence of increased cost of borrowing and additional borrowings by the Company to finance Chakwal Line-1.

The Company incurred a loss of Rs. 253 million before taxation for the period under review as compared to profit of Rs.758 million for the same period of last year. Loss after

taxation for the half year amounted to Rs.101 million as compared to a profit of Rs.659 million for the corresponding period of last year. Substantially lower net retention prices, much higher financial charges and higher cost of production were the contributing factors for the reversal in profits.

### *Chakwal Project - Line II*

Work on the second 6,000 tpd cement line at Chakwal progressed satisfactorily during the period under review. The project is expected to be completed within the stipulated timeframe and cost.

### *Future Outlook*

The current financial year has so far seen handsome growth in sales volumes. With the end of winter season approaching, the growth momentum in both domestic as well as the export market should accelerate during the second half of the current year. After a fierce price war which persisted for months, the selling prices have started improving which bodes well for 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

28<sup>th</sup> February, 2007  
Islamabad.

Chief Executive

**BESTWAY CEMENT LIMITED**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2006**

	Unaudited December 31, 2006	Audited June 30, 2006
Note	Rupees	Rupees
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised share capital 300,000,000 (2006: 250,000,000) ordinary shares of Rs. 10 each	<u>3,000,000,000</u>	<u>2,500,000,000</u>
Issued, subscribed and paid up share capital 257,507,977 (2006: 234,098,161) ordinary shares of Rs.10 each	4 2,575,079,770	2,340,981,610
Surplus on remeasurement of available for sale investment to fair value	278,143,820	240,343,820
Unappropriated profit	<u>1,699,799,617</u>	<u>2,268,637,348</u>
	<u>4,553,023,207</u>	<u>4,849,962,778</u>
<b>NON CURRENT LIABILITIES</b>		
Long term financing	5 10,352,182,356	9,458,832,353
Deferred liabilities	912,192,836	1,075,913,123
Advance rentals	27,999,360	33,249,240
	11,292,374,552	10,567,994,716
<b>CURRENT LIABILITIES</b>		
Trade and other payables	983,667,056	653,173,501
Markup accrued	222,873,925	169,907,278
Short term borrowings - secured	1,316,391,674	1,110,327,690
Current portion of long term financing	1,393,300,001	666,633,334
	3,916,232,656	2,600,041,803
	<u>19,761,630,415</u>	<u>18,017,999,297</u>

**CONTINGENCIES AND COMMITMENTS** 6

The annexed notes 1 to 13 form an integral part of these condensed financial statements.

**CHIEF EXECUTIVE**

	Unaudited December 31, 2006	Audited June 30, 2006
Note	Rupees	Rupees
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	7 9,792,971,074	9,752,139,389
Capital work in progress	8 1,904,614,397	936,567,384
	11,697,585,471	10,688,706,773
Investment property	277,155,456	277,155,456
Long term investments	9 4,985,935,750	4,984,929,078
Long term advances and deposits - considered good	102,200,847	102,200,847
	<u>17,062,877,524</u>	<u>16,052,992,154</u>
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	918,061,614	795,246,779
Stock in trade	313,227,516	150,269,307
Trade debts- unsecured considered good	37,870,726	33,190,955
Available for sale investments	10 368,400,000	330,600,000
Advances, deposits, prepayments and other receivables	752,532,987	236,138,276
Bank balances	308,660,048	419,561,826
	2,698,752,891	1,965,007,143
	<u>19,761,630,415</u>	<u>18,017,999,297</u>

**DIRECTOR & CFO**

**BESTWAY CEMENT LIMITED**  
**PROFIT AND LOSS ACCOUNT [UNAUDITED]**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

	<b>Half year ended December 31,</b>		<b>Quarter ended December 31,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Sales- net	2,633,700,235	2,059,478,209	1,347,451,054	1,120,145,129
Cost of sales	(2,223,405,278)	(996,930,404)	(1,316,344,661)	(501,636,477)
<b>GROSS PROFIT</b>	<b>410,294,957</b>	<b>1,062,547,805</b>	<b>31,106,393</b>	<b>618,508,652</b>
Administration and general expenses	(67,126,331)	(58,904,304)	(32,283,639)	(31,254,328)
Distribution costs	(17,694,853)	(11,814,761)	(10,172,010)	(6,063,768)
	(84,821,184)	(70,719,065)	(42,455,649)	(37,318,096)
Operating profit/ (loss)	325,473,773	991,828,740	(11,349,256)	581,190,555
Finance cost	(603,371,311)	(203,210,751)	(319,162,602)	(135,848,129)
Other operating income	25,281,795	9,681,166	13,126,150	5,658,694
Workers' Profit Participation Fund	-	(39,914,958)	1,279,425	(22,550,056)
	(578,089,516)	(233,444,543)	(304,757,027)	(152,739,492)
<b>(LOSS)/ PROFIT BEFORE TAXATION</b>	<b>(252,615,743)</b>	<b>758,384,197</b>	<b>(316,106,283)</b>	<b>428,451,064</b>
Taxation - current	(16,616,989)	(107,301,634)	(10,904,469)	(94,648,640)
- deferred	168,591,321	8,304,797	187,387,043	2,773,981
	151,974,332	(98,996,837)	176,482,574	(91,874,659)
<b>(LOSS)/ PROFIT AFTER TAXATION</b>	<b>(100,641,411)</b>	<b>659,387,360</b>	<b>(139,623,709)</b>	<b>336,576,405</b>
<b>(LOSS)/ EARNINGS PER SHARE (Basic and Diluted)</b>	<b>(0.39)</b>	<b>2.56</b>	<b>(0.54)</b>	<b>1.31</b>

The annexed notes 1 to 13 form an integral part of these condensed financial statements.

**CHIEF EXECUTIVE**

**DIRECTOR & CFO**

**BESTWAY CEMENT LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

	Dec. 31, 2006	Dec. 31, 2005
	<u>Rupees</u>	<u>Rupees</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)/ profit before taxation	(252,615,743)	758,384,197
Adjustments for:		
Gain on disposal of fixed assets	(120,755)	(269,202)
Depreciation	285,163,931	96,560,747
Advance rental income	(5,249,880)	-
Profit on deposit accounts	(3,891,190)	(724,630)
Finance cost	603,371,311	203,210,751
Provision for staff retirement benefits	4,871,035	4,300,323
Exchange gain	(1,852,400)	(147,526)
	<u>882,292,052</u>	<u>302,930,464</u>
Operating profit before working capital changes	629,676,309	1,061,314,661
Increase in stores, spares and loose tools	(122,814,835)	(191,701,951)
(Increase)/decrease in stock in trade	(162,958,209)	7,167,258
Increase in trade debts	(4,679,771)	(2,938,722)
Increase in advances, deposits, prepayments and other receivables	(510,807,004)	(321,960,394)
Increase in trade and other payables	127,494,526	173,932,713
	<u>(673,765,293)</u>	<u>(335,501,097)</u>
Cash (used)/generated from operations	(44,088,984)	725,813,564
Finance cost paid	(550,404,664)	(232,407,716)
Income tax paid	(23,113,398)	(16,002,332)
	<u>(573,518,062)</u>	<u>(248,410,048)</u>
<b>Net cash (used)/ generated from operating activities</b>	<b>(617,607,045)</b>	<b>477,403,516</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in capital work in progress	(968,012,403)	(3,412,273,924)
Additions in property, plant and equipment	(326,109,697)	(21,121,863)
Proceeds from sale of property, plant and equipment	200,224	1,380,255
Advance rental income	5,249,880	-
Profit earned on deposit accounts	4,799,891	1,031,414
Long term investments	(1,006,672)	(3,207,463,673)
<b>Net cash used in investing activities</b>	<b>(1,284,878,776)</b>	<b>(6,638,447,791)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase/ (decrease) in short term finances	206,063,984	(111,211,415)
Long term financing- disbursements	1,820,000,000	6,305,000,000
- repayments	(199,983,330)	(307,981,334)
Dividend paid	(36,349,011)	(171,532)
<b>Net cash generated from financing activities</b>	<b>1,789,731,643</b>	<b>5,885,635,719</b>
<b>Net cash used in during the year</b>	<b>(112,754,179)</b>	<b>(275,408,554)</b>
Cash and cash equivalents at July 01	419,561,826	605,636,439
Exchange gain	1,852,400	147,526
	<u>308,660,048</u>	<u>330,375,411</u>
<b>Cash and cash equivalents at December 31</b>	<b>308,660,048</b>	<b>330,375,411</b>

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

CHIEF EXECUTIVE

DIRECTOR & CFO

**BESTWAY CEMENT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

	Issued, subscribed and paid up share capital	Surplus on remeasurement of available for sale investment to fair value	Unappropriated profit	Total
	Rupees	Rupees	Rupees	Rupees
<b>Balance as at July 01, 2005</b>	2,128,165,100	-	1,468,417,191	3,596,582,291
Profit after tax for the half year ended December 31, 2005	-	-	659,387,360	659,387,360
Final dividend for the year ended June 30, 2005 @ 10% (Re 1 per share)	-	-	(212,816,510)	(212,816,510)
Bonus shares issued for the year ended June 30, 2005 @ 10%	212,816,510	-	(212,816,510)	-
<b>Balance as at December 31, 2005</b>	2,340,981,610	-	1,702,171,531	4,043,153,141
Profit after tax for the half year ended June 30, 2006	-	-	566,465,817	566,465,817
Surplus on remeasurement of available for sale investment to fair value	-	240,343,820	-	240,343,820
<b>Balance as at June 30, 2006</b>	2,340,981,610	240,343,820	2,268,637,348	4,849,962,778
Loss after tax for the half year ended December 31, 2006	-	-	(100,641,411)	(100,641,411)
Surplus on remeasurement of available for sale investment to fair value	-	37,800,000	-	37,800,000
Final dividend for the year ended June 30, 2006 @ 10% (Re 1 per share)	-	-	(234,098,160)	(234,098,160)
Bonus shares issued for the year ended June 30, 2006 @ 10%	234,098,160	-	(234,098,160)	-
<b>Balance as at December 31, 2006</b>	2,575,079,770	278,143,820	1,699,799,617	4,553,023,207

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

**CHIEF EXECUTIVE**

**DIRECTOR & CFO**

**BESTWAY CEMENT LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS [UNAUDITED]**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

**1. LEGAL STATUS AND OPERATIONS**

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

**2. BASIS OF PREPARATION**

These interim condensed financial statements are unaudited and are being submitted to shareholders as required under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting".

**3. ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these interim condensed financial statements are the same as those applied in preparation of annual financial statements of the Company for the year ended June 30, 2006.

	<b>December 31, 2006</b>	<b>June 30, 2006</b>
<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
<b>4. LONG TERM FINANCING</b>		
Balance at the beginning of period/year	10,125,465,687	3,618,430,353
Disbursements during the period/year	1,820,000,000	6,977,002,000
	11,945,465,687	10,595,432,353
Repayments during the period/year	(199,983,330)	(469,966,666)
	11,745,482,357	10,125,465,687
Amount payable within 12 months shown as current liabilities	(1,393,300,001)	(666,633,334)
Balance at the end of the period/year	<u>10,352,182,356</u>	<u>9,458,832,353</u>

**5. CONTINGENCIES AND COMMITMENTS**

- 5.1** Letters of credit issued by various banks in respect of credits and contracts for Chakwal plant outstanding at the period end amounted to Rs. 2,681,053,167 (June 30, 2006 : Rs 2,950,117,166).
- 5.1** Certain banks have issued guarantees aggregating Rs. 727,111,422 (June 30, 2006 : Rs. 616,555,933 ) on behalf of the Company in the ordinary course of business. All bank guarantees are secured by way of charge over fixed assets of the Company.

**6. PROPERTY, PLANT AND EQUIPMENT**

Book value at the beginning of the period/year		9,752,139,389	3,147,107,940
Additions during the period/year	<b>6.1</b>	326,109,695	6,808,216,822
Book value of disposals during the period/year		(79,469)	(1,286,659)
Book value of transfers during the period/year		-	(434,775)
Depreciation charge for the period/year		(285,198,541)	(201,463,939)
Book value at the end of the period/year		<u>9,792,971,074</u>	<u>9,752,139,389</u>

**6.1 Additions during the period/year**

Freehold land	10,205,353	271,380,831
Leasehold land	57,490	6,182,751
Buildings	62,857,075	2,187,855,777
Plant and machinery	58,070,414	3,997,878,259
Quarry equipment	147,923,137	249,294,477
Other equipment	6,241,105	10,789,887
Furniture and fixture	6,813,744	31,091,131
Office equipment	7,762,952	15,703,324
Vehicles	26,178,425	38,040,385
	<u>326,109,695</u>	<u>6,808,216,822</u>

**BESTWAY CEMENT LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS [UNAUDITED]**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

	<b>December 31, 2006</b>	<b>June 30, 2006</b>
<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
<b>7. CAPITAL WORK IN PROGRESS</b>		
Balance at the beginning of the period/year	936,567,384	1,922,261,302
Additions during the period/year	968,047,013	5,109,546,244
Transfers during the period/year	7.1 -	(6,095,240,162)
Balance at the end of the period/year	7.2 <u>1,904,614,397</u>	<u>936,567,384</u>
<b>7.1 Transfers during the period/year</b>		
Plant, machinery and other equipment	-	3,951,141,711
Building and civil works	-	2,137,915,700
Leasehold land	-	6,182,751
	<u>-</u>	<u>6,095,240,162</u>
<b>7.2 Balance at the end of the period/ year represents</b>		
Plant, machinery and other equipment	674,136,546	154,081,138
Building and civil works	571,446,961	-
Advances	611,654,686	782,486,246
Stores and spares	47,376,204	-
	<u>1,904,614,397</u>	<u>936,567,384</u>

**8. TRANSACTIONS WITH RELATED PARTIES**

Bestway (Holdings) Limited, U.K. is the ultimate parent 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, entities with common directorships, directors and key management personnel . Transactions with related parties during the period are disclosed below:

	<b>Half year ended December 31, 2006</b>	<b>2006</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Parent company- Bestway (Holdings) Limited, U.K.</b>		
Management charges (expense)	924,735	419,151
Bonus shares issued	156,948,300	144,896,770
<b>Subsidiary company- Mustehkam Cement Limited</b>		
Advances given to meet working capital requirements	429,493,351	30,377,919
Recoveries made	179,697,107	-
Purchase of cement	39,641,730	-
Sale of cement	77,550	731,700
Management charges (income)	9,000,000	2,250,000
Markup on advances given	3,611,687	892,272
Expenses incurred	8,169,638	-
Advance given for purchase of cement	135,088,719	-
<b>Associated undertakings by virtue of common directorship</b>		
Service/bank charges	1,604,148	1,322,950
Management charges (income)	240,000	360,000
Sale of vehicle	-	196,203
Office rent paid	247,975	225,432
Utility expense paid	39,470	34,564
Charitable donations	-	18,959,605
<b>Other related parties</b>		
Remuneration including benefits and perquisites of key management personnel	38,737,289	34,131,575

**BESTWAY CEMENT LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS [UNAUDITED]**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2006**

**9. DATE OF AUTHORISATION**

The interim condensed financial statements were authorised for issue by the Board of Directors of the Company in the meeting held on February 28, 2007.

**10. GENERAL**

**10.2** During the period long term advance amounting to Rs. 10,499,760 (2006: Rs. 11,209,260) has been reclassified as trade and other

**10.1** Figures have been rounded off to the nearest rupee.

**CHIEF EXECUTIVE**

**DIRECTOR & CFO**