

BOARD OF DIRECTORS

Sir Mohammad Anwar Pervez, O.B.E, H.PK.	Chairman
Mr. Zameer Mohammad Choudrey	Chief Executive
Mr. Arshad Mehmood Chaudhary	Director
Mr. Muhammad Irfan A Sheikh	Director Finance and CFO
Mr. Mazhar Rafi	Director Administration & Marketing
Mr. Arshad Hameed	Director Coordination
Mr. Ghulam Sarwar Malik	Director Works

COMPANY SECRETARY

Mr. Mazhar Rafi

STATUTORY AUDITORS

Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants

COST AUDITORS

S. 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 SITE

Suraj Gali Road, Village Shadi, Hattar, Distt. Haripur
N.W.F.P. Pakistan
Tel: (92) 0303-771-1057~58, Fax: (92) 0303- 71-1056
E-Mail: bclhtr@isb.paknet.com.pk

NEW PROJECT SITE

Village Tatral , Near PSO Petrol Pump,
22 Km Kallar Kahar, Choain Saiden Shah Road, Chakwal
Ph: 0543-584560~3

MARKETING HEAD OFFICE

167-A, Adamjee Road, Rawalpindi Cantt.

Tel: (92-51) 551-3110, 551-4492, 552-0962 Fax: (92-51) 551-3109

E-Mail: bclrwp@isb.paknet.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

Bank of Punjab

Faysal Bank Limited

Union Bank Limited

Askari Commercial Bank Limited

Bank Al-Habib Limited

NIB Bank Limited

National Bank of Limited

United Bank Limited

Citibank Limited

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 2007.

Industry Overview

Demand for cement continued its upward trend during the six months ended 31st December 2007. During the period under review industry dispatches stood at 13.96 million tonnes as against 11.18 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 77% for the half year under review as against 74% for the corresponding period of last year. This increase in capacity utilisation has occurred despite an increase in the installed capacity from 30.04 million tonnes in December 2006 to 38.95 million tonnes in December 2007.

Production and Sales

	<u>Half Year</u>		<u>Quarter</u>	
	2007	2006	2007	2006
	(In tonnes)			
Production				
Clinker	1,248,189	1,055,184	704,362	552,841
Cement	1,165,257	1,056,504	596,073	628,464
Despatches	1,142,949	1,030,854	575,054	616,489

Cement despatches for your Company for the 6 month period registered an increase of 112,095 tonnes over the corresponding period last year representing an increase of 11%. The capacity utilisation of the Company during the half year under review stood at 75%, which is slightly lower than the industry average of 77%.

Operating Highlights

Turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs.2,783 million for the half year ended 31st December 2007 as compared to Rs.2,634 million for the corresponding period of last year, which is an increase of 6%. Gross profit for the period under review decreased from Rs.410 million to Rs.171 million. This was primarily due to higher production costs and fierce competition in the market resulting in lower selling prices.

Financial charges stood at Rs.572 million for the half year ended 31st December 2007 as against Rs.603 million for the corresponding period of last year, which is a decrease of 5%.

The Company incurred a loss of Rs.472 million before taxation for the period under review as compared to loss of Rs.253 million for the same period of last year. Loss after taxation for the half year amounted to Rs.345 million as compared to a loss of Rs.101 million for the corresponding period of last year. Lower net retention prices and higher cost of production were the major contributing factors for the increase in loss.

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.

Waste Heat Recovery Project

In order to reduce the cost of production your Company decided to utilise waste gases from the plant for producing electric power. During the half year ended 31st December 2007, the Company has entered into an agreement with a Japanese supplier for the supply of equipment for this purpose for its Chakwal Plant. The project is expected to be completed during 2nd half of financial year 2008-2009.

Utilisation of waste gases will also reduce carbon dioxide emission from the plant, thus positively impacting the environment.

Equity Injection

During the year, the Company has issued 10% right shares at a premium of Rs.35 per share. These funds were required to meet the cost of expansion project (Line II) at Chakwal and waste heat recovery system.

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. Political stability in the country after the general elections should also encourage demand for cement in the country. Prices are also expected to improve which should have a positive impact on the bottom line.

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

29th February 2008
Islamabad.

Chief Executive

BESTWAY CEMENT LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2007

		Unaudited December 31, 2007	Audited June 30, 2007		Unaudited December 31, 2007	Audited June 30, 2007
	Note	Rupees	Rupees		Note	Rupees
Share capital and reserves				Non-current assets		
Authorised share capital				Fixed Assets		
300,000,000 ordinary shares of Rs. 10 each		<u>3,000,000,000</u>	<u>3,000,000,000</u>	Property, plant and equipment	8	9,608,237,671
Issued, subscribed and paid up share capital	3	2,832,587,750	2,575,079,770	Capital work in progress	9	5,726,656,757
Capital reserve	4	901,277,930	-			15,334,894,428
Surplus on remeasurement of available for sale investment to fair value		437,623,819	437,623,819	Investment property		277,155,456
Unappropriated profit		1,506,987,881	1,851,979,758	Long term investments		5,735,317,036
Advance for issue of right shares		-	1,116,466,140	Long term advances and deposits		98,440,848
		<u>5,678,477,380</u>	<u>5,981,149,487</u>			<u>21,445,807,768</u>
Non-current liabilities				Current assets		
Long term financing - secured	5	12,408,333,534	12,380,000,005	Stores, spare parts and loose tools		1,408,310,121
Liabilities against assets subject to finance lease		227,054,048	227,054,048	Stock in trade		677,618,447
Deferred liabilities		921,342,040	1,055,573,197	Trade debts- considered good		175,814,133
Long term advance		17,499,600	23,607,975	Advances, deposits, prepayments and other receivables		748,399,637
		<u>13,574,229,222</u>	<u>13,686,235,225</u>	Bank balances		245,001,205
Current liabilities						<u>3,255,143,543</u>
Trade and other payables		953,261,268	693,718,916			2,806,801,429
Markup payable		293,140,207	260,111,697			
Short term borrowings - secured	6	2,748,509,900	756,384,619			
Current portion of long term financing	5	1,453,333,334	1,703,832,354			
		<u>5,448,244,709</u>	<u>3,414,047,586</u>			
		<u>24,700,951,311</u>	<u>23,081,432,298</u>			<u>24,700,951,311</u>
						<u>23,081,432,298</u>
Contingencies and Commitments				7		

The annexed notes from 1 to 12 form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2007

	For the six months ended		For the three months ended	
	December 31, 2007 Rupees	December 31, 2006 Rupees	December 31, 2007 Rupees	December 31, 2006 Rupees
Sales - net	2,783,093,625	2,633,700,235	1,452,448,823	1,347,451,054
Cost of sales	2,611,826,140	2,223,405,278	1,306,620,749	1,316,344,661
GROSS PROFIT	171,267,485	410,294,957	145,828,074	31,106,393
Administration and general expenses	65,099,133	67,126,331	33,523,529	32,283,639
Distribution cost	29,274,479	17,694,853	17,418,539	10,172,010
Finance cost	571,943,956	603,371,311	291,423,881	319,162,602
Other income	(23,296,346)	(25,281,795)	(15,296,115)	(13,126,150)
Workers' Profit Participation Fund	-	-	-	(1,279,425)
	643,021,222	662,910,700	327,069,834	347,212,676
LOSS BEFORE TAXATION	(471,753,737)	(252,615,743)	(181,241,760)	(316,106,283)
Taxation - Current	13,915,468	16,616,989	7,262,244	10,904,469
- Deferred	(140,677,328)	(168,591,321)	(60,447,952)	(187,387,043)
	(126,761,860)	(151,974,332)	(53,185,708)	(176,482,574)
LOSS AFTER TAXATION	(344,991,877)	(100,641,411)	(128,056,052)	(139,623,709)
LOSS PER SHARE - basic and diluted	(1.26)	(0.39)	(0.45)	(0.54)

The annexed notes from 1 to 12 form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2007

	For the six months ended	
	December 31, 2007	December 31, 2006
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(471,753,737)	(252,615,743)
Adjustment for:		
Depreciation	231,808,609	285,163,931
Gain on disposal of property, plant and equipment	(912,821)	(120,755)
Rental income	(10,322,805)	(5,249,880)
Profit on deposit accounts	(1,835,767)	(3,891,190)
Finance cost	571,943,956	603,371,311
Provision for staff retirement benefits	7,804,561	6,235,491
Operating profit before working capital changes	326,731,996	632,893,165
Increase in stores, spare parts and loose tools	(345,976,087)	(122,814,835)
Increase in stock in trade	(386,787,751)	(162,958,209)
Increase in trade debts	(91,180,622)	(4,679,771)
Increase in advances, deposits, prepayments and other receivables	(245,626,390)	(510,807,004)
Increase in trade and other payables	263,756,782	132,744,406
Cash used in operations	(479,082,072)	(35,622,248)
Finance cost paid	(853,209,085)	(550,404,664)
Staff retirement benefits paid	(1,358,390)	(1,364,456)
Income tax paid	(34,013,290)	(23,113,398)
NET CASH USED IN OPERATING ACTIVITIES	(1,367,662,838)	(610,504,766)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in capital work in progress	(1,028,848,023)	(968,012,403)
Additions in property, plant and equipment	(48,763,021)	(326,109,695)
Proceeds from sale of property, plant and equipment	1,489,221	200,224
Additions to long term investments and advances	(11,657,224)	(1,006,672)
Profit received on deposit accounts	1,835,767	4,799,891
NET CASH USED IN INVESTING ACTIVITIES	(1,085,943,280)	(1,290,128,655)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in short term finances	1,992,125,281	206,063,984
Repayments in long term financing	(1,517,165,691)	(199,983,330)
Long term financing obtained	1,295,000,200	1,820,000,000
Proceeds from issue of right shares	42,319,770	-
Dividend Paid	-	(36,349,011)
NET CASH GENERATED FROM INVESTING ACTIVITIES	1,812,279,560	1,789,731,643
Net decrease in cash and cash equivalents	(641,326,558)	(110,901,778)
Cash and cash equivalents at beginning of the period	886,327,763	419,561,826
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	245,001,205	308,660,048

The annexed notes from 1 to 12 form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2007

	Issued, subscribed and paid up share capital	Capital reserve	Surplus on remeasurement of available for sale investment to fair value	Advance for issue of right shares	Unappropriated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at July 01, 2006	2,340,981,610	-	240,343,819	-	2,268,637,348	4,849,962,777
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)	-
Surplus on remeasurement of available for sale investment to fair value	-	-	37,800,000	-	-	37,800,000
Income directly recognised in equity	-	-	37,800,000	-	-	37,800,000
Net loss after tax for the period	-	-	-	-	(100,641,411)	(100,641,411)
Total recognised income and loss for the period	-	-	37,800,000	-	(100,641,411)	(62,841,411)
Balance as at December 31, 2006	2,575,079,770	-	278,143,819	-	1,699,799,617	4,553,023,206
Profit after tax for the half year ended June 30, 2007	-	-	-	-	152,180,142	152,180,142
Surplus on remeasurement of available for sale investment to fair value	-	-	159,480,000	-	-	159,480,000
Advance for issue of shares received during the period	-	-	-	1,116,466,140	-	1,116,466,140
Balance as at July 01, 2007	2,575,079,770	-	437,623,819	1,116,466,140	1,851,979,758	5,981,149,487
Advance for issue of shares received during the period	-	-	-	42,319,770	-	42,319,770
Right issues (01right share for every 10 shares held as on June 30, 2007)	257,507,980	-	-	(257,507,980)	-	-
Premium on issue of right shares	-	901,277,930	-	(901,277,930)	-	-
Net loss after tax for the period	-	-	-	-	(344,991,877)	(344,991,877)
Total recognised loss for the period	-	-	-	-	(344,991,877)	(344,991,877)
Balance as at December 31, 2007	2,832,587,750	901,277,930	437,623,819	-	1,506,987,881	5,678,477,380

The annexed notes from 1 to 12 form an integral part of this financial information.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2007

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. The Company's registered office is situated at Bestway Building, 19-A, College Road F-7 Markaz, Islamabad.

2 BASIS OF PREPARATION

- 2.1** This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan
- 2.2** This condensed interim financial information is unaudited and is being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.
- 2.3** This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2007. Comparative balance sheet is extracted from the annual audited financial statements for the year ended June 30, 2007 whereas comparative profit and loss account, statement of changes in equity and cash flow statement are stated from unaudited condensed interim financial information for the six months period ended December 31, 2006.
- 2.4** Accounting policies, related judgments, estimates and assumptions adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2007.

3 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

During the period, the Company has issued 10% right shares (six months ended 31 December 2006: 10% bonus shares) to its shareholders. Right issue has increased the paid up capital of the Company from Rs. 2,575,079,770 to Rs. 2,832,587,750 by issuing 25,750,798 ordinary shares of Rs. 10 each.

4 CAPITAL RESERVE

This represents share premium of Rs. 35 per ordinary share on issue of 25,750,798 right shares during the period (for the six months ended December 31, 2006: Rs. nil).

5 LONG TERM FINANCING - Secured

	Note	Six months ended	
		December 31, 2007 Rupees	December 31, 2006 Rupees
Balance at the beginning of period		14,083,832,359	10,125,465,687
New loans obtained during the period	5.1	1,295,000,200	1,820,000,000
Repayments made during the period		(1,517,165,691)	(199,983,330)
Balance at the end of period		13,861,666,868	11,745,482,357
Less: Current portion shown under current liabilities		(1,453,333,334)	(1,393,300,001)
		12,408,333,534	10,352,182,356

- 5.1** During the period, the Company has obtained long term financing from various banks on which markup is payable on quarterly basis. These loans carry markup ranging between 01 month KIBOR to 06 months treasury bill plus 2 % per annum. Earliest principal repayment of these loans will commence from November 2009.

BESTWAY CEMENT LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2007

6 SHORT TERM BORROWINGS - Secured

During the period, the Company has obtained various running finance and short term loan facilities from a bank having maturity in September 2008. These facilities carry markup ranging from 01 months KIBOR plus 0.55% per annum to 6 months KIBOR plus 1.25% per annum.

7 CONTINGENCIES AND COMMITMENTS

	Six months ended	
	December 31, 2007	December 31, 2006
	Rupees	Rupees
In respect of letters of credit and contracts for Cakwal plant	1,065,028,774	2,681,053,167
In respect of bank guarantees	71,415,746	727,111,422

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

7.2 Tax returns for Tax Years 2003 to 2007 (years ended 30 June 2003 through 2007) stand assessed under section 120 of the Income Tax Ordinance 2001 [2001 Ordinance]. However, assessment for the Tax Year 2005 was rectified in terms of section 221 of the 2001 Ordinance by tax authorities by rejecting the set off of brought forward business losses relating to assessment years pending in appeal and thereby raising a demand of Rs. 40.55 million. As the determination of loss is consequential of the orders of the appellate forum and the Company is confident of a favourable outcome, hence, no provision has been made in this condensed interim financial information.

7.3 The Company is in appeal against the order passed by the Commissioner of Appeals raising a demand of Rs. 83.231 million in which the Commissioner of Appeals, without appreciating the legality of the case, rejected the right of input tax adjustment for the aforementioned amount. The Company is confident of a favourable outcome, hence, no provision has been made in this condensed interim financial information.

8 PROPERTY, PLANT AND EQUIPMENT

	Six months ended	
	December 31, 2007	December 31, 2006
	Rupees	Rupees
Book value at the beginning of the period	9,792,103,067	9,752,139,389
Additions during the period	48,763,021	326,109,695
Book value of disposals during the period	(576,400)	(79,469)
Depreciation charge for the period	(232,052,017)	(285,198,541)
Book value at the end of the period	9,608,237,671	9,792,971,074

9 Capital work in progress

Balance at the beginning of the period	4,383,271,686	936,567,384
Additions during the period	1,343,385,071	968,047,013
Balance at the end of the period	5,726,656,757	1,904,614,397

10 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	
	December 31, 2007	December 31, 2006
	Rupees	Rupees
Parent company - Bestway (Holdings) Limited, U.K.		
Management charges (expense)	680,406	924,735
Bonus shares issued	-	156,948,300
Right shares issued at premium	361,127,655	-
Subsidiary company - Mustehkam Cement Limited		
Purchase of clinker	92,862,799	-
Sale of coal	61,275,922	-
Advances given	183,545,287	564,582,070

Recoveries made	55,739,870	179,697,107
Management charges (income)	9,000,000	9,000,000
Markup on advances given	880,594	3,611,687
Purchase of cement	-	39,641,730
Purchase of packing material	-	9,213,081
Sale of cement	-	77,550
Associated undertakings by virtue of common directorship		
Service and bank charges	1,246,398	1,604,148
Management charges (income)	240,000	240,000
Office rent paid	272,772	247,975
Utility expense paid	60,330	39,470
Other related parties		
- Major Shareholders		
Right shares issued at premium	481,736,925	-
- Key management personnel		
Remuneration including benefits and perquisites	45,813,516	38,737,289
Right shares issued at premium	176,549,715	-

11 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 29 February 2008.

12 GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR & CFO