

## **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**

5<sup>th</sup> Floor, UBL Building, Jinnah Avenue, Islamabad  
Tel: (92-51) 220-6146 -51, Fax: (92-51) 2272150  
E-mail: [management@bestway.com.pk](mailto:management@bestway.com.pk)

## Head Office

5<sup>th</sup> Floor, UBL Building, Jinnah Avanne, Islamabad  
Tel: (92-51) 220-6146 -51, Fax: (92-51) 2272150,  
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)

## New Project Site.

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.  
Tet (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**  
**QUARTERLY REVIEW**

The Directors take pleasure in presenting the Company's accounts for the nine months ended 31<sup>st</sup> March, 2005.

**Industry Overview**

Demand for cement continued to rise during the period under review. Despatches of cement by the industry stood at 11.7 million tonnes as against 9.8 million tonnes for the same period last year, which represents a handsome growth of 20%. Domestic sales grew by 18% while exports registered a growth of 39% over the same period of last year. The industry was able to achieve an overall capacity utilisation of 89% for the nine months under review as against 77% for the corresponding period of last year.

**Production & Sales**

The production and despatches for the quarter and the nine months under review compared with last year's corresponding periods were as follows:

	<u>Nine Months</u>		<u>Quarter</u>	
	2005	2004	2005	2004
(In tonnes)				
<b>Production:</b>				
Clinker	824,851	664,459	273,147	160,818
Cement	844,492	724,272	262,948	276,329
<b>Despatches</b>	848,142	736,183	270,250	268,718

Cement despatches for your Company for the nine months ended 31<sup>st</sup> March 2005 registered an increase of 111,959 tonnes over the corresponding period of last year representing an increase of 15%. Total despatches of 848,142 include 204,267 tonnes of cement exported to Afghanistan as against 171,749 tonnes exported in the corresponding period last year. Capacity utilisation during the period under review was 109% as compared to an average of 89% for the industry.

**Operating Highlights**

Turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs.2,404 million in the nine months ended 31<sup>st</sup> March, 2005 as compared to Rs.1,844 million in the corresponding period last year, which is an increase of 30%. Operating profit increased from Rs.659 million to Rs.944 million during the period under review which is an increase of 43%. This has been possible due to stable selling prices as well as growth in volumes, both domestic and export.

Your investment in United Bank Limited continues to bear handsome dividends. The Bank declared a dividend of 15% for the year ended 31<sup>st</sup> December, 2004. Other income includes Rs.59.44 million on account of the same.

Financial charges declined by 25% to Rs.82 million for the nine months ended 31<sup>st</sup> March, 2005 as compared to Rs.110 million for the corresponding period last year. This is despite an upward trend in the interest rates.

Profit before tax of for the period under review increased by 41% to Rs.883 million as compared to Rs.628 million in the corresponding period last year, which is an increase of 41%. Profit after tax increased to Rs.636 million from Rs.470 million, which represents an increase of 35%.

**New Project**

You will be pleased to learn that the work on the new cement plant of 6,000 tpd cement capacity in Tehsil Choa Saidan Shah, District Chakwal, Punjab continues to make good progress and the civil works are in full swing. The directors feel confident that the project will be successfully completed within the anticipated time and budget.

Your company regards itself as a responsible corporate citizen. In keeping with the philosophy of fulfilling its social obligations, the management has made every effort to develop a healthy working relationship with the local community paying particular attention to their welfare and protection of the environment.

**Future Outlook:**

The outlook for the industry remains very positive. Cement despatches were lower during the earlier part of the 3<sup>rd</sup> quarter due as a result of untimely rains, however, the demand has started surging during March and this trend is expected to continue. Prices during most part of nine months under review remained stable for both domestic and export sales and have recently started improving. The upward trend in prices is likely to continue as the demand is expected to outstrip supply.

**Acknowledgement:**

The Directors wish to express their appreciation for the continued support and contribution by the members of staff, suppliers, our bankers and various other agencies through the period.

On behalf of the Board

**April 30, 2005**

**Zameer M. Choudrey**  
**Chief Executive**

**BESTWAY CEMENT LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2005**

	March 31 2005 Rupees	June 30 2004 Rupees		March 31 2005 Rupees	June 30 2004 Rupees
<b>Capital and reserves</b>			<b>Tangible fixed assets</b>		
<i>Authorised share capital</i>			Operating assets	3,167,352,007	3,165,501,041
250,000,000 ordinary shares of Rs. 10 each	2,500,000,000	2,000,000,000	Capital work in progress	944,873,904	34,654,972
				4,112,225,911	3,200,156,013
<i>Issued, subscribed and paid up share capital</i>			<b>Long term deposits, prepayments and deferred costs</b>	18,890,547	18,890,547
212,816,510 ordinary shares of Rs.10 each issued for cash consideration	2,128,165,105	1,934,695,550			
Reserve for issue of bonus shares	-	193,469,555	<b>Long term investments</b>	1,862,819,950	1,862,819,950
<i>Accumulated profit</i>	1,174,099,425	537,585,375			
	3,302,264,530	2,665,750,480	<b>Current assets</b>		
<b>Long term finance</b>	1,764,941,667	1,895,432,353	Stores, spares and loose tools	707,146,672	365,845,980
			Stock in trade	135,930,002	113,143,807
<b>Deferred liabilities</b>	480,210,029	250,532,290	Receivable from customers	19,014,244	41,630,455
			Advances, deposits, prepayments and other receivables	166,970,601	92,684,796
<b>Current liabilities</b>			Cash and bank balances	423,802,211	293,181,265
Short term finance	844,968,794	211,836,991		1,452,863,730	906,486,303
Current maturity of long term liabilities	469,966,667	429,467,647			
Creditors, provisions, accrued and other liabilities	584,448,451	341,863,497			
Dividend Payable	-	193,469,555			
	1,899,383,911	1,176,637,690			
<b>Contingencies and commitments</b>	-	-			
	7,446,800,138	5,988,352,814		7,446,800,138	5,988,352,814

CHIEF EXECUTIVE

DIRECTOR & CFO

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

	Nine Months Ended March 31 2005 Rupees	Nine Months Ended March 31 2004 Rupees	Quarter Ended March 31 2005 Rupees	Quarter Ended March 31 2004 Rupees
<b>Sales - net</b>	2,404,493,515	1,843,915,448	785,230,239	657,072,510
<b>Cost of sales</b>	1,376,492,012	1,150,244,895	461,706,786	409,719,272
<b>Gross profit</b>	1,028,001,503	693,670,553	323,523,453	247,353,238
<b>Operating expenses</b>				
Administration and general	69,451,362	20,236,823	25,824,083	6,052,260
Selling and distribution	14,346,554	14,833,507	4,610,973	4,491,598
	83,797,915	35,070,330	30,435,056	10,543,858
<b>Operating profit</b>	944,203,587	658,600,223	293,088,397	236,809,380
Financial charges	82,339,869	110,288,952	31,701,703	33,518,212
Other income	(68,081,223)	(112,251,698)	(60,473,759)	(97,791,153)
Workers profit participation fund	46,497,247	33,028,149	16,093,023	15,054,117
	60,755,893	31,065,403	(12,679,033)	(49,218,826)
<b>Profit before taxation</b>	883,447,694	627,534,820	305,767,430	286,028,204
Provision for taxation (current)	19,462,040	16,433,101	5,711,624	8,853,746
(deferred)	227,471,603	140,898,961	70,945,708	43,368,730
<b>Profit/ (loss) after taxation</b>	636,514,051	470,202,758	229,110,098	233,805,728
<b>Accumulated profit/(loss) brought forward</b>	537,585,374	245,949,188	944,989,327	482,346,218
<b>Accumulated profit/(loss) carried forward</b>	1,174,099,425	716,151,946	1,174,099,425	716,151,946
<b>Earnings per share</b>	2.99	2.21	1.08	1.10

CHIEF EXECUTIVE

DIRECTOR & CFO

**BESTWAY CEMENT LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR**  
**FROM JULY 01, 2004 TO MARCH 31, 2005**

	<b>March 31 2005 Rupees</b>	<b>March 31 2004 Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	883,447,694	627,534,820
Adjustments for:		
Gain on disposal of fixed assets	(363,672)	(280,713)
Depreciation	149,241,836	146,749,494
Profit on investments	(842,513)	(22,094,326)
Financial charges	82,339,869	110,288,952
Deferred costs' amortisation	-	299,762
Provision for staff retirement benefits	2,206,138	2,683,909
Exchange (gain)/ loss	(4,393,154)	664,363
	<u>228,188,503</u>	<u>238,311,442</u>
Operating profit before working capital changes	1,111,636,198	865,846,262
Increase in current assets	(417,178,544)	(37,900,300)
Increase in current liabilities	212,311,099	19,028,143
	<u>(204,867,446)</u>	<u>(18,872,157)</u>
Cash generated from operations	906,768,752	846,974,105
Financial charges paid	(52,066,018)	(111,311,640)
Income tax paid	(17,836,693)	(24,369,750)
	<u>(69,902,710)</u>	<u>(135,681,390)</u>
<b>Net cash generated from operating activities</b>	<b>836,866,042</b>	<b>711,292,715</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in capital work in progress	(942,927,555)	(3,233,713)
Additions in fixed assets	(118,709,490)	(56,340,277)
Proceeds from sale of fixed assets	688,984	4,145,660
Income from Investments	639,230	14,771,468
Exchange (loss)/ gain on purchase of foreign currency	(1,053,901)	668,828
Long term investments	-	2,130,580
<b>Net cash used in investing activities</b>	<b>(1,061,362,732)</b>	<b>(37,857,454)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deletions in long term finances	(89,991,666)	(130,520,439)
Increase/ (decrease) in short term finances	633,131,803	(405,186,663)
Dividend paid	(193,469,555)	(145,102,166)
<b>Net cash generated/(used) from financing activities</b>	<b>349,670,582</b>	<b>(680,809,269)</b>
<b>NET CASH GENERATED DURING THE PERIOD</b>	<b>125,173,892</b>	<b>(7,374,008)</b>
<b>CASH EQUIVALENTS</b>		
<b>Cash and cash equivalents at 01st July</b>	293,181,265	41,617,196
Exchange gain on US\$ bank accounts	5,447,054	7,171
<b>Cash and cash equivalents at 31st March</b>	<b>423,802,211</b>	<b>34,250,359</b>

CHIEF EXECUTIVE

DIRECTOR & CFO

**BESTWAY CEMENT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2005**

	<b>Issued, subscribed and paid up capital Rupees</b>	<b>Unappropriated profit Rupees</b>	<b>Total Rupees</b>
Balance as at June 30, 2003	1,934,695,550	245,949,188	2,180,644,738
Profit after taxation for the nine months ended March 31, 2004	-	470,202,758	470,202,758
Balance as at March 31, 2004	1,934,695,550	716,151,946	2,650,847,496
Profit after taxation for the quarter ended June 30, 2004	-	208,372,538	208,372,538
	1,934,695,550	924,524,484	2,859,220,034
<b>Appropriation:</b>			
Dividend	-	(193,469,555)	(193,469,555)
Transfer to Reserve for issue of bonus shares	-	(193,469,555)	(193,469,555)
	1,934,695,550	537,585,374	2,472,280,924
Issue of bonus shares	193,469,555		193,469,555
Balance as at June 30, 2004	2,128,165,105	537,585,374	2,665,750,479
Profit after taxation for the nine months ended March 31, 2005	-	636,514,051	636,514,051
Balance as at March 31, 2005	<b>2,128,165,105</b>	<b>1,174,099,425</b>	<b>3,302,264,530</b>

**CHIEF EXECUTIVE**

**DIRECTOR & CFO**

**BESTWAY CEMENT LIMITED**  
**NOTES TO THE ACCOUNTS FOR THE NINE MONTHS ENDED MARCH 31, 2005**

1. 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. These accounts and explanatory notes have been prepared in accordance with the requirements of the International Accounting Standard 34 (Interim Financial Reporting) and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.
3. The accounting policies adopted in these quarterly accounts are the same as those applied in the preparation of the financial statements for the year ended 30th June 2004.

**4. Contingencies and Commitments**

In respect of letter of credits	<u>2,198,819,350</u>	<u>90,894,348</u>
In respect of insurance guarantee against excise duty on exports.	<u>34,500,000</u>	<u>30,000,000</u>
In respect of bank guarantees	4.1 <u>145,268,195</u>	<u>174,905,064</u>

- 4.1** All bank guarantees are secured by way of charge on the fixed assets of the Company.

**5. Capital Work in Progress**

The Company is in process to set up a modern cement plant in District Chakwal, Punjab with a production capacity of 6,000 tonnes cement per day.

Capital work in progress includes Rs. 930 million (June 2004: 1.8 million) incurred on various activities for this project including amount advances to different suppliers and contractors.

**6. Date of Authorization**

The financial statements were authorised for issue in the Board of Directors meeting held on April 30, 2005.

**7. 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**