

## 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.**

Tet (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.**

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, 2006.

**Industry Overview**

Demand for cement continued to grow during the period under review. Despatches of cement by the industry stood at 13.4 million tonnes as against 11.7 million tonnes for the same period last year representing a growth of 14%. Domestic sales grew by nearly 15% while exports registered a growth of 7% over the same period of last year. The industry achieved an overall capacity utilisation of 82% for the nine months under review as against 89% for the corresponding period of last year. This decline in capacity utilisation was the consequence of increase in the industry's production capacity to 21.6 million tonnes, which existed at the end of the period under review from 17.6 million tonnes at the end of 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>	
	2006	2005	2006	2005
(In tonnes)				
<b>Production:</b>				
Clinker	790,223	824,851	282,585	273,147
Cement	836,137	844,492	284,507	262,948
<b>Despatches</b>	833,961	848,142	285,077	270,250

The clinker and cement production overall was slightly lower for the nine month period under review. However the production for the quarter compared with the corresponding period of last year was higher by 9,438 tonnes for clinker and 21,559 tonnes for cement. This was 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 1<sup>st</sup> half year. Cement despatches for the nine months ended 31<sup>st</sup> March 2006 also registered a small decrease of 14,181 tonnes over the corresponding period whereas the despatches for the quarter were higher by 5% for the same reason. Exports to Afghanistan stood at 148,855 tonnes as against 204,267 tonnes in the corresponding period last year. The drop in exports was primarily due to insufficient stock availability resulting from plant shutdown and your Company's focus on the domestic market. Nevertheless the capacity utilisation during the period under review stood at 91% as compared to an average of 82% for the industry.

**Operating Highlights**

Turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs.3,148 million in the nine months ended 31<sup>st</sup> March, 2006 as compared to Rs.2,404 million in the corresponding period last year, which is an increase of 31%. Operating profit increased from Rs.944 million to Rs.1,502 million during the period under review which is an increase of 59%. This has been possible due to better selling prices in both domestic and export markets.

Financial charges increased by 375% to Rs.308.3 million for the nine months ended 31<sup>st</sup> March, 2006 as compared to Rs.82.3 million for the corresponding period last year. This is primarily due to upward trend in the interest rates and borrowing of Rs.3.2 billion for the acquisition of 85.29% shares of Mustehkam Cement Limited.

Profit before tax for the period under review increased by 29% to Rs.1,141 million as compared to Rs.883 million in the corresponding period last year. Profit after tax increased to Rs.921 million from Rs.637 million, which represents an increase of 45%.

## **Chakwal Project**

You will be pleased to learn that the work on the cement plant of 6,000 tpd cement capacity in Tehsil Choa Saidan Shah, District Chakwal, Punjab is fast approaching completion. The civil works are almost finished and the erection of equipment is progressing satisfactorily. The directors feel confident that the project will be successfully completed within the anticipated time.

### **Future Outlook:**

Despite upcoming expansions the outlook for the industry remains strong. Government's continued emphasis on infrastructure development including the large projects like dams and reservoirs, huge reconstruction requirement as a result of the devastating earthquake in the north of the country, and acute shortage of housing will continue to drive the domestic market. The management remains optimistic that the current financial year will also be highly profitable

### **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, 2006**

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

**BESTWAY CEMENT LIMITED**  
**BALANCE SHEET AS AT 31st MARCH, 2006**

	March 2006 Rupees	June 2005 Rupees		March 2006 Rupees	June 2005 Rupees
Note			Note		
<b>Capital and reserves</b>			<b>Tangible fixed assets</b>		
<i>Authorised share capital</i>			Operating assets	3,336,745,598	3,147,107,940
250,000,000 ordinary shares of Rs. 10 each	2,500,000,000	2,500,000,000	Capital work in progress	6,237,681,254	1,962,291,302
<i>Issued, subscribed and paid up share capital</i>				9,574,426,852	5,109,399,242
234,098,161 ordinary shares of Rs.10 each	2,340,981,610	2,128,165,100	<b>Investment Property</b>	270,538,650	563,803,179
<i>Accumulated profit</i>	1,964,238,191	1,468,417,190			
	4,305,219,801	3,596,582,290	<b>Long term deposits and prepayments</b>	24,970,847	24,766,048
<b>Long term finance</b>	9,625,490,684	3,148,463,686			
			<b>Long term investments</b>	5,072,566,078	1,862,819,950
<b>Deferred liabilities</b>	596,279,976	594,653,794			
<b>Current liabilities</b>			<b>Current assets</b>		
Short term finance	348,906,127	753,639,569	Stores, spares and loose tools	766,663,220	578,150,212
Current maturity of long term liabilities	399,966,668	469,966,667	Stock in trade	101,846,033	93,439,984
Creditors, provisions, accrued and other liabilities	1,371,661,645	460,711,429	Receivable from customers	41,151,544	47,691,775
	2,120,534,440	1,684,317,665	Advances, deposits, prepayments and other receivables	487,357,360	138,310,607
<b>Contingencies and commitments</b>	4	-	Cash and bank balances	308,004,317	605,636,439
				1,705,022,474	1,463,229,017
	16,647,524,901	9,024,017,436		16,647,524,901	9,024,017,436

he annexed notes 1 to 8 form an integral part of these financial statement

CHIEF EXECUTIVE

DIRECTOR / CFO

**BESTWAY CEMENT LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE NINE MONTHS ENDED 31st MARCH, 2006**

	Nine Months Ended 31st March 2006 Rupees	Nine Months Ended 31st March 2005 Rupees	Quarter Ended 31st March 2006 Rupees	Quarter Ended 31st March 2005 Rupees
<b>Sales - net</b>	3,147,809,349	2,404,493,515	1,088,331,140	785,230,239
<b>Cost of sales</b>	1,537,615,139	1,376,492,012	540,684,735	461,706,786
<b>Gross profit</b>	1,610,194,210	1,028,001,503	547,646,405	323,523,453
<b>Operating expenses</b>				
Administration and general	91,102,453	69,451,362	32,198,149	25,824,083
Selling and distribution	17,375,064	14,346,554	5,560,304	4,610,973
	108,477,517	83,797,915	37,758,452	30,435,056
<b>Operating profit</b>	1,501,716,693	944,203,587	509,887,953	293,088,397
Financial charges	308,311,709	82,339,869	105,100,958	31,701,703
Other income	(22,557,870)	(68,081,223)	(12,876,705)	(60,473,759)
Workers Welfare Fund	14,068,981	-	14,068,981	-
Workers Profit Participation Fund	60,798,143	46,497,247	20,883,185	16,093,023
	360,620,963	60,755,893	127,176,420	(12,679,033)
<b>Profit before taxation</b>	1,141,095,731	883,447,694	382,711,533	305,767,430
Provision for taxation (current)	224,466,013	19,462,040	117,164,380	5,711,624
(deferred)	(4,824,303)	227,471,603	3,480,494	70,945,708
<b>Profit after taxation</b>	921,454,020	636,514,051	262,066,660	229,110,098
<b>Accumulated profit brought forward</b>	1,468,417,191	537,585,374	1,702,171,531	944,989,327
<b>Profit available for appropriation</b>	2,389,871,211	1,174,099,425	1,964,238,191	1,174,099,425
Issue of bonus shares	(212,816,510)			
Dividend for the year 2005	(212,816,510)			
<b>Accumulated profit carried forward</b>	1,964,238,191	1,174,099,425	1,964,238,191	1,174,099,425
<b>Earning per share</b>	3.94	1.91	1.12	0.85

The annexed notes 1 to 8 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR / CFO

**BESTWAY CEMENT LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR**  
**FOR THE NINE MONTHS ENDED MARCH 31, 2006**

	<b>March 31, 2006</b>	<b>March 31, 2005</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	1,141,095,731	883,447,694
Adjustments for:		
Gain on disposal of fixed assets	(534,572)	(363,672)
Depreciation	147,937,919	149,241,836
Profit on investments	(847,628)	(842,513)
Financial charges	308,311,709	82,339,869
Provision for staff retirement benefits	6,450,486	2,206,138
Exchange gain	(591,968)	(4,393,154)
	<u>460,725,946</u>	<u>228,188,503</u>
Operating profit before working capital changes	1,601,821,677	1,111,636,198
Increase in current assets	(557,883,819)	(417,178,544)
Increase in current liabilities	351,473,741	212,311,099
	<u>(206,410,078)</u>	<u>(204,867,446)</u>
Cash generated from operations	1,395,411,599	906,768,752
Financial charges paid	(279,469,623)	(52,066,018)
Income tax paid	(22,595,441)	(17,836,693)
	<u>(302,065,064)</u>	<u>(69,902,710)</u>
<b>Net cash generated from operating activities</b>	<b>1,093,346,535</b>	<b>836,866,042</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in capital work in progress	(3,988,758,279)	(942,927,555)
Additions in fixed assets	(343,738,204)	(118,709,490)
Proceeds from sale of fixed assets	2,266,946	688,984
Long term security deposits, prepayments,(payments)	(204,799)	-
Long term Investments	(3,209,746,128)	-
Income from Investments	1,154,412	639,230
Exchange loss on purchase of foreign currency	(523,206)	(1,053,901)
<b>Net cash used in investing activities</b>	<b>(7,246,284,728)</b>	<b>(1,061,362,732)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additions/ (deletions) in long term finances	6,407,026,999	(89,991,666)
Increase in short term finances	(404,733,442)	633,131,803
Dividend Paid	(148,102,660)	(193,469,555)
<b>Net cash generated from financing activities</b>	<b>5,854,190,897</b>	<b>349,670,582</b>
<b>NET CASH (USED)/ GENERATED DURING THE PERIOD</b>	<b>(298,747,297)</b>	<b>125,173,892</b>
<b>CASH EQUIVALENTS</b>		
Cash and cash equivalents at 01st July	605,636,440	293,181,265
Exchange gain on US\$ bank accounts	1,115,174	5,447,054
<b>Cash and cash equivalents at 31st March</b>	<b>308,004,317</b>	<b>423,802,211</b>

The annexed notes 1 to 8 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR/ CFO

**BESTWAY CEMENT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE NINE MONTHS ENDED 31st MARCH, 2006**

	<u>Issued, subscribed and paid up capital Rupees</u>	<u>Unappropriated profit Rupees</u>	<u>Reserve for issue of bonus shares Rupees</u>	<u>Total Rupees</u>
Balance as at June 30, 2004	1,934,695,550	924,524,484	-	2,859,220,034
Profit after taxation for the nine months ended March 31, 2005	-	636,514,051	-	636,514,051
Balance as at March 31, 2005	1,934,695,550	1,561,038,535	-	3,495,734,085
Profit after taxation for the quarter ended June 30, 2005	-	294,317,761	-	294,317,761
	1,934,695,550	1,855,356,296	-	3,790,051,846
<b>Appropriation:</b>				
Dividend 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 nine months ended March 31, 2006	-	921,454,020	-	921,454,020
	2,128,165,100	2,389,871,211	-	4,518,036,311
<b>Appropriation:</b>				
Dividend for the year 2005	-	(212,816,510)	-	(212,816,510)
Bonus issue for year 2005	212,816,510	(212,816,510)		-
Balance as at March 31, 2006	<b>2,340,981,610</b>	<b>1,964,238,191</b>	<b>-</b>	<b>4,305,219,801</b>

The annexed notes 1 to 8 form an integral part of these financial statements.

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CHIEF EXECUTIVE

DIRECTOR/ CFO

**BESTWAY CEMENT LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE NINE MONTHS ENDED 31st MARCH, 2006**

**1. LEGAL STATUS AND OPERATIONS**

Bestway Cement Limited is a public company incorporated on 22nd December, 1993 under the Companies Ordinance, 1984 and formally listed on the Karachi Stock Exchange on 9th April, 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 31st March, 2006 and the profit and loss account, statement of changed in equity and the cash flow statement for the nine months period ended 31st March, 2006.

**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.

<b>4 CONTINGENCIES AND COMMITMENTS</b>	<b>March 2006</b>	<b>June 2005</b>
	<b>Rupees</b>	<b>Rupees</b>
In respect of letter of credits	<u>394,684,597</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 <span style="float: right;">4.1</span>	<u>245,482,115</u>	<u>150,828,195</u>

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

**5.** The Company is in the process of setting up 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. 385 million (June 2005: Rs. 424 million) paid as advances to different suppliers and contractors for various activities of the project.

**6. Long Term Investments**

This includes Rs. 3,210 million representing investment in 10,543,275 shares of Mustehkam Cement Limited which represents 85.58% of the share capital of the Company.

**7. DATE OF AUTHORIZATION**

The financial statements were authorised for issue in the meeting of Board of Directors of the Company held on 30th April 2006.

**8. 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**