

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
QUARTERLY REVIEW

The Directors take pleasure in presenting the Company's accounts for the nine months ended 31st March, 2007.

Industry Overview

Demand for cement continued to grow during the period under review. Despatches of cement by the industry stood at 17.6 million tonnes as against 13.4 million tonnes for the same period last year representing a growth of 31%. Domestic sales grew by nearly 26% while exports registered a growth of 85% over the same period of last year. The industry achieved an overall capacity utilisation of 78% for the nine months under review as against 82% for the corresponding period of last year. This decline in capacity utilisation was the consequence of increase in the industry's production capacity to 30.1 million tonnes, which existed at the end of the period under review from 21.6 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>	
	2007	2006	2007	2006
(In tonnes)				
Production:				
Clinker	1,541,808	790,223	486,624	282,585
Cement	1,631,407	836,137	574,903	284,507
Despatches	1,611,846	833,961	580,991	285,077

The capacity utilisation of the Company during the nine months under review stood at 75% which is 3% lower than the industry average. This was primarily due to teething problems occurring at the Chakwal plant during the course of operations. During the quarter under review the Chakwal Plant's performance improved significantly and the plant is expected to achieve stable operation very soon.

Operating Highlights

Turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs.4,039 million in the nine months ended 31st March, 2007 as compared to Rs.3,148 million in the corresponding period last year, which is an increase of 28%. Operating profit decreased from Rs.1,502 million to Rs.566 million during the period under review which is a decrease of 62%. This was primarily due to fierce competition in the market resulting in substantially lower selling prices compared with the selling prices prevailing in the corresponding period of last year.

Financial charges increased by 193% to Rs.904 million for the nine months ended 31st March, 2007 as compared to Rs.308 million for the corresponding period last year. This is primarily due to higher interest rates and additional borrowings by the Company to finance Chakwal Line I and for the acquisition of Mustehkam Cement Limited.

The Company incurred a loss of Rs.161 million before taxation for the period under review as compared to profit of Rs.1,141 million for the same period of last year. Loss after taxation for the nine months amounted to Rs.57 million as compared to a profit of Rs.921 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 loss.

Chakwal Project - Line II

Work on the second 6,000 tpd cement line at Chakwal is continuing satisfactorily and 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. This growth is expected to further accelerate during the 4th quarter of the financial year. After a fierce price war which persisted for months, the selling prices have stabilised. Despite upcoming expansions the outlook for the industry remains strong.

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, 2007

Zameer M. Choudrey
Chief Executive

BESTWAY CEMENT LIMITED
BALANCE SHEET AS AT MARCH 31, 2007

	Unaudited March 2007 Rupees	Audited June 2006 Rupees		Unaudited March 2007 Rupees	Audited June 2006 Rupees
Note			Note		
Share capital and reserves			Non-current assets		
Authorised share capital			Property, plant and equipment	7	9,817,110,880
300,000,000 ordinary shares of Rs. 10 each	3,000,000,000	2,500,000,000	Capital work in progress	8	3,122,008,631
					12,939,119,511
Issued, subscribed and paid up share capital			Investment property		277,155,456
257,507,977 (2006:234,098,161) ordinary shares of Rs.10 each	4 2,575,079,770	2,340,981,610	Long term investments	9	4,907,826,705
Surplus on remeasurement of available for sale investment to fair value	744,041,796	240,343,820			
Unappropriated profit	1,743,271,179	2,268,637,348	Long term advances and deposits		102,323,047
	5,062,392,745	4,849,962,778			18,226,424,718
Non-current liabilities					102,200,847
Long term financing	5 11,441,666,669	9,458,832,353			16,052,992,154
Deferred liabilities	958,850,954	1,075,913,123			
Long term advance	25,374,420	33,249,240			
	12,425,892,044	10,567,994,716			
Current liabilities			Current assets		
Trade and other payables	878,757,079	653,173,501	Stores, spares and loose tools		988,690,292
Markup payable	534,518,988	169,907,278	Stock in trade		198,190,311
Short term borrowings	1,247,927,912	1,110,327,690	Trade debts- unsecured considered good		34,174,068
Current portion of long term financing	1,243,824,021	666,633,334	Available for sale investments	10	912,520,000
	3,905,028,000	2,600,041,803	Advances, deposits, prepayments and other receivables		722,958,868
			Bank balances		310,354,531
					3,166,888,070
	21,393,312,788	18,017,999,297			1,965,007,143
					21,393,312,788
					18,017,999,297
Contingencies and commitments					

6

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

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
PROFIT AND LOSS ACCOUNT - UNAUDITED
FOR THE PERIOD ENDED MARCH 31, 2007

	9 Months ended March 31 2007 Rupees	9 Months ended March 31 2006 Rupees	Quarter ended March 31 2007 Rupees	Quarter ended March 31 2006 Rupees
Sales - net	4,038,740,842	3,147,809,349	1,405,040,607	1,088,331,140
Cost of sales	3,365,612,176	1,537,615,139	1,214,673,971	540,684,735
Gross profit	673,128,667	1,610,194,210	190,366,636	547,646,405
Administration and general expenses	79,439,813	91,102,453	12,332,714	32,198,149
Distribution cost	27,622,765	17,375,064	9,947,143	5,560,304
	107,062,577	108,477,517	22,279,857	37,758,452
Operating profit	566,066,089	1,501,716,693	168,086,780	509,887,953
Finance cost	904,213,898	308,311,709	300,842,586	105,100,958
Other operating income	(176,872,242)	(22,557,870)	(151,590,447)	(12,876,705)
Workers welfare fund		14,068,981	-	14,068,981
Workers' Profit Participation Fund	-	60,798,143	-	20,883,185
	727,341,655	360,620,963	149,252,139	127,176,420
(Loss)/ Profit before taxation	(161,275,566)	1,141,095,730	18,834,641	382,711,533
Taxation - current	20,263,004	224,466,013	3,646,015	117,164,380
- deferred	(124,368,721)	(4,824,303)	18,845,662	3,480,494
(Loss)/ Profit after taxation	(57,169,849)	921,454,020	(3,657,037)	262,066,660
(Loss)/ Earnings per share (basic and diluted)	(0.22)	3.94	(0.01)	1.12

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

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CASH FLOW STATEMENT - UNAUDITED
FOR THE PERIOD ENDED MARCH 31, 2007

	March 31, 2007	March 31, 2006
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/ profit before taxation	(161,275,566)	1,141,095,731
Adjustments for:		
Gain on disposal of fixed assets	(253,663)	(534,572)
Depreciation	309,309,099	147,937,919
Advance rental income	(7,874,820)	-
Profit on deposit accounts	(3,911,938)	(847,628)
Finance cost	904,213,898	308,311,709
Provision for staff retirement benefits	7,306,553	6,450,486
Dividend income	(148,601,250)	-
Exchange gain	(914,325)	(591,968)
	<u>1,059,273,553</u>	<u>460,725,947</u>
Operating profit before working capital changes	897,997,987	1,601,821,678
Increase in stores, spares and loose tools	(193,443,513)	(188,513,008)
Decrease in stock in trade	(47,921,004)	(8,406,049)
Increase/ (decrease) in trade debts	(983,113)	6,540,231
Increase in advances, deposits, prepayments and other receivables	(332,144,274)	(367,504,992)
Increase in trade and other payables	115,788,781	351,473,741
	<u>(458,703,122)</u>	<u>(206,410,078)</u>
Cash generated from operations	439,294,865	1,395,411,600
Finance cost paid	(539,602,187)	(279,469,623)
Income tax paid	(28,737,059)	(22,595,441)
	<u>(568,339,246)</u>	<u>(302,065,064)</u>
Net cash (used)/ generated from operating activities	(129,044,381)	1,093,346,536
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in capital work in progress	(2,185,371,668)	(3,988,758,279)
Additions in property, plant and equipment	(374,734,172)	(343,738,204)
Proceeds from sale of property, plant and equipment	637,664	2,266,946
Long term advances and deposits	(122,200)	(204,799)
Profit earned on deposit accounts	6,310,925	1,154,412
Additions in investment property	-	293,264,529
Long term investments	(1,119,650)	(3,209,746,128)
Net cash used in investing activities	(2,554,399,101)	(7,245,761,523)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/ (decrease) in short term finances	137,600,223	(404,733,442)
Long term financing- disbursements	2,860,000,000	6,815,000,000
- repayments	(299,974,997)	(407,973,001)
Dividend paid	(124,303,363)	(148,102,660)
Net cash generated from financing activities	2,573,321,863	5,854,190,897
Net cash used in during the year	(110,121,620)	(298,224,090)
Cash and cash equivalents at July 01	419,561,826	605,636,439
Exchange gain	914,325	591,968
Cash and cash equivalents at March 31	<u>310,354,531</u>	<u>308,004,317</u>

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

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY - UNAUDITED
FOR THE PERIOD ENDED MARCH 31, 2007

	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
Balance as at July 01, 2005	2,128,165,100	-	1,468,417,191	3,596,582,291
Profit after tax for the nine months ended March 31, 2006	-	-	921,454,020	921,454,020
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)	-
Balance as at March 31, 2006	2,340,981,610	-	1,964,238,191	4,305,219,801
Profit after tax for the quarter ended June 30, 2006	-	-	304,399,157	304,399,157
Surplus on remeasurement of available for sale investment to fair value	-	240,343,820	-	240,343,820
Balance as at June 30, 2006	2,340,981,610	240,343,820	2,268,637,348	4,849,962,778
Loss after tax for the nine months ended March 31, 2007	-	-	(57,169,849)	(57,169,849)
Surplus on remeasurement of available for sale investment to fair value	-	503,697,977	-	503,697,977
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)	-
Balance as at March 31, 2007	2,575,079,770	744,041,797	1,743,271,179	5,062,392,745

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

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS [UNAUDITED]
FOR THE PERIOD ENDED MARCH 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.

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.

	December 31, 2006 Rupees	June 30, 2006 Rupees
4. LONG TERM FINANCING	Note	
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	10,352,182,356	9,458,832,353

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	6.1	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		9,792,971,074	9,752,139,389

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
	326,109,695	6,808,216,822

BESTWAY CEMENT LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS [UNAUDITED]
FOR THE PERIOD ENDED MARCH 31, 2007

	December 31, 2006	June 30, 2006
Note	Rupees	Rupees
7. CAPITAL WORK IN PROGRESS		
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>
7.1 Transfers during the period/year		
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>
7.2 Balance at the end of the period/ year represents		
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:

	Half year ended December 31, 2006	2006
	Rupees	Rupees
Parent company- Bestway (Holdings) Limited, U.K.		
Management charges (expense)	924,735	419,151
Bonus shares issued	156,948,300	144,896,770
Subsidiary company- Mustehkam Cement Limited		
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	-
Associated undertakings by virtue of common directorship		
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
Other related parties		
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 PERIOD ENDED MARCH 31, 2007

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