

## 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.**

## **Directors' Report**

The Directors take pleasure in presenting the Company's un-audited accounts for the quarter ended 30th September, 2006.

### **Industry Overview**

The industry was able to attain an overall capacity utilisation of 69% for the quarter ended 30<sup>th</sup> September 2006 as against 93% for the corresponding period of last year. The decline in capacity utilisation was mainly due to increase in overall capacity of producing cement by the industry by 64%. Despatches of cement by the industry stood at 5.4 million tonnes as against 4.5 million tonnes for the same period last year representing an increase of 20%. Sales volumes in the domestic market registered a growth of 18% while exports inclined by 54% year on year.

### **Production and Sales**

	<b>2006 Tonnes</b>	<b>2005 Tonnes</b>	<b>Increase Tonnes</b>	<b>Percentage Increase/ Decrease</b>
Clinker production	502,343	240,474	261,869	109%
Cement production	428,040	251,363	176,677	70%
Cement sales	414,365	255,837	158,528	38%

The increase in clinker & cement production was due to start of commercial production of Chakwal Plant. Sales for the period were slightly restricted due to tough competition in the market. Capacity utilisation during the quarter under review was 55% as against the industry average of 69%. This lower percentage was mainly due to lower production at Chakwal Plant. This line is in its start up phase of production and sales and will pick up its capacity utilisation very soon.

### **Operating Highlights**

The turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs.1,286 million for the quarter as compared to Rs.939 million for the corresponding period of last year, which is an increase of 37%. Operating profit for the quarter under review decreased to Rs.337 million from Rs.411 million which represents a decrease of 18%.

Financial charges stood at Rs.284 million for the quarter ended September 30, 2006 as against Rs.67 million for the corresponding quarter of last year, representing increase of 322%. This was mainly due to monies borrowed for acquisition of Mustehkam Cement Limited and installation of Line 1 project at Chakwal.

The profit before taxation for the quarter under review decreased by 81% to Rs.63 million as compared to Rs.330 million for the same period of last year. Profit after taxation for the quarter amounted to Rs.39 million as compared to Rs.323 million for the corresponding period of last year, which represents a decrease of 88%.

### **Chakwal Project Line-2**

Work on our new 6,000 tpd cement plant in District Chakwal progressed satisfactorily during the quarter under review. You will be delighted to learn that to date nearly --% of the civil works has been completed and equipment has started to arrive at the site. Due to professional and effective project management the project is expected to be completed within the stipulated timeframe and cost.

**Future Outlook**

Severe shortage of housing, higher PSDP allocations and various infrastructure projects across the country are expected to continue to derive the growth in domestic consumption of cement. Exports to Afghanistan are also certain to continue the growth momentum. Increasing selling prices in both domestic and export markets should ensure recovery of healthy profits for the industry in the year.

**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.

4<sup>th</sup> November, 2006  
Islamabad

for and on behalf of the Board  
Chief Executive

**BESTWAY CEMENT LIMITED**  
**BALANCE SHEET AS AT SEPTEMBER 30, 2006**

	September 2006 Rupees	June 2006 Rupees	September 2006 Rupees	June 2006 Rupees
Note				
<b>Share capital and reserve:</b>				
Authorised share capital 250,000,000 ordinary shares of Rs. 10 each	2,500,000,000	2,500,000,000		
Issued, subscribed and paid up share capital 234,098,161 (2005:212,816,510) ordinary shares of Rs.10 each	2,340,981,610	2,340,981,610		
Surplus on remeasurement of available for sale investment to fair value	251,743,820	240,343,820		
Unappropriated profit	2,307,619,646	2,268,637,348		
	4,900,345,076	4,849,962,778		
<b>Non-current liability:</b>				
Long term financing	8,928,810,688	9,458,832,353		
Deferred liabilities	1,097,144,363	1,075,913,123		
Long term advance	39,705,060	44,458,500		
	10,065,660,111	10,579,203,976		
<b>Current liability:</b>				
Trade and other payables	590,617,056	641,964,241		
Markup payable	421,623,269	169,907,278		
Short term borrowings	1,214,956,790	1,110,327,690		
Current portion of long term financing	1,096,663,334	666,633,334		
	3,323,860,449	2,588,832,543		
	18,289,865,636	18,017,999,297		
<b>Contingencies and commitment</b>				
	4			
<b>Non-current asset:</b>				
Property, plant and equipment			9,880,852,896	9,752,139,389
Capital work in progress			863,209,965	936,567,384
Investment property			277,155,456	277,155,456
Long term investments			4,985,546,051	4,984,929,078
Long term advances and deposits			102,200,847	102,200,847
			16,108,965,216	16,052,992,154
<b>Current asset:</b>				
Stores, spares and loose tools			865,293,795	795,246,779
Stock in trade			333,152,203	150,269,307
Trade debts- unsecured considered good			33,703,029	33,190,955
Available for sale investments			342,000,000	330,600,000
Advances, deposits, prepayments and other receivables			255,763,715	236,138,276
Bank balances			350,987,678	419,561,826
			2,180,900,420	1,965,007,143
			18,289,865,636	18,017,999,297

CHIEF EXECUTIVE

DIRECTOR & CFO

**BESTWAY CEMENT LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2006**

	<b>September 30 2006 Rupees</b>	<b>September 30 2005 Rupees</b>
<b>Sales - net</b>	1,286,249,181	939,333,080
<b>Cost of sales</b>	(907,060,617)	(495,293,926)
<b>Gross profit</b>	379,188,565	444,039,154
Administration and general expenses	(34,842,691)	(27,649,976)
Distribution cost	(7,522,843)	(5,750,993)
	(42,365,535)	(33,400,969)
<b>Operating profit</b>	336,823,030	410,638,185
Finance cost	(284,208,709)	(67,362,622)
Other income	12,155,645	4,022,472
Workers' profit participation fund	(1,279,425)	(17,364,902)
	(273,332,489)	(80,705,052)
<b>Profit before taxation</b>	63,490,541	329,933,133
Taxation - current	(5,712,520)	(12,652,994)
- deferred	(18,795,722)	5,530,816
<b>Profit after taxation</b>	38,982,298	322,810,955
<b>Accumulated profit brought forward</b>	2,268,637,348	1,468,417,191
<b>Accumulated profit carried forward</b>	2,307,619,646	1,791,228,146
<b>Earnings per share (basic and diluted)</b>	0.02	1.52

**CHIEF EXECUTIVE**

**DIRECTOR & CFO**

**BESTWAY CEMENT LIMITED**  
**CASH FLOW STATEMENT FOR THE PERIOD**  
**FROM JULY 01, 2006 TO SEPTEMBER 30, 2006**

	Sep. 30, 2006	Sep. 30, 2005
	<u>Rupees</u>	<u>Rupees</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before taxation	63,490,541	329,933,133
Adjustments for:		
Gain on disposal of fixed assets	-	269,202
Depreciation	139,700,335	47,869,851
Rental Income	(4,753,440)	-
Financial charges	284,208,709	67,362,622
Provision for staff retirement benefits	2,435,518	1,851,855
Exchange gain	(1,501,055)	(113,324)
	<u>420,090,067</u>	<u>117,240,206</u>
Operating profit before working capital changes	483,580,608	447,173,339
Increase in current assets	(255,435,269)	(159,938,089)
Decrease in current liabilities	(54,057,595)	(48,994,795)
	<u>(309,492,864)</u>	<u>(208,932,884)</u>
Cash generated from operations	174,087,743	238,240,455
Financial charges paid	(32,492,717)	(47,767,811)
Income tax paid	(17,632,155)	(10,607,847)
	<u>(50,124,873)</u>	<u>(58,375,658)</u>
<b>Net cash generated from operating activities</b>	<b>123,962,871</b>	<b>179,864,797</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deletions/ (Additions) in capital work in progress	73,357,419	(1,632,644,737)
Additions in fixed assets	(268,413,844)	(9,054,004)
Proceeds from sale of fixed assets	-	551,578
Additions in Investment Property	-	(1,400,000)
Long term Investments	(616,974)	-
<b>Net cash used in investing activities</b>	<b>(195,673,400)</b>	<b>(1,642,425,568)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment of)/ Additions in long term finances	(99,991,665)	1,020,508,333
Increase in short term finances	104,629,100	165,304,352
<b>Net cash generated from financing activities</b>	<b>4,637,435</b>	<b>1,185,812,685</b>
<b>NET CASH (USED)/ GENERATED DURING THE PERIOD</b>	<b>(67,073,093)</b>	<b>(276,748,086)</b>
<b>CASH EQUIVALENTS</b>		
<b>Cash and cash equivalents at 1st July</b>	419,561,826	605,636,439
Exchange gain on US\$ bank accounts	(1,501,055)	(113,324)
<b>Cash and cash equivalents at 30th September</b>	<b>350,987,678</b>	<b>328,880,081</b>

CHIEF EXECUTIVE

DIRECTOR & CFO

**BESTWAY CEMENT LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 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 for the quarter ended September 30, 2005	-	-	322,810,955	322,810,955
<b>Balance as at September 30, 2005</b>	2,128,165,100	-	1,791,228,146	3,919,393,246
Profit for the nine months ended June 30, 2006	-	0	903,042,222	903,042,222
Surplus on remeasurement of available for sale investment to fair value	-	240,343,820	-	240,343,820
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 June 30, 2006</b>	2,340,981,610	240,343,820	2,268,637,348	4,849,962,778
Profit for the quarter ended September 30, 2006	-	-	38,982,298	38,982,298
Surplus on remeasurement of available for sale investment to fair value	-	11,400,000	-	11,400,000
<b>Balance as at September 30, 2006</b>	<u>2,340,981,610</u>	<u>251,743,820</u>	<u>2,307,619,646</u>	<u>4,900,345,076</u>

CHIEF EXECUTIVE

DIRECTOR & CFO

**BESTWAY CEMENT LIMITED****NOTES TO THE ACCOUNTS FOR THE QUARTER ENDED SEPTEMBER 30, 2006**

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

2. 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 September 30, 2006 and the profit and loss account, statement of changed in equity and the cash flow statement for the quarter ended September 30, 2006.

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 2006.

4.	Contingencies and Commitments	Sep. 30, 2006 Rupees	June 30, 2006 Rupees
	In respect of letters of credit and contracts for Chakwal Plant	<u>3,039,225,871</u>	<u>2,950,117,166</u>
	In respect of bank guarantees 4.1	<u>643,482,622</u>	<u>616,555,933</u>

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

5. Figures have been rounded off to the nearest rupee.  
The financial statements were authorised for issue in the meeting of Board of Directors of the Company on November 4, 2006.

**CHIEF EXECUTIVE****DIRECTOR & CFO**