

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

Directors' Report

The Directors take pleasure in presenting the Company's un-audited accounts for the quarter ended 30th September, 2007.

Industry Overview

The industry was able to attain an overall capacity utilisation of 79% for the quarter ended 30th September 2007 as against 69% for the corresponding period of last year. Despatches of cement by the industry stood at 7.3 million tonnes as against 5.4 million tonnes for the same period last year representing an increase of 35%. Sales volumes in the domestic market registered a growth of 21% while exports inclined by 136% year on year.

Production and Sales

	2007 Tonnes	2006 Tonnes	Increase Tonnes	Percentage Increase/ Decrease
Clinker production	543,827	502,343	41,484	8%
Cement production	569,184	428,040	141,144	33%
Cement sales	567,895	414,365	153,530	37%

The capacity utilisation of the Company during the nine months under review stood at 70% as against the 79% of 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

The turnover net of sales tax, excise duty and rebates and discounts to customers stood at Rs.1,331 million for the quarter as compared to Rs. 1,286 million for the corresponding period of last year, which is an increase of 3.5%. Operating loss for the period under review amounted to Rs.291 million as compared to Rs. 63 million profit during the quarter ended September 30, 2007. This was primarily due to fierce competition in the market resulting in sharply declining selling prices and shutdown of plant during the period.

Financial charges stood at Rs..281 million for the quarter ended September 30, 2007 as against Rs. 284 million for the corresponding quarter of last year.

Loss after taxation for the period under review stood at Rs. 217 million as compared to profit of Rs. 39 million for the same period of last year. Substantially lower net retention prices and higher cost of production were the contributing factors for the higher loss.

Chakwal Project Line-2

Work on our new 6,000 tpd cement plant in District Chakwal progressed satisfactorily during the quarter under review. The project is expected to be completed within the stipulated timeframe and cost.

Future Outlook

A number of green field and expansion projects are nearing completion and the year ahead will see a surge in cement production capacity in the country. Prices are witnessing a downward trend and are expected to soften further during the coming period.

However, management believes that demand for cement is likely to remain robust. The continued acute shortage of housing in the country, easier availability of housing finance, government's continued emphasis on improving and further developing the infrastructure across the country, and a growing export market should help in mitigating to some extent the impact of excess supply and falling prices. As always, the management will be working hard to ensure further growth and provide superior return to you, the shareholders in the ensuing period.

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.

October 31, 2007
Islamabad

for and on behalf of the Board
Chief Executive

BESTWAY CEMENT LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 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, 2007

	Unaudited September 30, 2007 Rupees	Audited June 30, 2007 Rupees
4. LONG TERM FINANCING	Note	
Balance at the beginning of period/year	14,083,832,359	10,125,465,687
Disbursements during the period/year	-	5,500,000,000
	14,083,832,359	15,625,465,687
Repayments during the period/year	(99,991,667)	(1,541,633,328)
	13,983,840,692	14,083,832,359
Amount payable within 12 months shown as current liabilities	(1,603,840,687)	(1,703,832,354)
Balance at the end of the period/year	12,380,000,005	12,380,000,005

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. 1,264,338,150 (June 30, 2007 : Rs 1,347,220,082).
- 5.2** Certain banks have issued guarantees aggregating Rs. 74,569,696 (June 30, 2007: Rs.68,569,696) 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		9,792,103,067	9,752,139,389
Additions during the period/year	6.1	27,536,931	469,883,521
Book value of disposals during the period/year		(381,118)	(6,261,446)
Depreciation charge for the period/year		(25,401,258)	(423,658,397)
Book value at the end of the period/year		9,793,857,622	9,792,103,067

6.1 Additions during the period/year

Freehold land	431,400	25,070,705
Leasehold land	4,389,975	202,000
Buildings	557,560	161,169,333
Plant and machinery	13,092,632	81,245,490
Quarry equipment	11,392	127,115,278
Other equipment	5,323,709	12,180,272
Furniture and fixture	2,712,654	17,027,286
Office equipment	934,209	34,804,506
Vehicles	83,400	11,068,650
	27,536,931	469,883,521

BESTWAY CEMENT LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2007

	Unaudited	Audited
	September 30,	June 30,
	2007	2007
Note	Rupees	Rupees
7. CAPITAL WORK IN PROGRESS		
Balance at the beginning of the period/year	4,383,271,686	936,567,384
Additions during the period/year	827,417,620	3,576,442,720
Transfers during the period/year	7.1 -	(129,738,418)
Balance at the end of the period/year	7.2 <u>5,210,689,306</u>	<u>4,383,271,686</u>
7.1 Transfers during the period/year		
Plant, machinery and other equipment	-	124,799,323
Building and civil works	-	4,939,095
	<u>-</u>	<u>129,738,418</u>
7.2 Balance at the end of the period/ year represents		
Plant and machinery and other equipment-owned	3,298,997,353	2,977,707,150
Plant and machinery and other equipment-leased	227,054,049	227,054,048
Building and civil works	840,743,336	750,526,549
Advances against capital expenditure	343,627,809	330,489,232
Stores and spares held for Chakwal project	49,115,889	28,726,263
Borrowing cost	393,638,248	248,790,090
Other directly attributable expenses	57,512,622	47,032,402
	<u>5,210,689,306</u>	<u>4,383,271,686</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:

	Unaudited	
	Quarter ended September 30,	
	2007	2006
	Rupees	Rupees
Parent company- Bestway (Holdings) Limited, U.K.		
Management charges (expense)	390,256	437,654
Subsidiary company- Mustehkam Cement Limited		
Advances given to meet working capital requirements	9,047,479	117,454,754
Recoveries made	256,164	51,207,015
Purchase of clinker	61,811,393	-
Management charges (income)	4,500,000	4,500,000
Markup on advances given	132,036	2,392,143
Sale of coal	71,211,459	-
Advance given for purchase of cement	380,023	101,212,847
Associated undertakings by virtue of common directorship		
Service/bank charges	487,995	859,837
Management charges (income)	120,000	120,000
Office rent paid	136,386	123,988
Utility expense paid	24,680	15,825
Other related parties		
Remuneration including benefits and perquisites of key management personnel	25,401,258	20,901,324

BESTWAY CEMENT LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 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 October 31, 2007.

10. GENERAL

Figures have been rounded off to the nearest rupee.

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY - UNAUDITED
FOR THE PERIOD ENDED SEPTEMBER 30, 2007

	Issued, subscribed and paid up share capital	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
Balance as at July 01, 2006	2,340,981,610	240,343,820	-	2,268,637,348	4,849,962,778
Profit after tax 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
Balance as at September 30, 2006	2,340,981,610	251,743,820	-	2,307,619,646	4,900,345,076
Profit after tax for the nine months ended June 30, 2007	-	-	-	12,556,433	12,556,433
Surplus on remeasurement of available for sale investment to fair value	-	185,880,000	-	-	185,880,000
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)	-
Advance for issue of shares received during the period	-	-	1,116,466,140	-	1,116,466,140
Balance as at June 30, 2007	2,575,079,770	437,623,820	1,116,466,140	1,851,979,758	5,981,149,487
Loss after tax for the quarter ended September 30, 2007	-	-	-	(216,935,826)	(216,935,826)
Advance for issue of shares received during the period	-	-	15,979,352	-	15,979,352
Balance as at September 30, 2007	2,575,079,770	437,623,820	1,132,445,492	1,635,043,932	5,780,193,014

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
CASH FLOW STATEMENT - UNAUDITED
FOR THE PERIOD ENDED SEPTEMBER 30, 2007

	September 2007	September 2006
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/ profit before taxation	(290,511,978)	63,490,541
Adjustments for:		
Gain on disposal of property, plant and equipment	(253,439)	-
Depreciation	116,401,398	139,700,335
Rental income	(5,122,380)	(4,753,440)
Profit on deposit accounts	(51,624)	-
Finance cost	280,520,075	284,208,709
Provision for staff retirement benefits	3,833,134	2,810,786
Exchange loss/ (gain)	47,198	(1,501,055)
	<u>395,374,362</u>	<u>420,465,335</u>
	104,862,384	483,955,876
Increase in stores, spare parts and loose tools	(219,848,220)	(70,047,016)
Increase in stock in trade	(22,191,089)	(182,882,896)
Decrease/ (Increase) in trade debts	20,346,463	(512,074)
Increase in advances, deposits, prepayments and other receivables	(82,768,292)	(1,993,283)
Increase/ (decrease) in trade and other payables	365,683,022	(57,059,705)
	<u>61,221,885</u>	<u>(312,494,974)</u>
Cash generated from operations	166,084,271	171,460,902
Finance cost paid	(37,926,276)	(32,492,717)
Staff retirement benefits paid	(610,048)	(375,269)
Income tax paid	(9,252,636)	(17,632,155)
	<u>(47,788,960)</u>	<u>(50,500,141)</u>
Net cash generated from operating activities	118,295,310	120,960,761
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions/ (deletions) in capital work in progress	(682,448,303)	73,357,419
Additions in property, plant and equipment	(27,536,931)	(268,413,844)
Proceeds from sale of property, plant and equipment	634,557	-
Additions to long term advances and deposits	(115,800)	-
Profit earned on deposit accounts	51,624	-
Additions to long term investments	(118,204)	(616,974)
Net cash used in investing activities	(709,533,058)	(195,673,399)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short term finances	1,781,482	104,629,100
Long term financing - repayments	(99,991,667)	(99,991,665)
Advance for issue of right shares	15,979,352	-
Net cash (used in)/ generated from financing activities	(82,230,833)	4,637,435
Net decrease in cash and cash equivalents	(673,468,581)	(70,075,203)
Cash and cash equivalents at beginning of the year	886,327,763	419,561,826
Exchange (loss)/ gain	(47,198)	1,501,055
Cash and cash equivalents at end of the period	212,811,984	350,987,678

CHIEF EXECUTIVE

DIRECTOR & CFO

BESTWAY CEMENT LIMITED
PROFIT AND LOSS ACCOUNT - UNAUDITED
FOR THE PERIOD ENDED SEPTEMBER 30, 2007

	September 30 2007 Rupees	September 30 2006 Rupees
Sales - net	1,330,644,802	1,286,249,181
Cost of sales	1,305,205,391	907,060,617
Gross profit	25,439,410	379,188,565
Administration and general expenses	31,575,604	34,842,691
Distribution cost	11,855,940	7,522,843
Finance cost	280,520,075	284,208,709
Other income	(8,000,231)	(12,155,645)
Workers' Profit Participation Fund	-	1,279,425
	315,951,388	315,698,024
(Loss)/Profit before taxation	(290,511,978)	63,490,541
Taxation	(73,576,152)	24,508,243
(Loss)/Profit after taxation	(216,935,826)	38,982,298
(Loss)/ earnings per share (basic and diluted)	(0.84)	0.02

CHIEF EXECUTIVE

DIRECTOR & CFO