

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

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

Head Office

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

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

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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 12th Annual General Meeting of Bestway Cement Limited (the Company) will be held at 5th floor, UBL Building, Jinnah Avenue Islamabad at 11:00 a.m on Monday, 31st October, 2005 to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of 11th Annual General Meeting.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 2005 together with the Directors' and Auditors' Report thereon.
3. To approve 10% cash dividend as recommended by the Board of Directors.
4. To appoint auditors of the Company and fix their remuneration for the year 2005-06. The present auditors M/s Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq, retire and being eligible, offer themselves for reappointment.
5. Any other business with the permission of the chair.

SPECIAL BUSINESS

6. To approve issuance of bonus shares in the ratio of 1 share for every 10 shares held (i.e @10%) as recommended by the Board of Directors.
7. To approve acquisition of 85.29% shares in Mustehkam Cement Limited as approved by the Board of Directors.

October 11th, 2005
Islamabad

Mr. Mazhar Rafi
Company Secretary

NOTES

The share transfer book of the Company will remain closed from October 31, 2005 to November 7, 2005 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received in order at the 10th Floor, Mehdi Towers, A-115, S.M.C.H.S., Shahrah-e-Faisal, Karachi upto the close of business on October 15, 2005 will be treated in time for entitlement of dividend, bonus shares and to attend the Annual General Meeting.

1. A member entitled to attend, speak and vote at the Annual General Meeting may appoint a proxy to attend and vote in place of the member. The Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, 5th Floor, UBL Building, Jinnah Avenue Islamabad not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he/she herself/himself is a member of the Company, except that a corporation may appoint a person who is not a member.

3. If a member appoints more than one proxy and more than one instrument of proxy is deposited by a member with the Company, all such instruments shall be rendered invalid.

For CDC Account Holders/Corporate Entities:

In addition to the above the following requirements have to be met:

4. The proxy form shall be witnessed by two persons whose names, addresses and NIC number shall be mentioned on the form.
5. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
6. The proxy shall produce his original NIC or original passport at the time of meeting.
7. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
8. Members are requested to promptly notify any changes in their addresses.

DRAFT RESOLUTIONS PROPOSED TO BE CONSIDERED IN THE MEETING

Item no.6: Issue of bonus shares

To consider and, if appropriate, pass the following resolution with or without modification(s) as special resolution:

“**RESOLVED** that a sum of Rs. 212,816,510 (Rupees two hundred twelve million eight hundred sixteen thousand five hundred and ten only) out of unappropriated profits of the Company be capitalised and applied towards the issue of 21,281,651 (Twenty one million, two hundred eighty one thousand, six hundred and fifty one) ordinary shares of Rs. 10 each and allotted as fully paid bonus shares to the members who are registered in the books of the Company as at October **15, 2005**, in proportion of one share for every ten shares held and that such new shares shall rank pari passu with the existing ordinary shares.

RESOLVED that the members entitled to fraction of a share shall be given sale proceeds of their fractional entitlement for which purpose the fractions shall be consolidated into whole shares and sold in the stock market.

FURTHER RESOLVED that the Company Secretary be and is hereby authorised to take all necessary steps on behalf of the Company.”

Item no.7: Acquisition of 85.29% shares of Mustehkam Cement Limited

To consider and, if appropriate, pass the following resolution with or without modification(s) as special resolution:

“RESOLVED that Bestway Cement Limited (the Company) be authorised to take up 85.29% shares of Mustehkam Cement Limited

FURTHER RESOLVED that Mr. Zameer M. Choudrey, Mr. Irfan A. Sheikh and Mr. Mazhar Rafi be and are hereby authorised to act as members of the acquisition team on behalf of the Company and are entrusted with the responsibility to bid for the purchase of shares and to do all such acts and things as are necessary and execute all such documents with the Privatisation Commission in this respect.”

STATEMENT UNDER SECTION 160 (b) OF THE COMPANIES ORDINANCE 1984

Item no.6: Issue of bonus shares

The directors are of the view that Company’s financial position and its reserves justify the capitalization of free reserves upto Rs. 212,816,510 (Rupees two hundred twelve million eight hundred sixteen thousand five hundred and ten only). Therefore the directors have recommended the issuance of 21,281,651 (Twenty one million, two hundred eighty one thousand, six hundred and fifty one) bonus shares by capitalisation of a part of free reserves of the Company. After the issue the total paid up capital of the Company will increase to Rs. 2,340,981,610 (Rupees two billion, three hundred forty million, nine hundred eighty one thousand six hundred and ten only). None of the directors are interested in this business except to the extent of their entitlement to bonus shares as ordinary members of the Company.

Item no.7: Acquisition of 85.29% shares in Mustehkam Cement Limited

The Government of Pakistan wishes to dispose off 85.29% shares in Mustehkam Cement Limited through Privatisation Commission of Pakistan. Bestway Cement Limited intends to acquire this stake.

Mr. Zameer M. Choudrey, Mr. Irfan A. Sheikh and Mr. Mazhar Rafi will act as the Acquisition Team on behalf of the Bestway Cement Limited and are entrusted with the responsibility to enter into any agreement for purchase of shares and to do all such acts and things as are necessary and execute all such documents with the Privatisation Commission in this respect.”

The Company intends to finance this acquisition by arranging loans from Financial Institutions.

It is the considered view of the management that investment in Mustehkam Cement Limited is an attractive opportunity. The directors consider that growing demand of cement in local as well export market justifies acquisition of 85.29% shares in Mustehkam Cement Limited. This investment should have significant positive impact on return to the shareholders of Bestway Cement Limited.

Directors' Report

The Directors take pleasure in presenting their report together with the Company's Financial Statements for the year ended 30th June 2005 and the Auditors' Report thereon.

Industry Overview

The year ended 30th June 2005 was another year of solid growth for the industry as a whole. During the year, despatches of cement by the industry rose to 16.4 million tonnes as against 13.6 million tonnes for last year which represents a staggering growth of 20%. Both local demand and exports contributed handsomely to the growth in sales volumes. The domestic market grew by 18% while exports recorded a growth of 40%. The overall capacity utilisation for the industry stood at 93% for the year under review as against 81% for last year.

Production and Sales

	2005 Tonnes	2004 Tonnes	Increase Tonnes	Percentage Increase
Clinker production	1,115,694	965,740	149,954	16%
Cement production	1,203,168	1,025,886	177,282	17%
Cement sales	1,205,588	1,039,138	166,450	16%

Volumes for the year saw handsome growth on the back of buoyant demand in local as well as exports markets. The production of clinker and cement during the year under review was accordingly increased to cope with the demand. Capacity utilisation for your Company during the year under review was 98% which is one of the highest in the industry and also well above industry average of 93%.

The despatches of cement by the Company increased from 1,039,138 tonnes to 1,205,588 tonnes for the year ended 30th June 2005, which is an increase of 16% on last year.

Your Company comfortably retained more than 8% of the market in the north zone and its position as one of the largest cement producers in the country. Bestway Cement also remained the largest exporter of cement to Afghanistan. The industry as a whole exported 1,565,170 tonnes during the year as against 1,118,108 tonnes during the year ended 30th June 2004. Of this, 281,952 tonnes was dispatched by Bestway Cement alone which accounts for more than 18% of the total exports thus making Bestway Cement one of the largest exporters of cement despite tough competition in export market.

Operating Highlights

The Company recorded sales of Rs.4,906 million compared to Rs.3,801 million during the preceding year. Net turnover amounted to Rs.3,536 million compared to Rs. 2,666 million in the corresponding period last year, which represents an increase of 33%, after payment of Rs.1,226 million towards Sales Tax and Excise Duty and Rs.145 million as rebates and discounts to customers.

The increase of 33% in net turnover resulted from 16% higher volumes coupled with increased prices in the local market and significant improvement in the prices for export.

Gross Profit registered an increase of 45% to Rs.1,549 million from Rs.1,071 million despite rising fuel cost.

Operating profit for the year under review also saw a substantial increase of 44% to Rs.1,431 million compared to Rs.994 million for the same period last year. Financial charges increased very slightly to Rs.140 million for the year from Rs.139 million last year. This was despite a sharp increase in interest rates during the year. Profit before taxation for the year ended 30th June 2005 increased by 40% to Rs.1,298 million as compared to Rs.930 million for the previous year. Profit after taxation for the year ended 30th June 2005 amounted to Rs.931 million as compared to Rs.679 million for the previous year, which represents an increase of 37% year on year.

Balance Sheet

This was yet another profitable year for your Company and the capital and reserves have grown by 24% from Rs. 2.9 billion to Rs. 3.6 billion even after payment of 10% cash dividend.

Your Company has continued to discharge its repayment obligations on all types of loans on time. The net current liabilities on 30th June 2005 stood at Rs.221 million as against Rs.77 million on 30th June 2004.

Capacity Enhancements

In view of the increasing demand, the management had decided last year to increase the plant's packing capacity by installing another packing unit. This additional packing capacity became operational during the year in Aug 2004. As a result the Company was successfully able to cope with the 16% increase in despatches without any trouble.

The Company's decision to optimise the plant output through modification and up gradation of certain essential equipment was implemented during the last quarter of the financial year under review. The process is currently at final stages and is expected to be completed very soon. This optimisation will increase the output of the plant to 4,200 tpd of clinker from the current capacity of 3,900 tpd.

Chakwal Project

Work is well under way on our new 6,000 tpd cement plant in District Chakwal. You will be pleased to learn that to date nearly 90% of the civil works have been completed and more than half of the equipment has already arrived at the site and the remainder is expected within next three months. The erection work has also commenced in some sections of the plant. Work on the development of quarries is at an advanced stage and is expected to be completed within budget and on schedule. Agreements have also been signed with the Sui Northern Gas Pipelines Limited and the Islamabad Electric Supply Company for the provision of gas and power to the plant. Both agencies have commenced work on installation of the supply lines and the utilities are expected to be available in time for the commencement of operations. The project is expected to become operational within the stipulated timeframe and cost.

Mustehkam Cement Limited

Your Company views itself as a major strategic player in the cement sector of Pakistan. To further extend its presence and growth in the cement industry, Bestway decided to bid for the 10,507,934 shares representing 85.29% of Mustehkam Cement Limited which were on offer by the Privatisation Commission of Pakistan. The bidding for the company was held on 15th September 2005. You will be delighted to learn that Bestway's bid of Rs.305 per share was the highest and subsequently on 26th September 2005 your Company has been issued with a Letter of Acceptance by the Privatisation Commission of Pakistan for the acquisition of the company.

Other Investments

Bestway's investment in United Bank Limited has proved highly successful as the bank continued to show exceptional performance during the year under review also. Profit for the year ended 31st December, 2004 stood at Rs. 5 billion as against Rs. 4.5 billion for the corresponding period of last year. The bank's balance sheet further strengthened during the year with a sharp 52% growth in Performing Advances to Rs.146 billion, which is one of the highest growth rates amongst the large network banks. The bank's domestic market share of advances further improved to 8.6% at the end of the year as compared to 8.1% for the year before. Customer deposits and other accounts increased by 25% to Rs.230 billion.

We are delighted to inform you that the Bank announced a dividend of 15% for the year ended 31st December, 2004 thus providing a return of Rs.63 million on your investment in the Bank.

Return to shareholders

The directors and management team of your Company are mindful of providing a superior return to the shareholders. In view of another year of superb performance by your Company, the Directors feel great pleasure in proposing a cash dividend of 10% and bonus of 1 share for every 10 shares.

Plant performance

The entire plant continued to operate smoothly throughout the year at above its rated capacity. Your Company's management follows an elaborate plan of preventative maintenance which it has adopted right from the beginning. This proactive approach ensures efficient and stable operations with minimum disruptions. Our well-knit team of dedicated managers, engineers, technicians and other members of the management and administrative staff play key role in the successful implementation of this approach.

Marketing

Bestway Cement is a Company driven by efficiency and quality consciousness. Strict quality control procedures are applied to ensure that these aims are achieved. Some of the best quality control equipment in Pakistan is in use at the plant. Apart from the usual equipment, Bestway's laboratories are equipped with such state-of-the-art technology as X-ray Fluorescent Analyser and Diffractometer. This technology was introduced in Pakistan for the first time by Bestway Cement. By virtue of this equipment, the Company has been able to consistently produce better quality cement than is currently available in the country.

Bestway continues to be among the top brands both in the domestic market and in Afghanistan where it is now firmly established as the best brand. Your Company has been able to maintain its status as a market leader due to its consistently superior quality, effective marketing strategy, customer care and sheer dedication of its marketing team. Not only your Company continues to enjoy more than 8% of the market share in the North Zone of the country, successful introduction of its brand in Afghanistan has meant that Bestway has retained 18% of the market in Afghanistan despite fierce competition.

In recognition of its performance, your Company has recently won awards for being the largest exporter to Afghanistan including a trophy from the Rawalpindi Chamber of Commerce & Industry.

Training and development

The Company places great importance on the training, development and education of its personnel. In order to keep its workforce abreast with best operational techniques and practices, technical and general managerial training courses are organised for various departments and categories of personnel. Staff is also sent on courses, workshops and seminars organised externally by other institutions. The Company actively encourages and assists its employees in pursuit of professional development and career enhancement.

Health, Safety and Environment

Your Company attaches highest priority to the health and safety of its personnel who are an essential and valuable component of its operations. Initiatives including safety meetings, incident reporting, safety audits, good housekeeping and hygiene controls are actively and consistently pursued to instill safe behaviour in all personnel.

Bestway Cement actively pursues protection and upgradation of the environment by ensuring that its plant continues to comply with established environmental quality standards at all times. Our plant not only meets the stringent environmental quality standards prescribed by the Environment Protection Authority of Pakistan, it even surpasses the international standards for emissions. Your Company always participates in various environment uplift programmes including the Tree Plantation drive each year by planting thousands of plants and trees in our factory areas and surrounding hills in order to contribute our share towards the improvement of environment.

Social Responsibility

Your Company regards itself as a responsible corporate citizen. Right from the outset, Bestway Cement has taken its social responsibilities, particularly towards the local community, very seriously and takes pride in its active participation in the development and welfare of the under-privileged.

Bestway Foundation, the charitable wing of Bestway Group to which your Company is a major contributor, was established in the year 2000. The Foundation is also certified from the Pakistan Centre for Philanthropy. During the year ended 30th June 2005, your Company contributed nearly Rs.23 million to the Foundation for its various social causes.

Bestway Foundation has chosen provision of education in rural communities as its main goal. Quality education is fundamental to building up a strong and vibrant society. This aspect has long been neglected especially in the rural areas where masses are still deprived of good educational facilities. Keeping this in mind the Foundation has embarked upon an ambitious and well thought out plan of revitalising primary and secondary education in rural areas. Bestway Foundation, in collaboration with the District Government Education Department, has adopted 29 schools in the far flung corners of Rawalpindi District which lack basic infrastructure, facilities and sufficient number of teachers. The Foundation will provide qualified teachers to fill the vacancies, improve the buildings; provide furniture and teaching aids to these schools. In order to attract quality teachers, attractive salary package and facilities will be provided to the teaching staff.

In addition, the Foundation continues to provide scholarships to talented students who, for want of sufficient resources are unable to continue with their higher studies. At present the Foundation is sponsoring 300 under-graduate and post-graduate students especially in the field of medicine and engineering. Financial assistance is also provided to a large number of widows and indigents of the local community in the shape of monthly stipends. In the area of basic health, free medical facilities are provided to the local community through a dispensary located at our factory premises.

Future Prospects

The year ahead looks set to be another impressive year for the industry. 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 while exports to Afghanistan are also certain to continue the growth momentum. While the fuel prices have seen unprecedented hike in the recent months, the selling prices in both domestic and export markets have also improved significantly which has more than compensated for the increased cost of production. The selling prices are expected to remain firm for the foreseeable future. The management is optimistic that year 2006-07 will prove to be yet another year of high profitability for your Company.

Corporate Governance

Statement on Compliance with Code of Corporate Governance is annexed.

Pattern of shareholding

Pattern of shareholding as required under the Code of Corporate Governance is given in note 34 to the accounts.

Shares transacted by CEO, Directors, CFO, Company Secretary and their spouses and minor children

The following directors disposed off shares of the Company during the year:

Mr. Muhammad Irfan Anwar Sheikh	50,000
Mr. Ghulam Sarwar Malik	3,500

Presentation of Financial Statements

The financial statements prepared by the management of the Company fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

Books of Account

The Company has maintained proper books of account.

Accounting Policies

Appropriate accounting policies have been adopted and consistently applied in preparation of financial statements, except for the change mentioned in the note 2.17, and accounting estimates are based on reasonable and prudent judgement.

Application of International Accounting Standards

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal Control System

The system of internal controls is sound in design and has been effectively implemented. The system itself is also subject to continuous review for enhancement wherever and whenever necessary.

Going Concern

There are no doubts about the Company's ability to continue as a going concern.

Financial highlights

Key financial data for the last six year is annexed.

Board Meetings

Attendance by each director in the 34 Board Meetings held during the year was as given below:

	No. of meetings attended
Sir Mohammed Anwar Pervez	05
Mr. Zameer Mohammed Choudrey	08
Mr. Arshad Mehmood Chaudhary	01
Mr. Muhammad Irfan Anwar Sheikh	34
Mr. Mazhar Rafi	34
Mr. Arshad Hameed	05
Mr. Ghulam Sarwar Malik	34
Mr. Muhammad Akram	24

The directors who could not attend a Board Meeting were duly granted leave of absence from the Board in accordance with the Law.

Auditors

The present auditors, Messrs Khalid Majid Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants retire at the conclusion of the Meeting and, being eligible, have offered themselves for reappointment. The Audit committee of the Company has considered the matter and recommended the retiring auditors for reappointment.

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 particularly, Habib Bank Limited, Allied Bank Limited, Muslim Commercial Bank Limited, United Bank Limited, Standard Chartered Bank, Faysal Bank Limited, Bank of Punjab, Union Bank Limited, Askari Commercial Bank Limited, Bank AL Habib Limited and various Government agencies throughout the year.

For and on behalf of the Board

Chief Executive

30th September, 2005
Islamabad

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.37 of listing regulations of the Karachi Stock Exchange (Guarantee) Limited (KSE) for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The present directors were elected before the implementation of the Code of Corporate Governance. Therefore, at present the Board does not include independent non-executive directors and directors representing minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred in the Board of Directors of the Company during the year ended June 30, 2005 was duly filled in as per the provisions of Companies Ordinance 1984.
5. Bestway Group enjoys an enviable reputation for having high ethical standards. The Board considers this to be central to the Company's success and goodwill and is fully conscious of its responsibility to ensure adherence to these ethical standards. The Company has prepared "Statement of Ethics and Business Practices" which has been duly communicated, acknowledged and signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of CEO and other executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranged two orientation courses for its directors during the last year to apprise them of their duties and responsibilities. The Board comprises of senior corporate executives and

professionals who are fully aware of their duties and responsibilities and hence need was not felt by directors for further orientation during the year.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The Directors' Report for the FY 2004-05 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises of three members, and all the members, including the Chairman of the Committee, are executive directors. The Securities and Exchange Commission of Pakistan vide letter No.SEC/ICAP/SCD/36/2000/476 dated August 18, 2003 has granted relaxation in requirements of clause (XXX) of the Code of Corporate Governance after giving due consideration to the relevant facts in case of the Company.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Company has had a fully functional audit department since inception. The members of the department are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants' (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations of the KSE and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The management of the Company is committed to good corporate governance and appropriate steps are being taken to comply with best practices.

21. We confirm that all other material principles contained in the Code have been complied with.

For and On behalf of Board

Chief Executive

BESTWAY CEMENT LIMITED**Key Operating and Financial data for Seven Years**

Year	2005	2004	2003	2002	2001	2000	1999
	9 months						
	Rupees in millions						
Operating Results							
Turnover (net)	3,536	2,666	1,792	1,738	2,078	1,800	1,070
Cost of Sales	1,987	1,596	1,334	1,118	1,591	1,295	884
Gross Profit	1,549	1,070	458	621	487	505	187
Operating Profit	1,431	1,009	405	570	431	462	151
Financial Charges	140	139	269	245	354	390	391
Profit before Taxation	1,298	994	159	329	191	173	(170)
Profit after Taxation	931	679	113	236	178	163	(176)
Balance Sheet							
Shareholders' Funds	3,597	2,859	2,181	2,213	2,003	1,922	1,758
Operating Fixed Assets	5,109	3,200	3,306	3,287	3,456	3,761	4,063
Long Term Liabilities	3,148	1,895	1,701	1,579	1,993	2,236	1,846
Net Current Liabilities	221	80	1,289	168	50	148	812
	Percentages						
Significant Financial Ratios							
Gross Profit Ratio	43.81	40.14	25.56	35.73	23.44	28.06	17.48
Net Profit Ratio	26.33	25.47	6.31	13.58	8.57	9.06	(16.45)
Interest Coverage Ratio	10.27	7.69	1.59	2.34	1.54	1.44	0.39
Return on Equity	43.75	35.10	5.84	12.20	9.20	8.43	(9.10)
Earnings Per Share-Basic	4.37	3.19	0.58	1.22	0.92	0.84	(0.91)
Dividend	10.00	10.00	7.50	7.50	5.00	-	-
	In thousand metric tonnes						
Despatches of Cement	1,206	1,039	837	650	751	681	601

REVIEW Report

TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Bestway Cement Limited to comply with the Listing Regulation No. 37, of the Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our Responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and *review of various* documents prepared by the Company to comply with the code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and *develop* an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control *covers* all controls and the effectiveness of such internal controls.

Based on our *review*, nothing has come to our attention which causes us to believe that the Statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended june30, 2005.

September 30, 2005
Islamabad

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ
Chartered Accountants

Auditors' Report to the Members

We have audited the annexed balance sheet of Bestway Cement Limited as at June 30, 2005 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the *above* said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- A) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- B) In our opinion:
 - (i) The balance sheet and profit and loss account together with the notes thereon, have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 2.17 with which we concur;
 - (ii) The expenditure incurred during the year was for the purpose of Company's business; and
 - (iii) The business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- C) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2005 and of the profit, changes in equity and its cash flows for the year then ended; and
- D) In our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in Central Zakat Fund established under section 7 of the Ordinance.

September 30, 2005
ISLAMABAD

KHALID MAJID REHMAN SARFARAZ
RAHIM IQBAL RAFIQ
Chartered Accountants

BESTWAY CEMENT LIMITED
BALANCE SHEET AS AT JUNE 30, 2005

	2005 Rupees	2004 Rupees		2005 Rupees	2004 Rupees
Capital and reserves					
Authorised share capital			Tangible fixed assets		
250,000,000 ordinary shares of Rs. 10 each	2,500,000,000	2,000,000,000	Operating assets	3,147,107,941	3,165,501,041
Issued, subscribed and paid up share capital			Capital work in progress	1,962,291,302	34,654,972
212,816,510 ordinary shares of Rs.10 each	2,128,165,100	1,934,695,550		5,109,399,242	3,200,156,013
Accumulated profit (Restated)	1,468,417,190	924,524,484	Investment Property	563,803,179	-
	3,596,582,290	2,859,220,034			
Long term finance	3,148,463,686	1,895,432,353	Long term deposits and prepayments	24,766,047	18,890,547
Deferred liabilities	594,653,794	250,532,290	Long term investments	1,862,819,950	1,862,819,950
Current liabilities			Current assets		
Short term finance	753,639,569	211,836,991	Stores, spares and loose tools	578,150,212	365,845,980
Current maturity of long term liabilities	469,966,667	429,467,647	Stock in trade	93,439,984	113,143,807
Creditors, provisions, accrued and other liabilities	460,711,430	341,863,498	Receivable from customers	47,691,775	41,630,455
	1,684,317,666	983,168,136	Advances, deposits, prepayments and other receivables	138,310,607	92,684,796
Contingencies and commitments	-	-	Cash and bank balances	605,636,439	293,181,265
				1,463,229,018	906,486,303
	9,024,017,437	5,988,352,813		9,024,017,437	5,988,352,813

The auditors' report is annexed hereto.
The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

BESTWAY CEMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2005

	Note	2005 Rupees	2004 Rupees
Sales - net	20	3,535,841,713	2,665,965,550
Cost of sales	21	1,986,891,719	1,595,508,136
Gross profit		1,548,949,995	1,070,457,414
Operating expenses			
Administration and general	22	97,064,331	56,552,781
Selling and distribution	23	20,876,316	19,720,580
		117,940,647	76,273,361
Operating profit		1,431,009,348	994,184,053
Financial charges	24	139,637,148	139,126,913
Other income	25	(71,733,025)	(118,953,780)
Workers profit participation fund		65,183,236	44,242,509
		133,087,358	64,415,641
Profit before taxation		1,297,921,990	929,768,413
Provision for taxation	26	367,090,179	251,193,116
Profit after taxation		930,831,811	678,575,296
Accumulated profit brought forward (Restated)		924,524,484	391,051,354
Profit available for appropriation		1,855,356,295	1,069,626,650
Dividend paid @10% (2004: 7.5%)		193,469,555	145,102,166
Transfer to reserve for issue of bonus shares @ 10%		193,469,550	-
Accumulated profit carried forward		1,468,417,190	924,524,484
Earning per share	31	4.37	3.19

Auditors' report is annexed hereto.
The annexed notes form an integral part of these accounts.

CHIEF EXECUTIVE

DIRECTOR

BESTWAY CEMENT LIMITED
CASH FLOW STATEMENT FOR THE YEAR
FROM JULY 01, 2004 TO JUNE 30, 2005

	June 30, 2005	June 30, 2004
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before taxation	1,297,921,990	929,768,412
Adjustments for:		
Gain on disposal of fixed assets	(375,366)	(767,162)
Depreciation	203,750,088	196,174,450
Profit on investments	(4,692,612)	(25,244,760)
Dividend income	(59,440,500)	(89,160,750)
Financial charges	139,637,148	139,126,913
Deferred costs' amortisation	-	224,762
Provision for staff retirement benefits	3,958,518	1,524,690
Exchange gain	(6,415,008)	(2,477,434)
	<u>276,422,267</u>	<u>219,400,709</u>
Operating profit before working capital changes	1,574,344,257	1,149,169,121
Increase in current assets	(246,425,759)	(7,870,718)
Decrease in current liabilities	78,955,024	85,371,707
	<u>(167,470,734)</u>	<u>77,500,989</u>
Cash generated from operations	1,406,873,522	1,226,670,110
Financial charges paid	(99,744,239)	(149,108,759)
Income tax paid	(24,485,114)	(34,619,771)
	<u>(124,229,353)</u>	<u>(183,728,530)</u>
Net cash generated from operating activities	1,282,644,169	1,042,941,580
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in capital work in progress	(1,927,636,330)	(34,163,989)
Additions in fixed assets	(185,622,771)	(61,958,838)
Proceeds from sale of fixed assets	620,300	6,628,190
Long term security deposits, prepayments, (payments)/receipts	(5,875,500)	75,000
Income from Investments	4,409,600	30,184,756
Encashment of investments	-	709,646,402
Dividend income	59,440,500	89,160,750
Investment property	(563,803,179)	-
Exchange (loss)/ gain on purchase of foreign currency & prepaid markup	(1,016,242)	921,745
Net cash (used in)/generated from investing activities	(2,619,483,621)	740,494,016
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions/(Deletions) in long term finances	1,293,530,353	(779,532,254)
Increase/(Decrease) in short term finances	541,802,578	(606,428,683)
Dividend paid	(193,469,555)	(145,102,166)
Net cash generated/(used) from financing activities	1,641,863,376	(1,531,063,103)
NET CASH GENERATED DURING THE YEAR	305,023,924	252,372,493
CASH EQUIVALENTS		
Cash and cash equivalents at 01st July	293,181,265	41,617,196
Exchange gain/(loss) on US\$ bank accounts	7,431,250	(808,425)
Cash and cash equivalents at 30th June	605,636,439	293,181,265

CHIEF EXECUTIVE

DIRECTOR

BESTWAY CEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2005

	Issued, subscribed and paid up capital Rupees	Unappropriated profit Rupees	Reserve for issue of bonus shares Rupees	Total Rupees
Balance as at June 30, 2003	1,934,695,550	245,949,188	-	2,180,644,738
Add: Dividend for the year ended June 30, 2003 declared subsequent to year end @ 7.5%	-	145,102,166	-	2,180,644,738
Balance as of June 30, 2003 (Restated)	1,934,695,550	391,051,354	-	4,361,289,476
Profit after taxation for the year ended June 30, 2004		678,575,296		678,575,296
Less: Dividend for the year ended June 30, 2003 @ 7.5%		(145,102,166)		(145,102,166)
Balance as of June 30, 2004 (Restated)	1,934,695,550	924,524,484	-	2,859,220,034
Less: Dividend for the year ended June 30, 2004 declared subsequent to year end @ 10%		(193,469,555)		(193,469,555)
Less: Bonus issue for the year ended June 30, 2004 declared subsequent year end @ 10%		(193,469,550)	193,469,550	
Issue of Bonus shares	193,469,550		(193,469,550)	
Profit after taxation for the year ended June 30, 2005		930,831,811		930,831,811
Balance as at June 30, 2005	2,128,165,100	1,468,417,190	-	3,596,582,290

CHIEF EXECUTIVE

DIRECTOR

BESTWAY CEMENT LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2005

1. THE COMPANY AND ITS OPERATIONS

Bestway Cement Limited (The Company) 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 Privatisation Commission of Pakistan just before the year end announced the privatisation of Mustehkam Cement Limited by offering 10,507,934 shares of the company representing 85.29% of its share capital. Bestway Cement Limited decided to participate in the bidding for the Mustehkam Cement Limited which was held on 15th September 2005. The Company's bid of Rs.305 per share was the highest and subsequently on 26th September 2005 the Company has been issued with a Letter of Acceptance by the Privatisation Commission of Pakistan for the acquisition of Mustehkam Cement Limited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation and statement of compliance

These financial statements have been prepared in accordance with approved accounting Standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved Accounting Standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with requirements of these Standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Accounting convention

These accounts have been prepared under the historical cost convention except of Investment Property which is stated as per policy explained in the note 2.7.

2.3 Staff retirement benefits

The Company maintains an unfunded gratuity scheme for all its permanent employees, subject to a minimum qualifying period of service. Annual provision for gratuity is made on the basis of actuarial valuation to cover obligations under the scheme for all permanent employees eligible to gratuity benefits irrespective of the qualifying period.

Projected Unit Credit method is used based on stated assumptions in note 5.2. Consequently the actuarial valuation for the gratuity scheme as at June 30, 2005 was carried out and provisions are accounted for in the financial statements as per the actuarial valuation under IAS 19.

2.4 Taxation

Current

The Company accounts for current taxation on the basis of taxable income at the current rates of taxation after taking into account tax credits and rebates if any, or half a percent of turnover, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 2001 except for the export sales which comes under the preview of presumptive tax regime of the Income tax ordinance 2001 and are being taxed accordingly.

Deferred

Deferred tax is accounted for using the Balance Sheet Liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the rates enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that the future taxable profits will be available and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.5 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate of the amount can be made.

2.6 Tangible fixed assets

Operating fixed assets are stated at cost including where relevant, related borrowing costs and exchange differences less accumulated depreciation. Freehold land is stated at cost.

Normal repairs and maintenance are charged to the profit and loss account as and when incurred whereas major improvements and modifications are capitalised.

Capital work in progress is stated at cost including where relevant, related borrowing costs. These costs are transferred to fixed assets as and when assets are available for use.

Depreciation is charged to income applying the reducing balance method at specified rates except leasehold land and plant and machinery. Plant and Machinery is depreciated on straight line method at specified rates effective from July 1, 2001. Before that the Plant and Machinery was depreciated on reducing balance method. Leasehold land is amortised over the remaining period of the lease. The depreciation on assets being used at Chakwal project has been allocated to capital work in progress. The specified rates are mentioned in note 10.

Full year's depreciation is charged on additions, while no depreciation is charged on assets disposed off during the year. Gains and losses arising on disposal of assets are included in the profit and loss account.

2.7 Investment Property

Investment property, which is property held to earn rentals and for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses if any arising from changes in the fair value of investment property are recognised as profit or loss for the period in which they arise.

2.8 Deferred costs

Deferred costs are amortised over a period of five years from the year of expenditure, or from the commencement of commercial operations in case of deferred costs accumulated prior to the commencement of commercial operations. Subsequent to year ended June 30, 2004 all such costs are being charged to profit and loss account.

2.9 Foreign currency transactions

Foreign currency transactions are recorded on exchange rates prevailing on the dates of transactions. Assets and liabilities in foreign currencies are translated at the exchange rate prevailing at the balance sheet date. Exchange gains and losses are included in the profit and loss account.

2.10 Stock in trade

Stocks of raw materials, work in process and finished goods are valued principally at the lower of average cost and net realisable value. Cost of work in process and finished goods comprises of direct materials, labour and appropriate manufacturing overheads. Net realisable value signifies estimated selling price less costs necessary to be incurred to effect such sale.

2.11 Stores, spares and loose tools

These are valued at lower of moving average cost and net realisable value, while items considered obsolete are carried at nil value. Net realisable value signifies estimated selling price less costs necessary to be incurred to effect such sale. Items in transit are valued at costs accumulated up to the balance sheet date.

2.12 Revenue recognition

Revenue from sales is recorded on the basis of despatch of goods to the customers. Return on investments is accounted for on accrual basis. Dividend income is recognised when the right to receive such income is established.

2.13 Investments

Long term investments

Long term investments are carried at cost and provision is made where a permanent diminution in value has occurred. Investments are considered individually to determine if there has been a permanent diminution in value.

Short term investments

Short term investments are carried at the lower of cost and market value determined on an aggregate portfolio basis.

2.14 Financial assets and liabilities

Financial assets and liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Company loses control of the contractual rights that comprise the financial asset. Financial liability is removed when it is extinguished.

2.15 Receivable from customers

These are carried at nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

2.16 Transactions with Associated Undertakings and Transfer Pricing

Transactions with related parties are carried out at arm's length prices except in rare circumstances where, subject to the approval of the Board of Directors and for reasons to be recorded in writing, it is not in the interests of the Company to do so.

2.17 Change In Accounting Policy

Consequent to the change in fourth schedule to the Companies Ordinance, 1984 by the Securities and Exchange Commission of Pakistan which is applicable on financial statements for the year ending on and after July 2004, the Company revised the accounting policy relating to the recognition of appropriations of profits, including dividends, made subsequent to year end. Before the above change, all appropriations of profits including declaration of dividends, that were proposed after the balance sheet date but before the financial statements were authorised for issue, were recognised in the financial statements. After the change in fourth schedule, appropriations including declaration of dividend are now recognised as liability in the period in which it is declared. The change in accounting policy has been applied retrospectively and prior years information has been restated in accordance with the benchmark treatment specified in IAS - 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Had there been no change in the accounting policy, 'Unappropriated profit for the year ended June 30, 2005 would have been lower by Rs. 212.816 million and current liabilities would

	<u>2005</u> Rupees	<u>2004</u> Rupees
3. ISSUED SUBSCRIBED AND PAID UP CAPITAL		
212,816,510 ordinary shares of Rs.10 each (Including bonus issue of 19,346,955 shares valuing Rs. 193,469,550) (2004: 193,469,555 shares of Rs. 10 each)	<u>2,128,165,100</u>	<u>1,934,695,550</u>

Bestway (Holdings) Limited of U.K. is the ultimate parent company controlling 144,896,770 i.e. 68.09% shares (2004: 131,724,337 i.e. 68.09% shares) of the Company.

4. LONG TERM FINANCE - SECURED

Demand Finance from Habib Bank Limited	4.1	-	40,000,000
Demand Finance from Habib Bank Limited	4.2	70,000,000	210,000,000
Demand Finance from Habib Bank Limited	4.3	225,000,000	225,000,000
Term Finance from Standard Chartered Bank	4.4	460,000,000	460,000,000
Term Finance from Standard Chartered Bank	4.5	-	55,000,000
Term Finance from Standard Chartered Bank	4.6	135,000,000	135,000,000
Term Finance from Standard Chartered Bank	4.7	145,000,000	-
Term Finance from Standard Chartered Bank	4.8	37,998,000	-
Term Finance from Standard Chartered Bank	4.9	100,000,000	-
Term finance from syndicate	4.10	505,073,529	606,088,235
Term finance from syndicate	4.11	220,358,824	293,811,765
Morabaha Finance from Faysal Bank Limited	4.12	225,000,000	300,000,000
Term finance from syndicate	4.13	1,397,500,000	-
Morabaha Finance from Faysal Bank Limited	4.14	97,500,000	-
		<u>3,618,430,353</u>	<u>2,324,900,000</u>
Less: Current portion shown under current liabilities		<u>(469,966,667)</u>	<u>(429,467,647)</u>
		<u>3,148,463,686</u>	<u>1,895,432,353</u>

4.1 This represented a Demand Finance facility of Rs. 400 million obtained under sale and repurchase arrangement. Markup was payable at simple average of the cut-off yields of the last three auctions of six months treasury bills plus 2 % per annum with a floor of 4%. The facility was payable in 10 equal half yearly installments with first installment due in June 2000 and was secured by way of registered mortgage/hypothecation of Rs.762.5 million on book debts, receivables and assets excluding land and second floating charge on these assets. These mortgages and charges ranked pari passu.

4.2 This represents a Demand Finance facility of Rs. 210 million. Markup is payable at simple average of the cut off yields of the last three auctions of six month treasury bills plus 1.5 % per annum with a floor of 4%. The facility is payable in three equal half yearly installments with first installment due in August 2004 and is secured by way of first hypothecation charge of Rs. 280 million on Company's movable assets including vehicles, furniture, fixtures, stocks, spares and stores. These mortgages and charges rank pari passu.

- 4.3 This represents a Demand Finance facility of Rs. 225 million. Markup is payable at simple average of three months KIBOR plus 0.75 % per annum. The facility is due in June 2007 and is secured by way of a ranking charge of Rs. 75 million over the Company's movable assets including vehicles, furniture, fixtures, stocks, spares & stores and lien on US \$ account of Company and a director of the ultimate parent company.
- 4.4 This represents Term Finance facility of Rs.460 million repayable in July 2006. Markup is payable on quarterly basis at the rate of six months KIBOR plus .75% per annum.
- 4.5 This represented Term Finance facility of Rs.55 million repayable in September 2006 but prepaid during the year. Markup was payable at the rate of 3%.
- 4.6 This represents Demand Finance Facility of Rs. 135 million repayable in September 2006. Mark up is payable at the rate of one month KIBOR plus 1% per annum.
- 4.7 This represents term Finance facility of Rs. 145 million for a period of six months. Mark up is payable on six monthly basis at the rate of six months KIBOR plus 1% per annum.
- 4.8 This represents a facility of Rs.38 million repayable in July 2006. Mark up is payable at the rate of one month KIBOR plus 0.75% per annum.

The facilities in 4.4, 4.5, 4.6, 4.7 and 4.8 together are secured by way of hypothecation charge over stocks & book debts for Rs.227 million and lien on Special US \$ accounts of directors of the ultimate parent company.

- 4.9 This represents a Term Finance facility of Rs. 100 million repayable in July 2006. Mark up is payable at one month KIBOR plus 1% per annum. The facility is secured by way charge on fixed assets of Rs. 225.36 million over present and future fixed assets of the Company.
- 4.10 This represents a Term Finance facility of Rs. 606.09 million from a syndicate of Habib Bank Limited, Union Bank Limited, Askari Commercial Bank Limited and Bank Al Habib Limited with the participation of Rs. 231.09 million, Rs. 150 million , Rs. 200 million and 25 million respectively. The facility is repayable in 12 equal quarterly installments starting from January 2005. Mark up is payable on quarterly basis at simple average of the cut-off yields of the last three auctions of six months treasury bills plus 2 % per annum with a floor and ceiling of 4.5 % and 15% respectively. The facility is secured by way of first pari passu charge of Rs. 808.12 million in favour of syndicate on all present and future fixed assets of the Company.
- 4.11 This represents a Term Finance facility of Rs. 293.81 million obtained from a syndicate of Habib Bank Limited and Union Bank Limited with the participation of Rs. 193.81 million and Rs. 100 million respectively. The facility is repayable in 12 equal quarterly installments starting from December 2004. Mark up is payable on quarterly basis at simple average of the cut-off yields of the last three auctions of six months treasury bills plus 2 % per annum with a floor and ceiling of 4.5% and 15% respectively. The facility is secured by way of first pari passu charge of Rs. 391.75 million in favour of syndicate on all present and future fixed assets of the Company.
- 4.12 This represents Morabaha Finance facility of Rs. 300 million repayable in 12 equal installments payable quarterly starting from December 2004. Mark up is payable on quarterly basis at simple average of the cut-off yields of the last three auctions of six months treasury bills plus 2 % per annum with a floor and cap of 4.5% and 15% respectively. The facility is secured by way of first pari passu charge of Rs. 400 million on all the present and future fixed assets of the Company.
- 4.13 This represents a Term Finance facility of Rs. 4.3 billion from a syndicate of Habib Bank Limited, Muslim Commercial Bank, Bank of Punjab, Allied Bank Limited and Standard Chartered Bank with the participation of Rs. 1.5 billion, Rs. 1.2 billion, Rs. 600 million, Rs. 500 million and Rs. 500 million respectively. This facility is repayable in 10 equal biannual installments starting from August 2007. Mark up is payable on quarterly basis at six months KIBOR plus 1.10 % per annum. The facility is secured by way of first pari passu charge on all the Company's present and future assets and first pari passu equitable mortgage over its immovable properties for an amount of Rs. 5.733 billion in favour of syndicate .
- 4.14 This represents Morabaha Finance facility of Rs 300 million repayable in 10 equal biannual installments starting from August 2007. Mark up is payable on quarterly basis at six months KIBOR plus 1.10 % per annum. The facility is secured by way of first pari passu charge on the Company's present and future assets and first pari passu equitable mortgage over its immovable properties for an amount of Rs. 400 million .

		2005 Rupees	2004 Rupees
5. DEFERRED LIABILITIES			
Provision for deferred tax	5.1	572,547,942	232,384,956
Provision for gratuity	5.2	17,125,978	14,674,259
Provision for unavailed leaves		4,979,874	3,473,075
		<u>594,653,794</u>	<u>250,532,290</u>

	2005	2004
	Rupees	Rupees
5.1 Amounts of deferred tax liabilities and assets recognised are as follows:		
Due to accelerated depreciation for tax purposes	579,801,637	584,766,264
Unfunded Staff retirement benefits	(7,737,047)	(6,351,566)
Unabsorbed tax gains / (losses)	483,352	(346,029,742)
	(7,253,695)	(352,381,308)
	<u>572,547,942</u>	<u>232,384,956</u>
5.2 Reconciliation of Defined Benefit Plan		
Present Value of Defined Benefit Obligation	21,507,734	15,417,027
Fair value of the Plan assets	-	-
Net actuarial losses not Recognized	(4,381,756)	(742,768)
	<u>17,125,978</u>	<u>14,674,259</u>
Movement in net liability / (asset) recognised		
Opening net liability	14,674,259	13,591,859
Expense for the year	3,785,826	2,206,116
Benefits paid	(1,334,107)	(1,123,716)
Closing net liability	<u>17,125,978</u>	<u>14,674,259</u>
(Income) / Charge for the Defined Benefit Plan		
Current Service Cost	2,398,294	2,028,116
Interest cost	1,387,532	827,000
Expected return on the Plan assets	-	-
Actuarial (gains) / losses recognised	-	-
Recognised Transitional Assets	-	(649,000)
	<u>3,785,826</u>	<u>2,206,116</u>
Actuarial Assumptions		
Valuation Discount Rate	10.00%	9.00%
Salary Increase Rate	10.00%	9.00%

6. SHORT TERM FINANCE - SECURED

Running Finance from Habib Bank Limited	6.1	614,990,583	111,836,991
Term Finance from Standard Chartered Bank	6.2	-	100,000,000
Foreign currency Finance from Habib Bank Limited	6.3	69,753,875	-
Foreign currency Finance from NIB Bank	6.4	68,895,111	-
		<u>753,639,569</u>	<u>211,836,991</u>

- 6.1** This represents the utilised amount of a Rs.675 million facility for a period of one year (2004: Rs.450 million). Mark up is payable on quarterly basis at one month KIBOR plus 0.5% per annum. The facility is secured by way of lien on Special US \$ accounts of the Company and a director of the ultimate parent company and ranking charge on book debts & movable property of the Company amounting to Rs.150 million.
- 6.2** This represented a Term Finance facility of Rs. 100 million repayable in July 2004. Mark up was payable upon maturity at 2.2% per annum. The facility was secured by way of fixed charge over present and future fixed assets of the Company.
- 6.3** This represents a facility of US\$ 1.175 million obtained for importation of raw materials. The facility is repayable in August 2005 and carries mark up at the rate of six months LIBOR plus 1.15 % payable on maturity. The facility is secured by way of first pari passu charge over all the present and future fixed assets and all other movable assets of the Company.
- 6.4** This represents a facility of US\$ 1.158 million obtained for importation of raw materials. The facility is repayable in September 2005 and carries mark up at the rate of six months LIBOR plus 1.1 % payable on maturity. The facility is secured by way of first pari passu charge over all current assets upto Rs. 100 million and lien on Rs. 75 million bank deposit.

		2005	2004
		Rupees	Rupees
7. CURRENT MATURITY OF LONG TERM LIABILITIES			
Current portion of long term finance	4	<u>469,966,667</u>	<u>429,467,647</u>
8. CREDITORS, PROVISIONS, ACCRUED AND OTHER LIABILITIES			
Payable to suppliers and creditors		65,579,229	63,538,494
Accrued liabilities		124,772,537	105,229,378
Accrued interest -Long term finance		42,534,943	7,825,085
-Short term finance		11,197,984	6,014,933
Advances from customers		85,348,636	67,261,851
Security deposits		9,325,500	8,840,500
Retention money		15,513,879	136,197
Provision for Workers' Profit Participation Fund		65,183,235	44,242,508
Sales tax payable		23,400,541	23,437,492
Other creditors		17,839,236	15,328,826
Unclaimed dividends		15,711	8,234
		<u>460,711,431</u>	<u>341,863,498</u>
9. CONTINGENCIES AND COMMITMENTS			
In respect of letter of credits and contracts for Chakwal Project		<u>2,262,342,904</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	9.1	<u>150,828,195</u>	<u>174,905,064</u>
9.1 All bank guarantees are secured by way of charge on the fixed assets of the Company.			

BESTWAY CEMENT LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2005

10. OPERATING ASSETS

Particulars	COST				Rate	DEPRECIATION				Written down value As at June 30, 2005 Rupees
	As at July 01, 2004 Rupees	Additions during the year Rupees	Deletions/Adjustments during the year Rupees	As at June 30, 2005 Rupees		As at July 01, 2004 Rupees	On deletions/adjustments Rupees	For the year Rupees	As at June 30, 2005 Rupees	
Freehold land	78,844,518	63,872,139	-	142,716,657	-	-	-	-	-	142,716,657
Leasehold land	30,694,261	14,560	-	30,708,821	30 yrs	8,177,972	-	1,072,898	9,250,870	21,457,951
Buildings and civil works	1,090,588,529	5,952,376	-	1,096,540,906	5	271,703,735	-	41,241,857	312,945,592	783,595,314
Plant and machinery	3,156,012,535	53,953,179	-	3,209,965,714	5	1,084,214,938	-	123,968,510	1,208,183,448	2,001,782,266
Quarry equipment	295,596,912	-	-	295,596,912	15	163,650,744	-	19,791,925	183,442,669	112,154,243
Other Equipment	30,252,908	5,432,916	-	35,685,824	10-15	15,950,694	-	2,506,604	18,457,298	17,228,526
Furniture and fixtures	11,108,830	1,508,595	-	12,617,425	10	5,063,664	-	755,376	5,819,040	6,798,385
Vehicles	35,606,884	46,782,779	(1,681,395)	80,708,268	20	21,238,285	(1,425,813)	12,179,159	31,991,631	48,716,637
Office equipment	14,353,905	8,106,226	(12,000)	22,448,131	15	7,558,211	(1,800)	2,233,758	9,790,169	12,657,962
Total June 30, 2005	4,743,059,282	185,622,770	(1,693,395)	4,926,988,658		1,577,558,243	(1,427,613)	203,750,087	1,779,880,717	3,147,107,941
Total June 30, 2004	4,689,155,056	61,958,838	(8,054,611)	4,743,059,284		1,383,577,377	(2,193,583)	196,174,450	1,577,558,242	3,165,501,041

10.1 Depreciation on tangible assets has been allocated as follows:

	2005 Rupees	2004 Rupees
Cost of sales	194,053,006	193,989,220
Administration and general expenses	2,063,680	1,092,615
Selling and distribution expenses	2,063,680	1,092,615
Depreciation on assets used at Chakwal Project (Capitalised)	5,569,721	-
	203,750,087	196,174,450

10.2 DISPOSAL OF FIXED ASSETS

S.No	DESCRIPTION	COST Rupees	BOOK VALUE Rupees	SALE PROCEEDS Rupees	GAIN / (LOSS) Rupees	MODE OF DISPOSAL	SOLD TO
Vehicles							
1	Suzuki Khyber	377,930	63,406	80,000	16,594	By Negotiation	Mr. Mohd. Haroon
2	Suzuki Potohar	525,375	70,515	110,000	39,485	By Negotiation	Mr. Liaqat Hussain
3	Honda Civic	732,490	98,313	425,000	326,687	By Negotiation	Mr. Arif Bangish
Office Equipment							
1	Mobile Phone	12,000	10,200	5,300	(4,900)	Insurance Claim	New Jubilee Insurance Co.
TOTAL		1,647,795	242,434	620,300	377,866		

	2005 Rupees	2004 Rupees
11. CAPITAL WORK IN PROGRESS		
Civil works	-	130,081
Plant & machinery and other equipment	86,031,672	32,708,623
Chakwal project	1,298,120,841	1,816,268
Advances for Chakwal Project	424,041,510	
Stores and spares held for Chakwal Project	195,397,982	
	2,003,592,005	34,654,972
Transferred to operating fixed assets:		
Plant & machinery and other equipment	41,300,703	-
	<u>1,962,291,302</u>	<u>34,654,972</u>

11.1 The capital work in progress includes Rs. 1,963.382 million spent on Chakwal Project. The Company is setting up a modern cement plant in District Chakwal, Punjab with a production capacity of 6,000 tonnes per day of cement. The plant is expected to cost o

11.2 Capital work in progres includes capitalised borrowing cost amounting to Rs. 32.7 million (2004: Nil)

12. INVESTMENT PROPERTY

Building	563,803,179	-
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The Company has acquired a commercial property in Islamabad. The Company intends to hold this property for generating income and capital appreciation and has signed rental agreements subsequent to balance sheet date. Since the Company acquired the proper

13. LONG TERM DEPOSITS AND PREPAYMENTS

Security deposits	13.1	24,766,047	18,890,547
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13.1 This includes deposits of Rs. 18.74 million with Peshawar Electricity Supply Company.

14. LONG TERM INVESTMENTS

Equity investments	14.1	1,862,802,950	1,862,802,950
Defense Saving Certificates		17,000	17,000
		<u>1,862,819,950</u>	<u>1,862,819,950</u>

14.1 This represents 7.65% share in the equity of 518 million shares of Rs. 10 each in United Bank Limited (UBL), an associated undertaking. Bestway Group as a whole controls 25.5% equity in UBL. The amount represents purchase price and costs incurred in con

The break up value of shares calculated by reference to net assets amounts to Rs. 35.48 per share based on un-audited accounts of UBL for the year ended June 30, 2005 (2004: Rs. 19.45)

		2005	2004
		Rupees	Rupees
15. STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools		505,638,046	339,532,632
Stores and spares in transit		72,512,166	26,313,348
		<u>578,150,212</u>	<u>365,845,980</u>
16. STOCK IN TRADE			
Raw and packing material		22,001,536	12,522,376
Work in process		52,563,860	77,952,781
Finished stock		18,874,588	22,668,650
		<u>93,439,984</u>	<u>113,143,807</u>
17. RECEIVABLE FROM CUSTOMERS			
Unsecured - considered good		<u>47,691,775</u>	<u>41,630,455</u>
18. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Due from Directors- secured	18.1	338,564	651,118
Due from Employees - unsecured	18.2	1,340,452	173,820
Due from suppliers and contractors		77,372,510	24,951,836
Short term security deposits		2,236,099	1,191,394
Prepayments		1,534,021	2,088,851
Accrued profit		306,784	23,772
Claims and tax refunds due from the government :			
Income tax claims	18.3	35,364,970	37,807,048
Excise duty		1,358,250	3,391,500
Insurance claims receivable		-	1,220,725
Others		18,458,957	21,184,732
		<u>138,310,607</u>	<u>92,684,796</u>
18.1	The maximum amount due from directors at the end of any month during the year was Rs.0.651 million (2004: Rs. 0.968 million).		
18.2	The maximum amount due from executives at the end of any month during the year was Rs. 1.370 million (2004: Rs.0.185 million).		
18.3	This includes an amount of Rs 14.70 million pertaining to tax suffered by the Company on a sale and lease back transaction for which the claim of refund has been lodged.		
19. CASH AND BANK BALANCES			
Cash at bank			
Current accounts		31,723,054	22,366,085
Savings accounts	19.1	573,913,385	270,815,180
		<u>605,636,439</u>	<u>293,181,265</u>
19.1	This includes an amount of Rs. 275 million placed on term deposit receipts and US\$ 4.483 million in US Dollar Savings Accounts out of which US \$ 4.39 million are under lien against financing arrangements as explained in notes 4.3 and 6.1.		
20. SALES - NET			
Gross sales		4,905,886,078	3,801,245,069
Less: Sales tax		(534,639,159)	(423,520,920)
Excise duty		(690,878,850)	(583,227,750)
Net sales		<u>3,680,368,069</u>	<u>2,794,496,399</u>
Less: Rebates and discounts to customers		(144,526,356)	(128,530,850)
		<u>3,535,841,713</u>	<u>2,665,965,550</u>

21. COST OF SALES

		2005	2004
		Rupees	Rupees
Raw and packing materials consumed		280,103,827	258,605,809
Rent, rates and taxes		997,322	383,490
Fuel and power		1,323,138,883	963,956,469
Stores and spares consumed		51,336,853	42,450,266
Repairs and maintenance		5,237,277	2,502,710
Salaries, wages and benefits		82,110,950	72,551,348
Insurance		5,120,729	5,373,528
Equipment rental		5,880,789	1,717,545
Utilities		1,224,962	970,578
Traveling, conveyance and subsistence		5,329,141	4,444,571
Communication expenses		1,501,017	1,074,915
Printing and stationery		820,892	685,767
Entertainment		199,625	67,454
Depreciation	10	194,053,006	193,893,913
Miscellaneous expenses		653,464	3,531,779
		<u>1,957,708,736</u>	<u>1,552,210,143</u>
Opening work in process		77,952,781	86,663,950
Closing work in process		<u>(52,563,860)</u>	<u>(77,952,781)</u>
Cost of goods manufactured		<u>1,983,097,657</u>	<u>1,560,921,312</u>
Opening finished stocks		22,668,650	57,255,474
Closing finished stocks		<u>(18,874,588)</u>	<u>(22,668,650)</u>
Cost of sales		<u><u>1,986,891,719</u></u>	<u><u>1,595,508,136</u></u>

21.1 Salaries, wages and benefits include staff retirement benefit amounting to Rs. 3.278 million (2004 Rs. 2.266 million)

22. ADMINISTRATION AND GENERAL EXPENSES

Salaries, wages and benefits	22.1	50,932,881	25,989,425
Rent, rates and taxes		4,604,220	4,869,285
Repairs and maintenance		488,845	327,478
Insurance		45,631	51,979
Utilities		538,593	277,745
Traveling, conveyance and subsistence		5,776,683	3,020,847
Communication expenses		1,332,395	872,866
Printing and stationery		690,577	439,754
Entertainment		205,229	156,416
Advertisements		2,073,696	250,294
Charitable donations	22.2	22,703,215	16,550,617
Legal and professional charges		2,898,755	47,090
Fees and subscription	22.3	2,252,790	1,810,279
Auditors' remuneration	22.4	390,353	529,511
Depreciation	10	2,063,680	1,092,615
Amortisation of deferred cost		-	224,762
Miscellaneous expenses		66,788	41,817
		<u>97,064,331</u>	<u>56,552,779</u>

22.1 Salaries, wages and benefits include staff retirement benefit amounting to Rs. 0.878 million (2004 Rs. 0.293 million).

22.2 A provision at 2.5% of the accounting profit after tax for an amount of Rs. 22.70 million has been made for donation to Bestway Foundation (2004: Rs.16.55 million). The chief executive and directors are among the trustees of the Foundation. None of the t

22.3 This amount includes Rs. 1.142 million (2004: Rs. 1.259 million) payable to the parent company for provision of management services.

22.4 Auditors' remuneration

Audit fees		215,000	165,000
Taxation and corporate services		173,938	335,462
Out of pocket expenses		1,415	29,049
		<u>390,353</u>	<u>529,511</u>

23. SELLING AND DISTRIBUTION EXPENSES		2005	2004
		Rupees	Rupees
Salaries, wages and benefits	23.1	7,144,053	8,516,252
Rent, rates and taxes		1,898,728	1,916,052
Repairs and maintenance		292,900	289,678
Utilities		601,836	704,871
Traveling, conveyance and subsistence		1,295,355	1,628,753
Communication expenses		1,374,191	1,399,923
Printing and stationery		1,036,502	1,253,766
Entertainment		434,706	371,342
Advertising and promotion		351,049	1,345,940
Depreciation	10	2,063,680	1,092,615
Fees and subscription		1,133,806	713,407
Freight and handling		3,079,757	378,599
Miscellaneous expenses		169,753	109,383
		<u>20,876,316</u>	<u>19,720,580</u>

23.1 Salaries, wages and benefits include staff retirement benefit amounting to Rs. 0.283 million (2004: Rs. 0.261 million)

24. FINANCIAL CHARGES

Financial charges on long term finance	107,333,658	106,349,538
Financial charges on short term finance	27,411,919	28,079,655
Bank charges and commissions	4,891,571	4,697,720
	<u>139,637,148</u>	<u>139,126,913</u>

25. OTHER INCOME

Profit on US \$ A/Cs/ Special US \$ Bonds	658,870	25,077,592
Profit on bank accounts	4,033,742	167,168
Exchange gain	6,415,008	2,477,434
Gain on disposal of fixed assets	375,366	767,162
Other income	809,539	1,303,674
Dividend Income from associated undertaking (UBL)	59,440,500	89,160,750
	<u>71,733,025</u>	<u>118,953,780</u>

26. TAXATION

Provision for minimum tax at half a percent of turnover has been made in accordance with section 113 of the Income Tax Ordinance, 2001 due to brought forward tax losses of the Company.

Major Components of Tax Expense

Current tax expense	26,927,192	22,173,013
Deferred tax expense relating to the origination and reversal of temporary differences	340,162,986	229,020,102
Total Tax expense	<u>367,090,179</u>	<u>251,193,116</u>

27. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year with respect to remuneration, including benefits and perquisites, were as follows:

	Chief Executive		Directors, including chairman		Executives	
	2005	2004	2005	2004	2005	2004
Managerial remuneration and allowances	18,000,000	7,500,000	29,504,797	16,549,212	7,684,268	2,810,267
Company's contribution to gratuity fund	-	-	1,061,800	2,462,846	1,702,548	228,337
Unavailed leaves	-	-	457,304	475,247	419,356	70,065
Medical	-	-	-	-	-	-
	<u>18,000,000</u>	<u>7,500,000</u>	<u>31,023,901</u>	<u>19,487,305</u>	<u>9,806,172</u>	<u>3,108,669</u>
Number of persons	1	1	5	5	6	3

The Directors excluding chairman and the executives are also provided with medical insurance facility as per their entitled limits.

28. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS	2005	2004
	Rupees	Rupees
The Company's related parties, the nature of relationship and the amount of transactions with them during the year were as follows:		
i) Management charges paid to Bestway (Holdings) Limited, U.K	1,142,003	1,091,310
ii) Charitable donations to Bestway Foundation	22,709,596	16,550,942
iii) Management charges received from Pak Pearl Rice Mills (Pvt.) Limited	350,000	533,500
iv) Purchases from Pak Pearl Rice Mills (Pvt.) Limited	2,967,102	1,033,350
v) Office rent paid to United Bank Limited	4,610,244	3,898,276
vi) Service/bank charges paid to United Bank Limited	1,782,735	1,486,158
vii) Management charges paid to MAP Rice Mills (Pvt.) Limited	320,000	-
28.1 Certain directors of Bestway Cement Limited are also directors of Pak Pearl Rice Mills (Pvt.) Limited, MAP Rice Mills (Pvt.) Ltd. and United Bank Limited.		
28.2 All directors of Bestway Cement Limited are also trustees of Bestway Foundation.		

29. FINANCIAL ASSETS AND LIABILITIES

Particulars	Interest / Markup bearing			Non-interest/Markup bearing			Total Rupees
	Maturity up to one year Rupees	Maturity after one year Rupees	Sub total Rupees	Maturity up to one year Rupees	Maturity after one year Rupees	Sub total Rupees	
FINANCIAL ASSETS							
Investments	-	17,000	17,000	-	-	-	17,000
Long term deposits	-	-	-	-	24,766,047	24,766,047	24,766,047
Receivable from customers	-	-	-	47,691,775	-	47,691,775	47,691,775
Advances, deposits and other receivables							
- due from employees / directors	1,488,460	-	1,488,460	190,556	-	190,556	1,679,016
- security deposits	-	-	-	2,236,099	-	2,236,099	2,236,099
- Accrued profit	-	-	-	306,784	-	306,784	306,784
- Others	-	-	-	18,458,957	-	18,458,957	18,458,957
Cash and bank balances	573,913,385	-	573,913,385	31,723,054	-	31,723,054	605,636,439
June 30, 2005	575,401,845	17,000	575,418,845	100,607,225	24,766,047	125,373,272	700,792,117
June 30, 2004	271,466,298	17,000	271,483,298	87,790,984	18,890,547	106,681,531	378,164,829
FINANCIAL LIABILITIES							
Long term finance	469,966,667	3,148,463,686	3,618,430,353	-	-	-	3,618,430,353
Short term/running finance	753,639,569	-	753,639,569	-	-	-	753,639,569
Creditors accrued and other liabilities	-	-	-	375,362,795	-	375,362,795	375,362,795
Dividend	-	-	-	-	-	-	-
June 30, 2005	1,223,606,236	3,148,463,686	4,372,069,922	375,362,795	-	375,362,795	4,747,432,716
June 30, 2004	641,304,638	1,895,432,353	2,536,736,991	468,071,202	-	468,071,202	3,004,808,193

CREDIT RISK

The Company believes that it is not exposed to major concentration of credit risk. To manage exposure to the risk, the company applies credit limits and monitors debt on continuous basis.

FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly where payables exist due to transactions with foreign undertakings. The Company is partially hedged against foreign currency payables through investment in foreign currency securities.

FAIR VALUE OF ASSETS

The carrying value of assets and liabilities reflected in the financial statements approximates their fair value except for long term investment, which are stated at cost (Note 14).

INTEREST / MARKUP RATE RISK EXPOSURE

The Company is exposed to interest/markup rate risk on some of the financial obligations. The rates of interest/markup and their maturities are given in the respective notes.

30. AVERAGE NUMBER OF EMPLOYEES

Average number of employees during the year	<u>396</u>	<u>288</u>
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31. EARNINGS PER SHARE (EPS)

Profit after tax (Rs.)	930,831,811	678,575,296
Number of ordinary shares in issue (including bonus shares)	212,816,510	212,816,510
Earnings per share - basic and diluted	<u>4.37</u>	<u>3.19</u>

The number of ordinary shares outstanding at June 30, 2004 has been increased to reflect the bonus shares issued during 2004-2005

32. PLANT CAPACITY AND PRODUCTION OF CLINKER

Available capacity (metric tons)	1,170,000	990,000
Actual production (metric tons)	1,115,694	965,740

33. GENERAL

The Financial statements were authorized for issue in the Board of Directors meeting held on September 30, 2005.

Figures have been rounded off to the nearest rupee.

Consequent to the change in the fourth schedule and change in definition of 'executive' by the securities and Exchange Commission of Pakistan, the corresponding figures in note 27, proposed dividend in current liabilities and accumulated profits have been

CHIEF EXECUTIVE

DIRECTOR

Pattern of Holding of Shares Held by the Shareholders As at June 30, 2005

No. of Shareholders	Shareholding		Shares Held
	From	To	
10	1	100	383
9	101	500	4,133
27	501	1000	15,650
12	1001	5000	25,500
4	5001	10000	22,000
3	10001	15000	33,000
5	15001	20000	86,789
2	20001	25000	48,711
1	25001	30000	29,814
2	30001	35000	63,400
1	35001	40000	36,850
1	40001	45000	41,740
1	50001	55000	55,000
6	65001	70000	420,000
1	85001	90000	88,500
1	95001	100000	99,000
8	105001	110000	880,000
1	125001	130000	128,893
1	130001	135000	130,944
5	160001	165000	825,000
2	175001	180000	352,000
1	180001	185000	180,400
1	190001	195000	192,500
1	195001	200000	199,056
2	205001	210000	418,000
2	215001	220000	437,250
1	370001	375000	374,000
1	380001	385000	381,150
1	435001	440000	440,000
1	545001	550000	550,000
6	600001	1100000	4,194,980
4	1100001	1600000	5,453,140
2	1600001	2100000	3,822,720
2	2100001	2600000	4,416,500
1	3100001	3600000	3,573,350
4	3600001	4100000	16,104,660
1	7600001	8100000	7,849,050
1	8100001	8600000	8,262,870
1	9600001	10100000	9,899,307
1	54100001	54600000	54,207,000
1	60100001	110100000	88,473,270
138			212,816,510

CATEGORIES OF SHAREHOLDING As At June 30, 2005

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
Public Sector Companies and Corporations	1	31,500	00.01
Joint Stock Companies	3	826,200	00.39
Associated Companies, Undertakings and Related Parties	4	154,796,077	72.74
Directors, CEO and Their Spouses and Minor Children	17	26,499,684	12.45
Individuals	113	30,663,049	14.41
	138	212,816,510	100.00

OF SHAREHOLDERS

As at June 30, 2005

	Shares Held
<u>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</u>	
BESTWAY (HOLDINGS) LIMITED	56,423,500
BESTWAY CASH & CARRY LIMITED	88,473,270
BESTWAY NORTHERN LIMITED	9,899,307
PAK PEARL RICE MILLS (PVT) LIMITED	633,200
	<u>155,429,277</u>
<u>DIRECTORS, CEO AND THEIR SPOUSES AND MINOR CHILDREN</u>	
ARSHAD HAMEED	110,000
ARSHAD MEHMOOD CHAUDHARY	1,516,680
GHULAM SARWAR MALIK	88,500
IJAZ AHMED MALIK	18,000
M. IRFAN A. SHEIKH	91,854
MAZHAR RAFI	5,500
MOHAMMAD ANWAR PERVEZ	8,262,870
MUHAMMAD SAADAT ALAM	31,900
RAKHSHANDA CHOUDREY	4,129,950
SHAHID SOHAIL KHAN	17,600
SHAHID SOHAIL CHAUDHARY	180,400
TAHIRA ARSHAD CHAUDHARY	176,000
ZAMEER MOHAMMAD CHOUDREY	4,021,380
ZOHRA PERVEZ	7,849,050
	<u>26,499,684</u>

SHAREHOLDERS HOLDING 10% OR MORE VOTING INTEREST IN THE COMPANY

As at June 30, 2005

	Shares Held	Percentage
<u>ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES</u>		
BESTWAY CASH & CARRY LIMITED	88,473,270	41.57
BESTWAY (HOLDINGS) LIMITED	56,423,500	26.51