Company Information

Board of Directors

Sir Mohammed Anwar Pervez	Chairman
Mr. Zameer Mohammed Choudrey	Chief Executive
Mr. Arshad Mehmood Chaudhary	Director
Mr. Muhammad lrfan A Sheikh	Director Finance & CFO
Mr. Mazhar Rafi	Director Administration
Mr. Mohammed Akram	Director Marketing
Mr. Arshad Hameed	Director Coordination
Mr. Ghulam Sarwar Malik	Director Works

Company Secretary

Mr. Mohammad Akram

Statutory Auditors

Khalid Majid Rehman Sarfarz.Rahim Iqbal Rafiq, Chartered Accountants.
(New Name: Khalid Majid, Rehman, Chartered Accountants

Cost Auditors

S. Ebrahim & Co. Chartered Accountants.

Legal Advisors

Raja M. Bashir, Advocate Supreme Court.

Audit Committee

Mr. Mazhar Rafi
Mr. Mohammed Akram
Mr. Ghulam Sarwar Malik

Registered Office

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

Head Office

5th Floor, UBL Building, Jinnah Avanue, 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-1l5
8,M.C.H.S, Shahrah-e-Faisal, Karachi.
Tel: (92-21) 452-6983 - 84, Fax: (92-21) 452-6985

Bankers

Habib Bank Limited.
Standard Chartered Bank.
Faysal Bank Limited.
Union Bank Limited.
Askari Commercial Bank Limited.
Bank Al-Habib 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 11th Annual General Meeting of the Company will be held at 5th floor, UBL Building, Jinnah Avenue Islamabad 11:00 a.m on Monday, 25th October, 2004 to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of 10th Annual General Meeting.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 2004 together with the Directors' and Auditors' Report thereon.
3. To approve 10% cash dividend as recommended by the Board of Directors.
4. To elect seven directors in accordance with the provisions of section 178 of the Companies Ordinance, 1984 for a term of three years commencing from October 25, 2004. The following directors resign as of October 25, 2004 and are eligible from re-election:

    i. Sir Mohammed Anwar Pervez
    ii. Mr. Zameer Mohammed Choudrey
    iii. Mr. Arshad Mehmood Chaudhary
    iv. Mr. Muhammad Irfan Anwar Sheikh
    v. Mr. Mazhar Rafi
    vi. Mr. Muhammad Akram
    vii. Mr. Ghulam Sarwar Malik

5. To appoint auditors of the Company and fix their remuneration for the year 2004-05. The present auditors M/s Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq (New name Khalid Majid Rehman), retire and being eligible, offer themselves for reappointment.

SPECIAL BUSINESS

6. To increase authorised share capital of the Company by Rs. 500,000,000 (five hundred million).
7. 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
8. To pass certain amendments in Articles of Association and Memorandum of Association.
9. Any other business with the permission of the chair.

October 4th ,2004
Islamabad

Mr. Muhammad Akram
Company Secretary

NOTES

1. The share transfer book of the Company will remain closed from October 16, 2004 to October 23, 2004 (both days inclusive). No transfer will be accepted for registration during this period. Transfers received in order at the 1st floor, Modern Motors House, Beaumount Road, Karachi

upto the close of business on October 15, 2004 will be treated in time for entitlement of dividend, bonus shares and to attend the Annual General Meeting.

2. 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.
3. 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.
4. 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:

5. The proxy form shall be witnessed by two persons whose names, addresses and NIC number shall be mentioned on the form.
6. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
7. The proxy shall produce his original NIC or original passport at the time of meeting.
8. 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.

9. Members are requested to promptly notify any changes in their addresses.

DRAFT RESOLUTIONS PROPOSED TO BE CONSIDERED IN THE MEETING

Item no.7: 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. 193,469,555 (Rupees one hundred and ninety three million four hundred and sixty nine thousand five hundred and fifty five) out of unappropriated profits of the company be capitalised and applied towards the issue of 19,346,955 (nineteen million, three hundred and forty six thousand, nine hundred and fifty five) 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, 2004, 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.6 & 9: Alteration in Memorandum of Association and Articles of Association

"RESOLVED that the authorised share capital of the Company be increased from Rs. 2,000,000,000 (Rupees two billion) to Rs. 2,500,000,000 (Rupees two billion and five hundred million).

In order to give effect to the said resolution, following alterations in the Memorandum of Association and Articles of Association be made:

1. In clause V of Memorandum of Association the words '2,000,000,000 (Rs. Two billion) divided into 200,000,000' be substituted with '2,500,000,000 (Rupees two billion and five hundred million) divided into 250,000,000 (two hundred and fifty million)'.
2. In clause 3 of Articles of Association the words '2,000,000,000 (Rs. Two billion) divided into 200,000,000 (Two hundred million)' be substituted with '2,500,000,000 (Rupees two billion and five hundred million) divided into 250,000,000 (two hundred and fifty million)'.

FURTHER RESOLVED and hereby agreed that, to bring the Articles of Association in conformity with the provisions of Code of Corporate Governance, the Articles of Association of the Company be and are hereby amended in the following manner:

3. In article no. 2 the definition of 'The Authority' be substituted with the following:
   'The Commission' means Securities and Exchange Commission of Pakistan established under Securities and Exchange Commission Act 1997.'
4. The word 'Authority' be substituted with the word 'Commission' where appearing in the Articles of Association.
5. In article no. 39 the word 'three' may be substituted by 'ten'.
6. In article no. 32 and 92 the word 'six' may be substituted by 'four'.
7. Insert new clause after article no. 4 as 'Subject to section 95A of the Companies Ordinance, 1984 and any rules in that regard made under the Ordinance, the Company may purchase its own shares on such terms and in such manners as may be provided in the said section and rules. Except as permitted in section 95 and 95A of the Ordinance and any rules in that regard made under the Ordinance no part of the funds of the Company shall be employed in the purchase of its own shares or in giving, whether directly and indirectly and whether by means of loan, guarantee security or otherwise, any financial assistance for the purpose or in connection with the purchase made or to be made by any person of or any shares in the Company.'

8. In article no. 76 the following be added ‘The directors of a public company shall meet at least once in each quarter of a year.’ ”

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

Item no.7: 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. 193,469,555 (Rupees one hundred and ninety three million four hundred and sixty nine thousand five hundred and fifty five). Therefore the directors have recommended the issuance of 19,346,955 (nineteen million, three hundred and forty six thousand, nine hundred and fifty five) 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. 2,128,165,105 (Rupees two billion, one hundred and twenty eight million, one hundred and sixty five thousand one hundred and five). 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.

Directors' Report

The Directors take pleasure in presenting their report together with the Company's Financial Statements for the year ended 30th June 2004 and the Auditors' Report thereon.

Industry Overview

The year ended 30th June 2004 proved to be a good year for the industry. During the year, despatches of cement by the industry rose to 13.6 million tonnes as against 11.4 million tonnes for last year which represents a healthy growth of 19%. Sales volumes in the domestic market registered a growth of 14% while exports grew by 260%. The industry was thus able to achieve an overall capacity utilisation of 81% for the year under review as against 66% for last year.

Production and Sales

	2004 Tonnes	2003 Tonnes	Increase Tonnes	Percentage Increase
Clinker production	965,740	795,255	119,768	21%
Cement production	1,025,886	858,774	167,112	19%
Cement sales	1,039,138	837,476	201,662	24%

Volumes for the year saw significant growth on the back of increasing demand in local as well 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 100% which is the highest in the industry and also well above industry average of 81%.

The despatches of cement by the Company increased from 837,476 tonnes to 1,039,138 tonnes for the year ended 30th June 2004, which is an increase of 24% on last year compared to the industry's growth of 19%.

Bestway Cement was not only able to retain more than 8% of the market in the north zone and its position as one of the largest cement producers in the country but also remained a major exporter of cement. The industry as a whole exported 1,118,108 tonnes during the year as against 430,322 tonnes during the year ended 30th June 2003. Of this, 248,289 tonnes was dispatched by Bestway Cement alone which accounts for more than 22% of the total exports thus making Bestway Cement the single largest exporter of cement for the 2nd consecutive year. Your Company was also able to successfully retain its position as the market leader in Afghanistan for the 2nd year in a row.

Operating Highlights

The Company recorded sales of Rs. 3,801 million compared to Rs 2,993 million during the preceding year. Net turnover amounted to Rs.2,666 million compared to Rs.1,792 million in the corresponding period last year after payment of Rs.1,007 million towards Sales Tax and Excise Duty and Rs. 129 million as rebates and discounts to customers.

The increase of 49% in net sales primarily resulted form increased volumes together with stable prices in the local market and improvement in the prices for export. Gross Profit increased by 134% to Rs.1,071 million from Rs. 458 million. This huge increase was possible on the back of increased volumes, stable prices and reduction in fuel cost due to full conversion to coal during last year.

Operating profit for the year under review also saw a substantial increase of 149% to Rs.994 million compared to Rs. 405 million for the same period last year. Financial Charges decreased by 48% to Rs.139 million for the year from Rs.269 million last year. Profit before taxation for the year ended 30th June 2004 increased by 491% to Rs.929 million as compared to Rs.160 million for the previous year. Profit after taxation for the year ended 30th June 2004 amounted to Rs.679 million as compared to Rs.113 million for the previous year, which represents an increase of 511% year on year.

Other Investments

Your investment in United Bank Limited has continued to show tremendous growth during the year under review. Profit for the year ended 31st December, 2003 stood at Rs. 4.5 billion as against Rs. 2.8 billion for the corresponding period of last year. The bank's balance sheet further strengthened during the year with a staggering 45% growth in Performing Advances to Rs.100 billion, which is one of the highest growth rates amongst the large network banks. The bank's domestic market share of advances jumped to 8% at the end of the year as compared to 6.9% for the year before. Customer deposits and other accounts increased by 17% to Rs.190 billion.

The bank has embarked upon an ambitious plan to transform itself into a modern and dynamic financial institution. Some of the significant initiatives include renovation of branches, setting up of call center to provide superior services to the customers, substantial investment in information technology and launching of services like ATM and Debit Cards, Internet Banking, Car Financing and Home Loans.

We take pleasure in informing you that the Bank announced a dividend of 22.5% for the year ended 31st December, 2003 thus providing a respectable return of Rs.89 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. Keeping in view the tremendous performance of your Company during the year under review, the Directors feel immense pleasure in proposing a cash dividend of 10% and bonus of 1 share for every 10 shares.

Balance Sheet

This was yet another profitable year for your Company and the capital and reserves have grown by 22% from Rs. 2.2 billion to Rs. 2.7 billion even after allowing for 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 2004 stood at Rs.270 million as against Rs.1,289 million on 30th June 2003 thus improving the liquidity of your Company significantly.

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 Cement is now an established brand not just within the country but also in Afghanistan and is already amongst the top brands within the industry, due mainly to better quality. 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 22% of the market in Afghanistan for the 2^{nd} year in a row.

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 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.

To be able to discharge these responsibilities more effectively, a separate charitable institution, Bestway Foundation, was established in the year 2000.The Foundation is also certified from the Pakistan Centre for Philanthropy. The chief executive and directors of Bestway Cement are among the trustees of the Foundation. Neither of the trustees nor their spouses have a beneficial interest in the Foundation. During the year ended 30th June 2004, Bestway Cement contributed Rs.17 million to the Foundation for its various social causes.

During the last four years, the Foundation's activities have included provision of scholarship to talented students who, for want of sufficient resources are unable to continue with their higher studies. At present the Foundation is sponsoring 200 under-graduate and post-graduate students especially in the field of medicine and engineering. The Foundation is also providing subsistence to educational institutions by adding to their faculty in the socially deprived and relatively backward rural area. 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.

Bestway Foundation plans to expand its activities in the following areas during the financial year 2004-05:

- Enhance the number of educational scholarships each year from 200 at present to 500.
- Substantially increase the amount allocated for medical assistance and relief to poor.
- Construct new schools; provide furniture, books and uniforms. The programme also includes upgradation and provision of infrastructure in existing schools lacking these facilities.
- Educate suitable female students of far flung areas so that after completion of their studies and training, they could be employed as teachers in educational institutions situated in their own neighbourhood since it is almost impossible to motivate female teachers of urban areas to move to and serve in the rural areas.
- Rehabilitate Basic Health Units in rural areas which are almost non-functional due to poor state of building, non-availability of basic facilities and medicines.
- The Foundation intends to enter into an agreement with the Punjab Provincial Government and attempt to rehabilitate the non-functional schools in numerous rural areas and make them fully functional.

Capacity Enhancements

In view of the increasing demand and 100% capacity utilisation during the year, the management decided to increase the plant's packing capacity by installing another packing unit with an approximate cost of Rs.36 million. This unit became operational in

August 2004 enabling the Company to manage the supply of cement more effectively and efficiently.

The Company has also decided to optimise the plant output through modification and up gradation of certain essential equipment. This process is expected to be completed by February 2005 with an estimated cost of Rs.50 million and without any disruption to operations. Once implemented, the optimisation will increase the output of the plant to 4,200 tpd of clinker.

New Project

The demand for cement has been steadily increasing for the last two years and this trend is expected to continue especially due to greater emphasis by the government on development of infrastructure and the reconstruction efforts picking up in Afghanistan. Your Company is a leading producer of cement in the country and, in order to capitalise on this opportunity and retain its position in the industry, the Company has decided to expand its operations through setting up of a new state of the art cement plant of 6,000 tpd cement capacity.

A suitable site for the same has already been selected in Tehsil Choa Saidan Shah, District Chakwal, Punjab and orders for the supply of equipment and construction of the plant have been placed since the year end. The project is expected to be completed in 2 years with an estimated cost of Rs.7 billion. In keeping with the Company's philosophy, it has been ensured that the technology is most up-to-date.

A detailed independent study of the possible environmental impacts of the project has been conducted which has found that this project will be compliant with the environmental standards laid down by the Environment Protection Authority of Pakistan, and that it also surpasses various international standards for emissions.

Future Prospects

The off-take in domestic market continues to show growth and the prices are expected to remain stable at least for the foreseeable future. Likewise, export of cement is also expected to continue its upward trend along with further improvement in selling prices. However, fuel cost is expected to rise due to higher coal prices in the international market and interest rates are also likely to start inching upwards. The management remains confident however, that your Company will be able to post handsome profit for the next year also, due to its prudent policies and tight financial management.

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

None of these individuals transacted any shares of the Company during the year.

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 2.3, 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 13 Board Meetings held during the year was as given below:

	No. of meetings attended
Sir Mohammed Anwar Pervez	03
Mr. Zameer Mohammed Choudrey	04
Mr. Arshad Mehmood Chaudhary	00
Mr. Muhammad Irfan Anwar Sheikh	13
Mr. Mazhar Rafi	13
Mr. Muhammad Akram	13
Mr. Ghulam Sarwar Malik	13

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, 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, Shamil Bank of Bahrain E.C., Faysal Bank Limited, Habib Bank Limited, United Bank Limited, Standard Chartered Bank, Citibank N.A., 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

27th September, 2004
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. No casual vacancy occurred in the Board of Directors of the Company during the year ended June 30, 2004.

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 condtions 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 2003-04 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.SECP/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

Mohammad Irfan Sheikh (CFO)

BESTWAY CEMENT LIMITED
Key Operating and Financial data for Six Years

Year	1999 9 months	2000	2001	2002	2003	2004
						Rupees in millions
Operating Results						
Turnover (net)	1,070	1,800	2,078	1,738	1,792	2,666
Cost of Sales	884	1,295	1,591	1,118	1,334	1,596
Gross Profit	187	505	487	621	458	1,070
Operating Profit	151	462	431	570	405	1,009
Financial Charges	391	390	354	245	269	139
Profit before Taxation	(170)	173	191	329	159	994
Profit after Taxation	(176)	163	178	236	113	679
Balance Sheet						
Shareholders' Funds	1,758	1,922	2,003	2,213	2,181	2,666
Operating Fixed Assets	4,063	3,761	3,456	3,287	3,306	3,200
Long Term Liabilities	1,846	2,236	1,993	1,579	1,701	1,895
Net Current Liabilities	812	148	50	168	1,289	270
						Percentages
Significant Financial Ratios						
Gross Profit Ratio	17.48	28.06	23.44	35.73	25.56	40.14
Net Profit Ratio	(16.45)	9.06	8.57	13.58	6.31	25.47
Interest Coverage Ratio	0.39	1.44	1.54	2.34	1.59	7.69
Return on Equity	(9.10)	8.43	9.20	12.20	5.84	35.10
Earnings Per Share-Basic	(0.91)	0.84	0.92	1.22	0.58	3.51
Earnings Per Share-Diluted	-	-	-	-	0.53	3.19
Dividend	-	-	5.00	7.50	7.50	10.00
						In thousand metric tonnes
Despatches of Cement	601	681	751	650	837	1,039

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, 2004.

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ
Chartered Accountants

September 27, 2004
Islamabad

Auditors’ Report to the Members

We have audited the annexed balance sheet of Bestway Cement Limited as at June 30, 2004 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 10 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 arc 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 draw 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 Row 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 Rows 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 27, 2004
ISLAMABAD

KHALID MAJID REHMAN SARFARAZ
RAHIM IQBAL RAFIQ
Chartered Accountants

BESTWAY CEMENT LIMITED
BALANCE SHEET AS AT JUNE 30, 2004

	Note	2004 Rupees	2003 Rupees		Note	2004 Rupees	2003 Rupees
Capital and reserves				**Tangible fixed assets**			
Authorised share capital				Operating assets	10	3,165,501,041	3,305,577,680
200,000,000 ordinary shares of Rs. 10 each		2,000,000,000	2,000,000,000	Capital work in progress	11	34,654,972	490,983
						3,200,156,013	3,306,068,663
Issued, subscribed and paid up share capital							
193,469,555 ordinary shares of Rs.10 each				**Long term deposits, prepayments**			
issued for cash consideration	3	1,934,695,550	1,934,695,550	**and deferred costs**	12	18,890,547	19,190,309
Reserve for issue of bonus shares		193,469,555	-				
Accumulated profit		537,585,374	245,949,188				
		2,665,750,479	2,180,644,738				
				Long term investments	13	1,862,819,950	1,864,950,530
Long term finance	4	1,895,432,353	1,700,900,000				
Deferred liabilities	5	250,532,290	19,987,498	**Current assets**			
Current liabilities				Stores, spares and loose tools	14	365,845,980	318,619,484
				Stock in trade	15	113,143,807	155,641,894
Short term finance	6	211,836,991	1,154,265,674	Receivable from customers	16	41,630,455	64,068,687
Current maturity of long term liabilities	7	429,467,647	1,066,938,356	Advances, deposits, prepayments			
Creditors, provisions, accrued				and other receivables	17	92,684,796	59,597,495
and other liabilities	8	341,863,498	266,473,636	Short term investments	18	-	704,557,810
Proposed dividend		193,469,555	145,102,166	Cash and bank balances	19	293,181,265	41,617,196
		1,176,637,691	2,632,779,832			906,486,303	1,344,102,566
Contingencies and commitments	9	-	-				
		5,988,352,813	6,534,312,068			5,988,352,813	6,534,312,068

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, 2004

	Note	2004 Rupees	2003 Rupees
Sales - net	20	2,665,965,550	1,792,221,196
Cost of sales	21	1,595,508,136	1,334,003,861
Gross profit		1,070,457,414	458,217,335
Operating expenses			
Administration and general	22	56,552,781	32,024,468
Selling and distribution	23	19,720,580	20,745,232
		76,273,361	52,769,700
Operating profit		994,184,053	405,447,635
Financial charges	24	139,126,913	269,329,080
Other income	25	(118,953,780)	(31,980,083)
Workers profit participation fund		44,242,508	8,404,932
		64,415,641	245,753,929
Profit before taxation		929,768,412	159,693,707
Provision for taxation	26	251,193,116	47,050,248
Profit after taxation		678,575,296	112,643,460
Accumulated profit brought forward		245,949,188	278,407,895
Profit/(loss) available for appropriation		924,524,484	391,051,355
Proposed dividend at 10% (2003: 7.5%)		193,469,555	145,102,166
Transfer to reserve for issue of bonus shares at 10% (2003: Nil)		193,469,555	-
Accumulated profit carried forward		537,585,374	245,949,188
Earning per share - basic	31	3.51	0.58
-diluted		3.19	0.53

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, 2003 TO JUNE 30, 2004

	June 30, 2004	June 30, 2003		
	Rupees		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit before taxation		929,768,412		159,693,707
Adjustments for:				
Gain on disposal of fixed assets	(767,162)		(583,078)	
Depreciation	196,174,450		195,767,732	
Profit on investments	(25,244,760)		(30,686,991)	
Dividend income	(89,160,750)		-	
Financial charges	139,126,913		269,329,080	
Deferred costs' amortisation	224,762		899,054	
Provision for staff retirement benefits	1,524,690		3,107,216	
Exchange (gain)/loss	(2,477,434)		624,428	
		219,400,709		438,457,441
Operating profit before working capital changes		1,149,169,121		598,151,148
Increase in current assets	(7,870,718)		(69,231,835)	
Decrease in current liabilities	85,371,707		38,936,461	
		77,500,989		(30,295,374)
Cash generated from operations		1,226,670,110		567,855,774
Financial charges paid	(149,108,759)		(266,418,849)	
Income tax paid	(34,619,771)		(22,614,002)	
		(183,728,530)		(289,032,851)
Net cash generated from operating activities		***1,042,941,580***		***278,822,923***
CASH FLOWS FROM INVESTING ACTIVITIES				
(Additions) in/ Deletions from capital work in progress	(34,163,989)		27,674,604	
Additions in fixed assets	(61,958,838)		(215,313,637)	
Proceeds from sale of fixed assets	6,628,190		1,245,282	
Long term security deposits, prepayments, receipts/(payments)	75,000		5,499,269	
Income from Investments	30,184,756		31,899,124	
Encashment of investments	709,646,402		(5,580)	
Dividend income	89,160,750		-	
Equity investment	-		(1,710,927,950)	
Exchange gain/ (loss) on purchase of foreign currency & prepaid markup	921,745		(1,014,452)	
Net cash used in investing activities		***740,494,016***		***(1,860,943,341)***
CASH FLOWS FROM FINANCING ACTIVITIES				
(Deletions)/ Additions in long term finances	(779,532,254)		1,101,001,161	
Repayment of finance lease principal amount	-		(115,124,039)	
(Decrease)/ Increase in short term finances	(606,428,683)		767,388,198	
Dividend paid	(145,102,166)		(145,102,166)	
Net cash generated/(used) from financing activities		***(1,531,063,103)***		***1,608,163,154***
NET CASH GENERATED/(USED) DURING THE YEAR		***252,372,493***		***26,042,736***
CASH EQUIVALENTS				
Cash and cash equivalents at 01st July		41,617,196		16,105,240
Exchange loss on US$ bank accounts		(808,425)		(530,779)
Cash and cash equivalents at 30th June		***293,181,265***		***41,617,196***

CHIEF EXECUTIVE **DIRECTOR**

BESTWAY CEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2004

	Issued, subscribed and paid up capital Rupees	Unappropriated profit Rupees	Reserve for issue of bonus shares Rupees	Total Rupees
Balance as at June 30, 2002	1,934,695,550	278,407,895	-	2,213,103,445
Profit after taxation for the year ended June 30, 2003	-	112,643,460	-	112,643,460
	1,934,695,550	391,051,355	-	2,325,746,905
Appropriation:				
Dividend	-	(145,102,166)	-	(145,102,166)
Balance as at June 30, 2003	1,934,695,550	245,949,188	-	2,180,644,738
Profit after taxation for the year ended June 30, 2004	-	678,575,296	-	678,575,296
	1,934,695,550	924,524,484	-	2,859,220,034
Appropriation:				
Dividend	-	(193,469,555)	-	(193,469,555)
Transfer to Reserve for issue of bonus shares	-	(193,469,555)	-	(193,469,555)
	1,934,695,550	537,585,374	-	2,472,280,924
Reserve for issue of bonus shares			193,469,555	193,469,555
Balance as at June 30, 2004	**1,934,695,550**	**537,585,374**	**193,469,555**	**2,665,750,479**

CHIEF EXECUTIVE **DIRECTOR**

BESTWAY CEMENT LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2004

1. THE COMPANY AND ITS OPERATIONS

Bestway Cement Limited is a public company incorporated on December 22, 1993 under the Companies Ordinance, 1984 and formally listed on the Karachi Stock Exchange on April 9, 2001. The Company is engaged in production and sale of cement.

The Company has decided to set up a modern cement plant in District Chakwal, Punjab with a production capacity of 6,000 tonnes per day. The plant is expected to be completed in two years with a cost of Rs.7 billion. Necessary contracts have been signed and a letter of credit has been established since the year end for the import of plant & machinery.

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 without effects of inflation or current values.

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.

The Company adopted IAS-19, "Employee Benefits", during the current year. 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, 2004 was carried out and the Company has recognized a transitional asset of Rs. 0.65 million. Had the Company not changed its accounting policy, profit for the year would have been lower by Rs. 1.90 million. The comparative figures for the year June 30, 2003 have not been restated.

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 past event, if it is probable that an outflow of sources 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 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 ***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.

2.8 ***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.

2.9 ***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.

2.10 ***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.

2.11 ***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.

2.12 ***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.

2.13 ***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.

2.14 ***Receivable from customers***

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

2.15 ***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.

	2004 Rupees	2003 Rupees
3. ISSUED SUBSCRIBED AND PAID UP CAPITAL		
193,469,555 ordinary shares of Rs.10 each fully paid in cash	1,934,695,550	1,934,695,550

Bestway (Holdings) Limited of U.K. is the ultimate parent company controlling 131,724,337 i.e. 68.1% shares (2003: 132,177,337 i.e. 68.3% shares) of the Company.

4. LONG TERM FINANCE - SECURED

		2004 Rupees	2003 Rupees
Foreign currency Morabaha Finance from Shamil Bank of Bahrain E.C.	4.1	-	105,104,546
Demand Finance from Habib Bank Limited	4.2	40,000,000	120,000,000
Demand Finance from Habib Bank Limited	4.3	210,000,000	-
Demand Finance from Habib Bank Limited	4.4	225,000,000	-
Term Finance from Standard Chartered Bank	4.5	460,000,000	461,000,000
Term Finance from Standard Chartered Bank	4.6	55,000,000	-
Term Finance from Standard Chartered Bank	4.7	135,000,000	-
Demand Finance from Standard Chartered Bank	4.8	-	86,250,000
Foreign currency Term Finance from Citibank N.A.	4.9	-	237,010,750
Foreign currency Term Finance from Citibank N.A.	4.10	-	150,299,500
Foreign currency Term Finance from Citibank N.A.	4.11	-	75,149,750
Term finance from syndicate	4.12	-	132,523,810
Term finance from syndicate	4.13	606,088,235	606,088,235
Term finance from syndicate	4.14	293,811,765	293,811,765
Term Finance from Habib Bank Limited	4.15	-	200,600,000
Morabaha Finance from Faysal Bank Limited	4.16	300,000,000	300,000,000
		2,324,900,000	2,767,838,356
Less: Current portion shown under current liabilities		(429,467,647)	(1,066,938,356)
		1,895,432,353	1,700,900,000

4.1 This represented foreign currency Morabaha Finance of US $20 million with a repurchase price of US $33.50 million. Markup was payable at LIBOR plus 2% per annum. The facility was repayable in eleven equal half yearly installments with first installment due in December 1998 and is secured against registered pari passu charge on machinery and assets of US $33.50 million. The outstanding amount of principal at the balance sheet date is US $ Nil (2003: US $1.82 million).

4.2 This represents a Demand Finance facility of Rs.400 million obtained under sale and repurchase arrangement. Markup is 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 is payable in 10 equal half yearly installments with first installment due in June 2000 and is 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 rank pari passu.

4.3 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.

4.4 This represents a Demand Finance facility of Rs. 225 million. Markup is payable at simple average of the cut off yields of the last three auctions of six month treasury bills plus 1 % per annum with a floor of 2.75%. The facility is due in February 2005 and is secured by way of a ranking charge of Rs. 75 over the Company's movable assets including vehicles, furniture, fixtures, stocks, spares & stores and lien on US $ account of a director of the ultimate parent company.

4.5 This represents utilised amount of Term Finance facility of Rs.460 million (2003: Rs.525 million) repayable in July 2005. Markup is payable on quarterly basis at simple average of the cut-off yields of the last three auctions of six months treasury bills plus 1.25 % per annum.

4.6 This represents a Term Finance facility of Rs.55 million (2003: Rs.55 million) repayable in September 2004. Markup is payable at the rate of 2.75%.

4.7 This represents Demand Finance Facility reduced from Rs. 179 million repayable in December 2004. Mark up is payable at the rate of 2.75% per annum.

The facilities in 4.5, 4.6 and 4.7 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.

4.8 This represented the outstanding amount of a Rs.115 million facility for a period of one and half year repayable in June 2004 (2003: 115 million). Mark up was payable on quarterly basis at simple average of the cut-off yields of last three auctions of one year treasury bills plus 2% per annum with a floor of 5.5%.

The facilities in 4.8 and 6.3 together are secured by way of registered charge of Rs. 225.36 million over all present and future fixed assets of the Company.

4.9 This represented foreign currency Term Finance of US$ 4.1 million repayable in May 2004. Markup was payable on six monthly basis at LIBOR plus 2% of which 1.6% was paid in advance. The facility was secured by way of lien on Special US $ Bonds of US$ 4.1 million of the Company and hypothecation charge as explained below.

4.10 This represented foreign currency Term Finance of US$ 2.6 million repayable in April 2004. Markup was payable on six monthly basis at LIBOR plus 2% of which 1.6% was paid in advance. The facility was secured by way of lien on Special US $ Bonds of US$ 2.6 million of the Company and hypothecation charge as explained below.

4.11 This represented foreign currency Term Finance of US$ 1.3 million for a period of twenty one months repayable in April 2004. Markup was payable on six monthly basis at LIBOR plus 1.85 % of which 1.6% was paid in advance. The facility was secured by way of lien on Special US $ Bonds of US$ 1.3 million of the Company and hypothecation charge as explained below.

The facilities in 4.9 to 4.11 together are also secured by hypothecation charge on current assets including, but not limited to stores, stocks, book debts and receivables of the Company amounting to Rs. 500 million.

4.12 This represented a Term Finance facility of Rs. 132.52 million for a period of one and half year from a syndicate of Habib Bank Limited, Union Bank Limited & Bank Al Habib Limited, with the participation of Rs. 40.33 million, Rs. 74.91 million & Rs. 17.28 million respectively. This facility was repayable in April 2004. Mark up was payable on quarterly basis at simple average of the cut-off yields of the last three auctions of six months treasury bills plus 1% per annum with a floor of 2.75%. The facility was secured by way of a ranking charge of Rs. 80.67 million in favour of the syndicate on all the present and future current assets of the Company and by way of lien on Special US $ Bonds of a director of the ultimate parent company.

4.13 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. This 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 its present and future fixed assets of the Company.

4.14 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 loan 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 yield 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.

4.15 This represented a Term Finance facility of Rs. 200.60 million for a period of one and half year repayable in March 2004. Mark up was payable on quarterly basis at simple average of the cut-off yields of the last three auctions of six months treasury bills plus 1% per annum with a floor of 2.75%. The facility was secured by way of a ranking charge of Rs. 66.87 million on all the present and future current assets of the Company and by way of lien on Special US $ Bonds of a director of the ultimate parent company.

4.16 This represents Morabaha Finance facility 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.

			2004	**2003**
			Rupees	**Rupees**
5.	**DEFERRED LIABILITIES**			
	Provision for deferred tax	5.1	232,384,956	3,364,854
	Provision for gratuity	5.2	14,674,259	13,591,859
	Provision for unavailed leaves		3,473,075	3,030,785
			250,532,290	19,987,498

5.1 Amount of deferred tax liabilities and assets recognised are as follows:

	2004	2003
Due to accelerated depreciation for tax purposes	584,766,264	563,421,652
Due to deferred costs	-	74,171
	584,766,264	563,495,823
Unfunded Staff retirement benefits	(6,351,566)	(5,485,473)
Unabsorbed tax losses	(346,029,742)	(554,645,498)
	(352,381,308)	(560,130,970)
	232,384,956	3,364,853

5.2 Reconciliation of Defined Benefit Plan

	2004	2003
Present Value of Defined Benefit Obligation	15,417,027	-
Fair value of the Plan assets	-	-
Net actuarial losses not Recognized	(742,768)	-
Transitional Asset / (Liability) not yet recognized	-	-
	14,674,259	-
Movement in net liability / (asset) recognized		
Opening net liability	13,591,859	-
Expense for the year	2,206,116	-
Benefits paid	(1,123,716)	-
Closing net liability	14,674,259	-

		2004 Rupees	2003 Rupees
(Income) / Charge for the Defined Benefit Plan			
Current Service Cost		2,028,116	-
Interest cost		827,000	-
Expected return on the Plan assets		-	-
Actuarial (gains) / losses recognised		-	-
Recognised Transitional Assets		(649,000)	-
		2,206,116	-
Actuarial Assumptions			
Valuation Discount Rate		9.00%	-
Salary Increase Rate		9.00%	-

6. SHORT TERM FINANCE - SECURED

Running Finance from:			
Habib Bank Limited	6.1	111,836,991	354,855,321
Habib Bank Limited	6.2	-	75,000,000
Term Finance from Standard Chartered Bank	6.3	100,000,000	-
Term Finance from Standard Chartered Bank	6.4	-	55,000,000
Term Finance from Standard Chartered Bank	6.5	-	50,000,000
Term Finance from Standard Chartered Bank	6.6	-	179,000,000
Morabaha Finance from Faysal Bank Limited	6.7	-	112,729,000
Morabaha Finance from Faysal Bank Limited	6.8	-	30,500,000
Morabaha Finance from Faysal Bank Limited	6.9	-	64,931,353
Term Finance from Citibank N.A.	6.10	-	232,250,000
		211,836,991	1,154,265,674

6.1 This represents the utilised amount of a Rs.450 million facility for a period of one year (2003: Rs.450 million). Mark up is payable on quarterly basis at simple average of the cut-off yields of last three auctions of six months treasury bills plus 1% per annum with a floor of 2.75% . The facility is secured by way of lien on Special US $ accounts of the directors of the ultimate parent company and ranking charge on book debts & movable property of the Company amounting to Rs.150 million.

6.2 This represents a running finance facility of Rs. 75 million for a period of one year (2003: Rs. 75 million). Mark up is payable on quarterly basis at simple average of the cut-off yields of last three auctions of six months treasury bills plus 1.5% per annum with a floor of 4 % . The facility is secured by way of registered hypothecation of present and future current assets including, without limitation inventories, stock in trade, stores, spares, book debts and receivables of the Company. This charge ranks pari passu.

6.3 This represents a Term Finance facility of Rs. 100 million (2003: Nil) repayable in July 2004. Mark up is payable upon maturity at 2.2% per annum. The facility is secured by way charge on fixed assets, explained in note 4.8.

6.4 This represents a Term Finance facility of Rs.55 million (2003: Rs.55 million) repayable in June 2004. Markup is payable at the rate of 2.75%.

6.5 This represented a facility of Rs.50 million for a period of 3 months. Mark up was payable on quarterly basis at 4%.

6.6 This represented a facility of Rs. 179 million for a period of six months. Mark up was payable on quarterly basis at simple average of the cut-off yield of the last three auctions of six months treasury bills plus 1.5 % per annum.

6.7 These represented morabaha finance facilities obtained for a period of one year. Mark up was payable on quarterly basis at simple average of the cut-off yields of last three auctions of six months treasury bills plus 2 % per annum with a floor of 5 % . The facilities were secured by way of first pari passu charge over all the present and future fixed assets and all other movable assets of the Company.

6.8 This represented facilities of US$ 0.58 million and US$ 0.54 million obtained for importation of raw materials (2003: US $ 1.12l). The facilities were payable in November 2003 and December 2003 and carry mark up @ 4.6 % and 3.5 % per annum respectively. The facilities were secured by way of first pari passu charge over all the present and future fixed assets and all other movable assets of the Company.

6.9 This represents Demand Finance Facility enhanced from Rs. 40 million. The facility is secured by way of registered hypothecation charge on Company's all present & future fixed assets for Rs. 225,357,329. Mark up is payable at the rate of 2.2% p.a.

6.10 This represented the utilised amount of a Term Finance facility of Rs.241.95 million (2003: Rs. 241.95) repayable in June 2004. Markup was payable on six monthly basis at six months US $ LIBOR prevailing two business days prior to the due date plus 1.75 % per annum. The facility was secured by way of lien on Special US $ Bonds of the Company of US $ 4.188 million and charge as explained in note 4.11.

		Rupees	**Rupees**
7. CURRENT MATURITY OF LONG TERM LIABILITIES			
Current portion of long term finance	4	429,467,647	1,066,938,356
		429,467,647	1,066,938,356

8. CREDITORS, PROVISIONS, ACCRUED AND OTHER LIABILITIES

Payable to suppliers and creditors	63,538,494	27,950,492
Accrued liabilities	105,229,378	115,167,794
Accrued interest -Long term finance	7,825,085	16,375,814
-Short term finance	6,014,933	7,446,050
Advances from customers	67,261,851	45,283,743
Security deposits	8,840,500	8,390,500
Retention money	136,197	891,734
Provision for Workers' Profit Participation Fund	44,242,507	8,404,932
Provision for taxation	-	-
Sales tax payable	23,437,492	20,162,791
Other creditors	15,328,826	16,396,650
Unclaimed dividends	8,234	3,136
	341,863,498	266,473,636

9. CONTINGENCIES AND COMMITMENTS

In respect of letter of credits		90,894,348	89,441,193
In respect of insurance guarantee against excise duty on exports.		30,000,000	15,000,000
In respect of bank guarantees	9.1	174,905,064	116,057,082

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

10. OPERATING ASSETS

Particulars	COST: As at July 01, 2003 Rupees	COST: Additions during the year Rupees	COST: Deletions/Adjustments during the year Rupees	COST: As at June 30, 2004 Rupees	Rate %	DEPRECIATION: As at July 01, 2003 Rupees	DEPRECIATION: On deletions/ adjustments Rupees	DEPRECIATION: For the year Rupees	DEPRECIATION: As at June 30, 2004 Rupees	Written down value As at June 30, 2004 Rupees
Freehold land	79,351,983	483,365	(990,830)	78,844,518	-	-	-	-	-	78,844,518
Leasehold land	30,694,261	-	-	30,694,261	30 yrs	7,052,158	-	1,125,814	8,177,972	22,516,289
Buildings and civil works	1,082,884,709	8,280,799	(576,980)	1,090,588,529	5	228,633,764	(29,229)	43,099,200	271,703,735	818,884,794
Plant and machinery	3,149,987,021	8,552,511	(2,526,997)	3,156,012,535	5	963,596,722	(652,635)	121,270,851	1,084,214,938	2,071,797,597
Quarry equipment	261,817,364	33,779,548	-	295,596,912	15	140,366,126	-	23,284,618	163,650,744	131,946,169
Other Equipment	27,997,690	2,881,408	(626,190)	30,252,908	10-15	14,140,012	(120,210)	1,930,892	15,950,694	14,302,214
Furniture and fixtures	10,687,144	421,686		11,108,830	10	4,391,979	-	671,685	5,063,664	6,045,166
Vehicles	32,885,990	6,051,508	(3,330,614)	35,606,884	20	19,035,976	(1,389,840)	3,592,150	21,238,285	14,368,599
Office equipment	12,848,892	1,508,013	(3,000)	14,353,905	15	6,360,640	(1,669)	1,199,240	7,558,211	6,795,694
Total June 30, 2004	4,689,155,055	61,958,838	(8,054,611)	4,743,059,283		1,383,577,377	(2,193,583)	196,174,450	1,577,558,242	3,165,501,040
Total June 30, 2003	4,476,866,900	217,206,550	(4,918,394)	4,689,155,056		1,071,239,366	116,570,277	195,767,733	1,383,577,376	3,305,577,680

10.1 Depreciation has been allocated as follows:

	2004 Rupees	2003 Rupees
Cost of sales	193,989,220	193,644,950
Administration and general expenses	1,092,615	1,061,391
Selling and distribution expenses	1,092,615	1,061,391
	196,174,450	195,767,732

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	Daewoo Racer	394,228	103,345	100,000	(3,345)	By Negotiation	Mr. Sh. Abdul Majid
2	Suzuki Mehran	377,496	301,997	374,000	72,003	Insurance Claim	Askari General Ins Co
3	Toyota Corolla	798,890	409,032	670,015	260,983	Insurance Claim	Askari General Ins Co
4	Toyota Pickup	1,760,000	1,126,400	1,500,000	373,600	By Negotiation	Mr. Abbas Afridi
TOTAL		**3,330,614**	**1,940,774**	**2,644,015**	**703,241**		

		2004 Rupees	2003 Rupees
11. CAPITAL WORK IN PROGRESS			
Civil works		130,081	25,134,053
Plant & machinery and other equipment		32,708,623	180,436,348
Proposed project		1,816,268	-
		34,654,972	205,570,401
Transferred to operating fixed assets:			
Civil works		-	24,643,070
Plant & machinery and other equipment		-	180,436,348
		34,654,972	490,983
12. LONG TERM DEPOSITS, PREPAYMENTS AND DEFERRED COSTS			
Security deposits	12.1	18,890,547	18,965,547
Deferred costs	12.2	-	224,762
		18,890,547	19,190,309

12.1 This includes deposits of Rs. 18.74 million with Water and Power Development Authority.

12.2 ***Deferred costs***

	2004	2003
Fee for increase in authorised capital	4,150,800	4,150,800
Preliminary expenses	344,468	344,468
	4,495,268	4,495,268
Amortisation of deferred costs	(4,495,268)	(4,270,506)
	-	224,762

13. LONG TERM INVESTMENTS

		2004	2003
Equity investments	13.1	1,862,802,950	1,862,802,950
Apartment at cost		-	2,130,580
Defense Saving Certificates		17,000	17,000
		1,862,819,950	1,864,950,530

13.1 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 amount to Rs.19.45 per share based on audited accounts for the year ended December 31, 2003.

			2004 Rupees	2003 Rupees
14.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores, spares and loose tools		339,532,632	285,198,872
	Stores and spares in transit		26,313,348	33,420,612
			365,845,980	318,619,483
15.	**STOCK IN TRADE**			
	Raw and packing material		12,522,376	11,722,470
	Work in process		77,952,781	86,663,950
	Finished stock		22,668,650	57,255,474
			113,143,807	155,641,894
16.	**RECEIVABLE FROM CUSTOMERS**			
	Unsecured - considered good		41,630,455	64,068,687
17.	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Due from Directors- secured	17.2	651,118	963,522
	Due from Employees unsecured	17.3	173,820	-
	Due from suppliers and contractors		24,951,836	8,442,203
	Short term security deposits		1,191,394	1,201,599
	Prepayments		2,088,851	8,586,973
	Accrued profit		23,772	4,963,768
	Claims and tax refunds due from the government :			
	Income tax claims	17.4	37,807,048	25,360,291
	Excise duty		3,391,500	2,333,250
	Insurance claims receivable		1,220,725	6,400
	Others		21,184,732	7,739,489
			92,684,796	59,597,495

17.1 The maximum amount due from the parent company, Bestway (Holdings) Limited, at the end of any month during the year was Rs. Nil (2003: Rs. Nil).

17.2 The maximum amount due from directors at the end of any month during the year was Rs.0.968 million (2003: Rs.1.90 million).

17.3 The maximum amount due from executives at the end of any month during the year was Rs. 0.185 million (2003: Rs.0.09 million).

17.4 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.

			2004 Rupees	2003 Rupees
18.	**SHORT TERM INVESTMENTS**			
	Special US Dollar Bonds	18.1	-	704,557,810

18.1 ***Special US Dollar Bonds***

This represents Special US $ Bonds amounting to US $ Nil (2003: US $ 12.188 million) under lien against various financing arrangements as explained in notes 4.9, 4.10, 4.11 and 6.10.

			2004 Rupees	2003 Rupees
19.	**CASH AND BANK BALANCES**			
	Cash at bank			
	Current accounts		22,366,085	23,847,511
	Savings accounts	19.1	270,815,180	17,769,686
			293,181,265	41,617,196
			293,181,265	41,617,196

19.1 This includes US$ 4.38 million in US Dollar Savings Accounts out of which US $ 1.825 million are under lien against financing arrangements as explained in notes 4.4 and 6.1.

20. SALES - NET

Gross sales		3,801,245,069	2,993,191,561
Less: Sales tax		(423,520,920)	(391,612,376)
Excise duty		(583,227,750)	(746,494,000)
Net sales		2,794,496,399	1,855,085,185
Less: Rebates and discounts to customers		(128,530,850)	(62,863,989)
		2,665,965,550	1,792,221,196

21. COST OF SALES

Raw and packing materials consumed		258,605,809	218,417,091
Rent, rates and taxes		383,490	1,300
Fuel and power		963,956,469	825,813,082
Stores and spares consumed		42,450,266	35,157,181
Repairs and maintenance		2,502,710	1,578,415
Salaries, wages and benefits		72,551,348	63,765,323
Insurance		5,373,528	6,504,585
Equipment rental		1,717,545	849,169
Utilities		970,578	735,829
Traveling, conveyance and subsistence		4,444,571	4,009,029
Communication expenses		1,074,915	1,281,781
Printing and stationery		685,767	661,650
Entertainment		67,454	22,729
Depreciation	10	193,893,913	193,644,951
Miscellaneous expenses		3,531,779	1,081,744
		1,552,210,143	1,353,523,860
Opening work in process		86,663,950	117,169,924
Closing work in process		(77,952,781)	(86,663,950)
Cost of goods manufactured		1,560,921,312	1,384,029,834
Opening finished stocks		57,255,474	7,229,501
Closing finished stocks		(22,668,650)	(57,255,474)
Cost of sales		1,595,508,136	1,334,003,861

22. ADMINISTRATION AND GENERAL EXPENSES

		2004 Rupees	**2003 Rupees**
Salaries, wages and benefits		25,989,425	9,818,835
Rent, rates and taxes		4,869,285	4,257,133
Repairs and maintenance		327,478	247,377
Insurance		51,979	55,347
Utilities		277,745	192,829
Traveling, conveyance and subsistence		3,020,847	2,975,682
Communication expenses		872,866	812,268
Printing and stationery		439,754	641,559
Entertainment		156,416	401,539
Advertisements		250,294	86,309
Charitable donations	22.1	16,550,617	5,107,000
Legal and professional charges		47,090	2,951,975
Fees and subscription	22.2	1,810,279	2,148,605
Auditors' remuneration	22.3	529,511	315,483
Depreciation	10	1,092,615	1,061,391
Amortisation of deferred cost	12.1	224,762	899,054
Miscellaneous expenses		41,818	52,082
		56,552,781	32,024,468

22.1 A provision @ 2.5% of the accounting profit after tax has been made for donation to Bestway Foundation (2003: Rs.4.673 million). The chief executive and directors are among the trustees of the Foundation. Neither of the trustees nor their spouses have a b

			2004 Rupees	2003 Rupees
22.3	***Auditors' remuneration***			
	Audit fees		165,000	125,000
	Taxation and corporate services		335,462	145,000
	Out of pocket expenses		29,049	45,483
			529,511	315,483
23.	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries, wages and benefits		8,516,252	8,790,085
	Rent, rates and taxes		1,916,052	2,186,337
	Repairs and maintenance		289,678	1,059,352
	Utilities		704,871	558,472
	Traveling, conveyance and subsistence		1,628,753	1,597,378
	Communication expenses		1,399,923	1,504,817
	Printing and stationery		1,253,766	808,874
	Entertainment		371,342	280,294
	Advertising and promotion		1,345,940	1,390,947
	Depreciation	10	1,092,615	1,061,391
	Fees and subscription		713,407	267,737
	Miscellaneous expenses		487,982	1,239,548
			19,720,580	20,745,232
24.	**FINANCIAL CHARGES**			
	Financial charges on long term finance		106,349,538	212,841,955
	Financial charges on finance lease		-	15,764,843
	Financial charges on short term finance		28,079,655	35,647,465
	Bank charges and commissions		4,697,720	5,074,817
			139,126,913	269,329,080
25.	**OTHER INCOME**			
	Profit on Special US $ Bonds		25,077,592	30,412,566
	Profit on bank accounts		167,168	274,425
	Exchange gain/ (loss)		2,477,434	(624,428)
	Gain on disposal of fixed assets		767,162	555,139
	Other income		1,303,674	1,362,381
	Dividend Income from associated undertaking (UBL)		89,160,750	-
			118,953,780	31,980,083

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	22,173,013	8,844,958
Deferred tax expense relating to the origination and reversal of temporary differences	229,020,102	38,205,290
Total Tax expense	251,193,116	47,050,248

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

	Chief Executive		Directors, including chairman		Executives	
	Rupees					
	2004	2003	2004	2003	2004	2003
Managerial remuneration and allowances	7,500,000	-	16,549,212	7,389,529	35,555,661	32,195,809
Company's contribution to gratuity fund	-	-	2,462,846	650,761	4,602,372	1,345,180
Unavailed leaves	-	-	475,247	24,487	852,917	148,770
Medical	-	-	-	-	-	-
	7,500,000	-	19,487,305	8,064,777	31,223,585	33,689,759
Number of persons	1	1	5	4	146	105

28. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The Company's related parties, the nature of relationship and the amount of transactions with them during the year were as follows:

	2004 Rupees	2003 Rupees
i) Purchases from Pak Pearl Rice Mills (Pvt.) Limited	1,033,350	73,820
ii) Office rent paid to United Bank Limited	3,898,276	3,750,000
iii) Service/bank charges paid to United Bank Limited	1,486,158	2,151,449
iv) Management charges received from Pak Pearl Rice Mills (Pvt.) Limited	533,500	360,000
v) Management charges paid to Bestway (Holdings) Limited, U.K	1,091,310	1,315,638
vi) Charitable donations to Bestway Foundation	16,550,942	5,107,000

28.1 Certain directors of Bestway Cement Limited are also directors of Pak Pearl Rice Mills (Pvt.) Limited and United Bank Limited.

28.2 Certain 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
	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	Rupees
FINANCIAL ASSETS							
Investments	-	17,000	17,000	-	-	-	17,000
Long term deposits	-	-	-	-	18,890,547	18,890,547	18,890,547
Receivable from customers	-	-	-	41,630,455	-	41,630,455	41,630,455
Advances, deposits and other receivables							
- due from employees / directors	651,118		651,118	173,820	-	173,820	824,938
- security deposits	-	-	-	1,191,394	-	1,191,394	1,191,394
- Accrued profit	-	-	-	23,772	-	23,772	23,772
- Others	-	-	-	22,405,457	-	22,405,457	22,405,457
Cash and bank balances	270,815,180	-	270,815,180	22,366,085	-	22,366,085	293,181,265
June 30, 2004	**271,466,298**	**17,000**	**271,483,298**	**87,790,984**	**18,890,547**	**106,681,531**	**378,164,829**
June 30, 2003	**723,291,018**	**17,000**	**723,308,018**	**101,827,454**	**1,881,768,497**	**1,983,595,951**	**2,706,903,969**
FINANCIAL LIABILITIES							
Long term finance	429,467,647	1,895,432,353	2,324,900,000	-	-	-	2,324,900,000
Short term/running finance	211,836,991	-	211,836,991	-	-	-	211,836,991
Creditors accrued and other liabilities	-	-	-	274,601,647	-	274,601,647	274,601,647
Dividend	-	-	-	193,469,555	-	193,469,555	193,469,555
June 30, 2004	**641,304,638**	**1,895,432,353**	**2,536,736,991**	**468,071,202**	**-**	**468,071,202**	**3,004,808,193**
June 30, 2003	**2,221,204,030**	**1,700,900,000**	**3,922,104,030**	**366,292,060**	**19,987,498**	**386,279,558**	**4,308,383,588**

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 fully 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 investments, 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	288	280

31. EARNINGS PER SHARE (EPS)

Profit after tax	678,575,296	112,643,460
Number of ordinary shares in issue	193,469,555	193,469,555
Number of ordinary shares after bonus issue	212,816,511	212,816,511
Earnings per share - basic	3.51	0.58
Earnings per share - diluted	3.19	0.53

32. PLANT CAPACITY AND PRODUCTION OF CLINKER

Available capacity (metric tons)	990,000	990,000
Actual production (metric tons)	965,740	795,255

33. GENERAL

- The Financial statements were authorized for issue in the Board of Directors meeting held on September 27, 2004
- Figures have been rounded off to the nearest rupee.
- Figures of the previous year have been rearranged, wherever necessary, for the purpose of comparison.

CHIEF EXECUTIVE **DIRECTOR**

PATTERN OF SHAREHOLDING
Pattern of Holding of Shares Held by the Shareholders
As at June 30, 2004

No. of Shareholders	Shareholding From	Shareholding To	Shares Held
2	1	100	8
31	101	500	15,358
3	501	1,000	3,000
6	1,001	5,000	25,000
3	5,001	10,000	30,000
2	10,001	15,000	28,000
1	15,001	20,000	16,263
2	20,001	25,000	44,283
1	25,001	30,000	27,104
1	30,001	35,000	33,500
1	35,001	40,000	37,946
1	85,001	90,000	90,000
11	95,001	100,000	1,100,000
2	115,001	120,000	236,216
4	145,001	150,000	600,000
2	155,001	160,000	320,000
1	160,001	165,000	164,000
1	170,001	175,000	175,000
1	180,001	185,000	180,960
2	185,001	190,000	380,000
8	195,001	200,000	1,597,500
1	335,001	340,000	340,000
1	345,001	350,000	346,500
1	395,001	400,000	400,000
1	495,001	500,000	500,000
2	560,001	565,000	1,125,800
1	585,001	590,000	588,500
3	1,100,001	1,600,000	3,883,400
3	1,600,001	2,100,000	5,887,200
1	3,100,001	3,600,000	3,248,500
2	3,600,001	4,100,000	7,311,600
1	7,100,001	7,600,000	7,511,700
1	8,600,001	9,100,000	8,999,370
1	18,100,001	18,600,000	18,513,510
1	49,100,001	49,600,000	49,279,091
1	6,010,0001	110,100,000	80,430,246
107			193,469,555

CATEGORIES OF SHAREHOLDERS
As at June 30, 2004

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
International Investment Trust	0	0	00.00
Investment Corporation of Pakistan	0	0	00.00
Public Sector Companies and Corporation	0	0	00.00
Banks	0	0	00.00
Development Finance Institutions	0	0	00.00
Non Banking Finance Institutions	0	0	00.00
Insurance Companies	0	0	00.00
Mutual Funds	0	0	00.00
Modarabas	0	0	00.00
Joint Stock Companies	7	22,529,010	11.64
Associated Companies, Undertakings and Related Parties	4	140,723,707	72.74
Directors, CEO and their Spouses and Minor Children	8	12,794,800	06.61
Executives of the Company / Modaraba	0	0	00.00
Others	0	0	00.00
Individuals	88	17,422,038	09.01
	107	193,469,555	100.000

DETAILS OF CATEGORIES OF SHAREHOLDERS
As at June 30, 2004

		No. of Shareholders	Shares Held
JOINT STOCK COMPANIES			
05264-39	JAHANGIR SIDDIQUI CAPITAL MKTS (PVT) LTD		18,513,510
03301-27	AQEEL KARIM DHEDHI SECURITIES (PVT) LTD.		2,500
03954-37	SALIM CHAMDIA SECURITIES (PVT.) LIMITED		500
03863-38	ACE SECURITIES (PVT.) LIMITED		500
00364-13662	MAZWA INTERNATIONAL (PVT) LTD. (023373)		3,248,500
00364-11369	A1 SUPPORT SERVICES (PVT) LTD. (023030)		175,000
00364-11310	PAK PEARL RICE MILLS (PVT) LTD. (023042)		588,500
		7	22,529,010
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
00001	BESTWAY (HOLDINGS) LIMITED		49,279,091
00364-13654	BESTWAY (HOLDING) LIMITED (023381)		2,015,000
00055	BESTWAY CASH & CARRY LIMITED		80,430,246
00059	BESTWAY NORTHERN LIMITED		8,999,370
		4	140,723,707
DIRECTORS, CEO AND THEIR SPOUSES AND MINOR CHILDREN			
00002	MOHAMMAD ANWAR PERVEZ		7,511,700
00003	ZAMEER MOHAMMAD CHOUDREY		3,655,800
00004	ARSHAD MEHMOOD CHAUDHARY		1,378,800
00048	MOHAMMAD IRFAN ANWAR SHEIKH		100,000
00803	MR. MOHAMMAD AKRAM		10, 000
00844	MAZHAR RAFI		5,000
00364-11427	GHULAM SARWAR MALIK (023069)		100,000
00364-12599	IRFAN SHEIKH (023257)		33,500
		8	12,794,800
CATEGORIES TOTAL		19	176,047,517
.INDIVIDUALS		88	17,422,038
GRAND TOTAL		107	193,469,555

SHAREHOLDERS HOLDING (CDC AND OTHER CDC) 10% OR MORE VOTING INTEREST IN THE COMPANY
As at June 30, 2004

		Shares Held	Percentage
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
00055	BESTWAY CASH & CARRY LIMITED	80,430,246	41.57
00001 00364-13654	BESTWAY CASH & CARRY LIMITED	51,294,091	26.51