

Cherat Cement Company Limited

Annual Report 2000

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SECP CIRCULAR OF JANUARY 26, 2000

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Mohammed Faruque	Chairman
Mr. Zahid Faruque	Chief Executive/Managing Director
Mr. Akbarali Pesnani	Director
Mr. Khalifa Muhammad Aminullah (NIT)	Director
Mr. Abdul Latif Uqaili (ICP)	Director
Mr. Azam Faruque	Director
Mr. Anis Wahab Zuberi (NIT)	Director
Mr. Muhammad Nawaz Tishna (NIT)	Director

COMPANY SECRETARY

Rauf Jafrani

AUDITORS

Sidat Hyder Qamar & Co.

BANKERS

ABN Amro Bank
Allied Bank of Pakistan Limited
American Express Bank Ltd.
Bank Al-Habib Ltd.
Credit Agricole Indosuez
Muslim Commercial Bank Ltd.

National Bank of Pakistan
Standard Chartered Grindlays Bank Ltd.
Union Bank Limited
United Bank Limited

REGISTERED OFFICE

Modern Motors House,
Beaumont Road,
Karachi-75530

FACTORY

Village Lakrai,
R O. Box 28,
Nowshera.

SALES OFFICE

1st Floor, Betani Arcade,
Jamrud Road,
Peshawar.

REGIONAL OFFICE

3, Sunder Das Road,
Lahore.

ISLAMABAD OFFICE

No 7, Mezzanine Level,
Razia Sharif Plaza,
92, Blue Area,
Islamabad.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of this Company will be held on Monday, December 18, 2000 at 10:00 a.m. at the Registered Office of the Company at Modern Motors House, Beaumont Road, Karachi to transact the following business:

1. To receive and consider the audited accounts of the company for the year ended on June 30, 2000, with the Directors' and the Auditors' Reports thereon.
2. To declare dividend of Rs. 2.50 per share (@ 25%) for the financial year ended on June 30, 2000 as recommended by the Directors.
3. To elect eight directors of the Company as fixed by the Board u/s 178 (1) of the Companies Ordinance 1984 at its meeting held on November 08, 2000. The names of retiring Directors are (1) Mr. Mohammed Faruque, (2) Mr. Zahid Faruque, (3) Mr. Akbarali Pesnani, (4) Mr. K.M. Aminullah (NIT), (5) Mr. Abdul Latif Uqaili (ICP), (6) Mr. Azam Faruque

(7) Mr. Anis Wahab Zuberi (NIT) and (8) Mr. Muhammad Nawaz Tishna (NIT).

4. To appoint auditors for the ensuing year and to fix their remuneration.

By Order of the Board

R. JAFRANI
Secretary

Karachi, November 08, 2000.

NOTES:

(1) A member eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote in his/her stead. Proxies to be effective must be in writing and must be received by the Company 48 hours before the Meeting.

(2) The register of members of the Company will be closed from Friday, December 08 to Monday, December 18, 2000 inclusive, and no transfers will be registered during that time. Shares received in order at the registered office of the Company at the close of business on Thursday, December 07, 2000 will be treated in time for entitlement of the above dividend.

(3) Shareholders whose shares are registered in their account/sub-account/group account with Central Depository System (CDS) are requested to bring original NIC along with their account number in CDS and participant's ID Number for verification. In case of appointment of proxy by such account holders and sub-account holders the guidelines as contained in SECP's circular of January 26, 2000 to be followed.

(4) The Shareholders are requested to notify the Company immediately the change in their address, if any.

DIRECTORS' REPORT TO THE MEMBERS
for the year ended 30th June, 2000

Dear Shareholders,

Your directors are pleased to place before you the financial results of the company alongwith the Audited Accounts for the year ended 30th June, 2000.

PRODUCTION

In view of the over capacity in the cement industry the production of Clinker and Cement during the year under review was adjusted in line with the market demand.

The Comparative figures for production of clinker and cement are as under:-

	<i>1999-2000</i>	<i>1998-1999</i>	<i>%Change</i>
	<i>Tons</i>	<i>Tons</i>	
Clinker	497,513	504,949	(1.5)
Cement	521,224	532,684	(2.1)

DESPATCHES

Since the production of Clinker and Cement during the period under review was adjusted in line with the demand, we were able to despatch the entire quantity of cement that was produced. The comparative figures for quantity of cement booked and despatched during the last two years are as follows:

	<i>1999-2000</i>	<i>1998-1999</i>	<i>%Change</i>
	<i>Tons</i>	<i>Tons</i>	
Cement Booked	521,462	532,749	(2.1)
Cement Despat	522,592	531,894	(1.7)

SALES AND MARKETING

Even though the quantity of cement despatched during the year was slightly lower than last year, the stabilization of cement prices helped the company in improving its revenues. In Rupee terms the sales for year were up by about 11.4 percent (Rs. 2.153 million for 1999-2000 compared with Rs. 1.932 million for 1998-1999). While the increase sales revenue helped in substantially reducing the financial charges, we were also able to keep our selling and distribution expenses at the same level as last year, with the result that both the Gross Profit and the Operating Profit showed a marked improvement over the previous year. The net profit after tax was also up by Rs. 103.9 million, compared to last year.

Our contribution to the exchequer in the form of excise duty and income tax amounted to Rs. 833 million which works out to around 39% of our Net Sales.

OPERATING RESULTS

The summarized operating results are as follows:

	<i>1999-2000</i>	<i>19998-1999</i>	<i>% Change</i>
	<i>(Rs. In Million)</i>	<i>(Rs. In Million)</i>	
Net Sales	2,153.13	1,932.21	11.40
Cost of Sales	(1,760.273)	(1,759.955)	--
Gross Profit	392.86	172.25	128.10
Expenses	(105.965)	(120.585)	(12.1)
Taxes	(125.193)	6.16	2,133.30
Net Profit	161.698	57.826	179.600

Other comparative figures are reflected in the Financial Statements.

APPROPRIATION OF PROFIT

The profit after tax for current year amounts to Rs. 161.698 million which together with unappropriated profit of Rs. 6.119 million from last year gives us Rs. 167.817 million to be appropriated. The directors propose the following appropriation of available profit:

(Rs. In Million)

Net profit for the year	161.698
Add: Unappropriated profit brought forward	6.119

Total available for appropriation	167.817
Appropriations:	
Proposed cash dividend @ 25%	120.331
Transfer to General Reserves	25.000

Balance to be carried forward	22.486
	=====

FUTURE PROSPECTS

Since there is an excess capacity in the industry as a whole, the plants are forced to curtail their production in line with the market demand. So far the sector has not been successful in promoting alternate use of cement i.e. for road building nor getting into the export market. To promote export the government needs to provide the requisite incentives and necessary facilities at ports to encourage the manufactures to explore this avenue. This could also become a source of Foreign Exchange earning for the country in these difficult times. The wide fluctuation and continuous increase in the price of furnace oil is also having a negative impact on the industry. The high rate of taxation and other government levies are also having a negative impact on the growth of cement industry. The rationalisation of these charges could be beneficial to all the stakeholders.

DEBT OBLIGATION

We are happy to report that so far we have been able to meet all our financial commitments and debt obligations as per agreed schedule including payment against foreign currency loan.

AUDITORS

The present Auditors M/s. Sidat Hyder Qamar & Co., Chartered Accountants, retire and being eligible offer themselves for reappointment.

ACKNOWLEDGEMENT

In the end we wish to express our thanks to all the financial institutions including the French banks which have been associated with us, for their continued support, understanding and cooperation. We would also like to thank all our dealers and customers for their loyalty and support. Our special thanks are due to our team of dedicated managers and other executives, supervisors and hard working employees, who continue to put in their best efforts for achieving optimum results in these difficult times.

Thank you,

On behalf of the Board
Cherat Cement Company Limited

(MOHAMMED FARUQUE)
Chairman

Karachi: November 08, 2000

YEARWISE STATISTICAL SUMMARY

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
										(Tons in '000)
Clinker production	498	505	612	742	712	423	254	426	421	395
Cement production	521	533	671	798	716	438	270	455	448	438
Cement despatched	523	532	663	798	721	429	271	457	450	433
(Rs. in million)										
ASSETS EMPLOYED										(Rs. in million)
Fixed Assets	973	1,069	1,186	1,260	1,378	1,471	1,453	1,236	1,059	861
Investments and Long-term Advances & Deposits	12	11	12	13	14	14	12	11	9	73
Current Assets	742	665	645	589	638	427	376	357	242	154
Total Assets Employed	1,727	1,745	1,843	1,862	2,030	1,912	1,841	1,604	1,310	1,088
FINANCED BY										
Shareholders equity	929	887	926	921	885	864	704	621	457	385
Long-Term Liabilities	73	185	271	336	434	544	633	572	520	438
Deferred Liabilities	188	167	191	191	206	165	42	40	31	2
Current Liabilities	537	506	455	414	505	339	462	371	302	263
Total Funds Invested	1,727	1,745	1,843	1,862	2,030	1,912	1,841	1,604	1,310	1,088
TURNOVER & PROFIT										
Turnover(Net)	2,153	1,932	2,299	2,830	2,213	1,482	754	1,070	910	818
Operating Profit	328	112	74	174	334	337	143	309	197	130
Profit before Taxation	287	52	12	118	274	289	122	277	157	85
Profit after Taxation	162	58	5	108	166	159	83	164	73	70
Cash Dividend	120	96	--	72	144	--	--	--	--	--
Stock Dividend	--	--	--	--	--	96	64	64	33	25
Transfer to Reserves	25	--	--	25	25	55	15	100	40	40
Profit c/f	22	6	45	40	29	32	24	20	20	20

RATIO ANALYSIS ON ACCOUNTS for the year ended 30th June, 2000

	2000	1999
PROFITABILITY		
Gross Profit (percentage)	18.25	8.91
Operating Profit (percentage)	15.24	5.80
Profit Before Tax (percentage)	13.32	2.67
Net Profit After Tax (percentage)	7.51	2.99

Net Profit to Shareholder's Equity Average (percentage)	17.41	6.51
E.P.S.. (Before Tax)	5.96	1.07
E.P.S. (After Tax)	3.36	1.20
Net Profit to Total Assets Average (percentage)	9.31	3.22
Increase/(decrease) in Sales (Net percentage)	11.43	(15.95)
Material as % of Net Sales	6.38	7.80
Labour as % of Net Sales	4.41	4.57
Other Cost of Sales Expenses as % of Net Sales	70.97	78.72
Raw & Packing Material as % of Cost of Sales	7.80	8.56
Administrative Expenses as % of Net Sales	1.84	1.80
Selling Expenses as % of Net Sales	1.17	1.32
Income Tax as % of Net Sales	4.86	0.94
Financial, other charges (other income) as % of Net Sales	0.91	2.93

SHORT TERM SOLVENCY

Working Capital Ratio	1.75:1	1.82:1
Acid Test Ratio	1.54:1	1.62:1
Working Capital Turnover (Net Sales) times	6.77	6.46
Inventory Turnover/Times	26.87	28.21

OVERALL VALUATION AND ASSESSMENT

Number of Times Interest Earned	7.35	1.63
Return on Equity after tax	17.41	6.50
Book Value Per Share	19.30	18.44
Long-Term Debts to Equity Ratio	0.28	0.40

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of CHERAT CEMENT COMPANY LIMITED as at June 30, 2000 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 purposes 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 account 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 the accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business 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, the profit and loss account, cash flows 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, 2000 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

KARACHI: November 08, 2000

SIDAT HYDER QAMAR & CO.
Chartered Accountants

BALANCE SHEET AS AT 30TH JUNE, 2000

	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees '000)</i>	
SHARE CAPITAL			
Authorised			
50,000,000 (1999: 50,000,000) Ordinary shares of Rs. 10/-each		500,000	500,000
Issued, subscribed and paid-up	3	481,324	481,324
General reserves		425,000	400,000
Unappropriated profit		22,486	6,119
		-----	-----
		928,810	887,443
REDEEMABLE CAPITAL		37,304	67,629

LONG-TERM LOANS	5	--	73,164
LIABILITIES AGAINST ASSETS SUBJECT			
	6	19,262	22,734
LONG-TERM DEPOSITS- unsecured	7	17,395	20,998
DEFERRED LIABILITY	8	187,701	167,053
CURRENT LIABILITIES			
Short-term finance	9	43,702	116,761
Current maturity of long-term liabilities	10	113,071	140,668
Creditors, accrued and other liabilities	11	152,272	131,953
Taxation		104,000	18,091
Unclaimed dividend		3,884	2,302
Proposed dividend		120,331	96,265
		537,260	506,040
Contingencies and commitments	12		
		-----	-----
		1,727,732	1,745,061
		=====	=====
FIXED ASSETS - TANGIBLE			
Operating assets - at book value	13	909,471	1,003,992
Assets subject to finance lease	14	63,873	65,109
		-----	-----
		973,344	1,069,101
INVESTMENTS - at Cost	15	5,800	5,800
LONG-TERM DEPOSITS		6,293	5,565
CURRENT ASSETS			
Stores, spares and loose tools	16	215,348	238,937
Stock-in-trade	17	87,919	72,322
Advances, deposits, prepayments and other receivables	18	205,819	172,186
Short-term investments	19	124,520	111,739
Cash & Bank balances	20	108,689	69,411
		-----	-----
		742,295	664,595
		-----	-----
		1,727,732	1,745,061
		=====	=====

These financial statements should be read with the annexed notes.

ZAHID FARUQUE
CHIEF EXECUTIVE

AKBARALI PESNANI
DIRECTOR

PROFIT AND LOSS ACCOUNT

for the year ended 30th June, 2000

	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees '000)</i>	
Sales - net	21	2,153,129	1,932,209
Cost of goods sold	22	1,760,273	1,759,955
		-----	-----
Gross profit		392,856	172,254
Administration expenses	23	39,584	34,697
Selling and Distribution expenses	24	25,225	25,435
		-----	-----
		64,809	60,132
		-----	-----
Operating profit		328,047	112,122
Financial charges	25	45,124	81,616
Other charges	26	3,709	3,057
Other income	27	(29,197)	(27,982)
Workers' Profit Participation Fund		15,420	2,772
Workers' Welfare Fund		6,100	990
		-----	-----
		41,156	60,453
		-----	-----
Net profit for the year before tax		286,891	51,669
Taxation - current		104,000	(18,091)
- prior		545	--
- deferred		20,648	24,248
		-----	-----
		125,193	6,157
		-----	-----
Net profit for the year after tax		161,698	57,826
Unappropriated profit brought forward		6,119	44,558
		-----	-----
Profit available for appropriation		167,817	102,384
Appropriation:			
Proposed cash dividend @ 25% (1999: @ 20%)		120,331	96,265
Transfer to general reserve		25,000	--
		-----	-----
		145,331	96,265
		-----	-----
Unappropriated profit carried forward		22,486	6,119
		=====	=====
Earning per share - basic	28	Rs. 3.36	Rs. 1.20
		=====	=====

These financial statements should be read with the annexed notes.

ZAHID FARUQUE
CHIEF EXECUTIVE

AKBARALI PESNANI
DIRECTOR

CASH FLOW STATEMENT
for the year ended 30th June, 2000

	<i>2000</i>	<i>1999</i>
	<i>(Rupees '000)</i>	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	286,891	51,669
Adjustments:		
Depreciation	113,560	123,337
Return on investment	(19,789)	(22,430)
Gain on sale of fixed assets	(1,897)	(1,246)
Financial charges	45,411	81,616
Dividend income	(4,470)	(3,345)
	-----	-----
	132,815	177,932
	-----	-----
Operating profit before working capital changes	419,706	229,601
(Increase)/decrease in operating assets		
Stores and spares	23,589	(14,495)
Stock-in-trade	(15,598)	(7,649)
Loans and advances	(33,301)	13,622
	-----	-----
	(25,310)	(8,522)
	-----	-----
	394,396	221,079
Increase/(decrease) in current liabilities		
Short-term finance	(73,059)	(124,861)
Creditors, accrued and other liabilities	34,794	3,233
Dividend	1,582	(493)
	-----	-----
	(122,121)	(36,683)
Cash generated from operations	357,713	98,958
Income tax paid	(36,640)	(20,144)
Interest paid	(53,667)	(57,508)
Dividend paid	(96,265)	--
	-----	-----
Net cash from operating activities after tax	171,141	21,306
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(10,496)	(7,871)

Sale proceeds of fixed assets	2,363	3,212
Proceeds from short-term investment	24,680	12,270
Dividend received	4,470	3,345
Long-term deposit	(728)	817
	-----	-----
Net cash from investing activities	20,289	11,773
	-----	-----
	191,430	33,079
CASH FLOW FROM FINANCING ACTIVITIES	(27,438)	(21,409)
Redeemable capital		
Long-term loans	(100,305)	4,098
Lease rentals paid against finance lease	(20,806)	(19,458)
Long-term deposits	(3,603)	(3,828)
	-----	-----
Net cash (used in) financing activities	(152,152)	(40,597)
	-----	-----
Net cash flow after financing activities	39,278	(7,518)
Cash and cash equivalent at beginning of the year	69,411	76,929
	-----	-----
Cash and cash equivalent at the end of the year	108,689	69,411
	=====	=====

ZAHID FARUQUE
CHIEF EXECUTIVE

AKBARALI PESNANI
DIRECTOR

STATEMENT OF CHANGES IN EQUITY
for the year ended 30th June, 2000

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Unappro- priated Profit</i>	<i>Total</i>
	(Rupees '000)			
Balance at 01 July, 1998	481,324	400,000	44,558	925,882
Net profit for the year 1998-1999	--	--	57,826	57,826
	-----	-----	-----	-----
	481,324	400,000	102,384	983,708
Appropriation :				
Final dividend	--	--	(96,265)	(96,265)
	-----	-----	-----	-----
Balance at 30 June, 1999	481,324	400,000	6,119	887,443
Net profit for the year 1999-2000	--	--	161,698	161,698
	-----	-----	-----	-----
	481,324	400,000	167,817	1,049,141
Appropriation :				

Final dividend	--	--	(120,331)	(120,3311
General reserve	--	25,000	(25,000)	--
	-----	-----	-----	-----
	--	25,000	(145,331)	(120,331)
	-----	-----	-----	-----
Balance at 30 June, 2000	481,324	425,000	22,486	928,810
	=====	=====	=====	=====

ZAHID FARUQUE
CHIEF EXECUTIVE

AKBARALI PESNANI
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June, 2000

1. NATURE OF BUSINESS

The Company was incorporated in Pakistan as a public company limited by shares, quoted on the Karachi, Lahore and Islamabad Stock Exchanges. Its main business activity is manufacturing and marketing of cement.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of the financial statements

These financial statements have been prepared in compliance with the requirements of International Accounting Standards as adopted by the Institute of Chartered Accountants of Pakistan which are applicable to the Company.

2.2 Overall valuation policy

These financial statements have been prepared on the basis of historical cost convention.

2.3 Staff retirement benefits

The Company operates an approved funded gratuity scheme for all its employees who qualifies the prescribed qualifying period under the Scheme. Annual contributions are made to the Scheme on the basis of actuarial recommendations. Upto 30 June 1999, the Company had made contributions to the above fund at a rates advised by the Actuary on the basis of actuarial valuation carried out on 30 June 1997 using Entry Age Normal method.

Effective from current year, the International Accounting Standard 19 (revised) has become applicable which requires the valuation be carried out annually. Consequently, an actuarial valuation was carried out as at 30 June 2000. The fair value of the Scheme's assets and liabilities for past services of the employees at the latest valuation date carried out using the Projected Unit Credit Method (PUCM) are stated in note 11.

The projected credit method was used to generate actuarial values as specified by IAS-19. The rate of return on assets and discount rate was taken as 12%. Salary increase was assumed to average 12%. Gratuity increase rates are taken as 9.18%.

2.4 Taxation

The charge for current taxation is based on taxable income. Deferred liability for taxation, if any, is accounted for using the liability method on all major temporary differences.

2.5 Fixed assets and depreciation

2.5.1 Operating assets

Operating fixed assets except freehold and leasehold land are stated at cost less accumulated depreciation. Freehold and leasehold land and capital work-in-progress are stated at cost. Depreciation is charged to income applying the reducing balance method. Full year's depreciation is charged on additions during the year while no depreciation is charged on assets deleted.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets, if any, are recognised as and when incurred.

2.5.2 Assets subject to finance lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets by applying reducing balance method.

2.6 Investments

Investments are stated at cost. However, provisions, if any, are made for permanent diminution in the value of investments.

2.7 Stores, spares and loose tools

These are valued at moving average cost. However, provision is made for slow-moving and obsolete items, if any. Items in transit are valued at cost, comprising invoice value plus other charges paid thereon, to the balance sheet date.

2.8 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. Cost in relation to raw material signifies at weighted average, packing material at moving average cost, work-in-process and finished goods at average cost comprising direct material, labour and appropriate manufacturing overheads.

2.9 Foreign currency translations

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange ruling at the balance sheet date except in the case of certain foreign currency loans which are covered under exchange risk cover scheme. Transactions in foreign currencies are converted into rupees at the rates of exchange ruling on the date of transaction except those covered under forward contracts which are translated at the contractual rates. Exchange gains and losses are recognised currently.

2.10 Provisions

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

2.11 Revenue recognition

2.11.1 Sales

Sales are recorded on despatch of goods to customers.

2.11.2 Investments

Return on investments in government securities and bonds is recognized at the rates specified in the respective investment schemes and accrued for the period. The income is recognised on time proportion basis by taking into consideration the respective rate of return.

Income in respect of dividend is accrued at the time when the right to receive the dividend is established.

	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees '000)</i>	
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Fully paid ordinary shares of Rs. 10/- each			
<i>Number of Shares</i>			
<i>2000</i>	<i>1999</i>		
19,842,000	19,842,000 Issued for cash	198,420	198,420
28,290,352	28,290,352 Issued as bonus shares	282,904	282,904
-----	-----	-----	-----
48,132,352	48,132,352	481,324	481,324
=====	=====	=====	=====
4. REDEEMABLE CAPITAL- secured			
Long Term - Term Finance Certificates	4.1	32,929	46,493
Locally Manufactured Machinery (LMM)	4.2	34,699	48,574
		-----	-----
		67,628	95,067
Current Maturity		(30,324)	(27,438)
		-----	-----
		37,304	67,629
		=====	=====

4.1 The Company entered into an "Investment Agreement" dated 19th June 1990 with a syndicate of Investment and Commercial banks to meet a portion of cost of extension of plant.

4.1.1 The sanctioned amount of Rs. 81.403 million has been designated as "Sale Price" against which

Rs.132.178 million net of prompt payment rebate of Rs. 9.367 million is eventually payable by the Company and is designated as "Purchase Price" payable in fourteen half-yearly installments commenced from 01 October 1995 i.e., after six months from the commercial production of the extended project.

41.2 The Company has issued Long Term - Term Finance Certificates (LT-TFCs) for the amount equal to purchase price and has executed trust deed by creating registered mortgage on all immovable assets of the Company ranking pari-passu with the other lenders and a floating charge on all movable assets, book debts and the investment property to secure payment of purchase price, redemption of the LT-TFCs and all other dues payable under the agreement.

4.1.3 In the event of the Company failing to redeem LT-TFCs on its due date it shall pay to the holder of such LT-TFCs additionally an amount equivalent to 20 percent of the face value of such LT-TFCs as and by way of liquidated damages.

4.2 The Company entered into an agreement dated 19th June 1990 with Bankers Equity Limited for financing locally manufactured machinery for the extension of plant.

4.2.1 The sanctioned amount of Rs. 92.122 million has been designated as "Sale Price" against which Rs.116.293 million net of prompt payment rebate of Rs. 60.256 million is eventually payable by the Company and is designated as "Purchase Price", payable in twenty-eight quarterly installments commenced from 01 October 1995 i.e., after six months from the commercial production of the extended project.

4.2.2 The repayment of the purchase price by the Company to the Bankers Equity Limited has been guaranteed by the Nationalised Commercial Banks (NCBs) to the extent of 40 percent against the security of registered charge created by the Company in favour of NCBs for the respective amounts.

4.2.3 All amounts due from the Company are secured by a registered mortgage by deposit of title deeds of all the movable and immovable properties that shall rank pari-passu with the mortgage in favour of other creditors. Further the Company has executed a demand promissory note of the value of the purchase price and delivered to Bankers Equity Limited.

	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees '000)</i>	
5. LONG-TERM LOANS - secured			
Foreign currency loan from consortium of foreign banks - Credit	5.1	73,467	173,772
Current maturity		(73,467)	(100,608)
		-----	-----
		--	73,164
		=====	=====

5.1 The Company has entered into an agreement with a consortium of French banks for foreign currency loan of US Dollars 16.160 million including credit insurance premium.

5.1.1 The above represents utilised amount which is secured by guarantee given by National Bank of

Pakistan and counter guarantee by Bankers Equity Limited and other nationalised commercial banks. Such guarantee is secured by mortgage of Company's immovable properties, first charge by way of hypothecation of machinery and movable properties ranking pari-passu with charges existing on all such properties of the Company.

5.1.2 The balance of loan is payable in two half-yearly installments upto 05 March 2001.

5.1.3 Interest on the above loan is payable at the rate of 8.3 percent per annum plus 3.88 percent per annum exchange risk fee payable to Government of Pakistan through National Bank of Pakistan on the outstanding principal amount except COFACE insurance of US\$ 753,399 on which no exchange coverage has been made. In addition to the above, the Company also pays to the guarantors a guarantee commission at the rate of 1.6 percent per annum on the total amount of guarantee less amount of principal repaid.

	<i>2000</i>	<i>1999</i>
	<i>(Rupees '000)</i>	
6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Balance as on 01 July	35,356	47,628
Assets acquired during the year	7,773	--
	-----	-----
	43,129	47,628
Less: Payment made during the year	14,587	12,272
	-----	-----
	28,542	35,356
Less: Transferred to current maturity	9,280	12,622
	-----	-----
	19,262	22,734
	=====	=====

6.1 The total lease rentals due under the lease agreement aggregate Rs. 35.475 million (1999: Rs.45.319 million).

6.2 Overdue rental payments are subject to an additional charge of 2 percent per month. Taxes, repairs, replacement and insurance costs are to be borne by the lessee.

6.3 Installments are payable in the following periods:

	<i>2000</i>	<i>1999</i>
	<i>(Rupees '000)</i>	
Year		
1999 - 2000	--	17,563
2000 - 2001	13,088	11,493
2001 - 2002	10,927	8,492
2002 - 2003	10,203	7,771
2003 - 2004	1,257	--
	-----	-----
	35,475	45,319

Less: Financial charges allocated to future periods	6,933	9,963
	-----	-----
	28,542	35,356
	=====	=====

6.4 Financing rate of approximately 20 to 23 percent per annum has been used as discounting factor.

	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees '000)</i>	
7. LONG-TERM DEPOSITS - unsecured			
Dealers	7.1	16,634	20,210
Suppliers and contractors	7.2	761	788
		-----	-----
		17,395	20,998
		=====	=====

7.1 This represents interest-free security deposit, received from agency holders and are repayable on cancellation or withdrawal of agency and adjustable with unpaid amount of sales, if any.

7.2 This represents interest-free security deposits, received from suppliers and contractors and are repayable after the satisfactory execution of the agreements.

8. DEFERRED LIABILITIES

Deferred taxation

Represents the tax effect of temporary differences relating to:

Accelerated tax depreciation allowance		175,460	158,127
Allowances of lease rentals		12,241	8,926
		-----	-----
		187,701	167,053
		=====	=====

9. SHORT-TERM FINANCE- secured

Running finance under mark-up arrangement	9.1	18,702	64,761
Short-term loan	9.2	25,000	52,000
		-----	-----
		43,702	116,761
		=====	=====

9.1 The Company has an aggregate running finance facilities of Rs. 180 million (1999: Rs. 190 million) available from commercial banks. These facilities are secured by way of hypothecation of stock, demand promissory notes and movable assets of the Company. These carry mark-up at the rate of 33 paise per Rs. 1,000 per day. The mark-up is payable quarterly. The purchase prices are payable by specified dates.

9.2 The Company has a short term finance facility of Rs. 25 million (1999:55 million) available from a

commercial bank. The facility is secured by pledge of Foreign Exchange Bearer Certificates and US Dollar Bonds. It carries mark-up at the rate of 10.5 percent calculated on daily product basis, payable quarterly.

	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees '000)</i>	
10. CURRENT MATURITY			
Redeemable capital	4	30,324	27,438
Long-term loans	5	73,467	100,608
Liabilities against assets subject to finance lease	6	9,280	12,622
		-----	-----
		113,071	140,668
		=====	=====

11. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors			
Associated companies		27,315	14,134
Others		5,111	8,613
Accrued liabilities		9,359	8,782
Advances from customers		18,966	13,354
Interest on long-term foreign currency loan -secured		15,759	23,530
Mark-up on LMM		535	774
Mark-up on LT-TFCs		967	1,451
Mark-up on short-term finance		1,486	6,482
Foreign exchange risk fee		431	1,704
Guarantee commission payable		--	1,484
Staff Provident Fund		45	46
Retention money		174	408
Staff Gratuity Fund payable	11.1	14,680	22,590
Staff benefits payable		11,918	8,514
Staff welfare fund		1,929	1,454
Insurance payable		6,596	4,376
Interest on Gratuity Fund payable	11.1	10,853	7,988
Workers' Profit Participation Fund	11.2	15,706	2,772
Workers' Welfare Fund		6,100	1,705
Others		4,342	1,792
		-----	-----
		152,272	131,953
		=====	=====

11.1 Staff Gratuity Fund

	<i>(Rupees '000')</i>
Balance sheet as at 30 June 1999	
Fair value of plan assets (held by the Fund)	19,952
Less: Defined benefit obligation	(30,345)

Funded status	(10,393)

Unrecognised transition liability	--

Cherat Cement Company Limited gratuity liability	(10,393)
	=====
Plan expenses for 2000	
Current service cost	1,449
Interest cost	3,641
Less: Expected return on plan assets	(2,394)
Transition cost	10,393
Recognition of loss	--

	13,089
	=====
Company's net assets or (liability)	
Deficit on 1 July 1999	(10,393)
Total expense for the year	(13,089)
Contributions	11,392
Benefits paid out	--

Deficit on 30 June 2000	(12,090)
	=====
Reconciliation at 30 June 2000	
Fair value of plan assets	29,639
Less: Defined benefits obligation	(40,112)

Funded status	(10,473)
Unrecognized transition liability	--
Unrecognized net loss	(1,617)

Company's net deficit	(12,090)
	=====

The Company has recognized the above deficit in the books of account, pending transfer to the Fund.

	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees '000)</i>	
11.2 Workers' Profit Participation Fund			
Balance as at 01 July		2,772	608
Interest thereon		364	--
		-----	-----
		3,136	608
Less: Payment during the year		2,850	608
		-----	-----
		286	--
Contribution for the year		15,420	2,772
		-----	-----
		15,706	2,772
		=====	=====

Full provision has been made for contribution to the fund. The contribution and interest thereon is paid annually to the fund from the Company's working capital within the time limit specified in the Companies Profit (Workers' Participation) Act, 1968.

12. CONTINGENCIES AND COMMITMENTS

12.1 Guarantees issued by commercial banks on behalf of the Company	44,189	10,125
	=====	=====
12.2 Letters of credit issued by commercial banks	11,091	3,390
	=====	=====
12.3 Claim pending adjudication by Honourable High Court Peshawar against marking fee for the period from 01 July 1985 to 30 June 1997	8,019	8,019
	=====	=====
12.4 Claim for sales tax and additional sales tax pending before the Appellate Tribunal Customs, Central Excise and Sales Tax, Islamabad	1,546	--
	=====	=====
12.5 Claims not acknowledged by the Company	9,809	9,809
	=====	=====

12.6 The Company has received a circular, bearing reference No C-4769 dated 10 August 1998, from the Collector of Sales Tax requiring the Company to pay sales tax on limestone excavated for use in the manufacture of cement at the standard rate of sales tax. The Company has filed an appeal before Peshawar High Court against the said circular. As no demand has been raised by the Sales Tax Department in this regard, it is not possible to determine the potential liability.

12.7 Aggregate rentals in respect of assets acquired under operating lease amounted to Rs. 0.708 million (1999: Rs. 3.913 million) payable as follows:

Year	2000	1999
	(Rupees '000')	
1999 - 2000	--	3,205
2000 - 2001	531	531
2001 - 2002	177	177
	-----	-----
	708	3,913
	=====	=====

13. OPERATING ASSETS - at book value

13.1 The following is a statement of operating assets:

Description	Cost at 01 July	Additions/ (deletions)	Cost at 30 June	Accumulated Depreciation At 01 July	Depreciation for the	Accumulated Depreciation on disposal	Accumulated depreciation at 30 June	Book value at 30	(Rupees '000')
									Rate %
									per

	<i>1999</i>		<i>2000</i>	<i>1999</i>	<i>year</i>		<i>2000</i>	<i>June 2000</i>	<i>annum</i>
Freehold land	1,605	--	1,605	--	--	--	--	1,605	--
Leasehold land	3,476	--	3,476	--	--	--	--	3,476	--
Building on freehold land	266,315	--	266,315	158,853	10,420	--	169,273	97,042	5-10
Plant and machinery	1,645,583	651 (27)	1,646,207	826,236	81,998	(3)	908,231	737,976	10
Power and other installations	37,232	354	37,586	26,898	1,069	--	27,967	9,619	10
Motor vehicles (13.4)	7,271	1,839 (1,067)	8,043	4,442	886	(829)	4,499	3,544	20
Quarry, factory and laboratory equipments	116,302	797	117,099	78,987	5,716	--	84,703	32,396	15
Furniture, fixtures and office equipment	44,290	6,855 (1,296)	49,849	22,666	4,462	(1,092)	26,036	23,813	10-20
	-----	-----	-----	-----	-----	-----	-----	-----	
	2,122,074	10,496 (2,390)	2,130,180	1,118,082	104,551	(1,924)	1,220,709	909,471	
	=====	=====	=====	=====	=====	=====	=====	=====	
1999	2,117,504	8,076 (3,506)	2,122,074	1,004,752	114,870	(1,540)	1,118,082	1,003,992	
	=====	=====	=====	=====	=====	=====	=====	=====	

13.2 A portion of the land has been leased to Cherat Electric Limited.

2000 *1999*
(Rupees '000')

13.3 The depreciation for the year has been allocated as follows:

Manufacturing overheads	100,615	111,702
Administration expenses	2,863	2,194
Selling and distribution expenses	1,073	974
	-----	-----
	104,551	114,870

13.4 This includes vehicles pending transfers in the name of the Company.

14. ASSETS SUBJECT TO FINANCE LEASE

14.1 The following is a statement of assets subject to finance lease:

Description	(Rupees '000')								
	Cost at 01 July 1999	Additions/ (deletions)	Cost at 30 June 2000	Accumulated Depreciation at 01 July 1999	Depreciation for the Year	Accumulated Depreciation on disposal	Accumulated depreciation at 30 June 2000	Book value at 30 June 2000	Rate % per annum
Plant and machinery	64,923	--	64,923	18,672	4,625	--	23,297	41,626	10
Quarry equipment	50,001	--	50,001	31,143	2,829	--	33,972	16,029	15
Vehicles	--	7,773	7,773	--	1,555	--	1,555	6,218	20
	-----	-----	-----	-----	-----	-----	-----	-----	
	114,924	7,773	122,697	49,815	9,009	--	58,824	63,873	
	=====	=====	=====	=====	=====	=====	=====	=====	
1999	114,924	--	114,924	41,348	8,467	--	49,815	65,109	
	=====	=====	=====	=====	=====	=====	=====	=====	

14.2 The depreciation for the year has been allocated to manufacturing overheads.

2000 1999
(Rupees '000')

15. INVESTMENTS - at cost

In associated undertakings

Quoted

Greaves Airconditioners Limited

150,000 (1999:150,000) fully paid ordinary

shares of Rs. 10/~ each;

market value Rs. Nil

equity held 12.5% (1999: 12.5%)

1,500 1,500

Less: Provision for diminution in value of investment

1,500 1,500

-- --

Cherat Papersack Limited

240,000 (1999: 240,000) fully paid ordinary

shares of Rs. 10/- each;

market value Rs. 15.360 million (1999: Rs. 9.12 million)

2,800 2,800

Unquoted

Cherat Electric Limited
330,000 (1999: 330,000) fully paid ordinary
shares of Rs. 10/- each;
Break-up value Rs. 4.519 million (1999: Rs. 5.51 million)
(Chief Executive: Mr. Iqbal Faruque)

	3,000	3,000
	-----	-----
	5,800	5,800
	=====	=====

16. STORES, SPARES AND LOOSE TOOLS

Stores	56,079	61,142
Spares	156,506	173,528
Loose tools	485	675
Spares in transit	2,278	3,592
	-----	-----
	215,348	238,937
	=====	=====

17. STOCK-IN-TRADE

Raw and packing material	37,253	27,809
Work-in-process	23,269	17,747
Finished goods	27,397	26,766
	-----	-----
	87,919	72,322
	=====	=====

**18. ADVANCES, DEPOSITS, PREPAYMENTS AND
OTHER RECEIVABLES**

Advances - unsecured, considered good		
Employees		3,744
Executives	18.1	2,979
Suppliers		
Associated companies	18.2	36,391
Others		12,315
Advance income tax		84,702

		140,131
Deposits		
Security deposit		240
Margin held by bank		1,480

		250
Prepayments		
Excise duty		7,906
Others		102,261

		1,369

		9,275
Other receivables		
Accrued return on investments		52,131

		69,803

Octroi refundable	255	255
Others	3,787	3,086
	-----	-----
	56,173	73,144
	-----	-----
	205,819	172,186
	=====	=====

18.1 The maximum aggregate amount due from executives of the Company at the end of any month during the year was Rs. 2.979 million (1999: Rs. 1.788 million).

18.2 This includes:

Cherat Electric Limited	36,222	620
Greaves Airconditioners Limited	52	52
Zensoft (Private) Limited	117	35
Greaves Pakistan (Private) Limited	--	92
	-----	-----
	36,391	799
	=====	=====

18.3 The maximum aggregate amount outstanding due from associated undertakings at the end of any month during the year was Rs. 81.355 million (1999: Rs. 19.727 million).

19. SHORT-TERM INVESTMENTS

Foreign Exchange Bearer Certificates	19.1	79,857	111,739
US Dollar Bonds	19.2	44,663	--
		-----	-----
		124,520	111,739
		=====	=====

19.1 Represents Foreign Exchange Bearer Certificates of the face value of Rs. 75.143 million (1999: Rs.105.143 million), market value Rs. 126.205 million (1999: Rs. 107.456 million). The above investment has a maturity of six years and carries mark-up at a rate of 15 percent per annum.

19.2 Represents US Dollar Bonds of the face value of Rs. 44.478 million (1999: Nil), market value Rs.45.336 million (1999: Nil). The above investment has a maturity of three years and carries mark-up at a rate of 2% above the LIBOR rate.

2000 **1999**
(Rupees '000')

20. CASH AND BANK BALANCES

With banks on:

Current accounts	89,764	65,194
PLS accounts	9,909	4,067
Cheques in hand	8,874	--
Cash in hand	142	150
	-----	-----
	108,689	69,411

21. SALES- net

This is net of trade discount and volume rebates.

	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees '000')</i>	
22. COST OF GOODS SOLD			
Raw and packing material consumed			
Opening stock		27,809	17,959
Purchases		146,833	160,481
		-----	-----
		174,642	178,440
Closing stock		(37,253)	(27,809)
		-----	-----
		137,389	150,631
Manufacturing overheads			
Excise duty		728,320	796,027
Salaries, wages and benefits	22.1	94,868	88,237
Stores and spares consumed		57,902	64,710
Fuel and power		560,903	470,674
Rent, rates and taxes		16,853	16,146
Insurance		22,236	22,965
Vehicle running expenses		8,239	7,782
Lease rental		2,231	4,045
Travelling and conveyance		436	711
Printing and stationery		651	644
Legal and professional		657	509
Laboratory expenses		1,000	1,134
Repairs and maintenance		2,119	2,572
Depreciation	13.3&14.2	109,624	120,169
Sales tax prior year		--	2,838
Communication expenses		1,534	1,255
Miscellaneous manufacturing overheads		3,178	3,080
Stores written-off		18,286	3,625
		-----	-----
		1,766,426	1,757,754
Work-in-process			
Opening		17,747	22,231
Closing		(23,269)	(17,747)
		-----	-----
Cost of goods manufactured		1,760,904	1,762,238
Finished goods			
Opening		26,766	24,483
Closing		(27,397)	(26,766)
		-----	-----
		1,760,273	1,759,955

22.1 Salaries, wages and benefits include Rs. 5.010 million (1999: Rs. 8.114 million) in respect of staff retirement benefits.

23. ADMINISTRATION EXPENSES

Salaries, wages and benefits	23.1	19,999	16,356
Travelling and conveyance		2,525	2,508
Vehicle running expenses		1,102	902
Communications		1,312	1,593
Printing and stationery		718	399
Rent, rates and taxes	23.2	2,288	2,559
Utilities		1,619	1,518
Repairs and maintenance		1,382	1,232
Legal and professional charges	23.3	2,102	1,421
Insurance		795	625
Auditors' remuneration	23.4	852	319
Subscription		923	1,170
Advertisements		99	191
Staff training expenses		141	573
Entertainment		99	124
Depreciation	13.3	2,863	2,194
Miscellaneous		765	1,013
		-----	-----
		39,584	34,697

23.1 Salaries, wages and benefits include Rs. 1.134 million (1999: Rs. 1.698 million) in respect of staff retirement benefits.

23.2 Rent, rates and taxes include lease rentals of Rs. 0.908 million (1999: Rs. 1.278 million) incurred on motor vehicles under operating leases.

23.3 This includes Rs. 0.223 million paid to cost auditors Minoon N. Bamjee & Co., Chartered Accountants.

	<i>NOTE</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees '000')</i>	
23.4 Auditors' Remuneration			
Audit fee			
- Statutory		150	100
Tax, corporate and other services		654	187
Out of pocket expenses		6	21
Others		40	11
		-----	-----
		852	319

24. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and benefits	24.1	14,643	14,092
Travelling and conveyance		914	1,301
Staff training expenses		72	17
Vehicle running expenses		1,210	1,126
Communications		2,058	2,050
Printing and stationery		288	339
Rent, rates and taxes		950	1,116
Utilities		1,675	1,536
Repairs and maintenance		363	330
Insurance		491	347
Advertisement		429	954
Entertainment		71	99
Depreciation	13.3	1,073	974
Miscellaneous		986	1,154
		-----	-----
		25,225	25,435
		=====	=====

24.1 Salaries, wages and benefits include Rs. 0.958 million (1999: Rs. 1.531 million) in respect of staff retirement benefits.

25. FINANCIAL CHARGES

Mark up redeemable capital		7,335	10,222
Interest on long term loans		11,617	23,453
Financial charges on lease arrangement		6,215	7,186
Mark-up and bank charges		17,352	35,530
Foreign exchange risk fee		2,605	5,225
		-----	-----
		45,124	81,616
		=====	=====

26. OTHER CHARGES

Donations	26.1	481	752
Interest on WPPF		364	
Interest on gratuity fund		2,864	2,305
		-----	-----
		3,709	3,057
		=====	=====

26.1 Recipients of donation do not include any donee in whom any Director or his spouse had an interest.

27. OTHER INCOME

Return on Foreign Exchange Bearer Certificates		18,931	22,430
Return on US Dollar Bonds		858	--
Profit on PLS Account maintained with banks		1,187	655
	27.1	1,897	1,246
Dividend income		4,470	3,345

Scrap sales	576	52
Miscellaneous	1,278	254
	-----	-----
	29,197	27,982
	=====	=====

27.1 Disposal of Fixed Assets

Sr. No.	Description	Cost	Book	Sale	Gain/	Mode of	Sold to
			Value	Proceeds	(Loss)	Disposal	
----- (Rupees '000) -----							
1.	CNG KIT-SITE	26	24	15	(9)	Tender Notice	Mr. Sohail Hassan (Employee)
2.	Nissan Double Cabin Regn. No. PRN-7412	18	6	296	290	Tender Notice	Mr. Pirzada Amin Nowshera
3.	Nissan Double Cabin Regn.No. PRN-7413	18	6	296	290	Tender Notice	Mr. Pirzada Amin Nowshera
4.	Suzuki Khyber Regn. No. V-8636	204	22	160	138	By Auction	Mr. Qasim Khan Nowshera
5.	Suzuki Khyber Regn. No. V-5783	284	60	195	135	By Auction	Mr. Ayaz M. Khan Nowshera
6.	Suzuki Khyber Regn. No. V-7902	212	45	145	100	By Auction	Mr. Munawar Khan Nowshera
7.	Toyota Corolla Regn. No. AAC-410	60	48	600	552	Insurance Claim	Adamjee Insurance Company
8.	Mitsubishi Lancer Regn. No. U-1968	75	30	246	216	By Negotiation	Mr. Abdul Hameed Karachi
9.	Suzuki Swift Regn. No. E-8979	195	21	158	137	Tender Notice	Mr. Pirzada Amin Nowshera
10.	UPS & CD Drive(6X)	56	3	1	(2)	By Negotiation	Mr. Shahab Abro (Employee)
11.	Computer (N.C.R)	67	5	3	(2)	By Negotiation	Mr. Masih ur Rehman (Employee)
12.	CAF C.P.U	34	3	2	(1)	By Negotiation	Mr. Shahab Abro (Employee)
13.	Computer Accessories	741	66	18	(48)	Tender Notice	M/s NED Computers & CSM Computers
14.	Epson Printers	126	9	108	99	Insurance Claim	Adamjee Insurance Company
15.	General Airconditioner	23	10	2	(6)	By Negotiation	Mr. Jawed Karachi
16.	Airconditioner	11	3	2	(1)	By Negotiation	Mr. Jawed Iqbal Mardan
17.	Airconditioner	29	7	9	2	By Negotiation	Mr. Jawed Karachi
18.	T.V Set and Carpet	77	20	42	22	By Negotiation	Mr. Ijaz Mohammad

19.	Refrigerators	40	10	13	3	By Negotiation	Nowshera Mr. Riaz (Employee)
20.	Air-conditioner	13	3	2	(1)	By Negotiation	Mr. Jawed Iqbal Mardan Site
21.	Furniture and Fixtures	81	65	50	(15)	By Negotiation	Mr. Hasan Naz (Employee)
		-----	-----	-----	-----		
		2,390	466	2,363	1,897		
		=====	=====	=====	=====		

2000 **1999**
(Rupees '000')

28. EARNING PER SHARE- Basic

Net profit for the year after tax	161,698	57,826
	=====	=====
Average number of ordinary shares in issue during the year	48,132,352	48,132,352
	=====	=====
Earning per share	Rs. 3.36	Rs. 1.20
	=====	=====

29. FINANCIAL INSTRUMENTS

Interest rate risk

The Company's exposure to interest rate risk and the effective rates on its financial assets and liabilities as of 30 June 2000 are summarised as follows:

	----- (Rupees '000) -----						
	INTEREST BEARING			NON INTEREST BEARING			
	<i>Less than one year</i>	<i>Less than five ears</i>	<i>Total</i>	<i>Less than one year</i>	<i>Less than five ears</i>	<i>Total</i>	<i>Total</i>
Financial assets:							
Investments	124,520	--	124,520	--	5,800	5,800	130,320
Long-term deposit	--	--	--	--	6,293	6,293	6,293
Loans and advances	--	--	--	--	111,587	111,587	111,587
Cash and bank balances	--	9,909	9,909	--	98,780	98,780	108,689
	-----	-----	-----	-----	-----	-----	-----
	124,520	9,909	134,429	--	222,460	222,460	356,889
	=====	=====	=====	=====	=====	=====	=====
Financial liabilities:							
Redeemable capital	30,324	37,304	67,628	--	--	--	67,628
Long-term loans	73,467	--	73,467	--	--	--	73,467
Liabilities against assets	--	--	--	--	--	--	--
Subject to finance lease	9,280	19,266	28,546	--	--	--	28,546
Long-term deposits	--	--	--	--	17,395	17,395	17,395
Short-term finance	43,702	--	43,702	--	--	--	43,702

Creditors, accrued and

other liabilities	--	--	--	152,272	--	152,272	152,272
Unclaimed dividend	--	--	--	3,884	--	3,884	3,884
	-----	-----	-----	-----	-----	-----	-----
	156,773	56,570	213 343	156,156	17,395	173 551	386,894
	=====	=====	=====	=====	=====	=====	=====

Effective interest rates for the monetary financial assets and liabilities are mentioned in the respective notes to the financial statements.

Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company does not have significant exposure to any individual customer, To reduce exposure to credit risk, the Company receives advance against sales.

Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2000			1999		
	<i>Chief Executive</i>	<i>Director</i>	<i>Executive</i>	<i>Chief Executive</i>	<i>Director</i>	<i>Executive</i>
	----- (Rupees '000)-----					
Managerial remuneration	1,625	38,041	2,720	1,713	26,356	1,050
Housing allowance	300	8,096	236	648	9,610	270
Retirement benefits	250	4,488	297	247	3,572	150
Utilities	271	2,318	173	144	1,870	173
Leave fare	--	123	1,915	123	105	1,579
	-----	-----	-----	-----	-----	-----
	2,446	3,549	54,858	1,643	2,857	42,987
	=====	=====	=====	=====	=====	=====
Number	1	2	116	1	2	93
	=====	=====	=====	=====	=====	=====

The Chief Executive, Directors and some Executives are provided with the use of Company maintained car. The Chief Executive, Directors and some Executives are also provided with the residential telephone facility, which is reimbursed at actual to the extent of their entitlement.

Note: The aggregate amount charged in the financial statements for the year for fee to 4 directors amounted to Rs. 11,000/- (1999:5 directors - Rs. 3,500/-).

	2000	1999
	(Metric Tons)	
31. CAPACITY - Clinker		
Installed capacity	690,000	690,000
Actual production	497,513	504,949

Reason for shortfall:

The Company has not utilized its full production capacity in view of decreased demand being a result of market saturation.

	<i>2000</i>	<i>1999</i>
	<i>(Rupees '000')</i>	
32. TRANSACTIONS WITH ASSOCIATED COMPANIES		
Purchase of equipment	1,300	8,380
Sale of raw material and supplies	11,317	82,429
Purchase of packing material	138,818	126,736
Purchase of electricity	206,851	209,265
Other services	9,353	12,641
Rent	307	411

33. NUMBER OF EMPLOYEES

The number of employees at the balance sheet date is 742 (1999: 777).

Head office	35	43
Factory	644	674
Sales office - Peshawar	48	46
- Lahore	13	12
- Islamabad	2	2
	-----	-----
	742	777
	=====	=====

34. CORRESPONDING FIGURES

Certain corresponding figures have been re-arranged / regrouped, wherever necessary.

ZAHID FARUQUE
CHIEF EXECUTIVE

AKBARALI PESNANI
DIRECTOR

Pattern of Shareholdings as at June 30, 2000

<i>Number of Shareholders</i>	<i>Shareholders</i>		<i>Shares Held</i>	<i>Percentage</i>
	<i>From</i>	<i>To</i>		
542	1	100	25585	0.05
1552	101	500	48952	0.10
497	501	1000	406684	0.84
1245	1001	5000	3139240	6.52
298	5001	10000	2189791	4.55
162	10001	15000	1990181	4.13
38	15001	20000	652015	1.35
56	20001	25000	1323183	2.75
18	25001	30000	500505	1.04
18	30001	35000	553904	1.15

24	35001	40000	928590	1.93
9	40001	45000	384927	0.80
14	45001	50000	675568	1.40
5	50001	55000	258547	0.54
5	55001	60000	290133	0.60
2	60001	65000	125037	0.26
1	65001	70000	69256	0.14
6	70001	75000	435461	0.90
1	85001	90000	85721	0.18
1	95001	100000	100000	0.21
3	100001	105000	308625	0.64
1	105001	110000	108960	0.23
2	110001	115000	334225	0.69
1	120001	125000	365697	0.76
1	145001	150000	145546	0.30
1	155001	160000	159375	0.33
2	175001	180000	358400	0.74
1	190001	195000	191000	0.40
1	200001	205000	200500	0.42
1	215001	220000	220000	0.46
1	240001	245000	242560	0.50
1	245001	250000	250000	0.52
2	335001	340000	652385	1.36
1	360001	365000	363865	0.76
1	365001	370000	367196	0.76
1	380001	385000	380231	0.79
1	470001	475000	473026	0.98
1	525001	530000	526125	1.09
1	590001	595000	594500	1.24
1	720001	725000	724500	1.51
1	790001	795000	795000	1.65
1	805001	810000	805376	1.67
1	940001	945000	942000	1.96
1	1020001	1025000	1021001	2.12
1	1125001	1130000	1128708	2.35
1	1600001	1605000	1605000	3.33
1	1695001	1700000	1698044	3.53
1	1895001	1900000	1895780	3.94
1	3335001	3340000	3336936	6.93
1	6320001	6325000	6321515	13.13
1	7430001	7435000	7432996	15.44
-----	-----	-----	-----	-----
4530			48,132,352	100
=====	=====	=====	=====	=====

NOTE: Incremental grouping of 5000 after initial break up upto 75,000 has only been reposed for those slabs where there is shareholding

Categories	Shareholders	Shareholding	Percentage
Individuals	4387	15,553,487	32.31
Corporations	3	2,056,827	4.27
Financial Institutions	59	19,566,840	40.65
Insurance Companies	11	1,214,619	2.52
Private Companies	16	3,891,936	8.09
Societies	5	641,376	1.33
Joint Sack Companies	31	569,841	1.18
Public Limited Companies	6	1,935,232	4.02
Investment Companies	6	2,474,444	5.14
Leasing Company	1	52,625	0.11
Modarabas	5	175,125	0.36
	-----	-----	-----
	4530	48,132,352	100.00
	=====	=====	=====

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

ISLAMABAD, JANUARY 26, 2000

Circular No. 1 of 2000

Sub: GUIDELINES FOR ATTENDING GENERAL MEETINGS AND APPOINTMENT OF PROXIES

The shares of a number of listed companies are now being maintained as "book entry security" on the Central Depository System (CDS) of the Central Depository Company of Pakistan Limited (CDC). It has come to the notice of the Commission that there is some confusion about the authenticity of relevant documents in the matter of beneficial owners of the shares registered in the name of CDC for purposes of attending the general meetings and for verification of instruments of proxies. The issued has been examined and pending the further instruction to be issued in this regard, the following guidelines for the convenience of the listed companies and the beneficial owners are laid down:

A. Attending of meeting in persons by account holders and /or sub-account holders and persons whose securities are in their registration details are uploaded to CDS:

(1) The company shall obtain list of beneficial owner from the CDC as per regulation # 12.3.5 of the CDC Regulations.

(2) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up loaded as per the regulation, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting.

(3) In case of corporate entity, the Board of directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

B. Appointment of Proxies:

(1) In case of individual, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall submit the proxy

form as per requirement notified by the company.

(2) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

(3) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

(4) The proxy shall produce his original NIC or original passport at the time of the meeting.

(5) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted alongwith proxy form to the company.

Sd.

(M. Javed Panni)

Chief (Coordination)