

Cherat Cement Company Limited
Annual Report 2001

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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

Mr. 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,
P. O. Box 28,
Nowshera.

**SALES
OFFICE**

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

REGIONAL OFFICE

3, Sunder Das Road,
Lahore.

ISLAMABAD OFFICE

No 3, Mezzanine Floor,
Razia Sharif Plaza,
91, Blue Area,
Islamabad.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of this Company will be held on Monday, December 10, 2001 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, 2001 with the Directors' and the Auditors' Reports thereon.
2. To declare dividend of Rs. 2.00 per share (@ 20%) for the financial year ended on June 30, 2001 as recommended by the Directors.
3. To appoint Auditors for the ensuing year and to fix their remuneration.

SPECIAL BUSINESS:

To consider and if deemed fit to pass with or without modification the following Resolutions:

1. ORDINARY RESOLUTION:

"That the authorized capital of the company be and is hereby increased from Rs. 500,000,000 to Rs. 800,000,000 by the creation of 30,000,000 shares of Rs. 10/- each and the increased share capital be subject to the same rights and privileges as attached to the existing capital under the Memorandum and Articles of Association of the Company".

2. SPECIAL RESOLUTIONS:

(1) "That in Clause V of the Memorandum of Association of the Company the figures "500,000,000" and "50" be and are hereby substituted with the figures "800,000,000" and "80" and the words appearing in the brackets "(Rupees five hundred million)" by "(Rupees eight hundred million)" respectively".

(2) "That the existing capital clause 5 of the Articles of Association of the Company be and is hereby substituted with the following new clause":

The share capital of the Company is Rs. 800,000,000 (Rupees eight hundred million) divided into 80,000,000 shares of Rs. 10/-, each.

**By Order of the
Board**

**R. JAFRANI
Secretary**

Karachi: October 25, 2001

NOTES:

1. The register of members of the Company will be closed from Tuesday, December 04 to Monday, December 10, 2001 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 Monday, December 03, 2001 will be treated in time for entitlement of the above dividend.

2. 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.

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 guide lines as contained in SECP's circular of January 26, 2000 (as reproduced on the reverse side of the enclosed proxy form) to be followed.

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

Statement under Section 160(I)(b) of the Companies Ordinance 1984

The present authorized capital of the Company is Rs. 500 million divided into 50 million ordinary shares of Rs. 10/- each, and the paid up capital is Rs. 481.324 million, which leaves a very little margin between the authorized and issued capital. With a view to enabling the company to issue further shares as and when necessary, the Board recommends to enhance the authorized capital from Rs. 500,000,000 to Rs. 800,000,000 divided into 80,000,000 shares of Rs. 10/- each.

Accordingly it is also necessary to approve alteration the capital clauses of the Company's Memorandum and Articles of Association in the manner as stated in the above resolutions.

DIRECTORS' REPORT TO THE MEMBERS FOR THE YEAR ENDED 30 JUNE 2001

Dear Shareholders,

Your directors wish to place before you the Financial Results of the company along with the Audited Accounts for the year ended June 30, 2001.

GENERAL

During the year under review, the economic growth in the country remained under pressure. To stabilize the economy and improve the GDP, the Government has taken various measures and it is hoped that the corrective measures and steps taken will have positive impact on the economy.

As to the performance of your company, the directors are pleased to report the following:

PRODUCTI ON

Because of the slow economic growth in the country, the cement industry as a whole is also in difficulties. During the year under review, plants had to adjust their production capacity in line with the market demand, which meant that plants were not operating at their full capacity. In spite of the general slow down, we recorded a little over 8% increase in production.

The Comparative figures for the last two years for production of clinker and cement are as under:

	<i>2000-2001</i>	<i>1999-2000</i>	<i>Change</i>
	<i>Tons</i>	<i>Tons</i>	<i>(%)</i>
Clinker	538,101	497,513	8.16
Cement	565,945	521,224	8.58

DISPATCHE S

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

	<i>2000-2001</i>	<i>1999-2000</i>	<i>Change</i>
	<i>Tons</i>	<i>Tons</i>	<i>(%)</i>
Cement Booked	565,740	521,462	8.49
Cement Dispatched	564,055	522,592	7.93

OPERATIONAL PERFORMANCE

Even though the quantity of cement dispatched during the year was higher than last year, the adverse fluctuation in cement prices resulted in lower than expected revenues. Additionally, the increase in furnace oil prices by about 52% (average) during the year also had its impact on the gross profit, which is down by about 49%. The increase in administration and selling expenses are in line with inflation. However, there has been a reasonable increase in other income and also a reduction in financial charges, which is reflected in the net profit before tax.

Our contribution to the exchequer in the form of excise duty sales and income tax, amounted to Rs. 882 million, which works out to around 40% of sales.

OPERATING RESULTS

The summarized operating results are as follows:

	<i>2000-2001</i>	<i>1999-2000</i>	<i>Change</i>
	<i>(Rs. In Million)</i>	<i>(Rs. In Million)</i>	<i>(%)</i>
Net Sales	1,341.5	1,424.8	(5.8)
Cost of Sales	1,140.6	1,031.9	10.50

Gross Profit	200.9	392.9	(48.9)
Expenses and adjustments	(76.8)	(106.0)	(27.5)
Taxes	(48.8)	(125.2)	(61.0)
Net Profit	75.3	161.7	(53.4)

Other comparative figures are reflected in the Financial Statements.

APPROPRIATION OF PROFIT

The profit after tax for current year amounts to Rs. 75.32 million, which together with unappropriated profit of Rs. 22.49 million from last year, gives us Rs. 97.81 million to be appropriated. The directors propose the following appropriation of available profit:

(Rs. In Million)

Net profit for the year	75.32
Add: un-appropriated profit brought forward	22.49
Total available for appropriation	97.81
Appropriations:	
Proposed cash dividend @20%	96.27
Balance to be carried forward	1.54

FUTURE PROSPECTS

In order to ensure reasonable return to the shareholders and to remain competitive, the management has decided to switch to coal firing system. To this end, letter of credit has already been established and the first shipment is expected in April 2002. Total conversion to coal firing is expected to be completed by December 2002. This should result in substantial cost saving under fuel and power.

It is also hoped that economic activities in the country would pick up and rehabilitation work should start in Afghanistan as soon as peace returns to that country. Once that happens, then we are ideally placed and have the capacity to meet this additional demand for cement.

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.

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, which have been associated with us, for their continued support, understanding and cooperation. We would also like to thank to all our dealers and customers for loyalty and support. Our special thanks 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: October 25, 2001

YEARWISE STATISTICAL SUMMARY

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992 (Tons in '000)
Clinker production	538	498	505	612	742	712	423	254	426	421
Cement production	566	521	533	671	798	716	438	270	455	448
Cement despatched	564	523	532	663	798	721	429	271	457	450
										(Rs. in million)
ASSETS EMPLOYED										
Fixed Assets	881	973	1,069	1,186	1,260	1,378	1,471	1,453	1,236	1,059
Investments and Long-term Advances & Deposits	12	12	11	12	13	14	14	12	11	9
Current Assets	750	742	665	645	589	638	427	376	357	242
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Assets Employed	1,643	1,727	1,745	1,843	1,862	2,030	1,912	1,841	1,604	1,310
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
	==	=====	=====	=====	=====	=====	=====	=====	=====	=====
FINANCED BY										
Shareholders equity	908	929	887	926	921	885	864	704	621	457
Long-Term Liabilities	35	73	185	271	336	434	544	633	572	520

Deferred Liabilities	178	188	167	191	191	206	165	42	40	31
Current Liabilities	522	537	506	455	414	505	339	462	371	302
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total Funds Invested	1,643	1,727	1,745	1,843	1,862	2,030	1,912	1,841	1,604	1,310
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

TURNOVER & PROFIT

Turnover (Net)	1,342	2,153	1,932	2,299	2,830	2,213	1,482	754	1,070	910
Operating Profit	130	328	112	74	174	334	337	143	309	197
Profit before Taxation	124	287	52	12	118	274	289	122	277	157
Profit after Taxation	75	162	58	5	108	166	159	83	164	73
Cash Dividend	96	120	96	--	72	144	--	--	--	--
Stock Dividend	--	--	--	--	--	--	96	64	64	33
Transfer to Reserves	--	25	--	--	25	--	55	15	100	40
Profit c/f	2	22	6	45	40	29	32	24	20	20

RATIO ANALYSIS ON ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2001

	2001	2000
PROFITABILITY		
Gross Profit (percentage)	14.97	27.57
Operating Profit (percentage)	9.66	23.02
Profit Before Tax (percentage)	9.25	20.14
Net Profit After Tax (percentage)	5.61	11.35
Net Profit to Shareholder's Equity (percentage)	8.30	17.41
E.P.S. (Before Tax)	2.58	5.96
E.P.S. (After Tax)	1.56	3.36
Net Profit to Total Assets (average after tax) (percentage)	4.47	9.31
(Decrease)/Increase in Sales (Net percentage)	(5.85)	25.40
Material as % of Net Sales	10.23	9.64
Labour as % of Net Sales	6.85	6.66
Other Cost of Sales Expenses as % of Net Sales	67.95	56.13
Raw & Packing Material as % of Cost of Sales	12.03	13.31
Administrative Expenses as % of Net Sales	3.25	2.78
Selling Expenses as % of Net Sales	2.06	1.77
Income Tax as % of Net Sales	4.40	7.33
Financial, other charges (other income) as % of Net Sales	(0.30)	1.38

SHORT TERM SOLVENCY

Working Capital Ratio	1.56:1	1.75:1
Acid Test Ratio	1.38:1	1.54:1
Working Capital Turnover (Net Sales) times	4.97	4.48
Inventory Turnover - Times	15.57	17.78

OVERALL VALUATION AND ASSESSMENT

Return on Equity after tax	8.30	17.81
Book Value Per Share	18.86	19.30
Long-Term Debts to Equity Ratio	0.23	0.28

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **CHERAT CEMENT COMPANY LIMITED** as at June 30, 2001 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 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, 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, 2001 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.

**SIDAT HYDER QAMAR
& CO.
Chartered Accountants**

KARACHI: October 25, 2001

BALANCE SHEET AS AT 30 JUNE 2001

	<i>NOTE</i>	<i>2001</i>	<i>2000</i>
		<i>(Rupees '000')</i>	
SHARE CAPITAL			
Authorised 50,000,000 (2000: 50,000,000) Ordinary Shares of Rs. 10/- each		500,000 =====	500,000 =====
Issued, subscribed and paid-up General reserves	3	481,324 425,000	481,324 425,000
Unappropriated profit		1,541 -----	22,486 -----
		907,865	928,810
REDEEMABLE CAPITAL	4	4,093	37,304
LIABILITIES AGAINST ASSETS SUBJECT			
TO FINANCE LEASE	5	15,142	19,262
LONG-TERM DEPOSITS - unsecured	6	16,161	17,395
DEFERRED LIABILITY	7	177,508	187,701
CURRENT LIABILITIES			
Short-term finance	8	181,671	43,702
Current maturity of long-term liabilities	9	42,903	113,071

Creditors, accrued and other liabilities	10	146,980	152,272
Taxation		48,449	104,000
Unclaimed dividend		6,254	3,884
Proposed dividend		96,265	120,331
		-----	-----
		522,522	537,260
CONTINGENCIES AND COMMITMENTS	11	--	--
		-----	-----
		1,643,291	1,727,732
		=====	=====
FIXED ASSETS - Tangible			
Operating assets - at book value	12	818,773	909,471
Assets subject to finance lease	13	60,639	63,873
Capital work-in- progress		1,825	--
		-----	-----
		881,237	973,344
INVESTMENTS - at cost		5,800	5,800
LONG-TERM DEPOSITS		6,579	6,293
CURRENT ASSETS			
Stores, spares and loose tools	15	250,158	215,348
Stock-in-trade	16	84,410	87,919
Advances, deposits, prepayments and other receivables	17	164,820	205,819
Short-term investments	18	131,948	124,520
Cash and bank balances	19	118,339	108,689
		-----	-----
		749,675	742,295
		-----	-----
		1,643,291	1,727,732
		=====	=====

Auditors' Report Annexed

These financial statements should be read with the annexed notes.

**ZAHID
FARUQUE
CHIEF
EXECUTIVE**

**AKBAR ALI PESNANI
DIRECTOR**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2001**

Note **2001** **2000**
(Rupees '000')

Sales-net	20	1,341,505	1,424,809
Cost of goods sold	21	1,140,622	1,031,953
		-----	-----
Gross profit		200,883	392,856
		-----	-----
Administration expenses		43,601	39,584
Selling and distribution expenses		27,638	25,225
		-----	-----
		71,239	64,809
		-----	-----
Operating profit		129,644	328,047
Financial charges		33,570	45,124
Other charges		2,394	3,709
Other income		(39,937)	(29,197)
Workers' Profit Participation Fund		6,681	15,420
Workers' Welfare Fund		2,845	6,100
		-----	-----
		5,553	41,156
		-----	-----
Net profit for the year before tax		124,091	286,891
Taxation - current		48,449	104,000
- prior		10,515	545
- deferred		(10,193)	20,648
		-----	-----
		48,771	125,193
		-----	-----
Net profit for the year after tax		75,320	161,698
Unappropriated profit brought forward		22,486	6,119
		-----	-----
Profit available for appropriation		97,806	167,817
Appropriations:			
Proposed cash dividend @ 20% (2000: @ 25%)		96,265	120,331
Transfer to general reserve		--	25,000
		-----	-----
		96,265	145,331
		-----	-----
Unappropriated profit carried forward		1,541	22,486
		=====	=====
Earning per share - Basic	27	Rs. 1.56	Rs. 3.36
		=====	=====

These financial statements should be read with the annexed notes.

**ZAHID
FARUQUE
CHIEF
EXECUTIVE**

**AKBARALI PESNANI
DIRECTOR**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2001**

	<i>2001</i>	<i>2000</i>
	<i>(Rupees '000')</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	124,091	286,891
Adjustments:		
Depreciation	105,138	113,560
Return on investments	(27,945)	(19,789)
Gain on sale of fixed assets	(354)	(1,897)
Financial charges	33,570	45,411
Dividend income	(2,895)	(4,470)
	-----	-----
	107,514	132,815
	-----	-----
Operating profit before working capital changes	231,605	419,706
(Increase)/decrease in operating assets		
Stores and spares	(34,810)	23,589
Stock-in-trade	3,509	(15,598)
Loans and advances	22,968	(33,301)
	-----	-----
	(8,333)	(25,310)
	-----	-----
	223,272	394,396
Increase/(decrease) in current liabilities		
Short-term finance	137,969	(73,059)
Creditors, accrued and other liabilities	(8,774)	34,794
Dividend	2,370	1,582
	-----	-----
	131,565	(36,683)
	-----	-----
Cash generated from operations	354,837	357,713
Income tax	(71,627)	(36,640)

paid		
Interest paid	(30,088)	(59,882)
Dividend paid	(120,331)	(96,265)
	-----	-----
Net cash from operating activities after tax	132,791	164,926
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(8,006)	(10,496)
Sale proceeds of fixed assets	1,050	2,363
Proceeds from short-term investment	(4,340)	24,680
Dividend received	2,895	4,470
Long-term deposit	(286)	(728)
Net cash from investing activities	(8,687)	20,289
	-----	-----
	124,104	185,215
CASH FLOWS FROM FINANCING ACTIVITIES		
Redeemable capital	(30,324)	(27,438)
Long-term loans	(73,467)	(100,305)
Lease rentals paid against finance lease	(9,429)	(14,591)
Long-term deposits	(1,234)	(3,603)
	-----	-----
Net cash used in financing activities	(114,454)	(145,937)
	-----	-----
Net cash flows after financing activities	9,650	39,278
Cash and cash equivalent at the beginning of the year	108,689	69,411
	-----	-----
Cash and cash equivalent at the end of the year	118,339	108,689
	=====	=====

**ZAHID
FARUQUE
CHIEF
EXECUTIVE**

**AKBARALI PESNANI
DIRECTOR**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2001**

<i>Share Capital</i>	<i>General Reserve</i>	<i>Unappro- priated Profit</i>	<i>Total</i>
<i>(Rupees '000')</i>			

Balance at 01 July 1999	481,324	400,000	6,119	887,443
Net profit for the year 1999-2000	--	--	161,698	161,698

	----	-----	-----	-----
	481,324	167,817	400,000	1,049,141
Appropriation				
n				
Final dividend	--	--	(120,331)	(120,331)
General reserve	--	25,000	(25,000)	--

	----	-----	-----	-----
Balance at 30 June 2000	481,324	425,000	22,486	928,810
Net profit for the year 2000-2001	--	--	75,320	75,320

	----	-----	-----	-----
	481,324	425,000	97,806	1,004,130
Appropriation				
n				
Final dividend	--	--	96,265	96,265
General reserve	--	--	--	--

	----	-----	-----	-----
	--	--	96,265	96,265

	----	-----	-----	-----
Balance at 30 June 2001	481,324	425,000	1,541	907,865
	=====			
	==	=====	=====	=====

**ZAHID
FARUQUE
CHIEF
EXECUTIVE**

**AKBARALI PESNANI
DIRECTOR**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

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 of its employees who qualifies the prescribed qualifying period under the Scheme. Annual contributions are made to the Scheme on the basis of actuarial recommendations.

According to the International Accounting Standard 19 (revised) the valuation is to be carried out annually. Consequently, an actuarial valuation was carried out as at 30 June 2001. 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).

2.4

Provisions

Provisions are recognized 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.

2.5 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.

2.6 Fixed assets and depreciation

2.6.1 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 except for computers, which are depreciated by using the straight-line method over three years. Previously computers were depreciated using 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 recognized as and when incurred.

2.6.2 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.

2.7

Investments

Investments are stated at cost, except for US\$ bonds which are stated at market value. Provisions, if any, are made for permanent diminution in the value of investments.

2.8 Stores, spares and loose tools

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

2.9 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.

2.10 Foreign currency translations

Transaction in Foreign currencies are translated to Pak rupee at the foreign exchange rate ruling at the date of the transaction, except in the case of foreign currency loans which are covered under exchange risk cover scheme. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Pak rupee at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Pak rupee at the foreign exchange rate ruling at the date of transaction.

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>2001</i>	<i>2000</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>2001</i>	<i>2000</i>		
19,842,000	19,842,000	198,420	198,420
28,290,352	28,290,352	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	17,432	32,929
Locally Manufactured Machinery (LMM)	4.2	19,872	34,699
		-----	-----
Current Maturity		37,304	67,628
		(33,211)	(30,324)
		-----	-----
		4,093	37,304
		=====	=====

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.

4.1.2 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 19 June 1990 with Bankers Equity Limited (under liquidation) 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 (under liquidation) 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 (under liquidation).

**5. LIABILITIES AGAINST ASSETS
SUBJECT**

TO FINANCE LEASE

Balance as on 01 July	28,542	35,356
Assets acquired during the year	5,721	7,773
	-----	-----
	34,263	43,129
Less: Payment made during the year	9,429	14,587
	-----	-----
	24,834	28,542
Less: Transferred to current maturity	9,692	9,280
	-----	-----
	15,142	19,262
	=====	=====

5.1 The total lease rentals due under the lease agreement aggregate Rs.30.017 million (2000: Rs.35.475 million).

5.2 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.

5.3 Installments are payable in the following periods:

<i>Year</i>	<i>Note</i>	<i>2001</i>	<i>2000</i>
		<i>(Rupees '000')</i>	
2000 - 2001		--	13,088
2001 - 2002		12,802	10,927
2002 - 2003		12,080	10,203
2003 - 2004		3,319	1,257
2004 - 2005		1,816	--

		-----	-----
		30,017	35,475
Less: Financial charges allocated to future periods		5,183	6,933
		-----	-----
		24,834	28,542
		=====	=====

5.4 Financing rate of approximately 17 to 22 percent per annum has been used as discounting factor.

6. LONG-TERM DEPOSITS - secured

Dealers	6.1	15,360	16,634
Suppliers and contractors	6.2	801	761
		-----	-----
		16,161	17,395
		=====	=====

6.1 This represents interest-free security deposit, received from agency holders and are repayable on cancellation or withdrawal of agency and adjustable with outstanding balance from dealers, if any.

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

7. DEFERRED LIABILITIES

Deferred taxation

Represents the tax effect of temporary differences relating to:

Accelerated tax depreciation allowance		164,976	175,460
Allowances of lease rentals		12,532	12,241
		-----	-----
		177,508	187,701
		=====	=====

8. SHORT-TERM FINANCE- secured

Running finance under mark-up arrangement	8.1	181,671	18,702
Shod-term loan		--	25,000
		-----	-----
		181,671	43,702
		=====	=====

8.1 The Company has aggregate running finance facilities of Rs.227 million (2000: Rs.180 million) available from commercial banks. These facilities are secured by way of hypothecation of stock, and movable assets of the Company and by demand promissory notes. These carry mark-up ranging from 12% to 14% per annum, payable quarterly. The purchase prices are payable by specified dates.

9. CURRENT MATURITY

Redeemable capital	4	33,211	30,324
--------------------	---	--------	--------

Long-term loans		--	73,467
Liabilities against assets subject to finance lease	5	9,692	9,280
		-----	-----
		42,903	113,071
		=====	=====

10. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors			
Associated companies		3,389	27,315
Others		7,471	5,111
Accrued liabilities		8,830	9,359
Advances from customers		22,768	18,966
Interest on long-term foreign currency loan - secured		14,777	15,759
Mark-up on LMM		298	535
Mark-up on LT-TFCs		785	967
Mark-up on shod-term finance		6,800	1,486
Foreign exchange risk fee		--	431
Staff Provident Fund		--	45
Retention money		176	174
Staff Gratuity Fund payable	10.1	17,977	25,533
Staff benefits payable		15,247	11,918
Staff welfare fund		2,401	1,929
Insurance payable		11,355	6,596
Workers' Profit Participation Fund	10.2	9,009	15,706
Workers' Welfare Fund		2,845	6,100
Sales tax payable		16,623	--
Others		6,229	4,342
		-----	-----
		146,980	152,272
		=====	=====

(Rupees '000')

10.1 Staff Gratuity Fund

Present value of the obligation		48,655
Fair value of plan assets		(30,678)

Cherat Cement Company gratuity liability		17,977
		=====

Expenses recognized

Current Service Cost		2,913
Interest Cost		4,813
Expected return on plan assets		(3,557)

Expenses recognized in the income statement	4,169
	=====

Reconciliation at 30 June 2001

Opening net liability	25,533
Expenses as above	4,169
Contribution paid	(5,551)
Adjustment	(6,174)

Closing net liability	17,977
	=====

Actual return on plan assets

Expected return on plan assets	3,557
Actuarial gain / (loss) on plan assets	(1,967)

Actual Return on plan assets	1,590
	=====

The projected credit method, using the following significant assumptions, is used for the valuation of above mentioned scheme:

- Discount is 12 percent per annum.
- Expected rate of increase in salaries is 12 percent per annum.
- Expected rate of investment is 12 percent per annum.

In calculating the Company's obligation in respect of plan, net actuarial gain or loss is recognized completely in the year in which it is calculated as per actuarial calculation.

Where the calculations result in a benefit to the Company, the recognized asset is limited to the net total of any unrecognized actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

	<i>2001</i>	<i>2000</i>
	<i>(Rupees '000')</i>	
10.2 Workers' Profit Participation Fund		
Balance as at 01 July	15,706	2,772
Interest thereon	2,131	364
	-----	-----
	17,837	3,136
Less: Payment during the year	15,509	2,850
	-----	-----
	2,328	286
Contribution for the year	6,681	15,420
	-----	-----
	9,009	15,706
	=====	=====

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.

11. CONTINGENCIES AND COMMITMENTS

11.1 Guarantees issued by commercial banks on behalf of the Company

10,125	44,189
=====	=====

11.2 Letters of credit issued by commercial banks

15,831	11,091
=====	=====

11.3 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
=====	=====

11.4 Claim for sales tax and additional sales tax pending before the Appellate Tribunal Customs, Central Excise and Sales Tax, Islamabad

--	1,546
=====	=====

11.5 Claims not acknowledged by the Company

8,873	8,873
=====	=====

11.6 The Company received a letter 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. No provision of any potential liability has been made by the company as no demand has been raised by the Sales Tax Department in this regard.

11.7 Aggregate rentals in respect of assets acquired under operating lease amounted to Rs.0.177 million (2000: Rs. 0.708 million) payable as follows:

Year	<i>2001</i>	<i>2000</i>
	<i>(Rupees '000')</i>	
2000 - 2001	--	531

2001 - 2002	177	177
	-----	-----
	177	708
	=====	=====

12. OPERATING ASSETS - at book value

12.1 The following is a statement of operating assets:

<i>Description</i>	<i>Cost at 01 July 2000</i>	<i>Additions/ (deletions)</i>	<i>Cost at 30 June 2001</i>	<i>Accumulated Depreciation At 01 July 2000</i>	<i>Depreciation for the year</i>	<i>(Rupees '000')</i>			<i>Rate % per annum</i>
						<i>Depreciation on disposal</i>	<i>Accumulated Depreciation At 30 June 2001</i>	<i>Book value at 30 June 2001</i>	
Freehold land	1,605	--	1,605	--	--	--	--	1,605	--
Leasehold land	3,476	--	3,476	--	--	--	--	3,476	--
Building on freehold land	266,315	492	266,807	169,273	9,443	--	178,716	88,091	5-10
Plant and machinery	1,646,207	655	1,646,862	908,231	73,863	--	982,094	664,768	10
Power and other installations	37,586	271 (35)	37,822	27,967	988	20	28,935	8,887	10
Motor vehicles	8,043	1,378 (520)	8,901	4,499	934	267	5,166	3,735	20
Quarry, factory and laboratory equipments	117,099	119	117,218	84,703	4,877	--	89,580	27,638	15
Furniture, fixtures and office equipment	24,710	941 (24)	25,627	13,320	1,303	18	14,605	11,022	10-20
Computers	25,139	2,325 (1,253)	26,211	12,716	4,775	831	16,660	9,551	33.33
	-----	-----	-----	-----	-----	-----	-----	-----	-----
	---	-----	-----	-----	-----	-----	-----	-----	-----
		6,181							
	2,130,180	(1,832)	2,134,529	1,220,709	96,183	1,136	1,315,756	818,773	
	=====	=====	=====	=====	=====	=====	=====	=====	=====
2000	2,122,074	10,496 (2,390)	2,130,180	1,118,082	104,551	(1,924)	1,220,709	909,471	
	=====	=====	=====	=====	=====	=====	=====	=====	=====
	==	=====	=====	=====	=====	=====	=====	=====	=====

12.2 During the year, the management re-estimated the remaining economic life of the computers and has changed the method of depreciation and its rate of depreciation accordingly. Had there been no change in accounting estimates relating to change in flow of economic benefits, the depreciation charge for the year would have been lower by rupees 1.91 million.

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

	2001	2000
	<i>(Rupees '000')</i>	
12.4 The depreciation for the year has been allocated as follows:		
Manufacturing overheads	91,029	100,615
Administration expenses	3,808	2,863
Selling and distribution expenses	1,346	1,073
	-----	-----
	96,183	104,551
	=====	=====

13. ASSETS SUBJECT TO FINANCE LEASE

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

<i>Description</i>	<i>Cost at 01 July 2000</i>	<i>Additions/ (deletions)</i>	<i>Cost at 30 June 2001</i>	<i>Accumulated Depreciation at 01 July 2000</i>	<i>Depreciation for the Year</i>	<i>(Rupees '000')</i>			<i>Rate % per annum</i>
						<i>Depreciation on disposal</i>	<i>Accumulated Depreciation At 30 June 2001</i>	<i>Book value at 30 June 2001</i>	
Plant and machinery	64,923	--	64,923	23,297	4,163	--	27,460	37,463	10
Quarry equipment	50,001	--	50,001	33,972	2,404	--	36,376	13,625	15
Vehicles	7,773	5,721	13,494	1,555	2,388	--	3,943	9,551	20
	-----	-----	-----	-----	-----	-----	-----	-----	
	122,697	5,721	128,418	58,824	8,955	--	67,779	60,639	
	=====	=====	=====	=====	=====	=====	=====	=====	
2000	114,924	7,773	122,697	49,815	9,009	--	58,824	63,873	
	=====	=====	=====	=====	=====	=====	=====	=====	

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

	2001	2000
	<i>(Rupees '000')</i>	
Manufacturing overheads	7,811	9,009
Administration expenses	750	--
Selling and distribution expenses	394	--
	-----	-----

	8,955	9,009
	=====	=====

14. INVESTMENTS - at cost

In associated undertakings

Quoted

Greaves Airconditioners Limited

150,000 (2000: 150,000) fully paid ordinary

shares of Rs. 10/- each;

market value Rs. Nil

equity held 12.5% (2000: 12.5%)

Less: Provision for diminution in value of investment

	1,500	1,500
	1,500	1,500
	-----	-----
	--	--

Cherat Papersack Limited

240,000 (2000: 240,000) fully paid ordinary

shares of Rs. 10/- each;

market value Rs. 8.640 million (2000: Rs. 15.360 million)

	2,800	2,800
--	-------	-------

Unquoted

Cherat Electric Limited

330,000 (2000: 330,000) fully paid ordinary

shares of Rs. 10/- each;

Break-up value Rs. 4.739 million (2000: Rs. 4.519

million) (Chief Executive: Mr. Iqbal Faruque)

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

15. STORES, SPARES AND LOOSE

TOOLS

Stores

	67,445	56,079
--	--------	--------

Spares

	160,167	156,506
--	---------	---------

Loose tools

	362	485
--	-----	-----

	-----	-----
	227,974	213,070

Spares in

transit

	22,184	2,278
--	--------	-------

	-----	-----
	250,158	215,348
	=====	=====

16. STOCK-IN-TRADE

Raw and packing material

	25,143	37,253
--	--------	--------

Work-in-process	27,299	23,269
Finished goods	31,968	27,397
	-----	-----
	84,410	87,919
	=====	=====

17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - unsecured, considered good

Employees		2,239	3,744
Executives	17.1	3,479	2,979
Suppliers			
Associated companies	17.2	16,286	36,391
Others		14,405	12,315
Advance income tax		37,160	26,983
		-----	-----
		73,569	82,412

Deposits			
Security deposit		--	240

Prepayments

Excise duty		6,909	7,906
Others		2,015	1,369
		-----	-----
		8,924	9,275

Income Tax Refundable		4,654	57,719
Other receivables			
Accrued return on investments		76,988	52,131
Octroi refundable		17	255
Others		668	3,787
		-----	-----
		77,673	56,173
		-----	-----
		164,820	205,819
		=====	=====

17.1 The maximum aggregate amount due from executives of the Company at the end of any month during the year was Rs. 3.479 million (2000: Rs. 2.979 million).

17.2 This includes:

Cherat Electric Limited		16,214	36,222
Greaves Airconditioners Limited		52	52
Zensoft (Private) Limited		--	117
Mirpurkhas Sugar Mills Limited		20	--
		-----	-----
		16,286	36,391

17.3 The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. 60 million (2000: Rs. 81.355 million).

18. SHORT-TERM INVESTMENTS

Foreign Exchange Bearer Certificates	18.1	79,857	79,857
US Dollar Bonds	18.2	52,091	44,663
		-----	-----
		131,948	124,520
		=====	=====

18.1 Represents Foreign Exchange Bearer Certificates of the face value of Rs. 75.143 million (2000: Rs.75.143 million), market value Rs. 144.489 million (2000: Rs. 126.205 million). The above investment has a maturity of six years and carries mark-up at a rate of 15 percent per annum.

18.2 Represents US Dollar Bonds of the face value of Rs. 44.478 million (2000: 44.478). The above investment has a maturity of three years and carries mark-up at a rate of 2% above the LIBOR rate.

19. CASH AND BANK BALANCES

With banks

on:

Current accounts		70,983	89,764
PLS accounts		31,156	9,909
Cheques in hand		16,184	8,874
Cash in hand		16	142
		-----	-----
		118,339	108,689
		=====	=====

20. SALES

Sales net of trade discounts and volume rebates

		2,174,540	2,153,129
Less:	Sales tax	234,038	--
	Excise duty	598,997	728,320
		-----	-----
		833,035	728,320
		-----	-----
		1,341,505	1,424,809
		=====	=====

21. COST OF GOODS SOLD

Raw and packing material consumed

Opening stock		37,253	27,809
Purchases		125,107	146,833
		-----	-----
		162,360	174,642

		(25,143)	(37,253)
		-----	-----
		137,217	137,389
Manufacturing overheads			
Salaries, wages and benefits	21.1	91,910	94,868
Stores and spares consumed		56,343	57,902
Fuel and power		701,539	560,903
Rent, rates and taxes		17,921	16,853
Insurance		22,745	22,236
Vehicle running expenses		8,917	8,239
Lease rental		198	2,231
Travelling and conveyance		712	436
Printing and stationery		744	651
Legal and professional		434	657
Laboratory expenses		707	1,000
Repairs and maintenance		2,996	2,119
Depreciation	12.4 & 13.2	98,840	109,624
Communication expenses		1,510	1,534
Miscellaneous manufacturing overheads		2,834	3,178
Stores written-off		3,656	18,286
		-----	-----
		1,149,223	1,038,106
Work-in-process			
Opening		23,269	17,747
Closing		(27,299)	(23,269)
		-----	-----
Cost of goods manufactured		1,145,193	1,032,584
Finished goods			
Opening		27,397	26,766
Closing		(31,968)	(27,397)
		-----	-----
		1,140,622	1,031,953
		=====	=====

21.1 Salaries, wages and benefits include Rs. 1.545 million (2000: Rs. 5.010 million) in respect of staff retirement benefits.

22. ADMINISTRATION EXPENSES

Salaries, wages and benefits	22.1	21,732	19,999
Travelling and conveyance		2,502	2,525
Vehicle running expenses		1,336	1,102
Communications		1,318	1,312
Printing and stationery		1,036	1,151
Rent, rates and taxes	22.2	1,461	2,288
Utilities		1,715	1,619

Repairs and maintenance		1,691	1,382
Legal and professional charges	22.3	2,312	2,102
Insurance		621	795
Auditors' remuneration	22.4	553	852
Subscription		915	923
Advertisement		485	99
Staff training expenses		845	141
Entertainment		215	181
Depreciation	12.4 & 13.2	4,558	2,863
Miscellaneous		306	250
		-----	-----
		43,601	39,584
		=====	=====

22.1 Salaries, wages and benefits include Rs. 0.365 million (2000: Rs. 1.134 million) in respect of staff retirement benefits.

22.2 Rent, rates and taxes include lease rentals of Rs.0.334 million (2000: Rs. 0.908 million) incurred on motor vehicles under operating leases.

22.3 This includes Rs.0.084 million paid to cost auditors Minoon N. Bamjee & Co., Chartered Accountants.

22.4 Auditors' Remuneration

Audit fee			
- Statutory		200	150
Tax, corporate and other services		286	654
Out of pocket expenses		22	8
Others		45	40
		-----	-----
		553	852
		=====	=====

23. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and benefits	23.1	15,654	14,643
Travelling and conveyance		793	914
Staff training expenses		70	72
Vehicle running expenses		1,272	1,210
Communications		2,264	2,058
Printing and stationery		490	288
Rent, rates and taxes		1,278	950
Utilities		1,475	1,675
Repairs and maintenance		668	363
Insurance		308	491
Advertisement		656	429
Entertainment		39	71
Depreciation	12.4 & 13.2	1,740	1,073
Miscellaneous		931	988

-----	-----
27,638	25,225
=====	=====

23.1 Salaries, wages and benefits include Rs. 0.264 million (2000: Rs. 0.958 million) in respect of staff retirement benefits.

24. FINANCIAL CHARGES

Mark up on redeemable capital	4,750	7,335
Interest on long term loans	8,514	11,617
Financial charges on lease arrangements	4,484	6,215
Mark-up and bank charges	15,407	17,352
Foreign exchange risk fee	415	2,605
	-----	-----
	33,570	45,124
	=====	=====

25. OTHER CHARGES

Donations	25.1	263	481
Interest on WPPF on gratuity fund		2,131	364
		--	2,864
		-----	-----
		2,394	3,709
		=====	=====

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

26. OTHER INCOME

Return on Foreign Exchange Bearer Certificates		24,762	18,931
Return on US Dollar Bonds		3,183	858
Profit on PLS Account maintained with banks		728	1,187
Gain on disposal of fixed assets	26.1	354	1,897
Dividend income		2,895	4,470
Scrap sales		357	576
Exchange gain		7,428	--
Miscellaneous		230	1,278
		-----	-----
		39,937	29,197
		=====	=====

26.1 Disposal of Fixed Assets

<i>Description</i>	<i>Cost</i>	<i>Book Value (Rupees)</i>	<i>Sale Proceeds</i>	<i>Gain/ (Loss)</i>	<i>Mode of Disposal</i>	<i>Sold to</i>
--------------------	-------------	----------------------------	----------------------	---------------------	-------------------------	----------------

Typewriter	4,000	411	1,200	789	Negotiation	Mr. Hawas Mohammad Employee
Refrigerator	9,800	2,490	4,300	1,810	Auction	Mr. Aslam Bukhari Employee
Furniture	9,810	2,531	1,950	(581)	Auction	Mr. Amjad Shamsi Mr. Mustufa Khan Employees
4. Panasonic Mo Phone	34,500	14,851	16,000	1,149	Insurance Claim	M/s Adamjee Insurance Corporation
5. Computer accessories	1,068,448	353,659	14,000	(339,659)	Auction	M/s Tachnovel Computers
6. Suzuki Margal Regn. No.B-1349	394,825	202,150	185,100	(17,050)	Auction	Mian M. Faiz Employee
7. Philips 17" monitor	17,088	7,081	16,900	9,819	Insurance claim	M/s Adamjee Insurance Corporation
8. IBM Aptiva computer	84,000	27,525	25,000	(2,525)	Insurance claim	M/s Adamjee Insurance Corporation
9. AST Bravo computer	83,500	34,202	45,000	10,798	Insurance claim	M/s Adamjee Insurance Corporation
10. BMW Car Regn. No. V-2535	87,180	35,709	563,000	527,291	Tender	Mr. Riaz Ahmed Karachi
11. Suzuki Marga Regn. No. W-7493	37,950	15,544	178,125	162,581	Tender	Mr. Naeem Akhter Employee

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1,831,101	696,153	1,050,575	354,422
=====	=====	=====	=====

Note

2001

2000

(Rupees '000')

27. EARNING PER SHARE - Basic

Net profit for the year after tax	75,320	161,698
Average number of ordinary shares in issue during the year	48,132,352	48,132,352
Earning per share	Rs. 1.56	Rs. 3.36

28. 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 2001 are summarised as follows:

	<i>(Rupees '000)</i>					
	<i>INTEREST BEARING</i>			<i>NON-INTEREST BEARING</i>		
	<i>Less than one year</i>	<i>One to Five years</i>	<i>Total</i>	<i>Less than one year</i>	<i>One to Five years</i>	<i>Total</i>
Financial assets:						
Investments	131,948	--	131,948	--	5,800	137,748
Long-term deposit	--	--	--	--	6,579	6,579
Loans and advances	--	--	--	--	114,065	114,065
Cash and bank balances	--	--	--	--	118,339	118,339
	-----		-----		-----	-----
	131,948	--	131,948	--	244,783	376,731
	=====		=====		=====	=====
	==		=====		=====	=====
Financial liabilities:						
Redeemable capital	33,211	4,093	37,304	--	--	37,304
Liabilities against assets subject to finance lease	9,692	15,142	24,834	--	--	24,834
Long-term deposits	--	--	--	--	16,161	16,161
Short-term finance	181,671	--	181,671	--	--	181,671
Creditors, accrued and other liabilities	--	--	--	146,980	--	146,980
Unclaimed dividend	--	--	--	6,254	--	6,254
	-----		-----		-----	-----
	224,574	19,235	243,809	153,234	16,161	413,204
	=====		=====		=====	=====
	==		=====		=====	=====

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.

29. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2001			2000		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees '000')					
Managerial remuneration	1,750	3,122	33,243	1,625	2,720	38,041
Housing allowance	300	282	8,132	300	236	8,096
Retirement benefits	250	324	4,169	250	297	4,488
Utilities	349	193	2,220	271	173	2,318
Leave fare	--	163	2,117	--	123	1,915
	-----	-----	-----	-----	-----	-----
	2,649	4,084	49,881	2,446	3,549	54,858
	=====	=====	=====	=====	=====	=====
Number	1	2	114	1	2	116
	=====	=====	=====	=====	=====	=====

The Chief Executive is provided with the use of Company maintained car, furnished accommodation and utilities. The Directors and some Executives are provided with the use of Company maintained car and 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. 22,000/- (2000:4 directors - Rs. 11,000/-).

	2001	2000
	(Metric Tons)	
30. CAPACITY- Clinker		
Installed capacity	690,000	690,000
Actual production	538,101	497,513

Reason for shortfall

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

	2001	2000
	<i>(Rupees '000')</i>	
31. TRANSACTIONS WITH ASSOCIATED COMPANIES		
Purchase of equipment	555	1,300
Purchase of raw material and supplies	14,504	11,317
Purchase of packing material	132,578	138,818
Purchase of electricity	230,194	206,851
Other services	2,122	9,353
Rent	160	307

	2001	2000
32. NUMBER OF EMPLOYEES		
The number of employees at the balance sheet date is 727 (2000: 742).		
Head office	36	35
Factory	633	644
Sales office - Peshawar	43	48
- Lahore	13	13
- Islamabad	2	2
	-----	-----
	727	742
	=====	=====

33. 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, 2001

<i>Number of Shareholders</i>	<i>Shareholders</i>		<i>Shares Held</i>	<i>Percentage</i>
	<i>From</i>	<i>To</i>		
550	1	100	25884	0.05
1547	101	500	448857	0.93
519	501	1000	428517	0.89
1214	1001	5000	3073122	6.38
294	5001	10000	2138961	4.44
173	10001	15000	2133822	4.43

39	15001	20000	696368	1.45
57	20001	25000	1345798	2.80
19	25001	30000	527329	1.10
14	30001	35000	451101	0.94
22	35001	40000	858524	1.78
6	40001	45000	257200	0.53
13	45001	50000	629068	131
3	50001	55000	154730	32
5	55001	60000	288183	0.60
5	60001	65000	311374	0.65
1	65001	70000	69256	0.14
7	70001	75000	508711	1.06
1	85001	90000	85721	0.18
1	90001	95000	94000	0.20
1	95001	100000	100000	0.21
2	100001	105000	317500	0.66
1	105001	110000	214460	0.45
3	110001	115000	111375	0.23
1	120001	125000	121286	0.25
1	130001	135000	130500	0.27
1	135001	140000	138575	0.29
2	145001	150000	295546	0.61
1	155001	160000	159375	0.33
1	175001	180000	180000	0.37
1	240001	245000	242560	0.50
1	245001	250000	250000	0.52
1	265001	270000	265500	0.55
1	280001	285000	284602	0.59
1	335001	340000	338385	0.70
1	360001	365000	363865	0.76
1	365001	370000	367196	0.76
1	400001	405000	402500	0.84
1	405001	410000	409763	0.85
1	470001	475000	473026	0.98
1	480001	485000	480231	1.00
2	525001	530000	1056125	2.19
1	540001	545000	541700	1.13
1	805001	810000	805176	1.67
1	1020001	1025000	1021001	2.12
1	1700001	1705000	1704900	3.54
1	1850001	1855000	1853208	3.85
1	1895001	1900000	1895780	3.94
1	2095001	2100000	2099000	4.36
1	2665001	2670000	2669280	5.55
1	14310001	14315000	14313411	29.74

-
4526

48132352 100.00

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

<i>Categories</i>	<i>Shareholders</i>	<i>Shareholding</i>	<i>Percentage</i>
Individuals	4373	14835962	30.83
Financial Institutions	61	17570450	36.50
Insurance Companies	11	1187919	2.47
Joint Stock Companies	56	7323700	15.22
Investment Companies	8	3730639	7.75
Leasing Companies	2	10125	0.02
Modarabas	6	73125	0.15
Others	9	3400432	7.06
	-----	-----	-----
	4526	48132352	100.00
	=====	=====	=====