

D.G. CEMENT
ANNUAL REPORT 1998

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COMPANY PROFILE

Board of Directors

Mrs. Naz Mansha	Chief Executive
Mst. Akhtar Jehan Begum	
Mr. Khalid Qadeer Qureshi	
Mr. Aftab Ahmad Khan	
Mr. Muhammad Azam	
Rana Muhammad Mushtaq	
Mr. Zaka-ud-Din	

Company Secretary

Mr. Khalid Mahmood Chohan

Bankers

ABN-AMRO Bank N.V.
AI-Faysal Investment Bank Limited
Bank of America NT&SA
Habib Bank Limited
Mashreq Bank PSC
Muslim Commercial Bank Limited

Atlas Investment Bank Limited

Auditors

M/s A F Ferguson & Co.
Chartered Accountants

Registered Office

Nishat House, 53-A, Lawrence Road, Lahore-Pakistan
Phone: 92-42-6367812-20 Fax: 92-42-6367414
Telex: 47523 Nisht PK. Lahore
E.Mail: dgkcc@lhr.comsats.net.pk

Factory

Khofli Sattai, Distt. Dera Ghazi Khan-Pakistan
Phone: 92-641-60025-7
Fax: 92-641-62392
Telex: 42492 DGK CF PK.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the Shareholders of D.G. Khan Cement Company Limited ("the Company") will be held on Thursday the 31st December, 1998 at 11:00 a.m., at Nishat House, 53-A, Lawrence Road, Lahore to transact the following business:

1. To confirm minutes of the last meeting.
2. To receive and adopt the audited accounts of the Company for the financial year ended June 30, 1998 together with the Directors' and Auditors' reports thereon.
3. To elect seven Directors of the Company for a period of three years in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 in place of the following retiring Directors:
 1. Mrs. Naz Mansha
 2. Mst. Akhtar Jehan Begum
 3. Mr. Khalid Qadeer Qureshi
 4. Mr. Muhammad Azam
 5. Rana Muhammad Mushtaq
 6. Mr. Zaka-ud-Din
 7. Mr. Aftab Ahmad Khan

The Board of Directors has fixed the number of elected Directors as seven. All retiring Directors shall be eligible to offer themselves for re-election.

4. To appoint Auditors for the year 1998-99 and fix their remuneration. The present Auditors M/s. A. F. Ferguson & Company, Chartered Accountants, Lahore retire and being eligible, offer themselves for re-appointment.

5. Any other matter with the permission of the Chair.

By order of the Board

{KHALID MAHMOOD CHOHAN}

Company Secretary

Lahore:

December 05, 1998.

NOTES:

1. Share transfer books of the Company will remain closed from 31-12-98 to 06-01-99 (both days inclusive). Transfers received in order at Nishat House, 53-A, Lawrence Road, Lahore upto 1:00 p.m on December 30, 1998 will be considered in time.

2. A member eligible to attend and vote at this meeting may appoint another member his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's Registered office not less than 48 hours before the time for holding the meeting.

3. Nominations to contest election for the office of Directors must be received at least 14 clear days before the date of the Annual General Meeting at the Registered Office, during working hours.

4. Shareholders are requested to immediately notify the change in address, if any.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors are pleased to place before you the annual report along with audited accounts for the year ended June 30, 1998.

The financial results remained under tremendous pressure mainly due to depressed demand

accompanied with oversupply position resulting into rock bottom cement prices. The situation was further aggravated by constant increase in prices of utilities, petroleum products and electricity etc. evaporating the profit of the Company. The other major factors which really turned down the profit into loss is the provision for diminution in the value of short-term investment on account of bearish market conditions resulting net loss of Rs. 58.284 million during the year under review. Accordingly earning per share has gone to negative i.e. Re. (0.44) from Re. 0.54 in 1997.

APPROPRIATION

	1998 (Rupees in thousand)	1997
Net (loss)/profit after taxation	(58,284)	71,454
Un-appropriated profit brought forward	451	997
(Loss)/profit for appropriation	(57,833)	72,451

Appropriations:

Transferred to general reserve	-	72,000
(Loss)/profit un-appropriated	(57,833)	451

PRODUCTION AND SALES

The production of Clinker and Cement for the period was 940,007 and 912,976 tons respectively (1997:634,821 tons and 667,937 tons). Break up is given hereunder:

		Existing	Expansion	Total
- Clinker	(M. Tons)	474,476	465,531	940,007
- Cement	(M. Tons)	576,014	336,962	912,976

The expansion plant started commercial production wef Ist June 1998. The break up of production (expansion plant) during the period under review is given hereunder:

	Clinker (M. Tons)	Cement (M. Tons)
- Trial run production	371,795	266,416
- Commercial production	93,736	70,546

(wef Ist June '98)

465,531

336,962

During trial run 107,496 tons of clinker was transferred to existing plant, which was ground and despatched.

During the period under review total despatches made were 900,010 tans. The despatches include cement produced during trial run of expansion plant.

PLANT PERFORMANCE

Though the performance of the existing plant was not excellent due to depressed market, but ALHAMDO LILLAH it was satisfactory at 72% of capacity utilization.

The expansion plant, (during trial run) had some teething problems, which were removed by M/s F. L. Smidth, Denmark (plant supplier). After successful trial run, the plant is operating smoothly. However, in certain areas (viz. cement mill) some modifications suggested by the plant supplier are being carried out.

Pursuant to the Technical Assistance Services agreement with M/s F. L. Smidth, supervisors are monitoring the plant operation. During the tenure of the agreement, they will not only ensure smooth operation of the plant but also remove any fault/problem encountered during plant operation.

The initiative to restructure and improve the productivity and to face the increasing competitive environment, the voluntary retirement scheme under Golden Hand Shake was introduced in April 1998.

OPERATING RESULTS

The gross sales during the year were Rs. 2.213 billion as compared to Rs. 2.496 billion in last year. The net sale price has registered a decrease of 3.13% over last year inspire of the increase in sales volume by 34.05%. Short excerpts of the operating results are as under:

	1998	1997
	(Rupees in thousand)	
Net sales	1,238,983	1,347,594
Gross profit	141,112	274,692
Operating profit	61,175	79,857

The major input prices particularly petroleum products and power has increased during the year under review. The cement sector had been in trouble since 1996, the repayment to the foreign lenders was also affected and the management is in the process of negotiating for restructuring of the long-term foreign loans.

MARKET REVIEW

Overview

During the year under review the cement industry passed through the worst crisis of its history. Depressed demand due to economic crunch, heavy taxation and constraints on exports resulted in an oversupply of cement, (capacity utilization achieved during the year was 59% for the whole cement industry in Pakistan) which brought down the sale prices to an all time low. The situation was further aggravated by the devaluation of Pak Rupee and constant increase in prices of utilities viz. electricity, gas and petroleum products etc., making a big dent in the purchasing power of the common man.

Consequent upon nuclear tests, sanctions were imposed on Pakistan, which put the economy in turmoil. Accordingly the priorities had to be revised resultantly the industrial reform program and development projects were either postponed or cancelled.

The country's economy has also been affected by the financial crisis in south asia and far eastern countries like Japan, Malaysia and Indonesia etc. All of this resulted in an oversupply of cement visa vis demand.

Export was also not possible as the far eastern countries, effected by their currency turmoil, started sale of cement on dumping prices in the international market, making it almost impossible for us to compete.

Present situation

Government has taken steps for revival of the economy and restoration of law and order situation in the country particularly in south. After tremendous efforts made by the government, some of the economic sanctions have been finally lifted and now it is expected that Government development plans will finally see the light of day and demand for cement will rise.

FUTURE PROSPECTS

The lifting of US sanctions and successful negotiations with IMF/World Bank will bail out Pakistan from the

present economic crisis. All projects that had been shelved will come on stream increasing the demand of cement. The best case scenario is that Pakistan will become "trading" market from a "slump" market.

We hope that with the recent bail out packages, the economy will come out from recession, and selling will, at least improve the cash flow if not the actual earning of the Company.

We have also developed new marketing strategies laying great emphasis on exploring new markets. In this connection we have had some very encouraging news from the government in regard to export incentives and are expecting to export a sizeable quantity to Bangladesh, Sri Lanka, Burma, UAE and some African countries. After hectic efforts and in a record time, we have been able to get the pre-audit certification of ISO-9002, which will be helpful for exports.

Efforts are also underway to expand our market share by selling bulk cement. In addition, we have already launched Sulphate Resistance Cement (SRC) on a small scale conforming to ASTM specifications.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as on June 30, 1998 is annexed with the Annual Report.

AUDITORS

M/s A. F. Ferguson & Company, Chartered Accountants, Lahore, the retiring Auditors, being eligible, offer themselves for re-appointment.

In compliance with the provisions of SR0-846 (1)/98 dated 24th July, 1998 read in conjunction with Rule 3(2) of the Companies (Audit of Cost Accounts) Rules, 1998, the Company has appointed M/s Amin Mudassar & Company, Chartered Accountants, Lahore as Cost Auditors for the year ended June 30, 1998. Corporate Law Authority has accorded approval for the said appointment.

YEAR 2000 COMPLIANCE

The issue of Year 2000 bug has already been taken care of. The platform used for our software development has built in capability of storing four digits for the millennium. In addition, we are also in the process of upgrading our hardware (wherever required) to comply with the Y2K problem which will be completed before the end of year 1999.

ACKNOWLEDGEMENT

We express our appreciation to our Cement Stockists who have extended their fullest cooperation for achieving highest ever despatches made during the year.

The Directors would also like to place on record their appreciation for the efforts and hard work done for achieving the production targets and maintaining peaceful atmosphere by the workers, staff and officers during the year.

On behalf of the board

MRS. NAZ MANSHA

Chief Executive

Lahore:

December 05, 1998

FIVE YEARS AT A GLANCE

	1998	1997	1996	1995	1994
PRODUCTION & SALES					(M. Tons)
Clinker	940,007	634,821	730,450	669,086	631,874
Cement	912,976	667,937	767,363	685,348	649,852
Sales	900,010	671,417	753,608	698,063	651,937
FOR THE YEAR					(Rupees in thousand)
Net Sales	1,238,983	1,347,594	1,547,090	1,498,945	1,219,777
Gross Profit/(Loss)	141,112	274,692	591,430	757,254	586,653
Pre-tax profit/(Loss)	(46,566)	83,571	308,411	569,557	550,180
After tax profit/(Loss)	(58,284)	71,454	248,411	386,788	362,884
FINANCIAL POSITION					
Current Assets	1,029,452	989,212	1,297,610	1,240,604	1,095,981
Current Liabilities	2,223,023	957,506	717,423	550,837	769,340
Operating Fixed Assets	7,055,845	804,047	786,929	692,991	719,066
Total Assets	9,069,278	8,102,729	7,390,244	4,010,890	2,324,669

Long Term Liabilities	3,049,132	3,288,816	2,887,875	349,724	337,397
Shareholders' Equity	3,797,123	3,856,407	3,784,946	3,110,329	1,217,932

RATIOS

Current Ratio	0.46:1	1.03:1	1.81:1	2.25:1	1.42:1
Debt to Equity	45:55	46:54	43:57	10:90	22:78
Gross Profit to Sales (%)	11.39	20.38	38.23	50.52	48.10
Net Profit to Sales (%)	(4.70)	5.30	16.06	25.80	29.75
Break-up value per share (Rs)	28.69	29.13	34.82	31.47	19.68

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of D.G. Khan Cement Company Limited as at June 30, 1998, the profit and loss account and the cash flow statement, together with the notes forming part thereof 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 and after due verification thereof, 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 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, profit and loss account and cash flow statement together with the notes forming part thereof, 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 Company's affairs as at June 30, 1998, and

of the loss and the cash flow for the year then ended; and

d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our report we draw attention to note 1.2 to the accounts which states that these accounts have been prepared on a going concern basis for the reasons explained in the note. These accounts consequently, do not include any adjustments relating to the realisation of its assets and liquidation of its liabilities that might be necessary should the company be unable to continue as a going concern.

A. F. Ferguson & Co.
Chartered Accountants

Lahore:
December 05, 1998

BALANCE SHEET AS AT JUNE 30, 1998

	Note	1998	1997
		(Rupees in thousand)	
CAPITAL AND RESERVES			
Authorised share capital			
300,000,000 ordinary shares of Rs. 10/-each		3,000,000	3,000,000
		=====	=====
Issued, subscribed and paid up share capital			
132,391,380 (1997: 132,391,380) ordinary shares of Rs. 10/-each	3	1,323,914	1,323,914
Reserves			
Unappropriated (loss)/profit	5	2,532,042	2,532,042
		(57,833)	451
		-----	-----
		3,798,123	3,856,407
LONG TERM LIABILITIES			
Long term loans - secured	6	2,889,671	3,128,364
Liabilities against assets subject to finance lease	7	118,966	106,636
Deferred liabilities	8	16,362	22,258

LONG TERM DEPOSITS	9	24,133	31,558
CURRENT LIABILITIES			
Current portion of long term liabilities			
Long term loans - secured		730,059	50,436
Liabilities against assets subject to finance lease		64,042	47,005
Short term running finance	10	634,073	260,254
Creditors, accrued and other liabilities	11	738,146	555,820
Provision for taxation		55,317	43,599
Dividend payable		386	392
		-----	-----
		2,222,023	957,506
CONTINGENCIES AND COMMITMENTS	12	-	-
		-----	-----
		9,069,278	8,102,729
		=====	=====

The annexed notes form an integral part of these accounts.

Chief Executive

	Note	1998	1997
		(Rupees in thousand)	
FIXED CAPITAL EXPENDITURE			
Operating fixed assets	13	7,055,845	804,047
Assets subject to finance lease	14	274,358	10,935
Capital work in progress	15	10,729	5,626,630
		-----	-----
		7,340,932	6,441,612
LONG TERM INVESTMENTS	16	675,114	642,614
LONG TERM LOANS TO EMPLOYEES	17	4,576	7,233
LONG TERM DEPOSITS AND DEFERRED COSTS	18	19,204	22,058
CURRENT ASSETS			

Stores, spares and loose tools	19	390,633	395,638
Stock-in -trade	20	148,932	41,327
Trade debts	21	45,253	
Short term investments	22	262,942	370,232
Advances, deposits, prepayments and other receivables	23	161,965	139,003
Cash and bank balances	24	19,727	43,012
		-----	-----
		1,029,452	989,212
		-----	-----
		9,069,278	8,102,729
		=====	=====

Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1998

	Note	1998 (Rupees in thousand)	1997
SALES	25	1,238,983	1,347,594
COST OF GOODS SOLD	26	1,097,871	1,072,902
		-----	-----
GROSS PROFIT		141,112	274,692
OPERATING EXPENSES			
Administration and general expenses	27	35,432	33,826
Selling and distribution expenses	28	44,505	161,009
		-----	-----
		79,937	194,835
		-----	-----
OPERATING PROFIT		61,175	79,857
OTHER INCOME	29	37,213	47,370
		-----	-----
		98,388	127,227
		-----	-----

FINANCIAL CHARGES	30	69,890	27,027
OTHER CHARGES	31	75,064	16,629
		-----	-----
		144,954	43,656
		-----	-----
(Loss)/PROFIT BEFORE TAXATION		(46,566)	83,571
PROVISION FOR TAXATION	32	11,718	12,117
		-----	-----
(LOSS)/PROFIT AFTER TAXATION		(58,284)	71,454
UNAPPROPRIATED (LOSS)/PROFIT BROUGHT FORWARD		451	997
		-----	-----
(LOSS)/PROFIT AVAILABLE FOR APPROPRIATION		(57,833)	72,451
 APPROPRIATION			
Transferred to general reserve		-	72,000
		-----	-----
UNAPPROPRIATED (LOSS)/PROFIT		(57,833)	451
		=====	=====

The annexed notes form an integral part of these accounts.

Chief Executive

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 1998

	Note	1998 (Rupees in thousand)	1997
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	33	223,818	236,984
Financial charges paid		(32,841)	(27,587)
Gratuity and leave encashment paid		(9,083)	(363)
Taxes paid		(25,072)	(58,667)
		-----	-----
NET CASH INFLOW FROM OPERATING ACTIVITIES		156,822	150,367

CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure	(641,589)	(1,097,333)
Increase in long term investments	-	(19)
Long term loans to employees (net)	3,360	1,031
Long term security deposits (net)	2,580	(5,190)
Sale proceeds of fixed assets	19,778	1,953
Dividend received	27,869	11,704
	-----	-----
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(588,002)	(1,087,854)

CASH FLOW FROM FINANCING ACTIVITIES

Share capital	-	7
Long term loans (net)	12,140	(50,436)
Long term deposits (net)	(7,425)	(7,527)
Liabilities against assets subject to finance lease (net)	29,367	56,264
Dividend paid	(6)	(7)

NET CASH INFLOW/(OUTFLOW) FROM**FINANCING ACTIVITIES****NET (DECREASE) IN CASH AND****CASH EQUIVALENTS****CASH AND CASH EQUIVALENTS****AT THE BEGINNING OF YEAR****CASH AND CASH EQUIVALENTS AT THE END OF YEAR**

34

	34,076	(1,699)
	-----	-----
	(397,104)	(939,186)
	(217,242)	721,944
	-----	-----
	(614,346)	(217,242)
	=====	=====

Chief Executive

Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1998**1. THE COMPANY AND ITS OPERATIONS**

D.G. Khan Cement Company Limited is a public company incorporated under the Companies Ordinance, 1984 and is listed on all the stock exchanges in Pakistan. The Company is engaged in production and sale of Ordinary Portland and Sulphate Resistant Cement.

1.2 As at June 30, 1998 the Company's current liabilities stand at Rs. 2,222 million, while the current assets were Rs. 1,029 million.

Continuation of the Company as a going concern is dependent on its ability to attain satisfactory levels of profitability in the future and in the intervening period ability, if necessary, to liquidate long term investments and continued support from:

the principal foreign currency lenders of the Company through rescheduling / restructuring of the long term foreign currency loans; and

b) the sponsors through injection of further capital.

These accounts have been prepared on a going concern basis on the grounds that the Company will be able to achieve satisfactory levels of profitability in the future based on the plans drawn up by the management for this purpose and will be able to liquidate its long term investments, if necessary and will have the required continued support from the lenders of the long term foreign currency loans and sponsors to meet its obligations. These account consequently do not include any adjustment relating to the realisation of the assets and liquidation of its liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These Accounts have been prepared under the historical cost convention modified by capitalisation of exchange differences as referred to in note 2.10.

2.2 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all employees, payable on cessation of employment, subject to a minimum qualifying period of service. Provision is made annually to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

The Company also operates an approved funded contributory provident fund scheme. Equal monthly contributions are made by the employer and the employees to the fund.

2.3 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates, if any.

The Company accounts for deferred taxation using the liability method on all major timing differences. Provision for deferred tax for the year is not considered necessary as the timing differences are not likely to reverse in the foreseeable future.

2.4 Fixed capital expenditure and depreciation

Operating fixed assets except freehold land are stated at cost less accumulated depreciation. Capital work in progress and freehold land are stated at cost. Cost in relation to fixed assets signifies historical cost and exchange differences referred to in note 2.10.

Depreciation on all other operating fixed assets is charged to profit on the reducing balance method, so as to write off the historical cost of an asset over its estimated useful life at the rates referred to in note 13. Full year's depreciation is charged on additions, while no depreciation is charged on deletions during the year. However, depreciation on major additions is charged from the month in which the assets are put to use.

Maintenance and normal 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 or losses on disposal of assets are taken to profit and loss account.

2.5 Assets subject to finance lease

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The related obligation of the lease are accounted for as liabilities. Assets acquired under a finance lease are amortised over the useful life of the assets on reducing balance method at the rates given in note 14. Amortisation of leased assets is charged to profit and loss account.

2.6 Investments**Long term investments**

Investments are carried at cost and provision is made to recognise a decline in value which is other than temporary. Such reduction being determined for each investment individually.

Short term investments

These are stated at lower of cost and market value determined on portfolio basis.

2.7 Deferred cost

These costs are to be amortised over a period of five years.

2.8 Stores, spares and loose tools

Stores, spares and loose tools are valued principally at moving average cost. Items in transit are valued at cost comprising invoice values plus other charges paid thereon.

2.9 Stock- in- trade

Stock of raw materials, work in process and finished goods are valued principally at the lower of average cost and net realisable value. Cost of work in process and finished goods comprises cost of direct materials and labour and appropriate manufacturing overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make a sale.

2.10 Foreign currencies

All assets and liabilities in foreign currencies are translated at the exchange rates prevailing at the balance sheet date. Exchange gains or losses on translation of foreign currency long term loans utilised for the acquisition of fixed assets are capitalised. All other exchange differences are charged to profit and loss account.

2.11 Mark-up, interest, profit and other charges

Mark-up, interest, profit and other charges on long term liabilities are capitalised upto the date of commissioning of the respective plant and machinery, acquired out of the proceeds of such long term liabilities. All other mark-up, interest, profit and other charges are charged to income.

2.12 Revenue recognition

Revenue from sales is recognised on despatch of goods to customers. Profit on deposits with banks is recognised on a time proportion basis taking into account the amounts outstanding and the rates applicable thereon. Dividend income on equity investments is recognised as income when the right of receipt is established.

1998 **1997**
(Rupees in thousand)

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Opening balance of issued, subscribed and paid up share capital 112,835,676 (1997: 89,157,221) ordinary shares of Rs. 10 each fully paid in cash		1,128,357	891,572
Issued against advance against issue of shares Nil (1997: 23,678,455) ordinary shares of Rs. 10 112,835,676 (1997: 112,835,676) ordinary shares of Rs 10 each fully paid in cash	-note 4	-	236,785
		-----	-----
		1,128,357	1,128,357
Balance of ordinary shares 19,555,704 (1997:19,555,704) of Rs 10 each issued as fully paid bonus shares		195,557	195,557
		-----	-----
		1,323,914	1,323,914
		=====	=====

4. ADVANCE AGAINST ISSUE OF SHARES

Opening balance as at July 1		-	426,206
Add: Received during the year		-	7
		-----	-----
		-	426,213
Less: Adjusted against issue of shares Transferred to reserves (premium on issue of right shares)	- note 3 - note 5	-	236,785
		-	189,428
		-----	-----
		-	426,213
		-----	-----
		-	-
		=====	=====

5. RESERVES

Movement and composition of reserves is as follows:

Premium on issue of right shares				
At the beginning of the year			1,593,742	1,404,314
Add: Premium on right shares issued during the ye	- note 4		-	189,428
			-----	-----
			1,593,742	1,593,742

Revenue

General

At the beginning of the year			938,300	866,300
Transferred from profit and loss account			-	72,000
			-----	-----
			938,300	938,300
			-----	-----
			2,532,042	2,532,042
			=====	=====

6. LONG TERM LOANS- SECURED

These comprise of:

1. Asian Development Bank	PKR	-	-	75,654	126,090
2. Atlas Investment Bank	PKR	-	-	31,000	-
3. Al-Faysal Investment Bank	PKR	-	-	31,576	-
4. International Finance Corporation					
- Loan A	US\$	25,000	25,000	1,160,500	1,017,570

-Loan B	US\$	40,000	40,000	1,856,800	1,628,112
5. Commonwealth Development Corporation	US\$	10,000	10,000	464,200	407,028
				-----	-----
				3,619,730	3,178,800
Less: Current portion shown under current liabilities				730,059	50,436
				-----	-----
				2,889,671	3,128,364
				=====	=====

Security

Loan No. 1

The loan was obtained from the Government of Pakistan through State Cement Corporation of Pakistan (Private) Limited. It was originally payable in foreign currency subsequently converted into Pak Rupees with effect from April 21, 1987 at the exchange rate of US\$ 1 = Pak Rupees 17.3468. The loan carries interest @ 14% per annum inclusive of exchange risk fee. The Loan is secured against a bank guarantee in favour of the Government of Pakistan for which the Company has created an equitable mortgage on the Company's freehold land and a hypothecation charge on plant and machinery consisting of crusher, raw material transportation system, raw mill, kiln, cement mill and packing plant in favour of the bank.

Loan No. 2

The loan is secured by a first part passu charge on the fixed assets of the Company and a first part passu charge in respect of land and building and fixed plant and machinery of the Company accompanied by personal guarantees of sponsor directors and a demand promissory note in favour of Atlas Investment Bank Limited.

Loan No. 3

The loan is secured by pledge of 2.4 million shares of Muslim Commercial Bank, 0.5 million shares of Nishat Mills Limited and 1 million shares of Nishat (Chunion) Limited and a ranking floating charge on current assets of the Company upto Rs 75,753,425 accompanied by personal guarantees of sponsor directors.

Loan No. 4 and 5

These loans are secured by an equitable mortgage on the Company's freehold land and building and other immovable assets of the Company accompanied by irrevocable power of attorneys authorising the lenders to create and register English mortgage, and a first hypothecation charge on present and future movable assets including plant and machinery, accessories, electrical, motor vehicles and all other equipments.

All charges in respect of long term loans 1, 2, 4 and 5 rank part passu with each other.

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	1998	1997
	(Rupees in thousand)	
Present value of minimum lease payments	183,008	153,641
Less: Current portion shown under current liabilities	64,042	47,005
	-----	-----
	118,966	106,636
	=====	=====

The present value of minimum lease payments have been discounted at an implicit interest rate ranging from 17.63% to 20% to arrive at their present value. Rentals are paid in monthly installments and in case of default of any payment, an additional charge @ 2 to 5% per month shall be paid. The balance rentals due under the lease agreements aggregate Rs. 157.058 million and are payable in equal monthly installments plus a lumpsum payment of Rs. 25.95 million (1997: Rs. 19.35 million) for residual value.

Taxes, repairs and insurance costs are to be borne by the lessee. In case of termination of the agreement the lessee is to pay the entire rent for the unexpired period of lease agreement. The liability is partly secured by a deposit of Rs. 25.95 million included in security deposits under note 18 and 23. Commitments in respect of lease arrangements executed by the company are as follows:

Years	(Rupees in thousand)
1999	90,177
2000	62,940
2001	72,535
2002	7,291
2003	4,846

8. DEFERRED LIABILITIES

	1998	1997
	(Rupees in thousand)	
Provision for employees gratuity	13,120	18,248
Provision for leave encashment	3,242	4,010
	-----	-----
	16,362	22,258
	=====	=====

9. LONG TERM DEPOSITS

These represent the interest free security deposits from stockists and are repayable on cancellation or withdrawal of the dealership.

10. SHORT TERM RUNNING FINANCE

Short term running finance available from various banks under mark-up arrangement amount to Rs. 650 million (1997: Rs. 450 million). The rates of mark-up range from Re. 0.479 to Re. 0.5 per Rs. 1,000 per dime or part thereof on the balance outstanding. In the event, the Company fails to pay the balance on the expiry of the quarter, year or earlier demand, mark-up is to be computed at the rate of Re. 0.548 per Rs. 1,000 per dime or part thereof on the balance unpaid.

The finances obtained under these arrangements are secured by a first registered pari passu charge over all the Company's present and future stocks of raw materials, work-in-process, finished goods and productions, supplies lying at factory premises/site, Company's godowns or else where or in transit.

Out of aggregate facility of letters of credit and guarantees of Rs. 240 million (1997: Rs. 240 million) the amounts utilised as at June 30, 1998 amounted to Rs. 10.424 million (1997: Rs. 20.144 million) in respect of letter of credit and Rs. 23.204 million (1997: Rs. 33.264 million) in respect of guarantees.

11. CREDITORS, ACCRUED AND OTHER LIABILITIES

	1998	1997
	(Rupees in thousand)	

These are composed of:

Trade creditors		60,000	25,809
Deposit from customers		24,886	28,050
Accrued liabilities		27,351	27,625
Custom duties payable		200,645	199,957
Bills payable		9,558	7,056
Amount due to associated undertaking			
D.G. Khan Electric Company Limited		94,495	29,816
Nishat Mills Limited		24,873	-
Workers' profit participation fund	note 11.1	4,414	8,875
Interest accrued on loans - secured		182,222	145,425
Retention money		19,179	17,752
Security deposits		11,209	7,174
Sales tax payable		-	9,969
Advances against sale of scrap		1,314	326
Other payables		78,000	47,986
		-----	-----
		738,146	555,820
		=====	=====

1998 **1997**
(Rupees in thousand)

11.1 Workers' profit participation fund

At the beginning of the year		8,875	20,775
Provision for the year		-	4,462
Interest for the year		697	1,205
		-----	-----
		9,572	264.42
Less: Payments made during the year		5,158	17,567
		-----	-----
		4,414	8,875
		=====	=====

Maximum aggregate amount due to associated undertaking at the end of any month during the year was Rs 97.971 million (1997: Rs Nil).

Mark up is charged/paid on advances to/from associated undertakings at the rate of paisas 50 per Rs 1,000 per day.

12. CONTINGENCIES AND COMMITMENTS

Contingencies

The Income Tax Officer, while framing the assessments for the accounting years 1983-84 to 1991-92 has taxed the income of the Company on account of interest on deposits and sale of scrap etc. The Appellate Tribunal on appeal filed by the Company issued an order in favour of the Company for the accounting years 1983 84 to 1991-92. The Income Tax Department filed reference before the Lahore High Court. Pending final outcome of such reference, no adjustment has been made in these accounts for the relief granted by the Appellate Tribunal aggregating Rs. 35.5 million.

The Company has issued guarantees in favour of Collector of Customs and Excise against levy of sales tax, custom duty and excise duty amounting to Rs. 23.204 million (1997: Rs. 33.264 million).

Commitments in respect of:

- i) Contract for capital expenditure Rs. 82.121 million (1997: Rs. 115.72 million).
- ii) Letters of credit other than capital expenditure Rs. 10.424 million (1997: Rs. 20.144 million).

13. OPERATING FIXED ASSETS- TANGIBLE

13.1 The following is a statement of the operating fixed assets

	To June 30 1997	Additions/ (deletions)	To June 30 1998	Accumulated depreciation as at June 30, 1998	Book value as at June 30, 1998	Deprec charg the
Freehold land	31,478	-	31,478	-	31,478	
Building on freehold land						
Factory building	172,407	717,510	889,917	128,364	761,553	

Office building and Housing colony	169,319	39,197	208,516	56,641	151,875
Roads	10,782	70,561	81,343	5,948	75,395
Plant and machinery	1,082,581	5,549,803	6,632,384	769,315	5,863,069
Quarry equipment	147,115	21,853 (16,110)	152,858	84,354	68,504
Furniture, fixture and office equipment	53,443	4,925 (208)	58,160	20,778	37,382
Vehicles	98,329	7,819 (7,055)	99,093	47,998	51,095
Aircraft	8,687	-	8,687	5,158	3,529
Power and water supply lines	26,804	4,615	31,419	19,454	11,965
1998	1,800,945	6,416,283 (23,373)	8,193,855	1,138,010	7,055,845
1997	1,685,403	118,552	1,800,945	996,898	804,047

1998 **1997**
(Rupees in thousand)

13.2 Depreciation charge for the year has been

allocated as follows:

Cost of goods sold	- note 26	138,378	92,828
Administration and general expenses	- note 27	5,976	7,227
Selling and distribution expenses	- note 28	822	207
		-----	-----
		145,176	100,262
		=====	=====

13.3 The Company has given on lease, land measuring 14 acres to D.G. Khan Electric Company Limited (an associated undertaking) at an annual rent of Rs. 154,880.

13.4 Disposal of operating fixed assets

Detail of operating fixed assets disposed off during the year is as follows:

Particulars of assets	Cost	Accumulated Depreciation	Book value	Sale proceeds	Sold to
Suzuki Jeep (DGD 7919)	225	178	47	227	Mr. Wazir Hussain Bhakkar
Nissan Sunny (DGE-860)	585	432	153	280	Mr. M Maqsood, Faisalabad
Mitsubishi Lancer (LOQ 1499)	770	518	252	252	Syed Ameen ul Haque, Lhr.
Suzuki Khyber (LOQ 4677)	306	206	100	100	Mr. Ashraf Bodla-Ex employe
Toyota Corolla (LOR-7506)	586	346	240	240	Ch. Sarmad - Ex-employee
Mitsubishi Pajero (LOS 5600)	2,103	1,242	861	1,100	Mr. Ghayyur Hussain, Sialko
Toyota Corolla (DGF 240)	569	277	292	292	Mr. M. Atiq Khan Exemploye
Toyota Corolla (LOY-1379)	811	292	519	519	Mr. M. All Anwar Exemploye
Toyota Corolla (LOP-7591)	810	544	266	332	Mr. M. All Anwar-Ex-employe
Suzuki Mehran (ABE-412)	290	-	290	275	Security General Insurance
Airconditioner	50	14	36	36	Mr. M. All Anwar Ex employe
Epson LQ-1170 Printer	26	5	21	6	Computer Vally, Lahore
Caterpillar Wheel loader	16,110	-	16,110	16,000	Grays Leasing
Disposal below Rs 5,000	132	13	119	119	Various

14. ASSETS SUBJECT TO FINANCE LEASE

(Rupees in thousand)

Description	Cost to June 30 1997	Additions/ (deletions)	Cost to June 30 1998	Accumulated Amortisation as at June 30, 1998	Book value as at June 30 1998	Amortisation charge for the year	Ra %
Quarry equipment	-	36,042	36,042	3,534	32,508	3,534	2
Plant and machinery	13,500	233,958	247,458	5,608	241,850	3,043	1
1998	13,500	270,000	283,500	9,142	274,358	6,577	

1997	90,942	-	13,500	2,565	10,935	1,215
		(77,442)				

Amortisation charge for the year has been allocated to cost of goods sold - note 26

15. CAPITAL WORK IN PROGRESS

	1998 (Rupees in thousand)	1997
This consist of:		
Civil works	10,729	7,248
Expansion project		
Civil works	-	943,303
Plant and machinery	-	3,439,461
Assets subject to finance lease	-	180,000
Consultants fees	-	14,205
Advances	-	33,894
Unallocated expenditure	- note 15.1	1,008,519
	-----	-----
	-	5,619,382
	-----	-----
	10,729	5,626,630
	=====	=====

1998 (Rupees in thousand)	1997
------------------------------	------

15.1 Unallocated expenditure

Technical and Other Staff Salaries	34,886	34,886
Financial charges	513,735	977,805
Net exchange loss	438,012	866,429
Others	21,886	21,361
	-----	-----

Trial production expenses	- note 15.2	1,008,519	1,900,481
		(108,435)	-
		-----	-----
		1,792,046	1,008,519
Less: Capitalised		1,792,046	-
		-----	-----
		-	1,008,519
		=====	=====

15.2 Trial production expenses

Raw and packing material consumed		85,550	-
Salaries and wages		20,558	-
Fuel oil		149,933	-
Electricity		131,232	-
Other store consumption		12,808	-
Insurance		3,113	-
Transportation charges		11,377	-
Other overheads		4,095	-
		-----	-----
		418,666	-
Closing stock of work in-process and finished goods-transferred to cost of goods sold	- note 26	(17,003)	-
		-----	-----
		401,663	-
Less: Net sales		510,098	-
		-----	-----
		(108,435)	-
		=====	=====

16. LONG TERM INVESTMENTS

At cost	note 16.1	728,614	728,614
Less: Provision for diminution in value of investments		53,500	86,000
		-----	-----
		675,114	642,614
		=====	=====

16.1 Quoted Companies

In associated undertakings**Umer Fabrics Limited**

6,476,780 (1997: 6,476,780) fully paid
ordinary shares of Rs. 10 each
Equity held 26.98% (1997: 26.98%)

118,033 118,033

Nishat (Chunion) Limited

2,790,600 (1997: 2,790,600) fully paid
ordinary shares of Rs. 10 each
Equity held 19.38% (1997:19.38%)

40,347 40,347

C/F

158,380 158,380

1998 1997
(Rupees in thousand)

B/F

158,380 158,380

Nishat Tek Limited

Nil (1997: 4,081,469) fully paid
ordinary shares of Rs. 10 each
Equity held Nil% (1997: 19.75%)

- 113,807

Nishat Fabrics Limited

Nil (1997: 3,074,350) fully paid
ordinary shares of Rs. 10 each
Equity held Nil% (1997: 14.64%)

- 34,701

Nishat Mills Limited

9,312,307 (1997: 5,797,105) fully paid
ordinary shares of Rs. 10 each

400,204 251,696

D.G. Khan Electric Company Limited

3,805,625 (1997: 3,805,625) fully paid
ordinary shares of Rs. 10 each
Equity held 19.03% (1997:19.03%)

49,990 49,990

Muslim Commercial Bank Limited

3,719,644 (1997:3,719,644) fully paid
ordinary shares of Rs. 10 each

97,416 97,416

OTHERS**Fidelity Investment Bank Limited**

1,909,867 (1997: 1,909,867) fully paid
ordinary shares of Rs. 10 each

21,457 21,457

Maple Leaf Cement Factory Limited

6,666, (1997: 6,666) fully paid
ordinary shares of Rs. 10 each

187 187

First Capital Mutual Fund

98,000 (1997: 98,000) certificates
of Rs. 10 each

980 980

728,614	728,614
728,614	728,614

16.2 Market value of quoted investments is Rs. 236.491 million (1997: Rs. 478.468 million) as at June 30, 1998

16.3 Investments having face value of Rs. 300.705 million (1997: Rs. 76.897 million) are pledged as security against lease facility, working capital loan and bank guarantees.

16.4 Shares held by the Company in "Nishat Fabrics Limited" and "Nishat Tek Limited" have been consolidated with the shares held in "Nishat Mills Limited" because of the merger of Nishat Fabrics Limited and Nishat Tek Limited with Nishat Mills Limited.

1998	1997
(Rupees in thousand)	

17. LONG TERM LOANS TO EMPLOYEES

Considered good

House building		5,124	8,070
Vehicles/air-conditioners		856	1,270
		-----	-----
		5,980	9,340
Less: Current portion of long term loans to emplo	- note 23	1,404	2,107
		-----	-----
		4,576	7,233
		=====	=====

17.1 These represent the secured loans given to employees as per Company's service rules and are recoverable in equal monthly installments. The loans given to officers carry interest from 6 to 7 percent per annum while loans to staff and workers are interest free. Loans of Rs. 2.318 million (1997: Rs. 4.498 million) are outstanding for periods exceeding three years. The maximum amount outstanding at the end of any month is Rs. 9.131 million.

	1998	1997
	(Rupees in thousand)	
18. LONG TERM DEPOSITS AND DEFERRED COST		
Security deposits	19,204	21,784
Deferred cost	-	274
	-----	-----
	19,204	22,058
	=====	=====

19. STORE, SPARES AND LOOSE TOOLS

Stores	97,821	318,660
Spares	286,059	70,567
Loose tools	6,753	6,411
	-----	-----
	390,633	395,638
	=====	=====

20. STOCK-IN-TRADE

Raw materials	7,869	6,851
Packing material	17,810	14,613
Work in-process	85,315	2,060
Finished goods	37,938	17,803
	-----	-----
	148,932	41,327
	=====	=====

21. Trade debts

Considered good unsecured	45,253	-
	=====	=====

22. SHORT TERM INVESTMENTS

Quoted Company

In associated undertaking

Muslim Commercial Bank Limited

14,136,685 (1997: 14,136,685) fully paid ordinary shares of Rs. 10 each		
Market value Rs 262,942 (1997: Rs 462,976)	370,232	370,232
Less: Provision for diminution in the value of investment	107,290	-
	-----	-----
	262,942	370,232
	=====	=====

1998 **1997**
(Rupees in thousand)

23. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Current portion of long term loans to - note 17	1,404	2,107
Advances - considered good		
To employees	2,686	5,997
To suppliers	12,165	6,468
To contractors	16,908	960

Interest receivable	816	345
Due from associated undertakings		
Nishat Mills Limited	-	7,276
D.G. Khan Electric Company Limited	-	10,944
	-----	-----
	-	18,220
Prepayments	12,200	367
Letters of credit	2,904	26,865
Claims recoverable from Government		
Income tax	83,069	57,998
Sales tax	1,158	624
Excise duty	11,619	8,905
Octroi	135	861
	-----	-----
	95,981	68,388
Deposits	9,350	-
Other receivables	7,551	9,286
	-----	-----
	161,965	139,003
	=====	=====

Maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs. Nil (1997: Rs. 139 million).

24. CASH AND BANK BALANCES

Balances with banks		
On foreign currency accounts		
US \$ 52,715 (1997: US \$ 52,715)	2,428	2,130
DKK 128,350 (1997: DKK128,350)	857	781
On deposit accounts	6,497	10,441
On current accounts	5,376	9,556
On saving accounts	4,361	19,831
	-----	-----
	19,519	42,739
Cash in hand	208	273
	-----	-----

19,727	43,012
=====	=====

24.1 The foreign currency accounts held under special permission from State Bank of Pakistan are available for import of plant and machinery and other project cost.

1998	1997
(Rupees in thousand)	

25. SALES

Gross sales	2,213,213	2,496,429
Less: Excise duty/ Sales tax	952,040	781,902
Rebate to stockists	-	359,096
	22,190	7,837
	-----	-----
	974,230	1,148,835
	-----	-----
	1,238,983	1,347,594
	=====	=====

26. COST OF GOODS SOLD

Raw and packing materials consumed	note 26.1	160,269	171,610
Salaries, wages and other benefits		74,398	66,883
Electricity		289,998	243,384
Furnace oil		383,770	334,924
Stores and spares consumed		77,668	111,955
Repair and maintenance		7,296	6,286
Insurance		20,484	18,922
Depreciation	-note 13.2	138,378	92,828
Amortisation	-note 14	6,577	1,215
Other expenses		25,420	20,570
		-----	-----
		1,184,258	1,068,577
		-----	-----

Opening work-in-process		2,060	7,357
Transferred from expansion	- note 15.2	12,131	-
Closing work-in-process		(85,315)	(2,060)
		-----	-----
		(71,124)	5,297
		-----	-----
Cost of goods manufactured		1,113,134	1,073,874
Opening stock of finished goods		17,803	16,831
Transferred from expansion	- note 15.2	4,872	-
Closing stock of finished goods		(37,938)	(17,803)
		-----	-----
		(15,263)	(972)
		-----	-----
		1,097,871	1,072,902
		=====	=====

1998 **1997**
(Rupees in thousand)

26.1 Raw and packing materials consumed

Opening stock		21,464	16,682
Purchases		152,334	176,392
		-----	-----
		173,798	193,074
Less: Closing stock		13,529	21,464
		-----	-----
		160,269	171,610
		=====	=====

27. ADMINISTRATION AND GENERAL EXPENSES

Salaries, wages and other benefits		14,219	13,099
Travelling and daily allowances		958	667
Vehicle running		1,320	1,397
Auditor's remuneration	- note 27.1	310	280

Printing and stationery		1,327	1,253
Entertainment		339	445
Dera Cement Model School Trust		3,188	3,113
Depreciation	- note 13.2	5,976	7,227
Donations		165	100
Fee and subscription		180	908
Miscellaneous		7,450	5,337
		-----	-----
		35,432	33,826
		=====	=====

27.1 Auditor's remuneration

A. F. Ferguson & Co.			
Statutory audit		275	250
Out of pocket expenses		35	30
		-----	-----
		310	280
		=====	=====

1998 **1997**
(Rupees in thousand)

28. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and other benefits		6,922	6,090
Transportation charges		27,649	140,894
Travelling and daily allowances		566	287
Vehicle running and maintenance		412	211
Repair and maintenance		8	26
Postage, telephone and telegrams		1,016	708
Printing and stationery		454	529
Entertainment		290	275
Electricity		62	61
Advertisement and sales promotion		5,941	10,881
Depreciation	- note 13.2	822	207

-----	-----
75,064	16,629
=====	=====

32. PROVISION FOR TAXATION

Current year	9,500	7,500
Prior year	2,218	4,617
	-----	-----
	11,718	12,117
	=====	=====

Provision for minimum tax on turnover under section 80D of the Income Tax Ordinance, 1979 has been provided, in view of tax losses which are estimated at Rs. 2,958 million.

In view of Company's expansion project which has now been capitalised, the management feels that timing differences will not reverse for some considerable foreseeable period. Consequently, the provision for deferred tax to the extent of Rs. 129 million (1997: Rs 172 million) has not been made in these accounts.

33. CASH FLOW FROM OPERATING ACTIVITIES

(Loss)/Profit before taxation	(46,566)	83,571
Add/(Less) adjustment for non cash charges and other items		
Depreciation	145,176	100,262
Amortisation	6,851	3,382
Gain on disposal of fixed and leased assets (net)	(471)	(779)
Dividend income	(27,869)	(11,704)
Provision for leave encashment	3,187	4,596
Diminution in value of investments	74,790	10,000
Financial charges	69,193	25,822
	-----	-----
Profit before working capital changes	224,291	215,150
Effect on cash flow due to working capital changes		
(Increase)/decrease in current assets		
Trade debts	(45,253)	-
Stores, spares and loose tools	5,005	(132,974)

13,863	22,141	2,003	2,409
--------	--------	-------	-------

Three directors and two executives of the Company are also provided free maintained vehicles.

36. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS DURING THE YEAR

The Company has sold cement to its associated undertakings at market price in the aggregate sum of Rs 2.730 million (1997: Rs 2.619 million) during the year under reference.

The Company has made purchases from its associated undertakings at market price in the aggregate sum of Rs 343.411 million (1997: Rs 189.72 million) during the year under reference.

The Company maintains several bank accounts with an associated undertaking for collection of funds from the customers.

37. PLANT CAPACITY AND ACTUAL PRODUCTION

	Capacity		Actual production	
	1998	1997	1998	1997
Clinker (M.Tons)	1,650,000	660,000	940,007	634,821

The production of 940,007 tons includes both for existing and expansion plant. During the year under review expansion plant produced 465,531 tons including trial run production and commercial production for one month. Decrease in production is mainly due to teething problems faced during trial run on expansion plant and depressed market conditions which resulted in low capacity utilisation.

38. CORRESPONDING FIGURES

Previous year's figures have been re-arranged, wherever necessary, for the purposes of comparison.

Chief Executive

Director

PATTERN OF SHARE HOLDING AS AT JUNE 30, 1998

No. of Share Holders	Share Holding From	To	Total Shares Held
----------------------	--------------------	----	-------------------

194	1	100	Shares	11574
484	101	500	Shares	144386
643	501	1000	Shares	485381
1124	1001	5000	Shares	2458145
170	5001	10000	Shares	1230950
45	10001	15000	Shares	533397
23	15001	20000	Shares	404309
28	20001	25000	Shares	647777
14	25001	30000	Shares	377533
8	30001	35000	Shares	265179
8	35001	40000	Shares	299891
2	40001	45000	Shares	86375
5	45001	50000	Shares	244211
9	50001	55000	Shares	474945
1	55001	60000	Shares	59400
3	60001	65000	Shares	187524
2	65001	70000	Shares	134995
2	70001	75000	Shares	148159
2	75001	80000	Shares	156135
3	85001	90000	Shares	260171
1	90001	95000	Shares	94715
10	95001	100000	Shares	983042
1	100001	105000	Shares	103945
2	105001	110000	Shares	217564
1	110001	115000	Shares	112000
1	120001	125000	Shares	125000
1	125001	130000	Shares	130000
1	130001	135000	Shares	134212
1	135001	140000	Shares	135155
1	140001	145000	Shares	140740
1	160001	165000	Shares	161806
3	180001	185000	Shares	549410
2	210001	215000	Shares	426358
2	220001	225000	Shares	446281
1	225001	230000	Shares	228800
1	240001	245000	Shares	242500

1	245001	250000	Shares	250000
1	260001	265000	Shares	261500
1	280001	285000	Shares	282550
1	295001	300000	Shares	299392
1	315001	320000	Shares	318903
1	330001	335000	Shares	330500
1	375001	380000	Shares	379665
1	400001	405000	Shares	404470
1	405001	410000	Shares	407060
1	410001	415000	Shares	411500
1	430001	435000	Shares	431005
1	435001	440000	Shares	436570
1	450001	455000	Shares	454921
1	455001	460000	Shares	457710
1	480001	485000	Shares	480212
1	540001	545000	Shares	542081
1	605001	610000	Shares	609707
1	610001	615000	Shares	614000
1	635001	640000	Shares	636100
1	665001	670000	Shares	667810
1	670001	675000	Shares	673414
1	675001	680000	Shares	679800
1	695001	700000	Shares	697350
1	705001	710000	Shares	708104
1	780001	785000	Shares	780208
1	790001	795000	Shares	791707
1	820001	825000	Shares	820615
1	835001	840000	Shares	835285
1	915001	920000	Shares	919175
1	925001	930000	Shares	925850
1	945001	950000	Shares	945956
1	955001	960000	Shares	955245
1	1030001	1035000	Shares	1034900
1	1065001	1070000	Shares	1065200
1	1305001	1310000	Shares	1309302
1	1935001	1940000	Shares	1937832
1	2265001	2270000	Shares	2265890

1	2480001	2485000	Shares	2484500
1	2510001	2515000	Shares	2511855
1	2715001	2720000	Shares	2718063
1	2730001	2735000	Shares	2735000
1	3610001	3615000	Shares	3615000
1	3770001	3775000	Shares	3773930
1	4250001	4255000	Shares	4250611
1	5020001	5025000	Shares	5022050
1	6920001	6925000	Shares	6924536
1	7800001	7805000	Shares	7802835
1	8195001	8200000	Shares	8196763
1	43490001	43495000	Shares	43492783
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2849		TOTAL		132391380
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CLASSIFICATION OF SHARES BY CATEGORIES AS AT JUNE 30, 1998

CATEGORIES OF MEMBERS	NUMBERS	SHARES HELD	PERCENTAGE
Individuals	2635	11671099	8.82
Investment Companies	31	3874456	2.93
Insurance Companies	6	2008815	1.52
Joint Stock Companies	13	52147209	39.39
Financial Institutions	23	10627657	8.03
Modaraba Companies	18	379693	0.29
Foreign Investors	81	51595204	38.97
Others	42	87247	0.07
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TOTAL	2849	132391380	100.00
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