Dandot Cement Company Limited

Annual Report 2002

Contents

Company Information

Board of Directors;

Mr. Abdur Rafique K (Chairman)
Mr. M. Tousif Peracha
Mr. A. Shoeb Piracha (Managing Director)
Mr. Farooq Zaman
Mr. Jawaid A. Peracha
Mr. Ali Rashid Khan
Mr. Mohammad Asif (NomineeofN.l.T.)

Audit Committe;

Abdur Rafique Khan (Chairman)
Jawaid A. Peracha
Ali Rashid Khan

Company Secretary &
Chief Financial Officer

ZulfiqarA. Choudhry (ACA. ACMA.)

Statutory Auditors:

Khalid Majid Rahman Sarfaraz
Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor

Walker Martineau Saleem

Bankers:
Habib Bank Limited
Citibank N.A.
ABN Amro Bank
The Bank of Punjab
Saudi Pak Commercial Bank Limited
United Bank Limited
National Bank of Pakistan
Bolan Bank Limited
Muslim Commercial Bank Limited

Registered Office:
3-A/3 Gulberg - III, Lahore.
Telephone: 5871057-58, Fax: 5871056

Factory:
DANDOT R.S., Distt. Jhelum.
Telephone:(0458) 211371,211491 Fax: (0458) 211490

Shares Department: 3-A/3 Gulberg - III, Lahore.

Notice of Annual General Meeting

NOTICE is hereby given that 22nd Annual General Meeting of the shareholders of Dandot Cement Company Limited for the financial year ended June 30, 2002 will be held on Wednesday, October 30, 2002 at its registered office 3-A/3, Gulberg-III, Lahore at 3:30 p.m., to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the last Annual General Meeting held on December 26, 2001.

2. To receive, consider and adopt the audited accounts together with the Directors' report and Auditors' report for the year ended June 30, 2002.

3. To appoint Auditors for the year 2002-2003 and fix their remuneration. Khalid Majid Rahman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for reappointment as Auditors of the Company.

SPECIAL BUSINESS

4. To authorize short term advance to M/s. Gharibwal Cement Limited and for this purpose, to consider and if thought fit to pass the following resolution as special resolution.

"RESOLVED that the company is hereby authorized to advance a short term credit facility to Gharibwal Cement Limited upto a maximum sum aggregating at any one time to Rs. 100 million."

"FURTHER RESOLVED that the Chief Executive of the company is hereby authorized to give effect to the above resolution, take all the necessary steps, including seeking permission (where necessary) from the Securities & Exchange Commission of Pakistan as required by the Companies Ordinance, 1984 and to sign and execute any paper, document, application, etc. for and on behalf of the company with respect thereto."

5. To adopt, consider and if thought fit to adopt a new Article No. 78A and substitute Article Nos. 66, 67, 68 & 80 of existing Articles of Association of the Company (Resolution relating to amendments in existing Articles of Association of the Company proposed to be moved at the Annual General Meeting is being sent to the members alongwith notice of the meeting).

6. To transact any other business with the permission of the Chair.

By Order of the Board

ZULFIQAR A. CHOUDHRY

Company Secretary

Lahore: September 25, 2002

STATEMENT U/S 160(l)(b) OF THE COMPANIES ORDINANCE, 1984

A statement U/S 160(l)(b) of the Companies Ordinance, 1984 setting forth all material facts concerning the above special resolutions annexed to this notice of meeting is being sent to the members.

NOTES:

1. The Register of Members and the Share Transfer Books of the Company will remain closed from 24-10-2002 to 30-10-2002 (both days inclusive) for the purposes of the Annual General Meeting.

2. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend and vote on his/her behalf. Proxies, in order to be effective, must be received at the Registered Office of the Company 48 hours before the time of the holding of the Meeting.

3. Members are requested to notify immediately changes, if any, in their registered addresses.

4. CDC Account Holders are requested to bring their National Identity Card, Account and Participant's Numbers and will further have to follow the guidelines as laid down in Securities & Exchange Commission of Pakistan Circular No.l dated 26th January 2000 while attending the Meeting for identification.

Changes in Articles of Association of the Company

SPECIAL BUSINESS (relating to Articles of Association of the Company)

ITEM NO. 5 - To consider and if thought fit to pass the following resolution as special resolution approving the addition of Article No. 78A and substitution of Article Nos. 66, 67, 68 and 80.

"RESOLVED that the following clauses of the Articles of Association of the Company are hereby added/substituted as follows:

66. The remuneration of directors for attending a meeting of the Board of Directors shall be Rs.5,000 or such other sum as may be approved by the Directors, subject to the prevailing laws, rules and regulations.

67. The Director/Chairman who serves on any committee or who devotes special attention to the business of the

company or who performs extra services, may be paid such remuneration as the Directors may determine from time to time.

68. The Director of the company may, in addition to any remuneration receivable by him, be entitled to be reimbursed all travelling and other expenses incurred in attending the meetings of the Directors or otherwise incurred whilst employed for the business of the company.

78A. The Directors may from time to time delegate any of their powers to committees consisting of such members of their body as they think fit, and may from time to time revoke such delegation. Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Directors.

80. A resolution, passed without any meeting of the Directors or of a committee of Directors and evidenced in writing under their hands (or in their absence their Alternate Directors), being not less than the quorum required for meetings of the Directors or their committee, as the case may be, shall be valid and effectual as if it had been passed at the meeting of the Directors, or as the case may be of such committee, duly called or constituted".

Statement U/S 160 of the Companies Ordinance, 1984

ITEM NO. 4 - TO AUTHORIZE SHORT TERM ADVANCE TO GHARIBWAL CEMENT LIMITED

Gharibwal Cement Limited (GCL) is an associated company of Dandot Cement Company Limited (DCCL). In order to provide access to funds for immediate cash requirements, the Board of Directors of DCCL has recommended that it is necessary to provide a short term advance facility to GCL upto a maximum sum aggregating at any one time of Rs. 100 million. Mark up on the outstanding amounts would be charged @ 15% per annum. This facility would remain till it is rescinded by the Board of DCCL.

On availing the above facility, the investment in GCL would exceed 30% of the paid up capital and free reserves of the company. Hence, necessary approval under the proviso of Section 208(1) of the Companies Ordinance, 1984 is also sought.

It is essential to provide GCL access to short term funds to enable it to tide over its immediate cash requirements whenever the need so arises. The directors of DCCL are interested in the business to the extent of their shareholding **and that some of the directors of DCCL are also directors of GCL.**

ITEM NO. 5 - CHANGES IN THE EXISTING ARTICLES OF ASSOCIATION OF THE COMPANY

The proposed alterations to the Articles of Association of the Company are necessary in order to implement the Code of Corporate Governance effectively. Shareholders' approval to the proposed alterations is sought accordingly. None of the directors have any special interest in the said business other than to the extent of their remuneration and as ordinary shareholders of the company.

Vision

DANDOT, as one of the leading dry-process cement plant of Pakistan, strives to continue its path of market consolidation and improvement, spanning the areas of north and central Punjab and Azad Kashmir. Our vision is to establish a strong market presence, focused on customer brand loyalty and satisfaction, a long-term basis.

DANDOT envisions to maintain quality, keep abreast with technology as well as up-date our capabilities in a competitive business environment, and accomplish furhter improvement in the market share.

Mission

DANDOT'S mission is to perform to the highest levels of professional excellence within the industry and the national economy, while catering to the needs of our ever dedicated workforce, ensuring reasonable return to the stakeholders while delivering our product to the end consumer at competitive prices to accelerate the sustained development of Pakistan.

Statement of Ethics and Business Practices

Introduction: Dandot Cement Company Limited is one of the premier dry-process cement plant of the country. We aim fo r a high standard of professionalism and ethics in the entire spectrum of business transactions of our Company. In addition, Dandot Cement Company Limited affirms to observe the applicable laws and regulations of Pakistan.

Code of Conduct: Dandot Cement Company Limited commits itself to adhere to all professional, legal, and ethical codes of conduct which are pertinent in our business dealings with the agencies of the Government, financial institutions, cement industry, stockists and retailers, suppliers and shareholders, etc.

Employees: Under the present management, Dandot Cement Company Limited's employee-management relations remain cordial, marked by mutual respect and co-operation in the larger interests of the Company. The Company appreciates the services of all employees and strives to provide a safe, secure and congenial working environment, regardless of rank, caste, or creed.

The Factory's social, educational, and transport facilities are accessible to the staff based in the Factory's residential area. The employees are provided with a reasonable number of annual leaves to ensure their motivation and fitness. In general, the employees discharge their functions with integrity and diligence.

Community: Dandot Cement Company Limited wishes to pursue good relations with the local communities.

Quality Assurance: Dandot Cement Company Limited produces durable "ordinary portland cement" which conforms with the high international standards in quality. We strive to combine techology with quality to deliver exceptional results. The ISO 9001: 2000 Certification was accomplished during the year under review. In the context of marketing, we expect a fair price for our brand of cement and pursue a competitive and equitable relationship with our stockists and retailers.

Public Relations; Dandot Cement Company Limited is an independent corporate enterprise. We are not affiliated with any political, regional, or other vested interests. We may interact with other corporate concerns at the relevant business and industry forums.

Financial Reporting: Our policies with reference to accounting, finance and corporate matters are governed by prevalent corporate regulations, Companies' Ordinance, 1984, and the Code of Corporate Governance. We are resolved to comply with International Accounting Standards for the preparation of financial statements with any departure therefrom being adequately disclosed. An internal audit department is in-process of being set-up.

Conclusion: Dandot Cement Company Limited seeks to implement the Statement of Ethics & Business Practices by all concerned in practical terms.

Directors' Report to the Shareholders

Your directors are pleased to present the annual report alongwith the audited financial statements for the year ended June 30, 2002.

Operational Performance - During the year under review, production and despatch of cement increased by 18.6% and 16.6% respectively, whereas the production of clinker registered a slight shortfall due to the curtailment of gas supply during the winter from December 07, 2001, uptil March 14, 2002. During this period, the Company procured 42,241 tonnes of clinker to meet its requirements.

The operation of the cement plant remained satisfactory and its normal maintenance has been carried out throughout the year. The comparative data for production of clinker & cement and despatches of cement is summarised hereunder:-

	2001-2002 Tonnes	**2000-2001 Tonnes**
Clinker Production	225,629	260,589
Cement Production	306,667	258,549
Cement Despatches	306,900	263,174

In view of the prevailing recession in the cement industry in which your Company alongwith other cement units continue to suffer a large surplus operating capacity of about 36% on average throughout the year, the above growth rate attained by the Company is a positive development, indicating a return to favourable conditions in the days ahead.

Sales and marketing performance - During the year under review, the Company posted gross sales of Rs. 1,247 million (2001: Rs.1,016 million) and net sales of Rs.747 million (2001: Rs.610 million) reflecting an increase of 23% as compared to the preceding year.

The increase in sales was brought about by continued market consolidation as well as increased acceptability of the Company's brand of cement in the market.

Financial Results — The financial results for the vear ended June 30. 2002. are as follows:

	(Rs. In thousand)	
Loss before taxation		(246,549)
Provision for taxation :		
Current year	3,877	
Deferred - Current	(12,029)	
Prior years	-	(8,152)
Loss after taxation		(238,397)
Loss per share - Basic		**(8.56)**

The Company has suffered net loss before tax of Rs.247 million for the year under review compared to net loss before tax of Rs.213 million for the preceding year. This loss is attributed mainly to the following factors:-

(i) The impact of production loss due to the above-referred suspension of gas supply.

(ii) Increase in gas tariff by 22% during the year, from Rs.616.40 per HM3 of gas on June 30, 2001, to Rs.751.31 per HM3 of gas on June 30, 2002, therefore, increasing the fuel costs of the Company.

(ill) An excess depredation charge of Rs.46 million on account of "revaluation of the fixed assets".

Dividends - No dividend and no bonus share has been declared by the Company during the year due to accumulated losses.

Future Prospects - The cement industry has managed to survive another year in a state of depression due to the factors of heavy excess capacity, over-taxation, stagnant construction activities and the rising fuel costs of furnace oil and Sui Gas. In the prevailing economic scenario, the cement demand is expected to inch slowly towards recovery.

Significant plans & decisions

Technological improvement - Coal Firing Project - The Directors are pleased to announce the conversion of the Company's cement plant to the Coal Firing System in order to effectively overcome the problems associated with frequent disconnection of the Company's gas supply and the increasing tariffs of Sui Gas. The Coal Firing System is in full process of installation and we are confident that production losses shall be definitely averted once the Coal Firing System becomes operational. The Company has made arrangements for the procurement of high quality coal from local and foreign sources to ensure optimum value at competitive prices.

By switch-over to the Coal Firing System, considerable savings shall accrue to the Company due to reduction in fuel and direct cost of production alongwith related benefits. The Coal Firing System is expected to be in full operation during the month of October 2002.

Financial restructuring — In order to revamp the Company's borrowing structure and reduce the burden of heavy mark-up based running finance facilities & overdrafts, the sponsors have advanced foreign currency loans to the Company amounting to US Dollars 2 million and Pound Sterling 3 million at highly favourable terms which will substantially reduce the burden of mark-up and add to the profitability of the Company. These foreign currency loans and the accrual of interest thereon stand subordinated to the Company's borrowings from financial institutions. In addition to the above, an interest-free loan amounting to Rs.27.3 million has been provided to the Company by the sponsors and their associates, thus, resulting in further saving in financial charges. This interest-free advance has expedited the process of development of the Coal Firing System.

As of June 30, 2002, a total amount of Rs.429 million (both rupee and foreign currency) has been injected by the sponsors which indicates their commitment to the Company to employ aggressive financial and physical re-engineering.

It is therefore noteworthy that the present management is taking all preventive measures to reduce the controllable cost (fuel and financial) of the Company which comprise around 55% of the Company's operating costs.
In summary, due to the factors of : -

- Growth in the Company's production and despatches of cement by 18.6% and 16.6% respectively and persistent market consolidation.

- Commissioning of the Coal Firing System which will lead to continuous production (no production losses)

and reduction in fuel & direct cost of production.

- Financial restructuring involving injection of subordinated loans by the sponsors at highly favourable terms that would substantially reduce the burden of mark-up.

A return to profitability is indicated in the near term ahead.

Revaluation of fixed assets - The Directors are pleased to report that the "revaluation of the fixed assets" of the Company was carried out and completed during the year under review by M/s. Rahim Iqbal Rafiq & CO., Chartered Accountants. As a result, the Company has posted "revaluation surplus" of Rs.1,843.8 million as of June 30, 2002, alongwith a corresponding excess depreciation charge of Rs.46 million for the year due to revaluation.

The Company's assets of land, buildings, plant & machinery and vehicles were included in the revaluation process.

I.S.O Certification - We announce with satisfaction that the I.S.O 9001:2000 Certification of your Company was achieved during the year in May 2002, as per our broad vision to maintain quality and keep abreast with technology in a rapidly changing business world.

Contribution to the National Exchequer - During the year under review, your Company contributed Rs.510 million to the Nation's exchequer in the form of excise duty, sales tax, royalty, and income tax, which is calculated at around 41% of our gross sales.

Auditors' Observation - The auditors have emphasised the matter of going concern, payments to Provident Fund

Trust and Actuarial Valuation as required under IAS-19.

The directors have resolved to work towards alleviating the observations of the Auditors.

Compliance with the Code of Corporate Governance - The management is fully aware of the compliance with the Code of Corporate Governance and steps are being taken for its effective implementation within allowed time-frame. The various statements, as required by the Code, are given below: -

Presentation of Financial Statements - The financial statements prepared by the management present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity;

Books of Account - Proper books of account of the Company have been maintained;

Accounting Policies - Appropriate accounting policies have been consistently applied in preparation of financial

statements and accounting estimates are based on reasonable and prudent judgement;

Compliance with International Accounting Standards (IAS) - International Accounting Standards, as applicable in Pakistan except for IAS-19 as explained in Note 2.1(b) to the annexed audited accounts, have been followed in preparation of financial statements;

Internal Control System - The system of internal control is sound in design and has been effectively implemented and is being monitored continuously. The review will continue in future for the improvements in controls;

Going Concern - There are no significant doubts upon the Company's ability to continue as a going concern as

the directors have reasonable expectation that the Company would be able to generate adequate resources to continue in operational existence for the foreseeable future -refer to Note 1.2 to the annexed audited accounts;

Best Practices of Corporate Governance - There has been no material departure from the Best Practices of Corporate Governance, as detailed in the listing regulations wherever applicable to the Company for the year ended June 30, 2002. The remaining provisions of the Code are in the process of compliance.

Financial Highlights - Key operating and financial data of last ten years are annexed.

Outstanding statutory dues - The outstanding statutory dues on account of taxes, duties, levies and charges are disclosed in the annexed audited accounts.

Statement on value of staff retirement funds - As of June 30, 2002, the value of investement of the provident fund are Rs. 42 million (based on un-audited accounts).

Board Meetings - During the year, 4 meetings of the Board of Directors were held. Attendance by each director at the

Board meeting is as under:

	No. of meetings attended
Mr. A. Rafique Khan	4
Mr. M. Tousif Peracha	1
Mr. A. Shoeb Piracha	4
Mr. Farooq Zaman	3
Mr. Jawaid Aziz Peracha	1
Mr. Ali Rashid Khan	3
Mr. Muhammad Asif (Nominated by N.I.T)	4

Note: The Directors who could not attend the Board Meeting were duly granted leave of absence from the Board in accordance with the law.

Trading in Company's shares - No trading in the shares of the Company were carried out by the Directors, CEO, CFO, Company Secretary and their spouses and minor children.

Pattern of Shareholding - The Pattern of Shareholding and additional information regarding pattern of shareholding is annexed.

External Auditors -The present auditors, M/s. Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible, offer themselves for re-appointment for the year ended June 30, 2003.

Acknowledgement - The Board of Directors appreciated the efforts and devotion of the employees and the entire team of management and anticipate that they will contribute for the enhancement of the productivity and well being of the Company in future with greater zeal and spirit.

Further, the Board extends its gratitude to the banks & financial institutions, leasing companies, shareholders, distributors and suppliers for their valued support and co-operation for the Company's prosperity.

For and on behalf of the Board

A. SHOEB PIRACHA
CHIEF EXECUTIVE

Lahore: September 25, 2002

Summary of Last Ten Years' Financial Results

Description	**2002**	**2001**	**2000**	**1999**	**1998**	**1997**	**1996**	**1**
Trading Results								
Turnover	747,191	610,498	102,573		171,283	502,781	391,259	725
Gross Profit / (Loss)	(64,479)	(27,695)	(61,389)	(119,708)	(95,100)	(143,511)	(84,117)	148
Operating Profit / (Loss)	(79,633)	(48,933)	(71,284)	(144,495)	(125,754)	(181,837)	(127,982)	105
Profit / (Loss) Before Taxation	(246,549)	(212,533)	(186,436)	(268,576)	(159,653)	(202,203)	(169,963)	54
Profit / (Loss) After Taxation	**(238,397)**	**(264,281)**	**(186,948)**	**(311,253)**	**(160,509)**	**(204,717)**	**(172,755)**	**41,**
Balance Sheet								
Shareholders' Equity	(1,283,427)	(1,045,030)	(780,748)	(593,800)	(1,814)	158,695	363,412	525
Operating Fixed Assets	2,135,904	372,971	417,905	459,653	460,783	515,544	575,640	637
Net current assets / (liabilities)	(532,406)	(423,228)	(508,934)	(649,533)	(310,476)	157,922	(121,769)	75
Long term liabilities	**1,045,197**	**890,406**	**633,663**	**367,262**	**144,916**	**206,086**	**246,451**	**360,**
Significiant ratios								
Gross Profit Ratio %	-8.63	-4.54	-59.58		-55.52	-28.54	-21.5	2
Net Profit Ratio %	-31.91	-43.29	-182.26 -		-93.71	-40.72	-44.15	
Fixed Assets Turnover Ratio	0.35	1.64	0.25		0.37	0.98	0.68	
Debt: Equity Ratio			-			1.3	0.68	
Current Ratio	0.28	0.35	0.35	0.24	0.56	0.74	0.79	
Interest Cover Ratio	**-0.64**	**-0.49**	**-0.94**	**-1.16**	**-2.59**	**-2.87**	**-1.29**	

Pattern of Shareholding as at June 30, 2002

Sr. No.	**No. of Share Holders**	**Share Holding From**	**To**	**No. of Shares Held**	**Percentage of Capital**
1	69	1	100	3,993	0.014
2	212	101	500	77,003	0.277
3	226	501	1000	210,019	0.754
4	250	1001	5000	706,055	2.536
5	59	5001	10000	436,254	1.567
6	27	10001	15000	350,979	1.261
7	15	15001	20000	273,187	0.981

8	6	20001	25000	133,550	0.48
9	4	25001	30000	110,200	0.396
10	1	30001	35000	33,389	0.12
11	4	35001	40000	150,225	0.54
12	1	45001	50000	45,750	0.164
13	1	50001	55000	54,500	0.196
14	2	55001	60000	115,825	0.416
15	1	60001	65000	62,000	0.223
16	1	65001	70000	68,000	0.244
17	4	70001	75000	288,370	1.035
18	2	75001	80000	153,600	0.552
19	1	95001	100000	96,600	0.347
20	2	105001	110000	212,668	0.764
21	1	115001	120000	115,027	0.413
22	2	145001	150000	297,606	1.069
23	1	155001	160000	160,000	0.575
24	1	175001	180000	176,528	0.634
25	1	180001	185000	183,125	0.658
26	1	195001	200000	198,500	0.713
27	1	215001	220000	217,600	0.782
28	1	225001	230000	229,000	0.823
29	1	285001	290000	289,500	1.04
30	1	310001	315000	314,800	1.131
31	1	340001	345000	345,000	1.239
32	1	365001	370000	367,586	1.32
33	1	1055001	1060000	1,058,812	3.803
34	1	2625001	2630000	2,625,375	9.43
35	1	3090001	3095000	3,094,950	11.117
36	1	3150001	3155000	3,154,653	11.331
37	1	11425001	11430000	11,429,751	41.055
	906			**27,839,980**	**100**

	Categories of Shareholders	Number of Shareholders	Number of Shares Held	Percentage of Shareholding
i.	Individuals	849	5,001,404	17.96%
ii	Investment Companie	7	672,293	2.42%
iii	Insurance Companies	1	183,125	0.66%
iv.	Leasing Companies	2	3,154,678	11.33%
V.	Joint Stock Companie	41	14,635,468	52.57%
vi.	Financial Institutions	4	3,126,700	11.23%
vii	Others			
	Punjab Cooperative B	1	7,500	0.03%
	Employees Welfare T	1	1,058,812	3.80%
	Total	**906**	**27,839,980**	**100%**

Pattern of Shareholding as at June 30, 2002

Additional Information as Required by the Code of Corporate Governance

Categories of Shareholders	Number of Share Holders	Number of Shares Held
1. ASSOCIATED COMPANIES, UNDERTAKINGS & RELATED PARTIES	3	14,375,355
i. Gharibwal Cement Limited	1	11,429,751
ii. Employees Welfare Trust DCCL (Note)	1	1,058,812
ill. Saudi Pak Leasing Company Limited (Note)	1	1,886,792
2. NITANDICP	2	465,612
i. National Investment Trust	1	64,706
11. Investment Corporation of Pakistan	1	400,906
3. DIRECTORS, CHIEF EXECUTIVE OFFICER, THEIR SPOUSES AND MINOR CHILDREN	7	29,500
Directors	5	2,500
i. Mr. A. Rafique Khan	1	500
11. Mr. M. Tousif Peracha	1	500
ill. Mr. Farooq Zaman	1	500
iv. Mr. Jawaid Aziz Peracha	1	500
v. Mr. Ali Rashid Khan	1	500
Chief Executive	1	500
Mr. A. Shoeb Piracha	1	500
Director's Spouse	1	26,500
Mrs. Salma Khan w/o A. Rafique Khan	1	26,500
4. EXECUTIVES	NIL	NIL
5. PUBLIC SECTOR COMPANIES AND CORPORATIONS	1	2,625,375
State Cement Corporation of Pakistan	1	2,625,375
6. BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS	12	4,784,392
7. SHAREHOLDERS HOLDING TEN PERCENT OR MORE VOTING INTERESTS	3	17,679,354
i. Gharibwal Cement Limited	1	11,429,751
ii. Saudi Pak Leasing Company Limited (Note)	1	3,154,653
ill. National Bank of Pakistan - Trustee Department	1	3,094,950

Note: Gharibwal Cement Limited holds irrevocable proxies and control over voting rights of 1,058,812 and 1,886,792 (out of total shareholding of 3,154,653 shares) shares held by Employees Welfare Trust DCCL and Saudi Pak Leasing Company Limited respectively. Therefore, these shareholdings have been grouped under category No. 1.

Statement of Compliance with Best Practices of Corporate Governance

The Board of Directors of DANDOT CEMENT COMPANY LIMITED feels pleasure in stating that the Company has complied with all the provisions, relevant for the year ended June 30, 2002, of the Code of Corporate Governance as contained in the Listing Regulations of the Karachi and Lahore Stock Exchanges. Moreover, the implementation of other provisions of the Code is currently in process.

Lahore: September 25, 2002

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Dandot Cement Company Ltd. to comply with listing regulation No. 37 and Chapter XIII of the Karachi and Lahore stock exchanges respectively where the company is listed.

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

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

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

Khalid Majid Rahman Sarfaraz
Rahimlqbal Rafiq
Chartered Accountants

Lahore: September 25, 2002

Auditors' Report to the Members

We have audited the annexed balance sheet of DANDOT CEMENT COMPANY LIMITED as at 30 June, 2002 and the related profit & 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 accounts have been kept by the company as required by the Companies Ordinance, 1984;

b) In our opinion:-

i) the balance sheet and profit & loss account together with the notes forming part thereof 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 & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan except IAS 19 as explained in note 2.1(b), and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of state of the company's affairs as at 30 June, 2002 and of the loss, its cash flows & changes in equity for the year then ended; and

d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)
We without qualifying our opinion, draw attention to the following matters:-

The company has net after tax loss for the year of Rs. 238.397 million accumulated losses of Rs. 1,593.628 million and its current liabilities exceed the current assets by Rs. 509.151 million. The going concern assumption used in the preparation of these accounts is based on matters referred in Note 1.2 and the company has not been able to make payments to provident fund within stipulated time due to reasons as explained in note 6.7.

Khalid Majid Rahman Sarfaraz
Rahim Iqbal Rafiq
Chartered Accountants

Lahore: September 25, 2002

Balance Sheet

		2002	2001
CAPITAL AND LIABILITIES	NOTE	RUPEES	RUPEES
SHARE CAPITAL AND RESERVES			
Authorized capital			

	Note	2002	2001
50,000,000 ordinary shares			
of Rs. 10/- each		**500,000,000**	**500,000,000**
Issued, subscribed and paid up capital	3	278,399,800	278,399,800
Share premium reserve		31,800,740	31,800,740
Accumulated loss		(1,593,627,515)	(1,355,230,285)
		(1,283,426,975)	**(1,045,029,745)**
SURPLUS ON REVALUATION OF			
FIXED ASSETS	4	1,843,757,876	-
SPONSORS LOANS	5	400,118,640	-
LONG TERM LOANS AND LIABILITIES	6	475,557,903	692,323,579
LIABILITIES AGAINST ASSETS SUBJECT			
TO FINANCE LEASE	7	188,466,163	206,483,917
DEFERRED LIABILITIES	8	129,306,471	125,302,642
LONG TERM ADVANCES AND DEPOSITS	9	4,309,059	5,163,227
CURRENT LIABILITIES			
Current maturity of long term			
loans and liabilities	10	220,573,817	109,361,165
Short term borrowings	11	62,389,269	285,244,087
Creditors, accrued and other liabilities	12	404,937,810	223,044,979
Unclaimed dividend		782,699	782,699
Taxation		24,497,892	20,620,764
		713,181,487	**639,053,694**
CONTINGENCIES AND COMMITMENTS	13		
		2,471,270,624	**623,297,314**

The annexed notes form an integral part of these accounts

as at June 30, 2002

PROPERTY AND ASSETS	**NOTE**	**2002 RUPEES**	**2001 RUPEES**
FIXED ASSETS - Tangible			
Operating fixed assets	14	2,135,904,048	372,970,827
Capital work in progress	15	114,187,412	66,453
		2,250,091,460	373,037,280
LONG TERM LOANS AND DEPOSITS	16	12,515,593	12,530,293
DEFERRED COST	17	**4,633,298**	**8,339,942**
CURRENT ASSETS			
Stores, spares and loose tools	18	97,490,581	88,522,448
Stock in trade	19	23,392,018	57,067,183
Trade debtors	20	**2,168,120**	**5,007,420**
Advances, deposits, prepayments and			
other receivables	21	78,340,267	67,996,712
Cash and bank balances	22	2,639,287	10,796,036
		204,030,273	229,389,799
		2,471,270,624	**623,297,314**

Profit & Loss Account for the Year Ended June 30, 2002

	NOTE	2002 RUPEES	2001 RUPEES
SALES (Net)	23	747,190,825	(620,497,634)
COST OF SALES	24	811,670,067	638,192,472
GROSS LOSS		(64,479,242)	(27,694,838)
OPERATING EXPENSES			
Administration and general	25	11,754,069	16,863,300
Selling and distribution	26	3,399,502	4,375,195
		(15,153,571)	(21,238,495)
OPERATING LOSS		(79,632,813)	(48,933,333)
Financial Charges	27	(150,621,838)	(143,142,732)
Provision against doubtful advances		-	(18,248,968)
Abnormal item 1	2.2(b)	4,764,605	(3,080,387)
Other income / (charges)	28	(21,059,027)	672,503
LOSS BEFORE TAXATION		(246,549,073)	(212,732,917)
TAXATION	29		
- Current		3,877,128	3,242,484
- Deferred - Current		(12,028,971)	(2,508,000)
- Prior		-	50,814,000
		(8,151,843)	51,548,484
NET LOSS AFTER TAXATION		(238,397,230)	(264,281,401)
Accumulated loss brought forward		(1,355,230,285)	(1,090,948,884)
Accumulated loss carried to balance sheet		**(1,593,627,515)**	**(1,355,230,285)**
Loss per share - Basic	30	**(8.56)**	**(9.63)**

The annexed notes form an integral part of these accounts

Cash Flow Statement for the Year Ended June 30, 2002

	NOTE	2002 RUPEES	2001 RUPEES
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(246,549,073)	(212,732,917)
Adjustments of items not involving movement of cash:			
Provision against doubtful advances		-	18,248,968
Abnormal item		(4,764,605)	3,080,387
Depreciation		84,407,861	42,862,132
Provision for Gratuity		16,855,841	4,162,452
Exchange fluctuations		21,283,320	-
Gain on disposal of Fixed Assets		(95,299)	(550,278)
Amortization of deferred cost		3,706,644	2,779,980
Financial charges		150,621,838	143,142,732
		272,015,600	213,726,373
Operating cash flows before working capital changes		**25,466,527**	**993,456**
(Increase)/Decrease in operating assets :			

Stores, spares and loose tools	(8,968,133)	(11,028,551)
Stock in trade	33,675,165	19,403,430
Trade debtors	2,839,300	(722,300)
Advances, deposits, prepayments and other receivables	(5,783,208)	9,162,524
Increase/(Decrease) in creditors, accrued and other liabilities	182,831,043	(296,072,543)
	204,594,167	**(279,257,440)**
	230,060,694	**(278,263,984)**
Long term advances and deposits	(854,168)	(1,492,950)
Gratuity paid	(823,041)	(105,125)
Financial charges paid	(115,050,707)	(65,779,268)
Income tax paid	(4,560,347)	(7,873,509)
Net Cash Flows From Operating Activities	108,772,431	(353,514,836)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed assets - Tangible	(117,708,865)	(1,003,235)
Sale proceeds of Fixed assets	100,000	3,600,000
Long term loans and deposits	14,700	4,310,855
Deferred cost	-	(11,119,922)
Net Cash Flows From Investing Activities	(117,594,165)	(4,212,302)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liability (Net)	(8,899,482)	(25,381,392)
Past dues - CBA	(29,876,975)	(25,652,769)
Sponsors loans	378,835,320	-
Short term borrowings	(222,854,818)	285,244,087
Long term loans and liabilities	(116,539,060)	129,640,429
Net Cash Flows From Financing Activities	664,985	363,850,355
Net Increase /(Decrease) in Cash and Cash Equivalents	(8,156,749)	6,123,217
Cash and cash equivalents at beginning of the year	10,796,036	4,672,819
Cash and cash equivalents at end of the year •X/-	**2,639,287**	**10,796,036**

Statement of Changes in Equity as at June 30, 2002

	Share Capital	**Share Deposit Money**	**Share premium Reserve**	**Accumulated Loss**	**Total**
			RUPEES		
Balance as at 30 June, 2000	262,500,000	47,700,540	-	(1,090,948,884)	(780,748,344)
Right shares issue	15,899,800	(47,700,540)	31,800,740	-	-
Loss for the year	-	-		(264,281,401)	(264,281,401)
Balance as at 30 June, 2001	278,399,800	-	31,800,740	(1,355,230,285)	(1,045,029,745)
Loss for the year	-	-	-	(238,397,230)	(238,397,230)
Balance as at 30 June, 2002	**278,399,800**		**31,800,740**	**(1,593,627,515)**	**(1,283,426,975)**

Notes to the Accounts for the Year Ended June 30, 2002

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company is a public limited Company incorporated in Pakistan and is listed on Karachi and Lahore Stock Exchanges. The Company started its production on March 01, 1983 and has been engaged in manufacturing and marketing of cement.

1.2 The plant remained closed from December 1997 till March 2000, resulting in the accumulation of a huge loss of Rs.1,091 million by the Company upto the year ended June 30, 2000.

The new management took over the control and management of the Company in March 2000 and succeeded in recommencement of production by the end of April, 2000, Thereafter, settlement with all major financial institutions for restructuring/rescheduling of the financial facilities were arrived at and the Plant maintained smooth production schedule with no stoppages due to technical reasons. Working capital requirements were fulfilled and commitments with the financial institutions were honoured.

The new management continues to pursue of its best efforts in order to improve the technological and financial structure of the Company during the year under review. First and foremost the management has started to convert the existing gas firing system to the Coal-Firing-System. This process of installation is nearing completion and the mills are undergoing operation on test and trial basis. It is anticipated that once the Coal Firing System is fully installed and operational, the Company shall save Rs. 376 per tone of cement over gas firing as per the feasibility report.

Secondly, the sponsors of the Company and their associates have contributed a sum of Rs. 400.119 million as long-term loan by the encashment of their overseas Standby Letter of Credit facilities amounting to GBP 3.016 million and US$ 2.00 million. This sponsors' loan of Rs. 400.119 million carries interest @ 1% above six-months LIBOR and stands subordinated, thus, carrying an additional benefit to the Company.

In addition, the sponsors have arranged a Pak Rupee loan of Rs. 27.346 million for the Company. This loan has been utilized in capitalisation and for the erection and installation of the Coal-Firing System. Overall, the sponsors loans of Rs. 427.465 million will save the Company, mark-up costs of Rs. 32 million per annum approximately.

The revaluation of fixed assets of the Company resulted in surplus on revaluation of fixed assets of Rs. 1,843.8 million, thereby converting the net capital deficiency of Rs. 1,283.4 million to a positive balance of Rs. 560.4 million at the date of the balance sheet.

The depreciation charge during the current year has also been increased by Rs. 46.254 million due to the

revaluation of the fixed assets.

The relationship between the management and the employees (CBA) remains very cordial.

In view of the above mentioned facts, the sponsors have well-demonstrated their commitment to the Company by injection of Rs. 427.465 million as mentioned above alongwith expertise and full support for completion of the Coal-Firing System. Further, the sponsors give their full commitment and determination to promote the Company's objectives in the long-run, thereby, ensuring that the Company continues its operation as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1(a) Accounting convention

These accounts have been prepared under historical cost convention except for freehold land, buildings, plant & machinery and vehicles which are stated at revalued amounts and certain exchange differences as referred to in Note 2.11 are incorporated in the cost of relevant assets.

(b) Statement of Compliance

These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and International Accounting Standards, as applicable in Pakistan, except for IAS 19 (Employee Benefits) as regards determination and disclosure of the liability for gratuity as explained in note 8.1.

2.2 Employees retirement benefits

(a) The Company operates a gratuity scheme covering all its permanent employees. Such gratuity is payable on cessation of employment subject to a minimum qualifying period of five years service with the Company. Provision for gratuity is made annually in the accounts to cover full obligation under the scheme.

(b) The Company also operates a funded contributory provident fund scheme for all eligible employees and contribution based on the salaries of the employees are made to the fund monthly.

2.3 Taxation
Current

Provision for taxation is based on the taxable income and the rates of taxes applicable after taking into account tax credits and rebates available, if any or under Section 80-D of the Income Tax Ordinance, 1979 @ 0.5% of the turnover whichever is higher.

Deferred

The Company accounts for deferred taxation using the liability method on all major temporary differences.

2.4 Tangible fixed assets and depreciation

Operating fixed assets are stated at cost or revalued amounts less accumulated depreciation except for freehold land which is stated at revalued amount.

Depreciation charge is based on reducing balance method at the rates specified in note 14. Leasehold land for quarries are amortized over a period of 15 - 20 years.

No depreciation is provided on assets in the year of sale, while full year's depreciation is charged in the year of purchase. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets, if any are included in profit and loss account.

2.5 Assets subject to finance lease

These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligation of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period. Financial charges and depreciation on leased assets are charged to income currently.

2.6 Capital work in progress

Capital work in progress is stated at cost and represents expenditure incurred on fixed assets during their construction and installation. Transfers are made to relevant fixed assets category as and when assets are available for use.

2.7 Long term investments

These are stated at cost.

2.p Stores, spares and loose tools

These are valued at moving average cost except items in transit which are valued at cost accumulated upto the Balance Sheet date.

2.9 Stock in trade

These are valued at lower of cost and net realizable value applying the following method:

Raw Materials - at weighted average cost.
Work in process and

finished goods - at average cost covering direct material, labour
and manufacturing overheads.

2.10 Deferred cost

This is amortized over a maximum period of five years.

2.11 Foreign currency transactions

Assets and liabilities in foreign currencies are translated at the rates of exchange prevalent on the balance sheet date. Exchange differences arising from translation and repayment of foreign currency loans are capitalized as part of cost of Plant & Machinery acquired out of the proceeds of such loans. All other exchange differences are taken to profit and loss account.

2.12 Trade debtors

Known bad debts are written off and provision is made for debts considered doubtful.

2.13 Revenue recognition

Sales are recorded on dispatch of goods to customers.

2.14 Figures

Figures in these accounts have been rounded off to the nearest rupee.

Figures of the previous year have been re-arranged wherever necessary to facilitate the comparison.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	**2002**	**2001**
19,089,980 (2001: 19,089,980) ordinary shares of	**RUPEES**	**RUPEES**
Rs. 10/- each fully paid in cash.		
8,750,000 (2001: 8,750,000) ordinary shares of	190,899,800	190,899,800
Rs. 10/- each issued as fully paid bonus shares		
	87,500,000	87,500,000
	278,399,800	**278,399,800**

Gharibwal Cement limited holds 11,429,751 (June, 2001:11,429,751) shares of the Company which represent:

41.06% of the Company's issued, subscribed and paid-up capital. However Gharibwal hold proxies of 2,945,60' shares which make its voting right to 14,375,355 shares constituting 51.64% of the Company's issued, subscribe and paid-up capital. Accordingly Gharibwal Cement Ltd. has been treated as a Holding Company in these accounts

4. SURPLUS ON REVALUATION OF FIXED ASSETS

Revaluation of freehold land, buildings, plant & machinery and vehicles referred to in note 14 has produced i surplus of Rs. 1,843.8 million. This amount has been credited to surplus on revaluation of fixed assets account t(comply with the requirements of Section 235 of the Companies Ordinance, 1984.

5. SPONSORS LOANS- Unsecured		
Foreign currency loan-GBP	279,318,640	-
Foreign currency loan-US$	120,800,000	-
	400,118,640	-

	GBP-I	GBp-n	US$
Principal amount	GBP: 1,000,000	GBP: 2,016,400	US$: 2,000,000
Proceeds received	28-Jan-02	ll-Apr-02	8-Feb-02
No. of installment for repayment	8	8	8
1st installment due on	28-Jan-04	ll-Apr-04	8-Feb-04
Last installment due on	28-Jan-08	ll-Apr-08	8-Feb-08
Interest rate for all loans		1% Above six months LIBOR	
Interest payment term	Biannually	Biannually	Biannually

These represent loans extended by Sponsoring Directors and their foreign associates by encashment of Stand-By Letters of Credit for repayment of Pak Rupee Loans obtained from Financial Institutions. These are repatriable in original currency.

6. LONG TERM LOANS AND LIABILITIES	**NOTE**	**2002**	**2001**
		RUPEES	**RUPEES**

Long term loans -Secured			
Economic Affairs Division,Government of Pakistan (EAD)			
Principal		53,554,646	53,554,646
Mark up payable from Jan.2000 to Jun.2002		32,356,759	24,859,109
	6.1	85,911,405	78,413,755
Mark up payable upto Dec.99	6.2	87,506,520	87,506,520
		173,417,925	**165,920,275**
Habib Bank Limited	6.3		
Demand finance - I (DF-I)		187,972,470	193,900,000
Demand finance - II (DF-II)		46,858,914	47,381,444
Demand finance - III (DF-III)		5,403,624	10,808,250
Abn Amro Bank N.V	6.4	36,222,350	143,300,000
Saudi Pak Commercial Bank Ltd.	6.5	33,005,374	45,912,782
		309,462,732	441,302,476
		482,880,657	**607,222,751**
Past dues - CBA	6.6		
Salaries and benefits		94,093,731	121,539,706
Provident fund		31,632,952	34,063,952
One day deduction		2,119,349	2,119,349
Legal expenses		9,783,000	9,783,000
		137,629,032	**167,506,007**
Provident Fund Trust	6.7		
Payable to trust since change of management		21,367,484	13,564,450
Add: Interest on unpaid balance		1,887,280	-
		23,254,764	13,564,450
		643,764,453	**788,293,208**
Less: Current maturity:			
Long term loans	10	114,878,550	56,009,629
Past dues - CBA	10	53,328,000	39,960,000
		168,206,550	95,969,629
		475,557,903	**692,323,579**

6.1 This represents the balance of Pak Rupee loan of Rs. 340.841 million originally advanced in 1984 in Japanese Yen to the State Cement Corporation of Pakistan (Private) Limited (SCCP). The loan was taken over by the Company under the clause 14 of the Sale Agreement dated May 23, 1992 as payable in local currency to the EAD. The Company provided Bank Guarantee from Habib Bank Limited (HBL) to cover the outstanding liability at the time of sale.

The amount of the original loan was Japanese Yen 5,199,457,960 carrying interest @ 8.5% p.a. and was payable in 37 bi-annual installments on March 20 and September 20 with effect from March 10, 1984. Effective April 21, 1987 the Yen loan was converted into Pak Rupee loan at exchange rate of lYen = 0.122111 Pak Rupee carrying interest @ 11% and exchange risk fee @ 3% per annum payable to the EAD in 30 equal half yearly installments commencing from September 10, 1987, to be settled by March 20, 2002.

After taking over the control and management, the new management arranged payment of Rs.133.908 million to the EAD, through Habib Bank Ltd. for payment of outstanding principal and requested for restructuring of this loan on the terms that Principal including mark up is to be repaid in installments of Rs.5.0 million commencing from January 01, 2003 and mark up is to be charged @ 14%. The approval from EAD is awaited in this regard. Please also refer note 13(a).

6.2 It represents mark up accrued upto December 31, 1999 on the loan from EAD. It is proposed in the restructuring proposal to repay it in installments of Rs.5.0 million commencing from July 01, 2005.No mark up is to be charged on this amount as it represents accrued mark up.

6.3 The new management reached negotiated settlement with Habib Bank Limited for restructuring of the Company's outstanding liabilities. Consequently on April 26, 2000 a demand finance (DF-I) facility was created against payments made by Habib Bank Limited directly to Economic Affairs Division, Government of Pakistan from March, 1995 to September, 1996 in part settlement of its Bank Guarantee of . Rs. 364.700 million issued on behalf of the Company. The principal amount of this credit facility is repayable in 8 equal bi annual installments commenced from 31st March 2002. The mark up rate is 15% on this credit facility payable quarterly.

Demand finance (DF-II) facility was created by capitalizing all outstanding mark up charged on payments made by H.B.L. to Economic Affairs Division against its bank guarantee. The principal amount of this credit facility is repayable in 8 equal bi annual installments commenced from 31st March 2002. The mark-up rate is 13% on this credit facility payable quarterly.

Demand Finance (DF-III) facility was created by capitalizing outstanding mark up on DF-I and DF-II for December 2000 and March 2001 quarters. It is repayable in 2 equal bi-annual installments commenced from March 31, 2002 of Rs.5.405 million each. The mark up rate is 16% on this finance facility payable quarterly.

DF-I, DF-II and DF-III are secured as under :-

First equitable mortgage charge on all the present and future fixed and current assets of the Company for Rs. 364.7 million. Floating charge on entire moveable and immovable property and assets of the Company, personal guarantees of two sponsoring directors and cross corporate guarantees of Rs.391.471 million(2001; Rs.419.652 million) issued by the Holding Company on behalf of the Company.

6.4 This loan was obtained from Abn Amro Bank N.V. It is repayable by a bullet payment at the maturity on

February 2003. The management intends to keep the loans for long term and will have it renewed at expiry. It carries mark up at the rate ranging from 10.5% to 13.5 % per annum payable quarterly. This facility is secured against standby letters of credit by foreign banks.

6.5 The principal amount of this finance facility amounting to Rs.46.0 million is payable in 27 monthly installments commenced from July, 2001. The mark up on such finance facility is 18% per annum payable on quarterly basis. The facility is secured against hypothecation of Company's stock in trade, stores and spares, book debts, machinery and receivables, and registered a second floating charge with the registrar of Joint Stock Companies to the extent of Rs. 62.0 million.

6.6 This represents the amounts payable for the closure period of the factory on account of accumulated salaries and benefits, provident fund, one day deduction and legal expenses payable to the employees and CBA for which a mutual agreement had been executed between the management and the CBA at the time of take over of the factory by the new management. It is payable in equal monthly installments of Rs. 3.333 million each commenced in September, 2000.

6.7 Owing to payments of monthly installments towards settlement of unpaid staff benefits of period prior of April 2000 as well as management's strategy of maintaining its cash flows so as to be able to keep the factory operational and to meet its obligations on time with financial institutions. Government departments and other creditors. Contributions and interest provided @9% p.a due to Provident Fund Trust have been deferred till its liquidity improves.

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	**NOTE**	**2002 RUPEES**	**2001 RUPEES**
Opening balance		219,875,453	208,318,207
Addition during the year		1,245,000	-
Adjustment during the year		29,857,459	36,938,638
		250,977,912	245,256,845
Less:			
Payments during the year		10,144,482	25,381,392
Present value of minimum lease payments		240,833,430	219,875,453
Less:			
Transfer to Current maturity	10	52,367,267	13,391,536
		188,466,163	206,483,917

7.1 The Company has acquired assets under lease finance arrangements from various leasing companies. These lease finances are payable in various monthly installments depending upon the terms of each lease agreement. The Company intends to excercise its option to purchase the leased assets upon completion of the respective lease term. Taxes, repairs and insurance costs are to be born by the lessee. There are no financial restrictions in the lease agreements.

7.2 The present value of minimum lease payments have been discounted at an implicit interest rate of 18% to arrive at their present value.

7.3 The amounts of future payments and period in which these payments will become due are : -

	Upto one Year	**From one year to five years**	**2002**	**2001**
		R U P E E S		
Minimum lease payments	94,965,912	230,162,979	325,128,891	338,923,552
Less:				
Future finance charges	(42,598,645)	(41,696,816)	(84,295,461)	(119,048,099)
Present value of minimum lease payments	**52,367,267**	**188,466,163**	**240,833,430**	**219,875,453**

8. DEFERRED LIABILITIES	**2002**	**2001**

	NOTE	RUPEES	RUPEES
Gratuity	8.1		
Opening balance		76,996,642	72,939,315
Add: Contribution for the year		16,855,841	4,162,452
		93,852,483	77,101,767
Less: Payments made during the year		823,041	105,125
		93,029,442	**76,996,642**
Deferred Taxation			
Deferred Liability		84,943,611	93,988,820
Less: Deferred debits		(48,666,582)	(45,682,820)
		36,277,029	48,306,000
		129,306,471	**125,302,642**

8.1 The liability in respect of gratuity has been provided as per existing policy. There had been a curtailment of define benefit plan caused by the closure of plant from 1997 to 2000 followed by settlement as referred in note 6.6 actuarial valuation as per projected unit credit method has therefore, been deferred till next year so that the resultant change in the present value of define benefit obligation could be fairly determined as well as past history of three year's is available for the purposes of actuarial assumptions.

		2002	**2001**
	NOTE	**RUPEES**	**RUPEES**
9. LONG TERM ADVANCES AND DEPOSITS			
Un-secured - Interest free			
Advances from suppliers	9.1	23,325	23,325
Securities and retention money	9.2	4,285,734	5,139,902
		4,309,059	**5,163,227**

9.1 These represent interest free security deposits received from the suppliers and contractors payable after the satisfactory execution of the agreement.

9.2 These represent interest free security deposits received from agency holders payable on cancellation or withdrawal of agency subject to adjustment of balances outstanding against sales to them.

10. CURRENT MATURITY OF LONG TERM LOANS AND LIABILITIES			
Long term loans	6	114,878,550	56,009,629
Past dues - CBA	6	53,328,000	39,960,000
Liabilities against assets subject to finance lease	7	52,367,267	13,391,536
		220,573,817	109,361,165
11. SHORT TERM BORROWINGS			
Running finance- secured	11.1	30,000,000	285,244,087
Bank Overdraft-unsecured	11.2	5,043,539	-
Others- unsecured	11.3	27,345,730	-
		62,389,269	**285,244,087**

11.1 This running finance obtained from Habib Bank Limited under mark up arrangements aggregate Rs. 30.0 million (2001: Rs.314.0 million from Citibank N.A. supported by standby letter of credit).

	2002	2001
The interest rate payable on quaterly basis:		
Habib Bank Limited	16%	-
Citibank N. A.	-	13.50%

This facility is secured against hypothecation of current assets of the Company upto Rs. 40.0 million.

11.2 This overdraft balance of a bank is due to issuance of cheques near to the Balance Sheet date. However the bank statement shows a favourable balance of Rs.0.001 million.

11.3 This represents interest free unsecured loans arranged by the sponsoring directors and their associates.These are repayable by June 2003.

12. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	12.1	160,352,436	54,101,244
Accrued expenses		117,018,643	69,757,534
Interest accrued on secured loans		20,006,947	23,524,332
Interest accrued on Un-secured loans		5,685,875	-
Excise duty		95,441	120,403
Royalty		3,704,141	7,880,306
Sales tax		10,383,936	15,761,063
Workers profit participation fund	12.2	28,413,782	31,520,485
Workers' welfare fund		1,390,989	1,278,373
Advances from customers		49,584,663	12,431,615
Others		8,300,957	6,669,624
		404,937,810	**223,044,979**

12.1 It includes balance payable to Gharibwal Cement Limited of Rs.79.572 million (2001:Nill) on account of purchase of Clinker.

	NOTE	2002 RUPEES	2001 RUPEES
12.2(a) Workers' Profit Participation Fund			
Contribution payable		15,071,839	15,071,839
Interest on unpaid contribution:			
interest accrued upto June, 2001		16,448,646	16,448,646
Interest for the year		1,657,902	-
Reversal of interest on interest	12.2(b)	(4,764,605)	-
		13,341,943	**16,448,646**
		28,413,782	**31,520,485**

12.2(b)As per the advice received from the legal counsel, the provisions of the Workers' profit participation fund does not provide the charging of interest on interest, accordingly the interest on interest charged upto the year ended June 30, 2001 has been reversed in these accounts.

13. CONTINGENCIES AND COMMITMENTS

a) The Company arranged payment to EAD of Rs. 133.908 million as disclosed in note 6.1 and adjusted the same in the Principal amount outstanding. However EAD adjusted Rs.105.123 million towards accrued mark up and Rs. 28.785 million in respect of Principal outstanding.This results in an excessive claim of mark up of Rs. 24.687 million by EAD. The Company has not provided this excessive mark up as it considers to have a strong case that when it had deposited the payment under head of account No. 2242005 for principal amount maintained by State Bank of Pakistan relating to Principal, it should be adjusted accordingly.

b) Islamic Investment Bank limited has issued Bank Guarantee in favour of Director Industries and Mineral development.	**3,631,676**	**3,631,676**
c) PICIC Commercial Bank limited has issued Bank Guarantee in favour of Sui Northern Gas Pipelines Limited.	**27,022,000**	**27,022,000**
d) Saudi Pak Commercial Bank limited has issued Bank Guarantee in favour of Sui Northern Gas Pipelines Limited.	**245,800**	**245,800**
e) Islamic Investment Bank limited has issued Bank Guarantee in favour of Sui Northern Gas Pipelines Limited.	**14,098,164**	**14,098,164**

14. OPERATING FIXED ASSETS

PARTICULARS	**COST/REVALUATION**					**DEPRECIATION**		
	As at June 30, 2001	**Additions**	**Deletions**	**As at June 30, 2002**	**Rate %**	**As at June 30, 2001**	**For the year**	**On disposals**
OWNED								
Free hold land								
Cost	9,618,448	56,600		9,675,048			-	-
Revaluation		20,389,552		20,389,552	-		-	-
	9,618,448	20,446,152		30,064,600				
Quarry - Lease hold land	9,497,369	1,248,560	992,757	9,753,172	15-20 Years	9,497,369	249,712	992
Buildings								
Cost	150,956,820			150,956,820	10	123,190,786	2,724,542	
Revaluation		86,898,282	-	86,898,282	10		2,172,457	-
	150,956,820	86,898,282		237,855,102		123,190,786	4,896,999	-
Office								
Cost	17,527,908			17,527,908	5	10,491,107	348,542	

Revaluation		13,645,216		13,645,216	5		170,565	
Residential	17,527,908	13,645,216		31,173,124		10,491,107	519,107	
Cost	37,882,056			37,882,056	10	30,363,371	737,771	
Revaluation		27,545,216		27,545,216	10		688,630	
	37,882,056	27,545,216		65,427,272		30,363,371	1,426,401	
Cost	897,511,020	170,000	-	897,681,020	10	692,983,788	20,085,916	
Revaluation		1,661,655,060		1,661,655,060	10		41,541,377	
	897,511,020	1,661,825,060		2,559,336,080		692,983,788	61,627,293	
Office Equipment	4,594,797	363,400		4,958,197	10	2,719,856	223,834	
Furniture & Fixture	6,795,949			6,795,949	10	4,716,974	207,898	
Heavy Vehicles								
Cost	54,851,222			54,851,222	20	52,086,816	532,148	
Revaluation		28,750,255	-	28,750,255	20		1,437,513	
	54,851,222	28,750,255		83,601,477		52,086,816	1,969,661	
Cost	16,434,391		133,600	16,300,791	20	10,993,414	1,046,483	128
Revaluation		4,874,295		4,874,295	20		243,715	
	16,434,391	4,874,295	133,600	21,175,086		10,993,414	1,290,198	128
Railway Sidings	1,726,574	-	-	1,726,574	5	1,042,287	34,214	
Electric Installation	38,452,264	504,348		38,956,612	10	29,641,537	931,508	
Weighing Scales	80,958			80,958	10	62,081	1,888	
Library Books	72,403			72,403	10	54,862	1,754	
	1,246,002,179	1,846,100,784	1,126,357	3,090,976,606		967,844,248	73,380,467	1,121
LEASED								
Plant & Machinery	171,110,963	-		171,110,963	10	89,269,119	8,184,184	
Quarry Equipments	61,850,793			61,850,793	20	48,879,742	2,594,210	
Light Vehicles	-	1,245,000	-	1,245,000	20	-	249,000	
	232,961,756	1,245,000		234,206,756		138,148,861	11,027,394	
Rupees 2002	1,478,963,935	1,847,345,784	1,126,357	3,325,183,362		1,105,993,109	84,407,861	1,121
Rupees 2001	1,482,566,358	978,231	4,580,653	1,478,963,936		1,064,661,908	42,862,132	1,530

	2002	2001
14.1 Depreciation for the year has been allocated as under :-	**RUPEES**	**RUPEES**
- Cost of goods sold	81,914,903	40,868,821
- Administration	2,372,397	1,801,875
- Selling & Distribution	120,561	191,436
	84,407,861	**42,862,132**

The assets were revalued at 1st April, 2002, therefore depreciation has been charged for three mont
from April to June, 2002, on revalued amounts.

14.2. DISPOSAL OF FIXED ASSETS

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Purchaser
Leasehold Land	**992,757**	**992,757**				**Expiry of Lease Period**	
Suzuki Jeep JMA-7784	133,600	128,899	4,701	100,000	95,299	Insurance Claim	Adamjee Insurance Co. Ltd. Lahore.
Rupees 2002	**1,126,357**	**1,121,656**	**4,701**	**100,000**	**95,299**		
Rupees 2001	**4,580,653**	**1,530,931**	**3,049,722**	**3,600,000**	**550,278**		

14.3 Revaluation of Land, Buildings, Plant & Machinery and Vehicles of the Company was carried out as on April 01, 2002 by M/s Iqbal A. Nanjee & Co. recognised valuation consultant and their report was verified by M/s Rahim Iqbal Rafiq & Co., Chartered Accountants. Valuations were carried out on the basis of Depreciated Replacement Value except Freehold Land on reassessed replacement value, which created a surplus of Rs. 1,843.8 million.

14.4 The revalued assets have been appropriately adjusted by the amount of the depreciation to the date of

valuation.

14.5 Surplus on revaluation undertaken as at April 01, 2002 has been arrived at as follows:

Particulars	Cost as at April 01, 2002	Accumulated Depreciation upto April 01,2002	Written down Value As on April 01,2002	Depreciated Replacement value As at April 01,2002	Revaluation Surplus
			RUPEES		
Freehold Land	9,618,448	-	9,618,448	30,008,000	20,389,552
Buildings	-	-	-		
Factory	150,956,820	125,273,240	25,683,580	112,581,863	86,898,283
Office	17,527,908	10,754,987	6,772,921	20,418,137	13,645,216
Residential	37,882,056	30,927,272	6,954,784	34,500,000	27,545,216
Plant and Machinery	897,681,020	708,336,078	189,344,942	1,851,000,000	1,661,655,058
^eavy Vehicles	54,851,222	52,501,477	2,349,745	31,100,000	28,750,255
Light Vehicles	16,300,791	11,679,957	4,620,834	9,495,130	4,874,296
	1,184,818,265	**939,473,011**	**245,345,254**	**2,089,103,130**	**1,843,757,876**

14.6 Had there been no revaluation the related figures of Freehold Land, Buildings, Plant & Machinery and Vehicles at June 30, 2002 would have been as follows :

Particulars	Cost as at June 30, 2002	Accumulated Depreciation upto June 30, 2002	Net Book Value As on June 30, 2002
		RUPEES	
Freehold Land	9,618,448	-	9,618,448
Buildings			

Factory	150,956,820	125,967,391	24,989,429
Office	17,527,908	10,842,947	6,684,961
Residential	37,882,056	31,115,240	6,766,816
Plant and Machinery	897,681,020	713,453,509	184,227,511
Heavy Vehicles	54,851,222	52,639,697	2,211,525
Light Vehicles	16,300,791	11,951,770	4,349,021
	1,184,818,265	**945,970,554**	**238,847,711**

	2002 RUPEES	**2001 RUPEES**
15. CAPITAL WORK IN PROGRESS		
Building	30,930,627	-
Plant and Machinery	83,256,785	66,453
	114,187,412	66,453

During the year the Company has installed a Coal firing system. The system is currently under trial run.

16. LONG TERM LOANS AND DEPOSITS - Considered good		
Executive		
Motor car/motor cycle	286,806	7,056
House building	559,433	679,568
Special loans to officers	1,142,000	1,380,000
	1,988,239	**2,066,624**
Other Employees		
House building	604,648	823,858
Special loans to workers	417,886	462,964
	1,022,534	1,286,822
	3,010,773	3,353,446
Less: Current portion recoverable within one year	353,635	631,608
	2,657,138	2,721,838
Security deposits	9,858,455	9,808,455
	12,515,593	**12,530,293**
Terms of repayment for Staff Loans	Equal Monthly Installments	Equal Monthly Installments

The maximum aggregate outstanding balance at the end of any month for the year 2002 is Rs. 973,070

(2001:Rs 1,396,293)

Amount outstanding for period exceeding three years	**947,941**	**1,458,622**

These are interest free and secured

17. DEFERRED COST		
Unamortized cost brought forward	8,339,942	11,119,922
Less: Amortized during the year	3,706,644	2,779,980

	4,633,298	**8,339,942**

It represents cost of steel belt conveyer replaced and amortized over a period of thirty six months as the Management considered that the benefit of the replacement will cover the amortised period.

18. STORES, SPARES AND LOOSE TOOLS

General stores	40,185,313	27,713,745
Spare parts	54,666,964	58,304,812
Loose tools	2,638,304	2,503,891
	97,490,581	**88,522,448**

	NOTE	2002 RUPEES	2001 RUPEES
19. STOCK IN TRADE			
Raw material		3,404,200	3,720,120
Work in process		13,776,602	47,085,757
Finished goods		6,211,216	6,261,306
		23,392,018	**57,067,183**
20. TRADE DEBTORS			
- (Unsecured Considered good)		2,168,120	5,007,420
These balances are receivable from financially sound pairties.			
21. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Considered good			
Loan to employees		2,534,145	2,618,174
Advance for purchases		3,100,242	2,741,311
Advance to contractors/suppliers		34,503,185	33,850,932
Margin on bank guarantees		6,220,010	6,220,010
Income tax deducted at source		24,269,068	19,708,721
Excise duty		4,868,146	1,304,015
Prepayments		2,655,831	1,461,263
Other Receivables		189,640	92,286
Letters of credit - Considered doubtful	21.1	18,248,968	18,248,968
Provision against doubtful advances		(18,248,968)	(18,248,968)
		78,340,267	**67,996,712**

21.1 This represents cost of materials imported during 1996. The matter is pending in the court resulting from a dispute of the Company with Karachi Port Trust regarding release of such goods. As matter of prudence the Company had provided full provision thereagainst.

22. CASH AND BANK BALANCES

Cash in hand	42,397	49,344
Cash at banks in :		
Current accounts	2,028,523	5,720,764
Deposit accounts	568,367	5,025,928
	2,639,287	**10,796,036**

23. SALES

		2002 RUPEES	2001 RUPEES
Sales		**1,246,539,120**	**1,016,069,665**
Less:			
Excise duty		306,900,000	285,423,600
Sales tax		190,150,095	113,030,111
Discounts		2,298,200	7,118,320
		747,190,825	**610,497,634**

	NOTE	**2002 RUPEES**	**2001 RUPEES**
24. COST OF SALES			
Raw materials consumed	24.1	65,551,087	73,990,420
Salaries, wages and benefits		129,431,052	90,368,004
Fuel, gas and electricity		304,395,666	306,800,891
Stores and spares		22,797,387	20,909,084
Rent, rates and taxes		1,041,606	327,323
Vehicle running and maintenance		7,491,205	6,815,624
Packing material		60,121,469	56,246,891
Clinker consumed		88,689,898	-
Depreciation		81,914,903	40,868,821
Others		16,876,549	31,397,864
		778,310,822	**627,724,922**
Work in process			
Opening		47,085,757	35,408,000
Closing		(13,776,602)	(47,085,757)
		33,309,155	(11,677,757)
Abnormal Loss		**-**	**(3,080,387)**
Cost of goods manufactured		811,619,977	612,966,778
Finished goods			
Opening		6,261,306	31,487,000
Closing		(6,211,216)	(6,261,306)
		50,090	25,225,694
		811,670,067	**638,192,472**

24.1 RAW MATERIALS CONSUMED

Opening balance	3,720,120	12,656,000
Salaries, wages and benefits	36,710,154	27,557,273
Gypsum	1,902,668	1,314,295
Explosive	1,748,871	2,617,105
Carriage	-	6,346,849
Diesel	3,876,204	5,819,191
Deferred cost amortized	3,706,644	2,779,980
Electricity	2,756,333	3,573,010
Royalty and excise duty	6,186,473	6,141,835
Stores and spares	8,103,010	7,804,871
Rent, rates and taxes	46,075	678,453
Sales tax on raw material	-	281,443

Breaking of Gypsum	198,735	140,235
	68,955,287	**77,710,540**
Closing balance	(3,404,200)	(3,720,120)
	65,551,087	**73,990,420**

	NOTE	2002 RUPEES	2001 RUPEES
25. ADMINISTRATION AND GENERAL EXPENSES			
Directors' remuneration		2,765,367	1,723,242
Salaries, wages and benefits		1,732,970	1,276,145
Travelling and daily allowances		765,608	363,115
Repairs and maintenance		50,950	37,590
Vehicle running and maintenance		467,290	873,553
Legal and professional		1,468,864	3,991,050
Auditors' remuneration	25.1	765,000	150,000
Postage, telephone and telegrams		34,296	34,314
Printing and stationery		122,701	320,907
Advertisement		178,890	912,108
Entertainment		41,837	79,082
Rent, rates and taxes		100,000	101,600
Fees and subscriptions		723,433	172,825
Functions and seminars		11,212	4,707,064
Depreciation		2,372,397	1,801,875
Others		153,254	318,830
		11,754,069	**16,863,300**
25.1 Auditors' remuneration			
Audit fee		75,000	60,000
Other advisory services		70,000	70,000
Out of pocket expenses		20,000	20,000
Revaluation of Fixed Assets		400,000	-
ISO 9001:2000 Consultancy		200,000	-
		765,000	**150,000**
26. SELLING AND DISTRIBUTION EXPENSES			
Salaries, wages and benefits		2,885,327	3,632,622
Travelling and daily allowances		36,000	6,821
Vehicles running and maintenance		210,644	202,587
Postage, telephone and telegrams		23,881	19,076
Printing and stationery		828	1,888
Advertisement		-	5,000
Entertainment		28,945	20,483
Repairs and maintenance		1,422	39,405
Rent, rates and taxes		4,149	4,287
Depreciation		120,561	191,436
Others		87,745	251,590
		3,399,502	**4,375,195**

27. FINANCIAL CHARGES

Mark up on :		
Long term loans	110,439,778	95,256,413
Short term loans	30,492,740	23,472,886
Borrowing from Gharibwal Cement Ltd.	3,488,798	19,898,369
Bank charges	2,655,340	1,391,412
Interest on provident fund	1,887,280	-
Interest on W.P.P. Fund	1,657,902	3,123,652
	150,621,838	**143,142,732**

	2002 RUPEES	2001 RUPEES
28. OTHER INCOME/CHARGES)		
Sale of scrap	3,132	24,836
Miscellaneous	125,862	97,389
Exchange Fluctuations	(21,283,320)	-
Gain on disposal of fixed assets	95,299	550,278
	(21,059,027)	**672,503**

29. TAXATION

Current

The income tax assessments of the Company have been finalized upto and including assessment year 2000-2001 (Accounting year June 30, 2000). The assessed tax loss available for carry forward is Rs. 579.217 million upto the assessement year 2000-2001.

The Company has preferred appeals for assessment year 1992-93, 1994-95, 1996-97,1997-98,1998-99 1999-2000 and 2000-2001 before Commissioner of Income Tax (Appeals) against the assessments completed by the Deputy Commissioner Income Tax (DCIT). The concerned DCIT while completing assessments made certain add-backs and have not accepted claims for adjustment of tax deducted at source and income tax paid in advance. Income tax liability for all the years have been provided in these accounts.

Deffered

Deferred tax liability on temporary differences as at June 30, 2002 has been worked out at Rs.36.277 million (2001: Rs. 48.306 million) approximately.

30. LOSS PER SHARE BASIC	(238,397,230)	(264,281,401)
Net loss for the year	27,839,980	27,442,485
Weighted average number of ordinary shares	(9)	(10)
Loss per share (Rupees)		
31. TRANSACTIONS WITH HOLDING COMPANY	644,114	75,678,728
Expenses paid by Holding Company	4,496,543 -	
Expenses paid on behalf of Holding Company	3,488,798	19,898,369
Mark up	792,374	1,160,866
Inventories transferred	421,186	4,839,820
Inventories received	**95,922,111**	-

Purchase of clinker	**37,076,339**	**-**
Purchase of fixed assets		

The mark up is charged by associated undertaking at the rate of 14.71 %.

32. FINANCIAL INSTRUMENTS

32.1 Financial Assets and Liabilities

	Interest Bearing			Non Interest Bearing			
	One Month to one year Rupees	**One Year & Onward Rupees**	**Sub Total Rupees**	**One Month to one year Rupees**	**One Year & Onward Rupees**	**Sub Total Rupees**	**Total Rupees**
Financial Assets							
Long term loans and deposit	-			353,635	12,515,593	12,869,228	12,869,228
Trade debtors				2,168,120		2,168,120	2,168,120
Advances, deposits, prepayments and other receivables	-			43,446,980		43,446,980	43,446,980
Cash and bank	568,367	-	568,367	2,070,920		2,070,920	2,639,287
2002	568,367		568,367	48,039,655	12,515,593	60,555,248	61,123,615
2001	5,025,928		5,025,928	68,456,905	12,530,293	80,987,198	86,013,126
Financial liabilities							
Sponsors loans		400,118,640	400,118,640				400,118,640
Long term loans and liabilities	114,878,550	391,256,871	506,135,421	53,328,000	84,301,032	137,629,032	643,764,453
Liabilities against assets subject to finance lease	52,367,267	188,466,163	240,833,430				240,833,430
Long term advances and deposits					4,309,059	4,309,059	4,309,059
Short term borrrowings	30,000,000		30,000,000	32,389,269		32,389,269	62,389,269
Creditors, accrued and other liabilities	28,413,782		28,413,782	326,939,365		326,939,365	355,353,147
Gratuity payable					93,029,442	93,029,442	93,029,442
Unclaimed dividend				782,699		782,699	782,699
2002	**225,659,599**	**979,841,674**	**1,205,501,273**	**413,439,333**	**181,639,533**	**595,078,866**	**1,800,580,139**
2001	**100,921,650**	**645,331,410**	**746,253,060**	**404,507,002**	**82,159,869**	**486,666,871**	**1,232,919,931**
2002	**-225,091,232**	**-979,841,674**	**-1,204,932,906**	**-365,399,678**	**-169,123,940**	**-534,523,618**	**-1,739,456,524**
2001	**-95,895,722**	**-645,331,410**	**-741,227,132**	**-336,050,097**	**-69,629,576**	**-405,679,673**	**-1,146,906,805**

On balance sheet gap (a)

(a) The on balance sheet gap represents the net amounts of on balance sheet items.

(b) Effective rates of mark-up for financial assets and liabilities are as follows :-

	Rate of Interest	
	2002	**2001**
Sponsors loans	11% + six months Libor	-
Long term loans and liabilities	12.5% to 18%	12.5% to 18%
Lease finances	18%	12% to 18%
Short term borrowings	16%	13.50%
Creditors,accrued and other liabilities	9% to 11%	11%

32.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivable and payable exist due to transactions with foreign undertakings. Financial liabilities includes Rs. 400.119 million (2001: Nill) exposed foreign currency risk and are not covered through any forward foreign exchange contracts or hedging.

32.3 Concentration of credit risk

Concentration of credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs.61.124 million (2001:Rs. 86.013 million), the financial assets which are subject to credit risk aggregated to Rs.58.484 million, (2001: Rs.75.217 million).

32.4 Fair value of Financial Assets and Liabilities:

The carrying value of all financial instruments reflected in the financial statements approximate their fair values. Except in case of loan from Economic Affair Division which is a pending issue as explained in the note 13(a).

33. REMUNERATION OF DIRECTORS AND EXECUTIVES

	2002			2001		
	Chief Executive	**Director**	**Executives**	**Chief Executive**	**Director**	**Executives**
			RUPEES			
Managerial remuneration	684,000	516,000	4,736,616	684,000	-	4,219,480
House Rent	307,800	232,200	1,653,984	307,800	-	1,516,695
Utilities	68,400	51,600		68,400		571,452
Provident fund contribution	-	-	388,906			356,566
Leave fare assistance	-	-	393,218	57,000	-	144,200
Others	905,367	-	2,746,883	606,042		2,202,223
	1,965,567	**799,800**	**9,919,607**	**1,723,242**		**9,010,616**
Number of persons	1	1	31	1	-	29

The Chief Executive and a director are entitled to free use of Company's vehicles.

34. PLANT CAPACITY AND ACTUAL PRODUCTION

Ordinary portland cement	**Tonnes**	**Tonnes**
Plant capacity (Cement)	504,000	504,000
Actual production	306,667	258,549

Fall in production is attributed to the lower demand in the market due to excess supply of cement and slow economic activity in the country. Moreover the stoppage of Sui gas supply to the factory and main line power break down made a substantial impact on the curtailment of the production.

35. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 25, 2002 by the Board of Directors of the Company.

36. GENERAL

Total number of employees including contractor's employees as at June 30, 2002 were 864 (2001: 848).

ZULFIQARA. CHOUDHRY	**A. SHOEB PIRACHA**	**FAROOQ ZAMAN**
CHIEF FINANCIAL OFFICER	**CHIEF EXECUTIVE**	**DIRECTOR**