

Kohat Cement Company

Annual Report 2001

CONTENTS

Company
Profile
Notice of Meeting
Director's Report
Auditor's Report
Balance Sheet
Profit and Loss Account
Cash Flow Statement
Statement of Changes in Equity
Notes to the Accounts
Pattern of Shareholding

Company Profile

Board of Directors

Chairman	Mr. Atta Mohammad Sheikh
Chief Executive/Director	Mr. Aizaz Mansoor Sheikh Mr. Nadeem Atta Sheikh Mr. Tariq Atta Sheikh Mr. Nadeem Qadir Mrs. Khalida Asghar Mrs. Khawar Sultana

Company Secretary	Mr. Mohammad Hashim Khan
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Auditors	Viqar A. Khan Chartered Accountants
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Legal Advisor	Qazi Waheed-ud-Din
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Bankers	Allied Bank of Pakistan Limited Askari Commercial Bank Limited Habib Bank Limited Muslim Commercial Bank Limited National Bank of Pakistan Prime Commercial Bank Limited The Bank of Khyber Union Bank Limited
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Head Office House No. 64-El/D,
Gulberg-III, Lahore.
Tel: (042) 575-4358, 575-8649
Fax: (042) 575-4064
E. Mail: kccl@wol.net.pk.

Registered Office and Works Kohat Cement Company Limited
Rawalpindi Road, Kohat.
Tel: (0922) 560-401-04
Fax: (0922)560-405

Share Deptt. AZM Computer Services (Pvt.) Limited
24-Ferozpur Road,
Mozang Chungi, Lahore.
Tel: (042) 755-2269
Fax: (042) 757-6129

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of the Shareholders of Kohat Cement Company Limited, will be held at its Registered Office, Rawalpindi Road, Kohat on Friday, December 21, 2001 at 11:00 A.M. to transact the following business.

Ordinary Business

1. To confirm the minutes of the Extra Ordinary General Meeting held on June 29, 2001.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2001 and Reports of Directors and Auditors thereon.
3. To approve final cash dividend @ 20% (Rupees 2 per share) for the year ended June 30, 2001.
4. To appoint Auditors for the year 2001-2002 and to fix their remuneration. The present Auditors Viqar A. Khan, Chartered Accountants, being eligible offer themselves for re-appointment.
5. To transact any other business with the permission of the Chair.

By Order of the Board

Mohammad Hashim Khan
Company Secretary

Kohat: November 23, 2001

Note:

1. The register of the members of the Company will be closed from Saturday, December 15, 2001 to

Friday, December 21, 2001 (both days inclusive) and no transfer will be registered during that time. Shares transfer deeds received in order at the share department of the Company-Incharge shares department, AZM Computer Services (Pvt.) Limited, 24-Feruzpur Road, Mazang Chungi, Lahore, at the close of business on Friday, December 14, 2001 will be treated in time for entitlement of payment of dividend.

2. A member entitled to attend, speak and vote at this meeting may appoint another member as proxy to attend, speak and vote on his/her behalf. Proxies in Order to be effective must be received at Registered Office of the Company not later than 48 hours before the meeting.

3. Shareholders whose shares are registered in their account/sub-account/group account with Central Depository System (CDS) are requested to bring original NIC along with their account number in CDS and participants' ID number for verification. In case of appointment of proxy by such account holders, it must be accompanied with participants ID number and account / sub-account number alongwith attested photocopies of NIC or the Passport of the beneficial owner. Representatives of Corporate members should bring the usual documents required for such purposes.

4. Members should quote their folio number in all correspondence with the Company and at the time of attending the Annual General Meeting.

5. The shareholders are requested to notify the company if there is any change in their address.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors have the pleasure in presenting the Audited Accounts for the financial year ended June 30, 2001.

OPERATING RESULTS

The net sales revenue for the year under review is Rs. 835.607 million as against Rs. 1,021.861 million in the preceding year. The profitability of the Company has reduced in the current year due to instability in the prices of cement. After accounting for all charges including depreciation of Rs. 68.938 million (2000: Rs. 74.528 Million) the Company has earned a pre-tax profit of Rs. 74.565 million compared to Rs. 249.179 million last year.

Your company endeavors to give a fair return to the shareholders. Following this policy, the Directors have recommended a final cash dividend @ 20% (2000: @ 27.5%). Appropriation of available profit is as under:

	<i>Rupees in Thousand</i>	
	<i>2001</i>	<i>2000</i>
Profit/(Loss) before taxation	74,565	249,179
Taxation		
Current	24,383	25,181
Prior	--	932
Deferred	(5,023)	72,500
	-----	-----
	19,360	98,613

Profit/(Loss) after taxation	55,205	150,566
Un-appropriated profit brought forward.	93,179	2,929
Profit available for appropriation	148,384	153,495
APPROPRIATION:		
Interim Cash Dividend @ Nil (2000 @ 7.50%)	--	16,450
Final Cash Dividend @ 20% (2000 @ 20%)	43,867	43,867
	43,867	60,317
Carried Forward to Balance Sheet	104,517	93,179

PRODUCTION AND SALES

Comparative figures for production of Clinker and Cement are as under:

	<i>2000-01</i> <i>(Tonnes)</i>	<i>1999-00</i> <i>(Tonnes)</i>	<i>(Decrease)</i> <i>(Tonnes)</i>
Clinker Production	290,804	347,328	(56,524)
Cement Production	325,672	374,274	(48,602)

Capacity utilization has only been 57.44% due to depressed market conditions and overall excess cement production capacity in the country.

The Company sold 331,987 metric tonnes of cement as against 374,036 metric tonnes in the previous year, registering a negative growth of 11.24% in the sales volume. Sales during the year were relatively less as compared to those companies who enjoyed exemption from levy of 15% Sales Tax upto June 30, 2001. The market has remained highly competitive throughout the year with a downward pressure on prices resulting in lower capacity utilization for the industry as a whole.

MARKET REVIEW

Cement industry has continuously been under pressure due to weak economic conditions and inconsistent financial policies of the Government. Constant increase in the prices of inputs especially electricity and furnace oil has increased the cost of production by Rs. 224 per tonne. Fall in the value of Pak Rupee has substantially increased the cost of imported capital inputs like spare parts, refractory bricks, grinding media, lubricants etc.

An additional factor constantly pushing up the conversion cost is across the board wage increase every two years by way of a peace agreement, thrust upon the Company without any relation to Labour efficiency due to exorbitant demands of C.B.A. Labour Union. In addition the Company is forced down its throat the bitter dozes of periodic increases under the Cost of Living (Relief) Act, 1973. Any attempt by the Company to pass on these increases to the consumers would have

further jeopardized the sales volume. As such most of the increase in costs was absorbed by the Company resulting in lower profits.

FUTURE PROSPECTS

Future prospects of your Company depend to a large extent on the revival of the economy and adoption of long-term stable fiscal policies by the Government. The present structure of fiscal levies i.e. Excise Duty of Rs. 1,000 per tonne & Sales Tax @ 15% on the cement industry is the highest in the World. High incidence of taxes on electricity and furnace oil makes production of cement in Pakistan one of the most expensive in the World which has a dampening effect on the construction industry in Pakistan.

Coal Firing: To cut down on production cost due to ever increasing price of furnace oil which is a major element of cost, the use of indigenous coal was started for which a very basic Coal Firing mechanism has initially been put in operation. Letters of Credit for import of Coal Firing machinery and equipment have been established.

The events, which took place in the USA on Sep. 11, 2001 are already having a depressive impact on the world economy. Business environment in Pakistan is also being affected. God willing, we hope the country will emerge from this crisis soon. Your Company intends to continue its ongoing BMR plans but will exercise due caution in the current volatile business environment.

DEBT OBLIGATION

The Company continues to meet its financial obligations. The debt outstanding, as at June 30, 2001 is only of Rs. 27.00 million, which is one of the lowest in the cement sector.

PATTERN OF SHAREHOLDINGS

The pattern of Shareholding of the Company as at June 30, 2001 is annexed with the Annual Report.

COMPANY AUDITORS

The Auditors Viqar A. Khan, Chartered Accountants, retires at the conclusion of the annual general meeting. Being eligible, they have offered themselves for re-appointment.

MANAGEMENT EMPLOYEES RELATIONS

The Board would like to record its appreciation for the valuable contribution made by all its employees. The management is quite confident that these cordial relations and cooperation will continue in the years to come.

AIZAZ MANSOOR SHEIKH
Chief Executive

YEARWISE STATISTICAL SUMMARY

	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>	<i>1997</i>	<i>1996</i>	<i>1995</i>
	<i>(Rs. in Million)</i>						
ASSETS EMPLOYED							
Fixed assets	609	662	715	789	862	805	346
Investment and Long Term Advances and Deposits	4	4	24	37	39	40	27

Current Assets	204	209	223	219	209	273	604
	-----	-----	-----	-----	-----	-----	-----
Total Assets Employed	817	875	961	1045	1111	1119	977
	-----	-----	-----	-----	-----	-----	-----
	--	-----	-----	-----	-----	-----	-----
FINANCED BY							
Shareholders Equity	486	475	384	406	408	449	453
Long Term Liabilities	6	18	140	160	326	303	306
Deferred Liabilities	112	117	44	12	11	11	11
Current Liabilities	213	266	393	469	365	356	207
	-----	-----	-----	-----	-----	-----	-----
Total Funds Invested	817	875	961	1045	1111	1119	977
	-----	-----	-----	-----	-----	-----	-----
	--	-----	-----	-----	-----	-----	-----
TURNOVER AND PROFIT							
Turnover (Net)	836	1,022	733	748	501	953	342
Operating Profit	95	304	115	57	45	116	71
Profit/(Loss) Before Taxation	75	249	58	(1)	(38)	47	67
Profit/(Loss) After Taxation	55	151	23	(3)	(41)	46	39
Cash Dividend	44	60	44	--	--	50	--
Profit c/f	105	93	3	17	20	61	65

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KOHAT CEMENT COMPANY LIMITED** as at June 30, 2001 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as,

evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the balance sheet and profit and loss account together with the notes thereon, have been 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 give to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan and, give the information required and by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2001 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance,1980 (XVIII of 1980) was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Lahore November 07, 2001

**CHARTERED
ACCOUNTANTS**

BALANCE SHEET AS AT JUNE 30, 2001

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
CAPITAL AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 50,000,000 (2000: 50,000,000) ordinary shares of Rs. 10 each		500,000,000 =====	500,000,000 =====
Issued, subscribed and paid up share capital			

21,933,334 (2000: 21,933,334) ordinary shares of Rs. 10 each	4	219,333,340	219,333,340
Reserves	5	162,120,028	162,120,028
Unappropriated profit		104,517,405	93,178,739
		-----	-----
		485,970,773	474,632,107
REDEEMABLE CAPITAL	6	--	--
LIABILITIES AGAINST ASSETS SUBJECT TO			
FINANCE LEASE	7	4,006,641	15,057,509
DEFERRED LIABILITIES	8	111,828,496	116,594,780
LONG TERM SECURITY DEPOSITS	9	2,354,850	2,806,160
CURRENT LIABILITIES			
Short term finances	10	10,922,808	69,321,124
Current portion of long term liabilities	11	11,995,445	33,756,486
Creditors, accruals and other payables	12	91,779,565	89,420,083
Provision for taxation		53,228,442	28,845,466
Dividends	13	44,712,721	44,541,761
		-----	-----
		212,638,981	265,884,920
CONTINGENCIES AND COMMITMENTS	14	--	--
		-----	-----
		816,799,741	874,975,476
		=====	=====

The annexed notes form an integral part of these accounts

CHIEF EXECUTIVE

PROPERTY AND ASSETS

FIXED CAPITAL EXPENDITURE

Operating fixed assets- tangible	15	606,457,856	659,797,694
Capital work-in-progress	16	2,285,462	2,100,706
		608,743,318	661,898,400

LONG TERM LOANS TO EMPLOYEES	17	2,602,598	2,716,546
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LONG TERM DEPOSITS	18	977,030	926,030
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CURRENT ASSETS

Stores, spares and loose tools	19	88,309,024	51,434,353
Stock in trade	20	18,977,696	50,515,942
Trade debtors	21	13,148,085	28,921,924

Advances, deposits, prepayments and other receivables	22	34,200,990	35,195,185
Cash and bank balances	23	49,841,000	43,367,096
		-----	-----
		204,476,795	209,434,500
		-----	-----
		816,799,741	874,975,476
		=====	=====

The annexed notes form an integral part of these accounts

DIRECTOR

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

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
SALES	24	835,607,451	1,021,861,290
COST OF GOODS SOLD	25	693,787,373	689,815,805
		-----	-----
GROSS PROFIT		141,820,078	332,045,485
 ADMINISTRATIVE AND GENERAL EXPENSES	26	37,185,202	17,329,717
SELLING EXPENSES	27	9,990,624	10,780,737
		-----	-----
		47,175,826	28,110,454
		-----	-----
OPERATING PROFIT		94,644,252	303,935,031
 OTHER INCOME	28	1,379,038	1,442,543
		-----	-----
		96,023,290	305,377,574
 FINANCIAL AND OTHER CHARGES	29	21,457,746	56,198,175
		-----	-----
PROFIT BEFORE TAXATION		74,565,544	249,179,399
TAXATION	30	19,360,210	98,612,894
		-----	-----
PROFIT AFTER TAXATION		55,205,334	150,566,505
UNAPPROPRIATED PROFIT BROUGHT FORWARD		93,178,739	2,928,902
		-----	-----
PROFIT AVAILABLE FOR APPROPRIATION		148,384,073	153,495,407

APPROPRIATION**Dividends**

Interim dividend @ NIL (2000: 7.5%)	--	16,450,000
Proposed final dividend @ 20% (2000: 20%)	43,866,668	43,866,668
	-----	-----
	43,866,668	60,316,668
	-----	-----
UNAPPROPRIATED PROFIT CARRIED FORWARD	104,517,405	93,178,739
	=====	=====
EARNINGS PER SHARE	31	6.86
	=====	=====

The annexed notes form an integral part of these accounts

**CHIEF
EXECUTIVE**

DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2001

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	174,210,251	393,737,728
Financial charges paid		(12,701,917)	(50,243,651)
Income tax paid/deducted at source		(4,738,539)	(13,191,964)
Net (increase)/decrease in long term loans to employees		53,837	(1,791,724)
Net decrease in long term security deposits		(451,310)	(1,613,840)
		-----	-----
Net cash inflow from operating activities		156,372,322	326,896,549
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(16,933,298)	(22,161,336)
Sale proceeds of fixed assets		838,493	256,402
Profit on bank deposits		1,153,320	939,178
Net (increase)/decrease in long term deposits		(51,000)	33,873,371
		-----	-----
Net cash inflow/(outflow) from investing activities		14,992,485)	12,907,615
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of short term borrowings		--	(18,443,898)
Repayment of redeemable capital		(22,083,780)	(8,916,220)

Repayment of finance lease liabilities	(10,728,129)	(231,632,110)
Dividend paid	(43,695,708)	(59,871,948)
	-----	-----
Net cash outflow from operating activities	(76,507,617)	(318,864,176)
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS	64,872,220	20,939,988
CASH AND CASH EQUIVALENTS		
AT THE BEGINNING OF THE YEAR	(25,954,028)	(46,894,016)
	-----	-----
CASH AND CASH EQUIVALENTS		
AT THE END OF THE YEAR	33 38,918,192	(25,954,028)
	=====	=====

The annexed notes form an integral part of these accounts

**CHIEF
EXECUTIVE**

DIRECTOR

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

	<i>Share Capital</i>	<i>Capital Share Premium</i>	<i>Reserves General Reserve Rupees</i>	<i>Revenue Accumulated Profit</i>	<i>Total</i>
Balance as at June 30, 1999	219,333,340	92,120,028	70,000,000	2,928,902	384,382,270
Profit for the year ended June 30, 2000	--	--	--	150,566,505	150,566,505
Dividend	--	--	--	(60,316,668)	(60,316,668)
	-----	-----	-----	-----	-----
Balance as at June 30, 2000	219,333,340	92,120,028	70,000,000	93,178,739	474,632,107
Profit for the year ended June 30, 2001	--	--	--	55,205,334	55,205,334
Dividends	--	--	--	(43,866,668)	(43,866,668)
	-----	-----	-----	-----	-----
Balance as at June 30, 2001	219,333,340	92,120,028	70,000,000	104,517,405	485,970,773
	=====	=====	=====	=====	=====
	=	=====	=====	=====	=====

The annexed notes form an integral part of these accounts

**CHIEF
EXECUTIVE**

DIRECTOR

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2001

1 - THE COMPANY AND ITS OPERATIONS

The company is a Public Limited Company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on Stock Exchanges of Pakistan. The company is engaged in the production and sale of Grey cement.

2 - BASIS OF PREPARATION

These accounts have been prepared in accordance with the requirements of the Companies Ordinance, 1984 and the International Accounting Standards as applicable in Pakistan except IAS 19.

The company could not carry out the actuarial valuation of its obligation under gratuity scheme, therefore, these financial statements do not contain the disclosures / related adjustments as required by the IAS 19.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 - Accounting convention

These accounts have been prepared under the historical cost convention as modified by capitalisation of exchange differences referred to in note 3.8.

3.2 - Fixed capital expenditure and depreciation

Operating fixed assets except land are stated at cost less accumulated depreciation. Land and capital work in progress are stated at cost. Cost of certain fixed assets consists of historical cost, exchange differences and directly attributable cost of bringing the assets to working condition.

Depreciation on operating fixed assets is charged to income by applying the reducing balance method, so as to write off the historical cost of an asset over its estimated useful life at the rates mentioned in note 15. Full year's depreciation is charged on additions except major additions or extensions to production facilities which are depreciated on pro-rata basis for the period of use during the year. No depreciation is charged on assets deleted during the year.

Normal repairs and maintenance are charged to income as and when incurred. Major improvements and modifications are capitalised and assets so replaced, if any, other than those kept as stand by, are retired.

Profit or loss on disposal of operating fixed assets is included in the current income.

3.3 - Assets subject to finance lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets at the inception of the lease. The related obligations of the leases are accounted for as liabilities.

Assets acquired under finance lease are amortized over the useful life of the assets on a reducing balance method at the rates given in note 15. Amortization of leased assets is charged to current income.

3.4 - Stores and spares

These are valued at moving average cost except items in transit which are valued at cost which comprises of invoice value plus other charges paid thereon.

3.5 - Stock-in-trade

Stock-in-trade is valued at the lower of average cost and net realizable value. The average cost in relation to work-in-process and finished goods represents direct costs of materials, labour and appropriate portion of production overheads. Net realizable value signifies the ex-factory sales price less expenses and taxes necessary to be incurred in order to make the sale.

3.6 - Staff retirement benefits

The company operates an approved gratuity fund scheme for its permanent employees, payable on cessation of employment, subject to 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 a recognised contributory provident fund scheme. Equal monthly contributions are made by the company and the employees to the fund.

3.7- Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. Deferred tax is calculated by using the tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available and the credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.8 - Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupees at exchange rates approximating those prevailing at the balance sheet date. Exchange differences in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of relevant assets. All other exchange differences are taken to profit and loss account.

3.9 - Borrowing costs

All mark-up, interest and other charges are charged to current income.

3.10 - Revenue recognition

- Sales are recognised at the time of despatch of goods to the customers.
- Interest income on bank deposits is accrued on time basis, by reference to the principal

outstanding and at the interest rate applicable.

	<i>Note</i>	<i>2001 Rupees</i>	<i>2000 Rupees</i>
4 - ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
2,243,334 (2000: 2,243,334) ordinary shares of Rs. 10			
each fully paid in cash		22,433,340	22,433,340
11,230,000 (2000: 11,230,000) ordinary shares of Rs. 10			
each issued as fully paid for consideration other than cash		112,300,000	112,300,000
8,460,000 (2000: 8,460,000) ordinary shares of Rs. 10 each			
issued as fully paid bonus shares		84,600,000	84,600,000
		-----	-----
		219,333,340	219,333,340
		=====	=====
5. RESERVES			
Capital			
Share premium		92,120,028	92,120,028
Revenue			
General reserve		70,000,000	70,000,000
		-----	-----
		162,120,028	162,120,028
		=====	=====

Share premium represents premium of Rs. 42 per share received on issue of 2,193,334 ordinary shares to general public in 1994.

6 - REDEEMABLE CAPITAL-SECURED

Term finance facility		--	22,083,780
Current portion shown under current liabilities	11	--	22,083,780
		-----	-----
		--	--
		=====	=====

This finance has been repaid during the year. The finance was secured against registered second charge on all present and future assets and hypothecation of moveable assets of the company and personal guarantees of certain directors. Currently the company is making necessary arrangements for satisfaction of charge from the Registrar Joint Stock Companies.

7. LIABILITIES AGAINST ASSETS

SUBJECT TO FINANCE LEASE

The amounts of unpaid lease payments to date, future payments and the periods in which these

payments will become due are as under:

Minimum lease payments:

due not later than one year

2001	1,000,000	14,436,396
2002	12,302,180	--

-----	-----
13,302,180	14,436,396

due later than one year and not later than five years

2002	--	12,302,180
2003	4,218,198	4,218,198

-----	-----
4,218,198	16,520,378

Total minimum lease payments

-----	-----
17,520,378	30,956,774

Financial charges allocated to unpaid
and future lease payments

1,518,292	4,226,559
-----------	-----------

Present value of minimum lease payments:

due not later than one year	125,105,281	13,223,809
due later than one year and not later than five years	3,491,558	13,506,406

-----	-----
16,002,086	26,730,215

Current portion shown under current liabilities

Due	110,508,681	11,672,706
Over due	944,577	--

11	-----	-----
	11,995,445	11,672,706

-----	-----
4,006,641	15,057,509

=====	=====
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The implicit rate used as the discounting factor is 13.15% and 14% per annum. Rentals are payable in equal monthly and quarterly installments. Overdues are subject to additional payment at rates 1% and 3% per month.

The lessee shall have no right to terminate the lease agreements and if the lease agreements are terminated before the due dates, the lessee will have to pay the entire amount of lease rentals for un-expired period of the lease agreements. However, lease agreements carry renewal option at the end of lease periods.

These liabilities are secured by demand promissory notes, charge on company's assets ranking parri passu with other creditors, personal guarantees of directors and deposit of Rs. 2,000,000 (2000: Rs. 2,000,000) shown in note 18 and 22.

8 - DEFERRED LIABILITIES

Deferred taxation	8.1	106,796,177	111,818,943
-------------------	-----	-------------	-------------

Earned leave	5,032,319	4,775,837
	-----	-----
	111,828,496	116,594,780
	=====	=====

8.1 - Deferred taxation

The liability for deferred taxation comprises of temporary difference relating to:

Accelerated depreciation for tax purposes	82,830,584	86,453,470
Book value of operating fixed assets acquired through finance lease deducted from taxable profit by claiming lease rentals in earlier years	59,708,036	64,825,212
Liabilities under finance lease that are deducted for tax purposes only when paid	(4,851,723)	(8,569,019)
Deferred tax liability not provided for	(30,890,720)	(30,890,720)
	-----	-----
	106,796,177	111,818,943
	=====	=====

The liability for deferred taxation as on the balance sheet date has been estimated at Rs. 137.687 million (2000: Rs. 142.709 million). In order to comply with the requirements of the International Accounting Standard, IAS 12 "Income Taxes" (Revised), which would be applicable from the year ended June 30, 2003, the management decided during June 30, 1999, to provide for unprovided deferred tax liability of Rs. 96 million calculated as at that date, in three equal installments. An amount of Rs. 65.109 million has already been provided in the accounts during the last years, the balance amount of Rs. 30.891 million will be provided by the end of June 30, 2003.

9 - LONG TERM SECURITY DEPOSITS

From cement dealers	9.1	1,454,850	1,706,160
From cement transporters	9.2	900,000	1,100,000
		-----	-----
		2,354,850	2,806,160
		=====	=====

9.1 - These represent interest free security deposits received from cement dealers and repayable on the termination of the agency.

9.2 - These represent interest free security deposits received from transporters for providing guarantee of safe delivery of cement to customers.

10 - SHORT TERM FINANCES

Running finances under			
mark up arrangement- secured	10.1	8,950,048	66,835,039
Un-presented cheques	10.2	1,972,760	2,486,085

-----	-----
10,922,808	69,321,124
=====	=====

10.1- Short term running finances available from commercial banks under mark up arrangements amount to Rs. 75.5 million (2000: Rs. 75.5 million). The rates of mark up range from Re. 0.4384 to Re. 0.4657 per Rs.1,000 per day or part thereof on the balances outstanding. These finances are secured against first charge over the existing and future total assets of the company ranking parri passu with other banks, hypothecation of stocks and personal guarantees of certain directors.

Of the aggregate facility of Rs. 20 million (2000: Rs. 20 million) for opening letters of credit, the amount utilized at the end of the year was Rs. NIL (2000: Rs. 0.785 million). The facility is secured by lien on import documents and 10% cash margin on letters of credit.

10.2 - These represents cheques issued but not presented at the balance sheet date.

11 - CURRENT PORTION OF LONG TERM LIABILITIES

Redeemable capital	6	--	22,083,780
Liabilities against assets subject to finance lease	7	11,995,445	11,672,706
		-----	-----
		11,995,445	33,756,486
		=====	=====

12 - CREDITORS, ACCRUALS AND OTHER PAYABLES

Trade creditors		12,641,291	10,853,699
Advances from cement customers		7,757,184	7,727,079
Accrued liabilities		32,097,404	39,614,669
Bills payable		1,356,539	679,579
Bonus payable		6,595,852	6,777,400
Financial charges accrued on:			
Redeemable capital- secured		--	156,427
Liabilities against assets subject to finance lease - secured		55,423	--
Short term running finances under mark up arrangements- secured		1,115,058	1,320,237
Payable to government on account of:			
Sales tax		14,927,200	--
Income tax		184,117	196,340
Royalty and excise duty		--	253,571
Payable towards:			
Workers' profit participation fund	12.1	6,860,527	15,481,586
Workers' welfare fund		5,910,406	4,474,297
Security deposits and retention moneys	12.2	615,117	601,915
Other payables		1,663,447	1,283,284
		-----	-----
		91,779,565	89,420,083
		=====	=====

12.1 - Workers' profit participation fund

Balance as at July 01,		15,481,586	3,148,488
Allocation for the year	29	4,158,543	13,209,098
		-----	-----
		19,640,129	16,357,586
Interest on funds utilized in company's business		3,010,662	65,700
		-----	-----
		22,650,791	16,423,286
Amount paid to/on behalf of fund		15,790,264	941,700
		-----	-----
		6,860,527	15,481,586
		=====	=====

12,2- These represent the interest free security deposits and retention money received from contractors and are repayable after satisfactory completion of contracts.

13- DIVIDENDS

Unclaimed		846,053	675,093
Proposed		43,866,668	43,866,668
		-----	-----
		44,712,721	44,541,761
		=====	=====

14 - CONTINGENCIES AND COMMITMENTS

14.1 - Contingencies

14.1.1-The Engineering Services International (Pakistan)Limited has raised a claim of Rs. 5,449,000 against the company on account of mechanical installation/ erection. A counter claim of Rs. 1,307,962 has been lodged by the company. The case is pending with Senior Civil Judge, Lahore.

14.1.2-The State Cement Corporation of Pakistan (Private) Limited, the previous sole owner of the company, has raised a claim of Rs. 5,640,000 against the company on account of the interim dividend declared by previous Board of Directors. The present Board of Directors has rescinded that declaration of interim dividend on various grounds. The matter is pending for adjudication with the Securities and Exchange Commission of Pakistan.

14.1.3- The company has initiated recovery proceedings for the recovery of Rs. 14,100,000./being interim dividend pertaining to the year ended June 30, 1992 paid by the previous management to the State Cement Corporation of Pakistan (Private) Limited. The said dividend has been rescinded by the Board and rescission confirmed at the Annual General Meeting. As a consequence, the company has with held Rs. 14,100,000 interim dividend pertaining the period ended December 31, 1994 payable to the State Cement Corporation of Pakistan (Private) Limited. Intimations have been given to the State Cement Corporation of Pakistan (Private) Limited and the Securities and Exchange Commission of Pakistan (the application is pending with the Securities and Exchange Commission of Pakistan). This amount has been withheld on legal advice obtained from the corporate lawyers.

14.1.4- First Leasing Corporation has claimed an amount of Rs. 17.747 million on account of additional lease rentals. The management is in the process of a dialogue with the leasing company to resolve the matter amicably.

14.2- Commitments in respect of:

Letter of credit other than for capital expenditure Rs. NIL (2000: Rs. 784,500).

15 -OPERATING FIXED ASSETS - TANGIBLE

<i>Particulars</i>	<i>COST</i>				<i>DEPRECIATION</i>			<i>Rupees</i>	
	<i>As at 01-07-2000</i>	<i>Additions/ (deletions)/ (adjustment)</i>	<i>As at 30-06-2001</i>	<i>Rate %</i>	<i>Accumulated as at 01-07-2000</i>	<i>Charge for the year</i>	<i>Adjustment on disposal</i>	<i>Accumulated as at 30-06-2001</i>	<i>Written down value as at 30-06-2001</i>
Freehold land	14,653,620	--	14,653,620	--	--	--	--	--	14,653,620
Buildings on freehold land									
- Factory buildings	180,158,642	509,790	180,668,432	10	134,588,596	4,607,984	--	139,196,580	41,471,852
- Office and other buildings	13,337,926	42,048	13,379,974	5	7,488,328	294,582	--	7,782,910	5,597,064
- Housing Colony	33,451,768	(500)	33,451,268	5	17,082,965	818,426	(220)	17,901,171	15,550,097
	1,074,378,42								
Plant, machinery and equipment	8	3,764,089	1,078,142,517	10	594,119,381	48,402,313	--	642,521,694	435,620,823
Storage tanks and pipe lines	17,187,050	--	17,187,050	10	14,150,522	303,653	--	14,454,175	2,732,875
Power installations	82,975,450	--	82,975,450	10	68,013,559	1,496,189	--	69,509,748	13,465,702
Furniture, fixtures and other office equipment	15,545,840	1,242,090 (414,498)	16,373,432	10	8,786,482	778,805	(201,098)	9,364,189	7,009,243
Weighing scales	1,099,615	(7,600)	1,092,016	10	728,572	36,721	(3,764)	761,529	330,486
Vehicles	16,238,068	250,000 (2,068,938)	14,419,130	20	10,494,659	1,035,827	(1,254,665)	10,275,821	4,143,309
Heavy vehicles	95,387,001	10,939,000 (147,668)	106,178,333	20	69,546,393	7,332,295	(29,534)	76,849,154	29,329,179
Railway sidings	9,853,476	--	9,853,476	5	5,716,191	206,864	--	5,923,055	3,930,421
Laboratory equipment	16,451,003	--	16,451,003	10	12,831,179	361,982	--	13,193,161	3,257,842
Library books	78,752	1,525	80,277	10	50,666	2,961	--	53,627	26,650
	1,570,796,63								
	9	16,748,542 (2,639,204)	1,584,905,977		943,597,493	65,678,602	(1,489,281)	1,007,786,814	577,119,163
Assets subject to finance lease:									
Plant and Machinery	49,975,359	--	49,975,359	10	17,376,811	3,259,855	--	20,636,666	29,338,693
	-----	-----	-----		-----	-----	-----	-----	-----
	1,620,771,99								
TOTAL 2001	8	16,748,542	1,634,881,336		960,974,304	68,938,457	(1,489,281)	1,028,423,480	606,457,856

		(2,639,204)							
TOTAL 2000	1,601,979,936	270,576,170	1,620,771,996	887,214,253	74,528,076	72,939,546	960,974,302	659,797,694	(73,707,573)
		251,784,110)							

15.1 -Additions in plant and machinery include assets transferred from leased assets amounting to Rs. NIL (2000: Rs. 250,515,540).

	Note	2001 Rupees	2000 Rupees
15.2- Depreciation has been charged as under:			
Cost of goods sold	25	68,631,061	74,166,419
Administrative and general expenses	26	215,178	256,422
Selling expenses	27	92,218	105,235
		-----	-----
		68,938,457	74,528,076
		=====	=====

15.3 - Disposal of operating fixed assets:

Particulars of vehicles sold to:	Cost	Accumulated depreciation	Book value	Sale proceeds	Profit/(loss)	Mode of sale	Rupees
							Particulars of purchaser
Company Executives							
Toyota Corolla	605,000	406,754	198,246	198,246		-- As per company's policy.	Mr. Naveed Ijaz, G.M. Technical, KCCL, Kohat.
Others							
Honda Civic	615,000	433,629	181,371	180,000	(1,371)	Negotiation	Mr. Adrian Riaz, House No. 16, Jahangir Park, New Mozung, Lahore
Honda Civic	848,938	414,281	434,657	445,000	10,343	Negotiation	Mrs. Nasim Sultana, House No 6/13-A, Waris Road, Lahore.

16 - CAPITAL WORK-IN-PROGRESS

Civil works	1,484,108	231,983
Plant and machinery	801,354	1,868,723
	-----	-----
	2,285,462	2,100,706
	=====	=====

17 - LONG TERM LOANS TO EMPLOYEES

House building		3,059,699	2,973,433
Motor Car/Motor Cycle		1,064,310	1,071,178
Marriage Loan		81,700	168,700
Other Long Term Loans		146,800	193,035
		-----	-----
		4,352,509	4,406,346
Current maturity shown under current assets	22.1	1,749,911	1,689,800
		-----	-----
		2,602,598	2,716,546
		=====	=====

17.1 -The above loans to employees may be re-classified as under:

Loans outstanding for period:			
- exceeding three years		115,839	320,964
- not exceeding three years		2,486,759	2,395,582
		-----	-----
		2,602,598	2,716,546
		=====	=====

17.2 -Interest rate and terms of re-payment

<i>Nature of loans</i>	<i>Rate of interest</i>	<i>Monthly installments</i>
- House Building - officers	6%	60
- House Building - workers	--	60
- Vehicle- Officers	6%	60
- Vehicle- Workers	--	36
- Marriage Loan	--	30
- Others	--	12

House building and vehicle loans are secured against lien on retirement benefits.

17.3-Amount receivable on account of house building loan includes Rs. 46,596 (2000: Rs. 102,359) due from executives. The maximum aggregate amount of loans due from executives of the Company at the end of any month during the year was Rs. 97,300 (2000: Rs. 156,008).

17.4 - These loans to employees are considered good.

18 - LONG TERM DEPOSITS

Leasing companies	18.1	--	--
Others		977,030	926,030
		-----	-----
		977,030	926,030
		=====	=====

18.1 - Leasing companies

Balance as at June 30		2,000,000	2,000,000
Current portion shown under current assets	22	2,000,000	2,000,000
		-----	-----
		--	--
		=====	=====

19 - STORES, SPARES AND LOOSE TOOLS

Stores	19.1	59,249,109	21,891,607
Spares		27,611,070	28,296,285
Loose tools		1,448,845	1,246,461
		-----	-----
		88,309,024	51,434,353
		=====	=====

19.1 - These include stores in transit valuing Rs. 564,098 (2000: NIL).

20 - STOCK-IN-TRADE

Raw materials	25.1	787,674	797,574
Work-in-process	25	8,728,666	30,277,832
Finished goods	25	5,620,336	14,732,431
Packing materials	25.1	3,841,020	4,708,105
		-----	-----
		18,977,696	50,515,942
		=====	=====

21 - TRADE DEBTORS**Considered good**

Secured		1,229,545	12,724,902
Un-secured	21.1	11,918,540	16,197,022
		-----	-----
		13,148,085	28,921,924

Considered bad

Secured		10,317,461	--
Un-secured		7,565,791	--
		-----	-----
		17,883,252	--

		31,031,337	28,921,924
Bad debts written off	21.2	17,883,252	--
		-----	-----
		13,148,085	28,921,924
		=====	=====

21.1 - These include amounts due from associated companies for Rs. NIL (2000: Rs. 2,384,165).

The aggregate maximum amount due from associated companies at the end of any month

during the year was Rs. NIL (2000: Rs. 2,384,165).

21.2 - The company has filed a suit in the Civil Court, Kohat, for the recovery of the amount, which is pending adjudication. These debts were partially secured against some vehicles of the customer, which have been seized. However, the company cannot use or sell these vehicles as the Court has granted a Stay against any such action.

**22- ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES**

Advances- considered good			
Company's employees ~	22.1	3,571,733	2,975,326
Suppliers		3,126,667	9,555,406
Contractors		267,426	389,472
Receivable from government on account of:			
Excise duty		1,280,927	2,294,662
Income tax		21,178,794	16,440,255
Royalty		32,022	--
Sales tax		833,263	--
Letters of credit		--	382,784
Guarantee margin		757,085	--
Prepayments		597,043	575,691
Current portion of long-term securities with leasing companies	18.1	2,000,000	2,000,000
Other receivables		556,030	581,589
		-----	-----
		34,200,990	35,195,185
		=====	=====

22.1 - Advances to company's employees

Current maturity of long term loans	17	1,749,911	1,689,800
For purchases		740,773	591,422
Miscellaneous		1,081,049	694,104
		-----	-----
		3,571,733	2,975,326
		=====	=====

23 - CASH AND BANK BALANCES

Balances with banks			
- On current accounts		2,261,161	10,575,909
- On saving accounts		45,970,803	31,963,051
- On deposit accounts		892,531	733,785
		-----	-----
		49,124,495	43,272,745
Cash in hand		716,505	94,351
		-----	-----
		49,841,000	43,367,096
		=====	=====

24- SALES

Sales - gross		1,369,325,620	1,586,049,780
Less: Rebate on cement		23,305,366	40,538,090
Sales tax		152,346,103	--
Excise duty		358,066,700	523,650,400
		-----	-----
		533,718,169	564,188,490
		-----	-----
		835,607,451	1,021,861,290
		=====	=====

25 - COST OF GOODS SOLD

Opening work-in-process		30,277,832	35,589,471
Raw and packing materials consumed	25.1	72,934,679	93,524,601
Power and fuel		120,087,707	139,735,816
Furnace oil and coal		278,791,306	257,100,788
Stores and spares consumed		34,629,406	31,626,070
Salaries, wages and other benefits		66,245,056	63,444,821
Royalty, excise duty and sales tax		5,466,214	8,429,816
Rent, rates and taxes		277,777	337,063
Repairs and maintenance		6,019,983	8,045,479
insurance		3,629,698	3,066,263
Other expenses		6,413,225	6,392,639
Depreciation	15.2	68,631,061	74,166,419
		-----	-----
		693,403,944	721,459,246
Less: Closing work-in-process	20	8,728,666	30,277,832
		-----	-----
Cost of goods manufactured		684,675,278	691,181,414
Opening stock of finished goods		14,732,431	13,366,822
		-----	-----
		699,407,709	704,548,236
Less: Closing stock of finished goods	20	5,620,336	14,732,431
		-----	-----
		693,787,373	689,815,805
		=====	=====

25.1 - Raw and packing materials consumed

Opening stock as at July 01			
- Raw materials		797,574	530,594
- Packing materials		4,708,105	1,477,856
		-----	-----
		5,505,679	2,008,450
Add: Purchases during the year			
- Raw materials		4,502,991	5,050,338
- Packing materials		67,554,703	91,971,492
		-----	-----

		72,057,694	97,021,830
		-----	-----
		77,563,373	99,030,280
Less: Closing stock as at June 30			
- Raw materials	20	787,674	797,574
- Packing materials	20	3,841,020	4,708,105
		-----	-----
		4,628,694	5,505,679
		-----	-----
		72,934,679	93,524,601
		=====	=====

26 - ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, wages and other benefits		11,659,039	9,888,602
Vehicle running		279,135	262,042
Traveling and conveyance		1,221,238	1,138,955
Printing and stationery		379,815	299,491
Legal and professional	26.1	2,089,132	1,700,024
Postage, telephone and telegrams		949,400	873,234
Rent, rates and taxes		400,370	664,092
Entertainment		307,588	205,483
Auditor's remuneration	26.2	92,000	92,000
Advertisement		75,320	203,387
Other expenses		1,633,735	1,745,985
Bad debts written off	21.0	17,883,252	--
Depreciation	15.2	215,178	256,422
		-----	-----
		37,185,202	17,329,717
		=====	=====

26.1 - Legal and professional charges include remuneration to cost auditor Rs. 30,000 (2000: 30,000).

26.2 - Auditor's remuneration

Audit fee		75,000	75,000
Out of pocket expenses		17,000	17,000
		-----	-----
		92,000	92,000
		=====	=====

27 - SELLING EXPENSES

Salaries, wages and other benefits		4,545,687	4,520,604
Vehicle running		932,844	835,472
Traveling and conveyance		284,824	323,945
Printing and stationery		517,984	487,196
Postage, telephone and telegrams		828,271	775,164
Entertainment		614,868	1,122,195
Rent, rates and taxes		193,045	162,742
Electricity, water and gas		94,261	86,304

Advertisement		227,497	27,980
Miscellaneous		414,184	925,041
Cement loading and transportation charges		1,244,941	1,408,859
Depreciation	15.2	92,218	105,235
		-----	-----
		9,990,624	10,780,737
		=====	=====

28 - OTHER INCOME

Profit/mark-up on bank deposits		1,056,866	1,035,632
Income from sale of scrap		179,239	176,304
Profit on sale of fixed assets		13,060	147,649
Miscellaneous		129,873	82,958
		-----	-----
		1,379,038	1,442,543
		=====	=====

29 - FINANCIAL AND OTHER CHARGES

Financial charges

Interest/mark-up on:		1,189,283	4,523,853
Redeemable capital			
Liabilities against assets subject to finance lease		2,763,690	28,682,957
Short term running finances under mark up arrangements		4,106,264	6,779,498
Workers' profit participation fund		3,010,662	65,700
Bank charges and commission		1,325,835	1,209,300
		-----	-----
		12,395,734	41,261,308

Other charges

Contribution towards:			
Workers' profit participation fund		4,158,543	13,209,098
Workers' welfare fund		1,436,109	1,727,769
		-----	-----
		5,594,652	14,936,867
Others		3,467,360	--
		-----	-----
		9,062,012	14,936,867
		-----	-----
		21,457,746	56,198,175
		=====	=====

30 - TAXATION

Current

- for the year		24,382,976	25,181,340
- for prior years		--	931,554
		-----	-----
		24,382,976	26,112,894

Deferred		
- for the year	(5,022,766)	40,135,680
- for prior years	--	32,364,320
	-----	-----
	(5,022,766)	72,500,000
	-----	-----
	19,360,210	98,612,894
	=====	=====

2001	2000
%	%

30.1 - Tax charge reconciliation

Numerical reconciliation between the applicable tax rate and the average effective tax rate

Applicable tax rate as per Income Tax Ordinance, 1979	34.65	34.65
Tax effect of amounts that are:		
not deductible for tax purposes	4.98	20.15
allowable deductions for tax purposes	(13.67)	(27.41)
Effect of change in prior years' tax expense	--	13.36
Tax effect of brought forward losses	--	(1.17)
	-----	-----
Average effective tax rate charged to profit and loss account	25.96	39.58
	=====	=====

2001	2000
Rupees	Rupees

31 - EARNINGS PER SHARE

Net profit for the year	55,205,334	150,566,505
Weighted average number of ordinary shares outstanding during June 30, 2001: 21,933,334 (2000: 21,933,334)		
Earnings per share - basic and diluted	2.52	6.86

There is no dilutive effect in the basic earnings per share of the company.

32 - CASH GENERATED FROM OPERATIONS

Net profit before taxation	74,565,544	249,179,399
Adjustments for non cash charges and others:		
Depreciation on operating fixed assets	68,938,457	74,528,076
Profit on sale of fixed assets	(13,060)	(147,649)

Book value of fixed assets written off		324,490	391,790
Provision for earned leave (net)		256,482	(30,213)
Bad debts written off		17,883,252	--
Profit/mark-up on bank deposits		(1,056,866)	(1,035,632)
Financial charges		12,395,734	41,261,308
		-----	-----
		98,728,489	114,967,680
		-----	-----
Operating profit before working capital changes		173,294,033	364,147,079
Effect on cash flows due to working capital changes	32	916,218	29,590,649
		-----	-----
		174,210,251	393,737,728
		=====	=====

32.1 - Working capital changes

(Increase)/decrease in current assets			
Stores, spares and loose tools		(36,874,671)	4,908,377
Stock in trade		31,538,246	448,801
Trade debtors		(2,109,413)	14,539,095
Advances, deposits, prepayments and other receivables		5,696,391	(7,367,148)
		-----	-----
		(1,749,447)	12,529,125
Increase in current liabilities			
Creditors, accruals and other liabilities		2,665,665	17,061,524
		-----	-----
		916,218	29,590,649
		=====	=====

33 - CASH AND CASH EQUIVALENTS

Cash and bank balances		49,841,000	43,367,096
Short term finances		(10,922,808)	(69,321,124)
		-----	-----
		38,918,192	(25,954,028)
		=====	=====

34 - TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

The company sold to associated undertakings Grey cement in aggregate sum of Rs. NIL during the year (2000: Rs. 499,100) at normal selling rates.

35 - REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	<i>Chief Executive</i>		<i>2001</i>	<i>Director</i>	<i>2000</i>	<i>Executive</i>	
	<i>2001</i>	<i>2000</i>				<i>2001</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>		<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Managerial Remuneration	360,000	360,000	360,000		360,000	1,614,222	2,088,956

Rent and utilities allowances	120,000	120,000	120,000	120,000	783,891	1,049,274
Medical re-imburement	--	--	162,978	146,911	151,263	135,749
Bonus	--	--	--	--	247,232	287,887
Retirement benefits	--	--	--	--	430,458	564,522
Other re-imburement of expenses	1,221,238	1,014,844	588,909	860,827	1,442,079	1,588,683
	-----	-----	-----	-----	-----	-----
	1,701,238	1,494,844	1,231,887	1,487,738	4,669,145	5,715,071
	=====	=====	=====	=====	=====	=====
	=	=====	=====	=====	=====	=====
Number of persons	1	1	1	1	14	14
	=====	=====	=====	=====	=====	=====
	=	=====	=====	=====	=====	=====

35.1 - The company also provides the Chief Executive, certain Directors and Executives of the company with free use of company maintained cars and telephone facilities.

	2001	2000
36 - NUMBER OF EMPLOYEES		
Number of employees at year end	451	447
	=====	=====

37 - CAPACITY AND PRODUCTION- TONNES

	<i>Clinker</i>		<i>Cement</i>	
	2001	2000	2001	2000
Plant capacity	540,000	540,000	567,000	567,000
Actual production	290,804	347,328	325,672	374,274

37.1 - The under utilization of available capacity was mainly due to overall slow down in economic activity of the country and the overall increase in supply of cement in the market.

38 - FINANCIAL ASSETS AND LIABILITIES

	<i>Interest/mark-up bearing</i>			<i>Non-interest bearing</i>			<i>Rupees</i>	
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub Total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub Total</i>	<i>Total</i>	<i>Total</i>
							<i>2001</i>	<i>2000</i>
Financial assets								
Loans and advances to employees	115,182	161,657	276,839	3,456,551	2,440,941	5,897,492	6,174,331	5,691,872
Deposits	--	--	--	2,000,000	977,030	2,977,030	2,977,030	2,926,030
Trade debts	--	--	--	13,148,085	--	13,148,085	13,148,085	28,921,924
Advances, deposits & pre-payments								
- Profit/mark-up accrued	--	--	--	--	--	--	--	96,454
- Other receivables	--	--	--	458,930	--	458,930	458,930	389,135

Cash and bank balances	45,970,803		45,970,803	3,870,197	--	3,870,197	49,841,000	43,367,096
	-----		-----	-----	-----	-----	-----	-----
	--		--	--	--	--	--	--
	46,085,985	161,657	46,247,642	22,933,763	3,417,971	26,351,734	72,599,376	81,392,511
	=====		=====	=====	=====	=====	=====	=====
	=		=	=	=	=	=	=
Financial liabilities								
Redeemable capital	--	--	--	--	--	--	--	22,083,780
Liabilities against assets subject to finance lease	11,995,445	4,006,641	16,002,086	--	--	--	16,002,086	26,730,215
Deposits and retention moneys	--	--	--	615,117	2,354,850	2,969,967	2,969,967	3,408,075
Short term finances	8,950,048	--	8,950,048	1,972,760	--	1,972,760	10,922,808	69,321,124
Creditor, accrued & other liabilities	--	--	--	46,280,994	--	46,280,994	46,280,994	57,319,558
Dividends	--	--	--	44,712,721	--	44,712,721	44,712,721	44,541,761
Commitments	--	--	--	--	--	--	--	784,500
	-----		-----	-----	-----	-----	-----	-----
	--		--	--	--	--	--	--
	20,945,493	4,006,641	24,952,134	93,581,592	2,354,850	95,936,442	120,888,576	224,189,013
	=====		=====	=====	=====	=====	=====	=====
	=		=	=	=	=	=	=

38.1 - Concentration of credit risk:

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties completely failed to perform as contracted. The company believes that it is not exposed to major concentration of credit risks. However, to manage any possible exposure to credit risk, the company applies approved credit limits to its customers and also obtains collaterals.

38.2 - Foreign exchange risk management:

Foreign currency risk arises mainly where payables exist due to purchase transactions. Payables exposed to foreign currency risks are identified as either creditors or bills payable. The company does not view hedging as being financially feasible owing to the excessive costs involved.

38.3 - Fair value of financial instruments

The carrying value of all the financial instruments (i.e. financial assets and liabilities) reflected in the financial statements approximate their fair values.

39- General

Corresponding figures have been rearranged, wherever necessary for comparison purposes.

**CHIEF
EXECUTIVE**

DIRECTOR

Pattern of Shareholding as at June 30, 2001

<i>No. of Shareholders</i>	<i>Shareholding</i>		<i>No. of Shares held</i>
	<i>From</i>	<i>To</i>	
74	1	100	6,806
2149	101	500	436,534
26	501	1000	20,500
18	1001	5000	39,100
10	5001	10000	89,100
2	10001	15000	25,400
1	45001	50000	50,000
1	120001	125000	122,000
1	145001	150000	149,400
1	160001	165000	161,500
1	175001	180000	180,000
1	330001	335000	335,000
1	355001	360000	356,500
1	415001	420000	417,800
1	770001	775000	774,600
1	865001	870000	869,200
1	910001	915000	914,500
1	1200001	1205000	1,204,000
1	1970001	1975000	1,973,994
1	1995001	2000000	2,000,000
1	2510001	2515000	2,513,500
1	2605001	2610000	2,606,000
1	6685001	6690000	6,687,900
-----			-----
2296			21,933,334
=====			=====

<i>Categories of Shareholders</i>	<i>No. of Shareholders</i>	<i>Shares Held</i>	<i>Percentage of Capital</i>
Individuals	2284	4,953,540	22.59
Investment Companies	1	1,600	0.01
Joint Stock Companies	9	121,372,194	56.41
Foreign Companies	2	4,606,000	21.00
-----			-----
Grand Total	2296	21,933,334	100.00