

Saadi Cement Limited

Annual Report 1998

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COMPANY INFORMATION

BOARD OF DIRECTORS

Tariq Mobsin Siddiqui
(Chairman & Chief Executive)
Shamim Mushtaq Siddiqui
Muhammad Salim Arif
Jameel Ahmed Siddiqui
Ishtiaq Ahmed Khan
Seema Tabussum
Ghazala Mustafa
Zafar Sajjad (Nominee-NDFC)

REGISTERED OFFICE

Kamilpur
Near Hattar
Dist. Haripur
N.W.F.P.

FACTORY

Kamilpur
Near Hattar
Dist. Haripur
N.W.F.P.

BANKERS

Allied Bank of Pakistan Limited
ANZ Grindlays Bank

Faysal Bank Limited
National Bank of Pakistan
Prudential Commercial Bank Limited
Union Bank Limited

AUDITORS

Rafaqat Babar & Co.
Chartered Accountants
Greens Hotel Building
Saddar Road
Peshawar Cantt.

Khan H.R. & Co.
Chartered Accountants
328, Muhammadi House
I. I. Chundrigar Road
Karachi

NOTICE OF MEETING

Notice is hereby given that the 5th Annual General Meeting of Saadi Cement Limited will be held at Pearl Continental Hotel, Peshawar on Thursday, 28th January 1999 at 2:00 p.m. to transact the following business:

1. To confirm the minutes of the Extraordinary General Meeting held on 24th August 1998.
2. To receive and consider the Audited Accounts for the year ended June 30, 1998 and the report of the directors and auditors thereon.
3. To appoint auditors and to fix their remuneration.
4. To transact any other business with the permission of the chair.

By Order of the Board

Shamira Mushtaq Siddiqui

Director
7th January 1999

Notes:

1. Share Transfer Books of the company will remain closed from 22nd January 1999 to 28th January 1999, both days inclusive.

2. Any member of the company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.

3. Proxies must be received at the Registered Office of the company at Kamilpur, Near Hattar, Dist. Haripur, N.W.F.P. or Head Office at Trade Centre, A-14, Block 7/8, K.C.H.S., Shakra-e-Faisal, Karachi, not less than 48 hours before the time of holding the meeting.

4. Members are requested to promptly notify the company of any change in their addresses.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 30, 1998

The Directors are pleased to present the Annual Report of your company together with the audited accounts for the year ended June 30, 1998.

The Project

Saadi Cement Limited is presently at an advanced stage of establishing its cement plant comprising of two lines capable of manufacturing 3,600 tons per day of high quality cement using dry process suspension pre-heater with pre-calcination technology.

The latest technology comprising programmable logic control systems have been employed to ensure, optimum production and a high efficiency level.

Project Completion Status

As you may be aware that during the project implementation phase various difficulties were encountered, however, you would be pleased to know that with the help of God, these difficulties have now been surmounted and the project is in the final stages of completion.

On the basis of progress achieved and the pace of work, it can be safely projected that the first line will be commissioned by mid 1999 and the second line in the last quarter of 1999.

Overview of the Cement Industry

The year under review has seen some new plants as well as expansion projects come into production. The cement market, therefore, is experiencing a temporary over-supply situation.

The demand is, however, expected to catch up with the production base in the next 2/3 years future. In addition, a large potential market also exists in Afghanistan and the CIS countries, once normalcy returns to the region. Exports from the South Zone to neighbouring countries are also expected to increase substantially, due to the incentives that the government is allowing for the export of cement, as well as, clinker. This export from the South will have a positive impact over the market, by channelizing the temporary surplus quantities outside Pakistan. The export of

cement will certainly play a much enhanced role for earning foreign exchange resources for the country, once full duty drawback is allowed by the government in line with sugar and other industries.

Personnel

The directors would like to place on record their profound appreciation for the efforts of all the employees, who worked in complete harmony and mutual cooperation. The company continues its drive to recruit quality personnel, as it considers its people to be the back bone of the organization and the industry at large.

Year 2000 Problem

The management of your company is aware of the Year 2000 problem, which can affect the working of computers and PLC systems, if not addressed. Therefore, a task force of professionals has been constituted, who have identified the measures to be taken to make the financial applications and related computer, hardwares and softwares Year 2000 compliant.

Similarly they have also completed the preliminary investigations with respect to the computers, softwares and PLC's to be used in the production process, as well, and are in the final stage of implementing the corrective measures where required.

Auditors

Messrs. Rafaqat Babar & Co., Chartered Accountants, and Khan H.R. & Co., Chartered Accountants retired and being eligible, offer themselves for re-appointment as the auditors of the company for the year ending 1999.

Pattern Of Shareholding

The shareholding pattern of the company as at June 30, 1998 is included in the annual report.

Acknowledgment

The board of directors would like to place on record their appreciation for the help and support from the vendors and contractors because of whose prompt service we have made good progress on our projects.

We specially thank the financial institutions who have stood by us and extended their support and cooperation in difficult times.

We are confident of a long-term and a mutually beneficial business relationship with all our associates.

By Order of the Board

7th January 1999

Tariq Mohsin Siddiqui
Chairman & Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Saadi Cement Limited as at June 30, 1998, and cash flow statement 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 purpose of our audit and, after due verification thereof, we report that;

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

(b) in our opinion;

i) the balance sheet together with the notes thereon have been drawn up in conformity with 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 together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 1998 and of the cash flow statement for the year then ended; and

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

Peshawar
December 30, 1998

Khan H.R. & Co.
Chartered Accountants

Rafaqat Babar & Co.
Chartered Accountants

BALANCE SHEET
AS AT JUNE 30, 1998

1998 1997

	Note	Rs. '000'	Rs. '000'
SHARE CAPITAL			
Authorized 300,000,000 ordinary shares of Rs.10/- each		3,000,000	3,000,000
		=====	=====
Issued, subscribed and paid-up capital	4	1,850,000	1,850,000
SPONSORS' LOANS	5	174,657	160,121
LONG-TERM LOANS	6	1,144,880	660,868
LIABILITIES AGAINST ASSETS			
SUBJECT TO FINANCE LEASES	7	630,157	405,824
DEFERRED LIABILITIES			
LONG-TERM DEPOSITS	8	38,608	37,408
	9	1,920	560
CURRENT LIABILITIES			
Short-term loans and finances	10	386,628	410,240
Current maturity	11	225,870	112,627
Creditors, accrued expenses and other liabilities	12	240,920	372,128
		-----	-----
		853,418	894,995
CONTINGENCIES AND COMMITMENTS			
	13	-	-
		-----	-----
		4,693,640	4,009,776
		=====	=====
TANGIBLE FIXED ASSETS			
Operating fixed assets at cost less depreciation	14	40,280	41,737
Capital work-in-progress	15	4,045,538	3,049,086
		-----	-----
		4,085,818	3,090,823
DEFERRED COSTS			
	16	18,357	18,357
CURRENT ASSETS			
Stores and spares		272,155	117,153

Advances, deposits, prepayments and other receivables	17	314,621	438,845
Cash and bank balances	18	2,689	344,598
		-----	-----
		589,465	900,596
		-----	-----
		4,693,640	4,009,776
		=====	=====

The annexed notes form an integral part of these accounts.

Tariq Mohsin Siddiqui
Chairman & Chief Executive

Shamim Mushtaq Siddiqui
Director

**STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT)
FOR THE YEAR ENDED JUNE 30, 1998**

	June 30, 1998 Rs. '000'	June 30, 1997 Rs. '000'
OPERATING ACTIVITIES		
Working capital changes	(185,598)	(664,473)
INVESTING ACTIVITIES		
Fixed capital expenditure	(994,995)	(1,040,160)
Deferred cost	-	(15,850)
	-----	-----
Net cash outflow from investing activities	(994,995)	(1,056,010)
FINANCING ACTIVITIES		
Proceeds from issue of shares	-	614,159
Long term loans received	510,436	900,087
Liability subject to finance leases	325,688	272,295
Retention money	1,200	21,804
Security deposit	1,360	560
	-----	-----
Net cash inflow from financing activities	838,684	1,808,905
NET Increase (DECREASE)	(341,909)	88,422

IN CASH AND EQUIVALENTS

CASH AND CASH EQUIVALENTS	344,598	256,176
AT THE BEGINNING OF THE YEAR		

CASH AND CASH EQUIVALENTS	2,689	344,598
AT THE END OF THE YEAR		

Tariq Mohsin Siddiqui
Chairman & Chief Executive

Shamim Mushtaq Siddiqui
Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1998

1. THE COMPANY AND ITS OPERATIONS

The company was incorporated in Pakistan on March 9, 1994 as a public limited company for the establishment and operation of a cement plant at Kamilpur, Near Hattar, Dist. Haripur, N.W.FP. The company was listed in the Karachi and Islamabad Stock Exchanges in March, 1997.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention without any adjustments for the effect of inflation.

2.2 Tangible fixed assets and depreciation

2.2.1 Owned assets

Operating fixed assets are stated at cost less accumulated depreciation except lease hold land which is stated at cost.

Depreciation on operating assets is charged to un-allocated capital expenditure by applying reducing balance method at the rates mentioned in Note 14. Full year's depreciation is charged on assets purchased during the year irrespective of the date of purchase whereas no depreciation is charged on assets disposed off, if any, during the year.

Normal repairs and maintenance are charged to un-allocated capital expenditure as and when incurred whereas major improvements/modifications are capitalized.

2.2.2 Leased assets

Assets subject to finance leases are stated at cost less accumulated depreciation.

The total outstanding obligations under the lease agreements less finance charges allocated to future periods are shown as liabilities. The financial charge is calculated at the interest rate implicit in the lease agreement and is charged to capital work-in-progress.

Depreciation is charged at the rates as company's owned assets.

The financial charges payable on lease finances are charged to capital work-in-progress.

2.3 Capital Work-in-Progress

Capital work in progress is stated at cost and represents expenditure incurred on fixed assets in the course of construction and installation. These expenditure will be transferred to relevant fixed assets category as and when the assets starts operation.

2.4 Unallocated Capital Expenditure

All cost or expenditure not directly relating to any specific assets incurred during the construction /implementation period of the project are capitalized and will be apportioned to buildings and machinery at the time of commencement of commercial operation.

2.5 Deferred costs

These represent charges incurred in connection with the incorporation and public floatation of the company and will be amortized after commencement of commercial production.

2.6 Stores and spares

Stores and spares are stated at cost.

2.7 Foreign currency transaction

Transactions in foreign currencies are converted into Pak Rupees at the rate of exchange prevailing on the date of transaction. All assets and liabilities in foreign currencies are translated at exchange rates prevailing at the balance sheet date except for liabilities covered under forward exchange contracts which are translated at

contracted rates. Exchange gains/losses are credited/charged to unallocated capital expenditure.

2.8 Capitalization of borrowing cost

The company capitalizes borrowing costs relating to capital projects.

3. RESTRUCTURING OF BORROWING ARRANGEMENTS

During the year the company approached the banks, leasing companies and financial institutions to restructure the company's borrowings and to revise the repayment schedule. Negotiations with regard to the above have resulted in obtaining moratorium.

	June 30, 1998 Rs. '000'	June 30, 1997 Rs. '000'
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4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

185,000,000 (1997:185,000,000) ordinary shares
of Rs.10/- each, fully paid in cash

	1,850,000	1,850,000
	-----	-----

5. SPONSORS' LOANS

	174,657	160,121
	-----	-----

These represent amount received from sponsors including group companies and individuals against which no agreement have been extended so far regarding securities, repayments and mark-up rate etc.

6. LONG-TERM LOANS-Secured

Demand finance	(6.1)	514,019	422,062
LMM finance	(6.2)	340,212	188,913
Deferred Dues-LMM Finance (6.3)		47,241	-
Morahaba finance	(6.4)	32,009	29,681
Term !loan	(6.5)	171,992	121,107
GTF	(6.6)	152,190	-
		-----	-----
		1,257,663	761,763
Less: Current maturity		112,783	100,895
		-----	-----
		1,144,880	660,868
		-----	-----
		514,019	422,062
		=====	=====

6.1 Demand Finance

This represent Demand Finance Facilities amounting to Rs.300 and Rs.80 million from National Bank of Pakistan for implementation of the project.

The loan is secured against:

- i) Pari passu charge by way of equitable mortgage of all immovable properties.
- ii) Promissory note
- iii) Floating charge on the other assets including book debts
- iv) Hypothecation of all other movable assets of the company
- v) Personal guarantees of all directors

The loan was repayable in seven years consisting twelve equal half-yearly installments including one year's grace period from the date of first disbursement. The first disbursement was made on October 23, 1996 and December 12, 1997 respectively. The loans carry mark-up @ 59 paisa per thousand per day on daily product basis. However, the company, after the year end, has requested to National Bank of Pakistan to restructure the facilities so as to commence repayment from October 1999 and December 1999 respectively including capitalization of the due markup. The said proposal is under consideration with National Bank of Pakistan.

Balance confirmations have been circularized, the reply of which is still awaited.

6.2 LMM Finance

340,212	188,913
-----	-----

NDFC has sanctioned a loan of Rs.378.578 million against which 340.21 million have been. disbursed so far, for the purchase of locally manufactured machinery.

The facility is repayable in twelve semi annual equal installments commencing from one year after the commencement of commercial production. The facility is secured against:

- i) Equitable mortgage of all assets of the company
- ii) Hypothecation of plant and machinery
- iii) Floating charge on other assets of the company
- iv) Pledge of sponsors' shares

The facility is repayable at marked-up price of Rs.620.549 million, if paid, on the due date. The marked-up price has been determined to give a return equivalent to 14% per annum.

Balance confirmations have been circularized, the reply of which is still awaited.

June 30,	June 30,
1998	1997
Rs. '000'	Rs. '000'

6.3 Deferred Dues- LMM Finance	47,241	-
	-----	-----

This represents conversion of mark-up upto 30.06.1998 into deferred dues. An Agreement in principal has been reached with the management of National Development Finance Corporation after the year end, according to which markup dues upto 31.12.1999 will be deferred / rescheduled The other terms and conditions to this effect are under finalization.

6.4 Morabaha Finance	32,009	29,681
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This represents a Morabaha finance arrangement with Crescent Investment Bank The loan is secured against:

- a) Hypothecation of plant, machinery and equipment.
- b) Pari passu charge and equitable mortgage over all immovable property of the company.
- c) Promissory note.
- d) Floating charge on other assets of the company.
- e) Personal guarantees of all the directors.

The facility is payable at a marked up price of Rs.46.096 million and is repayable in seven half-yearly installments including one year grace period commencing from July 13, 1998 and ending on July 11, 2001. The marked-up price has been determined to give a return equivalent to 22% per annum. The loan is rescheduled and accrued mark-up of 6.008 million during the grace period has been included in the principal.

Balance confirmations have been circularized, the reply of which is still awaited.

6.5 Term Loans

ANZ Grindlays (Note 6.5.1)	93,630	85,482
Union Bank Limited (Note 6.5.2)	36,596	35,625
Crescent Investment Bank Limited (Note 6.5.3)	41,766	-
	-----	-----
	171,992	121,107
	=====	=====

6.5.1 This represents import bills payable and unpaid mark-up thereon. The loan is repayable in twelve monthly installments commencing from July 31, 1998 and carries mark-up @ 17% per annum. The loan is secured against:

- i) Hypothecation of plant and machinery
- ii) Counter guarantees of Pakland Cement Limited

iii) Personal guarantees of all the directors

Balance confirmations have been circularized, the reply of which is still awaited.

6.5.2 The amount represents conversion of import bills payable and unpaid mark-up thereon into term finance facility.

The amount was payable in two equal installments ending on 30th September 1998. However, the company has requested Union Bank Limited to extend the facility for a further period of one year so as to repay the facility in two equal installments ending on September 1999. The amount is secured against:

i) A ranking charge over the plant and machinery and fixed assets of the company valuing Rs.64 Million.

ii) An equitable mortgage of immovable property of associated undertakings and group companies.

Balance confirmations have been circularized, the reply of which is still awaited.

6.5.3 This represents a Promissory Note Discounting Facility for a period of 3 years repayment of which to be made in 6 equal installments commencing from July 1999 - carries mark-up @ 22% per annum. The facility is secured against:

i) A ranking charge on all assets of the company.

ii) Pledge of third party shares

iii) Demand promissory note

Balance confirmations have been circularized the reply of which is still awaited.

	June 30, 1998 Rs. '000'	June 30, 1997 Rs. '000'
6.6 Local currency GTF	152,190	-
	-----	-----

National Development Finance corporation has financed Rs. 145 million for the purchase of assets including civil works, plant & machinery and furniture & fixtures, etc.

The facility is repayable in 10 half-yearly installments including one year grace period commencing from March 1999. The mark-up charged amounting to Rs. 7.19 million during the grace period has been included in the principle. The loan is secured against:

i) Equitable mortgage of all assets of the company.

- ii) Hypothecation and floating of plant, machinery and other assets of the company.
- iii) Pledge of sponsors' shares.
- iv) Personal guarantees of all Directors.

7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

7.1 The mark-up on lease finance ranges from 22% to 23.5% per annum.

7.2 The amount of future payments and the period in which these payments will become due are:

Total minimum lease payments outstanding:

	June 30, 1998 Rs. '000'	June 30, 1997 Rs. '000'
Year ending June 30. 1998	-	23,614
Year ending June 30. 1999	222,848	137,475
Year ending June 30. 2000	226,545	122,156
Year ending June 30. 2001	249,142	119,373
Year ending June 30. 2002	185,355	95,384
Year ending June 30 2003	164,740	100,290
Year ending June 30. 2004	15,052	-
	-----	-----
	1,063,682	598,292
Less: Finance charges allocated to future years	383,176	232,184
Current portion	113,087	11,732
	-----	-----
	496,263	243,916
	-----	-----
	567,419	354,376
Advances under finance leases (Note 7.3)	62,738	51,448
	-----	-----
	630,157	405,824
	=====	=====

7.3 These represent advances obtained from leasing companies. Mark-up has been charged at the rate of 21% to 22.89% per annum on the basis of computation of internal rate of return. These are to be converted into lease finance at a later date.

7.4 Balance confirmations to all leasing companies have been circularized, the reply of which is still awaited.

8. DEFERRED LIABILITIES	38,608	37,408
	-----	-----

This represents retention money from contractors for Civil Works and Erection and Installation for the project and are repayable after the completion of the contracted projects.

9. LONG-TERM DEPOSIT

Long Term Deposits	1,920	560
	-----	-----

These represent interest free securities from cement dealers and repayable on cancellation or withdrawal of dealership.

10. SHORT-TERM LOANS AND FINANCES

Secured			
from banks	(10.1)	223,827	60,179
from financial institutions	(10.2)	111,138	134,451
Unsecured	(10.3)	51,663	215,610
		-----	-----
		386,628	410,240
		-----	-----

10.1 From banks

These loans and finances carry mark-up from 19% to 20% and are repayable by December, 1998. These facilities are secured by bank guarantees and creation of charge on company's assets.

10.2 From financial institution

These loans and finances carry mark-up from 20% to 23.72% per annum and secured against creation of charge on company's assets and pledge of third party shares.

June 30,	June 30,
1998	1997
Rs. '000'	Rs. '000'

10.3 From associated undertakings	51,663	215,610
	-----	-----

This represent financial assistance from Pakland Cement Limited, one of the group companies, for meeting the fund requirements of the company. This loan carries mark-up at the rate of 22% per annum (1996: 22% per annum) and is to be repaid on mutually agreed dates.

11. CURRENT MATURITY

and equipment	7,654	186	7,840	10	375	731	1,106	6,734
Vehicles	1,648	-	1,648	20	524	224	749	899
Tools and equipment	2,651	-	2,651	10	718	193	912	1,739
Other assets	29	-	29	10	3	3	6	23
	-----	-----	-----		-----	-----	-----	-----
	40,901	186	41,087		1,620	1,151	2,771	38,316
LEASED ASSETS								
Vehicles	5,345	-	5,345	20	2,889	491	3,380	1,965
	-----	-----	-----		-----	-----	-----	-----
1997-98: Rupees	46,246	186	46,432		4,509	1,643	6,152	40,280
	-----	-----	-----		-----	-----	-----	-----
1996-97: Rupees	39,795	6,451	46,246		3,233	1,276	4,509	41,737
	-----	-----	-----		-----	-----	-----	-----

Depreciation has been allocated to unallocated capital expenditure.

	June 30, 1998 Rs. '000'	June 30, 1997 Rs. '000'
--	--	--

15. CAPITAL WORK-IN-PROGRESS

Plant and machinery (Note 15.1)	2,807,791	2,065,161
Building and civil works	941,400	759,046
Telecommunication net work	8,460	8,459
Unallocated capital expenditure (Note 15.2)	287,887	216,420
	-----	-----
	4,045,538	3,049,086
	-----	-----

The above include borrowing cost amounting to Rs.692.174 million (1997: Rs.198.718 million) which is capitalized.

15.1 Plant and Machinery

This includes leased plant and machinery amounting to Rs.661.622 million.

15.2 Unallocated Capital Expenditure

Salaries, allowances, and benefits	107,563	78,041
Consultancy and supervision charges	5,498	4,930
Registration charges	467	249
Travelling and conveyance	10,189	7,242

Entertainment	9,890	7,463
Legal and professional charges	1,555	1,550
Fee and subscription	188	62
Auditors' remuneration (Note 15.2.1)	240	152
Vehicle running expenses	2,791	1,993
Insurance charges	6,994	3,670
Rent, rates and taxes	7,803	5,362
Printing and stationery	1,842	1,525
Telephone and postage	9,053	6,054
Newspaper and periodicals	42	29
Advertisement	16,772	15,094
Electricity and gas	15,447	10,752
Water charges	271	269
Bank charges and commission	5,339	4,866
Transportation charges	10,157	7,868
Commission on bank guarantees	12,139	6,354
Office maintenance	12,784	10,990
Security and vigilance	8,562	6,342
Miscellaneous expenses	36,107	31,012
Software development expenses	42	42
Depreciation	6,152	4,509
	-----	-----
	287,887	216,420
	=====	=====

June 30,	June 30,
1998	1997
Rs. '000'	Rs. '000'

15.2.1 Auditors' remuneration

M/s Razaqat Babar & Co.

Audit fee		
Opening balance	139	70
Provision for the year	60	52
Out of pocket expenses	18	17
	-----	-----
	217	139

M/s Khan H.R. & Co.

Audit fee		
Opening balance	13	5
Provision for the year	10	8
	-----	-----
	23	13
	-----	-----
	240	152

16. DEFERRED COSTS

Preliminary expenses	2,507	2,507
Expenses on issue of share	15,850	15,850
	-----	-----
	18,357	18,357

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

Advance -.Considered good

Suppliers (against capital work)	225,845	399,368
Employees (against expenses)	1,952	1,371
Advances Income tax u/s 50(4)	15,362	12,870
	-----	-----
	243,159	413,609

Deposits

Margin against bank guarantees	7,761	5,384
Lease key money	51,981	17,556
Others	1	16
	-----	-----
	59,743	22,956

Prepayments:

Insurance	799	700
Rent	12	351
Lease Rentals	9,689	-
	-----	-----
	10,500	1,051

Receivables (Note 17.1)	1,219	1,229
	-----	-----
	314,621	438,845

17.1 This includes due from government regulatory agencies amounting to Rs.1.1 million.

18. CASH AND BANK BALANCES

In hand - Cash/Cheques	53	121,608
At banks - Current accounts	2,298	179,246
- Deposit accounts	338	43,744
	-----	-----
	2,689	344,598

19. REMUNERATION OF EXECUTIVES

Managerial remuneration	1,268	1,543
Housing Allowance	568	698
Utilities	127	154
Special allowance	20	22
	-----	-----
	1,983	2,417
	-----	-----
No. of Executives	7	9

19.1 All the above executives were provided with free use of company's cars.

20. CAPACITY AND PRODUCTION

The annual designed capacity of the plant is 1.080 million tonnes of clinker. The company has not yet commenced commercial production.

21. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Expenses charged	27,308	30,022
Mark--up charged	17,032	53,000

22. GENERAL

22.1 Figures have been rounded off to the nearest thousand rupees.

22.2 Figures have been rearranged and regrouped wherever necessary to facilitate comparison.

Tariq Mohsin Siddiqui
Chairman & Chief Executive

Shamim Mushtaq Siddiqui
Director

Pattern of Holding of Shares as at June 30, 1998

No. of Shareholders	Categories	No. of Shares
3,423 Holding	From 101 To 500 Shares	1,711,500
118 Holding	From 501 To 1,000 Shares	117,600
123 Holding	From 1,001 To 5,000 Shares	384,000
37 Holding	From 5,001 To 10,000 Shares	358,010
7 Holding	From 10,001 To 15,000 Shares	99,490
8 Holding	From 15,001 To 20,000 Shares	156,000
6 Holding	From 20,001 To 25,000 Shares	142,500
2 Holding	From 25,001 To 30,000 Shares	60.00

1 Holding	From	30,001	To	35,000	Shares	35,000
2 Holding	From	35,001	To	40,000	Shares	72,500
2 Holding	From	40,001	To	45,000	Shares	85,000
3 Holding	From	45,001	To	50,000	Shares	150,000
1 Holding	From	50,001	To	55,000	Shares	55,000
1 Holding	From	65,001	To	70,000	Shares	70,000
1 Holding	From	70,001	To	75,000	Shares	75,000
3 Holding	From	75,001	To	80,000	Shares	240,000
14 Holding	From	95,001	To	100,000	Shares	1,400,000
1 Holding	From	115,001	To	120,000	Shares	120,000
1 Holding	From	145,001	To	150,000	Shares	150,000
5 Holding	From	195,001	To	200,000	Shares	1,000,000
1 Holding	From	295,001	To	300,000	Shares	300,000
2 Holding	From	305,001	To	310,000	Shares	620,000
1 Holding	From	405,001	To	410,000	Shares	410,000
1 Holding	From	995,001	To	1,000,000	Shares	1,000,000
1 Holding	From	1,095,001	To	1,100,000	Shares	1,100,000
1 Holding	From	1,715,001	To	1,720,000	Shares	1,717,200
1 Holding	From	4,635,001	To	4,640,000	Shares	4,636,000
1 Holding	From	4,995,001	To	5,000,000	Shares	5,000,000
1 Holding	From	6,630,001	To	6,635,000	Shares	6,634,873
1 Holding	From	22 995,001	To	23,000,000	Shares	23,000,000
1 Holding	From	25,105,001	To	25,110,000	Shares	25,106,800
1 Holding	From	28,990,001	To	28,995,000	Shares	28,993,527
1 Holding	From	79,995,001	To	80,000,000	Shares	80,000,000

3,773
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1,850,000,000
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Categories of Shareholders

	Number	Shares held	Percentage
Individuals	3,764	91,286,800	49.34
Joint Stock Companies	3	82,817,200	44.77
Investment Companies	2	4,786,000	2.59
Insurance Companies	2	110,000	0.06
Financial Institutions	1	5,000,000	2.70
Modaraba Companies	1	1,000,000	0.54
Foreign Companies	0	0	0.00
Others	0	0	0
TOTAL:	3,773	1,850,000,000	100.00