

Saadi Cement Limited
Annual Report 1999

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COMPANY INFORMATION

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Mohammad Adil

REGISTERED OFFICE

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

FACTORY

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

**HEAD OFFICE &
SHARES DEPARTMENT**

Trade Centre, A-14
Block 7/8, KCHS
Shahra-e-
Faisal
Karachi

BANKERS

Allied Bank of Pakistan Limited
ANZ Grindlays Bank
Faysal Bank Limited
National Bank of Pakistan
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 6th Annual General Meeting of Saadi Cement Limited will be held at Pearl Continental Hotel, Peshawar on Monday, 27th December 1999 at 2:00 p.m. to transact the following business:

1. To confirm the minutes of the 5th Annual General Meeting held on 28th January 1999.
2. To receive and consider the Audited Accounts for the year ended June 30, 1999 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.

6th December 1999

Notes:

1. Share Transfer Books of the company will remain closed from 21st December 1999 to 27th December 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.

By Order of the Board

**Mohammad Adil
Company Secretary**

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. Any individual Beneficial Owner of Central Depository Company, entitled to vote at this meeting, must bring his/her National Identity Card with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her National Identity Card. Representatives of corporate members should bring the usual documents required for such purpose.

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

REPORT OF THE DIRECTORS FOR THE YEAR ENDED JUNE 30, 1999

The Directors are pleased to present the Annual Report of your company together with the audited accounts for the year ended June 30, 1999.

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

You may be aware that during the fast track implementation of the project various hurdles had cropped up due to reasons beyond the control of the management. By the grace of God, all these hurdles have now been surmounted, including the financial short fall. The consortium of NDFC and Al Faysal Bank has packaged an amount of Rs.135 million for project completion. As a result the project is now fully poised for commissioning and will be in production in the next few months. The support extended by NDFC and Al Faysal Bank in this matter is specially appreciated by the management and employees of the company.

State Bank of Pakistan Bankers' Committee for revival of industrial units has also principally agreed rescheduling, allowing the company a moratorium of 12 months in its debt servicing. This ensures smooth implementation of the project.

Overview of the Cement Industry

The addition of new capacities in the cement industry mainly during the period 1997-98, created a temporary over supply position. However, the increasing local demand of cement is reducing the gap in supply and demand of this basic building material at a fast pace. The industry is now

achieving more than 65% capacity utilization and even by conservative projections it will substantially increase further in the year 1999-2000.

During the year under review the industry has made some progress on the export front, with over 50,000 tons having been exported from Pakistan. It is reassuring that a very high load rates of up to 4,000 tons per day was achieved. Such high loading rates bring down the sea freight and thus make Pakistani cement more competitive in the international market.

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 Y2K problem, which can affect the working of computers and PLC systems, if not addressed. Therefore, a task force of professionals was constituted, who identified the measures to be taken and have ensured that all financial applications and related computer, hardwares and softwares are Y2K compliant.

Similarly they have also completed investigations with respect to the computers, softwares and PLC's to be used in the production process, as well, and taken corrective measures where ever required.

Auditors

Messrs. Razaqat 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 2000.

Pattern Of Shareholding

The shareholding pattern of the company as at June 30, 1999 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.

Karachi

December 4, 1999

By Order of the Board

**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, 1999, 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, 1999 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.

(e) Without qualifying our opinion, we draw attention to the following matters:

i) certain liabilities have been treated as long-term liabilities on the basis of the reasons given in Note 5.3 to the financial statement;

ii) the ultimate outcome of the contingencies disclosed in Note 11 to the financial statements cannot presently be determined and, therefore, no provision thereof has been made in these financial statements.

Karachi

December 4, 1999

Khan H.R. & Co.
Chartered
Accountants

Rafaqat Babar & Co.
Chartered
Accountants

BALANCE SHEET AS AT JUNE 30, 1999

	<i>Note</i>	<i>1999</i> <i>Rs. '000'</i>	<i>1998</i> <i>Rs. '000'</i>
SHARE CAPITAL			
Authorized 300,000,000 ordinary shares of Rs.10/- each		3,000,000	3,000,000
		=====	=====
Issued, subscribed and paid-up capital	3	1,850,000	1,850,000
SPONSORS' LOANS	4	111,715	174,657
LONG-TERM LOANS	5	1,999,479	1,144,880
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES	6	924,531	630,157
LONG-TERM DEPOSITS AND RETENTION MONEY	7	41,127	40,528
CURRENT LIABILITIES			
Short-term loans and finances	8	151,242	386,628
Current maturity	9	--	225,870
Creditors, accrued expenses and other liabilities	10	303,818	240,920
		-----	-----
		455,060	853,418
CONTINGENCIES AND COMMITMENTS	11	--	--
		-----	-----
		5,381,912	4,693,640
		=====	=====
TANGIBLE FIXED ASSETS			
Operating fixed assets at cost less depreciation	12	38,864	40,280
Capital work-in-progress	13	4,802,528	4,045,538
		-----	-----
		4,841,392	4,085,818
DEFERRED COSTS	14	18,357	18,357
CURRENT ASSETS			
Stores and spares	15	273,134	272,155
Advances, deposits, prepayments and			

other receivables	16	186,269	314,621
Cash and bank balances	17	62,760	2,689
		-----	-----
		522,163	589,465
		-----	-----
		5,381,912	4,693,640
		=====	=====

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, 1999**

	<i>June 30, 1999 Rs. '000'</i>	<i>June 30, 1998 Rs. '000'</i>
OPERATING ACTIVITIES		
Working capital changes	(45,115)	(185,598)
INVESTING ACTIVITIES		
Fixed capital expenditure	(755,574)	(994,995)
Deferred cost	--	--
	-----	-----
Net cash outflow from investing activities	(755,574)	(994,995)
FINANCING ACTIVITIES		
Proceeds from issue of shares	--	--
Long-term loans received	565,787	510,436
Liability subject to finance leases	294,374	325,688
Security deposit and retention money	599	2,560
	-----	-----
Net cash inflow from financing activities	860,760	838,684
NET INCREASE/(DECREASE) IN CASH AND EQUIVALENTS	60,071	(341,909)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,689	344,598
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	62,760	2,689

Tariq Mohsin Siddiqui
Chairman & Chief
Executive

Shamim Mushtaq Siddiqui
Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 1999

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.F.P. 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 modified by capitalization of borrowing cost and exchange difference 'referred in Notes 2.7 and 2.8, respectively, 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 freehold 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 12. 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

These are stated at lower of present value of minimum lease payments and the fair value of assets acquired on lease.

The .related 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 applicable to 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. In addition to these costs, borrowing cost, exchange differences and expenditure are also allocated to capital work-in-progress. These will be transferred to relevant fixed assets category as and when the assets start 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, over a period of five year from that date.

2.6 Stores and spares

Stores and spares are stated at lower of cost and net realizable value.

2.7 Capitalization of borrowing cost

The company capitalizes borrowing costs relating to capital projects.

2.8 Foreign currency transaction

Transactions in foreign currencies are converted into Pak Rupees at the rate of exchange prevailing on the date of transaction except those covered under forward contract, which are translated at the contracted rate. 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.

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

185,000,000 (1998: 185,000,000) ordinary shares
of Rs.10/- each, fully paid in cash

June 30,
1999
Rs. '000'

June 30,
1998
Rs. '000'

1,850,000
=====

1,850,000
=====

4. SPONSORS' LOANS

111,715 174,657
=====

These represent amount received from sponsors, including group companies, friends and associates, against which no agreement have been extended so far regarding securities and repayments. These loans are interest/mark-up free.

5. LONG-TERM LOANS - Secured

<i>Loan</i>	<i>Lender</i>	<i>Amount outstanding (Rs.)</i>		<i>Rate of Interest per annum</i>	<i>No. of Installments</i>	<i>Repayment terms (Existing)</i>	<i>Interest/Mark-up Payable</i>
		<i>1999</i>	<i>1998</i>				
1	National Bank of Pakistan	492,521	414,909	0.59 PPT	12 half-yearly ending on October 22, 2003	Half-yearly	
2	National Bank of Pakistan	119,141	99,110	0.59 PPT	12 half-yearly ending on June 12, 2004	Half-yearly	
3	National Development Finance Corporation	477,499	387,453	14%	12 half-yearly commencing one year after commercial production	Quarterly during grace period and 12 half-yearly commencing one year after production	
4	National Development Finance Corporation	185,299	152,190	21%	10 half-yearly ending on Sept. 30, 2003	Half-yearly	
5	National Development Finance Corporation	87,863	--	21%	10 half-yearly ending on July 1, 2004	Half-yearly	
6	Crescent Investment Bank Limited	42,331	32,009	22%	7 half-yearly ending on July 11, 2001	Half-yearly	
7	Crescent Investment Bank Limited	50,954	41,766	22%	6 half-yearly ending on June 30, 2001	Half-yearly	
8	Crescent Investment Bank Limited	48,687	--	22%	1. payable on June 30, 1999	Lump sum	
9	Crescent Investment Bank Limited	29,621	--	22%	1 payable on September 29, 1999	Lump sum	

10	ANZ Grindlays Bank	119,375	93,630	17% 12 ending on June 1999	Monthly
11	Union Bank Limited				
	(i) Term finance (I)	39,347	36,596	21% 1 Payable on September 30, 1999	Lump sum
	(ii) Term finance (II)	10,011	--	21% 1 Payable on September 30, 1999	Lump sum
12	Islamic Investment Bank	33,253	--	26% 1 Payable on January 26, 2000	Quarterly
13	Saudi Pak Investment Bank	3,623	--	23% 1 Payable on January 30, 2000	Lump sum
14	Faysal Bank Limited	13,400	--	18.5% 1 Payable on December 31, 1998	Lump sum
15	Faysal Bank Limited	246,554	--	21% (Note 5.1)	Lump sum
		-----	-----		
		1,999,479	1,257,663		
Less:					
Current portion shown under current liability		--	112,783		
		-----	-----		
		1,999,479	1,144,880		
		=====	=====		

5.1 This represents settlement of various finance facilities obtained against the guarantee facility by Faysal Bank Limited.

5.2 Security

Loan No. 1 and 2

These loans are secured against pari passu charge by way of equitable mortgage of all immovable properties, floating charge on the other assets including book debts, hypothecation of all other movable assets of the company, personal guarantees of all directors and pledge of sponsors' shares.

Loan No. 3 to 5

These loans are secured against pari passu charge by way of equitable mortgage of all immovable properties, floating charge on the other assets including book debts, hypothecation of all other movable assets of the company, personal guarantees of all directors and pledge of sponsors' shares. In addition, the lenders have the right to convert at par 20 per cent of the loan into ordinary shares of the company. The convertible shares shall rank pari passu with the ordinary shares of the company in all

respect.

Loan No. 6 to 9

These loans are secured against hypothecation of plant, machinery and equipment, pari passu charge and equitable mortgage over all immovable property of the company, floating charge on other assets of the company, third party pledge of shares and personal guarantees of all the directors.

Loan No. 10

This loan is secured against hypothecation of plant and machinery, counter guarantees of Pakland Cement Limited, personal guarantees of all the directors.

Loan No. 11

This loan is secured against charge over the plant and machinery and fixed assets of the company, an equitable mortgage of immovable properties of third party/group companies.

Loan No.12

This loan is secured against charge on company's current assets, pledge of third party shares and personal guarantees of directors of the company.

Loan No.13

This loan is secured against charge on all moveable properties, plant and machinery, third party pledge of shares and personal guarantees of directors of the company.

Loan No.14 and 15

These loans are secured against first charge on plant and machinery, stores and spares of the company and personal guarantees of directors of the company.

5.3 Restructuring of borrowing arrangements

During the year the company approached the banks, financial institutions and others to restructure the company's borrowings principally to convert short-term dues into long-term loans and to revise the repayment schedules. This matter was taken to the Bankers' Committee formed by the Ministry of Finance/State Bank of Pakistan for the revival of sick industrial units which has, in principle, approved the restructuring in favour of the company, in order to allow time for the completion of the project. National Development Finance Corporation (NDFC), as the lead banker, is at present working out a definite repayment plan, allowing 12 months grace period to commence repayment by the company in line with the Bankers' Committee decision. It is anticipated that the formal agreement to this effect will be concluded shortly.

In view of this, the company has not provided current maturity during the year, and reversed the, overdue installments to the principal amount of the respective facilities. In line with the Bankers' Committee decision, the overdue principal, accrued mark-up and current maturity is included in the respective facilities while overdue lease rentals are amalgamated with the respective lease finances.

The current liability being rescheduled and converted into long-term loans due to said restructuring arrangement is as under:

	<i>Overdue Installments (including Mark-up)</i>	<i>Current Maturity (Principal)</i>
Long-term loan	497,741	133,172
Lease finances	163,388	149,258
	-----	-----
	661,129	282,430
Short-term loans (maturing in 1999-2000)	385,150	--
	-----	-----
	1,046,279	282,430
	=====	=====

5.4 Balance confirmations to all banks have been circularized, the reply of which is still awaited.

<i>June 30, 1998 Rs. '000'</i>	<i>June 30, 1999 Rs. '000'</i>
--	--

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

6.1 The amount of future payments and the year in which these payments will become due are:

Year ending June 30, 1999	--	222,848
Year ending June 30, 2000	284,231	226,545
Year ending June 30, 2001	332,579	249,142
Year ending June 30, 2002	250,925	185,355
Year ending June 30, 2003	207,534	164,740
Year ending June 30, 2004	58,954	15,052
	-----	-----
	1,134,223	1,063,682
Less: Finance charges allocated to future years	373,080	383,176
Current maturity	--	113,087
	-----	-----
	373,080	496,263
	-----	-----
	761,143	567,419
Overdue installments (Note 6.4)	163,388	--
Advances under finance leases (Note 6.5)	--	62,738
	-----	-----

924,531	630,157
=====	=====

6.2 The above includes grace period interest and other additional lease payments and charges amounting to Rs.44.45 million (1998: Rs.42.75 million)

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

6.4 Bankers' Committee, in principle, has approved restructuring of debt of the company which also comprises lease finance facilities extended to the company. In line with the decision as detailed in Note 5.3 all the overdue rentals have been capitalized in the respective facilities.

6.5 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 have been converted into lease finance in the current year.

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

7. LONG-TERM DEPOSIT AND RETENTION MONEY

From cement dealers (Note 7.1)	1,800	1,920
From contractors (Note 7.2)	39,327	38,608
	-----	-----
	41,127	40,528
	=====	=====

7.1 This represents interest free security deposit from dealers and is repayable on cancellation or withdrawal of the dealership.

7.2 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. These are taken as long-term deposits as the project is expected to be completed over a period of one year from balance sheet date.

<i>June 30,</i>	<i>June 30,</i>
<i>1999</i>	<i>1998</i>
<i>Rs. '000'</i>	<i>Rs. '000'</i>

8. SHORT-TERM LOANS AND FINANCES

Secured		
from banks (Note 8.1)	425,150	223,827
from financial institutions (Note 8.2)	90,000	111,138
Unsecured (Note 8.3)	21,242	51,663
	-----	-----
	536,392	386,628

Less: Transferred to long-term loan (Note 5.3)	385,150	--
	-----	-----
	151,242	386,628
	=====	=====

8.1 From banks

These loans and finances carry mark-up from 18.5% to 26% (1998: 19% to 20%). These facilities are secured by bank guarantees, pledge of third party shares and creation of charge on company's assets.

8.2 From financial institution

This loan is obtained from a financial institution to finance the working capital requirements of the company. The loan carries mark-up @ 23.50% and is secured against hypothecation of stocks of stores, spares, etc. and pari passu charge on the company's immovable properties.

8.3 From associated undertakings

21,242	51,663
=====	=====

This represents 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 (1998: 22% per annum) and is to be repaid on mutually agreed dates.

9. CURRENT MATURITY

Long-term loans

due within next twelve months	--	112,783
-------------------------------	----	---------

Liability against assets subject to finance lease	--	113,087
---	----	---------

-----	-----
--	225,870
=====	=====

9.1 In view of the decision of Bankers' Committee for restructuring of debt of the company, referred to in Note 5.3, the company has not provided current maturity during the year, and reversed the overdue installment to the principal amount of the respective facilities.

<i>June 30,</i>	<i>June 30,</i>
<i>1999</i>	<i>1998</i>
<i>Rs. '000'</i>	<i>Rs. '000'</i>

10. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

Creditors	184,635	183,737
Mark-up payable on secured loans and others	43,459	40,173
Accrued expenses	2,462	3,622
Import bills payable	59,265	--

Tax deducted u/s 50(4)	13,997	13,388
	-----	-----
	303,818	240,920
	=====	=====

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 An amount of Rs.75.000 million (1998: Rs.75 million) is under dispute with The Collector of Customs, against which the company has provided Bank Guarantees as per the Court Order. This matter is still under litigation, and the company has not provided for this amount as management anticipates a favourable decision.

11.1.2 The company is a party to a legal proceeding pending in various courts and agencies in which it appears as defendant and plaintiff, the outcome of which cannot be established at this time. The management believes that no additional liability will arise out of these proceedings.

11.1.3 The company has not accounted for the late payment charges/additional interest to the extent of Rs.33.221 million (1998: Nil) in respect of various finance facilities, as these are under negotiation with the relevant institutions and management believes that this amount will not become payable.

11.1.4 The company has various appeals outstanding against assessments issued by the income tax authorities. These are being contested. The management is of the opinion that no tax liability will arise, apart from those already provided in the financial statements.

11.2 Commitments

Capital commitments outstanding as at June 30, 1999 amounting to Rs.291 million (1998: Rs. 320 million).

12. OPERATING FIXED ASSETS

<i>Particulars</i>	<i>Rs. '000'</i>								
	<i>At beginning of the year</i>	<i>Cost Addition (Deletions)</i>	<i>At the end of the year</i>	<i>Rate %</i>	<i>At beginning of the year</i>	<i>Depreciation for the year</i>	<i>At the end of the year</i>	<i>Book Value At the end of the year</i>	
OWNED ASSETS									
Free hold land	28,919	--	28,919	--	--	--	--	28,919	
Furniture, fixture and equipment	7,840	7	7,847	10	1,106	674	1,780	6,067	

Vehicles	1,648	--	1,648	20	748	180	928	720
Tools and equipment	2,651	--	2,651	10	912	174	1,086	1,565
Other assets	29	--	29	10	6	2	8	21
	-----		-----		-----	-----	-----	-----
	41,087	7	41,094		2,772	1,030	3,802	37,292
LEASED ASSETS								
Vehicles	5,345	--	5,345	20	3,380	393	3,773	1,572
	-----		-----		-----	-----	-----	-----
1998-99: Rupees	46,432	7	46,439		6,152	1,423	7,575	38,864
	=====		=====		=====	=====	=====	=====
1997-98: Rupees	46,246	186	46,432		4,509	1,643	6,152	40,280
	=====		=====		=====	=====	=====	=====

Depreciation has been allocated to unallocated capital expenditure.

	<i>June 30, 1999 Rs. '000'</i>	<i>June 30, 1998 Rs. '000'</i>
13. CAPITAL WORK-IN-PROGRESS		
Plant and machinery (Note 13.1)	3,397,763	2,807,791
Building and civil works	1,048,728	941,400
Telecommunication net work	12,191	8,460
Unallocated capital expenditure (Note 13.2)	343,846	287,887
	-----	-----
	4,802,528	4,045,538
	=====	=====

The above includes borrowing cost amounting to Rs. 459.470 million (1998: Rs.493.456 million) capitalized at the rate ranging from 14% to 26% during the year. The accumulated capitalization of borrowing cost is Rs. 1,151,644 million (1998: Rs.692.174 million).

13.1 Plant and machinery

This includes leased plant and machinery amounting to Rs.822.534 million (1998: Rs.661.622 million).

13.2 Unallocated capital expenditure

Salaries, allowances, and benefits	125,443	107,563
Consultancy and supervision charges	6,561	5,498
Registration charges	674	467
Travelling and conveyance	11,341	10,189
Entertainment	11,073	9,890
Legal and professional charges	1,558	1,555
Fee and subscription	188	188

Auditors' remuneration (Note 13.2.1)	460	240
Vehicle running expenses	3,341	2,791
Insurance charges	10,913	6,994
Rent, rates and taxes	12,880	7,803
Printing and stationery	2,075	1,842
Telephone and postage	9,728	9,053
Newspaper and periodicals	51	42
Advertisement	17,353	16,772
Electricity and gas	18,150	15,447
Water charges	284	271
Bank charges and commission	5,661	5,339
Transportation charges	10,778	10,157
Commission on bank guarantees	23,603	12,139
Office maintenance	15,316	12,784
Security and vigilance	9,352	8,562
Miscellaneous expenses	39,446	36,107
Software development expenses	42	42
Depreciation	7,575	6,152
	-----	-----
	343,846	287,887
	=====	=====

13.2.1 Auditors' remuneration

M/s Razaqat Babar & Co.

Audit fee		
Opening balance	217	140
Expense during the year	143	--
Provision for the year	60	60
Out of pocket expenses	17	17
	-----	-----
	437	217

M/s Khan H.R. & Co.

Audit fee		
Opening balance	23	13
Adjustment during the year	(10)	--
Provision for the year	10	10
	-----	-----
	23	23
	-----	-----
	460	240
	=====	=====

14. DEFERRED COSTS

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

	18,357	18,357
15. STORES AND SPARES	273,134	272,155

This includes certain items related to erection and installation.

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

Advance - Considered good		
Suppliers (against capital work)	160,802	225,845
Employees (against expenses)	675	1,952
Advance Income tax u/s 50(4)	15,863	15,362
	25	--
	-----	-----
	177,365	243,159
Deposits		
Margin against bank guarantees	7,761	7,761
Lease key money	--	51,981
Others	801	1
	-----	-----
	8,562	59,743
Prepayments		
Insurance	319	799
Rent	23	12
Lease rentals	--	9,689
	-----	-----
	342	10,500
Receivables	--	1,219
	-----	-----
	186,269	314,621
	=====	=====

17. CASH AND BANK BALANCES

In hand - Cash/Cheques	33	53
At banks- Current accounts	15,215	2,298
- Deposit accounts	47,512	338
	-----	-----
	62,760	2,689
	=====	=====

18. REMUNERATION OF EXECUTIVES

Managerial remuneration	1,320	1,268
Housing allowance	591	568
Utilities	132	127
Special allowance	21	20
	-----	-----
	2,064	1,983
	-----	-----
No. of persons	6	7

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

18.2 No payments are currently made to the Chief Executive and Directors of the company.

19. CAPACITY AND PRODUCTION

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

20. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Expenses paid	15,209	27,308
Profit paid	5,359	17,032
Receipts on account during the year	126,164	85,463
Payments on account during the year	156,585	293,750

21. GENERAL

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

21.2 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, 1999

<i>No. of Shareholders</i>		<i>Categories</i>			<i>No. of Shares</i>		
2,414	Holding	From	101	To	500	Shares	1,207,000
129	Holding	From	501	To	1,000	Shares	128,600
132	Holding	From	1,001	To	5,000	Shares	400,500
29	Holding	From	5,001	To	10,000	Shares	266,010
5	Holding	From	10,001	To	15,000	Shares	64,990
5	Holding	From	15,001	To	20,000	Shares	97,500
6	Holding	From	20,001	To	25,000	Shares	140,000
3	Holding	From	25,001	To	30,000	Shares	89,000
1	Holding	From	30,001	To	35,000	Shares	35,000
4	Holding	From	35,001	To	40,000	Shares	145,000
3	Holding	From	40,001	To	45,000	Shares	129,000
1	Holding	From	65,001	To	70,000	Shares	68,500
2	Holding	From	70,001	To	75,000	Shares	149,000
2	Holding	From	75,001	To	80,000	Shares	160,000
1	Holding	From	90,001	To	95,000	Shares	92,500

13	Holding	From	95,001	To	100,000	Shares	1,300,000
1	Holding	From	115,001	To	120,000	Shares	120,000
1	Holding	From	175,001	To	180,000	Shares	178,000
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	795,001	To	800,000	Shares	800,000
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	4,565,001	To	4,570,000	Shares	4,567,500
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	25,305,001	To	25,310,000	Shares	25,306,800
1	Holding	From	29,770,001	To	29,775,000	Shares	29,773,027
1	Holding	From	79,995,001	To	80,000,000	Shares	80,000,000
-----							-----
2,771							185,000,000
=====							=====

Categories of Shareholders

	<i>Number</i>	<i>Shares held</i>	<i>Percentage</i>
1. Individuals	2,758	91,659,800	49.55
2. Joint Stock Companies	6	82,825,200	44.77
3. Investment Companies	1	4,567,500	2.47
4. Insurance Companies	2	110,000	0.06
5. Financial Institutions	3	5,037,500	2.72
6. Modaraba Companies	1	800,000	0.43
7. Foreign Companies	0	0	0.00
8. Others	0	0	0.00

TOTAL:	2,771	185,000,000	100.00