

Lucky Cement Limited

(Annual Report 1997)

Concrete Progress

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Lucky Powertech Limited

Statement and Report under Section 237 of the Companies Ordinance,

COMPANY INFORMATION

BOARD OF DIRECTORS

Abdul Razzak Tabba (Chairman/Chief Executive)

Muhammad Yunus Tabba

Razi-ur-Rahman Khan (Nominee - NIT)

Haji Abdul Razzak

Martyn S. Wells

Muhammad Sohail Tabba

Muhammad Ali Tabba

Imran Yunus Tabba

EXECUTIVE DIRECTOR

Abdur Razzaq Thaplawala

COMPANY SECRETARY & SR. MANAGER FINANCE

Muhammad Abid Ganatra

ACA, ACMA, ACIS

AUDITORS

M. Yousuf Adil Saleem & Co.,

Chartered Accountants

BANKERS

Citibank N.A.

Metropolitan Bank Limited

Muslim Commercial Bank Limited

Soneri Bank Limited

REGISTERED OFFICE/FACTORY

Pezu, District Lakki Marwat
N.W.F.P.

HEAD OFFICE

6-A Muhammad Ali Housing Society,
A. Aziz Hashim Tabba Street,
Karachi -75350. (021) 111-786-555

SALES OFFICES

211 Latif Plaza, 2nd Floor,
Ferozpur Road, Ichhra, Lahore.
UAN (042) I 11-786-555

Aptma House,
Jamrud Road, Peshawar.
UAN (091) 111-786-555

106, Metro Plaza,
Qasim Road, Multan.
UAN (061) 111-786-555

Saddar Bazar, Bannu Road,
Near Main Flying Coach Adda,
D.I. Khan.
UAN (096 I) 111-786-555

3rd Floor, Kulsum Plaza,
42 Blue Area, Islamabad.
UAN (051) 111-786-555

SHARES DEPARTMENT

404, 4th Floor, Trade Tower
Abdullah Haroon Road, Karachi.
Tel. No. 5685930-5687839

NOTICE OF 4TH ANNUAL GENERAL MEETING

Notice is hereby given that the 4th Annual General Meeting of the members of Lucky Cement Limited will be held on Monday, the 2nd February, 1998 at 12:30 p.m. at the registered office of the Company at factory premises Pezu, District Lakki Marwat, N.W.F.P. to transact the following business:

1. To confirm the minutes of last Extraordinary General Meeting held on 21 st August, 1997.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 1997 together with the Directors' and Auditors' report thereon.
3. To appoint Auditors and fix their remuneration for the year 1997-98. The present Auditors, Messrs M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

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

Notes:

1. The Share Transfer Books of the Company will be closed from 20th January, 1998 to 27th January, 1998 (both days inclusive) for the purpose of 4th Annual General Meeting.

2. A member entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

3. The members are requested to notify change in their address, if any, to the Company's shares department at 404, 4th Floor, Trade Tower, Abdullah Haroon Road, Karachi.

DIRECTORS' REPORT

Your directors are pleased to present their Fourth Annual Report together with the annual accounts and auditor's report thereon for the financial year ended on 30th June, 1997

PRODUCTION

You will be pleased to know that your company's line 'B' started production on commercial scale from January, 1997 and has remained in continues operation thereafter. The line had teething problems usual to a project of this size, therefore it could not achieve the full rated capacity. During the six months ending on 30th June, 1997, the line was able to achieve the following production.

Clinker	208,680	Tons
Cement	197,959	Tons

Earlier during the trial production of line 'A' in July and August, 1996 and that of line 'B' in November and December, the company had produced 41,719 tons of clinker and 36,719 tons of cement.

The remedial measures on the civil foundation of kiln and cooler of line 'A' were completed in July, 1997 followed by mechanical adjustment and alignment of equipments in August, 1997. The production of clinker started in the following month. Although the line is yet to achieve the rated capacity because of usual teething problems, it is a matter of satisfaction that both the lines of production are now in operation.

MARKET SITUATION

The cement industry in Pakistan is passing through the worst period of its history. Due to various economic and political factors the demand has failed to grow at the traditional growth rate of 8% per annum. It had remained stagnant at the level of previous year. On the other hand the supplies have increased substantially because of new projects and expansions which have come into production recently. This demand and supply position had its impact on selling prices of cement throughout the country in general and in the northern region in particular.

In addition to the reduction in selling prices, the profitability of the industry has been adversely affected by increased cost of inputs like furnace oil paper bags etc., and high incidence of direct

taxes.

PROFITABILITY

In spite of lower selling prices, higher input costs and lower production, your company was able to close its first six months of commercial production with an operating profit of Rs. 45.691 million. After providing for financial charges of Rs. 71.290 million, the figure has turned into a net loss of Rs. 24.580 million only.

Your company is striving hard to make its operations viable and profitable. The cement produced by the company is of very high quality and the users have shown their preference for it in all parts of the country. Recently the company has successfully launched its cement in the southern region of the country and has maintained a steady flow of supplies to Karachi, Sindh and Baluchistan. Although, at present these supplies are on a small scale, we hope that the quantity of our supplies to the southern region will increase with the passage of time.

SALES TAX EXEMPTION

In Federal Budget for 1997-98, the Federal Government withdrew the exemption of sales tax available to new cement plants in NWFP under SRO 580(I)/91 dated 27th June, 1996 and SRO 561(I)/94 dated 9th June, 1994 by applying the exemption to all the cement plants, old and new, in the country and increasing the excise duty from 35% to 40% ad velorum. Earlier in March 1997, the government had reduced sales tax from 18% to 12.5%. The reduction of sales tax from 18% to 12.5% in March, 1997 and complete withdrawal of sales tax and subsequent increase in excise duty on cement has resulted in a reduction of Rs. 349.00 in per ton of tax liability of well established plants in developed areas with all the advantage of infrastructure and transportation cost. On the other hand, the tax liability of the new plants who have to incur higher distribution costs because of distance from market and higher operational costs due to remote location, increased by Rs. 170.00 per ton. Thus the new units set-up in remote areas of NWFP have been placed in a disadvantageous position by Rs. 519.00 per ton.

The present Government has taken a number of steps to revitalize the economy and to attract local and foreign investment in the country. To attract fresh local and foreign investment, it is essential that the prospective investors have confidence in the stability and continuity of government's policy. Your company had established the plant in one of the remotest area of the country and attracted foreign equity investment of over US\$ 33 million in the project on the basis of the fact that the project enjoyed sales tax exemption. The withdrawal of this exemption is sending negative message to prospective investors both local and foreign. Besides it is contrary to the provisions of section 6 of the Economic Reforms Act, 1992 which reads:-

"The fiscal incentives for investment provided by the government through statutory orders listed in the schedule OR OTHERWISE NOTIFIED shall continue in force for the terms specified therein and SHALL NOT BE ALTERED TO THE DISADVANTAGE OF THE INVESTORS"

Your directors hope that in the larger interest of the country's economy, this ill advised withdrawal of

benefit to the units in NWFP will be restored.

EXPORTS

In order to meet the oversupply situation of the cement in the country, the government has permitted the export of cement and has notified a draw back of 12.5 % subject to a maximum of Rs. 250.00 for clinker' and Rs. 300.00 for cement for export by sea. In the context of present situation in international market the amount of rebate is inadequate. Moreover the rebate is available for export by sea only and therefore it will benefit only the units in southern area of the county. It is suggested that the rebate be made available for export by land as well.

AUDITORS

The auditors, M. Yusuf Adil & Co., Chartered Accounts retire and being eligible offer themselves for reappointment.

PATTERN OF SHAREHOLDING

The pattern of Share Holding as on 30th June, 1997 is annexed to this report.

SUBSIDIARY

The audited accounts of the Lucky Powertech Limited, the company's wholly owned subsidiary, for the year ended 30th June, 1997 are annexed to this report.

ACKNOWLEDGMENT

Your directors appreciate the untiring efforts made by the team of the company's managers, technicians and workers as well as support extended by our stockiest and dealers. We hope that they will continue to work with the same zeal in future.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Lucky Cement Limited as at June 30, 1997 and related profit and loss account and the statement of changes in financial position (cash flow statement) together with the notes forming part thereof, for the period 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 and, after due verification thereof, we report that:

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

b. in our opinion:

i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii. the expenditure incurred during the year was for the purpose of the Company's business;
and

iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account and the statement of changes in financial position (cash flow statement) together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1997 and of the loss and the changes in financial position for the year then ended; and

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

BALANCE SHEET AS AT JUNE 30, 1997

	Note	1997 Amount in "000"	1996
SHARE CAPITAL AND RESERVE			
Authorised capital			
300,000,000 ordinary shares of Rs. 10/= each		3,000,000 =====	3,000,000 =====
Issued, subscribed and paid-up capital			
245,000,000 ordinary share of Rs. 10 each fully paid in cash		2,450,000	2,450,000
Capital reserve			
Share premium		990,000	990,000
Loss for the period		(26,580)	-
		-----	-----
		3,413,420	3,440,000
LONG TERM LOANS	3	603,000	521,323
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	4	101,139	-
DEFERRED LIABILITIES	5	68,707	88.35
LONG TERM DEPOSITS	6	24,817	31,525
CURRENT LIABILITIES			
Short term finance	7	135,127	-
Current portion of long term liab.	8	12,946	-
Creditors, accrued and other liab.	9	260,825	75,328
Provision for taxation		2,000	-

		-----	-----
		410,898	75,328
CONTINGENCIES AND COMMITMENTS	10		
		-----	-----
		4,621,981	4,156,521
		=====	=====

The Annexed notes from 1 to 29 form an integral part of these accounts.

	Note	1997 Amount in "000"	1996
FIXED ASSETS - TANGIBLE			
Operating assets	11	13,674,541	3,600,464
Capital work-in-progress	12	317,766	117,454
		-----	-----
		3,992,307	3,717,918
LONG TERM INVESTMENT	13	200,000	172,500
LONG TERM DEPOSITS AND DEFERRED COSTS	14	63,427	54,352
CURRENT ASSETS			
Stores and spares	15	131,815	43,696
Stock in trade	16	34,278	5,303
Trade debtors		37	1,902
Advances, deposits, prepayments and other receivable	17	155,127	102,249
Cash and bank balances	18	44,990	58,601
		-----	-----
		366,247	211,751
		-----	-----
		4,621,981	4,156,521
		=====	=====

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM JANUARY 01, 1997 TO JUNE 30, 1997**

	Note	1997 Amount in "000"
Sales	19	393,002

Cost of sales	20	311,366

Gross profit		81,636
Operating expenses		
Administrative	21	31,338
Selling and distribution	22	4,607

		(35,945)
Operating profit		45,691
Other income	23	1,019

		46,710
Financial charges	24	(71,290)

Loss before taxation		(24,580)
Provision for taxation		(2,000)

Loss after taxation carried to balance sheet		(26,580)
		=====

The annexed notes from 1 to 29 form an integral part of these accounts

STATEMENT OF CHANGES IN FINANCIAL POSITION (CASH FLOW STATEMENT) FOR THE YEAR ENDED JUNE 30, 1997

	1997	1996
	Amount in "000"	
A. CASH FROM OPERATING ACTIVITIES		
Loss before taxation	(24,580)	-
Adjustment for:		
Depreciation	43,710	-
Amortization of deferred cost	5,806	-
(Gain) / Loss on disposal of fixed assets	(315)	22
Gratuity	2,220	-
Financial charges	71,290	-
	-----	-----
Profit before working capital changes	98,131	22
Working capital changes		
(Increase) / Decrease in current assets		

Sores and spares	(88,119)	(43,696)
Stock in trade	(28,975)	(5,303)
Trade debtors	1,865	(1,902)
Advances, deposit, prepaymerits and other receivable	(52,878)	(37,956)
(Increase) / Decrease in current liabilities Creditors, accrued and other liabilities	119,540	277,684)
	-----	-----
Cash generated from operation	49,564	366,519)
Financial charges paid	(55,099)	-
	-----	-----
Net cash used in operating activities	(5,535)	(366,519)
	=====	=====

B. CASH FROM INVESTING ACTIVITIES

Fixed capital expenditure	(373,078)	(1,059,972)
Sales proceed of fixed assets	105,060	480
Long term investment	(27,500)	(72,500)
Long term deposits	(11,174)	-
Deferred costs	(3,707)	(10,799)
	-----	-----
Net cash used in investing activities	(310,399)	(1,142,791)
	=====	=====

1997 **1996**
Amount in "000"

C. CASH FROM FINANCING ACTIVITIES

Long term loan obtained	95,000	521,323
Long term loan paid	(823)	-
Finance lease obtained	101,742	-
Lease finance paid	(157)	-
Deferred liabilities	(21,858)	-
Long term deposits	(6,708)	31,525
Short term finance	135,127	-
	-----	-----
Net cash from investing activities	302,323	552,848
	=====	=====
Net decrease in cash and cash equivalentents (A+B+C)	(13,611)	(956,462)
Cash and cash equivalentents at the beginning of the year	58,601	1,015,063
	-----	-----
Cash and cash equivalentents at the end of the year	44,990	58,601

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**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED,
JUNE 30, 1997**

1. THE COMPANY AND ITS OPERATION

The Lucky Cement Limited was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984. The shares of the Company are quoted on the Stock Exchanges of Pakistan. The principal activity of the Company is manufacture and sale of Cement. The project is located at District Lakki Marwat in North West Frontier Province. The Company commenced commercial operation from January 01, 1997.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the 'historical cost convention'.

2.2 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all its employees. Annual provisions are made in the accounts to cover this liability.

2.3 Taxation

Current

Provision for current taxation is based on current rates of tax after taking into account tax rebates and credits available, if any.

Deferred

The Company accounts for deferred tax on all material timing differences using the liability method. However, deferred tax is not provided if it can be established with reasonable certainty that these timing differences will not reverse in the foreseeable future.

2.4 Fixed assets and depreciation

Operating assets

These are stated at cost less accumulated depreciation except capital-work-in-progress which are stated at cost.

Depreciation is charged to income applying the straight line method at the rates mentioned in the relevant note except on plant and machinery on which depreciation is charged on units of production method based on higher of estimated life and production. Full year's depreciation is charged on additions while no depreciation is charged on assets deleted. However, capitalization of project cost is depreciated proportionally for the period of use.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets are allocated to preproduction expenses till commercial production commences and thereafter to profit and loss account.

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 fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under the finance leases are depreciated at rate specified in relevant note.

2.5 Capital work in progress

All cost/expenditure directly related to specific assets incurred during project implementation period are carried under this head. These are transferred to specific assets as and when assets are available for use.

2.6 Deferred Costs

Deferred cost is to be amortized over a maximum period of five years beginning from the year of deferment.

2.7 Investments

Investments are stated at cost. Provision is made for permanent diminutes in value.

2.8 Stores and spares

These are valued at moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date.

2.9 Stock in trade

These are valued at lower of cost or net realizable value. Cost signifies in relation to raw and packing material at average cost, in case of work in process and finished goods at average cost comprising prime cost and appropriate manufacturing overheads.

2.10 Foreign Currency Transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at rates of exchange prevailing at the balance sheet date, except those covered under the forward exchange contracts which are translated at cover rate or which are kept in foreign currency account to be utilized for payment abroad. Exchange gains and losses on translation are allocated to pre production expenses till commercial production commences and thereafter to profit and loss account.

2.11 Revenue Recognition

Sales are recorded on despatch of goods to customers.

Note	1997	1996
------	------	------

Amount in "000"

3. LONG TERM LOANS

Secured			
Banking Company	3.10	520,500	521,323
Investment bank	3.20	50,000	-
Unsecured			
Sponsors	3.30	45,000	
		-----	-----
		615,500	521,323
Less .: Payable within one year shown under current liabilities		(12,500)	-
		-----	-----
		603,000	521,323
		=====	=====

3.1 This loan is secured against first charge by way of equitable mortgage on the fixed assets and hypothecation on plant/machinery and equipments other than of Line 'A' and floating charge on book debts. This loan is subject to mark-up @ 45 paise per Rs. 1000/- per day. The sanctioned amount of loan is Rs. 524.236 million and is repayable in monthly installments from July 1998.

3.2 This loan is secured against second charge restricted upto Rs. 68 million on the plant and equipment other than of Line 'A'. The loan is subject to mark-up @ 23%. It is repayable in 4 equal half yearly installments commencing from April 1998.

3.3 This represents loan from sponsors free of interest.

4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Obtained during the year	101,742	-
Paid during the year	(157)	-
	101,585	-
Payable within one year shown under current liabilities	(446)	-
	-----	-----
	101,139	-
	=====	=====

4.1 Liabilities against assets subject to finance lease represent liability for finance obtained under sale and lease back arrangements with a commercial bank and vehicles under finance lease with a leasing company. Approximate discounting rate is 21%.

4.2 The amount of future lease payments to which the Company is committed as at June 30, 1997 are as under:

1997	1996
-------------	-------------

		Amount in "000"	
Year ending June 30			
1998		724	
1999		41,458	
2000		41,156	
2001		40,734	

		124,072	
Less: Finance charge allocated to future periods			
		(22,487)	

		101,585	
		=====	

5. DEFERRED LIABILITIES

Staff Gratuity		4,414	2,194
Retention money - Local contractor	5.1	49,306	40,806
Foreign suppliers	5.1	14,987	45,345
		-----	-----
		68,707	88,345
		=====	=====

5.1 These represent retention money payable to contractor and supplier of machinery on deferred payment basis after July 1998. These on unsecured and interest free.

6. LONG TERM DEPOSITS - Unsecured

Cement Stockiest	6.1	10,237	14,915
Transporters	6.2	14,400	16,500
Others		180	110
		-----	-----
		24,817	31,525
		=====	=====

6.1 This represents interest free security deposits received from Stockiest and is repayable on cancellation or withdrawal of stockistship and adjustable with unpaid amount of sales.

1997	1996
Amount in "000"	

6.2 This represents interest free security deposits received from transporters and is repayable on cancellation or withdrawal of contracts.

7. SHORT TERM FINANCE - Secured	135,127	-
--	---------	---

7.1 This represents running finance facilities from commercial banks. The amount sanctioned is Rs. 150 million. These facilities are subject to mark-up @ 15.5 p.a. and are secured by

way of charge on stores and spares and assets ranking pari passu with the charge created to secure the long term loan (refer note # 3.1).

8. CURRENT PORTION OF LONG TERM

LIABILITIES

Long term loans	12,500	-
Liability against assets subject to finance lease	446	-
	-----	-----
	12,946	-
	=====	=====

9. CREDITORS, ACCRUED AND OTHER

LIABILITIES

Creditors	148,438	42,326
Accrued expenses	8,805	524
Markup on long term loans and short term finances	82,671	16,714
Advances from customers	5,663	1,486
Retention money	12,280	12,901
Withholding taxes	2,799	576
Other	169	801
	-----	-----
	260,825	75,328
	=====	=====

10. CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 Under SRO 484(1)/92 dated May 14, 1992 the plant and machinery not being manufactured locally was exempt from custom duty and sales tax, if imported before June 30, 1995. The Company obtained certificates from the Ministry of Industries and Central Board of Revenue (CBR) that the machinery being imported was not manufactured locally. In April 1995 the Central Board of Revenue advised the Custom authorities that the local industry was capable of manufacturing some of the equipment being imported by the company and that exemption from custom duty and sales tax on such equipments be denied. The Company has filed a writ petition against CBR's instructions before the Peshawar High Court. The High Court was pleased to grant an ad interim injunction which was later on confirmed. The amount of levy is not ascertained at this stage. The case is pending with Peshawar High Court for final decision.

10.2 In January, 1995, the Chinese Supplier of the plant sent a shipment of certain equipment by air which were found to be short supplied at the time of erection. Since the equipment were part and parcel of the main plant, the supply was made free of charge. The custom authorities however, assessed the equipment to duties and taxes of Rs. 20,830,226/- which was paid in full. The Company has disputed this levy and has filed an appeal before the Customs, Excise and Sales Tax Appellate Tribunal. The appeal is pending.

10.3 A dispute has arisen with a contractor at the initial stage of contract for construction of residential quarters. The company has paid an amount of Rs. 4.05 million as mobilization

advance. The contractor has filed an arbitration suit in the Sind High Court. The dispute is likely to be referred to an arbitrator. However, both the parties are still holding negotiations for a mutual settlement.

	1997	1996					
	Amount in "000"						
Commitments in respect of							
Letters of credit	2,526	91,593					
Civil work contracts	143,049	162,950					
11. OPERATING ASSETS							
Particulars	Cost at July 01, 1996	Addition/ (Disposal)/ adjustment	Cost at June 30, 1997	Rate % p.a.	Accumulated Depreciation at June 30, 1997	Book value at June 30, 1997	Depreciation for the Year
Owned							
Land - Free hold	5,065	126	5,191	-	-	5,191	-
Buildings on free hold land	658,161	21,030	679,191	5	9,495	669,696	9,495
Plant and Machinery	2,714,537	97,888 (100,907)	2,711,500	UPM	22,688	2,688,830	22,688
Quarry Equipments	185,657	(2,289)	183,368	5	4,584	178,784	4,584
Vehicles	20,217	31 (2,142)	18,106	20	8,487	9,619	2,405
Furniture and fixtures	4,299	511	4,810	10	1,135	3,675	409
Office Equipments	15,793	1,193 (120)	16,866	10	3,737	13,675	1,458
Other assets	7,678	-	7,678	10	1,797	5,881	653
	3,611,407	120,779 (105,458)	3,626,728		51,923	3,574,805	41,692
Leased							
Plant and Machinery	-	100,000	100,000	UPM	1,667	98,333	1,667
Vehicles	-	1,754	1,754	20	351	1,403	351
	-	101,754	101,754		2,018	99,736	2,018
1997 (Rupees in '000')	3,611,407	222,533 (105,458)	3,728,482		53,941	3,674,541	43,710
1996 (Rupees in '000')	33,176	3,578,232	3,611,408		10,943	3,600,464	5,860

UPM: Unit of Production Method

11.1 A portion of land has been leased for twenty years to Lucky powertech Limited, a wholly owned subsidiary company, for Power Plant.

	1997	1996
	Amount in "000"	
11.2 Depreciation charge for the year has been allocated as follows:		
Cost of sales	38,434	-
Administration expenses	2,741	-
Selling expenses	72	-
Trial operation	2,463	-
	-----	-----
	43,710	-
	=====	=====

11.3 Depreciation on building and plant and machinery has been calculated on the value of Line 'B' only as the Line 'A' of the plant did not commence commercial production during the period of these accounts.

11.4 Upto accounting year ended June 30, 1996 depreciation on furniture and fixture, office equipment, vehicles and other assets were charged on reducing balance method. From July 01 1996 the method of charging depreciation is changed to straight line basis. The method has been changed to conform with the method adopted for charging depreciation on buildings and quarry equipments etc. The depreciation for the period would have been same if there would have been no change in the depreciation method.

There is no effect on the amount of loss for the period due to change in the method.

11.5 Disposal of assets

Particulars	Cost	Written down Value	Sale Proceeds	Mode of Disposal	Particulars of Buyers
Machinery	100,000	100,000	100,000	Sale and Lease back	Faysal Bank Limited Karachi
Machinery	67	67	67	Insurance Claim	Adamjee Insurance Co, Ltd, Karachi
Machinery	440	440	440	Insurance Claim	Adamjee Insurance Co, Ltd, Karachi
Quarry equipment	145	145	145	Insurance Claim	Adamjee Insurance Co, Ltd, Karachi
Quarry equipment	2,144	2144	2,144	Insurance Claim	Adamjee Insurance Co, Ltd, Karachi
Office equipment	120	108	108	Replacement'	Limton Watch Co. (Pvt.) Ltd
Vehicle	950	487	595	Negotiation	Jameel Motors, Karachi
Vehicle	877	702	826	Insurance Claim	Adamjee Insurance Co, Ltd, Karachi
Vehicle	315	252	335	Insurance Claim	Adamjee Insurance Co, Ltd, Karachi
	-----	-----	-----	-----	-----
	105,058	104,345	104,660	-----	-----
	=====	=====	=====	=====	=====

Note

1997

1996

Amount in "000"

12. CAPITAL WORK-IN-PROGRESS

Advances			
Plant and machinery		1,174	-
Civil works		-	3,859
Others		5,731	5,097
		-----	-----
		6,905	8,956
Work-in-progress			
Plant and machinery - Local		69,560	-
Building and civil works		102,560	58,844
Quarry development		863	711
Electrification		21,601	11,387
Water supply development		10,244	11,368
Mechanical erection and installation		25,101	-
Other assets		2,486	14,790
		232,415	97,100
Construction material at site		5,140	11,398
Unallocated capital expenditure	12.1	73,306	-
		-----	-----
		317,766	117,454
		=====	=====
12.1 Unallocated Capital Expenditure			
Staff Salaries and benefits		43,568	
Traveling and conveyance		5,846	
Repairs and maintenance		1,624	
Vehicle running and maintenance		3,472	
Legal and professional		607	
Depreciation		2,463	
Communication		3,579	
Utilities		25,592	
Others		3,345	

		90,096	
Surplus from trial operation	12.1.1	(16,790)	

		73,306	
		=====	

12.1.1 Due to discontinuation of production in August 1996, the Line 'A' of the plant could not commence commercial operation which had started trial operation in June 1996. The surplus arising from the trial operation of Line 'A' in July and August 1996

together with the trial operation of Line 'B' during December 1996 has been set off against unallocated pre- production expenses. The trial operation details of both Lines are as follows:

	1997	
	Amount's "000"	
Gross Sales	135,289	
Less: Excise Duty and loading charges	52,299	

	82,990	
Cost of Sales and other expenses:		
Raw and Packing material	11,791	
Fuel and power	59,672	
Salaries allowances and benefits	5,478	
Vehicle running and maintenance	978	
Others	3,292	

	81,211	
Less: Work in process closing	13,327	
Finished goods closing	1,685	

	(15,011)	

	66,200	

Surplus from trial operation	16,790	
	=====	

	1997	1996
	Amount in "000"	
13. LONG TERM INVESTMENT		
Wholly owned subsidiary		
Lucky Powertech limited - Unquoted		
20,000,000 fully paid ordinary		
shares of Rs. 10/- each		
(1996: 10,000,000 ordinary shams)	200,000	100,000
Advance for 7,250,000 ordinary shares		
of Rs. 10/- each	-	72,500
	-----	-----
	200,000	172,500
	=====	=====

Latest financial statements of subsidiary and statement under section 237 of Companies Ordinance, 1984, are enclosed

	1997	1996
	Amount in "000"	
14. LONG TERM DEPOSITS AND DEFERRED COSTS		
Long term lease deposits	11,174	-
Deferred Costs		
Preliminary expenses	2,507	2,507
Issue of shares	41,046	41,046
Quarry development costs	12,079	10,576
Other deferred costs	2,427	223
	-----	-----
	58,059	54,352
Less: Amortization of deferred costs	(5,806)	-
	-----	-----
	52,253	54,352
	-----	-----
	63,427	54,352
	=====	=====

15. STORES AND SPARES		
Stores	33,835	43,696
Spares	83,155	-
Spares in transit	14,825	-
	-----	-----
	131,815	43,696
	=====	=====

16. STOCK-IN -TRADE		
Raw and packing material	3,704	2,195
Work in process	22,903	1,955
Finished goods	7,671	1,150
	-----	-----
	34,278	5,303
	=====	=====

	1997	1996
	Amount in "000"	
17. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances		
Employees	2,224	2,319

Advance to wholly owned subsidiary for power supply	60,744	-
Advance income tax	32,971	19,156
Excise duty	3,359	1,314
Advance to suppliers and others	26,042	29,361
Other advances	1,956	-
	-----	-----
	127,296	52,150

Deposits and prepayments

Deposits	2,781	2,468
Prepayments	121	1,526
	-----	-----
	2,902	3,994

Other receivables - Considered goods

Interest	-	348
Octroi refundable	1,789	10,577
Insurance Claim	150	10
Freight	102	102
Custom duty	20,830	20,830
Others	2,058	14,238
	-----	-----
	24,929	46,105
	-----	-----
	155,127	102,249
	=====	=====

18. CASH AND BANK BALANCES

Bank balances		
Current accounts	14,536	5,092
PLS accounts	30,419	53,460
	-----	-----
	44,955	58,552
Cash in hand	35	49
	-----	-----
	44,990	58,601
	=====	=====

1997

Amount in "000"

19. SALES

Gross Sales	638,851
Less :Excise duty	244,358

Loading charges	1,491

	393,002
	=====

20. COST OF SALES

Raw material	4,354
Packing material	54,508
Fuel and power	197,768
Salaries and wages	15,150
Repairs and maintenance	3,267
Depreciation	38,434
Insurance	7,547
Amortization of quarry development	1,208
Other manufacturing expenses	1,589

	323,825
	=====

Work-in-process	
Opening (Jan 01, 1997)	15,281
Closing	(22,903)

	(7,622)

Cost of goods manufactured	316,203
-----------------------------------	---------

Finished goods	
Opening (Jan 01, 1997)	2,834
Closing	(7,671)

	(4,837)

	311,366
	=====

Note **1997**
Amount in "000"

21. ADMINISTRATIVE EXPENSES

Salaries and benefits	6,040
Communication	5,210
Amortization of deferred cost	4,598
Traveling and conveyance	2,850
Depreciation	2,741

Insurance		1,706
Vehicle running and maintenance		1,584
Advertisement		1,363
Printing and stationery		979
Security services		917
Entertainment		740
Legal and professional		549
Transportation and freight		472
Rent rate and taxes (net)		368
Utilities		321
Repair and maintenance		311
Auditors remuneration	21.1	179
Charity and donation		177
Fee and subscription		99
Other		134

31,338

=====

21.1 Auditors Remuneration

Audit fee		90
Out of pocket		25
Other services		64

179

=====

1997

Amount in "000"

22. SELLING AND DISTRIBUTION EXPENSES

Salaries and benefits		2,554
Communication		1,162
Traveling and conveyance		224
Printing and stationery		179
Utilities		142
Vehicle running and maintenance		80
Repairs and maintenance		74
Depreciation		72
Fee and subscription		45
Advertisement		26
Entertainment		15
Transportation and freight		8
Other		26

4,607

=====

23. OTHER INCOME

Interest	741
Sale of scrap	185
Miscellaneous	93

	1,019
	=====

24. FINANCIAL CHARGES

Mark-up on	
Long term loans	56,219
Lease finances	145
Short term borrowings	10,360
Excise duty on borrowings	3,490
Bank charges and commission	1,076

	71,290
	=====

25. TAXATION**Current**

Taxable income is worked to be a tax loss. However, provision based on turnover u/s 80D of the Income Tax ordinance 1979, has been made.

Deferred

Deferred taxation arising due to timing differences computed Under the liability method is estimated at Rs. 375 million

	1997	1990
	Amount in "0130"	
26. REMUNERATION OF EXECUTIVES		
Remuneration	11,439	7,049
House Rent Allowance	5,266	3,172
Utilities Allowance	1,238	837
Conveyance Allowance	950	562
	-----	-----
	18,893	11,620
	=====	=====
Number of Persons	71	43
	=====	=====

No remuneration were paid to Chief Executive and/or directors of the company. The Chief Executive has voluntarily decided not to accept any remuneration for the year ended June 30, 1997.

27. AGGREGATE TRANSACTION WITH ASSOCIATED UNDERTAKINGS

Purchases of power	118,615	11,239
Supply of fuel and lubricant	62,558	-
Rent	278	278

28. PRODUCTION CAPACITY

	Metric tons	
	Line A	Line B
Installed capacity (330 days)	660,000	660,000
Actual production (6 months)	Not in operation	208,680

Reasons for short fall

(1) Line 'A' could not operate to the level of commercial production because of problem in the civil foundation of Kiln and Cooler.

(2) The production of Line 'B' was low because of initial teething problems.

29. GENERAL

29.1 Figures have been rounded off to the nearest thousand of rupees.

29.2 Corresponding figures have been rearranged, whenever necessary for the purpose of comparison.

PATTERN OF SHAREHOLDING AS AT JUNE 30, 1997

NUMBER OF SHARE HOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	FROM		TO	
376	1	-	100	37,600
37093	101	-	500	18,379,400
347	501	-	1000	286,900
384	1001	-	5000	1,195,400
190	5001	-	10000	1,717,800
48	10001	-	15000	621,600
40	15001	-	20000	755,100
29	20001	-	25000	714,150
26	25001	-	30000	764,100
3	30001	-	35000	99,000
5	35001	-	40000	194,100
5	40001	-	45000	217,000
6	45001	-	50000	299,000

1	50001	-	55000	51,100
5	55001	-	60000	293,200
1	60001	-	65000	65,000
12	65001	-	70000	835,400
8	70001	-	75000	596,200
3	75001	-	80000	237,600
2	80001	-	85000	164,300
1	90001	-	95000	90,500
8	95001	-	100000	796,700
2	115001	-	120000	239,000
1	125001	-	130000	127,100
1	145001	-	150000	150,000
1	165001	-	170000	167,500
1	175001	-	180000	179,600
1	185001	-	190000	185,900
3	195001	-	200000	600,000
2	245001	-	250000	500,000
1	260001	-	265000	263,900
2	265001	-	270000	537.00
3	395001	-	400000	1,200,000
1	410001	-	415000	413,500
3	495001	-	500000	1,500,000
19	515001	-	2275000	22,181,120
2	2495001	-	2500000	5,000,000
2	2545001	-	2550000	5,100,000
2	3045001	-	3050000	6,,100,000
1	3585001	-	3590000	3,587,100
1	3995001	-	4000000	4,000.00
1	4140001	-	4145000	4,142,300
1	4495001	-	4500000	4,500,000
2	4995001	-	5000000	10,000,000
1	5190001	-	5195000	5,194,800
1	6695001	-	670000	6,700,000
1	6745001	-	675000	6,745,500
1	8330001	-	8335000	8,333,350
1	14300001	-	14305000	14,303,000
1	19785001	-	19790000	19,789,700
2	21210001	-	21215000	42,424,240
1	42420001	-	42425000	42,424,240
-----				-----
38655				245,000,000
=====				=====

S. NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARE HOLDERS	TOTAL SHARES HELD	PERCENTAGE
--------	----------------------------	-------------------------	-------------------	------------

1	Individuals	38581	83,803,320	34.21
2	Investment Companies	26	105,699,880	4,314
3.	Insurance Companies	5	1,471,900	0.60
4.	Joint Stock Companies	21	27,933,200	11.40
5	Financial Institutions	9	25,022,000	10.21
6.	Modaraba Companies	8	877,200	0.36
7	Others	5	192,500	0.08
	-----	-----	-----	-----
	Total	38655	245,000,000	100.00
	=====	=====	=====	=====

LUCKY POWERTECH LIMITED
WHOLLY OWNED SUBSIDIARY

STATEMENT AND REPORT UNDER
SECTION 237 OF
THE COMPANIES ORDINANCE, 1984

SUBSIDIARY
LUCKY POWERTECH
LIMITED

Statement under section (1) (e)

- a) Extent of the interest of Lucky Cement Limited (the holding company) in the equity of its subsidiary as at the end of the last date of the financial year of the subsidiary 100%
- b) The net aggregate amount of revenue/profits less losses of the subsidiary company, so far as these concern members of the holding Company and has not been dealt with in the accounts of the holding Company for the year ended June 30, 1997 are:
- i) For the last of the financial year of the subsidiary 44.785 million
- ii) For the previous years upto June 30, 1997 but subsequent to the acquisition of the controlling interest by the holding company Nil
- c) The net aggregate amount of profits, less losses of the subsidiary company so far as these have been dealt with or provision made for losses in the account of the holding company for the year ended June 30, 1997
- i) for the last of the financial year of the subsidiary Nil

ii) for the previous years upto June 30, 1997 but subsequent to the acquisition of the controlling interest by the holding company

Nil

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Lucky Powertech Limited as at June 30, 1997 and related profit and loss account and the statement of changes in financial position (cash flow statement) together with the notes forming part thereof, for the period 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 and, after due verification thereof, we report that:

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

b. in our opinion:

i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii. the expenditure incurred during the year was for the purpose of the Company's business; and

iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account and the statement of changes in financial position (cash flow statement) together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 1997 and of the loss and the changes in financial position for the period then ended; and

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

BALANCE SHEET AS AT JUNE 30 , 1997

Note	1997	1996
	Amount in "000"	
SHARE CAPITAL		
Authorised		
20,000,000 ordinary shares of Rs. 10/- each	200,000	200,000
	=====	=====

Issued, subscribed and paid up			
20,000,000 (1996: 10,000,000) ordinary shares of Rs. 10/- each fully paid in cash		200,000	100,000
Loss for the period		(44,785)	-
		-----	-----
		155,215	100,000
ADVANCE AGAINST SHARES		-	72,500
LONG TERM LOANS	3	224,700	242,570
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	4	138,816	183,752
DEFERRED LIABILITIES	5	73,054	82,714
CURRENT LIABILITIES			
Current portion of loans and lease l	6	70,066	66,930
Creditors, accrued and other liabili	7	112,935	13,881
		-----	-----
		183,001	80,811
COMMITMENTS	8	-	-
		-----	-----
		774,786	762,347
		=====	=====

The annexed notes from 1 to 15 form an integral part of these accounts.

	Note	1997 Amount in "000"	1996
FIXED ASSETS - TANGIBLE			
Operating assets	9	742,374	719,894
Capital work-in-progress		252	-
		-----	-----
		742,626	719,894
LONG TERM LEASE DEPOSITS AND DEFERRED COST		22,345	22,377
CURRENT ASSETS			
Stores and spares		7,144	17,073
Advances, deposits and other receive	10	2,393	2,216
Bank balances	11	278	787

-----	-----
9,815	20,076
-----	-----
774,786	762,347
=====	=====

**PROFIT AND LOSS ACCOUNT FOR
THE PERIOD FROM JANUARY 01, 1997 TO JUNE 30, 1997**

	Note	1997 Amount in "000"
Sale of electricity		78,407
Cost of generation	12	75,858

Gross profit		2,549
Administrative expenses	13	1,662

Operating profit		887
Financial charges	14	(45,672)

Loss for the period carried to balance sheet		(44,785)
		=====

The annexed notes from 1 to 15 form an integral part of these accounts

**STATEMENT OF CHANGES IN FINANCIAL POSITION (CASH
FLOW STATEMENT) FOR THE YEAR ENDED JUNE 30, 1997**

	1997 Amount in "000"	1996
A. CASH FROM OPERATING ACTIVITIES		
Loss for the period	(44,785)	-
adjustment for:		
Depreciation	19,206	-
Provision for gratuity	231	-
Financial charges	45,672	-
Deferred cost	32	-
	-----	-----
Operating profit before working capital changes	20,416	-

Changes in working capital		
(Increase) / Decrease in current assets		
Stores and spares	9,929	(17,073)
Advances, deposits and other receivable	(177)	5,785
(Increase) / Decrease in current liabilities		
Creditors, accrued and other liabilities	63,574	101,803
	-----	-----
Cash generated from operation	93,742	113,091
Financial charges paid	(10,192)	-
	-----	-----
Net cash from/(used in) operating activities	83,550	(113,091)
	=====	=====
B. CASH FROM INVESTING ACTIVITIES:		
Fixed capital expenditure	(41,998)	(186,822)
Deferred cost	-	(313)
	-----	-----
Net cash used in investing activities	(41,998)	(187,135)
	=====	=====
	1997	1996
	Amount in "000"	
C. CASH FROM FINANCING ACTIVITIES		
Share capital / premium	100,000	-
Advance against. shares	(72,500)	72,500
Long term loans	(29,406)	209,801
Liabilities against assets subject to finance lease	(30,264)	131,518
Short term borrowings	-	(127,000)
Deferred liabilities	(9,891)	-
	-----	-----
Net cash (used in) from investing activities	(42,061)	286,819
	=====	=====
Net decrease in cash and cash equivalents (A+B+C)	(509)	(13,407)
Cash and cash equivalent at the beginning of the year	787	14,194
	-----	-----
Cash and cash equivalent at the end of the year	278	787
	=====	=====

NOTES TO THE ACCOUNTS FOR

THE YEAR ENDED JUNE 30, 1997.

1. THE COMPANY AND ITS OPERATION

Lucky Powertech Limited was incorporated on June 26th, 1994 under the Companies Ordinance 1984. The principal activity of the Company is to generate and provide electricity to Lucky Cement Limited. The project is located at District Lakki Marwat in North West Frontier Province. The Company commenced commercial operation from January 01, 1997.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the 'historical cost convention'.

2.2 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all its employees. Annual provisions are made in the accounts to cover the liability.

2.3 Fixed assets and depreciation

Operating assets

These are stated at cost less accumulated depreciation except capital work-in-progress which are stated at cost.

Depreciation is charged to income applying the straight line method at the rates mentioned in the relevant note except on plant and machinery on which Depreciation is charged on Unit of production method based on higher of estimated life and production. Full year's depreciation is charged on additions while no depreciation is charged on assets deleted. However capitalization of project cost is depreciated proportionally for the period of use.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of assets are allocated to preproduction expenses till commercial production commences and thereafter to profit and loss account.

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 fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under the finance leases are depreciated at the rate specified in relevant note.

2.4 Capital work in progress

All costs/expenditure directly related to specific asset incurred during the implementation period are carried under this head. These are transferred to specific assets as and when assets are available for use.

2.5 Deferred cost

Deferred cost is amortized over a maximum period of five years beginning from the year of deferment.

2.6 Stores and spares

These are valued at moving average cost. Item in transit are stated at cost accumulated upto the balance sheet date.

2.7 Taxation

Profits and gains of the company are exempt from levy of income tax under clause 176 of Part I and clause 20 of Part-IV of the second schedule to the Income Tax Ordinance, 1979.

2.8 Foreign Currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange ruling at the balance sheet date, except where forward exchange contracts have been entered into for payment of liabilities in which case the rate contracted for is used. Exchange gains and losses on translation are allocated to Preproduction expenses till commercial production commences and thereafter to profit and loss account.

2.9 Revenue Recognition

Revenue is recognized on the basis of electricity supplied to the consumer.

		1997	1996
		Amount in "000"	
3. LONG TERM LOANS			
Secured			
Banking company			
Demand Finance - I	3.1	150,000	150,000
Demand Finance - II	3.1	60,400	69,500
Investment bank			
Morahaba Finance	3.2	23,070	57,676
Unsecured			
Sponsors	3.3	14,300	-
		-----	-----
		247,770	277,176
Payable within one year shown under current liabilities		(23,070)	(34,606)
		-----	-----
		224,700	242,570
		=====	=====

3.1 The demand finance facility I and II are secured against mortgage charge on the fixed

asset and hypothecation of plant and machinery and floating charge on book debts. These demand finance facilities are subject to mark up @ 15.5% p.a. and 54 paisas per Rs. 1000/= per day respectively upto December 31, 1997 thereafter subject to reduced mark-up @ 45 paisa per Rs.1000/- per day. These finances are repayable in monthly installments from July 1998.

3.2 The morahaba finance is secured against a diesel generating set and is subject to a mark up @ 19.5% p.a.. This facility is repayable in 5 equal quarterly installments from December 1996

3.3 This represents loan from sponsors free of interest.

	1997	1996
	Amount in "000"	
4. LIABILITIES AGAINST ASSETS		
SUBJECT TO FINANCE LEASE		
Opening balance	216,076	69,815
Obtained during the year	-	153,239
	-----	-----
	216,076	223,054
Paid during the year	(30,264)	(6,978)
	-----	-----
	185,812	216,076
Payable within one year shown under current liabilities	(46,996)	(32,324)
	-----	-----
	138,816	183,752
	=====	=====

4.1 Liabilities against assets subject to finance lease represents liability for finance obtained under sale and lease back arrangement for diesel power generating sets from a commercial bank and leasing companies. Approximate discounting rate is 21% p.a.

4.2 The future lease payments to which the Company is committed at June 30, 1997 are as under:

	1997
Year ending June 30,	Amount in "000"
1998	73,238
1999	73,238
2000	74,933
2001	24,403

	245,812

Less: Finance charges allocated to
future periods (60,000)

185,812
=====

	Note	1997 Amount in "000"	1996
5. DEFERRED LIABILITIES			
Retention money	5.1	72,734	82,625
Staff gratuity		320	89
		-----	-----
		73,054	82,714
		=====	=====

5.1 This represents retention money payable to local contractor and supplier of power plant machinery.

**6. CURRENT PORTION OF LONG
TERM LIABILITIES**

Long term loans		23,070	34,606
Lease liabilities		46,996	32,324
		-----	-----
		70,066	66,930
		=====	=====

**7. CREDITORS, ACCRUED AND
OTHER LIABILITIES**

Advance against power supply from holding company		60,744	-
Creditors		3,134	4,264
Accrued expenses		3,388	-
Retention		1,307	1,585
Accrued Interest		43,025	7,545
Withholding tax		127	133
Other		1,210	354
		-----	-----
		112,935	13,881
		=====	=====

8. COMMITMENTS

Capital commitments under letters of credit		-	19,264
Capital expenditure contracts		-	30,174

9. OPERATING ASSETS

Particulars	Cost at July Addition, 01,1996	Capitalization /(Disposal)	Cost at June 30, 1997	Rate % p.a.	Accumulated Depreciation as at June 30 1997	Book Value at June 30 1997	Depreciation For the Year
Owned							
Building	26,298	3,982	30,280	5	757	29,523	757
Plant and Machinery	470,830	37,235	508,065	*UPM	12,703	495,362	12,703
Furniture and Fixture	479		479	10	96	383	48
Office equipment	1,371	17	1,388	10	276	1,112	139
Other assets	513	513	1026	10	155	871	103
	-----	-----	-----	-----	-----	-----	-----
	499,491	41,747	541,238		13,987	527,251	13,750
Leased							
Plant and machinery	220,639		220,639	*UPM	5,516	215,123	5,516
	-----	-----	-----	-----	-----	-----	-----
	720,130	41,747	76,877		19,503	742,374	19,266
	=====	=====	=====	=====	=====	=====	=====
1996 Rupees in '000'	-	720,130	720,130		236	719,894	236
	=====	=====	=====	=====	=====	=====	=====

* UPM = Unit of Production Method

9.1 The land on which the project is setup, has been obtained on lease of twenty years from Lucky Cement Limited, the holding company.

	1997	1996
	Amount in "000"	
9.2 Depreciation charge for the year has been allocated as follows:		
Cost of generation	18,976	-
Administration expenses	145	-
Trial operation	145	-
	-----	-----
	19,266	-
	=====	=====

9.3 Trial operation account

Sale of electricity	40,208
Cost of generation and other expenses:	
Fuel oil and Lubricants	20,153
Chemical	64
Salary and benefits	1,939
Others	460

Surplus from trial operation	(22,616)

Transferred to:	
Plant and machinery	17,592
Buildings	17,064
	528

	17,592

	-
	=====

	1997	1996
	Amount in "000"	
10. ADVANCES, DEPOSITS AND OTHER RECEIVABLES'		
Advance to suppliers	603	592
Advance tax	61	26
Security deposits	1,036	1,036
Octroi refundable	691	560
Others	2	2
	-----	-----
	2,393	2,216
	=====	=====
11. BANK BALANCES		
In current accounts	16	74
In PLS accounts	262	713
	-----	-----
	278	787
	=====	=====
12. COST OF GENERATION		
Oil and lubricants	53,053	
Chemicals	239	
Depreciation	18,976	
Salaries and wages	1,896	
Insurance	1,694	

	75,858	
	=====	
13. ADMINISTRATIVE EXPENSES		
Staff salaries and benefits	672	
Communication	230	
Entertainment	175	
Ground rent	139	
Depreciation	145	
Fees and subscription	58	

Audit fee	50
Printing and stationary	42
Amortization of deferred cost	31
Transportation	30
Vehicle running and maintenance	21
Repair and maintenance	17
Traveling and conveyance	10
Others	42

	1662
	=====

1997

Amount in "000"

14. FINANCIAL CHARGES

Markup on	
Long term loans	32,226
Lease finance	11,619
Excise duty on borrowings	1,822
Bank commission and charges	5

	45,672
	=====

15. GENERAL

15.1 Figures have been rounded of to nearest thousand rupees.

15.2 Corresponding figures have been rearranged, whereas necessary for the purpose of comparison.