

Lucky Cement Limited
Annual Report 1998

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Lucky Powetech Limited
Statement and Report under Section 237 of the Companies Ordinance, 1984

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
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EXECUTIVE DIRECTOR	Abdur Razzaq Thaplawala
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COMPANY SECRETARY & SR. MANAGER FINANCE	Muhammad Abid Ganatra ACA, ACMA, ACIS
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AUDITORS	M. Yousuf Adil Saleem & Co., Chartered Accountants
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BANKERS	Citibank N.A. Metropolitan Bank Limited Muslim Commercial Bank Limited Soneri Bank Limited
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**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.
UAN (021) 111-786-555

SALES OFFICES

211 Latif Plaza, 2nd Floor,
Ferozpur Road, Ichhra, Lahore.
UAN (042) 111-786-555

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 (0961) 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 5TH ANNUAL GENERAL MEETING

Notice is hereby given that the 5th Annual General Meeting of the members of Lucky Cement Limited will be held on Wednesday, the 30th December, 1998 at 2:00 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 4th Annual General Meeting held on 2nd February, 1998.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 1998 together with the Directors' and Auditors' report thereon.
3. To appoint Auditors and fix their remuneration for the year 1998-99. The present Auditors, Messrs M. Yousuf Adil & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.

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

By Order of the
Board.

Muhammad Abid Ganatra
Company Secretary

Karachi: 7th December, 1998

Notes:

1. The Share Transfer Books of the Company will be closed from 24th December, 1998 to 30th December, 1998 (both days inclusive) for the purpose of 5th 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

It is a pleasure to present this Fifth Annual Report and the Annual Audited Accounts for the year ended on 30th June, 1998 with auditors' report thereon.

DEMAND, SUPPLY SITUATION

The cement industry in Pakistan continues to pass through a critical period of its history. During the financial year from July 1997 to June 1998, the demand remained stagnant and the supplies increased further with commencement of production by some new plants and expansions during the last quarter of the financial year. At present the country has a production capacity of over 16 million tons per year against the demand of not more than 9 million tons. This works out to a consumption of 75 Kg. per head of the population. This rate of consumption is one of the lowest even among the developing and under developed countries of the world. There is, therefore, substantial room for increase in the consumption if the economic conditions of the country improve and we attain sizable economic growth in coming years.

**TAX
BURDEN**

Apart from the gap between demand and supply, the industry in the country is burdened with one of the highest. rate of direct taxes even as compared to countries in south and south east Asia. Presently, tile cement is chargeable to an excise duty of 40% on retail price which includes the transportation costs, local taxes and distributor's margin. The actual incidence of the excise duty is worked out to be more than 45% of the ex-factory price. During the year under report, the NWFP Provincial

Government increased the excise duty on lime stone and clay by 100% and 300% respectively. The increase in exchange rate and the recent increase in the rate of Sales Tax from 12.5% to 15% has further increased the cost of inputs like spare parts, refractory bricks and paper bags. It is time for the government to come to rescue the industry and reduce its tax burden.

EXPORTS

The development of exports of cement from the country can reduce the gap between demand and supply to some extent. The exports however, will be possible if the government extends helping hand to the industry by increasing export rebate, allowing freight subsidiary to the units located in the north, allowing export rebate & excise duty exemption on exports by land route and create an infrastructure at Karachi Port suitable for economical handling, storage and loading of export consignments.

PRICES

There was wide fluctuations of prices of cement in the local market during the year. Due to unhealthy competition among the manufacturers, the cement was selling at a retail price of less than Rs 140.00 per bag during some months of the year under review and in first quarter of the current year. With excise duty of Rs. 56.00 per bag i.e. 40% of the retail price and transportation and other costs, the retention price worked out to as low as Rs. 75.00 per bag. This did not permit the manufactures to get even a cash break even Fortunately, the prices have stabilized recently which gives a ray of hope for future.

PRODUCTION

As reported last year, both the lines of your plant were in operation during the year. The two lines were however operated intermittently due to lack of demand and following production was achieved.

Clinker	526,184 Tons
Cement	555,781 Tons

OPERATING RESULTS

Inspite of lower capacity utilization and wide fluctuation in selling prices, the company managed to earn an operating profit of Rs. 8.9 million before charging financial expenses of Rs. 123.78 million. The year, therefore closed with a pre-tax loss of Rs. 114 million. With a stability in selling prices, it is hoped that the current year will close with better results.

YEAR 2000 PROBLEMS IN COMPUTER SYSTEMS

Your company has taken appropriate steps to take care of year 2000 problems in computer systems and it is hoped that the systems will be ready to operate in year 2000 environment latest by 30th June, 1999.

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

PATTERN OF SHAREHOLDING

The pattern of shareholding as on 30th June 1998 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, 1998 are annexed to this report.

ACKNOWLEDGEMENT

Your directors acknowledge with appreciation, the efforts of company's managers, technicians and workers and the support extended by the company's bankers, leasing companies, dealers and stockists.

By Order of the Board

ABDUL RAZZAK TABBA
Chairman & Chief
Executive

7th December, 1998

PATTERN OF SHAREHOLDING AS AT JUNE 30, 1998

NUMBER OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES
	FROM	TO	
460	1	-	100 46,000
			17,385,00
35178	101	-	500 0
346	501	-	1000 289,300
395	1001	-	5000 1,211,000
191	5001	-	10000 1,718,000
48	10001	-	15000 621,300
42	15001	-	20000 785,000
30	20001	-	25000 730,250
19	25001	-	30000 554,100
3	30001	-	35000 99,000
8	35001	-	40000 307,800
1	40001	-	45000 45,000
7	45001	-	50000 347,000
2	50001	-	55000 102,300
3	55001	-	60000 172,500
2	60001	-	65000 129,900
7	65001	-	70000 287,900
7	70001	-	75000 525,000
3	75001	-	80000 235,100
2	80001	-	85000 163,700

2	90001	-	95000	183,900
7	95001	-	100000	696,700
1	115001	-	120000	119,000
1	125001	-	130000	127,000
2	145001	-	150000	295,400
1	175001	-	180000	177,100
3	195001	-	200000	600,000
1	225001	-	230000	228,900
2	245001	-	250000	500,000
2	265001	-	270000	837,000
1	310001	-	315000	313,000
3	395001	-	400000	1,200,000
1	460001	-	465000	460,300
1	480001	-	485000	482,800
3	495001	-	500000	1,500,000
1	535001	-	540000	536,700
1	580001	-	585000	582,900
1	720001	-	725000	720,500
1	745001	-	750000	746,600
1	815001	-	820000	815,500
1	895001	-	900000	896,000
1	955001	-	960000	958,300
1	995001	-	1000000	1,000,000
1	1070001	-	1075000	1,073,000
1	1300001	-	1305000	1,302,500
1	1340001	-	1345000	1,343,000
3	1345001	-	1350000	4,045,200
1	1425001	-	1430000	1,430,000
1	1960001	-	1965000	1,961,800
1	2065001	-	2070000	2,070,000
1	2270001	-	2275000	2,272,720
2	2495001	-	2500000	5,000,000
2	2545001	-	2550000	5,100,000
2	3045001	-	3050000	6,100,000
1	3295001	-	3300000	3,299,200
1	3995001	-	4000000	4,000,000
1	4495001	-	4500000	4,500,000
1	4980001	-	4985000	4,983,300
				10,000,00
2	4995001	-	5000000	0
1	6415001	-	6420000	6,418,800
1	6645001	-	6650000	6,649,000
1	6695001	-	6700000	6,700,000
1	8330001	-	8335000	8,333,350
				14,253,60
1	14250001	-	14255000	0

				19,682,50
1	19680001	-	19685000	0
				42,424,24
2	21210001	-	21215000	0
				42,424,24
1	42420001	-	42425000	0
-----				-----
-				-
				245,000,0
36824				00
=====				=====
=				=

S. NO.	Categories	Number of Share Holders	Total Shares Held	Percentage
	Shareholders			
1.	Individuals	36751	82,105,420	33.51
2.	Investment Companies	24	101,625,180	41.48
3.	Insurance Companies	5	1,471,900	0.60
4.	Joint Stock Companies	20	27,514,500	11.23
5.	Financial Institutions	9	24,848,900	10.14
6.	Modaraba Companies	9	822,800	0.34
7.	Others	5	192,500	0.08
8.	Central Depository Co.	1	6,418,800	2.62
		-----	-----	-----
		-	-	-
		36824	245,000,000	100.00
		=====	=====	=====
		=	=	=

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Lucky Cement Limited as at June 30, 1998 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 year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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, 1998 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.

**M. YOUSUF ADIL SALEEM
& CO. ,**

Chartered Accountants

Karachi: 7th December, 1998

BALANCE SHEET AS AT JUNE 30, 1998

	Note	1998 Amount in "000"	1997
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 shares of Rs. 10/= each fully paid in cash		2,450,000	2,450,000
Capital reserve			
Share premium		990,000	990,000
Accumulated loss		(145,761)	(26,580)
		-----	-----
		3,294,239	3,413,420

LONG TERM LOANS	3	517,901	603,000
LIABILITIES AGAINST ASSETS			
SUBJECT			
TO FINANCE LEASE	4	106,709	101,139
DEFERRED LIABILITIES	5	124,589	68,707
LONG TERM DEPOSITS	6	19,234	24,767
CURRENT LIABILITIES			
Short term finance	7	221,156	135,127
Current portion of long term liabilities	8	114,529	12,946
Creditors, accrued and other liabilities	9	178,603	260,468
Provision for taxation		7,000	2,000
		-----	-----
		521,288	410,541
CONTINGENCIES AND COMMITMENTS	10	-	-
		-----	-----
		4,583,960	4,621,574
		=====	=====
 FIXED ASSETS - TANGIBLE			
Operating assets	11	3,886,494	3,674,541
Capital work-in-progress	12	17,805	317,766
		-----	-----
		3,904,299	3,992,307
LONG TERM INVESTMENT	13	200,000	200,000
LONG TERM DEPOSITS AND DEFERRED COSTS	14	53,663	63,427
CURRENT ASSETS			
Stores and spares	15	114,451	131,815
Stock in trade	16	63,125	34,278
Trade debtors		-	37
Advances, deposits, prepayments and other receivables	17	233,283	154,720
Cash and bank balances	18	15,139	44,990
		-----	-----
		425,998	365,840
		-----	-----
		4,583,960	4,621,574
		=====	=====

The Annexed notes from 1 to 30 form an integral part of these accounts.

Razi-ur-Rahman
Khan
Director

Abdul Razzak Tabba
Chief Executive

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1998**

	Note	1998	January 01 to June 30, 1997
		Amount in "000"	
Sales	19	1,010,006	393,002
Cost of sales	20	943,705	311,366
		-----	-----
Gross profit		66,301	81,636
Operating expenses			
Administrative	21	46,779	31,338
Selling and distribution	22	10,551	4,607
		-----	-----
		57,330	35,945
		-----	-----
Operating profit		8,971	45,691
Other income	23	629	278
		-----	-----
		9,600	45,969
Financial charges	24	123,781	70,549
		-----	-----
Loss before taxation		(114,181)	(24,580)
Provision for taxation		(5,000)	(2,000)
		-----	-----
Net loss after taxation		(119,181)	(26,580)
Accumulated loss brought forward		(26,580)	-
		-----	-----
Accumulated loss carried forward		(145,761)	(26,580)
		=====	=====

The annexed notes from 1 to 30 form an integral part of these accounts.

Razi-ur-Rahman
Khan
Director

Abdul Razzak Tabba
Chief Executive

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

	1998	1997
	Amount in "000"	
A. CASH FROM OPERATING ACTIVITIES		
Loss before taxation	(114,181)	(24,580)
Adjustments for:		
Depreciation	135,523	43,710
Amortization of deferred cost	11,636	5,806
(Gain)/Loss on disposal of fixed assets	(232)	(315)
Gratuity	2,304	2,220
Financial charges	123,781	71,290
	-----	-----
Profit before working capital changes	158,831	98,131
Working capital changes (Increase)/Decrease in current assets		
Sores and spares	17,364	(88,119)
Stock in trade	(28,847)	(28,975)
Trade debtors	37	1,865
Advances, deposits, prepayments and other receivables	{78,5631	(52,878)
(Increase)/Decrease in current liabilities		
Creditors accrued and other liabilities	45,111	119,540
	-----	-----
Cash generated from operation	113,933	49,564
Financial charges paid	(160,538)	(55,099)
	-----	-----
Net cash used in operating activities	(46,605)	(5,535)
	=====	=====
B. CASH FROM INVESTING ACTIVITIES		
Fixed capital	(173,387)	(373,078)

expenditure		
Sales proceed of fixed assets	35,885	105,060
Long term in vestment	-	(27,500)
Long term deposits	(1,750)	(11,174)
Deferred costs	(122)	(3,707)
	-----	-----
Net cash used in investing activities	(139,374)	(310,399)
	=====	=====

1998 **1997**
Amount in "000"

C. CASH FROM FINANCING ACTIVITIES

Long term loan obtained	-	95,000
Long term loan paid	(12,500)	(823)
Lease finance obtained	35,000	101,742
Lease finance paid	(446)	(157)
Deferred liabilities	53,578	(21,858)
Long term deposits	(5,533)	(6,708)
Short term finance	86,029	135,127
	-----	-----
Net cash from investing activities	156,128	302,323
	-----	-----
Net decrease in cash and cash equivalentents (A+B+C)	(29,851)	(13,611)
Cash and bank balances at the beginning of the year	44,990	58,601
	-----	-----
Cash and bank balances at the end of the year	15,139	44,990
	=====	=====

Razi-ur-Rahman
Khan
Director

Abdul Razzak Tabba
Chief Executive

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

1. THE COMPANY AND ITS OPERATION

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 Marwar in North West Frontier Province.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

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

2.2 Staff retirement benefit

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 free hold land which is 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 during the year. However, capitalization of project cost is depreciated proportionately 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, if any, are included in income currently.

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 rates 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 amortized over a maximum period of five years beginning from the year of deferment.

2.7 Investments

Long term investments are stated at cost. Provision is made for permanent diminution 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 the 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 included in income currently.

2.11 Revenue Recognition

Sales are recorded on despatch of goods to customers.

Note	1998	1997
	Amount in "000"	

3. LONG TERM LOANS

Secured

Banking Company	3.1	520,500	520,500
Investment bank	3.2	37,500	50,000
Unsecured			
Sponsors	3.3	45,000	45,000
		-----	-----
		603,000	615,500
Less: Payable within one year shown under current liabilities		(85,099)	112,500)
		-----	-----
		517,901	603,000
		=====	=====

3.1 This loan is secured against first charge by way of equitable mortgage on the fixed assets and hypothecation on plant/machinery and equipment other than of Line 'A' and floating charge on book debts. The mark-up fete is 45 paisas 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 upto Rs. 68 million on the plant and equipment other than of Line 'A'. The rate of mark up is 21% per annum. This loan is now repayable in monthly installments commencing from January 1999.

3.3 This represents loan from sponsors and is interest free

4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance		101,585	-
Obtained during the year		3,501,111	101,742
		-----	-----
		136,585	101,742
Paid during the year		(446)	(157)
		-----	-----
		136,139	101,585
Payable within one year shown under current liabilities		(29,430)	(446)
		-----	-----
		106,709	101,139
		=====	=====

4.1 Liabilities against assets subject to finance lease represent liability for finance obtained under sale and lease back arrangements from a commercial bank and leasing companies. Approximate discounting rate is

21%.

4.2 The amount of future lease payments to which the Company is committed as at June 30, 1998 are as under:

Year ending June 30	1998 Amount in "000"
1999	53,146
2000	52,844
2001	52,421
2002	11,687
2003	8,765

	178,863
Less: Finance charge allocated to future periods	(42,724)

	136,139
	=====

5. DEFERRED LIABILITIES

		1998 Amount in "000"	1997
Staff Gratuity		6,718	4,414
Retention money			
Contractor - local	5.1	49,552	49,306
Plant and machinery - foreign suppliers	5.2	14,987	14,987
Encashment of performance guarantee (US\$ 1,313,250)	5.2	53,332	-
		-----	-----
		124,589	68,707
		=====	=====

5.1 This represents retention money of local contractor and is payable after approval of final bills by the consultants. The repayment will be scheduled on deferred payment basis and it is likely to be commenced after next financial year.

5.2 These represent retention money and proceed of encashment of performance guarantee. These amounts are likely to be settled against the claims made by the company (refer note # 10.3).

		1998	1997
		Amount in "000"	
6. LONG TERM DEPOSITS-Unsecured			
Cement Stockists	6.1	6,704	10,237
Transporters	6.2	12,400	14,400
Others		130	130
		-----	-----
		19,234	24,767
		=====	=====

6.1 These represent interest free security deposits received from Stockists and are repayable on cancellation or withdrawal of stockistship and adjustable with unpaid amount of sales.

6.2 These represent interest free security deposits received from transporters and are repayable on cancellation or withdrawal of contracts.

7. SHORT TERM FINANCE - Secured

221,156	135,127
=====	=====

7.1 These represent running finance facilities from commercial banks. The amount sanctioned is Rs. 230 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.

8. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loans	85,099	12,500
Liability against assets subject to finance lease	29,430	446
	-----	-----
	114,529	12,946
	=====	=====

9. CREDITORS. ACCRUED AND OTHER LIABILITIES

Creditors	99,290	148,016
Accrued expenses	14,342	8,805
Markup on secured long term loans & short term finances	45,932	82,686
Advances from customers	12,943	5,663

Retention money	5,333	12,330
Withholding taxes	674	2,799
Other	89	169
	-----	-----
	178,603	260,468
	=====	=====

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 equipment 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 disputed this levy and filed an appeal before the Customs, Excise and Sales Tax Appellate Tribunal. The Tribunal has set aside the impugned assessment, waived the fine and penalty of Rs. 3,650,000/- and Rs. 1,000,000/- respectively and directed the custom authorities to redetermine the value of the goods and assess the same at concessional rate of duty @ 25% of tariff rate as per SRO No.978(1)/95 dated October 4, 1995.

10.3 The company has lodged several claims with the supplier of main plant and machinery on account of uneconomical operation, short supply of equipment and parts and supply of sub-standard/defective parts etc. The total amounts of these claims are not determinable in monetary terms at this stage,

10.4 The government of N.W.F.P. has enhanced the royalty rates of lime stone and shale clay w.e.f. July 01, 1997 from pervious rates of Rs. 5/- and Rs. 2.5 per ton respectively to Rs. 10/- each per ton. The company has filed a writ petition against such enhancement before Peshawar High Court. The company has accounted for the royalty at the enhanced rates and is making payment at the old rates as per the interim order of the Court. The case is pending with Peshawar High Court for final decision.

	1998 Amount in "000"	1997
Commitments in respect of		
Letters of credit	12,600	2,526
Civil work contracts	-	143,049

11. OPERATING ASSETS

Particulars	Cost at July 01, 1997	Addition/ (Disposal)/ adjustment	Cost at June 30, 1998	Rate % p.a.	Accumulated Depreciation at June 30, 1998	Book value at June 30, 1998	Depreciation for the Year
Owned							
Land- Free hold	5,191	118	5,309	-	-	5,309	-
Buildings on free hold land	679,192	170,251	849,443	5	45,502	803,941	36,006
Plant and machinery	2,711,517	172,421 (35,000)	2,848,938	UPM	101,612	2,747,326	78,924
Quarry equipment	183,368	49	183,417	5	13,755	169,662	9,171
Vehicles	18,106	1,079 (1,097)	18,088	20	11,521	6,567	3,617
Furniture and fixtures	4,810	275 (8)	5,077	10	1,641	3,436	508
Office equipments	16,866	2,069 (8)	18,927	10	5,932	12,995	1,893
Other assets	7,678	1,739	9,417	10	2,433	6,984	942
	3,626,728	348,001 (36,113)	3,938,616		182,396	3,756,220	131,061
Leased							
Plant and machinery	100,000	35,000	135,000	UPM	5,778	129,222	4,111
Vehicles	1,754	-	1,754	20	702	1,052	351
	101,754	35,000	136,754		6,480	130,274	4,462
1998 (Rupees in '000')	3,728,482	383,001	4,075,370		188,876	3,886,494	135,523

			(36,113)			
1997 (Rupees in '000')	3,611,407	222,533		3,728,482	53,941	3,674,541 43,710
		(105,458)				

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.

	1998	1997
	Amount in "000"	
11.2 Depreciation charge for the year has been allocated as follows:		
Cost of sales	128,213	38,434
Administration expenses	7,127	2,741
Selling expenses	183	72
Unallocated capital expenditure	-	2,463
	-----	-----
	135,523	43,710
	=====	=====

11.3 Disposal of assets

Particulars	Cost	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Buyers
Furniture Fixture	8		6 2	Negotiation	Prince Carpets, Lahore.
Office equipment	8		6 3	Negotiation	Yamta Management and Computer Services, Karachi
Vehicle	606		248 450	Negotiation	Volvo Pakistan Ltd., Islamabad,
Vehicle	490		392 430	Insurance Claim	Adamjee Insurance Co. Ltd., Karachi.
Machinery	35,000		35,000 35,000	Sale and	Paramount Leasing

				Company
				lease back Limited, Karachi.
1998 (Rupees '000')	----- 36,112	35,652	35,885	
1997 (Rupees '000')	=====	104,345	104,660	
	=====			

	1998	1997
	Amount in "000"	
12. CAPITAL WORK-IN-PROGRESS-At cost		
Advances		
Plant and machinery	-	1,174
Others	-	573
	-----	-----
	-	6,905
Work-in-progress		
Plant and machinery - Local	1,990	69,560
Building and civil works	14,659	102,560
Quarry development	1,018	863
Electrification	100	21,601
Water supply development	-	10,244
Mechanical erection and installation	38	25,101
Other assets	-	2,486
	-----	-----
	17,805	232,415
Construction material at site	-	5,140
Unallocated capital expenditure	-	73,306
	-----	-----
	17,805	317,766
	=====	=====

12.1 The Line A of the plant recommissioned in September 1997 and the surplus arising from the trial operation in September and October 1997 has been taken to capital expenditure. The trial operation detail is as follows:

Gross Sales	71,545
Less: Excise duty and loading charges	31,338

	40,207

Cost of Sales and oilier expenses:

Raw and Packing material	8,079
Fuel and power	27,526
Salaries and benefits	3,347
Vehicle running and maintenance	905

	39,857
Less: Adjustment for work in process	(840)

	39,017

	1,190
	=====

	1998	1997
	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

13.1	200,000	200,000
	=====	=====

13.1 No provision for diminution in value of investment has been considered necessary as the market value of this project at current rates is much higher than the book value and in the opinion of the Management such diminution is temporary in nature.

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

14. LONG TERM DEPOSITS AND DEFERRED COSTS

Long term lease deposits	12,924	11,174
Deferred Costs		
Preliminary expenses	2,507	2,507
Expenses on issue of shares	41,046	41,046
Quarry development costs	12,135	12,079

Other deferred costs	2,493	2,427
	-----	-----
	58,181	58,059
Less: Amortization of deferred costs	(17,442)	(5,806)
	-----	-----
	40,739	52,253
	-----	-----
	53,663	63,427
	=====	=====

15. STORES AND SPARES

Stores	23,800	33,835
Spares	87,417	83,155
Spares in transit	3,234	14,825
	-----	-----
	114,451	131,815
	=====	=====

16. STOCK-IN -TRADE

Raw and packing material	7,659	3,704
Work-in-process	19,774	22,903
Finished goods	35,692	7,671
	-----	-----
	63,125	34,278
	=====	=====

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

Loans and advances		
Employees	1,650	1,817
Advance to wholly owned subsidiary		
for power supply	129,889	60,744
Advance income tax	40,759	32,971
Excise duty	865	3,359
Advance to suppliers and others	26,953	26,042
Other advances	2,484	1,956
	-----	-----
	202,600	126,889

Salaries and benefits	4,274	2,202
Communication	2,522	1,162
Travelling and conveyance	389	224
Printing and stationery	301	179
Utilities	625	142
Vehicle running and maintenance	351	80
Repairs and maintenance	107	74
Depreciation	183	72
Fee and subscription	21	45
Rent, rates and taxes	622	352
Advertisement	369	26
Entertainment	156	15
Transportation and freight	171	8
Other	460	26
	-----	-----
	10,551	4,607
	=====	=====

23. OTHER INCOME

Gain on sale of assets	232	-
Sale of scrap	-	185
Miscellaneous	397	93
	-----	-----
	629	278
	=====	=====

24. FINANCIAL CHARGES

Mark-up on		
Long term loans	83,199	56,219
Lease finances	15,927	145
Short term borrowings (net)	22,161	9,619
Excise duty on borrowings	-	3,490
Bank charges and commission	2,494	1,076
	-----	-----
	123,781	70,549
	=====	=====

25. TAXATION

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.

1998

26. STATEMENT AND REPORT UNDER SECTION 237
OF THE COMPANIES ORDINANCE, 1984
FOR
LUCKY POWERTECH LIMITED, WHOLLY
OWNED SUBSIDIARY.

Statement under section (1) (e)
of

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, 1998 are:

i) For the last financial year of the subsidiary

29.378
million

ii) For the previous years upto June 30, 1997

44.785
million

subsequent to the acquisition of the controlling interest by the holding company.

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, 1998

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

1998

1997

Amount in "000"

27. REMUNERATION OF EXECUTIVES

Remuneration	14,116	11,439
House Rent Allowance	6,353	5,266
Utilities Allowance	1,412	1,238
Conveyance Allowance	1,412	950
	-----	-----
	23,293	18,893
	=====	=====
Number of Persons	80	71
	=====	=====

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, 1998.

28. AGGREGATE TRANSACTION WITH ASSOCIATED COMPANY

Purchases of power	226,774	118,615
Rent	278	278

29. PRODUCTION CAPACITY

	Metric Tons	
Installed capacity (330 days)	1,320,000	1,320,000
Actual production	526,184	208,680

Reasons for short fall:

Lack of demand

One line started commercial operation from November, 1997.

30. GENERAL

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

Corresponding figures have been rearranged and/or regrouped, wherever necessary for the purpose of comparison.

**Razi-ur-Rahman
Khan**

Abdul Razzak Tabba

Director

Chief Executive

**ANNUAL REPORT
1998
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)
of**

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, 1998 are:

i) For the last financial year of the subsidiary

29.378
million

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

44.785
million

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, 1998.

- i) for the last financial year of the subsidiary Nil
- ii) for the previous years upto June 30, 1997 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, 1998 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 year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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, 1998 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.

Karachi: 7th December, 1998

**M. YOUSUF ADIL SALEEM
& CO. ,**

Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 1998

	Note	1998 Amount in "000"	1997
SHARE CAPITAL			
Authorised			
20,000,000 Ordinary shares of Rs. 10/- each		200,000	200,000
		=====	=====
Issued, subscribed and paid-up			
20,000,000 Ordinary shares of Rs. 10/- each fully paid in cash		200,000	200,000
Accumulated loss		(74,163)	(44,785)
		-----	-----
		125,837	155,215
LONG TERM LOANS	3	224,700	224,700
TO FINANCE LEASE	4	86,139	138,816
DEFERRED LIABILITIES	5	105,607	73,054
CURRENT LIABILITIES			
Current portion of long terms liabilities	6	61,974	70,066
Creditors, accrued and other liabilities	7	143,735	112,935
		-----	-----
		205,709	183,001
COMMITMENTS	8	-	-
		-----	-----
		747,992	774,786
		=====	=====
FIXED ASSETS - TANGIBLE			
Operating assets	9	704,375	742,374
Capital work-in-progress		-	252
		-----	-----
		704,375	742,626
LONG TERM LEASE DEPOSITS AND DEFERRED COST	10	22,283	22,345

CURRENT ASSETS

Stores and spares		15,975	7,144
Advances, deposits and other receivables	11	4,697	2,393
Bank balances	12	662	278
		-----	-----
		21,334	9,815
		-----	-----
		747,992	774,786
		=====	=====

The annexed notes from 1 to 16 form an integral part of these accounts.

**Muhammad Yunus
Tabba**
Director

Abdul Razzak Tabba
Chief Executive

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1998**

	Note	1998	January 01 to June 30, 1997
		Amount in "000"	
Sale of electricity		226,774	78,407
Cost of generation	13	184,674	75,858
		-----	-----
Gross profit		42,100	2,549
Administrative expenses	14	2,060	1,662
		-----	-----
Operating profit		40,040	887
Financial charges	15	(69,418)	(45,672)
		-----	-----
Loss for the year		(29,378)	(44,785)
Accumulated loss brought forward		(44,785)	-
		-----	-----
Accumulated loss carried forward		(74,163)	(44,785)
		=====	=====

The annexed notes from 1 to 16 form an integral part of these accounts.

Muhammad Yunus
Tabba
 Director

Abdul Razzak Tabba
 Chief Executive

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

	1998	1997
	Amount in "000"	
A. CASH FROM OPERATING ACTIVITIES		
Loss for the year	(29,378)	(44,785)
Adjustments for:		
Depreciation	38,251	19,266
Provision for gratuity	231	231
Financial charges	69,418	45,672
Deferred cost	62	32
	-----	-----
Operating profit before working capital changes	78,584	20,416
Changes in working capital		
Increase/(Decrease) in current assets		
Stores and spares	(8,831)	9,929
Advances deposits and other receivables	(2,304)	(177)
(Increase)/Decrease in current liabilities		
Creditors, accrued and other liabilities	68,512	63,574
	-----	-----
Cash generated from operation	135,961	93,742
Financial charges paid	(66,999)	(10,192)
	-----	-----
Net cash from operating activities	68,962	83,550
	-----	-----
B. CASH FROM INVESTING ACTIVITIES:		
Fixed capital expenditure	-	(41,998)
	-----	-----
Net cash (used in) investing activities	-	(41,998)
	-----	-----

	1998	1997
	Amount in "000"	
C. CASH FROM FINANCING ACTIVITIES		
Share capital/premium	-	100,000
Advance against shares		(72,500)
Long term loan paid	(23,070)	(29,406)
Lease finances paid	(37,699)	(30,264)
Deferred liabilities	(7,809)	(9,891)
	-----	-----
Net cash (used in) investing activities	(68,578)	(42,061)
	-----	-----
Net increase/(decrease) in cash and cash equivalents (A+B+C)	384	(509)
Bank balances at the beginning of the year	278	787
	-----	-----
Bank balances at the end of the year	662	278
	=====	=====

Muhammad Yunus
Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

1. THE COMPANY AND ITS OPERATION

Lucky Powertech Limited was incorporated on June 26, 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 Marwar in North West Frontier Province. The Company is a wholly owned subsidiary of Lucky Cement Limited..

**2. SIGNIFICANT ACCOUNTING
POLICIES**

**2.1 Accounting
convention**

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

2.2 Staff retirement benefit

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.

Depreciation is charged to income applying the straight line method at the rates mentioned in the relevant note except 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 proportionately 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, if any, are included in income currently.

2.4 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 rates specified in relevant note.

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-1 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 included in income currently.

2.9 Revenue Recognition

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

		1998	1997
		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	60,400
Investment bank			
Morahaba Finance	3.2	-	23,070
Unsecured			
Sponsors	3.3	14,300	14,300
		-----	-----
		247,770	247,770
Payable within one year shown under current liabilities		-	(23,070)
		-----	-----
		224,700	224,700
		=====	=====

3.1 The demand finance I and II are secured against mortgage on the fixed asset and hypothecation of plant and machinery and floating charge on book debts. These demand finances are subject to mark up @ 45 paisas per Rs. 1000/- per day. The repayment of principal and mark up on these finances and finance obtained from this bank by the holding company is rescheduled together on deferred payment basis. The repayment for next financial year is likely to be made from the holding company.

3.2 The morabaha finance was subject to mark up @ 19.5% p.a.

3.3 This represents loan from sponsors and is interest free.

		1998	1997
		Amount in "000"	
4. LIABILITIES AGAINST ASSETS			
SUBJECT TO FINANCE LEASE			
Opening balance		185,812	216,076

Paid during the year	(37,699)	(30,264)
	-----	-----
	148,113	185,812
Payable within one year shown under current liabilities	(61,974)	(46,996)
	-----	-----
	86,139	138,816
	=====	=====

4.1 Liabilities against assets subject to finance lease represent 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, 1998 are as under:

Year ending June 30,	1998 Amount in "000"
1999	73,238
2000	74,933
2001	36,006

	184,177
Less: Finance charges allocated to future periods	(36,064)

	148,113
	=====

Note	1998 Amount in "000"	1997
5.1	64,925	72,734
	551	320
5.2	40,131	-
	-----	-----
	105,607	73,054
	=====	=====

5. DEFERRED LIABILITIES

Retention money	5.1	64,925	72,734
Staff gratuity		551	320
Accrued mark up	5.2	40,131	-
		-----	-----
		105,607	73,054
		=====	=====

5.1 This represents retention money payable to local contractor and supplier of power plant machinery. The repayment will be scheduled on deferred payment basis and it is likely to be commenced after next financial year.

5.2 This represents accrued mark up on demand finance I & II. (refer note 3.1).

6. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loans	-	23,070
Lease liabilities	61,974	46,996
	-----	-----
	61,974	70,066
	=====	=====

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

Advance against power supply from holding company	129,889	60,744
Creditors	1,808	3,134
Accrued expenses	2,587	3,388
Retention	457	1,307
Accrued interest	5,313	43,025
Withholding tax	-	127
Other	3,681	1,210
	-----	-----
	143,735	112,935
	=====	=====

8. COMMITMENTS

Letters of credit	-	19,264
Capital expenditure contracts	-	30,174

9. OPERATING ASSETS

Particulars	Cost at July 01, 1997	Addition / (Disposal)	Cost at June 30, 1998	Rate % p.a.	Accumulated Depreciation as at June 30, 1998	Book value at June 30, 1998	Depreciation For the Year
-------------	-----------------------	-----------------------	-----------------------	-------------	--	-----------------------------	---------------------------

Owned

Building	30,280	252	30,532	5	2,284	28,248	1,527
Plant and Machinery	508,065	-	508,065	UPM	38,107	469,958	25,402
Furniture and Fixture	479	-	479	10	144	335	48
Office equipment	1,388	-	1,388	10	415	973	139
Other assets	1,026	-	1,026	10	257	769	103
	541,238	252	541,490		41,207	500,283	27,219

Leased

Plant and machinery	220,639	-	220,639	UPM	16,547	204,092	11,032
1998 Rupees in '000'	761,877	252	762,129		57,754	704,375	38,251
1997 Rupees in '000'	720,130	41,747	761,877		19,503	742,374	19,266

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.

1998 **1997**
Amount in "000"

9.2 Depreciation charge for the year

has been allocated as follows:

Cost of generation	37,962	18,976
Administration expenses	289	145
Trial operation	-	145
	38,251	19,266

10. LONG TERM LEASE DEPOSITS AND DEFERRED COST

Long term lease deposits	22,064	22,064
Deferred cost		
Preliminary expenses	312	312
Amortization		
Opening balance	31	-
During the year	62	31
	(93)	(31)

-----	-----
219	281
-----	-----
22,283	22,345
=====	=====

**11. ADVANCES, DEPOSITS
AND OTHER RECEIVABLES**

Advance to suppliers	2,815	603
Advance tax	130	61
Security deposits	1,036	1,036
Octroi refundable	714	691
Others	2	2
-----	-----	-----
4,697	2,393	
=====	=====	

12. BANK BALANCES

In current accounts	312	16
In PLS accounts	350	262
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662	278	
=====	=====	

13. COST OF GENERATION

Oil and lubricants	129,594	53,053
Chemicals	2,574	239
Depreciation	37,962	18,976
Store and spares	5,074	-
Salaries and wages	7,167	1,896
Insurance	1,639	1,694
Other	664	-
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184,674	75,858	
=====	=====	

14. ADMINISTRATIVE EXPENSES

Staff salaries and benefits	110	672
Communication	457	230
Boarding and lodging	436	175
Ground rent	278	139
Depreciation	289	145

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Fees and subscription	22	58
Legal and professional	127	-
Audit fee	50	50
Printing and stationary	4	42
Amortization of deferred cost	62	31
Transportation	-	30
Vehicle running and maintenance	81	21
Repair and maintenance	30	17
Traveling and conveyance	60	10
Others	54	42
	-----	-----
	2,060	1,662
	=====	=====

1998
1997
Amount in "000"

15. FINANCIAL CHARGES

Markup on		
Long term loans	40,015	26,357
Lease finances	29,346	17,488
Excise duty on borrowings	-	1,822
Bank commission and charges	57	5
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	69,418	45,672
	=====	=====

**16.
GENERAL**

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

Corresponding figures have been rearranged and/or regrouped, wherever necessary for the purpose of comparison.

Muhammad Yunus
Tabba
Director

Abdul Razzak Tabba
Chief Executive