

Lucky Cement Limited
Annual Report 1999

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COMPANY INFORMATION

**BOARD OF
DIRECTORS**

Abdul Razzak Tabba (Chairman/Chief Executive)
Muhammad Yunus Tabba
Samir Ahmed
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

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.
UAN (021) 111-786-555

SALES OFFICES

26-B, Aibak Block
New Garden Town, Lahore.
UAN (042) 111-786-555

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

Gold Crest Plaza, 20 Azmat
Wasti Road, Near Chowk
Dera Adda, Multan
Tel · (061) 540021,510021

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 6TH ANNUAL GENERAL MEETING

Notice is hereby given that the 6th Annual General Meeting of the members of Lucky Cement Limited will be held on Wednesday, the 29th December, 1999 at 12:00 noon at the registered office of the Company situated at factory premises Pezu, District Lakki Marwat, N.W.F.P. to transact the following business:

1. To confirm the minutes of 5th Annual General Meeting held on 30th December, 1998.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 1999 together with the Directors' and Auditors' report thereon.
3. To appoint Auditors and fix their remuneration for the year 1999-2000. 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.

By order of the Board

Karachi: December 7, 1999

Muhammad Abid Ganatra
Company Secretary

Notes:

1. The share transfer books of the Company will be closed from 21st December, 1999 to 29th December, 1999 (both days inclusive) for the purpose of 6th 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

We have pleasure to present this Sixth Annual Report of the company alongwith the annual accounts for the year ended 30th June, 1999 and auditors report thereon.

Demand Situation

The demand of the cement in the country showed a marginal improvement during the year under review. The despatches of cement by the industry increased by about half a million tons during the year as compared to year ended on 30th June, 1998. As explained in our report for the year 1997-98, the consumption of cement per head of population in Pakistan is one of the lowest in the world. Let us hope that present stagnation in our economy will not last longer and economic development in the country will accelerate soon.

Prices and Excise Duty

The prices of cement during the year were fairly stable. The Federal Government converted the excise duty leviable at 40% of retail price to a specific duty per ton in April, 1999. Prior to April, 1999, the incidence of excise duty worked out between Rs. 1,600/= to Rs. 1,800/= per ton depending upon the prevailing retail price. Under the changed basis, the excise duty is now payable at a fiat rate of Rs. 1,400/= per ton irrespective of the retail price. As a consequence of the revision in the incidence of duty the ex-factory prices of cement were reduced by about Rs. 200.00 per ton under pressure from the authorities.

Increase in Costs

The price of Furnace Oil was increased from Rs. 5,520/= to Rs.6,090/= per ton in May, 1999. In the current year, the price was further increased to Rs. 6,980.00 per ton with effect from 16th August, 1999 due to levy of sales tax. A recent announcement of the Government has said that the electricity supplies will also be liable to 15% sales tax with effect from 16th August, 1999. The levy of sales tax on furnace oil and electricity will have very little effect on those industries whose end products are liable to .sales tax because of tax credit on inputs available to them. The cement is not chargeable to sales tax and therefore the cement industry will not be able get any credit for sales tax paid by it on the furnace oil & electricity. This will increase the cost of production by about Rs. 150/= per ton of cement. Unless the cement manufacturers are allowed to increase their prices by corresponding amount, the industry's financial performance will be adversely affected. On our part, your company is trying to reduce the cost of inputs by taking measures to reduce the consumption of fuel oil and electricity on the one hand and increasing the production efficiency on the other hand.

It may not be out of place to remind the shareholders that your company had decided to set-up it's cement plant in a remote area of the NWFP on the basis of Government's promise to exempt cement produced by it from sales tax upto June, 2001. This promise was backed by appropriate notification and the Protection of Economic Reforms Act 1992. Unfortunately, under pressure of some competitors, the Government did not honour its promise and extended the exemption from sales tax to the entire industry and increased excise duty simultaneously. This was obviously meant to circumvent the law and nullify the benefit of sales tax available to your company. This was also a violation of section '6' of Protection of 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 term specified thereon and SHALL NOT BE ALTERED TO THE DISADVANTAGE OF THE INVESTORS"

No wonder that this and other ill-advised measures by the Government have shaken the confidence of investing public both in Pakistan & abroad.

Operating Performance

The company produced 682,032 tons of clinker or 51.66% of its rated capacity based on 330 days operation. In the preceding year, the clinker production was 526,184 tons or 39.86%. If the rated capacity is calculated on the basis of 300 working days per year which is the industry standard in Pakistan, our production in 1998-99 works out to 56.84% of the rated capacity. The following are the figures of cement production & despatches during the year under review:

Cement Production 691,445 Tons
Cement Despatches 709,106 Tons

As you will see from the attached profit & loss accounts, the company earned a gross profit of Rs. 262.6 million on a net sales of Rs. 1,474.9 million yielding a Gross Profit percentage of 17.8% against 6.56% earned in the preceding year. Because of the location of the company's plant in a .remote area, the company's product had to bear higher transportation cost. However, inspire of higher transportation costs, you will be pleased to know that after charging the administration, selling ,and financial expenses, the year closed with a net profit of Rs. 55.4 million against a net loss of Rs. 119.2 million in the preceding year. The carry forward loss of Rs. 145.7 million has now been

reduced to Rs. 90.33 million only. It is hoped that this loss will be wiped off during the current year if there is no major changes in cost of inputs or prices of cement.

Balance Sheet

The company's balance sheet is still quite robust. Its long term loans and liabilities for financial leases amounted to Rs. 484.74 million as on 30th June, 1999 against the equity of Rs. 3,349.67 million giving a debt equity ratio of 14.5:85.5. The break-up value of the company's Rs. 10.00 equity share improved from Rs. 13.45 per share on 30th June, 1998 to Rs. 13.67 per share on 30th June, 1999. The company continued to discharge its repayment obligations of long term loans in time.

Year 2000 problems in Computer System

As reported in our previous report, we have taken adequate measures to protect the company against Y2K problems.

Auditors

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

Pattern of Shareholding

The pattern of shareholding as on 30th June, 1999 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, 1999 are annexed to this report.

Acknowledgment

The directors acknowledge the appreciation for the participation of Mr. Razi-ur-Rahman Khan in the board of directors meeting during the period of his directorship. Mr. Khan has resigned from the directorship and his place Mr. Samir Ahmed has been appointed for remaining period.

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

Karachi: December 7, 1999

ABDUL RAZZAK TABBA
Chairman & Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Lucky Cement Limited as at June 30, 1999 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, 1999 and of the profit 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: December 7, 1999

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BALANCE SHEET AS AT JUNE 30, 1999

	Note	1999	1998
		Amount in "000"	
SHARE CAPITAL AND RESERVE			
Authorized 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		(90,330)	(145,761)
		-----	-----
		3,349,670	3,294,239
LONG TERM LOANS	3	408,718	517,901
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	4	76,022	106,709
DEFERRED LIABILITIES	5	75,994	124,589
LONG TERM DEPOSITS	6	16,139	19,234
CURRENT LIABILITIES			
Short term finance	7	175,143	221,156
Short term loan - unsecured and interest free Associated Undertaking		45,000	
Current portion of long term liabilities	8	13 4,105	114,529
Creditors, accrued and other liabilities	9	238,037	178,603
Provision for taxation		7,00 0	7,000
		-----	-----
		599,285	521,288
CONTINGENCIES AND COMMITMENTS	10	--	--
		-----	-----
		4,525,828	4,583,960
		=====	=====
FIXED ASSETS - TANGIBLE			
Operating assets	11	3,779,285	3,886,494
Capital work-in-progress	12	5,5 91	17,805
		-----	-----
		3,784,876	3,904,299
LONG TERM INVESTMENT	13	200,000	200,000
LONG TERM DEPOSITS AND DEFERRED COSTS	14	42,835	53,663
CURRENT ASSETS			
Stores and spares	15	171,221	114,451
Stock-in-trade	16	65,73 5	63,125
Trade debtors - secured		5,681	--

Advances, deposits, prepayments and other receivables	17	231,030	233,283
Cash and bank balances	18	24,450	15,139
		-----	-----
		498,117	425,998
		-----	-----
		4,525,828	4,583,960
		=====	=====

The annexed notes from 1 to 33 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, 1999**

	Note	1999 Amount in "000"	1998
Sales - net	19	1,474,964	1,010,006
Cost of sales	20	1,212,348	943,705
		-----	-----
Gross profit		262,616	66,301
Operating expenses			
Administrative	21	37,767	46,779
Selling and distribution	22	14,332	10,551
		-----	-----
		52,099	57,330
		-----	-----
Operating profit		210,517	8,971
Other income	23	62 6	629
		-----	-----
		211,143	9,600
		-----	-----
Financial charges	24	152,795	123,781
Workers' profit participation fund		2,917	--
		-----	-----
		155,712	123,781
		-----	-----
Profit/(loss) before taxation		55,431	(114,181)
Provision for taxation		--	(5,000)
		-----	-----
Net profit / (loss) after taxation		55,431	(119,181)
Accumulated loss brought forward		(145,7 61)	(26,580)
		-----	-----

Accumulated loss carried forward		(90,330)	(145,761)
Earning per share	29	Rs.0.22	

The annexed notes from 1 to 33 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, 1999**

	1999	1998
	Amount in "000"	
A. CASH FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	55,431	(114,181)
Adjustments for:		
Depreciation	157,453	135,523
Amortization of deferred cost	11,838	11,636
Gain / (loss) on disposal of fixed assets	24	(232)
Provision for gratuity	1,965	2,304
Payment for gratuity	(345)	--
Financial charges	152,795	123,781
	-----	-----
Profit before working capital changes	379,161	158,831
Working capital changes		
Increase / (Decrease) in current assets		
Stores and spares	(56,770)	17,364
Stock in trade	(2610)	(28,847)
Trade debtors	(5,681)	37
Advances, deposits, prepayments and other receivables	2,253	(78,563)
Increase / (Decrease) in current liabilities		
Creditors, accrued and other liabilities	8,656	45,111
	-----	-----
Cash generated from operation	325,009	113,933
Financial charges paid	(122,984)	(160,535)
	-----	-----
Net cash from / (used in) operating activities	202,025	(46,605)
	-----	-----

B. CASH FROM INVESTING ACTIVITIES

Fixed capital expenditure	(38,093)	(173,387)
Sales proceed of fixed assets	3 8	35,885
Long term deposits	--	(1,750)
Deferred costs	(1,010)	(122)
	-----	-----
Net cash used in investing activities	(39,065)	(139,374)
	-----	-----

C. CASH FROM FINANCING ACTIVITIES

Long term loan paid	(64,060)	(12,500)
Lease finance obtained	--	35,000
Lease finance paid	(15,744)	(446)
Deferred liabilities	(24,738)	53,578
Long term deposits	(3,095)	(5,533)
	-----	-----
Net cash from investing activities	(107,636)	70,099
	-----	-----
Net decrease in cash and cash equivalents (A+B+C)	55,324	(115,880)
Cash and cash equivalent at the beginning of the year	(206,017)	(90,137)
	-----	-----
Cash and cash equivalent at the end of the year	150,693	(206,017)
	=====	=====
Cash and cash equivalent		
Cash and bank balances	24,450	15,139
Short term finance	(175,143)	(221,156)
	-----	-----
	150,693	206,017
	=====	=====

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

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 on building and quarry equipment and on written down value on all other assets at the rates mentioned in the relevant note. On plant and machinery 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 charge on assets deleted during the year. However, capitalization of project cost is depreciated proportionately for the period of use. Upto the year. 1997-98 depreciation on Vehicle, Furniture and Fixture, Office equipment and other assets was recorded on straight line method. Due to this change, depreciation for the year has been reduced by Rs. 3.5 million.

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. 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	1999 Amount in "000"	1998
3. LONG TERM LOANS			
Secured			
Banking Company	3.1	464,500	520,500
Investment Bank	3.2	29,440	37,500

**Unsecured
Sponsors**

3.3	--	45,000
	-----	-----
	493,940	603,000
	-----	-----
	(85,222)	(85,099)
	-----	-----
	408,718	517,901
	=====	=====

Less: Payable within one year shown
under current liabilities

3.1 This loan is secured against first charge by way of equitable mortgage on the fixed assets, floating charge on books debts and hypothecation on plant / machinery and equipments other than of Line ~A' and quarry equipments. The sanctioned amount of loan is Rs. 524.236 million and is repayable in monthly instalments. The mark-up rate is 45 paisas per Rs. 1,000/- per day.

3.2 This loan is secured against second charge upto Rs. 68 million on the plant and equipment other than of Line 'A'. This loan is repayable in monthly installments and will be paid in full by October 2000. The rate of mark up is 21% per annum.

3.3 This loan has been transferred to short term loan.

4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance	13 6,13 9	101,585
Transferred / obtained during the year	4,510	35,000
	-----	-----
	140,649	136,585
	-----	-----
	(15,744)	(446)
	-----	-----
	124,905	136,139
	-----	-----
	(48,883)	(29,430)
	-----	-----
	76,022	106,709
	=====	=====

4.1 Liabilities against assets subject to finance lease represent liabilities for finances obtained under sale and lease back arrangements from a commercial bank and leasing companies. Effective from June 1999 the discounting rate of bank is reduced to 15% from previous rate of 21%. The approximate discounting rate of leasing companies is 20.5%.

4.2 The amount of future lease payments to which the Company is committed as at June 30, 1999 are as under:

Year ending June 30

Amount in "000"

2000

66,742

2001	64,964
2002	13,055
2003	11,467

	156,228
Less: Finance charges allocated to future periods	31,323

	124,905
	=====

1999 **1998**
Amount in "000"

5. DEFERRED LIABILITIES

Staff gratuity		8,338	6,718
Retention money			
Contractor - local	5.1	--	49,552
Plant and machinery - foreign suppliers	5.2	11,477	12,140
Encashment of performance guarantee (US\$ 1,313,250)	5.2	56,179	56,179
		-----	-----
		75,994	124,589
		=====	=====

5.1 This represented retention money of local contractors and balance amount is transferred to current liabilities.

5.2 These represent net retention money and proceed of encashment of performance guarantee. The encashment amount of performance guarantee is valued at the conversion rate prevailing at the date of encashment. These amounts are likely to be settled against the claims made by the company (refer note # 10.2).

6. LONG TERM DEPOSITS - Unsecured

Cement Stockists	6.1	4,109	6,704
Transporters	6.2	11,900	12,400
Others		130	130
		-----	-----
		16,139	19,234
		=====	=====

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 FINANCES - Secured

175,143 221,156

=====

7.1 These represent running finance facilities from commercial banks. The amount sanctioned is Rs. 230 million. These facilities are subject to average mark-up @ 15% p.a. and are secured by way of charge on stores and spares and assets ranking pari passu with the charge created to secure long term loans.

8. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loans

85,222 85,099

Liability against assets subject to finance lease

48,883 29,430

134,105 114,529

=====

9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors

114,484 99,290

Accrued expenses

11,833 14,342

Markup on secured long term loans & short term finances

71,233 45,932

Advances from customers

7,588 12,943

Retention money

29,326 5,333

Workers' profit participation fund

2,917 --

Withholding taxes

3 8 0 674

Others

276 89

238,037 178,603

=====

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 The company has filed suits against the supplier of main plant and machinery in the Sindh High Court, Karachi on account of uneconomical operation, short supply of equipment and parts and supply of sub-standard/defective parts etc. The suits are pending with the High Court and the total amount of these claims are not determinable in monetary terms at this stage.

10.3 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 re-determine 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.

10.4 The Income Tax department has filed an appeal before the Income Tax Appellate Tribunal against an order passed by the Commission (Appeals) in favour of the Company with respect to levy of tax amounting to Rs. 85 million on certain pre operational earnings for the assessment years 1994-95, 1995-96 and 1996-97. No liability has been accounted for in these accounts in lieu of the relief granted by the Commissioner (Appeals).

	1999	1998
	Amount in "000"	
Commitments in respect of		
Letters of credit	21,279	12,600

11. OPERATING ASSETS

Particulars	Cost at July 01 1998	Addition / (disposal)	Cost at June 30 1999	Accumulated depreciation at July 01 1998	Depreciation /adjustment for the year	Rate % p.a.	Accumulated depreciation at June 30 1999	Book value at June 30 1999
Land- free hold	5,309	56	5,365	--	--	--	--	5,365
Building on free hold Land	849,482	13,946	863,428	45,512	43,172	5	88,684	774,744
Plant and machinery	2,848,938	32,769	2,881,707	101,612	96,057	UPM	197,669	2,684,038
Quarry equipment	183,417	1,306	184,723	13,755	9,606	5	23,361	161,362
Vehicles	18,088	393	18,481	11,521	1,392	20	12,913	5,568
Furniture and fixtures	5,077	14	5,091	1,641	345	10	1,986	3,105

Office equipment	18,927	718 (125)	19,520	5,932	1,365 (62)	10	7,235	12,285
Other assets	9,378	1,104	10,482	2,422	806	10	3,228	7,254
	-----	-----	-----	-----	-----	-----	-----	-----
	3,938,616	50,306 (125)	3,988,797	182,395	152,743 (62)		335,076	3,653,721
Leased								
Plant and machinery	135,000	--	135,000	5,778	4,500	UPM	10,278	124,722
Vehicles	1,754	--	1,754	702	210	20	912	842
	-----	-----	-----	-----	-----	-----	-----	-----
	136,754	--	136,754	6,480	4,710		11,190	125,564
	-----	-----	-----	-----	-----	-----	-----	-----
	4,075,370	50,306 (125)	4,125,551	188,875	157,453 (62)		346,266	3,779,285
1999 (Rupees in "000")	=====	=====	=====	=====	=====	=====	=====	=====
	3,728,482	383,001 (36,113)	4,075,370	53,941	135,523 (588)		188,876	3,886,494
1998 (Rupees in "000")	=====	=====	=====	=====	=====	=====	=====	=====

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.

1999 **1998**
Amount in "000"

**11.2 Depreciation charge for the year
has been allocated as follows:**

Cost of sales	154,141	128,213
Administration expenses	3,159	7,127
Selling expenses	153	183
	-----	-----
	157,453	135,523
	=====	=====

11.3 Disposal' of assets

Particulars	Cost	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Buyers
Office equipment	125	63	38	Trade in	Khan Office Products, Karachi.
	=====	=====	=====		
1999 (Rupees '000')	125	63	38		
	=====	=====	=====		
1998 (Rupees '000')	36,112	35,652	35,885		

		1999	1998
		Amount in "000"	
12. CAPITAL WORK-IN-PROGRESS - at cost			
Building and civil works		5,310	14,659
Plant and machinery - Local		--	1,990
Quarry development		--	1,018
Electrification		2 81	100
Mechanical erection and installation		--	38
		-----	-----
		5,591	17,805
		=====	=====
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	12,924
Deferred Costs			
Preliminary expenses		2,507	2,507
Expenses on issue of shares		41,046	41,046
Quarry development costs		13,145	12,135
Other deferred costs		2,493	2,493
		-----	-----
		59,191	58,181
Less · Amortization of deferred costs		(29,280)	(17,442)
		-----	-----
		29,911	40,739
		-----	-----
		42,835	53,663
		=====	=====

15. STORES AND SPARES

Stores	28,059	23,800
Spares	128,757	87,417
Spares in transit	14,405	3,234
	-----	-----
	171,221	114,451
	=====	=====

16. STOCK-IN-TRADE

Raw and packing material	8,358	7,659
Work-in-process	49,867	19,774
Finished goods	7,510	35,692
	-----	-----
	65,735	63,125
	=====	=====

**17. ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES****Loans and advances**

Employees	1,447	1,650
Advance to wholly owned subsidiary for power supply	123,021	129,889
Advance income tax	48,735	40,759
Excise duty	2,694	865
Advance to suppliers and others	20,804	29,437
	-----	-----
	196,701	202,600

Deposits and prepayments

Deposits	3,840	3,858
Prepayments	492	331
	-----	-----
	4,332	4,189

Other receivables - Considered goods

Octroi refundable	4,470	4,094
Insurance claim	--	330
Freight	3,743	102
Custom duty	20,830	20,830
Others	954	1,138
	-----	-----
	29,997	26,494
	-----	-----
	231,030	233,283
	=====	=====

18. CASH AND BANK BALANCES

Bank balances		
Current accounts	24,145	14,325
PLS accounts	262	768
	-----	-----
	24,407	15,093
Cash in hand	43	46
	-----	-----
	24,450	15,139
	=====	=====

19. SALES - net

Sales	2,542,973	1,791,561
Less - Excise duty	1,063,138	776,123
Loading and other charges	4,871	5,432
	-----	-----
	1,068,009	781,555
	-----	-----
	1,474,964	1,010,006
	=====	=====

20. COST OF SALES

Raw material	23,745	20,211
Packing material	167,948	122,853
Fuel and power	703,720	553,933
Stores and spares	42,646	31,100
Salaries and wages	60,720	57,577
Repairs and maintenance	3,278	7,921
Depreciation	154,741	128,213
Insurance	39,691	27,954
Amortization of quarry development	2,629	2,427
Other manufacturing expenses	15,741	15,568
	-----	-----
	1,214,259	967,757
	-----	-----
Work-in-process		
Opening	19,774	22,903
Closing	(49,867)	(19,774)
	-----	-----
	(30,093)	3,969
	-----	-----
Cost of goods manufactured	1,184,166	971,726
Finished goods		
Opening	35,692	7,671

Closing	(7,510)	(35,692)
	-----	-----
	28,182	(28,021)
	-----	-----
	1,212,348	943,705
	=====	=====

21. ADMINISTRATIVE EXPENSES

Salaries and benefits		11,317	14,091
Communication		2,883	3,092
Amortization of deferred cost		9,209	9,209
Traveling and conveyance		1,095	3,336
Depreciation		3,159	7,127
Insurance		1,229	94
Vehicle running and maintenance		952	795
Advertisement		357	1,150
Printing and stationery		764	1,830
Security services		253	620
Entertainment		377	201
Legal and professional		2,099	2,106
Transportation and freight		383	504
Rent, rates and taxes		720	752
Utilities		793	804
Repair and maintenance		598	198
Auditors' remuneration	21.1	173	100
Charity and donation		61	97
Fees and subscription		678	405
Others		667	268
		-----	-----
		37,767	46,779
		=====	=====

21.1 Auditors' Remuneration

Statutory audit fee		100	100
Cost audit fee		60	--
Out of pocket expenses		13	--
		-----	-----
		173	100
		=====	=====

22. SELLING AND DISTRIBUTION EXPENSES

Salaries and benefits		6,972	4,274
Communication		2,190	2,522
Travelling and conveyance		455	389
Printing and stationery		240	301
Utilities		630	625
Vehicle running and maintenance		465	351

Repairs and maintenance	153	107
Depreciation	15 4	183
Fees and subscription	20	21
Rent, rates and taxes	864	622
Advertisement	5 41	369
Entertainment	2 2 0	156
Insurance	276	33
Others	1,152	598
	-----	-----
	14,332	10,551
	=====	=====

23. OTHER INCOME

Gain / (loss) on sale of assets	(24)	232
Miscellaneous	650	397
	-----	-----
	626	629
	=====	=====

24. FINANCIAL CHARGES

Mark-up on		
Long term loans	87,599	3,199
Lease finances	27,208	15,927
Short term borrowings	33,904	22,161
Bank charges and commission	4,084	2,494
	-----	-----
	152,795	123,781
	=====	=====

25. TAXATION

Current

Taxable income is worked out to be a tax loss. The company has not made provision for turnover tax of Rs. 7 Million u/s 80D of the Income Tax Ordinance 1979, as it has filed an appeal for allowing an exemption on account of clause 118C of the Second Schedule to the Income Tax Ordinance, 1979.

Deferred

In view of tax losses available to be carried forward there is no deferred tax liability.

26. REMUNERATION OF EXECUTIVES

Remuneration	13,460	14,116
House rent allowance	6,084	6,353
Utilities allowance	1,346	1,412
Conveyance allowance	1,282	1,412

	-----	-----
	22,172	23,293
	=====	=====
Number of Persons	77	80
	=====	=====

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, 1999.

**27. AGGREGATE TRANSACTIONS WITH
SUBSIDIARY
COMPANY**

Purchase of power	312,479	229,427
Rent	278	278

28. PRODUCTION CAPACITY

Metric tons

Installed capacity (330 days)	1,320,000	1,320,000
Actual production	682,032	526,184

Reasons for short fall: Lack of demand.

29. EARNING PER SHARE

There is no dilutive effect on the basic earning per share of the company which is based on:-

Profit after tax (Rs. in million)	55,431
Weighted average number of Ordinary shares	245,000,000
Earning per share (Rupees)	0.22

**30. FINANCIAL INSTRUMENTS
AND RELATED DISCLOSURES**

Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company applies credit limits to its customers and does not have significant exposure to any individual customer.

Interest rate risk

Interest rate risk arise from the possibility that changes in interest rates will effect the value of financial instruments. The Company is not exposed to interest rate risk.

Fair values of financial instruments

The carrying value of all the financial instruments reported in the financial statements approximate their fair value.

31. OWNERS' EQUITY

Movements in owner's equity during the year are identified and adequately disclosed in the financial statements.

32. 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, 1999 are:

i) For the last financial year of' the subsidiary

30.523 million

ii) For the previous years upto June 30, 1998 subsequent to the acquisition of the controlling interest by the holding company.

(74.163 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, 1999

i) For the last of the financial year of the subsidiary

Nil

ii) For the previous years upto June 30, 1998 but subsequent to the acquisition of the controlling interest by the holding company

Nil

33. GENERAL

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

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

Total number of permanent employees at the year end are 528.

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

**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, 1999 are:

i) For the last financial year of the subsidiary

30.523 million

ii) For the previous years upto June 30, 1998 subsequent to the acquisition of the controlling interest by the holding company.

(74.163 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, 1999

i) for the last financial year of the subsidiary

Nil

ii) for the previous years upto June 30, 1998 subsequent to the acquisition of the controlling interest by the holding company

Nil

**LUCKY POWERTECH
LIMITED**
WHOLLY OWNED SUBSIDIARY
OF

LUCKY CEMENT LIMITED

DIRECTORS REPORT

We are pleased to present the 5th Annual Report of the company together with the Audited Accounts for the year ended on June 30, 1999 and Auditors' Report thereon.

During the year under review, the company operated as a captive power plant and supplied electricity solely to Lucky Cement Limited which is its holding company. The total generation capacity of the company was drastically under-utilised due to the under capacity utilisation of cement plant owing to over supply position of cement in Pakistan. However, the gross sales of our company increased by 36% as compared to the last year.

Despite of the under-capacity utilisation, your company managed to earn a gross profit of Rs.91.05 million for the current year which is 29% of the net sales as against the gross profit of Rs.41.7 million in the preceding year which was 18.4% of the net sales. The year closed with the net profit of Rs. 30.523 million against the net loss of Rs. 29.378 million in the preceding year. In view of net profit for the current year, the accumulated loss of Rs. 74.163 has been reduced to Rs. 43.640 million. The earning per shares for the current year was Rs. 1.53.

Millennium Bug in Computer System

We have taken adequate measures to protect the company against Y2K problems.

Auditors

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

Acknowledgment

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

By order of the Board

Karachi: December 7, 1999

ABDUL RAZZAK TABBA
Chairman & Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Lucky Powertech Limited as at June 30, 1999 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, 1999 and of the profit 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.

M.YOUSUF ADIL SALEEM & CO.,
Chartered Accountants

Karachi: December 7, 1999

BALANCE SHEET AS AT JUNE 30, 1999

	Note	1999 Amount in "000"	1998
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 of Rs. 10/- each fully paid in cash		200,000	200,000
Accumulated loss		(43,640)	(74,163)
		-----	-----
		156,360	125,837

LONG TERM LOANS	3	196,400	224,700
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	4	21,771	86,139
DEFERRED LIABILITIES	5	40,535	105,607
CURRENT LIABILITIES			
Current portion of long terms liabilities	6	87,222	61,974
Creditors, accrued and other liabilities	7	205,239	143,735
		-----	-----
		292,461	205,709
		-----	-----
		707,527	747,992
		=====	=====
FIXED ASSETS - TANGIBLE			
Operating assets	8	666,123	704,375
LONG TERM LEASE DEPOSITS AND DEFERRED COST	9	22,220	22,283
CURRENT ASSETS			
Stores and spares		12,442	15,975
Advances, deposits and other receivables	10	5,491	4,697
Bank balances	11	1,251	662
		-----	-----
		19,184	21,334
		-----	-----
		707,527	747,992
		=====	=====

The annexed notes from 1 to 22 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, 1999**

	Note	1999 Amount in "000"	1998
Sales - net	12	309,499	226,774

Cost of generation	13	218,451	185,062
Gross profit		91,048	41,712
Administrative expenses	14	1,428	1,672
Operating profit		89,620	40,040
Financial charges	15	5 7,491	69,418
Workers' profit participants fund		1,606	--
		59,097	69,418
Profit / (loss) for the year		30,523	(29,378)
Accumulated loss brought forward		(74,163)	(44,785)
Accumulated loss carried forward		(43,640)	(74,163)
Earning per share	19	Rs. 1.53	

The annexed notes from 1 to 22 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, 1999**

	1999	1998
	Amount in "'000"	
A. CASH FROM OPERATING ACTIVITIES		
Profit / (loss) for the year	30,523	(29,378)
adjustments for:		
Depreciation	38,252	38,251
Provision for gratuity	318	231
Financial charges	57,491	69,418
Deferred cost	63	62
Operating profit before working capital changes	126,647	78,584
Changes in working capital		
Increase / (Decrease) in current assets		
Stores and spares	3,533	(8,831)
Advances, deposits and other receivables	(794)	(2,304)
Increase / Decrease in current liabilities		

Creditors, accrued and other liabilities	9,206	68,512
	-----	-----
Cash generated from operation	13 8,646	135,961
Financial charges paid	(41,675)	(66,999)
	-----	-----
Net cash from operating activities	96,971	68,962
	-----	-----
B. CASH FROM INVESTING ACTIVITIES:	--	--
	-----	-----
C. CASH FROM FINANCING ACTIVITIES		
Long term loans paid	(15,500)	(23,070)
Lease finances paid	(51,920)	(37,699)
Deferred liabilities	(28,962)	(7,809)
	-----	-----
	(96,382)	(68,578)
	-----	-----
Net increase / (decrease) in cash and cash equivalents (A+B+C)	589	384
Bank balances at the beginning of the year	662	278
	-----	-----
Bank balances at the end of the year	1,251	662
	=====	=====

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

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. The project is located at District Lakki Marwat 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-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.

		1999	1998
		Amount in "000"	
3. LONG TERM LOANS			
Secured			
Banking company			
Demand Finance - I	3.1	134,500	150,000
Demand Finance - II	3.1	60,400	60,400
Unsecured			
Sponsors	3.2	14,300	14,300
		-----	-----
		209,200	224,700
Payable within one year shown under current liabilities		12,800	--
		-----	-----
		196,400	224,700
		=====	=====

3.1 The demand finance I and II are secured against mortgage on the fixed assets 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 sanctioned amount of loan is Rs. 232 million. The repayment of principal and mark up on these finances are on deferred payment basis and clubbed with the repayment of holding company. The substantial repayment for next financial year is likely to be made from the holding company.

3.2 This represents loan from sponsors and is interest free.

4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance		148,113	185,812
Paid during the year		(51,920)	(37,699)
		-----	-----
		96,193	148,113
Payable within one year shown under current liabilities		(74,422)	(61,974)
		-----	-----
		21,771	86,139
		=====	=====

4.1 Liabilities against assets subject to finance lease represent liabilities for finance obtained under sale and lease back arrangement for diesel power generating sets from a commercial bank and leasing companies. Effective from June 1999 the discounting rate of bank is reduced to 15% from previous rate of 18.5%. Approximate discounting rate of leasing companies is 21% p.a.

4.2 The amount of future lease payments to which the Company is committed at June 30, 1999 are as under:

Year ending June 30,	Amount in "000"
2000	74,933
2001	36,006

	110,939
Less: Finance charges allocated to future periods	(14,746)

	96,193
	=====

	Note	1999	1998
		Amount in "000"	
5. DEFERRED LIABILITIES			
Staff gratuity		869	551
Retention money	5.1	--	64,925
Accrued mark up	5.2	39,666	40,131
		-----	-----
		40,535	105,607
		=====	=====

5.1 This represented retention money of supplier of power plant machinery and balance amount is transferred to current liabilities.

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	12,800	--
Liabilities against assets subject to finance lease	74,422	61,974
	-----	-----
	87,222	61,974
	=====	=====

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

Advance against power supply from holding company	123,021	129,889
Advance from associated undertaking	13,524	--
Creditors	3,467	1,808
Accrued expenses	2,697	2,587
Retention money	35,988	457

Accrued markup	21,594	5,313
Workers' profit participation fund	1,606	
Others	3,342	3,681
	-----	-----
	205,239	143,735
	=====	=====

8. OPERATING ASSETS

Particulars	Cost at July 01 1998	Addition / (disposal)	Cost at June 30 1999	Accumulated depreciation at July 01 1998	Depreciation for the year	Rate % p.a.	Accumulated depreciation at June 30 1999	Book value at June 30 1999
Owned								
Building	30,532	-	30,532	2,284	1,527	5	3,810	26,721
Plant and machinery	508,065	-	508,065	38,107	25,403	UPM	63,510	444,555
Furniture and fixtures	479	-	479	144	48	10	192	287
Office equipments	1,388	-	1,388	415	139	10	554	834
Other assets	1,026	-	1,026	257	103	10	360	666
	-----	-----	-----	-----	-----	-----	-----	-----
	541,490	-	541,490	41,207	27,220		68,426	473,064
Leased								
Plant and machinery	220,639	-	220,639	16,548	11,032	UPM	27,580	193,059
	-----	-----	-----	-----	-----	-----	-----	-----
	220,639	-	220,639	16,548	11,032		27,580	193,059
	-----	-----	-----	-----	-----	-----	-----	-----
1999 (Rupees in "000")	762,129	-	762,129	57,754	38,252		96,005	666,123
	=====	=====	=====	=====	=====	=====	=====	=====
998 (Rupees in "000")	761,877	-	762,129	19,503	38,251		57,754	704,375
	=====	=====	=====	=====	=====	=====	=====	=====

UPM = Unit of Production Method

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

8.2 The Company has surplus power generation capacity after meeting the requirements of its holding company. The company is in process of finalizing arrangement with an associated company for selling power and has shifted one engine of 6.12 MW to the premises of Gadoon Textile Mills Limited.

8.3 Depreciation charge for the year has been allocated as follows

	1999	1998
	Amount in "000"	
Cost of generation	37,962	37,962
Administrative expenses	290	289
	-----	-----
	38,252	38,251
	=====	=====

9. LONG TERM LEASE DEPOSITS AND

DEFERRED COST

Long term lease deposits	22,064	22,064
Deferred cost		
Preliminary expenses	312	312
Amortization		
Opening balance	9 3	31
During the year	63	62
	-----	-----
	156	(93)
	-----	-----
	156	219
	-----	-----
	22,220	22,283
	=====	=====

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

Advance to suppliers	3,069	2,815
Advance tax	656	130
Security deposits	1,036	1,036
Octroi refundable	714	714
Others	16	2
	-----	-----
	5,491	4,697
	=====	=====

11. BANK BALANCES

In current accounts	901	312
In PLS accounts	350	350
	-----	-----
	1,251	662
	=====	=====

12. SALES - net

Sales - net	312,479	229,427
Less: Electricity duty	(2,980)	(2,653)
	-----	-----
	309,499	226,774
	=====	=====

13. COST OF GENERATION

Oil and lubricants	159,798	129,594
Chemicals	868	2,574
Store and spares	4,452	5,074
Repair and maintenance	5,777	664
Salaries and wages	7,911	7,277
Depreciation	37,9 62	37,962
Insurance	1,405	1,639

Ground rent	2 7 8	278
	-----	-----
	218,451	185,062
	=====	=====

14. ADMINISTRATIVE EXPENSES

Communication	4 41	457
Boarding and lodging	417	436
Depreciation	2 9 0	290
Fees and subscription	2 5	22
Legal and professional	14	127
Audit fee	5 0	50
Amortization of deferred cost	6 3	62
Vehicle running and maintenance	7 4	81
Repair and maintenance	--	30
Travelling and conveyance	4 5	60
Others	10	57
	-----	-----
	1,428	1,672
	=====	=====

15. FINANCIAL CHARGES

Markup on		
Long term loans	34,688	40,015
Lease finances	21,745	29,346
Excise duty on lease finance-prior years	1,052	--
Bank commission and charges	6	57
	-----	-----
	57,491	69,418
	=====	=====

16. REMUNERATION OF EXECUTIVES

Remuneration	2,257	2,497
House rent allowance	1,016	1,123
Utilities allowance	22 6	250
Conveyance allowance	226	250
	-----	-----
	3,725	4,120
	=====	=====
Number of persons	13	14
	=====	=====

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, 1999.

17. AGGREGATE TRANSACTIONS WITH HOLDING COMPANY

Sale of power	312,479	229,427
Rent	278	278

18. PRODUCTION CAPACITY

	MWHs	
Installed Capacity (330 days)		
Main generators	247,199	247,199
Stand by generator	41,199	41,199
Actual generation	99,449	85,297
Reason for short fall: Lack of demand.		

19. EARNING PER SHARE

There is no dilutive effect on the basic earning per share of the company which is based on:

Profit after tax (Rs. in million)	30,523
Weighted average number of Ordinary shares	20,000,000
Earning per share (Rupees)	1.53

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company applies credit limits to its customers and does not have significant exposure to any individual customer.

Interest rate risk

Interest rate risk arise from the possibility that change in interest rates will effect the value of financial instruments. The Company is not exposed to interest rate risk.

Fair values of financial instruments

The carrying value of all the financial instruments reported in the financial statements approximate their value.

21. OWNERS' EQUITY

Movements in owner's equity during the year are identified and adequately disclosed in the financial statements.

22. 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.

Total number of employees at the year end are 36.

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

Consolidated Accounts

AUDITORS' REPORT TO THE MEMBERS

We have examined the annexed consolidated financial statements comprising consolidated Balance Sheet of LUCKY CEMENT LIMITED and its subsidiary company LUCKY POWERTECH LIMITED as at June 30, 1999 and the related consolidated Profit and Loss Account and Consolidated Cash Flow Statement together with the notes forming part thereof, for the year ended June 30, 1999. We have also expressed separate opinions on the financial statements of Lucky Cement Limited and its subsidiary company. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our examination.

Our examination was made in accordance with International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements examined by us present fairly the financial position of Lucky Cement Limited and its subsidiary company as at June 30, 1999 and the results of their operations for the year then ended.

Karachi: December 7, 1999

M.YOUSUF ADIL SALEEM & CO.,
Chartered Accountants

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 1999

	Note	1999	1998
		Amount in "000"	
SHARE CAPITAL AND RESERVE			
Authorized 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		(133,970)	(219,924)
		-----	-----
		3,306,030	3,220,076
LONG TERM LOANS	3	605,118	742,601
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	4	97,793	192,848
DEFERRED LIABILITIES	5	116,529	230,196
LONG TERM DEPOSITS	6	16,139	19,234
CURRENT LIABILITIES			
Short term finance	7	175,143	221,156
Short term loan - unsecured and interest free Associated Undertaking		45,000-	
Current portion of long term liabilities	8	221,327	176,503
Creditors, accrued and other liabilities	9	320,255	192,449
Provision for taxation		7,000	7,000
		-----	-----
		768,725	597,108
CONTINGENCIES AND COMMITMENTS	10	-	-
		-----	-----
		4,910,334	5,002,063
		=====	=====
FIXED ASSETS - TANGIBLE			
Operating assets	11	4,445,408	4,590,869
Capital work-in-progress	12	5,591	17,805
		-----	-----
		4,450,999	4,608,674
LONG TERM DEPOSITS AND DEFERRED COSTS	13	65,055	75,946
CURRENT ASSETS			
Stores and spares	14	183,663	130,426
Stock-in-trade	15	65,735	63,125
Trade debtors		5,681	-
Advances, deposits, prepayments and		-	-

other receivables	16	113,500	108,091
Cash and bank, balances	17	25,701	15,801
		-----	-----
		394,280	317,443
		-----	-----
		4,910,334	5,002,063
		=====	=====

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

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1999**

	Note	1999 Amount in "000"	1998
Sales - net	18	1,474,964	1,010,006
Cost of sales / generation	19	1,121,022	901,715
		-----	-----
Gross profit		353,942	108,291
Operating expenses			
Administrative	20	39,195	48,451
Selling and distribution	21	14,332	10,551
		-----	-----
		53,527	59,002
		-----	-----
		300,415	49,289
Operating profit		--	--
Other income	22	3 4 8	351
		-----	-----
		300,763	49,640
Financial charges	23	210,28 6	193,199
Workers' profit participation fund		4,523	-
		-----	-----
		214,809	193,199
		-----	-----
Profit / (loss) before taxation		85,954	(143,559)
Provision for taxation		-	(5,000)
		-----	-----
Net Profit/(loss) after taxation		85,954	(148,559)
Accumulated loss brought forward		(219,924)	(71,365)
		-----	-----

Accumulated loss carried forward		(133,970)	(219,924)
Earning per share	27	0.35	

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

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

**CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
(CASH FLOW STATEMENT) FOR THE YEAR ENDED JUNE 30, 1999**

	1999	1998
	Amount in "000"	
A. CASH FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	85,954	(143,559)
Adjustments for:		
Depreciation	195,705	173,774
Amortization of deferred cost	11,901	11,698
(Gain) / loss on disposal of fixed assets	24	(232)
Provision for gratuity	2,283	2,535
Payment for gratuity	(345)	--
Financial charges	210,286	193,199
	-----	-----
Operating profit before working capital changes	505,808	237,415
Changes in working capital:		
(Increase) / decrease in current assets		
Stores and spares	(53,237)	8,533
Stock in trade	(2,610)	(28,847)
Trade debtors	(5,681)	37
Advances, deposits, prepayments and other receivables	(5,409)	(80,867)
Increase / (Decrease) in current liabilities		
Creditors, accrued and other liabilities	24,781	113,623
	-----	-----
Cash generated from operation	463,652	249,894
Financial charges paid	(164,659)	(227,534)
	-----	-----
Net cash from operating activities	298,993	22,360

B. CASH FROM INVESTING ACTIVITIES

Fixed capital expenditure	(38,093)	(173,387)
Sales proceed of fixed assets	38	35,885
Long term deposits	-	(1,750)
Deferred costs	(1,010)	(122)
Net cash used in investing activities	(39,065)	(139,374)

C. CASH FROM FINANCING ACTIVITIES

Long term loan paid	(79,560)	(35,570)
Lease finances obtained		35,000
Lease finances paid	(67,664)	(38,145)
Deferred liabilities	(53,699)	45,769
Long term deposits	(3,095)	(5,533)

Net cash used in investing activities

(204,018)	1,521
-----------	-------

Net decrease in cash and cash equivalents (A+B+C)

55,910	(115,493)
--------	-----------

Cash and cash equivalent at the beginning of the year

(205,352)	(89,859)
-----------	----------

Cash and cash equivalent at the end of the year

(149,442)	(205,352)
-----------	-----------

Cash and cash equivalent

Cash and bank balances

25,701	15,801
--------	--------

Short term finance

(175,143)	(221,156)
-----------	-----------

149,442	205,355
---------	---------

Muhammad Yunus Tabba

Director

Abdul Razzak Tabba

Chief Executive

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999****1. THE GROUP AND ITS OPERATIONS**

Lucky Cement Limited, the parent company and its wholly owned subsidiary company, Lucky Powertech Limited are incorporated in Pakistan as public limited companies under the Companies Ordinance, 1984. The shares of the parent company are quoted on the stock exchanges of Pakistan and its principal business is manufacture and sale of cement. The subsidiary company is unquoted

and its principal business is generation and sale of electricity. Both parent and subsidiary companies are located at District Lakki Marwar N.W.F.P.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of consolidation

The consolidated financial statements include the accounts of Lucky Cement Limited, the parent company and its subsidiary company, Lucky Powertech Limited. The subsidiary company is wholly owned by parent company in lieu of its 100% equity ownership. Material inter-company transactions are eliminated in the consolidated financial statements.

2.2 Accounting convention

These consolidated financial statements have been prepared under the 'historical cost convention.

2.3 Staff retirement benefits

The parent and subsidiary company operate an unfunded gratuity scheme for all their employees. Annual provisions are made in the accounts to cover this liability.

2.4 Taxation

Current

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

Deferred

The parent 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.

2.5 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 on building and quarry equipment and on written down value on all other assets at the rates mentioned in the relevant note. On plant and machinery 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 charge on assets deleted during the year. However, capatilization of project cost is depreciated proportionately for the period of use. Upto the year 1997-98 depreciation on Vehicle, Furniture and Fixture, Office equipment and other assets was recorded on straight line method. Due to this change, depreciation for the year has been reduced by Rs. 3.5 million.

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

Demand Finance - II	3.1	60,400	60,400
Investment Bank	3.2	29,440	37,500
Unsecured			
Sponsors	3.3	14,300	59,300
		-----	-----
		703,140	827,700
Less: payable within one year shown Under current liabilities		(98,022)	(85,099)
		-----	-----
		605,118	742,601
		=====	=====

3.1 This loan is secured against first charge by way of equitable mortgage on the fixed assets, floating charge on book debts and hypothecation on plant / machinery and equipment other than of Line 'A' and quarry equipments. The sanctioned amount of loan is Rs. 756.236 million and is repayable in monthly installments. The mark up rate of these finances is 45 paisas per Rs. 1,000/- per day.

3.2 This loan is secured against second charge upto Rs. 68 million on the plant and equipment other than of Line 'A'. This loan is repayable in monthly installments and will be paid in full by October 2000. The rate of mark up is 21% per annum.

3.3 The loan related to parent company has been transferred to short term loan.

4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance		284,252	287,397
Transferred / obtained during the year		4,510	35,000
		-----	-----
		288,762	322,397
Paid during the year		(67,664)	(38,145)
		-----	-----
		221,098	284,252
Payable within one year shown under Current liabilities		(123,305)	(91,404)
		-----	-----
		97,793	192,848
		=====	=====

4.1 Liabilities against assets subject to finance lease represent liabilities for finances obtained under sale and lease back arrangements from a commercial bank and leasing companies. Effective from June 1999 the discounting rate of bank is reduced to 15% from previous rates of 21% and 18.5%. Approximate discounting rate of leasing companies is 21%.

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

1999 are as under:

		Amount in '000'
Year ending June 30		
	2000	141,675
	2001	100,970
	2002	13,055
	2003	11,467

		267,167
Less: Finance charges allocated to future period		(46,069)

		221,098
		=====

1999	1998
Amount in "000"	

5. DEFERRED LIABILITIES

Staff gratuity		9,207	7,269
Retention money			
Contractors - local	5.1	-	49,552
Plant and machinery - foreign supplier	5.2	11,477	77,065
Encashment of performance guarantee (US\$ 1,313,250)	5.2	-	-
Accrued markup		56,179	56,179
		39,666	40,131
		-----	-----
		116,529	230,196
		=====	=====

5.1 This represented retention money of local contractors of parent company. The balance amount is transferred to current liabilities.

5.2 These represent net retention money and proceed of encashment of performance guarantee. The encashment amount of performance guarantee is valued at conversion rate prevailing at the date of encashment. These amounts are likely to be settled against the claims made by the parent company (refer note # 10.2).

6. LONG TERM DEPOSITS - Unsecured

Cement Stockists	6.1	4,109	6,704
Transporters	6.2	11,900	12,400
Others		130	130
		-----	-----
		16,139	19,234
		=====	=====

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 FINANCES - Secured

175,143	221,156
=====	=====

7.1 These represents running finance facilities of the parent company from commercial banks. The amount sanctioned is Rs. 230 million. These facilities are subject to average mark-up @ 15% p.a. and are secured by way of charge on stores and spares and assets ranking pari passu with the charge created to secure long term loans.

1999	1998
Amount in "000"	

8. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loans	85,099	98,022
Liabilities against assets subject to finance lease	91,404	123,305
	-----	-----
	221,327	176,503
	=====	=====

9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	117,951	101,098
Accrued expenses	14,530	16,929
Advance from associated undertaking	13,524	-
Markup on secured long term loans and short term finances	92,827	51,245
Advances from customers	7,588	12,943
Retention money	65,314	5,790
Workers' profit participation fund	4,523	-
Withholding taxes	380	674
Others	3,618	3,770
	-----	-----
	320,255	192,449
	=====	=====

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 The company has filed suits against the supplier of main plant and machinery in the Sindh High Court, Karachi on account of uneconomical operation, short supply of equipment and parts and supply of sub-standard/defective parts etc. The suits are pending with the High Court and the total amount of these claims are not determinable in monetary terms at this stage.

10.3 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 re-determine 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.

10.4 The Income Tax department has filed an appeal before the Income Tax Appellate Tribunal against an order passed by the Commission (Appeals) in favour of the Company with respect to levy of tax amounting to Rs. 85 million on certain pre operational earnings for the assessment years 1994-95, 1995-96 and 1996-97. No liability has been accounted for in these accounts in lieu of the relief granted by the Commissioner (Appeals).

	1999	1998
	Amount in "000"	
Commitments in respect of		
Letters of credit	21,279	12,600

11. OPERATING ASSETS

Particulars	Cost at Jul-01 1998	Addition/ (disposal)	Cost at Jun-30 1999	Accumulated depreciation at July 01 1998	Depreciation/ adjustment for the year	Rate % p.a.	Accumulated depreciation at June30,1999	Book value at June30 1999
Owned								
Land-free hold	5,309	56	5,365	--	--	--	--	5,365
Building on free hold Land	880,014	13,946	893,960	47,796	44,699	5	92,495	801,465

Plant and machinery	3,357,003	32,769	3,389,772	139,718	121,459	UPM	261,177	3,128,595
Quary equipment	183,417	1,306	184,723	13,755	9,606	5	23,361	161,362
Vehicles	18,088	393	18,481	11,521	1,392	20	12,913	5,568
Furniture and fixtures	5,556	14	5,570	1,785	393	10	2,178	3,392
Office equipment	20,315	718	20,908	6,347	1,504	10	7,789	13,119
		(125)			(62)			
Other assets	10,404	1,104	11,508		909	10	3,588	7,920
	-----	-----	-----	-----	-----	-----	-----	-----
	4,480,106	50,306	4,530,287	223,601	179,962		408,501	4,126,786
					(62)			
Leased								
Plant and machinery	355,639	--	355,639	22,236	15,532	UPM	37,858	317,781
Vehicles	1,754	--	1,754	702	210	20	912	842
	-----	-----	-----	-----	-----	-----	-----	-----
	357,393	--	357,393	23,028	15,742		38,770	318,623
	-----	-----	-----	-----	-----	-----	-----	-----
1999 (Rupees in "000")	4,837,499	50,306	4,887,680	246,629	195,704		442,271	4,445,408
		(125)			(62)			
	=====	=====	=====	=====	=====	=====	=====	=====
1998 (Rupees in "000")	4,490,359	383,001	4,075,370	73,444	173,774		246,630	4,590,869
		(36,113)			(588)			
	=====	=====	=====	=====	=====	=====	=====	=====

UPM= Unit of production method

1999 **1998**
Amount in "000"

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

11.2 Depreciation charge for the year has been allocated as follows:

Cost of sales		192,103	166,175
Administrative expenses		3,449	7,416
Selling expenses		15 3	183
		-----	-----
		195,705	173,774
		=====	=====

11.3 Disposal of assets

Particulars	Cost	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Buyers
Office equipment	125		63	38 Trade in	Khan Office Products, Karachi.
	-----	-----	-----		
1999 (Rupees '000')	125		63	38	
	-----	-----	-----		

1998 (Rupees '000')	36,112	35,885	35,885
	=====	=====	=====

12 CAPITAL WORK-IN-PROGRESS - at cost

Building and civil works	5,310	14,659
Plant and Machinery - Local	-	1,990
Quarry development	-	1,018
Electrification	281	100
Mechanical erection and installation	-	38
	-----	-----
	5,591	17,805
	=====	=====

13. LONG TERM DEPOSITS AND DEFERRED COSTS

Long term lease deposits	34,988	34,988
Deferred costs		
Preliminary expenses	2,819	2,819
Expenses on issue of shares	41,046	41,046
Quarry development costs	13,145	12,135
Other deferred costs	2,493	2,493
	-----	-----
	59,503	58,493
Less · Amortization of deferred costs	(29,436)	(17,535)
	-----	-----
	30,067	40,958
	-----	-----
	65,055	75,946
	=====	=====

14. STORES AND SPARES

Stores	38,939	39,775
Spares	130,319	87,417
Spares in transit	14,405	3,234
	-----	-----
	183,663	130,426
	=====	=====

15. STOCK-IN-TRADE

Raw' and packing material	8,358	7,659
Work in process	49,867	19,774
Finished goods	7,510	35,692
	-----	-----
	65,735	63,125
	=====	=====

16. ADVANCES, DEPOSITS, PREPAYMENTS

AND OTHER RECEIVABLES**Loans and advances**

Employees	1,447	1,650
Advance income tax	49,391	40,889
Excise duty	2,694	865
Advance to suppliers and others	23,873	32,252
	-----	-----
	77,405	75,656

Deposits and prepayments

Deposits	4,876	4,894
Prepayments	492	331
	-----	-----
	5,368	5,225

Other receivables - Considered good

Octroi refundable	5,184	4,808
Insurance claim	-	330
Freight	3,743	102
Custom duty	20,830	20,830
Others	970	1,140
	-----	-----
	30,727	27,210
	-----	-----
	113,500	108,091
	=====	=====

17. CASH AND BANK BALANCES

Bank balances		
Current accounts	25,046	14,637
PLS accounts	612	1,118
	-----	-----
	25,658	15,755
Cash in hand	43	46
	-----	-----
	25,701	15,801
	=====	=====

18. SALES - net

Sales	2,542,973	1,791,561
Less - Excise duty	1,063,138	776,123
Loading and other charges	4,871	5,432
	-----	-----
	1,068,009	781,555
	-----	-----
	1,474,964	1,010,006

19. COST OF SALES / GENERATION

Raw material	23,745	20,211
Chemical	868	2,574
Packing material	167,948	122,853
Fuel, oil and lubricant	551,039	454,100
Stores and spares	47,098	36,174
Salaries and wages	68,631	64,854
Repairs and maintenance	9,055	8,585
Depreciation	192,103	166,175
Insurance	41,096	29,593
Amortization of quarry development	2,629	2,427
Other manufacturing expenses	18,721	18,221
	<hr/>	<hr/>
	1,122,933	925,767
Work-in-process		
Opening	19,774	22,903
Closing	(49,867)	(19,774)
	<hr/>	<hr/>
	(30,093)	3,969
Cost of goods manufactured	<hr/>	<hr/>
	1,092,840	929,736
Finished goods		
Opening	35,692	7,671
Closing	(7,510)	(35,692)
	<hr/>	<hr/>
	28,182	(28,021)
	<hr/>	<hr/>
	1,121,022	901,715

20. ADMINISTRATIVE EXPENSES

Salaries and benefits	11,317	14,091
Communication	3,324	3,549
Amortization of deferred cost	9,272	9,271
Travelling and conveyance	1,140	3,396
Depreciation	3,448	7,416
Insurance	1,229	94
Vehicles running and maintenance	1,026	876
Boarding and lodging	417	436
Advertisement	357	1,150
Printing and stationery	764	1,830
Security services	253	620

Entertainment		377	201
Legal and professional		2,113	2,233
Transportation and freight		383	504
Rent, rates and taxes		720	752
Utilities		793	804
Repairs and maintenance		598	228
Auditors remuneration	20.1	223	150
Charity and donation		61	97
Fees and subscription		703	427
Others		677	326
		-----	-----
		39,195	48,451
		=====	=====

20.1 Auditors' Remuneration

Statutory audit fee		150	150
Cost audit fee		60	-
Out of pocket expenses		13	-
		-----	-----
		223	150
		=====	=====

21. SELLING AND DISTRIBUTION EXPENSES

Salaries and benefits		6,972	4,274
Communication		2,190	2,522
Travelling and conveyance		455	389
Printing and stationery		240	301
Utilities		630	625
Vehicles running and maintenance		465	351
Repairs and maintenance		153	107
Depreciation		154	183
Fees and subscription		20	21
Rent rates and taxes		864	622
Advertisement		541	369
Entertainment		220	156
Insurance		276	33
Others		1,152	598
		-----	-----
		14,332	10,551
		=====	=====

22. OTHER INCOME

Gain / (loss) on sale of assets		(24)	232
Miscellaneous		372	119
		-----	-----

	348	351
	=====	=====
23. FINANCIAL CHARGES		
Mark-up on		
Long term loans	122,287	123,214
Lease finances	48,953	45,273
Excise duty on borrowings - prior year	1,052	-
Short term borrowings	33,904	22,161
Bank charges and commission	4,090	2,551
	-----	-----
	210,286	193,199
	=====	=====

24. TAXATION

Current

Taxable income is worked out to be a tax loss. The company has not made provision for turnover tax of Rs. 7 Million u/s 80D of the Income Tax Ordinance 1979, as it has filed an appeal for allowing an exemption on account of clause 118C of the Second Schedule to the Income Tax Ordinance, 1979.

Profits and gains of the subsidiary company are exempt from the 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.

Deferred

In view of tax losses available to be carried forwards there is no deferred tax liability

25. REMUNERATION OF EXECUTIVES

Remuneration	15,717	16,613
House rent allowance	7,100	7,476
Utilities allowance	1,572	1,662
Conveyance allowance	1,508	1,662
	-----	-----
	25,897	27,413
	=====	=====
Number of Persons	90	94
	=====	=====

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.

1999	1998
Metric tons	

26. PRODUCTION CAPACITY

Holding Company

Installed capacity (330 days)	1,320,000	1,320,000
Actual production	682,032	526,184

Subsidiary Company	MWHS	
Installed capacity (330 days)		
Main generators	247,199	247,199
Standby generator	41,199	41,199
Actual generation	99,449	85,297

Reason for short fall: Lack of demand

27. EARNING PER SHARE

There is no dilutive effect on the basic earning per share of the company which is based on:-

Profit after tax (Rupees in million)	85,954
Weighted average number of Ordinary shares	245,000,000
Earning per share (Rupees)	0.35

**28. FINANCIAL INSTRUMENTS
AND RELATED DISCLOSURES**

Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company applied credit limits to its customers and does not have significant exposure to any individual customer.

Interest rate risk

Interest rate risk arise from the possibility that changes in interest rates will effect the value of financial instruments. The Company is not exposed to interest rate risk.

Fair values of financial instruments

The carrying value of all the financial instruments reported in the financial statements approximate their fair value.

29. OWNERS' EQUITY

Movement in owners' equity during the year are identified and adequately disclosed in the financial statements.

30. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

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

Total number of permanent employees at the year end are 564.

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

Annual Report'

1999

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LUCKY CEMENT LIMITED

PATTERN OF SHAREHOLDING AS AT JUNE 30, 1999

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD	
	FROM	TO			
543	1	--	100	54,300	
32,367	101	--	500	15,954,600	
442	501	--	1000	385,700	
560	1001	--	5000	1,680.95	
240	5001	--	10000	2,106,900	
72	10001	--	15000	941,900	
55	15001	--	20000	1,017,800	
40	20001	--	25000	971,800	
26	25001	--	30000	750,800	
8	30001	--	35000	258,500	
9	35001	--	40000	344,500	
2	40001	--	45000	89,900	
11	45001	--	50000	542,500	
5	50001	--	55000	264,900	
6	55001	--	60000	345,500	
1	60001	--	65000	62,800	
2	65001	--	70000	137,700	
9	70001	--	75000	667,500	
5	75001	--	80000	396,400	
2	80001	--	85000	164,400	
2	85001	--	90000	175,500	
2	90001	--	95000	183,400	
9	95001	--	100000	896,400	
2	105001	--	110000	214,600	
3	115001	--	120000	351,400	
1	120001	--	125000	125,000	
2	125001	--	130000	255	
6	135001	--	180000	953,000	
3	195001	--	200000	778,500	
2	205001	--	210000	413,500	
1	225001	--	230000	230,000	
1	240001	--	245000	242,000	
3	245001	--	250000	749,800	
2	265001	--	270000	537,000	
2	275001	--	280000	276,900	

5	290001	--	365000	1,631,400
3	395001	--	400000	1,200,000
1	400001	--	405000	404,000
1	410001	--	415000	412,500
1	425001	--	430000	425,800
1	435001	--	440000	435,600
1	440001	--	445000	442,000
1	495001	--	500000	1,500,000
3	535001	--	1345000	8,020,900
9	1345001	--	1415000	4,045,200
3	1425001	--	1430000	1,430,000
1	1945001	--	1950000	1,949,700
1	2065001	--	2070000	2,070,000
1	2270001	--	2275000	2,272,720
1	2495001	--	2500000	5,000,000
2	2545001	--	2550000	5,100,000
2	2575001	--	2580000	2,575,100
1	3045001	--	3050000	6,100,000
2	3990001	--	4365000	3,993,800
1	3995001	--	3995000	3,999,200
1	4360001	--	4365000	4,360,300
1	4495001	--	4500000	4,500,000
1	4995001	--	5000000	10,000,000
1	6410001	--	6415000	6,411,500
1	6695001	--	6700000	6,700,000
1	8330001	--	8335000	8,333,350
1	14250001	--	14150000	14,146,600
1	19170001	--	19175000	19,171,600
2	21210001	--	21215000	42,424,240
1	42420001	--	42425000	42,424,240
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	34,499			245,000,000
-----	-----	-----	-----	-----

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
Individuals	34,428	86,898,920	35.46
Investment Companies	23	98,647,480	40.26
Insurance Companies	5	1,471,900	0.6
Joint Stock Companies	20	27,201,500	11.1
Financial Institutions	9	29,468,700	12.02
Modaraba Company	6	673,200	0.27
Charitable Trust	2	20,000	0.04
Others	6	618,300	0.25
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Total

34,499

2,451,100,000

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