

Maple Leaf Cement Factory Limited

Annual Report 2000

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COMPANY INFORMATION

Board of Directors

Mr. Tariq Sayeed Saigol
Chairman/Chief Executive

Mr. Taufique Sayeed
Saigol

Mr. Usman Said

Mr. Aamir Fayyaz Sheikh

Mr. Sarmad Amin

Mr. Mansur Aly Malik

Mr. Henrik Starup

(Representing FLS & IFU)

Mr. Mahmood Ahmad

(Rep. Crescent Investment Bank Ltd.)

Company Secretary

Mr. Mohammad Sharif

Bankers of the Company

Allied Bank of Pakistan
Limited

The Bank of Punjab

Habib Bank Limited

Muslim Commercial Bank Limited

Soneri Bank Limited

United Bank Limited

National Bank of Pakistan
Gulf Commercial Bank
Limited

Auditors

Ford, Rhodes, Robson,
Morrow
Chartered Accountants

Legal Advisors

1. Cornelius Lane and
Mufti
Advocates & Solicitors,
Lahore.

2. Mr. Nomaan Akram
Raja
Barrister-At-Law
Raja Mohammad Akram
& Co.
Advocates and Legal Consultants,
Lahore.

Registered Office

42-Lawrence Road,
Lahore.
Phone: 6278904-5
Fax: (042) 6363184
E-mail: cement@maple.lcci.org.pk

Factory

Iskanderabad Distt.
Mianwali.
Phones: (0459) 392237-8

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting of the members of Maple Leaf Cement Factory Limited will be held at its registered office, 42-Lawrence Road, Lahore on Saturday, 30th December, 2000 at 10:30 A.M. to transact the following business:

- 1) To confirm the minutes of Extra-ordinary General Meeting held on March 29, 2000.
- 2) To receive and adopt Audited Accounts of the company for the year ended June 30, 2000 together with Auditors' and Directors' Reports thereon.
- 3) To appoint Auditors and fix their remuneration.

The present auditors, M/s Ford, Rhodes, Robson, Morrow, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

4) SPECIAL BUSINESS

(i) To pass with or without modification(s) the following resolution as Special Resolution:

"WHEREAS the merger of Part 1 of Maple Leaf Electric Company Limited into the Company has been proposed by the Board of Directors in view of benefits to the merged companies and as a consequence to the shareholders.

IT IS HEREBY RESOLVED that the Scheme of Arrangement put before the meeting for the merger of Part 1 of Maple Leaf Electric Company Limited into Maple Leaf Cement Factory Limited be and is hereby approved subject to completion of formalities and approval by the Honourable High Court.

FURTHER RESOLVED that the Chief Executive of the company and/or Mr. Usman Said, Director of the Company be and is/are hereby authorised to take all such steps as may be necessary or incidental for the purpose of implementing the aforesaid scheme of the merge/amalgamation of the above named companies".

(ii) To approve the remuneration of the Chief Executive and full time working Director of the Company and pass the following two resolutions as Ordinary Resolutions with or without amendment:-

(a) "RESOLVED that a sum of Rs. 100,000 (Rupees one hundred thousand only) be and is hereby approved towards monthly remuneration inclusive of house rent allowance of Chief Executive of the Company for term of his office ending December 31,2001. In addition to the above, a company maintained chauffeur driven car for official and private use, private security guards at his residence, hard and soft furniture, and all other benefits incidental or relating to his office plus bonus in accordance with the rules and policy of the company shall also be provided to him".

(b) "RESOLVED that a sum of Rs. 85,250 (Rupees eighty five thousand two hundred fifty only) be and is hereby approved towards monthly remuneration inclusive of house rent allowance of the full time working Director of the Company as General Manager (Marketing) for term of his office ending December 31,2001. In addition to the above, a company maintained car with driver's and security guard's salaries, LFA, medical facilities and with annual increment and all other benefits incidental or relating to his office plus bonus and provident fund in accordance with the rules and policy of the Company shall also be provided to him".

5) To transact any other business with the permission of the Chair.

Lahore: December 09,
2000.

By order of the Board

Mohammad Sharif

Company Secretary

STATEMENT U/S 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984.

(i) The management of the Company has considered various options for consolidating its activities and thereby effecting economies for the benefit of the Company and ultimately for the shareholders.

It is with this goal before it, that the management of the Company, in consultation with technical experts in the field, has reached to the conclusion that Part 1 of Maple Leaf Electric Company Limited comprising of the power project installed at the premises of the Company and supplying electricity to the Company be merged with the Company.

Maple Leaf Electric Company Limited is a public limited company quoted on Karachi & Lahore Stock Exchanges. Its Authorised Capital is Rupees 750,000,000/- (Rupees Seven Hundred Fifty Million Only) divided into 75,000,000 ordinary shares of Rs. 10/- each and its paid up capital is Rupees 520,000,000/- (Rupees Five Hundred Twenty Million Only) divided into 52,000,000 ordinary shares of Rs. 10/- each.

The Directors of the Company may be deemed to be interested to the extent of their shareholding or by the Companies in which they are Directors.

(ii) The Shareholder's approval will be sought for the remuneration payable to the Chief Executive and the full time working Director of the Company in accordance with the terms and conditions of their service with the Company. The Authorised Capital of the company is Rs. two billion with subscribed and paid-up capital of Rs. 1.546 billion. The production facilities are located at Iskanderabad, Mianwali and annual gross sales revenue is Rs. 4,353 million for the year ended June 30, 2000.

Notes:

1. The scheme of arrangement for merger of Part 1 of Maple Leaf Electric Company Limited into the Company is appended herewith and may also be inspected during business hours in the registered office of the company.
2. Share Transfer Books of the Company will remain closed from 23rd December, 2000 to 30th December, 2000 (both days inclusive). Transfers received in order at Company's Shares Department, 42-Lawrence Road, Lahore upto 12:00 noon on 22nd December, 2000 will be considered in time.
3. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach at the Company's registered office not less than 48 hours before the time for holding the meeting.
4. The Beneficial Owners of the company through Central Depository Company, entitled to attend and vote at this meeting, must bring his/her NIC or Passport to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her NIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
5. Shareholders are requested to immediately notify the change in address, if any.

**SCHEME OF ARRANGEMENT
UNDER SECTIONS 284 TO 288 OF THE COMPANIES
ORDINANCE, 1984
FOR MERGER BETWEEN**

**MAPLE LEAF ELECTRIC COMPANY LIMITED
AND
MAPLE LEAF CEMENT FACTORY LIMITED
AND
KOHINOOR TEXTILE MILLS LIMITED
AND
THEIR RESPECTIVE MEMBERS**

PRELIMINARY

Definitions

In this Scheme of Arrangement, unless the subject or context otherwise requires, the following expressions shall bear the meanings specified against them below:

- "MLECL"** means Maple Leaf Electric Company Limited, a company, limited by shares incorporated as a public limited company having its registered office at Lahore.
- "MLCFL"** means Maple Leaf Cement Factory Limited a company, limited by shares incorporated as a public limited company having its registered office at Lahore.
- "KTM"** means Kohinoor Textile Mills Limited, a company, limited by shares incorporated as a public limited company having its registered office at Lahore.
- "the Court"** means Lahore High Court, Lahore.
- "this Scheme"** means this Scheme of Arrangement in its present form with any modification thereof or addition thereto approved or condition imposed by the court.
- "the Effective Date"** means the day on which the Scheme becomes operative in accordance with clause 4.0 of this Scheme.
- "Undertaking of MLECL"** means the two Power Projects of Maple Leaf Electric Company Limited installed at the premises of Maple Leaf Cement Factory Limited, Iskanderabad and Kohinoor Textile Mills Limited, Rawalpindi respectively as divided into two separate parts namely Part 1 and Part 2 and as contained specifically in Annex "A" and Annex "B" to this scheme.

The headings and marginal notes are inserted for convenience and shall not affect the construction of this Scheme.

Capital

The authorised share capital of Maple Leaf Electric Company Limited (MLECL) is Rupees 750,000,000 divided into 75,000,000 ordinary shares of Rupees 10 each and its paid up capital is Rupees 520,000,000 divided into 52,000,000 ordinary shares of Rupees 10 each.

The authorized share capital of Maple Leaf Cement Factory Limited (MLCFL) is Rupees 2,000,000,000 divided into 200,000,000 ordinary shares of Rupees 10 each and its paid up capital is Rupees 1,546,473,240 divided into 154,647,324 ordinary shares of Rupees 10 each.

The authorised share capital of Kohinoor Textile Mills Limited (KTM) is Rupees 700,000,000 divided into 70,000,000 ordinary shares of Rupees 10 each and its paid up capital is Rupees 271,648,380 divided into 27,164,838 ordinary shares of Rupees 10 each.

**THE SCHEME
OBJECT OF THIS
SCHEME'**

1.0 The principal object of this scheme is to reorganize/reconstruct Maple Leaf Electric Company Limited (MLECL) and bifurcate/divide the assets and liabilities of the Maple Leaf Electric Company Limited (MLECL) into two parts namely Part 1 and Part 2, as contained specifically in Annexes "A" and "B" to the Scheme and effect merger of Part 1 of the Maple Leaf Electric Company Limited (MLECL) with Maple Leaf Cement Factory Limited (MLCFL) and Part 2 of Maple Leaf Electric Company Limited (MLECL) with Kohinoor Textile Mills Limited (KTM), through the transfer and vesting in MLCFL and KTM of the two parts mentioned above.

WHEREBY IT IS PROPOSED THAT:

1.1 The undertakings of MLECL comprising of Part 1 and Part 2 (as contained specifically in Annexes "A" and "B" to this scheme), as at the transfer date (as hereinafter defined) including all assets, properties, rights, privileges, powers, bank accounts, trade marks, title deeds, patents, leave and licences and all or any other assets, properties, rights, privileges, powers, contracts, bank accounts, trade marks, title deeds, patents and licences of MLECL as may reasonably be allocatable to each part as at the transfer date (as hereinafter defined) shall, without further act or deed, stand transferred to and be vested in MLCFL and KTM as per Annexes "A" and "B", respectively, as from the commencement of business on 01 July 2000 (hereinafter referred to as the "transfer date").

1.2 Without prejudice to the generality of paragraph 1.1 above, undertakings of MLECL shall include all rights, powers, authorities, privileges, contracts, benefits of Government consents, sanctions and authorisations, trade marks, patents, licences, liberties and all properties, immovable and movable, real, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and where so ever situate, including in particular reserves, revenue balances, leasehold properties, investments, deposits, deferred costs, stores and spares, advances, deposits, prepayments, other receivables, cash and bank balances, telephones, faxes, e-mail and telexes and trade debts owing to MLECL and all other authorities, rights or interests in or arising out of such property as may belong to or be in the possession or claim of MLECL on the transfer date and all books of account and documents relating thereto, and shall be deemed to include all debts, borrowings, liabilities, duties and obligations of MLECL of whatever kind, including liabilities for payment of gratuity, pension, benefits, provident fund or compensation in the event of retrenchment, PROVIDED ALWAYS that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or

available to MLECL which shall vest in MLCFL and KTM on approval of this Scheme by the Honourable Lahore High Court, Lahore and MLCFL and KTM as the case may be shall not be obliged to create any further or additional security therefor after the approval of this Scheme as aforesaid or otherwise.

1.3 The transfer and vesting of the undertakings of MLECL under Clauses 1.1 and 1.2 hereof and the continuance of proceedings by MLCFL and KTM under Clause 1.7 hereof shall not affect any transactions or proceedings already concluded by MLECL in the ordinary course of business and after the transfer date to the end and intent that MLCFL and KTM respectively accept on behalf of themselves all acts, deeds and things done and executed by MLECL in relation to the part being merged with either, as the case may be.

1.4 As from the transfer date, MLECL shall be deemed to have carried on and to carry on its business on behalf of and on account of MLCFL and KTM until such time as this Scheme becomes fully effective.

1.5 MLCFL shall in respect of the assets and liabilities mentioned in Annex "A" undertake, pay, satisfy, discharge, perform and fulfill all debts, liabilities, contracts, engagements and obligations whatsoever of MLECL as at the transfer date, and all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and all other instruments of whatever kind subsisting or having effect immediately before the transfer date to which MLECL may be a party or which shall be in favour of MLECL as they were before the transfer date and may be enforced or acted upon as fully and effectively as if instead of MLECL, MLCFL had been a party thereto or as if the same had been issued by or in favour of MLCFL, PROVIDED ALWAYS the existing creditors of MLCFL and MLECL respectively having charges over the land, building, machinery and other fixed assets of the respective companies shall continue to retain their security interests over the land, building, machinery and other fixed assets respectively charged in their favour; the existing creditors of MLCFL having charges over the current assets of MLCFL shall retain their respective charges over the current assets as on the transfer date of MLCFL and shall have a first charge ranking, pari passu inter se, on the future current assets which are kept at the MLCFL premises; and the existing creditors of MLECL having charges over the current assets of MLECL shall retain their respective charges over the existing current assets of MLECL as on the transfer date and shall have a first charge ranking pari passu inter se, on the future current assets which are kept at the MLECL premises after the transfer date.

1.6 KTM shall in respect of the assets and liabilities mentioned in Annex "B" undertake, pay, satisfy, discharge, perform and fulfill all debts, liabilities, contracts, engagements and obligations whatsoever of MLECL as at the transfer date, and all contracts, deeds, bonds, agreements, powers of attorney, grants of legal representation and all other instruments of whatever kind subsisting or having effect immediately before the transfer date to which MLECL may be a party or which shall be in favour of MLECL as they were before the transfer date and may be enforced or acted upon as fully and effectively as if instead of MLECL, KTM had been a party thereto or as if the same had been issued by or in favour of KTM, PROVIDED ALWAYS the existing creditors of KTM and MLECL respectively having charges over the land, building, machinery and other fixed assets of the respective companies shall continue to retain their security interests over the land, building, machinery and other fixed assets respectively charged in their favour; the existing creditors of KTM having charges over the current assets of KTM shall retain their respective charges over the current assets as on the transfer date of KTM and shall have a first charge ranking, pari passu inter se, on the future current assets which are kept at the KTM premises; and the existing creditors of MLECL having charges over the current assets of MLECL shall retain their respective charges over the existing current assets of

MLECL as on the transfer date and shall have a first charge ranking pari passu inter se, on the future current assets which are kept at the MLECL premises after the transfer date.

1.7 All causes, suits, appeals, petitions/revisions or other judicial, quasi judicial and/or administrative proceedings of whatever nature by or against MLECL which shall be pending on the transfer date in or before any court, tribunal forum or other authority will be continued, prosecuted and enforced in the same manner and to the same extent as they would or might have been continued, prosecuted and enforced by or against MLECL as if this Scheme had not been made, by or against MLCFL and KTM to the extent and relating to the part being merged with each and the same shall not abate, be discontinued or be in any way prejudiced or affected by the provisions of this Scheme.

1.8 Every officer, workman or other employee of MLECL engaged directly on the project forming Part 1 of MLECL shall, on the transfer date, become an officer, workman or employee, as the case may be, of MLCFL on the basis that his services have not been interrupted by the vesting of the Part 1 of MLECL, in MLCFL under this Scheme and on the same remunerations and other conditions of service, rights and privileges as to pension, provident fund and gratuity, if any, and other matters as were applicable to him before the transfer date.

1.9 Every officer, workman or other employee of MLECL engaged directly on the project forming Part 2 of MLECL and/or the head office of MLECL shall, on the transfer date, become an officer, workman or employee, as the case may be, of KTM on the basis that his services have not been interrupted by the vesting of the Part 2 of MLECL, in KTM under this Scheme and on the same remunerations and other conditions of service, rights and privileges as to pension, provident fund and gratuity, if any, and other matters as were applicable to him before the transfer date.

2.0 As consideration for the said transfers, the individual members of MLECL shall get "X" numbers of fully paid-up ordinary share of the par value of Rupees 10 each in the capital of MLCFL and "Y" numbers of fully paid-up ordinary share of the par value of Rupees 10 each in the capital of KTM for every One fully paid-up share of the par value of Rupees 10 each held by them in the capital of MLECL, as on a day to be fixed by the board of Directors of MLCFL and KTM following the transfer date. The value of "X" and "Y" will be determined on the basis of ratio resulting from the average of the undermentioned two figures for the three companies:

a) Break-up value of the shares as per audited accounts for the year ended 30 June 2000.

b) Average of weekly quotation of the shares on the Karachi Stock Exchange from 01 July 1999 to 30 June 2000.

All costs, charges and expenses of carrying this scheme into effect shall be borne and paid by MLCFL and KTM proportionately.

2.1 The said fully paid-up ordinary shares in MLCFL and KTM to be issued and allotted to the members of MLECL shall rank pari passu in all respects with the existing fully paid-up ordinary shares in MLCFL and KTM respectively.

2.2 All members whose names shall appear in the Register of Members of MLECL on such date (after the transfer date) as the Board of Directors of MLCFL and KTM may determine, shall surrender their share certificates for cancellation thereof to the shares department of KTM who shall coordinate for

the issuance of shares by MLCFL and KTM in the determined proportion. In default, upon the new shares in MLCFL and KTM being issued and allotted by it to the members of MLECL whose name shall appear on the Register of Members of MLECL on such date, as aforesaid, the share certificates in relation to the shares held by them in MLECL shall be deemed to have been cancelled.

2.3 The excess value of the net assets of Part 1 of MLECL as at 30 June 2000 over the paid-up value of shares issued and allotted pursuant to the terms of Clause 2.0 hereof shall be accounted for in the books of MLCFL, as at the transfer date that the Capital Reserves, Revenue Reserves and the unappropriated profit of Part 1 of MLECL, as at 30 June 2000 shall constitute Reserves of a corresponding nature of MLCFL and the balance, if any, transferred to the General Reserves in MLCFL.

2.4 The excess value of the net assets of Part 2 of MLECL as at 30 June 2000 over the paid-up value of shares issued and allotted pursuant to the terms of Clause 2.0 hereof shall be accounted for in the books of KTM, as at the transfer date, that the Capital Reserves, Revenue Reserves and the unappropriated profit of Part 2 of MLECL, as at 30 June 2000 shall constitute Reserves of a corresponding nature of KTM and the balance, if any, transferred to the General Reserves in KTM.

3.0 The Chief Executives of MLCFL, KTM and MLECL acting jointly or any person or persons duly authorised by the respective boards of MLCFL, KTM and MLECL shall be authorised to take all such further supplemental, incidental and consequential actions and steps as may be requisite for giving full effect to this Scheme and may consent on behalf of all concerned to any modification of or addition to this Scheme or to any condition which the Honourable Lahore High Court, Lahore may deem fit to impose.

4.0 Subject to an order being made by the Honourable Lahore High Court, Lahore under Section 287 of the Companies Ordinance 1984, MLECL shall, without winding up, stand dissolved from such date on which all shares to be allotted by MLCFL and KTM under Clause 2.0 above to the member(s) of MLECL shall have been so allotted.

5.0 The approvals and/or confirmations and/or directions to the proposed transfer of undertakings as set out in Clauses 1.1 and 1.2 of this Scheme have been received from the share holders of MLCFL, KTM and MLECL.

6.0 This Scheme shall be subject to such modifications or conditions as the Honourable Lahore High Court, Lahore may approve or impose.

7.0 In case this Scheme is not finally sanctioned by the Honourable Lahore High Court, Lahore for any reason whatsoever OR if for any other reason this Scheme cannot be implemented before 30 June 2001 or within such further period or periods as may be agreed upon by MLCFL, KTM and MLECL (by the authorized person(s) as approved under clause 3.0 above) this Scheme shall become null and void and in that event no rights and liabilities shall accrue to or be incurred inter se by the parties in terms of this Scheme.

MAPLE LEAF ELECTRIC COMPANY LIMITED

PART 1

DETAILS OF ASSETS AND RELATED LIABILITIES AS ON 31) JUNE 2000 OF POWER PROJECT INSTALLED AT PREMISES OF

**MAPLE LEAF CEMENT FACTORY
LIMITED**

RUPEES

ASSETS

Fixed

Assets

Building on leasehold land	39,583,215
Plant and machinery	374,838,902
Electric equipment and installation	5,579,582
Furniture and fixtures	635,889
Office equipment	275,734
Fire fighting equipment	137,627
Vehicles	365,262

	421,416,211

**Assets subject to finance
lease**

227,328

Long Term Deposit and Deferred Costs

4,900

Current Assets

Stores, spares and loose tools	42,623,899
Trade debts	77,235,936
Advances, deposits, prepayments and other receivables	16,438,717
Cash and bank balances	119,947

	136,418,499

TOTAL ASSETS

558,066,938

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LIABILITIES

ES

**Share Capital and
Reserves**

Authorized Capital (37,764,675 Ordinary shares of Rs. 10/- each)	377,646,750
	=====
Issued, subscribed and paid-up capital	261,835,080
Reserves	186,305,730
Unappropriated profit	2,044,254

	450,185,064

**Long Term Loans and Deferred
Liabilities**

Supplier's credit	--
Liability against assets subject to finance lease	--
Provision for gratuity	490,225

	490,225
Current Liabilities	
Current portion of long term liabilities	156,498
Short term finance	63,150,000
Creditors, accrued and other liabilities	11,355,766
Unclaimed dividend	--
Proposed dividend	32,729,385
Provision for taxation	--

	107,391,649

TOTAL CAPITAL AND LIABILITIES	558,066,938
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MAPLE LEAF ELECTRIC COMPANY LIMITED
PART 2
DETAILS OF ASSETS AND RELATED LIABILITIES AS ON 30 JUNE 2000
OF POWER PROJECT INSTALLED AT
PREMISES OF
KOHINOOR TEXTILE MILLS
LIMITED

RUPEES

ASSETS	
Fixed Assets	
Building on leasehold land	20,413,417
Plant and machinery	156,186,244
Electric equipment and installation	7,287,146
Furniture and fixtures	371,721
Office equipment	689,975
Fire fighting equipment	44,264
Vehicles	2,811,739

	187,804,506
Assets subject to finance lease	8,302,444
Long Term Investment	133,676,603
Long Term Deposit and Deferred Costs	3,865,137
Current Assets	
Stores, spares and loose tools	41,312,894
Trade debts	146,017,755
Advances, deposits, prepayments and other receivables	42,352,557
Cash and bank balances	17,462,189

	247,145,395

TOTAL ASSETS	580,794,085

LIABILITI**ES****Share Capital and Reserves**

Authorized Capital (37,235,325 Ordinary shares of Rs. 10/- each)	372,353,250
	=====
Issued, subscribed and paid-up capital	258,164,920
Reserves	183,694,270
Unappropriated profit	2,015,084

	443,874,274

Long Term Loans and Deferred Liabilities

Liability against assets subject to finance lease	--
Provision for gratuity	545,963

	545,963

Current Liabilities

Current portion of long term liabilities	4,381,280
Short term finance	61,691,419
Creditors, accrued and other liabilities	13,527,640
Unclaimed dividend	181,956
Proposed dividend	32,270,615
Provision for taxation	24,320,938

	136,373,848

TOTAL CAPITAL AND LIABILITIES

580,794,085

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DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors are pleased to present annual report and the audited accounts for the financial year ended June 30, 2000.

The operating results of the company improved due to the increase in capacity utilization, decrease in financial & depreciation charge and stability in selling price during the year under review. Pre-tax loss for year ended June 30, 2000 reduced to Rs. 70.226 million from Rs. 578.976 million last year. In the over supply market with sales volume at only 65% of capacity, the selling price was not enough to meet rising input cost and fixed charge especially depreciation and financial expenses. However, on adjustment of tax refund and deferred tax liability, the profit after tax for the year amounted to Rs. 1.618 million against last year's after tax loss Rs. 590.133 million.

Production & Sales

The production and sales for the year under review compare favourably with last year and are given as under:

	Grey		White	
	<i>Clinker</i>	<i>Cement</i>	<i>Clinker</i>	<i>Cement</i>
Production (M. Tonnes)				
2000	993,634	1,022,717	37,720	39,340
1999	849,777	893,975	34,470	35,883
Sales (M. Tonnes)				
2000	1,009,501			39,497
1999	900,243			36,752

Financial Results

The financial results for the year ended June 30, 2000 are as under:

	(Rs. in thousand)	
Loss before taxation		(70,226)
Provision for taxation:		
Current year	(15,128)	
Prior years	32,601	
Deferred	54,371	71,844
Profit after taxation		1,618
Un-appropriated loss brought forward		(960,848)
Transfer from general reserve		749,664
Loss carried to balance sheet		(209,566)

During the year under review, there was no deferred tax liability. As such the deferred tax liability of Rs. 54.371 million has been written back.

The Earning Per Share (EPS) of the year ended June 30, 2000 was Rs. 0.01. There being pre tax loss Rs. 70.226 million, no dividend is recommended.

Future Prospects

In the past four years demand for cement failed to grow at the pace of increased supply. The national economy has also not shown recovery due to dwindling foreign exchange reserves, massive debt servicing, increasing import as compared to exports, resultantly capping government infra-structural development expenditures. This has reduced the cement demand in public sector.

On deregulation of furnace oil in July, 2000 its price has been doubled in one year. The continuous enhancement in furnace oil prices has tremendously increased the production cost while the selling price registered declining trend.

The imposition of sales tax @ 15% effective from 5th September, 2000 has created regional disparity with three cement manufacturers in NWFP enjoying exemption from this levy. Another factor of discrimination is provision of low cost fuel i.e. natural gas to some units. This has denied the level playing field in cement sector. The difference in prices between exempted and non-exempted units disturbed the whole system resulting in unstable market conditions.

The future prospects therefore are related with economic revival, incentive to cement sector, removal of disparity and consistency in taxation & fiscal policies of the government.

The management being conscious of rising cost of production, constantly keeps on reviewing the various alternatives to reduce the cost. As such, different measures i.e. production of special cement, use of low cost fuel like coal instead of imported furnace oil and substitute of kraft paper bags for packing are presently under active consideration.

Rescheduling of Long Term Loans

Muslim Commercial Bank Limited and Bank Of Punjab have rescheduled their long term loans and their loans are being paid according to agreed revised schedules. The Board of Directors of International Finance Corporation (IFC) has also approved the restructuring of their loan and requires principal payment of US \$ 1,093,750 during the year 2000-2001 from company's own resources. The agreement for restructuring of IFC loan is in process and a sum of Rs. 707.884 million representing the over due principal installment will stand deferred and excluded from the current liabilities on signing of the agreement. The company is also working on conversion of part of IFC loan into local currency loan backed by IFC guarantee.

Right Issue

As a part of IFC proposal for restructuring, 18.75 % right offer, 24,418,000 shares of Rs. 10 each at 20% discount i.e. @ Rs. 8 per share have been subscribed/taken up by the underwriters and right issue stands subscribed and allotted in full in the period subsequent to balance sheet date. The management is of the view that with the additional equity injection, the company will be able to meet its debt obligations on schedule.

Merger Arrangements for Maple Leaf Electric Company Ltd.

As a measure for consolidating its activities and thereby effecting economies for the benefit of the company and ultimately for the shareholders, the Board of Directors recommend that part I of Maple Leaf Electric Company Limited comprising of the power project installed at company's premises and supplying electricity to the company be merged with the company. The scheme of arrangement for merger is proposed for members' approval through Special Resolution in forthcoming Annual General Meeting.

Auditors

M/s Ford, Rhodes, Robson, Morrow, Chartered Accountants the present auditors retire and being eligible offer themselves for re-appointment for next year.

Pattern of Shareholding

The Shareholding Pattern of the company as on June 30, 2000 is included in the Annual Report.

Labour Management Relationship

The Board wishes to place on record its appreciation for the efforts and services rendered by the officers and workers who worked as a team throughout the year. It is expected that the same would be coming forth in the years to come.

For and on behalf of the
board

(Tariq Sayeed Saigol)
Chairman / Chief
Executive

Lahore: November 29,
2000

FIVE YEARS SUMMARY

	<i>1999-2000</i>	<i>1998-99</i>	<i>1997-98</i>	<i>1996-97</i>	<i>1995-96</i>
Quantitative Data (M. Tonnes)					
Grey Cement:					
Production	1,022,717		893,975	551,473	471,070 488,961
Sales	1,009,501		900,243	545,318	474,415 481,881
White Cement:					
Production	39,340		35,883	32,700	33,412 34,720
Sales	39,497		36,752	32,758	33,405 34,450
Sales (Rs. 000)					
Gross sales	4,353,526		3,577,219	1,630,218	1,911,471 1,675,074
Less: Excise duty	1,468,599		1,455,355	676,269	604,718 397,782
Sales tax	--		--	--	277,944 235,457
Rebate	85,816		86,409	28,303	15,090 11,001
Net sales	2,799,111		2,035,455	925,646	1,013,719 1,030,834
Profitability (Rs. 000)					
Profit/(Loss) before tax	(70,226)		(578,976)	(368,517)	40,041 238,554
Provision for income tax	71,844		(11,157)	(4,770)	(12,200) (98,000)
Profit/(Loss) after tax	1,618		(590,133)	(373,287)	27,841 140,554
Financial Position (Rs. 000)					
Tangible fixed assets-net	5,511,852		6,099,791	6,349,668	5,966,034 3,780,420
Investment & other assets	56,680		20,066	21,248	364,466 380,163
Current assets	963,225		798,888	852,693	844,219 1,880,883
Current liabilities	(1,768,537)		(1,702,401)	(1,216,183)	(554,900) (380,854)
Net working capital	(805,312)		(903,513)	(363,490)	289,319 1,500,029

Capital employed	4,763,220	5,216,344	6,007,426	6,619,819	5,660,612
	(2,169,581				(2,557,172
Less Long term loan & other liab.)	(2,676,399)	(2,877,348)	(3,116,454))
Share holders Equity	2,593,639	2,539,945	3,130,078	3,503,365	3,103,440
	=====	=====	=====	=====	=====
	==	=====	=====	=====	=====
Represented By:					
Share capital	1,302,293	1,302,293	1,302,293	1,302,293	930,209
Share deposit money	52,076	--	--	--	--
Reserves & un-app. profit	1,239,270	1,237,652	1,827,785	2,201,072	2,173,231
	-----	-----	-----	-----	-----
	2,593,639	2,539,945	3,130,078	3,503,365	3,103,440
	=====	=====	=====	=====	=====
	==	=====	=====	=====	=====
Ratios:					
Gross Profit/(Loss) to sales (%age)	16.13	(2.86)	(7.27)	5.14	19.59
Net Profit/(Loss) to sales (%age)	0.06	(28.99)	(40.33)	2.75	13.63
Debt equity ratio	45:55	49:51	47:53	45:55	44:56
Current ratio	0.54	0.47	0.69	1.52	4.94
Break up value per share of Rs. 10 each	19.92	19.50	24.04	26.90	33.36

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2000

<i>No. of Shareholders</i>	<i>Size of Holding</i>		<i>Total Shares Held</i>
	<i>From</i>	<i>To</i>	
1138	1	100	54,491
2500	101	500	766,431
1978	501	1000	1,455,643
3726	1001	5000	7,632,920
550	5001	10000	3,902,464
155	10001	15000	1,896,391
89	15001	20000	1,567,683
49	20001	25000	1,127,160
35	25001	30000	977,284
17	30001	35000	557,265
27	35001	40000	1,003,166
13	40001	45000	555,105
17	45001	50000	831,822
10	50001	55000	528,096
8	55001	60000	454,959
9	60001	65000	560,703

5	65001	70000	340,275
5	70001	75000	371,164
6	75001	80000	469,154
6	80001	85000	492,043
6	85001	90000	532,280
3	90001	95000	281,450
8	95001	100000	792,015
2	100001	105000	201,558
2	105001	110000	218,887
1	110001	115000	111,134
1	115001	120000	115,424
1	120001	125000	123,000
5	125001	130000	643,744
2	130001	135000	264,600
1	140001	145000	143,000
1	145001	150000	145,531
2	155001	160000	312,999
2	160001	165000	327,773
2	165001	170000	335,358
1	180001	185000	181,377
1	190001	195000	193,332
1	195001	200000	200,000
1	200001	205000	203,000
3	210001	215000	637,687
1	225001	230000	227,148
1	250001	255000	253,962
1	255001	260000	255,275
1	270001	275000	270,572
1	310001	315000	313,557
1	325001	330000	329,000
1	335001	340000	338,000
1	340001	345000	342,000
1	345001	350000	350,000
1	385001	390000	386,191
1	390001	395000	394,445
1	410001	415000	411,500
1	415001	420000	418,000
2	435001	440000	872,253
1	445001	450000	450,000
1	575001	580000	576,608
1	580001	585000	580,200
1	675001	680000	677,406
1	680001	685000	681,700
1	720001	725000	720,389
1	760001	765000	764,470
1	805001	810000	807,900
1	835001	840000	839,300
1	885001	890000	885,168

	1	995001	1000000	1,000,000
	1	1595001	1600000	1,600,000
	1	3395001	3400000	3,400,000
	1	3415001	3420000	3,420,000
	1	4180001	4185000	4,181,321
	1	4700001	4705000	4,702,625
	1	5995001	5000000	6,000,000
	2	6935001	6940000	13,873,091
	1	7235001	7240000	7,239,724
	1	7780001	7785000	7,780,374
	1	13955001	13960000	13,959,036
	1	19415001	19420000	19,419,141
		-----	-----	-----
Grand Total:	10,427			130,229,324
	=====		=====	
	=	=====	==	=====

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage of Capital
Individuals	10226	32,027,146	24.593
Investment Companies	13	1,608,078	1.235
Insurance Companies	6	989,612	0.760
Joint Stock Companies	93	38,031,102	29.203
Financial Institutions	40	13,781,342	10.582
Foreign Companies	31	43,459,820	33.372
Modaraba Companies	18	332,224	0.255
		-----	-----
Grand Total:	10,427	130,229,324	100.000
		=====	
	=====	==	=====

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Maple Leaf Cement Factory Limited as at June 30, 2000, and the related profit and loss account, cash flow statement and statement of changes in equity, 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.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also include assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:-

(a) in our opinion, proper books of accounts 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 accounts 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, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, 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, 2000 and of the profit, its cash flow and changes in equity for the year then ended; and

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

Lahore: November 20,
2000

**Ford, Rhodes, Robson,
Morrow**

Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000</i>	<i>1999</i>
<i>(Rupees in thousand)</i>			
Share Capital and Reserves			
Authorised capital			
200,000,000 (1999: 200,000,000) ordinary shares of Rs. 10/- each		2,000,000	2,000,000

Issued, subscribed and paid up capital 130,229,324 (1999: 130,229,324) ordinary shares of Rs. 10/- each	3	1,302,293	1,302,293
Share deposit money		52,076	--
Reserves	4	1,448,836	2,198,500
Accumulated loss		(209,566)	(960,848)
		2,593,639	2,539,945
Long Term Loans	5	2,154,015	2,464,353
Liabilities Against Assets Subject to Finance Lease	6	--	134
Deferred and Long Term Liabilities	7	5,726	201,021
Long Term Deposits	8	9,840	10,891
Current Liabilities			
Current portion of long term liabilities	9	848,938	8,163,941
Short term finance	10	162,462	126,189
Creditors, accrued and other liabilities	11	709,784	713,575
Provision for taxation		47,353	46,243
		-----	-----
Contingencies and Commitments	12	1,768,537	1,702,401
		-----	-----
		6,531,757	6,918,745
		=====	=====
Tangible Fixed Assets			
Operating assets	13	5,511,202	6,097,798
Assets subject to finance lease	14	410	1,820
Capital work in progress	15	240	173
		-----	-----
		5,511,852	6,099,791
Long Term investments		5,000	5,000
Long Term Loans, Deposits and Deferred Costs	17	51,680	15,066
Current Assets			
Stores, spares and loose tools	18	427,115	366,524
Stock-in-trade	19	155,552	84,709
Trade debts	20	67,797	59,420
Loans, advances, deposits, prepayments			

and other receivables	21	116,751	67,797
Short term investments	22	2,659	1,396
Cash and bank balances	23	163,036	219,042
		-----	-----
		963,225	798,888
Cash and bank balances		-----	-----
		6,531,757	6,918,745
		=====	=====

The annexed notes form an integral part of these accounts.

**Tariq Sayeed
Saigol
Chief Executive**

**Usman Said
Director**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousand)</i>	
Sales	24	2,799,111	2,035,455
Cost of goods sold	25	2,347,646	2,093,613
		-----	-----
Gross Profit/(Loss)		451,465	(58,158)
Selling, administrative and general expenses	26	72,232	53,744
		-----	-----
Operating Profit/(Loss)		379,233	(111,902)
Other income	27	17,751	35,639
		-----	-----
Financial charges	28	396,984	(76,263)
Other charges	29	467,197	502,669
		-----	-----
		13	44
		-----	-----
		467,210	502,713
		-----	-----
Loss Before Taxation		(70,226)	(578,976)
Provision for taxation	30	71,844	(11,157)
		-----	-----
Profit / (Loss) After Taxation		1,618	(590,133)
Unappropriated loss brought forward		(960,848)	(370,715)
		-----	-----
		(959,230)	(960,848)
		-----	-----
Transfer from general reserve		749,664	--
		-----	-----

Loss Carried Forward		(960,848)	(209,566)
		=====	=====
Earning Per Sham (Rs.)	33	0.01	(4.50)

The annexed notes form an integral part of these accounts.

**Tariq Sayeed
Saigol
Chief Executive**

**Usman Said
Director**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000 (Rupees in thousand)</i>	<i>1999</i>
Cash Flows From Operating Activities			
Cash generated from operations	A	500,008	222,082
Payments for:			
Earned leave		(3,049)	(6,351)
Taxes		18,583	(12,105)
Long term deposits (net)		(1,051)	(1,199)
Duties and levies		(229,328)	140,164
		-----	-----
Net Cash Inflow From Operating Activities		285,163	342,591
Cash Flows From Investing Activities			
Fixed assets purchased		(45,104)	(293,782)
Capital work in progress		(67)	(173)
Long term loans and deposits (net)		(3,061)	4,855
Sale proceeds of fixed assets		2,319	1,452
		-----	-----
Net Cash Outflow From Investing Activities		(45,913)	(287,648)
Cash Flows From Financing Activities			
Right issue		52,076	--
Long term loans less repayments		(290,222)	(76,311)
Repayment of liability under finance lease		(706)	(10,557)
Deferred cost		(56,404)	(10,588)
		-----	-----
Net Cash Outflow From Financing Activities		(295,256)	(97,456)
Net Decrease in Cash and Cash Equivalents		(56,006)	(42,513)

Cash and Cash Equivalents at beginning of the Year	B	219,042	261,555
		-----	-----
Cash and Cash Equivalents at end of the Year	B	163,036	219,042
		=====	=====

Tariq Sayeed
Saigol
Chief Executive

Usman Said
Director

**NOTES TO THE CASH FLOW
STATEMENT
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>2000</i>	<i>1999</i>
	<i>(Rupees in thousand)</i>	
A. Cash Flows From Operating Activities		
Loss before taxation	(70,226)	(578,976)
Add/(less) adjustment for non cash charges and other items		
Depreciation	644,308	732,006
Amortisation of leased assets	103	455
Provision for earned leave	2,289	3,297
Profit on sale of fixed assets	(620)	(278)
Amortisation of deferred costs	22,851	6,915
Provision for diminution in short term investment	(1,263)	598
	-----	-----
Cash Before Working Capital Changes	597,442	164,017
Movement in Working Capital		
(Increase)/decrease in current assets		
Stores, spares and loose tools	(60,591)	(38,192)
Stock in trade	(70,843)	16,986
Trade debts	(38,692)	(219)
Loans, advances, deposit, prepayments and other receivables (net)	(48,954)	(19,970)
Short term investment	--	52,687
	-----	-----
Increase in short term running finance	36,273	(45,532)
Increase/(decrease) in creditors, accrued		

and other liabilities (net)

85,373

92,305

Cash Generated From Operations

500,008

222,082

**B. Cash and Cash
Equivalents**

Cash and cash equivalents included in the cash flow statement comprise only cash and bank balances as appearing in the balance sheet.

**Tariq Sayeed
Saigol
Chief Executive**

**Usman Said
Director**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Capital Reserve</i>	<i>Share deposit money</i>	<i>Accumulated Profit/(Loss)</i>	<i>Total</i>
----- (Rupees in thousand) -----						
Balance as at June 30, 1998	1,302,293	749,664	1,448,836	--	(370,715)	3,130,078
Net loss for the year	--	--	--	--	(590,133)	(590,133)
Balance as at June 30, 1999	1,302,293	749,664	1,448,836	--	(960,848)	2,539,945
Net Profit for the year	--	--	--	--	1,618	1,618
Share deposit money	--	--	--	52,076	--	52,076
Transfer from general reserve	--	(749,664)	--	--	749,664	--
Balance as at June 30, 2000	1,302,293	--	1,448,836	52,076	(209,566)	2,593,639

Chief Executive

Director

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2000**

1. The Company and Nature of Business

Maple Leaf Cement Factory was incorporated on April 13, 1960 under the Companies Act, 1913 (now Companies Ordinance, 1984) as public company limited by shares and was listed on Stock Exchanges in Pakistan on August 17, 1994. It is engaged in production and sale of cement.

1.1 The company's current liabilities exceeded current assets by Rs. 805.312 million (1999: Rs. 905.513 million) which is due to the current portion of principal repayments of loans from International Finance Corporation (IFC) plus their overdue installments.

The Board of IFC has agreed to restructure both loans by asking the company to repay the principal portion by US\$ 2.5 million equivalent to Pak Rs. 130.750 million during the financial year 2001. The company has to finance US\$ 1.093 million from its own sources whilst the remaining balance would be raised from a commercial bank, with the backing of IFC's guarantee. The formal agreement for this restructuring is in process. As a result of the restructuring, the current portion and overdue installments of IFC loans amounting to Rs. 707.884 million will stand deferred and excluded from current liabilities.

With the additional equity injection and debt rescheduling arrangements in place, the management considers that the company is now out of crisis and will be able to meet its debt servicing requirement
s.

2. Summary of Significant Accounting Policies

2.1 Accounting convention

These accounts have been prepared under the historical cost convention, modified by capitalization of exchange differences referred to in note 2.12.

2.2 Taxation

Current

The provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credit available, if any, or half percent of turnover, whichever is higher in accordance with the provisions of the Income Tax Ordinance, 1979.

Deferred

The company provides for deferred taxation on all material timing differences using the liability method.

2.3 Retirement benefits

Gratuity fund

The company operates a recognised funded gratuity scheme for all employees, payable on cessation of employment, subject to a minimum qualifying period of service. The company has not been making contribution to gratuity fund trust since 1994 as the trust has adequate funds to meet its obligations.

Provident fund

The company also operates an approved contributory provident fund scheme for all employees. Equal monthly contributions are made both by the company and employees at the rate of 10 percent of the basic salary to the fund.

2.4 Provision for earned

leave

Provision for earned leave benefits is made annually to meet the obligations under the employees' service rules.

2.5 Tangible fixed assets

Operating fixed assets are stated at cost less accumulated depreciation except freehold land and capital work in progress, which is stated at cost. Cost in relation to certain plant and machinery signifies historical cost and exchange losses, referred to in note 2.12.

Transactions relating to jointly owned assets with Pak American Fertilizers Limited (PAFL) as stated in note 13.4 are recorded on the basis of advices received from the housing colony.

Depreciation is calculated at the rates specified in note 13 on reducing balance method.

Full annual rate of depreciation is applied on cost of additions while no depreciation is charged on assets deleted during the year. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gain and losses on disposal of assets, if any, are included in the profit.

2.6 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 the fair value of the assets. The related obligations of the leases are accounted for as liabilities.

Assets acquired under finance leases are amortised over the useful life of the assets on a reducing balance method at the rates given in note 14.

2.7 Long term investments

These are stated at average cost.

2.8 Short term investments

These are stated at average cost or market price whichever is lower.

2.9 Deferred costs

Expenses, the benefit of which is expected to spread over several years, are deferred and amortised over their useful life but not exceeding five years.

2.10 Stores, spares and loose tools

These are valued at moving average cost while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon.

2.11 Stock in trade

Stock of raw materials, work in process and finished goods are valued at lower of average cost

and net realizable value. Cost of work in process and finished goods represent direct cost of material, labour and appropriate portion of production overheads. Packing expenses are not recognized for the purpose of determination of cost.

Net realizable value signifies the ex-factory sales price less expenses and taxes necessary to be incurred to make the sale.

2.12 Foreign currencies

Assets and liabilities in foreign currencies are converted into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date except where forward exchange contracts have been made under the Exchange Risk Cover Scheme of the Government of Pakistan for payment of liabilities, in which case the contracted rates are applied.

Exchange gain or losses on translation of foreign currency loans are adjusted against the cost of fixed assets acquired from the proceeds of such loans. All other exchange differences and exchange risk cover fee are included in the profit currently.

2.13 Mark up, interest and other charges

All the mark up, interest and other charges are charged to income.

2.14 Revenue recognition

Revenue from sale is recognised on delivery of goods to customers. Dividend income is recognised on actual receipt basis whereas return on deposits is accounted for on a time proportion basis.

	<i>2000</i>	<i>1999</i>
	<i>(Rupees in thousand)</i>	
3. Issued, Subscribed and Paid up Capital		
101,243,523 (1999: 101,243,523) ordinary shares of Rs. 10 each fully paid in cash	1,012,435	1,012,435
9,990,100 (1999: 9,990,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	99,901	99,901
18,995,701 (1999: 18,995,701) ordinary shares of Rs. 10 each issued as fully paid bonus shares	189,957	189,957
	-----	-----
	1,302,293	1,302,293
	=====	=====
4. Reserves		
Capital		
Premium on issue of shares	1,448,836	1,448,836

Revenue

General reserve			749,664	749,664
Transfer to Profit & Loss Account			(749,664)	--
			-----	-----
			--	749,664
			-----	-----
			1,448,836	2,198,500
			=====	=====

5. Long Term Loans- Secured

Loan Lender	Currency	Foreign Currency		Pak Rupees	
		2000	1999	2000	1999
----- (Rupees in thousand) -----					
1. Economic Affairs Division (Govt. of Pakistan) Danish Credit	PKR	--	--	8,418	10,289
	PKR	--	--	--	13,618
2. IBPD - Loan					
3. International Finance Corporation (USA)					
a) Loan "A"	US \$	28,125	30,000	869,751	927,734
b) Loan "B"	US \$	32,500	35,000	1,699,750	1,816,500
4. Muslim Commercial Bank	PKR	--	--	229,900	246,900
5. The Bank of Punjab	PKR	--	--	195,000	265,000
		-----	-----	-----	-----
		60,625	65,000	3,002,819	3,280,041
		=====	=====	=====	=====
		==	=====	=====	=====
Less: Current portion shown under current liabilities (Note: 9)				(848,804)	(815,688)
				-----	-----
				2,154,015	2,464,353
				=====	=====

Terms of repayment

The loan 1 was originally payable in foreign currency but as per Government decision, the outstanding loan balance as at April 21, 1987 was converted into Pak Rupees at the exchange rate prevailing at the date. The balance of loan is repayable in nine equal half yearly installments by October 1,2004 and carries mark- up @ 14% per annum payable half yearly.

The loan 3 (a) is covered under, the State Bank of Pakistan Risk Coverage Scheme and converted at the

various exchange rates prevailing on the dates of opening of letters of credit. The exchange risk fee is payable @ 6.66% per annum. The loan is payable in sixteen equal half yearly installments commencing from January 15, 1999 and carries mark- up @ 9.85% per annum.

The loan 3 (b) is converted at the exchange rate prevailing on the balance sheet date, the loan is repayable in fourteen equal half yearly installments and carries mark - up @ 9.70% per annum.

The loan 4, as per terms of the rescheduling with the bank, Rs. 1.0 million per month is payable from July, 1999 to July, 2001 and thereafter in twelve equal half yearly installments by January, 2007. The loan carries mark - up @ 15% per annum.

The loan 5 is repayable in five half yearly installments by October, 2002 and carries mark- up at the rate of 46 paisa per thousand per day.

Security

The loans and interest / mark-up thereon are secured by an equitable mortgage on all the land, present and future plant, buildings, fixtures, equipment and other immovable assets and floating charges and/or hypothecation on all movable equipment and all other present and future assets of the company.

Economic Affairs Division loans are secured by bank guarantees issued by ABL covered through mortgage/charge as stated above and further secured by the way of lien on deposits with bank upto 10% of the outstanding liability.

All charges in favour of the lenders rank pari passu with each other.

6. Liabilities Against Assets Subject to Finance Lease

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

	<i>Note</i>	<i>2000</i> <i>(Rupees in thousand)</i>	<i>1999</i>
Year ending June 30,			
2000		--	761
2001		135	135
		-----	-----
		135	896
Less: Financial charges allocated to future periods		(1)	(56)
		-----	-----
		134	840
Less: Current portion shown under current liabilities	9	(134)	(706)
		-----	-----
		--	134
		=====	=====

The implicit rate used as the discounting factor is 24% (1999: 24%) per annum. Rentals are payable in equal monthly installments. The lease agreements carry renewal option at the end of lease period but do

not contain option to obtain ownership of the leased assets. There are no financial restrictions in the lease agreements. The liability is partly secured by a deposit of Rs. 80 thousand (1999: Rs. 80 thousand) included in long term security deposits referred to in Note-17.

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousand)</i>	
7. Deferred and Long Term Liabilities			
Deferred taxation	7.1	--	54,371
Vacation benefits	7.2	5,726	6,486
Duties and levies	7.3	--	140,164
		-----	-----
		5,726	201,021
		=====	=====

7.1 Deferred taxation

Due to heavy tax losses, the company's deferred tax liability works out to be Rupees nil for the year.

7.2 Vacation benefits

These represent balance of provision made against un-availed leaves of employees payable on their retirement / resignation / termination. The balance includes Rs. 2,074 thousand (1999: Rs. 1,440 thousand) being provision made during the year for executives.

7.3 Duties and levies

These represents custom duties payable on imported plant and machinery of expansion project capitalised as fixed assets.

8. Long Term Deposits

These represents the interest free security deposits from stockists and are repayable on cancellation or withdrawal of the dealerships. These are being utilised by the company in accordance with the terms of the dealership agreements.

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousand)</i>	
9. Current Portion of Long Term Liabilities			
Long term loans	5	848,804	815,688
Liabilities against assets subject to finance lease	6	134	706
		-----	-----
		848,938	816,394
		=====	=====

10. Shod Term Finance - Secured

Commercial Bank	10.1	99,462	126,189
Non-Banking Financial Institution	10.2	63,000	--
		-----	-----

162,462 126,189
=====

10.1 Aggregate facility available under the mark-up arrangements from commercial banks is Rs. 100,000 thousand (1999: Rs. 138,000 thousand). The rate of mark-up is 18.98% per annum. The facility is secured by hypothecation of inventories and book debts. All the charges rank pari passu with each other.

10.2 These represents the facilities obtained from Modaraba and investment bank amounting to Rs. 75,000 thousand (1999: Nil). The mark-up for both facilities is 15.25% per annum. These facilities are secured by hypothecation of current assets of the company.

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousand)</i>	
11. Creditors, Accrued and Other Liabilities			
Creditors		182,880	131,541
Accrued liabilities		214,172	119,212
Advances from customers		17,022	21,516
Security deposits - interest free, repayable on demand		19,692	16,496
Contractors retention money		4,552	40,439
Interest accrued on secured loans		181,131	183,290
Exchange risk fee payable (Net)		76,515	100,454
Custom duties payable	7.3	836	90,000
Royalty and excise duty payable		8,684	7,501
Other payables		4,300	3,126
		-----	-----
		709,784	713,575
		=====	=====

12. Contingencies and Commitments

12.1 Contingencies

Claims against the company not acknowledged as debt Rs. 3,956 thousand (1999: Rs. 3,804 thousand).

(ii) Pending decision of various appeals in the Lahore High Court, Supreme Court of Pakistan and Custom, Excise and Sales Tax Appellate Tribunal, Lahore regarding sales tax payable from accounting year 1989 to 1993. There is an approximate liability of Rs. 16,152 thousand (1999: Rs. 16,152 thousand) for disputed amount of sales tax.

(iii) The company has filed various writ petitions with the Lahore High Court against imposition of custom duty, regulatory duty and sales tax amounting to Rs. 321,987 thousand (1999: Rs. 316,484 thousand). The petitions are pending adjudication.

(iv) Guarantees given to the Collector, Central Excise and Sales Tax, Customs, Sindh Development

and Maintenance, Karachi as referred to in Note 12.1 (ii) above and Sui Northern Gas Pipelines Limited amounting to Rs. 19,596 thousand (1999: Rs. 7,100 thousand) and Rs. 16,500 thousand (1999: Rs. 6,500 thousand) respectively.

12.2 Commitments

(i) Contracts for capital expenditure Rs. Nil (1999: Rs. 7,395 thousand).

(ii) Letters of credit other than for capital expenditure Rs. 20,426 thousand (1999: Rs. 5,882 thousand).

13. Operating Fixed Assets

The following is a statement of operating fixed assets

	<i>Cost as at June 30, 1999</i>	<i>Additional/ (deletions)/ (adjustment)</i>	<i>Cost as at June 30, 2000</i>	<i>Accumulated depreciation</i>	<i>Book value as at June 30,2000</i>	<i>Depreciation Charge for the year</i>	<i>Rate %</i>
----- (Rupees in thousand) -----							
Land - Freehold	42,144	--	42,144	--	42,144	--	--
Buildings on freehold land	728,046	9,299	737,345	232,047	505,298	52,530	5-10
Road, bridges and railway sidings	58,274	13,492	71,766	20,710	51,056	5,582	5-10
Plant and machinery	6,690,732	39,157 (7,310)	6,722,579	1,867,665	4,854,914	572,290	10-20
Furniture, fixtures and equipment	36,338	1,634 (244)	37,728	24,001	13,727	2,896	10-15
Quarry equipment	130,404	--	130,404	98,883	31,521	7,889	20
Vehicles	37,995	2,820 (2,801)	38,014	26,602	11,412	3,004	20
Share of joint assets (Note: 13.4)	3,582	16	3,598	2,468	1,130	126	5-10
	7,727,515	66,418 (10,355)	7,783,578	2,272,376	5,511,202	644,308	
1999	7,209,016	522,040 (3,541)	7,727,515	1,629,717	6,097,798	732,006	
	=====	=====	=====	=====	=====	=====	

13.1 Addition to plant and machinery includes exchange loss amounting to Rs. 13,000 thousand (1999: 190,400 thousand).

13.2 The company has given on lease land measuring 8 acres in 1994 to Maple Leaf Electric Company Limited (an associated company) at an annual rent of Rs. 360 thousand and land measuring 6 kanals and 18 marlas to Sui Northern Gas Pipelines Limited in 1991 for a period of 10 years at an annual rent of Rs. 2 thousand.

13.3 The depreciation charge for the year has been allocated as follows:

	<i>Notes</i>	2000 <i>(Rupees in thousand)</i>	1999
Cost of sales	25	641,927	729,631
Administrative and general expenses	26	2,256	2,246
Other manufacturing expenses		125	129
		-----	-----
		644,308	732,006
		=====	=====

13.4 Ownership of the housing colony assets included in the fixed assets is shared by the company jointly with Pak American Fertilizers Limited in the ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation (PIDC). These assets are in possession of housing colony establishment for mutual benefit.

	2000 <i>(Rupees in thousand)</i>	1999
The cost of these assets are as follows:		
Buildings	2,138	2,138
Roads and bridge	202	202
Air strip	16	16
Plant and machinery	257	257
Furniture, fixtures and equipment	824	808
Vehicles	161	161
	-----	-----
	3,598	3,582
	=====	=====

13.5 Disposal of operating fixed assets

Particulars of assets	<i>Cost</i>	<i>Accumulat ed Depreciati on</i>	<i>Book value</i>	<i>Sale proceeds</i>	<i>Mode of disposal</i>	<i>Sold to</i>
Plant and Machinery						
Drill machine	910	795		115	652 Negotiation	U/s Sarfraz & Co, Iskanderabad
Furniture & Fixtures						
Fridge	188	73		115	117 Company's policy	Factory employees

Air - conditioner	45	17	28	35	Company's policy	Housing colony
Television	11	4	7	7	Company's policy	Haji Mohammad Aslam employee
Vehicles						
Suzuki Margalla	501	244	257	257	Company's policy	Mr. Fazle Subhan employee
Pajero (Jeep)	2,300	1,123	1,177	1,250	Negotiation	Maple Leaf Electric Company Ltd.

14. Assets Subject to Finance Lease

The following is a statement of leased assets

	<i>Cost as at June 30, 1999</i>	<i>Additions/ (deletions)</i>	<i>Cost as at June 30, 2000</i>	<i>Accumulated Amortisation</i>	<i>Book value as at June 30, 2000</i>	<i>Amortisation Charge for the year</i>	<i>Rate %</i>
----- (Rupees in thousand) -----							
Vehicles	3,355	(2,554)	801	391	410	103	20
	-----	-----	-----	-----	-----	-----	
	3,355	(2,554)	801	391	410	103	
	-----	-----	-----	-----	-----	-----	
1999	35,486	(32,131)	3,355	1,535	1,820	455	
	-----	-----	-----	-----	-----	-----	

Note: deletions consist of leased assets transferred to owned assets.

14.1 Amortisation charge for the year has been allocated as follows:

	<i>Notes</i>	<i>2000 (Rupees in thousand)</i>	<i>1999</i>
Cost of sales	25	103	455
		-----	-----
		103	455
		=====	=====

15 Capital Work in Progress

Civil works	240	173
	=====	=====

16. Long Term Investments

In associated companies
Unquoted

Security General Insurance Company
Limited
500,000 (1999: 500,000) fully paid ordinary
Shares of Rs. 10 each

5,000
=====

5,000
=====

Value of investment in Security General Insurance Company Limited based on the last available audited accounts for the year ended December 31, 1999 (1999: December 31, 1998) is Rs. 6,085 thousand (1999: Rs. 5,799 thousand).

17. Long Term Loans, Deposits and Deferred Costs

Long term loans - considered good

Employees	17.1	8,067	4,750
Security deposits		2,034	2,290
Deferred costs	17.2	41,579	8,026
		-----	-----
		51,680	15,066
		=====	=====

2000 **1999**
(Rupees in thousand)

17.1 Loans to employees- secured

	<i>Executives</i>	<i>Others</i>		
House building	908	5,006	5,914	5,290
Vehicle	133	5,225	5,358	1,864
Others	77	206	283	341
	-----	-----	-----	-----
	1,118	10,437	11,555	7,495
	=====	=====	=====	=====
	==	=====	=====	=====

Less: Current portion
shown
under current assets Note
21

(449)	(3,039)	(3,488)	(2,745)
-----	-----	-----	-----
669	7,398	8,067	4,750
=====	=====	=====	=====
==	=====	=====	=====

The above balances are classified as under:

Outstanding				
exceeding three years	497	1,193	1,690	1,967
others	172	6,205	6,377	2,783
	-----	-----	-----	-----
	669	7,398	8,067	4,750
	=====	=====	=====	=====
	==	=====	=====	=====

Interest rate and terms of repayment

Rate of interest

Executives *Others*

House building loans	4%	5%
Vehicle loans	4%	5%

Number of monthly Installments

House building loans	114	60- 114
Vehicle loans	72	48- 72
Other loans	--	30

Security

Loans to employees are secured against charge and lien on retirement benefits.

17.1.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1,346 thousand (1999: Rs. 1,341 thousand).

	<i>Notes</i>	<i>2000</i> <i>(Rupees in thousand)</i>	<i>1999</i>
17.2 Deferred Costs			
Share Issue expenses		8,026	4,353
Golden handshake		56,404	10,588
		-----	-----
		64,430	14,941
Less: Amortisation	26	(22,851)	(6,915)
		-----	-----
		41,579	8,026
		=====	=====

These are being amortised over a period not exceeding five years.

18. Stores, Spares and Loose Tools

Stores		118,914	123,254
Spares including in transit Rs. 10,909 thousand (1999: Rs. 4,244 thousand)		313,754	249,635
Loose tools		4,447	3,635
		-----	-----
		437,115	376,524
Less: Provision for obsolescence		(10,000)	(10,000)
		-----	-----
		427,115	366,524
		=====	=====

19. Stock-in-trade

Raw materials		6,696	4,998
Packing materials		14,273	11,197
Work in process		89,229	48,560
Finished goods		45,354	19,954

-----	-----
155,552	84,709
=====	=====

20. Trade Debts- Considered Good

Secured		--	2,834
Unsecured		98,112	56,586
		-----	-----
		98,112	59,420
		=====	=====

21. Loans, Advances, Deposits, Prepayments and Other Receivables

Current portion of long term loans			
Employees	17.10	3,488	2,745
Advances - considered good			
Employees	21.10	2,756	3,866
Suppliers		48,438	28,815
Associated companies	21.20	358	95
Due from gratuity fund trust		20,840	5,129
Prepayments		1,999	556
Excise duty		7,438	8,636
Interest receivable		2,269	6,067
Other receivables		29,165	11,888
		-----	-----
		116,751	67,797
		=====	=====

21.1 Included in advances to employees are amounts due from executives Rs. 142 thousand (1999: Rs. 397 thousand). The maximum aggregate amount due from executives at the end of any month during the year was Rs. 167 thousand (1999: Rs. 470 thousand).

21.2 The maximum aggregate amount due from associated companies at the end of any month during the year was Rs. 5,479 thousand (1999: Rs. 95 thousand).

22. Short Term Investments

Quoted

Fidelity Investment Bank Limited
664,738 (1999: 664,738) fully paid ordinary
Shares of Rs. 10 each

		7,120	7,120
		-----	-----
		7,120	7,120
Less: Provision for diminution in value of investments		(4,461)	(5,724)
		-----	-----

2,659	1,396
=====	=====

Aggregate market value of quoted investments is Rs. 2,659 thousand (1999: Rs. 1,396 thousand).

23. Cash and Bank

Balances

The balances were held:

At banks

on deposit accounts	43,000	97,200
on profit and loss sharing accounts	110,138	102,636
on current accounts	9,868	19,116
	-----	-----
	163,006	218,952
In hand	30	90
	-----	-----
	163,036	219,042
	=====	=====

Included in deposit accounts is a sum of Rs. 842 thousand (1999: Rs. 2,391 thousand) held by Allied Bank of Pakistan Limited as margin against guarantees issued by the bank to secure long term local currency loans referred to in Note 5.

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousand)</i>	
24. Sales			
Gross sales		4,353,526	3,577,219
Less: Excise duty		1,468,599	1,455,355
Rebate		85,816	86,409
		-----	-----
		1,554,415	1,541,764
		-----	-----
		2,799,111	2,035,455
		=====	=====

25. Cost of Goods Sold

Raw material consumed	25.1	94,458	76,996
Packing material consumed		253,541	236,819
Fuel and power		1,157,264	772,682
Stores and spares consumed		80,435	43,817
Salaries, wages and amenities		103,198	116,641
Insurance		19,459	26,910
Repairs and maintenance		18,722	36,855
Depreciation	13.3	641,927	729,631
Amortisation of leased assets	14.1	103	455
Other expenses		44,608	32,866

	-----	-----
	2,413,715	2,073,672
Work in process		
Opening inventory	48,560	54,099
Closing inventory	(89,229)	(48,560)
	-----	-----
	(40,669)	5,539
	-----	-----
Cost of goods manufactured	2,373,046	2,079,211
Finished goods		
Opening inventory	19,954	34,356
Closing inventory	(45,354)	(19,954)
	-----	-----
	(25,400)	14,402
	-----	-----
Cost of goods sold	2,347,646	2,093,613
	=====	=====
25.1 Raw materials		
Opening inventory	4,998	4,721
Purchases	96,156	77,273
Closing inventory	(6,696)	(4,998)
	-----	-----
Raw material consumed	94,458	76,996
	=====	=====
26. Selling, Administrative and General Expenses		
Selling and distribution expenses		
Salaries and amenities	6,100	6,035
Travelling	155	249
Motor vehicle running	805	733
Postage, telephone and fax	653	765
Printing and stationery	115	160
Entertainment	88	68
Repairs and maintenance	54	180
Advertisement and sampling	592	1,519
Rent, rates and taxes	20	9
Other expenses	779	1,139
	-----	-----
	9,361	10,857
Administrative and general expenses		
Salaries and amenities	16,758	17,149
Travelling	546	385
Motor vehicle running	2,590	2,225

Postage, telephone and fax		2,072	2,942
Printing and stationery		1,722	920
Entertainment		394	311
Repairs and maintenance		257	247
Legal and professional charges	26.1	2,861	1,730
Depreciation	13.3	2,256	2,246
Amortisation of deferred costs	17.2	22,851	6,915
Rent, rates and taxes		600	216
Other expenses		9,964	7,601
		-----	-----
		62,871	42,887
		-----	-----
		72,232	53,744
		=====	=====

26.1 Legal and professional charges include the following

Statutory audit		200	200
Consultancy - MIS		150	--
Miscellaneous certification fee		--	20
Out of pocket expenses		35	40
		-----	-----
		385	260
		=====	=====

26.2 Legal and professional charges includes Rs. 35,000 (1999: Rs. 35,000) for cost audit fee.

27. Other Income

Profit on bank deposits		10,253	20,906
Sale of scrap		1,283	627
Profit on sale of fixed assets		619	279
Profit on sale of investment		--	2,664
Provision for diminution in investments		1,263	(598)
Miscellaneous		4,333	11,761
		-----	-----
		17,751	35,639
		=====	=====

28. Financial Charges

Mark up/interest on:			
Long term loans		437,639	470,236
Liabilities under finance		56	651

lease			
Short term running finance		27,515	28,764
Bank guarantee commission		570	2,033
Bank charges		1,417	985
		-----	-----
		467,197	502,669
		=====	=====

29. Other Charges

Donations	29.1	13	44
		-----	-----
		13	44
		=====	=====

29.1 Directors have no interest in any of the donees.

30. Provision For Taxation

Current year		15,128	11,081
Prior year		(32,601)	76
Deferred		(54,371)	--
		-----	-----
		(71,844)	11,157
		=====	=====

The company has made provision of minimum tax U/S 80-D of Income Tax Ordinance, 1979 for the current year.

Income tax assessments of the company have been finalised upto the financial year ended June 30, 1998 (assessment year 1998-99). Losses assessed by income tax department upto assessment year 1998-99 amount to Rs. 2.174 billion.

31. Remuneration to the Chief Executive, Director and Executives

The aggregate amount charged in the accounts for the year for remuneration, including certain benefits to the chief executive, working director and other executives of the company is as follows:

	<i>Chief Executive</i>		<i>Director</i>		<i>Executive</i>		
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	
	----- <i>(Rupees in thousand)</i> -----						
Managerial remuneration	1,009	2,133		729	--	16,680	14,647
Contribution to provident fund trust	55	156		57	--	1,206	1,008
Perquisites and benefits:							
House rent	276	780		258	--	5,608	4,252

Medical	10	13	37	--	848	1,271
Conveyance/petrol	35	88	134	--	2,859	1,861
Leave passage	--	138	41	--	1,152	1,262
Utilities	79	151	57	--	1,221	871
	-----	-----	-----	-----	-----	-----
	1,464	3,459	1,313	--	29,574	25,172
	=====	=====	=====	=====	=====	=====
Number of persons	1	1	1	--	60	59

Mr. Mohammad Hanif, Chief Executive resigned in November 1999 and his remuneration and benefits as stated above are for only four months. Mr. Tariq Sayeed Saigol as Chief Executive does not withdraw any remuneration and benefits from the company.

32. Financial Instruments and Related Disclosure

32.1 Credit risk

The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the company applies credit limits and monitors debt on continuous basis.

32.2 Foreign exchange risk management

Foreign currency risk arises mainly where payables exist due to transactions with foreign under takings. The company has partial cover against the payables in foreign currency as stated in Note-5.

32.3 Fair value of assets

The carrying value of financial assets and liabilities reflected in the financial statements approximates their fair value except for long term investments, which are stated at cost (Note-16).

32.4 Interest / mark- up rate risk exposure

The company is exposed to interest / mark up rate risk on some of the financial obligations. The rates of interest / markup and their maturities are given in the respective notes.

33. Basic Earning Per Share

Net Profit/(loss) after tax (Rupees in thousand)

Average number of ordinary shares in issue during
June 30, 2000:130,229,324 (1999:
130,229,324)

Earning per share (Rs.)

	2000	1999
Net Profit/(loss) after tax (Rupees in thousand)	1,618	(590,133)
Earning per share (Rs.)	0.01	(4.50)

2000 1999
(Rupees in thousand)

34. Transactions with Associated Companies

These comprise:

Purchase of goods and services

Purchase of goods and services	401,150	339,277
--------------------------------	---------	---------

Sale of goods and services	3,918	5,143
Purchase of fixed assets	1,250	645
Others-duty draw back	35,174	--

35. Capacity and Production

Clinker	Capacity		Actual Production	
	2000	1999	2000	1999
Grey - U. Ton	1,470,000	1,470,000	993,634	849,777
White - M. Ton	30,000	30,000	37,720	34,470

Shortfall in production was mainly due to market constraints.

36. Corresponding Figures

Previous year's figures have been rearranged, where necessary, to facilitate the comparison.

**Chief
Executive**

Director