

Chakwal Cement Company Limited

Annual Report 2000

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COMPANY INFORMATION

BOARD OF DIRECTORS	Khawaja Mohammad Jawed Khawaja Mohammad Jahangir Khawaja Mohammad Tanveer Palle-o-Jorgensen Khawaja Mohammad Nadeem Khawaja Mohammad Naveed Mr. Nasim Beg	(Chief Executive) (Nominee F.L.S) (Nominee NIT)
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COMPANY SECRETARY Mr. Muhammad Anwar Sheikh

AUDITORS M. Hussain Chaudhury & Co.
Chartered Accountants

LEGAL ADVISORS Cornelius Lane & Mufti
Advocates and Solicitors

BANKERS Citibank N. A
Faysal Bank Limited
Muslim Commercial Bank Limited
National Bank of Pakistan
Platinum Commercial Bank Limited
Prime Commercial Bank Limited
Standard Chartered Bank

REGISTERED OFFICE 7/1, E-3, Main Boulevard
Gulberg-III, Lahore - Pakistan
Tel : (042)5757108, 119

CORPORATE OFFICE AN 3 I-F, Main Market, Gulberg-II,

SHARES DEPARTMENT Lahore - Pakistan
Tel (042)5755774

PLANT SITE Karuli Near Kallar Kahar
District Chakwal - Pakistan

NOTICE OF 7TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 7th Annual General Meeting of the Shareholders of Chakwal Cement Company Limited will be held on Saturday, December 30, 2000 at 10:00 a.m. at 7-Happy Homes, 38-A, Main Gulberg, Lahore to transact the following business:

1. To confirm the minutes of the last Annual General Meeting of the shareholders of the Company held on December 31, 1999.
2. To receive and adopt the audited accounts of the company for the year ended June 30, 2000 and the reports of Directors and Auditors thereon.
3. To elect eight directors as fixed by the Board for a term of three years in accordance with Section 178 of the Companies Ordinance, 1984. The present directors who will be retiring are:

Khawaja Mohammad Jawed	Khawaja Mohammad Jahangir,
Khawaja Mohammad Tanveer	Khawaja Mohammad Nadeem
Khawaja Mohammad Naveed,	Palle-o-Jorgensen, Nominee F.L.Smidth
Mr. Naseem Baig, Nominee NIT,	

4. To appoint Auditors for the year ending June 30, 2001 and to fix their remuneration.
5. To consider any other business which may be placed before the meeting with the permission of the Chain

By Order of the Board

Lahore:
December 08, 2000

MUHAMMAD ANWAR SHEIKH
Corporate Secretary

Notes:

1. The share transfer books of the Company shall remain closed from December 29, 2000 to January 05,2001 (both days inclusive).
2. Any member who seeks to contest the election to the office of Directors should file with the Company, not later than 14 days before the date of the meeting at which elections are to be held, a notice of his intention to offer himself for election as a Director along with written consent to act as a Director.
3. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
4. Any individual Beneficial Owner of CDC, 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. Representative of corporate members should bring the usual documents required for such purpose.

5. Shareholders are requested to promptly notify the Company of any change in their addresses.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the company present before you their report together with the audited accounts of the company for the year ended June 30, 2000.

As reported previously, the company is exploring all avenues to salvage the project. The project has suffered tremendously owing to the non-disbursement of committed funds and levy of unjust duties and taxes, consequently cost over runs incurred on the project. The Directors have been striving hard to complete the project. In this connection the Company has also acquired services of a reputable brokerage house for financial restructuring of the project and identifying an investor for the project. The Directors are making all efforts in putting the project back on rails so that the huge investment could be salvaged, however due to uncertain economic conditions and slump in cement industry the task is becoming increasingly difficult

Your Directors have also approached the Government for assistance and have again requested for waiver on demurrage and other charges as well as restoration of custom duties and taxes as were applicable at the time of import of machinery. The Government has allowed partial waiver of demurrage and other charges, however the same being too little after a long struggle, the company is still trying to get maximum benefit so that the shortfall can be reduced to maximum extent.

Election of Directors

The tenure of the following directors has since expired and they will continue to perform their functions till their successors are elected during the 7th Annual General Meeting.

Khawaja Mohammad Jawed
Khawaja Mohammad Tanveer
Khawaja Mohammad Naveed
Mr. Naseem Baig, Nominee NIT

Khawaja Mohammad Jahangir
Khawaja Mohammad Nadeem
Palle-o-Jorgensen, Nominee F.L.Smith

Auditors

The present Auditors M/S Hussain Chaudhury & Co. Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2000 is annexed

Acknowledgement

In the end, we wish to express our thanks to our contractors, foreign / local suppliers for their support. We appreciate the devotion of the employees of the company during the year The Directors are especially thankful to the shareholders. We also put on record our gratitude to foreign lenders, bankers and Government functionaries for their co-operation.

On Behalf of the Board

Lahore:
December 07, 2000

(KHAWAJA MOHAMMAD JAWED),
Chief Executive

FORM-34
THE COMPANIES ORDINANCE, 1984 (SECTION 236)
PATTERN OF SHAREHOLDING AS ON JUNE 30, 2000

<i>NUMBER OF SHAREHOLDERS</i>	<i>SHAREHOLDING</i>		<i>TOTAL SHARES HELD</i>
	<i>FROM</i>	<i>TO</i>	
3	1 -	100	300
1402	101 -	500	746200
258	501 -	1000	257900
681	1001 -	5000	2330400
267	5001 -	10000	2316400
114	10001 -	15000	1535000
75	15001 -	20000	1433000
58	20001 -	25000	1360500
35	25001 -	30000	1008500
20	30001 -	35000	660500
13	35001 -	40000	508000
8	40001 -	45000	343000
29	45001 -	50000	1433500
6	50001 -	55000	316500
8	55001 -	60000	455000
7	60001 -	65000	446000
9	65001 -	70000	617000
6	70001 -	75000	442000
4	75001 -	80000	316500
2	80001 -	85000	169000
6	85001 -	90000	527500
3	90001 -	95000	281000
13	95001 -	100000	1299700
4	100001 -	105000	411000
2	105001 -	110000	216000
5	110001 -	115000	562000
1	115001 -	120000	116500
4	120001 -	125000	495000
1	125001 -	130000	125500
4	130001 -	135000	533500
2	135001 -	140000	275500
3	140001 -	145000	427000
2	145001 -	150000	298000
2	150001 -	155000	308000
1	155001 -	160000	158000

1	160001-	165000	163000
2	165001-	170000	332500
2	170001 -	175000	349500
1	175001-	180000	176000
2	180001-	185000	361000
1	185001-	190000	187000
3	190001 -	195000	581900
1	195001-	200000	199800
4	200001 -	205000	814000
3	205001 -	210000	624500
1	210001 -	215000	210500
1	215001-	220000	219500
1	220001 -	225000	223500
1	225001-	230000	229500
1	230001-	235000	233000
1	235001-	240000	239000
5	245001 -	250000	1250000
1	255001 -	260000	256500
1	260001-	265000	262000
3	270001-	275000	815000
1	275001-	280000	275500
2	295001-	300000	599000
1	365001 -	370000	365500
1	370001-	375000	373000
1	380001 -	385000	385000
1	385001-	390000	389000
1	395001-	400000	398000
1	405001-	410000	409500
1	410001 -	415000	413500
1	425001-	430000	427500
1	480001-	485000	481500
1	505001 -	510000	508000
1	510001 -	515000	513500
1	515001-	520000	515500
1	520001 -	525000	522000
1	530001-	535000	530200
1	535001-	540000	536500
1	540001 -	545000	544900
1	570001 -	575000	570500
1	595001-	600000	595500
1	645001 -	650000	648500
1	690001 -	695000	694425
1	725001-	730000	725700
1	895001 -	900000	896100
3	995001 -	1000000	2997000
1	1000001 -	1005000	1001260
1	1235001 -	1240000	1235500
1	1795001 -	1800000	1798000

12	1995001 -	2000000	23976200
1	2135001 -	2140000	2138325
1	2995001 -	3000000	2997000
1	3460001 -	3465000	3464700
1	8145001 -	8150000	8146619
1	8940001 -	8945000	8943711
1	2090001 -	12095000	12094100
1	2870001 -	12875000	12872882
1	14995001 -	15000000	15000000
1	17060001 -	17065000	17064095
1	19995001 -	20000000	19999980
2	24515001 -	24520000	49038190
1	24570001 -	24575000	24572476
1	52495001 -	52500000	52500000
1	259840001 -	259845000	259840900
-----	-----	-----	-----
3152			562456363
=====	=====	=====	=====

CATEGORIES OF SHAREHOLDERS	NUMBER Of SHAREHOLDERS	NUMBER Of SHARES HELD	PERCENTAGE
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INDIVIDUALS	3065	179011214	31.83
INVESTMENT COMPANIES	5	2275325	0.40
INSURANCE COMPANIES	1	19999980	3.56
JOINT STOCK COMPANIES	48	10643800	1.89
FINANCIAL INSTITUTIONS	9	65771025	11.69
MODARABA COMPANIES	4	332000	0.06
FOREIGN COMPANIES	5	284080019	50.51
OTHERS	15	343000	0.06
	-----	-----	-----
TOTAL	3152	562456363	100.00
	=====	=====	=====

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of CHAKWAL CEMENT COMPANY LIMITED as at June 30, 2000 and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the 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 includes 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 account have been kept by the company as required by the Companies Ordinance, 1984.

(b) in our opinion:

(i) the balance sheet together with the notes thereon have been drawn up in conformity with 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 cash flow statement 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 its cash flows for the year then ended; and

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

Without qualifying our opinion, we draw attention to note 7 and 16 to the accounts. These accounts have been prepared on a going concern basis the-validity of which is dependent on the successful outcome of the matter stated in the said note.

Lahore:
Date: December, 07 2000

(M.Hussain Chaudhury & Co.)
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	<i>NOTE</i>	<i>2000</i> <i>(RUPEES)</i>	<i>1999</i> <i>(RUPEES)</i>
SHARE CAPITAL AND RESERVES			
Authorized capital			

750 million (1999:750 million) ordinary shares of Rs. 10/- each		7,500,000,000	7,500,000,000
		=====	=====
Issued, subscribed and paid up capital	3	5,624,563,630	5,624,563,630
capital reserve	4	214,838,692	214,838,692
		5,839,402,322	5,839,402,322
LONG TERM LOAN- Secured	5	124,199,750	320,631,750
DEFERRED LIABILITY			
Gratuity payable		1,221,266	955,565
CURRENT LIABILITIES			
Current portion of 9 term loan		869,398,250	534,386,250
Due to Directors		29,464,347	--
Creditors, accrued and other liabilities	6	1,094,530,460	809,181,571
		-----	-----
		1,993,393,057	1,343,567,821
CONTINGENCIES AND COMMITMENTS	7	--	--
		-----	-----
		7,958,216,395	7,504,557,458
		=====	=====
PROPERTY AND ASSETS			
FIXED CAPITAL EXPENDITURE			
Operating Fixed assets	8	31,485,990	31,876,221
Capital Work in Progress - net	9	7,783,067,999	7,325,945,445
		-----	-----
		7,814,553,989	7,357,821,666
DEFERRED COSTS	10	--	5,258,844
CURRENT ASSETS			
Advances, deposits prepayments and other receivables	11	135,860,120	1,355,687,621
Cash and bank balances	12	7,802,286	5,908,186
		-----	-----
		143,662,406	141,476,948
		-----	-----
		7,958,216,395	7,504,557,458
		=====	=====

Note

- 1) The annexed notes from 1 to 17 form an integral part of these accounts.
- 2) Auditors' Report (Annexed)

Director

Chief Executive

	2000	1999
NOTE	(RUPEES)	(RUPEES)

CASH FLOW FROM INVESTING ACTIVITIES

Operating fixed assets	(1,350)	(32,636)
Capital work in progress - Net	(14,550,610)	(34,623,149)
Financial charges paid	(1,888)	(1,159)
	-----	-----
Net cash used in investing activities	(14,553,848)	(34,656,944)

CASH FLOW FROM FINANCING ACTIVITIES

Interest income received	689,386	2,263,766
Net cash from financing activities	689,386	2,263,766
Increase)/decrease in current assets	(194,391)	4,141,668
Increase/(decrease) in current liabilities	16,068,244	(518,995)
Income tax paid	(115,291)	(271,271)
	-----	-----
Increase/(decrease) in cash & cash equivalents	1,894,100	(29,041,776)
Cash and cash equivalents at beginning of the year	5,908,186	34,949,962
	-----	-----
Cash and cash equivalents at end of the year	7,802,286	5,908,186
	=====	=====

Chief Executive

Director

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

1. The company and its operations

1.1 Chakwal Cement Company Limited was incorporated in Pakistan on May 23, 1993 as a private limited company and subsequently converted into a public limited company on October 18, 1994 under the Companies Ordinance, 1984. The Company is listed on all Stock Exchanges of Pakistan. The principal activity of the company is to set up an industrial undertaking for the manufacture and sale of cement.

1.2 Profit and loss account for the year ended June 30, 2000 has not been drawn up as the company has not commenced its operating activities.

2. Significant accounting policies

2.1 .Accounting convention:

These accounts have been prepared under the historical cost convention without any adjustment for the effect of inflation or reference to current values.

2.2 Staff retirement benefit:

The company operates an un-funded gratuity scheme for all its employees.

2.3 Fixed assets and depreciation:

Fixed assets are stated at cost less accumulated depreciation except freehold land and capital work in progress which are stated at cost.

Cost of operating fixed assets consists of historical cost and attributable expenses in bringing the assets to their working condition.

Depreciation is charged by applying the reducing balance method at the rates specified in Note. 8 so as to write off the cost of assets over their useful lives.

No depreciation is charged on the assets deleted during the year, whereas, full year's depreciation is charged on additions during the year.

Profit/loss on disposal of fixed assets is charged to income currently. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

2.4 Taxation:

The company has not yet commenced its operating activities and as such the provision for taxation is not required in these accounts.

2.5 Deferred costs:

Deferred costs are amortized during the period not exceeding five years from the date on which the costs are incurred.

2.6 Foreign currency translations:

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange ruling on the balance sheet date. Exchange differences on foreign currency loan are capitalized.

2.7 Revenue recognition:

Return on investments from bank accounts is recognized on accrual basis. Revenue from sales shall be recognized under the policy to be framed after the completion of the project.

3. Issued, subscribed and paid up capital

<i>2000</i>	<i>1999</i>		<i>2000</i>	<i>1999</i>
<i>Number of shares</i>	<i>Number of shares</i>		<i>Rupees</i>	<i>Rupees</i>
562,456,363	562,456,363	Ordinary shares of Rs. 10 each fully paid in cash	5,624,563,630	5,624,563,630
-----	-----		-----	-----
562,456,363	562,456,363		5,624,563,630	5,624,563,630
=====	=====		=====	=====

4. Capital reserve

Share premium	214,838,692	214,838,692
This represents share premium of Rs. 0.50 per share on issue of 429,677,383 ordinary shares.		

5. Long term loan - secured

Foreign currency loan	993,598,000	855,018,000
Less: Current maturity	869,398,250	534,386,250
	-----	-----
	124,199,750	320,631,750
	=====	=====

This represents Japanese Yen 2 billion foreign currency loan obtained from M/s. Nichimen Corporation, U.K. in the year 1996, to meet the local cost components for the construction and installation of cement plant.

a) The loan carries interest @ 7.5% per annum from the disbursement date to the actual repayment date of loan, payable on March 15, and September 15, each year.

b) The loan is repayable in eight equal bi-annual installments commencing from March 15, 1998.

c) In case of non payment on the due date, the company shall pay penal interest @ 10% per annum, on demand, to the lender calculated on the amount overdue to the date of actual repayment.

d) The loan is secured:

- by way of a mortgage, (ranking pari passu with other lenders), on the entire current and future assets of the company, including land, building and plant & machinery; and
- by a personal guarantee of one of the directors.

e) The company has not paid any installment of the loan and hence has recognised applicable penal interest

6. Creditors, accrued and other liabilities

	<i>1999</i>	<i>2000</i>
	<i>Rupees</i>	<i>Rupees</i>
Creditors	56,838,233	70,601,338
Payable to contractors	19,450,354	19,450,174
Call deposit money	500,000	500,000
Retention money-interest free	7,320,002	7,320,002
Accrued expenses	1,431,824	1,596,405
Accrued interest on secured long term loan	325,919,303	188,902,809
Income tax deducted at source	2,439,944	1,908,541
Payable against Incidental & storage charges on imported plant and machinery	680,630,800	518,902,302
	-----	-----

1,094,530,460 809,181,571
 =====

7. Contingencies and commitments

Contingencies

a) The company has issued a bank guarantee for Rs. 1.230 million (1999: Rs. 0.600 million) and insurance guarantee for Rs 2.400 million (1999: Rs. 2.400 million) in favour of department of industries and mineral development, Punjab to acquire the mining lease for limestone / clay / gypsum.

b) The Revenue Officer, District. Chakwal, has raised a demand of Rs.269.4 million being short fall in stamp duty and penalty in respect of land mortgaged against suppliers' credit. The company has obtained a stay order against payment of duty from the Lahore High Court, Lahore. No provision has been made in the accounts as the company expects a favourable outcome.

Commitments

a) Commitments in respect of capital expenditure contracted as at the balance sheet date are Rs.1.506 billion (Rs. 1999 1.339 billion)

8. Operating fixed assets

Particulars	COST			Rate %	DEPRECIATION			Book Value	
	As at 01-07-1999	Additions (Deletions)	As at 30-06-2000		Upto 01-07-1999	For the year	Total as at 30-06-2000	as at 30-6-2000	
Freehold land	28,820,980	--	28,820,980	--	--	--	--	28,820,980	
Factory equipment	370,048	--	370,048	10	94,702	27,535	122,237	247,811	
Office equipment	460,550	--	460,550	10	156,413	30,414	186,827	273,723	
Furniture and fixtures	1,648,250	1,350	1,649,600	10	594,600	105,500	700,100	949,500	
Computers	866,740	--	866,740	10	303,846	56,289	360,135	506,605	
Vehicles	2,554,240	--	2,554,240	20	1,695,026	171,843	1,866,869	687,371	
Total Rupees 2000	34,720,808	1,350	34,722,158	--	2,844,587	391,581	3,236,168	31,485,99{]	
Total Rupees 1999	34,688,172	32,636	34,720,808	--	2,385,78{]	458,807	2,844,587	31,876,221	

8.1 The depreciation charge has been transferred to unallocated expenditure (Note No.9.2).

9. Capital work in progress - net

	Note	2000 Rupees	1999 Rupees
Civil and development work (including design and consultancy)		729,099,583	728,029.98
Construction material		29,593,367	29,593,367
Plant machinery and equipment (including Offshore & Onshore contracts)	9.1	6,508,276,415	6,208,646,119
Unallocated capital expenditure- Net	9.2	516,098,634	359,675,976

7,783,067,999 7,325,945,445

=====

9.1 This amount includes cumulative exchange loss of Rs.354.278 million (1999:Rs.215.698 million) on foreign currency loan and amount payable against incidental and storage charges on imported plant and machinery of Rs. 680.631 million (1999:Rs.518.902 million).

9.2 Unallocated capital expenditure - Net

Salaries and benefits		31,341,480	26,349,759
Travelling expenses		8,960,720	8,570,769
Electricity and other utilities		885,236	626,104
Telephone, telegrams and postage		7,961,360	7,075,279
Vehicle running expenses		1,774,618	1,492,206
Insurance		7,226,664	5,311,745
Printing and stationery		993,255	941,391
Entertainment		305,173	268,206
Office renovation and maintenance		2,524,175	2,471,858
Newspapers and periodicals		135,013	117,251
Fees and subscriptions		1,326,600	1,077,500
Rent, rates and taxes		3,520,802	2,378,107
Advertisement expenses		458,959	398,959
Security charges		7,431,546	5,084,047
Corporate service charges		1,349,790	1,073,690
Legal and professional charges		2,823,829	2,343,311
Auditors' remuneration	9.2.1	860,000	810,000
Freight and octroi		97,281	97,281
Interest charges, penal interest and commission on long term loan		405,318,039	268,301,544
Bank charges		686,678	684,790
Zakat		115,109	89,763
Charity and donations	9.2.2	18,120	18,120
Miscellaneous expenses		662,795	423,329
Amortization of deferred costs		26,294,224	21,035,380
Depreciation		3,372,718	2,981,137
		516,444,184	360,021,526
Less		-----	-----
Gain on disposal of fixed assets		(107,800)	(107,800)
Other income		(237,750)	(237,750)
		-----	-----
		516,098,634	359,675,976
		=====	=====

9.2.1 Auditors' remuneration

Audit fee		710,000	1,660,000
Consultancy fee		150,000	150,000
		-----	-----
		860,000	810,000
		=====	=====

9.2.2 None of the directors or their spouse have any interest in the donees.

10. Deferred costs

Preliminary expenses	--	507,800
Public issue expenses	--	4,526,544
Equity placement charges	--	224,500
	-----	-----
	--	5,258,844
	=====	=====

11. Advances, deposits, prepayments and other receivables

	<i>2000</i>	<i>1999</i>
	<i>Rupees</i>	<i>Rupees</i>
Advances to suppliers	891,609	716,429
Security deposits	1,434,200	823,000
Mobilization advance	110,292,064	110,292,064
Income tax deducted at source	22,139,918	22,024,627
Prepayments	1,072,499	1,694,318
Interest income receivable	--	18,324
Other receivables	29,830	--
	-----	-----
	135,860,120	135,568,762
	=====	=====

12. Cash and bank balances

Cash in hand	68,215	26,657
Cash at banks		
- in current/PLS. accounts	6,914,283	5,113,308
- in deposit accounts	819,788	768,221
	7,734,071	5,881,529
	-----	-----
	7,802,286	5,908,186
	=====	=====

13. Chief executive's, directors' & executives' remuneration

No remuneration or meeting fee has been paid during the year to the chief executive and any director.

(1999:Nil)

Aggregate amount charged in the accounts for the remuneration and allowances to the executives of the company is as follows

Managerial remuneration	2,479,200	2,479,200
Allowances/utilities	1,242,000	1,242,000
	-----	-----
	3,721,200	3,721,200
	=====	=====
Number of persons	7	7

Three executives of the company are provided with company maintained cars.

14. Plant capacity

The plant (under erection and installation) according to specifications has the capacity to produce 5,500 tons of clinker for the production of high quality Ordinary Grey Portland Cement.

15. Financial assets and liabilities subject to interest rate and credit risk

As required by International Accounting Standard 32, given below are details of the financial assets and liabilities which may be subject to Interest rate and credit risk.

	Interest Bearing			Sub total 1999	Non Interest Bearing			sub total 1999
	Maturity upto one year Rupees	Maturity after one year Rupees	2000 Rupees		Maturity upto one year Rupees	Maturity after one year Rupees	2000 Rupees	
Financial Assets								
Advances deposits and other receivable	--	--	--	--	111,756.09	--	111,756,094	111,133,388
cash and bank	7,677,374	--	7,677,374	7,200,193	124,912	--	124,912	189,057
	-----	-----	-----	-----	-----	-----	-----	-----
Total	7,677,374	--	7,677,374	7,200,193	111,881,006	--	111,881,006	111,322,445
	=====	=====	=====	=====	=====	=====	=====	=====
Financial Liabilities								
Long term loans	869,398,250	124,199,750	993,598,000	855,018,000	--	--	--	--
Due to directors creditors accrued and other liabilities	--	--	--	--	29,464,347	--	29,464,347	--
	325,919,303	--	325,919,303	188,902,809	766,170,859	--	766,170,859	618,370,221
Bank overdraft	--	--	--	--	--	--	--	1,481,064
	-----	-----	-----	-----	-----	-----	-----	-----
Total	1,195,317,553	124,199,750	1,319,517,303	1,043,920,809	795,635,206	--	795,635,206	619,851,285
	=====	=====	=====	=====	=====	=====	=====	=====

15.1 Concentration of credit risk

Out of the aggregate financial assets of Rs. 119.558 million (1999: Rs.118.523 million), the financial assets which may be subject to credit risk amount to Rs. 110.322 million (1999: Rs. 110.292 million) In the event the counter parties are unable to meet the terms of the agreements.

15.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values except for investments. which am stated at cost.

15.3 Foreign currency risk

Currency risk is the risk that the value of a financial instruments will fluctuate due to changes in foreign exchange rates. Foreign currency loan (Japanese Yen) is exposed to foreign currency risk as future payments In foreign currency are not secured against any hedge instrument.

16. Going concern

The company had envisaged commencement of commercial production by October i 997. The project to date has not been completed and as a result the company has not been able to repay any of the due installments of its long term loan.

These accounts have, however, been prepared on a going concern basis on the perception that the company in future shall have the continuous financial support of its sponsors and lending agencies to raise additional funds to complete the project and commence commercial production.

17. Figures

- have been rounded off to the nearest rupee; and
- of previous year have been rearranged, wherever necessary, to facilitate comparison