

Essa Cement Industries Limited

Annual Report 2002

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COMPANY INFORMATION

BOARD OF DIRECTORS

MR. ABDUL AZIZ ESSA (CHAIRMAN & CHIEF EXECUTIVE)
MRS. HUMERA ESSA
HAJI YOUNUS DADA
MRS. ZAITOON HAMZA DADA
MRS. SHAZINA JAWED ESSA
MR. IFRAN AZIZ ESSA
MR. ZAFARUDDIN SIDDIQUI

COMPANY SECRETARY

MR. ABDUL HAMEED

BOARD OF AUDIT COMMITTEE

HAJI YOUNUS DADA Chairman
MRS. SHAZINA JAWED ESSA Member
MR. ZAFARUDDIN SIDDIQUI Member

AUDITORS

F.R.MERCHANT & CO.
CHARTERED ACCOUNTANTS

BANKERS

HABIB BANK LIMITED
NATIONAL BANK OF PAKISTAN
MUSLIM COMMERCIAL BANK LIMITED
STANDARD CHARTERED GRINDLAYS BANK LIMITED
ALLIED BANK OF PAKISTAN LIMITED

BOLAN BANK LIMITED
 SONERI BANK LIMITED
 BANK AL HABIB LIMITED
 FAYSAL BANK LIMITED
 THE BANK OF PUNJAB
 PRIME COMMERCIAL BANK LIMITED
 PLATINUM COMMERCIAL BANK LIMITED

REGISTERED OFFICE

FL-2/1, BLOCK-6,
 GULSHAN-E-IQBAL
 KARACHI - 75300

FACTORY

DEH KALO KOHAR
 NOORIABAD INDUSTRIAL AREA,
 DISTRICT DADU, (SINDH)

DIRECTORS' REPORT TO THE MEMBERS

Your directors have the pleasure in presenting the audited accounts and auditors' report thereon for the financial year ended June 30, 2002

PRODUCTION

The economic growth in the country slightly improved and due to increase in market demand we have also increased our production about 30% from the last year. The production of clinker and Cement for the period is as under.

	<i>2002</i>	<i>2001</i>
Clinker	295,805	251,153
Cement	350,920	268,780

SALES & MARKETING

Due to improvement in demand of cement, the Company was able to sell 338.618 m.tons of cement during the year ended June 30, 2002 as against 268.121 m.tons sold during the preceding year which shows that we managed to increase our sales to the extent of 26%.

Net sale revenues in the year under review has increased to Rs. 681.234 million, comparing with last year Rs. 622.170 million.

OPERATING RESULTS

	<i>2002</i>	<i>2001</i>
Profit for the year	22,349,340	10,256,988
Prior Years' adjustments	2,315,096	--
	-----	-----
Profit before taxation	24,664,436	10,256,988
Taxation	3,407,540	3,200,000
	-----	-----
Profit after taxation	21,256,896	7,056,988
Accumulated profit brought forward	21,082,818	14,025,830
	-----	-----

	42,339,714	21,082,818
Proposed Cash Dividend @5%	19,046,353	--
	-----	-----
Accumulated profit carried forward	23,293,361	21,082,818
	=====	=====

FUTURE PROSPECTS

To decrease the Cost of production and to remain in market competition, we partly replace furnace oil to Coal and we have been able to increase the net profit from last year 7.057 million to 21.257 million.

Further efforts are being made to convert our cement plant to maximum use of Coal, for this we have imported low sulphur and high Calorific value Coal from South Africa and hope to reduce the cost of production and increase the net profit.

DIVIDEND

The directors recommended cash dividend of Re. 0.50 per share i.e 5% for the year ended June 30, 2002

AUDITORS

The present auditors M/S F.R.Merchant & Co., Chartered Accountants, retire and being eligible offer themselves for reappointment,

As required by the code of corporate governance, The Board Audit Committee has recommended the re-appointment of M/S F.R.Merchant & Co., Chartered Accountants, as auditors of the Company for the next year.

PATTERN OF SHARE HOLDING

The pattern of share holding as at 30 June 2002 is annexed to this report

AUDIT COMMITTEE

The Board of Directors has established an audit committee comprising the following members:

HAJI YOUNUS DADA	Chairman
MRS. HUMERA ESSA	Member
MR. ZAFARUDDIN SIDDIQUI	Member

Corporate Governance

The board of directors has reviewed the code of corporate governance and confirms that:

- The financial statements, cash flow and changes in equity, prepared by the management of the Company, present fairly its' state of affairs and the result of its' operations.
- Company has maintained proper books of accounts.
- In preparation of financial statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgement.
- In preparation of financial statements International Accounting Standards, as applicable in Pakistan, have been followed and non-applicability, if any, has been adequately disclosed.

e. The existing system of internal control and other procedures is being continuously reviewed by internal auditor. The process of review will continue and any weakness in controls will have immediate attention of the Management.

f. There are no significant doubts upon the Companys' ability to continue as a going concern.

g. There has been no material departure from the best practices of corporate governance as detailed in the listing rules

h. Key operating and financial data for the last six years in summarized form is annexed.

i. During the year (4) meetings of the Board of Directors were held. Attendance by each Director is as follows:-

Name of Director	No. of Meetings Attended
MR. ABDUL AZIZ ESSA	4
MRS. HUMERA ESSA	4
HAJI YOUNUS DADA	4
MRS. ZAITOON HAMZA DADA	--
MRS. SHAZINA JAWED ESSA	3
MR. IFRAN AZIZ ESSA	--
MR. ZAFARUDDIN SIDDIQUI	3

ACKNOWLEDGEMENT

The management, staff and workers of the Company deserve our appreciation for their dedicated efforts and valuable contribution in achieving the improved results in all areas of operations

ABDUL AZIZ ESSA
CHIEF EXECUTIVE

FINANCIAL HIGHLIGHTS

	2002	2001	2000	1999
NET SALES	681,234	622,170	573,483	3
RESULTS				
PROFIT BEFORE TAX	24,664	10,257	9,086	
PROFIT AFTER TAX	21,257	7,057	6,086	
NET RETURN OF TURNOVER %	3.12	1.13	1.06	
CURRENT ASSETS	186,430	182,444	203,407	2
CURRENT LIABILITIES	204,243	174,730	184,021	2
CURRENT RATIO				
ASSETS LIABILITIES	0.91:1	1.04: 1	1.11:1	

DISTRIBUTABLE RESERVES	203,293	201,083	194,026	2
SHAREHOLDERS EQUITY	584,220	582,010	574,953	5
NUMBER OF SHARES	38,093	38,093	38,093	
EARNING PER SHARE OF RS. 10 EACH	0.56	0.19	O. 16	
BREAKUP VALUE PER SHARE RS.	15.34	15.28	15.09	

Statement of Compliance with Best Practices of Corporate Governance

The Company is in process of implementing all facets of the Code of Corporate Governance issued by the Karachi Stock Exchange and the Board feel pleasure in stating that provisions of the code, relevant for the year ended June 30, 2002 have been duly complied with.

ABDUL AZIZ ESSA
CHIEF EXECUTIVE

Review Report to the Members on Statement of Compliance with best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2002 prepared by the Board of Directors of Essa Cement Industries Limited, to comply with the Listing Regulation No., 37 of the Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

Karachi:
Date: September 28, 2002

F,R.MERCHNAT & CO.
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of ESSA CEMENT INDUSTRIES LIMITED. as at June 30, 2002 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 purpose 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 statement 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 statement 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 the 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 Company Ordinance 1984.

b) In our opinion ·

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

ii) the expenditure incurred during the year was for the purpose of the company's business: and

iii) the business conducted, Investment 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, 2002 and of the Profit, its cash flows and changes in equity for the year then ended:and

d) In our opinion, no Zakat was deductible at source under the Zakat & Ushr Ordinance, 1980.

KARACHI:September28,2002

F,R.MERCHNAT & CO.
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2002

SHARE CAPITAL AND RESERVES	<i>NOTE</i>	<i>2002</i>	<i>2001</i>
Authorised			
50,000,000 ordinary shares of Rs. 10/~ each		500,000,000	500,000,000
		=====	=====
Issued, subscribed and paid-up-capital	3	380,927,050	380,927,050
Reserves	4	203,293,361	201,000,000
		-----	-----
		584,220,411	582,000,000
 LONG TERM LOANS	 5	 652,056,052	 702,700,000
 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	 6	 --	 2,400,000
DEFERRED LIABILITIES	7	18,271,122	13,600,000
CURRENT LIABILITIES			
Current maturity of long term loans	5	292,573,997	299,200,000
Current maturity of liabilities against assets subject to finance lease	6	9,875,484	21,600,000
Creditors, accrued and other liabilities	8	162,069,632	153,900,000
Running finances under mark-up arrangements	9	10,902,059	11,900,000
Provision for taxation		12,224,873	8,800,000
Proposed dividend		19,046,353	--
		-----	-----
		506,692,398	495,600,000
 CONTINGENCIES AND COMMITMENTS	 10	 -----	 -----
	Rupees	1,761,239,983	1,796,500,000
		=====	=====
FIXED ASSETS - Tangible			
Operating Assets	11	1,556,260,265	1,158,100,000
Capital work-in-Progress	12	14,409,668	451,800,000
		-----	-----
		1,570,669,933	1,610,000,000
 LONG TERM DEPOSITS		 4,140,346	 4,100,000
 CURRENT ASSETS			
Stores and spares	13	105,023,404	116,000,000
Stock-in-trade	14	42,748,479	45,300,000
Trade debts	15	2,552,596	3,400,000
Advances, deposits, prepayments and other receivables	16	28,256,975	10,800,000
Cash and bank balances	17	7,848,250	6,700,000
		-----	-----
		186,429,704	182,400,000

Rupees

1,761,239,983 1,796,5
=====

The annexed notes form an integral part of these accounts

ABDUL AZIZ ESSA
CHIEF EXECUTIVE

HAJI YOUNUS DADA
DIRECTOR

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2002**

	<i>NOTE</i>	<i>2002</i>	<i>2001</i>
Sales-net	18	681,234,000	622,1
Cost of sales	19	596,316,795	546,4
		-----	-----
Gross profit		84,917,205	75,6
Administration and selling expenses	20	13,818,111	11,9
		-----	-----
Operating profit		71,099,094	63,7
Other Income	21	274,167	1
		-----	-----
Financial charges	22	71,373,261	63,8
Other charges	23	47,847,640	53,0
		-----	-----
		49,023,921	53,6
		-----	-----
Profit for the year		22,349,340	10,2
Prior years' adjustments	24	2,315,096	
		-----	-----
Profit before taxation		24,664,436	10,2
Taxation	25	3,407,540	3,2
		-----	-----
Profit after taxation		21,256,896	7,0
Accumulated Profit brought forward		21,082,818	14,0
		-----	-----
		42,339,714	21,0
Appropriation			
Proposed Cash dividend @ 5% (2001 Nil)		19,046,353	
		-----	-----
Accumulated Profit carried forward		23,293,361	21,0
		=====	=====
Earnings per share	26	0.56	

The annexed notes form an integral pad of these accounts

ABDUL AZIZ ESSA
CHIEF EXECUTIVE

HAJI YOUNUS DADA
DIRECTOR

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30,2002**

	2002	2001
CASH FLOW FROM OPERATING ACTIVITIES		
Profit for the year	24,664,436	10,2
Add / (less) adjustments for non cash charges		
Depreciation	67,907,426	50,7
Provision for gratuity	4,611,071	3,2
	-----	--
Operating profit before working capital changes	97,182,933	64,2
Movement in working capital		
(Increase)/decrease in current assets		
Stores and spares	10,995,796	(5,52
Stock- in-trade	2,626,642	20,6
Trade debts	858,462	3,4
Advances, deposits, prepayments and other receivables	(17,381,601)	3,8
	-----	--
	(2,900,701)	22,4
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	8,072,442	(12,46
Running finances under mark-up-arrangements	(1,013,573)	(2
	-----	--
	7,058,869	(12,49
	-----	--
Net cash (used in) / from operating activities	101,341,101	74,2
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(71,384,496)	(205,57
	-----	--
Net cash (used in) / from investing activities	29,956,605	(131,36
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loans	(14,637,672)	138,3
Liabilities subject to finance lease	(14,234,269)	(5,51
	-----	--
Net cash (used in)/flow from financing activities	(28,871,941)	132,8
	-----	--
Net increase in cash and bank balances	1,084,664	1,5
Cash and bank balances at the beginning of the year	6,763,586	5,2
	-----	--
Cash and bank balances at the end of the year	7,848,250	6,7
	=====	=====

ABDUL AZIZ ESSA

HAJI YOUNUS DADA

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2002**

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Unappropriated Profit</i>	<i>Total</i>
Balance at June 30, 2000	380,927,050	180,000,000	14,025,830	574,952,880
Profit for the year after taxation	--	--	7,056,988	7,056,988
	-----	-----	-----	-----
Balance at June 30, 2001	380,927,050	180,000,000	21,082,818	582,010,868
Profit for the year after taxation	--	--	21,256,896	21,256,896
Proposed dividend	--	--	(19,046,353)	(19,046,353)
	-----	-----	-----	-----
Balance at June 30, 2002	380,927,050	180,000,000	23,293,361	584,220,411
	=====	=====	=====	=====

NOTES TO THE ACCOUNTS

For the year ended June 30, 2002

1. THE COMPANY AND ITS OPERATION

Essa Cement Industries Limited is a Public Limited Company and listed on the Karachi and Lahore Stock Exchanges. The company's principal activity is Manufacturing & Marketing of Cement and its Products.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of the financial statements

These financial statements have been prepared in compliance with the requirements of International Accounting Standards as adopted by the Institute of Chartered Accountants of Pakistan which are applicable to the Company.

2.2 Overall valuation policy

These financial statements have been prepared under historical cost convention.

2.3 Staff retirement benefits

The company operates an unfunded gratuity scheme covering all employees according to the terms of employment, payable on cessation of employment, subject to a minimum qualifying period of service. Provision is made annually to cover obligations under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period.

2.4 Taxation

Current

Provision for current taxation is based on current rates of tax or on turnover, whichever is higher, after taking into account tax credits available, if any.

Deferred

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

2.5 Fixed assets and depreciation

2.5 (I) Operating Assets

Operating fixed assets except free hold land are stated at cost less accumulated depreciation. Free hold land and capital work-in-progress are stated at cost. Depreciation is charged to income applying the reducing balance method at the rates specified in operating assets note. Full year's depreciation is charged on additions during the year while no depreciation is charged on assets deleted.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

gains and losses on disposals of assets, if any, are included in current income.

2.5(ii) Assets subject to finance lease

These are stated at lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under finance lease are depreciated over the useful life of the assets in the same manner as the owned assets

2.6 Capital work in progress

All costs/expenditures connected with specific assets are collected under this head. These are transferred to specific assets as and when assets are available for use.

2.7 Stores and spares

These are valued at moving average cost.

2.8 Stock in trade.

These are stated at lower of cost or net realizable value. The method used for the calculation of cost are as follows.

Raw and packing materials -- at average cost

Work-in-process and finished goods -- at average cost of goods produced during the year.

2.9 Foreign currency transactions.

Assets and liability in foreign currencies are translated into rupees at the rates of exchange prevailing at the date of the balance sheet.

Exchange differences in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of the relevant assets. Exchange differences capitalised include loss or gain on the repayments and year-end translation of foreign currency loans. All other exchange differences are charged to profit and loss account.

2.10 Borrowing cost

Borrowing cost incurred upto the date of commencement of commercial production is capitalised. All other borrowing cost is expensed as incurred.

2.11 Revenue recognition

Sale are recorded on despatch of goods to customers. Return on deposits is recognized on accrual basis.

3. ISSUED, SUBSCRIBED & PAID-UP CAPITAL

	2002	2001
25,913,117 Ordinary shares of Rs. 10 each issued for cash	259,131,170	259,131,170
840,000 Ordinary shares of Rs. 10 each issued for consideration other than cash	8,400,000	8,400,000
11,339,588 Ordinary shares of Rs. 10 each issued as fully paid bonus shares	113,395,880	113,395,880
----- 38,092,705 =====	----- 380,927,050 =====	----- 380,927,050 =====

4. RESERVES

General reserve		
At beginning of the year	180,000,000	180,000,000
Unappropriated profits	23,293,361	21,000,000
	-----	-----
	203,293,361	201,000,000
	=====	=====

5. LONG TERM LOANS

		2002	2001
Suppliers Credit - secured (Note 5.1)		652,767,358	719,500,000
Demand Finance - Secured (Note 5.2)		9,382,691	13,500,000
Loan from sponsors - unsecured (Note 5.3)		282,480,000	269,000,000
		-----	-----
		944,630,049	1,002,000,000
Less: Current portion (including overdue)		292,573,997	299,200,000
		-----	-----
		652,056,052	702,800,000
		=====	=====

5.1 Break-up of Loans

appearing above is given below;

(a) Overseas Credit & Investment Co.-I		--	49,200,000
(b) Overseas Credit & Investment Co.-II		652,767,358	670,300,000
		-----	-----
		652,767,358	719,500,000
		=====	=====

(i) The Loans originally represented 90% of the suppliers credits after down payments at 10% C & F Value of the Machinery imported.

- (ii) These Loans carry interest at the rate of 7% and 9% per annum respectively.
 (iii) These Loans are repayable in sixteen semi-annual installments commencing from Thirty six month and twenty four months respectively after the bill of lading date of shipment.
 (iv) Foreign currency loans have been converted in Pak Rupees as under:
 Loan (a) One D.M. equivalent to Rupees: 27.9512
 Loan (b) One USS equivalent to Rupees: 60.25

5.2 The demand finance facility is subject to mark-up of 0.438 paisas per thousand per diem. It is secured against hypothecation of stores, spares, machinery and equipment, 2nd charge over fixed and movable assets, personal guarantee of directors and demand promissory note.

5.3 This represents interest free loans received from sponsors.

**6. LIABILITIES AGAINST ASSETS
 SUBJECT TO FINANCE LEASE**

	<i>2002</i>	<i>2001</i>
Balance as on 1 st July	24,109,753	29,6
Less: Payment made	14,234,269	5,5
	-----	--
	9,875,484	24,1
Less: Current portion (including overdue)	9,875,484	21,6
	-----	--
	--	2,4
	=====	=====

6.1 The total lease rentals due under the lease agreement aggregate Rs. 9,875,484 (2001: Rs. 24,109,753)

6.2 Overdue rental payments are subject to an additional charge of 2 percent per month, Taxes, repairs, replacement and insurance costs are to be borne by the lessee, in case of termination of agreement, the lessee is to pay entire rent for unexpired period.

6.3 Installments are payable In the following periods

	<i>2002</i>	<i>2001</i>
Year		
2001-2002	--	35,7
2002-2003	17,480,580	8,2
	-----	--
	17,480,580	43,9
Less: Financial charges allocated to future periods	7,605,096	19,8
	-----	--
	9,875,484	24,1
	=====	=====

6.4 Financing rate approximately 22 to 25 percent per annum has been used as discounting factor.

7. DEFERRED LIABILITIES

18,271,122	13,6
------------	------

8. CREDITORS, ACCRUED & OTHER LIABILITIES

Interest accrued on long term loans	--	6,8
Loan from sponsors	1,490,129	2,6
Creditors for expenses and others	95,298,379	85,2
Workers' profit participation fund (Note 8.1)	62,891,337	56,9
Workers' welfare fund	2,225,896	2,2
Unclaimed dividend	163,891	1
	-----	---
	162,069,632	153,9

8.1 WORKERS' PROFIT PARTICIPATION FUND

Balance at the beginning of the year	56,911,855	48,3
Interest thereon	7,042,842	7,9
	-----	---
	63,954,697	56,3
Paid during the year	(2,239,641)	
	-----	---
Allocation for the year	1,176,281	5
	-----	---
	62,891,337	56,9

9. RUNNING FINANCES UNDER MARK-UP ARRANGEMENTS - secured

10,902,059 11,9

The Company has an aggregate running finance facilities of Rs. 12 million (2001-Rs. 15 million) available from commercial banks. The facilities are secured against hypothecation of stores, spares, machinery & equipment, 2nd charge over fixed and movable assets personal guarantee of directors and demand promissory note. It carries mark-up at the rate of 0.46 paisas per Rs. 1,000 calculated on daily product basis.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

Central Excise and Land Custom has passed an order for the recovery of excise duty, sales tax and penalty of Rs. 91.046 million (2001-91.046 million). The Company has however disputed the same both on grounds of lack of jurisdiction as well as on the merits, the matter is subjudice, The stay order was granted by the honourable High Court of Sindh against the said order.

11. FIXED ASSETS - Tangible

11.1 The following is a statement of operating assets:

	<i>Cost As At 01-07-2001</i>	<i>Additions/ (Deletions)</i>	<i>Cost As At 30-06-2002</i>	<i>Accumulated Depreciation</i>	<i>Book Value As At 30-06-2002</i>
Lease hold Land	3,024,768	--	3,024,768	--	3,0
Building on Leasehold Land	193,242,318	85,000,000	278,242,318	56,277,360	221,9

Plant and Machinery	1,343,786,545	423,097,429 (42,814,127)	1,724,069,847	441,803,008	1,282,2
Vehicles	4,436,085	324,000	4,760,085	3,755,851	1,0
Office Equipments	3,210,276	408,360	3,618,636	2,120,880	1,4
Furniture and Fixture	1,109,985	23,400	1,133,385	773,604	3
Factory Equipment and Laboratory Equipment	430,463	--	430,463	301,227	1
LEASED ASSETS					
Plant and Machinery	55,704,594	--	55,704,594	12,720,513	42,9
Quarry Equipment	9,447,374	--	9,447,374	6,418,762	3,0
	-----	-----	-----	-----	--
Rupees (2002)	1,614,392,408	466,039,062	2,080,431,470	524,171,205	1,556,2
	-----	-----	-----	-----	--
Rupees (2001)	1,525,793,412	88,598,996	1,614,392,408	456,263,779	1,158,1
	=====	=====	=====	=====	=====

11.2 Addition to plant and machinery include exchange loss/(gain) amounting to Rs. 42,814,127)(2001 Rs.88,560,496)

11.3 Based on management review of estimated useful life of the assets, annual rate of depreciation On plant and machinery has been reduced from 10% to 4% effective July 01,1999. Had depreciation rates remained unchanged, the depreciation for the yes would have been higher by Rs. 82,828,182/- (2001 - RS. 62,511,650/-)

11.4 The Depreciation charge for the period has been allocated as follows:

	2002	2001
Cost of Sales	67,435,615	50,2
Administration and Selling Expenses	471,811	4
	-----	--
	67,907,426	50,7
	=====	=====
12. CAPITAL WORK-IN-PROGRESS		
Civil work	335,009	85,3
Plant and machinery	14,074,659	366,5
	-----	--
	14,409,668	451,8
	=====	=====
13. STORE AND SPARES		
Stores	36,051,438	32,4
Spares	68,971,966	83,5
	-----	--
	105,023,404	116,0
	=====	=====
14. STOCK- IN - TRADE		
Raw materials	9,284,831	26,6
Work-in-process	12,816,975	11,7

Finished goods	20,646,673	6,9
	-----	--
	42,748,479	45,3
	=====	=====
15. TRADE DEBTS		
(Unsecured, considered good)	2,552,596	3,4
	=====	=====
16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances to suppliers	9,221,957	2,7
Other receivables	15,067,963	7,7
Prepayments	3,967,055	3
	-----	--
	28,256,975	10,8
	=====	=====
17. CASH AND BANK BALANCES		
Cash in hand	4,492,019	4,8
Cash with bank	3,356,231	1,9
	-----	--
	7,848,250	6,7
	=====	=====
18. SALES- NET		
Sales	1,203,162,910	1,028,3
Less: Excise duty	338,618,500	292,3
Sales tax	183,310,410	113,8
	-----	--
	521,928,910	406,1
	-----	--
	681,234,000	622,1
	=====	=====
19. COST OF SALES		
Raw and packing material consumed		
Opening stock	26,642,009	42,0
Purchases	117,930,137	102,1
	-----	--
	144,572,146	144,1
Closing stock	(9,284,831)	(26,6
	-----	--
	135,287,315	117,5
Stores and spares consumed	13,259,706	6,9
Fuel and power	353,736,159	329,5
Salaries, wages and benefits	30,393,953	27,0
Rent, rates and taxes	154,886	4
Insurance	348,854	4

Repairs and maintenance	6,054,986	2,6
Depreciation	67,435,615	50,2
Other Charges	4,375,857	6,3
	-----	--
	611,047,331	541,1
Work-in-process		
Opening	11,768,049	18,8
Closing	(12,816,975)	(11,76
	-----	--
Cost of goods manufactured	609,998,405	548,3
Finished goods		
Opening	6,965,063	5,1
Closing	(20,646,673)	(6,96
	-----	--
	596,316,795	546,4
	=====	=====

20. ADMINISTRATION AND SELLING EXPENSES

Salaries and benefits	5,047,345	3,0
Traveling and conveyance	1,074,830	5
Vehicle running expenses	1,680,827	3,8
Communications	638,208	4
Printing and stationery	312,590	2
Gas/Electricity expenses	460,801	4
Repairs and maintenance	536,925	1
Legal and professional charges	449,760	3
Auditors' remuneration	(NOTE 20.1)	125,000
Subscription	--	--
Cartage	198,403	1
Newspaper and periodicals	18,661	
Advertisement	27,500	
Testing expenses	4,000	
Entertainment	349,347	2
Depreciation	471,811	4
Miscellaneous	1,172,934	9
Fees and registration	1,079,180	8
Photostat expenses	83,424	
Computer expenses	86,565	
	-----	--
	13,818,111	11,9
	=====	=====

20.1 AUDITORS REMUNERATION

	2002
Audit fee	75,000
Out of pocket expenses	4,000
Tax, corporate and other services	46,000

	-----	-----
	125,000	
	=====	=====
21. OTHER INCOME		
Sales of waste	75,660	
Income from pls a/c	198,507	
	-----	-----
	274,167	1
	=====	=====
22. FINANCIAL CHARGES		
Interest on long-term loans	26,199,172	39,4
Mark-up on running finances	1,655,912	2,0
Bank charges	667,774	2
Interest on workers' profit participating fund	7,042,842	7,9
Financial charges on lease arrangements	12,281,940	3,3
	-----	-----
	47,847,640	53,0
	=====	=====
23. OTHER CHARGES		
Workers' profit participation fund	1,176,281	5
	=====	=====
24. PRIOR YEARS' ADJUSTMENTS		
Represents various prior years provisions.	2,315,096	
	=====	=====
25. TAXATION		
Current		
Current	3,407,540	3,2
	=====	=====
For the current year, the taxable income of the company as per Income Tax Law is worked out to be a taxable loss. However, the company has made provision of minimum tax U/S 80~D of Income Tax Ordinance, 1979 for the current year.		
Deferred		
In view of tax losses available to be carried forward there is no deferred tax liability.		
26. EARNING PER SHARE		
Net profit after Taxation	21,256,896	7,0
	-----	-----
Number of ordinary shares in issue during the year	38,092,705	38,0
	-----	-----
Earning per share (Rs./share)	0.56	---
	-----	-----

27. FINANCIAL INSTRUMENTS

27.1 FINANCIAL ASSETS AND LIABILITIES

	Interest bearing			Non-interest bearing	
	<i>Less than one year</i>	<i>One to Five year</i>	<i>Sub Total</i>	<i>Less than one year</i>	<i>One Five y</i>
FINANCIAL ASSETS:					
Long term deposit	--	--	--	--	41,1
Trade debts	--	--	--	2,552,596	
Advances, deposits, prepayments and other receivables	--	--	--	--	12,6
Cash and bank balances	--	1,436,492	1,436,492	--	6,4
	-----	-----	-----	-----	
	--	1,436,492	1,436,492	2,552,596	23,1
	=====	=====	=====	=====	=====
FINANCIAL LIABILITIES:					
Long term loans	292,573,997	369,576,052	662,150,049	--	282,4
Liabilities against assets Subject to finance lease	9,875,484	--	9,875,484	--	
Running finance under mark-up arrangements	10,902,059	--	10,902,059	--	
Creditors, accrued and other liabilities	--	--	--	162,069,632	
	-----	-----	-----	-----	
	313,351,540	369,576,052	682,927,592	162,069,632	282,4
	=====	=====	=====	=====	=====

Effective rates of interest / mark-up for financial liabilities are mentioned in the respective notes to the accounts.

27.2 CONCENTRATION OF CREDIT RISK

The company's trade receivables which are part of the financial assets are subject to credit risk. These trade receivables relate to sale of cement to various customers. The company believes that it is not exposed to major concentration of credit risks. However, to manage any possible exposure to credit risk, the company approved credit limits to its customers and also obtain collaterals.

27.3 FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of financial instruments are not significantly different from their book values as shown in these financial statements.

28. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Directors		Executives	
	2002	2001	2002	2001
Managerial remuneration	494,648	137,360	5,333,896	3,694,776
Housing allowance	197,859	54,944	2,136,547	1,477,911
Utilities	49,465	13,736	533,389	369,473
Bonus	34340	--	592,691	337,736
	-----	-----	-----	-----
	776,312	206,040	8,596,523	5,879,896
	=====	=====	=====	=====
No of persons	1	1	27	19

No remuneration is paid or other facility is provided to the Chief Executive or other Directors by the company, Directors have waived their meeting fee (2001 - Nil)

29 CAPACITY.	2002	2001
Installed capacity	450,000	450,000Metric Tons
Actual production	350,920	268,780Metric Tons

The under utilization of available capacity was mainly due to depressed market condition and slow down in economic activity of the country

30 NUMBER OF EMPLOYEES

Number of employees of the year end

253

31 FIGURES

31.1 Figures have been rounded off to the nearest rupee.

31.2 Previous year's figures have been rearranged wherever necessary for the purpose of comparison.

ABDUL AZIZ ESSA
CHIEF EXECUTIVE

HAJI YOUNUS DADA
DIRECTOR

PATTERN OF SHAREHOLDINGS AS AT 30th JUNE 2002

	<i>SHAREHOLDINGS</i>		<i>SHAREHOLDERS</i>		<i>TOTAL S</i>
FROM	1	TO	100	291	
FROM	101	TO	500	450	1
FROM	501	TO	1000	194	1
FROM	1001	TO	5000	495	1,1
FROM	5001	TO	10000	181	1,2
FROM	10001	TO	50000	268	2,8
FROM	15001	TO	20000	52	8
FROM	20001	TO	25000	319	7,0
FROM	25001	TO	30000	152	3,9
FROM	30001	TO	35000	42	1,3
FROM	35001	TO	45000	1	
FROM	45001	TO	50000	1	
FROM	50001	TO	60000	2	1
FROM	60001	TO	75000	2	1
FROM	75001	TO	160000	2	3
FROM	160001	TO	500000	1	4
FROM	500001	TO	900000	2	1,5
FROM	900001	TO	1025000	4	3,7
FROM	1025001	TO	2000000	5	6,1
FROM	2000001	TO	3000000	1	2,9
FROM	3000001	TO	4000000	1	3,9

2,466
=====

38,0
=====

CATEGORIES OF SHAREHOLDERS

	<i>Numbers</i>	<i>Shareheld</i>	<i>Percentage</i>
JOINT STOCK COMPANIES	12	865,884	2.27 %
INVESTMENT COMPANIES	5	89,538	0.23 %
MODARABA COMPANIES	3	19,475	0.05 %
FINANCIAL INSTITUTIONS	8	925,845	2.43 %
INSURANCE COMPANIES	2	485,163	1.27 %
INDIVIDUALS	2436	35,706,800	93.75 %
CORPORATE LAW AUTHORITY	--	--	--
ADMINISTR ABANDONED	--	--	--
PROPERTY	--	--	--
CHARITABLE	--	--	--
OTHERS	--	--	--
	-----	-----	-----
	2,466	38,092,705	100.0000 %
	=====	=====	=====

CATEGORY OF SHAREHOLDERS

JOINT STOCK COMPANIES

	<i>NO OF SHARES</i>	<i>PERC</i>
M/S BARING BROTHERS (GRERNSEY) LTD	1,833	0.
M/S CENTRAL CHEMICALS LIMITED	8,080	0.
M/S H M INVESTMENT (PVT) LTD	146	0.
M/S C.N.P.S. ASSO. (PVT) LTD.	2,081	0.
M/S CONCORD SERVICE (PVT) LTD.	133	0.
M/S N.H.SECURITIES (PVT) LTD.	188	0.
M/S SHAFI (PVT) LTD	502	0.
M/S JAVED OMER VOHRA & COMPANY LTD.	824,655	2.
M/S NAEEM SECURITY (PVT) LTD.	334	0.
M/S WISTBURY (PVT) LTD.	3,367	0.
M/S GHANDHARA LEASING COMPANY LTD.	19,565	0.
M/S ALI HUSSAIN RAJAB ALI LTD	5,000	0.

	865,884	
	=====	

INVESTMENT COMPANIES

M/S INVESTMENT CORPORATION OF PAKISTAN	56,734	0.
M/S AL-MAL SECURITIES & SERVICES LTD.	5,204	0.
M/S NATIONAL DEVELOPMENT FINANCE CORPORATION	611	0.
M/S TRUST SECURITIES & BROKERAGE LTD.	550	0.
M/S SAUDI PAK INDUSTRIAL & AGRICULTURAL INV.CO. LTD.	26,439	0.

	89,538	
	=====	

MODARABA COMPANIES

M/S FIRST INTERFUND MODARABA	122	0.
------------------------------	-----	----

M/S INDUSTRIAL CAPITAL MODARABA	54	0.
M/S MODARBA AL MAL CORPORATION LTD.	19,299	0.

	19,475	
	=====	

FINANCIAL INSTITUTION

M/S AL TOWFEEK INVESTMENT BANK LTD	14,005	0.
M/S BANKERS EQUITY LTD	6083	0.
M/S ISLAMIC INVESTMENT BANK LTD.	22,223	0.
M/S FIDELITY INVESTMENT BANK LTD	4,950	0.
NATIONAL BANK OF PAKISTAN LTD (N.I.T)	724,859	1.
M/S PAKISTAN INDUSTRIAL CREDIT & INVESTMENT CORP. LTD.	153,500	0.
M/S CRESCENT INVESTMENT BANK	110	0.
ROYAL BANK OF SCOTLAND	115	0.

	925,845	
	=====	

INSURANCE COMPANIES

M/S ADAMJEE INSURANCE CO. LTD.	62,557	0.
STATE LIFE INSURANCE CORPORATION OF PAKISTAN	422,606	1.

	485,163	
	=====	

DIRECTORS, THEIR SPOUSES AND MINOR CHILDREN

SHARE HOLDERS

	<i>SHARES</i>	<i>PERCENT</i>
MR. ABDUL AZIZ ESSA	2,918,213	7.6
MRS. HUMERA ESSA	2,048,817	5.3
MRS. JAMILA YOUNUS DADA	2,048,820	5.3
MRS. ZAITOON HAMZA DADA	2,048,820	5.3
MR. JAWED AZIZ ESSA	2,048,820	5.3
MR. IRFAN AZIZ ESSA	3,939,893	10.3
MRS. SHAZINA JAWED ESSA	5,000	0.0
HAJI YOUNUS DADA	5,000	0.0
MR. ZAFARUDDIN SIDDIQUI	33,674	0.0

	15,097,057	