

Lucky Cement Limited

Annual Report 2000

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COMPANY INFORMATION

BOARD OF DIRECTORS

Abdul Razzak Tabba (Chairman/Chief Executive)
Muhammad Yunus Tabba
Muhammad Sohail Tabba
Muhammad Ali Tabba
Imran Yunus Tabba
Muhammad Javed Tabba
Anis Wahab Zuberi
M Aliuddin Ansari

EXECUTIVE DIRECTOR

Abdur Razzaq Thaplawala

COMPANY SECRETARY & GENERAL MANAGER FINANCE

Muhammad Abid Ganatra
ACA, ACMA, ACIS

STATUTORY AUDITORS

M. Yousuf Adil Saleem & Co.,
Chartered Accountants

COST AUDITORS

Munaf Yousuf & Co.,
Chartered Accountants

BANKERS

Metropolitan Bank Limited
Muslim Commercial Bank Limited
Soneri Bank Limited

REGISTERED OFFICE / FACTORY

Pezu, District Lakki Marwat
N.W.F.P.

HEAD OFFICE

6-A, Muhammad Ali Housing Society,
A. Aziz Hashim Tabba Street,
Karachi-75350.
UAN # (021) 111-786-555

SALES OFFICES

2nd Floor, Al-Hassan Plaza,
Jamia Ashrafia, Main Ferozpur Road,
Lahore.
UAN # (042) 111-786-555

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

Gold Crest Plaza, 20 Azmat
Wasti Road, Near Chowk Dera Adda,
Multan.
Tel # (061) 540021 - 510021
3rd Floor, Kulsum Plaza,
42 Blue Area, **Islamabad.**
UAN # (051) 111-786-555

Saddar Bazar, Bannu Road,
Near Main Flying Coach Adda,
D.I. Khan.
UAN # (0961) 111-786-555
6-A, Muhammad Ali Housing Society,
A. Aziz Hashim Tabba Street, Karachi.
UAN # (021) 111-786-555

SHARES DEPARTMENT

404, 4th Floor, Trade Tower,
Abdullah Haroon Road, Karachi.
Tel # 5685930 - 5687839

NOTICE OF 7TH ANNUAL GENERAL MEETING

Notice is hereby given that the 7th Annual General Meeting of the members of Lucky Cement Limited will be held on Thursday, the 14th December, 2000 at 11:00 a.m., at the Registered Office of the Company situated at factory premises Pezu, District Lakki Marwat, N.W.F.P. to transact the following business:

1. To confirm the minutes of Extraordinary General Meeting held on 26th August, 2000.
2. To receive, consider and adopt the audited accounts of the company for the year ended on June 30, 2000, together with the Directors' and the Auditors' Reports thereon.
3. To appoint Auditors and 'fix their remuneration for the year 2000-2001. The present Auditors, Messrs M. Yousuf Adil Saleem & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To transact any other business with the permission of the Chairman.

By Order of the Board

Karachi, 18th November, 2000.

Muhammad Abid Ganatra
Company Secretary

NOTES:

1. The share transfer books of the Company will be closed from 7th December, 2000 to 14th December, 2000 (both days inclusive).
2. A member entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/hen
3. An individual beneficial owner of shares from CDC must bring his/her original NIC or Passport, Account and Participant's I.D. numbers to prove his/her identity. A representative of corporate members from CDC. must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of the nominee.
4. The members are requested to notify change in their address, if any, to the Company's shares department at 404, 4th Floor, Trade Tower, Abdullah Haroon Road, Karachi.

DIRECTORS' REPORT

It is a pleasure to present this seventh Annual Report of the Company together with the annual accounts and auditors' report thereon for the financial year ended 30th June, 2000.

Operating Performance:

During the year under review, the total cement production of your plant increased from 54.87% to 68.01% of the designed capacity based on 300 days. The clinker production also increased from 56.83% to 68.26% during the year under review. The following figures will help you in forming full picture of Company's capacity utilization.

	<i>F. Y. 99-2000</i>		<i>F.Y. 98-99</i>		<i>%age increase in production during F.Y. 99-2000 over F.Y. 98-99</i>
	<i>Production (Tons)</i>	<i>%age of production to capacity based on 300 days</i>	<i>Production (Tons)</i>	<i>%age production to capacity based on 300 days</i>	
Clinker Production	819,180	68.26%	682,032	56.83%	20.10%
Cement Production	856,928	68.01%	691,445	54.87%	23.93%

The demand of cement in the country was the factor, which prevented the Company from further increase in capacity utilization. You will be pleased to know that as a result of de-bottlenecking and efficient operation of the plant, the equipment efficiency increased substantially during the year. The Kilns 'A' and 'B' performed at 96% and 93% respectively of their designed capacity against 92% and 87% last year. With additional de-bottlenecking and balancing measures, the

plant is now capable of producing more than the designed capacities.

Sales:

The Company was able to sell 837,184 tons of cement during the year under review compared to 709,105 tons last year showing an improvement of about 18%. As a result of the increased sales, the Company's share in the total dispatches of cement in the country increased from 7.4% in financial year 98-99 to 8.5% during 99-2000. This increase was mainly in the northern areas where the Company was able to increase its share to 11.08% against 9.78% in the previous year.

Prices:

The prices of cement during the year under review remained stable. On average the Company was able to increase its retention by 5 to 6% compared to last year. This increase was however quite marginal. The Company's retention was lower than many other companies because of distance of its plant from market. Your Company has to spend Rs. 150 to Rs. 200 per ton more than many other companies on transportation of cement.

Production Costs:

The prices of furnace oil increased substantially during the year under review. The price of furnace oil on 1st July, 1999 was Rs. 6,206/- per ton which went up to Rs. 11,268/- by 30th June, 2000 - an increase by 82%. The average cost of furnace oil to the Company for the year 1999-2000 worked out to Rs. 8,194 per ton resulting in an increase of at least 44% over the previous year. The increase affected the operating profits, despite of the fact that the plant operated more efficiently than the previous year. The cost of electricity generated by your subsidiary company also increased due to increase in the cost of furnace oil.

It will be pertinent to note that after deregulation w.e.f. 1st July, 2000, the price of furnace oil has been revised 12 times by oil marketing Companies. On 1st November, 2000, the price of furnace oil was higher by 32% than the price prevailing on 30th June, 2000. As a result of deregulation of furnace oil trade, the uniformity in price all over the country ended and now the plants in North including your plant have to pay higher freight charges as compared to plants in the South.

ISO 9002 Quality Management System:

As a part of continuous efforts to achieve best quality management, the Company had started working to qualify for ISO 9002 Quality Management System. We take immense pleasure to report that the quality management system of your Company for manufacturing and sales of cement has been certified under ISO 9002 by Moody's International on 31st August, 2000. We are proud of this accreditation and reaffirm our commitment to the consumers to supply even more superior quality cement manufactured under an ISO 9002 certified quality system.

Financial Results:

As shown in the annexed profit and loss accounts, your Company earned a gross profit of Rs. 437 million during the financial year 1999-2000 against a net sales of Rs. 2,050 million giving a G.P. ratio of 21.30% of the net sales as compared to the gross profit of Rs. 263 millions earned last year. The gross profit during the year under review was higher by 66%. After charging the administrative, selling and distribution expenses, your Company earned an operating profit of Rs. 380 million which is higher by 81% than the previous year. The Company was able to reduce its financial expenses from Rs. 153 million last year to Rs. 124 millions in the year under report. The net profit earned by the Company during year under review comes to Rs. 226 million, which is

more by Rs. 171 million than last year showing an increase of 308%. After accounting for the carry forward losses of Rs. 90.33 million on 1st July, 1999, the accumulated profit carried forward by the Company comes to Rs. 136 million.

Balance Sheet:

The balance sheet of the Company remained robust. The debt equity ratio on 30th June, 2000 improved to 0.136: 1 compared to 0.185: 1 on 30th June, 1999. The long term loans and liabilities reduced from Rs. 485 million as on 30th June, 1999 to Rs. 291 million on 30th June, 2000. The Company was able to pre pay some of the expensive borrowings during the year because of its improved cash resources. The earnings per share improved from Rs. 0.23 last year to Rs. 0.92 similarly the break-up value per share also increased from Rs. 13.67 on 30th June, 99 to Rs. 14.60 on 30th June, 2000.

Sales Tax Exemption:

The Company had set up its plant in one of the most remote and backward areas of the country on the promise of a five year exemption from sales tax on cement produced by it. This exemption was granted by statutory notifications and was protected under the Protection of Economic Reforms Act 1992. This benefit was taken away from the Company as soon as it started its production by a clever maneuvering prompted by those who had the political and other muscles with the then Government in Power. The denial of this exemption to your Company and other new plants in NWFP shakened the confidence of domestic and foreign investors in the government's promises and policies.

The restoration of the investors confidence was on the top of the agenda of the new government. The Chief Executive of the Country promised to revive the exemption for atleast one year with effect from the date of announcement of the budget for the year 2000-2001. The interested elements again became active and used all sort of tactics including recourse to courts of law to prevent the Government from implementing Chief Executive's promise until 5th September, 2000 when Sales Tax Act (Amendment) Ordinance was promulgated on that date. This reduced the period of relief to your Company to about nine months against its original entitlement for five years. All sorts of tactics are still under progress to take away this short period benefit.

Demand situation:

The demand of cement in the country during the year showed an increase of 2.73% only over the previous year as against increase of 5.22% seen last year over the 97-98 figures. This nominal increase of 2.73% in demand .in the year under review against traditional increase of about 7.5% reflects the down slide in the economic activities. The following are the figures of production/ consumption of cement in the country during last four years.

<i>Financial Year</i>	<i>Capacity (Million Tons)</i>	<i>North</i>			<i>South</i>			<i>Total</i>	
		<i>Consumption (Million Tons)</i>	<i>%age Capacity utilization</i>	<i>Capacity (Million Tons)</i>	<i>Consumption (million Tons)</i>	<i>%age Capacity utilization</i>	<i>Capacity (Million Tons)</i>	<i>Consumption (Million Tons)</i>	
99-00	12.37	7.56	61.11%	4.60	2.28	49.56%	16.97	9.84	

98-99	11.83	7.25	61.28%	4.48	2.33	52.00%	16.31	9.58
97-98	11.30	6.41	56.72%	4.16	2.70	63.22%	15.46	9.11
96-97	8.27	6.14	74.24%	4.16	3.40	81.73%	12.43	9.54

In terms of per capita consumption, the consumption of the year under review works out to 75 Kg. per head on the basis of population figure of 130.58 million. This is one of the lowest per capita consumption in the world. The following figures show the per capita consumption of some of the countries of the world, as you can see that many developing countries like Iran, Egypt and Thailand have a significantly higher per capita consumption.

<i>Country</i>	<i>Per capita consumption</i>	<i>Country</i>	<i>Per capita consumption</i>
Jordan	654	Phillipines	202
Libya	653	Argentina	190
Japan	647	Brazil	164
Egypt	334	Indonesia	140
Iran	249	Pakistan	75

The consumption of cement in the country can be increased if the country's economy picks up and there is development in setting up new industrial plants and infra structure facilities. Even with a slower growth in economy, measures can be taken to increase consumption of cement in the country by adopting some special measures which may include the following:

Construction of cement concrete roads in place of roads paved with bitumen is the necessity of present time. While the initial cost of building a concrete road is higher than a bitumen based road but the concrete roads have proved to be more economical in the longer run. In advanced countries, the feasibilities of alternate forms of roads is based on the concept of "Whole Life Cost (WLC)" rather than the initial costs. The concrete roads have longer life and very low maintenance expenses. Scientific studies carried out in many countries have shown that concrete roads save fuel consumption of vehicles plying on these roads because of lower friction between the roads and vehicle tyres. This can translate into savings of fuel worth billions of rupees.

Lining of canals:

Pakistan has one of the largest network of canals in the world. Our water reserves are also quite abundant but a large percentage of this water is wasted through seepage resulting not only in loss of water resources but also damage to our very fertile land due to water logging and salinity. The lining of canals by cement plaster will prevent seepage of water reducing the wastage of our water resources and saving of our lands from water logging and salinity. The canal lining needs to be done on war footing to improve our agricultural production.

Concrete Blocks:

In Sindh, Punjab and NWFP, clay bricks are used in majority of constructions in place of cement concrete blocks. The brick making Kilns or Bhattas are spread over the entire country in and around populated areas. These kilns are a major source of pollution and a potential hazard to the health of people. The environmental authorities are silent on this dangerous hazard to the health of our people. The substitution of clay bricks by cement concrete blocks

will not only reduce pollution but will also increase the capacity utilization of our cement plants which have been set up after spending billions of rupees of our precious foreign exchange.

High taxation:

The cement in Pakistan is a highly taxed commodity. The present direct tax burden on cement on account of excise duty and sales tax works out to Rs. 80 per bag. This is the highest in the world. The excise duty needs to be reduced from Rs. 50 per bag to atleast Rs. 25 per bag that will help reduction in prices and will result in increase in consumption specially in housing sector.

Year 2000 problems in Computer System:

As a result of adequate measures taken by the Company, the computer systems including the Company's DCS and PLC Systems worked smoothly and no problem was faced on changeover to new millennium.

Auditors:

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

Directors:

In an Extraordinary General Meeting held on 26th August, 2000 the following Directors were elected to the Board for a term of three years.

1. Mr. Abdul Razzak Tabba
2. Mr. Muhammad Yunus Tabba
3. Mr. Muhammad Sohail Tabba
4. Mr. Muhammad Ali Tabba
5. Mr. Imran Yunus Tabba
6. Mr. Muhammad Javed Tabba
7. Mr. Anis Wahab Zuberi
8. Mr. M Aliuddin Ansari

The Company records its appreciation to outgoing Directors viz Haji Abdul Razzak, Mr. Samir Ahmed and Mr. Martyn S. Wells for their co-operation with the Company.

Pattern of Shareholding

The pattern of shareholding as on 30th June, 2000 is enclosed with the report.

Subsidiary:

The audited accounts of Lucky Powertech Limited, the Company's wholly owned subsidiary, for the year ended 30th June, 2000 are annexed with the report.

Acknowledgment:

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

For and on behalf of the Board

Karachi - November 18, 2000

Abdul Razzak Tabba
Chairman & Chief Executive

YEARWISE STATISTICAL SUMMARY

	1997	1998	1999	2000
	<i>Rupees in '000'</i>			
ASSETS EMPLOYED				
Fixed assets	3,992	3,904	3,785	3,729
Long term investments	200	200	200	200
Long term deposit and deferred cost	64	54	43	18
Current assets	366	426	498	620
Total assets employed	4,622	4,584	4,526	4,567
FINANCED BY				
Shareholders' equity	3,413	3,294	3,350	3,576
Long term liabilities				
Loans	603	518	409	291
Leasing	101	107	76	--
	704	625	485	291
Long term deposits and deferred liabilities	94	144	92	102
Current liabilities	411	521	599	598
Total funds invested	4,622	4,584	4,526	4,567
TURNOVER AND PROFIT				
Turnover (net)	393	1,010	1,475	2,050
Gross profit	82	66	263	437
Operating profit	46	9	211	380
Profit/(loss) before taxation	(25)	(114)	55	232
Profit/(loss) after taxation	(27)	(119)	(55)	226
Profit/(loss) carried forward	(26)	(146)	(90)	136
Earnings per share (Rupees)	(0.110)	(0.486)	0.224	0.922
Break up value per share (Rupees)	13.39	13.45	13.67	14.596

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Lucky Cement Limited** as at June 30, 2000 and the related profit and loss account, statement of changes in equity 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 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 the 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, statement of changes in equity and cash flow statement together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and given 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 flows 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.

KARACHI: November 18, 2000

M. YOUSUF ADIL SALEEM & CO.,
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>Rupees in '000'</i>	
SHARE CAPITAL AND RESERVES			
Authorised capital			
300,000,000 Ordinary shares of Rs. 10/- each		3,000,000 =====	3,000,000 =====
Issued, subscribed and paid-up capital			
245,000,000 Ordinary shares of Rs. 10/- each fully paid in cash		2,450,000	2,450,000
Capital reserve			
Share premium		990,000	990,000
Accumulated profit / (loss)			
		136,020 -----	(90,330) -----
		3,576,020	3,349,670
LONG TERM LOANS			
	3	291,246	408,718
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
	4	--	76,022
DEFERRED LIABILITIES			
	5	85,910	75,994
LONG TERM DEPOSITS			
	6	15,649	16,139
CURRENT LIABILITIES			
Short term finances			
Short term loan - interest free from an associated undertaking	7	130,000	175,143
		--	45,000
Current portion of long term liabilities	8	194,920	134,105
Creditors, accrued and other liabilities	9	248,443	238,037
Provision for taxation		24,681	7,000
		598,044 -----	599,285 -----
CONTINGENCIES AND COMMITMENTS			
	10	--	--
		4,566,869 =====	4,525,828 =====
FIXED ASSETS - TANGIBLE			
Operating assets	11	3,723,820	3,779,285
Capital work-in-progress	12	4,723	5,591
		-----	-----

LONG TERM INVESTMENT	13	3,728,543	3,784,876
LONG TERM DEPOSITS AND		200,000	200,000
DEFERRED COSTS	14	18,073	42,835
CURRENT ASSETS			
Stores and spares	15	214,058	171,221
Stock-in-trade	16	103,875	65,735
Trade debtors - secured		16,352	5,681
Advances, deposits, prepayments and other receivables	17	234,355	231,030
Cash and bank balances	18	51,613	24,450
		-----	-----
		620,253	498,117
		-----	-----
		4,566,869	4,525,828
		=====	=====

The annexed notes from 1 to 31 form an integral part of these accounts.

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>Rupees in '000'</i>	
Sales - net	19	2,049,534	1,474,964
Cost of sales	20	1,612,245	1,212,348
		-----	-----
Gross profit		437,289	262,616
Operating expenses			
Administrative	21	40,504	37,767
Selling and distribution	22	16,303	14,332
		-----	-----
		56,807	52,099
		-----	-----
Operating profit		380,482	210,517
Other income	23	412	626
		-----	-----
		380,894	211,143
		-----	-----
Financial charges		124,001	152,795

Workers' profit participation fund	24	12,862	2,917
		-----	-----
		136,863	155,712
		-----	-----
Profit before taxation		244,031	55,431
Provision for taxation			
- current year	25	10,250	--
- prior year		7,431	--
		-----	-----
		17,681	--
		-----	-----
Net profit after taxation		226,350	55,431
Accumulated loss brought forward		(90,330)	(145,761)
		-----	-----
Accumulated profit/(loss) carried forward		136,020	(90,330)
		=====	=====
Earnings per share	29	Rs. 0.92	Rs. 0.23

The annexed notes from 1 to 31 form an integral part of these accounts.

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

	<i>2000</i>	<i>1999</i>
	<i>Rupees in '000'</i>	
A. CASH FROM OPERATING ACTIVITIES		
Profit before taxation	244,031	55,431
Adjustments for:		
Depreciation	165,145	157,453
Amortization of deferred cost	11,838	11,838
(Gain) / loss on disposal of fixed assets	(37)	24
Provision for gratuity	10,825	1,965
Financial charges	124,001	152,795
	-----	-----
Profit before working capital changes	555,803	379,506
(Increase) / decrease in current assets		
Stores and spares	(42,837)	(56,770)
Stock-in-trade	(38,140)	(2,610)
Trade debtors	(10,671)	(5,681)

Advances, deposits, prepayments and other receivables	18,337	10,229
Increase/(decrease) in current liabilities Creditors, accrued and other liabilities	35,374	8,656
	-----	-----
Cash generated from operation	517,866	333,330
Financial charges paid	(148,967)	(122,984)
Gratuity paid	(909)	(345)
Advance income tax	(8,914)	(7,976)
	-----	-----
Net cash from operating activities	359,076	202,025
	-----	-----
B. CASH FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(109,007)	(38,093)
Sale proceed of fixed as sets	232	38
Deferred costs	--	(1,010)
	-----	-----
Net cash used in investing activities	(108,775)	(39,065)
	-----	-----
C. CASH FROM FINANCING ACTIVITIES		
Long term loan paid	(82,694)	(64,060)
Lease finances paid	(49,811)	(15,744)
Deferred liabilities	--	(24,738)
Long term deposits	(490)	(3,095)
Short term loan	(45,000)	--
	-----	-----
Net cash used in investing activities	(177,995)	(107,636)
	-----	-----
Net increase in cash and cash equivalents (A+B+C)	72,306	55,324
Cash and cash equivalent at the beginning of the year	(150,693)	(206,017)
	-----	-----
Cash and cash equivalent at the end of the year	(78,387)	(150,693)
	=====	=====
Cash and cash equivalent		
Cash and bank balances	51,613	24,450
Short term finances	(130,000)	(175,143)
	-----	-----
	(78,387)	(150,693)
	=====	=====

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

	<i>Rupees in '000'</i>			
	<i>Issued subscribed and paid up capital</i>	<i>Capital reserve</i>	<i>Accumulated profit/(loss)</i>	<i>Total</i>
Balance at July 01, 1998	2,450,000	990,000	(145,761)	3,294,239
Profit for the year	--	--	55,431	55,431
	-----	-----	-----	-----
Balance at June 30, 1999	2,450,000	990,000	(90,330)	3,349,670
Profit for the year	--	--	226,350	226,350
	-----	-----	-----	-----
Balance at June 30, 2000	2,450,000	990,000	136,020	3,576,020
	=====	=====	=====	=====

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

1. THE COMPANY AND ITS OPERATION

Lucky Cement Limited was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984. The shares of the Company are quoted on the stock exchanges of Pakistan. The principal activity of the Company is manufacture and sale of cement. The project is located at District Marwat Marwar in North West Frontier Province.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

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

2.2 Basis of preparation

These accounts have been prepared in accordance with the Accounting Standards as applicable in Pakistan.

2.3 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all its employees. Annual provisions are made in the accounts to cover this liability.

2.4 Taxation

Current

Provision for current taxation is based on current rates of tax after taking into account tax rebates and credits available, if any.

Deferred

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

2.5 Fixed assets and depreciation**Operating assets**

These are stated at cost less accumulated depreciation except free hold land which is stated at cost.

Depreciation is charged to income applying the straight line method on building and quarry equipments and on written down value on all other assets at the rates mentioned in the relevant note. On plant and machinery depreciation is charged on units of production method based on higher of estimated life and production. Full year's depreciation is charged on additions while no depreciation is charged on assets deleted during the year. However, capitalization of projects cost is depreciated proportionately for the period of use.

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

Gains and losses on disposal of assets, if any, are included in income currently.

Assets subject to finance lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements or fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under the finance lease are depreciated at the rates specified in relevant note.

2.6 Capital work in progress

All cost/expenditure directly related to specific assets incurred during project implementation period are carried under this head. These are transferred to specific assets as and when assets are available for use.

2.7 Deferred costs

Deferred cost is amortized over a maximum period of five years beginning from the year of deferment.

2.8 Investments

Long term investments are stated at cost. Provisions is made for permanent diminution in value.

2.9 Stores and spares

These are valued at moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date.

2.10 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost signifies in relation to raw and packing material at average cost. In case of work in process and finished goods at average cost comprising prime cost and appropriate manufacturing overheads.

2.11 Foreign currency translations

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the balance sheet date, except where forward exchange contracts have been entered into for payment of liabilities in which case the rate contracted for are used. Foreign currency transactions are translated into Pak Rupees at the rate of exchange ruling of the date of transaction, except where forward exchange contract have been entered in which case the rate contracted for are used. Exchange gains and losses on translation are included in income currently.

2.12 Revenue recognition

Sales are recorded on despatch of goods to customers.

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>Rupees in '000'</i>	
3. LONG TERM LOANS - secured			
Banking Company	3.1	411,246	464,500
Investment Bank	3.2	--	29,440
		-----	-----
		411,246	493,940
Less: payable within one year shown under current liabilities		(120,000)	(85,222)
		-----	-----
		291,246	408,718
		=====	=====

3.1 This loan is secured against first charge by way of equitable mortgage on the fixed assets, floating charge on book debts and hypothecation on plant / machinery and equipment other than of Line 'A' and quarry equipments. The sanctioned amount of loan is Rs. 524.236 million and is repayable in monthly installments. Effective from July 2000 the mark up rate on this loan has been reduced to 11% from previous rate of 16.425% i.e. 45 paisas per Rs. 1000/- per day.

3.2 This loan has been repaid before maturity.

4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance		124,905	136,139
Transferred / obtained during the year		--	4,510
		-----	-----

Paid during the year	124,905 (49,985)	140,649 (15,744)
	-----	-----
	74,920	124,905
Payable within one year shown under current liabilities	(74,920)	(48,883)
	-----	-----
	--	76,022
	=====	=====

4.1 Liabilities against assets subject to finance lease represent liabilities for finances obtained under sale and lease back arrangements from a commercial bank and leasing company. The discounting rate ranges from 15% - 20.5% per annum.

4.2 The amount of future lease payments to which the company is committed as at June 30, 2000 are as under.

Rupees in '000'

Year ending June 30, 2001	75,782
Less: Allocated finance charges to future period	(862)

	74,920
	=====

5. DEFERRED LIABILITIES

Staff gratuity		18,254	8,338
Retention money			
Plant and machinery - foreign supplier	5.1	11,477	11,477
Encashment of performance guarantee (US\$ 1,313,250)	5.1	56,179	56,179
		-----	-----
		85,910	75,994
		=====	=====

4.1 These represent net retention money and proceed of encashment of performance guarantee. The encashment amount of performance guarantee is valued at the conversion rate on the date of encashment. These amounts are likely to be settled from the claims made by the company against the supplier (refer # 10.3).

6. LONG TERM DEPOSITS - unsecured

Cement Stockists	6.1	2,619	4,109
Transporters	6.2	12,900	11,900
Others		130	130
		-----	-----
		15,649	16,139
		=====	=====

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

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

7. SHORT TERM FINANCE - secured

7.1

130,000

175,143

=====

=====

7.1 These represent short term finances obtained from commercial banks. The amount sanctioned is Rs. 250 million. These facilities are subject to mark-up ranging from 9.5% to 10% p.a. and are secured by way of hypothecation on stores and spares and second charge on assets secured against the long term loans.

8. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loans

120,000

85,222

Liabilities against assets subject to finance lease

74,920

48,883

194,920

134,105

=====

=====

9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors

161,375

114,484

Accrued expenses

12,704

11,833

Mark up on long term loans
and short term finances

46,267

71,233

Advances from customers

14,017

7,588

Retention

563

29,326

Workers' profit participation fund

13,391

2,917

Withholding taxes

--

380

Others

126

276

248,443

238,037

=====

=====

9.1 Workers' profit participation fund

Opening balance

2,917

--

Interest provided

337

--

3,254

--

Allocation for the year

12,862

2,917

16,116

2,917

Paid during the year

(2,725)

--

13,391

2,917

=====

=====

10. CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 Under SRO 484(1)/92 dated May 14, 1992 the plant and machinery not being manufactured locally was exempt from custom duty and sales tax, if imported before June 30, 1995. The Company obtained certificates from the Ministry of Industries and Central Board of Revenue (CBR) that the machinery being imported was not manufactured locally. In April 1995 the Central Board of Revenue advised the Custom authorities that the local industry was capable of manufacturing some of the equipment being imported by the company and that exemption from custom duty and sales tax on such equipment be denied. The Company filed a writ petition against CBR's instructions before the Peshawar High Court. After hearing the matter at length the High Court has decided the matter in favour of the Company.

10.2 The Company was entitled to sales tax exemption on cement produced by it from the date of commissioning to June 30, 2001 vide SROs 580 (I) / 91 and 561 (I) / 94 dated 27-06-1991 and 09-06-1994 respectively. In June 1997 the Federal Government withdrawn the sales tax from the entire cement industry and deprived the company from the advantage of its sales tax exemption. Being aggrieved from the denial of the benefit of sales tax exemption, the Company has filed a writ petition in the Peshawar High Court, Peshawar seeking appropriate compensation to the extent of sales tax exemption withdrawn by the Government. The case is pending before the High Court.

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

10.4 In January 1995, the Chinese Supplier of the plant sent a shipment of certain equipment by air which were found short supplied at the time of erection. Since the equipment were part and parcel of the main plant, the supply was made free of charge. The custom authorities however, assessed the equipment to duties and taxes of Rs. 20,830,226/- which was paid in full. The Company disputed this levy and filed an appeal before the Customs, Excise and Sales Tax Appellate Tribunal. The Tribunal has set aside the impugned assessment waived the fine and penalty of Rs. 3,650,000/- and Rs. 1,000,000/- respectively and directed the custom authorities to re-determine the value of the goods and assess the same at concessional rate of duty @25% of tariff rate as per SRO No. 978(1)/95 dated October 04, 1995. The refund claim of Rs. 4,650,000/- and re-assessment of goods at concessional rate of duty are pending with the Custom Authorities.

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

10.6 The Company has filed a writ petition with the Honourable High Court Peshawar against

the demand raised by the Pakistan Standard Institution for the Marking Fee. The High Court has granted a stay on submission of a Bank Guarantee for Rs. 3,958,180/- by the Company. The case is pending for adjudication before the High Court. However the provision has been made in the books of accounts.

10.7 The Additional Collector, Custom & Central Excise Peshawar has raised a demand of Rs. 5,530,335/- as differential excise duty on a new brand introduced by the Company. The company has filed an appeal before the Custom, Excise & Sales Tax Appellate Tribunal against the demand raised by the Additional Collector. The case is pending for adjudication before the Tribunal. The management is hopeful that the matter would be decided in favour of the company, hence no provision has been made.

10.8 The final settlement with the main project contractor has still not been finalized due to certain claims amounting to Rs. 126.50 million raised by them against the Company. The Company has also raised counter claims amounting to Rs. 192.122 million against them in addition to the claim for production losses. The matter is likely to be settled with mutual understanding without any additional cost of the Company.

	<i>2000</i>	<i>1999</i>
	<i>Rupees in '000'</i>	
Commitments in respect of		
Letters of credit- Local and import	17,358	21,279

11. OPERATING ASSETS

<i>Particulars</i>	<i>Cost at July 1, 1999</i>	<i>Additions/ *adjustment/ (disposal)</i>	<i>Cost at June 30, 2000</i>	<i>Accumulated depreciation at July 1, 1999</i>	<i>Depreciation/ *adjustment/ (disposal) for the year</i>	<i>Rate %</i>	<i>Accumulated depreciation at June 30, 2000</i>
Owned							
Land - freehold	5,365	2	5,367	--	--	--	--
Buildings on freehold land	863,428	21,565	884,993	88,684	45,879	5	134,563
Plant and machinery	2,881,707	82,741	2,964,448	197,669	101,169	UPM	298,838
Quarry equipments	184,723	--	184,723	23,361	9,236	5	32,597
Vehicles	18,481	2,969	22,630	12,913	1,837	20	15,283
		*1,754			(379)		
		(574)			912		
Furniture and fixtures	5,091	196	5,287	1,986	330	10	2,316
Office equipments	19,520	1,547	21,067	7,235	1,383	10	8,618
Other assets	10,482	855	11,337	3,228	811	10	4,039
	-----	-----	-----	-----	-----	-----	-----
	3,988,797	111,629	4,099,852	335,076	161,557		496,254
		(574)			(379)		

Leased

Plant and machinery	135,000	--	135,000	10,278	4,500	UPM	14,778
Vehicles	1,754	(1,754)	--	912	(912)	20	--
	-----	-----	-----	-----	-----	-----	-----
	136,754	*(1,754)	135,000	11,190	3,588		14,778
	-----	-----	-----	-----	-----	-----	-----
2000 (Rupees in "000")	4,125,551	111,629 (574)	4,234,852	346,266	165,145		511,032
	=====	=====	=====	=====	=====	=====	=====
1999 (Rupees in "000")	4,075,370	50,306 (125)	4,125,551	188,875	157,453 (63)		346,266
	=====	=====	=====	=====	=====	=====	=====

UPM -- Unit of production method

11.1 A portion of the land has been leased for twenty year to Lucky Powertech Limited, a wholly owned subsidiary company for power plant.

11.2 The addition to building and plant and machinery includes Rs. 16.56 million and Rs. 35.32 million respectively on account of settlement of bills of main project contractor for work done in the preceding years. The impact of depreciation on these addition for the preceding years amounting to Rs. 4.01 million is included in the amount of depreciation for the year.

	<i>2000</i>	<i>1999</i>
	<i>Rupees in '000'</i>	
11.3 Depreciation charge for the year has been allocated as follows:		
Cost of sales	163,432	154,141
Administrative expenses	1,539	3,159
Selling and distribution expenses	174	153
	-----	-----
	165,145	157,453
	=====	=====

11.4 Disposal of assets

<i>Particulars</i>	<i>Cost</i>	<i>Book Value</i>	<i>Sale Proceeds</i>	<i>Mode of Disposal</i>	<i>Particulars of Buyers</i>
Motor Vehicle	516	165	182	Negotiation	Mr. Salahuddin S/o. Mr. Mubbarak Ali Ex-Employee
Motor Cycle	58	30	50	Insurance claim	Adamjee Insurance Co., Ltd. Karachi.
	-----	-----	-----		
2000 (Rupees in '000')	574	195	232		
	=====	=====	=====		
1999 (Rupees in '000')	125	63	38		

	2000	1999
	<i>Rupees in '000'</i>	
12. CAPITAL WORK-IN-PROGRESS - at cost		
Building and civil works	4,723	5,310
Electrification	--	281
	-----	-----
	4,723	5,591
	=====	=====
13. LONG TERM INVESTMENT		
Wholly owned subsidiary		
Lucky Powertech Limited - Unquoted		
20,000,000 fully paid Ordinary		
shares of Rs. 10/- each	200,000	200,000
	=====	=====
Net assets value Rs. 204.60 million (1999-Rs. 156.360 million).		
Latest financial statements of subsidiary and statement under section 237 of the Companies Ordinance, 1984, are enclosed.		
14. LONG TERM DEPOSITS AND DEFERRED COSTS		
Long term deposits	--	12,924
Deferred Costs		
Preliminary expenses	2,507	2,507
Expenses on issue of shares	41,046	41,046
Quarry development costs	13,145	13,145
Others	2,493	2,493
	-----	-----
	59,191	59,191
Less: Amortization of deferred costs	(41,118)	(29,280)
	18,073	29,911
	-----	-----
	18,073	42,835
	=====	=====
15. STORES AND SPARES		
Stores	20,887	28,059
Spares	178,378	128,757
Spares in transit	14,793	14,405
	-----	-----
	214,058	171,221
	=====	=====

16. STOCK-IN-TRADE

Raw and packing materials		12,059	8,358
Work in process		50,546	49,867
Finished goods		41,270	7,510
		-----	-----
		103,875	65,735
		=====	=====

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

Employees		1,319	1,447
Advance to wholly owned subsidiary for power supply	17.1	112,418	123,021
Advance income tax		57,649	48,735
Excise duty		7,036	2,694
Advance to suppliers and others		16,023	20,804
		-----	-----
		194,445	196,701

Deposits and prepayments

Current portion of lease deposits		12,750	--
Other deposits		3,830	3,840
Prepayments		725	492
		-----	-----
		17,305	4,332

Other receivables - Considered good

Octroi refundable		--	4,470
Freight		--	3,743
Custom duty		20,830	20,830
Others		1,775	954
		-----	-----
		22,605	29,997
		-----	-----
		234,355	231,030
		=====	=====

17.1 The maximum balance at the end of any month during the year was Rs. 174 million (1999-Rs. 123.021 million).

18. CASH AND BANK BALANCES

Bank balances			
Current accounts		15,133	12,851
Sales collection in transit		35,967	11,294
PLS accounts		122	262
		-----	-----
		51,222	24,407
Cash in hand		391	43

	----- 51,613 =====	----- 24,450 =====
19. SALES - net		
Sales	3,227,725	2,542,973
Less: Excise duty	1,172,058	1,063,138
Loading and other charges	6,133	4,871
	----- 1,178,191 -----	----- 1,068,009 -----
	----- 2,049,534 =====	----- 1,474,964 =====
20. COST OF SALES		
Raw material	37,690	23,745
Packing material	199,544	167,948
Fuel and power	1,020,877	703,720
Stores and spares	83,450	42,646
Salaries, benefits and wages	83,188	60,720
Repairs and maintenance	6,486	3,278
Depreciation	163,432	154,741
Insurance	25,116	39,691
Amortization of quarry development	2,629	2,629
Other manufacturing expenses	24,272	15,741
	----- 1,646,684 -----	----- 1,214,259 -----
Work-in-process		
Opening	49,867	19,774
Closing	(50,546)	(49,867)
	----- (679) -----	----- (30,093) -----
Cost of goods manufactured	----- 1,646,005 -----	----- 1,184,166 -----
Finished goods		
Opening	7,510	35,692
Closing	(41,270)	(7,510)
	----- (33,760) -----	----- 28,182 -----
	----- 1,612,245 =====	----- 1,212,348 =====

20.1 Salaries and benefits include provision for gratuity amounting to Rs. 7,810 million. (1999- Rs. 1.700 million). The increase in current year provision is due to change of the basis from basic salary to gross salary.

21. ADMINISTRATIVE EXPENSES

Salaries, benefits and wages	21.1	14,243	11,317
Communications		3,700	2,883
Amortization of deferred cost		9,209	9,209
Travelling and conveyance		1,513	1,095
Depreciation		1,539	3,159
Insurance		1,026	1,229
Vehicle running and maintenance		1,053	952
Advertisements		702	357
Printing and stationery		1,240	764
Security services		121	253
Legal and professional		2,339	2,099
Transportation and freight		71	383
Rent, rates and taxes		667	720
Utilities		973	793
Repairs and maintenance		489	598
Auditors' remuneration	21.2	163	173
Charity and donation	21.3	39	61
Fees and subscription		1,024	678
Others		393	1,044
		-----	-----
		40,504	37,767
		=====	=====

21.1 Salaries and benefits include provision for gratuity amounting Rs. 1.604 million. (1999- Rs. 0.360 million). The increase in current year provision is due to change of the basis from basic salary to gross salary.

21.2 Auditors' Remuneration

Statutory audit fee		110	100
Cost audit fee		30	60
Out of pocket		23	13
		-----	-----
		163	173
		=====	=====

21.3 None of the director or their spouse had any interest in the donation made by the Company.

22. SELLING AND DISTRIBUTION EXPENSES

Salaries, benefits and wages	22.1	8,145	6,972
Communication		2,033	2,190
Travelling and conveyance		599	455
Printing and stationery		247	240
Utilities		495	630
Vehicle running and maintenance		648	465
Repairs and maintenance		175	154
Depreciation		174	153
Fees and subscription & periodicals		19	20

Rents, rates and taxes	914	864
Advertisement	1,245	541
Entertainment	150	220
Insurance	276	276
Others	1,183	1,152
	-----	-----
	16,303	14,332
	=====	=====

22.1 Salaries and benefits include provision for gratuity amounting Rs. 1.411 million. (1999- Rs. 0.095 million). The increase in current year provision is due to change of the basis from basic salary to gross salary.

23. OTHER INCOME

Gain / (loss) on disposal of assets	37	(24)
Miscellaneous	375	650
	-----	-----
	412	626
	=====	=====

24. FINANCIAL CHARGES

Mark-up on:		
Long term loans	77,604	87,599
Short term finance	26,325	33,904
Lease finance charges	16,493	27,208
Bank charges and commission	3,242	4,084
Interest on workers' profit participation fund	337	--
	-----	-----
	124,001	152,795
	=====	=====

25. Taxation

Current

For the current year the taxable income of the Company as per Income Tax Law is worked out to be a taxable loss.

The Company is contending for the allowability of the exemption on account of clause 118C of the Second Schedule to the Income Tax Ordinance 1979 due to which no turnover tax would be applicable on the Company. The Company has filed appeals of the preceding years before the Commissioner (Appeals) against the order of assessing officers disallowing such exemption. The Commissioner (Appeals) has remanded back the case to the assessing officer for re-examination of the issue. As a matter of prudence, the provision for turnover tax has been made in the current and prior years.

Deferred

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

	<i>2000</i>	<i>1999</i>
	<i>Rupees in '000'</i>	
26. REMUNERATION OF EXECUTIVES		
Remuneration	15,932	13,460
House rent allowance	5,951	6,084
Utilities allowance	1,504	1,346
Conveyance allowance	1,267	1,282
	-----	-----
	24,654	22,172
	=====	=====
Number of persons	84	77
	=====	=====

No remuneration were paid to Chief Executive and / or Directors of the company. The Chief Executive has voluntarily decided not to accept any remuneration for the year ended June 30, 2000.

27. AGGREGATE TRANSACTIONS WITH SUBSIDIARY COMPANY

Purchase of power	387,480	312,479
Receipt of rent	278	278

Metric tons

28. PRODUCTION CAPACITY - Clinker

Installed capacity (330 days)	1,320,000	1,320,000
Actual production	819,180	682,032

Reason of short fall: Lack of demand

29. EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per shares of the Company which is based on:-

Profit after tax (Rupees in thousand)	226,350	55,431
No of Ordinary shares (in thousand)	245,000	245,000
Earnings per share (Rupee)	0.92	0.23

30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Concentration of credit risk

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

Interest rate risk

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

Fair values of financial instruments

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

their fair value.

31. GENERAL

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

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

Total number of permanent employees as on June 30, 2000 are 571 (1990 - 528).

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

Statement under section (1) (e) of

a) Extent of the interest of Lucky Cement Limited (the holding company) in the equity of its subsidiary as at the end of the last date of the financial year of the subsidiary.

100%

b) The net aggregate amount of profits less losses of the subsidiary company so far as these have been dealt with or provision made for losses in the account of the holding company for the year ended June 30, 2000.

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

Rs. 48.240 million

ii) For the previous years upto June 30, 1999.

Rs. (43.640) million

c) The net aggregate amount of profits, less losses of the subsidiary company so far as these have been dealt with or provision made for losses in the account of the holding company for the year ended June 30, 2000.

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

Nil

ii) For the previous years upto June 30, 1999.

Nil

Statement under section (1) (f)

N/A

Statement under section (1) (g)

N/A

ANNUAL REPORT 2000
LUCKY POWERTECH LIMITED
WHOLLY OWNED SUBSIDIARY
OF LUCKY CEMENT LIMITED

DIRECTORS' REPORT

We are pleased to present the 6th Annual Report of the Company together with the Audited Accounts for the year ended on June 30th, 2000 and Auditors Report thereon.

During the year under review, the power generation of the Company though increased by 7.5% over last year from 199,449 to 106,940 MWHs but the overall generation capacity was substantially under utilized due to under capacity utilization of cement plant owing to over supply position of cement in the country. Since the Company is a captive power generation plant, therefore its capacity utilization is totally dependent on the capacity utilization of Lucky Cement Limited which is the holding company.

During the year under review, the net sales of the Company increased by 24% over the last year from Rs. 309.5 million to Rs. 384 million but the gross profit for the year reduced to Rs. 88.100 million from Rs. 89.7 million last year. This reduction in gross profit is attributed due to the substantial increase in the price of furnace oil which registered an increase of 82% during the year from Rs. 6,206/- per ton on 1st July, 1999 to Rs. 11,268/- per ton on 30th June, 2000. The financial charges for the year reduced to Rs. 37 million as compared to Rs. 57 million last year. The Company earned a net profit of Rs. 48.24 million for the year which is 58% higher than the last year. In view of the net profit of Rs. 48.24 million the accumulated losses of Rs. 43.6 million has been converted into an accumulated profit of Rs. 4.6 million.

The earnings per share registered an increase of Rs, 57.5% from Rs. 1.53 per shares last year to Rs. 2.41 per share for the year under review.

Year 2000 problems in Computer System:

As a result of adequate measures taken by the Company, the computer systems including the Company's DCS & PLC System worked smoothly and no problem was faced on changeover to new millennium.

Auditors:

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

Acknowledgement:

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

For and on behalf of the Board

Karachi: November 18, 2000

Abdul Razzak Tabba
Chairman & Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Lucky Powertech Limited** as at June 30, 2000 and the related profit and loss account, statement of changes in equity 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 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 the 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, statement of changes in equity and cash flow statement together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and given 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, changes in equity and 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.

KARACHI: November 18, 2000

M. YOUSUF ADIL SALEEM & CO.,
Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>Rupees in '000'</i>	
SHARE CAPITAL AND RESERVE			
Authorised capital			
20,000,000 Ordinary shares of Rs. 10/- each		200,000 =====	200,000 =====
Issued, subscribed and paid-up capital			
20,000,000 Ordinary shares of Rs. 10/- each		200,000	200,000
Accumulated profit / (loss)		4,600 -----	(43,640) -----
		204,600	156,360
LONG TERM LOANS	3	141,900	196,400
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	4	--	21,771
DEFERRED LIABILITIES	5	1,907	40,535
CURRENT LIABILITIES			
Current portion of long term liabilities	6	58,039	87,222
Creditors, accrued and other liabilities	7	185,593	205,239
		243,632 -----	292,461 -----
		592,039 =====	707,527 =====
The annexed notes from 1 to 21 form an integral part of these accounts.			
FIXED ASSETS - TANGIBLE			
Operating assets	8	550,776	666,123

LONG TERM DEPOSITS AND**DEFERRED COSTS**

	9	93	22,220
--	---	----	--------

CURRENT ASSETS

Stores and spares	10	17,591	12,442
Advances, deposits, and other receivables	11	23,203	5,491
Bank balances in current accounts		376	1,251
		-----	-----
		41,170	19,184
		-----	-----
		592,039	707,527
		=====	=====

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

	<i>Note</i>	<i>2000</i>	<i>1999</i>
<i>Rupees in '000'</i>			
Sales	12	384,121	309,499
Cost of generation	13	296,021	219,717
		-----	-----
Gross profit		88,100	89,782
Administrative expenses	14	210	162
		-----	-----
Operating profit		87,890	89,620
Other income		77	--
		-----	-----
		87,967	89,620
Financial charges	15	37,178	57,491
Workers' profit participation fund		2,549	1,606
		-----	-----
		39,727	59,097
		-----	-----
Profit for the year		48,240	30,523
Accumulated loss brought forward		(43,640)	(74,163)
		-----	-----
Accumulated profit/(loss) carried forward		4,600	(43,640)
		=====	=====
Earnings per share	16	Rs. 2.41	Rs. 1.53

The annexed notes from 1 to 21 form an integral part of these accounts.

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2000

	<i>2000</i>	<i>1999</i>
	<i>Rupees in '000'</i>	
A. CASH FROM OPERATING ACTIVITIES		
Profit for the year	48,240	30,523
Adjustments for:		
Depreciation	33,499	38,252
Provision for gratuity	1,038	318
Financial charges	37,178	57,491
Loss on disposal of assets	5	--
Amortization of deferred Cost	63	63
	-----	-----
Operating profit before working capital changes	120,023	126,647
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(5,149)	3,533
Advances, deposit and other receivables	(299)	(268)
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	(49,763)	9,206
	-----	-----
Cash generated from operation	64,812	139,118
Financial charges paid	(38,938)	(41,675)
Advance income tax	(2,669)	(526)
	-----	-----
Net cash from operating activities	23,205	96,971
	=====	=====
B. CASH FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(10,746)	--
Sale proceeds of fixed assets	81,000	--
	-----	-----
Net cash from investing activities	70,254	--
	=====	=====
C. CASH FROM FINANCING ACTIVITIES		
Long term loan paid	(33,500)	(15,500)

Lease finances paid	(60,834)	(51,920)
Deferred liabilities	--	(28,962)
	-----	-----
Net cash use in financing activities	(94,334)	(96,382)
	=====	=====
Net increase/decrease in cash and cash equivalents (A+B+C)	(875)	589
Bank balance at the beginning of the year	1,251	662
	-----	-----
Bank balance at the end of the year	376	1,251
	=====	=====

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

Rupees in '000'

	<i>Issued subscribed and paid up capital</i>	<i>Accumulated profit/(loss)</i>	<i>Total</i>
Balance at July 01, 1998	200,000	(74,163)	125,837
Profit for the year	--	30,523	30,523
	-----	-----	-----
Balance at June 30, 1999	200,000	(43,640)	156,360
Profit for the year	--	48,240	48,240
	-----	-----	-----
Balance at June 30, 2000	200,000	4,600	204,600
	=====	=====	=====

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

1. THE COMPANY AND ITS OPERATION

Lucky Powertech Limited was incorporated in Pakistan on June 26, 1994 under the Companies Ordinance, 1984. The principal activity of the Company is to generate and provide electricity to Lucky Cement Limited. The project is located at District Lakki Marwat in North West Frontier Province.

The company is a wholly owned subsidiary of Lucky Cement Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

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

2.2 Basis of preparation

These accounts have been prepared in accordance with the Accounting Standards as applicable in Pakistan,

2.3 Staff retirement benefits

The Company operates an unfunded gratuity scheme for all its employees. Annual provisions are made in the accounts to cover the liability.

2.4 Fixed assets and depreciation

Operating assets

These are stated at cost less accumulated depreciation.

Depreciation is charged to income applying the straight line method at the rates mentioned in the relevant note except plant and machinery on which depreciation is charged on units of production method based on higher of estimated life and production. Full year's depreciation is charged on additions while no depreciation is charged on assets disposed off during the year. However, capitalization of projects cost is depreciated proportionately for the period of use.

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

Gains and losses on disposal of assets, if any, are included in income currently.

Assets subject to finance lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under the finance leases are depreciated at the rates specified in relevant note.

2.5 Deferred costs

Deferred cost is amortized over a maximum period of five years beginning from the year of deferment.

2.6 Stores and spares

These are valued at moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date.

2.7 Taxation

Profit and gains of the company are exempt from levy of income tax under clause 176 of

Part-I and clause 20 of Part-IV of the Second Schedule to the Income Tax Ordinance, 1979.

2.8 Foreign currencies

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the balance sheet date, except where forward exchange contracts have been entered into for payment of liabilities in which case the rate contracted for are used. Foreign currency transaction are translated into Pak Rupees at the rate of exchange ruling of the date of transaction, except where for word exchange contract have been entered in which case the rate contracted for are used. Exchange gains and losses on translation are included in income currently.

2.9 Revenue recognition

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

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>Rupees in '000'</i>	
3. LONG-TERM LOANS			
Secured			
Banking company			
Demand Finance - I	3.1	113,900	134,500
Demand Finance - II	3.1	58,000	60,400
Un-secured			
Sponsors	3.2	--	14,300
		-----	-----
		171,900	209,200
Payable within one year shown under current liabilities		(30,000)	(12,800)
		-----	-----
		141,900	196,400
		=====	=====

3.1 The demand finances I and II are secured against mortgage on the fixed assets and hypothecation on plant and machinery and floating charge on book debts. The sanctioned amount of loan is Rs. 232 million. The repayment of principal and mark-up on these finances are on deferred payment basis and clubbed with the repayment of holding company. The substantial repayment of next financial year is likely to be made from holding company Effective from the July 2000 the mark-up rate on these loans has been reduced to 11% from the previous rate of 16.425% i-e 45 paisas per Rs. 1000/- per day.

3.2 This loan has been paid in full.

4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance		96,193	148,113
-----------------	--	--------	---------

Paid during the year	(68,154)	(51,920)
	-----	-----
	28,039	96,193
Payable within one year shown under current liabilities	(28,039)	(74,422)
	-----	-----
	--	21,771
	=====	=====

4.1 Liabilities against assets subject to finance lease represent finances obtained under sale and lease back arrangement for diesel power generating sets from the financial institution. The discounting rate ranges from 15% to 21% per annum.

4.2 The future lease payments to which the Company is committed as at June 30, 2000 are as under:

Rupees in '000'

Year ending June 30, 2001	28,874
Less: Allocated finance charges to future period	(835)

	28,039
	=====

5. DEFERRED LIABILITIES

Staff gratuity		1,907	869
Accrued mark-up	5.1	--	39,666
		-----	-----
		1,907	40,535
		=====	=====

5.1 This represents accrued mark up on demand finances I and II and is transferred to current liabilities.

6. CURRENT PORTION OF LONG TERM LIABILITIES

Long term loans		30,000	12,800
Lease liabilities		28,039	74,422
		-----	-----
		58,039	87,222
		=====	=====

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

Advance against power supply from holding company		112,418	123,021
Accrued mark-up		63,300	21,594
Creditors		3,081	3,467
Workers' profit participation fund	7.1	4,356	1,606
Advance from associated undertaking		--	13,524

Accrued expenses	2,109	2,697
Retention	27	35,988
Others	302	3,342
	-----	-----
	185,593	205,239
	=====	=====

7.1 Workers' Profit Participation Fund

Opening balance	1,606	--
Interest provided	201	--
	-----	-----
	1,807	--
Allocation for the year	2,549	1,606
	-----	-----
	4,356	1,606
	=====	=====

8. OPERATING ASSETS

<i>Particulars</i>	<i>Cost at July 1, 1999</i>	<i>Additions/ *adjustment/ (disposal)</i>	<i>Cost at June 30, 2000</i>	<i>Accumulated depreciation at July 1, 1999</i>	<i>Depreciation/ *adjustment (disposal) for the year</i>	<i>Rate %</i>	<i>Accumulated depreciation at June 30, 2000</i>
Owned							
Buildings	30,532	--	30,532	3,810	5,127	5	5,337
Plant and machinery	508,065	10,746 *73,205 (105,825)	486,191	63,510	24,310 *9,151 (13,229)	UPM	83,742
Furniture and fixtures	479	--	479	191	48	10	239
Office equipments	1,388	--	1,388	554	139	10	693
Other assets	1,026	--	1,026	360	103	10	463
	-----	-----	-----	-----	-----	-----	-----
	541,489	10,746 *73,205 (105,825)	519,615	68,425	26,125 (13,299) 9,151		90,474
Leased							
Plant and machinery	220,639	(73,205)	147,434	27,580	7,372 *(9,151)	UPM	25,801
	-----	-----	-----	-----	-----	-----	-----
	220,639	(73,205)	147,434	27,580	7,372 (9,151)		25,801
	-----	-----	-----	-----	-----	-----	-----
2000 (Rupees in "000")	762,129	10,746	667,050	96,005	33,499		116,275

		(105,825)			(13,229)		
1999 (Rupees in "000")	762,129	--	762,129	57,754	38,252		96,005

UPM = Unit of production method

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

8.2 The diesel generating set of 6.12 MW shifted last year to the premises of Gadoon Textile Mills Limited has been sold to them during current year at the book value as reduced by the compensation from the suppliers.

	<i>2000</i>	<i>1999</i>
	<i>Rupees in '000'</i>	
9. LONG TERM LEASE DEPOSITS AND DEFERRED COST		
Long term deposits	--	22,064
Deferred Cost		
Preliminary expenses	312	312
Amortization		
Opening balance	156	93
During the year	63	63
	-----	-----
	(219)	(156)
	-----	-----
	93	156
	-----	-----
	93	22,220
	=====	=====
10. STORES AND SPARES		
Stores and spares	16,770	12,442
Spares in transit	821	--
	-----	-----
	17,591	12,442
	=====	=====
11. ADVANCES, DEPOSITS AND OTHER RECEIVABLES		
Considered good		
Advance to suppliers	3,366	3,069
Advance tax	3,325	656
Current portion of lease deposits	14,744	--
Other deposits	1,036	1,036
Octroi refundable	714	714

Others	18	16
	-----	-----
	23,203	5,491
	=====	=====

12. SALES

Sales	387,361	312,479
Less · Electricity duty	(3,240)	(2,980)
	-----	-----
	384,121	309,499
	=====	=====

13. COST OF GENERATION

Fuel and lubricants	225,467	159,798
Stores and spares	13,628	4,452
Chemical	1,150	868
Repairs and maintenance	8,665	5,777
Salaries, benefits and wages	13.1 9,171	7,911
Depreciation	33,499	38,252
Insurance	2,888	1,405
Ground rent	278	278
Vehicle running and maintenance	103	74
Communication	362	441
Others	810	462
	-----	-----
	296,021	219,717
	=====	=====

13.1 Salaries and benefits include provision for gratuity amounting to Rs. 1.038 million. (1999-Rs. 0.318 million). The increase in current year provision is due to change of the basis from basic salary to gross salary.

14. ADMINISTRATIVE EXPENSES

Fees and subscription	21	25
Legal and professional	36	14
Audit fee	60	50
Amortization of deferred cost	63	63
Others	30	10
	-----	-----
	210	162
	=====	=====

15. FINANCIAL CHARGES

Mark-up on long term loans	29,842	34,688
Lease finances charges	7,123	21,745
Excise duty on lease finance	--	1,052
Bank commission and charges	12	6
Interest on workers' profit participation fund	201	--

-----	-----
37,178	57,491
=====	=====

16. EARNINGS PER SHARE

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

Profit the year (Rupees in thousand)	48,240	30,523
Weighted average number of ordinary shares (in thousand)	20,000	20,000
Earnings per share (Rupee)	2.41	1.53

17. REMUNERATION OF EXECUTIVES

Remuneration	2,433	2,257
House rent allowance	1,072	1,016
Utilities allowance	238	226
Conveyance allowance	238	226
	-----	-----
	3,981	3,725
	=====	=====
Number of persons	14	13
	=====	=====

No remuneration were paid to Chief Executive and / or Directors of the company. The Chief Executive has voluntarily decided not to accept any remuneration for the year ended June 30, 2000.

18. AGGREGATE TRANSACTIONS WITH HOLDING COMPANY

Sale of power	387,361	312,479
Payment of rent	278	278

19. PRODUCTION CAPACITY

MWHs

Installed capacity (339 days)		
Main generators	206,000	247,200
Standby generator	41,200	41,200
Actual generation	106,940	99,449

Reason of short fall: Lack of demand

20. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company deals only with its holding company, from whom prompt payment are received.

Interest rate risk

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

Fair values of financial instruments

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

21. GENERAL

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

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

Total number of permanent employees as on June 30, 2000 are 31 (1999: 36).

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

ANNUAL REPORT 2000
CONSOLIDATED ACCOUNTS
OF LUCKY CEMENT LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY
COMPANY LUCKY POWERTECH LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have examined the annexed consolidated financial statements comprising consolidated Balance Sheet of **LUCKY CEMENT LIMITED** and its subsidiary company **LUCKY POWERTECH LIMITED** as at June 30, 2000 and the related consolidated Profit and Loss Account, Statement of Changes in Equity and Consolidated Cash Flow Statement together with the notes forming part thereof, for the year ended June 30, 2000. We have also expressed separate opinions on the financial statements of Lucky Cement Limited and its subsidiary Company. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our examination.

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

In our opinion the consolidated financial statements examined by us present fairly the financial position of Lucky Cement Limited and its subsidiary company as at June 30, 2000 and the results of their operations for the year then ended.

KARACHI: November 18, 2000

M. YOUSUF ADIL SALEEM & CO.,
Chartered Accountants

CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>Rupees in '000'</i>	
SHARE CAPITAL AND RESERVES			
Authorised capital			
300,000,000 Ordinary shares of Rs. 10/- each		3,000,000	3,000,000
		=====	=====
Issued, subscribed and paid-up capital			
245,000,000 Ordinary shares of Rs. 10/- each fully paid in cash		2,450,000	2,450,000
Capital reserve			
Share premium		990,000	990,000
Accumulated profit / (loss)		140,620	(133,970)
		-----	-----
		3,580,620	3,306,030
LONG TERM LOANS	3	433,146	605,118
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	4	--	97,793
DEFERRED LIABILITIES	5	87,817	116,529
LONG TERM DEPOSITS	6	15,649	16,139
CURRENT LIABILITIES			
Short term finances	7	130,000	175,143
Short term loan - interest free from an associated undertaking		--	45,000
Current portion of long term liabilities	8	252,959	221,327
Creditors, accrued and other liabilities	9	321,619	320,255
Provision for taxation		24,681	7,000
		-----	-----
		729,259	768,725
CONTINGENCIES AND COMMITMENTS	10	--	--
		-----	-----
		4,846,491	4,910,334
		=====	=====

The annexed notes from 1 to 29 form an integral part of these account.

FIXED ASSETS - TANGIBLE

Operating assets	11	4,274,597	4,445,408
Capital work-in-progress	12	4,723	5,591
		-----	-----
		4,279,320	4,450,999

LONG TERM DEPOSITS AND DEFERRED COSTS

	13	18,166	65,055
--	----	--------	--------

CURRENT ASSETS

Stores and spares	14	231,649	183,663
Stock-in-trade	15	103,875	65,735
Trade debtors -secured		16,352	5,681
Advances, deposits, prepayments and other receivables	16	145,140	113,500
Cash and bank balances	17	51,989	25,701
		-----	-----
		549,005	394,280
		-----	-----
		4,846,491	4,910,334
		=====	=====

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>Rupees in '000'</i>	
Sales	18	2,046,293	1,474,964
Cost of sales / generation	19	1,520,627	1,122,289
		-----	-----
Gross profit		525,666	352,675
Operating expenses			
Administrative	20	40,713	37,928
Selling and distribution	21	16,303	14,332
		-----	-----
		57,016	52,260
		-----	-----
Operating profit		468,650	300,415

Other income	22	211	348
		-----	-----
		468,861	300,763
		-----	-----
Financial charges	23	161,179	210,286
Workers' profit participation fund		15,411	4,523
		-----	-----
		176,590	214,809
		-----	-----
Profit before taxation		292,271	85,954
		-----	-----
Provision for taxation			
- current	24	10,250	--
- prior year		7,431	--
		-----	-----
		17,681	--
		-----	-----
Net profit after taxation		274,590	85,954
Accumulated loss brought forward		(133,970)	(219,924)
		-----	-----
Accumulated profit / (loss) carried forward		140,620	(133,970)
		=====	=====
Earnings per share	25	Rs. 1.12	Rs. 0.35

The annexed notes from 1 to 29 form an integral part of these account.

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

	<i>2000</i>	<i>1999</i>
	<i>Rupees in '000'</i>	
A. CASH FROM OPERATING ACTIVITIES		
Profit before taxation	292,271	85,954
Adjustments for:		
Depreciation	198,644	195,705
Amortization of deferred cost	11,901	11,901
Loss on disposal of fixed assets	(32)	24
Provision for gratuity	11,863	2,283
Financial charges	161,179	210,286
	-----	-----
Operating profit before working capital changes	675,826	506,153

(Increase) / decrease in current assets		
Stores and spares	(47,986)	(53,237)
Stock-in-trade	(38,140)	(2,610)
Trade debtors	(10,671)	(5,681)
Advances, deposits, prepayments and other receivables	7,435	3,093
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities	(3,787)	24,781
	-----	-----
Cash generated from operation	582,677	472,499
Financial charges paid	(187,906)	(164,659)
Advance income tax	(11,583)	(8,502)
Gratuity paid	(907)	(345)
	-----	-----
Net cash from operating activities	382,281	298,993
B. CASH FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(119,753)	(38,093)
Sale proceed of fixed assets	81,232	38
Deferred costs	--	(1,010)
	-----	-----
Net cash used investing activities	(38,521)	(39,065)
	-----	-----
C. CASH FROM FINANCING ACTIVITIES		
Long term loan paid	(128,340)	(79,560)
Lease finances obtained	12,146	--
Lease finances paid	(110,645)	(67,664)
Deferred liabilities	--	(53,699)
Short term loans	(45,000)	--
Long term deposits	(490)	(3,095)
	-----	-----
Net cash used in investing activities	(272,329)	(204,018)
	-----	-----
Net increase in cash and cash equivalents (A+B+C)	71,431	55,910
Cash and cash equivalent at the beginning of the year	(149,442)	(205,352)
	-----	-----
Cash and cash equivalent at the end of the year	(78,011)	(149,442)
	=====	=====
Cash and cash equivalent		
Cash and bank balance	51,989	25,701
Short term finances	(130,000)	(175,143)
	-----	-----
	(78,011)	(149,442)

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

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

Rupees in '000'

	<i>Issued subscribed and paid up capital</i>	<i>Capital reserve</i>	<i>Accumulated profit/(loss)</i>	<i>Total</i>
Balance at July 01, 1998	2,450,000	990,000	(219,924)	3,220,076
Profit for the year	--	--	85,954	85,954
Balance at June 30, 1999	2,450,000	990,000	(133,970)	3,306,030
Profit for the year	--	--	274,590	274,590
Balance at June 30, 2000	2,450,000	990,000	140,620	3,580,620

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

1. THE GROUP AND ITS OPERATIONS

Lucky Cement Limited, the parent company and its wholly owned subsidiary, Lucky Powertech Limited are incorporated in Pakistan as public limited companies under the Companies Ordinance 1984. The shares of the parent company are quoted on the stock exchanges of Pakistan and its principal business is manufacture and sale of cement. The subsidiary company is unquoted and its principal business is generation and sale of electricity to holding company. Both parent and subsidiary company are located at District Lakki Marwar in North West Frontier Province.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of consolidation

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

2.2 Accounting convention

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

2.3 Basis of preparation

These accounts have been prepared in accordance with the Accounting Standards as applicable in Pakistan.

2.4 Staff retirement benefits

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

2.5 Taxation

Current

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

Profit and gains of the subsidiary company are exempt from levy of income tax under clause 176 of Part-I and clause 20 of Part-IV of the Second Schedule to the Income Tax Ordinance, 1979.

Deferred

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

2.6 Fixed assets and depreciation

Operating assets

These are stated at cost less accumulated depreciation except free hold land which is stated at cost.

Depreciation is charged to income applying the straight line method on buildings and quarry equipments and on written down value on all other assets at the rates mentioned in the relevant note. On plant and machinery depreciation is charged on units of production method based on higher of estimated life and production. Full year's depreciation is charged on additions while no depreciation is charged on assets deleted during the year. However, capitalization of projects cost is depreciated proportionately for the period of use. Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised.

Gains and losses on disposal of assets, if any, are included in income currently.

Assets subject to finance lease

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements or fair value of the assets. The related obligations of the lease are accounted for as liabilities. Assets acquired under the finance lease are depreci-

ated at the rates specified in relevant note.

2.7 Capital work in progress

All cost/expenditure directly related to specific assets incurred during project implementation period are carried under this head. These are transferred to specific assets as and when assets are available for use.

2.8 Deferred costs

Deferred cost is amortized over a maximum period of five years beginning from the year of deferment.

2.9 Stores and spares

These are valued at moving average cost. Items in transit are stated at cost accumulated upto the balance sheet date.

2.10 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost signifies in relation to raw and packing material at average cost. In case of work in process and finished goods at average cost comprising prime cost and appropriate manufacturing overheads.

2.11 Foreign currency translations

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the balance sheet date, except where forward exchange contracts have been entered into for payment of liabilities in which case the rate contracted for are used. Foreign currency transaction, except where forward exchange contract have been entered in which case the rate contracted for are used. Exchange gains and losses on translation are included in income currently.

2.12 Revenue recognition

Sales of the parent company are recorded on despatch of goods to customer. Energy sales of the subsidiary company are recognized on the basis of electricity supplied to the consumer.

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>Rupees in '000'</i>	
3. LONG TERM LOANS - secured			
Secured			
Banking Company			
Demand Finance - I	3.1	525,146	599,000
Demand Finance - II	3.1	58,000	60,400
Investment Bank	3.2	--	29,440
Un-secured			
Sponsors	3.3	--	14,300
		-----	-----
		583,146	703,140
Payable within one year shown under current liabilities		(150,000)	(98,022)

-----	-----
433,146	605,118
=====	=====

3.1 These demand finance I and II are secured against first charge by way of equitable mortgage on the fixed assets, floating charge on book debts and hypothecation on plant and machinery and equipment other of Line 'A' and quarry equipments of the parent company. The sanctioned amount of these loans are Rs. 756.236 million and are repayable in monthly installments. Effective from July 2000 the mark up rate on this loan has been reduced to 11% from previous rate of 16.425% per annum i.e. 45 paisas per Rs. 1000/- per day.

3.2 This loan has been repaid before maturity.

3.3 This loan has been paid in full.

4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Opening balance	221,098	284,252
Transferred / obtained during the year	--	4,510
	-----	-----
	221,098	288,762
Paid during the year	(118,139)	(67,664)
	-----	-----
	102,959	221,098
Payable within one year shown under current liabilities	102,959	(123,305)
	-----	-----
	--	97,793
	=====	=====

4.1 Liabilities against assets subject to finance lease represent liabilities for finances obtained under sale and lease back arrangements from financial institution. The discounting rate ranges from 15% - 20.5% per annum.

4.2 The amount of future lease payments to which the Company is committed as at June 30, 2000 are as under:

Rupees in '000'

Year ending June 30, 2001	104,656
Less: Allocated finance charges to future period	(1,697)

	102,959
	=====

5. DEFERRED LIABILITIES

Staff gratuity	20,161	9,207
Retention money		

Plant and machinery - foreign supplier	5.1	11,477	11,477
Encashment of performance guarantee (US\$ 1,313,250)	5.1	56,179	56,179
Accrued markup	5.2	--	39,666
		-----	-----
		87,817	116,529
		=====	=====

5.1 These represent net retention money and proceed of encashment of performance guarantee. The encashment amount of performance guarantee is valued at the conversion rate on the date of encashment. These amounts are likely to be settled from the claims made by the company against the supplier (refer # 10.3).

5.2 This represents accrued mark up on demand finances I and II and is transferred to current liabilities.

6. LONG TERM DEPOSITS - unsecured

Cement Stockists	6.1	2,619	4,109
Transporters	6.2	12,900	11,900
Others		130	130
		-----	-----
		15,649	16,139
		=====	=====

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

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

7. SHORT TERM FINANCE - secured

7.1	130,000	175,143
	=====	=====

7.1 These represent short term finances obtained from commercial banks. The amount sanctioned is Rs. 250 million. These facilities are subject to mark-up ranging from 9.5% to 10% p.a. and are secured by way of hypothecation on stores and spares and second charge on assets secured against the long term loans.

8. CURRENT PORTION OF LONG TERM LIABILITIES

Long-term loans		150,000	98,022
Liabilities against assets subject to finance lease		102,959	123,305
		-----	-----
		252,959	221,327
		=====	=====

9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		164,456	117,951
Accrued expenses		14,813	14,530

Advances from associated undertaking		--	13,524
Mark up on long term loans and short term finances		109,567	92,827
Advances from customers		14,017	7,588
Retention		590	65,314
Workers' profit participation fund	9.1	17,747	4,523
Withholding taxes		--	380
Others		429	3,618
		-----	-----
		321,619	320,255
		=====	=====

9.1 Workers' profit participation fund

Opening balance		4,523	--
Interest provided		538	--
		-----	-----
		5,061	--
Allocation for the year		15,411	4,523
		-----	-----
		20,472	4,523
Paid during the year		(2,725)	--
		-----	-----
		17,747	4,523
		=====	=====

10. CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 Under SRO 484(1)/92 dated May 14, 1992 the plant and machinery not being manufactured locally was exempt from custom duty and sales tax, if imported before June 30, 1995. The Company obtained certificates from the Ministry of Industries and Central Board of Revenue (CBR) that the machinery being imported was not manufactured locally. In April 1995 the Central Board of Revenue advised the Custom authorities that the local industry was capable of manufacturing some of the equipment being imported by the company and that exemption from custom duty and sales tax on such equipment be denied. The Company filed a writ petition against CBR's instructions before the Peshawar High Court. After hearing the matter at length the High Court has decided the matter in favour of the Company.

10.2 The Company was entitled to sales tax exemption on cement produced by it from the date of commissioning to June 30, 2001 vide SROs 580 (I) / 91 and 561 (I) / 94 dated 27-06-1991 and 09-06-1994 respectively. In June 1997 the Federal Government withdrawn the sales tax from the entire cement industry and deprived the company from the advantage of its sales tax exemption. Being aggrieved from the denial of the benefit of sales tax exemption, the Company has filed a writ petition in the Peshawar High Court, Peshawar seeking appropriate compensation to the extent of sales tax exemption withdrawn by the Government. The case is pending before the High Court.

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

10.4 In January 1995, the Chinese Supplier of the plant sent a shipment of certain equipment by air which were found to be short supplied at the time of erection. Since the equipment were part and parcel of the main plant, the supply was made free of charge. The custom authorities however, assessed the equipment to duties and taxes of Rs. 20,830,226/- which was paid in full. The Company disputed this levy and filed an appeal before the Customs, Excise and Sales Tax Appellate Tribunal. The Tribunal has set aside the impugned assessment waived the fine and penalty of Rs. 3,650,000/- and Rs. 1,000,000/- respectively and directed the custom authorities to re-determine the value of the goods and assess the same at concessional rate of duty @25% of tariff rate as per SRO No. 978(I)/95 dated October 04, 1995. The refund claim of Rs. 4,650,000/- and re-assessment of goods at concessional rate of duty are pending with the Custom Authorities.

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

10.6 The Company has filed a writ petition with the Honourable High Court Peshawar against the demand raised by the Pakistan Standard Institution for the Marking Fee. The High Court has granted a stay on submission of a Bank Guarantee for Rs. 3,958,180/- by the Company. The case is pending for adjudication before the High Court. However, the provision has been made in the books of accounts.

10.7 The Additional Collector, Custom & Central Excise Peshawar has raised a demand of Rs. 5,530,335/- as differential excise duty on a new brand introduced by the Company. The company has filed an appeal before the Custom, Excise & Sales Tax Appellate Tribunal against the demand raised by the Additional Collector. The case is still pending for adjudication before the Tribunal. The management is hopeful that the matter would be decided in favour of the Company, hence no provision has been made.

10.8 The final settlement with the main project contractor has still not been finalized due to certain claims amounting to Rs. 126.50 million raised by them against the company. The Company has also raised counter claims amounting to Rs. 192.122 million against them in addition to the claim for production losses. The matter is likely to be settled with mutual understanding.

2000

1999

Rupees in '000'

Commitments in respect of

Letters of credit-Local and import

17,358

21,279

11. OPERATING ASSETS

<i>Particulars</i>	<i>Cost at July 1, 1999</i>	<i>Additions/ *adjustment/ (disposal)</i>	<i>Cost at June 30, 2000</i>	<i>Accumulated depreciation at July 1, 1999</i>	<i>Depreciation/ *adjustment/ (disposal) for the year</i>	<i>Rate %</i>	<i>Accumulated depreciation at June 30, 2000</i>
Owned							
Land - freehold	5,365	2	5,367	--	--	--	--
Buildings on freehold land	893,960	21,565	915,525	92,495	47,406	5	139,901
Plant and machinery	3,389,772	93,487	3,450,639	261,177	125,479	UPM	382,578
		73,205			9,151		
		(105,825)			(13,229)		
Quarry equipments	184,723	--	184,723	23,361	9,236	5	32,597
Vehicles	18,481	2,969	22,630	12,913	1,837	20	15,283
		1,754			(379)		
		(574)			912		
Furniture and fixtures	5,570	196	5,766	2,178	378	10	2,556
Office equipments	20,908	1,547	22,455	7,789	1,522	10	9,311
Other assets	11,508	855	12,363	3,588	914	10	4,502
	-----	-----	-----	-----	-----	-----	-----
	4,530,287	120,621	4,619,468	403,501	186,772		586,728
		74,959			10,063		
		(106,399)			(13,608)		
Leased							
Plant and machinery	355,639	(73,205)	282,434	37,858	11,872	UPM	40,579
					(9,151)		
Vehicles	1,754	(1,754)	--	912	(9,151)	20	--
	-----	-----	-----	-----	-----	-----	-----
	357,393	(74,959)	282,434	38,770	11,872		40,579
					(10,063)		
	-----	-----	-----	-----	-----	-----	-----
2000 (Rupees in "000")	4,887,680	120,621	4,901,902	442,271	198,644		627,307
		(106,399)			(10,063)		
	=====	=====	=====	=====	=====	=====	=====
1999 (Rupees in "000")	4,837,499	50,306	4,887,680	246,629	195,704		442,271
		(125)			(62)		
	=====	=====	=====	=====	=====	=====	=====

UPM = Unit of production method

11.1 A portion of the land has been leased for twenty year to Lucky Powertech Limited, a wholly owned subsidiary company for power plant.

	2000	1999
	<i>Rupees in '000'</i>	
11.2 Depreciation charge for the year has been allocated as follows:		
Cost of sales	196,931	192,393
Administrative expenses	1,539	3,159
Selling and distribution expenses	174	153
	-----	-----
	198,644	195,705
	=====	=====
11.3 The addition to building and plant and machinery includes Rs. 16.56 million and Rs. 35.32 million respectively on account of settlement of bills of main project contractor for work done in the preceding years. The impact of depreciation on these addition for the preceding years amounting to Rs. 4.01 million is included in the amount of depreciation for the year.		
12. CAPITAL WORK-IN-PROGRESS - at cost		
Building and civil works	4,723	5,310
Electrification	--	281
	-----	-----
	4,723	5,591
	=====	=====
13. LONG TERM DEPOSITS AND DEFERRED COSTS		
Long term deposits	--	34,988
Deferred costs		
Preliminary expenses	2,819	2,819
Expenses on issue of shares	41,046	41,046
Quarry development costs	13,145	13,145
Others	2,493	2,493
	-----	-----
	59,503	59,503
Less: Amortization of deferred costs	(41,337)	(29,436)
	-----	-----
	18,166	30,067
	-----	-----
	18,166	65,055
	=====	=====
14. STORES AND SPARES		
Stores	37,657	38,939
Spares	178,378	130,319
Spares-in-transit	15,614	14,405
	-----	-----

	231,649	183,663
	=====	=====
15. STOCK-IN-TRADE		
Raw and packing material	12,059	8,358
Work-in-process	50,546	49,867
Finished goods	41,270	7,510
	-----	-----
	103,875	65,735
	=====	=====
16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances		
Employees	1,319	1,447
Advance income tax	60,974	49,391
Excise duty	7,036	2,649
Advance to suppliers and others	19,389	23,873
	-----	-----
	88,718	77,405
Deposits and prepayments		
Current portion of lease deposits	27,494	--
Other deposits	4,866	4,876
Prepayments	725	492
	-----	-----
	33,085	5,368
Other receivables - Considered good		
Octroi refundable	714	5,184
Freight	--	3,743
Custom duty	20,830	20,830
Others	1,793	970
	-----	-----
	23,337	30,727
	-----	-----
	145,140	113,500
	=====	=====
17. CASH AND BANK BALANCES		
Bank balance		
Current accounts	15,133	13,752
Sales collection in transit	35,967	11,294
PLS accounts	498	612
	-----	-----
	51,598	25,658
Cash in hand	391	43
	-----	-----
	51,989	25,701

		=====	=====
18. SALES			
Sales		3,227,725	2,542,973
Less: Excise and electricity duty		1,175,299	1,063,138
Loading and other charges		6,133	4,871
		-----	-----
		1,181,432	1,068,009
		-----	-----
		2,046,293	1,474,964
		=====	=====
19. COST OF SALES / GENERATION			
Raw material		37,690	23,745
Packing material		199,544	167,948
Fuel, oil and lubricant		858,983	551,039
Stores and spares		97,079	47,098
Chemical		1,150	868
Salaries, benefits and wages	19.1	92,359	68,631
Repairs and maintenance		15,151	9,055
Depreciation		196,931	192,393
Insurance		28,004	41,096
Amortization of quarry development		2,629	2,629
Other manufacturing expenses		25,545	19,698
		-----	-----
		1,555,066	1,124,200
Work-in-process			
Opening		49,867	197,741
Closing		(50,446)	(49,867)
		(679)	(30,093)
		-----	-----
		1,554,387	1,094,107
Cost of goods manufactured			
Finished goods			
Opening		7,510	35,692
Closing		(41,270)	(7,510)
		-----	-----
		(33,760)	28,182
		-----	-----
		1,520,627	1,212,289
		=====	=====

19.1 Salaries and benefits include provision for gratuity amounting to Rs. 8.848 million. (1999-Rs. 2.018 million). The increase in current year provision is due to change of the basis from basic salary to gross salary.

20. ADMINISTRATIVE EXPENSES

Salaries and benefits	20.1	14,243	11,317
Communications		3,700	2,883
Amortization of deferred cost		9,272	9,272
Travelling and conveyance		1,513	1,095
Depreciation		1,539	3,159
Insurance		1,026	1,229
Vehicle running and maintenance		1,053	952
Advertisements		702	357
Printing and stationery		1,240	764
Security services		121	253
Legal and professional		2,375	2,113
Transportation and freight		71	383
Rent, rates and taxes		667	720
Utilities		973	793
Repairs and maintenance		489	598
Auditors' remuneration	20.2	223	223
Charity and donation	20.3	39	61
Fees, subscription and periodicals		1,045	703
Others		422	1,053
		-----	-----
		40,713	37,928
		=====	=====

20.1 Salaries and benefits include provision for gratuity amounting Rs. 1.604 million. (1999-Rs. 0.360 million). The increase in current year provision is due to change of the basis from basic salary to gross salary.

20.2 Auditors' Remuneration

Statutory audit fee		165	150
Cost audit fee		35	60
Out of pocket		23	13
		-----	-----
		223	223
		=====	=====

21.3 None of the director or their spouse had any interest in the donation made by the Company.

21. SELLING AND DISTRIBUTION EXPENSES

Salaries, benefits and wages	21.1	8,145	6,972
Communication		2,033	2,190
Travelling and conveyance		599	455
Printing and stationery		247	240
Utilities		495	630
Vehicle running and maintenance		648	465
Repairs and maintenance		175	154
Depreciation		174	153
Fees, subscription and periodicals		19	20
Rents, rates and taxes		914	864

Advertisement	1,245	541
Entertainment	150	220
Insurance	276	276
Others	1,183	1,152
	-----	-----
	16,303	14,332
	=====	=====

22.1 Salaries and benefits include provision for gratuity amounting Rs. 1.411 million (1999: Rs. 0.095 million). The increase in current year provision is due to change of the basis from basic salary to gross salary.

22. OTHER INCOME

Interest income	104	--
Gain / (loss) on disposal of assets	36	(24)
Miscellaneous	71	372
	-----	-----
	211	348
	=====	=====

23. FINANCIAL CHARGES

Mark-up on - long term loans	107,446	122,287
- short term finance	26,325	33,904
Lease finance charges	23,616	48,953
Excise duty on borrowings - prior year	--	1,052
Interest on workers' profit participation fund	538	--
Bank charges and commission	3,254	4,090
	-----	-----
	161,179	210,286
	=====	=====

24. Taxation

Current

For the current year the taxable income of the Company as per Income Tax Law is worked out to be a taxable loss.

The company is contending for the allowability of the exemption on account of clause 118C of the Second Schedule to the Income Tax Ordinance 1979 due to which no turnover tax would be applicable on the Company. The Company has filed appeals of the preceding years before the Commissioner (Appeals) against the order of assessing officers disallowing such exemption. The Commissioner (Appeals) has remanded back the case to the assessing officer for examination of the issue. As a matter of prudence, the provision for turnover tax has been made in the current and prior years.

Deferred

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

25. EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per shares of the Company which is based on:-

Profit after tax (Rupees in thousand)	274,590	85,954
No of Ordinary shares (in thousand)	245,000	245,000
Earnings per share (Rupee)	1.12	0.35

26. REMUNERATION OF EXECUTIVES

Remuneration	18,365	15,717
House rent allowance	7,023	7,100
Utilities allowance	1,742	1,572
Conveyance allowance	1,505	1,508
	-----	-----
	28,635	25,897
	=====	=====
Number of persons	98	90
	=====	=====

No remuneration were paid to Chief Executive and / or Directors of the parent and subsidiary company. The Chief Executive has voluntarily decided not to accept any remuneration for the year ended June 30, 2000.

	<i>2000</i>	<i>1999</i>
27. PRODUCTION CAPACITY		
Holding Company	Metric tons	
Installed capacity (330 days)	1,320,000	1,320,000
Actual production - Clinker	819,180	682,032
Subsidiary Company	MWHS	
Installed capacity (330 days)		
Main generators	206,000	247,200
Standby generator	41,200	41,200
Actual production	106,940	99,449

Reason of short fall: Lack of demand

28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

Concentration of credit risk

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

Interest rate risk

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

Fair values of financial instruments

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

29. GENERAL

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

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

Total number of permanent employees at June 30, 2000: 602 (1999: 564).

Muhammad Yunus Tabba
Director

Abdul Razzak Tabba
Chief Executive

PATTERN OF SHAREHOLDINGS AS AT JUNE 30, 2000

<i>NUMBER OF SHARE HOLDERS</i>	<i>FROM</i>	<i>SHAREHOLDING</i>	<i>TO</i>	<i>TOTAL SHARES HELD</i>
483	1	--	100	48,300
19907	101	--	500	9,777,700
278	501	--	1000	233,600
291	1001	--	5000	839,300
138	5001	--	10000	1,250,800
22	10001	--	15000	289,300
31	15001	--	20000	576,000
19	20001	--	25000	460.90
6	25001	--	30000	172,000
6	30001	--	35000	196,600
1	35001	--	40000	40,000
2	40001	--	45000	85,600
4	45001	--	50000	196,600
1	50001	--	55000	51,100
2	55001	--	60000	114,500
2	65001	--	70000	139,000
4	70001	--	75000	300,000
5	75001	--	80000	391,200
1	80001	--	85000	80,900
1	85001	--	90000	90,000
4	90001	--	100000	397,000
1	110001	--	115000	114,900
1	120001	--	125000	125,000
1	145001	--	150000	150,000

1	170001	--	175000	170,900
3	195001	--	200000	600.00
1	205001	--	210000	208.10
1	215001	--	220000	217,000
1	245001	--	250000	250,000
1	260001	--	265000	263,000
2	265001	--	270000	537,000
3	395001	--	400000	1,200,000
1	425001	--	430000	425,800
1	940001	--	945000	941,400
1	1340001	--	1345000	1,342,800
2	1345001	--	1350000	2,700,000
1	1505001	--	1510000	1,508,500
1	2270001	--	2275000	2,272,720
2	2495001	--	2500000	5,000,000
2	2545001	--	2550000	5,100,000
1	3000001	--	3005000	3,000,800
2	3045001	--	3050000	6,100,000
1	4495001	--	4500000	4,500,000
2	4995001	--	5000000	10,000,000
1	6305001	--	6310000	6,310,000
1	6695001	--	6700000	6,700,000
1	8330001	--	8335000	8,333,350
1	18355001	--	18360000	18,356,400
2	21210001	--	21215000	42,424,240
1	42420001	--	42425000	42,424,240
1	57990001	--	57995000	57,993,450
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21249			245,000,000	
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<i>S. No.</i>	<i>CATEGORIES OF SHAREHOLDERS</i>	<i>NUMBER OF SHARE HOLDERS</i>	<i>TOTAL SHARS HELD</i>	<i>PERCENTAGE</i>
1.	Individuals	21,195	68,369,770	27.91
2.	Investment Companies	19	89,452,280	36.51
3.	Insurance Companies	3	1,424,200	0.58
4.	Joint Stock Companies	16	8,264,600	3.37
5.	Financial Institutions	7	18,758,000	7.66
6.	Modaraba Companies	5	196,900	0.08
7.	Others	3	540,800	0.22
8.	Central Depository Co.	1	57,993,450	23.67
Total		-----	-----	-----
		21,249	245,000,000	100.00