Maple Leaf Cement Factory Limited
Annual Report 2001

Contents

COMPANY INFORMATION

Board of Directors
Mr. Tariq Sayeed Saigol
Chairman/Chief Executive

Mr. Aamir Fayyaz Sheikh

Mr. Sayeed Tariq Saigol
Mr. Waleed Tariq Saigol
Mr. Zamiruddin Azar
Rana Muhammad Hanif
Mr. Muhammad Riyaz Husain Bokhari
(Representing FLS & IFU, Denmark)
Mr. Mahmood Ahmed
(Representing Crescent Investment Bank Ltd.)

Company Secretary
Mr. Mohammad Sharif

Bankers of the Company
Muslim Commercial Bank Limited
The Bank of Punjab
Allied Bank of Pakistan Limited
Soneri Bank Limited
Habib Bank Limited
PICIC Commercial Bank Limited

Auditors
Ford, Rhodes, Robson, Morrow
Chartered Accountants

Legal Advisors

1. Cornelius Lane and Mufti
Advocates & Solicitors,
Lahore.
2. Mr. Nomaan Akram Raja
Barrister-At-Law
Raja Mohammad Akram & Co.
Advocates and Legal Consultants,
Lahore.

Registered Office
42-Lawrence Road, Lahore.
Phone: (042) 6278904-5
Fax: (042) 6363184
E-mail: mlcfl@kmlg.com

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

United Bank Limited
National Bank of Pakistan

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 41st Annual General Meeting of the members of Maple Leaf Cement Factory Limited will be held at its Registered Office, 42-Lawrence Road, Lahore on Wednesday, 26th December, 2001 at 10:30 A.M. to transact the following business:

1) To confirm the minutes of last General Meeting.

2) To receive and adopt Audited Accounts of the Company for the year ended June 30, 2001 together with Auditors' and Directors' Reports thereon.

3) To elect seven directors of the company, as fixed by the Board of Directors, in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years commencing December 31, 2001 in place of the following retiring Directors.

1. Mr. Tariq Sayeed Saigol	2. Mr. Aamir Fayyaz Sheikh
3. Mr. Sayeed Tariq Saigol	4. Mr. Waleed Tariq Saigol
5. Mr. Zamiruddin Azar	6. Rana Muhammad Hanif
7. Mr. Mahmood Ahmed	8. Mr. Muhammad Riyaz Husain Bokhari
Representing Crescent Investment Bank Ltd.	Representing FLS & IFU, Denmark

Any person who seeks to contest an election to the office of Director shall file with the Company at its Registered Office, a notice of his intention to offer himself for election not later than 14 days before the date of the Annual General Meeting.

4) To appoint Auditors and fix their remuneration. The present auditors, M/s Ford, Rhodes, Robson, Morrow, Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

5) SPECIAL BUSINESS

To approve the remuneration of the Chief Executive and pass the following Resolution as Ordinary Resolution with or without amendment:-

"RESOLVED that a sum of Rs. 200,000/- (Rupees two hundred thousand only) be and is hereby approved towards monthly remuneration inclusive of house rent allowance of Chief Executive of the Company for the next term of his office commencing from 1st January, 2002. In addition to the above, a company maintained chauffeur driven car for official and private use, private security guards at his residence, hard and soft furniture, life insurance contribution, leave fare assistance, medical facilities and all other benefits incidental or relating to his office in accordance with the rules and policy of the company applicable to the Directors shall also be provided to him".

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

By order of the Board

(Mohammad Sharif)
Company Secretary

Lahore: December 03, 2001.

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

Shareholders' approval will be sought for the remuneration payable to the Chief Executive for the next term of his office commencing 1st January, 2002, in accordance with the terms and conditions of his service with the Company. The Authorised Capital of the Company is Rs. 2,377,646,750/- with subscribed and paid up capital of Rs. 1,804,913,240/-. The production facilities are located at Iskanderabad, Distt: Mianwali, and annual gross sales revenue is Rs. 3,815 million for the year ended June 30, 2001.

Notes:

1. Share Transfer Books of the Company will remain closed from 14th December, 2001 to 26th December, 2001 (both days inclusive). Transfers received in order at Company's Shares Department, 42-Lawrence Road, Lahore, upto close of business on 13th December, 2001 will be considered in time.

2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must receive at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

3. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their National Identity Cards / Passport in original alongwith Participants' ID Numbers and their Account Numbers to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her NIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. Shareholders are requested to immediately notify the change in address, if any.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your directors are pleased to present their annual report alongwith the audited accounts and auditors' report for the financial year ended June 30, 2001.

Production & Sales
The production and sales for the year under review are given as under:

	Grey		***White***	
	Clinker	***Cement***	***Clinker***	***Cement***
Production (M. Tonnes)				

2001	878,185	897,688	36,180	37,841
2000	993,634	1,022,717	37,720	39,340
Sales (M. Tonnes)				
2001	--	906,757	--	37,892
2000	--	1,009,501	--	39,497

Financial Results

The company incurred pre-tax loss of Rs. 269.180 million during the year ended June 30, 2001 after charging depreciation amounting to Rs. 377.49 million and financial charges of Rs. 482.67 million. During the period under review, the loss was mainly due to low selling price owing to un-fair competition unleashed by sales tax exempt units. The imposition of 15% sales tax from 5th September, 2000 created regional disparity with three cement manufacturers in NWFP enjoying exemption with increased margins to enable them to reduce their price. The demand growth remained stagnant and capacity utilization of the company decreased to a pathetic figure of 59% during the year. The continuous upward revision in furnace oil prices increased production cost while the net selling price registered declining trend during the year ended June 30, 2001.

The financial results for the year ended June 30, 2001 are as under:

	(Rs. in thousand)
Loss before taxation	(269,180)
Provision for taxation	(15,236)

Loss after taxation	(284,416)
Un-appropriated loss brought forward	(209,566)
Transfer from general reserve	131,322

Loss carried forward	(362,660)
	==========

There being negative Earning Per Share and pre tax loss of Rs. 269.18 million during the year ended 30th June, 2001, no dividend or bonus shares have been recommended.

Future Prospects

The management being conscious of cost reduction is working on the following projects:

a) Work on substitution of furnace oil with coal is in progress and shall be completed during the current financial year. On completion of the project, we will be able to replace 70% of furnace oil with coal.

b) Consultants have been appointed to examine the feasibility to convert existing wet process white cement kilns into fuel efficient semi wet process. If found viable, implementation shall be started during the current financial year.

c) The management is also considering to convert one wet process grey cement kiln to dry process white cement to meet the increasing demand. Plans are also under consideration to explore the markets for special cements to increase sales revenue.

The rescheduling/restructuring of IFC long term loan has been approved by IFC Board of Directors and the payments are being made according to the proposed revised schedule. Documentation for rescheduling is at an advanced stage. On completion, over due principal installments will stand deferred and excluded from current liabilities. This will give relief to the company on its debts servicing obligations.

The input and output taxation on cement are exorbitant as compared to other countries in the region. To increase capacity utilization and give a boost to the construction industry, it is necessary that government reduces the taxes on cement which will result in demand growth, thereby causing no loss to the exchequer.

The infra-structure development projects announced by the government are expected to encourage economic activity and cement demand will increase in the coming years when these projects start physical progress. On the basis of increase in demand with price stability and reduction in fuel cost, the management expects better results in the coming years.

Board of Directors
Under the provisions of Companies Ordinance,1984, the three years term of office of present Directors expires on 31st December, 2001. The agenda for Annual General Meeting includes election and appointment of directors for further period of three years.

Merger of Maple Leaf Electric Company Ltd with the Company
The merger of power project undertaken as a measure for consolidating the activities and thereby effecting economies for the benefit of the company and ultimately for the shareholders, has been completed. The Scheme of Arrangement for merger of Part-1 of Maple Leaf Electric Company Ltd comprising the assets and related liabilities of power project installed at the premises of Maple Leaf Cement Factory Limited, Iskanderabad was approved by the Honourable Lahore High Court. The shareholders of Maple Leaf Electric Company Ltd have been allotted during the year, 25,844,000 fully paid ordinary shares of Rs. 10/- each of the Company @ 0.497 (49.7%) ordinary shares for every one ordinary share of Rs. 10/- each held in Maple Leaf Electric Company Limited and the accounts for the year under report show the position after merger.

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

Share Capital & Pattern of Shareholding
As a part of IFC proposal for restructuring, 18.75% right offer, 24,418,000 shares of Rs. 10/- each at 20% discount i.e. @ Rs. 8/- per share were subscribed / taken up by the underwriters and right issue stands subscribed and allotted in full during the year under report.

The Authorised Capital of the company increased to Rs. 2,377,646,750/- (237,764,675 ordinary shares of Rs.10/- each) and Paid up Capital to Rs. 1,804,913,240/- (180,491,324 ordinary shares of Rs. 10/- each) due to right issue and merger of Part-1 of Maple Leaf Electric Company Ltd. The Shareholding Pattern of the company as on June 30, 2001 is included in the Annual Report.

Labour Management Relationship
The Board wishes to place on record its appreciation for the efforts and services rendered by the officers and workers who worked as a team throughout the year. It is expected that the same cooperation would be

forthcoming in future years.

For and on behalf of the Board

(Tariq Sayyed Saigol)
Chairman/Chief Executive

Lahore: November 19, 2001

FIVE YEARS SUMMARY

	2000-2001	*1999-2000*	*1998-99*	*1997-98*	*1996-97*
Quantitative Data (M. Tonnes)					
Grey Cement:					
Production	897,688	1,022,717	893,975	551,473	471,070
Sales	906,757	1,009,501	900,243	545,318	474,415
White Cement:					
Production	37,841	39,340	35,883	32,700	33,412
Sales	37,892	39,497	36,752	32,758	33,405
Sales (Rs. 000)					
Gross sales	3,815,068	4,353,526	3,577,219	1,630,218	1,911,471
Less: Excise duty	1,014,771	1,468,599	1,455,355	676,269	604,718
Sales tax	403,408	--	--	--	277,944
Rebate	45,551	85,816	86,409	28,303	15,090
Net sales	2,351,338	2,799,111	2,035,455	925,846	1,013,719
Profitability (Rs. 000)					
Gross Profit/(Loss)	284,067	451,465	(58,158)	(67,312)	52,081
Profit/(Loss) before tax	(269,180)	(70,226)	(578,976)	(368,517)	40,041
Provision for income tax	(15,236)	71,844	(11,157)	(4,770)	(12,200)
Profit/(Loss) after tax	(284,416)	1,618	(590,133)	(373,287)	27,841
Financial Position (Rs. 000)					
Tangible fixed assets-net	5,952,631	5,511,852	6,099,791	6,349,668	5,966,034
Investment & other assets	31,474	56,680	20,066	21,248	364,466
	5,984,105	5,568,532	6,119,857	6,370,916	6,330,500
Current assets	949,934	963,225	798,888	852,693	844,219
Current liabilities	(2,147,769)	(1,768,537)	(1,702,401)	(1,216,183)	(554,900)

Net working capital	(1,197,835)	(805,312)	(903,513)	(363,490)	289,319
Capital employed	4,786,270	4,763,220	5,216,344	6,007,426	6,619,819
Less Long term loan & other liab.	(1,883,594)	(2,169,581)	(2,676,399)	(2,877,348)	(3,116,454)
Share holders Equity	2,902,676	2,593,639	2,539,945	3,130,078	3,503,365
Represented By':					
Share capital	1,804,913	1,302,293	1,302,293	1,302,293	1,302,293
Share deposit money	--	52,076	--	--	--
Reserves & un-app. profit	1,097,763	1,239,270	1,237,652	1,827,785	2,201,072
	2,902,676	2,593,639	2,539,945	3,130,078	3,503,365
Ratios:					
Gross Profit/(Loss) to sales (%age	12.08	16.13	(2.86)	(7.27)	5.14
Net Profit/(Loss) to sales (%age)	(12.10)	0.06	(28.99)	(40.33)	2.75
Debt equity ratio	39:61	45:55	49:51	47:53	45:55
Current ratio	0.44	0.54	0.47	0.69	1.52
Break up value per share of Rs. 10	16.08	19.92	19.50	24.04	26.90

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Maple Leaf Cement Factory Limited as at June 30, 2001 and the related profit and loss account, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

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

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

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2001 and of the Loss, its cash flow and changes in equity for the year then ended; and

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

Ford, Rhodes, Robson, Morrow
Chartered Accountants

Lahore: November 19, 2001

BALANCE SHEET AS AT JUNE 30, 2001

	Note	*2001*	*2000*
		(Rupees in thousand)	
Share Capital and Reserves			
Authorised capital			
237,764,675 (2000: 200,000,000) ordinary			
shares of Rs. 10/- each		2,377,647	2,000,000
		==========	==========
Issued, subscribed and paid up capital			
180,491,324 (2000: 130,229,324) ordinary			
shares of Rs. 10/- each	3	1,804,913	1,302,293
Share deposit money		--	52,076
Reserves	4	1,460,423	1,448,836
Accumulated loss		(362,660)	(209,566)
		------------------	------------------
		2,902,676	2,593,639
Long Term Loans	5	1,869,027	2,154,015

Other Liabilities	6	6,053	5,726
Long Term Deposits	7	8,514	9,840
Current Liabilities			
Current portion of long term liabilities	8	1,378,425	848,938
Shod term running finance	9	99,926	162,462
Creditors, accrued and other liabilities	10	622,253	709,784
Provision for taxation		47,165	47,353
		------------------	------------------
		2,147,769	1,768,537
Contingencies and Commitments	11		
		------------------	------------------
		6,934,039	6,531,757
		==========	==========

The annexed notes form an integral pad of these accounts.

Tariq Sayeed Saigol
Chief Executive

Tangible Fixed Assets			
Operating assets	12	5,950,373	5,511,612
Capital work in progress	13	2,258	240
		------------------	------------------
		5,952,631	5,511,852
Long Term Investments	14	5,000	5,000
Long Term Loans, Deposits and Deferred Costs	15	26,474	51,680
Current Assets			
Stores, spares and loose tools	16	508,797	427,115
Stock-in-trade	17	166,418	155,552
Trade debts	18	102,835	98,112
Loans, advances, deposits, prepayments and other receivables	19	86,001	116,751
Shod term investments	20	1,728	2,659
Cash and bank balances	21	84,155	163,036
		------------------	------------------
		949,934	963,225
		------------------	------------------
		6,934,039	6,531,757
		==========	==========

Aamir Fayyaz Sheikh
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2001

	Note	*2001*	*2000*
		(Rupees in thousand)	
Sales	22	2,351,338	2,799,111
Cost of goods sold	23	2,067,271	2,347,646
		------------------	------------------
Gross Profit		284,067	451,465
Selling, administrative and general expenses	24	86,107	72,245
		------------------	------------------
Operating Profit		197,960	379,220
Other income	25	15,529	17,751
		------------------	------------------
		213,489	396,971
Financial charges	26	482,669	467,197
		------------------	------------------
Loss Before Taxation		(269,180)	(70,226)
Taxation	27	(15,236)	71,844
		------------------	------------------
(Loss) / Profit After Taxation		(284,416)	1,618
Unappropriated loss brought forward		(209,566)	(960,848)
		------------------	------------------
		(493,982)	(959,230)
Appropriation			
Transfer from general reserve		131,322	749,664
		------------------	------------------
Loss Carried Forward		(362,660)	(209,566)
		==========	==========
Earnings Per Sham (Rs.)	30	(1.62)	0.01
		==========	==========

The annexed notes form an integral part of these accounts.

Tariq Sayeed Saigol	**Aamir Fayyaz Sheikh**
Chief Executive	**Director**

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2001

	Note	*2001*	*2000*
		(Rupees in thousand)	

Cash Flows From Operating Activities			
Cash generated from operations	A	(49,931)	500,008
Payments for:			
Earned leave		(2,047)	(3,049)
Taxes		(15,425)	18,583
Long term deposits (net)		(1,326)	(1,051)
Duties and levies		--	(229,328)
		------------------	------------------
Net Cash (Outflow) Inflow From Operating Activities		(68,729)	285,163
Cash Flows From Investing Activities			
Fixed assets purchased		(9,581)	(45,104)
Capital work in progress		(2,018)	(67)
Long term loans and deposits (net)		2,428	(3,061)
Sale proceeds of fixed assets		1,163	2,319
		------------------	------------------
Net Cash Outflow From Investing Activities		(8,008)	(45,913)
Cash Flows From Financing Activities			
Right issue		143,268	52,076
Long term loans less repayments		(145,242)	(290,222)
Repayment of liability under finance lease		(290)	(706)
Golden handshake		--	(56,404)
		------------------	------------------
Net Cash Outflow From Financing Activities		(2,264)	(295,256)
		------------------	------------------
Net Decrease in Cash and Cash Equivalents		(79,001)	(56,006)
Cash and Cash Equivalents at beginning of the Yea	B	163,156	219,042
		------------------	------------------
Cash and Cash Equivalents at end of the Year	B	84,155	163,036
		==========	==========

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2001

	2001	***2000***
	(Rupees in thousand)	
A. Cash Flows From Operating Activities		
Loss before taxation	(269,180)	(70,226)
Add/(less) adjustment for non cash charges and other items		
Depreciation	377,488	644,411

Provision for earned leave	1,884	2,289
Profit on sale of fixed assets	(3,718)	(620)
Amortisation of deferred costs	22,778	22,851
Provision/(Write back) for diminution in shod term investment	931	(1,263)
	------------------	------------------
Cash Before Working Capital Changes	130,183	597,442
Movement in Working Capital		
(increase) / decrease in current assets		
Stores, spares and loose tools	(39,058)	(60,591)
Stock in trade	(10,866)	(70,843)
Trade debts	(4,723)	(38,692)
Loans, advances, deposit, prepayments and other receivables (net)	47,189	(48,954)
	------------------	------------------
	(7,458)	(219,080)
(Decrease) / Increase in short term running finance	(125,686)	36,273
(Decrease) / Increase in creditors, accrued and other liabilities (net)	(46,970)	85,373
	------------------	------------------
Cash Generated From Operations	(49,931)	500,008
	==========	==========

B. Cash and Cash Equivalents

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

Tariq Sayeed Saigol
Chief Executive

Aamir Fayyaz Sheikh
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2001

	Share Capital	*General Reserve*	*Capital Reserve*	*Share deposit money*	*Accumulated Profit / (Loss)*	*Total*
			(Rupees in thousand)			
Balance as at June 30, 1999	1,302,293	749,664	1,448,836	--	(960,848)	2,539,945
Net profit for the year	--	--	--	--	1,618	1,618
Share deposit money	--	--	--	52,076	--	52,076
Transfer from general reserve	--	(749,664)	--	--	749,664	--
	------------------	------------------	------------------	------------------	------------------	------------------
Balance as at June 30, 2000	1,302,293	--	1,448,836	52,076	(209,566)	2,593,639
Net loss for the year	--	--	--	--	(284,416)	(284,416)

Share deposit money	--	--	--	143,268	--	143,268
Right Shares issued	244,180	--	(48,836)	(195,344)	--	--
Share issued on merger	258,440	--	--	--	--	258,440
Acquired on merger	--	131,322	60,423	--	--	191,745
Transfer from general reserve	--	(131,322)	--	--	131,322	--
	------------------	------------------	------------------	------------------	------------------	------------------
Balance as at June 30, 2001	1,804,913	--	1,460,423	--	(362,660)	2,902,676
	==========	==========	==========	==========	==========	==========

Tariq Sayeed Saigol
Chief Executive

Aamir Fayyaz Sheikh
Director

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2001

1. The Company and Nature of Business

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

Assets, liabilities and reserves relating to project of Maple Leaf Electric Company Limited, situated at Iskanderabad, have been merged with Maple Leaf Cement Factory Limited with effect from July 01,2000 in accordance with the scheme of arrangement approved by the Honourable Lahore High Court. Figures of year 2000 represent the results of Maple Leaf Cement Factory Limited only prior to merger. According to the scheme of arrangement, members of Maple Leaf Electric Company Limited have received 497 ordinary shares of Maple Leaf Cement Factory Limited for every 1000 shares held in Maple Leaf Electric Company Limited.

The company's current liabilities exceeded current assets by Rs. 1,197.835 million (2000: Rs. 805.312 million) which is due to the current portion of principal repayments of loans from International Finance Corporation (IFC).

The Board of IFC approved the restructuring of its both loans in the financial year ended June 30, 2000, but the formal agreement for this has not been signed so for due to the compliance of procedural requirements of IFC documentation. According to the proposed repayment schedule for restructuring, the company has made payment of US$ 1.094 million equivalent to Pak Rs. 47.183 million during the year and further US$ 5.0 million equivalent to Pak Rs. 320 million will be repaid during the financial year 2002, out of which the company has to finance US$ 2.188 million from its own sources whilst the remaining balance would be raised from commercial bank, with the backing of IFC guarantee. As a result of the restructuring, the current portion and overdue installments of IFC Loans amounting to Rs. 1,149.663 million would stand deferred and excluded from current liabilities.

With the additional equity injection, merger of Maple Leaf Electric with the company, use of coal with furnace oil and debt rescheduling in place, the management considers that the company is now in the position to come out of crisis and would be able to meet its debt servicing requirements.

2. Summary of Significant Accounting Policies

2.1 Accounting convention

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

2.2 Taxation

Current

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

Deferred

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

2.3 Retirement benefits

Gratuity fund

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

Provident fund

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

2.4 Provision for earned leave

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

2.5 Tangible fixed assets

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

Transactions relating to jointly owned assets with Pak American Fertilizers Limited (PAFL) as stated in note 12.6 are recorded on the basis of advices received from housing colony.

Depreciation is calculated at the rates specified in note 12 on reducing balance method except the straight line method which is used for the plant & machinery and building relating to dry process plant.

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

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

2.6 Assets subject to finance lease

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

Assets acquired under finance leases are amortised over the useful life of the assets on a reducing balance method at the rates given in note 12.

2.7 Long term investments

These are stated at average cost.

2.8 Short term investments

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

2.9 Deferred costs

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

2.10 Stores, spares and loose tools

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

2.11 Stock in trade

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

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

2.12 Foreign currencies

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

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

2.13 Mark up, interest and other charges

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

2.14 Revenue recognition

Revenue from sale is recognised on dispatch of goods to customers. Dividend income is recognised on right to receive basis whereas return on deposits is accounted for on a time proportion basis.

	2001	2000
	(Rupees in thousand)	
3. Issued, Subscribed and Paid up Capital		
125,661,523 (2000: 101,243,523) ordinary shares of Rs. 10 each fully paid in cash	1,256,615	1,012,435
35,834,100 (2000: 9,990,100) ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	358,341	99,901
18,995,701 (2000: 18,995,701) ordinary shares of Rs. 10 each issued as fully paid bonus shares	189,957	189,957
	1,804,913	1,302,293
4. Reserves		
Capital		
Beginning of the year	1,448,836	1,448,836
Shares issued at discount	(48,836)	--
Acquired upon merger	60,423	--
	1,460,423	1,448,836
Revenue		
General reserve		
At the beginning of the year	--	749,664
Acquired upon merger	131,322	--
	131,322	749,664
Transfer to appropriation account	(131,322)	(749,664)
	1,460,423	1,448,836

5. Long Term Loans. Secured

Loan	Lender	Currency	Foreign Currency		Pak Rupees	
			2001	2000	2001	2000

(...............In thousand............)

1.	Economic Affairs Division (Govt. of Pakistan) Danish Credit	PKR	--	--	6,547	8,418
2.	International Finance Corporation (USA)					
	a) Loan "A"	US$	27,656	28,125	855,255	869,751
	b) Loan "B"	US$	31,875	32,500	2,052,750	1,699,750
3.	Muslim Commercial Bank	PKR	--	--	217,900	229,900
4.	The Bank of Punjab	PKR	--	--	115,000	195,000
			59,531	60,625	3,247,452	3,002,819
	Less: Current portion shown under current liabilities (Note: 8)				(1,378,425)	(848,804)
					1,869,027	2,154,015

Terms of repayments

The loan 1 was originally payable in foreign currency but as per Government decision, the outstanding loan balance as at April 21, 1987 was converted into Pak Rupees at the exchange rates prevailing at that date. The balance of loan is repayable in seven equal half yearly installments by October 01, 2004 and interest is payable half yearly.

The loan 2 (a) is covered under, State Bank of Pakistan risk coverage scheme and converted at the various exchange rates prevailing on the dates of opening of letters of credit. The exchange risk fee is payable @ 6.66% per annum. The loan is payable in sixteen equal half yearly installments commencing from January 15, 1999 and carries mark-up @ 9.85% per annum.

The loan 2 (b) is converted at the exchange rate prevailing on the balance sheet date, the loan is repayable in fourteen equal half yearly installments from January 15, 1999 and carries mark-up @ 9.70% per annum.

The loan 3, is payable in twelve equal half yearly installments by January 2007. The loan carries mark-up at the rate 15% per annum.

The Loan 4 is repayable in three half yearly installments by October, 2002 and carries mark-up at the rate of 46 paisa per thousand per day.

Security

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

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

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

		2001	***2000***
		(Rupees in thousand)	
6. Other Liabilities			
Vacation benefits		6,053	5,726
		------------------	------------------
		6,053	5,726
		==========	==========

These represent balance of provision made against un-availed leaves of employees payable on their retirement / resignation / termination. The balance includes Rs. 2,130 thousand (2000: Rs. 2,074 thousand) being provision made during the year for executives.

7. Long Term Deposits

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

8. Current Portion of Long Term Liabilities			
Long term loans	5	1,378,425	848,804
Liabilities against assets subject to finance lease		--	134
		------------------	------------------
		1,378,425	848,938
		==========	==========

9. Short Term Running Finance - Secured			
Commercial banks	9.1	99,926	99,462
Non-banking financial institutions		--	63,000
		------------------	------------------
		99,926	162,462
		==========	==========

9.1 Aggregate facility available under the mark-up arrangements from commercial banks is Rs. 100,000 thousand (2000: Rs. 100,000 thousand). The rate of mark-up is 18.98% per annum. The facility is secured by hypothecation of current assets amounting to Rs. 131,625 thousand (2000: Rs. 131,625 thousand). All the charges rank pari passu with each other.

10. Creditors, Accrued and Other Liabilities			
Creditors		190,919	182,880
Accrued liabilities		63,276	214,172

Advances from customers	13,763	17,022
Custom duties payable	836	836
Security deposits- interest free, repayable on demand	19,159	19,692
Contractors retention money	4,408	4,552
Interest accrued on secured loans	239,206	181,131
Exchange risk fee payable (Net)	51,513	76,515
Sales tax and electricity duty payable	27,829	--
Royalty and excise duty payable	8,371	8,684
Other payables	2,973	4,300
	------------------	------------------
	622,253	709,784
	==========	==========

11. Contingencies and Commitments

11.1 Contingencies

(i) Claims against the company not acknowledged as debt Rs. 3,874 thousand (2000: Rs. 3,956 thousand).

(ii) Pending decision of various appeals in the Lahore High Court, Supreme Court of Pakistan and Custom, Excise and Sales Tax Appellate Tribunal, Lahore regarding sales tax payable from accounting year 1989 to 1993. There is an approximate liability of Rs. 4,574 thousand (2000: Rs. 16,152 thousand) for disputed amount of sales tax.

(iii) The company has filed various writ petitions with the Lahore High Court against imposition of custom duty, regulatory duty and sales tax amounting to Rs. 321,987 thousand (2000: Rs. 321,987 thousand). The petitions are pending adjudication.

(iv) Guarantees given to the Collector, Central Excise and Sales Tax, Customs, Sindh Development and Maintenance, Karachi and Sui Northern Gas Pipelines Limited amounting to Rs. 19,696 thousand (2000: Rs. 19,596 thousand) and Rs. 16,500 thousand (2000: Rs. 16,500 thousand) respectively.

11.2 Commitments
Commitment against irrevocable letters of credit outstanding as on June 30, 2001 Rs. 45,584 thousand (2000: Rs. 20,426 thousand).

12. Operating Fixed Assets
The following is a statement of operating fixed assets

	Cost as at June 30, 2000	***Acquisition on merger***	***Additions/ (deletions)***	***Cost as at June 30, 2001***	***Accumulated depreciation***	***Book value as at June 30, 2001***	***Depreciation Charge for the year***	***Depreciation Rate %***
				(Rupees in thousand)				
Fixed Assets-Owned								

Land-Freehold	42,144	--	--	42,144	--	42,144	--	--
Buildings on freehold land	737,345	47,713	1,152	786,210	268,766	517,444	28,589	5-10
Roads, bridges and railway sidings	71,766	--	126	71,892	25,750	46,142	5,040	5-10
Plant and machinery	6,722,579	540,878	394,858	7,650,905	2,360,758	5,290,147	331,085	5-20
			(7,410)					
Furniture, fixtures and equipment	37,728	1,606	787	40,036	27,035	13,001	2,541	10-15
			(85)					
Quarry equipment	130,404	--	--	130,404	105,187	25,217	6,304	20
Vehicles (Note: 12.4)	38,014	1,391	7,917	44,768	29,507	15,261	3,816	20
			(2,554)					
Share of joint assets (Note: 12.6)	3,598	--	--	3,598	2,581	1,017	113	5-10
	7,783,578	591,588	404,840	8,769,957	2,819,584	5,950,373	377,488	
			(10,049)					
Fixed Assets-Subject to Finance Lease								
Vehicles	801	--	(801)	--	--	--	--	20
	801	--	(801)	--	--	--	--	
	7,784,379	591,588	404,840	8,769,957	2,819,584	5,950,373	377,488	
			(10,850)					
2000	7,730,870	--	6,418	7,784,379	2,272,767	5,511,612	644,411	
			(12,909)					

12.1 The economic lives of plant & machinery and building relating to the dry process plant has been revised by the technical committee of the company on the recommendation of the manufacturer. As at result of that the depreciation rate has been reduced from 10% to 5% effective from July 01, 2000 alongwith the change of method explained in note 2.5. Had the depreciation rate remained unchanged, the depreciation charge for the year would have been higher by Rs. 282.751 million.

12.2 Addition to plant and machinery includes exchange loss amounting to Rs. 389,875 thousand (2000; Rs. 13,000 thousand).

12.3 The company has given on lease, land measuring 6 kanals and 18 marlas, to Sui Northern Gas Pipelines Limited in 1991 for a period of 10 years at an annual rent of Rs. 2 thousand.

12.4 Additions include vehicles costing Rs. 801 thousand having accumulated depreciation of Rs. 391 thousand transferred from assets subject to finance lease to owned assets.

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

	Note	2001	2000
		(Rupees in thousand)	

Cost of sales	23	374,081	642,030
Administrative and general expenses	24	3,294	2,255
Other manufacturing expenses		113	126
		------------------	------------------
		377,488	644,411
		==========	==========

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

The cost of these assets are as follows:

Buildings	2,138	2,138
Roads and bridge	202	202
Air strip	16	16
Plant and machinery	257	257
Furniture, fixtures and equipment	824	824
Vehicles	161	161
	------------------	------------------
	3,598	3,598
	==========	==========

12.7 Disposal of operating fixed assets

Particulars of assets	*Cost*	*Accumulated Depreciation*	*Book Value*	*Sale proceeds*	*Mode of disposal*	*Sold to*
		(Rupees in thousand)				
Furniture & Fixtures						
Refrigerator (PEL)	17	13	4	9	Tender	Malik Rab Nawaz
Television (PEL)	15	11	4	7	Tender	Mr. Ghulam Abbas
Television (PEL)	15	11	4	7	Tender	Mr. Adil Shah
Television (PEL)	14	11	3	6	Tender	Mr. Shabbir Shah
Television (PEL)	14	11	3	6	Tender	Ch. Mohammad Ramzan
Receiver set	5	4	1	1	Tender	Malik Hafeez-Ullah
Receiver set	5	4	1	1	Tender	Mr. Abdul Ghafoor
Vehicles						
Suzuki Van LHZ-4982	125	114	11	11	As per Co.'s Policy	Mr. Ilyas Khan, Lahore
Suzuki Car LOB-7957	225	178	47	47	As per Co.'s Policy	Mr. Kaukab Javaid, Lahore
Suzuki Car MIA-4317	210	175	35	89	Negotiation	Mr. Saeedullah Shah, Iskanderabad
Suzuki Car MIA-4117	225	187	38	146	Negotiation	Mr. Ghulam Abbas, Iskanderabad
Suzuki Car LOD-9541	323	288	35	200	Negotiation	Mr. Safdar Khattak, Iskanderabad

Toyota Corolla LOR-7512	598	473	125	385	Negotiation	Mr. Fazal-ur-Rehman, Iskanderabad
Suzuki Khyber LHZ-5443	195	178	17	101	Tender	Dr. Asif Mughal, Iskanderabad
Toyota Corolla LOV-6582	653	506	147	147	As per Co.'s Policy	Mr. Zakir Mohammad, Lahore
	------------------	------------------	------------------	------------------		
	2,639	2,164	475	1,163		
	==========	==========	==========	==========		

		2001	2000
		(Rupees in thousand)	
13. Capital Work in Progress			
Civil works		2,258	240
		==========	==========
14. Long Term Investments			
In associated companies			
Unquoted			
Security General Insurance Company Ltd. 500,000 (2000: 500,000) fully paid ordinary shares of Rs. 10 each		5,000	5,000
		==========	==========

Break-up Value of investment in Security General Insurance Company Limited based on the last available audited accounts for the year ended December 31, 2000 (2000: December 31, 1999) is Rs. 6,339 thousand (2000: Rs. 6,085 thousand).

15. Long Term Loans, Deposits and Deferred Costs			
Long term loans- considered good			
Employees	15.1	5,641	8,067
Security deposits		2,032	2,034
Deferred costs	15.2	18,801	41,579
		------------------	------------------
		26,474	51,680
		==========	==========

15.1 Loans to employees- secured

			2001	*2000*
			(Rupees in thousand)	
	Executive	***Others***		
House building	842	3,695	4,537	5,914
Vehicle	90	3,760	3,850	5,358
Others	22	320	342	283
	------------------	------------------	------------------	------------------
	954	7,775	8,729	11,555

Less: Current portion shown under current assets (Note: 19)	(340)	(2,748)	(3,088)	(3,488)
	614	5,027	5,641	8,067

The above balances are classified as under:-

Outstanding				
Exceeding three years	247	796	1,043	1,690
Others	367	4,231	4,598	6,377
	614	5,027	5,641	8,067

Rate of interest

House building loans	4-12%	5%
Vehicle loans	4-12%	5%

Number of monthly Installments

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

Security

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

15.1.1 The maximum aggregate amount due from executives at the end of any month during the year was Rs. 1,149 thousand (2000: Rs. 1,346 thousand).

	Note	*2001*	*2000*
		(Rupees in thousand)	
15.2 Deferred Costs			
Share issue expenses		--	8,026
Golden handshake		41,579	56,404
		41,579	64,430
Less: Amortisation	24	(22,778)	(22,851)
		18,801	41,579

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

16. Stores, Spares and Loose Tools

Stores		143,033	118,914

Spares including in transit Rs. 5,716 thousand (2000: Rs. 10,909 thousand)		369,671	313,754
Loose tools		6,093	4,447
		------------------	------------------
		518,797	437,115
Less: Provision for obsolescence		(10,000)	(10,000)
		------------------	------------------
		508,797	427,115
		==========	==========

17. Stock-in-trade

Raw materials		6,303	6,696
Packing materials		9,987	14,273
Work-in-process		122,699	89,229
Finished goods		27,429	45,354
		------------------	------------------
		166,418	155,552
		==========	==========

18. Trade Debts - Considered Good

These are unsecured but considered good.

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

Current portion of long term loans			
Employees	15.1	3,088	3,488
Advances - considered good			
Employees	19.1	2,881	2,756
Suppliers		13,460	48,438
Associated companies	19.2	--	358
Due from gratuity fund trust		21,992	20,840
Prepayments		56	1,999
Excise duty		6,667	7,438
Interest receivable		2,254	2,269
Other receivables		35,603	29,165
		------------------	------------------
		86,001	116,751
		==========	==========

19.1 Included in advances to employees are amounts due from executives Rs. 349 thousand (2000: 142 thousand). The maximum aggregate amount due from executives at the end of any month during the year was Rs. 583 thousand (2000: Rs. 167 thousand).

19.2 The maximum aggregate amount due from associated companies at the end of any month during the year was Rs. Nil thousand (2000: Rs. 5,479 thousand).

20. Short Term Investments

Quoted

Fidelity Investment Bank Limited 664,738 (2000: 664,738) fully paid ordinary shares of Rs. 10 each		7,120	7,120
		7,120	7,120
Less: Provision for diminution in value of investments		(5,392)	(4,461)
		1,728	2,659

Market value of quoted investments is Rs. 1,728 thousand (2000: Rs. 2,659 thousand).

21. Cash and Bank Balances

The balances were held:

At banks		
On deposit accounts	5,054	45,035
On profit and loss sharing accounts	58,346	76,444
On current accounts	20,658	41,527
	84,058	163,006
In hand	97	30
	84,155	163,036

Included in deposit accounts is a sum of Rs. 2,054 thousand (2000: Rs. 2,034 thousand) held by Allied Bank of Pakistan Limited as margin against guarantees issued by the bank to secure long term local currency loans referred in Note 5.

22. Sales

Gross sales	3,815,068	4,353,526
Less: Excise duty	1,014,771	1,468,599
Sales tax	403,408	--
Commission	45,551	85,816
	1,463,730	1,554,415
	2,351,338	2,799,111

23. Cost of Goods Sold

Raw materials consumed	23.1	77,761	94,458
Packing material consumed		201,134	253,541
Fuel and power		1,130,409	1,157,264
Stores and spares consumed		78,548	80,435
Salaries, wages and amenities		120,592	103,198

Insurance		24,231	19,459
Repairs and maintenance		38,255	18,722
Depreciation	12.5	374,081	642,030
Other expenses		37,805	44,608
		------------------	------------------
		2,082,816	2,413,715
Work-in-process			
Opening inventory		89,229	48,560
Closing inventory		(122,699)	(89,229)
		------------------	------------------
		(33,470)	(40,669)
		------------------	------------------
Cost of goods manufactured		2,049,346	2,373,046
Finished goods			
Opening inventory		45,354	19,954
Closing inventory		(27,429)	(45,354)
		------------------	------------------
		17,925	(25,400)
		------------------	------------------
Cost of goods sold		2,067,271	2,347,646
		==========	==========

23.1 Raw materials:

Opening inventory	6,696	4,998
Purchases	77,368	96,156
Closing inventory	(6,303)	(6,696)
	------------------	------------------
Raw material consumed	77,761	94,458
	==========	==========

24. Selling, Administrative And General Expenses

Selling and distribution expenses		
Salaries and amenities	7,211	6,100
Travelling	180	155
Motor vehicle running	769	805
Postage, telephone and fax	552	653
Printing and stationery	211	115
Entertainment	88	88
Repairs and maintenance	69	54
Advertising and sampling	129	592
Rent, rates and taxes	107	20
Other expenses	639	779
	------------------	------------------
	9,955	9,361
Administrative and general expenses		
Salaries and amenities	19,594	16,758
Travelling	1,156	546

Motor vehicle running		3,287	2,590
Postage, telephone and fax		2,205	2,072
Printing and stationery		2,097	1,722
Entertainment		563	394
Repairs and maintenance		392	257
Legal and professional charges	24.1	3,942	2,861
Depreciation	12.5	3,294	2,255
Amortisation of deferred costs	15.2	22,778	22,851
Rent, rates and taxes		436	600
Donation	24.3	--	13
Other expenses		16,408	9,965
		------------------	------------------
		76,152	62,884
		------------------	------------------
		86,107	72,245
		=========	=========

24.1 Legal and professional charges include the following in respect of auditors services for:

Statutory audit	225	200
Consultancy-MIS	--	150
Out of pocket expenses	30	35
	------------------	------------------
	255	385
	=========	=========

24.2 Legal and professional charges includes Rs. 40,000 (2000: Rs. 35,000) for cost audit fee.

24.3 Directors had no interest in donees.

25. Other Income

Profit on bank deposits	6,827	10,253
Sale of scrap	4,882	1,283
Profit on sale of fixed assets	688	619
Provision in short term investments	--	1,263
Miscellaneous	3,132	4,333
	------------------	------------------
	15,529	17,751
	=========	=========

26. Financial Charges

Mark-up / Interest on:		
Long term loans	459,043	437,639
Liabilities under finance lease	12	56
Short term running finance	21,701	27,515
Bank guarantee commission	658	570
Bank charges	1,255	1,417

	------------------	------------------
	482,669	467,197
	==========	==========

27. Taxation

Current year	11,757	15,128
Prior years	3,479	(32,601)
Deferred	--	(54,371)
	------------------	------------------
	15,236	(71,844)
	==========	==========

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

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

28. Remuneration to the Chief Executive, Director and Executives

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

	Chief Executive		***Director***		***Executive***	
	2001	***2000***	***2001***	***2000***	***2001***	***2000***
			(Rupees in thousand)			
Managerial remuneration	--	1,009	877	729	18,481	16,680
Contribution to provident						
fund trust	--	55	63	57	1,442	1,206
Perquisites and benefits:						
House rent	--	276	284	258	6,725	5,608
Medical	--	10	32	37	818	848
Conveyance/petrol	--	35	134	134	3,544	2,859
Leave passage	--	--	55	41	1,910	1,152
Utilities	--	79	63	57	1,502	1,221
	------------------	------------------	------------------	------------------	------------------	------------------
	--	1,464	1,508	1,313	34,422	29,574
	==========	==========	==========	==========	==========	==========
Number of persons	--	1	1	1	70	60
	==========	==========	==========	==========	==========	==========

29. Financial Instruments and Related Disclosure

29.1 Credit Risk

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

29.2 Foreign Exchange Management
Foreign currency risk arises mainly where payables exist due to transactions with foreign undertakings. The company has cover against certain payables in foreign currency as stated in (Note-5)

29.3 Fair Value of Assets
The carrying value of financial assets and liabilities reflected in the financial statements approximates their fair value except for long term investments, which are stated at cost (Note-14).

29.4 Interest/Mark-up Rate Risk Exposure
The company is exposed to interest / mark-up rate risk on some of the financial obligations. The rates of interest/mark-up and their maturities are given in the respective Notes.

	2001	***2000***
30. Basic Earnings Per Share		
Net Profit / (loss) after tax (Rupees in thousand')	(284,416)	1,618
Average number of ordinary shares in issue	175,196,031	130,229,324
Earnings per share basic (Rs.)	(1.62)	0.01

	2001	***2000***
	(Rupees in thousand)	
31. Transactions with Associated Companies		
These comprise:		
Purchase of goods and services	11,476	401,150
Sale of goods and services	9,731	3,918
Sale/Purchase of fixed assets	--	1,250
Others -duty draw back	--	35,174

32. Capacity and Production

	Capacity		***Actual Production***	
	2001	***2000***	***2001***	***2000***
Clinker				
Grey - M. Ton	1,470,000	1,470,000	878,185	993,634
White- M. Ton	30,000	30,000	36,180	37,720

Shortfall in production was mainly due to market constraints.

33. Corresponding Figures
Previous year's figures have been restated, where necessary, to facilitate the comparison.

Tariq Sayeed Saigol
Chief Executive

Aamir Fayyaz Sheikh
Director

PATTERN OF SHAREHOLDING AS ON JUNE 30, 2001

No. of Shareholders	Size of Holding From	To	Total Shares Held
1,306	1	100	64,288
3,121	101	500	962,705
2,001	501	1000	1,487,132
3,601	1001	5000	7,321,400
577	5001	10000	4,178,207
165	10001	15000	2,030,690
83	15001	20000	1,438,676
46	20001	25000	1,041,878
31	25001	30000	876,579
18	30001	35000	586,442
25	35001	40000	939,058
15	40001	45000	633,166
16	45001	50000	781,915
14	50001	55000	741,311
8	55001	60000	465,004
12	60001	65000	744,631
3	65001	70000	204,658
5	70001	75000	370,949
4	75001	80000	309,466
2	80001	85000	168,201
4	86001	90000	351,745
3	90001	95000	279,278
8	95001	100000	794,507
1	100001	105000	100,648
3	105001	110000	320,964
2	110001	115000	225,874
7	115001	120000	823,988
1	120001	125000	123,500
1	125001	130000	126,500
1	130001	135000	130,060
1	135001	140000	138,436
1	150001	155000	152,500
1	155001	160000	155,312
2	160001	165000	323,519
1	175001	180000	179,500
3	185001	190000	560,692
1	190001	195000	198,800
2	195001	200000	398,800
1	205001	210000	207,000

2	210001	215000	424,897
1	215001	220000	219,704
2	225001	230000	453,135
1	245001	250000	247,009
1	250001	255000	253,387
2	255001	260000	516,880
3	265001	270000	809,561
1	300001	305000	304,017
2	375001	380000	755,282
1	380001	385000	380,500
1	385001	390000	390,000
1	440001	445000	444,823
1	450001	455000	450,500
1	645001	650000	446,100
1	685001	690000	687,847
1	885001	890000	885,168
1	985001	990000	986,031
1	995001	1000000	1,000,000
1	1090001	1095000	1,094,918
1	1290001	1295000	1,292,200
1	1645001	1650000	1,645,927
1	1835001	1840000	1,838,989
1	2325001	2330000	2,326,599
1	3220001	3225000	3,223,216
1	4975001	4980000	4,979,175
1	5995001	6000000	6,000,000
2	6935001	6940000	13,873,091
1	7235001	7240000	7,239,724
1	9155001	9160000	9,157,450
1	13865001	13870000	13,869,650
1	14935001	14940000	14,938,809
1	23420001	23425000	23,421,277
1	34795001	34800000	34,797,479
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11,137			180,491,324
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Categories of Shareholders	***No. of Shareholders***	***Shares Held***	***Percentage of Capital***
Individuals	10,947	34,097,035	18.89
Investment Companies	25	19,691,542	10.91
Insurance Companies	7	1,005,514	0.56
Joint Stock Companies	93	71,457,199	39.59
Financial Institutions	9	6,816,650	3.78
Foreign Companies	31	45,853,443	25.40
Modaraba & Leasing Companies	19	1,479,580	0.82

Others	6	90,361	0.05
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Grand Total:	11,137	180,491,324	100.00