

The Hilal Tanneries Limited

Annual Report 2000

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Pattern of holding of the Shares (CDC)

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Shahid Hussain

Chief Executive

Ch. Ahmad Javed

Ch. Ahmad Mukhtar

Mr. Zahid Hussain

Mr. Arif Saeed

Mr. Shahid H. Kardar

Mr. Babar Farooq Khan

SECRETARY

Mr. Sultan Anwar

BANKERS

Muslim Commercial Bank Ltd.

The Bank of Khyber

AUDITORS

S. M. Masood & Co.

Chartered Accountants

REGISTERED OFFICE

Servis House,

2-Main Gulberg, Lahore - 54662

FACTORY

G. T. Road, Gujrat.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of THE HILAL TANNERIES LIMITED will be held on Tuesday 26th December, 2000 at 11.00 a.m. at the registered office of the Company, Servis House, 2-Main Gulberg, Lahore to transact the following business.

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on 22-12-1999.
2. To receive, consider and adopt the Profit and Loss Account and Balance Sheet for the year ended 30-06-2000 and the Directors' Report and Auditors' Report thereon.
3. To appoint Auditors and to fix their remuneration.

Special Business:

4. To consider and if deemed fit and proper, pass the following resolution as special resolution:

RESOLVED that the company should be de-listed from the Karachi and Lahore Stock Exchanges as recommended by the Board of Directors and approved by the Karachi Stock Exchange at buy back price of Rs. 17/- per share. Mr. Shahid Hussain, Chief Executive and Mr. Ahmad Javed, Director of the Company be and hereby authorized to take necessary action as deemed fit in this regard.

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

By Order of the Board

SULTAN ANWAR
Secretary

Lahore: 29-11-2000

NOTES:

1. The Share Transfer Books of the Company will remain closed from 20-12-2000 to 26-12-2000 (both days inclusive).
2. A member entitled to vote at the meeting may appoint another member as his/her proxy. Proxies in order to be effective, must be received at the registered office of the Company duly stamped, signed and witnessed not later than 48 hours before the meeting.
3. Any individual Beneficial Owner of the Central Depository Company, entitled to vote at this meeting must bring his/her National Identity Card with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her National Identity Card. Representatives of corporate members should bring the usual documents required for such purpose.

4. Shareholders are requested to notify the Company of any change in their address.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors are pleased to present Annual Report of the Company and the Audited Accounts for the year ended 30th June, 2000.

The period under report saw a lot of disturbance and pessimism in the domestic economy. Enforcement of sales tax and surveys caused a drop in sale in the market. Despite these conditions, during the year under review, we were able to increase our sale to Rs. 174.2 million against Rs. 156.96 million of 30.6.1999. The increased sale had a healthy effect on our pretax profit, which improved to Rs. 2.58 million from Rs. 1.16 million for the previous year.

During the period under report the company obtained ISO 9001 Certification. We also managed to reduce the financial expenses to Rs. 5.4 million from Rs. 7.2 million in the previous year.

Although, there is considerable improvement over the previous period, however, after provision for income tax, we are not left with any significant amount for major improvement in the Company operations. We will continue to follow the current policy of improvement in quality and product line and hope that the company will soon come out of its present situation.

APPROPRIATION:

Financial results for 30-06-2000 are summarized below:-

	<i>Rupees</i>
Profit before taxation	2,588,026
Provision for taxation	(872,257)
Prior year adjustment	(137,197)

Profit after taxation	1,578,572
Add deficit brought forward	(15,259,998)

Net deficit C/F to Balance Sheet	(13,681,426)

APPOINTMENT OF AUDITORS:

Messrs SM. Masood & Company, Chartered Accountants have retired as Auditors and being eligible have offered themselves for re-appointment.

MANAGEMENT AND WORKERS RELATIONSHIP:

The relationship between the Management and Staff and Workers remained extremely cordial throughout the year. The Management would like to put on record their appreciation for the continued hard work put in by the staff and workers.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company as on 30-06-2000 is enclosed.

For and on behalf of the

Board of Directors

Dated: 29-11-2000

Place: Lahore

SHAHID HUSSAIN

Chief Executive

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of THE HILAL TANNERIES LIMITED as at June 30, 2000 and the related Profit and Loss Account, Cash Flow Statement and Statement of Changes in Equity together with the Notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also 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 & Loss Account together with the Notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

(iii) the business conducted, 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 & Loss Account, Cash Flow Statement and the Statement of Changes in Equity together with the Notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2000 and of the Profit, its Cash 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.

Date: 29-11-2000

Place: Lahore

S.M. MASOOD & CO.

Chartered Accountants

BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Share Capital & Reserves			
Share capital	3	15,397,090	15,397,090
Share premium account		139,219	139,219
General reserve		10,800,000	10,800,000
Accumulated loss		(13,681,426)	(15,259,998)
		-----	-----
		12,654,883	11,076,311
Long Term Liabilities			
Bank loan	4	97,500	292,500
Liabilities against assets subject to finance lease	5	0	218,165
Sponsors loan	6	16,000,000	16,000,000
		-----	-----
		16,097,500	16,510,665
Deferred Liabilities			
Staff gratuity	7	485,730	471,168
Current Liabilities			
Current portion of long term bank loan	4	195,000	195,000
Current portion of liabilities against assets subject to finance lease	5	218,165	293,782
Short term running finance from banks	8	48,480,033	29,930,307
Creditors, accrued expenses & other liabilities	9	86,411,250	88,792,465
Tax payable	10	1,657,064	2,164,692
		-----	-----
		136,961,512	121,376,246
Contingencies & commitments	11	0	0
		-----	-----
		166,199,625	149,434,390
		=====	=====
Tangible Fixed Assets			
Operating fixed assets	12	14,835,385	14,842,594
Fixed assets subject to finance lease	13	171,869	437,804

		-----	-----
		15,007,254	15,280,398
Security Deposits	14	664,645	661,645
Current Assets			
Stores, spares & loose tools	15	8,964,994	7,681,336
Stock in trade	16	107,570,089	102,854,755
Trade debts	17	25,958,680	10,181,422
Advances, deposits, prepayments & other receivables	18	7,741,055	10,730,771
Cash & bank balances	19	292,908	2,044,063
		-----	-----
		150,527,726	133,492,347
		-----	-----
		166,199,625	149,434,390
		=====	=====

Annexed notes from 1 to 33 form an integral part of these accounts.

Sultan Anwar
Chief Accountant

Shahid Hussain
Chief Executive

Ch. Ahmad Javed
Director

Date: 29-11-2000

Place: LAHORE

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

	<i>Note</i>	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
Sales	20	174,200,013	156,964,977
Cost of goods sold	21	157,685,385	141,660,406
		-----	-----
Gross Profit		16,514,628	15,304,571
Operating Expenses			
Selling expenses	22	865,477	734,126
Administrative expenses	23	7,717,279	6,106,870
		-----	-----
		8,582,756	6,840,996
		-----	-----
Operating Profit		7,931,872	8,463,575
Financial expenses	24	5,403,442	7,239,298
		-----	-----
Profit after Operating & Financial Expenses		2,528,430	1,224,277
Other income	25	251,405	26,500
		-----	-----

		2,779,835	1,250,777
		-----	-----
Workers' profit participation fund		138,992	62,539
Workers' welfare fund		52,817	23,765
		-----	-----
		191,809	86,304
		-----	-----
Profit Before Taxation		2,588,026	1,164,473
Provision for taxation - Turnover tax		872,257	784,807
		-----	-----
Profit After Taxation		1,715,769	379,666
Prior year adjustment	26	(137,197)	(298,855)
Unappropriated Profit/(Loss) brought forward		(15,259,998)	(15,340,809)
		-----	-----
Accumulated Loss transferred to Balance Sheet		(13,681,426)	(15,259,998)
		=====	=====
Basic Earning Per Share	27	1.03	0.05

Sultan Anwar
Chief Accountant

Shahid Hussain
Chief Executive

Ch. Ahmad Javed
Director

Date: 29-11-2000

Place: LAHORE

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2000

	2000	1999
	Rupees	Rupees
Cash Flow from Operating Activities		
Profit before taxation and extra ordinary items	2,588,026	1,164,473
Adjustments for:		
Depreciation	1,779,491	1,724,094
Profit on sale of fixed assets	(251,405)	(26,500)
Interest Expense	5,279,249	7,025,855
Amortization	265,935	565,370
Gratuity provision	185,062	237,371
Prior year adjustment	(137,197)	(298,855)
	-----	-----
Operating profit before working capital changes	9,709,161	10,391,808
(Increase)/decrease in stores, spares and loose tools	(1,283,658)	(224,505)
(Increase)/decrease in stock in trade	(4,715,334)	(13,578,998)
(Increase)/decrease in trade debts	(15,777,258)	(5,019,086)
(Increase)/decrease in advances, deposits, prepayments and other receivables	2,989,716	(2,711,860)
Increase/(decrease) in creditors, accrued expenses		

and other liabilities	(3,652,741)	36,232,520
Gratuity paid	(170,500)	(264,946)
	-----	-----
Cash generated from operations	(12,900,614)	24,824,933
Interest paid	(5,387,608)	(7,630,270)
	-----	-----
Net cash (used in)/from operating activities	(18,288,222)	17,194,663
	-----	-----
Cash Flow from Investing Activities		
Additions to fixed assets	(1,790,442)	(3,270,850)
Security deposits	(3,000)	(573,000)
Sale proceeds on disposal of fixed assets	269,565	31,837
	-----	-----
Net cash used in investing activities	(1,523,877)	(3,812,013)
	-----	-----
Cash Flow from Financing Activities		
Payment of long term loans	(195,000)	(195,000)
Payments of finance lease liabilities	(293,782)	(764,031)
Increase/(decrease) in running finances	18,549,726	(11,190,014)
	-----	-----
Net cash (used in)/from financing activities	18,060,944	(12,149,045)
	-----	-----
Net (decrease)/increase in cash & cash equivalents	(1,751,155)	1,233,605
Cash & cash equivalents at beginning of the period	2,044,063	810,458
	-----	-----
Cash & cash equivalents at close of the period	292,908	2,044,063
	=====	=====

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

	<i>Share Capital</i>	<i>Share Premium A/c</i>	<i>General Reserve</i>	<i>Accumulated Loss</i>	<i>Total</i>
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance as on July 01, 1998	15,397,090	139,219	10,800,000	(15,340,809)	10,995,500
Transferred from Profit & Loss A/	0	0	0	80,811	80,811
	-----	-----	-----	-----	-----
Balance as on June 30, 1999	15,397,090	139,219	10,800,000	(15,259,998)	11,076,311
Transferred from Profit & Loss A/	0	0	0	1,578,572	1,578,572
	-----	-----	-----	-----	-----
Balance as on June 30, 2000	15,397,090	139,219	10,800,000	(13,681,426)	12,654,883
	=====	=====	=====	=====	=====

Annexed notes from 1 to 33 form an integral part of these accounts.

Sultan Anwar
Chief Accountant

Shahid Hussain
Chief Executive

Ch. Ahmad Javed
Director

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

1. THE COMPANY AND ITS OPERATIONS

The Hilal Tanneries Limited is a public limited company incorporated in Pakistan. Its shares are quoted on Lahore and Karachi stock exchanges in Pakistan. The principal activity of the Company is processing of hides and skins and selling of finished leather.

The Company is in process of de-listing of its shares from Karachi and Lahore Stock exchange and the buy back price approved by the Karachi Stock Exchange is Rs. 17.00 per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Policies adopted by the Company, which are consistent with those of the previous year are as follows:

2.1 Accounting Convention:

These accounts have been prepared under the historical cost convention and comply with International Accounting Standards, where applicable and mandatory in all material aspects.

2.2 Retirement Benefits:

The Company maintains a recognized Provident Fund for its employees. Contributions based upon salaries and wages are made monthly to the Provident Fund Trust to cover the obligation.

There is an unfunded gratuity scheme for those who are not members of the Provident Fund. Liability for gratuity is based on graduated scale and is calculated with reference to the length of service and last drawn salary and average wages of the employees.

Managerial employees are entitled to participate in both the schemes.

The Company also operates a contributory pension scheme for employees who were not members of the Employees' Old-age Benefit Scheme under the rules applicable before July 01, 1986.

2.3 Taxation:

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, tax rebates and other allowances available for set off, if any or minimum tax liability, whichever is less.

The Company accounts for deferred taxation, using the liability method, on all major timing differences if they are expected to reverse in the foreseeable future, but does not recognise deferred tax debits.

2.4 Contingencies & Commitments:

These are recognized only when they become due.

2.5 Foreign Currencies:

Export sales are translated into Rupees at estimated rates, differences arising on subsequent realization are adjusted against sales.

2.6 Tangible Fixed Assets:

These are stated at cost less accumulated depreciation where applicable.

Cost includes purchase cost together with any incidental expenses of acquisition and adjustments for exchange differences on loans financing these assets.

Depreciation on fixed assets is calculated to depreciate their cost over their useful lives at the rates specified in Note 12 to the accounts using the reducing balance method. No depreciation is provided on freehold land and capital work in progress.

Full year's depreciation is provided in the year of acquisition and none in the year of disposal.

Maintenance and normal repairs are charged to income as and when incurred, while major repairs and improvements are capitalized.

Gains and losses on disposal of fixed assets are included in income in the year the assets are disposed off.

2.7 Assets Subject to Finance Lease:

Assets under finance lease are accounted for at the fair value of assets. The aggregate amount of obligations relating to assets subject to finance lease are stated at net present value of the commitments. The assets so acquired are amortized over the shorter of the lease term or their useful lives. Finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The depreciation and financial charges on leased assets are charged to current year's income.

2.8 Stocks & Stores:

These are stated at lower of cost and net realizable value. The cost is determined on following basis:

Stores, spare parts, loose tools and packing material	First in first out basis.
Goods in transit	At purchase cost.
Raw materials	First in first out basis.
Work in process	At estimated raw material cost.
Finished goods	By deducting estimated profit margin from the selling price.

Net realizable value signifies the estimated selling price in the ordinary course of the business less costs necessary to be incurred in order to make the sale.

2.9 Revenue:

Sales are recognized on despatch of goods to the customers.

2.10 Borrowing Cost:

Borrowing costs are charged to the income in the year in which they are incurred.

	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
3. SHARE CAPITAL		
Authorised:		
2,000,000 ordinary shares of Rs. 10 each	20,000,000	20,000,000
	=====	=====
Issued, Subscribed & Paid-up		
500,000 ordinary shares of Rs. 10 each issued for cash	5,000,000	5,000,000
1,007,631 ordinary shares of Rs. 10 each issued as bonus	10,076,310	10,076,310
32,078 ordinary shares of Rs. 10 each issued as fully paid to PICIC for loan	320,780	320,780
-----	-----	-----
1,539,709	15,397,090	15,397,090
=====	=====	=====
4. BANK LOAN		
Muslim Commercial Bank Ltd. (LMM)	292,500	487,500
Less: Current Portion	195,000	195,000
	-----	-----
	97,500	292,500
	=====	=====

4.1 This loan is secured against first charge on Company's entire fixed assets, hypothecation of stocks and personal guarantees of all directors.

The loan is repayable over 5 years including 13% per annum service charges.

5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	<i>Liability as at</i> <i>June 30,</i> <i>2000</i> <i>Rupees</i>	<i>Liability as at</i> <i>June 30,</i> <i>1999</i> <i>Rupees</i>	<i>Monthly Installments</i> <i>Outstanding as at</i> <i>June 30,</i> <i>2000</i> <i>1999</i>	
Vehicles	218165	511,947	06 to 04	18 to 16
Less: Current portion	218,165	293,782		
	-----	-----		
	0	218,165		
	=====	=====		

5.1 Present value of minimum lease payments have been discounted at interest rate i.e. 21.63% which approximately equates the rates implicit in the lease agreements. In case of default of

any payment additional charges at varying rates are payable on over due amounts. If any lease is terminated the lessee shall pay the entire amount of rentals for unexpired period of the lease agreements. The liability is partly secured by deposits of Rs. 88,645 (1999: Rs. 88,645) included in the long term deposits. The residual value of leased assets is Rs. 88,645 (1999: Rs. 88,645).

The future minimum lease payments to which Company is committed as on June 30, 2000 are as follows:

	<i>2000</i> <i>Rupees</i>	<i>1999</i> <i>Rupees</i>
2000	0	357,324
2001	224,953	224,953
	-----	-----
	224,953	582,277
Financial charges not yet due	6,788	70,330
	-----	-----
	218,165	511,947
	=====	=====

6. SPONSORS LOAN

This represents interest free loan from sponsors.

7. STAFF GRATUITY

Balance as at July 01,	471,168	498,743
Payments during the year	(170,500)	(264,946)
Adjustment during the year	0	(4,935)
	-----	-----
	300,668	228,862
Provision for additional liabilities	185,062	242,306
	-----	-----
	485,730	471,168
	=====	=====

8. SHORT TERM RUNNING FINANCE

The sanctioned limits of cash credit facility is Rs. 50.00 million (1999: Rs. 30.00 million).

These loans are secured against joint first pari passu registered hypothecation charge on raw material, work in process, finished goods, stores and spares, goods in transit, book debts, and personal guarantees of directors.

Mark-up payable on short term running finance from bank is from 46 to 52 paisas per thousand per day (1999: 52 to 57 paisas).

9. CREDITORS, ACCRUED EXPENSES & OTHER LIABILITIES

Trade creditors	32,444,667	34,768,673
Accrued expenses	2,458,621	2,556,033
Accrued mark-up on secured loans	1,290,429	1,398,788

Advances from customers	43,932,300	45,295,689
Sales tax payable	1,810,353	1,694,628
Workers' profit participation fund	138,992	62,539
Workers' welfare fund	76,582	23,765
Bills payable	4,233,633	2,966,677
Unclaimed dividend	25,673	25,673
	-----	-----
	86,411,250	88,792,465
	=====	=====

10. TAX PAYABLE

Opening balance	2,164,692	1,377,965
Adjusted against Advance Tax	(1,379,885)	1,920
Provision for the year	872,257	784,807
	-----	-----
	1,657,064	2,164,692
	=====	=====

10.1 Current year's provision has been made @ 0.5% of turnover. Income tax assessments have been completed for and upto charge year 1998-99 corresponding to accounting year ended June 30, 1998.

10.2 Deferred taxation liability has not been provided as timing differences are not likely to reverse for some considerable period. The liability not accounted for comes to Rs. 1.2 million (1999: Rs. 1.2 million).

11. CONTINGENCIES & COMMITMENTS

Letters of credit outstanding amounting to Rs. 6.134 million (1999: Rs. 7.105 million).

12. OPERATING FIXED ASSETS

Type of Assets	COST			Closing Balance 30-06.2000	Rate	DEPRECIATION			Written Down Value 30-06-2000	
	Opening Balance 01.07-1999	Additions	Deletions			Opening Balance 01-07-1999	Adjustments	Charge for the Year		Closing Balance 30-06-2000
Land-Freehold	18,450	0	0	18,450	0	0	0	0	18,450	
Building-Factory on Freehold La	4,753.20	0	0	4,753,201	10%	3,113,121	0	164,008	3,277,129	1,476.07
Building Others on Freehold Land	841,637	0	0	841,637	5%	409,655	0	21,599	431,254	410.38
Plant & Machinery	27,086,547	1,020,840	0	28,107,387	10%	16,958,432	0	1,114,896	18,073,328	10,034,059
Furniture, Fixture & Fittings	3,218,456	71,320	0	3,289,776	10%	1,822,690	0	146,709	1,969,399	1,320,377
Vehicles	625,705	322,000	22,700	925,005	20%	428,867	4,540	100,136	524,463	400,542
Service Equipment	2,108,385	11,000	0	2,119,385	10%	1,615,591	0	50,380	1,665,971	453,414
Service Equipment - Trolleys	50,012	7,256	0	57,268	33.33%	49,635	0	2,519	52,154	5,114
Service Equipment - Others	1,175,035	358,026	0	1,533,061	20%	636,843	0	179,244	816,087	716,974
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Rupees-2000	39,877,428	1,790,442	22,700	41,645,170		25,034,834	4,540	1,779,491	26,809,785	14,835,385
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

Rupees- 1999	36,677,528	3,270,850	70,950	39,877,428	23,376,363	65,613	1,724,094	25,034,834	14,842,594
	=====	=====	=====	=====	=====	=====	=====	=====	=====

2000
Rupees

1999
Rupees

12.1 Depreciation has been charged as under:-

Cost of goods sold	1,608,886	1,599,312
Administrative expenses	170,605	124,782
	-----	-----
	1,779,491	1,724,094
	=====	=====

13. FIXED ASSETS SUBJECT TO FINANCE LEASE

	<i>Unamortized Value as on 01-07 - 1999</i>	<i>Additions</i>	<i>Amortization for the Year</i>	<i>Un-amortized Value as on 30-06-2000</i>
Vehicles	437,804	0	265,935	171,869
	-----	-----	-----	-----
Rupees - 2000	437,804	0	265,935	171,869
	=====	=====	=====	=====
Rupees - 1999	1,003,174	0	565,370	437,804
	=====	=====	=====	=====

2000
Rupees

1999
Rupees

13.1 Amortization has been charged as under:

Cost of goods sold	0	180,000
Administrative expenses	265,935	385,370
	-----	-----
	265,935	565,370
	=====	=====

14. SECURITY DEPOSITS

Lease deposits	88,645	88,645
Other deposits	576,000	573,000
	-----	-----
	664,645	661,645
	=====	=====

15. STORES, SPARES & LOOSE TOOLS

Machinery spares	7,753,800	6,572,818
Stores	1,181,639	1,077,624
Loose tools	29,555	30,894
	-----	-----
	8,964,994	7,681,336

15.1 No stores were held for capital expenditure.

16. STOCK IN TRADE

Raw materials & components	15,392,220	19,572,823
Work in process	73,815,082	70,951,230
Finished goods	16,279,821	11,356,920
Goods in transit	2,082,966	973,782
	-----	-----
	107,570,089	102,854,755
	=====	=====

17. TRADE DEBTS

Unsecured but considered good:		
Other customers	25,958,680	10,181,422
	-----	-----
	25,958,680	10,181,422
	=====	=====

18. ADVANCES, DEPOSITS, PREPAYMENTS & OTHER RECEIVABLES

Advances - considered good:		
Staff	435,966	205,039
Suppliers	509,017	705,842
Pre-payments	285,376	323,434
Loan to pension fund trust	19,589	7,724
Loan to provident fund trust	0	10,852
Letters of credit & margins	260,024	165,146
Export rebate receivable	0	128,951
Security deposit	296,015	296,015
Insurance claim recoverable	902,916	591,289
Advance income tax	3,802,263	6,349,844
Fair price shop	11,109	61,095
Export realization	0	10,134
Income tax refundable	1,218,780	1,218,780
Other advances/receivables	0	656,626
	-----	-----
	7,741,055	10,730,771
	=====	=====

19. CASH & BANK BALANCES

Short term investment	0	1,000,000
Cash in hand	53,136	95,626
Cash at banks - in current accounts	239,772	948,437
	-----	-----
	292,908	2,044,063
	=====	=====

20. SALES

Export sales	0	94,747
--------------	---	--------

Local sales	174,200,013	156,870,230
	-----	-----
	174,200,013	156,964,977
	=====	=====

21. COST OF GOODS SOLD

Raw material consumed (21.1)	143,310,996	130,400,629
Manufacturing expenses:		
Salaries, wages & allowances	7,802,739	6,864,130
Gratuity	52,105	115,030
Bonus to workers	424,281	350,277
Provident fund contribution	262,904	194,584
Fuel & energy	6,272,086	6,890,762
Insurance	551,673	531,558
Repairs & maintenance	1,563,243	831,085
Stores and spares consumed	3,256,345	2,514,933
Education cess	10,075	9,325
Employees' old-age benefits	356,805	156,937
Depreciation (12.1)	1,608,886	1,599,312
Amortization (13.1)	0	180,000
	-----	-----
	22,161,142	20,237,933
	-----	-----
Total manufacturing cost	165,472,138	150,638,562
Work-in-process		
Opening	70,951,230	66,153,530
Closing	(73,815,082)	(70,951,230)
	-----	-----
	(2,863,852)	(4,797,700)
	-----	-----
Cost of goods manufactured	162,608,286	145,840,862
Finished goods		
Opening	11,356,920	7,176,464
Closing	(16,279,821)	(11,356,920)
	-----	-----
	(4,922,901)	(4,180,456)
	-----	-----
Cost of Goods Sold	157,685,385	141,660,406
	=====	=====
21.1 Raw Material Consumed:		
Opening stock	19,572,823	13,832,822
Purchases-less rebate & compensation on purchases	139,130,393	136,140,630
	-----	-----
	158,703,216	149,973,452
Less: Closing stock	15,392,220	19,572,823
	-----	-----

	143,310,996	130,400,629
	=====	=====
22. SELLING EXPENSES		
Advertisement & samples	88,353	68,219
Entertainment	235,566	216,116
Export expenses	11,708	20,576
Travelling expenses	300,016	306,192
Packing & forwarding	229,834	123,023
	-----	-----
	865,477	734,126
	=====	=====
23. ADMINISTRATIVE EXPENSES		
Travelling expenses	31,300	32,943
Staff salaries & allowances	4,661,919	3,970,332
Printing & stationery	321,628	207,324
Postage, telegram & telephones	443,941	457,638
Electric & water expenses	54,119	79,757
Auditors' remuneration:		
Audit fee	40,000	40,000
Out of pocket expenses	10,000	10,000
	-----	-----
	50,000	50,000
Legal expenses	33,288	9,766
Rent, rates & taxes	250,750	273,704
Repair & maintenance (including vehicles)	368,450	301,649
General expenses	325,378	122,369
Subscription	46,683	38,696
Depreciation (12.1)	170,605	124,782
Amortization (13.1)	265,935	385,370
Insurance expenses	45,106	52,540
Staff training expenses	219,900	0
I.S.O. expenses	428,277	0
	-----	-----
	7,717,279	6,106,870
	=====	=====
24. FINANCIAL EXPENSES		
Mark-up on short term loans - secured	5,279,249	7,025,855
Bank charges & commission	60,651	44,141
Lease financial charges	63,542	169,302
	-----	-----
	5,403,442	7,239,298
	=====	=====
25. OTHER INCOME		
Profit on sale of fixed assets (Note 25.1)	251,405	26,500
	-----	-----
	251,405	26,500

	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	
Remuneration	0	665,474	0	330,111
House rent	0	288,396	0	148,551
Utilities	0	0	0	0
Contribution to provident fund	0	48,679	0	32,472
	-----	-----	-----	-----
	0	1,002,549	0	511,134
	=====	=====	=====	=====
No. of persons	1	4	1	2

31.1 In addition to above the two executives have been provided with Company maintained car for official and personal use.

32. GENERAL

Figures are rounded off to the nearest rupee and to facilitate comparison last period's figures have been re-arranged wherever necessary.

33. PRODUCTION CAPACITY

In view of the peculiar nature of the business carried by the Company, the capacity of the tanneries is not determinable.

Sultan Anwar
Chief Accountant

Shahid Hussain
Chief Executive

Ch. Ahmad Javed
Director

FORM '34'

PATTERN OF HOLDING OF SHARES

HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2000

<i>NO. OF SHARE HOLDERS</i>	<i>SHAREHOLDING FROM</i>	<i>TO</i>	<i>TOTAL NO. OF SHARES HELD</i>
32	1	100	1,185
75	101	500	16,612
14	501	1000	10,438
33	1001	5000	70,771
6	5001	10000	45,999
2	10001	15000	25,112
5	15001	20000	81,712
2	20001	25000	43,920
3	25001	30000	79,795
6	30001	35000	197,887
1	45001	50000	45,084
1	55001	60000	55,253
2	65001	70000	135,323
1	730001	735000	730,618
	-----	-----	-----

183

1,539,709

**CATEGORIES OF
SHAREHOLDERS****NUMBER****SHARES
HELD****PERCENTAGE
OF ISSUED
CAPITAL**

Individuals	172	669,951	43.512
Investment Companies	1	5,760	.374
Insurance Companies	--	--	--
Joint Stock Companies	8	850,844	55.260
Financial Institutions	2	13,154	.854
	-----	-----	-----
T O T A L:	183	1,539,709	100.00
	=====	=====	=====

**PATTERN OF HOLDING OF SHARES (CDC)
HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2000**

NO. OF SHARE HOLDERS	SHAREHOLDING FROM	TO	TOTAL NO. OF SHARES HELD
2	1	100	111
3	101	500	807
2	501	1000	1,685
4	1001	5000	15,701
2	5001	10000	18,000
1	30001	35000	33,200
	-----		-----
14			69,504
	=====		=====

**SHAREHOLDER'S
CATEGORY****NUMBER OF
SHARE
HOLDERS****NUMBER OF
SHARES HELD****PERCENTAGE
OF ISSUED
CAPITAL**

Financial Institutions	3	51,200	73.67
Individuals	9	8,804	12.67
Joint Stock Companies	1	4,500	6.47
Modarabas	1	5,000	7.19
	-----	-----	-----
TOTAL:	14	69,504	100.00
	=====	=====	=====