

# United Distributors Pakistan Limited

(Annual Report 1995-96)

Contents	
Company Information	2
Notice of Annual General Meeting	3
Report of the Directors	4
Auditors' Report to the Members	6
Balance Sheet	7
Profit and Loss Account	3
Cash Flow Statement	9
Notes to the Accounts	10
Pattern of Shareholding	25

## Company Information

### Board of Directors

Rashid Abdulla	Chief Executive
Khalid Malik	
Tahir Khaliq	
Nasir Abdulla	
Arshad Anis	
Jehanzeb Khan	Executive Director
Syed Manzar Alam	N.I.T. Nominee

### Company Secretary

Anjum Bashir

### Auditors

Sidat Hyder Qamar Maqbool & Co.  
Chartered Accountants

### Registered Office

9th Floor, N.I.C. Building,  
Abbasi Shaheed Road, Karachi.

### Registrar

Gangjees Investment & Finance Consultants,  
Room No. 513, Clifton Centre, Kehkashan, Block 5, Clifton, Karachi-75600.

### Notice of Annual General Meeting

NOTICE is hereby given that the 14th Annual General Meeting of UNITED DISTRIBUTORS PAKISTAN LIMITED will be held at Hotel Holiday-Inn Crowne Plaza, Karachi on Wednesday, October 30, 1996 at 11 a.m. to transact the following business:

#### ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on March 24, 1996.
2. To receive, consider and approve the audited accounts of the Company for the eighteen months period ended June 30, 1996, together with the Directors' and Auditors' reports thereon.
3. To appoint auditors and fix their remuneration for the current year. The present auditors M/S. SIDAT HYDER QAMAR MAQBOOL & CO. Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

#### **SPECIAL BUSINESS**

4. To fix the remuneration of the full time working Director.

5. To approve the issue of bonus shares in the proportion of one share for every five shares held (20%) as recommended by the Board of Directors and, if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.

"RESOLVED that a sum of Rs. 10,000,000/- out of the unappropriated profits of the Company be capitalized and be applied towards the issue of 1,000,000 ordinary shares of Rs. 10 each and allotted as fully paid-up bonus shares to the members whose names appear in the register of members at the close of business on October 22, 1996, in the proportion of one share for every five shares held and that such new shares shall rank pari-passu with the existing ordinary shares."

"FURTHER RESOLVED that in the event of any shareholder holding less than five shares or number of shares which is not an exact multiple of five, the Directors be and are hereby authorised to sell in the stock market such fractional entitlement and to pay the proceeds of sale when realized to a recognized charitable institution as may be selected by the Directors".

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

Karachi: September 30, 1996.

By order of the Board  
ANJUM BASHIR  
Company Secretary

#### **NOTES:**

1. The share transfer books of the Company will remain closed from October 23,1996 to October 30,1996 (both days inclusive). Transfers received in order at the office of our Registrar GANGJEES INVESTMENT & FINANCE CONSULTANTS, ROOM NO. 513, CLIFTON CENTRE, KEHKASHAN, BLOCK 5, CLIFTON KARACHI-75600, by the close of business on Tuesday October 22, 1996 will be treated in time for the purpose of determining entitlement to bonus shares.

2. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company's Registrar not less than 48 hours before the meeting.

#### **Statement under section 160 of The Companies Ordinance, 1984**

Item 4

Mr. Jehanzeb Khan, a full time working Director, joined the Board on March 24,1996. Members approval will be sought at the forthcoming Annual General Meeting for the holding of office of profit and the payment of remuneration to the said Director. Mr. Jehanzeb Khan is interested in this business only to the extent of his remuneration.

For this purpose it is intended to propose that the following resolution be passed as an ordinary resolution.

"RESOLVED that the Chief Executive of the Company be and is hereby authorised to fix remuneration of Mr. Jehanzeb Khan, a full time working Director, not exceeding rupees one million five hundred thousand per annum plus Company's maintained car and other benefits as per Company's policy.

Item 5

In the opinion of the Directors, the financial position of the Company justifies a bonus issue in the ratio of 1: 5. The Directors are interested in this business only to the extent of their entitlement to bonus shares as shareholders.

#### **Report of the Directors**

The Directors take pleasure in submitting their report and audited accounts of the Company for the eighteen months period ended June 30, 1996.

#### **FINANCIAL RESULTS**

The net profit of the Company for the period before taxation	50,029,951
Provision for taxation - current period	18,900,000
- prior years'	11,200,000
	-----
	30,100,000
Profit after taxation	19,929,951
Profit brought forward from last year	170,936
	-----
Profit available for appropriation	20,100,887
Interim dividend Rs. 1.50 per share	7,500,000
Reserve for issue of bonus shares	10,000,000
	-----
	17,500,000
	-----
Accumulated profit carried forward	Rupees 2,600,887
	=====

#### REVIEW OF OPERATIONS

In the eighteen month period ended June 30, 1996 the Company's turnover was Rs. 506.4 million compared to Rs. 507.8 million in the twelve month's of calendar 1994.

Your Company had introduced a new pesticide during the year which was positioned to capitalize on the opportunity for that chemical. With the increased range of "UDPL brand" crop protection chemicals, the Company was able to establish a foothold into the agrochemicals business. Additionally, your Company successfully negotiated a one-year distribution with DowElanco for the year, which resulted in substantial incremental cross margins.

The cotton crop continues to be the main user of agrochemicals in Pakistan, and last years' high cotton production of over 10 million bales testifies to the fact that it was a good crop which did not suffer an unmanageable pest situation. While overall pest pressure was low timely pesticide sprays controlled the situation, which was also helped by favourable weather conditions.

With the Company entering the distribution services business, an amount of Rs. 24.3 million has been added to income as distribution fees during the year being reported. While most of this goes towards setting off actual distribution expenses, it also has an element of profit for your Company.

The past fiscal year of eighteen months included one and a half seeds selling seasons, which added to profitability. While the seeds business carries with it the uncertainties of any business dependent upon the vagaries of nature, it has developed into a very important portion of your Company's overall business, in terms to top line as well as bottom line.

The Solar business has been renamed Power Systems, to more accurately describe its revised remit of expanding into affiliated areas such as industrial batteries. During the year the industrial batteries business made a successful beginning by recording excellent sales. The Power Systems business continues to remain heavily dependent on government tenders, and as is the case in this industry, margins remain low due to competitive pressures.

#### FUTURE OUTLOOK

With the agrochemicals business dominating your Company's portfolio, it will continue to remain in prime focus, and efforts will be made to strengthen it. This will be done by widening the sales range by adding crop protection products that fit in well with Company strengths and which update the range to replace products facing obsolescence. With price competition from generic companies becoming a major factor in selling viable volumes, alternate strategies are being evaluated to create usable opportunities. The forecast for the cotton crop is favourable, and

individual product performance will be dependent on pest pressure, timing and composition.

The Company has reinforced its distribution function to provide a high level of service to partners who utilize it. This has allowed distribution costs to be spread over a high volume, and these costs to be shared. Improvements in this function are planned over the next few years.

The seeds business is progressing very well with your Company becoming a dominant player in the single cross corn market segment with superior hybrid varieties from Pioneer. Your Company is studying options to increase its seeds business by adding complimentary lines to its existing business.

Power Systems will continue to be based on solar system sales, but will also compete in the industrial batteries market. Sales are expected to be generated largely from government tenders, and as such subject to some degree of uncertainty.

The Company now has a Mission Statement defining its Mission and Values. It will be around this that it will evolve its strategic and organizational plans.

#### **HOLDING OF SHARES**

The pattern of holding of shares is also shown in the report.

#### **AUDITORS**

The retiring auditors, Messrs. Sidat Hyder Qamar Maqbool & Co., being eligible, offer themselves for reappointment.

#### **ACKNOWLEDGMENT**

The Directors of your Company take great pleasure in recording their appreciation of the fine work put in by all Company staff during the last eighteen months.

#### **RASHID ABDULLA**

Chief Executive

#### **JEHANZEB KHAN**

Director

Karachi: September 30, 1996

#### **Auditors' Report to the Members**

We have audited the annexed balance sheet of UNITED DISTRIBUTORS PAKISTAN LIMITED as at 30 June 1996 and the related profit and loss account and statement of changes in financial position, together with the notes thereon, for the period 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 and, after due verification thereof, 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 accounting policies consistently applied;

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

(iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanation

tions given to us, the balance sheet, profit and loss account and the statement of changes in financial position, together with the notes forming part thereof, 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 30 June 1996 and of the profit and the changes in financial position for the period then ended; and

(d) in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

KARACHI: October 02, 1996

SIDAT HYDER QAMAR MAQBOOL & CO.  
Chartered Accountants

### Balance Sheet

As at 30 June 1996

	Note	30 June 1996	31 December 1994
<b>CAPITAL AND RESERVES</b>			
Authorised			
10,000,000 (1994: 10,000,000) ordinary shares of Rs. 10/- each		100,000,000	100,000,000
		=====	=====
Issued, subscribed and paid-up	3	50,000,000	50,000,000
Reserves	4	32,600,887	20,170,936
		-----	-----
		82,600,887	70,170,936
<b>LONG-TERM LIABILITIES</b>			
Liabilities against assets subject to finance lease	5	5,640,158	4,928,544
<b>CURRENT LIABILITIES</b>			
Short-term loan and running finance	6	92,268,315	85,059,580
Creditors, accrued and other liabilities	7	192,660,275	113,515,884
Current portion of finance lease	5	3,201,538	3,501,772
Taxation - net		1,680,784	-
Proposed dividend		-	10,000,000
		-----	-----
		289,810,912	212,077,236
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		
		-----	-----
	Rupees	378,051,957	287,176,716
		=====	=====
<b>FIXED ASSETS - TANGIBLE</b>			
Operating fixed assets	9	5,102,138	3,937,512
Assets subject to finance lease	10	8,333,390	10,165,809
		-----	-----
		13,435,528	14,103,321
<b>LONG-TERM INVESTMENT-AT COST</b>			
LONG-TERM ADVANCES AND DEPOSITS	11	22,515,930	22,515,930
	12	1,462,636	932,519
<b>CURRENT ASSETS</b>			
Stock-in-trade	13	79,792,818	37,674,506
Trade debts	14	20,318,523	30,900,319
Advances, deposits, prepayments and other receivables	15	37,408,125	42,674,075

Cash and bank balances	16	203,118,397	138,376,046
		-----	-----
		340,637,863	249,624,946
		-----	-----
	Rupees	378,051,957	287,176,716
		=====	=====

## AUDITORS' REPORT ANNEXED

These accounts should be read with the annexed notes.

**Profit and Loss Account**

For the period ended 30 June 1996

	Note	For Eighteen months ended 30 June 1996	For Twelve months ended 31 December 1994
Sales	17	506,429,761	507,786,719
Cost of goods sold	18	408,246,281	427,227,433
		-----	-----
Gross profit		98,183,480	80,559,286
General and administration expenses	19	22,819,453	11,961,376
Selling and distribution expenses	20	66,086,942	43,629,702
		-----	-----
		88,906,395	55,591,078
		-----	-----
Operating profit		9,277,085	24,968,208
Other income / (charges)	21	75,357,443	24,376,027
		-----	-----
		84,634,528	49,344,235
Financial charges	22	34,604,577	22,958,161
Provision for diminution in value of investment		-	3,878,250
		-----	-----
		34,604,577	26,836,411
		-----	-----
Profit for the period before taxation		50,029,951	22,836,411
Provision for taxation - current period	23	18,900,000	8,700,000
- prior years'		11,200,000	-
		-----	-----
		30,100,000	8,700,000
		-----	-----
Profit after taxation		19,929,951	13,807,824
Accumulated profit brought forward		170,936	363,112
		-----	-----
Accumulated profit available for appropriation		20,100,887	14,170,936
<b>Appropriations:</b>			
Interim dividend Rs. 1.50 (1994: Nil) per share		7,500,000	-
Proposed final dividend Nil (1994: Rs. 2/-) per share		-	10,000,000
Transfer to reserve for issue of bonus shares		10,000,000	-
Transfer to general reserve		-	4,000,000
		-----	-----
		17,500,000	14,000,000
		-----	-----
Accumulated profit carried forward	Rupees	2,600,887	170,936
		=====	=====

These accounts should be read with the annexed notes.

### Cash flow Statement

For the period ended 30 June 1996

	30 June 1996	31 December 1994
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit after taxation	19,929,951	13,807,824
Adjustment to reconcile profit to net cash provided by operating activities		
Depreciation	8,141,391	5,821,452
Provision for diminution of investment	-	3,878,250
Profit on deposit account	(46,659,080)	(22,326,616)
Provision for taxation	30,100,000	8,700,000
Gain on sale of fixed assets	(4,685,198)	(1,879,819)
	-----	-----
Net cash provided by operating activities	6,827,064	8,001,091
(Increase) / decrease in current assets	(29,180,115)	87,103,679
Increase / (decrease) in current liabilities	86,137,131	(87,785,518)
	-----	-----
Net cash from operating activities before income tax	63,784,080	7,319,252
Income tax paid	(25,509,667)	(19,011,434)
	-----	-----
Net cash used in operating activities	38,274,413	(11,692,182)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(2,281,061)	(921,510)
Cash paid under self financing scheme	(491,150)	(417,151)
Cash received under sales and lease back arrangement	-	882,051
Cash received against return of assets	7,997	-
Long-term investment	-	(3,143,480)
Long-term advances and deposits - net	(530,117)	17,186
Profit on deposit account	46,659,080	22,326,616
Proceeds from sale of fixed assets	6,684,800	2,730,500
insurance claim received	-	52,809
Net cash from investing activities	50,049,549	21,527,021
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	-	6,417,610
Payments for assets subject to finance lease	(6,297,606)	(4,284,722)
Payment of dividend	(17,284,005)	(8,657,684)
Net cash used in financing activities	(23,581,611)	(6,524,796)
	-----	-----
Net increase / (decrease) in cash activities	64,742,351	3,310,043
Cash and bank balances at the beginning of the period	138,376,046	135,066,003
	-----	-----
Cash and bank balances at the end of the period	Rupees203,118,397	138,376,046
	=====	=====

### Notes to the Accounts

For the period ended 30 June 1996

#### 1. NATURE OF BUSINESS

The Company is incorporated in Pakistan as a public company limited by shares and quoted on Karachi, Lahore and Islamabad Stock Exchanges. Its main business activities are marketing and distribution of pesticides, seeds and others.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Overall valuation policy

These accounts have been prepared on the basis of historical cost 'convention'.

### 2.2 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight-line method based on the estimated useful life of the assets. Full year's depreciation is charged on additions during the year and no depreciation is charged on deletions.

Maintenance and normal repairs are charged-off as they are incurred.

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

Assets subject to finance lease are stated at the lower of the present value of minimum lease payments under the lease agreement and the fair value of the assets less depreciation which is charged to income at the rates and basis applicable to Company's owned assets. The related obligations under the lease are accounted for as liabilities.

### 2.3 Staff retirement benefits

A recognised Provident Fund Scheme is operative and contributions thereto are expensed.

### 2.4 Taxation

The charge for current taxation is based on "presumptive tax" under section 80C of the Income Tax Ordinance, 1979. However, provision for taxation on other income is based on current rate of taxation. The Company accounts for deferred taxation, if any, using liability method, arising due to major timing differences. However, as a matter of prudence, the Company does not account for deferred tax debits.

### 2.5 Long-term investments

These are stated at cost. The effect of permanent diminution, if any, in the value of investments are taken to profit and loss account.

### 2.6 Stock-in-trade

Stock-in-trade is valued at the lower of cost [determined on a first-in first-out (FIFO) basis] and net realisable value.

### 2.7 Foreign currencies

Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of transaction. Assets and liabilities in foreign currencies are translated into rupees at the rate of exchange prevailing at the balance sheet date. Bills payable against imports covered by forward exchange contracts are converted at the contracted rates. Other exchange gains/losses are included in income currently.

### 2.8 Revenue recognition

Revenue from sale of products is recognised upon passage of title to the customers which generally coincides with physical delivery and acceptance.

Profit on short-term investment is recognised on accrual basis.

30 June	31 December
1996	1994

## 3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL



Ordinary shares of Rs. 10/- cash fully paid for in cash

Number of shares

-----				
1996	1994			
5,000,000	4,358,239	At the beginning of the period	50,000,000	43,582,390
		Subscribed and paid-up		
-	641,761	during the period	-	6,417,610
-----	-----		-----	-----
5,000,000	5,000,000	Rupees	50,000,000	50,000,000
=====	=====		=====	=====

#### 4. RESERVES

		30 June 1996	31 December 1994
Revenue reserve			
At the beginning of the period		20,000,000	16,000,000
Transferred from profit and loss account		-	4,000,000
		-----	-----
		20,000,000	20,000,000
Reserve for issue of bonus shares		10,000,000	-
Accumulated profit		2,600,887	170,936
		-----	-----
		Rupees 32,600,887	20,170,936
		=====	=====

#### 5. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

		8,430,316	7,206,138
Balance as on 1 January		8,430,316	7,206,138
Assets acquired during the period		6,708,986	5,508,900
		-----	-----
		15,139,302	12,715,038
Less: Payments made		6,297,606	4,284,722
Current portion of liability		3,201,538	3,501,772
		-----	-----
		9,499,144	7,786,494
		-----	-----
		Rupees 5,640,158	4,928,544
		=====	=====

The total lease rentals due under the lease agreements aggregate Rs. 11,236,951/- (1994 Rs. 10,698,548/-) and are payable in 36-48 equal monthly instalments under various lease agreements latest by 1999. Overdue rental payments are subject to an additional charge of 3 precept per month. Taxes, repairs, replacement and insurance costs are to be borne by the lessee. In case of termination of agreement the lessee is to pay entire rent for unexpired period. Financing rates approximating 17-23 percent (1994: 17-19 percent) per annum have been used as discounting factor.

#### 6. SHORT-TERM LOAN AND RUNNING

##### FINANCE - Secured

From commercial banks			
Short-term finance		-	10,400,000
Running finance	6.1	42,275,815	32,759,580
Morabaha finance	6.2	30,000,000	-
		-----	-----
<b>From financial institutions</b>		72,275,815	43,159,580
Musharika finance			
Morabaha finance	6.3	-	20,000,000
		19,992,500	21,900,000

	-----	-----
	19,992,500	41,900,000
	-----	-----
Rupees	92,268,315	85,059,580
	=====	=====

6.1 Represents utilised portion of running finance facilities of Rs. 45.0 million (1994: Rs. 39.2 million) from various commercial banks. The facilities are subject to mark-up ranging from 48 to 54 paisas per rupee one thousand per day. These arrangements are generally for a period of twelve months. The facilities are secured against joint pari-passu hypothecation of stocks and trade receivables, mortgage of property, cross corporate guarantees from an associated undertaking in favour of the banks and a promissory note.

6.2 Represents Morabaha finance of Rs. 30.0 million (1994: Nil) obtained from a commercial bank under mark-up arrangements. The sanctioned amount has been designated as 'Sale Price' against which Rs. 32.663 million (1994: Nil) is payable by the Company and is designated as 'Purchase Price' payable on rollover basis. The finance is secured against hypothecation of stocks, demand promissory note and personal guarantee of directors.

6.3 Represents Morabaha finance of Rs. 19.992 million (1994: Rs. 21.90 million) obtained from a Modaraba under mark-up arrangements. The sanctioned amount has been designated as 'Sale Price' against which Rs. 22.391 million (1994: Rs. 26.28 million) is payable by the Company and is designated as 'Purchase Price' payable upto 19 May 1996. The finance is secured against pledge of stocks, hypothecation over debts, demand promissory note, personal guarantee of directors and guarantee of a related party in favour of Modaraba.

	30 June	31 December
	1996	1994

#### 7. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	18,432,191	139,541
Due to associated undertakings	55,720,817	17,050,295
Due to a related party	5,566,498	2,880,189
Bills payable	44,471,363	71,548,888
Accrued liabilities	6,691,009	11,107,469
Accrued mark-up on short-term loans and running finance - secured	5,686,346	3,339,260
Advances from dealers and customers	49,939,988	5,023,974
Accrued mark-up on current account with related parties/associated companies	5,391,641	307,000
Unclaimed dividend	421,559	205,564
Other Liabilities	338,863	1,913,704
	-----	-----
Rupees	192,660,275	113,515,884
	=====	=====

#### 8. CONTINGENCIES AND COMMITMENTS

8.1 In framing the assessment for the assessment year 1991-92 to 1995-96, the Assessing Officer has made certain disallowances of expenses, resulting in an additional tax liability of Rs. 3,476,374/-. The Company has filed appeals before the Appellate Authorities and anticipates favourable outcome. Therefore, no provision has been made in the accounts for aforesaid amount.

8.2 Letters of credit issued by commercial banks	Rupees	654,980	36,091,140
		=====	=====

8.3 Guarantees issued by commercial banks on behalf of the Company.	Rupees	1,065,000	951,475
		=====	=====

## 9. FIXED ASSETS - Tangible

The following is a statement of operating assets:

	Cost at January 1995	Additions/ (Deletions)/ Reclassification 1996	Cost at 30-Jun 1995	Accumulated depreciation at January 1995	Adjustments for disposal/ Reclassification	Depreciation for the period	Accumulated depreciation at 30 June 1996	Book value at 30 June 1996	Deprecia tion Rate %
Motor vehides	11,944,590	549,000 (8,277,750) 7,958,100*	12,173,940	10,271,876	(7,412,994) 4,078,805*	2,911,180	9,848,867	2,325,073	20
Furniture and fixtures	907,675	253,527	1,161,203	732,778	—	162,269	395,047	766,156	10
Office equipments	1,033,213	99,950 (32,000)	1,151,163	494,077	(24,000)	244,896	714,973	436,190	15
Airconditioners	133,645	20,000	153,645	85,872	—	27,799	113,671	39,974	15
Computers	2,514,125	1,353,584 (175,960)	3,696,749	1,568,848	(83,066)	681,732	2,167,514	1,529,235	15
Bicycles	14,700	—	14,700	6,985	—	2,205	9,190	5,510	10
Rupees	16,597,948	2,281,061 (8,485,710) 7,958,100*	18,351,400	12,660,436	(7,520,060) 4,078,805*	4,030,081	13,249,262	5,102,138	
1994-Rupees	14,571,036	921,510 (6,120,547) 8,108,000* (882,051)*	16,597,948	10,091,039	(5,217,057) 5,078,171*	2,708,283	12,660,436	3,937,512	

## 10. ASSETS SUBJECT TO FINANCE LEASE

Motor vehicles	15,565,843	7,200,136 (1,251,500) (7,958,100)*	13,556,379	5,400,034	(209,550) (4,078,805)*	4,111,310	5,222,989	8,333,390	20
Rupees	15,565,843	7,200,136 (1,251,500) (7,958,100)*	13,556,379	5,400,034	(209,550) (4,078,805)*	4,111,310	5,222,989	8,333,390	
1994-Rupees	17,747,792	5,044,000 882,051* (8,108,000)	15,565,843	7,365,036	(5,078,171)	3,113,169	5,400,034	10,165,809	

Note 30 June 1996 31 December 1994

Depreciation for the period has been allocated to:

General and administration expenses	19	1,968,054	1,155,766
Selling and distribution expenses	20	6,173,337	4,665,686

Rupees	8,141,391	5,821,452
	=====	=====

**11. LONG-TERM INVESTMENTS - at cost**

Unquoted companies

In associated undertakings

FMC United (Private) Limited

1,639,418 (1994: 1,639,418) fully paid

ordinary shares of Rs. 10/- each

Equity held 40 percent (1994: 40 percent)

Value based on net assets as at

30 June 1995 Rs. 13.09 (1994: Rs. 11.92)

Chief Executive Mr. Mushtaq Ahmed

16,394,180	16,394,180
------------	------------

Other companies

Pioneer Pakistan Seeds Limited

612,175, (1994: 1,000,000) fully paid

ordinary shares of Rs. 10/- each

Equity held 6.12 percent (1994: 14.29 percent)

Value based on net assets as at

31 August 1995 Rs. 3.03 [1994: Rs. (12.17)]

Chief Executive Dr. Asif Ali Shah

6,121,750	10,000,000
-	(3,878,250)

Provision for diminution of investment

11.1	-----	-----
	6,121,750	6,121,750
	-----	-----

Rupees	22,515,930	22,515,930
	=====	=====

11.1 Pioneer Pakistan Seeds Limited has devised a restructuring plan to support its operation which requires the existing shareholders to surrender portion of their holdings at rupee one in proportion to their existing pattern of shareholding. Under the said plan, the Company has to surrender 387,825 shares of Rs. 10/- each. The plan also includes additional equity input of Rs. 90.0 million from parent company and write off of inter-company balances. Consequently, as a result of such restructuring, the break-up value of shares of the company is expected to be improved.

	30 June	31 December
Note	1996	1994

**12. LONG-TERM ADVANCES AND DEPOSITS**Advances to employees- unsecured,  
considered good

12.1	762,970	121,615
	699,666	810,904
	-----	-----

Security deposits against lease of vehicles

Rupees	1,462,636	932,519
	=====	=====

12.1 Recoverable after three years

Others

	762,970	121,615
	-----	-----

Rupees	762,970	121,615
	=====	=====

**13. STOCK-IN-TRADE**

Stock-in-hand

Pesticides

Finished stock

Intermediate stock

Packing material

	28,275,667	27,347,898
13.1	9,916,980	7,404,908
	7,248,680	-

	-----	-----
	45,441,327	34,752,806
Other trading stock	9,416,823	2,921,700
Less: Provision for slow moving stock	(200,000)	-
	-----	-----
	9,216,823	2,921,700
	-----	-----
Stock-in-transit	54,658,150	37,674,506
	25,134,668	-
	-----	-----
	Rupees 79,792,818	37,674,506
	=====	=====

13.1 Represents stock held by an associated undertaking, pending processing under toll formulation arrangement.

#### 14. TRADE DEBTS

Considered good		
Secured	-	15,828,912
Unsecured - Agro division	14,430,728	15,071,407
- Others	5,887,795	-
	-----	-----
	20,318,523	30,900,319
Considered doubtful	11,614,132	12,253,217
Less: Provision for doubtful debts	11,614,132	12,253,217
	-----	-----
	-	-
	-----	-----
	Rupees 20,318,523	30,900,319
	=====	=====

#### 15. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - unsecured, considered good		
Employees	2,035,236	1,765,520
Suppliers	1,316,284	77,748
Associated undertakings	-	13,207,964
Related parties	5,105,273	-
Advance tax - net	-	2,909,549
Deposits	702,314	558,385
Prepayments	1,388,315	1,904,540
Accrued profit on deposit account	26,035,020	20,242,499
Other receivables	825,683	2,007,870
	-----	-----
	Rupees 3,748,125	42,674,075
	=====	=====

15.1 The maximum aggregate amount due from associated companies / related parties at the end of any month during the period was as stated below:

FMC United (Private) Limited	6,210,640	14,483,598
UDL Computers (Private) Limited	-	147,764
UDL Modaraba	55,968	55,968
UDL Industries Limited	-	10,000
Pioneer Pakistan Seeds Limited	-	390,361

	-----	-----
Rupees	6,266,608	15,087,691
	=====	=====

**16. CASH AND BANK BALANCES**

With banks		
On current account	1,636,191	3,784,237
On deposit account	201,000,000	134,000,000
Cash in hand	232,584	380,049
Cash in transit	249,622	211,760
	-----	-----
Rupees	203,118,397	138,376,046
	=====	=====

		For Eighteen	For Twelve
		months ended	months ended
	Note	30 June 1996	31 December 1994
<b>17. SALES</b>			
Gross sales - Local	17.1	515,883,281	518,850,867
- Export		-	4,665,028
		-----	-----
		515,883,281	523,515,895
Less: Sales discount		9,453,520	15,729,176
		-----	-----
	Rupees	506,429,761	507,786,719
		=====	=====

17.1 By virtue of expiry of the agreement with FMC - International and Dow Elanco, the Company has discontinued the distribution of its two major products of each supplier and accordingly the stock of the discontinued products held by the Company has been transferred to FMC United and DE United. The aforesaid sales include the sale of such products.

**18. COST OF GOODS SOLD**

Opening stock		37,674,506	133,319,127
Purchases		416,925,204	302,722,203
Industrial processing charges		8,504,721	28,860,609
		-----	-----
		463,104,431	464,901,939
Closing stock		(54,858,150)	(37,674,506)
		-----	-----
	Rupees	408,246,281	427,227,433
		=====	=====

**19. GENERAL AND ADMINISTRATION EXPENSES**

Salaries, allowances and other benefits		7,055,843	5,214,800
Rent, rates and taxes		3,346,307	609,637
Legal and professional charges		2,358,046	649,058
Depreciation		1,968,054	1,155,766
Travelling and conveyance		2,668,362	769,089
Communication		1,288,134	500,444
Printing and stationery		407,265	326,693
Fee, subscription and periodicals		35,989	112,221
Utilities		65,563	11,367
Insurance		1,012,471	184,355
Vehicle running expenses		903,902	844,423
Auditors' remuneration	19.10	177,700	200,945
Repairs and maintenance		394,561	675,438
Entertainment		310,275	112,120

Donation	19.20	266,518	229,250
Others		236,643	365,770
		-----	-----
	Rupees	22,819,453	11,961,376
		=====	=====

**19.1 Auditors' Remuneration**

Audit fee		105,000	50,000
Corporate and other services		63,200	121,250
Out of pocket expenses		9,500	29,695
		-----	-----
	Rupees	177,700	200,945
		=====	=====

19.2 Recipients of donation do not include any donee in which a director or his spouse had any interest.

**20. SELLING AND DISTRIBUTION EXPENSES**

Salaries, allowances and other benefits		16,278,205	15,235,182
Commission and sales incentives		4,254,732	3,647,400
Sales promotion and advertisement expenses		2,997,548	515,421
Rent, rates and taxes		1,934,614	1,314,492
Fee, subscription and periodicals		172,020	108,905
Printing and stationery		288,743	248,906
Conference expenses		529,753	785,401
Communication		3,065,057	2,170,513
Utilities		450,118	232,831
Insurance		1,646,098	2,499,118
Entertainment		816,692	482,674
Vehicle running expenses		6,290,184	5,887,423
Distribution expenses		5,981,522	2,362,245
Repairs and maintenance		292,593	326,513
Travelling		2,942,820	2,617,397
Provision for doubtful debts		11,614,132	—
Depreciation		6,173,337	4,665,686
Legal and professional charges		245,144	388,229
Others		113,630	141,366
	Rupees	-----	-----
		66,086,942	43,629,702
		=====	=====

**21. OTHER INCOME / (CHARGES)**

Profit on deposit accounts		46,659,080	22,326,616
Gain on sale of fixed assets	21.1	4,685,198	1,879,819
Distribution fee for handling of products recovered from a related party/associated undertaking		24,280,000	—
Others		(266,835)	169,592
		-----	-----
	Rupees	75,357,443	24,376,027
		=====	=====

**21.1 Detail of Disposal of Fixed Assets**

	Make	Model	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain/(Loss) on Sale	Mode of Disposal	Particulars of Purchaser
Motor Vehicle	Suzuki		1989	191,000	190,999	1	70,000	69,999	Negotiation
	Jeep								Mr. Ali Akber House No. 2219

Motor Vehicle	Suzuki Jeep	1989	189,250	189,249	1	65,000	64,999	Negotiation	Garden Apartment, Defence Phase-1, Karachi Mr. Ali Akber House No. 2219
Motor Vehicle	Suzuki Jeep	1989	182,000	181,999	1	80,000	79,999	Negotiation	Garden Apartment, Defence Phase-1, Karachi Mr. Mohammed Afzal 134-F, Model Town Lahore
Motor Vehicle	Suzuki Jeep	1990	242,000	229,900	12,100	128,300	116,200	Negotiation	Mr. Mazhar Iqbal House No. 550
Motor Vehicle	Suzuki Jeep	1990	242,200	229,900	12,100	123,700	111,600	Negotiation	Old Bakar Mandi, Sahiwal Mr. Subtain Anjum House No. 53 Bilal Town Sahiwal
Motor Vehicle	Suzuki Jeep	1990	256,000	230,400	25,600	131,400	105,800	Negotiation	Mr. Mahmood Sleem House No. 45/V Sahiwal
Motor Vehicle	Suzuki Jeep	1989	142,000	141,999	1	70,000	69,999	Negotiation	Mr. Nazir Ahmed 30-W-071, Road Tariq Bin Ziyad Colony Sahiwal
Motor Vehicle	Suzuki Jeep	1989	191,000	190,999	1	76,000	75,999	Negotiation	Mr. Mohammed Ajmal House No. 381/261 Ghalla Mandi, Bahawalpur
Motor Vehicle	Suzuki Jeep	1988	170,500	170,499	1	60,000	59,999	Negotiation	Mr. Syed Irshad Hussain Goth Shah Pur. Distt. Chattar-Teh, Naseerabad
Motor Vehicle	Suzuki Jeep	1989	187,500	187,499	1	63,000	62,999	Negotiation	Mr. Ali Akber House No. 2219 Garden Apartment, Defence Phase-1, Karachi
Motor Vehicle	Suzuki Jeep	1991	235,000	188,000	47,000	139,100	92,100	Negotiation	Mr Qamer Abbas House No. 152 Ansar Street Sahiwal
Motor Vehicle	Suzuki Jeep	1991	235,000	188,000	47,000	155,000	108,000	Negotiation	Mr. Subtain Anjum House No. 53 Bilal Town Sahiwal
Motor Vehicle	Suzuki Jeep	1990	242,000	229,900	12,100	166,000	153,900	Negotiation	Mr. Subtain Anjum House No. 53 Bilal Town Sahiwal
Motor Vehicle	Suzuki Jeep	1991	235,000	188,000	47,000	155,000	108,000	Negotiation	Mr. Mahmood Saleem House No. 45/V Sahiwal
Motor Vehicle	Suzuki Jeep	1994	422,000	84,400	337,600	460,000	122,400	Negotiation	M/s China North West Electric Power Group (Pakistan) Engineering Company
Motor Vehicle	Suzuki Jeep	1994	422,000	84,400	337,600	460,000	122,400	Negotiation	M/s. China North West Electric Power Group (Pakistan) Engineering Company
Motor Vehicle	Suzuki Jeep	1990	242,000	229,900	12,100	181,000	168,900	Negotiation	Mr. Mohammed Imran House No. 28 Waliman Road, Sahiwal
Motor Vehicle	Suzuki Jeep	1989	182,000	181,999	1	80,000	79,999	Negotiation	Mr. Sajjad Nazir 30-W, Tariq Bin Ziyad Colony, Sahiwal
Motor Vehicle	Suzuki	1991	235,000	188,000	47,000	177,000	130,000	Negotiation	Ms. Salma



	Jeep								Kot Distt. Okara Sahiwal	
Motor Vehicle	Suzuki Jeep	1991	235,000	188,000	47,000	168,000	121,000	Negotiation	Mr. Abdul Hakeem H. No. 162-B/16 Quddafi Street, Multan	
Motor Vehicle	Suzuki Jeep	1991	235,000	188,000	47,000	160,000	113,000	Negotiation	Mr. Mohammed Ali 85/6 R, Goth Farid Khan Sahiwal	
Motor Vehicle	Suzuki Jeep	1990	238,000	194,367	43,633	175,000	131,367	Negotiation	Mr. Mohammed Sharif Sukkur	
Motor Vehicle	Suzuki Khyber	1991	200,000	153,333	46,667	136,000	89,333	Negotiation	Mr. Javed Ali Qureshi Employee	
Motor Vehicle	Suzuki Khyber	1991	200,000	153,333	46,667	132,000	85,333	Negotiation	Mr. Jalaluddin A/2-34, Ibn-e-Sina Line Karachi	
Motor Vehicle	Nissan Sunny	1990	321,500	305,425	16,075	250,000	233,925	Negotiation	M/s. IBL (Pvt) Limited 9th floor NIC Building Abbasi Shaheed Road Karachi	
Motor Cycle	Honda 70	1984	5,500	3,300	2,200	19,000	16,800	Negotiation	Mr. Khalid Pervaiz Employee	
Motor Cycle	Honda MB	100	1982	5,000	3,000	2,000	8,200	6,200	Negotiation	Mr. Mahmood Akhter Employee
Motor Cycle	Honda MB	100	1986	7,500	4,500	3,000	4,500	1,500	Negotiation	Mr. Ilyas Ahmed Employee
Motor Cycle	Suzuki	100	1985	5,000	3,000	2,000	8,000	6,000	Negotiation	Mr. Zubair Ahmed Employee
Computer	Power Book	1994	96,000	14,400	81,600	81,600		-Negotiation	M/s. IBL (Pvt) Limited 9th floor, NIC Building	
Motor Vehicle	Suzuki Jeep	1992	225,000	146,250	78,750	190,000	111,250	Negotiation	Mr. Fawad Nazir House No. 30/Y Tariq Bin Ziyad Colony Sahiwal	
Motor Vehicle	Suzuki Jeep	1991	235,000	234,999	1	180,000	179,999	Negotiation	Mr. Nazir Ahmed Chak No. 62/122 Distt. Sahiwal	
Motor Vehicle	Nissan Sunny	1990	317,000	316,999	1	275,000	274,999	Negotiation	Mr. Syed Naqeeb-ul-Hussain House No. A-1563 Hyderi Road, Sukkur	
Motor Vehicle	Suzuki Khyber	1991	201,000	174,200	26,800	150,000	123,200	Negotiation	Mr. Nadeem Apsara Apartment New Karachi, Karachi	
Motor Vehicle	Suzuki Jeep	1992	225,000	146,250	78,750	176,000	97,250	Negotiation	Mr. Fawad Nazir House No. 30/Y Tariq Bin Ziyad Colony Sahiwal	
Motor Vehicle	Suzuki Khyber	1990	197,500	197,499	1	140,000	139,999	Negotiation	Mr. Masood Ahmed R-1756, Block-5 EB. Area, Karachi	
Motor Vehicle	Nissan Sunny	1991	367,000	318,067	48,933	143,000	99,067	Negotiation	Mr. Farooq Zia U-20, Defence Society Lahore	
Motor Vehicle	Suzuki	1995	199,000	142,116	56,884	150,000	93,116	Negotiation	M/s. Royal Exchange	

	Khyber									Assurance I.I. Chundrigar Road Karachi
Motor Vehicle	Suzuki Khyber	1991	199,000	142,616	56,384	180,000	123,616	Negotiation		Mr. Mahmood Saleem H. No. 45/V, Farid Town Sahiwal
Motor Vehicle	Suzuki Khyber	1991	215,500	215,499	1	180,000	179,999	Negotiation		Mr. Muhammed Suleman H. No. 184, Kausar Street Sahiwal
Motor Vehicle	Honda Concerto	1990	845,000	844,999	1	500,000	499,999	Negotiation		Mr. Sultan Ali Akber Allana 9-A, Clifton Street, Karachi
Motor Vehicle	Suzuki Margalla	1989	407,500	40,750	366,750	110,000	43,250	Negotiation		M/s. Royal Exchange Assurance I.I. Chundrigar Road Karachi
Computer	-	1988	39,000	38,999	1	1,501	1,500	Negotiation		Mr. Babar House No. 24, PIB Colony Karachi
Computer	-	1990	320.00%	29,665	3,295	3,999	704	Negotiation		Mr. Babar House No. 24, PIB Colony Karachi
Generator	-	1990	32,000	24,000	8,000	17,500	9,500	Negotiation		Mr. Muhammed Arshad Abbottabad
	Rupees		9,729,210	7,729,608	1,999,600	6,684,800	4,635,193			
			=====	=====	=====	=====	=====			

For EighteenFor Twelve  
months endedmonths ended  
Note 30-Jun-9631-Dec-94

21.2. The cost of the deleted assets has been presented as follows:

- Own assets	9	8,485,710	6,058,422
Leased assets	10	1,251,500	-
Return of fixed assets		(8,000)	-
		-----	-----
Rupees		9,729,210	6,058,422
		=====	=====

## 22. FINANCIAL CHARGES

Mark-up on short-term loans and running finance		20,908,195	12,070,825
Financial charges under leases		2,289,864	1,506,744
Exchange loss		4,401,959	8,332,064
Mark-up on current account with related party / associated company		5,391,641	-
Bank charges and commission		1,612,918	1,048,528
		-----	-----
Rupees		34,604,577	22,958,161
		=====	=====

## 23. TAXATION

### Current period

Provision for taxation for the current year has been made in these accounts on the 'presumptive tax' basis under section 80C of the Income Tax Ordinance, 1979 (the Ordinance.)

**Prior years'**

In finalising the assessments for the assessment years 1991-92 to 1995-96, the Assessing Officer has assessed the liability on "presumptive tax" basis under section 80C of the Ordinance. The Company has filed appeals before the Appellate Authorities and filed constitutional writ petition in the Honourable High Court of Sindh challenging the virus of presumptive tax under section 80C of the Ordinance. However, as a matter of prudence full liability has been provided for in the accounts.

**Deferred**

There was no deferred tax liability as of the balance sheet date (1994: Nil)

**24. TRANSACTIONS WITH ASSOCIATED****UNDERTAKINGS**

Purchases	46,592,892	54,566,952
Industrial processing charges	8,415,179	28,860,609
Short-term finances obtained	108,049,896	24,280,000
Repayment of short-term finances	10,530,000	8,000,000
Field and other vehicle rental	-	57,592
Purchase of fixed assets	439,842	-
Other services	25,761	143,451
Sales/transfer of stock on termination of agreement	32,273,376	-
Distribution fee for handling of products	23,380,000	-
Mark-up payable on current account	4,392,955	-

**25. REMUNERATION OF EXECUTIVES**

	DIRECTOR		EXECUTIVES	
	1996	1994	1996	1994
Basic salary	137,865	612	334,857	213,295
Allowances	7,581	33,600	1,875,469	1,175,900
Bonus	10,485	51,000	156,195	164,224
Company's Contribution to Provident Fund	13,786	61,200	322,543	213,295
	-----	-----	-----	-----
Rupees	237,946	1,060,200	572,714	3,686,369
	=====	=====	=====	=====
Number	1	1	13	11
	=====	=====	=====	=====

The Executives are provided with free use of Company maintained cars. Medical facility is provided to the Executives to the extent of reimbursement of actual expenditure.

No remuneration is payable to the Chief Executive of the Company. However, Rs. 10,500/ (1994: Rs. 7,500/-) were paid to five directors being fee for attending the Board of Directors' meetings. The above does not include remuneration, if any, paid to or provided for in respect of Director and Executives by associated companies.

**26. PROFIT AND LOSS ACCOUNT**

The profit and loss account represents the results of eighteen months ended 30 June, 1996 as the Company has changed its accounting year from 31 December to 30 June. However, comparative figures represent results for twelve months ended 31 December 1994.

**27. COMPARATIVE FIGURES**

Certain prior year's figures have been re-arranged.

**Pattern of Holding of Shares held by the Shareholders**

As at 30 June 1996

No. of Shareholders	Shareholding		Total Shares Held	
	From	To		
93	1	100	7,250	
152	101	500	51,249	
81	501	1,000	68,245	
89	1001	5,000	153,254	
9	5001	10,000	62,363	
6	10001	15,000	82,432	
3	15001	20000	53,000	
3	20001	25000	62,106	
4	30001	35000	129,731	
5	35001	40000	193,100	
5	40001	45000	215,720	
5	45001	50000	240,250	
1	50001	55,000	52,025	
1	55001	60000	57,558	
3	60001	65,000	188,370	
5	65001	70000	332,295	
3	70001	75000	220,475	
1	90001	95000	93,535	
2	110001	115000	222,857	
2	120001	125000	250000	
2	125001	130000	251,475	
1	140001	145000	143,225	
1	155001	160000	156,275	
1	170001	175000	174,350	
1	245001	250000	249,800	
1	325001	330000	329,599	
1	955001	960000	959,461	
-----				
481			5,000,000	
=====				

**Categories of Shareholders**

As at 30 June 1996

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	471	34,388	68.62
Investment Companies	5	1,441,326	28.83
Insurance Companies	1	63,200	1.26
Joint Stock Companies	3	14,666	0.29
Financial Institutions	0		0.00
Modaraba Companies	1	50,000	1.00
Associated Companies	0		0.00
Holding Companies	0		0.00
Others	0		0.00
-----			
	481	5,000,000	100.00
=====			