

# **United Distributors Pakistan Limited**

## **Annual Report 1999**

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### **COMPANY INFORMATION**

#### **BOARD OF DIRECTORS**

|                   |                 |
|-------------------|-----------------|
| ARSHAD ABDULLA    | Chief Executive |
| RASHID ABDULLA    |                 |
| KHALID MALIK      |                 |
| SHAHID ABDULLA    |                 |
| SHARAF IQBAL      |                 |
| ANJUM BASHIR      |                 |
| ANIS WAHAB ZUBERI | N.I.T. Nominee  |

#### **COMPANY SECRETARY**

ANJUM BASHIR

#### **AUDITORS**

SIDAT HYDER QAMAR & 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 17th Annual General Meeting of UNITED DISTRIBUTORS PAKISTAN LIMITED will be held at Hotel Regent Plaza Shahra-e-Faisal Karachi on Saturday, January 15, 2000 at 11 a.m. to transact the following business:

### **ORDINARY BUSINESS**

1. To confirm the minutes of the last Annual General Meeting held on March 24, 1999.
2. To receive, consider and approve the audited accounts of the Company for the year ended June 30, 1999, together with the Directors' and Auditors' reports thereon.
3. To approve the cash dividend at Re. 1/- (One) per ordinary share of Rs. 10/- each (10%), as recommended by the Directors.
4. To appoint auditors and fix their remuneration for the current year. The present auditors M/S. SIDAT HYDER QAMAR & CO. Chartered Accountants, retire and being eligible, offer themselves for re-appointment.

### **SPECIAL BUSINESS**

5. To fix the remuneration of the full time working Directors.
6. To approve the issue of bonus shares in the proportion of one share for every ten shares held (10%) 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. 6,000,000/- out of the un-appropriated profits of the Company be capitalized and be applied towards the issue of 600,000 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 January 12, 2000, in the proportion of one share for every ten shares held and that such new shares shall rank par passu with the existing ordinary shares except that they will not be eligible for cash dividend of this year."

"FURTHER RESOLVED that in the event of any shareholder holding less than ten shares or number of shares which is not an exact multiple of ten, the Directors be and are hereby authorized 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."

**By Order of the Board**

Karachi: December 24, 1999.

**Company Secretary**

### **NOTES:**

1. The share transfer books of the Company will remain closed from January 13, to January 20, 2000 (both days inclusive). Transfers received in order at the office of our Registrar M/S. GANGJEES INVESTMENT & FINANCE CONSULTANTS, ROOM No. 513, CLIFTON CENTRE, KEHKASHAN, BLOCK 5, CLIFTON, KARACHI-75600, by the close of business on Wednesday January 12, 2000 will be treated in time for the purpose of determining entitlement to dividend as well as 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 5**

Members approval will be sought at the forthcoming Annual General Meeting for the holding of office of profit and the payment of remuneration to working directors named Mr. Sharaf Iqbal and Mr. Anjum Bashir. Both the directors are interested in this business only to the extent of their 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 authorized to fix remuneration of two full time working directors (M/S Sharaf Iqbal and Anjum Bashir), not exceeding rupees two million five hundred thousand per annum plus Company's maintained car and other benefits as per Company's policy.

**Item 6**

In the opinion of the directors, the financial position of the Company justifies a bonus issue in the ratio of 1:10. The directors are interested in this business only to the extent of their entitlement to bonus shares as shareholders.

**REPORT OF DIRECTORS**

The Directors take pleasure in submitting their report and audited accounts of the Company for the year ending June 30, 1999.

**FINANCIAL RESULTS:**

|  |            |
|--|------------|
| Profit for the year before taxation    | 16,644,958 |
| Less: Provision for taxation           | 4,100,000  |
|  | -----      |
| Profit after taxation                  | 12,544,958 |
| Un-appropriated profit brought forward | 12,959,581 |
|  | -----      |
| Profit available for appropriation     | 25,504,539 |
| Less: Appropriations                   |            |
| Dividend @ 10%                         | 6,000,000  |
| Transfer to Reserve for                |            |
| Issue of Bonus Shares                  | 6,000,000  |
|  | -----      |
|  | 12,000,000 |

|  |        |                              |
|--|--------|------------------------------|
| Un-appropriated profit carried forward | Rupees | -----<br>13,504,539<br>----- |
| Earning per share                      |        | -----<br>2.09<br>-----       |

### **REVIEW OF OPERATIONS**

In the year ending June 30, 1999, the Company's turnover was Rs. 126.5 million as compared to Rs. 101.4 million during the same period last year.

The major increase was possible due to the addition of a high priced pesticide which was added to our existing product range. This product was effective on white fly (a major pest of cotton) and required tremendous efforts for its introduction.

Our distribution business, which remains the back bone of our business line has shown substantial increase in our revenue. Though due to the handling of larger volumes our cost also went up proportionately.

The decrease in overall gross profit ratio has mainly been due to the obsolete stock which we were carrying and has now been written off. This has been done in view of the limited shelf life of the products.

The power system business remained marginal as no significant tenders were issued by the public sector.

### **COMPLIANCE WITH YEAR 2000**

The Directors do not see any problem viz-a-viz the Millennium Bug as we have converted and tested our computer system for year 2000 compliance.

### **FUTURE OUTLOOK**

Over the past couple of years your Company has been going through a regular restructuring process and we are prepared to face the forth coming challenges in a better way.

Due to the liberal policy of the government in allowing imports of generic products there has been a heavy influx of local mushroom companies which has resulted in a price war. Speculations are that the profit margins would slide down gradually in the times to come. Your Company is fully aware of such a situation and we are trying our best to maintain a lean and highly productive organization.

We also have plans to bring in more products, specially the ones that have been recently off patent. Our plans are to enter into the bulk sales area either through our joint venture partners or other reliable companies.

The distribution business set up is being further tuned and organized to provide complete customer satisfaction to our existing joint venture clients. We are also on the look out for increasing our client base in this business area.

Your Company is also trying to enter the seeds business by finding suitable partners who have strong research back up and are interested on a long term business relationship. This we believe is a business area which needs to be tapped as it could bring in new technology and generate more profits to your Company in future.

### **HOLDING OF SHARES**

The pattern of holding of shares is shown on Page No. 25.

### **AUDITORS**

The retiring auditors M/S. Sidat Hyder Qamar & Co., being eligible, offer themselves for re-appointment

### **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 year.

**Chief Executive**

**Director**

KARACHI: December 24, 1999.

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of UNITED DISTRIBUTORS PAKISTAN LIMITED as at 30 June 1999 and the related profit and loss account and statement of changes in financial position, 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 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 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 and 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 1999 and of the profit and the changes in financial position for the year then ended; and

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

KARACHI: December 24, 1999

**SIDAT HYDER QAMAR & CO.**  
**Chartered Accountants**

**BALANCE SHEET AS AT 30 JUNE 1999**

|   | <i>Note</i> | <i>1999</i> | <i>1998</i> |
|---|-------------|-------------|-------------|
| <b>CAPITAL AND RESERVES</b>   |             |             |             |
| Authorised<br>10,000,000 (1998: 10,000,000) Ordinary shares<br>of Rs. 10/- each |             | 100,000,000 | 100,000,000 |
|   |             | =====       | =====       |
| Issued, subscribed and paid-up  | 3           | 60,000,000  | 60,000,000  |
| Reserve for issue of bonus shares   | 4           | 6,000,000   | --          |
| General reserves  |             | 20,000,000  | 20,000,000  |
| Accumulated profit  |             | 13,504,539  | 12,959,581  |
|   |             | -----       | -----       |
|   |             | 99,504,539  | 92,959,581  |
| <br>  |             |             |             |
| Deferred Liabilities  | 5           | 2,561,000   | --          |
| Liabilities against assets subject to finance lease                             | 6           | 2,833,650   | 5,872,890   |
| <b>CURRENT LIABILITIES</b>  |             |             |             |
| Current portion of liabilities against assets subject to<br>finance lease       |             | 3,039,240   | 3,817,976   |
| Short-term loan and running finances  | 7           | 166,684,691 | 136,663,078 |
| Creditors, accrued and other liabilities  | 8           | 119,127,755 | 124,719,218 |
| Proposed dividend   |             | 6,000,000   | --          |
|   |             | -----       | -----       |
|   |             | 294,851,686 | 265,200,272 |
| <br>  |             |             |             |
| <b>CONTINGENCIES AND COMMITMENTS</b>  | 9           | --          | --          |
|   |             | -----       | -----       |
|   | Rupees      | 399,750,875 | 364,032,743 |
|   |             | =====       | =====       |
| <br>  |             |             |             |
| <b>FIXED ASSETS -- TANGIBLE</b>   |             |             |             |
| Operating fixed assets -- at book value   | 10          | 2,067,126   | 2,459,514   |
| Assets subject to finance lease   | 11          | 2,923,285   | 9,742,645   |
|   |             | -----       | -----       |
|   |             | 4,990,411   | 12,202,159  |
| <br>  |             |             |             |
| <b>LONG-TERM INVESTMENTS - AT COST</b>  | 12          | 22,515,930  | 22,515,930  |
| <b>LONG-TERM LOANS AND DEPOSITS</b>   | 13          | 1,443,557   | 1,741,680   |
| <br>  |             |             |             |
| <b>CURRENT ASSETS</b>   |             |             |             |
| Stock-in-trade  | 14          | 51,715,019  | 43,523,403  |
| Trade debts.  | 15          | 3,460,584   | 3,872,344   |
| Advances, deposits, prepayments and other receivables                           | 16          | 62,961,165  | 30,497,334  |
| Short term investment   | 17          | 232,206,663 | 248,703,877 |

|                        |        |             |             |
|------------------------|--------|-------------|-------------|
| Cash and bank balances | 18     | 20,457,546  | 976,016     |
|                        |        | -----       | -----       |
|                        |        | 370,800,977 | 327,572,974 |
|                        |        | -----       | -----       |
|                        | Rupees | 399,750,875 | 364,032,743 |
|                        |        | =====       | =====       |

**AUDITORS' REPORT ANNEXED**

These accounts should be read with the annexed notes.

**Chief Executive****Director****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1999**

|  | <i>Note</i> | <i>1999</i>  | <i>1998</i>  |
|--|-------------|--------------|--------------|
| Sales -- net   | 19          | 126,525,180  | 101,421,217  |
| Cost of goods sold   | 20          | 107,022,785  | 75,442,805   |
|  |             | -----        | -----        |
| Gross profit   |             | 19,502,395   | 25,978,412   |
| Distribution fee for handling of products recovered from related parties |             | 28,961,089   | 24,470,513   |
|  |             | -----        | -----        |
|  |             | 48,463,484   | 50,448,925   |
| General and administration expenses                                      | 21          | 11,995,097   | 8,776,579    |
| Selling and distribution expenses  | 22          | 40,894,760   | 37,117,036   |
|  |             | -----        | -----        |
|  |             | 52,889,857   | 45,893,615   |
| Operating (Loss)/profit  |             | (4,426,373)  | 4,555,310    |
| Financial charges  | 23          | 25,644,927   | 37,438,032   |
| Other income   | 24          | (46,716,258) | (42,902,180) |
|  |             | -----        | -----        |
|  |             | (21,071,331) | (5,464,148)  |
| Profit before taxation   |             | 16,644,958   | 10,019,458   |
| Provision for taxation -- current year                                   | 25          | 4,100,000    | 4,200,000    |
|  |             | -----        | -----        |
| Profit after taxation  |             | 12,544,958   | 5,819,458    |
| Accumulated profit brought forward                                       |             | 12,959,581   | 7,140,123    |
|  |             | -----        | -----        |
| Accumulated profit available for appropriation                           |             | 25,504,539   | 12,959,581   |

## Appropriations:

|   |        |            |            |
|---|--------|------------|------------|
| Proposed final dividend Re. 1/- per share (1998: Nil) |        | 6,000,000  | --         |
| Transfer to reserve for issue of bonus share          |        | 6,000,000  | --         |
|   |        | -----      | -----      |
|   |        | 12,000,000 | --         |
|   |        | -----      | -----      |
| Accumulated profit carried forward                    | Rupees | 13,504,539 | 12,959,581 |
|   |        | =====      | =====      |
| Earning per share -- Basic and diluted                | 29     | 2.09       | 0.97       |
|   |        | =====      | =====      |

These accounts should be read with the annexed notes.

## Chief Executive

## Director

### STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 1999

|  | <i>1999</i>  | <i>1998</i>  |
|--|--------------|--------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                                     |              |              |
| Profit after taxation  | 12,544,958   | 5,819,458    |
| Adjustment to reconcile profit to net cash provided<br>by operating activities |              |              |
| Depreciation   | 3,974,460    | 5,176,621    |
| Provision for diminution in value of leased assets                             | 3,500,000    | --           |
| Profit on deposit account  | (41,601,352) | (40,362,093) |
| Financial charges  | 30,866,894   | --           |
| Bad debts  | 395,439      | --           |
| Stock written off  | 8,692,510    | --           |
| Gain on sale of fixed assets   | (539,554)    | (2,540,087)  |
|  | -----        | -----        |
|  | 5,288,397    | (37,725,559) |
|  | -----        | -----        |
| Cash used in operating activities  | 17,833,355   | (31,906,101) |
| (Increase) / decrease in current assets  | (23,746,473) | (1,457,912)  |
| Increase / (decrease) in current liabilities                                   | 24,430,150   | 8,000,319    |
|  | -----        | -----        |
| Net cash used in operating activities before income tax                        | 18,517,032   | (25,363,694) |
|  |              |              |
| Financial charges paid   | (25,331,178) | --           |
| Income tax paid  | (3,412,550)  | (7,685,910)  |
|  | -----        | -----        |
| Net cash used in operating activities  | (10,226,696) | (33,049,604) |
|  |              |              |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                                     |              |              |
| Capital expenditure  | (463,159)    | (432,842)    |

|   |             |             |
|---|-------------|-------------|
| Increase in long-term advances and deposits         | 289,123     | 192,424     |
| Profit received on deposit account                  | 32,960,238  | 35,226,130  |
| Proceeds from sale of fixed assets                  | 740,000     | 2,718,000   |
|   | -----       | -----       |
| Net cash from investing activities                  | 33,526,202  | 37,703,712  |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>          |             |             |
| Payments for assets subject to finance lease        | (3,817,976) | (4,725,994) |
|   | -----       | -----       |
| Net cash used in financing activities               | (3,817,976) | (4,725,994) |
|   | -----       | -----       |
| Net increase in cash and bank balances              | 19,481,530  | (71,886)    |
| Cash and bank balances at the beginning of the year | 976,016     | 1,047,902   |
|   | -----       | -----       |
| Cash and bank balances at the end of the year       | 20,457,546  | 976,016     |
|   | =====       | =====       |

Rupees

Chief Executive

Director

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1999

### 1. NATURE OF BUSINESS

The Company was 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 and other products.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Overall valuation policy

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

#### 2.2 Basis of preparation

These financial statements have been prepared in accordance with International Accounting Standards as applicable in Pakistan.

#### 2.3 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

payment 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.

#### **2.4 Staff retirement benefits**

A recognized Provident Fund Scheme is operative for all employees and contributions thereto are expensed.

#### **2.5 Taxation**

Provision for 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.

#### **2.6 Investments**

Long term investments are stated at cost. Provision for diminution other than temporary, if any, in the value of investments are taken to profit and loss account.

Short term investments are stated at lower of cost and market value.

#### **2.7 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.

#### **2.8 Trade debts**

Known bad debts, if any, are written off and provision is made against debts considered doubtful.

#### **2.9 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.

#### **2.10 Revenue recognition**

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

Profit on short term investments are recognized on accrual basis.

Distribution fee is recognized when it becomes receivable under the provisions of relevant agreement/contract.

Dividend income is recognized when the right to receive the dividend is established.

**1999**

**1998**

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



## 6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

|                                    |        |           |            |
|------------------------------------|--------|-----------|------------|
| Balance as on 1 July               |        | 9,690,866 | 14,416,860 |
| Less: Payments made                |        | 3,817,976 | 4,725,994  |
|                                    |        | -----     | -----      |
|                                    | 6.2    | 5,872,890 | 9,690,866  |
| Less: Current portion of liability |        | 3,039,240 | 3,817,976  |
|                                    |        | -----     | -----      |
|                                    | Rupees | 2,833,650 | 5,872,890  |
|                                    |        | =====     | =====      |

6.1 The total lease rentals due under the lease agreements aggregate Rs. 6,709,700 (1998:11,965,965/-) and are payable in 48-60 equal monthly installments under various lease agreements latest by 2002. Overdue rental payments are subject to an additional charge of 2-3 percent per month. Taxes, repairs, replacement and insurance cost 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 (1998: 17-23 percent) per annum have been used as discounting factor.

Purchase options can be exercised by the Company by paying the amount of security deposits at the expiry of the lease period.

6.2 The future minimum lease payments to which the Company is committed under the lease agreements are due as follows:

| Year  |        | <b>1999</b> | <b>1998</b> |
|---|--------|-------------|-------------|
| 1998-1999   |        | --          | 5,122,290   |
| 1999-2000   |        | 3,655,589   | 3,774,134   |
| 2000-2001   |        | 2,825,114   | 2,840,544   |
| 2001-2002   |        | 228,997     | 228,997     |
|   |        | -----       | -----       |
|   |        | 6,709,700   | 11,965,965  |
| Less: Financial charges allocated to future periods |        | 836,810     | 2,275,099   |
|   |        | -----       | -----       |
|   | Rupees | 5,872,890   | 9,690,866   |
|   |        | =====       | =====       |

| <b>Note</b> | <b>1999</b> | <b>1998</b> |
|-------------|-------------|-------------|
|-------------|-------------|-------------|

## 7. SHORT-TERM LOAN AND RUNNING FINANCES

### Secured:

From commercial banks

|                  |     |            |             |
|------------------|-----|------------|-------------|
| Short term loan  |     | --         | 52,801,245  |
| Running finance  | 7.1 | 13,260,279 | 25,329,055  |
| Morabaha finance | 7.2 | 26,893,000 | 30,000,000  |
|                  |     | -----      | -----       |
|                  |     | 40,153,279 | 108,130,300 |

|                             |        |             |             |
|-----------------------------|--------|-------------|-------------|
| From financial institutions |        |             |             |
| Morabaha finance            | 7.3    | 24,000,000  | 20,000,000  |
| Unsecured                   |        |             |             |
| From related parties        | 7.4    | 102,531,412 | 8,532,778   |
|                             |        | -----       | -----       |
|                             | Rupees | 166,684,691 | 136,663,078 |
|                             |        | =====       | =====       |

7.1 Represents overdue balance payable to commercial banks in respect of running finance facilities obtained in prior years. These are subject to mark-up ranging from 54 to 60 paisas per rupees one thousand per day. These facilities are secured against joint pari passu hypothecation of stocks, trade receivables, personal guarantees of directors, cross corporate guarantees from a related party in favour of banks and demand promissory notes.

7.2 Represents Morabaha finance of Rs. 30 million (1998: Rs. 30 million) obtained from a commercial bank under mark-up arrangements. The sanctioned amount has been designated as 'Sale Price' against which Rs. 33.057 million (1998 Rs. 33.057 million) is payable by the Company and is designated as 'Purchase Price' payable on 31 December 1998. The finance is secured against pari passu charge over stocks and receivables, demand promissory note and personal guarantee of directors.

7.3 Represents Morabaha finance of Rs. 24 million (1998:20 million) obtained from a Modaraba under mark-up arrangements. The sanctioned amount has been designated as 'Sale Price' against which Rs. 28.4 million (1998:22.35 million) is payable by the Company and is designated as 'Purchase Price' payable on 15 November 1999. The finance is secured against pledge of stocks, hypothecation over debts, demand promissory note, personal guarantee of directors and corporate guarantee of a related party in favour of Modaraba.

7.4 Represents financing facilities provided by the related parties, carried mark-up at the rate of 49.3 paisas (1998:41 paisas) per rupees one thousand per day on daily product basis, repayable on demand.

|  | <b>1999</b> | <b>1998</b> |
|--|-------------|-------------|
| <b>8. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>               |             |             |
| Trade creditors  | 55,666,601  | 2,168,758   |
| Bills payable  | --          | 17,961,809  |
| Accrued liabilities  | 7,195,250   | 8,610,158   |
| Accrued mark-up on short-term loans and running finance- secured | 13,747,826  | 25,385,212  |
| Accrued mark-up on current account with related parties          | 7,215,026   | 12,124,905  |
| Due to associated undertakings                                   | 466,763     | 25,841,995  |
| Advances from dealers and customers                              | 34,348,428  | 32,135,378  |
| Unclaimed dividend   | 392,190     | 392,190     |
| Other liabilities  | 95,671      | 98,813      |
|  | -----       | -----       |
|  | Rupees      |             |
|  | 119,127,755 | 124,719,218 |
|  | =====       | =====       |

**9. CONTINGENCIES AND COMMITMENTS**

9.1 Guarantees issued by commercial banks on behalf of the Company

Rupees -- 433,800

9.2 Outstanding letter of credits

Rupees 8,291,000 --

9.3 In framing the assessment for the assessment year 1991-92 to 1994-95, 1996-97 and 1997-98, the Assessing Officer has made certain disallowances of expenses, resulting in an additional tax liability of Rs. 3.328 million. The Company has filed appeals with the Income Tax Appellate Authorities against the said disallowances. As the management is confident that the decision in all the above cases will be in the Company's favour, therefore, no provision has been made in the accounts for the aforesaid amount.

**10. FIXED ASSETS intangible**

The following is a statement of operating assets:

|                        | <i>Cost at<br/>1 July<br/>1998</i> | <i>Additions/<br/>(Deletions)/<br/>*Reclassi-<br/>fication</i> | <i>Cost at<br/>30 June<br/>1999</i> | <i>Accumulated<br/>depreciation<br/>at 1 July<br/>1998</i> | <i>Adjustments<br/>for disposal/<br/>*Reclassi-<br/>fication</i> | <i>Depreciation<br/>for the<br/>year</i> | <i>Accumulated<br/>depreciation<br/>at 30 June<br/>1999</i> | <i>Book Value<br/>at 30 June<br/>1999</i> | <i>Depreciation<br/>Rate %</i> |
|------------------------|------------------------------------|--|-------------------------------------|--|--|--|---|---|--------------------------------|
| Motor vehicles         | 10,045,842                         | (653,000)<br>*3,269,000  | 12,661,842                          | 9,552,435<br>*2,541,500                                    | (606,400)  | 919,078                                  | 12,406,613  | 255,229                                   | 20                             |
| Furniture and fixtures | 1,372,921                          | 8,187  | 1,381,108                           | 657,137  | --   | 134,919                                  | 792,056   | 589,052                                   | 10                             |
| Office equipment       | 1,173,763                          | 165,350  | 1,339,113                           | 1,005,030  | --   | 104,992                                  | 1,110,022   | 229,091                                   | 15                             |
| Airconditioners        | 152,445                            | 14,000   | 166,445                             | 134,994  | --   | 7,942                                    | 142,936   | 23,509                                    | 15                             |
| Computers .            | 3,933,538                          | 275,622  | 4,209,160                           | 2,876,394  | --   | 367,746                                  | 3,244,140   | 965,020                                   | 15                             |
| Bicycles               | 361,070                            | --   | 361,070                             | 354,076  | --   | 1,769                                    | 355,845   | 5,225                                     | 10                             |
| Rupees                 | 17,039,579                         | 463,159<br>(653,000)<br>*3,269,000                             | 20,118,738                          | 14,580,066   | --<br>(606,400)<br>*2,541,500                                    | 1,536,446                                | 18,051,612  | 2,067,126                                 |                                |
| 1998- Rupees           | 15,423,895                         | 313,442<br>(4,195,500)<br>*5,497,742                           | 17,039,579                          | 12,459,058   | --<br>(4,017,587)<br>*4,130,710                                  | 2,007,884                                | 14,580,065  | 2,459,514                                 |                                |

**11. ASSETS SUBJECT TO FINANCE LEASE**

|  | <i>Cost at</i> | <i>Additions/<br/>(Deletions)/</i> | <i>Cost at</i> | <i>Accumulated<br/>depreciation</i> | <i>Adjustments<br/>for disposal/</i> | <i>Depreciation</i> | <i>Accumulated<br/>depreciation</i> | <i>Book value</i> | <i>Deprecia-</i> |
|--|----------------|------------------------------------|----------------|-------------------------------------|--------------------------------------|---------------------|-------------------------------------|-------------------|------------------|
|--|----------------|------------------------------------|----------------|-------------------------------------|--------------------------------------|---------------------|-------------------------------------|-------------------|------------------|

|                | <i>1 July<br/>1998</i> | <i>*Reclassi-<br/>fication</i> | <i>30 June<br/>1999</i> | <i>at 1 July<br/>1998</i> | <i>*Reclassi-<br/>fication<br/>**write down</i> | <i>for the<br/>year</i> | <i>at 30 June<br/>1999</i> | <i>at 30 June<br/>1999</i> | <i>tion<br/>Rate %</i> |
|----------------|------------------------|--------------------------------|-------------------------|---------------------------|---|-------------------------|----------------------------|----------------------------|------------------------|
| Motor vehicles | 8,612,637              | *(3,269,000)<br>(384,615)      | 4,959,022               | 5,636,882<br>(230,769)    | *(2,541,500)                                    | 991,804                 | 3,856,417                  | 1,102,605                  | 20                     |
| Computers      | 9,641,400              | --                             | 9,641,400               | 2,874,510                 | ***(3,500,000)                                  | 1,446,210               | 7,820,720                  | 1,820,680                  | 15                     |
| Rupees         | 18,254,037             | (384,615)<br>*(3,269,000)      | 14,600,422              | 8,511,392                 | (6,272,269)                                     | 2,438,014               | 11,677,137                 | 2,923,285                  |                        |
| 1998 - Rupees  | 23,632,379             | 119,400<br>*5,497,742          | 18,254,037              | 9,473,365                 | *(4,130,710)                                    | 3,168,737               | 8,511,392                  | 9,742,645                  |                        |

11.1 During the year, cost of computers of Rs. 3.5 million has been written-down to account' for impairment loss due to technological obsolescence.

|  | <i>Note</i> | <i>1999</i> | <i>1998</i> |
|--|-------------|-------------|-------------|
| Depreciation for the year has been allocated to: |             |             |             |
| General and administration expenses              | 21          | 1,868,320   | 2,400,665   |
| Selling and distribution expenses                | 22          | 2,106,140   | 2,775,956   |
|  |             | -----       | -----       |
|  | Rupees      | 3,974,460   | 5,176,621   |
|  |             | =====       | =====       |

## 12. LONG-TERM INVESTMENTS m at cost

Unquoted companies

FMC United (Private) Limited

1,639,418 (1998: 1,639,418) fully paid

Ordinary shares of Rs. 10/- each

Equity held 40 percent (1998:40 percent)

Value based on net assets as at

31 December 1998 Rs. 19.7 (31 Dec 1997: Rs. 18.31)

Chief Executive Mr. Mushtaq Ahmed

16,394,180      16,394,180

Pioneer Pakistan Seeds Limited

979,429 (1998: 979,429) fully paid

Ordinary shares of Rs. 10/- each

Equity held 6.12 percent (1998: 6.12 percent)

Value based on net assets as at

31 August 1998 Rs. 8.03 (1997: Rs. 5.27)

Chief Executive Dr. Asif Ali Shah

10,000,000      10,000,000

Less: Provision for diminution in value of investments

(3,878,250)      (3,878,250)

|        |  |            |            |
|--------|--|------------|------------|
|        |  | 6,121,750  | 6,121,750  |
|        |  | -----      | -----      |
| Rupees |  | 22,515,930 | 22,515,930 |
|        |  | =====      | =====      |

|  | <i>Note</i> | <i>1999</i> | <i>1998</i> |
|--|-------------|-------------|-------------|
| <b>13. LONG-TERM LOANS AND DEPOSITS</b>            |             |             |             |
| Loans to employees w unsecured,<br>considered good | 13.1        | 438,157     | 474,893     |
| Security deposits against leased assets            | 13.2        | 1,005,400   | 1,266,787   |
|  |             | -----       | -----       |
|  |             | 1,443,557   | 1,741,680   |
|  |             | =====       | =====       |
| <b>13.1 Loans to employees</b>                     |             |             |             |
| Executives   |             | 417,949     | 583,353     |
| Other employees                                    |             | 469,508     | 455,111     |
|  |             | -----       | -----       |
|  |             | 887,457     | 1,038,464   |
| Less: Current portion                              |             | 449,300     | 563,571     |
|  |             | -----       | -----       |
|  |             | 438,157     | 474,893     |
|  |             | =====       | =====       |

All the loans are granted to the employees of the Company in accordance with the terms of employment. These loans are for staff welfare and interest free.

|                           |  |           |           |
|---------------------------|--|-----------|-----------|
| 13.2 Total lease deposits |  | 1,266,787 | 1,266,787 |
| Less: Current portion     |  | 261,387   | --        |
|                           |  | -----     | -----     |
|                           |  | 1,005,400 | 1,266,787 |
|                           |  | =====     | =====     |

#### **14. STOCK-IN-TRADE**

|                                  |  |            |            |
|----------------------------------|--|------------|------------|
| Finished stock                   |  | 55,060,186 | 38,625,167 |
| Intermediate stock               |  | 765,805    | 550,597    |
| Packing material                 |  | 2,094,723  | 1,047,461  |
|                                  |  | -----      | -----      |
|                                  |  | 57,920,714 | 40,223,225 |
| Other trading stock              |  | 2,486,815  | 3,300,178  |
|                                  |  | -----      | -----      |
|                                  |  | 60,407,529 | 43,523,403 |
| Less: Obsolete stock written off |  | 8,692,510  | --         |
|                                  |  | -----      | -----      |
|                                  |  | 51,715,019 | 43,523,403 |
|                                  |  | =====      | =====      |

Rupees

**15. TRADE DEBTS--unsecured**

|                                    |        |           |            |
|------------------------------------|--------|-----------|------------|
| Considered good                    |        |           |            |
| -- Agro division                   |        | 1,525,968 | 2,391,053  |
| -- Others                          |        | 1,934,616 | 1,481,291  |
|                                    |        | -----     | -----      |
|                                    |        | 3,460,584 | 3,872,344  |
|                                    |        | -----     | -----      |
| Considered doubtful                |        | --        | 11,614,132 |
| Less: Provision for doubtful debts |        | --        | 11,614,132 |
|                                    |        | -----     | -----      |
|                                    |        | --        | --         |
|                                    | Rupees | 3,460,584 | 3,872,344  |
|                                    |        | =====     | =====      |

|  |             |             |             |
|--|-------------|-------------|-------------|
|  | <i>Note</i> | <i>1999</i> | <i>1998</i> |
|--|-------------|-------------|-------------|

**16. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

|   |        |            |            |
|---|--------|------------|------------|
| Advances -- unsecured, considered good  |        |            |            |
| Employees                               | 16.1   | 1,554,692  | 1,428,261  |
| Suppliers                               |        | 3,499,065  | 612,050    |
| Income tax - net                        |        | 9,584,978  | 10,272,427 |
|   |        | -----      | -----      |
|   |        | 14,638,735 | 12,312,738 |
|   |        |            |            |
| Deposits                                | 16.2   | 803,925    | 999,399    |
| Prepayments                             |        | 1,163,475  | 603,061    |
| Other Receivables                       |        |            |            |
| Accrued profit on short-term investment |        | 44,198,430 | 16,263,663 |
| Due from related parties                | 16.3   | 2,074,529  | 144,814    |
| Others                                  |        | 82,071     | 173,659    |
|   |        | -----      | -----      |
|   | Rupees | 62,961,165 | 30,497,334 |
|   |        | =====      | =====      |

16.1 Includes current portion of the loans amounting to Rs. 449,300/- (1998: Rs. 563,571/-) as referred to in note 13.1.

16.2 Includes current portion of lease deposits amounting to Rs. 261,387 (1998: NIL) as referred to in note 13.2.

16.3 Represents interest free current account balance with related parties.

**17. SHORT TERM INVESTMENT-- at cost**

|  |        |             |             |
|--|--------|-------------|-------------|
|  | Rupees | 232,206,663 | 248,703,877 |
|  |        | =====       | =====       |

17.1 Represents deposits maintained with Crescent Investment Bank Limited and Security Investment Bank Limited under cash management deposit account and PLS deposit account respectively carrying profit ranging between 15.5 percent to 18.5 percent per annum.

### 18. CASH AND BANK BALANCES

|                        |        |            |         |
|------------------------|--------|------------|---------|
| With bank              |        |            |         |
| -- On deposit accounts | 18.1   | 10,000,000 | --      |
| -- on current accounts |        | 10,408,983 | 911,849 |
| Cash in transit        |        | 48,563     | 64,167  |
|                        |        | -----      | -----   |
|                        | Rupees | 20,457,546 | 976,016 |
|                        |        | =====      | =====   |

18.1 Represents amount deposited with various commercial banks carrying interest ranging from 8% to 12.25% per annum. Deposits of Rs. 4 million are pledged with a bank against letters of credit facility.

|                       |             |             |             |
|-----------------------|-------------|-------------|-------------|
|                       | <i>Note</i> | <i>1999</i> | <i>1998</i> |
| <b>19. SALES--net</b> |             |             |             |
| Gross sales -- Local  |             | 133,809,869 | 107,572,242 |
| Less: Sales discount  |             | 7,284,689   | 6,151,025   |
|                       |             | -----       | -----       |
|                       | Rupees      | 126,525,180 | 101,421,217 |
|                       |             | =====       | =====       |

### 20. COST OF GOODS SOLD

|                               |        |              |              |
|-------------------------------|--------|--------------|--------------|
| Opening stock                 |        | 43,523,403   | 25,553,189   |
| Purchases-net                 |        | 112,183,037  | 88,810,419   |
| Industrial processing charges |        | 3,031,364    | 4,602,600    |
|                               |        | -----        | -----        |
|                               |        | 158,737,804  | 118,966,208  |
| Closing stock                 |        | (51,715,019) | (43,523,403) |
|                               |        | -----        | -----        |
|                               | Rupees | 107,022,785  | 75,442,805   |
|                               |        | =====        | =====        |

### 21. GENERAL AND ADMINISTRATION EXPENSES

|   |  |           |           |
|---|--|-----------|-----------|
| Salaries, allowances and other benefits |  | 3,520,241 | 3,640,340 |
| Rent, rates and taxes                   |  | 653,163   | 734,496   |
| Legal and professional charges          |  | 583,219   | 388,934   |
| Depreciation                            |  | 1,868,320 | 2,400,665 |
| Travelling and conveyance               |  | 156,518   | 359,842   |
| Communication                           |  | 108,442   | 109,256   |
| Printing and stationery                 |  | 259,250   | 100,223   |
| Fee, subscription and periodicals       |  | 248,214   | 153,500   |

|                                 |        |            |           |
|---------------------------------|--------|------------|-----------|
| Utilities                       |        | 5,285      | 22,015    |
| Insurance                       |        | 42,871     | 102,839   |
| Bad debts expenses              |        | 395,439    | --        |
| Vehicle running expenses        |        | 175,713    | 378,637   |
| Auditors' remuneration          | 21.1   | 146,350    | 150,000   |
| Repairs and maintenance         |        | 103,152    | 152,651   |
| Entertainment                   |        | 77,813     | 69,855    |
| Write-down of cost of computers |        | 3,500,000  | --        |
| Others                          |        | 151,107    | 13,326    |
|                                 |        | -----      | -----     |
|                                 | Rupees | 11,995,097 | 8,776,579 |
|                                 |        | =====      | =====     |

**21.1 Auditors' Remuneration**

|                              |        |         |         |
|------------------------------|--------|---------|---------|
| Audit fee                    |        | 70,000  | 70,000  |
| Corporate and other services |        | 57,250  | 62,400  |
| Out of pocket expenses       |        | 19,100  | 17,600  |
|                              |        | -----   | -----   |
|                              | Rupees | 146,350 | 150,000 |
|                              |        | =====   | =====   |

**22. SELLING AND DISTRIBUTION EXPENSES**

|  |        |            |            |
|--|--------|------------|------------|
| Salaries, allowances and other benefits    |        | 10,798,761 | 11,796,486 |
| Sales promotion and advertisement expenses |        | 2,884,867  | 1,917,760  |
| Rent, rates and taxes                      |        | 2,148,730  | 1,940,043  |
| Fee, subscription and periodicals          |        | 158,686    | 188,851    |
| Printing and stationery                    |        | 315,518    | 213,657    |
| Communication                              |        | 2,104,583  | 2,556,559  |
| Utilities                                  |        | 407,157    | 459,955    |
| Insurance                                  |        | 796,991    | 591,392    |
| Entertainment                              |        | 378,328    | 403,229    |
| Vehicle running expenses                   |        | 5,178,343  | 3,191,204  |
| Distribution expenses                      |        | 11,134,163 | 8,743,781  |
| Repairs and maintenance                    |        | 310,102    | 365,030    |
| Travelling                                 |        | 1,716,253  | 1,752,026  |
| Depreciation                               |        | 2,106,140  | 2,775,956  |
| Legal and professional charges             |        | 145,100    | 28,596     |
| Others                                     |        | 311,038    | 192,511    |
|  |        | -----      | -----      |
|  | Rupees | 40,894,760 | 37,117,036 |
|  |        | =====      | =====      |

**23. FINANCIAL CHARGES**

|  |      |              |            |
|--|------|--------------|------------|
| Mark-up on short-term loans and running finances                 |      | 30,355,152   | 31,549,694 |
| Reversal of mark-up on short-term loans and financing facilities | 23.1 | (13,579,992) | --         |

|   |        |            |            |
|---|--------|------------|------------|
|   |        | -----      | -----      |
|   |        | 16,775,160 | 31,549,694 |
| Financial charges under leases                  |        | 1,209,986  | 2,023,176  |
| Exchange loss                                   |        | --         | 1,623,157  |
| Mark-up on current account with related parties |        | 7,215,026  | 1,942,617  |
| Bank charges and commission                     |        | 444,755    | 299,388    |
|   |        | -----      | -----      |
|   | Rupees | 25,644,927 | 37,438,032 |
|   |        | =====      | =====      |

23.1 Represents remission of mark-up by a commercial bank as a result of restructuring of financing facilities provided to the Company in prior years.

#### 24. OTHER INCOME

|                                 |        |            |            |
|---------------------------------|--------|------------|------------|
| Profit on short-term investment |        | 41,601,352 | 40,362,093 |
| Gain on sale of fixed assets    | 24.1   | 539,554    | 2,540,087  |
| Dividend income                 | 24.2   | 4,098,550  | --         |
| Exchange gain                   |        | 93,500     | --         |
| Bad debts recovered             |        | 383,302    | --         |
|                                 |        | -----      | -----      |
|                                 | Rupees | 46,716,258 | 42,902,180 |
|                                 |        | =====      | =====      |

#### 24.1 Detail of disposal of fixed Assets

|               | <i>Cost</i> | <i>Accumulated<br/>Depreciation</i> | <i>Book<br/>Value</i> | <i>Sale<br/>Proceeds</i> | <i>Gain/(Loss)<br/>on Sale</i> | <i>Mode of<br/>Disposal</i> | <i>Particulars of<br/>Purchaser</i>                                     |
|---------------|-------------|-------------------------------------|-----------------------|--------------------------|--------------------------------|-----------------------------|---|
| Motor vehicle | 384,615     | 230,769                             | 153,846               | 320,000                  | 166,154                        | Insurance<br>Claim          | Royal Exchange Assurance<br>P & O Plaza I.I. Chundrigar Road<br>Karachi |
| Motor vehicle | 279,000     | 251,100                             | 27,900                | 195,000                  | 167,100                        | Negotiation<br>Employee     | Mr. Raj a Sajid Mumtaz  |
| Motor vehicle | 374,000     | 355,300                             | 18,700                | 225,000                  | 206,300                        | Negotiation                 | Mr. Murad Ali Khamisani<br>House No. 17-A A1 Hilal Society<br>Karachi   |
|               | -----       | -----                               | -----                 | -----                    | -----                          |                             |   |
|               | 1,037,615   | 837,169                             | 200,446               | 740,000                  | 539,554                        |                             |   |
|               | =====       | =====                               | =====                 | =====                    | =====                          |                             |   |

24.2 Represents interim dividend received from FMC United (Private) Limited.

#### 25. TAXATION

**25.1 Current**

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

**25.2 Deferred**

The Company is subject to tax under Section 80C, i.e., presumptive tax and under normal tax on other income, under the Ordinance. Since, the major part of the Company's tax liability is determined on the basis of deductions made under section 50(4) and 50(5A) of the Ordinance and tax on differences between the tax calculated under the normal provision of the Ordinance on declared income and tax paid under the presumptive tax regime has also been provided in the accounts, therefore, no consideration has been given to the timing differences which might determine deferred taxation in the foreseeable future.

|   | <i>1999</i><br><i>Rupees</i> | <i>1998</i><br><i>Rupees</i> |
|---|------------------------------|------------------------------|
| Industrial processing charges             | --                           | 4,602,600                    |
| Short-term finances obtained              | 106,686,809                  | 11,660,000                   |
| Repayment of short-term finances          | 70,780,714                   | 3,110,000                    |
| Distribution fee for handling of products | 28,961,089                   | 24,470,513                   |
| Mark-up charged on current account        | 7,215,026                    | 1,942,617                    |
| Dividend income                           | 4,098,550                    | --                           |

**26. TRANSACTIONS WITH RELATED PARTIES****27. REMUNERATION OF A DIRECTOR AND EXECUTIVES**

|   | <i>DIRECTOR</i> |             | <i>EXECUTIVE</i> |             |
|---|-----------------|-------------|------------------|-------------|
|   | <i>1999</i>     | <i>1998</i> | <i>1999</i>      | <i>1998</i> |
| Basic salary                                | 115,867         | 910,488     | 1,646,297        | 1,936,060   |
| Allowances                                  | 63,727          | 560,107     | 1,045,874        | 1,168,000   |
| Bonus                                       | --              | 73,430      | 148,560          | 159,752     |
| Company's contribution<br>to Provident Fund | 9,651           | 73,399      | 140,534          | 118,769     |
|   | -----           | -----       | -----            | -----       |
| Rupees                                      | 189,245         | 1,617,424   | 2,981,265        | 3,382,581   |
|   | =====           | =====       | =====            | =====       |
| Number                                      | 1               | 1           | 6                | 9           |
|   | =====           | =====       | =====            | =====       |

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

No remuneration is payable to the Chief Executive of the Company. However, Rs. 5,000/- (1998:2,500) were paid to five directors being fee for attending the Board of Directors' meeting. The above does not include remuneration, if any, paid to or provided for in respect of Director and Executives by associated

companies.

## 28. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

### Interest/mark-up rate risk exposure

The Company's exposure to interest/mark-up rate risk and the effective rates on its financial assets and liabilities as of 30 June 1999 are summarized as follows:

|   | <i>Interest/mark-up bearing</i>       |   |  | <i>Sub-total</i> | <i>Non Interest/mark-up bearing</i>   |  |  | <i>Sub-total</i> | <i>1999<br/>Total</i> |
|---|---------------------------------------|---|--|------------------|---------------------------------------|--|--|------------------|-----------------------|
|   | <i>Maturity<br/>upto<br/>one year</i> | <i>Maturity<br/>from one to<br/>five year</i> | <i>Maturity<br/>after<br/>five years</i> |                  | <i>Maturity<br/>upto<br/>one year</i> | <i>Maturity<br/>after<br/>one year</i> | <i>Maturity<br/>after<br/>five years</i> |                  |                       |
| <b>Financial assets</b>                               |                                       |   |  |                  |                                       |  |  |                  |                       |
| Long term Investments                                 | --                                    | --  | --                                       | --               | --                                    | --                                     | 22,515,930                               | 22,515,930       | 22,515,930            |
| Long term loans and deposits                          | --                                    | --  | --                                       | --               | --                                    | 1,443,557                              | --                                       | 1,443,557        | 1,443,557             |
| Advances and Deposits                                 | --                                    | --  | --                                       | --               | 62,921,165                            | --                                     | --                                       | 62,921,165       | 62,921,165            |
| Trade debts   | --                                    | --  | --                                       | --               | 3,460,584                             | --                                     | --                                       | 3,460,584        | 3,460,584             |
| Short term investment                                 | 242,206,663                           | --  | --                                       | 242,206,663      | --                                    | --                                     | --                                       | --               | 242,206,663           |
|   | -----                                 | -----   | -----                                    | -----            | -----                                 | -----                                  | -----                                    | -----            | -----                 |
|   | 242,206,663                           | --  | --                                       | 242,206,663      | 66,381,749                            | 1,443,557                              | 22,515,930                               | 90,314,236       | 332,547,899           |
|   | =====                                 | =====   | =====                                    | =====            | =====                                 | =====                                  | =====                                    | =====            | =====                 |
| <b>Financial liabilities</b>                          |                                       |   |  |                  |                                       |  |  |                  |                       |
| Deferred liabilities                                  | --                                    | --  | --                                       | --               | --                                    | --                                     | 2,561,000                                | 2,561,000        | 2,561,000             |
| Liabilities against asset<br>subject to finance lease | 3,039,240                             | 2,833,650                                     | --                                       | 5,872,890        | --                                    | --                                     | --                                       | --               | 5,872,890             |
| Short term loans and<br>running finance               | 166,684,691                           | --  | --                                       | 166,684,691      | --                                    | --                                     | --                                       | --               | 166,684,691           |
| Creditors, accrued and<br>other liabilities           | --                                    | --  | --                                       | --               | 74,420,679                            | --                                     | --                                       | 74,420,679       | 74,420,679            |
|   | -----                                 | -----   | -----                                    | -----            | -----                                 | -----                                  | -----                                    | -----            | -----                 |
|   | 169,723,931                           | 2,833,650                                     | --                                       | 172,557,581      | 74,420,679                            | --                                     | 2,561,000                                | 76,981,679       | 249,539,260           |
|   | =====                                 | =====   | =====                                    | =====            | =====                                 | =====                                  | =====                                    | =====            | =====                 |

The effective interest/mark-up rates for the monetary financial assets/liabilities are mentioned in the respective note to the accounts.

### Concentration of credit risk

The Company attempts to control credit risk associated with the carrying amount of its receivables by reducing credit sales and securing credits through bank and personal guarantees.

### Fair value of financial instruments

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

1999

1998

|  | <i>Rupees</i> | <i>Rupees</i> |
|--|---------------|---------------|
| <b>29. EARNING PER SHARE-- Basic and diluted</b> |               |               |
| Net profit after tax                             | 12,544,958    | 5,819,458     |
|  | =====         | =====         |
| Number of Ordinary shares                        | 6,000,000     | 6,000,000     |
|  | =====         | =====         |
|  | 2.09          | 0.97          |
|  | =====         | =====         |

**30. NUMBER OF EMPLOYEES**

The average number of employees during the year were 98 (1998: 108).

**31. CORRESPONDING FIGURES**

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

**Chief Executive**

**Director**

**PATTERN OF HOLDING OF SHARES HELD BY THE SHAREHOLDERS  
AS AT JUNE 30, 1999**

| <i>No. of<br/>Shareholders</i> | <i>Shareholding</i> |           | <i>Total<br/>Shares Held</i> |
|--------------------------------|---------------------|-----------|------------------------------|
|                                | <i>From</i>         | <i>To</i> |                              |
| 92                             | 1                   | 100       | 6,864                        |
| 144                            | 101                 | 500       | 40,296                       |
| 98                             | 501                 | 1000      | 77,396                       |
| 108                            | 1001                | 5000      | 200,480                      |
| 9                              | 5001                | 10000     | 68,701                       |
| 1                              | 10001               | 15000     | 15000                        |
| 6                              | 15001               | 20000     | 105,877                      |
| 4                              | 20001               | 25000     | 98,527                       |
| 2                              | 35001               | 40000     | 73,147                       |
| 2                              | 40001               | 45000     | 82,530                       |
| 6                              | 45001               | 50000     | 281,490                      |
| 4                              | 50001               | 55000     | 209,094                      |
| 5                              | 55001               | 60000     | 288,300                      |
| 1                              | 60001               | 65000     | 62,430                       |
| 1                              | 65001               | 70000     | 69,069                       |
| 1                              | 70001               | 75000     | 73,002                       |
| 6                              | 75001               | 80000     | 472,026                      |
| 3                              | 85001               | 90000     | 264,170                      |
| 1                              | 110001              | 115000    | 112,242                      |
| 1                              | 120001              | 125000    | 124,900                      |
| 2                              | 130001              | 135000    | 267,428                      |
| 1                              | 145001              | 150000    | 150,000                      |

|       |         |         |           |
|-------|---------|---------|-----------|
| 2     | 150001  | 155000  | 301,770   |
| 1     | 170001  | 175000  | 171,870   |
| 1     | 175001  | 180000  | 178,798   |
| 1     | 185001  | 190000  | 187,530   |
| 1     | 285001  | 290000  | 285,590   |
| 1     | 295001  | 300000  | 299,760   |
| 1     | 325001  | 330000  | 327,860   |
| 1     | 1100001 | 1105000 | 1,103,853 |
| ----- |         | -----   |           |
| 507   |         |         | 6,000,000 |
| ===== |         | =====   |           |

### Categories of Shareholders As at June 30, 1999

| <i>Categories of Shareholders</i> | <i>Number</i> | <i>Shares Held</i> | <i>Percentage</i> |
|-----------------------------------|---------------|--------------------|-------------------|
| 1. Joint Stock Companies          | 2             | 15,799             | 0.26              |
| 2. Financial Institutions         | 0             | 0                  | 0.00              |
| 3. Holding Companies              | 0             | 0                  | 0.00              |
| 4. Modaraba Companies             | 2             | 387,860            | 6.46              |
| 5. Insurance Companies            | 1             | 75,840             | 1.26              |
| 6. Investment Companies           | 3             | 1,298,230          | 21.64             |
| 7. Individuals                    | 498           | 4,072,271          | 67.87             |
| 8. Associated Companies           | 0             | 0                  | 0.00              |
| 9. Foreign Investors              | 1             | 150,000            | 2.50              |
| 10. Others                        | 0             | 0                  | 0.00              |
|                                   | -----         | -----              | -----             |
|                                   | 507           | 6,000,000          | 100.00            |
|                                   | =====         | =====              | =====             |