

Dadex Eternit Limited

Annual Report 1999

Board of Directors

KASSIM DADA, S.K. (Pak.), Off. L.II (Belgium)

Chairman

ABU TALIB H.K. DADA

M. IRSHAD UDDIN

MAQBOOL H. H. RAHIMTOOLA

ZAHID ZAHEER

DR. MAHMOOD AHMED

PHILIPPE COENS

JACQUES STIEVENART

A. A. BHOJANI

TARIQ ALI JAFRI

Director Corporate Affairs

Managing Director

& Chief Executive

SIKANDER DADA

Director

Technical & Projects

ZAIMUDDIN AHMED

Company Secretary

NAZIR AHMED

FCMA

Auditors

A. F. FERGUSON & CO.

Chartered Accountants

HYDER BHIMJI & CO.

Chartered Accountants

Bankers

AMERICAN EXPRESS BANK LIMITED

ANZ GRINDLAYS BANK LIMITED

BANK AL-HABIB LIMITED

BANK OF AMERICA

HABIB BANK LIMITED

MUSLIM COMMERCIAL BANK LIMITED

OMAN INTERNATIONAL BANK S.A.O.G.

THE HONG KONG & SHANGHAI BANKING

CORPORATION LIMITED

Registered Office

KASSAM MANZIL, RANDAL ROAD,

P.O. BOX NO. 7429,

KARACHI, 74400.

NOTICE OF MEETING

Notice is hereby given that the 40th Annual General Meeting of the shareholders will be held on Thursday, November 18, 1999 at 12:00 noon at Mateen Hall of the Institute of Cost & Management Accountants of Pakistan, Hussain Shah Shaheed Road, Soldier Bazar, Karachi to transact the following business:

1. To receive and adopt the Report of Directors and Audited Accounts for the financial year ended June 30, 1999.
2. To consider the dividend recommended by the Board of Directors.
3. To appoint Auditors for the year 1999-2000 and fix their remuneration.

By Order of the Board

(NAZIR AHMED)
Company Secretary

Karachi, October 12, 1999

NOTES:

1. The Share Transfer Books will remain closed from October 20, 1999 to October 26, 1999 (both days inclusive) in order to update the register of shareholders for the purpose of determining the names of shareholders for issuing notices of Annual General Meeting, Annual Report and Accounts and to determine the names of shareholders for the entitlement of cash dividend in respect of the year ended June 30, 1999. Transfers received in order at the Registered Office of the Company by the close of business hours on October 19, 1999 will be treated in time for the entitlement of the above.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote in his absence.
3. The instrument appointing a proxy must be received at the Registered Office of the Company, not later than forty-eight hours before the time of the meeting.
4. Account holders and sub-account holders holding book entry securities of the Company in Central Depository Company of Pakistan Limited, who wish to attend the Annual General Meeting, are requested to bring original National Identity Card with copy thereof duly attested by their Bankers for identification purpose.
5. Members who are interested to claim exemption from compulsory deduction of Zakat from payments against dividends are advised to file their declaration on Form CZ-50 or an attested true copy thereof with the Registered Office of the Company latest by November 8, 1999 to enable the Company to note their instructions for non-deduction of Zakat. A draft of declaration on Form CZ-50 is being sent with the Annual Report.

DIRECTORS' REPORT

The Shareholders
Dadex Eternit Ltd.

Gentlemen

Your directors have pleasure in placing before you the 40th Annual Report with audited accounts for the financial year ended June 30, 1999 as follows:

(Rupees in '000)

| | |
|---|--------|
| Net profit before taxation | 67,168 |
| Less' Provision for taxation | 7,394 |
| | ----- |
| Net profit after taxation | 59,774 |
| Add: Unappropriated profit brought forward | 201 |
| | ----- |
| Profit available for appropriation | 59,975 |
| Your directors have decided to appropriate as under: | |
| Transfer to Revenue Reserves - General | 10,000 |
| Dividend Equalisation | 2,000 |
| Transfer to Capital Reserves Fixed Assets Replacement | 3,000 |
| Proposed final dividend Rs. 4.00 per share (40%) | 43,056 |
| | ----- |
| | 58,056 |
| | ----- |
| Unappropriated profit carried forward | 1,919 |
| | ===== |

Estimated break up value per share is Rs. 37.12

The pattern of shareholding is shown on page 30 of this report.

M/s. A. F. Ferguson & Co., and M/s. Hyder Bhimji & Co., auditors of the company retire and offer their services for the ensuing year.

On behalf of the Board

KASSIM DADA
Chairman

Karachi, September 28, 1 999

CHAIRMAN'S REVIEW

I have pleasure in presenting you the report for 1998-99, which happens to be the 40th year of the company's operations.

From operational point of view, the year has been extremely difficult for the company. Economic downturn, which was compounded as a result of international sanctions, affected the operations negatively. Development schemes and construction activities were held-up affecting sales volumes. However, due to concerted efforts and timely planning, the company was successful in maintaining the same level of sales as of the previous year.

Profitability was hit by many factors including heavy cost escalation resulting from devaluation of the rupee, general inflation, revision of gas and electricity tariffs, price increases in cement, wage increases. Transportation cost also increased due to price increase in petrol and spare parts. Although your Company continued it's efforts in cost saving and productivity improvement but these

measures were not sufficient to bridge the gap created by escalation. On the other hand, the prices of our products could not be increased due to recession and the erosion in the buying power of the customers. This has resulted in a fall in profitability for the year. We do not expect any radical change in the near future in the present economic situation.

Your Company is continuing to explore new markets and products. Lately, a new product, Polydex, has been launched for hot and cold water applications. We are confident that with the passage of time, it would generate a sizeable volume of business.

It is gratifying to note that your Company has achieved ISO 9002 certification for its Plastic (PVC/PE) Pipe Systems and Rubber Rings. We intend to extend the scope of this activity to other divisions as well.

The company has prepared a contingency plan to face any potential problem that may arise due to the millennium bug. All software packages that were not year 2000 compliant, have been modified. All new hardware, equipment and machinery that are date function sensitive, are purchased after taking compliance certificate from the manufacturers. The company is confident that it would not face any serious problems.

Your Company attaches great importance to training of employees at all levels. Training programs are organised which encompass the workers to the highest level, which is contributing skill improvement and productivity. Industrial relations remained cordial and satisfactory throughout the year. The Company's corporate focus on customer satisfaction and productivity has clearly generated greater enthusiasm and efforts of all employees to improve efficiency.

I must convey my appreciation to the employees for their untiring efforts, which has helped the management to maintain a fairly steady course by helping to keep the company out of troubled waters. I am confident that they would continue to make efforts in the right direction, in these difficult times ahead, which would not only benefit the employees themselves but as well as the shareholders, the company and the country.

KASSIM DADA
Chairman

Karachi, September 28, 1999

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Dadex Eternit Limited** as at June 30, 1999 and the related Profit and Loss Account and Cash Flow Statement, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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 Cash Flow Statement, 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 June 30, 1999 and of the profit and cash flows for the year 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.

A. F. FERGUSON & CO.
Chartered Accountants

HYDER BHIMJI & CO.
Chartered Accountants

Karachi, October 04, 1999

BALANCE SHEET AS AT JUNE 30, 1999

| | <i>Note</i> | <i>1999</i> | <i>1998</i> |
|---|-------------|----------------------|-------------|
| | | <i>(Rupees '000)</i> | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital | 3 | 200,000 | 200,000 |
| | | ===== | ===== |
| Issued, subscribed and paid-up capital | 4 | 107,640 | 107,640 |
| Reserves | | | |
| Capital | 5 | 100,000 | 97,000 |
| Revenue | 5 | 190,000 | 178,000 |
| Unappropriated profit | | 1,919 | 201 |
| | | ----- | ----- |
| | | 291,919 | 275,201 |
| | | ----- | ----- |
| DEFERRED LIABILITY - TAXATION | 13 | 399,559 | 382,841 |
| | | -- | 2,680 |
| CURRENT LIABILITIES AND PROVISIONS | | | |
| Current portion of liabilities against assets subject to finance leases | | -- | 10,278 |
| Short-term finances | 6 | 83,555 | 86,582 |
| Creditors, accrued and other liabilities | 7 | 102,077 | 93,509 |
| Taxation | | 10,726 | 28,925 |
| Proposed dividend | | 43,056 | 40,365 |
| | | ----- | ----- |
| | | 239,414 | 259,659 |
| COMMITMENTS | 8 | | |

| | | | |
|--|--|---------|---------|
| | | 638,973 | 645,180 |
| | | ===== | ===== |

TANGIBLE FIXED ASSETS

| | | | |
|--------------------------|----|--------|--------|
| Operating assets | 9 | 55,006 | 61,452 |
| Capital work-in-progress | 10 | 40,726 | 15,838 |
| | | ----- | ----- |
| | | 95,732 | 77,290 |

LONG-TERM LOANS AND ADVANCES

| | | | |
|--|----|-----|-----|
| | 11 | 766 | 779 |
|--|----|-----|-----|

LONG-TERM DEPOSITS

| | | | |
|--|----|-------|-------|
| | 12 | 5,299 | 3,830 |
|--|----|-------|-------|

DEFERRED TAXATION

| | | | |
|--|----|-------|----|
| | 13 | 5,151 | -- |
|--|----|-------|----|

CURRENT ASSETS

| | | | |
|---|----|---------|---------|
| Stores and spares | 14 | 66,708 | 65,134 |
| Stock-in-trade | 15 | 303,693 | 316,237 |
| Trade debts | 16 | 57,065 | 48,638 |
| Loans and advances | 17 | 14,124 | 6,443 |
| Trade deposits and short-term prepayments | 18 | 11,640 | 19,435 |
| Other receivables | 19 | 2,644 | 3,461 |
| Investments | 20 | 67,786 | 47,964 |
| Cash and bank balances | 21 | 8,365 | 55,969 |
| | | ----- | ----- |
| | | 532,025 | 563,281 |
| | | ----- | ----- |
| | | 638,973 | 645,180 |
| | | ===== | ===== |

The annexed notes form an integral part of these accounts.

SIKANDER DADA
Chief Executive

M. IRSHAD UDDIN
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 1999**

| | <i>Note</i> | <i>1999</i> | <i>1998</i> |
|---|-------------|----------------------|-------------|
| | | <i>(Rupees '000)</i> | |
| Sales | | 581,743 | 587,365 |
| Cost of goods sold | 22 | 413,499 | 404,491 |
| | | ----- | ----- |
| Administration, selling and distribution expenses | 23 | 168,244 | 182,874 |
| | | ----- | ----- |
| | | 84,588 | 81,885 |
| | | ----- | ----- |
| Operating profit | | 83,656 | 100,989 |
| Other income | 24 | 11,371 | 22,559 |
| | | ----- | ----- |
| | | 95,027 | 123,548 |
| | | ----- | ----- |

| | | | |
|--|----|--------|--------|
| Financial charges | 25 | 22,270 | 30,351 |
| Other charges | 26 | 5,589 | 8,055 |
| | | ----- | ----- |
| | | 27,859 | 38,406 |
| | | ----- | ----- |
| Profit before taxation | | 67,168 | 85,142 |
| Taxation | 27 | 7,394 | 19,262 |
| | | ----- | ----- |
| Profit after taxation | | 59,774 | 65,880 |
| Unappropriated profit brought forward | | 201 | 10,686 |
| | | ----- | ----- |
| Profit available for appropriation | | 59,975 | 76,566 |
| Appropriations: | | | |
| Transfer to Revenue Reserves - General | | 10,000 | 36,000 |
| -Dividend Equalisation | | 2,000 | -- |
| Transfer to Capital Reserves - Fixed Assets Replacement | | 3,000 | -- |
| Proposed final dividend Rs. 4.00 (1998: Rs 3.75) per share | | 43,056 | 40,365 |
| | | ----- | ----- |
| | | 58,056 | 76,365 |
| | | ----- | ----- |
| Unappropriated profit carried forward | | 1,919 | 201 |
| | | ===== | ===== |
| | | | |
| | | Rupees | Rupees |
| Earnings per share | 28 | 5.55 | 6.12 |
| | | ===== | ===== |

The annexed notes form an integral part of these accounts.

SIKANDER DADA
Chief Executive

M. IRSHAD UDDIN
Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 1999

| | <i>Note</i> | <i>1999</i> | <i>1998</i> |
|---|-------------|----------------------|-------------|
| | | <i>(Rupees '000)</i> | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 33 | 100,176 | 49,971 |
| Interest / mark-up paid | | (20,801) | (28,767) |
| Taxes paid | | (33,424) | (41,270) |
| Long-term loans and advances (net) | | 13 | 276 |
| Long-term deposits (net) | | (1,469) | 4,400 |
| | | ----- | ----- |
| Net cash inflow / (outflow) from operating activities | | 44,495 | (15,390) |

CASH FLOW FROM INVESTING ACTIVITIES

| | | |
|--|-------------|----------|
| Fixed capital expenditure | (33,911) | (20,910) |
| Investments | (19,822) | 24,808 |
| Proceeds from disposal of fixed assets | 1,094 | 2,007 |
| Interest received | 8,735 | 14,514 |
| | ----- | ----- |
| Net cash (outflow) /inflow from investing activities | (43,904) | 20,419 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Finance lease repayments | (5,247) | (12,863) |
| Short-term borrowings | 60,600 | -- |
| Dividends paid | (39,921) | (39,482) |
| | ----- | ----- |
| Net cash inflow /(outflow) from financing activities | 15,432 | (52,345) |
| | ----- | ----- |
| Net increase / (decrease) in cash and cash equivalents | 16,023 | (47,316) |
| Cash and cash equivalents at beginning of the year | (30,613) | 16,703 |
| | ----- | ----- |
| Cash and cash equivalents at end of the year | 34 (14,590) | (30,613) |
| | ===== | ===== |

The annexed notes form an integral part of these accounts.

SIKANDER DADA
Chief Executive

M. IRSHAD UDDIN
Director

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

1. THE COMPANY AND ITS OPERATIONS

The company is incorporated in Pakistan and is listed on the Karachi Stock Exchange. it is engaged in manufacture and sale of construction materials namely fibre cement sheets, nalidar beams, fibre cement and PVC pressure pipes, building pipes, polyethylene pipes and other allied products. The company also trades in imported fittings and accessories and other building products.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention except that certain exchange elements referred to in note 2.7 have been incorporated in the cost of the relevant assets.

2.2 Staff retirement benefit

The company operates an approved contributory provident fund for all permanent employees.

2.3 Taxation

Provision for current taxation is based on taxable income after taking into account tax credits available, if any.

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

2.4 Tangible fixed assets and depreciation

a) Owned

Operating assets except freehold land are stated at cost less accumulated depreciation.

Freehold land and capital work-in-progress are stated at cost. Cost in relation to certain fixed assets signifies historical cost and exchange differences capitalised as referred to in note 2.7.

Depreciation on operating assets except plant and machinery and data processing equipment (included in office and factory equipment) is calculated at varying rates used for income tax purposes and is charged to income applying the reducing balance method. Depreciation on plant and machinery and data processing equipment is calculated using the straight-line method based on estimated useful lives. Depreciable cost for plant and machinery is determined after deducting the residual values.

Cost of leasehold land is amortised equally over the period of lease.

Depreciation on additions to assets during a year is charged for the whole year while no depreciation is charged on fixed assets disposed of during the year.

Gains and losses on disposal of assets are taken to profit and loss account.

Maintenance and normal repairs and replacements are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

b) Leased

Assets subject to finance lease are stated at the lower of present value of minimum payments under the lease agreements and the fair value of assets. Depreciation is charged at rates used for similar assets whereby the cost of the asset is written off over its estimated useful life less residual value.

2.5 Stores and spares

Stores and spares except consumable accessories are valued at moving average cost. Consumable accessories are valued at cost calculated on last-in first-out basis.

Items in transit are valued at cost comprising invoice values plus other charges paid thereon.

2.6 Stock-in-trade

(a) Raw materials

Asbestos fibre is valued at cost calculated on last-in first-out basis. Other raw materials are valued at moving average cost.

Materials in transit are valued at cost comprising invoice values plus other charges paid thereon.

(b) Work-in-process

Work-in-process is valued at prime cost and an appropriate portion of manufacturing overheads.

(c) Finished goods

Finished goods are valued at lower of moving average cost and net realisable value. Cost includes prime cost and an appropriate portion of manufacturing overheads.

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

2.7 Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange approximating those prevailing at the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities in which case the rates contracted for are used.

Exchange differences in respect of foreign currency loans obtained for acquisition of fixed assets are incorporated in the cost of the relevant assets. All other exchange differences are taken to profit and loss account.

2.8 Investments

Long-term investments are stated at cost less amount written off in respect of any diminution due to permanent impairment in value of the investment. Short-term investments are stated at the lower of cost and market value.

2.9 Revenue recognition

Sales are recorded on despatch of goods to customers. Dividend income on long-term investment is recognised when declared. Income on short-term investments is recognised on accrual basis.

2.10 Liabilities and finance charge against assets subject to finance leases

Liabilities against assets subject to finance leases are accounted for at net present value of minimum payments under the lease agreements. Finance charges under the lease agreements are allocated to periods during the lease term so as to produce a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

3. AUTHORISED CAPITAL

| | <i>1999</i> | <i>1998</i> |
|---|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| 12,000,000 ordinary shares of Rs 10 each | 120,000 | 120,000 |
| 8,000,000 'B' class ordinary shares of Rs 10 each | 80,000 | 80,000 |
| ----- | ----- | ----- |
| 20,000,000 | 200,000 | 200,000 |
| ===== | ===== | ===== |

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

| | <i>1999</i> | <i>1998</i> |
|---|---------------------------|---------------------------|
| | <i>(Rupees '000)</i> | |
| 914,264 ordinary shares of Rs. 10 each fully paid in cash | 9,143 | 9,143 |
| 476,386 ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash | 4,764 | 4,764 |
| 5,282,773 ordinary shares of Rs. 10 each issued as fully paid bonus shares | 52,828 | 52,828 |
| 800,000 'B' class ordinary shares of Rs. 10 each fully paid in cash | 8,000 | 8,000 |
| 3,290,536 'B' class ordinary shares of Rs. 10 each issued as fully paid bonus shares | 32,905 | 32,905 |
| ----- 10,763,959 ===== | ----- 107,640 ===== | ----- 107,640 ===== |

5. RESERVES

Movement in and composition of reserves are as follows:

| | <i>CAPITAL</i> | | | <i>REVENUE</i> | | | <i>TOTAL</i> | |
|---|---|--------------------------|---------------------------|----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | <i>Fixed Assets Replacement</i> | <i>Share Premium</i> | <i>Total</i> | <i>Dividend Equalisation</i> | <i>General</i> | <i>Total</i> | <i>1999</i> | <i>1998</i> |
| | <i>(Rupees '000)</i> | | | | | | | |
| At July 1 | 91,345 | 5,655 | 97,000 | 20,000 | 158,000 | 178,000 | 275,000 | 239,000 |
| Transfer from Profit and Loss account | 3,000 | -- | 3,000 | 2,000 | 10,000 | 12,000 | 15,000 | 36,000 |
| At June 30 | ----- 94,345 ===== | ----- 5,655 ===== | ----- 100,000 ===== | ----- 22,000 ===== | ----- 168,000 ===== | ----- 190,000 ===== | ----- 290,000 ===== | ----- 275,000 ===== |

6. SHORT-TERM FINANCES

1999 *1998*
(Rupees '000)

| | | |
|---|--------|--------|
| Running finance utilised under mark-up arrangements - secured | 22,955 | 86,582 |
| Term Finance - Secured | 60,600 | -- |
| | ----- | ----- |
| | 83,555 | 86,582 |
| | ===== | ===== |

6.1 The facilities for short-term running finance utilised under mark-up arrangements available from various banks amount to Rs 270 million (1998: Rs 368 million). The facilities expire on various date by March 31,2000. The rate of mark-up range from Rs 0.38 to Rs 0.50 (1998: Rs 0.39 to Rs 0.60) per Rs 1,000 per day. These arrangements are secured by pari-passu charges against hypothecation of the company's stock-in-trade and trade debts.

The facilities for secured term finance available from various banks amount to Rs 78 million (1998: Rs Nil) and are repayable by March 31,2000. These arrangements are secured by pledge over the company's Special US \$ Bonds and second charge over the company's stock-in-trade and trade debts. The mark-up rates on the above short-term finances range from 12.25%to14.00% per annum.

7. CREDITORS, ACCRUED AND OTHER LIABILITIES

| | <i>1999</i> | <i>1998</i> |
|--|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Creditors | 1,501 | 1,183 |
| Bills payable | 16,280 | 4,047 |
| Sales tax payable | 11,490 | 14,595 |
| Accrued liabilities | 27,733 | 24,799 |
| Accrued finance charge on liabilities against assets subject to finance leases | -- | 98 |
| Accrued mark-up on secured short-term finances | 4,268 | 3,649 |
| Contractors' earnest money | 12 | 32 |
| Advances from customers | 20,978 | 22,622 |
| Workers' Profit Participation Fund - note 7.1 | 3,748 | 4,748 |
| Workers' Welfare Fund | 7,150 | 9,075 |
| Unclaimed dividends | 6,180 | 5,736 |
| Other liabilities | 2,737 | 2,925 |
| | ----- | ----- |
| | 102,077 | 93,509 |
| | ===== | ===== |

7.1 Workers' Profit Participation Fund

| | <i>1999</i> | <i>1998</i> |
|-----------------------------------|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Balance at July 1 | 4,748 | 4,351 |
| Allocation for the year - note 26 | 3,628 | 4,589 |
| | ----- | ----- |
| | 8,376 | 8,940 |

| | | |
|--|-------|-------|
| Interest on funds utilised in the company's business - note 25 | 256 | 331 |
| Less: Amounts paid on behalf of the fund | 2,822 | 1,844 |
| Deposited with the Government | 2,062 | 2,679 |
| | ----- | ----- |
| | 4,884 | 4,523 |
| | ----- | ----- |
| Balance at June 30 | 3,748 | 4,748 |
| | ===== | ===== |

8. COMMITMENTS

a) Commitments in respect of capital expenditure contracted but not incurred amounted to Rs 37.849 million at June 30, 1999 (1998: Rs 28.589 million).

b) Commitments in respect of forward exchange contracts entered into at June 30, 1999 amounted to Rs 103.066 million (1998: Rs 88.094 million).

c) Commitments in respect of rent of assets under operating leases amounted to Rs 20.860 million at June 30, 1999 (1998: Rs 25.121 million) payable as follows:

(Rupees '000)

| | |
|-----------|--------|
| 1999-2000 | 13,062 |
| 2000-2001 | 6,769 |
| 2001-2002 | 1,029 |
| | ----- |
| | 20,860 |
| | ===== |

9. OPERATING ASSETS

9.1 The following is a statement of operating fixed assets:

| | <i>Cost</i> | | | | <i>Accumulated Depreciation</i> | | | | | | |
|--|----------------------------|-----------------------------------|-------------------------------|-----------------------------|---------------------------------|---|-------------------------------|-----------------------------|--|--|--|
| | <i>At July 1, 1998</i> | <i>Additions/ (disposals)</i> | <i>Transfers in/(out)</i> | <i>At June 30, 1999</i> | <i>At July 1, 1998</i> | <i>Charge for the year/ (accumulated depreciation on disposals)</i> | <i>Transfers in/(out)</i> | <i>At June 30, 1999</i> | <i>Book value at June 30, 1999</i> | <i>Depreciation rate % per annum</i> | |
| | <i>(Rupees '000)</i> | | | | | | | | | | |
| Freehold land | 4,638 | -- | -- | 4,638 | -- | -- | -- | -- | 4,638 | -- | |
| Leasehold land | 5,292 | -- | -- | 5,292 | 1,168 | 66 | -- | 1,234 | 4,058 | 1 to 2.5 | |
| Building on freehold land | 1,823 | -- | -- | 1,823 | 518 | 65 | -- | 583 | 1,240 | 5 | |
| Factory buildings on leasehold land | 28,515 | 160 | -- | 28,675 | 20,784 | 789 | -- | 21,573 | 7,102 | 10 | |

| | | | | | | | | | | |
|---|---------|------------------|----------|---------|---------|-------------------|----------|---------|--------|---------|
| Building on leasehold land other than factory | 9,460 | 738 | -- | 10,198 | 4,507 | 285 | -- | 4,792 | 5,406 | 5 |
| Plant and machinery | 204,054 | 1,357 (1,200) | 52,842 | 257,053 | 177,366 | 7,147 (1,080) | 47,810 | 231,243 | 25,810 | 20 & 25 |
| Furniture and fixtures | 2,556 | 188 | -- | 2,744 | 1,134 | 161 | -- | 1,295 | 1,449 | 10 |
| Vehicles and transportation equipment ' | 17,131 | 793 (2,148) | -- | 15,776 | 11,572 | 1,163 (1,610) | -- | 11,125 | 4,651 | 20 |
| Office and factory equipment | -- | 756 | -- | 756 | -- | 104 | -- | 104 | 652 | 10 & 20 |
| Assets held under finance leases: | | | | | | | | | | |
| Plant and machinery | 52,842 | -- | (52,842) | -- | 47,810 | -- | (47,810) | -- | -- | 20 & 25 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | |
| | 326,311 | 3,992 (3,348) | -- | 326,955 | 264,859 | 9,780 (2,690) | -- | 271,949 | 55,006 | |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | |
| 1998 | 323,435 | 6,565 (3,689) | -- | 326,311 | 246,009 | 21,112 (2,262) | -- | 264,859 | 61,452 | |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | |

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

| | <i>1999</i> | <i>1998</i> |
|---|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Cost of goods sold - note 22 | 8,649 | 20,030 |
| Administration, selling and distribution expenses - note 23 | 1,131 | 1,082 |
| | ----- | ----- |
| | 9,780 | 21,112 |
| | ===== | ===== |

9.3 The following fixed assets were disposed of during the year:

| <i>Cost</i> | <i>Accumulated depreciation</i> | <i>Book value</i> | <i>Sale proceeds/ Insurance claim</i> | <i>Particulars of buyers</i> |
|-----------------------------|---------------------------------|-------------------|---------------------------------------|------------------------------|
| <i>(Rupees '000)</i> | | | | |
| Vehicles and transportation | | | | |

equipment

| | | | | |
|---|-------|-------|-------|--|
| Sold by negotiation | 197 | 116 | 81 | 116 Mr. Mushtaq Ahmed, Karachi |
| | 561 | 413 | 148 | 225 Mr. Mohammad Riaz, Karachi |
| | 269 | 181 | 88 | 255 Mr. Arshad Ahmed Patel (ex-employee) |
| | ----- | ----- | ----- | ----- |
| | 1,027 | 710 | 317 | 596 |
| Insurance claim | 909 | 746 | 163 | 400 Adamjee Insurance Company |
| | 40 | 27 | 13 | 50 Adamjee Insurance Company |
| | ----- | ----- | ----- | ----- |
| | 949 | 773 | 176 | 450 |
| Sold to employees as per company's policy | 172 | 127 | 45 | 48 Mr. A.R. Khan (Employee) |
| Plant and machinery | | | | |
| Written off | 1,200 | 1,080 | 120 | -- |
| | ----- | ----- | ----- | ----- |
| | 3,348 | 2,690 | 658 | 1,094 |
| | ===== | ===== | ===== | ===== |
| 1998 | 3,689 | 2,262 | 1,427 | 2,007 |
| | ===== | ===== | ===== | ===== |

10. CAPITAL WORK-IN-PROGRESS

| | <i>1999</i> | <i>1998</i> |
|---------------------------------------|---------------|-------------|
| | (Rupees '000) | |
| Civil works and building | 31,282 | 11,957 |
| Plant and machinery | 194 | -- |
| Advances to contractors and suppliers | 9,250 | 3,881 |
| | ----- | ----- |
| | 40,726 | 15,838 |
| | ===== | ===== |

11. LONG-TERM LOANS AND ADVANCES - considered good

| | <i>1999</i> | <i>1998</i> |
|--|---------------|-------------|
| | (Rupees '000) | |
| Due from executives | 911 | 960 |
| Less: receivable within one year - note 17 | 536 | 443 |
| | ----- | ----- |
| | 375 | 517 |
| Due from employees | 997 | 859 |
| Less: receivable within one year - note 17 | 606 | 597 |
| | ----- | ----- |
| | 391 | 262 |
| | ----- | ----- |
| | 766 | 779 |

Outstanding for a period:

| | | |
|--------------------------|-------|-------|
| -- exceeding three years | -- | -- |
| -- others | 766 | 779 |
| | ----- | ----- |
| | 766 | 779 |
| | ===== | ===== |

Loans are given to executives and employees for purchase of motor cars, motorcycles and computers and are repayable between two to four years. All the loans are granted in accordance with the terms of employment.

12. LONG-TERM DEPOSITS

| | 1999 | 1998 |
|---|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Deposits | | |
| -- Leasing companies | 3,432 | 8,514 |
| -- Others | 3,144 | 1,103 |
| | ----- | ----- |
| | 6,576 | 9,617 |
| Less: Current portion of deposits with leasing companies - note 18 | 1,277 | 5,787 |
| | ----- | ----- |
| | 5,299 | 3,830 |
| | ===== | ===== |

13. DEFERRED TAXATION

| | 1999 | 1998 |
|---|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Deferred tax debit / (credit) arising due to: | | |
| -- accelerated tax depreciation allowances | (1,857) | (2,570) |
| -- payments under finance leases | -- | (3,982) |
| Deferred debit arising in respect of certain short-term provisions | 7,008 | 3,872 |
| | ----- | ----- |
| | 5,151 | (2,680) |
| | ===== | ===== |

14. STORES AND SPARES

| | | |
|------------------------|--------|--------|
| Stores | 4,194 | 3,887 |
| Spares | 53,828 | 49,692 |
| Consumable accessories | 15,899 | 10,601 |
| Loose tools | 1,090 | 572 |

| | | |
|---|---------|---------|
| Items in transit | 764 | 3,356 |
| | ----- | ----- |
| | 75,775 | 68,108 |
| Provision for slow moving and obsolete spares | (9,067) | (2,974) |
| | ----- | ----- |
| | 66,708 | 65,134 |
| | ===== | ===== |

Consumable accessories, i.e., Felt and Sievemesh have been valued on last-in first-out (LIFO) basis which is consistent with that of the previous year. Had the value of these items been determined on the moving average basis, total value of the items would have increased by Rs 3.098 million (1998: Rs 2.269 million).

15. STOCK-IN-TRADE

| | <i>1999</i> | <i>1998</i> |
|---|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Raw materials | | |
| -- At moving average cost | 16,754 | 19,005 |
| -- At last-in first-out cost | 142,368 | 186,006 |
| -- Items in transit | 28,530 | 4,890 |
| | ----- | ----- |
| | 187,652 | 209,901 |
| Work-in-process | 35,430 | 27,829 |
| Finished goods (including in transit Rs 1.767 million; 1998: Rs Nil) | 80,611 | 78,507 |
| | ----- | ----- |
| | 303,693 | 316,237 |
| | ===== | ===== |

Stock in trade includes finished goods amounting to Rs Nil (1998: Rs. 2.38 million) valued at Net Realisable Value.

Asbestos fibre, included in raw materials, has been valued on the last-in first-out (LIFO) basis which is consistent with that of the previous year. Had the value of fibre been determined on the moving average basis, total value of fibre would have increased by Rs. 10.64 million (1998: Rs. 11.39 million).

16. TRADE DEBTS

| | <i>1999</i> | <i>1998</i> |
|------------------------------------|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Considered good - unsecured | 57,065 | 48,638 |
| Considered doubtful | 12,170 | 8,758 |
| | ----- | ----- |
| | 69,235 | 57,396 |
| Less: Provision for doubtful debts | 12,170 | 8,758 |
| | ----- | ----- |

| | |
|--------|--------|
| 57,065 | 48,638 |
| ===== | ===== |

Amount due from an associated undertaking at the year end was Rs 7 thousand (1998: Rs Nil)

17. LOANS AND ADVANCES - considered good

| | <i>1999</i> | <i>1998</i> |
|----------------------------|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Loans to: | | |
| -- executives - note 11 | 536 | 443 |
| -- employees - note 11 | 606 | 597 |
| Advances to: | | |
| -- executives | 253 | 143 |
| -- employees | 67 | 113 |
| -- suppliers / contractors | 12,527 | 5,022 |
| -- others | 135 | 125 |
| | ----- | ----- |
| | 14,124 | 6,443 |
| | ===== | ===== |

The maximum aggregate amount due from executives at the end of any month during the year was Rs 1.98 million (1998' Rs 1.10 million)

18. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

| | <i>1999</i> | <i>1998</i> |
|--|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Trade deposits | 7,307 | 8,998 |
| Current portion of deposits with leasing companies - note 12 | 1,277 | 5,787 |
| Short-term prepayments | 3,056 | 4,650 |
| | ----- | ----- |
| | 11,640 | 19,435 |
| | ===== | ===== |

19. OTHER RECEIVABLES - considered good

| | | |
|-------------------------------|-------|-------|
| Accrued income on investments | 2,608 | 3,331 |
| Others | 36 | 130 |
| | ----- | ----- |
| | 2,644 | 3,461 |
| | ===== | ===== |

20. INVESTMENTS

| | | |
|------------------------------|--------|--------|
| WAPDA Bonds | 12,410 | 12,410 |
| Special Savings Certificates | -- | 35,100 |
| Defence Savings Certificates | 1,050 | 454 |
| Special US \$ Bonds | 54,326 | -- |
| | ----- | ----- |

| | |
|--------|--------|
| 67,786 | 47,964 |
| ===== | ===== |

Profit on WAPDA Bonds and Special US \$ Bonds is receivable half yearly at an annual rate of 12.5 per cent and LIBOR + 2% respectively. Profit on Defence Saving Certificates is received on encashment at various rates depending upon the number of years completed after the date of their purchase.

21. CASH AND BANK BALANCES

| | <i>1999</i> | <i>1998</i> |
|-----------------------------------|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Foreign currency deposit accounts | -- | 51,754 |
| Current accounts | | |
| -- Foreign currency | -- | 187 |
| -- Local currency | 8,238 | 4,004 |
| Cash in hand | 72 | 24 |
| Cash in transit | 55 | -- |
| | ----- | ----- |
| | 8,365 | 55,969 |
| | ===== | ===== |

22. COST OF GOODS SOLD

| | <i>1999</i> | <i>1998</i> |
|----------------------------------|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Raw materials consumed | | |
| Opening stock | 209,901 | 256,854 |
| Purchases | 250,447 | 219,870 |
| Closing stock | (187,652) | (209,901) |
| | ----- | ----- |
| | 272,696 | 266,823 |
| Stores and spares consumed | 30,942 | 30,564 |
| Salaries, wages and benefits | 48,345 | 43,360 |
| Bonus to staff and workers | 2,077 | 2,633 |
| Fuel, water and power | 29,318 | 22,947 |
| Insurance | 4,995 | 4,789 |
| Travelling | 414 | 517 |
| Communication | 435 | 509 |
| Depreciation - note 9.2 | 8,649 | 20,030 |
| Rent, rates and taxes | 8,762 | 3,833 |
| Repairs and maintenance | 4,863 | 4,257 |
| Technical assistance fee | 1,444 | 985 |
| Printing and stationery | 615 | 511 |
| Sundry expenses | 1,195 | 1,163 |
| Opening stock of work-in-process | 27,829 | 27,139 |
| Closing stock of work-in-process | (35,430) | (27,829) |
| | ----- | ----- |

| | | |
|---------------------------------|-----------|----------|
| Cost of goods manufactured | 407,149 | 402,231 |
| Opening stock of finished goods | 78,507 | 72,716 |
| Finished goods purchased | 8,454 | 8,051 |
| | ----- | ----- |
| | 494,110 | 482,998 |
| Closing stock of finished goods | (80,611) | (78,507) |
| | ----- | ----- |
| | 413,499 | 404,491 |
| | ===== | ===== |

22.1 Staff Retirement Benefits

Salaries, wages and benefits include Rs 2.020 million (1998: Rs 1.832 million) in respect of staff retirement benefits.

23. ADMINISTRATION, SELLING AND DISTRIBUTION EXPENSES

| | <i>1999</i> | <i>1998</i> |
|---|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Salaries and benefits | 32,943 | 27,984 |
| Rent, rates and taxes | 8,858 | 7,960 |
| Insurance | 1,090 | 1,107 |
| Transportation: | | |
| Hire and other charges | 34,172 | 35,682 |
| Recoveries | (34,041) | (35,537) |
| | ----- | ----- |
| | 131 | 145 |
| Depreciation - note 9,2 | 1,131 | 1,082 |
| Repairs and maintenance | 6,461 | 5,481 |
| Advertising and sales promotion | 6,612 | 10,145 |
| Printing, stationery and subscription | 2,209 | 2,169 |
| Communication | 2,771 | 2,656 |
| Travelling | 5,835 | 4,446 |
| Fuel, water and power | 1,315 | 1,024 |
| Legal and professional | 3,758 | 3,190 |
| Sales tax on stores and spares consumed in prior years | -- | 6,324 |
| Provision for doubtful debts | 4,034 | 3,234 |
| Bad debts written off | -- | 146 |
| Provision for slow moving and obsolete spares | 6,093 | 2,974 |
| Permanent impairment in value of investment written off | -- | 320 |
| Sundries | 1,347 | 1,498 |
| | ----- | ----- |
| | 84,588 | 81,885 |
| | ===== | ===== |

23.1 Staff Retirement Benefits

Salaries and benefits include Rs 1.643 million (1998: Rs 1.332 million) in respect of staff retirement benefits

23.2 Number of Employees

Total number of employees at June 30,1999 was 657 (1998: 659)

24. OTHER INCOME

| | <i>1999</i> | <i>1998</i> |
|--|----------------------|-------------|
| | <i>(Rupees '000)</i> | |
| Income from --investments | 3,432 | 10,675 |
| -- bank deposits | 4,551 | 3,257 |
| -- employee loans | 29 | 31 |
| | ----- | ----- |
| | 8,012 | 13,963 |
| Profit on disposal of fixed assets - net | 436 | 580 |
| Exchange gain | -- | 6,042 |
| Sale of scrap and waste | 218 | 327 |
| Recoveries of receivables | | |
| -- written off in prior years | 213 | 166 |
| -- against provisions | 208 | 542 |
| Provisions no longer required written back | -- | 16 |
| Sundries | 2,284 | 923 |
| | ----- | ----- |
| | 11,371 | 22,559 |
| | ===== | ===== |

25. FINANCIAL CHARGES

| | | |
|--|--------|--------|
| Mark-up on short-term finances | 20,683 | 26,819 |
| Interest on Workers' Profit Participation Fund - note 7.1 | 256 | 331 |
| Finance charge on liabilities against assets subject to finance leases | 383 | 2,420 |
| Bank charges | 923 | 665 |
| Others | 25 | 116 |
| | ----- | ----- |
| | 22,270 | 30,351 |
| | ===== | ===== |

26. OTHER CHARGES

| | | |
|---|-------|-------|
| Auditors' remuneration - note 29 | 289 | 285 |
| Directors' fee | 9 | 11 |
| Workers' Profit Participation Fund - note 7.1 | 3,628 | 4,589 |
| Workers' Welfare Fund | 1,509 | 1,715 |
| Donations | 105 | -- |
| Zakat on Special Savings Certificates | 49 | 1,455 |
| | ----- | ----- |
| | 5,589 | 8,055 |
| | ===== | ===== |

Recipients of donations do not include any donee in whom a director or his spouse had any interest.

1999 *1998*
(Rupees '000)

27. TAXATION

| | | |
|-------------------------|---------|---------|
| Current -- for the year | 25,000 | 27,000 |
| for prior years | (9,775) | (6,837) |
| Deferred | (7,831) | (901) |
| | ----- | ----- |
| | 7,394 | 19,262 |
| | ===== | ===== |

28. EARNINGS PER SHARE

| | | |
|--|--------|--------|
| Net profit for the year after taxation | 59,774 | 65,880 |
|--|--------|--------|

Number of shares

| | | |
|--|------------|------------|
| Average ordinary shares in issue during the year | 10,763,959 | 10,763,959 |
|--|------------|------------|

Rupees Rupees

| | | |
|--------------------|-------|-------|
| Earnings per share | 5.55 | 6.12 |
| | ===== | ===== |

29. AUDITORS' REMUNERATION

Audit fee:

| | | |
|-----------------------|-----|-----|
| --A.F. Ferguson & Co. | 145 | 145 |
| --Hyder Bhimji & Co. | 60 | 45 |

Special certifications and
sundry advisory services:

| | | |
|-----------------------|----|----|
| --A.F. Ferguson & Co. | 25 | 45 |
| --Hyder Bhimji & Co. | 21 | 15 |

| | | |
|---|---|---|
| Audit of Workers' profit participation Fund (Hyder Bhimji & Co.) | 2 | 1 |
|---|---|---|

| | | |
|------------------------|-------|-------|
| Out of pocket expenses | 36 | 34 |
| | ----- | ----- |
| | 289 | 285 |
| | ===== | ===== |

30. REMUNERATION OF DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration and benefits to the chief executive, director and executives of the company were as follows:

*Chief
Executive*

Director

Executives

| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
|-------------------------|-----------------------|-------|-------|-------|--------|--------|
| | <i>(Rupees '000)</i> | | | | | |
| Managerial remuneration | 1,313 | 1,006 | -- | -- | 16,100 | 10,820 |
| Housing | | | | | | |
| -- Rent | 525 | 437 | -- | -- | 6,454 | 4,377 |
| -- Utilities | 131 | 101 | 224 | 222 | 1,598 | 1,079 |
| -- Other items | -- | -- | 274 | 139 | 675 | 1,093 |
| Medical | 131 | 101 | 15 | 3 | 1,438 | 985 |
| Retirement benefits | 144 | 108 | -- | -- | 1,576 | 1,052 |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | 2,244 | 1,753 | 513 | 364 | 27,841 | 19,406 |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Number of persons | 1 | 1 | 1 | 1 | 66 | 52 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

In addition, the chief executive, director and certain executives are provided with company cars. The director is also provided with free residential telephone.

Aggregate amount charged in the accounts for the year for fee to five directors was Rs. 8,500 (1998: Rs. 1 1,000 to seven directors).

31. CAPACITY AND PRODUCTION

| | <i>Fibre cement products</i> | | | | <i>Rubber products</i> | | <i>Plastic division</i> | |
|---------------------------------|------------------------------|--------|--------------------------|--------|------------------------|------|-------------------------|-------|
| | <i>Karachi Factory</i> | | <i>Hyderabad Factory</i> | | <i>Karachi Factory</i> | | <i>Karachi Factory</i> | |
| | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 | 1999 | 1998 |
| Capacity of production (tons) | 46,850 | 46,850 | 14,100 | 14,100 | 120 | 120 | 2,800 | 2,800 |
| Actual production (tons) | 23,709 | 23,070 | 7,410 | 9,885 | 63 | 57 | 775 | 371 |
| Percentage of capacity utilised | 51 | 49 | 53 | 70 | 53 | 48 | 28 | 13 |

The company's production was according to the market demand.

32. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

| | 1999 | 1998 |
|-------------------|----------------------|------|
| | <i>(Rupees '000)</i> | |
| Purchase of goods | 158 | 259 |
| Sale of goods | 31 | 24 |

33. CASH GENERATED FROM OPERATIONS

| | 1999 | 1998 |
|--|----------------------|------|
| | <i>(Rupees '000)</i> | |

| | | |
|---|---------|----------|
| Profit before taxation | 67,168 | 85,142 |
| Adjustments for non cash charges and other items: | | |
| Depreciation | 9,780 | 21,112 |
| Profit on disposal of fixed assets - net | (436) | (580) |
| Permanent impairment in value of investment written off | -- | 320 |
| Interest income | (8,012) | (13,963) |
| Interest / mark-up expense | 21,322 | 29,570 |
| Working capital changes - note 33.1 | 10,354 | (71,630) |
| | ----- | ----- |
| | 100,176 | 49,971 |
| | ===== | ===== |

33.1 Working capital changes

(Increase)/decrease in current assets

| | | |
|---|---------|----------|
| Stores and spares | (1,574) | 4,275 |
| Stock-in-trade | 12,544 | 40,472 |
| Trade debts | (8,427) | (15,290) |
| Loans and advances | (7,681) | (1,388) |
| Trade deposits and short-term prepayments | 7,795 | (5,897) |
| Other receivables (net) | 94 | 89 |
| | ----- | ----- |
| | 2,751 | 22,261 |

(Decrease)/increase in current liabilities

| | | |
|--|--------|----------|
| Creditors, accrued and other liabilities (net) | 7,603 | (93,891) |
| | ----- | ----- |
| | 10,354 | (71,630) |
| | ===== | ===== |

34. CASH AND CASH EQUIVALENTS

| | 1999 | 1998 |
|---|----------------------|-------------|
| | (Rupees '000) | |
| Cash and cash equivalents include: | | |
| Cash and bank balances - note 21 | 8,365 | 55,969 |
| Short-term running finance utilised under mark-up arrangements - note 6 | (22,955) | (86,582) |
| | ----- | ----- |
| | (30,613) | (14,590) |
| | ===== | ===== |

35. FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS

Interest/Mark-up bearing

Non Interest bearing

Total

| | <i>Maturity upto one year</i> | <i>Maturity after one year</i> | <i>Sub-total</i> | <i>Maturity upto one year (Rupees '000)</i> | <i>Maturity after one year</i> | <i>Sub-total</i> | |
|------------------------|---------------------------------------|--|------------------|---|--|------------------|---------|
| Investments | 67,786 | -- | 67,786 | -- | -- | -- | 67,786 |
| Loans to employees | 281 | 58 | 339 | 860 | 709 | 1,569 | 1,908 |
| Deposits | -- | -- | -- | 8,584 | 5,299 | 13,883 | 13,883 |
| Trade debts | -- | -- | -- | 57,065 | -- | 57,065 | 57,065 |
| Other receivables | -- | -- | -- | 2,644 | -- | 2,644 | 2,644 |
| Cash and bank balances | 180 | -- | 180 | 8,185 | -- | 8,185 | 8,365 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | 68,247 | 58 | 68,305 | 77,338 | 6,008 | 83,346 | 151,651 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== |

FINANCIAL LIABILITIES

| | | | | | | | |
|---------------------|--------|-------|--------|---------|-------|---------|---------|
| Short-term finances | 83,555 | -- | 83,555 | -- | -- | -- | 83,555 |
| Creditors | -- | -- | -- | 58,711 | -- | 58,711 | 58,711 |
| Proposed dividend | -- | -- | -- | 43,056 | -- | 43,056 | 43,056 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | 83,555 | -- | 83,555 | 101,767 | -- | 101,767 | 185,322 |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== |

35.1 Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs 151.651 million, the financial assets which are subject to credit risk amounted to Rs 151.524 million. The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk the company applies credit limits to its customers. Investment in WAPDA Bonds amounting to Rs 12.410 million is guaranteed by the Government of Pakistan.

35.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Payables exposed to foreign currency risks are covered through forward exchange contracts.

35.3 Fair value of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

36. CORRESPONDING FIGURES

Corresponding figures have been reclassified and rearranged, wherever necessary, to facilitate comparison.

SIKANDER DADA
Chief Executive

M. IRSHAD UDDIN
Director

**PATTERN OF SHARE HOLDING
AS AT JUNE 30, 1999**

| <i>NUMBER OF SHARE HOLDERS</i> | <i>SHARE HOLDING FROM</i> | <i>TO</i> | <i>TOTAL SHARES HELD</i> |
|------------------------------------|-------------------------------|-----------|------------------------------|
| 3,083 | 1 | 100 | 60,499 |
| 723 | 101 | 500 | 167,243 |
| 227 | 501 | 1,000 | 149,426 |
| 189 | 1,001 | 5,000 | 372,380 |
| 18 | 5,001 | 10,000 | 106,004 |
| 7 | 10,001 | 15,000 | 83,604 |
| 2 | 20,001 | 25,000 | 45,776 |
| 1 | 25,001 | 30,000 | 29,751 |
| 2 | 30,001 | 35,000 | 63,733 |
| 1 | 60,001 | 65,000 | 63,080 |
| 3 | 90,001 | 95,000 | 274,906 |
| 1 | 110,001 | 115,000 | 113,337 |
| 1 | 125,001 | 130,000 | 129,797 |
| 1 | 180,001 | 185,000 | 184,409 |
| 1 | 290,001 | 295,000 | 290,841 |
| 1 | 310,001 | 315,000 | 310,469 |
| 1 | 330,001 | 335,000 | 333,856 |
| 1 | 385,001 | 390,000 | 386,328 |
| 1 | 410,001 | 415,000 | 411,700 |
| 1 | 416,001 | 420,000 | 416,824 |
| 1 | 455,001 | 460,000 | 459,474 |
| 1 | 750,001 | 755,000 | 754,989 |
| 1 | 1,460,001 | 1,465,000 | 1,465,000 |
| 1 | 4,090,001 | 4,095,000 | 4,090,533 |
| ----- | | | ----- |
| 4,269 | | | 10,763,959 |
| ===== | | | ===== |

| <i>CATEGORIES OF SHARE HOLDERS</i> | <i>NUMBER OF SHARE HOLDERS</i> | <i>NUMBER OF SHARES HELD</i> | <i>PERCENTAGE OF ISSUED CAPITAL</i> |
|--|--|----------------------------------|---|
| INDIVIDUALS | 4,227 | 4,279,618 | 39.75 |
| JOINT STOCK COMPANIES | 17 | 783,531 | 7.28 |
| INVESTMENT COMPANIES | 6 | 39,576 | 0.37 |
| INSURANCE COMPANIES | 5 | 91,138 | 0.85 |
| FINANCIAL INSTITUTIONS | 5 | 2,799 | 0.03 |
| FOREIGN SHAREHOLDING | 5 | 5,555,536 | 51.61 |
| CO-OPERATIVE & WELFARE ORGANISATIONS | 2 | 550 | 0.01 |
| CORPORATE LAW AUTHORITY | 1 | 1 | -- |
| THE ADMINISTRATOR ABANDONED PROPERTIES, GOVT. OF PAK. | 1 | 11,210 | 0.10 |
| ----- | | | ----- |

| | | |
|-------|------------|--------|
| 4,269 | 10,763,959 | 100.00 |
| ===== | ===== | ===== |